City of Stuart, Florida

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021



David Dyess
City Manager

Louis J. Boglioli, III, CGFO
Financial Services Director

City of Stuart, Florida
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

Prepared by the Financial Services Department

City of Stuart, Florida
Annual Comprehensive Financial Report
September 30, 2021
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INTRODUCTORY SECTION

Stuart

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

April 26, 2022

To the Honorable Mayor Merritt Matheson:
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 l Financial Report (ACFR) of the City of Stuart for the fiscal year ended September 30, 2021.

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

The City of Stuart's financial statements have been audited by MSL, PA., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Stuart for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Stuart's financial statements for the fiscal year ended September 30, 2021 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 2021 population of the City was 17,684. The geographical jurisdiction of the City encompasses approximately 7.0 square miles of territory. The City is empowered to levy a property tax on real and personal properties located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Commission.

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

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

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

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

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

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

Local Economy

The economy of the City and Martin County is a blend of tourism, service industries, light manufacturing, and construction. The City saw growth in property values for 2021. The City continues to proactively pursue redevelopment in commercial properties and expanding residential housing developments. The economic condition of the area faced new challenges this past year due to the ongoing impact of the COVID-19 pandemic. The City was able to maintain its level of service given these challenges.

Outlook

According to the Florida Office of Economic and Demographic Research, Florida's GDP annual rate of growth was at 7.5 percent for the first quarter of 2021 and at 6.7 percent for the second quarter, equaling the rate for the US as a whole, ranking 14th in the country. Personal income in Florida started strong in 2021, mainly due to economic stimulus payments. As the federal support began to dwindle, the state's personal income receded at an annualized rate of 22.1 percent in the second quarter of the 2021 calendar year to produce a projected growth rate for the 2021 fiscal year of around 8.5 percent

Since Florida's economic outlook relies heavily on strong tourism growth, tourism-related revenue losses pose the greatest potential risk to the economic outlook. Threats to tourism can come from many different sources. The most likely sources are natural or manmade disasters, disease outbreaks, federal policy or administrative changes that make it harder or less attractive to travel, and heightened terrorist activity.

Relevant Financial Policies

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

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

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

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

Major Initiatives

During fiscal year 2021, 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:

- Improved Frazier Crescent Streetscape Acquired a new side loader to assist with residential sanitation
- Purchased Swagit System to broadcast meetings for the public with a clearer and more direct view
- Shepard Park boat trailer parking improved
- Began design for Guy Davis Field site
- Installed shade structure at the 10th Street recreation center basketball court
- Purchased a new fire truck

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

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. The pandemic has increased the time it takes to award this certificate. The City is waiting for the decision on the 2020 Annual Comprehensive Financial Report. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2021 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, MSL, PA, for their cooperation and assistance. Their professional approach and high standards in the conduct of the independent audit of the City's financial records and transactions is greatly appreciated.

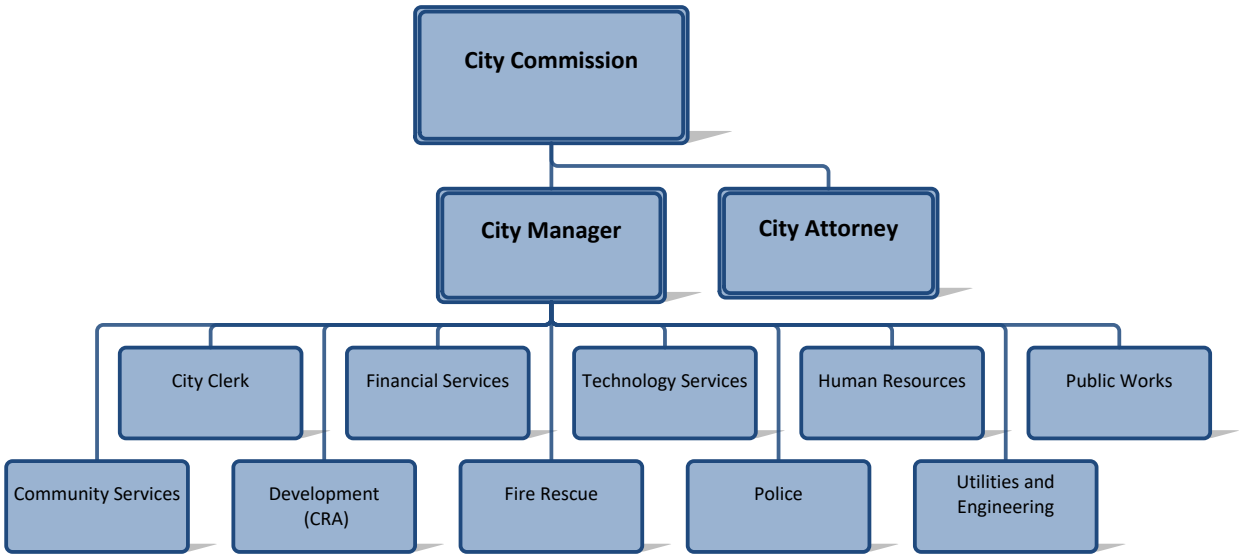
The City is working closely to monitor and respond to COVID-19 as needed. As of the end of the fiscal year, City operations were fully functional and operational and full-service levels have been re-established. The efforts of the entire Finance department should be recognized. Other departments of the City have also contributed directly or indirectly with the preparation of this report and their cooperation and continued assistance is appreciated. Credit must be also given to the Mayor and City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

David Dyess
City Manager

Louis J. Boglioli, III CGFO
Financial Services Director

City of Stuart, Florida
Organizational Chart





List of Principal Officials

City Commission

Mayor – Commissioner	Merritt Matheson
Vice-Mayor – Commissioner	Troy McDonald
Commissioner	Rebecca S. Bruner
Commissioner	Eula R. Clarke
Commissioner	Mike Meier

Appointed Officials

David E. Dyess – City Manager

Michael J. Mortell – City Attorney

Department Directors

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

FINANCIAL SECTION

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audit, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated April 27, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 27, 2022

The purpose of financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions or draw conclusions about an entity. As management of the City of Stuart, Florida (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021.

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

Financial Highlights

- The assets and deferred outflows of resources of the City of Stuart exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $143,213,933 (*total net position)*. Of this amount $116,574,310 or 81.4% of the amount is invested in capital assets.
- The City's operations increased net position by $8,721,523 with an increase of $5,417,795 from governmental activities and an increase of $3,303,728 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 $26,784,673 an increase of $5,437,257 in comparison with the prior year. The governmental funds reflect $103,951 in non-spendable, $10,880,287 in restricted, $852,846 in committed, and $6,579,219 in assigned fund balances, leaving an unassigned fund balance of $8,368,370.
- At the close of the current fiscal year, the City of Stuart's business-type activities reported a combined unrestricted net position of $17,208,844. Total net position increased $3,303,728 for all business-type activities.
- The City of Stuart's total outstanding long-term debt decreased by $290,204 during the fiscal year. The City reduced existing debt by $2,107,207, acquired additional debt of $1,817,003.

Overview of the Financial Statements

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

Government-Wide Financial Statements

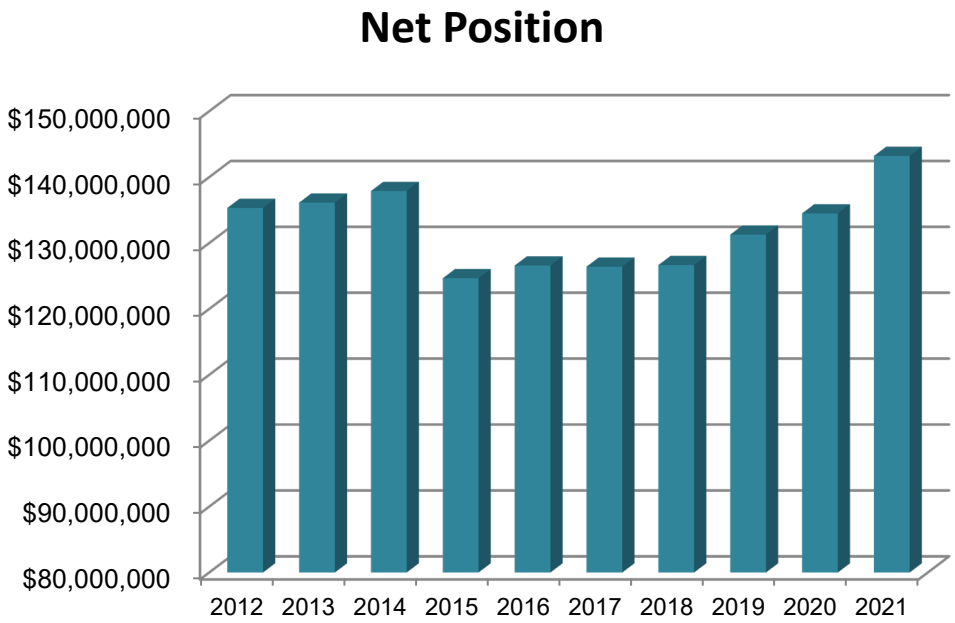
The focus of the *government-wide financial statements* is on the overall financial position and activities of the City of Stuart. Reporting is similar to that of a private-sector business. The City's government-wide financial statements include the statement of net position and statement of activities.

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

CITY OF STUART, FLORIDA
Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	$32,208,570	$24,387,707	$31,987,486	$29,641,868	$ 64,196,056	$ 54,029,575
Capital assets	87,538,999	88,813,561	65,464,840	66,409,163	153,003,839	155,222,724
Total assets	119,747,569	113,201,268	97,452,326	96,051,031	217,199,895	209,252,299
Deferred outflows of resources	4,614,928	7,830,165	2,006,192	2,976,893	6,621,120	10,807,058
Liabilities						
Current liabilities	5,698,728	5,136,920	5,163,126	5,194,185	10,861,854	10,331,105
Noncurrent liabilities	25,022,429	40,939,059	26,317,955	32,833,570	51,340,384	73,772,629
Total liabilities	30,721,157	46,075,979	31,481,081	38,027,755	62,202,238	84,103,734
Deferred inflows of resources	14,418,232	1,150,141	3,986,612	313,072	18,404,844	1,463,213
Net position						
Net investment in capital assets	75,219,682	80,573,005	41,354,628	41,637,935	116,574,310	122,210,940
Restricted	10,880,287	7,669,841	5,427,353	4,898,089	16,307,640	12,567,930
Unrestricted	(6,876,861)	(14,437,533)	17,208,844	14,151,073	10,331,983	(286,460)
Total net position	$79,223,108	$73,805,313	$63,990,825	$60,687,097	$143,213,933	$134,492,410

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



The *Statement of Activities* presents the revenue and expenses of the City. The items presented on the statement of activities are measured in a manner similar to the approach used in the private-sector in that revenues are recognized when earned and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several

months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

CITY OF STUART, FLORIDA
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	$ 6,805,323	$ 5,275,737	$ 20,132,844	$ 19,474,797	$ 26,938,167	$ 24,750,534
Operating grants and contributions	531,839	531,839	-	-	531,839	531,839
Capital grants and contributions	-	-	1,046,379	1,281,301	1,046,379	1,281,301
General revenues:						
Property taxes	11,064,366	10,389,087		-	11,064,366	10,389,087
Other taxes	8,140,054	7,583,413		-	8,140,054	7,583,413
Other	6,134,442	6,536,944	294,097	499,123	6,428,539	7,036,067
Total revenues	32,676,024	30,317,020	21,473,320	21,255,221	54,149,344	51,572,241
Expenses:						
General government	$2,235,292	$9,000,643	-	-	2,235,292	9,000,643
Public safety	15,404,224	14,415,672	-	-	15,404,224	14,415,672
Parks and recreation	2,352,771	1,816,023	-	-	2,352,771	1,816,023
Physical environment	2,741,938	2,349,613	-	-	2,741,938	2,349,613
Transportation	3,758,327	2,214,243	-	-	3,758,327	2,214,243
Community redevelopment	2,179,402	496,076	-	-	2,179,402	496,076
Interest on long-term debt	276,254	227,064	-	-	276,254	227,064
Water and sewer		-	11,076,257	12,189,954	11,076,257	12,189,954
Sanitation		-	4,093,923	4,333,933	4,093,923	4,333,933
Stormwater		-	1,309,433	1,312,035	1,309,433	1,312,035
Total expenses	28,948,208	30,519,334	16,479,613	17,835,922	45,427,821	48,355,256
Increase/(decrease) in net position before transfers	3,727,816	(202,314)	4,993,707	3,419,299	8,721,523	3,216,985
Transfers	1,689,979	1,153,828	(1,689,979)	(1,153,828)	-	-
Increase/(decrease) in net position	5,417,795	951,514	3,303,728	2,265,471	8,721,523	3,216,985
Net position - beginning	73,805,313	72,853,799	60,687,097	58,421,626	134,492,410	131,275,425
Net position - ending	$ 79,223,108	$ 73,805,313	$ 63,990,825	$ 60,687,097	$ 143,213,933	$ 134,492,410

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

separate information for each of the three enterprise funds, all of which are considered to be major funds. The City adopts an annual appropriated budget for each enterprise fund.

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

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

Government-wide Financial Analysis

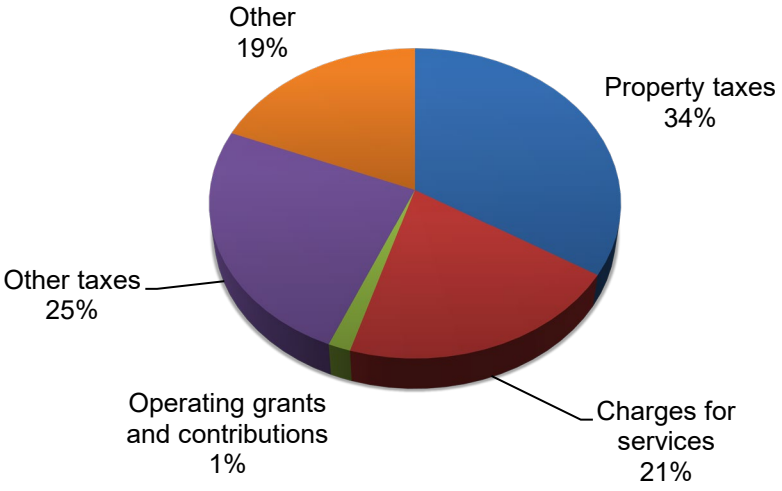
The City's total net position balance of $143,213,933 at September 30, 2021 is $8,721,523 or a 6.5 percent increase compared to the 2020 balance of $134,492,410. The increase in net position is a result of a $3,303,728 increase from business-type operations and a $5,417,795 increase from governmental operations. Changes in net position over time can be a useful indicator of financial position.

