City of Stuart, Florida

Fiscal Year Ended September 30, 2015

Comprehensive Annual Financial Report

Louis J. Boglioli III, CGFO
Financial Services Director

Paul J. Nicoletti
City Manager

CITY OF STUART, FLORIDA

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2015

Prepared by:
Department of Finance

CITY OF STUART, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2015
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City of Stuart

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

May 27, 2016

To the Honorable Mayor Jeffrey Krauskopf,
Members of the City Commission, and Citizens of the City of Stuart, Florida

State law requires that all local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Stuart for the fiscal year ended September 30, 2015.

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 of 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 Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Stuart for the fiscal year ended September 30, 2015, 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, 2015 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 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 2010 population of the City was 17,004, and the 2010 Census reports the population was just over 15,000. The

geographical jurisdiction of the City encompasses approximately 8.8 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 appropriated by the City Commission.

The City of Stuart has operated under the Commission-manager form of government since inception. Policy making and legislative authority are vested in a governing commission consisting of the mayor and four other 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 the hiring of 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 protection, public works, recreation and park facilities, building, planning and zoning services, economic and community development, and emergency management. In addition, the City operates the Water and Sewer Utility, Stormwater Utility and Solid Waste Services as enterprise activities and the Stuart Community Redevelopment Agency as a Special 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 unit. 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.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment with which the City of Stuart operates.

Local Economy

The City of Stuart's current economic environment remains slow and flat, as is with most of Florida. The City is comprised of commercial properties and also a broad residential housing stock with prices covering a full range. The housing stock includes a mix of single family homes, apartment buildings, and condominiums which are kept in good condition through the efforts of property owners and strong City code enforcement activities.

The economic condition of the area has improved during the past year, and the City was able to maintain its level of service with no increase in the millage rate. Property tax valuations held steady and property tax revenues increased slightly.

Long-term Financial Planning

The City of Stuart's Commission has directed staff to eliminate as much short-term debt as possible and to avoid any future short-term borrowings or capital financing whenever possible. To that end, the City did not finance any operations with short term loans or notes in the General Fund. The City did, however, join the Florida State Revolving Fund program to finance a portion of the reclaimed water service expansion program and plans to make an additional draw from the SRF. The City maintains a 90-day operating reserve as well as designations of fund balances and net assets to provide for capital purchases and future expansion.

The City maintains a Comprehensive Plan as required by Florida State Statutes, which incorporates a "Capital Improvement Element" identifying future capital needs, as well as earmarked funding sources, comprised of grants, reserves, and special revenue sources such as the voter approved half-cent discretionary surtax to be used for infrastructure enhancements.

Relevant Financial Policies

The City reviews and adopts a Fiscal Policy with each 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 denotes 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 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 as these budgetary related issues, 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, for which the City also maintains separate, external polices.

Major Initiatives

During fiscal year 2015, 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:

- In 2015, the City Commission approved a land lease for the "Triangle Property" in downtown Stuart, adjacent to City Hall. The plan is to develop an apartment complex on the site. Construction is expected to begin in fiscal year 2017.
- The City continued major strides in the Sewer Expansion program geared towards improving river water quality by eliminating as many residential septic units as possible and encouraging customers to invest in sanitary water reclamation units.
- Additionally, the radio read metering system has been complete. All meters are now read remotely utilizing the radio read. This provides more timely and accurate billing, as well as more responsive customer service.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Stuart for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. This was the fourteenth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2015 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Financial Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. The unconditional cooperation of the other department directors and their staff is also greatly appreciated.

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

Sincere appreciation is also expressed to the City Commission for their leadership, and support in matters pertaining to the financial affairs of the City.

Respectfully submitted,

Paul J. Nicoletti, City Manager

Louis J. Boglioli, CGFO, Financial Services Director

City Commission
City Attorney
City Manager
CRA
City Clerk
Development
Human Resources
Financial Services
Fire Resue
Information Services
Police
Public Works

City Commission

Mayor – Commissioner	Kelli Glass-Leighton
Vice-Mayor – Commissioner	Jeffrey A. Krauskopf
Commissioner	Thomas F. Campenni
Commissioner	Eula R. Clarke
Commissioner	Troy A. McDonald

Appointed Officials

Paul J. Nicoletti - City Manager

Michael J. Mortell - City Attorney

Department Directors

Samuel T. Amerson	Public Works Director
Louis J. Boglioli, III	Financial Services Director
James E. Chrulski	Community Services Director
David A. Dyal, Jr.	Fire Chief
David E. Dyess	Chief of Police
Kevin B. Edwards	Information Services Director
Terrance W. O'Neil	Development Director
Linda J. Toppi	Human Resources Director
Cheryl A. White	City Clerk

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Stuart

Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

Honorable Mayor, City Commission, and City Manager
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, 2015, 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 auditor's judgment, including the assessment of 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 entity'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 entity'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 16 to the basic financial statements, effective October 1, 2014, the City adopted Governmental Accounting Standards ("GASB") Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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, combining fund statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining fund statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 fund statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.
The introductory and statistical sections 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 May 25, 2016 on our consideration of the City's internal control over financial reporting and 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 the 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.

Cherry Bekaert LLP

Orlando, Florida
May 25, 2016

Management's Discussion and Analysis

As management of the City of Stuart, we offer readers of the City of Stuart's financial statements this narrative overview and analysis of the financial activities of the City of Stuart for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City of Stuart exceeded its liabilities at the close of the most recent fiscal year by $124,659,969 (*net position*). This is a reduction from the prior year due to a restatement to include the net pension liability.
- The City of Stuart's total net position increased by $1,393,502 from the restated beginning net position for fiscal year 2014. The restatement decreased the beginning net position by $14,622,626. The restatement of net position for October 1, 2014, was required upon adoption of Governmental Accounting Standards Board (GASB) Statements No. 68 and 71, which require the City to record net pension liability and deferred inflows/outflows related to its portion of future liabilities for the Florida Retirement System (FRS) defined benefit pension plan.
- Net position of the governmental activities increased by $553,677 through 2015 operations.
- Net position of the business-type activities increased by $839,825 through 2015 operations.
- As of the close of the current fiscal year, the City of Stuart's governmental funds reported a combined ending fund balance of $13,186,465, an increase of $1,243,265 in comparison with the prior year. The governmental funds reflect $2,013,263 in non-spendable, $5,438,363 in restricted and $3,517,264 in assigned fund balances, leaving an unassigned fund balance of $2,217,575.
- At the end of the current fiscal year, unassigned fund balance for the General Fund is $3,454,760. When this amount is combined with the $1,979,920 representing an inter-fund loan to the Property Management fund for a building owned by the City, it brings total unassigned fund balance to $5,434,680, or 26 percent of fiscal year 2015 General Fund operating expenditures.
- The City of Stuart's total outstanding long-term debt decreased by $989,721 during the fiscal year. The City acquired a new loan through the State of Florida for water system expansion for $719,988.

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 other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets, liabilities, and deferred

inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Stuart 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 of Stuart include general government, public safety, public works, parks and recreation. The business-type activities of the City include water and sewer utility, sanitation services, and stormwater enterprise.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The 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 funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains five 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 four special revenue funds. Only the General Fund, the Property Management Fund, and the CRA (Community Redevelopment Agency) Fund are to be considered major funds. Data from the other funds is combined into a single, aggregated presentation. Individual fund data for each of the nonmajor special revenue funds is provided in the form of combining statements elsewhere in this report.

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

*Proprietary funds***.** The City maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, sanitation, and stormwater enterprises.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. 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.

The combining and individual fund statements and schedule referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

The City's total net position balance of $124,659,969 at September 30, 2015 is a 9.6 percent, or $13,229,124, decrease compared to the 2014 balance of $137,889,093. The decrease in net position is a result of the implementation of GASB Statements No. 68 and 71, which reduced beginning net position by $14,622,626. Changes in net position over time can be one of the best and most useful indicators of financial position. Governmental activities net position decreased by $11,955,989, and business-type activities decreased by $1,273,135.

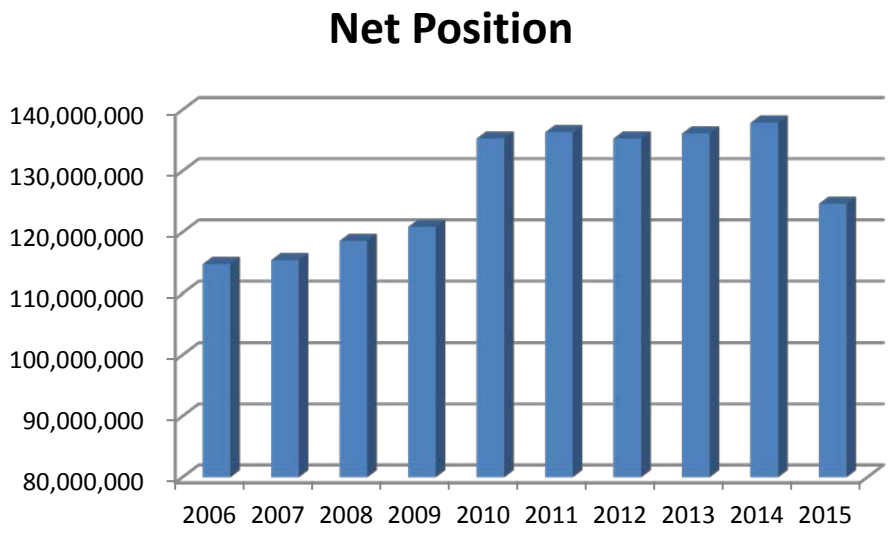
By far, the largest portion of the City's net position ($116,339,077 or 93 percent) reflects its investment in capital assets (e.g., land, land improvements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, and construction in progress), less 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 is 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.

CITY OF STUART, FLORIDA
Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	$16,412,788	$14,245,085	$15,207,058	$13,852,391	$ 31,619,846	$ 28,097,476
Capital assets	84,264,310	86,309,651	64,913,345	65,067,488	149,177,655	151,377,139
Total assets	100,677,098	100,554,736	80,120,403	78,919,879	180,797,501	179,474,615
Deferred outflows of resources	1,880,174	-	1,685,115	1,515,671	3,565,289	1,515,671
Liabilities						
Current liabilities	5,126,980	4,193,856	3,784,317	3,182,498	8,911,297	7,376,354
Noncurrent liabilities	23,100,871	12,843,153	24,535,405	22,881,686	47,636,276	35,724,839
Total liabilities	28,227,851	17,037,009	28,319,722	26,064,184	56,547,573	43,101,193
Deferred outflows of resources	2,767,683	-	387,565	-	3,155,248	-
Net position						
Net investment in capital assets	74,741,415	75,991,723	41,597,662	41,557,117	116,339,077	117,548,840
Restricted	5,453,131	5,415,909	3,464,788	3,341,607	8,917,919	8,757,516
Unrestricted	(8,632,808)	2,110,095	8,035,781	9,472,642	(597,027)	11,582,737
Total net position	$71,561,738	$83,517,727	$53,098,231	$54,371,366	$124,659,969	$137,889,093

An additional portion of the City's net position, $8,917,919, represents resources that are restricted for specific uses. The deficit unrestricted net position is a result of implementation of GASB Statements No. 68 and 71.

There was an increase in the restricted net position of $160,403. This increase is attributable to collection of additional impact fees related to the sewer expansion projects.

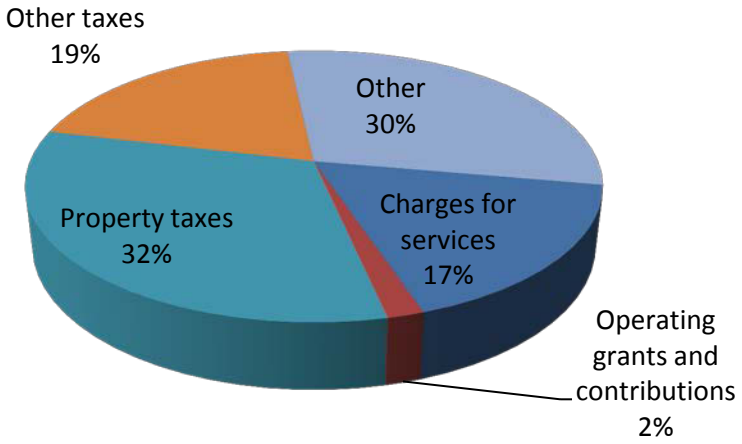


CITY OF STUART, FLORIDA
Changes in Net Position

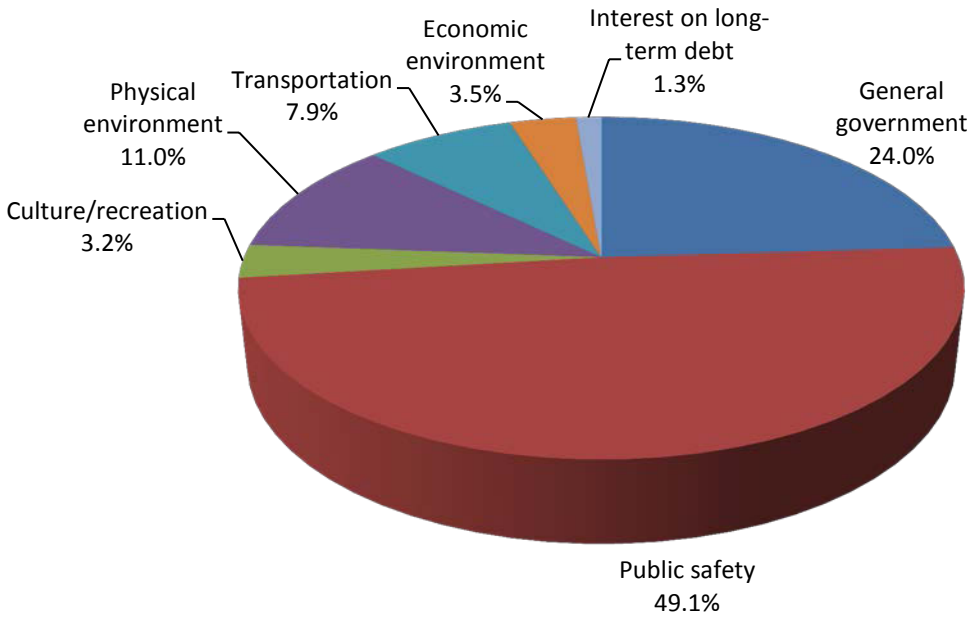
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	$ 3,802,612	$ 2,810,706	$ 15,115,148	$ 15,476,234	$ 18,917,760	$ 18,286,940
Operating grants and contributions	387,363	416,474	-	-	387,363	416,474
Capital grants and contributions	-	-	83,080	850,459	83,080	850,459
General revenues:						
Property taxes	7,179,228	8,895,155	-	-	7,179,228	8,895,155
Other taxes	4,339,279	5,494,828	-	-	4,339,279	5,494,828
Other	6,580,715	4,391,173	81,403	(1,787)	6,662,118	4,389,386
Total revenues	22,289,197	22,008,336	15,279,631	16,324,906	37,568,828	38,333,242
Expenses:						
General government	5,438,575	5,591,406	-	-	5,438,575	5,591,406
Public safety	11,110,143	11,586,159	-	-	11,110,143	11,586,159
Culture/recreation	713,530	1,195,249	-	-	713,530	1,195,249
Physical environment	2,496,634	1,988,449	-	-	2,496,634	1,988,449
Transportation	1,795,508	1,252,392	-	-	1,795,508	1,252,392
Economic environment	795,568	765,490	-	-	795,568	765,490
Interest on long-term debt	300,496	551,606	-	-	300,496	551,606
Water and sewer	-	-	8,840,672	8,808,884	8,840,672	8,808,884
Stormwater	-	-	1,165,949	1,200,327	1,165,949	1,200,327
Sanitation	-	-	3,518,251	3,634,336	3,518,251	3,634,336
Total expenses	22,650,454	22,930,751	13,524,872	13,643,547	36,175,326	36,574,298
Increase/(decrease) in net position before transfers	(361,257)	(922,415)	1,754,759	2,681,359	1,393,502	1,758,944
Transfers	914,934	597,380	(914,934)	(597,380)	-	-
Increase/(decrease) in net position	553,677	(325,035)	839,825	2,083,979	1,393,502	1,758,944
Net position, beginning as previously stated	83,517,727	83,842,762	54,371,366	52,287,387	137,889,093	136,130,149
Restatement of net position	(12,509,666)	-	(2,112,960)	-	(14,622,626)	-
Net position - beginning	71,008,061	83,842,762	52,258,406	52,287,387	123,266,467	136,130,149
Net position - ending	$ 71,561,738	$ 83,517,727	$ 53,098,231	$ 54,371,366	$ 124,659,969	$ 137,889,093

Governmental Activities. Governmental activities increased the City's net position by $553,677 due to a reduction in expenses and increase in revenues. Property taxes decreased by $1,715,927 (19.3 percent) from the previous year. This decrease is a result of the decrease in millage rate. The 2015 fiscal year millage in effect was 4.552 compared to 4.802 in fiscal year 2014. The City adopted a Fire Assessment fee in 2015, which increased governmental charges for services by $1,145,496. Expenses decreased by $280,297 due primarily to decreases in public safety, culture/recreation and general government.

