

**City of Stuart, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025**



Prepared by the Financial Services Department

City of Stuart, Florida
Annual Comprehensive Financial Report
September 30, 2025

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INTRODUCTORY SECTION



City of Stuart

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

September 30, 2026

To the Honorable Eula Clarke
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 Annual Comprehensive Financial Report (ACFR) of the City of Stuart for the fiscal year ended September 30, 2025.

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 Forvis Mazars, LLP, 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, 2025, 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 unmodified opinions that the City of Stuart's financial statements for the fiscal year ended September 30, 2025, 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 2025 population of the City was 20,573. 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 five members. The



City of Stuart

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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.

Budgetary Controls

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.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. In accordance with state laws the Approved Budget is posted on the City's website within 30 days of adoption. The City includes all funds in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as part of the following year's budget adoption. Expenditures for other than personal services are controlled by a procurement system, which encumbers purchase orders against budgets prior to issuance to the vendors. Purchase orders are not issued until appropriations are made available. Administrative budget transfers may occur upon approval of the City Manager as long as the fund is not increased. Budget amendments are submitted as needed to Council for their consideration and in accordance with state law are posted to the City's website within five days of adoption.



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Local Economy

The economy of the City and Martin County is a blend of tourism, service industries, light manufacturing, and construction. The City saw growth in property values for the 2025 taxable value. The result of these increases in combination with strategic well thought out budgeting, the City was able to maintain its level of service.

Outlook

According to the Florida Office of Economic and Demographic Research, Florida's GDP has an expected deceleration of 2.7 and 2.6 percent over the current and next fiscal year before finally reaching a more typical rate in Fiscal Year 2027-28. The economy will then stabilize at its characteristic 2.2 to 2.3 percent per year. In FY2024-25 Florida saw a 1.4 percent increase in employment but a 6.5 percent increase in total wages. Based on Conference projections of average annual wage growth of 5.1 percent or above each year with an estimated increase at the low end in the current year and a projected 5.3 percent in FY 2026-27. The higher wages are likely here to stay. Population growth is the state's primary engine of economic growth fueling both employment and income growth. Florida's population is expected to break the 24 million mark in calendar year 23027 and in 2030, just 3 years later, reach 25 million residents.

Since Florida's economic outlook relies heavily on strong tourism growth, tourism-related revenue losses pose the greatest potential risk to the economic outlook. After posting only 0.5 percent growth in Fiscal Year 2024-25, the Conference expects modest growth of 1.5 percent in Fiscal Year 2026-27 and 3.8 percent in Fiscal year 2027-28. 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.

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.

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.



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Major Initiatives

During fiscal year 2025, 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:

- The heating and air conditioner at Courthouse Commons were replaced.
- Memorial Park improvements started with completion expected in 2026.
- Flagler Park playground equipment was replaced.
- The Police department added a steel storage building to the Public Safety complex.
- The Dyer Drive and Lonita Street drainage projects began.
- The Police Department purchased a new SWAT vehicle.
- The City replaced two aging sanitation trucks.
- Fire Station #3 was completed and service began.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to Cities for their Annual Comprehensive Financial Report. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the twenty-fourth consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the September 30, 2025, Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report 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, Forvis Mazars, LLP, 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.

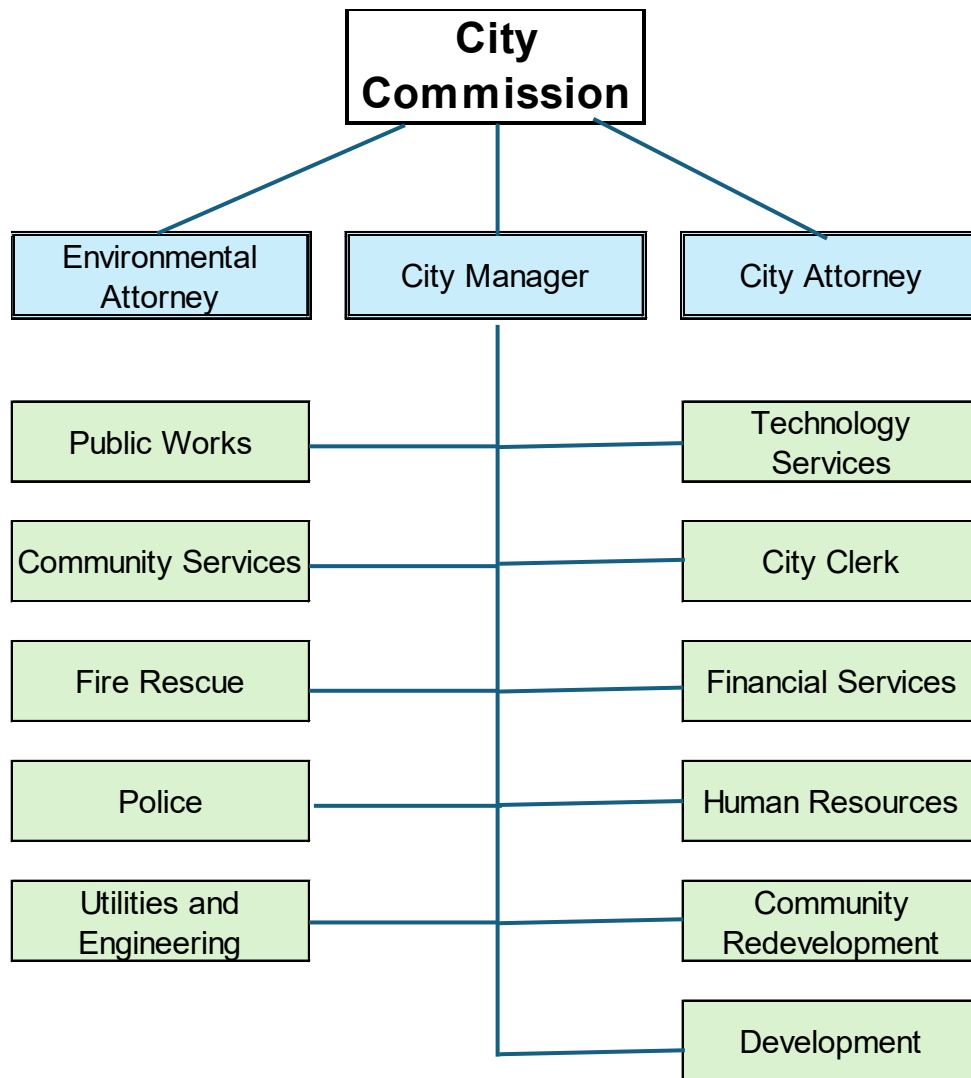
Sincere appreciation is also expressed to the City Commission for their leadership, and support in conducting the financial operations of the City in a responsible and progressive manner. With this support, the City can maintain a high degree of fiscal health and financial stability.

Respectfully submitted,

Michael Mortell

Michael Mortell
City Manager

**City of Stuart, Florida
Organizational Chart**





List of Principal Officials

City Commission

Mayor	Eula R. Clarke
Commissioner	Laura Giobbi
Commissioner	Merritt Matheson
Commissioner	Sean Reed
Commissioner	Campbell Rich

Appointed Officials

Michael Mortell – City Manager

Lee Baggett – City Attorney

Department Directors

James E. Chrulski	Community Services Director
Darren Duke	Technology Services Director
Vince Felicione	Fire Chief
Pinal Gandhi-Savdas	Community Redevelopment Agency Director
Mary Kindel	City Clerk
Jodi Kugler	Development Director
Peter Kunen	Utilities and Engineering Director
Milton Leggett	Public Works Director
Rosamond Strong	Human Resources Director
Flamur Zenelovic	Police Chief



Government Finance Officers Association

Certificate of
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**City of Stuart
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Stuart, Florida
Stuart, Florida

Report on the Audit of the Financial Statements

Opinions

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 of Stuart, Florida (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Fort Lauderdale, Florida
September 30, 2026**

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

As management of the City of Stuart, Florida (City) we offer the residents and other readers of the City of Stuart's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the City of Stuart for the fiscal year ended September 30, 2025, focusing on why amounts changed from the prior year. We encourage readers of these financial statements to consider the information included in the transmittal letter and in the other sections of the Annual Comprehensive Financial Report (ACFR) in conjunction with this discussion and analysis.

Financial Highlights

- The assets plus deferred outflows of resources of the City of Stuart exceeded its liabilities plus deferred inflows of resources on September 30, 2025, by \$184,093,586 (*total net position*). Of this amount, unrestricted net position of \$9,397,818 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's operations increased net position by \$12,786,666 with an increase of \$8,963,508 from governmental activities and an increase of \$3,823,158 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 \$45,167,901, an increase of \$4,209,480 in comparison with the prior year. The governmental funds reflect \$86,064 in non-spendable, \$26,809,159 in restricted, \$1,824,927 in committed, and \$10,359,492 in assigned fund balances, leaving an unassigned fund balance of \$6,088,259.
- The total lease receivable is \$46,470,143 with the deferred inflow of \$41,899,217.
- At the close of the current fiscal year, the City of Stuart's business-type activities reported a combined unrestricted net position of \$17,744,277.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City of Stuart's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include the governmental activities and the business-type activities.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

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, public safety, parks and recreation, physical environment, transportation and community development. The business-type activities of the City include water and sewer, sanitation and stormwater operations.

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 states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. These statements are prepared on an accounting basis that is significantly different from those 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 into 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.

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

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 Community Redevelopment Agency (CRA) Fund are considered major funds.

The City adopts an annual appropriated budget for its General Fund, Leased Property Fund, and CRA Fund. A budgetary comparison schedule 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 major 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 Statement Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. The following table reflects a summary of the Statement of Net Position compared to the prior year.

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

CITY OF STUART, FLORIDA						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$159,041,432	\$155,482,343	\$ 42,411,327	\$ 39,708,196	\$201,452,759	\$195,190,539
Capital Assets	96,872,796	91,326,147	85,587,453	87,495,828	182,460,249	178,821,975
Total assets	<u>255,914,228</u>	<u>246,808,490</u>	<u>127,998,780</u>	<u>127,204,024</u>	<u>383,913,008</u>	<u>374,012,514</u>
Deferred outflows of resources	9,159,978	8,934,248	2,396,925	2,492,907	11,556,903	11,427,155
Liabilities						
Current liabilities	72,032,721	71,922,415	3,027,598	3,421,728	75,060,319	75,344,143
Noncurrent liabilities	41,229,307	42,369,267	45,883,080	49,166,786	87,112,387	91,536,053
Total liabilities	<u>113,262,028</u>	<u>114,291,682</u>	<u>48,910,678</u>	<u>52,588,514</u>	<u>162,172,706</u>	<u>166,880,196</u>
Deferred inflows of resources	47,707,681	46,310,067	1,495,938	942,486	49,203,619	47,252,553
Net position						
Net investment in capital assets	85,641,797	82,246,421	47,769,583	47,277,985	133,411,380	129,524,406
Restricted	26,809,159	14,318,406	14,475,229	14,051,148	41,284,388	28,369,554
Unrestricted	(8,346,459)	(1,423,838)	17,744,277	14,836,798	9,397,818	13,412,960
Total net position	<u>\$104,104,497</u>	<u>\$ 95,140,989</u>	<u>\$ 79,989,089</u>	<u>\$ 76,165,931</u>	<u>\$184,093,586</u>	<u>\$171,306,920</u>

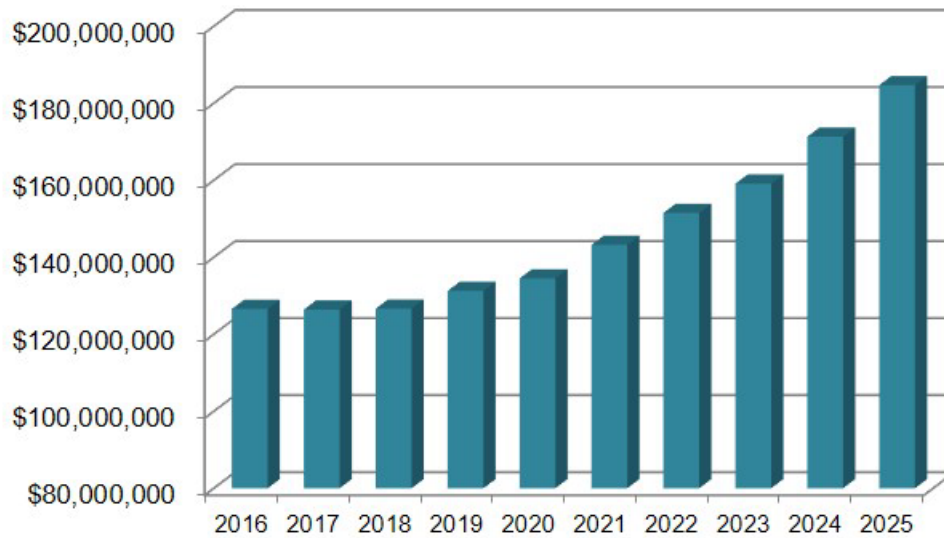
The City's total net position balance of \$184,093,586 on September 30, 2025, is \$12,786,666 or a 7.5 percent increase compared to the 2024 balance of \$171,306,920. The increase in business-type activities was a result of rate increases in the Water and Sewer Fund and Sanitation Fund, while there was a transfer from the General Fund to the Stormwater Fund. The increase in tax revenue for the CRA Fund and a new local half-cent sales tax contributed to the increase in 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, \$133,411,380 (72.5 percent), reflects its investment in capital assets (e.g., 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, \$41,284,388, or 22.4 percent, represents resources that are restricted for specific uses. There was an increase in the restricted net position of \$12,914,834. This increase is attributable to major projects beginning in the CRA fund.

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

Net Position

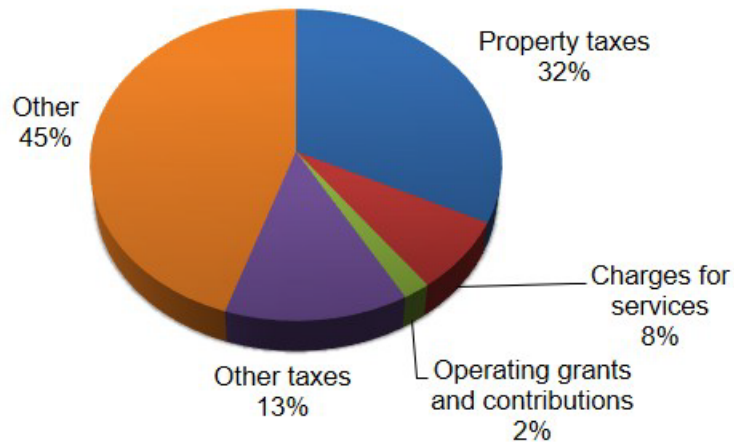


CITY OF STUART, FLORIDA						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	\$ 4,123,562	\$ 3,233,021	\$ 26,106,255	\$ 22,974,429	\$ 30,229,817	\$ 26,207,450
Operating grants and contributions	1,073,894	1,949,896	-	-	1,073,894	1,949,896
Capital grants and contributions	-	-	240,413	2,024,717	240,413	2,024,717
General revenues:						
Property taxes	17,706,911	15,882,525	-	-	17,706,911	15,882,525
Other taxes	7,300,771	6,625,414	-	-	7,300,771	6,625,414
Other	24,576,743	22,432,477	1,133,679	910,611	25,710,422	23,343,088
Total revenues	54,781,881	50,123,333	27,480,347	25,909,757	82,262,228	76,033,090
Expenses:						
General government	11,139,332	10,682,772	-	-	11,139,332	10,682,772
Public safety	25,967,428	22,090,911	-	-	25,967,428	22,090,911
Parks and recreation	2,164,643	2,350,813	-	-	2,164,643	2,350,813
Physical environment	2,743,419	2,584,066	-	-	2,743,419	2,584,066
Transportation	2,506,356	2,697,091	-	-	2,506,356	2,697,091
Community redevelopment	1,136,435	1,224,646	-	-	1,136,435	1,224,646
Interest on long-term debt	187,025	209,927	-	-	187,025	209,927
Water and sewer	-	-	16,891,462	15,153,192	16,891,462	15,153,192
Sanitation	-	-	5,455,347	5,358,970	5,455,347	5,358,970
Stormwater	-	-	1,284,115	1,496,960	1,284,115	1,496,960
Total expenses	45,844,638	41,840,226	23,630,924	22,009,122	69,475,562	63,849,348
Increase/(decrease) in net position before transfers	8,937,243	8,283,107	3,849,423	3,900,635	12,786,666	12,183,742
Transfers	26,265	1,363,974	(26,265)	(1,363,974)	-	-
Increase/(decrease) in net position	8,963,508	9,647,081	3,823,158	2,536,661	12,786,666	12,183,742
Net position - beginning	95,140,989	85,493,908	76,165,931	73,629,270	171,306,920	159,123,178
Net position - ending	\$ 104,104,497	\$ 95,140,989	\$ 79,989,089	\$ 76,165,931	\$ 184,093,586	\$ 171,306,920

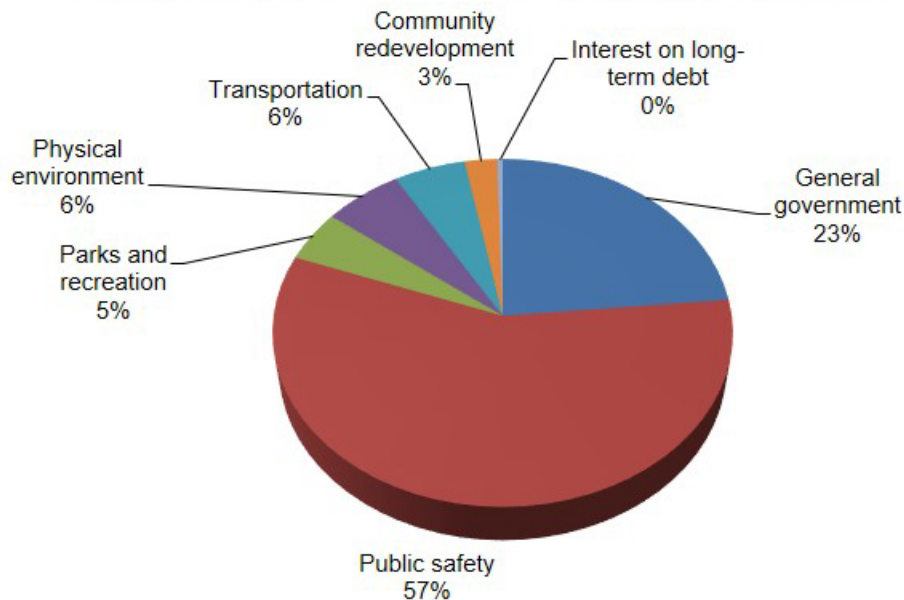
City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

Governmental Activities. Governmental activities increased the City's net position by \$8,963,508. Total revenues increased by \$4,658,548. Property tax revenue increased by \$1,824,386 (11.5 percent) from the previous year. This increase is a result of increases in property values. Other tax revenue increased by \$675,297 (10.2 percent) because of an increase in tax incremental revenue. Expenses increased by \$5,626,214 (14.2 percent) mainly in Public Safety (\$3,876,517).