By far, the largest portion of the City's net position, $116,574,310 (81.3 percent), reflects its investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

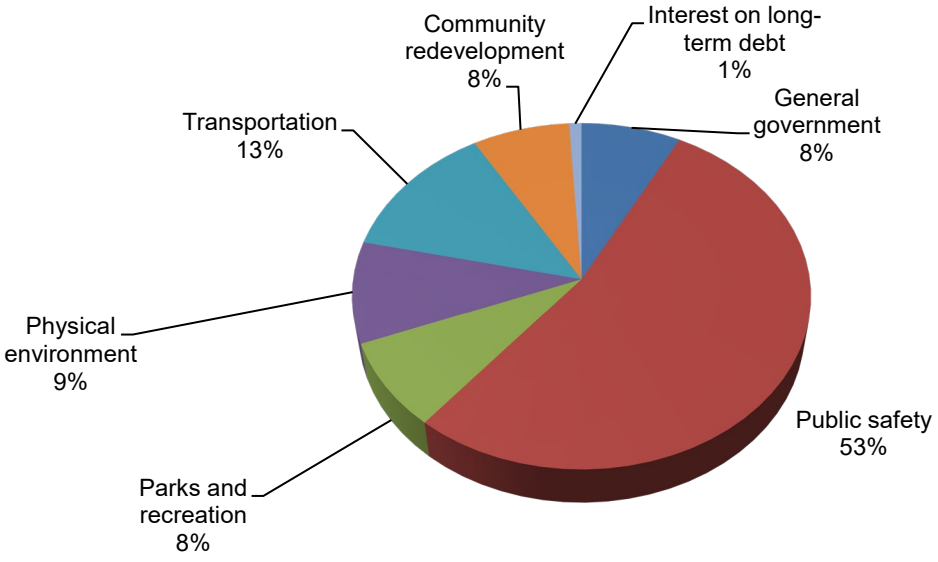
An additional portion of the City's net position, $16,307,640, or 11.4 percent, represents resources that are restricted for specific uses. There was an increase in the restricted net position of $3,739,710. This increase is attributable to the collection of fees related to the sewer expansion projects and an increase in governmental restricted net position.

Governmental Activities
Governmental activities increased the City's net position by $5,417,795. Total revenues increased by $2,359,004. Property tax revenue increased by $675,279 (6.5 percent) from the previous year. This increase is a result of increases in property values. Other tax revenue increased by $556,641 (7.3 percent) as a result of an increase in tax incremental revenue. Expenses decreased by $1,571,126 (5.2 percent) mainly in General Government as a direct result of the large variation in the net pension liability. Public Safety ($988,552), Transportation ($1,544,084) and Community Development ($1,683,326) all increased. Repair and maintenance projects contributed to the increases.

Revenues by source - Governmental Activites



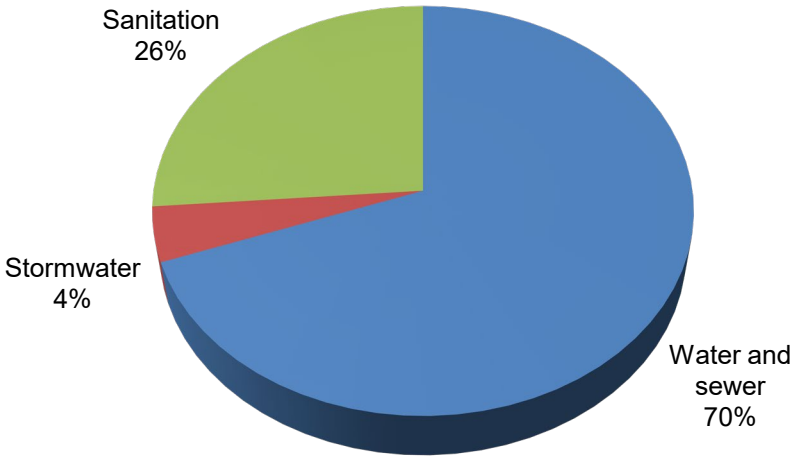
Expenses by source - Governmental Activites



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

The City's net position for business-type activities at September 30, 2021 was $63,990,825, which was 5.4 percent, or $3,303,728, more than fiscal year 2020. Overall, the business-type activities generated an operating income of $4,480,347. Water and sewer rates were increased in 2021 in anticipation of a major expansion of the City's water plant.

Revenues by source - Business-type Activities



Activity expenses for the Water and Sewer Fund decreased from $12,189,954 in 2020 to $11,076,257 in 2021. The decrease in expenses were related to several large maintenance projects in 2020. Water and sewer increased its net position by $3,052,473.

Activity expenses for the Sanitation Fund decreased from $4,333,933 in 2020 to $4,093,923 in 2020. This decrease was a result of an decrease in personnel costs. Sanitation increased its net position by $721,160.

Activity expenses in the Stormwater Fund decreased slightly from $1,312,035 in 2020 to $1,309,433 in 2021. Stormwater decreased its net position by $469,905. Depreciation on infrastructure is the main cause for the decrease in net position.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $26,784,673, a total increase of $5,437,257 from the prior year; of which an increase of $4,075,048 is attributable to the General Fund, an increase of $687,849 is attributable to the Community Redevelopment Agency Fund and an increase of $795,403 is attributable to the Leased Property Fund. The Community Redevelopment Fund increase is a result in project delays due to the worldwide pandemic. The Leased Property Fund will continue to assign fund balance for capital asset maintenance and replacement.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund is $8,368,370. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31.3 percent of fiscal year 2022 budgeted General Fund operating expenditures.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $13,006,861, $3,006,207 for the Sanitation Fund, and $1,195,776 for the Stormwater Fund. The total increase/(decrease) in net position for these funds was $3,052,473, $721,160, and ($469,905), respectively.

The Water and Sewer Fund continues to make major improvements to the water and sewer delivery system. The Water and Sewer Fund continues to encourage customers to obtain Sewer service.

General Fund Budgetary Highlights

The difference between the original and final amended expenditure budget for 2021 was an increase of $3,767,148. The difference between the original and final amended revenue budget for 2021 was an increase of $153,395. The City generated a variance of $4,075,048 between the amended and actual results of operations. The main source of the variance is impact fees which are not budgeted.

Budget amendments – The significant budget amendments approved during the fiscal year included a repair to a City owned property by replacing the air conditioning unit, a donation from the Kiwanis Club of Stuart for playground improvements and site design for the Guy Davis property.

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2021, amounts to $153,003,839 (net of accumulated depreciation). This amount in capital assets includes land, improvements other than buildings, buildings, machinery and equipment, furniture and fixtures, infrastructure, system improvements, and construction in progress. The City of Stuart's capital assets for the current fiscal year decreased with a net decrease for governmental funds of $1,274,563 and business-type funds decreased by $944,325.

City of Stuart - Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$13,255,254	$13,240,252	$ 6,217,508	$ 6,584,865	$ 19,472,762	$ 19,825,117
Buildings and improvements	13,390,916	14,121,665	935,730	982,286	14,326,646	15,103,951
Improvements other than buildings	11,674,535	12,021,749	52,276,130	53,823,220	63,950,665	65,844,969
Equipment	3,143,601	2,648,758	2,455,145	2,314,246	5,598,746	4,963,004
Infrastructure	45,024,998	45,436,741	-	-	45,024,998	45,436,741
Construction in progress	1,049,695	1,344,396	3,580,327	2,704,548	4,630,022	4,048,944
	$87,538,999	$88,813,561	$65,464,840	$66,409,165	$153,003,839	$155,222,726

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

- Purchase of a new fire truck for $592,582
- Completion of the Shepard Park Boat Trailer Parking project for $542,733
- Completion of the NW Dixie Highway and SE Florida Street sidewalk extension for $47,810
- Purchase of a new front loader for $305,626

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

Noncurrent Liabilities. At the end of the current fiscal year, the City of Stuart had debt outstanding of $37,152,631. This amount represents revenue bond debt and notes and direct borrowings. Other noncurrent liabilities at the end of the current fiscal year included $3,041,860 in compensated absences, $2,738,489 for other post-employment benefits (OPEB), and net pension liability of $10,369,165.

City of Stuart - Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation bonds	$ 4,965,000	$ 5,265,000	$ -	$ -	$ 4,965,000	$ 5,265,000
Revenue bonds	440,135	508,058	14,600,000	15,509,000	15,040,135	16,017,058
Notes and direct borrowings	6,914,182	6,065,460	10,240,606	10,102,609	17,154,788	16,168,069
	$12,319,317	$11,838,518	$24,840,606	$25,611,609	$37,159,923	$37,450,127

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

Economic Factors and Next Year's Budgets and Rates

- Ad Valorem property taxes increased 7.7% in 2021. The City is conservatively projecting the tax base to continue grow approximately 3% into the future.
- The Florida legislature is again considering various proposals relating to the elimination of local government revenues, Florida State Retirement pension reform and limits to business taxes. Potential legislation could have a significant impact on a local government's ability to maintain or improve services to residents. The City is carefully monitoring these initiatives and their future impact on the City's ability to function at the same level of service.
- The required Florida Retirement System employer contribution rates averaged to an annual increase of approximately 7%. The large pension liability will likely cause this cost to continue to increase annually.
- The City levied a Fire Assessment fee for 2021. The Fire Assessment fee rates remained the same.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

Requests for Information

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

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

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City of Stuart, Florida
Statement of Net Position
September 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
Assets			
Cash and cash equivalents	$ 5,611,439	$ 4,013,928	$ 9,625,367
Investments	24,533,709	22,618,398	47,152,107
Accounts receivable, net	796,144	1,994,246	2,790,390
Due from other government	1,163,328	210,485	1,373,813
Inventories	52,542	-	52,542
Other assets	51,408	2,033,400	2,084,808
Restricted cash and investments	-	1,117,029	1,117,029
Capital assets, net of accumulated depreciation			
Nondepreciable	14,304,949	9,797,835	24,102,784
Depreciable	73,234,050	55,667,005	128,901,055
Total assets	**119,747,569**	**97,452,326**	**217,199,895**
Deferred outflow of resources			
Loss on refundings	-	730,394	730,394
Related to pension	4,478,307	1,238,930	5,717,237
Related to other post employment benefits	136,621	36,868	173,489
Total deferred outflows of resources	**4,614,928**	**2,006,192**	**6,621,120**
Liabilities			
Accounts payable	1,176,262	830,129	2,006,391
Accrued liabilities	904,384	204,604	1,108,988
Due to other governments	2,230,913	-	2,230,913
Unearned revenue	1,009,683	498,173	1,507,856
Customer deposits	61,017	1,332,081	1,393,098
Accrued interest	85,370	329,088	414,458
Other liabilities	41,639	-	41,639
Claims payable	189,460	-	189,460
Noncurrent liabilities			
Due within one year	2,598,964	1,969,051	4,568,015
Due in more than one year			
Compensated absences	1,129,530	290,492	1,420,022
Bonds and notes	11,015,557	23,198,187	34,213,744
Net pension liability	8,122,155	2,247,010	10,369,165
Other postemployment benefits	2,156,223	582,266	2,738,489
Total liabilities	**30,721,157**	**31,481,081**	**62,202,238**
Deferred inflows of resources			
Related to pensions	14,073,721	3,893,500	17,967,221
Related to other post employment benefits	344,511	93,112	437,623
Total deferred inflows of resources	14,418,232	3,986,612	18,404,844
Net Position			
Net Investment In capital assets	75,219,682	41,354,628	116,574,310
Restricted for:			
Renewal and replacement	-	900,000	900,000
Building permits	3,111,768	-	3,111,768
Infrastructure improvement	323,380	452,752	776,132
Impact fee requirements	3,478,817	3,410,324	6,889,141
Law enforcement	132,821	-	132,821
Health insurance	114,843	-	114,843
Grant programs	25,343	-	25,343
Community redevelopment	3,693,315	-	3,693,315
SRF reserve	-	664,277	664,277
Unrestricted	(6,876,861)	17,208,844	10,331,983
Total Net Position	$ 79,223,108	$ 63,990,825	$ 143,213,933

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

City of Stuart, Florida
Statement of Activities
Year ended September 30, 2021

	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary government:							
Governmental activities:							
General government	$ 2,235,292	$ 251,688	$ -	$ -	$ (1,983,604)	$ -	$ (1,983,604)
Public safety	15,404,224	5,636,996	116,497	-	(9,650,731)	-	(9,650,731)
Parks and recreation	2,352,771	140,819	413,733	-	(1,798,219)	-	(1,798,219)
Physical environment	2,741,938	-	-	-	(2,741,938)	-	(2,741,938)
Transportation	3,758,327	775,820	1,609	-	(2,980,898)	-	(2,980,898)
Community redevelopment	2,179,402	-	-	-	(2,179,402)	-	(2,179,402)
Interest on long-term debt	276,254	-	-	-	(276,254)	-	(276,254)
Total governmental activities	28,948,208	6,805,323	531,839	-	(21,611,046)	-	(21,611,046)
Business-type activities:							
Water and sewer	11,076,257	13,869,559	-	1,046,379	-	3,839,681	3,839,681
Sanitation	4,093,923	5,026,515	-	-	-	932,592	932,592
Stormwater	1,309,433	1,236,770	-	-	-	(72,663)	(72,663)
Total business-type activities	16,479,613	20,132,844	-	1,046,379	-	4,699,610	4,699,610
Total	$ 45,427,821	$ 26,938,167	$ 531,839	$ 1,046,379	(21,611,046)	4,699,610	(16,911,436)
General revenues:							
Property taxes					11,064,366	-	11,064,366
Utility taxes					2,953,990	-	2,953,990
Franchise fees					1,685,164	-	1,685,164
Sales tax					2,145,952	-	2,145,952
Gas tax					698,827	-	698,827
Local business tax					656,121	-	656,121
Incremental property tax					1,439,760	-	1,439,760
State shared revenues, unrestricted					2,406,182	-	2,406,182
Miscellaneous					2,246,330	-	2,246,330
Unrestricted investment earnings					42,170	4,416	46,586
Gain on disposal of capital assets					-	289,681	289,681
Transfers					1,689,979	(1,689,979)	-
Total general revenue and transfers					27,028,841	(1,395,882)	25,632,959
Change in net position					5,417,795	3,303,728	8,721,523
Net position - beginning					73,805,313	60,687,097	134,492,410
Net position - ending					$ 79,223,108	$ 63,990,825	$ 143,213,933