Revenues by Source - Governmental Activities



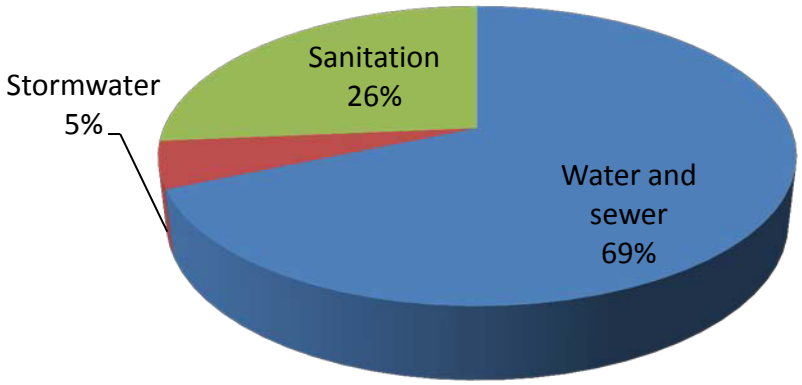
Expenses by Source - Governmental Activities



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, 2015 was $53,098,231, 2.3 percent, or $1,273,135, less than fiscal year 2014. Overall, the Business-type activities generated revenues in excess of expenses in the amount of $839,825. The transfers out increased from $597,380 to $914,934 or $317,544 in contributions to the governmental funds.

Business-type Activites - Revenue by Source



Activity expenses for the Water and Sewer Fund increased from $8,808,884 in 2014 to $8,840,672 in 2015. Through cost controls and further expansion of the radio read system for water meters, the utility was able to constrain expenses to the amount of available revenues. Water and sewer increased its net position by $1,019,221.

Activity expenses for the Sanitation Fund decreased by $116,085, from $3,634,336 in 2014 to $3,518,251 in 2015. This decrease was a result of reduced costs for tipping fees paid to the County as well as service audits conducted this year. Sanitation was able to meet its 6% pledge of revenues to General Fund. Sanitation increased its net position by $239,521.

Activity expenses in the Stormwater Fund decreased from $1,200,327 in 2014 to $1,165,949 in 2015. Stormwater decreased its net position by $418,917.

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 $13,186,465, a total increase of $1,243,265 from the prior year; of which an increase of $1,240,984 is attributable to the General Fund and an increase of $227,355 is attributable the Community Redevelopment Agency Fund (CRA). Unassigned fund balance at 09/30/2015 is $2,217,575 which includes a negative unassigned fund balance of $1,237,185 for the Property Management fund, which includes a note payable to the General fund for the purchase of the "Dockside" property.

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 shown as $3,454,760. 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, plus the inter-fund receivable from the Property Management fund, represents 26 percent of fiscal year 2015 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 $4,724,156, that for the Sanitation Fund was $2,800,284, and that for Stormwater Fund was $511,341. The total increase/(decrease) in net position for these funds was $1,019,221, $239,521, and ($418,917), respectively.

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

General Fund Budgetary Highlights

The difference between the original and final amended expenditure budget for 2015 was an increase of $2,231,144 funded from a combination of unassigned fund balance, grants proceeds being recognized as revenues, contributions from developers, and additional revenues above original budget.

The City generated a positive variance of $3,376,552 between the amended and actual results of operations. Actual revenues were greater than final budget by $2,315,514 due to the collection of additional licenses, permits and impact fees. Actual expenditures during the year were less than the final budgeted expenditures by $2,035,238. This positive variance is due primarily to actual operating costs being less than anticipated and delayed spending for capital projects.

Budget amendments – Differences between the original budget and the final amended budget were $2,383,491. Of this amount, $1,242,831 was due to appropriations approved in fiscal year 2014 that were automatically re-appropriated for fiscal year 2015. The significant budget amendments approved during the fiscal year are:

- $464,668 was appropriated to expand the Riverwalk.
- $200,000 was appropriated to purchase an attack pumper for the fire department.
- $110,600 was appropriated for the purchase and placement of public art water bird sculptures.
- $71,160 was appropriated to replace 20 deteriorated steel piles with concrete piles on the floating dock.

Capital Assets and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2015, amounts to $149,177,655 (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 by 1.5 percent, with a net decrease for governmental funds of $2,045,341 and business-type funds decrease of $154,143.

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

- The City completed the installation of barrier free playground equipment at the Kiwanis Park.
- The City completed $4.0 million in sewer expansion projects at Pelican, Osceola, Riverview and Cabana Point.

- The City completed two stormwater drainage projects for $246,373 on South Carolina and North Fork.
- The City purchased several new sanitation refuse trucks for $370,023.
- The City purchased thirteen vehicles in accordance with its vehicle replacement policy for $338,697.
- The City acquired over $65,000 on technology improvements including servers, client computers and "backbone" hardware.

City of Stuart - Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 7,139,262	$ 7,138,720	$ 5,981,083	$ 5,981,083	$ 13,120,345	$ 13,119,803
Buildings and improvements	12,408,754	12,970,245	494,267	508,644	12,903,021	13,478,889
Improvements other than buildings	12,452,993	13,033,522	52,968,531	50,579,144	65,421,524	63,612,666
Equipment	1,267,636	1,230,344	1,918,646	1,856,476	3,186,282	3,086,820
Infrastructure	49,874,162	51,157,276	398,927	266,176	50,273,089	51,423,452
Construction in progress	1,121,503	779,544	3,151,891	5,875,965	4,273,394	6,655,509
	$ 84,264,310	$ 86,309,651	$ 64,913,345	$ 65,067,488	$ 149,177,655	$ 151,377,139

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

Long-term Debt. At the end of the current fiscal year, the City of Stuart had debt outstanding of $32,838,578. This amount represents revenue bond debt and loans, and is secured solely by specified revenue sources. Other long-term liabilities at the end of the current fiscal year included $2,765,044 in compensated absences, and $2,418,708 for other post-employment benefits (OPEB).

City of Stuart - Bonded Debt Outstanding

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation bonds	$ 6,640,000	$ 6,900,000	$ -	$ -	$ 6,640,000	$ 6,900,000
Tax Increment Financing bonds	844,632	1,102,936	-	-	844,632	1,102,936
Revenue bonds and notes	2,038,263	2,314,992	20,305,780	21,100,008	22,344,043	23,415,000
Loans Payable		-	3,009,903	2,410,363	3,009,903	2,410,363
	$ 9,522,895	$10,317,928	$23,315,683	$23,510,371	$32,838,578	$33,828,299

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 slightly for the 2016 fiscal year calculation, and now are conservatively projected to grow approximately 3% for the upcoming 2017 budget.
- The City continued participation in the Employee Wellness Clinic has been a growing success and alleviating some of the burden on the City's self-insured health benefits program.
- 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 Florida legislature mandated contributions to the State pension plan (FRS) from employers in 2013, the net pension unfunded liability reported in the government-wide statements may cause increases to pension contributions for the foreseeable future.

All of these factors were considered in preparing the City's budget for the 2016 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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BASIC FINANCIAL STATEMENTS

CITY OF STUART, FLORIDA
STATEMENT OF NET POSITION

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash and cash equivalents	$ 5,090,282	$ 6,320,738	$ 11,411,020
Investments	9,824,154	3,709,716	13,533,870
Accounts receivable, net	806,640	3,032,833	3,839,473
Due from other governments	658,369	153,060	811,429
Inventories	33,343	-	33,343
Restricted cash and cash equivalents	-	1,482,239	1,482,239
Restricted investments	-	508,472	508,472
Capital assets net of accumulated depreciation:			
Nondepreciable	8,260,765	9,132,974	17,393,739
Depreciable	76,003,545	55,780,371	131,783,916
Total assets	100,677,098	80,120,403	180,797,501
Deferred outflows of resources			
Losses on refundings	-	1,392,947	1,392,947
Related to pensions	1,880,174	292,168	2,172,342
Total deferred outflows of resources	1,880,174	1,685,115	3,565,289
LIABILITIES			
Accounts payable	637,151	860,958	1,498,109
Accrued liabilities	1,181,218	210,545	1,391,763
Due to other governments	237	-	237
Unearned revenue	956,248	185,952	1,142,200
Customer deposits	131,693	955,429	1,087,122
Accrued interest	77,443	421,088	498,531
Other liabilities	41,639	-	41,639
Claims payable	215,597	-	215,597
Net pension liability	10,768,870	1,881,175	12,650,045
Long-term liabilities:			
Due within one year	1,885,754	1,150,345	3,036,099
Due in more than one year	12,332,001	22,654,230	34,986,231
Total liabilities	28,227,851	28,319,722	56,547,573
Deferred inflows of resources			
Related to pensions	2,767,683	387,565	3,155,248
Net position			
Net investment in capital assets	74,741,415	41,597,662	116,339,077
Restricted for:			
Infrastructure improvement	1,462,732	-	1,462,732
Renewal and replacement	-	450,177	450,177
Building permits	1,250,074	-	1,250,074
Impact fees requirements	1,272,899	2,832,773	4,105,672
Law enforcement	117,682	-	117,682
Health insurance	62,240	-	62,240
Grant programs	23,090	-	23,090
SRF reserve	-	181,838	181,838
Community development	1,264,414	-	1,264,414
Unrestricted	(8,632,808)	8,035,781	(597,027)
Total net position	$ 71,561,738	$ 53,098,231	$ 124,659,969

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

CITY OF STUART, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 5,438,575	$ 960,569	$ -	$ -	$ (4,478,006)	$ -	$ (4,478,006)
Public safety	11,110,143	2,632,773	72,601	-	(8,404,769)	-	(8,404,769)
Culture/recreation	713,530	78,053	266,232	-	(369,245)	-	(369,245)
Physical environment	2,496,634	25,931	-	-	(2,470,703)	-	(2,470,703)
Transportation	1,795,508	105,286	48,530	-	(1,641,692)	-	(1,641,692)
Economic environment	795,568	-	-	-	(795,568)	-	(795,568)
Interest on long-term debt	300,496	-	-	-	(300,496)	-	(300,496)
Total governmental activities	22,650,454	3,802,612	387,363	-	(18,460,479)	-	(18,460,479)
Business-type activities:							
Water and sewer	8,840,672	10,365,256	-	83,080	-	1,607,664	1,607,664
Stormwater	1,165,949	762,610	-	-	-	(403,339)	(403,339)
Sanitation	3,518,251	3,987,282	-	-	-	469,031	469,031
Total business-type activities	13,524,872	15,115,148	-	83,080	-	1,673,356	1,673,356
Total	$ 36,175,326	$ 18,917,760	$ 387,363	$ 83,080	(18,460,479)	1,673,356	(16,787,123)
General revenues:							
Property taxes					7,179,228	-	7,179,228
Utility taxes					2,609,887	-	2,609,887
Franchise fees based on gross receipts					1,720,135	-	1,720,135
Sales taxes					1,627,497	-	1,627,497
Unrestricted intergovernmental revenues					2,509,226	-	2,509,226
Local business tax					600,558	-	600,558
Fuel taxes					391,089	-	391,089
Miscellaneous and other taxes					1,341,578	17,001	1,358,579
Unrestricted investment earnings					99,894	58,543	158,437
Gain on sale of capital assets					20,130	5,859	25,989
Transfers					914,934	(914,934)	-
Total general revenues and transfers					19,014,156	(833,531)	18,180,625
Change in net position					553,677	839,825	1,393,502
Net position - beginning					83,517,727	54,371,366	137,889,093
Restatement (Note 16)					(12,509,666)	(2,112,960)	(14,622,626)
Net position - beginning, as restated					71,008,061	52,258,406	123,266,467
Net position- ending					$ 71,561,738	$ 53,098,231	$ 124,659,969

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

CITY OF STUART, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General Fund	Community Redevelopment Agency	Property Management Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,823,830	$ 917,838	$ 343,396	$ 5,218	$ 5,090,282
Investments	7,590,138	340,294	433,856	1,459,866	9,824,154
Accounts receivable, net	556,854	-	249,786	-	806,640
Advance to other fund	1,979,920	-	-	-	1,979,920
Inventories	33,343	-	-	-	33,343
Due from other governments	623,369	35,000	-	-	658,369
Total assets	$ 14,607,454	$ 1,293,132	$ 1,027,038	$ 1,465,084	$ 18,392,708
LIABILITIES					
Accounts payable	$ 618,826	$ 14,544	$ 3,781	$ -	$ 637,151
Accrued liabilities	1,164,692	16,526	-	-	1,181,218
Advance from other fund	-	-	1,979,920	-	1,979,920
Due to other governments	-	-	237	-	237
Unearned revenue	919,100	-	37,148	-	956,248
Customer deposits	131,693	-	-	-	131,693
Other liabilities	-	-	-	-	-
Matured bonds payable	41,639	-	-	-	41,639
Total liabilities	2,875,950	31,070	2,021,086	-	4,928,106
Deferred inflows of resources					
Unavailable revenue	-	35,000	243,137	-	278,137
Fund balances					
Nonspendable:					
Inventories	33,343	-	-	-	33,343
Advance to other fund	1,979,920	-	-	-	1,979,920
Restricted:					
Building permits	1,270,306	-	-	-	1,270,306
Infrastructure improvement	-	-	-	1,462,732	1,462,732
Impact fee requirements	1,272,899	-	-	-	1,272,899
Law enforcement	117,682	-	-	-	117,682
Health insurance	62,240	-	-	-	62,240
Grant programs	23,090	-	-	-	23,090
Community development	-	1,227,062	-	2,352	1,229,414
Assigned:					
Health insurance reserve	937,760	-	-	-	937,760
Capital replacement reserve	631,710	-	-	-	631,710
Contractual obligations	1,767,470	-	-	-	1,767,470
Landfill closure	54,439	-	-	-	54,439
Tree replacement	125,885	-	-	-	125,885
Unassigned	3,454,760	-	(1,237,185)	-	2,217,575
Total fund balances (deficit)	11,731,504	1,227,062	(1,237,185)	1,465,084	13,186,465
Total liabilities, deferred inflows and fund balances	$ 14,607,454	$ 1,293,132	$ 1,027,038	$ 1,465,084	$ 18,392,708

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

CITY OF STUART, FLORIDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:		
Ending fund balance - governmental funds		$ 13,186,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 7,139,262	
Construction in progress	1,121,503	
Buildings and improvements, net of $4,967,961 accumulated depreciation	12,408,754	
Improvements other than buildings, net of $7,615,209 accumulated depreciation	12,452,993	
Equipment, net of $7,341,091 accumulated depreciation	1,267,636	
Infrastructure, net of $30,722,320 accumulated depreciation	49,874,162	
Total capital assets, net		84,264,310
Amounts to be collected under long-term receivables are not available to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		278,137
Net pension liability and related deferred inflows and outflows are long-term in nature and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	1,880,174	
Deferred inflows related to pensions	(2,767,683)	
Net pension liability	(10,768,870)	
Total pension related		(11,656,379)
Long-term liabilities, including bonds and notes and other postemployment benifits payable, are not due and payable in the current period and, therefore, are not reported in the funds. Interest expense on long-term debt is not accrued in the governmental funds but rather is recognized when due. Accrued compensated absences, judgements and claims payable are not accrued in the governmental funds but, rather, are recognized when paid. These liabilities, both current and long-term, consist of:		
Bonds and notes payable	(9,522,895)	
Claims payable	(215,597)	
Compensated absences	(2,276,152)	
Other postemployment benefits payable	(2,418,708)	
Accrued interest on long-term debt	(77,443)	
Total liabilities		(14,510,795)
Net position of governmental activities		$ 71,561,738