Revenues by source - Governmental Activities



Expenses by source - Governmental Activities

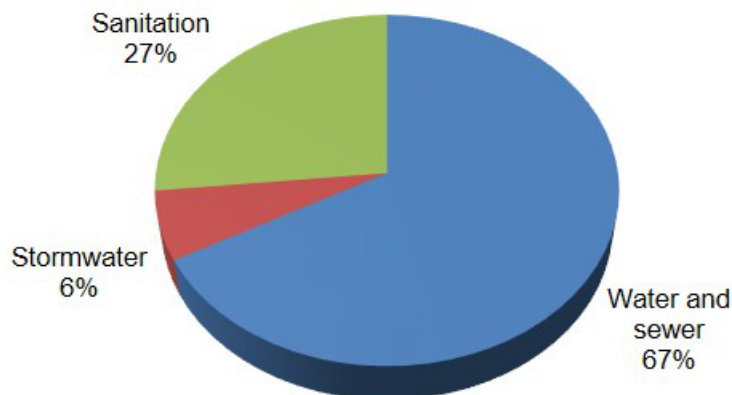


City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

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 on September 30, 2025, was \$79,989,089, which was 5.0 percent, or \$3,823,158, more than fiscal year 2024. Overall, the business-type activities generated an operating income of \$3,533,694.

Revenues by source - Business-type Activities



Activity expenses for the Water and Sewer Fund increased from \$15,153,192 in 2024 to \$16,891,462 in 2025. The increase in expenses were related to personnel costs and several large maintenance projects in 2025. Water and sewer increased its net position by \$760,627.

Activity expenses for the Sanitation Fund increased from \$5,358,970 in 2024 to \$5,455,347 in 2025. This increase was a result of an increase in personnel costs. Sanitation increased its net position by \$1,293,140.

Activity expenses in the Stormwater Fund decreased slightly from 1,496,960 in 2024 to \$1,284,115 in 2025. Stormwater increased its net position by \$1,769,391.

Fund Financial Statement 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. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45,167,901, a total increase of \$4,209,480 from the prior year; of which an decrease of \$1,319,791 is attributable to the General Fund, an increase of \$2,287,585 is attributable to the Community Redevelopment Agency Fund, an increase of \$1,741,101 is attributable to the Leased Property Fund and \$1,500,585 is attributable from a new infrastructure half-cent sales tax adopted by Martin County. The Leased Property fund increase is a result of changes in the long-term leases. While the intent of GASB 87 is near term inflows, the City has several long-term land leases which generated additional interest income which will be realized in the future. The Community Redevelopment Fund increase is a result of project delays.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund is \$6,088,259. 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.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$7,803,514, \$6,241,778 for the Sanitation Fund, and \$3,698,985 for the Stormwater Fund. The total increase in net position for these funds was \$760,627, \$1,293,140 and \$1,769,391, respectively.

General Fund Budgetary Highlights

The difference between the original and final amended expenditure budget for 2025 was an increase of \$9,265,072. The difference between the original and final amended revenue budget for 2025 was an increase of \$5,215,940. The City generated a revenue variance of \$5,062,786 between the amended and actual results. The City amended the budget to utilize additional reserves. The expenditure variance was \$7,734,622 with a majority of the variance, \$4,457,188, generated from capital outlay.

Budget amendments – The majority of the budget amendment related to projects carried forward from the 2024 fiscal year.

Capital Assets and Debt Administration

Capital assets. At September 30, 2025, the City had \$182,460,249 invested in a variety of capital assets, which represents a net increase (additions less retirements and depreciation) of \$3,638,274 or 2.0% from the end of last year. The City of Stuart's capital assets for the current fiscal year increased with a net increase for governmental funds of \$5,546,649 and business-type funds decreased by \$1,908,375.

City of Stuart, Florida
Management's Discussion and Analysis
September 30, 2025

City of Stuart - Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$13,677,639	\$13,677,639	\$ 6,217,508	\$ 6,217,508	\$ 19,895,147	\$ 19,895,147
Buildings and improvements	16,146,225	17,491,791	22,710,099	23,194,308	38,856,324	40,686,099
Equipment	4,887,342	2,569,374	2,588,299	2,607,028	7,475,641	5,176,402
Infrastructure	50,479,292	52,624,459	52,583,861	54,915,562	103,063,153	107,540,021
Right-to-use equipment	1,798,021	695,167	513,346	222,979	2,311,367	918,146
Construction in progress	9,884,277	4,267,717	974,340	338,443	10,858,617	4,606,160
	<u>\$96,872,796</u>	<u>\$91,326,147</u>	<u>\$85,587,453</u>	<u>\$87,495,828</u>	<u>\$182,460,249</u>	<u>\$178,821,975</u>

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

- The heating and air conditioner at Courthouse Commons were replaced.
- Memorial Park improvements started with completion expected in 2026.
- Axon body camera system for the Police department.
- Police radio replacements.
- Flagler Park playground equipment was replaced.
- The Police department added a steel storage building to the Public Safety complex.
- The Police Department purchased a new SWAT vehicle.
- The City replaced two aging sanitation trucks.

Additional information is available in Note 5 Capital Assets.

Debt Outstanding. At the end of the current fiscal year, the City of Stuart had debt outstanding of \$47,073,936. This amount represents revenue bond debt and notes and direct borrowings.

City of Stuart - Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation bonds	\$ 3,650,000	\$ 3,995,000	\$ -	\$ -	\$ 3,650,000	\$ 3,995,000
Revenue bonds	152,144	225,500	10,651,000	11,688,000	10,803,144	11,913,500
Notes and direct borrowings	5,608,325	4,145,323	27,012,467	28,749,595	32,620,792	32,894,918
	<u>\$ 9,410,469</u>	<u>\$ 8,365,823</u>	<u>\$37,663,467</u>	<u>\$40,437,595</u>	<u>\$47,073,936</u>	<u>\$48,803,418</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
September 30, 2025

Economic Factors and Next Year's Budgets and Rates

- Ad Valorem property taxes increased 12% in 2025. The City is conservatively projecting the tax base to continue grow approximately 5% into the future.
- The Florida legislature has approved a constitutional amendment which would significantly increase the homestead exemption. Approval of this amendment would have significant impact on the local government's ability to maintain or improve services to residents.
- The City levied a Fire Assessment fee for 2025. The Fire Assessment fee rates remained the same.

All of these factors were considered in preparing the City's budget for the 2026 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

City of Stuart, Florida
Statement of Net Position
September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and cash equivalents	\$ 12,818,999	\$ 8,839,878	\$ 21,658,877
Investments	95,905,630	28,274,336	124,179,966
Accounts receivable, net	1,248,771	3,358,551	4,607,322
Lease receivable	46,470,143	-	46,470,143
Due from other government	1,882,548	-	1,882,548
Inventories	62,969	-	62,969
Other assets	23,095	-	23,095
Restricted cash and investments	629,277	1,938,562	2,567,839
Capital assets:			
Land and construction in progress	23,561,916	7,191,848	30,753,764
Other capital assets, net	73,310,880	78,395,605	151,706,485
Total capital assets	96,872,796	85,587,453	182,460,249
Total assets	255,914,228	127,998,780	383,913,008
Deferred outflow of resources			
Loss on refundings	-	370,296	370,296
Related to pension	8,910,743	1,962,440	10,873,183
Related to other post employment benefits	249,235	64,189	313,424
Total deferred outflows of resources	9,159,978	2,396,925	11,556,903
Liabilities			
Accounts payable	3,129,551	478,493	3,608,044
Accrued liabilities	1,886,457	348,065	2,234,522
Due to other governments	100,054	-	100,054
Unearned revenue	66,671,148	342,881	67,014,029
Refundable deposits	145,465	1,607,661	1,753,126
Accrued interest	58,407	250,498	308,905
Other liabilities	41,639	-	41,639
Long-term liabilities			
Due within one year			
Compensated absences	2,962,947	574,544	3,537,491
Claims payable	225,976	59,024	285,000
Financed acquisitions	235,055	-	235,055
Leases	411,512	129,063	540,575
Bonds and notes	1,410,310	2,751,978	4,162,288
Other postemployment benefits	62,976	-	62,976
Due in more than one year			
Compensated absences	27,862	163,888	191,750
Financed acquisitions	2,076,606	-	2,076,606
Leases	1,409,018	395,638	1,804,656
Bonds and notes	5,688,498	34,911,487	40,599,985
Net pension liability	24,967,131	6,430,170	31,397,301
Other postemployment benefits	1,751,416	467,288	2,218,704
Total liabilities	113,262,028	48,910,678	162,172,706

City of Stuart, Florida

Statement of Net Position (continued)

September 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
Deferred inflows of resources			
Related to long-term leases	41,899,217	-	41,899,217
Related to pensions	4,702,297	1,211,050	5,913,347
Related to other post employment benefits	1,106,167	284,888	1,391,055
Total deferred inflows of resources	47,707,681	1,495,938	49,203,619
Net Position			
Net Investment In capital assets	85,641,797	47,769,583	133,411,380
Restricted for:			
Debt service	-	1,150,077	1,150,077
Building permits	2,797,947	-	2,797,947
Capital projects	11,538,075	13,325,152	24,863,227
Public safety	131,613	-	131,613
Community redevelopment	12,245,585	-	12,245,585
Health insurance	95,939	-	95,939
Unrestricted (deficit)	(8,346,459)	17,744,277	9,397,818
Total Net Position	\$ 104,104,497	\$ 79,989,089	\$ 184,093,586

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

City of Stuart, Florida
Statement of Activities
Year ended September 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 11,139,332	\$ -	\$ -	\$ -	\$ (11,139,332)	\$ -	\$ (11,139,332)
Public safety	25,967,428	3,979,823	151,552	-	(21,836,053)	-	(21,836,053)
Parks and recreation	2,164,643	143,739	-	-	(2,020,904)	-	(2,020,904)
Physical environment	2,743,419	-	-	-	(2,743,419)	-	(2,743,419)
Transportation	2,506,356	-	7,716	-	(2,498,640)	-	(2,498,640)
Community redevelopment	1,136,435	-	914,626	-	(221,809)	-	(221,809)
Interest on long-term debt	187,025	-	-	-	(187,025)	-	(187,025)
Total governmental activities	<u>45,844,638</u>	<u>4,123,562</u>	<u>1,073,894</u>	<u>-</u>	<u>(40,647,182)</u>	<u>-</u>	<u>(40,647,182)</u>
Business-type activities:							
Water and sewer	16,891,462	17,739,228	-	240,413	-	1,088,179	1,088,179
Sanitation	5,455,347	7,127,908	-	-	-	1,672,561	1,672,561
Stormwater	1,284,115	1,239,119	-	-	-	(44,996)	(44,996)
Total business-type activities	<u>23,630,924</u>	<u>26,106,255</u>	<u>-</u>	<u>240,413</u>	<u>-</u>	<u>2,715,744</u>	<u>2,715,744</u>
Total	<u>\$ 69,475,562</u>	<u>\$ 30,229,817</u>	<u>\$ 1,073,894</u>	<u>\$ 240,413</u>	<u>(40,647,182)</u>	<u>2,715,744</u>	<u>(37,931,438)</u>
General revenues:							
Property taxes					17,706,911	-	17,706,911
Utility taxes					4,096,514	-	4,096,514
Franchise fees					2,343,962	-	2,343,962
Local business tax					860,295	-	860,295
Tax increment revenue					4,574,663	-	4,574,663
State shared revenues, unrestricted					11,778,207	-	11,778,207
Grants and contributions not restricted to specific programs					1,458,542	462,518	1,921,060
Miscellaneous					62,376	-	62,376
Investment income (loss)					6,696,532	667,758	7,364,290
Gain on disposal of capital assets					6,423	3,403	9,826
Transfers					26,265	(26,265)	-
Total general revenue and transfers					<u>49,610,690</u>	<u>1,107,414</u>	<u>50,718,104</u>
Change in net position					8,963,508	3,823,158	12,786,666
Net position - beginning					<u>95,140,989</u>	<u>76,165,931</u>	<u>171,306,920</u>
Net position - ending					<u>\$ 104,104,497</u>	<u>\$ 79,989,089</u>	<u>\$ 184,093,586</u>

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

City of Stuart, Florida
 Balance Sheet
 Governmental Funds
 September 30, 2025

	Major Governmental Funds			Non-Major	Total
	General Fund	Community Redevelopment Agency	Leased Property Fund	Infrastructure Tax	Governmental Funds
Assets					
Cash and cash equivalents	\$ 5,308,493	\$ 4,483,426	\$ 1,877,680	\$ 1,149,400	\$ 12,818,999
Restricted cash and cash equivalents	95,939	-	533,338	-	629,277
Investments	84,397,834	8,782,582	2,401,834	323,380	95,905,630
Accounts receivable, net	1,058,597	1,800	188,374	-	1,248,771
Lease receivable	-	-	46,470,143	-	46,470,143
Due from other governments	1,060,091	376,759	-	445,698	1,882,548
Inventories	62,969	-	-	-	62,969
Prepaid items	4,758	18,337	-	-	23,095
Total assets	\$ 91,988,681	\$ 13,662,904	\$ 51,471,369	\$ 1,918,478	\$ 159,041,432
Liabilities					
Accounts payable	\$ 1,746,855	\$ 1,382,672	\$ 24	\$ -	\$ 3,129,551
Accrued liabilities	1,873,387	13,070	-	-	1,886,457
Due to other governments	87,232	46	12,776	-	100,054
Unearned revenue	66,501,651	3,194	166,303	-	66,671,148
Customer deposits	119,944	-	25,521	-	145,465
Matured bonds payable	41,639	-	-	-	41,639
Total liabilities	70,370,708	1,398,982	204,624	-	71,974,314
Deferred inflows of resources					
Unavailable revenue - leases	-	-	41,899,217	-	41,899,217
Total deferred inflows of resources	-	-	41,899,217	-	41,899,217
Fund balances					
Nonspendable:					
Inventories	62,969	-	-	-	62,969
Prepays	4,758	18,337	-	-	23,095
Restricted:					
Building permits	2,797,947	-	-	-	2,797,947
Infrastructure improvement	-	-	-	1,918,478	1,918,478
Impact fee requirements	5,054,825	-	-	-	5,054,825
Law enforcement	131,613	-	-	-	131,613
Health insurance	95,939	-	-	-	95,939
Community redevelopment	-	12,245,585	-	-	12,245,585
Contractual obligations	4,564,772	-	-	-	4,564,772
Committed:					
Capital replacement	-	-	1,824,927	-	1,824,927
Assigned:					
Health insurance	1,404,061	-	-	-	1,404,061
Capital replacement	-	-	7,542,601	-	7,542,601
Pavement management	400,000	-	-	-	400,000
Landfill closure	189,710	-	-	-	189,710
Tree replacement	823,120	-	-	-	823,120
Unassigned	6,088,259	-	-	-	6,088,259
Total fund balances	21,617,973	12,263,922	9,367,528	1,918,478	45,167,901
Total liabilities, deferred inflows and fund balances	\$ 91,988,681	\$ 13,662,904	\$ 51,471,369	\$ 1,918,478	\$ 159,041,432

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

City of Stuart, FloridaReconciliation of the Balance Sheet to Statement of Net Position
September 30, 2025

Total fund balances - governmental funds	\$	45,167,901
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets, non depreciable or amortizable	\$ 23,561,916	
Capital assets, net of depreciation and amortization	<u>73,310,880</u>	
Total capital assets, net		96,872,796

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

Bonds and notes payable	(7,098,808)	
Leases	(1,820,530)	
Financed acquisitions	(2,311,661)	
Claims payable	(225,976)	
Compensated absences	(2,990,809)	
Accrued interest on long-term debt	<u>(58,407)</u>	
Total liabilities		(14,506,191)

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

Deferred outflows related to pensions	8,910,743	
Deferred inflows related to pensions	(4,702,297)	
Net pension liability	<u>(24,967,131)</u>	
Total pension related		(20,758,685)

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

Deferred outflows related to other postemployment benefits	249,235	
Deferred inflows related to other postemployment benefits	(1,106,167)	
Other postemployment benefits payable	<u>(1,814,392)</u>	
Total postemployment benefit related		<u>(2,671,324)</u>

Total net position of governmental activities	\$	<u><u>104,104,497</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, 2025

