TOWN OF MELBOURNE VILLAGE, FLORIDA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

TOWN OF MELBOURNE VILLAGE, FLORIDA
TOWN OFFICIALS
AT SEPTEMBER 30, 2025

Mayor:	Susan Ditty
Vice-Mayor:	Bridget Foster
Commissioners:	Fred Anderson Valerie Calenda Norton Muzzone Scott Perrine Betty Jo Yorio

TOWN OF MELBOURNE VILLAGE, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

MORAN & SMITH LLP
Certified Public Accountants
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TALLAHASSEE, FLORIDA 32308
850.879.0636

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Commission
Town of Melbourne Village, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Melbourne Village, Florida (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Melbourne Village, Florida, as of September 30, 2025, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, Stormwater Utility Fund and Investment Fund A, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
June 22, 2026

As management of the Town of Melbourne Village, we offer readers of the Town of Melbourne Village's financial statements this narrative overview and analysis of the financial activities of the Town of Melbourne Village for the year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follows this section.

Financial Highlights

- The Town's total net position increased by $313,870 over last year.
- Property taxes account for $495,311 or approximately 42.1 percent of all revenues. This figure decreased $93,220 from last year.
- Other taxes, primarily utility taxes and franchise payments, account for approximately $245,011 or 20.8 percent of all revenues. This figure increased $12,793 from the prior year.
- The Town had $863,202 in expenses related to governmental activities. Total revenues were $1,177,072 leaving an increase in net position of $313,870.
- The Town's assets exceeded its liabilities by $3,447,974. Of this amount, $896,581 is invested in the Town's capital assets and $2,551,393 is unrestricted and subject to the Town's discretion. Unrestricted increased from the prior year by $218,473, restricted decreased by $10,102, and the investment in capital assets increased by $105,499.
- The difference between the unrestricted balance of $2,551,393 on a full accrual basis and the Governmental Funds total fund balances of $2,556,482 is due to the Town's accrued compensated absences of $5,089. The total fund balance of the Governmental Funds consists of nonspendable, committed, assigned and unassigned amounts. The Town's committed funds consist of $1,436,843 in the Town's stabilization fund (Investment Fund A) and $49,415 in the Stormwater Utility Fund. Nonspendable funds consist of $11,980 for prepaid items. The assigned funds of $740,956 are for stormwater planning, future road resurfacing, forestry, and a reserve for the Community House.
- The unassigned fund balance totaling $317,288 is equal to approximately 32.8 percent of the Town's operating costs for the year. A sufficient reserve provides the Town with the time to prioritize needed infrastructure repairs and upgrades as well as secure alternate sources of revenue or adjust expenditures and levels of service in the event of a loss of revenue stream and provides for major expenditures that would not be possible to fund in a single year.

Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two types of statements that present different views of the Town:

- The first two statements are Government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Government-wide statements.
- The statement of activities shows how basic services such as public safety was financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about activities that operate like businesses. The Town currently has no proprietary funds.
- Fiduciary fund statements provide information about the financial relationships in which the government acts solely as a trustee or agent for the benefit of others. The Town has no fiduciary funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide readers a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. To assess the Town's overall health, the reader should consider additional non-financial factors such as changes in the Town's property tax base and the condition of roads, drainage installations, and other facilities.

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

Both of the Government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (general revenues) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (charges for services). Included in governmental activities are most of the Town's basic services such as public safety, public works, permitting, and administration. The Town currently has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds. Funds are account groupings the Town uses to track specific sources of funding and spending on particular programs. The Town, like other local governments, uses fund accounting to measure the use of current resources and to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: All of the Town's basic services are included in governmental funds, which generally focus on the near-term inflows, outflows, and balance of spendable resources available at year-end. Because this information does not encompass the long-term focus of the Government-wide statements, additional information in the form of a reconciliation schedule is presented to show differences between the presentations.

The Town maintained three individual governmental funds as of October 1, 2024. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) Stormwater Utility Fund, and (3) Investment Fund A, because they are considered major funds. The Town has no debt-service fund as there is no external long-term debt outstanding.

The Town also reports budget-to-actual information of all governmental funds.

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.

Government-wide Financial Analysis

The government-wide statements represent the approach mandated by the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB sets the uniform standards for presenting government annual financial reports.

Table 1 provides a summary of the Town's net position at September 30, 2025, and changes from the prior year.