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

City of Stuart, Florida
Balance Sheet
Governmental Funds
September 30, 2021

	General Fund	Community Redevelopment Agency	Leased Property Fund	Non-Major Infrastructure Tax Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 3,800,200	$ 695,758	$ 1,115,481	$ -	$ 5,611,439
Investments	19,327,175	3,257,002	1,626,152	323,380	24,533,709
Accounts receivable, net	652,246	2,000	141,898	-	796,144
Due from other governments	1,163,328	-	-	-	1,163,328
Inventories	52,542	-	-	-	52,542
Prepaid items	51,409	-	-	-	51,409
Total assets	**$ 25,046,900**	**$ 3,954,760**	**$ 2,883,531**	**$ 323,380**	**$ 32,208,571**
Liabilities					
Accounts payable	$ 1,113,226	$ 16,546	$ 46,490	$ -	$ 1,176,262
Accrued liabilities	884,384	20,000	-	-	904,384
Due to other governments	2,224,581	200	6,132	-	2,230,913
Unearned revenue	821,043	3,099	185,541	-	1,009,683
Customer deposits	35,496	-	25,521	-	61,017
Matured bonds payable	41,639	-	-	-	41,639
Total liabilities	5,120,369	39,845	263,684	-	5,423,898
Fund balances					
Nonspendable:					
Inventories	52,542	-	-	-	52,542
Prepaids	51,409	-	-	-	51,409
Restricted:					
Building permits	3,111,768	-	-	-	3,111,768
Infrastructure improvement	-	-	-	323,380	323,380
Impact fee requirements	3,478,817	-	-	-	3,478,817
Law enforcement	132,821	-	-	-	132,821
Health insurance	114,843	-	-	-	114,843
Grant programs	25,343	-	-	-	25,343
Community redevelopment	-	3,693,315	-	-	3,693,315
Committed:					
Capital replacement	-	-	852,846	-	852,846
Assigned:					
Health insurance	885,157	-	-	-	885,157
Capital replacement	1,240,000	-	1,767,001	-	3,007,001
Contractual obligations	1,663,778	221,600	-	-	1,885,378
Pavement management	400,000	-	-	-	400,000
Landfill closure	110,990	-	-	-	110,990
Tree replacement	290,693	-	-	-	290,693
Unassigned	8,368,370	-	-	-	8,368,370
Total fund balances	19,926,531	3,914,915	2,619,847	323,380	26,784,673
Total liabilities and fund balances	**$ 25,046,900**	**$ 3,954,760**	**$ 2,883,531**	**$ 323,380**	**$ 32,208,571**

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

City of Stuart, Florida
Reconciliation of the Balance Sheet to Statement of Net Position
September 30, 2021

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

Total fund balances - governmental Funds		$ 26,784,673
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 13,255,254	
Construction in Progress	1,049,695	
Buildings and improvements, net of $8,737,246 accumulated depreciation	13,390,916	
Equipment, net of $8,623,705 accumulated depreciation	3,143,601	
Improvements other than buildings, net of $12,233,789 accumulated depreciation	11,674,534	
Infrastructure, net of $38,800,208 accumulated depreciation	45,024,999	
Total capital assets, net		87,538,999
Certain liabilties are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(12,319,317)	
Claims payable	(189,460)	
Compensated absences	(2,424,735)	
Accrued interest on long-term debt	(85,370)	
Total liabilities		(15,018,882)
Deferred inflows, deferred outflows and long term liabilities related to pensions.		
Deferred outflows related to pensions	4,478,307	
Deferred inflows related to pensions	(14,073,721)	
Net pension liability	(8,122,155)	
Total pension related		(17,717,569)
Deferred inflows and long term liabilities related to other postemployment benefits.		
Deferred outflows related to other postemployment benefits	136,621	
Deferred inflows related to other postemployment benefits	(344,511)	
Other postemployment benefits payable	(2,156,223)	
Total postemployment benefit related		(2,364,113)
Net position of governmental activities		$ 79,223,108

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, 2021

	General Fund	Community Redevelopment Agency	Leased Property Fund	Non-Major Infrastructure Tax Fund	Total Governmental Funds
Revenues					
Ad valorem taxes	$ 11,064,366	$ -	$ -	$ -	$ 11,064,366
Intergovernmental	5,782,800	1,439,760	-	-	7,222,560
Utility taxes	2,953,990	-	-	-	2,953,990
Franchise fees	1,685,164	-	-	-	1,685,164
Charges for services	2,154,715	-	-	-	2,154,715
Assessments	1,280,656	-	-	-	1,280,656
Licenses and permits	2,067,373	-	-	-	2,067,373
Local business tax	656,121	-	-	-	656,121
Impact fees	1,314,807	-	-	-	1,314,807
Fines and forfeitures	172,164	-	-	-	172,164
Interest	42,170	-	-	-	42,170
Rental Income	36,642	-	1,553,703	-	1,590,345
Miscellaneous	449,639	20,124	1,830	-	471,593
Total revenues	29,660,607	1,459,884	1,555,533	-	32,676,024
Expenditures					
Current:					
General government	5,003,318	-	492,765	-	5,496,083
Public safety	13,944,928	-	-	-	13,944,928
Parks and recreation	1,596,894	-	-	-	1,596,894
Physical environment	2,482,858	-	-	-	2,482,858
Transportation	2,225,378	-	-	-	2,225,378
Community redevelopment	-	214,641	-	-	214,641
Capital outlay	3,078,953	93,556	-	-	3,172,509
Debt service:					
Principal	625,454		-	-	625,454
Interest	276,254		-	-	276,254
Total expenditures	29,234,037	308,197	492,765	-	30,034,999
Revenues over (under) expenditures	**426,570**	**1,151,687**	**1,062,768**	**-**	**2,641,025**
Other financing sources (uses)					
Debt proceeds	1,106,253	-	-	-	1,106,253
Transfer in	3,636,083	1,093,858	586,403	-	5,316,344
Transfer out	(1,093,858)	(1,557,696)	(853,768)	(121,043)	(3,626,365)
Total other financing sources (uses)	3,648,478	(463,838)	(267,365)	(121,043)	2,796,232
Net change in fund balance	4,075,048	687,849	795,403	(121,043)	5,437,257
Fund balance beginning	15,851,483	3,227,066	1,824,444	444,423	21,347,416
Fund balance ending	**$ 19,926,531**	**$ 3,914,915**	**$ 2,619,847**	**$ 323,380**	**$ 26,784,673**

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, 2021

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

Net change in fund balances - total governmental funds		$ 5,437,257
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their esimated useful lives and reported as depreciation expense.		
Expenditure for capital assets	3,172,509	
Disposition of capital assets	(617,368)	
Less current year depreciation	(3,828,742)	
		(1,273,601)
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.		
Loan and lease proceeds	(1,106,253)	
Principal and other debt service payments	625,454	
		(480,799)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until it is due, rather than as it accrues.		
The details of the differences are as follows:		
Change in compensated absences liability	(57,739)	
Change in claims payable liability	(59,416)	
Change in accrued interest on long-term debt	(31,749)	
Change in net pension liability and deferred inflows/outflows related to pensions	2,016,956	
Change in OPEB Liability and deferred inflows/outflows related to OPEB	(133,114)	
		1,734,938
Change in net position of governmental activities		$ 5,417,795

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, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Assets				
Current assets				
Cash and cash equivalents	$ 1,259,622	$ 1,638,128	$ 1,116,178	$ 4,013,928
Investments	19,343,573	3,041,982	232,843	22,618,398
Accounts receivable, net	1,402,804	468,295	123,147	1,994,246
Due from other government	210,485	-	-	210,485
Prepaid items	-	4,990	-	4,990
Restricted cash and cash equivalents	482,439	-	-	482,439
Total current assets	22,698,923	5,153,395	1,472,168	29,324,486
Non Current Assets				
Restricted cash and cash equivalents	181,838	-	-	181,838
Restricted investments	452,752	-	-	452,752
Sewer plan receivable	2,028,410	-	-	2,028,410
Capital assets:				
Land	72,260	326,327	5,818,921	6,217,508
Construction In progress	3,489,133	58,753	32,441	3,580,327
Buildings and improvements	1,226,402	266,466	-	1,492,868
Improvements other than buildings	94,949,826	124,517	19,712,042	114,786,385
Equipment	4,226,844	3,740,317	622,753	8,589,914
Infrastructure	143,176	-	242,511	385,687
Less accumulated depreciation	(55,171,036)	(2,590,077)	(11,826,736)	(69,587,849)
Total capital assets	48,936,605	1,926,303	14,601,932	65,464,840
Total noncurrent assets	51,599,605	1,926,303	14,601,932	68,127,840
Total assets	74,298,528	7,079,698	16,074,100	97,452,326
Deferred outflow of resources				
Deferred outflows of resources from losses on refundings	730,394	-	-	730,394
Related to pension	927,910	265,850	45,170	1,238,930
Related to other postemployment benefits	27,829	7,809	1,230	36,868
Total deferred outflows of resources	1,686,133	273,659	46,400	2,006,192

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, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Liabilities and Net Position				
Current liabilities and current assets				
Accounts payable	$ 533,934	$ 254,333	$ 41,862	$ 830,129
Accrued liabilities	152,730	43,623	8,251	204,604
Unearned revenue	498,173	-	-	498,173
Compensated absences	257,765	57,259	11,608	326,632
Customer deposits	777,932	554,149	-	1,332,081
Current portion bonds and loans payable	1,583,058	-	59,361	1,642,419
Accrued interest payable	325,235	-	3,853	329,088
Total current liabilities	4,128,827	909,364	124,935	5,163,126
Non-current liabilities:				
Loans payable	9,200,698	25,988	-	9,226,686
Revenue bonds payable, net	13,661,000	-	310,501	13,971,501
Compensated absences	229,245	50,923	10,324	290,492
Other post employment benefits	439,247	123,225	19,794	582,266
Net pension liability	1,682,920	482,170	81,920	2,247,010
Total noncurrent liabilities	25,213,110	682,306	422,539	26,317,955
Total liabilities	29,341,937	1,591,670	547,474	31,481,081
Deferred inflows of resources				
Related to pensions	2,916,080	835,480	141,940	3,893,500
Related to other post employment benefits	70,187	19,685	3,240	93,112
	2,986,267	855,165	145,180	3,986,612
Total liabilities and deferred inflows	32,328,204	2,446,835	692,654	35,467,693
Net Position				
Net investment In capital assets	25,222,243	1,900,315	14,232,070	41,354,628
Restricted for:				
Renewal and replacement	900,000	-	-	900,000
Capital outlay	452,752	-	-	452,752
SRF	664,277	-	-	664,277
Impact fee requirements	3,410,324	-	-	3,410,324
Unrestricted	13,006,861	3,006,207	1,195,776	17,208,844
Total Net Position	$ 43,656,457	$ 4,906,522	$ 15,427,846	$ 63,990,825

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, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating revenues				
Charges for services	$ 13,815,198	$ 5,026,515	$ 1,236,770	$ 20,078,483
Miscellaneous	54,361	-	-	54,361
Total operating revenues	13,869,559	5,026,515	1,236,770	20,132,844
Operating expenses				
Personnel expenses	2,954,958	980,192	237,758	4,172,908
Operating expenses	4,154,140	2,712,676	316,063	7,182,879
Depreciation	2,775,433	319,875	715,922	3,811,230
Pension liability	374,480	81,180	29,820	485,480
Total operating expenses	10,259,011	4,093,923	1,299,563	15,652,497
Operating income (loss)	3,610,548	932,592	(62,793)	4,480,347
Non-operating revenues (expenses)				
Interest income	4,416	-	-	4,416
Interest expense	(817,246)	-	(9,870)	(827,116)
Gain on sale of capital assets	20,422	6,616	262,643	289,681
Other non-operating revenues (expenses)	-	-	-	-
Total non-operating revenues (expenses)	(792,408)	6,616	252,773	(533,019)
Income (loss) before contributions and transfers	2,818,140	939,208	189,980	3,947,328
Capital contributions	1,046,379	-	-	1,046,379
Transfers in	-	100,000	2,851	102,851
Transfers out	(812,046)	(318,048)	(662,736)	(1,792,830)
Change in net position	3,052,473	721,160	(469,905)	3,303,728
Net position - beginning	40,603,984	4,185,362	15,897,751	60,687,097
Total Net position - ending	$ 43,656,457	$ 4,906,522	$ 15,427,846	$ 63,990,825

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, 2021

	Water and Sewer	Sanitation	Stormwater	Total Enterprise
Operating activities				
Cash received from customers	$ 14,868,296	$ 4,346,022	$ 1,711,078	$ 20,925,396
Cash payments to suppliers for goods and services	(4,032,345)	(1,898,904)	(178,184)	(6,109,433)
Cash payments to employees for services	(3,797,498)	(1,134,377)	(285,091)	(5,216,966)
Net cash provided by operating activities	7,038,453	1,312,741	1,247,803	9,598,997
Noncapital financing activities				
Transfers out to other funds	(812,046)	(318,048)	(662,736)	(1,792,830)
Net cash used in noncapital financing activities	(812,046)	(318,048)	(662,736)	(1,792,830)
Capital and related financing activities				
Acquisition and construction of capital assets	(3,633,660)	(338,162)	(61,166)	(4,032,988)
Proceeds from State Revolving Fund Loan	914,268	-	-	914,268
Proceeds from Leases	167,350	25,988		193,338
Capital contributions and grants	1,046,379	-	-	1,046,379
Principal paid on loan and notes	(515,673)	-	-	(515,673)
Principal paid on revenue bonds	(909,000)	-	(57,078)	(966,078)
Interest expense and fiscal agent fees	(817,246)	-	(9,870)	(827,116)
Net cash used in capital and related financing activities	(3,747,582)	(312,174)	(128,114)	(4,187,870)
Investing activities				
Interest income	4,416	-	-	4,416
Purchase of investments	(2,972,270)	-	(2,850)	(2,975,120)
Net cash provided by (used in) investing activities	(2,967,854)	-	(2,850)	(2,970,704)
Net change in cash and cash equivalents	(489,029)	682,519	454,103	647,593
Cash and cash equivalents				
Beginning of year	2,412,928	955,609	662,075	4,030,612
End of year	$ 1,923,899	$ 1,638,128	$ 1,116,178	$ 4,678,205
Cash and cash equivalents classified as:				
Unrestricted assets	$ 1,259,622	$ 1,638,128	$ 1,116,178	$ 4,013,928
Restricted assets	664,277	-	-	664,277
	$ 1,923,899	$ 1,638,128	$ 1,116,178	$ 4,678,205
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	$ 3,610,548	$ 932,592	$ (62,793)	$ 4,480,347
(Increase) Decrease in assets and deferred outflows and Increase (Decrease) in liabilities and deferred inflows:				
Adjustments not affecting cash:				
Depreciation	2,775,433	319,875	715,922	3,811,230
Pension liability adjustment	(3,757,350)	(688,470)	(198,540)	(4,644,360)
Other post employment benefits	11,316	3,169	585	15,070
Deferred outflows	(758,768)	(175,819)	(36,114)	(970,701)
Deferred inflows	2,750,904	789,211	133,425	3,673,540
Changes in assets and liabilities:				-
Accounts receivable	(84,244)	44,502	39,967	225
Due from other governments	(1,396,983)	-	-	(1,396,983)
Accounts payable	(939,340)	21,839	19,151	(898,350)
Unearned revenue	14,792	-	-	14,792
Compensated absences	7,624	7,933	6,273	21,830
Other assets and liabilities	4,804,521	57,909	629,927	5,492,357
Total adjustments	3,427,905	380,149	1,310,596	5,118,650
Net cash provided by operating activities	$ 7,038,453	$ 1,312,741	$ 1,247,803	$ 9,598,997

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

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 17,684 residents in the form of fire protection, law enforcement, water and sewer, sanitation, stormwater, culture and recreation, planning and zoning, and general administrative services. The powers of the City Commission include the ability to enact legislation, adopt budgets, determine policies, and appoint the City Manager and City Attorney.