	Major Governmental Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Community Redevelopment Agency	Leased Property Fund		
Revenues					
Ad valorem taxes	\$ 17,706,911	\$ -	\$ -	\$ -	\$ 17,706,911
Intergovernmental	7,817,502	4,574,663	-	1,918,478	14,310,643
Utility taxes	4,096,514	-	-	-	4,096,514
Franchise fees	2,343,962	-	-	-	2,343,962
Charges for services	2,814,372	-	-	-	2,814,372
Assessments	1,655,789	-	-	-	1,655,789
Licenses and permits	1,402,213	3,105	-	-	1,405,318
Local business tax	860,295	-	-	-	860,295
Impact fees	66,562	-	-	-	66,562
Fines and forfeitures	285,549	-	-	-	285,549
Investment income (loss)	5,443,958	55,675	1,196,899	-	6,696,532
Rental Income	46,044	94	1,901,488	-	1,947,626
Miscellaneous	589,093	64	2,651	-	591,808
Total revenues	<u>45,128,764</u>	<u>4,633,601</u>	<u>3,101,038</u>	<u>1,918,478</u>	<u>54,781,881</u>
Expenditures					
Current:					
General government	9,851,037	-	405,740	-	10,256,777
Public safety	24,538,337	-	-	-	24,538,337
Parks and recreation	1,900,061	-	-	-	1,900,061
Physical environment	2,578,240	-	-	-	2,578,240
Transportation	2,071,792	-	-	-	2,071,792
Community redevelopment	-	739,308	-	-	739,308
Capital outlay	7,301,021	3,299,260	164,274	-	10,764,555
Debt service:					
Principal	1,267,015	-	-	-	1,267,015
Interest	187,025	-	-	-	187,025
Total expenditures	<u>49,694,528</u>	<u>4,038,568</u>	<u>570,014</u>	<u>-</u>	<u>54,303,110</u>
Revenues over (under) expenditures	<u>(4,565,764)</u>	<u>595,033</u>	<u>2,531,024</u>	<u>1,918,478</u>	<u>478,771</u>
Other financing sources (uses)					
Leases (right-of-use asset) acquired	1,392,783	-	-	-	1,392,783
Financed acquisition	2,311,661	-	-	-	2,311,661
Transfer in	3,751,428	2,871,834	-	-	6,623,262
Transfer out	(4,209,899)	(1,179,282)	(789,923)	(417,893)	(6,596,997)
Total other financing sources (uses)	<u>3,245,973</u>	<u>1,692,552</u>	<u>(789,923)</u>	<u>(417,893)</u>	<u>3,730,709</u>
Net change in fund balance	(1,319,791)	2,287,585	1,741,101	1,500,585	4,209,480
Fund balance beginning	22,937,764	9,976,337	7,626,427	417,893	40,958,421
Fund balance ending	<u>\$ 21,617,973</u>	<u>\$ 12,263,922</u>	<u>\$ 9,367,528</u>	<u>\$ 1,918,478</u>	<u>\$ 45,167,901</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, 2025**

Net change in fund balances - total governmental funds \$ 4,209,480

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

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.

Capital outlay reported as expenditures	10,764,555	
Depreciation and amortization expense	<u>(4,698,073)</u>	
		6,066,482

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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.

Financing proceeds	(3,704,444)	
Principal payments	<u>1,267,015</u>	
		(2,437,429)

Expense in the statement of activities that do not use current financial resources are not reported as expenditures in the funds.

Change in compensated absences liability	99,616	
Change in claims payable liability	(13,633)	
Change in accrued interest on long-term debt	(8,287)	
Change in pension liability and related deferred inflows and outflows	1,130,534	
Change in OPEB Liability and related deferred inflows and outflows	<u>(83,255)</u>	
		<u>1,124,975</u>

Change in net position of governmental activities	<u>\$ 8,963,508</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, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Assets				
Current assets				
Cash and cash equivalents	\$ 1,778,454	\$ 3,446,232	\$ 3,615,192	\$ 8,839,878
Investments	22,940,119	5,081,058	253,159	28,274,336
Accounts receivable, net	1,400,373	352,283	78,970	1,831,626
Total current assets	<u>26,118,946</u>	<u>8,879,573</u>	<u>3,947,321</u>	<u>38,945,840</u>
Noncurrent assets				
Restricted cash and cash equivalents	181,838	-	-	181,838
Restricted investments	1,756,724	-	-	1,756,724
Sewer plan receivable	1,526,925	-	-	1,526,925
Capital assets:				
Land	72,260	326,327	5,818,921	6,217,508
Construction In progress	827,274	84,693	62,373	974,340
Buildings and improvements	23,711,676	266,466	-	23,978,142
Improvements other than buildings	106,819,890	124,517	22,453,879	129,398,286
Equipment	4,171,193	5,152,725	682,708	10,006,626
Right to use assets	690,495	36,082	74,856	801,433
Less accumulated depreciation	(67,253,976)	(3,879,046)	(14,655,860)	(85,788,882)
Total capital assets	<u>69,038,812</u>	<u>2,111,764</u>	<u>14,436,877</u>	<u>85,587,453</u>
Total noncurrent assets	<u>72,504,299</u>	<u>2,111,764</u>	<u>14,436,877</u>	<u>89,052,940</u>
Total assets	<u>98,623,245</u>	<u>10,991,337</u>	<u>18,384,198</u>	<u>127,998,780</u>
Deferred outflow of resources				
Deferred outflows of resources from losses on refundings	370,296	-	-	370,296
Related to pension	1,467,040	436,950	58,450	1,962,440
Related to other postemployment benefits	47,985	14,292	1,912	64,189
Total deferred outflows of resources	<u>1,885,321</u>	<u>451,242</u>	<u>60,362</u>	<u>2,396,925</u>
Total assets and deferred outflow of resources	<u>\$ 100,508,566</u>	<u>\$ 11,442,579</u>	<u>\$ 18,444,560</u>	<u>\$ 130,395,705</u>

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

City of Stuart, Florida
Statement of Net Position
Proprietary Funds (continued)
September 30, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Liabilities and Net Position				
Current liabilities				
Accounts payable	\$ 231,650	\$ 219,808	\$ 27,035	\$ 478,493
Accrued liabilities	262,017	74,713	11,335	348,065
Unearned revenue	342,881	-	-	342,881
Compensated absences	426,186	132,433	15,925	574,544
Customer deposits	877,319	730,342	-	1,607,661
Current portion bonds and loans payable	2,682,511	5,540	63,927	2,751,978
Current portion leases	109,029	6,848	13,186	129,063
Accrued interest payable	249,166	-	1,332	250,498
Total current liabilities	<u>5,180,759</u>	<u>1,169,684</u>	<u>132,740</u>	<u>6,483,183</u>
Noncurrent liabilities				
Loans payable	25,187,561	-	63,926	25,251,487
Revenue bonds payable, net	9,660,000	-	-	9,660,000
Compensated absences	113,762	50,126	-	163,888
Claims payable	43,178	12,768	3,078	59,024
Other post employment benefits	349,325	104,045	13,918	467,288
Lease liabilities	320,341	19,297	56,000	395,638
Net pension liability	4,806,930	1,431,720	191,520	6,430,170
Total noncurrent liabilities	<u>40,481,097</u>	<u>1,617,956</u>	<u>328,442</u>	<u>42,427,495</u>
Total liabilities	<u>45,661,856</u>	<u>2,787,640</u>	<u>461,182</u>	<u>48,910,678</u>
Deferred inflows of resources				
Related to pensions	905,330	269,650	36,070	1,211,050
Related to other post employment benefits	212,971	63,432	8,485	284,888
	<u>1,118,301</u>	<u>333,082</u>	<u>44,555</u>	<u>1,495,938</u>
Total liabilities and deferred inflows	<u>46,780,157</u>	<u>3,120,722</u>	<u>505,737</u>	<u>50,406,616</u>
Net Position				
Net investment In capital assets	31,449,666	2,080,079	14,239,838	47,769,583
Restricted for:				
Renewal and replacement	900,000	-	-	900,000
Capital outlay	6,424,474	-	-	6,424,474
SRF	1,150,077	-	-	1,150,077
Impact fee requirements	6,000,678	-	-	6,000,678
Unrestricted	7,803,514	6,241,778	3,698,985	17,744,277
Total Net Position	<u>\$ 53,728,409</u>	<u>\$ 8,321,857</u>	<u>\$ 17,938,823</u>	<u>\$ 79,989,089</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, 2025

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating revenues				
Charges for services	\$ 16,752,793	\$ 7,127,158	\$ 1,239,119	\$ 25,119,070
Miscellaneous	986,435	750	-	987,185
Total operating revenues	<u>17,739,228</u>	<u>7,127,908</u>	<u>1,239,119</u>	<u>26,106,255</u>
Operating expenses				
Personnel expenses	5,391,481	1,593,949	117,433	7,102,863
Operating expenses	6,792,336	3,496,104	463,615	10,752,055
Depreciation and amortization	3,651,924	362,652	703,067	4,717,643
Total operating expenses	<u>15,835,741</u>	<u>5,452,705</u>	<u>1,284,115</u>	<u>22,572,561</u>
Operating income (loss)	<u>1,903,487</u>	<u>1,675,203</u>	<u>(44,996)</u>	<u>3,533,694</u>
Non-operating revenues (expenses)				
Investment income (loss)	621,809	36,658	9,291	667,758
Other expense	-	-	-	-
Interest expense	(1,055,721)	(2,642)	-	(1,058,363)
Gain (loss) on sale of capital assets	1,375	2,028	-	3,403
Total non-operating revenues (expenses)	<u>(432,537)</u>	<u>36,044</u>	<u>9,291</u>	<u>(387,202)</u>
Income (loss) before contributions and transfers	<u>1,470,950</u>	<u>1,711,247</u>	<u>(35,705)</u>	<u>3,146,492</u>
Capital contributions	240,413	-	462,518	702,931
Transfer in	-	-	1,432,578	1,432,578
Transfers out	<u>(950,736)</u>	<u>(418,107)</u>	<u>(90,000)</u>	<u>(1,458,843)</u>
Change in net position	<u>760,627</u>	<u>1,293,140</u>	<u>1,769,391</u>	<u>3,823,158</u>
Net position - beginning	<u>52,967,782</u>	<u>7,028,717</u>	<u>16,169,432</u>	<u>76,165,931</u>
Total Net position - ending	<u>\$ 53,728,409</u>	<u>\$ 8,321,857</u>	<u>\$ 17,938,823</u>	<u>\$ 79,989,089</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, 2025

	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating activities				
Cash received from customers	\$ 20,819,303	\$ 7,222,388	\$ 1,243,315	\$ 29,285,006
Cash payments to suppliers for goods and services	(7,596,280)	(3,545,446)	(539,418)	(11,681,144)
Cash payments to employees for services	(5,368,214)	(1,550,966)	(279,380)	(7,198,560)
Net cash provided by operating activities	7,854,809	2,125,976	424,517	10,405,302
Noncapital financing activities				
Transfers in	-	-	1,432,578	1,432,578
Transfers out	(950,736)	(418,107)	(90,000)	(1,458,843)
Net cash used in noncapital financing activities	(950,736)	(418,107)	1,342,578	(26,265)
Capital and related financing activities				
Acquisition and construction of capital assets	(1,123,618)	(536,485)	(474,673)	(2,134,776)
Capital contributions and grants	240,413	-	462,518	702,931
Principal paid on loan and notes	(2,119,202)	(10,901)	(63,297)	(2,193,400)
Principal paid on revenue bonds	(991,000)	-	-	(991,000)
Interest expense and fiscal agent fees	(1,055,721)	(2,642)	-	(1,058,363)
Net cash used in capital and related financing activities	(5,049,128)	(550,028)	(75,452)	(5,674,608)
Investing activities				
Interest income	621,809	36,658	9,291	667,758
Redemption of investments	-	-	15,547	15,547
Purchase of investments	(1,020,524)	(154,561)	-	(1,175,085)
Net cash provided by (used in) investing activities	(398,715)	(117,903)	24,838	(491,780)
Net change in cash and cash equivalents	1,456,230	1,039,938	1,716,481	4,212,649
Cash and cash equivalents				
Beginning of year	504,062	2,406,294	1,898,711	4,809,067
End of year	\$ 1,960,292	\$ 3,446,232	\$ 3,615,192	\$ 9,021,716
Cash and cash equivalents classified as:				
Unrestricted assets	\$ 1,778,454	\$ 3,446,232	\$ 3,615,192	\$ 8,839,878
Restricted assets	181,838	-	-	181,838
	\$ 1,960,292	\$ 3,446,232	\$ 3,615,192	\$ 9,021,716
Reconciliation of operating income (loss)				
to net cash from operating activities				
Operating income (loss)	\$ 1,903,487	\$ 1,675,203	\$ (44,996)	\$ 3,533,694
(Increase) Decrease in assets and deferred outflows and Increase (Decrease) in liabilities and deferred inflows:				
Adjustments not affecting cash:				
Depreciation	3,651,924	362,652	703,067	4,717,643
Increase (decrease) net pension liability	(590,910)	(164,470)	(193,280)	(948,660)
Increase (decrease) OPEB liability	27,440	8,938	(9,152)	27,226
(Increase) decrease in deferred outflows	28,440	(17,499)	44,278	55,219
Increase (decrease) deferred inflows	428,866	129,259	(4,673)	553,452
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(57,439)	66,101	9,291	17,953
(increase) decrease in due from other governments	2,812,294	-	-	2,812,294
Increase (decrease) in accounts payable	(376,299)	55,801	(70,166)	(390,664)
Increase (decrease) in unearned revenue	(27,954)	-	-	(27,954)
Increase (decrease) in compensated absences	54,960	9,991	(9,852)	55,099
Total adjustments	5,951,322	450,773	469,513	6,871,608
Net cash provided by operating activities	\$ 7,854,809	\$ 2,125,976	\$ 424,517	\$ 10,405,302

There were no non-cash contributions.

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, 2025

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 20,573 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 has appointed 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, 2025

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 revenue 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, 2025

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, 2025

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

The uses of certain assets in both governmental and business-type activities are restricted by specific provisions of debt resolutions and/or other agreements. Assets so designated are identified as restricted assets on the balance sheet.

Restricted assets are classified as noncurrent if they are for liquidation of long-term debt. The reserve fund and SRF reserve are used for the accumulation of resources needed to meet debt service requirements as they become due. In addition, amounts prepaid for sewer expansion in the Water and Sewer Fund are restricted for installation of sewer connections.

Governmental restricted assets are cash held by external parties for self-insurance and managed properties.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

The balance of the restricted assets are as follows:

	<u>Governmental</u>	<u>Enterprise</u>
Current		
Reserve funds	\$ 629,277	\$ -
Total current restricted	<u>629,277</u>	<u>-</u>
Noncurrent		
Sewer expansion	-	299,000
Reserve funds	-	1,457,724
SRF Reserve	-	181,838
Total noncurrent restricted	<u>-</u>	<u>1,938,562</u>
Total Restricted Assets	<u>\$ 629,277</u>	<u>\$ 1,938,562</u>

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 \$5,000 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.

Leases (right-of-use assets)

The City's leases (right-of-use assets) are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The leases (right-of-use assets) are amortized on a straight-line basis over the life of the related lease.

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 assets that applies to future periods and so will not be recognized as an expense or expenditure until then. For the current year the City reports deferred outflows of \$370,296 on deferred losses on refinancing of debt, \$10,873,183 related to pensions, and \$313,424 related to other postemployment benefits.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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 assets that applies future periods and so will not be recognized as revenue until then. The City has deferred inflows related to pensions of \$5,913,347, \$1,391,055 related to other postemployment benefits and \$41,899,217 related to long-term receivables.

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:

Governmental Activities				
	General Fund	Community Redevelopment Agency	Leased Property Fund	Total Governmental Activities
Unearned revenue:				
Business tax	\$ 444,446	\$ -	\$ -	\$ 444,446
Unearned grants	54,890	-	-	54,890
Miscellaneous unearned revenue	65,720,875	3,194	-	65,724,069
Fleet funding	272,465	-	-	272,465
Disaster relief	8,909	-	-	8,909
Unearned rent	-	-	166,303	166,303
Unapplied credit	66	-	-	66
Total unearned revenue	<u>\$ 66,501,651</u>	<u>\$ 3,194</u>	<u>\$ 166,303</u>	<u>\$ 66,671,148</u>

Business-Type Activities				
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Unearned revenue:				
Unearned sewer expansion	\$ 299,000	\$ -	\$ -	\$ 299,000
Unapplied credit	43,881	-	-	43,881
Total unearned revenue	<u>\$ 342,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,881</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.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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.

Fund Balance

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 consists 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 assess, levy, charge or otherwise mandate payment of resources (from 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, 2025.

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.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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.

Fair values are established by Martin County Property Appraiser for all properties in the County at approximately fair value. The County bills and collects all property taxes for the City. The assessed value of property on January 1, 2024, upon which the 2025 levy was based, was approximately \$3.6 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 2025 fiscal year was 5.00 mills (\$5.00 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:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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. There were several supplemental amendments which included re-appropriation of prior year encumbrances during fiscal year ended September 30, 2025.

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

New Accounting Pronouncements Adopted in 2025:

Statement No.	GASB Accounting Standard
101	<i>Compensated Absences</i>
102	<i>Certain Risk Disclosures</i>

Pronouncements Issued by Not Yet Effective:

GASB has issued the following pronouncements that may affect future financial position, changes in financial position, cash flows, or financial presentation of the City upon implementation. The City has not fully determined the effect these pronouncements will have on the City's financial statements:

Statement No.	GASB Accounting Standard	Effective Fiscal Year
103	<i>Financial Reporting Model Improvements</i>	2026
104	<i>Disclosure of Certain Capital Assets</i>	2026
105	<i>Subsequent Events</i>	2027

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The balance of bank deposits was \$3,267,845 as of September 30, 2025.