Table 1
Summary Statement of Net Position

	Governmental Activities		
	2025	**2024**	**Change**
Current and other assets	$ 2,598,210	$ 2,473,331	$ 124,879
Capital assets, net	896,581	791,082	105,499
Total assets	3,494,791	3,264,413	230,378
Long-term liabilities	3,817	3,333	484
Other liabilities	37,488	121,716	(84,228)
Total liabilities	41,305	125,049	(83,744)
Deferred inflows of resources	5,512	5,260	252
Net position:			
Net investment in capital assets	896,581	791,082	105,499
Restricted	-	10,102	(10,102)
Unrestricted	2,551,393	2,332,920	218,473
Total net position	$ 3,447,974	$ 3,134,104	$ 313,870

Table 2 provides a summary of the changes in net position. Following Table 2 is a specific discussion related to overall revenues and expenses.

Table 2
Changes in Net Position

	Governmental Activities		
	2025	**2024**	**Change**
Revenues			
Program revenues:			
Charges for services	$ 128,557	$ 152,571	$ (24,014)
Operating grants/contributions	18,101	16,494	1,607
Capital grants/contributions	141,676	249,021	(107,345)
General revenues:			
Property taxes	495,311	588,531	(93,220)
Sales taxes	47,246	48,247	(1,001)
Local option motor fuel taxes	18,319	19,038	(719)
Communications service tax	15,976	14,458	1,518
Utility taxes and franchise fees	163,470	150,475	12,995
Intergovernmental revenues	26,953	26,543	410
Investment income, net	100,021	115,208	(15,187)
Miscellaneous revenue	10,442	35,850	(25,408)
Gain on disposal of capital assets	11,000	-	11,000
Total revenues	1,177,072	1,416,436	(239,364)
Expenses			
General government	323,569	294,702	28,867
Public safety	271,223	282,983	(11,760)
Physical environment	216,917	162,050	54,867
Transportation	27,060	-	27,060
Culture and Recreation	19,476	-	19,476
Unallocated depreciation	4,957	5,166	(209)
Total expenses	863,202	744,901	118,301
Change in net position	313,870	671,535	(357,665)
Net position, beginning	3,134,104	2,462,569	671,535
Net position, ending	$ 3,447,974	$ 3,134,104	$ 313,870

- The primary source of operating revenue for the Town comes from taxes, including property taxes and utility taxes.

- The cost of all governmental activities this year was $863,202.

- Operating grants and donations provided $18,101, capital grants provided $141,676, and user fees and charges for services generated $128,557.

- Most of the Town's costs were, however, financed by the Town and State taxpayers.

- The difference in revenues from 2024 to 2025 was a decrease of $239,364. The major factors contributing to this decrease in revenue were the decrease in charges for services of $24,014, capital grants of $107,345, property taxes of $93,220, investment revenue of $15,187, and sales taxes of $1,001, offset with minor increases in operating grants and contributions, utility taxes and franchise fees, communication service taxes, and gain on disposal of capital assets.

- Property taxes account for the largest source of the Town's revenue, contributing almost 42 cents for every dollar of revenue (see Table 3). Decreasing the millage rate to 6.8500, decreased the revenue source by $93,220 from 2024.

- In summary, governmental activities were financed with $740,322 in taxes and franchise fees, $128,557 in charges for services, $18,101 in operating grants and contributions, $141,676 in capital grants and contributions, $26,953 in intergovernmental revenue, $100,021 in investment earnings, $10,442 in miscellaneous revenue, and $11,000 gain on disposal of capital assets, for a total of $1,177,072.

The Town's expenses predominantly relate to administration services, public safety, and public works, which include support for the building permit department and the general governmental functions of the Town. Given that the Town is a service organization providing governmental services to residents, the majority of expenses are paid in the form of compensation (salaries and benefits) to the Town's employees.

Total expenses in 2025 were $863,202. This was an increase of $118,301 from 2024. The most significant contributions to the increase from prior year was an increase in general government, physical environment, transportation, and culture and recreation expenditures of $130,270. The $28,867 increase in general government is mainly related to a full year of the Town's lobbyist contract and an increase in general liability insurance. The $101,403 increase in physical environment, transportation, and culture and recreation was due to an increase in payroll and payroll related items for filling vacant positions that were open in the prior year, plus various minor additional increases and decreases.