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

CITY OF STUART, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Community Redevelopment Agency	Property Management Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	$ 7,192,558	$ -	$ -	$ -	$ 7,192,558
Intergovernmental	4,134,430	762,951	-	-	4,897,381
Utility taxes	2,609,887	-	-	-	2,609,887
Franchise fees	1,720,135	-	-	-	1,720,135
Charges for services	1,357,884	-	-	-	1,357,884
Assessments	1,145,496	-	-	-	1,145,496
Licenses and permits	946,217	-	-	-	946,217
Local business tax	600,558	-	-	-	600,558
Impact fees	193,625	-	-	-	193,625
Fines and forfeitures	183,427	-	-	-	183,427
Interest	73,463	3,606	4,353	18,472	99,894
Rental Income	38,120	-	939,741	-	977,861
Miscellaneous	365,447	840	223	-	366,510
Total revenues	20,561,247	767,397	944,317	18,472	22,291,433
Expenditures					
Current:					
General government	4,011,401	-	127,549	-	4,138,950
Public safety	10,858,816	-	-	-	10,858,816
Culture/recreation	823,751	-	-	-	823,751
Physical environment	2,119,118	-	-	-	2,119,118
Transportation	1,259,557	-	-	-	1,259,557
Economic environment	-	485,608	-	-	485,608
Capital outlay	1,140,134	-	16,109	-	1,156,243
Debt service:					
Principal	355,772	428,261	-	-	784,033
Interest	228,168	97,784	-	-	325,952
Other debt service costs	11,074	-	-	-	11,074
Total expenditures	20,807,791	1,011,653	143,658	-	21,963,102
Excess (deficiency) of revenues over (under) expenditures	(246,544)	(244,256)	800,659	18,472	328,331
Other financing sources (uses)					
Transfers in	2,033,139	545,611	-	-	2,578,750
Transfers out	(545,611)	(74,000)	(661,545)	(382,660)	(1,663,816)
Total other financing sources (uses)	1,487,528	471,611	(661,545)	(382,660)	914,934
Net change in fund balance (deficit)	1,240,984	227,355	139,114	(364,188)	1,243,265
Fund balance (deficit) - beginning	10,490,520	999,707	(1,376,299)	1,829,272	11,943,200
Fund balance (deficit) - ending	$ 11,731,504	$ 1,227,062	$ (1,237,185)	$ 1,465,084	$ 13,186,465

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

CITY OF STUART, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

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

Net change in fund balances - total governmental funds		$ 1,243,265
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capitalized capital outlay	$ 1,082,222	
Capital asset disposals	(2,019)	
Depreciation	(3,125,544)	
		(2,045,341)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but does not have any effect on net position. This amount is the net effect of the treatment of long-term debt.		795,033
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:		
Decrease in compensated absences	29,277	
Increase in other postemployment benefits payable	(305,009)	
Increase in claims payable	(40,129)	
Difference in recognized revenue	(2,236)	
Decrease in accrued interest on long-term debt	25,530	
Decrease in net pension liability and relate deferred inflows and deferred outflows	853,287	
		560,720
Change in net position of governmental activities		$ 553,677

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

CITY OF STUART, FLORIDA
BALANCE SHEET
PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater	Sanitation	Total Enterprise
ASSETS				
Current assets				
Cash and cash equivalents	$ 3,992,233	$ 107,998	$ 2,220,507	$ 6,320,738
Investments	3,069,847	639,869	-	3,709,716
Accounts receivable, net	2,605,932	151,996	274,905	3,032,833
Due from other funds	-	-	350,312	350,312
Due from other governments	153,060	-	-	153,060
Restricted cash and cash equivalents	1,300,401	-	-	1,300,401
Restricted investments	-	58,295	-	58,295
Total current assets	11,121,473	958,158	2,845,724	14,925,355
Noncurrent assets				
Restricted cash and cash equivalents	181,838	-	-	181,838
Restricted investments	450,177	-	-	450,177
Advance to other fund	-	-	1,000,000	1,000,000
Capital assets:				
Land	72,260	5,834,183	74,640	5,981,083
Construction in progress	3,103,936	19,075	28,880	3,151,891
Buildings and improvements	592,670	-	266,467	859,137
Improvements other than buildings	77,860,376	19,474,604	124,516	97,459,496
Equipment	3,790,510	626,400	2,485,430	6,902,340
Infrastructure	455,916	-	-	455,916
Less accumulated depreciation	(40,662,362)	(7,593,062)	(1,641,094)	(49,896,518)
Total capital assets	45,213,306	18,361,200	1,338,839	64,913,345
Total noncurrent assets	45,845,321	18,361,200	2,338,839	66,545,360
Total assets	56,966,794	19,319,358	5,184,563	81,470,715
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources from losses on refundings	1,392,947	-	-	1,392,947
Related to pension	224,375	5,930	61,863	292,168
Total deferred outflows of resources	1,617,322	5,930	61,863	1,685,115
Total assets and deferred outflows of resources	$ 58,584,116	$ 19,325,288	$ 5,246,426	$ 83,155,830

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

CITY OF STUART, FLORIDA
BALANCE SHEET
PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater	Sanitation	Total Enterprise
LIABILITIES AND NET POSITION				
Current liabilities payable from current assets				
Accounts payable	$ 718,063	$ 16,025	$ 126,870	$ 860,958
Accrued liabilities	157,967	12,255	40,323	210,545
Due to other funds	-	350,312	-	350,312
Unearned revenue	185,952	-	-	185,952
Compensated absences	169,837	5,530	37,370	212,737
Customer deposits	590,984	-	364,445	955,429
Payable from restricted assets:				
Current portion of bonds and loans payable	887,380	50,228	-	937,608
Accrued interest	413,021	8,067	-	421,088
Total current liabilities	3,123,204	442,417	569,008	4,134,629
Noncurrent liabilities				
Advance from other fund	1,000,000	-	-	1,000,000
Loans payable	2,886,523	-	-	2,886,523
Revenue bonds payable, net	18,850,000	641,552	-	19,491,552
Compensated absences	209,798	7,154	59,203	276,155
Net pension liability	1,437,213	47,899	396,063	1,881,175
Total noncurrent liabilities	24,383,534	696,605	455,266	25,535,405
Total liabilities	27,506,738	1,139,022	1,024,274	29,670,034
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	299,031	5,505	83,029	387,565
Total liabilities and deferred inflows	27,805,769	1,144,527	1,107,303	30,057,599
Net position				
Net investment in capital assets	22,589,403	17,669,420	1,338,839	41,597,662
Restricted for:				
Renewal and replacement	450,177	-	-	450,177
SRF reserve	181,838	-	-	181,838
Impact fee requirements	2,832,773	-	-	2,832,773
Unrestricted	4,724,156	511,341	2,800,284	8,035,781
Total net position	30,778,347	18,180,761	4,139,123	53,098,231
Total liabilities, deferred inflows of resources and net position	$ 58,584,116	$ 19,325,288	$ 5,246,426	$ 83,155,830

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

CITY OF STUART, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater	Sanitation	Total Enterprise
Operating revenues				
Charges for services	$ 10,365,256	$ 762,610	$ 3,987,282	$ 15,115,148
Total operating revenues	10,365,256	762,610	3,987,282	15,115,148
Operating expenses				
Personal services	3,099,286	278,312	890,789	4,268,387
Operating	2,626,105	202,837	2,403,308	5,232,250
Depreciation	2,293,180	675,121	224,910	3,193,211
Pension liability adjustment	(118,642)	(9,586)	(8,159)	(136,387)
Total operating expenses	7,899,929	1,146,684	3,510,848	12,557,461
Operating income (loss)	2,465,327	(384,074)	476,434	2,557,687
Nonoperating revenues (expenses)				
Interest income	44,068	7,638	6,837	58,543
Interest expense	(932,832)	(18,187)	-	(951,019)
Gain on sale of capital assets	2,792	2,750	317	5,859
Other non-operating revenues (expenses)	(6,842)	14,854	(7,403)	609
Total nonoperating revenues (expenses)	(892,814)	7,055	(249)	(886,008)
Income (loss) before contributions and transfers	1,572,513	(377,019)	476,185	1,671,679
Capital contributions	83,080	-	-	83,080
Transfers out	(636,372)	(41,898)	(236,664)	(914,934)
Change in net position	1,019,221	(418,917)	239,521	839,825
Net position - beginning	31,389,637	18,656,739	4,324,990	54,371,366
Restatement (Note 16)	(1,630,511)	(57,061)	(425,388)	(2,112,960)
Total net position - beginning, as restated	29,759,126	18,599,678	3,899,602	52,258,406
Total net position - ending	$ 30,778,347	$ 18,180,761	$ 4,139,123	$ 53,098,231

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

CITY OF STUART, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Stormwater	Sanitation	Total Enterprise
Operating activities				
Cash received from customers	$ 10,332,819	$ 744,065	$ 4,025,940	$ 15,102,824
Cash payments to suppliers for goods and services	(2,347,918)	(212,898)	(2,394,792)	(4,955,608)
Cash payments to employees for services	(2,948,929)	(265,534)	(872,940)	(4,087,403)
Net cash provided by operating activities	5,035,972	265,633	758,208	6,059,813
Noncapital financing activities				
Transfers out to other funds	(636,372)	(41,898)	(236,664)	(914,934)
Net cash used in noncapital financing activities	(636,372)	(41,898)	(236,664)	(914,934)
Capital and related financing activities				
Acquisition and construction of capital assets	(2,546,111)	(112,232)	(374,866)	(3,033,209)
Principal paid on State Revolving Fund Loan	(120,448)	-	-	(120,448)
Proceeds from State Revolving Fund Loan	608,555	-	-	608,555
Capital contributions and grants	83,080	-	-	83,080
Proceeds from special assessment fees	22,711	-	-	22,711
Principal paid on revenue bonds and notes	(744,000)	(50,228)	-	(794,228)
Interest expense and fiscal agent fees	(810,108)	(18,187)	-	(828,295)
Net cash used in capital and related financing activities	(3,506,321)	(180,647)	(374,866)	(4,061,834)
Investing activities				
Interest income	44,068	7,638	6,837	58,543
Sale of investments	2,793,155	345,878	829,724	3,968,757
Purchase of investments	(2,116,975)	(375,077)	(178,630)	(2,670,682)
Net cash provided by (used in) investing activities	720,248	(21,561)	657,931	1,356,618
Net change in cash and cash equivalents	1,613,527	21,527	804,609	2,439,663
Cash and cash equivalents				
Beginning of year	3,860,945	86,471	1,415,898	5,363,314
End of year	$ 5,474,472	$ 107,998	$ 2,220,507	$ 7,802,977
Cash and cash equivalents classified as:				
Unrestricted assets	$ 3,992,233	$ 107,998	$ 2,220,507	$ 6,320,738
Restricted assets	1,482,239	-	-	1,482,239
	$ 5,474,472	$ 107,998	$ 2,220,507	$ 7,802,977
Reconciliation of operating income (loss) to net cash from operating activities				
Operating income (loss)	$ 2,465,327	$ (384,074)	$ 476,434	$ 2,557,687
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,293,180	675,121	224,910	3,193,211
Nonoperating revenues (expenses)	(25,934)	14,853	(7,403)	(18,484)
Pension liability adjustment	(118,642)	(9,586)	(8,159)	(136,387)
Change in assets and liabilities:				
Accounts receivable	(111,064)	(33,398)	20,105	(124,357)
Accounts payable	278,187	(10,061)	8,516	276,642
Accrued liabilities	143,495	10,803	35,965	190,263
Unearned revenue	81,952	-	-	81,952
Customer deposits	22,609	-	25,956	48,565
Compensated absences	6,862	1,975	(18,116)	(9,279)
Total adjustments	2,570,645	649,707	281,774	3,502,126
Net cash provided by operating activities	$ 5,035,972	$ 265,633	$ 758,208	$ 6,059,813
Supplemental schedule of noncash financing activities:				
Environmental Protection Agency - State Revolving Fund Loan	$ 111,433	$ -	$ -	$ 111,433
Special assessment fees	41,627	$ -	$ -	41,627
Total noncash financing activities	$ 153,060	$ -	$ -	$ 153,060

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

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 9 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 15,718 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, City Attorney and City Clerk.

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 considered to be 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 created in 1986 under Chapter 163, Florida Statutes, for the purpose of carrying out redevelopment activities for certain areas existing in the City. 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. Separate financial statements are not prepared for the CRA.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Financial Reporting Entity (continued)

Related Organizations *(continued)*

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 four 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 particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 post-employment 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 considered to be 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 of 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.

Property Management 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. 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 nonmajor governmental funds:

Community Development Block Grant – This special revenue fund is used to account for the activities related to the Community Development Block Grant, a federal grant used for community development.

Infrastructure tax – This special revenue fund us 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

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

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 general 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, stormwater, and sanitation 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

1. 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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

2. 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.

3. 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 particular 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.

4. Inventories and Prepaid Items

Inventories of materials and supplies in the General Fund are recorded as expenditures when consumed (consumption method). All inventories are recorded on a first-in, first-out (FIFO) basis. Inventory in the Proprietary Funds, when present, consists of supplies held for consumption and are stated at the lower of cost or market and are recorded as an expense when consumed (consumption method). 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 using the consumption method or purchase method, depending on the nature of the expenditure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

5. Restricted Assets

In 2003, 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 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. 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. Accordingly, the Water and Sewer Renewal and Replacement Fund was established to set aside resources for capital expenditures related to renewal and replacement of the City's water and sewer utility.

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 balances of the restricted asset accounts are as follows:

Debt service payments	$	1,358,696
Total current restricted - Business		1,358,696
SRF reserve		181,838
Renewal and replacement		450,177
Total noncurrent restricted - Business		632,015
Total fair value	$	1,990,711

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

6. Capital Assets

Capital assets, which include property, utility plant and equipment, and certain infrastructure assets (e.g., utility plant, 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 fixed assets are valued at their estimated fair market 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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet 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 $1,392,947 for deferred loss on refinancing of debt and $2,172,342 related to pensions.

In addition to liabilities, the balance sheet 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 accounts receivable in the amount of $35,000 that meets the criteria for a deferred inflow because collection was not made within 60 days after the end of the fiscal year and funds were unavailable to pay for current period expenditures. The property management fund shows a deferred inflow of $243,137 due to lease revenue that was earned but unavailable to pay for current period expenditures at year end. The City has deferred inflows related to pensions of $3,155,248.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

8. 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	Property Management Fund	Total Governmental Activities	Enterprise Funds
Unearned revenue:				
Contractor escrows	$ 379,660	$ -	$ 379,660	$ -
Business tax	433,842	-	433,842	-
Comp cards	24,633	-	24,633	-
Unearned grants	23,073	-	23,073	-
Miscellaneous unearned revenue	48,983	-	48,983	-
Disaster relief	8,909	-	8,909	-
Unearned rent	-	37,148	37,148	-
Unearned sewer expansion fees	-	-	-	145,500
Unapplied credit	-	-	-	40,452
Total unearned revenue	$ 919,100	$ 37,148	$ 956,248	$ 185,952

9. Compensated Absences

Police officers, Fire fighters, General employees and International Union of Operating Engineers (IUOE) union members of the City are entitled to paid vacation, sick and compensatory time. Upon resignation, death, termination or retirement, Police officers and Fire fighters, General employees and IUOE union members are paid in one lump sum for accrued vacation as of the last day of employment and 50% of their sick leave. Police officers and Fire fighters who retire or resign in good standing with two to five years of service receive 33% of accumulated sick leave. 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 unpaid vacation and sick pay 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

10. 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. 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 amount 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 Commissioner. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

11. Fund Equity (continued)

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.

12. 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, 2014, upon which the 2014-2015 levy was based, was approximately $1.5 billion.

Under Florida law, the assessment of all properties and the collection of all County, municipal, school district and special district property taxes are consolidated in the offices of the County Property Appraiser and 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 2015 fiscal year was 4.5220 mills ($4.5220 per $1,000 of assessed valuation).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

13. 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.

14. 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.

15. 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:

1. 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.

2. Two public hearings are conducted to obtain taxpayer comments as required by Truth in Millage (TRIM) legislation.

3. Prior to October 1st, the budget is legally enacted through passage of a resolution.

4. Budgeted amounts are as originally adopted or as amended. No significant revisions to the budget were required in 2015. There were several supplemental appropriations which included re-appropriation of prior year encumbrances during fiscal year ended September 30, 2015, totaling approximately $1,551,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

15. Budgets and Budgetary Accounting (continued)

5. 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.

6. 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, Property Management Fund, Water and Sewer Fund, Stormwater Fund, and Sanitation Fund. Neither the Community Development Block Grant Fund, nor the Infrastructure Tax Fund have legally adopted budgets.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments at September 30, 2015 are summarized in the following table.

Investment Type		Value
Bank Deposits	$	4,315,721
Repurchase Agreement		8,577,538
PTA - Pooled Investments		
Money Market Funds		28,066
Federal Home Loan Bank		1,814,871
Federal Home Loan Mortgage Corp		763,584
Federal National Mortgage Association		2,041,795
US Treasury Notes		4,850,763
Municipal Bonds		279,093
Corporate Notes		4,231,190
Total PTA Pooled Investments		14,009,362
Martin County Tax Collector - Tax Certificates		32,980
Total Investments		14,042,342
Total deposits and investments	$	26,935,601
Reconciliation of cash, cash equivalents, and investments		
Statement of Net Position:		
Cash and cash equivalents and investments - unrestricted	$	24,944,890
Restricted assets:		
Cash, cash equivalents and investments - Business		1,990,711
Total, primary government	$	26,935,601

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments

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

Investment Type	Credit Rating (S&P)	Fair Value	Investment Maturity (in years) Less than 1	1 - 5
PTA Investments				
Money Market Funds	AAAm	$ 28,066	$ 28,066	$ -
Federal Home Loan Bank	AA+	1,814,871	-	1,814,871
Federal Home Loan Mortgage Corp	AAA	763,584	-	763,584
Federal National Mortgage Association	AA+.. AAA	2,041,795	250,229	1,791,566
US Treasury Notes	AA+	4,850,763	2,003,242	2,847,521
Municipal Bonds	AA	279,093	-	279,093
Corporate Notes	AAA.. A+	4,231,190	1,767,529	2,463,661
Total PTA Investments		14,009,362	$ 4,049,066	$ 9,960,296
Martin County Tax Certificates	NR	32,980		
Total Investments		$ 14,042,342		

Deposits

Deposits at September 30, 2015 consist of bank deposits.