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

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

a. Financial Reporting Entity

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

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

Related Organizations

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

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

b. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment; such expenses include indirect costs charged on a centralized basis to recover administrative costs. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining non-major governmental funds are aggregated and reported as other governmental funds.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, self-insurance, and compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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.

Pooled Cash and Investments

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

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

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". (i.e., the current portion of interfund loans) or "advances to/from other funds' (i.e., the non-current portion of interfund loans). All other outstanding balances between funds (i.e., amounts owed for goods/services rendered to a fund by another fund in the reporting entity) are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

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

The balance of the restricted asset accounts are as follows:

Debt Service Payments	$ 482,439
Total current restricted - business	482,439
Sewer expansion	452,752
SRF Reserve	181,838
Total noncurrent restricted - business	634,590
Total fair value	$ 1,117,029

Capital Assets

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

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement section represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. For the current year the City reports deferred outflows of $730,394 for deferred losses on refinancing of debt, $5,717,237 related to pensions, and $173,489 related to other postemployment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has deferred inflows related to pensions of $17,967,221 and $437,623 related to other postemployment benefits.

Unearned Revenue

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

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

	General Fund	Community Redevelopment Agency	Leased Property Fund	Total Governmental Activities	Enterprise Funds
Unearned revenue:					
Business tax	$ 541,940	$ -	$ -	$ 541,940	$ -
Unearned grants	25,482	-	-	25,482	-
Miscellaneous unearned revenue	229,722	3,099	-	232,821	-
Disaster relief	8,909	-	-	8,909	-
Unearned rent	-	-	185,541	185,541	-
Unearned sewer expansion	-	-	-	-	452,752
Unapplied credit	14,989	-	-	14,989	45,421
Total unearned revenue	$ 821,042	$ 3,099	$ 185,541	$ 1,009,682	$ 498,173

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

Fund Equity

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

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

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

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, the City Commission. Such formal action may be in the form of an ordinance or resolution dependent upon the nature of the matter, may be equally binding and may only be modified or rescinded by a subsequent formal action. The City Commission established a Capital Replacement policy for the Leased Property Fund which committed funds as of September 30, 2021.

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

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

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

Property Taxes

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

Assessed values are established by Martin County Property Appraiser for all properties in the County at approximately fair market value. The County bills and collects all property taxes for the City. The assessed value of property at January 1, 2020, upon which the 2021 levy was based, was approximately $2.2 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 2021 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:

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. The budget was amended to complete the purchase of the Courthouse Commons property. There were several supplemental amendments which included re-appropriation of prior year encumbrances during fiscal year ended September 30, 2021.

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

During the fiscal year ended September 30, 2021, the City did not adopt any new GASB pronouncements.

Future Adoption of GASB Pronouncements:

GASB Statement No. 87, Leases
The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement 84 will be effective for the fiscal year ending September 30, 2022.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

The balance of bank deposits was $397,331 as of September 30, 2021.

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

Investments

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

Investment Type	Fair Value Method	Credit Rating (S&P)	Maturity Range	Fair Value
Investments Measured by Fair Value Level				
Federal Home Loan Mortgage Corp	Level 2	AA+	06/2023-07/2025	$ 1,356,930
Federal Home Loan Banks	Level 2	AA+	10/2022-06/2025	2,960,045
Federal National Mortgage Association	Level 2	AA+	07/2023-11/2025	2,397,817
Farm Credit System	Level 2	AA+	04/2022-12/2023	1,141,275
US Treasury Notes	Level 2	AA+	10/2021-06/2026	9,026,390
Corporate Notes	Level 2	AAA.. A	04/2022-09/2024	3,017,722
Total Investments Measured at Fair Value				19,900,179
Investments Measured at Net Asset Value				
FL Class Investment Pool		AAAm		27,189,493
Total Investments Measured at Net Asset Value				27,189,493
Cash and Cash Equivalents and Investments Measured at Amortized Cost				
Repurchase Agreement				9,578,276
Money Market Funds				515,189
Cash on with fiscal agent				314,035
Bank Deposits				397,331
Total Measured at Amortized Cost				10,804,831
Total Cash and Cash Equivalents and Investments				$ 57,894,503
Statement of Net Position:				
Cash and cash equivalents and investments - unrestricted				$ 56,777,474
Restricted assets:				
Cash, cash equivalents and investments - business-type				1,117,029
Total, primary government				$ 57,894,503

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:

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

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

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

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

Investment Policy

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

1. Florida PRIME Fund, as administered by the Florida State Board of Administration.

2. Negotiable direct obligations, or obligations of the principal and interest of which are unconditionally guaranteed by the United States Government.

3. Bonds, debentures or notes, guaranteed as to principal and interest by the United States Government Agencies, provided such obligations are backed by the full faith and credit of the United States Government.

4. Bonds, mortgage-backed securities, debentures, or notes that may be subject to call, issued, or guaranteed as to principal and interest by United States Government Sponsored Enterprises (Federal Instrumentalities) that are non-full faith and credit agencies, limited to the following: Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its district banks (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (Freddie-Mac), including Federal Home Loan Mortgage Corporation participation certificates.

5. Investment in mortgage-backed securities (MBS) which are based on mortgages that are guaranteed by a government agency or Federal Instrumentality for payment of principal and a guarantee of timely payment.

6. Non-negotiable interest-bearing time deposits, including Certificates of Deposit or savings accounts in banks organized under the laws of this State or the United States and doing business in this State.

7. Negotiable Certificates of Deposit.

8. State and/or local government taxable and/or tax-exempt debt, general obligation, and/or revenue bonds.

9. Shares of any open-end or no-load money market mutual funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. Section 270.2a-7, which stipulates that money market mutual funds must have an average weighted maturity of 60 days or less and a weighted average life of 120 days or less.

10. Shares of open-end, no-load, institutional class mutual funds with fluctuating net asset values (NAV) provided that such funds are registered under the Investment Company Act of 1940. The prospectus must indicate that the funds average duration is maintained at 3 years or less and the fund invests exclusively in investment instruments as authorized by this policy.

11. Repurchase agreements composed of only those investments based on the requirements set forth by the City's Master Repurchase Agreement.

12. Bankers' acceptances which are issued by a domestic bank.

13. Commercial paper of any United States company.

14. Corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States

15. Intergovernmental investment pools that are authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.

16. Tax Lien Certificates, as authorized by the City Commission through Resolution No. 54-2010 to allow the City to purchase Tax Lien Certificates for real property within Martin County, Florida.

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

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

NOTE 3 – RECEIVABLES

Receivables as of September 30, 2021 for the City's, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Community Redevelopment Agency	Leased Property Fund	Total Governmental Activities	Enterprise Funds
Receivables:					
Customer receivables and unbilled revenue	$ 55,566	$ -	$ -	$ 55,566	$ 2,211,400
Franchise and utility	530,859	2,000		532,859	
Other	65,821	-	141,898	207,719	
Total	652,246	2,000	141,898	796,144	2,211,400
Less allowance for uncollectibles	-	-	-	-	(217,154)
Total receivables, net	$ 652,246	$ 2,000	$ 141,898	$ 796,144	$ 1,994,246

NOTE 4 – INTERFUND TRANSFERS

Transfers

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

In the year ended September 30, 2021, the government made the following one-time transfers:

Transfer to	Transfer from	Amount
General Fund	Water and Sewer Fund	$ 812,046
General Fund	Sanitation Fund	318,048
General Fund	Stormwater Fund	76,333
General Fund	Leased Property Fund	853,768
General Fund	CRA Fund	1,457,696
General Fund	Infrastructure Tax Fund	118,192
Sanitation Fund	CRA Fund	100,000
Stormwater	Infrastructure Tax Fund	2,851
Leased Property Fund	Stormwater Fund	586,403
CRA Fund	General Fund	1,093,858
		$ 5,419,195

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

NOTE 5 – CAPITAL ASSETS

Capital assets at September 30, 2021 are listed below:

	Beginning Balance	Additions	Deletions and Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$13,240,252	$ 15,002	$ -	$13,255,254
Construction in progress	1,344,396	880,751	(1,175,452)	1,049,695
Total capital assets, not being depreciated	14,584,648	895,753	(1,175,452)	14,304,949
Capital assets, being depreciated:				
Buildings and improvements	22,082,024	46,138	-	22,128,162
Improvements other than buildings	23,471,082	437,241	-	23,908,323
Equipment	10,956,280	1,428,394	(617,368)	11,767,306
Infrastructure	82,845,593	979,613	-	83,825,206
Total capital assets, being depreciated	139,354,979	2,891,386	(617,368)	141,628,997
Less accumulated depreciation for:				
Buildings and improvements	7,960,358	765,635	11,253	8,737,246
Improvements other than buildings	11,449,334	765,340	19,114	12,233,788
Equipment	8,307,524	913,809	(597,628)	8,623,705
Infrastructure	37,408,852	1,383,958	7,398	38,800,208
Total accumulated depreciation	65,126,068	3,828,742	(559,863)	68,394,947
Total capital assets, being depreciated, net	74,228,911	(937,356)	(57,505)	73,234,050
Governmental activities capital assets, net	$88,813,559	$ (41,603)	$ (1,232,957)	$87,538,999
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 6,584,865	$ 551,035	$ (918,392)	$ 6,217,508
Construction in progress	2,704,547	1,653,092	(777,312)	3,580,327
Total capital assets, not being depreciated	9,289,412	2,204,127	(1,695,704)	9,797,835
Capital assets, being depreciated:				
Buildings and improvements	1,492,868	-	-	1,492,868
Improvements other than buildings	113,496,172	2,689,346	(1,013,446)	115,172,072
Equipment	8,397,643	711,612	(519,341)	8,589,914
Total capital assets, being depreciated	123,386,683	3,400,958	(1,532,787)	125,254,854
Less accumulated depreciation for:				
Buildings and improvements	510,582	46,556	-	557,138
Improvements other than buildings	59,672,952	3,222,990	-	62,895,942
Equipment	6,083,397	541,684	(490,312)	6,134,769
Total accumulated depreciation	66,266,931	3,811,230	(490,312)	69,587,849
Total capital assets, being depreciated, net	57,119,752	(410,272)	(1,042,475)	55,667,005
Business-type activities capital assets, net	$66,409,164	$ 1,793,855	$ (2,738,179)	$65,464,840

Depreciation expense was charged to functions/programs as follows:

Governmental activites :	
General government	$ 1,962,416
Public safety	660,117
Physical environment	166,436
Transporation	370,149
Community redevelopment	313,509
Parks and recreation	356,115
Total depreciation expense - governmental activities	$ 3,828,742
Business-type activities :	
Water and sewer	$ 2,775,433
Sanitation	319,875
Stormwater	715,922
Total depreciation expense - business-type activities	$ 3,811,230

NOTE 6 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term debt of the City for the fiscal year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
General Obligation Bonds	$ 5,265,000	$ -	$ (300,000)	$ 4,965,000	$ 315,000
Revenue Bonds	508,058	-	(67,923)	440,135	70,639
Notes and direct borrowings	6,065,460	1,106,253	(257,531)	6,914,182	918,121
Total governmental activities	$11,838,518	$1,106,253	$ (625,454)	$12,319,317	$1,303,760
Business-type activities :					
Revenue Bonds	$ 15,509,000	$ -	$ (909,000)	14,600,000	$ 939,000
Notes and direct borrowings	10,102,609	710,750	(572,753)	10,240,606	703,419
Total business-type activities	$ 25,611,609	$ 710,750	$ (1,481,753)	$ 24,840,606	$ 1,642,419
Total	$ 37,450,127	$ 1,817,003	$ (2,107,207)	$ 37,159,923	$ 2,946,179

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, 2021.

	Governmental Activities				
Fiscal Year Ending	Bonds		Notes and Direct Borrowings		
September 30	Principal	Interest	Principal	Interest	Total
2022	$ 385,639	$ 172,647	$ 918,121	$ 125,086	$ 1,601,494
2023	393,356	160,646	929,069	103,099	1,586,170
2024	405,639	148,416	921,669	80,823	1,556,547
2025	418,356	135,764	796,141	59,004	1,409,265
2026	436,073	122,719	739,182	43,312	1,341,286
2027-2031	2,031,072	414,255	2,610,000	85,341	5,140,668
2032-2034	1,335,000	87,694	-	-	1,422,694
Total	$ 5,405,135	$ 1,242,141	$ 6,914,182	$ 496,666	$ 14,058,124

	Business-Type Activities				
Fiscal Year Ending	Revenue Bonds		Notes and Direct Borrowings		
September 30	Principal	Interest	Principal	Interest	Total
2022	$ 939,000	$ 550,373	$ 703,420	$ 170,444	$ 2,363,236
2023	967,000	517,579	754,440	142,699	2,381,718
2024	1,006,000	485,095	764,970	128,376	2,384,441
2025	1,037,000	449,103	763,039	113,798	2,362,941
2026	991,000	411,138	751,505	99,764	2,253,407
2027-2031	5,649,000	1,398,631	3,365,655	319,136	10,732,422
2032-2034	4,011,000	246,379	2,267,323	114,745	6,639,447
2035-2039			870,254	8,149	878,403
Total	$ 14,600,000	$ 4,058,298	$ 10,240,606	$ 1,097,112	$ 29,996,016

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, 2021, the City had a net outstanding balance of $4,965,000.

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%.

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 were used to refund the Florida Municipal Loan Council Revenue Bonds, Series 2002A ("FMLC") reported in the governmental activities. The total refunding generated an economic gain (difference between the present values of the debt service on the old and new debt) of $424,820 and a cash flow savings of $667,290, through reduction of debt service payments. The original FMLC issue was for improvements to the Fire Station, the Recreation Center, and sidewalks with the remainder to fund stormwater improvements.

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

Fire Rescue Radio Equipment Loan 2016

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

Fire Rescue Equipment Loan 2017

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

Microsoft Software Loan 2019

On October 15, 2019, the City obtained a loan in the amount of $86,014. The loan was issued to finance the cost of Microsoft System Center license & software assurance. The loan is payable annually, from October 2019 through October 2021. Payments are due annually on October 31, the annual interest rate is 3.9%.

Police Radio Equipment Loan 2020

On October 1, 2019 the City obtained a loan in the amount of $109,307. The loan was issued to finance the cost of police radio equipment. The loan is payable annually, from October 2020 through October 2024. Interest is payable annually on October 1, at an annual rate of 3.81%.

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%.

2020 Vehicles

The City financed 12 vehicles with Enterprise Fleet in 2020. Two Ford Escapes for the Development department, Seven Ford Interceptors for the Police Department, one ford f-450 and two Ford Edges for the Utilities & Engineering Department.

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.

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 of 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 deminimus 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 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 09, 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 09, 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%.