The net increase in capital assets was $105,499, after reducing capital assets by $39,737 for depreciation. Capital activities included the following:

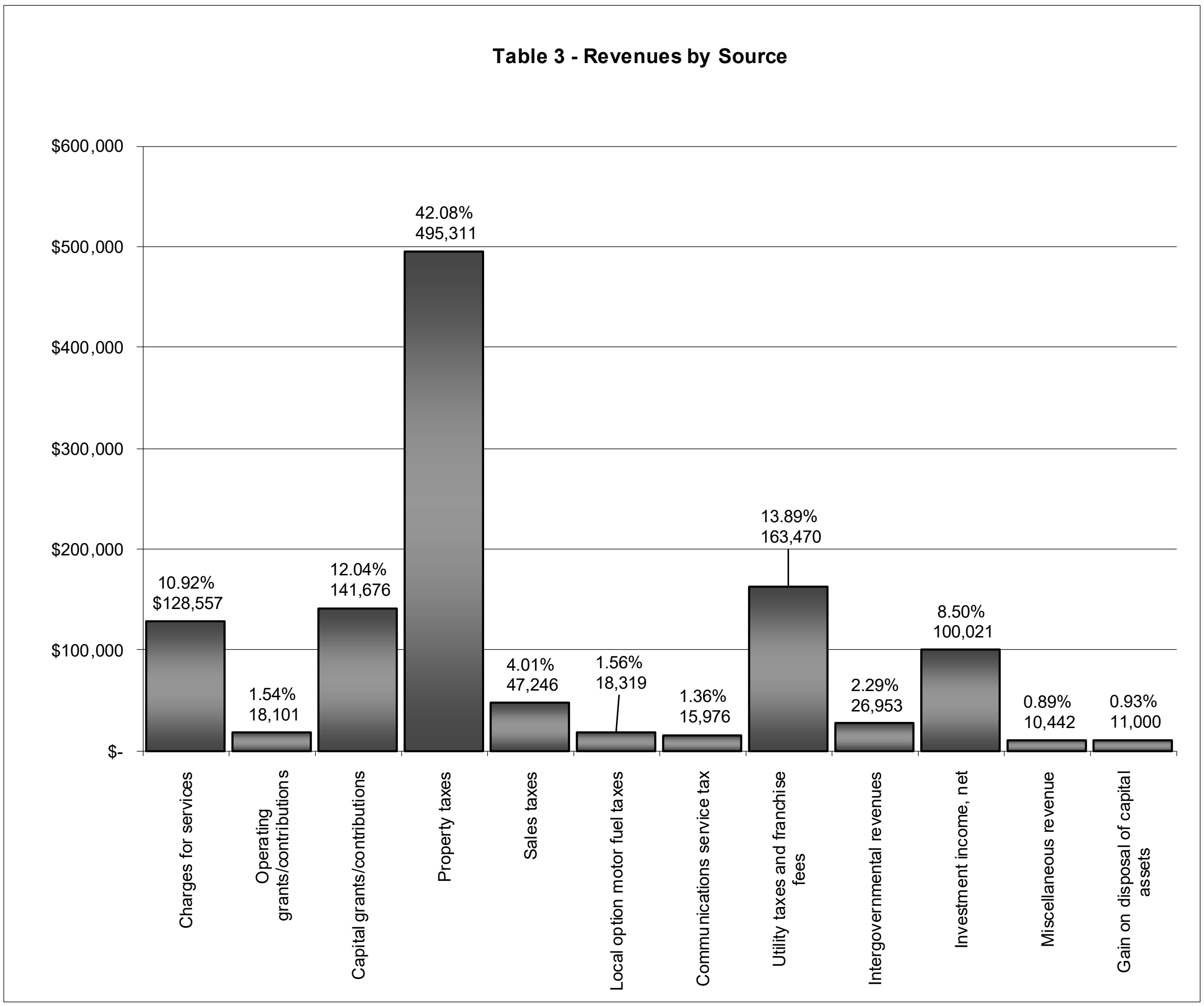
- Included in the increase in furniture and equipment was the completion of the Town's playground of $16,502 (prior year construction in progress was $46,077, for a total project cost of $62,579), the purchase of a new Town Hall generator for $13,980, and $2,893 for two picnic tables.