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

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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:

Investment Type	Fair Value Method	Credit Rating (S&P)	Maturity Range	Fair Value
<u>Investments Measured by Fair Value Level</u>				
Municipal Notes	Level 2	AAA..AA-	10/2025-10/2026	364,304
US Treasury Notes	Level 2		09/2026-08/2030	29,448,555
Corporate Notes	Level 2	AA.. A	10/2025-09/2029	2,960,404
Total Investments Measured at Fair Value				32,773,263
<u>Investments Measured at Net Asset Value</u>				
FL Class Investment Pool		AAAm		88,835,564
FL Class Enhanced Cash				2,320,272
Total Investments Measured at Net Asset Value				91,155,836
<u>Cash and Cash Equivalents and Investments Measured at Amortized Cost</u>				
Repurchase Agreement				20,032,092
Money Market Funds				548,369
Cash on with fiscal agent				629,277
Bank Deposits				3,267,845
Total Measured at Amortized Cost				24,477,583
Total Cash and Cash Equivalents and Investments				\$ 148,406,682
Statement of Net Position:				
Cash and cash equivalents and investments - unrestricted				\$ 145,838,843
Restricted assets:				
Cash, cash equivalents and investments				2,567,839
Total, primary government				\$ 148,406,682

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, 2025

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets 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, 2025

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 fair 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, 2025

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities				
	General Fund	Community Redevelopment Agency	Leased Property Fund	Total Governmental Activities
Receivables:				
Customer receivables and unbilled revenue	\$ 242,248	\$ -	\$ -	\$ 242,248
Franchise and utility	805,603	-	-	805,603
Other	10,746	1,800	188,374	200,920
Total	<u>\$ 1,058,597</u>	<u>\$ 1,800</u>	<u>\$ 188,374</u>	<u>\$ 1,248,771</u>

Business-type Activities				
	Water and Sewer	Sanitation	Stormwater	Total Business-type Activities
Receivables:				
Customer receivables and unbilled revenue	\$ 3,103,216	\$ 426,022	\$ 95,614	\$ 3,624,852
Less allowance for uncollectible	(175,918)	(73,739)	(16,644)	(266,301)
Total receivables, net	<u>\$ 2,927,298</u>	<u>\$ 352,283</u>	<u>\$ 78,970</u>	<u>\$ 3,358,551</u>

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended September 30, 2025, consist of the following:

Transfer to	Transfer from	Amount
CRA Fund	General Fund	\$ 2,777,321
General Fund	Water and Sewer Fund	950,736
General Fund	Sanitation Fund	418,107
General Fund	Stormwater Fund	90,000
General Fund	Leased Property Fund	789,923
General Fund	Infrastructure Tax Fund	417,893
General Fund	CRA Fund	1,179,282
Stormwater	General Fund	1,432,578
		<u>\$ 8,055,840</u>

Transfers are used to: (1) move revenues from the Enterprise Funds and the Special Revenue Funds to the General Fund to assist in financing the costs of the general government of the City in accordance with budgetary authorizations, and (2) to move amounts to finance shared projects whose expenditures are budgeted and recorded in another fund.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

NOTE 5 – CAPITAL ASSETS

Capital assets on September 30, 2025, are listed below:

	Beginning Balance	Additions and Transfers In	Deletions and Transfers Out	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,677,639	\$ -	\$ -	\$ 13,677,639
Construction in progress	4,267,717	5,616,560	-	9,884,277
Total capital assets, not being depreciated	<u>17,945,356</u>	<u>5,616,560</u>	<u>-</u>	<u>23,561,916</u>
Capital assets, being depreciated and amortized:				
Buildings and improvements	27,635,860	348,043	(859,461)	27,124,442
Equipment	12,320,498	3,271,514	(1,225,470)	14,366,542
Infrastructure	110,506,618	330,283	(40,690)	110,796,211
Right-to-use lease equipment	897,442	1,392,783	-	2,290,225
Total capital assets, being depreciated	<u>151,360,418</u>	<u>5,342,623</u>	<u>(2,125,621)</u>	<u>154,577,420</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	10,144,070	968,613	(134,466)	10,978,217
Equipment	9,751,126	887,367	(1,159,293)	9,479,200
Infrastructure	57,882,161	2,520,015	(85,257)	60,316,919
Right-to-use lease equipment	202,274	289,930	-	492,204
Total accumulated depreciation and amortization	<u>77,979,631</u>	<u>4,665,925</u>	<u>(1,379,016)</u>	<u>81,266,540</u>
Total capital assets, being depreciated, net	<u>73,380,787</u>	<u>676,698</u>	<u>(746,605)</u>	<u>73,310,880</u>
Governmental activities capital assets, net	<u>\$ 91,326,143</u>	<u>\$ 6,293,258</u>	<u>\$ (746,605)</u>	<u>\$ 96,872,796</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,217,508	\$ -	\$ -	\$ 6,217,508
Construction in progress	338,443	1,263,766	(627,869)	974,340
Total capital assets, not being depreciated	<u>6,555,951</u>	<u>1,263,766</u>	<u>(627,869)</u>	<u>7,191,848</u>
Capital assets, being depreciated and amortized:				
Buildings and improvements	23,962,758	15,384	-	23,978,142
Improvements other than buildings	127,683,604	1,714,683	-	129,398,287
Equipment	10,237,815	705,368	(936,558)	10,006,625
Right-to-use lease equipment	379,204	422,229	-	801,433
Total capital assets, being depreciated	<u>162,263,381</u>	<u>2,857,664</u>	<u>(936,558)</u>	<u>164,184,487</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	768,449	499,594	-	1,268,043
Improvements other than buildings	72,768,039	4,046,387	-	76,814,426
Equipment	7,630,786	566,125	(778,585)	7,418,326
Right-to-use lease equipment	156,225	131,862	-	288,087
Total accumulated depreciation and amortization	<u>81,323,499</u>	<u>5,243,968</u>	<u>(778,585)</u>	<u>85,788,882</u>
Total capital assets, being depreciated, net	<u>80,939,882</u>	<u>(2,386,304)</u>	<u>(157,973)</u>	<u>78,395,605</u>
Business-type activities capital assets, net	<u>\$ 87,495,833</u>	<u>\$ (1,122,538)</u>	<u>\$ (785,842)</u>	<u>\$ 85,587,453</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental activities :

General government	\$ 2,006,990
Public safety	1,429,091
Physical environment	165,719
Transportation	434,564
Community redevelopment	397,127
Parks and recreation	264,582
Depreciation and amortization expense - governmental activities	<u>4,698,073</u>
Amounts related to transfers	<u>(32,148)</u>
Total	<u><u>\$ 4,665,925</u></u>

Business-type activities :

Water and sewer	\$ 3,651,924
Sanitation	362,652
Stormwater	703,067
Depreciation and amortization expense - business-type activities	<u>4,717,643</u>
Amounts related to transfers	<u>526,325</u>
Total	<u><u>\$ 5,243,968</u></u>

NOTE 6 – LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
General Obligation Bonds	\$ 3,995,000	\$ -	\$ (345,000)	\$ 3,650,000	\$ 360,000
Revenue Bonds	225,500	-	(73,356)	152,144	76,073
Notes and direct borrowings	4,145,323		(848,659)	3,296,664	974,237
Financed acquisitions	-	2,311,661	-	2,311,661	235,055
Compensated absences	3,090,425	-	(99,616)	2,990,809	2,962,947
Other postemployment benefits	1,736,308	78,084	-	1,814,392	62,976
Net Pension Liability	28,250,465	-	(3,283,334)	24,967,131	-
Leases payable	713,903	1,392,783	(286,156)	1,820,530	411,512
Total governmental activities	<u>\$ 42,156,924</u>	<u>\$ 3,782,528</u>	<u>\$ (4,936,121)</u>	<u>\$ 41,003,331</u>	<u>\$ 5,082,800</u>
Business-type activities :					
Revenue Bonds	\$ 11,688,000	\$ -	\$ (1,037,000)	10,651,000	\$ 991,000
Notes and direct borrowings	28,749,595	-	(1,737,128)	27,012,467	1,760,978
Compensated absences	683,333	55,099	-	738,432	574,544
Other postemployment benefits	440,062	27,226	-	467,288	-
Net Pension Liability	7,378,830	-	(948,660)	6,430,170	-
Leases payable	222,979	422,230	(120,508)	524,701	129,063
Total business-type activities	<u>\$ 49,162,799</u>	<u>\$ 504,555</u>	<u>\$ (3,843,296)</u>	<u>\$ 45,824,058</u>	<u>\$ 3,455,585</u>
Total	<u>\$ 91,319,723</u>	<u>\$ 4,287,083</u>	<u>\$ (8,779,417)</u>	<u>\$ 86,827,389</u>	<u>\$ 8,538,385</u>

City of Stuart, Florida
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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.

The following is a summary of debt service requirements to maturity for the fiscal year ended September 30, 2025.

Governmental Activities					
Fiscal Year Ending September 30	Bonds		Notes and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2026	\$ 436,073	\$ 122,719	\$ 974,237	\$ 68,478	\$ 1,601,507
2027	446,071	109,119	747,059	53,659	1,355,908
2028	380,000	95,192	754,163	44,918	1,274,273
2029	390,000	82,804	761,372	36,008	1,270,184
2030	400,000	70,090	773,690	26,891	1,270,671
2031-2034	1,750,000	144,744	1,597,804	47,123	3,539,671
Total	<u>\$ 3,802,144</u>	<u>\$ 624,668</u>	<u>\$ 5,608,325</u>	<u>\$ 277,078</u>	<u>\$ 10,312,215</u>

Business-Type Activities					
Fiscal Year Ending September 30	Revenue Bonds		Notes and Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2026	\$ 991,000	\$ 411,138	\$ 1,760,978	\$ 107,566	\$ 3,270,682
2027	1,034,000	369,580	1,730,511	93,924	3,228,015
2028	1,072,000	327,193	1,677,508	81,431	3,158,133
2029	1,119,000	281,394	1,688,634	70,308	3,159,336
2030	1,189,000	234,561	1,699,961	58,979	3,182,502
2031-2035	5,246,000	432,281	7,475,149	169,513	13,322,943
2036-2040	-	-	6,359,345	34,598	6,393,943
2041-2044	-	-	4,620,381	4,601	4,624,982
Total	<u>\$ 10,651,000</u>	<u>\$ 2,056,148</u>	<u>\$ 27,012,467</u>	<u>\$ 620,921</u>	<u>\$ 40,340,536</u>

Governmental Debt

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, 2025, the City had a net outstanding balance of \$3,650,000.

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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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%.

Courthouse Commons Building Loan

On August 5, 2020 the City obtained a loan in the amount of \$5,050,000. The loan was initiated to finance the cost of a building purchase. The loan is payable annually, from October 1, 2021 through October 1, 2030. Interest is payable semi-annually on April 1 and October 1, at an annual rate of 1.295%.

Fire Rescue Equipment Loan 2021

On April 16, 2021, the City obtained a loan in the amount of \$622,000. The loan was issued to finance the cost of a fire rescue vehicle. The loan is payable annually, from April 2022 through April 2026. Interest is payable annually on April 1, at an annual rate of 2.19%.

2021 Vehicles

The City financed 18 vehicles with Enterprise Fleet in 2021. Three Ford F-150s; two for the Parks department, one for Commercial Sanitation, one for Water/Sewer, four F-250s, two for the Building Maintenance Department, one for the Waste Water department, one for Utilities Distribution and Collections, two F-350s for Utilities Distribution and Collections, seven Ford Interceptors for the Police Department, one Ford F-450 and two Ford Edges for the Utilities & Engineering Department.

2025 Motorola Radios

The City purchased sixty-five portable Motorola radios for the police department to replace outdated radios and increase communication and interoperability with local police agencies. The radios were purchased from Motorola with a 10-year financing arrangement with an average interest rate of 4.96%. The lease extends to December 2034. The purchase also includes a repair and replacement warranty for each radio.

2025 Axon

The City invested in an Axon body camera system for the police department. The investment includes twenty in-car cameras for the marked police vehicles, forty tasers, and forty body-worn cameras. This investment also provides unlimited storage of videos and other digital evidence directly in the Axon evidence program. Digital evidence can be shared via a link that grants temporary access to videos, eliminating the need for physical media devices to share the video. The investment also includes an internal administrative module for management and tracking of internal memorandums. Once we went live with the administrative module, we eliminated two other programs previously used for the same purpose and saved money. Additionally, the investment provides replacement tasers at the six-year mark and replacement of body-worn cameras at the 2.5-year mark of the agreement at no additional cost. It is a 10-year financing arrangement.

City of Stuart, Florida
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Business-type Debt

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 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.

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 - 430400

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

City of Stuart, Florida
Notes to the Basic Financial Statements
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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 - 430410

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%.

State Revolving Fund Loan – 2019 – 430420

On January 25, 2019 the City entered into a loan agreement with the State of Florida Department of Environmental Protection for the Pretreatment System at the Water Treatment Plant. The loan details semiannual loan payments of \$53,248.78 to include interest at a rate of .69%. The loan is payable beginning March 2020 through September 2039; interest is payable semiannually on March 15 and September 15.

State Revolving Fund Loan – 2019 - 430430

On January 9, 2019 the City entered into a loan agreement with the State of Florida Department of Environmental Protection for the Installation of the RO Treatment and Floridan Wells. The loan details semiannual loan payments of \$43,902 to include an interest rate of 1.94%. The loan is payable beginning October 15, 2021, pending any further amendments, and will continue for ten years thereafter. Interest will be payable semiannually on October 15 and April 15 at a rate of 1.94%.

State Revolving Fund Loan – 2019 – 430431

On January 9, 2019 the City entered into a loan agreement with the State of Florida Department of Environmental Protection for the Installation of the RO Facility A1 Well Construction. The loan details semiannual loan payments of \$23,624.32 to include an interest rate of .08%. The loan is payable beginning June 15, 2021, through June 2041. Interest will be payable semiannually on June 15 and December 15 at a rate of .08%.

State Revolving Fund Loan – 2022 – 43050

On August 11, 2021 the City entered into a loan agreement with the State of Florida Department of Environmental Protection for the Installation of the RO for drinking water. The loan details semiannual loan payments of \$546,400 to include an interest rate of .04%. The loan is payable beginning May 15, 2025, and will continue semi-annually on November and May 15th each year until all amounts due have been fully paid. During 2025, \$884,140 of the original loan was forgiven.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

NOTE 7 – LEASES

For the year ended September 30, 2025, the financial statements include GASB Statement 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financing of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

a. Lease Receivable

The City has 12 agreements recorded as lease receivables with a total value of \$46,470,143 as of September 30, 2025. The leases are primarily for land and buildings with terms of 26 months to 99 years, including options to renew ranging from 18 months to 30 years. The initial lease payment monthly amounts ranged from \$2,811 per month to \$30,846. The current leases have monthly amounts ranging from \$432 to \$35,272. Rental payments continue to increase due to changes in the Consumer Price Index (CPI) or other economic indicators. The leases have interest rates ranging from 2.0% to 3.0%. Revenue recognized under lease agreements during the year ended September 30, 2025 was \$3,098,387, which includes both lease revenue and interest. The City recognized \$1,901,488 in lease revenue and \$1,196,899 in interest for variable payments not previously included in the measurement of the lease receivable. The value of the deferred inflow of resources was \$41,899,217 for year ended September 30, 2025.

Governmental Activities			
Fiscal year ended September 30:	Principal	Interest	Total
2026	\$ 357,790	\$ 1,190,982	\$ 1,548,772
2027	383,036	1,181,267	1,564,303
2028	220,541	1,169,055	1,389,596
2029	109,087	1,164,492	1,273,579
2030	96,640	1,160,651	1,257,291
2031-2035	1,088,382	5,725,731	6,814,113
2036-2040	731,418	5,471,286	6,202,704
2041-2045	606,992	5,432,675	6,039,667
2046-2050	750,268	5,342,901	6,093,169
2051-2055	523,770	5,227,562	5,751,332
2056-2060	1,220,599	5,136,136	6,356,735
2061-2065	2,432,126	4,915,326	7,347,452
2066-2070	3,968,485	4,524,655	8,493,140
2071-2075	5,898,459	3,919,611	9,818,070
2076-2080	8,304,050	3,046,323	11,350,373
2081-2085	11,037,225	1,839,787	12,877,012
2086-2090	568,318	1,066,938	1,635,256
2091-2095	868,631	981,515	1,850,146
2096-2100	1,238,054	855,216	2,093,270
2101-2105	1,689,567	678,777	2,368,344
2106-2110	2,238,365	441,199	2,679,564
2111-2115	2,138,340	120,441	2,258,781
Total	<u>\$ 46,470,143</u>	<u>\$ 60,592,526</u>	<u>\$ 107,062,669</u>

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

b. Lease Liabilities

The City has entered into leasing arrangements for the use of capital assets. The City is required to make fixed lease payments with various interest rates based upon the agreements and mature through June 2029. The value of the right-to-use assets as of September 30, 2025 is \$3,091,658 with accumulated amortization of \$780,291. The City has no extension options.

Governmental Activities				
Fiscal year ended				
September 30:	Principal	Interest	Total	
2026	\$ 411,512	\$ 124,639	\$	536,151
2027	433,992	92,137		526,129
2028	436,741	57,812		494,553
2029	345,770	27,444		373,214
2030	192,515	5,164		197,679
Total	<u>\$ 1,820,530</u>	<u>\$ 307,196</u>	<u>\$</u>	<u>2,127,726</u>

Business-type Activities				
Fiscal year ended				
September 30:	Principal	Interest	Total	
2026	\$ 129,063	\$ 35,087	\$	164,150
2027	124,131	25,728		149,859
2028	119,673	16,589		136,262
2029	111,434	7,355		118,789
2030	40,400	953		41,353
Total	<u>\$ 524,701</u>	<u>\$ 85,712</u>	<u>\$</u>	<u>610,413</u>

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.

City of Stuart, Florida
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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, 2025.