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.

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investment Policy *(continued)*

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investment Policy *(continued)*

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, 2015 for the City's major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Property Managment Fund	Water and Sewer Fund	Stormwater Fund	Sanitation Fund	Total
Receivables:						
Customer receivables and unbilled revenue	$ -	$ -	$ 2,637,752	$ 161,262	$ 338,541	$ 3,137,555
Franchise and utility	517,844	-	-	-	-	517,844
Disaster	91,287	-	-	-	-	91,287
Other	39,010	249,786	30,563	-	-	319,359
Total	648,141	249,786	2,668,315	161,262	338,541	4,066,045
Less allowance for uncollectibles	(91,287)	-	(62,383)	(9,266)	(63,636)	(226,572)
Total receivables, net	$ 556,854	$ 249,786	$ 2,605,932	$ 151,996	$ 274,905	$ 3,839,473

NOTE 4 – INTERFUND TRANSFERS

Interfund Receivables and Payables

Individual interfund receivable and payable balances at September 30, 2015 are as follows:

	Receivable	Payable
Due to/from other funds:		
Sanitation Fund	$ 350,312	$ -
Stormwater Fund	-	350,312
Total	$ 350,312	$ 350,312

NOTE 4 – INTERFUND TRANSFERS (continued)

Interfund Receivables and Payables *(continued)*

The outstanding balances between funds results from the time lag between the dates that payments between funds are made. All amounts are expected to be repaid within one year.

Advances

Interfund advance balances at September 30, 2015 are shown below:

	Receivable	Payable
Advance to/from other fund		
General fund	$ 1,979,920	$ -
Property management	-	1,979,920
Sanitation	1,000,000	-
Water & sewer	-	1,000,000
Total	$ 2,979,920	$ 2,979,920

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, 2015, the government made the following one-time transfers:

	General Fund	CRA Fund	Totals
Transfers out:			
General Fund	$ -	$ 545,611	$ 545,611
CRA Fund	74,000	-	74,000
Property Management Fund	661,545	-	661,545
Nonmajor Funds	382,660	-	382,660
Water and Sewer Fund	636,372	-	636,372
Stormwater Fund	41,898	-	41,898
Sanitation Fund	236,664	-	236,664
Total	$ 2,033,139	$ 545,611	$ 2,578,750

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

NOTE 5 – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities :				
Capital assets not being depreciated:				
Land	$ 7,138,720	$ 542	$ -	$ 7,139,262
Construction in progress	779,544	607,888	(265,929)	1,121,503
Total capital assets not being depreciated	7,918,264	608,430	(265,929)	8,260,765
Capital assets being depreciated:				
Buildings and improvements	17,372,586	4,129	-	17,376,715
Improvements other than buildings	19,807,818	260,384	-	20,068,202
Equipment	8,606,978	475,208	(473,459)	8,608,727
Infrastructure	80,596,482	-	-	80,596,482
Totals capital assets being depreciated	126,383,864	739,721	(473,459)	126,650,126
Less accumulated depreciation for:				
Buildings and improvements	4,402,341	565,620	-	4,967,961
Improvements other than buildings	6,774,296	840,913	-	7,615,209
Equipment	7,376,634	435,897	(471,440)	7,341,091
Infrastructure	29,439,206	1,283,114	-	30,722,320
Total accumulated depreciation	47,992,477	3,125,544	(471,440)	50,646,581
Total capital assets being depreciated, net	78,391,387	(2,385,823)	(2,019)	76,003,545
Governmental activities capital assets, net	$ 86,309,651	$ (1,777,393)	$ (267,948)	$ 84,264,310
Business-type activities :				
Capital assets not being depreciated:				
Land	$ 5,981,083	$ -	$ -	$ 5,981,083
Construction in progress	5,875,965	2,232,518	(4,956,592)	3,151,891
Total capital assets not being depreciated	11,857,048	2,232,518	(4,956,592)	9,132,974
Capital assets being depreciated:				
Buildings and improvements	847,907	11,230	-	859,137
Improvements other than buildings	92,276,249	5,183,247	-	97,459,496
Equipment	6,600,863	427,266	(125,789)	6,902,340
Infrastructure	312,740	143,176	-	455,916
Totals capital assets being depreciated	100,037,759	5,764,919	(125,789)	105,676,889
Less accumulated depreciation for:				
Building and improvements	339,263	25,607	-	364,870
Improvements other than buildings	41,697,105	2,793,860	-	44,490,965
Equipment	4,744,387	363,319	(124,012)	4,983,694
Infrastructure	46,564	10,425	-	56,989
Total accumulated depreciation	46,827,319	3,193,211	(124,012)	49,896,518
Total capital assets being depreciated, net	53,210,440	2,571,708	(1,777)	55,780,371
Business-type activities capital assets, net	$ 65,067,488	$ 4,804,226	$ (4,958,369)	$ 64,913,345

NOTE 5 – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activites :	
General government	$ 1,722,147
Public safety	336,589
Physical environment	110,239
Transporation	236,085
Economic environment	323,995
Culture/recreation	396,489
Total depreciation expense - governmental activities	$ 3,125,544
Business-type activities :	
Water and sewer	$ 2,293,180
Sanitation	224,910
Stormwater	675,121
Total depreciation expense - business-type activities	$ 3,193,211

NOTE 6 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities :					
General Obligation Bonds, Series 2014	$ 6,900,000	$ -	$ (260,000)	$ 6,640,000	$ 255,000
Tax Incremental Redevelopment Revenue Bonds Series 2003-A and 2003-B	1,102,936	-	(258,304)	844,632	269,579
Refunding Revenue Note, Series 2012	882,992	-	(59,772)	823,220	59,772
Taxable Non-Ad Val Rev Note, Series 2013	1,232,000	-	(180,957)	1,051,043	47,000
Fire Protection Assessment Revenue Note, Series 2014	200,000	-	(36,000)	164,000	40,000
Total bonds payable	10,317,928	-	(795,033)	9,522,895	671,351
Other liabilities:					
Compensated absences	2,305,429	963,626	(992,903)	2,276,152	1,214,403
Other postemployment benefits (Note 12)	2,113,699	305,009	-	2,418,708	-
Total other liabilities	4,419,128	1,268,635	(992,903)	4,694,860	1,214,403
Governmental activities long-term liabilities	$14,737,056	$ 1,268,635	$ (1,787,936)	$14,217,755	$ 1,885,754

For the governmental activities, other postemployment benefits and compensated absences are generally liquidated by the General Fund.

NOTE 6 – LONG-TERM LIABILITIES (continued)

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, 2015, the City had a net outstanding balance of $6,640,000.

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%.

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 255,000	$ 216,464	$ 471,464
2017	265,000	208,151	473,151
2018	275,000	199,512	474,512
2019	285,000	190,547	475,547
2020	295,000	181,256	476,256
2021-2025	1,615,000	756,483	2,371,483
2026-2030	1,900,000	474,330	2,374,330
2031-2034	1,750,000	144,744	1,894,744
	$ 6,640,000	$ 2,371,487	$ 9,011,487

Tax Incremental Redevelopment Revenue Bonds Series 2003A and 2003B

In 2003, the City issued Tax Incremental Redevelopment Revenue Bonds, Series 2003-A and 2003-B (the Bonds), in the principal amount of $3,055,255. The purpose of the 2003-A Bonds is to finance certain utility infrastructure improvements and construct certain streetscape projects within the City's Community Redevelopment Area and to pay the costs of issuing the 2003-A Bonds. The purpose of the 2003-B Bonds is to pay the costs of acquiring land within the City's Community Redevelopment Area that will be sold and used for private and commercial purposes as well as to pay the costs of issuing the 2003-B Bonds.

The City has covenanted that it will collect tax incremental revenues in the CRA to cover 110% of the annual debt service on the Tax Incremental Redevelopment Revenue Bonds.

NOTE 6 – LONG-TERM LIABILITIES (continued)

Tax Incremental Redevelopment Revenue Bonds Series 2003A and 2003B *(continued)*

The Bonds are payable annually beginning September 2004 through September 2018. The interest is payable on March 1 and September 1, at rates ranging from 4.27% to 4.38%.

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 269,579	$ 36,992	$ 306,571
2017	281,365	25,206	306,571
2018	293,688	12,883	306,571
	$ 844,632	$ 75,081	$ 919,713

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 bonds are payable from non-ad valorem revenues appropriated by the City in its annual budget. For the current year, principal and interest paid and total non-ad valorem revenues were $81,414 and $10,759,519, respectively.

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

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 59,772	$ 20,177	$ 79,949
2017	62,489	18,712	81,201
2018	65,206	17,181	82,387
2019	62,489	15,582	78,071
2020	65,206	14,051	79,257
2021-2025	355,914	45,082	400,996
2026-2027	152,144	5,592	157,736
	$ 823,220	$ 136,377	$ 959,597

NOTE 6 – LONG-TERM LIABILITIES (continued)

Non-Ad Valorem Revenue Note Series 2013

On June 28, 2013 the City issued a Non-Ad Valorem Revenue Note, Series 2013, in the amount of $1,275,000. The Note was issued to finance the cost of a portion of the acquisition of certain real property located within the City and to pay issue costs and expenses. The bonds are payable from non-ad valorem revenues appropriates by the City in its annual budget.

The bonds are payable quarterly beginning October 2013 through July 2023. Interest is payable quarterly on January 1, April 1, July 1, and October 1, at a rate of 4.25%.

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 47,000	$ 43,933	$ 90,933
2017	48,000	41,905	89,905
2018	52,000	39,801	91,801
2019	52,000	37,591	89,591
2020	56,000	35,318	91,318
2021-2023	796,043	91,163	887,206
	$ 1,051,043	$ 289,711	$ 1,340,754

Fire Protection Assessment Revenue Note, Series 2014

On August 1, 2014 the City issued a Fire Protection Revenue Note, Series 2014, in the amount of $200,000. The Note was issued to finance the cost of a portion of the acquisition of certain fire protection equipment.

The note is payable semi-annually, from January 2015 through July 2019. Interest is payable semi-annually on January 1 and July 1, at an annual rate of 1.6%.

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 40,000	$ 2,506	$ 42,506
2017	41,000	1,851	42,851
2018	41,000	1,177	42,177
2019	42,000	373	42,373
	$ 164,000	$ 5,907	$ 169,907

NOTE 6 – LONG-TERM LIABILITIES (continued)

The following is a summary of changes in long-term liabilities of the City for business-type activities for the year ended September 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities :					
Clean Water SRF Loan - 2010	$ 2,410,363	$ -	$ (120,448)	$ 2,289,915	$ 123,380
Water and Sewer Bonds	20,358,000	-	(744,000)	19,614,000	764,000
Stormwater Refunding Revenue Note	742,008	-	(50,228)	691,780	50,228
Drinking Water SRF Loan - 2014	-	719,988	-	719,988	-
Total bonds payable	23,510,371	719,988	(914,676)	23,315,683	937,608
Other liabilities:					
Compensated absences	498,171	190,354	(199,633)	488,892	212,737
Total other liabilities	498,171	190,354	(199,633)	488,892	212,737
Business-type activities long-term liabilities	$ 24,008,542	$ 910,342	$ (1,114,309)	$ 23,804,575	$ 1,150,345

Bonds and Loans Payable

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.

For the Series 2003 Water and Sewer bonds, the ordinances specify that net revenues, exclusive of depreciation, must equal or exceed 110% of the maximum annual principal and interest requirements on all revenue bonds outstanding.

NOTE 6 – LONG-TERM LIABILITIES (continued)

Bonds and Loans Payable *(continued)*

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.

Water and Sewer Revenue Refunding and Improvement Bonds/Notes consist of the following at September 30, 2015:

	Rate	Outstanding
Series 2003, 10/1/2017 (annual serial payments of $205,000 to $450,000)	2.00%-4.40%	$ 1,290,000
Series 2006, 10/1/2033 (annual serial payments of $16,000 to $1,392,00)	3.96%	7,999,000
Series 2007, 10/1/2028 (annual serial payments of $22,000 to $1,101,000)	4.05%	6,968,000
Series 2011, 10/1/2024 (annual serial payments of $236,000 to $371,000)	2.30%	3,357,000
Subtotal		19,614,000
Less current portion		(764,000)
		$ 18,850,000

Debt Service Requirements to Maturity

The series 2003 bonds are payable each year through October 2017, as follows:

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 410,000	$ 46,900	$ 456,900
2017	430,000	29,045	459,045
2018	450,000	9,900	459,900
	$ 1,290,000	$ 85,845	$ 1,375,845

NOTE 6 – LONG-TERM LIABILITIES (continued)

Bonds and Loans Payable *(continued)*

Debt Service Requirements to Maturity *(continued)*

The Series 2006 bonds are payable each year through October 2033, as follows:

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 22,000	$ 321,597	$ 343,597
2017	22,000	319,836	341,836
2018	24,000	318,913	342,913
2019	25,000	317,929	342,929
2020	25,000	317,792	342,792
2021-2025	1,376,000	1,519,979	2,895,979
2026-2030	1,259,000	1,274,437	2,533,437
2031-2034	5,246,000	432,281	5,678,281
	$ 7,999,000	$ 4,822,764	$ 12,821,764

The Series 2007 bonds are payable each year through October 2028, as follows:

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 29,000	$ 286,310	$ 315,310
2017	30,000	284,318	314,318
2018	32,000	283,046	315,046
2019	498,000	272,190	770,190
2020	524,000	251,867	775,867
2021-2025	1,709,000	960,338	2,669,338
2026-2029	4,146,000	349,429	4,495,429
	$ 6,968,000	$ 2,687,498	$ 9,655,498

NOTE 6 – LONG-TERM LIABILITIES (continued)

Bonds and Loans Payable *(continued)*

Debt Service Requirements to Maturity *(continued)*

The Series 2011 bonds are payable each year through October 2024, as follows:

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 303,000	$ 73,823	$ 376,823
2017	309,000	66,775	375,775
2018	317,000	59,567	376,567
2019	324,000	52,186	376,186
2020	331,000	44,644	375,644
2021-2025	1,773,000	103,946	1,876,946
	$ 3,357,000	$ 400,941	$ 3,757,941

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 appropriates by the City in its annual budget. For the current year, principal and interest paid and total non-ad valorem revenues were $68,415 and $10,759,519, respectively.

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

	Principal	Interest	Total
Fiscal Year Ended September 30:			
2016	$ 50,228	$ 16,956	$ 67,184
2017	52,511	15,724	68,235
2018	54,794	14,437	69,231
2019	52,511	13,094	65,605
2020	54,794	11,807	66,601
2021-2025	299,086	37,884	336,970
2026-2027	127,856	4,703	132,559
	$ 691,780	$ 114,605	$ 806,385

NOTE 6 – LONG-TERM LIABILITIES (continued)

Bonds and Loans Payable *(continued)*

State Revolving Fund Loan - 2010

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

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

Fiscal Year Ended September 30:	Principal	Interest	Total
2016	$ 123,380	$ 54,674	$ 178,054
2017	126,384	51,670	178,054
2018	129,461	48,593	178,054
2019	132,613	45,441	178,054
2020	135,842	42,213	178,055
2021-2025	730,458	159,814	890,272
2026-2030	823,814	66,457	890,271
2031	87,963	1,065	89,028
	$ 2,289,915	$ 469,927	$ 2,759,842

NOTE 6 – LONG-TERM LIABILITIES (continued)

State Revolving Fund Loan – 2014

On June 27, 2014, the City entered into a loan agreement with the State of Florida Department of Environmental Protection to construct a water distribution center. The maximum amount of the loan is $6,052,298 including capitalized interest. The loan specifies semiannual loan payments of $177,234 including interest at 1.59%, to begin once a final repayment schedule is established upon project completion. Current draws from this loan total $719,988 as of September 30, 2015. 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 2036; interest is payable semiannually on June 15 and December 15 at a rate of 1.59%. The schedule of payments is subject to future determination.

Advance Refundings 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, 2015:

Public Utilities Revenue Refunding Bond	Series 1997	$ 3,810,000
Public Utilities Refunding and Improvement Bond	Series 2003	14,430,000
Public Utilities Refunding and Improvement Bond	Series 2007B	3,312,000
Total		$ 21,552,000

Compensated Absences

Those funds presented under the full economic resources measurement focus (the proprietary and government-wide statements) show a current portion (amount expected to be expended in the subsequent year) and non-current portion of the compensated absences liability. Consistent with GAAP guidelines in the Governmental Funds statements, none of the liability is expected to be liquidated with 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.