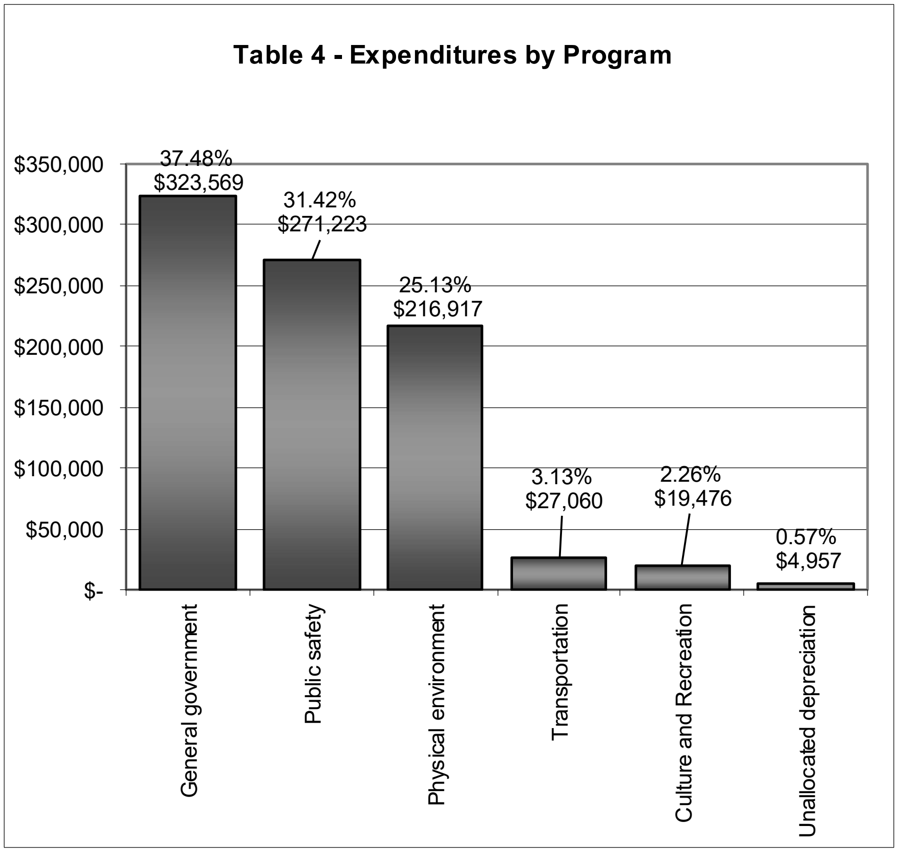
- Replacing infrastructure for $46,761 (includes $1,400 prior construction in progress); a new septic system for the community house and public works.

- Construction in progress of $66,500 for repairing and replacing numerous old or failing culverts throughout the Town.

- Sale of a fully depreciated police vehicle for a gain of $11,000.

Detailed below in Tables 3 and 4 are charts displaying revenues by source, and expenses by program for the Town.





Financial Analysis of the Town's Funds

The Town's governmental funds are accounted for using the modified accrual basis of accounting. Governmental funds have revenues of $1,177,072 and expenditures of $863,202. The net change in fund balance for the year was $313,870.

General Fund Budgetary Highlights

The Town approves a budget in September based on anticipated revenue for the following year. The Town reviews the budget throughout the year and adopts a final revision to the annual budget late in the year. The anticipated revenues in the final budget remained the same, totaling $1,138,458. Anticipated expenditures were increased by $47,000 from the original budget due to an increase in capital outlay expenditures for the purchase of a generator, an increase in physical environment expenditures for tree maintenance and road repair, and additional minor changes totaled in general government.

The actual revenues were $92,121 less than budgeted due largely to receiving less intergovernmental revenue related to grant funding than originally anticipated.

The actual expenditures were $198,514 under budget, largely due to less expended than anticipated for capital outlay related to grant infrastructure improvements that shifted to the subsequent year.

Capital Assets

By the end of the fiscal year 2024-25, the Town had invested $896,581 (net of depreciation) in capital assets, including land, construction in progress, buildings, site improvements, infrastructure, vehicles, and other equipment. (See Table 5).

Table 5
Schedule of Capital Assets
(net of accumulated depreciation)

	Governmental Activities		
	2025	2024	Change
Land	$ 65,300	$ 65,300	$ -
Construction in progress	66,500	47,477	19,023
Buildings and improvements	205,314	217,910	(12,596)
Furniture and equipment	80,888	11,413	69,475
Vehicles	8,406	10,093	(1,687)
Infrastructure	470,173	438,889	31,284
Total	$ 896,581	$ 791,082	$ 105,499

Long-Term Debt

At year-end, the Town had no long-term debt outstanding, except accrued vacation time for employees. The Town has no long-term commitments or liabilities regarding pensions or other postemployment benefits.