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
Proportionate share of net pension liability	\$ 24,496,916	\$ 6,900,385	\$ 31,397,301
Proportionate share of deferred outflows	9,944,580	928,603	10,873,183
Proportionate share of deferred inflows	4,219,661	1,693,686	5,913,347
Contributions	4,712,836	481,165	5,194,001
Pension expense	3,363,650	301,236	3,664,886

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 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

City of Stuart, Florida
Notes to the Basic Financial Statements
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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 96 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:

Contribution Rates July 1, 2024 to June 30, 2025			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	13.63%	16.63%
Special Risk	3.00%	32.79%	35.79%
Elected Officers'	3.00%	58.68%	61.68%
Senior Management Service	3.00%	34.52%	37.52%
Deferred Retirement Option Program	N/A	21.13%	21.13%

Contribution Rates July 1, 2025 to June 30, 2026			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	14.03%	17.03%
Special Risk	3.00%	35.19%	38.19%
Elected Officers'	3.00%	54.57%	57.57%
Senior Management Service	3.00%	33.24%	36.24%
Deferred Retirement Option Program	N/A	22.02%	22.02%

The City's contributions to the Pension Plan totaled \$4,712,836 for the fiscal year ended September 30, 2025.

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

On September 30, 2025, the City reported a liability of \$24,496,916 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's Fiscal 2025 contributions relative to the Fiscal 2025 contributions of all participating members. On June 30, 2025, the City's share was 0.07893%, which was an increase of 0.0065% percent from its proportionate share measured as of June 30, 2024.

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Notes to the Basic Financial Statements
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For the fiscal year ended September 30, 2025, the City recognized pension expense of \$5,508,379. Pension liabilities are generally liquidated by the General Fund for governmental activities and by net revenues of the applicable proprietary funds for business-type activities. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources 09/30/2025	Deferred Inflows of Resources 09/30/2025
Difference between expected and actual experience	\$ 2,616,529	\$ -
Changes in assumptions	2,844,728	-
Net Difference Between projected and actual earnings on Pension Investments	-	(4,090,007)
Changes in proportion and differences between City contributions and proportionate share of contributions	3,305,360	(129,654)
City contributions subsequent to the measurement date	1,177,963	
Total	\$ 9,944,580	\$ (4,219,661)

The deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date, totaling \$1,177,963, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense in the subsequent fiscal year as follows:

Fiscal Year Ending September 30:	Amount
2026	\$ 4,882,606
2027	304,053
2028	(215,811)
2029	(423,892)
	\$ 4,546,956

Actuarial Assumptions

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50% average, including inflation
Discount rate	6.70% net pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table with Scale MP-2021 details in valuation report. The actuarial assumptions used in the July 1, 2025 valuation was based on the results on an actuarial experience study for the period July 1, 2018 through June 30, 2023.

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

City of Stuart, Florida
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of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			

Assumed Inflation – Mean	2.4%	1.5%
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Discount Rate

The discount rate used to measure the total pension liability was 6.70%. 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 6.7%, 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 (5.7%) or one percentage point higher (7.7%) than the current rate:

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
City's proportionate share of the net pension liability at September 30, 2025	\$ 48,074,820	\$ 24,496,916	\$ 4,729,543

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 Annual Comprehensive Financial Report.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

Payables to the Pension Plan

On September 30, 2025, the City reported de minimis amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2025.

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, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. 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, 2025, the HIS contribution for the period through September 30, 2025 was 1.66%. The City contributed 90% 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 \$408,163 for the fiscal year ended September 30, 2025.

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

On September 30, 2025, the City reported a liability of \$6,900,385 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's Fiscal 2025 contributions relative to the Fiscal 2025 contributions of all participating members. On June 30, 2025, the City's proportionate share was 0.0538%, which was an increase of 0.003% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$301,236. Pension liabilities are generally liquidated by the General Fund for governmental activities and by net revenues of the applicable proprietary funds for business-type activities. 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
Year ended September 30, 2025

	Deferred Outflows of Resources 09/30/2025	Deferred Inflows of Resources 09/30/2025
Difference between expected and actual experience	\$ 41,191	\$ (10,946)
Changes in assumptions	61,076	(1,669,026)
Net Difference Between projected and actual earnings on HIS Investments	-	(5,743)
Changes in proportion and differences between City contributions and proportionate share of contributions	713,352	(7,971)
City contributions subsequent to the measurement date	112,984	
Total	\$ 928,603	\$ (1,693,686)

The deferred outflows of resources related to the HIS Plan resulting from City contributions to the HIS Plan subsequent to the measurement date, totaling \$112,984, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense in the subsequent fiscal year as follows:

Fiscal Year Ending September 30:	Amount
2026	\$ (170,590)
2027	(264,752)
2028	(235,408)
2029	(192,916)
2030	(14,401)
Thereafter	-
	\$ (878,067)

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.40%
Salary increases	3.50% average, including inflation
Discount rate	5.20%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021 tables. The actuarial assumptions used in the July 1, 2025 valuation was based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 5.20%. 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

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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 5.20%, which is an increase from 3.93% 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 (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
City's proportionate share of the net pension liability at September 30, 2025	\$ 7,781,295	\$ 6,900,385	\$ 6,161,581

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

On September 30, 2025, the City reported de minimis amounts payable for outstanding contributions to the HIS Plan.

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 Annual Comprehensive 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 2025, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

Class	Employee and Employer Contribution Rate to Member Account
Regular	11.30%
Special Risk	19.00%
Elected Officers'	16.34%
Senior Management Service	12.67%

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, 2025, 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 \$1,177,007 for the fiscal year ended September 30, 2025.

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, 2025 the City paid premiums of approximately \$1,798,246 for general property, casualty and worker's compensation.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

As of September 30, 2025, 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 coverages 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 \$285,000 reported 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, 2025 and September 30, 2024 are as follows:

Fiscal Year Ending	Balance October 1	Additions	Claims Payments	Balance September 30
9/30/2025	\$ 267,805	4,268,628	\$ 4,251,433	\$ 285,000
9/30/2024	173,285	3,568,998	3,474,478	267,805

NOTE 10 – 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. OPEB liabilities are generally liquidated by the General Fund for governmental activities and by net revenues of the applicable proprietary funds for business-type activities.

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.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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 implicit subsidy as described above.

Employees Covered by Benefit Terms

On September 30, 2025, the following employees were covered by the benefit terms:

Active participants	265
Retirees, beneficiaries, and disabled members	10
Covered spouses	1
Total participants	276

Total OPEB Liability

The City's total OPEB liability of \$2,281,680 was measured as of September 30, 2025 and was determined by an actuarial valuation as of September 30, 2025.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2025 using the following actuarial assumptions:

Inflation Rate	2.60%
Salary Increase Rate(s)	3.25%
Discount Rate	4.50%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	51

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2021. Rates are based on those outlined in the July 1, 2023 Florida Retirement System (FRS) actuarial valuation report.

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 4.5%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

Changes to the Total OPEB Liability

	Increase and (Decrease) in Total OPEB Liability
Total liability, September 30, 2024	\$ 2,176,370
Changes for the year	
Service Cost	196,267
Interest	95,069
Differences between expected and actual experience	-
Change of assumptions	(123,350)
Change of benefit terms	-
Benefit payments	(62,676)
Net change in total OPEB liability	105,310
Reporting period ending September 30, 2025	\$ 2,281,680

Changes in assumptions reflect a change in the discount rate from 4.06% for the reporting period ending September 30, 2024, to 4.5% for the reporting period ending September 30, 2025.

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:

	1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
Total OPEB Liability	\$ 2,574,040	\$ 2,281,680	\$ 2,029,306

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:

	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rates 4.00% - 7.00%	1% Increase 5.00% - 8.00%
Total OPEB Liability	\$ 1,877,054	\$ 2,281,680	\$ 2,802,178

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$83,521. On September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources 09/30/2025	Deferred Inflows of Resources 09/30/2025
Differences between expected and actual	\$ -	\$ (578,602)
Changes in assumptions	313,424	(812,453)
Total	\$ 313,424	\$ (1,391,055)

The total amount reported as deferred outflows of resources related to OPEB, totaling (\$1,077,635) will be recognized in the OPEB expense as follows:

Fiscal Year Ending September 30:	Amount
2026	\$ (113,357)
2027	(113,357)
2028	(113,357)
2029	(113,357)
2030	(113,357)
Thereafter	(510,850)
	\$ (1,077,635)

NOTE 11 – 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 on September 30, 2025:

General Fund	Community Redevelopment Agency	Total Governmental
\$ 4,564,772	\$ 11,236,806	\$ 15,801,578

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

NOTE 12 – 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, 2025:

	<u>Deposits</u>	<u>Withdrawals</u>
Sources of deposits:		
Ad valorem taxes received from City of Stuart	\$ 2,777,321	
Ad valorem taxes received from Martin County	3,660,037	
Federal grant	914,626	
Investment income	55,675	
Miscellaneous revenue	97,776	
 Purpose of withdrawals:		
Salaries and benefits		283,302
Administrative expenses		49,753
Property lease		39,900
Memberships and training		1,650
Insurance		3,577
Printing, office supplies and other operating		185,397
Capital projects		3,393,773
Economic development grants		175,729
	<u>\$ 7,505,435</u>	<u>\$ 4,133,081</u>

NOTE 13 – 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 \$14,193,251. For the current year, principal and interest paid was \$1,491,095.

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 \$435,465 through May 2027. For the current year, principal and interest paid was \$143,357.

City of Stuart, Florida
Notes to the Basic Financial Statements
Year ended September 30, 2025

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits and is subject to other claims and assessments arising in the ordinary course of its operations, including matters involving general liability, employment and labor, civil rights, property damage, and contractual disputes. The City is generally insured for such claims through its commercial insurance coverage, subject to applicable policy limits and deductibles.

Management, after consultation with legal counsel, believes that the ultimate resolution of pending claims and litigation will not have a material adverse effect on the City's financial position.

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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 17,539,793	\$ 17,539,793	\$ 17,706,911	\$ 167,118
Intergovernmental	7,991,739	7,685,839	7,817,502	131,663
Utility taxes	3,406,002	3,424,202	4,096,514	672,312
Franchise fees	1,944,850	1,951,450	2,343,962	392,512
Charges for services	2,910,400	3,183,400	2,814,372	(369,028)
Assessments	1,745,628	1,745,628	1,655,789	(89,839)
Licenses and permits	1,875,067	1,875,067	1,402,213	(472,854)
Local business tax	700,000	700,000	860,295	160,295
Impact fees	-	-	66,562	66,562
Fines and forfeitures	164,000	164,000	285,549	121,549
Investment income (loss)	4,300,000	4,300,000	5,443,958	1,143,958
Rental income			46,044	46,044
Miscellaneous	2,398,131	7,622,171	589,093	(7,033,078)
Total revenues	<u>44,975,610</u>	<u>50,191,550</u>	<u>45,128,764</u>	<u>(5,062,786)</u>
Expenditures				
Current:				
General government	11,937,843	12,399,576	9,851,037	2,548,539
Public safety	23,510,048	23,698,474	24,538,337	(839,863)
Parks and recreation	2,205,006	2,220,006	1,900,061	319,945
Physical environment	2,526,595	2,697,379	2,578,240	119,139
Transportation	2,630,511	2,760,113	2,071,792	688,321
Capital outlay	3,458,682	11,758,209	7,301,021	4,457,188
Debt service:				
Principal	1,510,634	1,510,634	1,267,015	243,619
Interest and fiscal charges	384,759	384,759	187,025	197,734
Total expenditures	<u>48,164,078</u>	<u>57,429,150</u>	<u>49,694,528</u>	<u>7,734,622</u>
Excess of revenues over (under) expenditures	<u>(3,188,468)</u>	<u>(7,237,600)</u>	<u>(4,565,764)</u>	<u>2,671,836</u>
Other financing sources (uses)				
Leases (right-of-use asset) acquired	-	-	1,392,783	(1,392,783)
Financed acquisition	-	-	2,311,661	(2,311,661)
Transfers in	3,188,468	7,237,600	3,751,428	3,486,172
Transfers out	-	-	(4,209,899)	(4,209,899)
Total other financing sources (uses)	<u>3,188,468</u>	<u>7,237,600</u>	<u>3,245,973</u>	<u>(4,428,171)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,319,791)</u>	<u>\$ (1,756,335)</u>
Fund balance - beginning			<u>22,937,764</u>	
Fund balance - ending			<u>\$ 21,617,973</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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,555,195	\$ 3,555,195	\$ 4,574,663	\$ 1,019,468
Investment income (loss)	75,000	75,000	55,675	(19,325)
Licenses and permits	2,700	2,700	3,105	405
Miscellaneous	13,000,000	22,428,642	158	(22,428,484)
Total revenues	<u>16,632,895</u>	<u>26,061,537</u>	<u>4,633,601</u>	<u>(21,427,936)</u>
Expenditures				
Current:				
Community redevelopment	4,656,606	4,781,165	739,308	4,041,857
Capital outlay	18,192,824	23,570,288	3,299,260	20,271,028
Total expenditures	<u>22,849,430</u>	<u>28,351,453</u>	<u>4,038,568</u>	<u>24,312,885</u>
Excess of revenues over expenditures	<u>(6,216,535)</u>	<u>(2,289,916)</u>	<u>595,033</u>	<u>2,884,949</u>
Other financing sources (uses)				
Transfers in	7,170,145	7,170,145	2,871,834	(4,298,311)
Transfers out	(953,610)	(4,880,229)	(1,179,282)	3,700,947
Total other financing sources (uses)	<u>6,216,535</u>	<u>2,289,916</u>	<u>1,692,552</u>	<u>(597,364)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,287,585</u>	<u>\$ 2,287,585</u>
Fund balance - beginning			<u>9,976,337</u>	
Fund balance - ending			<u>\$ 12,263,922</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, 2025**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Rental income	\$ 1,417,158	\$ 1,417,158	\$ 1,901,488	\$ 484,330
Investment income (loss)	105,000	105,000	1,196,899	1,091,899
Miscellaneous	-	237,533	2,651	(234,882)
Total revenues	<u>1,522,158</u>	<u>1,759,691</u>	<u>3,101,038</u>	<u>1,341,347</u>
Expenditures				
Current:				
General government	696,797	741,019	405,740	335,279
Capital outlay	<u>36,817</u>	<u>197,128</u>	<u>164,274</u>	<u>32,854</u>
Total expenditures	<u>733,614</u>	<u>938,147</u>	<u>570,014</u>	<u>368,133</u>
Excess of revenues over expenditures	<u>788,544</u>	<u>821,544</u>	<u>2,531,024</u>	<u>1,709,480</u>
Other financing sources (uses)				
Transfers out	<u>(788,544)</u>	<u>(821,544)</u>	<u>(789,923)</u>	<u>31,621</u>
Total other financing sources (uses)	<u>(788,544)</u>	<u>(821,544)</u>	<u>(789,923)</u>	<u>31,621</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,741,101</u>	<u>\$ 1,741,101</u>
Fund balance - beginning			<u>7,626,427</u>	
Fund balance - ending			<u>\$ 9,367,528</u>	

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

City of Stuart, Florida

Required Supplementary Information

Schedule of Changes in Net OPEB Liability and Related Ratios

Year ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability				
Service Cost	\$ 196,267	\$ 153,503	\$ 132,587	\$ 223,995
Interest	95,069	91,054	90,198	60,578
Differences between expected and actual experience	-	(176,259)	-	(438,086)
Change of assumptions	(123,350)	244,219	(25,804)	(729,077)
Change of benefit terms	-	-	-	-
Benefit payments	(62,676)	(56,490)	(69,166)	(63,371)
Net change in total OPEB liability	<u>105,310</u>	<u>256,027</u>	<u>127,815</u>	<u>(945,961)</u>
Total OPEB Liability - beginning	<u>2,176,370</u>	<u>1,920,343</u>	<u>1,792,528</u>	<u>2,738,489</u>
Total OPEB Liability - ending	<u>\$ 2,281,680</u>	<u>\$ 2,176,370</u>	<u>\$ 1,920,343</u>	<u>\$ 1,792,528</u>
Covered employee payroll	\$ 21,064,682	\$ 20,401,629	\$ 17,496,672	\$ 16,945,929
Total OPEB liability as a percentage of covered employee payroll	10.8%	10.7%	11.0%	10.6%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 225,576	\$ 204,652	\$ 159,303	\$ 174,060
Interest	60,929	94,419	100,689	88,518
Differences between expected and actual experience	-	-	-	-
Change of assumptions	(122,847)	(230,455)	225,536	(186,663)
Change of benefit terms	-	-	-	-
Benefit payments	(93,069)	(91,811)	(87,454)	(80,594)
Net change in total OPEB liability	<u>70,589</u>	<u>(23,195)</u>	<u>398,074</u>	<u>(4,679)</u>
Total OPEB Liability - beginning	<u>2,667,900</u>	<u>2,691,095</u>	<u>2,293,021</u>	<u>2,297,700</u>
Total OPEB Liability - ending	<u>\$ 2,738,489</u>	<u>\$ 2,667,900</u>	<u>\$ 2,691,095</u>	<u>\$ 2,293,021</u>
Covered employee payroll	\$ 14,906,429	\$ 14,437,219	\$ 14,098,066	\$ 13,654,301
Total OPEB liability as a percentage of covered employee payroll	18.4%	19.1%	19.1%	19.1%

The City's OPEB is funded on a pay as you go basis, therefore no assets are accumulated.