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, 2015 is $1,014,648. The historical cost of the property leased total $4,956,201, with a net book value of $3,845,993. The future minimum lease payments for all non-cancelable leases are as follows:

Fiscal year ended September 30:	
2016	$ 837,806
2017	793,184
2018	661,780
2019	681,634
2020	702,082
2021-2025	3,098,357
2026-2030	2,892,010
2031-2035	3,352,632
2036-2040	3,737,220
2041-2045	4,279,128
2046-2050	2,769,567
2051	20,771
	$ 23,826,171

NOTE 8 – FUND BALANCE DEFICIT

The Property Management Fund expended $3,959,889 for the acquisition of Dockside property during fiscal 2009, funded through an advance from the General Fund of $2,959,935 and a transfer from the Community Redevelopment Agency Fund of $1,000,000. As a result of this transaction in 2009, the Property Management Fund has a $1,237,185 fund balance deficit in the current year. The advance from the General Fund, amounting to $1,979,920 at September 30, 2015, is to be repaid through proceeds from future lease revenues and the fund balance deficit is to be recovered through such lease revenues.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM

Florida Retirement System

General Information
All of the employees of the primary 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, iincluding 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 general 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.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

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.

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 on the basis of 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.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a 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 employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular -7.37% and 7.26%; Special Risk Administrative Support- 42.07% and 32.95%; Special Risk-19.82% and 22.004%; Senior Management Service -21.14% and 21.43%; Elected Officers'-43.24% and 42.27%; and DROP participants-12.28% and 12.88%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The City's contributions to the Pension Plan totaled $1,512,609 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the City reported a liability of $8,036,252 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015. The City's proportionate share of the net pension liability was based on the City's Fiscal 2015 contributions relative to the Fiscal 2014 contributions of all participating members. At June 30, 2015, the City's share was 0.062%, which was a decrease of 0.003% percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of $384,070. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Description	Deferred Outflows of Resources 9/30/2015	Deferred Inflows of Resources 9/30/2015
Difference between expected and actual experience	$ 848,390	$ 190,595
Change of assumptions	533,393	-
Net difference between projected and actual earnings on Pension Plan investments	-	1,918,922
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	-	898,903
City Pension Plan contributions subsequent to the measurement date	363,491	-
Total	$ 1,745,274	3,008,420

The deferred outflows of resources related to the Pension Plan resulting from City contributions to the Pension Plan subsequent to the measurement date, totaling $363,491, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	$ (826,206)
2017	(826,206)
2018	(826,206)
2019	756,966
2020	70,948
Thereafter	24,067

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary increases	3.25%	average, including inflation
Invetment rate of return	7.65%	net pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results on an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	6.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	11.4%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

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

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 7.65%, 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 (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
City's proportionate share of the net pension liability (asset) at September 30, 2015	$ 20,823,747	$ 8,036,252	$ (2,605,044)

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At September 30, 2015, the City reported de minimis amounts payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

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.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Benefits Provided

For the fiscal year ended September 30, 2015, 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, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was $1.26% and 1.66%, respectively. The Center 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 $183,897 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the City reported a liability of $4,613,793 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015. The City's proportionate share of the net pension liability was based on the City's Fiscal 2015 contributions relative to the Fiscal 2014 contributions of all participating members. At June 30, 2015, the City's proportionate share was 0.045%, which was a decrease of 0.02% from its proportionate share measured as of September 30, 2014.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

For the fiscal year ended September 30, 2015, the City recognized pension expense of $322,762. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources 9/30/2015	Deferred Inflows of Resources 9/30/2015
Change of assumptions	$ 362,985	$ -
Net difference between projected and actual earnings on HIS Plan investments	2,498	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	16,224	149,326
City HIS Plan contributions subsequent to the measurement date	52,171	-
Total	$ 433,878	$ 149,326

The deferred outflows of resources related to the HIS Plan resulting from City contributions to the HIS Plan subsequent to the measurement date, totaling $52,171, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2016	$ 42,248
2017	42,248
2018	42,248
2019	41,741
2020	41,497
Thereafter	22,399

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60%
Salary increases	3.25% average, including inflation
Invetment rate of return	4.29%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 4.29%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the 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 4.29%, 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 (3.29%) or one percentage point higher (5.29%) that the current rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
City's proportionate share of the net pension liability at September 30, 2015	$ 5,257,202	$ 4,613,793	$ 4,077,286

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At September 30, 2015 and 2014, 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 Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Center 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 2015, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class – 6.30%, Special Risk Administrative Support class – 7.95%, Special Risk class – 14.0%, Senior Management Service class – 7.67% and City Elected Officers class – 11.34%.

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, 2015, the information for the amount of forfeitures was unavailable form the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

NOTE 9 – EMPLOYEE RETIREMENT SYSTEM (continued)

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 $346,586 for the fiscal year ended September 30, 2015.

NOTE 10 – 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, 2015 the City paid premiums of approximately $897,364 for general property, casualty and worker's compensation.

As of September 30, 2015, 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.

NOTE 10 – RISK MANAGEMENT (continued)

As of September 30, 2015, the City's risk retention for certain types of risk is as follows:

	Retention/Deductible	Coverage after Retention/Deductible
Self-insured:		
Workers' Compensation	None	100% - liabilities under F.S. 440
		Employers Liability:
General Liability,	TRICO - $1,000,000 per occurrence	$1,000,000 Each Accident or Occurrence
Automobile Liability,		$2,000,000 Policy Aggregate
Excess Workers Compensation		Workers Compensation: Statutory
Commercial Insurance:		
Property:	TRICO	$75,000,000 Limit
Real and Personal Property	$100,000 Per Occurrence	
Named Hurricane/Windstorm	5% subject to $100,000 minimum for any one occurrence	
All Other Windstorm	$100,000	
Auto Physical Damage - Comprehensive & Collision	$50,000 per occurrence, except $100,000 for Wind/Hail/Hurricane and $100,000 per occurrence Flood	$10,000,000 per occurrence; $750,000 Maximum any one vehicle, except as reported
Boiler and machinery	TRICO - $10,000	$50,000,000 Limit
Flood	Buildings: $1,000	NFIP Flood: $106,900 to $500,000; Excess value cover under property program
	Contents: $1,000	NFIP Flood: $123,600 to $500,000; Excess value cover under property program
		Varies according to facility
Other:		
Public Officials' Liability	TRICO - $225,000 for Sexual Molestation	$1,000,000 limit each claim per member; $1,000,000 Aggregate per member; $4,000,000 Aggregate for Pool
Storage tank pollution liability	$5,000-$25,000	$1,000,000 each Incident; $1,000,000 to $2,000,000 Aggregate
Crime	TRICO - $25,000	$2,000,000 per Loss; $5,000,000 for Computer Fraud; $5,000,000 for Funds Transfer Fraud

NOTE 10 – RISK MANAGEMENT (continued)

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 $100,000 per individual. The City purchased excess stop loss coverage on an individual basis where individual claims exceeded the $100,000 limit.

The claims liabilities $215,597 reported in the governmental activities is based on management's estimates. The estimated liability is based upon claims that have been submitted as well as management's estimate of claims incurred but not reported. Changes to the claims liability for the years ended September 30, 2015 and September 30, 2014 are as follows:

Fiscal Year Ending	Balance October 1	Additions	Claims Payments	Balance September 30
9/30/2015	$ 175,468	$ 1,791,234	$ 1,751,105	$ 215,597
9/30/2014	$ 198,253	$ 1,816,950	$ 1,839,735	$ 175,468

NOTE 11 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City entered into 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.

In the near future, it is the City's intent to submit to the FDEP a request for a determination on clean up goals and subsequent final closure. This determination is contingent on, and at the discretion of, the FDEP. Should the initial submission be denied, the annual monitoring activities and associated costs would be ongoing until a final closure is granted. 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 12 – 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, have no break between his/her active employment and retirement, and be collecting pension benefits from FRS. The retirees pay all premiums for the coverage elected.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

In order to comply with the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, the City contracted with a certified actuarial firm to provide an actuarial valuation of postemployment benefits. The postemployment benefits will continue to be offered on a pay-as-you-go basis with the same premium subsidy rates that active employees receive. In addition, as required by the State of Florida Statute 112.0801(1), the claims experience of the retirees is co-mingled with that of active employees in determining the health plan cost, providing an implicit subsidy to retirees that create an OPEB liability on the part of the City. Therefore, the City has incurred a liability for the implicit rate subsidy. The City does not intend to fund the actuarial accrued liability.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The calculation produced an unfunded obligation of $2,418,707 and an ARC as 3.18% of average projected payroll.

The following table shows the components of the City's OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Description	Amount
Annual Required Contribution	$ 426,923
Interest on net OPEB Obligation	95,116
Adjustment to Annual Required Contribution	(135,913)
Annual OPEB Cost (Expenses)	386,126
Net Contributions Made	(81,117)
Increase in net OPEB Obligation	305,009
Net OPEB Obligation, Beginning of Year	2,113,699
Net OPEB Obligation, End of Year	$ 2,418,708

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	386,126	21.0%	$ 2,418,708
9/30/2014	372,758	20.3%	2,113,699
9/30/2013	367,129	21.1%	1,816,595

As of October 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $3,809,133 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $3,809,133. The covered payroll (annual payroll of active participating employees) was $13,827,277, and the ratio of the UAAL to the covered payroll was 27.5 percent.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan does not issue a stand-alone financial report nor is one included in the report of another entity.

The information presented in the required supplementary schedule was determined as a part of the actuarial valuation at the data indicated:

Valuation date	10/01/2012
Actuarial cost method	Entry Level Normal Actuarial
Amortization method	Level Dollar, closed
Remaining amortization period	25-30 years
Asset Valuation method	Market value
Actuarial assumptions:	
Investment rate	4.5% per year, compounded annually
Projected salary increases	0.0% per year
Inflation rate	3%
Healthcare cost trend	8.5% in fiscal year 2013, grading down to 4.5% in 2017

NOTE 13 – 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, 2015:

Major Funds				
General Fund	Community Redevelopement Agency	Property Management Fund	Nonmajor Governmental Funds	Total Governmental Totals
$ 1,767,470	$ 170,848	$ 15,451	$ 249,434	$ 2,203,203

NOTE 14 – 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, 2015:

	Deposits	Withdrawals
Sources of deposits:		
Ad valorem taxes	$ 545,611	$ -
Ad valorem taxes received from Martin County	714,421	-
Transfers in	48,350	-
Interest	3,606	-
Local grant	200	-
Special items	640	
Special event charges	840	-
Purpose of withdrawals:		
Debt payment - principal	-	428,261
Debt payment - interest	-	97,784
Personal services	-	340,675
Administrative expenses	-	35,865
Copier lease/Phone/Utilities	-	11,835
Insurance	-	5,766
Repair & maintenance	-	33,561
Printing/advertising/supplies/operating	-	17,331
Certifications, dues, memberships & training	-	13,064
Tram (Micro-transport) Purchase	-	11,240
Shop Local promotion	-	6,975
Osceola Street outdoor seating	-	6,000
Grant preparation and application	-	1,481
Centenial	-	5,682
Colorado Avenue redesign and Kindred Street	-	560
4th of July fireworks festival	-	4,105
Kiwanis Park playground	-	1,835
Downtown art	-	64,000
	$ 1,313,668	$ 1,086,020

NOTE 15 – PLEDGED REVENUES

Utility Revenues Pledged

The City has pledged future water customer revenues, net of specified operating expenses, to repay $24.3 million in water system revenue bonds issued in December 2003. 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 2033. 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 $27,611,050. Principal and interest paid for the current year and total customer net revenues were $1,496,502 and $4,660,623, respectively.

Tax Incremental Revenues Pledged

The City has pledged a portion of future ad valorem revenues derived from tax incremental financing of the Stuart Community Redevelopment Area to repay $3.1 million in ad valorem tax increment bonds issued in 2003 to finance the infrastructure, land acquisition, and economic improvements of the Downtown business district. The bonds are payable solely from the incremental ad valorem taxes generated by increased taxable property values in the refurbished district. Incremental ad valorem taxes were projected to produce 110 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is $919,713, payable through September 2018. For the current year, principal and interest paid and total net incremental ad valorem tax revenues were $306,571 and $1,260,032 respectively.

Fire Protection Assessment Revenues Pledged

The City has pledged a portion of future fire protection assessments and non-ad valorem revenues to repay a $200,000 Note secured in 2014 to fund the purchase of fire protection equipment. The Note is payable from pledged revenues from fire protection assessments and budgeted and appropriated non-ad valorem revenues. Total principal and interest remaining on the Note is $169,907, payable through July 2019. For the current year, principal and interest paid and total net revenues were $38,824 and $1,131,267, respectively.

NOTE 16 – RESTATEMENTS

The October 1, 2014 net position of the City's Governmental Activities and Business-type Activities has been adjusted downward by $12,509,666 and $2,112,960, respectively, to provide for the beginning balance of net pension liability and related deferred outflows and deferred inflows recorded in accordance with GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STUART, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	$ 6,623,749	$ 6,623,749	$ 7,192,558	$ 568,809
Intergovernmental	4,006,661	4,047,086	4,134,430	87,344
Utility taxes	2,472,465	2,472,465	2,609,887	137,422
Franchise fees	1,652,187	1,652,187	1,720,135	67,948
Charges for services	1,409,500	1,409,500	1,357,884	(51,616)
Assessments	14,500.00	14,500.00	1,145,496	1,130,996
Licenses and permits	746,116	746,116	946,217	200,101
Local business tax	574,730	574,730	600,558	25,828
Fines and forfeitures	113,500	113,500	147,109	33,609
Interest	25,000	25,000	59,179	34,179
Miscellaneous	1,356,639	280,079	360,973	80,894
Total revenues	18,995,047	17,958,912	20,274,426	2,315,514
Expenditures				
Current:				
General government	4,513,978	4,848,487	4,011,401	837,086
Public safety	10,738,058	10,754,355	10,858,816	(104,461)
Culture/Recreation	882,548	981,142	823,751	157,391
Physical environment	1,906,295	2,057,833	2,080,250	(22,417)
Transportation	1,202,631	1,481,158	1,259,557	221,601
Capital outlay	719,040	2,070,719	1,140,134	930,585
Debt service:				
Principal	284,772	284,772	355,772	(71,000)
Interest and fiscal charges	324,808	324,808	228,168	96,640
Other debt service costs	887	887	11,074	(10,187)
Total expenditures	20,573,017	22,804,161	20,768,923	2,035,238
Excess (deficiency) of revenues over (under) expenditures	(1,577,970)	(4,845,249)	(494,497)	4,350,752
Other financing sources (uses)				
Transfers in	1,789,525	2,673,313	2,033,139	(640,174)
Transfers out	(211,555)	(211,555)	(545,611)	(334,056)
Total other financing sources (uses)	1,577,970	2,461,758	1,487,528	(974,230)
Net change in fund balances	-	(2,383,491)	993,031	3,376,522
Fund balance - beginning	-	8,224,454	8,994,379	-
Fund balance - ending	$ -	$ 5,840,963	$ 9,987,410	$ 3,376,522

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF STUART, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

COMMUNITY REDEVELOPMENT AGENCY

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive (Negative)
Revenues				
Ad valorem taxes	$ 1,222,354	$ 1,222,354	$ -	$ (1,222,354)
Intergovernmental	35,000	35,000	762,951	727,951
Interest	600	600	3,606	3,006
Miscellaneous	-	-	840	840
Total revenues	1,257,954	1,257,954	767,397	(490,557)
Expenditures				
Current:				
Economic environment	578,642	583,327	485,608	97,719
Capital outlay	959,241	1,115,827	-	1,115,827
Debt service:				
Principal	382,304	382,304	428,261	(45,957)
Interest and fiscal charges	99,925	99,926	97,784	2,142
Total expenditures	2,020,112	2,181,384	1,011,653	1,169,731
Excess (deficiency) of revenues over (under) expenditures	(762,158)	(923,430)	(244,256)	679,174
Other financing sources (uses)				
Transfers in	857,584	924,584	545,611	(378,973)
Transfers out	(95,426)	(95,426)	(74,000)	21,426
Total other financing sources (uses)	762,158	829,158	471,611	(357,547)
Net change in fund balances	-	(94,272)	227,355	321,627
Fund balance - beginning	-	161,176	999,707	-
Fund balance - ending	$ -	$ 66,904	$ 1,227,062	$ 321,627

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

CITY OF STUART, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

PROPERTY MANAGEMENT

YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Rental Income	$ 954,532	$ 954,532	$ 939,741	$ (14,791)
Interest	-	-	4,353	4,353
Miscellaneous	-	-	223	223
Total revenues	954,532	954,532	944,317	(10,215)
Expenditures				
Current:				
General government	155,457	159,005	127,549	31,456
Capital outlay	-	14,877	16,109	(1,232)
Debt service:				
Total expenditures	155,457	173,882	143,658	30,224
Excess (deficiency) of revenues over (under) expenditures	799,075	780,650	800,659	20,009
Other financing sources (uses)				
Transfers out	(799,075)	(799,075)	(661,545)	137,530
Total other financing sources (uses)	(799,075)	(799,075)	(661,545)	137,530
Net change in fund balances	-	(18,425)	139,114	157,539
Fund deficit - beginning	-	1,621,286	(1,376,299)	-
Fund deficit - ending	$ -	$ 1,602,861	$ (1,237,185)	$ 157,539

The City's budget basis is in accordance with accounting standards generally accepted in the United States of America.