Advance Refunding Resulting in Defeasance of Debt
The outstanding balance of the City's defeased debt, all of which relates to the Water and Sewer Fund, consisted of the following at September 30, 2021:

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

Other Noncurrent Liabilities

The following is a summary of changes in other noncurrent liabilities for the fiscal year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
Compensated absences	$ 2,366,997	$ 1,332,769	$ (1,275,030)	$ 2,424,736	$ 1,295,204
Other postemployment benefits	2,100,704	55,519	-	2,156,223	-
Net Pension Liability	26,545,806	-	(18,423,651)	8,122,155	-
Total governmental activities	$ 31,013,507	$ 1,388,288	$ (19,698,681)	$ 12,703,114	$ 1,295,204
Business-type activities :					
Compensated absences	$ 680,965	$ 255,930	$ (319,771)	$ 617,124	$ 326,632
Other postemployment benefits	567,196	15,070	-	582,266	-
Net Pension Liability	7,244,680	-	(4,997,670)	2,247,010	-
Total business-type activities	$ 8,492,841	$ 271,000	$ (5,317,441)	$ 3,446,400	$ 326,632

NOTE 7 – LEASE INCOME

The City is a lessor on various ground lease agreements. The City's total lease revenue for year ended September 30, 2021 is $1,590,345. The historical cost of the property leased total $11,740,642, with a net book value of $9,742,087. The future minimum lease payments for all non-cancelable leases are as follows:

Fiscal year ended September 30:	Amount
2022	$ 1,289,673
2023	1,258,777
2024	1,208,382
2025	1,061,959
2026	969,958
Thereafter	45,021,069
	$ 50,809,818

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 Statues, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

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

The net pension liability, deferred outflows/inflows of resources related to pensions (net of City contributions subsequent to the measurement date) and pension expense related to these retirement plans are summarized as follows for September 30, 2021.

	FRS	HIS	Total
Proportinate share of net pension liability	$ 4,672,239	$ 5,696,926	$ 10,369,165
Proportinate share of deferred outflows	4,812,347	904,890	5,717,237
Proportinate share of deferred inflows	17,572,928	394,293	17,967,221
Contributions	3,135,408	277,715	3,413,123
Pension expense	177,891	(399,650)	(221,759)

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 credit on or after July 1, 2011, there is an individually calculate cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

Contributions

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

Contribution Rates July 1, 2020 to June 30, 2021			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	10.00%	13.00%
Special Risk	3.00%	24.45%	27.45%
Elected Officers'	3.00%	39.73%	42.73%
Senior Management Service	3.00%	27.29%	30.29%
Deferred Retirement Option Program	N/A	16.98%	16.98%

Contribution Rates July 1, 2021 to June 30, 2022			
Class	Employee Contribution Rate	Employer Contribution Rate	Total Contribution Rate
Regular	3.00%	10.82%	13.82%
Special Risk	3.00%	25.89%	28.89%
Elected Officers'	3.00%	51.42%	54.42%
Senior Management Service	3.00%	29.01%	32.01%
Deferred Retirement Option Program	N/A	18.34%	18.34%

The City's contributions to the Pension Plan totaled $2,527,821 for the fiscal year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability of $4,672,239 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021. The City's proportionate share of the net pension liability was based on the City's Fiscal 2021 contributions relative to the Fiscal 2021 contributions of all participating members. At June 30, 2021, the City's share was 0.0619%, which was a decrease of 0.0004% percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension expense of $177,891. 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 09/30/2021	Deferred Inflows of Resources 09/30/2021
Difference between expected and actual experience	$ 800,831	$ -
Changes in assumptions	3,196,975	-
Net Difference Between projected and actual earnings on Pension Investments	-	(16,300,266)
Changes in proportion and differences between City contirbutions and proportionate share of contibutions	120,996	(1,272,662)
City contributions subsequent to the measurement date	693,545	-
Total	$ 4,812,347	$ (17,572,928)

The deferred outflows of resources related to the Pension Plan resulting from City contributions subsequent to the measurement date, totaling $693,545, will be recognized as a reduction of the net pension liability in the subsequent plan year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense in the subsequent fiscal period as follows:

Fiscal Year Ending September 30:	Amount
2022	$ (2,387,473)
2023	(2,825,220)
2024	(3,626,852)
2025	(4,511,499)
2026	(103,084)
Thereafter	-
	$ (13,454,128)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25% average, including inflation
Discount rate	6.80% net pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table with Scale MP-2018 details in valuation report. The actuarial assumptions used in the July 1, 2021 valuation were based on the results on an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for 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%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed Inflation – Mean			2.4%	1.2%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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 6.8%, 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 (5.8%) or one percentage point higher (7.8%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
City's proportionate share of the net pension liability at September 30, 2021	$ 20,894,565	$ 4,672,239	$ (8,887,807)

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.

Payables to the Pension Plan

At September 30, 2021, the City reported de minimis amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

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, 2021, 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, 2021, the HIS contribution for the period through September 30, 2021 was $1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled $277,715 for the fiscal year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability of $5,696,926 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021. The City's proportionate share of the net pension liability was based on the City's Fiscal 2021 contributions relative to the Fiscal 2021 contributions of all participating members. At June 30, 2021, the City's proportionate share was 0.0464%, which was a increase of 0.001% from its proportionate share measured as of September 30, 2020.

For the fiscal year ended September 30, 2021, the City recognized pension expense of $(399,650). 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 09/30/2021	Deferred Inflows of Resources 09/30/2021
Difference between expected and actual experience	$ 190,634	$ (2,386)
Changes in assumptions	446,651	(234,728)
Net Difference Between projected and actual earnings on HIS Investments	5,939	
Changes in proportion and differences between City contirbutions and proportionate share of contibutions	186,126	(157,179)
City contributions subsequent to the measurement date	75,540	-
Total	$ 904,890	$ (394,293)

The deferred outflows of resources related to the HIS Plan resulting from City contributions to the HIS Plan subsequent to the measurement date, totaling $75,540, will be recognized as a reduction of the net pension liability in the subsequent plan year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense in the subsequent fiscal period as follows:

Fiscal Year Ending September 30:	Amount
2021	$ 126,081
2022	45,615
2023	60,907
2024	93,499
2025	87,468
Thereafter	22,487
	$ 436,057

Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.40%
Salary increases	3.25% average, including inflation
Discount rate	2.16%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.16%, which is an decrease from 2.21% 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
City's proportionate share of the net pension liability at September 30, 2021	$ 6,443,038	$ 5,696,926	$ 4,860,372

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

At September 30, 2021, 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 2021, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated balance. For the fiscal year ended September 30, 2021, the information for forfeitures was unavailable form 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 $607,587 for the fiscal year ended September 30, 2021.

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, 2021 the City paid premiums of approximately $1,041,918 for general property, casualty and worker's compensation.

As of September 30, 2021, TRICO has no contribution deficiency.

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

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

The City became self-insured for employee health insurance, effective October 1, 2011. As permitted by GASB Statement No. 10, A*ccounting 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 $189,460 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, 2021 and September 30, 2020 are as follows:

Fiscal Year Ending	Balance October 1	Additions	Claims Payments	Balance September 30
9/30/2021	$ 130,043	$ 3,054,855	$ 2,995,438	$ 189,460
9/30/2020	85,298	2,880,778	2,836,033	130,043

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Benefits Provided

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

Employees Covered by Benefit Terms

At October 1, 2020, the following employees were covered by the benefit terms:

Active participants	235
Retirees, beneficiaries, and disabled members	14
Covered spouses	4
Total participants	253

Total OPEB Liability

The City's total OPEB liability of $2,738,489 was measured as of September 30, 2021 and was determined by an actuarial valuation as of September 30, 2021.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2020 using the following actuarial assumptions:

Inflation Rate	2.60%
Salary Increase Rate(s)	3.25%
Discount Rate	2.43%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman's July 1, 2019 Florida Retirement System (FRS) valuation report.

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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 2.43%. 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.

Changes to the Total OPEB Liability

	Increase and (Decrease) in Total OPEB Liability
Total liability, September 30, 2020	**$ 2,667,900**
Changes for the year	
Service Cost	225,576
Interest	60,929
Differences between expected and actual experience	-
Change of assumptions	(122,847)
Change of benefit terms	-
Benefit payments	(93,069)
Net change in total OPEB liability	70,589
Reporting period ending September 30, 2021	**$ 2,738,489**

Changes in assumptions reflect a change in the discount rate from 2.14% for the reporting period ending September 30, 2020, to 2.43% for the reporting period ending September 30, 2021.

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 1.43%	Current Discount Rate 2.43%	1% Increase 3.43%
Total OPEB Liability	$ 3,199,254	$ 2,738,489	$ 2,370,819

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% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB Liability	$ 2,193,920	$ 2,738,489	$ 3,478,644

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

For the year ended September 30, 2021, the City recognized OPEB expense of $265,617. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources 09/30/2021	Deferred Inflows of Resources 09/30/2021
Differences between expected and actual	$ -	$ (180,097)
Changes in assumptions	173,489	(257,526)
Total	$ 173,489	$ (437,623)

The total amount reported as deferred outflows of resources related to OPEB, totaling ($264,134) will be recognized in the OPEB expense as follows:

Fiscal Year Ending September 30:	Amount
2022	$ (24,188)
2023	(24,188)
2024	(24,188)
2025	(24,188)
2026	(24,188)
Thereafter	(143,194)
	$ (264,134)

NOTE 12 – ENCUMBRANCES

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

The following is a schedule of encumbrances at September 30, 2021:

General Fund	Community Redevelopement Agency	Total Governmental
$ 1,663,778	$ 221,600	$ 1,885,378

NOTE 13 – REDEVELOPMENT TRUST FUND

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits into, and the amount and purpose of withdrawals from the Redevelopment Trust Fund (CRA) for the fiscal year ended September 30, 2021:

	Deposits	Withdrawals
Sources of deposits:		
Ad valorem taxes received from City of Stuart	$ 1,093,858	$ -
Ad valorem taxes received from Martin County	1,439,760	-
Miscellaneous revenue	20,124	-
Purpose of withdrawals:		
Administrative expenses	-	195,675
Property lease	-	32,584
Memberships and training	-	2,160
Insurance	-	11,640
Repair & maintenance	-	8,472
Promotional items	-	21,397
Printing, office supplies and other operating	-	51,287
Engineering for projects	-	137,198
Micro transit operations	-	108,748
CRA sidewalk staining	-	2,000
10th Street covered basketball court	-	100,000
Seminole compactor enclosure	-	100,000
Mainstreet assistance	-	70,000
Gateway signage	-	125,000
Shepard Park boat trailer parking	-	150,000
Dixie Hwy sidewalk	-	202,500
Riverside Park demonstration	-	250,000
Riverwalk dock handrails	-	272,350
Community projects	-	24,882
	$ 2,553,742	$ 1,865,893

NOTE 14 – PLEDGED REVENUES

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay $19.3 million in water system revenue bonds issued in December 2003, $8,129,000 in 2006, $7,142,000 and $4,923,000 in 2007. Proceeds from the bonds provided financing for the construction of 47 projects involving improvements to the Water Treatment Plan, 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 $18,658,298. For the current year, principal and interest paid was $1,558,655.

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 $478,358 through May 2027. For the current year, principal and interest paid was $80,375.

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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Postive (Negative)
Revenues				
Ad valorem taxes	$ 10,971,892	$ 10,971,892	$ 11,064,366	$ 92,474
Intergovernmental	4,798,125	4,807,508	5,782,800	975,292
Utility taxes	2,908,126	2,908,126	2,953,990	45,864
Franchise fees	1,620,699	1,620,699	1,685,164	64,465
Charges for services	2,003,000	2,003,000	2,154,715	151,715
Assessments	1,212,000	1,212,000	1,280,656	68,656
Licenses and permits	1,113,322	1,113,322	2,067,373	954,051
Local business tax	640,000	640,000	656,121	16,121
Impact fees		-	1,314,807	1,314,807
Fines and forfeitures	150,500	150,500	172,164	21,664
Interest	337,760	337,760	42,170	(295,590)
Rental income	57,780	57,780	36,642	(21,138)
Miscellaneous	291,800	435,812	449,639	13,827
Total revenues	26,105,004	26,258,399	29,660,607	3,402,208
Expenditures				
Current:				
General government	5,474,395	6,619,728	5,003,318	1,616,410
Public safety	13,438,502	13,283,193	13,944,928	(661,735)
Parks and recreation	1,710,939	1,736,610	1,596,894	139,716
Physical environment	2,357,258	2,833,059	2,482,858	350,201
Transportation	2,611,592	2,685,657	2,225,378	460,279
Capital outlay	1,934,000	4,135,587	3,078,953	1,056,634
Debt service:				-
Principal	1,016,990	1,016,990	625,454	391,536
Interest and fiscal charges	283,085	283,085	276,254	6,831
Total expenditures	28,826,761	32,593,909	29,234,037	3,359,872
Excess of revenues over (under) expenditures	(2,721,757)	(6,335,510)	426,570	6,762,080
Other financing sources (uses)				
Reserves	375,073	3,793,285	-	(3,793,285)
Debt proceeds	-	-	1,106,253	1,106,253
Transfers in	3,440,542	3,636,083	3,636,083	-
Transfers out	(1,093,858)	(1,093,858)	(1,093,858)	-
Total other financing sources (uses)	2,721,757	6,335,510	3,648,478	(2,687,032)
Net change in fund balances	$ -	$ -	4,075,048	$ 4,075,048
Fund balance - beginning			15,851,483	
Fund balance - ending		$ -	$ 19,926,531	

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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Postive (Negative)
Revenues				
Intergovernmental	$ 1,480,077	$ 1,477,377	$ 1,439,760	$ (37,617)
Interest	-	-	-	-
Miscellaneous	-	2,700	20,124	
Total revenues	1,480,077	1,480,077	1,459,884	(37,617)
Expenditures				
Current:				
Community redevelopment	968,590	748,319	214,641	533,678
Capital outlay	125,000	274,858	93,556	181,302
Total expenditures	1,093,590	1,023,177	308,197	714,980
Excess of revenues over expenditures	386,487	456,900	1,151,687	694,787
Other financing sources (uses)				
Transfers in	1,093,858	1,093,858	1,093,858	-
Transfers out	(1,480,345)	(1,550,758)	(1,557,696)	(6,938)
Total other financing sources (uses)	(386,487)	(456,900)	(463,838)	(6,938)
Net change in fund balances	$ -	$ -	687,849	$ 687,849
Fund balance - beginning			3,227,066	
Fund balance - ending			$ 3,914,915	

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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Postive (Negative)
Revenues				
Rental income	$ 1,433,437	$ 1,433,437	$ 1,553,703	$ 120,266
Interest	-	-	-	-
Miscellaneous	-	-	1,830	1,830
Total revenues	1,433,437	1,433,437	1,555,533	122,096
Expenditures				
Current:				
General government	579,667	579,667	492,765	86,902
Capital outlay	-	-	-	-
Total expenditures	579,667	579,667	492,765	86,902
Excess of revenues over expenditures	853,770	853,770	1,062,768	208,998
Other financing sources (uses)				
Transfers in	-	-	586,403	586,403
Transfers out	(853,770)	(853,770)	(853,768)	2
Total other financing sources (uses)	(853,770)	(853,770)	(267,365)	586,405
Net change in fund balances	$ -	$ -	795,403	$ 795,403
Fund balance - beginning			1,824,444	
Fund balance - ending			$ 2,619,847	

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

City of Stuart, Florida
Required Supplementry Information
Schedule of Changes in Net OPEB Liability and Related Ratios
Year ended September 30, 2021

	2021	2020	2019	2018
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	70,589	(23,195)	398,074	(4,679)
Total OPEB Liability - beginning	2,667,900	2,691,095	2,293,021	2,297,700
Total OPEB Liability - ending	**$ 2,738,489**	**$ 2,667,900**	**$ 2,691,095**	**$ 2,293,021**
Covered 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%	16.8%

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

City of Stuart, Florida
Required Supplementry Information
Schedule of proportionate share of Net Pension Liability
Florida Retirement System
Year ended September 30, 2021

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*
City's proportion of the net pension liability	0.0619%	0.0652%	0.0657%	0.0672%	0.0696%	0.0674%	0.0622%	0.0654%	0.0695%
City's proportionate share of the net pension liability	$ 4,672,239	$ 28,271,682	$ 22,628,847	$ 20,245,130	$ 20,598,428	$ 17,015,382	$ 8,036,252	$ 3,992,955	$ 11,962,480
City's covered payroll	$ 16,600,659	$ 15,811,700	$ 15,058,537	$ 14,836,140	$ 14,666,676	$ 14,612,204	$ 11,748,727	$ 12,055,715	$ 11,788,979
City's proportionate share of the net pension liability as a percentage of its covered payroll	28.14%	178.80%	150.27%	136.46%	140.44%	116.45%	68.40%	33.12%	101.47%
Pension Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	N/A

* Represents the measurement date, period applied in the City's following fiscal year.
Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2013 are not available.