Factors Bearing on the Town's Future

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could affect its financial health in the future.

- Most of the Town's expenses are in the form of compensation (salaries and benefits) to the Town's employees, thus increases in the cost of providing benefits, and increases in compensation are the major factors in increasing the budget each year. In past years the Town has covered this increase by increasing the ad valorem property tax rate by 10% over the roll-back rate. However, for the past three fiscal years the Town has outsourced public safety services, which reduced the Town's historical public safety expenditures by approximately 40%. Therefore, allowing the Town to decrease the overall millage from 6.8500 to 6.4190 mills for the fiscal year ending September 30, 2026.

- The Town Commission adopted Resolution 2020-1 in February 2020 enabling an interfund loan from the Special Investment Fund (Investment Fund A) to the General Fund to pay the cost of the Dayton Bridge project not covered by funds on hand or other sources. The term of the loan is ten years at an interest rate of 2% per annum. The Town borrowed $100,000 in October 2020 from Investment Fund A. At September 30, 2025, the total balance due is $52,613.

- A portion of the Dayton Blvd bridge project was allocated to stormwater activities and will be recovered through increased stormwater utility fees. The Town Commission adopted Resolution 2019-06 in September 2019, due to estimating the stormwater share of the project to be approximately $235,000. The resolution provided for an increase to the stormwater utility fee of $5.00 per month per equivalent residential unit to repay the interfund loan and recover bridge costs paid by the General Fund. The increased utility fee began in February 2020 with no set ending date at this time.

- While the Town is close to build-out as far as vacant home-sites are concerned, we are seeing a steady trend towards major remodeling as well as demolishing existing homes and rebuilding on those existing home-sites. The current upturn in the market is causing an increase in remodeling projects and tear down/rebuilds, as well as property value increases. Melbourne Village is a desirable location with a significant inventory of older houses, so we anticipate that the Town will continue to see one to two major single-family-home building/remodeling permits per year.

- Due to the Town's aging infrastructure, the Town has identified approximately 20 culverts that need to be replaced or repaired. The Town is now actively completing culvert repairs and replacements with grant funding from the Department of Environmental Protection.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk/Treasurer's office:

Phone: 321-723-8300

Mail or in person: 555 Hammock Road
Melbourne Village, FL 32904

E-mail: TownClerk@MelbourneVillage.org

TOWN OF MELBOURNE VILLAGE, FLORIDA

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,166,590
Due from other governments	94,800
Other accounts receivable	26,948
Investments	1,297,892
Prepaid items	11,980
Noncurrent assets:	
Capital assets (not being depreciated):	
Land	65,300
Construction in progress	66,500
Capital assets (net of accumulated depreciation):	
Buildings and improvements	205,314
Furniture and equipment	80,888
Vehicles	8,406
Infrastructure	470,173
Total assets	3,494,791
LIABILITIES	
Accounts payable and accrued liabilities	18,096
Accrued wages	11,945
Deposits	6,175
Accrued compensated absences, due within one year	1,272
Noncurrent liabilities:	
Accrued compensated absences, due in more than one year	3,817
Total liabilities	41,305
DEFERRED INFLOWS OF RESOURCES	
Business taxes not yet earned	5,512
Total deferred inflows of resources	5,512
NET POSITION	
Net investment in capital assets	896,581
Unrestricted	2,551,393
Total net position	$ 3,447,974

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental activities:					
General government	$ 323,569	$ 29,317	$ 7,601	$ 42,496	$ (244,155)
Public safety	271,223	223	-	-	(271,000)
Physical environment	216,917	76,627	10,500	66,500	(63,290)
Transportation	27,060	-	-	-	(27,060)
Culture and Recreation	19,476	22,390	-	32,680	35,594
Unallocated depreciation*	4,957	-	-	-	(4,957)
Total governmental activities	$ 863,202	$ 128,557	$ 18,101	$ 141,676	(574,868)
		General revenues:			
		Property taxes			495,311
		Sales taxes			47,246
		Local option motor fuel taxes			18,319
		Communications service tax			15,976
		Utility taxes and franchise fees			163,470
		Intergovernmental revenues			26,953
		Investment income, net			100,021
		Miscellaneous revenues			10,442
		Gain on disposal of capital assets			11,000
		Total general revenues			888,738
		Change in net position			313,870
		Net position - beginning			3,134,104
		Net position - ending			$ 3,447,974