Note 1 – BUDGETARY REPORTING

A. Reconciliation of Budgetary Basis Reporting Differences

The *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund*, presents comparisons of the legally adopted budget with actual data on a budgetary basis. Governmental funds applied to develop data on a budgetary basis differ from those presented in the governmental fund financial statement due to the implementation of GASB 54 in a prior fiscal year. The following describes the major differences between budgetary financial data and the governmental fund financials.

Perspective differences – Certain funds not included in the General Fund's annual budget but which are presented in the General Fund for purposes of the governmental financial statements.

The perspective difference between the actual expenditures and the expenditures on budgetary basis was $38,868. The following table presents a reconciliation of General Fund fund balance perspective differences on a budgetary basis to the fund balances shown on the governmental fund financial statements at September 30, 2015:

	General Fund
Fund balance - actual on a budgetary basis	$ 9,987,410
Perspective Differences:	
Fund balance of certain funds not included in the General Fund's annual budget but which are presented in the General Fund for purposes of the governmental financial statements	1,744,094
Fund balance - actual on governmental fund financial statements	$ 11,731,504

CITY OF STUART, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

YEAR ENDED SEPTEMBER 30, 2015

OTHER POSTEMPLOYMENT BENEFIT PLAN

Schedule of Funding Progress

Actuarial Valuation Date	10/01/12	10/01/12	10/01/12
Actuarial Value of Plan Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	3,809,133	3,556,655	3,309,588
Unfunded Actuarial Accrued Liability (UAAL)	3,809,133	3,556,655	3,309,588
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll	$ 13,827,277	$ 14,162,267	$ 13,422,733
Ratio of UAAL to Covered Payroll	27.5%	25.1%	24.7%

Schedule of City of Stuart Proportionate Share of Net Pension Liability
Florida Retirement System
Last 10 Fiscal Years

	2015*	2014*	2013*
City's proportion of net pension liability	0.062%	0.065%	0.069%
City's proportionate share of the net pension liability	8,036,252	3,992,955	11,962,480
City's covered-employee payroll	11,748,727	12,055,715	11,788,979
City's proportionate share of the net liability (assets) as a percentage of its covered-employee payroll	68.40%	33.12%	101.47%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	N/A

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

Note: Data was unavailable prior to 2013.

CITY OF STUART, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM

YEAR ENDED SEPTEMBER 30, 2015

Schedule of City of Stuart Contributions
Florida Retirement System
Last 10 Fiscal Years

	2015	2014
Contractually required contribution	$ 1,755,186	$ 1,759,675
Contributions in relation to the contractually required contribution	$ 1,512,609	$ 1,447,667
Contribution deficiency (excess)	$ 242,577	$ 312,008
City's covered-employee payroll	11,625,739	12,088,898
Contributions as a percentage of covered-employee payroll	13.01%	11.98%

Note: Data was unavailable prior to 2014.

Schedule of City of Stuart Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program
Last 10 Fiscal Years

	2015*	2014*	2013*
City's proportion of net pension liability	0.045%	0.047%	0.047%
City's proportionate share of the net pension liability	4,613,793	4,409,971	4,083,803
City's covered-employee payroll	13,951,663	14,028,924	13,628,509
City's proportionate share of the net liability (assets) as a percentage of its covered-employee payroll	33.07%	31.43%	29.97%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	N/A

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

Note: Data was unavailable prior to 2013.

CITY OF STUART, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE SUBSIDY PROGRAM

YEAR ENDED SEPTEMBER 30, 2015

Schedule of City of Stuart Contributions
Health Insurance Subsidy Program
Last 10 Fiscal Years

	2015	2014
Contractually required contribution	$ 188,051	$ 172,072
Contributions in relation to the contractually required contribution	$ 183,897	$ 158,161
Contribution deficiency (excess)	$ 4,154	$ 13,911
City's covered-employee payroll	13,827,277	14,162,267
Contributions as a percentage of covered-employee payroll	1.33%	1.12%

Note: Data was unavailable prior to 2014.

COMBINING FUND STATEMENTS

CITY OF STUART, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2015

	Community Development Block Grant	Infrastructure Tax	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and cash equivalents	$ 2,276	$ 2,942	$ 5,218
Investments	76	1,459,790	1,459,866
Total assets	$ 2,352	$ 1,462,732	$ 1,465,084
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balances:			
Restricted:			
Community development	2,352	-	2,352
Infrastructure improvement	-	1,462,732	1,462,732
Total fund balances	2,352	1,462,732	1,465,084
Total liabilities and fund balances	$ 2,352	$ 1,462,732	$ 1,465,084

CITY OF STUART, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 2015

	Community Development Block Grant	Infrastructure Tax	Total Nonmajor Special Revenue Funds
Revenues			
Interest	$ -	$ 18,472	$ 18,472
Total revenues	-	18,472	18,472
Excess (deficiency) of revenues over (under) expenditures	-	18,472	18,472
Other financing sources (uses)			
Transfers out	-	(382,660)	(382,660)
Total other financing sources (uses)	-	(382,660)	(382,660)
Net change in fund balances	-	(364,188)	(364,188)
Fund balance - beginning	2,352	1,826,920	1,829,272
Fund balance - ending	$ 2,352	$ 1,462,732	$ 1,465,084

STATISTICAL SECTION

Statistical Section

This part of the City of Stuart, Florida's (the "City") 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	**79-88**
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenues Capacity	**89-92**
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.	
Debt Capacity	**93-98**
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.	
Economic and Demographic Information	**99-100**
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	**101-103**
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.	

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			
	2015	2014	2013	2012
Governmental activities				
Net Investment in capital assets	$ 74,741,415	$ 75,991,723	$ 78,067,839	$ 78,740,219
Restricted	5,453,131	5,415,909	5,210,463	4,146,109
Unrestricted	(8,632,808)	2,110,095	564,460	49,608
Total governmental activities net position	$ 71,561,738	$ 83,517,727	$ 83,842,762	$ 82,935,936
Business-type activities				
Net Investment in capital assets	$ 41,597,662	$ 41,557,117	$ 40,574,277	$ 40,708,669
Restricted	3,464,788	3,341,607	2,726,944	3,064,115
Unrestricted	8,035,781	9,472,642	8,986,166	8,612,823
Total business-type activities net position	$ 53,098,231	$ 54,371,366	$ 52,287,387	$ 52,385,607
Primary government				
Net Investment in capital assets	$ 116,339,077	$ 117,548,840	$ 118,642,116	$ 119,448,888
Restricted	8,917,919	8,757,516	7,937,407	7,210,224
Unrestricted	(597,027)	11,582,737	9,550,626	8,662,431
Total primary government net position	$ 124,659,969	$ 137,889,093	$ 136,130,149	$ 135,321,543

Note: Implementation of GASB 68 and 71 pension standards resulted in a restatement of 2015 beginning net position, reducing governmental activities $12,509,666, business activities $2,112,960 and total primary government $14,622,626.

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 79,492,106	$ 76,789,485	$ 77,948,666	$ 75,681,851	$ 74,136,868	$ 72,293,645
3,745,205	4,634,567	4,756,052	3,734,468	2,504,907	588,457
565,191	2,282,195	2,334,642	7,918,971	10,425,879	10,355,167
$ 83,802,502	$ 83,706,247	$ 85,039,360	$ 87,335,290	$ 87,067,654	$ 83,237,269
$ 41,015,323	$ 38,098,498	$ 39,092,176	$ 38,907,050	$ 37,603,192	$ 38,063,772
3,950,318	1,819,892	3,829,893	4,010,737	3,696,290	4,435,904
7,567,668	11,690,366	8,909,978	9,710,781	10,326,825	6,864,279
$ 52,533,309	$ 51,608,756	$ 51,832,047	$ 52,628,568	$ 51,626,307	$ 49,363,955
$ 120,507,429	$ 114,887,983	$ -	$ -	$ -	$ -
7,695,523	6,454,459	39,092,176	38,907,050	37,603,192	38,063,772
8,132,859	13,972,561	81,778,559	79,692,588	77,833,158	76,729,549
$ 136,335,811	$ 135,315,003	$ 120,870,735	$ 118,599,638	$ 115,436,350	$ 114,793,321

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

	Fiscal Year			
	2015	2014	2013	2012
Expenses				
Governmental activities:				
General government	$ 5,438,575	$ 5,591,406	$ 5,122,408	$ 4,868,891
Public safety	11,110,143	11,586,159	11,153,721	11,431,311
Culture/recreation	713,530	1,195,249	1,357,639	1,201,571
Physical environment	2,496,634	1,988,449	1,805,739	1,938,331
Transportation	1,795,508	1,252,392	1,374,217	1,368,106
Economic environment	795,568	765,490	553,898	689,415
Interest on long-term debt	300,496	551,606	533,927	501,698
Total governmental activities expenses	22,650,454	22,930,751	21,901,549	21,999,323
Business-type activities:				
Water and sewer	8,840,672	8,808,884	8,629,070	8,289,696
Stormwater	1,165,949	1,200,327	1,230,454	1,087,492
Sanitation	3,518,251	3,634,336	3,529,768	3,392,874
Total business-type activities expenses	13,524,872	13,643,547	13,389,292	12,770,062
Total primary government expenses	$ 36,175,326	$ 36,574,298	$ 35,290,841	$ 34,769,385
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 960,569	$ 1,044,333	$ 940,113	$ 744,436
Public safety	2,632,773	1,671,361	1,512,196	1,510,928
Culture/recreation	78,053	85,291	128,739	69,459
Physical environment	25,931	-	3,006	3,780
Transportation	105,286	9,721	132,227	215,232
Operating grants and contributions	387,363	416,474	286,594	325,393
Capital grants and contributions	-	-	610,534	704,539
Total governmental activities program revenues	4,189,975	3,227,180	3,613,409	3,573,767
Business-type activities:				
Charges for services:				
Water and sewer	10,365,256	10,853,527	9,051,891	8,334,781
Stormwater	762,610	702,734	616,721	603,679
Sanitation	3,987,282	3,919,973	3,773,032	3,698,926
Operating grants and contributions	-	-	-	-
Capital grants and contributions	83,080	850,459	93,818	76,884
Total business-type activities program revenues	15,198,228	16,326,693	13,535,462	12,714,270
Total primary government program revenues	$ 19,388,203	$ 19,553,873	$ 17,148,871	$ 16,288,037
Net (Expense)/Revenue				
Governmental activities	(18,460,479)	(19,703,571)	(18,288,140)	(18,425,556)
Business-type activities	1,673,356	2,683,146	146,170	(55,792)
Total primary government net expense	$(16,787,123)	$(17,020,425)	$(18,141,970)	$(18,481,348)

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 5,116,404	$ 5,189,601	$ 6,019,808	$ 6,651,539	$ 13,197,242	$ 6,098,170
11,823,576	12,689,830	13,225,140	11,153,934	6,416,153	10,606,466
1,184,503	1,690,535	1,685,758	1,833,572	2,012,481	1,783,382
1,788,129	1,860,956	2,060,206	1,599,597	281,751	2,906,067
1,149,954	1,141,768	1,312,333	1,378,924	1,230,810	1,564,169
1,044,906	901,883	854,628	1,810,835	1,004,813	241,763
503,700	521,202	526,194	527,309	772,867	134,576
22,611,172	23,995,775	25,684,067	24,955,710	24,916,117	23,334,593
8,308,351	8,540,405	8,651,144	8,689,830	8,249,848	8,072,052
1,087,605	1,090,929	916,931	1,014,773	878,952	1,110,550
3,124,477	3,273,428	3,932,023	3,477,826	3,555,340	3,377,774
12,520,433	12,904,762	13,500,098	13,182,429	12,684,140	12,560,376
$ 35,131,605	$ 36,900,537	$ 39,184,165	$ 38,138,139	$ 37,600,257	$ 35,894,969
$ 709,976	$ 47,255	$ 36,747	$ 196,254	$ 502,610	$ 453,787
1,381,830	1,178,401	802,432	809,925	820,971	784,852
70,060	142,226	145,758	262,028	335,302	206,705
-	-	176,907	37,567	39,894	44,751
45,463	340,103	92,972	203,386	-	-
331,516	277,838	1,121,334	1,048,317	5,310,007	3,901,335
1,263,048	409,805	119,374	889,495	-	306,037
3,801,893	2,395,628	2,495,524	3,446,972	7,008,784	5,697,467
8,525,000	8,110,817	7,777,191	7,826,205	7,813,575	8,013,327
587,564	545,093	568,335	602,571	566,283	368,460
3,651,678	3,719,005	3,783,100	3,968,861	4,084,659	3,933,104
-	-	-	-	520,188	650,137
617,995	57,200	124,957	1,349,554	-	-
13,382,237	12,432,115	12,253,583	13,747,191	12,984,705	12,965,028
$ 17,184,130	$ 14,827,743	$ 14,749,107	$ 17,194,163	$ 19,993,489	$ 18,662,495
(18,809,279)	(21,600,147)	(23,188,543)	(21,508,738)	(17,907,333)	(17,637,126)
861,804	(472,647)	(1,246,515)	564,762	300,565	404,652
$(17,947,475)	$(22,072,794)	$(24,435,058)	$(20,943,976)	$(17,606,768)	$(17,232,474)

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

	Fiscal Year			
	2015	2014	2013	2012
Governmental activities:				
Taxes				
Property taxes	$ 7,179,228	$ 8,895,155	$ 7,797,741	$ 7,623,707
Utility taxes	2,609,887	2,584,686	2,340,526	2,258,484
Franchise taxes based on gross receipts	1,720,135	1,707,844	1,580,045	1,617,891
Sales taxes	1,627,497	1,629,190	1,397,984	1,730,941
Fuel taxes	391,089	524,160	751,182	723,788
Local business tax	600,558	586,111	580,431	586,736
Unrestricted intergovernment revenues	2,509,226	832,253	830,059	875,415
Rental Income	-		-	-
Impact fees	-		-	-
Miscellaneous and other taxes	1,341,578	902,505	1,131,404	767,058
Unrestricted Investment earnings	99,894	54,809	39,666	68,856
Gain on sale of capital assets	20,130	16,920	24,756	-
Transfers	914,934	597,380	782,080	158,000
Special Item - pension plan termination	-	-	-	-
Total governmental activities	19,014,156	18,331,013	17,255,874	16,410,876
Business-type activities:				
Miscellaneous and other taxes	17,001	(24,426)	426,559	45,914
Unrestricted Investment earnings	58,543	23,338	13,363	26,455
Gain on sale of capital assets	5,859	(699)	97,768	(6,279)
Transfers	(914,934)	(597,380)	(782,080)	(158,000)
Total business-type activities	(833,531)	(599,167)	(244,390)	(91,910)
Total primary government	$ 18,180,625	$ 17,731,846	$ 17,011,484	$ 16,318,966
Change in Net Position				
Governmental activities	$ 553,677	$ (1,372,558)	$ (1,032,266)	$ (2,014,680)
Business-type activities	839,825	2,083,979	(98,220)	(147,702)
Total primary government	$ 1,393,502	$ 711,421	$ (1,130,486)	$ (2,162,382)

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 8,214,346	$ 9,115,344	$ 10,211,152	$ 11,109,069	$ 11,723,241	$ 9,433,043
2,225,929	2,134,596	1,985,616	1,910,616	1,815,026	1,693,111
1,680,885	1,653,379	1,925,407	1,806,597	1,809,343	1,810,948
2,569,226	2,532,535	2,558,850	2,941,055	-	-
736,978	739,786	745,138	756,828	-	-
569,432	603,298	632,001	-	-	-
810,791	804,707	27,422	27,126	23,240	14,815
-	562,086	535,088	-	-	-
-	-	-	-	554,404	233,075
704,445	679,036	895,573	2,137,819	3,245,705	2,671,173
143,274	235,200	227,965	614,195	1,124,688	1,142,490
(9,509)	15,041	2,940	(40,218)	96,256	49,955
74,052	(54,904)	(157,757)	(759)	(472,149)	(730,893)
-	-	-	(894,548)	475,739	1,666,465
17,719,849	19,020,104	19,589,395	20,367,780	20,395,493	17,984,182
86,884	68,468	53,237	48,976	669,697	449,717
49,917	105,201	163,190	375,914	814,773	741,840
-	20,783	75,810	11,850	5,168	7,185
(74,052)	54,904	157,757	759	472,149	730,893
62,749	249,356	449,994	437,499	1,961,787	1,929,635
$ 17,782,598	$ 19,269,460	$ 20,039,389	$ 20,805,279	$ 22,357,280	$ 19,913,817
$ (1,089,430)	$ (2,580,043)	$ (3,599,148)	$ (1,140,958)	$ 2,488,160	$ 347,056
924,553	(223,291)	(796,521)	1,002,261	2,262,352	2,334,287
$ (164,877)	$ (2,803,334)	$ (4,395,669)	$ (138,697)	$ 4,750,512	$ 2,681,343

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

	Fiscal Year			
	2015	2014	2013	2012
General fund				
Reserved	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-
Nonspendable	2,013,263	2,041,811	2,275,254	2,474,860
Restricted	2,746,217	2,538,600	2,799,759	1,527,876
Assigned	3,517,264	2,831,419	2,862,918	3,061,606
Unassigned	3,454,760	3,078,690	1,693,617	1,475,235
Total general fund	$ 11,731,504	$ 10,490,520	$ 9,631,548	$ 8,539,577
All Other Governmental Funds				
Reserved		$ -	$ -	$ -
Unreserved, reported in:				
Special revenue funds			-	-
Capital projects funds			-	-
Restricted	2,692,146	2,828,979	2,153,120	2,438,662
Unassigned	(1,237,185)	(1,376,299)	(1,584,226)	(2,038,097)
Total all other governmental funds	$ 1,454,961	$ 1,452,680	$ 568,894	$ 400,565

Note: The City implemented GASB Statement 54 in 2011; schedules presenting government-wide information include information beginning in that year.