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

City of Stuart, Florida
Required Supplementry Information
Schedule of contributions
Florida Retirement System
Year ended September 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	2,779,650	$ 2,857,800	$ 2,723,381	$ 2,516,066	$ 2,456,872	$ 2,356,695	$ 1,755,186	$ 1,759,675
Contributions in relation to the contractually required contribution	2,356,306	2,798,115	2,723,381	2,516,066	2,456,872	2,356,695	1,512,609	1,447,667
Contribution deficiency (excess)	$ 423,344	$ 59,685	$ -	$ -	$ -	$ -	$ 242,577	$ 312,008
City's covered payroll	$ 16,729,827	$ 15,469,588	$ 15,058,537	$ 14,653,990	$ 15,098,592	$ 14,612,204	$ 11,625,739	$ 12,088,898
Contributions as a percentage of covered payroll	14.08%	18.09%	18.09%	17.17%	16.27%	16.13%	13.01%	11.98%

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

City of Stuart, Florida
Required Supplementry Information
Schedule of proportionate share of Net Pension Liability
Health Insurance Subsidy
Year ended September 30, 2021

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*
City's proportion of the net pension liability	0.0464%	0.0452%	0.0454%	0.0468%	0.0480%	0.0461%	0.0452%	0.0472%	0.0469%
City's proportionate share of the net pension liability	$ 5,696,926	$ 5,518,804	$ 5,083,548	$ 4,948,635	$ 5,128,310	$ 5,371,670	$ 4,613,793	$ 4,409,971	$ 4,083,803
City's covered payroll	$ 16,729,827	$ 15,877,754	$ 15,365,049	$ 15,352,445	$ 15,471,345	$ 15,160,752	$ 13,951,663	$ 14,028,924	$ 13,628,509
City's proportionate share of the net pension liability as a percentage of its covered payroll	34.05%	34.76%	33.09%	32.23%	33.15%	35.43%	33.07%	31.43%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	N/A

* Represents the measurement date, period applied in the City's following fiscal year.
Note 1: This schedule will not present ten years' of fiscal information until 2022, as amounts prior to 2013 are not available.

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

City of Stuart, Florida
Required Supplementry Information
Schedule of contributions
Health Insurance Subsidy
Year ended September 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 277,715	$ 263,571	$ 255,059	$ 250,173	$ 261,822	$ 251,669	$ 188,051	$ 172,072
Contributions in relation to the contractually required contribution	272,992	260,742	255,059	250,173	261,822	251,669	183,897	158,161
Contribution deficiency (excess)	$ 4,723	$ 2,829	$ -	$ -	$ -	$ -	$ 4,154	$ 13,911
City's covered payroll	$ 16,729,827	$ 15,877,754	$ 15,365,049	$ 15,070,652	$ 15,471,345	$ 15,146,016	$ 13,827,277	$ 14,162,267
Contributions as a percentage of covered payroll	1.63%	1.64%	1.66%	1.66%	1.69%	1.66%	1.33%	1.12%

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

STATISTICAL SECTION

Statistical Section

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

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

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

CITY OF STUART, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities				
Net investment in capital assets	$ 75,219,682	$ 80,573,005	$ 76,756,813	$ 76,940,970
Restricted	10,880,287	7,669,841	6,691,079	4,660,992
Unrestricted	(6,876,861)	(14,437,533)	(10,594,093)	(10,210,261)
Total governmental activities net position	$ 79,223,108	$ 73,805,313	$ 72,853,799	$ 71,391,701
Business-type activities				
Net investment in capital assets	$ 41,354,628	$ 41,637,935	$ 40,401,093	$ 40,477,154
Restricted	5,427,353	4,898,089	4,467,422	4,549,559
Unrestricted	17,208,844	14,151,073	13,553,111	10,236,827
Total business-type activities net position	$ 63,990,825	$ 60,687,097	$ 58,421,626	$ 55,263,540
Primary government				
Net investment in capital assets	$ 116,574,310	$ 122,210,940	$ 117,157,906	$ 117,418,124
Restricted	16,307,640	12,567,930	11,158,501	9,210,551
Unrestricted	10,331,983	(286,460)	2,959,018	26,566
Total primary government net position	$ 143,213,933	$ 134,492,410	$ 131,275,425	$ 126,655,241

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

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

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 75,751,252	$ 76,052,844	$ 74,741,415	$ 75,991,723	$ 78,067,839	$ 78,740,219
5,039,323	4,814,202	5,453,131	5,415,909	5,210,463	4,146,109
(9,100,822)	(8,723,874)	(8,632,808)	2,110,095	564,460	49,608
$ 71,689,753	$ 72,143,172	$ 71,561,738	$ 83,517,727	$ 83,842,762	$ 82,935,936
$ 42,175,303	$ 44,101,995	$ 41,597,662	$ 41,557,117	$ 40,574,277	$ 40,708,669
3,545,510	2,488,716	3,464,788	3,341,607	2,726,944	3,064,115
9,000,692	7,848,162	8,035,781	9,472,642	8,986,166	8,612,823
$ 54,721,505	$ 54,438,873	$ 53,098,231	$ 54,371,366	$ 52,287,387	$ 52,385,607
$ 117,926,555	$ 120,154,839	$ 116,339,077	$ 117,548,840	$ 118,642,116	$ 119,448,888
8,584,833	7,302,918	8,917,919	8,757,516	7,937,407	7,210,224
(100,130)	(875,712)	(597,027)	11,582,737	9,550,626	8,662,431
$ 126,411,258	$ 126,582,045	$ 124,659,969	$ 137,889,093	$ 136,130,149	$ 135,321,543

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Expenses				
Governmental activities:				
General government	$ 2,235,292	$ 9,000,643	$ 9,961,070	$ 7,955,772
Public safety	15,404,224	14,415,672	13,623,728	13,028,489
Parks and recreation	2,352,771	1,816,023	1,825,660	1,806,339
Physical environment	2,741,938	2,349,613	1,373,861	2,187,022
Transportation	3,758,327	2,214,243	2,459,933	1,944,583
Community redevelopment	2,179,402	496,076	629,335	740,161
Interest on long-term debt	276,254	227,064	219,933	275,761
Total governmental activities expenses	28,948,208	30,519,334	30,093,520	27,938,127
Business-type activities:				
Water and sewer	11,076,257	12,189,954	10,414,872	10,656,386
Stormwater	4,093,923	4,333,933	4,120,151	4,223,204
Sanitation	1,309,433	1,312,035	1,261,057	1,311,252
Total business-type activities expenses	16,479,613	17,835,922	15,796,080	16,190,842
Total primary government expenses	$ 45,427,821	$ 48,355,256	$ 45,889,600	$ 44,128,969
Program revenues				
Governmental activities:				
Charges for services:				
General government	$ 251,688	$ 141,880	$ 198,808	$ 1,405,398
Public safety	5,636,996	4,648,101	4,249,018	2,899,677
Parks and recreation	140,819	76,114	82,521	80,556
Physical environment		-	112,173	30,000
Transportation	775,820	409,642	667,262	326,848
Operating grants and contributions	531,839	531,839	2,602,012	1,181,807
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	7,337,162	5,807,576	7,911,794	5,924,286
Business-type activities:				
Charges for services:				
Water and sewer	13,869,559	13,527,081	12,858,338	12,130,958
Sanitation	5,026,515	5,106,792	4,835,574	4,505,663
Stormwater	1,236,770	840,924	749,556	758,760
Capital grants and contributions	1,046,379	1,281,301	892,920	284,972
Total business-type activities program revenues	21,179,223	20,756,098	19,336,388	17,680,353
Total primary government program revenues	$ 28,516,385	$ 26,563,674	$ 27,248,182	$ 23,604,639
Net (expense)/revenue				
Governmental activities	$(21,611,046)	$(24,711,758)	$(22,181,726)	$(22,013,841)
Business-type activities	4,699,610	2,920,176	3,540,308	1,489,511
Total primary government net expense	$(16,911,436)	$(21,791,582)	$(18,641,418)	$(20,524,330)

CITY OF STUART, FLORIDA
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 7,521,385	$ 7,005,003	$ 5,438,575	$ 5,591,406	$ 5,122,408	$ 4,868,891
12,718,833	12,193,791	11,110,143	11,586,159	11,153,721	11,431,311
1,720,374	1,574,147	713,530	1,195,249	1,357,639	1,201,571
2,050,629	1,729,597	2,496,634	1,988,449	1,805,739	1,938,331
1,827,289	209,557	1,795,508	1,252,392	1,374,217	1,368,106
547,599	1,020,901	795,568	765,490	553,898	689,415
302,284	310,290	300,496	551,606	533,927	501,698
26,688,393	24,043,286	22,650,454	22,930,751	21,901,549	21,999,323
10,196,007	9,208,635	8,840,672	8,808,884	8,629,070	8,289,696
3,909,114	1,118,729	1,165,949	1,200,327	1,230,454	1,087,492
1,236,235	3,744,822	3,518,251	3,634,336	3,529,768	3,392,874
15,341,356	14,072,186	13,524,872	13,643,547	13,389,292	12,770,062
$ 42,029,749	$ 38,115,472	$ 36,175,326	$ 36,574,298	$ 35,290,841	$ 34,769,385
$ 925,826	$ 694,716	$ 960,569	$ 1,044,333	$ 940,113	$ 744,436
2,791,022	3,179,728	2,632,773	1,671,361	1,512,196	1,510,928
74,506	75,923	78,053	85,291	128,739	69,459
120,206	349,464	25,931	-	3,006	3,780
74,821	58,989	105,286	9,721	132,227	215,232
590,444	498,273	387,363	416,474	286,594	325,393
21,400	238,910	-	-	610,534	704,539
4,598,225	5,096,003	4,189,975	3,227,180	3,613,409	3,573,767
11,000,403	10,780,103	10,365,256	10,853,527	9,051,891	8,334,781
4,044,980	4,103,939	3,987,282	3,919,973	3,773,032	3,698,926
707,603	740,192	762,610	702,734	616,721	603,679
995,525	536,571	83,080	850,459	93,818	76,884
16,748,511	16,160,805	15,198,228	16,326,693	13,535,462	12,714,270
$ 21,346,736	$ 21,256,808	$ 19,388,203	$ 19,553,873	$ 17,148,871	$ 16,288,037
$(22,090,168)	$(18,947,283)	$(18,460,479)	$(19,703,571)	$(18,288,140)	$(18,425,556)
1,407,155	2,088,619	1,673,356	2,683,146	146,170	(55,792)
$(20,683,013)	$(16,858,664)	$(16,787,123)	$(17,020,425)	$(18,141,970)	$(18,481,348)

CITY OF STUART, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Governmental activities:				
Taxes				
Property taxes	$ 11,064,366	$ 10,389,087	$ 9,303,411	$ 8,448,358
Utility taxes	2,953,990	2,869,599	2,871,372	2,786,675
Franchise taxes	1,685,164	1,584,178	1,675,783	1,656,124
Sales taxes	2,145,952	1,825,091	1,810,439	1,835,616
Gas tax	698,827	689,597	698,354	625,815
Local business tax	656,121	614,948	632,338	640,363
Intergovernment revenues	3,845,942	3,245,392	3,539,307	1,831,105
Miscellaneous and other taxes	2,246,678	2,674,534	1,449,838	2,567,284
Unrestricted Investment earnings	42,170	554,607	603,892	351,613
Gain (loss) on sale of capital assets	(348)	62,411	51,399	(2,565)
Transfers	1,689,979	1,153,828	1,007,691	975,401
Total governmental activities	27,028,841	25,663,272	23,643,824	21,715,789
Business-type activities:				
Miscellaneous and other taxes	-	-	-	-
Unrestricted Investment earnings	4,416	460,214	554,024	47,776
Gain (loss) on sale of capital assets	289,681	38,909	71,445	(19,851)
Transfers	(1,689,979)	(1,153,828)	(1,007,691)	(975,401)
Total business-type activities	(1,395,882)	(654,705)	(382,222)	(947,476)
Total primary government	$ 25,632,959	$ 25,008,567	$ 23,261,602	$ 20,768,313
Change in net position				
Governmental activities	$ 5,417,795	$ 951,514	$ 1,462,098	$ (298,052)
Business-type activities	3,303,728	2,265,471	3,158,086	542,035
Total primary government	$ 8,721,523	$ 3,216,985	$ 4,620,184	$ 243,983

CITY OF STUART, FLORIDA
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 8,069,423	$ 7,619,060	$ 7,179,228	$ 8,895,155	$ 7,797,741	$ 7,623,707
2,741,770	2,686,543	2,609,887	2,584,686	2,340,526	2,258,484
1,687,917	1,669,041	1,720,135	1,707,844	1,580,045	1,617,891
1,744,766	1,713,039	1,627,497	1,629,190	1,397,984	1,730,941
400,815	385,126	391,089	524,160	751,182	723,788
631,900	605,617	600,558	586,111	580,431	586,736
1,918,889	2,514,613	2,509,226	832,253	830,059	875,415
2,318,633	1,127,521	1,341,578	902,505	1,131,404	767,058
143,234	242,852	99,894	54,809	39,666	68,856
34,453	118,051	20,130	16,920	24,756	-
814,285	847,254	914,934	597,380	782,080	158,000
20,506,085	19,528,717	19,014,156	18,331,013	17,255,874	16,410,876
-	4,622	17,001	(24,426)	426,559	45,914
95,835	94,631	58,543	23,338	13,363	26,455
75,750	24	5,859	(699)	97,768	(6,279)
(814,285)	(847,254)	(914,934)	(597,380)	(782,080)	(158,000)
(642,700)	(747,977)	(833,531)	(599,167)	(244,390)	(91,910)
$ 19,863,385	$ 18,780,740	$ 18,180,625	$ 17,731,846	$ 17,011,484	$ 16,318,966
$ (1,584,083)	$ 581,434	$ 553,677	$ (1,372,558)	$ (1,032,266)	$ (2,014,680)
764,455	1,340,642	839,825	2,083,979	(98,220)	(147,702)
$ (819,628)	$ 1,922,076	$ 1,393,502	$ 711,421	$ (1,130,486)	$ (2,162,382)