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, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.0789%	0.0724%	0.0668%	0.0632%	0.0619%
City's proportionate share of the net pension liability	\$ 24,496,916	\$ 27,989,544	\$ 26,624,775	\$ 23,506,438	\$ 4,672,239
City's covered payroll	\$ 24,588,116	\$ 22,212,125	\$ 20,002,837	\$ 16,945,929	\$ 16,600,659
City's proportionate share of the net pension liability as a percentage of its covered payroll	99.63%	126.01%	133.10%	138.71%	28.14%
Pension Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.0652%	0.0657%	0.0672%	0.0696%	0.0674%
City's proportionate share of the net pension liability	\$ 28,271,682	\$ 22,628,847	\$ 20,245,130	\$ 20,598,428	\$ 17,015,382
City's covered payroll	\$ 15,811,700	\$ 15,058,537	\$ 14,836,140	\$ 14,666,676	\$ 14,612,204
City's proportionate share of the net pension liability as a percentage of its covered payroll	178.80%	150.27%	136.46%	140.44%	116.45%
Pension Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%

City of Stuart, Florida

Required Supplementary Information

Schedule of contributions

Florida Retirement System

Year ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	4,712,836	5,085,533	4,041,568	3,132,566	2,779,650
Contributions in relation to the contractually required contribution	6,277,224	5,504,211	4,239,573	2,695,822	2,356,306
Contribution deficiency (excess)	<u>\$ (1,564,388)</u>	<u>\$ (418,678)</u>	<u>\$ (198,005)</u>	<u>\$ 436,744</u>	<u>\$ 423,344</u>
City's covered payroll	\$ 23,887,001	\$ 21,683,136	\$ 19,738,460	\$ 17,806,111	\$ 16,729,827
Contributions as a percentage of covered payroll	26.28%	25.38%	21.48%	15.14%	14.08%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 2,857,800	\$ 2,723,381	\$ 2,516,066	\$ 2,456,872	\$ 2,356,695
Contributions in relation to the contractually required contribution	2,798,115	2,723,381	2,516,066	2,456,872	2,356,695
Contribution deficiency (excess)	<u>\$ 59,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 15,469,588	\$ 15,058,537	\$ 14,653,990	\$ 15,098,592	\$ 14,612,204
Contributions as a percentage of covered payroll	18.09%	18.09%	17.17%	16.27%	16.13%

City of Stuart, Florida

Required Supplementary Information

Schedule of proportionate share of Net Pension Liability

Health Insurance Subsidy

Year ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.0538%	0.0509%	0.0500%	0.0480%	0.0464%
City's proportionate share of the net pension liability	\$ 6,900,385	\$ 7,639,571	\$ 7,946,926	\$ 5,084,011	\$ 5,696,926
City's covered payroll	\$ 24,588,116	\$ 22,212,125	\$ 20,002,837	\$ 16,945,929	\$ 16,729,827
City's proportionate share of the net pension liability as a percentage of its covered payroll	28.06%	34.39%	39.73%	30.00%	34.05%
HIS Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.0452%	0.0454%	0.0468%	0.0480%	0.0461%
City's proportionate share of the net pension liability	\$ 5,518,804	\$ 5,083,548	\$ 4,948,635	\$ 5,128,310	\$ 5,371,670
City's covered payroll	\$ 15,877,754	\$ 15,365,049	\$ 15,352,445	\$ 15,471,345	\$ 15,160,752
City's proportionate share of the net pension liability as a percentage of its covered payroll	34.76%	33.09%	32.23%	33.15%	35.43%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%

City of Stuart, Florida
Required Supplementry Information
Schedule of contributions
Health Insurance Subsidy
Year ended September 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 481,165	\$ 431,175	\$ 329,168	\$ 295,582	\$ 277,715
Contributions in relation to the contractually required contribution	408,163	368,721	327,658	290,443	272,992
Contribution deficiency (excess)	<u>\$ 73,002</u>	<u>\$ 62,454</u>	<u>\$ 1,510</u>	<u>\$ 5,139</u>	<u>\$ 4,723</u>
City's covered payroll	\$ 23,887,001	\$ 21,683,136	\$ 19,738,460	\$ 17,806,111	\$ 16,729,827
Contributions as a percentage of covered payroll	1.71%	1.70%	1.66%	1.63%	1.63%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 263,571	\$ 255,059	\$ 250,173	\$ 261,822	\$ 251,669
Contributions in relation to the contractually required contribution	260,742	255,059	250,173	261,822	251,669
Contribution deficiency (excess)	<u>\$ 2,829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 15,877,754	\$ 15,365,049	\$ 15,070,652	\$ 15,471,345	\$ 15,146,016
Contributions as a percentage of covered payroll	1.64%	1.66%	1.66%	1.69%	1.66%

Combining Statements

City of Stuart, Florida
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2025

	Special Revenue		Total Non-Major Governmental Funds
	CDGB	Infrastructure tax	
Assets			
Cash and cash equivalents	\$ -	1,149,400	\$ 1,149,400
Investments	-	323,380	323,380
Due from other governments	-	445,698	445,698
Total assets	\$ -	\$ 1,918,478	\$ 1,918,478
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund balances			
Restricted:			
Infrastructure improvement	-	1,918,478	1,918,478
Total fund balances	-	1,918,478	1,918,478
Total liabilities and fund balances	\$ -	\$ 1,918,478	\$ 1,918,478

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

City of Stuart, Florida

Combining Statement of Revenues, Expenditures, and changes in Fund Balances

Non-major Governmental Funds

Year ended September 30, 2025

	Special Revenue		Total Non-Major Governmental Funds
	CDGB	Infrastructure tax	
Revenues			
Intergovernmental	\$ -	\$ 1,918,478	\$ 1,918,478
Total revenues	-	1,918,478	1,918,478
Expenditures			
Current:			
General government	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	1,918,478	1,918,478
Other financing sources (uses)			
Transfer out	(94,513)	(323,380)	(417,893)
Total other financing sources	(94,513)	(323,380)	(417,893)
Net change in fund balance	(94,513)	1,595,098	1,500,585
Fund balance beginning	94,513	323,380	417,893
Fund balance ending	\$ -	\$ 1,918,478	\$ 1,918,478

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

STATISTICAL SECTION

Statistical Section

This part of the City of Stuart, Florida's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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.	70-79
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.	80-83
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.	84-88
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.	89-90
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.	91-93

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			
	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	\$ 85,641,797	\$ 82,246,421	\$ 74,608,698	\$ 75,467,443
Restricted	26,809,159	14,318,406	13,877,674	11,217,250
Unrestricted	(8,346,459)	(1,423,838)	(2,992,464)	(2,325,299)
Total governmental activities net position	<u>\$ 104,104,497</u>	<u>\$ 95,140,989</u>	<u>\$ 85,493,908</u>	<u>\$ 84,359,394</u>
Business-type activities				
Net investment in capital assets	\$ 47,769,583	\$ 47,277,985	\$ 46,515,806	\$ 42,208,482
Restricted	14,475,229	14,051,148	14,051,148	8,782,881
Unrestricted	17,744,277	14,836,798	13,062,316	16,164,847
Total business-type activities net position	<u>\$ 79,989,089</u>	<u>\$ 76,165,931</u>	<u>\$ 73,629,270</u>	<u>\$ 67,156,210</u>
Primary government				
Net investment in capital assets	\$ 133,411,380	\$ 129,524,406	\$ 121,124,504	\$ 117,675,925
Restricted	41,284,388	28,369,554	27,928,822	20,000,131
Unrestricted	9,397,818	13,412,960	10,069,852	13,839,548
Total primary government net position	<u>\$ 184,093,586</u>	<u>\$ 171,306,920</u>	<u>\$ 159,123,178</u>	<u>\$ 151,515,604</u>

CITY OF STUART, FLORIDA

NET POSITION BY COMPONENT (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 75,219,682	\$ 80,573,005	\$ 76,756,813	\$ 76,940,970	\$ 75,751,252	\$ 76,052,844
10,880,287	7,669,841	6,691,079	4,660,992	5,039,323	4,814,202
(6,876,861)	(14,437,533)	(10,594,093)	(10,210,261)	(9,100,822)	(8,723,874)
<u>\$ 79,223,108</u>	<u>\$ 73,805,313</u>	<u>\$ 72,853,799</u>	<u>\$ 71,391,701</u>	<u>\$ 71,689,753</u>	<u>\$ 72,143,172</u>
\$ 41,354,628	\$ 41,637,935	\$ 40,401,093	\$ 40,477,154	\$ 42,175,303	\$ 44,101,995
5,427,353	4,898,089	4,467,422	4,549,559	3,545,510	2,488,716
17,208,844	14,151,073	13,553,111	10,236,827	9,000,692	7,848,162
<u>\$ 63,990,825</u>	<u>\$ 60,687,097</u>	<u>\$ 58,421,626</u>	<u>\$ 55,263,540</u>	<u>\$ 54,721,505</u>	<u>\$ 54,438,873</u>
\$ 116,574,310	\$ 122,210,940	\$ 117,157,906	\$ 117,418,124	\$ 117,926,555	\$ 120,154,839
16,307,640	12,567,930	11,158,501	9,210,551	8,584,833	7,302,918
10,331,983	(286,460)	2,959,018	26,566	(100,130)	(875,712)
<u>\$ 143,213,933</u>	<u>\$ 134,492,410</u>	<u>\$ 131,275,425</u>	<u>\$ 126,655,241</u>	<u>\$ 126,411,258</u>	<u>\$ 126,582,045</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
Expenses				
Governmental activities:				
General government	\$ 11,139,332	\$ 10,682,772	\$ 11,977,920	\$ 7,256,005
Public safety	25,967,428	22,090,911	19,051,724	16,983,044
Parks and recreation	2,164,643	2,350,813	2,132,485	1,927,129
Physical environment	2,743,419	2,584,066	2,811,661	2,722,916
Transportation	2,506,356	2,697,091	2,573,004	2,428,291
Community redevelopment	1,136,435	1,224,646	836,236	691,591
Interest on long-term debt	187,025	209,927	233,231	255,376
Total governmental activities expenses	<u>45,844,638</u>	<u>41,840,226</u>	<u>39,616,261</u>	<u>32,264,352</u>
Business-type activities:				
Water and sewer	16,891,462	15,153,192	14,158,792	12,219,508
Sanitation	5,455,347	5,358,970	5,224,159	4,519,540
Stormwater	1,284,115	1,496,960	1,623,549	1,506,130
Total business-type activities expenses	<u>23,630,924</u>	<u>22,009,122</u>	<u>21,006,500</u>	<u>18,245,178</u>
Total primary government expenses	<u>\$ 69,475,562</u>	<u>\$ 63,849,348</u>	<u>\$ 60,622,761</u>	<u>\$ 50,509,530</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$ -	\$ -	\$ -	\$ 3,944
Public safety	3,979,823	3,107,041	3,401,716	5,530,952
Parks and recreation	143,739	125,980	129,426	126,058
Physical environment	-	-	-	-
Transportation	-	-	-	-
Operating grants and contributions	1,073,894	1,949,896	994,711	877,157
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>5,197,456</u>	<u>5,182,917</u>	<u>4,525,853</u>	<u>6,538,111</u>
Business-type activities:				
Charges for services:				
Water and sewer	17,739,228	15,285,883	15,030,928	13,554,223
Sanitation	7,127,908	6,424,461	6,465,147	5,444,654
Stormwater	1,239,119	1,264,085	1,306,273	1,199,680
Capital grants and contributions	240,413	2,024,717	3,322,041	2,970,972
Total business-type activities program revenues	<u>26,346,668</u>	<u>24,999,146</u>	<u>26,124,389</u>	<u>23,169,529</u>
Total primary government program revenues	<u>\$ 31,544,124</u>	<u>\$ 30,182,063</u>	<u>\$ 30,650,242</u>	<u>\$ 29,707,640</u>
Net (expense)/revenue				
Governmental activities	\$ (40,647,182)	\$ (36,657,309)	\$ (35,090,408)	\$ (25,726,241)
Business-type activities	2,715,744	2,990,024	5,117,889	4,924,351
Total primary government net expense	<u>\$ (37,931,438)</u>	<u>\$ (33,667,285)</u>	<u>\$ (29,972,519)</u>	<u>\$ (20,801,890)</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 2,235,292	\$ 9,000,643	\$ 9,961,070	\$ 7,955,772	\$ 7,521,385	\$ 7,005,003
15,404,224	14,415,672	13,623,728	13,028,489	12,718,833	12,193,791
2,352,771	1,816,023	1,825,660	1,806,339	1,720,374	1,574,147
2,741,938	2,349,613	1,373,861	2,187,022	2,050,629	1,729,597
3,758,327	2,214,243	2,459,933	1,944,583	1,827,289	209,557
2,179,402	496,076	629,335	740,161	547,599	1,020,901
276,254	227,064	219,933	275,761	302,284	310,290
<u>28,948,208</u>	<u>30,519,334</u>	<u>30,093,520</u>	<u>27,938,127</u>	<u>26,688,393</u>	<u>24,043,286</u>
11,076,257	12,189,954	10,414,872	10,656,386	10,196,007	9,208,635
4,093,923	4,333,933	4,120,151	4,223,204	3,909,114	1,118,729
1,309,433	1,312,035	1,261,057	1,311,252	1,236,235	3,744,822
<u>16,479,613</u>	<u>17,835,922</u>	<u>15,796,080</u>	<u>16,190,842</u>	<u>15,341,356</u>	<u>14,072,186</u>
<u>\$ 45,427,821</u>	<u>\$ 48,355,256</u>	<u>\$ 45,889,600</u>	<u>\$ 44,128,969</u>	<u>\$ 42,029,749</u>	<u>\$ 38,115,472</u>
\$ 251,688	\$ 141,880	\$ 198,808	\$ 1,405,398	\$ 925,826	\$ 694,716
5,636,996	4,648,101	4,249,018	2,899,677	2,791,022	3,179,728
140,819	76,114	82,521	80,556	74,506	75,923
-	-	112,173	30,000	120,206	349,464
775,820	409,642	667,262	326,848	74,821	58,989
531,839	531,839	2,602,012	1,181,807	590,444	498,273
-	-	-	-	21,400	238,910
<u>7,337,162</u>	<u>5,807,576</u>	<u>7,911,794</u>	<u>5,924,286</u>	<u>4,598,225</u>	<u>5,096,003</u>
13,869,559	13,527,081	12,858,338	12,130,958	11,000,403	10,780,103
5,026,515	5,106,792	4,835,574	4,505,663	4,044,980	4,103,939
1,236,770	840,924	749,556	758,760	707,603	740,192
1,046,379	1,281,301	892,920	284,972	995,525	536,571
<u>21,179,223</u>	<u>20,756,098</u>	<u>19,336,388</u>	<u>17,680,353</u>	<u>16,748,511</u>	<u>16,160,805</u>
<u>\$ 28,516,385</u>	<u>\$ 26,563,674</u>	<u>\$ 27,248,182</u>	<u>\$ 23,604,639</u>	<u>\$ 21,346,736</u>	<u>\$ 21,256,808</u>
\$(21,611,046)	\$(24,711,758)	\$(22,181,726)	\$(22,013,841)	\$(22,090,168)	\$(18,947,283)
4,699,610	2,920,176	3,540,308	1,489,511	1,407,155	2,088,619
<u>\$(16,911,436)</u>	<u>\$(21,791,582)</u>	<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

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
Governmental activities:				
Taxes				
Property taxes	\$ 17,706,911	\$ 15,882,525	\$ 13,648,765	\$ 11,942,028
Utility taxes	4,096,514	3,866,202	3,691,933	3,161,370
Franchise taxes	2,343,962	2,244,116	2,290,398	2,014,606
Local business tax	860,295	515,096	771,280	673,867
Intergovernment revenues	11,778,207	10,463,304	8,625,370	7,773,834
Other activities	1,458,542	-	-	-
Miscellaneous and other taxes	4,637,039	5,096,153	4,268,979	3,079,890
Investment income	6,696,532	6,866,313	4,039,416	900,496
Gain (loss) on sale of capital assets	6,423	6,707	3,015	31,507
Transfers	26,265	1,363,974	(1,114,234)	1,284,929
Total governmental activities	<u>49,610,690</u>	<u>46,304,390</u>	<u>36,224,922</u>	<u>30,862,527</u>
Business-type activities:				
Miscellaneous and other taxes	-	-	-	-
Other activities	462,518	-	-	-
Investment income (loss)	667,758	893,291	243,046	(489,005)
Gain (loss) on sale of capital assets	3,403	17,320	(2,109)	14,968
Transfers	(26,265)	(1,363,974)	1,114,234	(1,284,929)
Total business-type activities	<u>1,107,414</u>	<u>(453,363)</u>	<u>1,355,171</u>	<u>(1,758,966)</u>
Total primary government	<u>\$ 50,718,104</u>	<u>\$ 45,851,027</u>	<u>\$ 37,580,093</u>	<u>\$ 29,103,561</u>
Change in net position				
Governmental activities	\$ 8,963,508	\$ 9,647,081	\$ 1,134,514	\$ 5,136,286
Business-type activities	3,823,158	2,536,661	6,473,060	3,165,385
Total primary government	<u>\$ 12,786,666</u>	<u>\$ 12,183,742</u>	<u>\$ 7,607,574</u>	<u>\$ 8,301,671</u>