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ -	$ 2,863,171	$ 3,094,429	$ 986,984	$ 2,633,798	$ 1,681,754
-	6,331,355	5,922,737	9,388,033	6,836,797	4,944,276
2,670,433	-	-	-	-	-
1,366,053	-	-	-	-	-
2,370,002	-	-	-	-	-
1,378,267	-	-	-	-	-
$ 7,784,755	$ 9,194,526	$ 9,017,166	$ 10,375,017	$ 9,470,595	$ 6,626,030
$ -	$ -	$ -	$ -	$ 2,395,101	$ 5,128,060
-	2,181,809	2,857,212	6,294,259	2,593,887	2,819,702
-	-	-	-	386,741	1,432,002
2,262,484	-	-	-	-	-
(2,361,988)	-	-	-	-	-
$ (99,504)	$ 2,181,809	$ 2,857,212	$ 6,294,259	$ 5,375,729	$ 9,379,764

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

	Fiscal Year			
	2015	2014	2013	2012
Revenues				
Property and other local taxes	$ 9,802,445	$ 12,736,617	$ 11,070,793	$ 11,030,305
Local business tax	600,558	586,111	580,431	586,736
Franchise fees	1,720,135	1,707,844	1,580,045	1,617,891
Intergovernmental	4,134,430	3,263,968	4,050,794	4,539,888
Licenses and permits	946,217	704,939	918,769	560,630
Charges for services	1,357,884	1,559,760	1,433,562	1,348,200
Assessments	1,145,496	-	-	-
Impact fees	193,625	47,690	245,805	347,931
Fines and forfeitures	183,427	192,652	146,495	147,349
Interest	73,463	54,809	39,666	68,856
Rental Income	38,120	920,550	858,569	700,315
Miscellaneous	365,447	339,454	145,524	223,772
Total revenues	20,561,247	22,114,394	21,070,453	21,171,873
Expenditures				
Current:				
General government	4,011,401	3,622,381	3,247,577	2,256,178
Public safety	10,858,816	11,454,429	10,951,439	10,864,512
Culture/recreation	823,751	823,272	990,741	807,250
Physical environment	2,119,118	1,880,282	1,748,712	1,738,374
Transportation	1,259,557	1,045,924	1,015,515	1,138,330
Economic environment	-	452,291	477,209	449,632
Capital outlay	1,140,134	876,049	3,267,772	1,888,310
Debt service:				
Principal	355,772	7,420,140	501,534	427,321
Interest	228,168	449,756	415,216	457,561
Other debt service costs	11,074	44,493	500	63,981
Total expenditures	20,807,791	28,069,017	22,616,215	20,091,449
Excess (deficiency) of revenues over (under) expenditures	(246,544)	(5,954,623)	(1,545,762)	1,080,424
Other financing sources (uses)				
Insurance proceeds	-	-	-	-
Debt issuance	-	7,100,000	1,275,000	994,385
Payment to refunded bonds escrow agent	-	-	-	(977,918)
Proceeds from sale of capital assets	-	-	-	-
Transfers in	2,033,139	1,750,604	2,031,093	1,810,843
Transfers out	(545,611)	(1,153,224)	(1,249,013)	(1,652,843)
Total other financing sources (uses)	1,487,528	7,697,380	2,057,080	174,467
Special item - pension plan termination	-	-	-	-
Net change in fund balance	$ 1,240,984	$ 1,742,757	$ 511,318	$ 1,254,891
Debt service as a percentage of noncapital expenditures*	3.0%	28.9%	4.7%	4.9%

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

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 11,625,960	$ 12,496,870	$ 13,499,988	$ 14,428,279	$ 14,882,492	$ 12,493,459
569,432	603,298	632,001	-	-	-
1,680,885	1,653,379	1,925,407	1,806,597	1,809,343	1,810,948
5,576,945	4,573,738	4,472,718	5,893,568	6,835,088	5,227,897
565,534	511,896	639,686	1,480,344	1,192,482	1,577,709
1,268,180	990,965	801,055	940,496	1,374,487	2,573,480
-	-	-	-	-	-
74,611	485,996	302,679	392,644	654,404	233,075
188,164	231,024	171,967	166,501	211,327	227,413
143,274	235,200	227,965	614,195	1,124,686	1,142,490
676,374	562,086	535,088	-	-	-
145,329	177,308	266,674	714,802	332,523	316,302
22,514,688	22,521,760	23,475,228	26,437,426	28,416,832	25,602,773
3,568,872	3,104,793	4,457,951	3,878,977	4,063,277	4,468,238
11,704,731	12,352,569	12,108,590	11,039,821	10,784,610	10,171,380
885,150	1,344,012	1,355,410	1,410,596	1,613,771	1,472,185
1,743,441	1,975,522	2,086,136	2,018,396	2,177,725	2,990,109
937,012	1,037,157	1,093,094	1,156,531	1,356,759	1,394,985
807,700	624,572	610,763	790,548	559,639	241,763
5,691,034	1,614,872	5,497,740	1,600,108	8,970,920	6,967,148
440,040	418,280	404,624	2,051,647	1,334,554	820,044
500,119	518,393	505,764	539,277	634,517	619,941
1,725	1,714	1,768	9,755	1,832	10,380
26,279,824	22,991,884	28,121,840	24,495,656	31,497,604	29,156,173
(3,765,136)	(470,124)	(4,646,612)	1,941,770	(3,080,772)	(3,553,400)
-	-	-	-	211,815	1,076,912
-	-	-	-	-	1,162,000
			-	-	-
-	26,985	9,471	16,605	118,355	73,441
4,449,577	2,852,086	1,769,483	820,351	1,971,953	1,992,703
(4,375,525)	(2,906,990)	(1,927,240)	(821,110)	(597,954)	(2,723,596)
74,052	(27,919)	(148,286)	15,846	1,704,169	1,581,460
-	-	-	(134,664)	217,133	-
$ (3,691,084)	$ (498,043)	$ (4,794,898)	$ 1,822,952	$ (1,159,470)	$ (1,971,940)
4.6%	4.4%	4.0%	11.3%	8.7%	6.5%

CITY OF STUART, FLORIDA
ASSESSED VALUE AND ADJUSTED TAXABLE VALUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Tax Year	Real Property	Tangible Personal Property	Centrally Assessed Property	Less Adjustments	Total Adjusted Taxable Value	Total Direct Tax Rate
2006	2005	1,552,960,779	162,706,805	1,454,432	83,433,971	1,633,688,045	5.4615
2007	2006	1,963,453,357	194,196,093	1,644,564	55,634,800	2,103,659,214	5.3442
2008	2007	2,136,074,184	207,702,751	1,608,031	61,495,640	2,283,889,326	4.5573
2009	2008	1,949,318,001	184,728,352	1,848,895	84,045,530	2,051,849,718	4.5788
2010	2009	1,699,546,617	201,858,084	2,505,183	21,825,620	1,882,084,264	4.6081
2011	2010	1,512,379,463	172,351,617	1,593,137	18,069,483	1,668,254,734	4.6436
2012	2011	1,398,513,495	171,261,072	1,747,835	11,158,530	1,560,363,872	4.6674
2013	2012	1,334,178,136	167,539,819	1,392,278	23,740,690	1,479,369,543	4.9041
2014	2013	1,352,209,059	152,874,959	1,857,948	4,691,915	1,502,250,051	5.1513
2015	2014	1,422,236,309	117,107,215	1,540,884	-	1,540,884,408	4.9013

Source: Martin County Property Appraiser's Office

Note: Tax rates are per $1,000 of assessed value. 2015 amounts are net of any adjustments.

CITY OF STURT, 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
2006	5.1539	0.3076	5.4615	5.2200	7.3000	0.6970	0.0385	0.3335	19.0505
2007	5.1000	0.2442	5.3442	5.0420	6.7440	0.6970	0.0385	0.3202	18.1859
2008	4.3329	0.2244	4.5573	4.6700	6.6020	0.6240	0.0345	0.2972	16.7850
2009	4.3329	0.2459	4.5788	5.0240	6.2520	0.6240	0.0345	0.3523	16.8656
2010	4.3329	0.2752	4.6081	5.4472	6.7030	0.6240	0.0345	0.3523	17.7691
2011	4.3329	0.3107	4.6436	5.6076	6.9560	0.6240	0.0345	0.3523	18.2180
2012	4.3329	0.3345	4.6674	5.7704	6.6040	0.4363	0.0345	0.3693	17.8819
2013	4.5524	0.3517	4.9041	5.7329	6.9040	0.4289	0.0345	0.3693	18.3737
2014	4.8020	0.3493	5.1513	5.8668	7.2780	0.4110	0.0345	0.3693	19.1109
2015	4.5520	0.3493	4.9013	5.9651	7.1380	0.3842	0.0345	0.3618	18.7849

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 STURT, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2015 Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
ARHC AlstuFL01 LLC	$ 27,500,000	1	1.78%
RLV Martin Square, LP	16,939,998	2	1.10%
Stuart Centre Investors, LLC	15,983,606	3	1.04%
SP Crossings LLC	15,785,000	4	1.02%
Pineapple Commons Retail LP	15,428,114	5	1.00%
SPC Regency, LLC	14,103,810	6	0.92%
NP I Inc.	13,809,270	7	0.90%
Wal-Mart Stores East, LP	13,557,489	8	0.88%
Stuart Lodge Properties LLC	12,585,770	9	0.82%
Pacific Star 5 Inc.	11,696,000	10	0.76%
Total	$ 1,540,884,408		10.21%

	2006 Taxable Assessed Value	Rank	Percentage of Total Adjustable Taxable Value
Estates of Stuart LLC	$ 31,845,000	1	1.95%
Stuart Pineapple I LLC	28,144,580	2	1.72%
Pineapple Cove LLC	25,298,240	3	1.55%
Southern Associates LP	22,023,560	4	1.35%
Ted Glasrud Associates of Stuart	19,104,010	5	1.17%
RLV Martin Square, LP	18,476,450	6	1.13%
Eden Park Management Inc.	17,766,510	7	1.09%
Stuart Centre Investors, LLC	16,828,730	8	1.03%
SPC Regency, LLC	15,639,940	9	0.96%
Lowe's Home Centers Inc.	14,397,390	10	0.88%
Total	$ 1,633,688,045		12.83%

Source: Martin County Tax Collector's Office

CITY OF STURT, 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
2006	8,849,875	8,957,845	101.22%	12,615	8,970,460	101.36%
2007	11,012,399	10,390,823	94.36%	23,243	10,414,066	94.57%
2008	10,162,319	9,739,851	95.84%	44,588	9,784,439	96.28%
2009	9,254,621	8,882,011	95.97%	45,334	8,927,345	96.46%
2010	8,192,482	7,839,599	95.69%	35,715	7,875,314	96.13%
2011	7,306,674	7,067,470	96.73%	5,406	7,072,876	96.80%
2012	6,786,481	6,513,513	95.98%	32,225	6,545,738	96.45%
2013	6,842,176	6,253,222	91.39%	34,625	6,287,847	91.90%
2014	7,057,849	7,208,170	102.13%	185,004	7,393,174	104.75%
2015	7,014,106	6,729,131	95.94%	15,763	6,744,894	96.16%

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

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Community Redevelopment Bonds	Refunding Revenue Note	Revenue Bonds/Note	Revenue Improvement Bonds	Promissory Notes
2006	8,325,000	2,744,444	1,111,212	1,026,762	-	1,667,350
2007	8,155,000	2,631,843	1,089,477	343,030	-	1,317,809
2008	7,980,000	2,441,843	1,065,025	-	-	-
2009	7,800,000	2,241,671	1,040,573	-	-	-
2010	7,615,000	2,032,843	1,016,121	-	-	-
2011	7,420,000	1,814,971	988,952	-	-	-
2012	7,220,000	1,587,650	994,385	-	-	-
2013	7,010,000	1,350,453	940,047	1,275,000	-	-
2014	6,900,000	1,013,979	882,992	1,232,000	-	200,000
2015	6,640,000	844,632	823,220	1,051,043		164,000

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	Promissory Notes	State Revolving Fund Loan	Total Primary Government	Percentage of Personal Income[a]	Debt Per Capita[a]
23,980,000	933,788	418,000	-	40,206,556	4.75%	2,427
24,274,000	915,523	342,795	-	39,069,477	4.27%	2,357
23,964,000	894,975	-	-	36,345,843	4.18%	2,205
23,409,000	874,427	-	-	35,365,671	4.25%	2,142
22,833,000	853,879	-	2,869,538	37,220,381	4.31%	2,387
22,231,000	831,048	-	2,755,974	36,041,945	3.86%	2,305
21,720,000	835,615	-	2,642,738	35,000,388	3.33%	2,226
21,075,000	789,953	-	2,527,948	34,968,401	3.48%	2,211
20,358,000	742,008	-	2,410,363	33,739,342	3.22%	2,112
19,614,000	691,780		3,009,903	32,838,578	N/A	2,038

CITY OF STURT, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2015

Jurisdiction	Total Bonded Debt Outstanding	Estimated Percentage Applicable[a]	Estimated Amount Applicable
Overlapping:			
Martin County			
General Obligation Bonds	$ 590,000	100%	$ 590,000
Revenue Bonds & Notes	43,371,277	100%	43,371,277
Capital Leases	10,113,570	100%	10,113,570
State Loans	1,445,261	100%	1,445,261
Notes Payable	382,639	100%	382,639
Town of Jupiter Island			
General Obligation Bonds	8,387,259	100%	8,387,259
Capital Leases		100%	-
Martin County School Board			
State School Boards	8,331,000	100%	8,331,000
Certificates of Participation	33,563,419	100%	33,563,419
Capital Leases	207,321	100%	207,321
South Florida Water Management District			
Land Acquisition Bonds	6,705,000	2.40%	160,920
Certificates of Participation	478,826,841	2.40%	11,491,844
Subtotal, Overlapping Debt			118,044,510
City of Stuart Direct Debt			9,522,895
Total Direct and Overlapping Debt			$ 127,567,405

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 estimated percentage of overlapping debt applicable is estimated using assessed values of taxable property, less homestead exemptions and other adjustments (taxable value). Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the County's boundaries and dividing it by each unit's taxable value.