CITY OF STUART, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
General fund				
Nonspendable	$ 103,951	$ 60,361	$ 94,189	$ 82,166
Restricted	6,863,592	4,272,409	4,268,653	3,173,384
Assigned	4,590,618	5,206,364	4,543,882	3,443,822
Unassigned	8,368,370	6,312,349	5,609,757	4,556,050
Total general fund	$ 19,926,531	$ 15,851,483	$ 14,516,481	$ 11,255,422
All other governmental funds				
Restricted	$ 4,016,695	$ 3,397,432	$ 2,422,426	$ 1,487,608
Committed	852,846	852,846	624,850	403,951
Assigned	1,988,601	1,245,655	645,673	605,928
Unassigned			-	-
Total all other governmental funds	$ 6,858,142	$ 5,495,933	$ 3,692,949	$ 2,497,487

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

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 63,322	$ 1,636,714	$ 2,013,263	$ 2,041,811	$ 2,275,254	$ 2,474,860
2,393,728	2,141,994	2,746,217	2,538,600	2,799,759	1,527,876
4,285,787	4,535,794	3,517,264	2,831,419	2,862,918	3,061,606
3,879,153	3,749,002	3,454,760	3,078,690	1,693,617	1,475,235
$ 10,621,990	$ 12,063,504	$ 11,731,504	$ 10,490,520	$ 9,631,548	$ 8,539,577
$ 2,645,595	$ 2,672,208	$ 2,692,146	$ 2,828,979	$ 2,153,120	$ 2,438,662
189,399	-	-	-	-	-
568,195	-	-	-	-	-
-	(779,181)	(1,237,185)	(1,376,299)	(1,584,226)	(2,038,097)
$ 3,403,189	$ 1,893,027	$ 1,454,961	$ 1,452,680	$ 568,894	$ 400,565

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2021	2020	2019	2018
Revenues				
Property taxes	$ 11,064,366	$ 10,389,087	$ 9,303,411	$ 8,448,358
Utility taxes	7,222,560	6,291,919	2,871,372	2,786,675
Local business tax	2,953,990	2,869,599	632,338	640,363
Franchise fees	1,685,164	1,584,178	1,675,783	1,656,124
Intergovernmental	2,154,715	1,893,309	6,565,472	6,472,546
Licenses and permits	1,280,656	1,256,023	1,316,894	1,393,635
Charges for services	2,067,373	1,475,737	1,825,752	1,534,192
Assessments	656,121	614,948	1,228,727	1,209,824
Impact fees	1,314,807	661,188	938,409	604,828
Fines and forfeitures	172,164	125,914	247,312	193,077
Interest	42,170	554,607	603,892	351,613
Rental Income	1,590,345	914,112	851,719	814,246
Miscellaneous	471,593	1,686,399	2,486,846	528,085
Total revenues	32,676,024	30,317,020	30,547,927	26,633,566
Expenditures				
Current:				
General government	5,496,083	4,765,821	5,409,350	4,952,688
Public safety	14,004,533	13,806,524	13,085,557	12,529,537
Parks and recreation	1,596,894	1,446,293	1,450,691	1,501,332
Physical environment	2,482,858	2,179,333	1,211,544	2,038,672
Transportation	2,225,378	1,857,328	2,081,819	1,636,326
Community redevelopment	214,641	180,193	306,744	419,988
Capital outlay	3,172,509	9,318,630	2,868,961	3,140,025
Debt service:				
Principal	565,849	538,505	464,498	1,559,942
Interest	276,254	227,064	219,933	275,761
Other debt service costs		-	-	-
Total expenditures	30,034,999	34,319,691	27,099,097	28,054,271
Excess (deficiency) of revenues over (under) expenditures	2,641,025	(4,002,671)	3,448,830	(1,420,705)
Other financing sources (uses)				
Debt issuance	1,106,253	5,986,829	-	173,038
Payment to refunded bonds escrow agent		-	-	-
Transfers in	5,316,344	4,410,183	2,984,645	2,735,780
Transfers out	(3,626,365)	(3,256,355)	(1,976,954)	(1,760,379)
Total other financing sources (uses)	2,796,232	7,140,657	1,007,691	1,148,439
Net change in fund balance	$ 5,437,257	$ 3,137,986	$ 4,456,521	$ (272,266)
Debt service as a percentage of noncapital expenditures	3.1%	3.1%	2.8%	7.4%

CITY OF STUART, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year					
2017	2016	2015	2014	2013	2012
$ 8,069,423	$ 7,654,060	$ 7,192,558	$ 7,208,170	$ 6,579,057	$ 7,119,351
2,741,770	2,686,543	2,609,887	2,584,686	2,340,526	2,258,484
631,900	605,617	600,558	586,111	580,431	586,736
1,687,917	1,669,041	1,720,135	1,707,844	1,580,045	1,617,891
5,603,756	5,343,359	4,897,381	6,207,729	6,202,004	6,192,358
979,787	891,286	946,217	704,939	918,769	560,630
1,629,056	1,866,499	1,357,884	1,559,760	1,433,562	1,348,200
1,192,230	1,191,067	1,145,496	-	-	-
241,161	450,404	193,625	47,690	245,805	347,931
169,251	179,472	183,427	192,652	146,495	147,349
143,234	242,853	99,894	54,809	39,666	68,856
903,836	943,612	977,861	920,550	858,569	700,315
296,704	331,791	366,510	339,454	145,524	223,772
24,290,025	24,055,604	22,291,433	22,114,394	21,070,453	21,171,873
4,519,530	4,272,263	4,138,950	3,622,381	3,247,577	2,256,178
12,224,773	11,761,266	10,858,816	11,454,429	10,951,439	10,864,512
1,388,614	1,254,934	823,751	823,272	990,741	807,250
1,907,746	1,893,460	2,119,118	1,880,282	1,748,712	1,738,374
1,601,594	1,152,337	1,259,557	1,045,924	1,015,515	1,138,330
224,239	459,424	485,608	452,291	477,209	449,632
2,040,273	2,552,673	1,156,243	876,049	3,267,772	1,888,310
826,612	751,351	784,033	7,420,140	501,534	427,321
302,284	318,739	325,952	449,756	415,216	457,561
-	-	11,074	44,493	500	63,981
25,035,665	24,416,447	21,963,102	28,069,017	22,616,215	20,091,449
(745,640)	(360,843)	328,331	(5,954,623)	(1,545,762)	1,080,424
-	283,601	-	7,100,000	1,275,000	994,385
-	-	-	-	-	(977,918)
4,745,032	2,319,191	2,578,750	1,750,604	2,031,093	1,810,843
(3,930,747)	(1,471,937)	(1,663,816)	(1,153,224)	(1,249,013)	(1,652,843)
814,285	1,130,855	914,934	7,697,380	2,057,080	174,467
$ 68,645	$ 770,012	$ 1,243,265	$ 1,742,757	$ 511,318	$ 1,254,891
4.9%	4.9%	5.3%	29.0%	4.7%	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
2012	2011	$1,439,575,290	$ 118,406,626	$2,207,730,581	$ 649,748,665	$1,557,981,916	4.6674	70.6%
2013	2012	1,388,755,423	114,226,636	2,123,313,596	620,331,537	1,502,982,059	4.9041	70.8%
2014	2013	1,354,255,562	111,388,986	2,084,431,403	618,786,855	1,465,644,548	5.1513	70.3%
2015	2014	1,415,392,568	116,417,570	2,130,918,193	599,108,055	1,531,810,138	4.9013	71.9%
2016	2015	1,504,107,611	123,714,479	2,212,516,917	584,694,827	1,627,822,090	4.8327	73.6%
2017	2016	1,602,901,248	131,840,362	2,321,458,253	586,716,643	1,734,741,610	4.8224	74.7%
2018	2017	1,708,319,438	136,509,008	2,438,844,115	594,015,669	1,844,828,446	4.7572	75.6%
2019	2018	1,779,469,026	148,291,412	2,394,524,771	466,764,333	1,927,760,438	4.9962	80.5%
2020	2018	1,904,113,455	164,972,776	2,675,745,985	606,659,754	2,069,086,231	5.2302	77.3%
2021	2019	2,020,119,593	174,317,933	2,939,005,375	744,567,849	2,194,437,526	5.2136	74.7%

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)

	City of Stuart			Overlapping					
Fiscal Year	Operating Millage	General Obligation Debt 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	Total Direct and Overlapping Rates
2012	4.3329	0.3345	4.6674	5.7704	6.6040	0.4363	0.0345	0.3693	17.8819
2013	4.5524	0.3517	4.9041	5.7329	6.9040	0.4289	0.0345	0.3693	18.3737
2014	4.8020	0.3493	5.1513	5.8668	7.2780	0.4110	0.0345	0.3693	19.1109
2015	4.5520	0.3493	4.9013	5.9651	7.1380	0.3842	0.0345	0.3618	18.7849
2016	4.5520	0.2807	4.8327	6.1264	7.0980	0.3551	0.0320	0.3618	18.8060
2017	4.5520	0.2704	4.8224	6.2407	6.8810	0.3307	0.0320	0.3618	18.6686
2018	4.5000	0.2572	4.7572	6.3887	6.5520	0.3100	0.0320	0.3618	18.4017
2019	4.7500	0.2462	4.9962	6.5971	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

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	2021 Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Arium Jensen Beach, LLC	$ 34,807,500	1	1.59%
ARHC AlstuFL01 LLC	28,212,800	2	1.29%
Pineapple Commons Retail LP	23,431,728	3	1.07%
Pacific Star 5 Inc.	20,720,122	4	0.94%
Stuart Centre Investors, LLC	19,849,913	5	0.90%
Martin Memorial Medical Center	18,284,345	6	0.83%
Lakeworth Town Plaza LLC	16,010,810	7	0.73%
CD-HRA Stuart LLC	15,630,980	8	0.71%
Wal-Mart Stores East, LP	15,599,430	9	0.71%
Red Rock Regency LLC	14,962,727	10	0.68%
Total	207,510,355		9.46%
Total city-wide	$ 2,194,437,526		

	2012 Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Pineapple Commons Retail LP	$ 21,578,110	1	1.38%
RLV Martin Square, LP	16,714,130	2	1.07%
Wal-Mart Stores East, LP	14,250,880	3	0.91%
Stuart Centre Investors, LLC	14,048,000	4	0.90%
Southern Associates LP	13,596,640	5	0.87%
Sunset Bay Marina & Anchorage LLC	12,564,200	6	0.81%
Lowe's Home Centers, Inc.	11,796,390	7	0.76%
Eden Park Management Inc.	11,279,080	8	0.72%
SPC Regency, LLC	11,057,890	9	0.71%
Noble Management Company	10,925,590	10	0.70%
Total	137,810,910		8.83%
Total city-wide	$ 1,560,363,872		

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
2012	$ 6,786,481	$ 6,513,513	95.98%	$ 32,225	$ 6,545,738	96.45%
2013	6,842,176	6,253,222	91.39%	34,625	6,287,847	91.90%
2014	7,057,849	6,505,400	92.17%	185,004	6,690,404	94.79%
2015	7,014,106	6,729,131	95.94%	15,763	6,744,894	96.16%
2016	7,520,737	7,165,762	95.28%	43,350	7,209,112	95.86%
2017	7,964,288	7,604,166	95.48%	12,718	7,616,884	95.64%
2018	8,301,728	7,952,598	95.79%	20,782	7,973,380	96.04%
2019	9,174,891	8,820,987	96.14%	23,845	8,844,832	96.40%
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%

Source: Martin County Tax Collector's Office

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

CITY OF STUART, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Community Redevelopment Bonds	Refunding Revenue Note	Notes and Direct Borrowings
2012	$ 7,220,000	$ 1,587,650	$ 994,385	$ -
2013	7,010,000	1,350,453	940,047	1,275,000
2014	6,900,000	1,013,979	882,992	1,432,000
2015	6,640,000	844,632	823,220	1,215,043
2016	6,385,000	575,053	763,448	1,048,043
2017	6,120,000	293,688	700,959	1,113,886
2018	5,845,000	-	635,753	373,939
2019	5,560,000	-	573,264	256,930
2020	5,265,000	-	508,058	6,065,460
2021	4,965,000	-	440,135	6,914,182

Source: City of Stuart Finance Department

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

CITY OF STUART, FLORIDA

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

Business-Type Activities					
Utility Revenue Refunding Bonds	Refunding Revenue Note	Notes and Direct Borrowings	Total Primary Government	Percentage of Personal Income[a]	Debt Per Capita[a]
$ 21,720,000	$ 835,615	$ 2,642,738	$ 35,000,388	3.33%	$ 2,226
21,075,000	789,953	2,527,948	34,968,401	3.48%	2,211
20,358,000	742,008	2,410,363	33,739,342	3.22%	2,112
19,614,000	691,780	3,009,903	32,838,578	2.86%	2,038
18,850,000	641,552	4,464,298	32,727,394	2.77%	2,027
18,059,000	589,041	7,395,360	34,271,934	2.68%	2,118
17,236,000	534,247	7,184,012	31,808,951	2.31%	1,937
16,389,000	575,681	8,930,248	32,285,123	2.29%	1,956
15,509,000	426,941	10,510,870	38,285,329	2.56%	2,280
14,600,000	369,862	9,870,744	37,159,923	N/A	2,101

CITY OF STUART, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2021

Jurisdiction	Total Bonded Debt Outstanding	Estimated Percentage Applicable[a]	Estimated Amount Applicable
Overlapping:			
Martin County			
Revenue Bonds & Notes	$ 85,268,191	100%	$ 85,268,191
Capital Leases	28,487,566	100%	28,487,566
Town of Jupiter Island			
General Obligation Bonds	5,228,655	100%	5,228,655
Martin County School Board			
Bonds Payable	2,807,000	100%	2,807,000
Certificates of Participation	22,135,000	100%	22,135,000
Capital Leases	490,692	100%	490,692
South Florida Water Management District			
Certificates of Participation	320,575,000	2.19%	7,020,593
Subtotal, Overlapping Debt			151,437,697
City of Stuart Direct Debt			12,319,317
Total Direct and Overlapping Debt			$ 163,757,014