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 11,064,366	\$ 10,389,087	\$ 9,303,411	\$ 8,448,358	\$ 8,069,423	\$ 7,619,060
2,953,990	2,869,599	2,871,372	2,786,675	2,741,770	2,686,543
1,685,164	1,584,178	1,675,783	1,656,124	1,687,917	1,669,041
656,121	614,948	632,338	640,363	631,900	605,617
6,690,721	5,760,080	6,048,100	4,292,536	4,064,470	4,612,778
-	-	-	-	-	-
2,246,678	2,674,534	1,449,838	2,567,284	2,318,633	1,127,521
42,170	554,607	603,892	351,613	143,234	242,852
(348)	62,411	51,399	(2,565)	34,453	118,051
1,689,979	1,153,828	1,007,691	975,401	814,285	847,254
<u>27,028,841</u>	<u>25,663,272</u>	<u>23,643,824</u>	<u>21,715,789</u>	<u>20,506,085</u>	<u>19,528,717</u>
-	-	-	-	-	4,622
-	-	-	-	-	-
4,416	460,214	554,024	47,776	95,835	94,631
289,681	38,909	71,445	(19,851)	75,750	24
(1,689,979)	(1,153,828)	(1,007,691)	(975,401)	(814,285)	(847,254)
<u>(1,395,882)</u>	<u>(654,705)</u>	<u>(382,222)</u>	<u>(947,476)</u>	<u>(642,700)</u>	<u>(747,977)</u>
<u>\$ 25,632,959</u>	<u>\$ 25,008,567</u>	<u>\$ 23,261,602</u>	<u>\$ 20,768,313</u>	<u>\$ 19,863,385</u>	<u>\$ 18,780,740</u>
\$ 5,417,795	\$ 951,514	\$ 1,462,098	\$ (298,052)	\$ (1,584,083)	\$ 581,434
3,303,728	2,265,471	3,158,086	542,035	764,455	1,340,642
<u>\$ 8,721,523</u>	<u>\$ 3,216,985</u>	<u>\$ 4,620,184</u>	<u>\$ 243,983</u>	<u>\$ (819,628)</u>	<u>\$ 1,922,076</u>

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

	Fiscal Year			
	2025	2024	2023	2022
General fund				
Nonspendable	\$ 67,727	\$ 75,827	\$ 49,726	\$ 99,638
Restricted	12,645,096	8,027,587	8,734,548	8,615,823
Assigned	2,816,891	6,753,540	5,267,136	3,587,564
Unassigned	6,088,259	8,080,810	8,671,155	9,510,102
Total general fund	<u>\$ 21,617,973</u>	<u>\$ 22,937,764</u>	<u>\$ 22,722,565</u>	<u>\$ 21,813,127</u>
All other governmental funds				
Nonspendable	\$ 18,337	\$ -	\$ -	\$ -
Restricted	14,164,063	9,515,240	9,076,797	6,423,636
Committed	1,824,927	1,824,927	1,628,118	1,173,637
Assigned	7,542,601	6,680,490	4,607,252	2,704,459
Total all other governmental funds	<u>\$ 23,549,928</u>	<u>\$ 18,020,657</u>	<u>\$ 15,312,167</u>	<u>\$ 10,301,732</u>
Total governmental funds	<u>\$ 45,167,901</u>	<u>\$ 40,958,421</u>	<u>\$ 38,034,732</u>	<u>\$ 32,114,859</u>

CITY OF STUART, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 103,951	\$ 60,361	\$ 94,189	\$ 82,166	\$ 63,322	\$ 1,636,714
6,863,592	4,272,409	4,268,653	3,173,384	2,393,728	2,141,994
4,590,618	5,206,364	4,543,882	3,443,822	4,285,787	4,535,794
8,368,370	6,312,349	5,609,757	4,556,050	3,879,153	3,749,002
<u>\$ 19,926,531</u>	<u>\$ 15,851,483</u>	<u>\$ 14,516,481</u>	<u>\$ 11,255,422</u>	<u>\$ 10,621,990</u>	<u>\$ 12,063,504</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,016,695	3,397,432	2,422,426	1,487,608	2,645,595	1,893,027
852,846	852,846	624,850	403,951	189,399	-
1,988,601	1,245,655	645,673	605,928	568,195	-
<u>\$ 6,858,142</u>	<u>\$ 5,495,933</u>	<u>\$ 3,692,949</u>	<u>\$ 2,497,487</u>	<u>\$ 3,403,189</u>	<u>\$ 1,893,027</u>
<u>\$ 26,784,673</u>	<u>\$ 21,347,416</u>	<u>\$ 18,209,430</u>	<u>\$ 13,752,909</u>	<u>\$ 14,025,179</u>	<u>\$ 13,956,531</u>

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year			
	2025	2024	2023	2022
Revenues				
Property taxes	\$ 17,706,911	\$ 15,882,525	\$ 13,648,765	\$ 11,942,028
Intergovernmental	14,310,643	12,413,200	9,620,081	7,773,834
Utility taxes	4,096,514	3,866,202	3,691,933	3,161,370
Franchise fees	2,343,962	2,244,116	2,290,398	2,014,606
Charges for services	2,814,372	2,159,828	2,379,081	2,124,429
Licenses and permits	1,405,318	1,509,623	1,369,995	2,057,738
Assessments	1,655,789	1,360,772	1,149,105	1,324,084
Local business tax	860,295	515,096	771,280	673,867
Impact fees	66,562	574,298	119,944	1,302,446
Fines and forfeitures	285,549	232,250	139,665	154,704
Investment income	6,696,532	6,866,313	4,039,416	900,496
Rental Income	1,947,626	1,806,577	1,615,098	1,566,712
Miscellaneous	591,808	704,933	1,030,248	739,721
Total revenues	54,781,881	50,135,733	41,865,009	35,736,035
Expenditures				
Current:				
General government	10,256,777	7,574,340	5,735,582	5,251,566
Public safety	24,538,337	21,427,734	18,332,022	16,277,833
Parks and recreation	1,900,061	2,046,764	1,854,966	1,664,855
Physical environment	2,578,240	2,407,340	2,611,077	2,496,262
Transportation	2,071,792	2,262,490	2,145,718	2,016,134
Community redevelopment	739,308	825,548	462,119	317,031
Capital outlay	10,764,555	10,368,283	2,133,760	2,107,959
Debt service:				
Principal	1,267,015	1,453,592	1,322,427	1,303,762
Interest	187,025	209,927	233,231	255,376
Total expenditures	54,303,110	48,576,018	34,830,902	31,690,778
Excess (deficiency) of revenues over (under) expenditures	478,771	1,559,715	7,034,107	4,045,257
Other financing sources (uses)				
Debt issuance	-	-	-	-
Leases (right-of-use asset) acquired	1,392,783	-	-	-
Financed acquisition	2,311,661	-	-	-
Transfers in	6,623,262	7,943,840	4,165,287	4,058,778
Transfers out	(6,596,997)	(6,579,866)	(5,279,521)	(2,773,849)
Total other financing sources (uses)	3,730,709	1,363,974	(1,114,234)	1,284,929
Net change in fund balance	\$ 4,209,480	\$ 2,923,689	\$ 5,919,873	\$ 5,330,186
Debt service as a percentage of noncapital expenditures	3.3%	4.4%	4.8%	5.3%

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting)

Fiscal Year					
2021	2020	2019	2018	2017	2016
\$ 11,064,366	\$ 10,389,087	\$ 9,303,411	\$ 8,448,358	\$ 8,069,423	\$ 7,654,060
7,222,560	6,291,919	6,565,472	6,472,546	5,603,756	5,343,359
2,953,990	2,869,599	2,871,372	2,786,675	2,741,770	2,686,543
1,685,164	1,584,178	1,675,783	1,656,124	1,687,917	1,669,041
2,154,715	1,893,309	1,825,752	1,534,192	1,629,056	1,866,499
2,067,373	1,256,023	1,316,894	1,393,635	979,787	891,286
1,280,656	1,475,737	1,228,727	1,209,824	1,192,230	1,191,067
656,121	614,948	632,338	640,363	631,900	605,617
1,314,807	661,188	938,409	604,828	241,161	450,404
172,164	125,914	247,312	193,077	169,251	179,472
42,170	554,607	603,892	351,613	143,234	242,853
1,590,345	914,112	851,719	814,246	903,836	943,612
471,593	1,686,399	2,486,846	528,085	296,704	331,791
<u>32,676,024</u>	<u>30,317,020</u>	<u>30,547,927</u>	<u>26,633,566</u>	<u>24,290,025</u>	<u>24,055,604</u>
5,496,083	4,765,821	5,409,350	4,952,688	4,519,530	4,272,263
14,004,533	13,806,524	13,085,557	12,529,537	12,224,773	11,761,266
1,596,894	1,446,293	1,450,691	1,501,332	1,388,614	1,254,934
2,482,858	2,179,333	1,211,544	2,038,672	1,907,746	1,893,460
2,225,378	1,857,328	2,081,819	1,636,326	1,601,594	1,152,337
214,641	180,193	306,744	419,988	224,239	459,424
3,172,509	9,318,630	2,868,961	3,140,025	2,040,273	2,552,673
565,849	538,505	464,498	1,559,942	826,612	751,351
276,254	227,064	219,933	275,761	302,284	318,739
<u>30,034,999</u>	<u>34,319,691</u>	<u>27,099,097</u>	<u>28,054,271</u>	<u>25,035,665</u>	<u>24,416,447</u>
<u>2,641,025</u>	<u>(4,002,671)</u>	<u>3,448,830</u>	<u>(1,420,705)</u>	<u>(745,640)</u>	<u>(360,843)</u>
1,106,253	5,986,829	-	173,038	-	283,601
-	-	-	-	-	-
-	-	-	-	-	-
5,316,344	4,410,183	2,984,645	2,735,780	4,745,032	2,319,191
<u>(3,626,365)</u>	<u>(3,256,355)</u>	<u>(1,976,954)</u>	<u>(1,760,379)</u>	<u>(3,930,747)</u>	<u>(1,471,937)</u>
<u>2,796,232</u>	<u>7,140,657</u>	<u>1,007,691</u>	<u>1,148,439</u>	<u>814,285</u>	<u>1,130,855</u>
<u>\$ 5,437,257</u>	<u>\$ 3,137,986</u>	<u>\$ 4,456,521</u>	<u>\$ (272,266)</u>	<u>\$ 68,645</u>	<u>\$ 770,012</u>
3.1%	3.1%	2.8%	7.4%	4.9%	4.9%

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
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%
2020	2019	1,904,113,455	164,972,776	2,675,745,985	606,659,754	2,069,086,231	5.2302	77.3%
2021	2020	2,020,119,593	174,317,933	2,939,005,375	744,567,849	2,194,437,526	5.2136	74.7%
2022	2021	2,199,363,413	179,294,048	2,942,770,048	564,112,587	2,378,657,461	5.2004	80.8%
2023	2022	2,548,366,481	192,898,531	3,345,246,569	603,981,557	2,741,265,012	5.1700	81.9%
2024	2023	2,989,071,969	212,845,305	3,969,730,467	767,813,193	3,201,917,274	5.1487	80.7%
2025	2024	3,345,578,723	232,698,700	4,393,994,349	815,716,926	3,578,277,423	5.1310	81.4%

Source: Florida Department of Revenue

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

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	
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	6.8620	0.2936	0.0320	0.3618	19.1427
2020	5.0000	0.2302	5.2302	6.6928	6.6480	0.2795	0.0320	0.3618	19.2443
2021	5.0000	0.2136	5.2136	6.7618	6.4470	0.2675	0.0320	0.3618	19.0837
2022	5.0000	0.2004	5.2004	6.7934	6.3230	0.2572	0.0320	0.3618	18.9678
2023	5.0000	0.1700	5.1700	6.5559	5.9880	0.2301	0.0320	0.3618	18.3378
2024	5.0000	0.1487	5.1487	6.6017	5.9430	0.2301	0.0288	0.3618	18.3141
2025	5.0000	0.1310	5.1310	6.5614	5.7500	0.2301	0.0270	0.3618	18.0613

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	2025		
	Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Treasure Coast Harbor Property	\$ 60,625,990	1	1.69%
PRCP FL Stuart Heritage Bay LI	53,141,300	2	1.49%
PRCP FL Heritage Bay LLC	48,650,480	3	1.36%
GPAI Stuart LLC	38,154,090	4	1.07%
Stuart Venture Partners LLC	34,860,180	5	0.97%
Treasure Coast LLC	31,501,190	6	0.88%
ARHC Alstuf01 LLC	31,323,740	7	0.88%
RK Stuart LLC	30,428,050	8	0.85%
Pacific Star 5 Inc	26,720,350	9	0.75%
Stuart Centre Investors LLC	26,675,191	10	0.75%
Total	382,080,561		10.68%
Total city-wide	<u>\$ 3,578,277,423</u>		

	2016		
	Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
ARHC Alstuf01 LLC	\$ 30,250,000	1	1.85%
Stuart Centre Investors, LLC	17,581,968	2	1.07%
SP Crossings LLC	17,363,502	3	1.06%
RLV Martin Square LP	15,544,480	4	0.95%
Wal-Mart Stores East LP	14,913,238	5	0.91%
SPC Regency LLC	14,103,810	6	0.86%
NP 1 Inc.	13,809,270	7	0.84%
Stuart Lodge Properties LLC	13,356,630	8	0.82%
Pacific Star 5 Inc.	12,865,598	9	0.79%
Mar-Stuart Retail LLC	10,689,180	10	0.65%
Total	160,477,676		9.79%
Total city-wide	<u>\$ 1,638,596,917</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
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%
2020	10,345,431	9,914,547	95.84%	17,203	9,931,750	96.00%
2021	11,041,319	10,575,533	95.78%	37,046	10,612,579	96.12%
2022	11,893,287	11,273,528	94.79%	208,297	11,481,825	96.54%
2023	13,706,325	13,188,875	96.22%	10,996	13,199,871	96.30%
2024	16,009,586	15,413,909	96.28%	9,870	15,423,779	96.34%
2025	17,891,387	17,019,862	95.13%	228,374	17,248,236	96.41%

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					Total Governmental Activities
	General Obligation Bonds	Community Redevelopment Bonds	Refunding Revenue Note	Notes and Direct Borrowings	Capital Lease Obligations	
2016	6,385,000	575,053	763,448	1,048,043	-	8,771,544
2017	6,120,000	293,688	700,959	1,113,886	-	8,228,533
2018	5,845,000	-	635,753	373,939	-	6,854,692
2019	5,560,000	-	573,264	256,930	-	6,390,194
2020	5,265,000	-	508,058	6,065,460	-	11,838,518
2021	4,965,000	-	440,135	6,914,182	-	12,319,317
2022	4,650,000	-	369,495	5,996,062	71,866	11,087,423
2023	4,330,000	-	296,139	5,066,992	387,851	10,080,982
2024	3,995,000	-	225,500	4,145,323	713,903	9,079,726
2025	3,650,000	-	152,144	5,608,325	1,820,530	11,230,999

Fiscal Year	Business-Type Activities				
	Utility Revenue Refunding Bonds	Refunding Revenue Note	Notes and Direct Borrowings	Capital Lease Obligations	Total Business-Type Activities
2016	18,850,000	641,552	4,464,298	-	23,955,850
2017	18,059,000	589,041	7,395,360	-	26,043,401
2018	17,236,000	534,247	7,184,012	-	24,954,259
2019	16,389,000	575,681	8,930,248	-	25,894,929
2020	15,509,000	426,941	10,510,870	-	26,446,811
2021	14,600,000	369,862	9,870,744	-	24,840,606
2022	13,661,000	310,501	13,326,069	197,539	27,495,109
2023	12,694,000	248,860	22,581,499	147,258	35,671,617
2024	11,688,000	189,499	28,560,096	226,966	40,664,561
2025	10,651,000	127,855	26,884,612	524,701	38,188,168

Fiscal Year	Total Primary Government	Percentage of Personal Income ^a	Debt Per Capita ^a
2016	32,727,394	2.77%	2,027
2017	34,271,934	2.68%	2,118
2018	31,808,951	2.31%	1,937
2019	32,285,123	2.29%	1,956
2020	38,285,329	2.56%	2,280
2021	37,159,923	2.05%	2,101
2022	38,582,532	1.86%	2,054
2023	45,752,599	2.07%	2,375
2024	49,744,287	1.98%	2,464
2025	49,419,167	n/a	2,402

Notes: ^aSee 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**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

September 30, 2025

Jurisdiction	Total Bonded Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Amount Applicable
Overlapping:			
Martin County			
Direct Debt	\$ 109,037,602	100%	\$ 109,037,602
Martin County School Board			
Bonds Payable	494,000	100%	494,000
Certificates of Participation	27,748,866	100%	27,748,866
South Florida Water Management District			
Certificates of Participation	290,315,547	2.11%	6,125,658
Subtotal, Overlapping Debt			143,406,126
City of Stuart Direct Debt			11,230,999
Total Direct and Overlapping Debt			<u>\$ 154,637,125</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.