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

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Community Redevelopment Bonds	Total	Percentage of Total Adjustable Taxable Value	Debt Per Capita[a]
2006	8,325,000	2,744,444	11,069,444	0.68%	668
2007	8,155,000	2,631,843	10,786,843	0.51%	651
2008	7,980,000	2,441,843	10,421,843	0.46%	632
2009	7,800,000	2,241,671	10,041,671	0.49%	608
2010	7,615,000	2,032,843	9,647,843	0.51%	619
2011	7,420,000	1,814,971	9,234,971	0.55%	591
2012	7,220,000	1,587,650	8,807,650	0.56%	560
2013	7,010,000	1,350,453	8,360,453	0.57%	529
2014	6,900,000	1,013,979	7,913,979	0.53%	495
2015	6,640,000	844,632	7,484,632	0.49%	465

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 STURT, 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]
2012	$ 18,900,241	$ 7,119,351	$ 11,780,890	$ -	$ 3,987	3,987	2,954.9
2013	18,750,960	6,798,709	11,952,251	100,000	44,387	144,387	82.8
2014	19,296,404	7,208,170	12,088,234	7,169,623	334,342	7,503,965	1.6
2015	20,561,247	6,729,131	13,832,116	59,772	21,642	81,414	169.9

	Tax Increment Redevelopment Revenue Bonds, Series 2003 A&B						
Fiscal Year	CRA Fund Gross Revenues	Less: Non-Ad Valorem	Intergovernmental/ Ad Valorem[f]	Debt Service Principal	Debt Service Interest[a]	Debt Service Total	Coverage[c]
2006	1,461,414	877,840	583,574	107,973	124,059	232,032	2.5
2007	1,947,972	1,113,089	834,883	112,601	119,431	232,032	3.6
2008	1,759,065	894,037	865,028	190,000	114,598	304,598	2.8
2009	1,533,339	737,385	795,954	200,172	106,399	306,571	2.6
2010	1,369,366	629,072	740,294	208,828	97,743	306,571	2.4
2011	1,139,265	508,235	631,030	217,871	88,700	306,571	2.1
2012	1,310,035	805,679	504,356	227,321	79,250	306,571	1.6
2013	1,118,014	156,914	961,100	237,196	69,374	306,570	3.1
2014	1,900,725	4,487	1,896,238	290,517	114,063	404,580	4.7
2015	1,313,008	550,057	762,951	258,304	48,267	306,571	2.5

	Public Utilities Rev. Ref. & Imp. Bonds, Series 2003, and Sub Liens, Series 2006, 2007 and 2011						
Fiscal Year	Water and Sewer Gross Revenues	Less: Operating Expenses[d]	Net Available Revenue	Debt Service Principal	Debt Service Interest[a]	Debt Service Total	Coverage[e]
2006	8,300,989	5,475,505	2,825,484	455,000	1,229,941	1,684,941	1.7
2007	8,167,950	5,463,917	2,704,033	470,000	838,719	1,308,719	2.1
2008	7,715,552	5,765,643	1,949,909	310,000	986,746	1,296,746	1.5
2009	7,806,881	5,527,004	2,279,877	555,000	962,156	1,517,156	1.5
2010	8,125,197	5,352,054	2,773,143	576,000	940,018	1,516,018	1.8
2011	8,549,956	5,120,604	3,429,352	602,000	949,908	1,551,908	2.2
2012	8,334,781	5,230,956	3,103,825	628,000	848,916	1,476,916	2.1
2013	9,051,891	5,203,586	3,848,305	645,000	788,682	1,433,682	2.7
2014	10,853,527	5,551,729	5,301,798	717,000	960,306	1,677,306	3.2
2015	10,365,256	5,725,391	4,639,865	744,000	752,502	1,496,502	3.1

Notes:
[a] Includes accrued interest
[b] Required coverage is 1.5% of average of actual non-advalorem revenues over prior two years
[c] Required coverage is 1.1%
[d] Operating expenses are personal services and operating expenses.
[e] Required coverage is 1.1%
[f] In 2015, TIF revenues have been categorized under Intergovernmental revenues.

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]
2006	16,564	846,635,732	51,113	3.8%
2007	16,577	915,531,133	55,229	5.1%
2008	16,483	869,362,869	52,743	8.3%
2009	16,514	831,496,414	50,351	11.6%
2010	15,593	864,413,548	55,436	11.0%
2011	15,636	933,297,204	59,689	10.0%
2012	15,725	1,051,939,600	66,896	8.3%
2013	15,814	1,003,398,300	63,450	7.3%
2014	15,972	1,046,980,572	65,551	6.2%
2015	16,110	N/A	N/A	5.2%

Sources: [a] Florida Bureau of Economic and Business Research
[b] US Bureau of Economic Analysis
[c] US Bureau of Labor Statistics - based on not seasonally adjusted September rates

CITY OF STUART, FLORIDA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2014		
Employer	Employees	Rank	Percentage of Total County Employment
Martin Memorial Health Systems	3,120	1	4.71%
Martin County School District	2,528	2	3.81%
Martin County	1,634	3	2.47%
State of Florida	506	4	0.76%
Paradigm Precision	369	5	0.56%
Triumph Group - Vought Aircraft Division	324	6	0.49%
Liberator Medical Supply	316	7	0.48%
Florida Power and Light	302	8	0.46%
Seacoast National Bank	302	9	0.46%
City of Stuart	254	10	0.38%
Total County Employees	66,267		14.58%

	2006		
	Employees	Rank	Percentage of Total County Employment
Martin Memorial Health Systems	2,710	1	4.15%
Martin County School District	2,552	2	3.91%
Martin County	1,644	3	2.52%
Publix Supermarkets	1,297	4	1.99%
State of Florida	679	5	1.04%
Armelini Express Lines	573	6	0.88%
Wal-Mart	450	7	0.69%
Turbocombustor Technology	345	8	0.53%
Indian River State College	337	9	0.52%
Winn-Dixie Stores	332	10	0.51%
Total County Employees	65,247		16.74%

Sources: The labor force figures are from the Florida Agency for Workforce Innovation. The Treasure Coast Magazine provided the 2006 employer data and the 2014 employer data is from the Business Development Board of Martin County except for the governmental entities which provided their own data. The Business Development Board data includes information for only their targeted industries which may not include businesses that have been included on this list in the past such as Lowes, Publix, Winn-Dixie, etc.. More information on their targeted industries can be found on their website http://www.bdbmc.org.

*This schedule could not be updated for 2015 because the non-governmental data was not available as of May 6, 2016.
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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program										
General government										
City Commission	5	5	5	5	5	5	5	5	5	5
City Manager	3	2	3	3	3	3	3	4	6	6
Human Resources	3	3	2	2	2	2	2	2	3	3
City Clerk	1	1	1	1	1	1	1	2	2	1
Financial Services	13	13	13	13	13	12	12	13	13	12
Information Services	4	4	4	4	4	4	4	4	4	4
City Attorney	2	2	2	2	2	2	2	2	2	2
Development	9	8	8	11	10	13	14	14	13	12
Public Safety										
Police	62	64	64	60	60	63	64	63	63	63
Fire / Rescue	42	43	43	42	43	42	41	41	43	37
Physical Environment										
Administration	-	-	-	1	1	1	2	2	3	5
Vehicle Maintenance	3	3	3	3	3	4	4	4	5	5
Building Maintenance	6	5	5	5	5	5	4	4	5	3
Turf & Grounds	14	14	14	13	12	12	13	18	18	16
Water Treatment	10	10	10	10	9	10	10	10	10	10
Waste Water Treatment	9	9	9	9	8	9	9	9	9	9
Distribution & Collection	8	9	9	9	8	9	9	9	9	9
Water & Sewer General	9	9	9	7	8	8	8	8	8	10
Residential Collection	2	2	2	2	2	2	2	2	2	2
Commercial Sanitation	8	8	8	8	8	7	8	8	8	8
Trash Collection	2	2	2	2	2	2	2	2	2	2
Stormwater	4	3	3	3	3	3	3	4	4	3
Transportation										
Streets	6	6	6	6	6	6	6	6	6	6
Economic Environment										
Legislative and Economic	3	-	-	-	-	-	-	-	-	-
Community Redevelopment	3	3	3	3	3	-	-	-	-	-
Culture / Recreation										
Anchorage	-	-	-	-	-	-	-	-	1	1
Recreation	4	7	7	7	6	11	12	11	11	15
Parks	1	1	1	2	2	-	-	-	-	-
Total	236	236	236	233	229	236	240	247	255	249

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program										
Police										
Physical arrests	846	1,136	1,231	1,326	903	866	989	967	1,217	1,326
Parking violations	1,025	480	344	1,168	1,290	1,350	1,070	1,496	2,036	2,083
Traffic violations	2,457	2,263	3,882	5,501	3,941	3,701	4,767	4,444	7,013	8,496
Fire										
Emergency responses	5,526	5,264	4,887	3,510	3,704	3,491	3,286	3,671	3,858	4,421
Fires extinguished	87	57	78	44	54	45	66	68	85	94
Fire inspections	1,769	822	954	1,181	1,211	958	720	463	527	2,000
Refuse Collection										
Refuse collected (tons per day)	53	60	58	56	46	45	44	52	46	67
Customers	3,579	3,843	3,784	3,725	3,672	3,648	3,591	3,651	3,729	3,777
Other Public Works										
Street resurfacing (miles)	4.75	3.00	-	4.55	-	-	1.75	1.75	1.90	1.20
Potholes repaired	85	25	45	80	60	42	35	25	75	100
Development										
Building permits issued	1,758	3,073	2,102	1,131	1,149	1,177	921	1,159	1,239	1,799
Building inspection issued	3,949	4,915	3,867	2,819	3,515	3,692	2,475	3,088	2,831	4,748
Plan reviews	5,324	9,836	4,918	-	-	-	-	-	-	-
Community Services[a]										
Athletic field reservations	383	65	46	27	24	115	105	100	110	93
Pavilion 7 State reservations	227	440	370	300	247	235	224	-	-	-
CC rental reservations	67	293	163	33	25	67	85	-	-	-
Special events public permits	190	184	192	193	181	91	47	-	-	-
Special events private permits	76	138	126	56	51	34	23	-	-	-
Special events banner permits	199	227	220	202	171	163	55	-	-	-
Special events - public property attendance	28,450	208,963	191,550	174,136	126,376	101,730	90,820	-	-	-
Pavilion & stage rental attendance	11,180	19,272	16,206	13,140	9,853	7,865	6,848	-	-	-
Water										
New connections	8	11	17	23	10	20	16	11	54	92
Water mains breaks	2	-	1	2	11	15	13	14	8	23
Average daily consumption	167	168	171	174	186	185	166	197	166	219
Metered services	4,250	4,355	4,285	4,215	4,193	4,146	4,145	4,145	4,197	4,104
Wastewater										
Average daily sewage treatment[b] (Gallons Per Day/Per Customer)	654	1,513	821	129	132	131	118	101	118	107
Customers	2,330	2,247	2,009	1,771	1,728	1,717	1,702	1,699	1,687	1,683
Transit										
Total miles on route per shift	10	10	10	10	10	10	10	10	10	-
Passengers	n/a	29,343	22,447	15,551	13,181	12,489	15,272	19,383	10,768	-

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.

CITY OF STUART, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	Fiscal Year									
Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	13	13	11	11	11	11	10	8	14	8
Other public works										
Streets (miles)	100	100	100	100	100	100	100	100	95.8	40.8
Streetlights	455	455	455	455	300	275	275	275	413	413
Traffic signals	35	35	35	43	44	44	36	35	33	33
Community Services[a]										
Acreage	232	232	232	232	232	170	170	170	170	170
Environmental parks	3	3	3	3	3	-	-	-	-	-
Active parks	9	9	9	9	9	-	-	-	-	-
Passive parks	25	25	25	25	25	-	-	-	-	-
Community parks	-	-	-	-	-	8	11	11	11	11
Community mini/urban parks	-	-	-	-	-	22	43	43	43	43
Baseball/softball diamonds	1	1	1	1	1	5	5	5	5	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Shuffleboard courts	15	15	15	15	15	15	15	15	15	15
Community centers	1	1	1	1	1	1	2	2	2	2
Water										
Fire hydrants[b]	495	495	495	492	483	482	978	860	855	84
Storage capacity (million gal)	3	3	3	3	3	3	3.25	3.25	3	725
Wastewater										
Wastewater sewers (miles)	70	70	69	66	58	54	54	54	54	53
Treatment capacity (million gal)	4	4	4	4	4	4	4	4	4	9.2
Stormwater										
Stormwater sewers (miles)	21	21	21	21	21	21	21	21	21	21
Transit-minibuses[c]										
Downtown Courtesy Tram	3	3	2	1	1	1	1	1	1	-

Source: Various City departments.

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

[b] City, County and privately owned within City limits

[c] Established February 28, 2007

COMPLIANCE SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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*

Honorable Mayor, City Commission, and City Manager
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, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 25, 2016.

Internal Control over Financial Reporting

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

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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.

Cherry Bekaert LLP

Orlando, Florida
May 25, 2016

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor, City Commission, and City Manager
City of Stuart, Florida:

Report on Compliance for the Major Federal Program

We have audited the City of Stuart, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

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 above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Orlando, Florida
May 25, 2016

CITY OF STUART, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARDS PROGRAMS

YEAR ENDED SEPTEMBER 30, 2015

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified			
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

Federal Awards Section

Internal control over major programs:				
Material weakness(es) identified?	_____	yes	x	no
Significant deficiency(ies) identified?	_____	yes	x	none reported
Type of auditor's report on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133?	_____	yes	x	no

Part I - Summary of Auditor's Results (continued)

Federal Awards Section (continued)

Identification of major federal programs:

Federal Programs:

Name of Program or Cluster	CFDA Numbers
Environmental Protection Agency	
Passed through the State of Florida Department of Environmental Protection	
State Revolving Fund - Financial Assistance	66.468

Dollar threshold used to determine Type A programs:

Federal	$ 300,000

Auditee qualified as low-risk auditee for federal purposes? ____ yes __x__ no

Part II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Part III - Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major federal programs, as required to be reported by Section 510(a) of OMB Circular A-133.

There were no findings required to be reported by Section 510(a) of OMB Circular A-133.

CITY OF STUART, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
FEDERAL AWARDS PROGRAMS

YEAR ENDED SEPTEMBER 30, 2015

Prior Year Audit Findings:

Finding 2014-001: Accounting

The Community Redevelopment Agency Fund's accounts payable and expenditure balances were overstated due to an improper accrual of a budgeted additional debt payment on the City's Tax Incremental Redevelopment Revenue Bonds Series 2003A and 2003B. In addition, the General Fund's unearned revenue and other financing sources were misstated due to proceeds from debt being recorded as unearned revenue, rather than as other financing sources, and certain Water & Sewer revenues were recorded as unearned when they were actually earned.

Status: This item has been corrected in the current year.

Corrective Action Plan:

There were no audit findings in the current year independent auditor's reports that required corrective action.

CITY OF STUART, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2015

Federal Grantor Pass-through Grantor's Program Title	CFDA Number	Grant Number/ Pass-through Grantor's Number	Expenditures
U.S. Department of Justice			
Bulletproof Vest Partnership	16.607	N/A	$ 290
Passed through the Florida Department of Law Enforcement: Edward Byrne Justice Assistance Memorial Grant	16.738	2015-JAGD-MART-3R1-138	4,720
Total U.S. Department of Justice			5,010
Environmental Protection Agency			
Passed through the State of Florida Department of Environmental Protection State Revolving Fund - Financial Assistance	66.468	DW430410	1,063,022
Total Environmental Protection Agency			1,063,022
Total Expenditures of Federal Awards			$ 1,068,032

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Note 1 – Reporting Entity

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

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual method in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Note 3 – Contingencies

Grant monies received by the City are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. 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, 2015, 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.

Cherry Bekaert LLP
CPAs & Advisors

Independent Auditor's Management Letter

Honorable Mayor, City Commission and City Management
City of Stuart, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Stuart, Florida (the "City"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 25, 2016.

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; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Report of Independent Accountant on Compliance with Local Government Investment Policies. Disclosures in those reports and schedule, which are dated May 25, 2016, 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 have been taken to address the findings and recommendations made in the preceding annual financial report.

Official Title and Legal Authority

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

Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address 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.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. Our comparison of these two reports resulted in no material differences.

Other Matters

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. Our recommendation can be found in Appendix A of this report. We did not audit the Board's response to the recommendation, which is provided in Appendix A, and, accordingly, we express no opinion on it.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.

Cherry Bekaert LLP

Orlando, Florida
May 25, 2016

Beginning Balance Reconciliation

Statement of Condition 2015-A: It was noted that there were differences between the City's financial system's beginning account balances for the fiscal year ended September 30, 2015 and the account balances presented in the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014.

Criteria: The City should ensure all adjustments used to prepare Comprehensive Annual Financial Report are in agreement with the entries in the City's financial accounting system.

Effect of Condition: Beginning balance differences were noted for balances within the General, Water and Sewer, Sanitation, and Stormwater Funds as compared to the 2014 Comprehensive Annual Financial Report. The differences were the result of an entry made only to the Comprehensive Annual Financial Report to recognize $49,750 of revenue in the General Fund and entries made only to the City's financial system to transfer $58,844 from Water and Sewer to the General Fund, $7,116 from Sanitation to the General Fund, and $4,759 from the Stormwater Fund to the General Fund.

Cause of Condition: Beginning fiscal 2015 balances in the financial system were not reconciled and adjusted to the ending balances reported in the fiscal 2014 Comprehensive Annual Financial Report.

Recommendation: We recommend that the City reconcile financial system balances to the Comprehensive Annual Financial Report to ensure accuracy of amounts recorded and presented.

Management Response: The City experienced some personnel changes during the 2015 fiscal year which delayed the reconciliation. The City will reconcile the financial system balances to the Comprehensive Annual Financial Report prior to issuance of the Comprehensive Annual Financial Report in the future.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Accountant on Compliance with Local Government Investment Policies

To the Honorable Mayor, City Commission, and City Manager
City of Stuart, Florida

Report on Compliance

We have examined the City of Stuart, Florida's (the "City") compliance with the local government investment policy requirements of 218.415, Florida Statutes, for the year ended September 30, 2015. 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.

Scope

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

Opinion

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

Cherry Bekaert LLP

Orlando, Florida
May 25, 2016