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 Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Community Redevelopment Bonds	General Bonded Debt Outstanding: Total	Percentage of Total Adjustable Taxable Value	Debt Per Capita[a]
2012	$ 7,220,000	$ 1,587,650	$ 8,807,650	0.57%	$ 560
2013	7,010,000	1,350,453	8,360,453	0.56%	529
2014	6,900,000	1,013,979	7,913,979	0.54%	495
2015	6,640,000	844,632	7,484,632	0.49%	465
2016	6,385,000	575,053	6,960,053	0.43%	431
2017	6,120,000	293,688	6,413,688	0.37%	396
2018	5,845,000	-	5,845,000	0.32%	356
2019	5,560,000	-	5,560,000	0.29%	337
2020	5,265,000	-	5,265,000	0.25%	314
2021	4,965,000	-	4,965,000	0.23%	281

Source: City of Stuart Finance Department

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

CITY OF STUART, FLORIDA

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

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

CITY OF STUART, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

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

	Public Utilities Revenue, Refunding & Improvement Bonds, Series 2006, 2007 and 2011						
Fiscal Year	Water and Sewer Gross Revenues	Less: Operating Expenses[c]	Net Available Revenue	Debt Service Principal	Debt Service Interest[a]	Debt Service Total	Coverage[d]
2012	$ 8,334,781	$ 5,230,956	$ 3,103,825	$ 628,000	$ 848,916	$ 1,476,916	2.1
2013	9,051,891	5,203,586	3,848,305	645,000	788,682	1,433,682	2.7
2014	10,853,527	5,551,729	5,301,798	717,000	960,306	1,677,306	3.2
2015	10,365,256	5,725,391	4,639,865	744,000	752,502	1,496,502	3.1
2016	10,781,326	5,780,897	5,000,429	764,000	728,630	1,492,630	3.4
2017	10,988,040	6,448,816	4,539,224	791,000	699,974	1,490,974	3.0
2018	11,945,089	6,379,383	5,565,706	823,000	661,526	1,484,526	3.7
2019	12,839,736	6,185,044	6,654,692	847,000	642,305	1,489,305	4.5
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	939,000	550,373	1,489,373	4.5

Notes:
[a] Includes accrued interest
[b] Required coverage is 1.5% of average of actual non-advalorem revenues over prior two years
[c] Operating expenses are personal services and operating expenses.
[d] Required coverage is 1.1%

CITY OF STUART, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Fiscal Year	City Population[a]	City Personal Income	Martin County Per Capita Personal Income[b]	Martin County Unemployment Rate[c]
2012	15,725	$ 1,051,939,600	$ 66,896	8.3%
2013	15,814	1,003,398,300	63,450	7.3%
2014	15,972	1,046,980,572	65,551	6.2%
2015	16,110	1,146,983,670	71,197	5.2%
2016	16,148	1,183,583,808	73,296	4.8%
2017	16,183	1,280,140,032	79,104	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	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

2021 and nine years ago

	2021		
Employer	Employees	Rank	Percentage of Total County Employment
Cleveland Clinic	3,189	1	4.13%
Martin County School District	2,499	2	3.23%
Martin County	1,813	3	2.35%
STS Holdings	1,639	4	2.12%
Publix Supermarkets	1,253	5	1.62%
NuCo2	1,075	6	1.39%
Seacoast National Bank	1,000	7	1.29%
GL Staffing Services	1,000	8	1.29%
Visiting Nurses Association of Florida	964	9	1.25%
State of Florida	612	10	0.79%
Total	15,044		19.46%
Total County Employees	77,305		

	2012		
	Employees	Rank	Percentage of Total County Employment
Martin Health Systems	2,783	1	4.41%
Martin County School District	2,590	2	4.11%
Martin County	1,565	3	2.48%
State of Florida	580	4	0.92%
Triumph Group - Vought Aircraft Division	408	5	0.65%
Turbocombustor Technology	396	6	0.63%
Liberator Medical Holdings, Inc..	340	7	0.54%
Seacoast National Bank	294	8	0.47%
Louis Dreyfus Commodities	250	9	0.40%
City of Stuart	232	10	0.37%
Total	9,438		14.98%
Total County Employees	63,073		

Sources: The labor force figures are from the Florida Department of Economic Opportunity. The Business Development Board data includes information for only their targeted industries which may not include businesses that have been included on this list in the past such as Lowes, Publix, Winn-Dixie, etc.. More information on their targeted industries can be found on their website http://www.yesmartinfl.com.

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

CITY OF STUART, FLORIDA

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
General government										
City Commission	5	5	5	5	5	5	5	5	5	5
City Manager	3	2	3	4	4	3	3	2	3	3
City Attorney	2	2	2	2	2	2	2	2	2	2
Human Resources	3	3	3	3	3	3	3	3	2	2
City Clerk	2	2	2	2	2	1	1	1	1	1
Financial Services	9	9	9	9	9	9	13	13	13	13
Information Services	5	5	4	4	4	4	4	4	4	4
Development	12	12	11	11	11	11	11	8	8	11
Public Safety										
Police	63	63	64	64	64	63	62	64	64	60
Fire / Rescue	48	45	45	45	43	43	43	43	43	42
Physical Environment										
Vehicle Maintenance	4	4	3	4	3	3	3	3	3	3
Building Maintenance	9	8	7	6	6	6	6	5	5	5
Turf & Grounds	10	11	13	12	14	14	14	14	14	13
Water & Sewer General	10	10	9	10	10	9	9	9	9	8
Water Treatment	10	10	10	10	10	10	10	10	10	10
Waste Water Treatment	9	7	9	9	9	9	9	9	9	9
Distribution & Collection	11	13	11	10	10	10	8	9	9	9
Utility Customer Service	5	5	5	5	5	5	-	-	-	-
Residential Collection	2	2	2	2	3	3	2	2	2	2
Commercial Sanitation	9	9	9	9	8	8	8	8	8	8
Trash Collection	3	3	3	2	2	2	2	2	2	2
Stormwater	3	3	3	3	3	3	4	3	3	3
Transportation										
Streets	8	8	7	8	6	6	6	6	6	6
Economic Environment										
Legislative and Economic	-	-	-	-	-	-	3	-	-	-
Community Redevelopment	-	-	-	-	-	2	3	3	3	3
Community Services										
Community Services	9	9	9	9	10	9	-	-	-	-
Recreation	-	-	-	-	-	-	4	7	7	7
Parks	3	3	2	2	1	1	1	1	1	2
Total	257	253	250	250	247	244	239	236	236	233

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Police										
Physical arrests	444	557	667	915	851	832	846	1,136	1,231	1,326
Parking violations	1,159	1,472	1,956	1,448	1,339	1,094	1,025	480	344	1,168
Traffic violations	1,542	2,030	2,756	2,937	2,568	2,116	2,457	2,263	3,882	5,501
Fire										
Emergency responses	7,678	7,134	6,175	6,031	5,824	6,060	5,526	5,264	4,887	3,510
Fires extinguished	81	69	60	88	61	69	87	57	78	44
Fire inspections	821	924	952	725	1,081	1,310	1,769	822	954	1,181
Refuse Collection										
Refuse collected (tons per day)	87	85	86	76	77	71	53	60	58	56
Customers	4,552	4,234	4,238	3,922	3,876	3,607	3,579	3,843	3,784	3,725
Other Public Works										
Street resurfacing (miles)	3.08	2.72	2.56	-	-	-	4.75	3.00	-	4.55
Potholes repaired	214	235	148	251	141	105	85	25	45	80
Development										
Building permits issued	2,595	2,448	2,354	2,313	2,314	2,243	1,758	3,073	2,102	1,131
Building inspections	9,767	6,903	7,194	8,182	5,522	4,818	3,949	4,915	3,867	2,819
Plan reviews	7,503	6,413	6,996	6,930	7,703	6,652	5,324	9,836	4,918	-
Community Services[a]										
Athletic field reservations	1,559	1,172	631	367	438	334	383	65	46	27
Pavilion & Stage reservations	744	118	217	196	255	222	227	440	370	300
CC rental reservations	2,665	76	36	24	28	27	67	293	163	33
Special events public permits	210	197	251	118	103	68	190	184	192	193
Special events private permits	35	27	51	36	34	49	76	138	126	56
Special events banner permits	292	254	301	199	212	195	199	227	220	202
d Park - public property attendance	196,950	61,500	104,955	183,330	155,600	208,310	287,450	208,963	191,550	174,136
Pavilion & Stage Attendance		1,180	4,169	3,004	3,286	12,231	11,180	19,272	16,206	13,140
Water										
New connections	16	252	31	15	9	14	8	11	17	23
Water mains breaks	6	4	8	8	5	7	2	-	1	2
Average daily consumption	162	161	166	170	170	168	167	168	171	174
Metered services	4,578	4,553	4,483	4,452	4,437	4,428	4,250	4,355	4,285	4,215
Wastewater										
Average daily sewage treatment[b] (Gallons Per Day/Per Customer)	544	638	596	636	681	709	654	1,513	821	129
Customers	3,218	3,015	2,729	2,595	2,486	2,397	2,330	2,247	2,009	1,771
Transit										
Total miles on route per shift	20	18	22	46	35	35	10	10	10	10
Passengers	28,745	18,609	41,225	47,800	48,120	45,665	n/a	29,343	22,447	15,551

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 differinciate the attendance between a special event vs a regualr park rental so those numbers have been combined

CITY OF STUART, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Function/Program										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (avg. per shift)	5	5	5	5	5	5	5	5	5	5
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Refuse collection										
Collection trucks	14	14	14	13	13	13	13	13	11	11
Other public works										
Streets (miles)	120	120	120	120	100	100	100	100	100	100
Streetlights	532	532	532	500	461	455	455	455	455	455
Traffic signals	12	12	12	22	35	35	35	35	35	43
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
Community parks	-	-	-	-	-	-	-	-	-	-
Community mini/urban parks	-	-	-	-	-	-	-	-	-	-
Baseball/softball diamonds	1	1	1	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	1	1	1	1	1	1	1	1	1	1
Water										
Fire hydrants[b]	565	565	565	561	561	495	495	495	495	492
Storage capacity (million gal)	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater sewers (miles)	126	126	126	124	120	70	70	70	69	66
Treatment capacity (million gal)	4	4	4	4	4	4	4	4	4	4
Stormwater										
Stormwater sewers (miles)	21	21	21	21	21	21	21	21	21	21
Transit-minibuses										
Downtown Courtesy Tram	7	7	7	6	6	5	3	3	2	1

Source: Various City departments.

Notes: [a] At the end of FY2009 Parks and Recreation changed its name to Community Services
[b] City, County and privately owned within City limits

COMPLIANCE SECTION

MSL
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2022.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements, and contracts, noncompliance with which could have a direct and material effect on the 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*.

Pursuant to provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated April 27, 2022.

Purpose of this Report

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 27, 2022

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY CHAPTER 10.550, *RULES OF THE AUDITOR GENERAL*

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

Report on Compliance for Each Major State Project

We have audited the compliance of City of Stuart, Florida (the City) with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2021. The City's major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs and state projects for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General,* but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General*

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 27, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis, as required by Chapter 10.550, *Rules of the Auditor General,* and is not a required part of the basic financial statements.

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

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General (Continued)*

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 27, 2022

CITY OF STUART, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2021

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	**Unmodified Opinion**	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

State Financial Assistance

Internal control over major programs/projects:		
• Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified?	___ Yes	_X_ None reported
Type of report issued on compliance for major state projects:	**Unmodified Opinion**	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, *Rules of the Auditor General?*	___ Yes	_X_ No

Identification of Major State Projects:

CSFA Numbers	Name of State Projects
37.076	Drinking Water Facility Construction

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

State $300,000

CITY OF STUART, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(CONTINUED)*

For the Year Ended September 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

No matters are reported.

SECTION IV - PRIOR-YEAR AUDIT FINDINGS

Prior year's financial statement finding, IC 2020-001 – Financial Software Update, has been resolved.

City of Stuart, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2021

Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Identification Number	Expenditures
U.S. Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Fund			
Passed through Florida Department of Environmental Protection			
State Revolving Fund - Financial Assistance	66.468	DW430431	$ 107,713
Total U.S. Environmental Protection Agency			107,713
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance			
Passed-through Florida Division of Emergency Management:			
CARES Act	21.019	Y2281	293,260
Total Department of Homeland Security			293,260
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 400,973

STATE FINANCIAL ASSISTANCE

Grantor/Pass-Through Grantor/Program or Cluster Title	CSFA Number	Identification Number	Expenditures
Florida Department of Transportation			
General Program Support - City of Stuart Free Tram Service			
Marketing Grant	55.012	G1J12	$ 3,542
Total Florida Department of Transportation			3,542
Florida Department of Environmental Protection			
State Revolving Fund - Drinking Water Facility Construction	37.076	DW430430	165,555
State Revolving Fund - Monterey Subdivision	37.076	DW430440	654,705
State Revolving Fund - RO Facility	37.039	LPA0046	84,858
Total Florida Department of Envionmental Protection			905,118
Florida Department of Economic Opportunity			
Federal Highway Corridor	40.024	P0397	38,000
Total Florida Department of Economic Opporunity			38,000
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			$ 946,660

City of Stuart, Florida
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2021

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Note 4 – Loans

The City has outstanding loans issued through the Florida Department of Environmental Protection. The outstanding balances as of September 30, 2021 are:

	Beginning Balance	Additions	Reductions	Ending Balance
SRF Loan 430400 - 2010	$ 1,642,234	$ -	$ (139,149)	$ 1,503,085
SRF Loan 430410 - 2015	4,789,954	-	(247,487)	4,542,467
SRF Loan 430420 - 2019	1,893,372	-	(93,594)	1,799,778
SRF Loan 430430 - 2019	602,820	172,849	-	775,669
SRF Loan 430431	569,950	344,563	-	914,513
Total loans payable	$ 9,498,330	$ 517,412	$ (480,230)	$ 9,535,512

Note 5 – Contingencies

The grant amounts received are subject to audit and adjustment. If any expenditures are disallowed by a grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability to the City. Based upon prior experience, the City does not believe such disallowances, if any, would have a material effect on the financial position of the City. As of September 30, 2021, 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.

MSL
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Stuart, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2021. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City is in accordance with those requirements, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 27, 2022

MSL
Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Stuart, Florida (the City) as of and for the year ended September 30, 2021, and have issued our report thereon dated April 27, 2022.

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 and Chapter 10.550, *Rules of the Auditor General.*

Other Reporting Requirements

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control over Compliance and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, *Rules of the Auditor General;* Schedule of Findings and Questioned Costs; and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General.* Disclosures in those reports and schedule 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. Corrective actions were made to address MLC 2020-001, Continuing Education (Investments), and consider the finding resolved.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General,* requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. The information below has not been subject to auditing procedures, therefore no assurance is given on the provided information.

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 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 zero.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as zero.
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 zero.

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

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.
c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as zero.
d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $57,855.
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:

   The Housing Authority of the City of Stuart, Florida fiscal year end March 31, 2021 (variance high percentage is due to HUD's Cares Act Funding calculated into the budget at the end of the year):

   Conventional Housing Program variance: 220.0%
   Section 8 Program: 311.0%
   Affordable Housing Program: 1.99%

Additional Matters

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

Purpose of this Letter

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

MSL, P.A.

Certified Public Accountants

Orlando, Florida
April 27, 2022