CITY OF STUART, FLORIDA**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General <u>Bonded Debt Outstanding</u>		Debt Per Capita ^a
	General Obligation Bonds	Percentage of Total Adjustable Taxable Value	
2016	5,845,000	0.32%	361
2017	5,560,000	0.29%	339
2018	5,265,000	0.25%	319
2019	4,965,000	0.23%	296
2020	5,265,000	0.22%	298
2021	4,965,000	0.18%	264
2022	4,650,000	0.17%	247
2023	4,330,000	0.14%	225
2024	3,995,000	0.12%	198
2025	3,650,000	0.10%	177

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	Less:	Non-	Debt Service			Coverage ^b
	Gross Revenues	Ad Valorem	Ad Valorem Revenue	Principal	Interest ^a	Total	
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
2020	26,880,546	10,389,087	16,491,459	65,206	14,051	79,257	208.1
2021	29,660,607	11,064,366	18,596,241	67,923	12,453	80,376	231.4
2022	31,563,287	11,942,028	19,621,259	70,639	10,788	81,427	241.0
2023	36,423,565	13,648,765	22,774,800	73,356	9,056	82,412	276.4
2024	42,240,049	15,882,525	26,357,524	70,639	7,258	77,897	338.4
2025	45,128,764	17,706,911	27,421,853	73,356	5,527	78,883	347.6

Public Utilities Revenue, Refunding & Improvement Bonds, Series 2006, 2007 and 2011							
Fiscal Year	Water and Sewer	Less:	Net	Debt Service			Coverage ^d
	Gross Revenues	Operating Expenses ^c	Available Revenue	Principal	Interest ^a	Total	
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
2020	13,527,081	7,240,814	6,286,267	880,000	614,303	1,494,303	4.2
2021	13,869,559	7,109,098	6,760,461	909,000	582,113	1,491,113	4.5
2022	13,554,223	7,992,324	5,561,899	939,000	550,373	1,489,373	3.7
2023	15,030,928	9,368,529	5,662,399	967,000	517,579	1,484,579	3.8
2024	15,285,878	10,284,352	5,001,526	1,006,000	485,095	1,491,095	3.4
2025	16,752,793	11,810,497	4,942,296	1,037,000	449,102	1,486,102	3.3

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
2016	16,148	1,183,583,808	73,296	4.8%
2017	16,183	1,280,140,032	79,104	4.2%
2018	16,425	1,377,614,025	83,873	3.0%
2019	16,504	1,409,342,576	85,394	2.7%
2020	16,793	1,497,683,705	89,185	6.2%
2021	17,684	1,808,595,732	102,273	4.2%
2022	18,788	2,072,992,768	110,336	2.4%
2023	19,264	2,211,487,936	114,799	2.9%
2024	20,191	2,517,757,127	124,697	1.3%
2025	20,573	N/A	N/A	4.2%

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
CURRENT YEAR AND NINE YEARS AGO

Employer	2025		
	Employees	Rank	Percentage of Total County Employment
Cleveland Clinic	3,821	1	5.24%
Martin County School District	2,754	2	3.77%
Publix Supermarkets	1,711	3	2.34%
Martin County Government	1,172	4	1.61%
Martin Memorial Physicians	924	5	1.27%
HealthPro Heritage	625	6	0.86%
Daher Aerospace	501	7	0.69%
WalMart	439	8	0.60%
Home Depot	381	9	0.52%
Wealth Recovery Solutions	364	10	0.50%
Total	12,692		17.40%
Total Martin County Labor Force	72,968		

	2016		
	Employees	Rank	Percentage of Total County Employment
Martin Memorial Health Systems	3,433	1	4.86%
Martin County School District	2,589	2	3.67%
Martin County	1,653	3	2.34%
State of Florida	543	4	0.77%
Triumph Group - Vought Aircraft Division	400	5	0.57%
Paradigm Precision	370	6	0.52%
Liberator Medical Supply	368	7	0.52%
Seacoast National Bank	340	8	0.48%
Florida Power & Light	321	9	0.45%
City of Stuart	255	10	0.36%
Total	10,272		14.54%
Total Martin County Labor Force	70,629		

Sources: The labor force figures are from the Florida Department of Economic Opportunity.

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

CITY OF STUART, FLORIDA

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

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General government										
City Commission	5	5	5	5	5	5	5	5	5	5
City Manager	3	3	3	3	3	2	3	4	4	3
City Attorney	2	2	2	2	2	2	2	2	2	2
Human Resources	4	4	3	3	3	3	3	3	3	3
City Clerk	3	3	2	2	2	2	2	2	2	1
Financial Services	8	8	9	9	9	9	9	9	9	9
Technology Services	6	6	6	5	5	5	4	4	4	4
Development	13	13	10	12	12	12	11	11	11	11
Public Safety										
Police	68	68	61	60	63	63	64	64	64	63
Fire / Rescue	66	63	48	48	48	45	45	45	43	43
Physical Environment										
Vehicle Maintenance	5	5	5	5	4	4	3	4	3	3
Building Maintenance	9	9	9	10	9	8	7	6	6	6
Parks and Grounds	9	9	10	11	10	11	13	12	14	14
Water and Sewer	54	54	49	45	45	45	44	44	44	43
Sanitation	15	15	15	15	14	14	14	13	13	13
Stormwater	5	5	3	3	3	3	3	3	3	3
Transportation										
Streets	8	8	8	8	8	8	7	8	6	6
Economic Environment	2	2	2	-	-	-	-	-	-	2
Community Services	9	9	13	12	12	12	11	11	11	10
Total	294	291	263	258	257	253	250	250	247	244

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Physical arrests	657	592	526	542	444	557	667	915	851	832
Parking violations	2,163	3,010	894	1,007	1,159	1,472	1,956	1,448	1,339	1,094
Traffic violations	4,566	1,730	1,980	1,682	1,542	2,030	2,756	2,937	2,568	2,116
Fire										
Emergency responses	7,484	7,379	7,478	7,550	7,678	7,134	6,175	6,031	5,824	6,060
Fires extinguished	29	62	66	70	81	69	60	88	61	69
Fire inspections	604	705	838	789	821	924	952	725	1,081	1,310
Refuse Collection										
Refuse collected (tons per day)	89	92	91	89	87	85	86	76	77	71
Customers	4,805	5,339	5,449	5,617	4,552	4,234	4,238	3,922	3,876	3,607
Other Public Works										
Street resurfacing (miles)	1.40	1.40	3.80	3.89	3.08	2.72	2.56	-	-	-
Potholes repaired	344	344	270	34	214	235	148	251	141	105
Development										
Building permits issued	2,542	2,208	2,279	2,379	2,595	2,448	2,354	2,313	2,314	2,243
Building inspections	6,230	4,786	10,760	12,756	9,767	6,903	7,194	8,182	5,522	4,818
Plan reviews	7,208	5,185	6,723	7,193	7,503	6,413	6,996	6,930	7,703	6,652
Community Services ^a										
Athletic field reservations	2,170	2,054	1,898	1,961	1,559	1,172	631	367	438	334
Pavilion & Stage reservations	576	541	638	617	486	118	217	196	255	222
CC rental reservations	304	263	311	303	181	76	36	24	28	27
Special events public permits	305	242	206	234	146	197	251	118	103	68
Special events private permits	19	30	30	34	18	27	51	36	34	49
Special events banner permits	146	182	176	353	214	254	301	199	212	195
Pavilion & Stage Attendance	-	-	-	-	-	1,180	4,169	3,004	3,286	12,231
Water										
New connections	29	7	244	68	16	252	31	15	9	14
Water mains breaks	3	4	11	11	6	4	8	8	5	7
Average daily consumption	147	148	157	164	162	161	166	170	170	168
Metered services	5,042	5,277	5,266	4,629	4,578	4,553	4,483	4,452	4,437	4,428
Wastewater										
Average daily sewage treatment ^b (Gallons Per Day/Per Customer)	480	511	517	483	544	638	596	636	681	709
Customers	3,580	3,452	3,370	3,360	3,218	3,015	2,729	2,595	2,486	2,397
Transit										
Total miles on route per shift	23	22	23	22	20	18	22	46	35	35
Passengers	38,341	45,142	44,684	35,677	28,745	18,609	41,225	47,800	48,120	45,665

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

^d Civic Rec does not differentiate the attendance between a special event vs a regular park rental so those numbers have been combined

CITY OF STUART, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (avg. per shift)	7	7	5	5	5	5	5	5	5	5
Fire										
Stations	3	3	3	2	2	2	2	2	2	2
Refuse collection										
Collection trucks	18	17	16	15	14	14	14	13	13	13
Other public works										
Streets (miles)	120	120	120	120	120	120	120	120	100	100
Streetlights	532	532	532	532	532	532	532	500	461	455
Traffic signals	12	12	12	12	12	12	12	22	35	35
Community Services ^a										
Acreage	232	232	232	232	232	232	232	232	232	232
Environmental parks	3	3	3	3	3	3	3	3	3	3
Active parks	9	9	9	9	9	9	9	9	9	9
Passive parks	25	25	25	25	25	25	25	25	25	25
Baseball/softball diamonds	5	5	5	1	1	1	1	1	1	1
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	2	2	2	1	1	1	1	1	1	1
Water										
Fire hydrants ^b	601	569	569	565	565	565	565	561	561	495
Storage capacity (million gal)	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater sewers (miles)	127	126	126	126	126	126	126	124	120	70
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
Transit-minibuses										
Downtown Courtesy Tram	6	6	7	6	7	7	7	6	6	5

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

**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

Honorable Mayor and Members of the City Council
City of Stuart, Florida
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 (*Government Auditing Standards*), the 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 30, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Forvis Mazars, LLP

**Fort Lauderdale, Florida
September 30, 2026**

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Honorable Mayor and Board of Commissioners
City of Stuart, Florida
Stuart, Florida

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Stuart's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2025. 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.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.

Forvis Mazars, LLP

**Fort Lauderdale, Florida
September 30, 2026**

City of Stuart, Florida
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal program:

Material weakness(es) identified? ☒ Yes ☐ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor’s report issued on compliance for the major federal program:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?

☒ Yes ☐ No

7. Identification of the major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

City of Stuart, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2025

Section II – Financial Statement Findings

Reference Number	Finding
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No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
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2025-001

Federal Program: Coronavirus State and Local Fiscal Recovery Funds COVID-19
Award Listing Number: 21.027
Federal Agency: Department of Treasury
Compliance Requirement: Procurement, Suspension and Debarment
Type of Finding: Material Weakness in Internal Control Over Compliance
Questioned Costs: None identified

Criteria

In accordance with 2 CFR §§ 180.300, 180.320, and 200.214, non-federal entities may not enter into covered transactions with parties that are suspended or debarred from participating in federal programs. Prior to awarding a covered contract, recipients and subrecipients must verify that the vendor is not suspended or debarred by reviewing SAM.gov, obtaining a certification from the vendor, or including an appropriate clause in the contract. Documentation supporting the verification performed should be retained to demonstrate compliance with federal requirements.

Condition

During testing of procurement transactions charged to the Coronavirus State and Local Fiscal Recovery Funds program, the auditee was unable to provide documentation demonstrating that suspension and debarment verification procedures were performed prior to contract award. Management indicated that staff routinely verified vendor eligibility through SAM.gov; however, evidence of the searches was not retained in the procurement files. As part of audit procedures, the auditors subsequently performed SAM.gov searches for the vendors tested and noted that none were suspended or debarred.

Context

Four (4) of four (4) covered transactions tested did not contain documentation supporting the completion of suspension and debarment verification procedures. The sample was not and was not intended to be, a statistically valid sample.

Cause

The auditee's procurement policies and procedures were not followed, which required documentation supporting suspension and debarment verification activities. In addition, management's review controls were not designed to ensure that evidence of compliance was maintained within the procurement file.

City of Stuart, Florida
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2025

Reference Number	Finding
	Effect The lack of retained documentation increases the risk that contracts funded with federal awards could be awarded to suspended or debarred vendors and prevents the auditee from demonstrating compliance with Uniform Guidance procurement requirements. Federal procurement guidance emphasizes verifying vendor eligibility through SAM.gov or other allowable methods. Identification as a repeat finding Not a repeat finding Recommendation We recommend that management revise procurement policies and procedures to require the retention of documentation supporting suspension and debarment verification for all covered transactions, including: • Vendor name searched • Date of search • Search results • Evidence of review and approval Management should also implement a monitoring control to ensure required documentation is maintained before contract award and retained in the procurement file. Views of Responsible Officials See Corrective Action Plan letter.

City of Stuart, Florida
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

Reference Number	Finding
No matters are reportable.	

**Finding 2025-001**

Federal Program: Coronavirus State and Local Fiscal Recovery Funds COVID-19 (ALN 21.027)

Contact Person Responsible for Corrective Action:

Financial Services Director

Corrective Action Planned:

The City will revise procurement procedures to require retention of documentation supporting SAM.gov suspension and debarment verification for all covered transactions. A standardized procurement checklist will be implemented and reviewed by supervisory personnel prior to contract execution. Procurement staff will receive training on federal procurement requirements and documentation retention procedures.

Anticipated Completion Date:

September 30, 2027

Management Response:

The City concurs with the finding and will implement the corrective actions described above.

Sincerely,

Holly Vath

Holly Vath
Acting Financial Services Director

City of Stuart, Florida
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

<u>Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Identification Number</u>	<u>Federal Expenditures</u>	<u>Pass Through to Subrecipients</u>
Non Clustered Programs				
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,090	\$ -
Total U.S. Department of Justice			<u>3,090</u>	<u>-</u>
U.S. Department of Housing and Urban Development				
Passed through State of Florida, Florida Commerce Community Development Block/State's Program and Non-Entitlement Grants in Hawaii	14.228	22DB-OP-10-53-02-H01	365,875	-
Community Development Block/State's Program and Non-Entitlement Grants in Hawaii	14.228	22CV-S35	548,751	-
Total Department of Housing and Urban Development			<u>914,626</u>	<u>-</u>
U.S. Department of Treasury				
Passed through State of Florida, Division of Emergency Management Coronavirus State and Local Fiscal Recovery Funds COVID-19	21.027	Y5300	1,921,060	140,000
Total U.S. Department of Treasury			<u>1,921,060</u>	<u>140,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,838,776</u>	<u>\$ 140,000</u>

The accompanying notes are an integral part of this schedule.

Notes to the Schedule of Expenditure of Federal Awards

For the Year ended September 30, 2025

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the grant activity of federal award programs and state financial assistance projects of the City of Stuart, Florida (the "City") for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

This Schedule is presented using the modified accrual basis of accounting for expenditures accounted for in governmental type funds and on the accrual basis of accounting for expenses of the proprietary fund types. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for State, Local, and Indian Tribal Governments, whereas certain types of expenditures/ expenses are not allowable or are limited as to reimbursement. For purposes of this Schedule, federal programs and state financial assistance include all grants entered into directly between the City and agencies and departments of the federal or state government with expenditures during the fiscal year. Federal programs and state financial assistance passed through from other government agencies are also included in the Schedule. The Schedule also includes reimbursements in the current year if qualifying expenditures were incurred by the City in prior years but were determined to be qualifying for reimbursement and received in the current year. Additionally, the City did not receive any noncash assistance, federal loans, or federally funded insurance during the year ended September 30, 2025.

Note 3 – Indirect Cost Rate

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

Note 4 – 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, 2025, 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

Honorable Mayor and Members of the City Council
City of Stuart, Florida
Stuart, Florida

We have examined the City of Stuart, Florida (the "City") compliance with the requirement of Section 218.415, Florida Statutes, for the fiscal year ended September 30, 2025. The City's management is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements 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, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2025.

Forvis Mazars, LLP

**Fort Lauderdale, Florida
September 30, 2026**

Management Letter

Honorable Mayor and Members of the City Council
City of Stuart, Florida
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 fiscal year ended September 30, 2025, and have issued our report thereon dated September 30, 2026.

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 (*Government Auditing Standards*); Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program, and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated September 30, 2026, 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. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires 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 condition(s) 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 for the City. 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 communicate any recommendations to improve financial management. In connection with our audit, we identified the following recommendation.

MLC 2025-001: Capital Asset Transfer Tracking and Reconciliation

Criteria

Governmental entities should maintain capital asset accounting records that provide an accurate and complete audit trail for additions, disposals, transfers, and depreciation activity. Accordingly, entities should maintain supporting records and reconciliation procedures that ensure transfers between asset classifications and the related accumulated depreciation balances are properly tracked and accurately reported in the financial statements and note disclosures.

Condition

During our review of capital asset activity, we noted variances in the reconciliation of transfers between capital asset classes, specifically transfers between infrastructure and buildings and improvements. In several instances, the related accumulated depreciation balances associated with transferred assets were not consistently reconciled between the detailed capital asset records and the amounts reported in the year-end capital asset schedules. As a result, management was required to perform additional adjustments during the financial reporting process to resolve differences in reported balances.

Cause

The current capital asset tracking and monitoring procedures do not include a formalized process to identify, document, and reconcile transfers between asset classes, including the corresponding transfer of accumulated depreciation. Additionally, supporting schedules used to record asset transfers are not consistently reconciled to the subsidiary capital asset records and year-end financial reporting schedules.

Effect

Without adequate controls over the tracking and reconciliation of transfers between asset classes, the risk increases that capital asset additions, disposals, transfers, and related accumulated depreciation balances may be inaccurately reported. Although no material misstatements were identified as a result of our procedures, the reconciliation variances required additional management effort at year end and increase the risk of future financial reporting errors.

Recommendation

We recommend that management enhance its capital asset accounting procedures to establish a formal process for documenting and reconciling transfers between asset classes. Such procedures should include:

- Maintaining detailed support for all asset transfers between classifications.
- Tracking associated accumulated depreciation transferred with each asset.

- Reconciling transfer activity periodically throughout the year and at year end between the subsidiary ledger, depreciation schedules, and financial reporting schedules.
- Implementing a supervisory review of transfer reconciliations to ensure asset costs and accumulated depreciation balances are accurately reflected in the appropriate asset categories.

These procedures would strengthen internal controls over capital asset reporting and improve the accuracy and efficiency of the year-end financial reporting process.

Management Response

The City will implement the recommendations for fiscal year 2026 reporting and beyond.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicated the failure of a special district that is a component unit of a county, municipality, or special district, provided 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 components that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General*, the Stuart Community Redevelopment Agency reported:

- (A) The total number of district employees compensated in the last pay period of the district's fiscal year as 2.
- (B) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as zero.
- (C) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$195,338.
- (D) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- (E) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is below:
 - (1) Downtown Undergrounding - \$1,943,780
 - (2) Seminole Streetscape - \$2,216,292
 - (3) Riverside Neighborhood Park Improvements \$2,334,637 (TAP grant \$1,515,224)
 - (4) Willie Gray Property Acquisition, Demo and New Construction - \$6,927,255 (CDBG-CV Grant \$5,917,151)
 - (5) Gateway Signage - \$228,895

(6) Memorial Park Phase 4 - \$1,078,483

- (F) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.544(1)(i)6, *Rules of the Auditor General*, the Housing Authority of the City of Stuart reported:

- (A) The total number of district employees compensated in the last pay period of the district's fiscal year as zero.
- (B) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as one (1).
- (C) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero (0).
- (D) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$156,997.68.
- (E) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as zero.
- (F) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows:
- (1) Conventional Housing Program variance: 672%
- (2) Section 8 Program: 225%
- (3) Affordable Housing Program: 176%

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we noted the following matter that we consider warrants the attention of those charged with governance.

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 Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

Forvis Mazars, LLP

**Fort Lauderdale, Florida
September 30, 2026**