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Stormwater Utility Fund	Investment Fund A	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,080,252	$ -	$ 86,338	$ 1,166,590
Due from other governments	85,625	9,175	-	94,800
Other accounts receivable	26,948	-	-	26,948
Prepaid items	11,980	-	-	11,980
Investments	-	-	1,297,892	1,297,892
Due from other funds	-	40,595	-	40,595
Advances to other funds	-	-	52,613	52,613
Total assets	$ 1,204,805	$ 49,770	$ 1,436,843	$ 2,691,418
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ 17,741	$ 355	$ -	$ 18,096
Accrued wages	11,945	-	-	11,945
Due to other funds	40,595	-	-	40,595
Advances from other funds	52,613	-	-	52,613
Deposits	6,175	-	-	6,175
Total liabilities	129,069	355	-	129,424
Deferred Inflows of Resources				
Business taxes not yet earned	5,512	-	-	5,512
Total deferred inflows of resources	5,512	-	-	5,512
Fund Balances				
Nonspendable	11,980	-	-	11,980
Committed	-	49,415	1,436,843	1,486,258
Assigned	740,956	-	-	740,956
Unassigned	317,288	-	-	317,288
Total fund balances	1,070,224	49,415	1,436,843	2,556,482
Total liabilities, deferred inflows of resources and fund balances	$ 1,204,805	$ 49,770	$ 1,436,843	$ 2,691,418

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds		$ 2,556,482
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	65,300	
Construction in progress	66,500	
Buildings and improvements, net	205,314	
Furniture and equipment, net	80,888	
Vehicles, net	8,406	
Infrastructure, net	470,173	896,581
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(5,089)
Net position of governmental activities		$ 3,447,974

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Stormwater Utility Fund	Investment Fund A	Total Governmental Funds
REVENUES				
Taxes and franchise fees	$ 740,322	$ -	$ -	$ 740,322
Licenses and permits and other fees	36,947	68,997	-	105,944
Intergovernmental revenues	186,480	-	-	186,480
Fines and forfeitures	223	-	-	223
Investment income, net	49,283	-	50,738	100,021
Miscellaneous revenue	33,082	-	-	33,082
Total revenues	1,046,337	68,997	50,738	1,166,072
EXPENDITURES				
Current				
General government	316,593	-	-	316,593
Public safety	271,223	-	-	271,223
Physical environment	201,199	4,255	-	205,454
Transportation	16,458	-	-	16,458
Culture and Recreation	11,981	-	-	11,981
Capital outlay	145,236	-	-	145,236
Total expenditures	962,690	4,255	-	966,945
Excess (deficiency) of revenues over (under) expenditures	83,647	64,742	50,738	199,127
OTHER FINANCING SOURCES (USES)				
Transfers in	77,668	-	2,848	80,516
Transfers out	(2,848)	(70,000)	(7,668)	(80,516)
Sale of capital assets	11,000	-	-	11,000
Total other financing sources (uses)	85,820	(70,000)	(4,820)	11,000
Net change in fund balances	169,467	(5,258)	45,918	210,127
Fund balances, beginning of year	900,757	54,673	1,390,925	2,346,355
Fund balances, end of year	$ 1,070,224	$ 49,415	$ 1,436,843	$ 2,556,482

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds		$ 210,127
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current period:		
Expenditure for capital assets	145,236	
Current year depreciation	(39,737)	105,499
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued compensated absences		(1,756)
Change in net position of governmental activities		$ 313,870

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and franchise fees	$ 742,483	$ 742,483	$ 740,322	$ (2,161)
Licenses and permits and other fees	35,300	35,300	36,947	1,647
Intergovernmental revenues	290,150	290,150	186,480	(103,670)
Fines and forfeitures	1,000	1,000	223	(777)
Investment income, net	45,000	45,000	49,283	4,283
Miscellaneous revenue	24,525	24,525	33,082	8,557
Total revenues	1,138,458	1,138,458	1,046,337	(92,121)
EXPENDITURES				
Current				
General government	346,818	348,317	316,593	31,724
Public safety	271,758	271,758	271,223	535
Physical environment	205,478	236,979	201,199	35,780
Transportation	-	-	16,458	(16,458)
Culture and Recreation	-	-	11,981	(11,981)
Capital outlay	290,150	304,150	145,236	158,914
Total expenditures	1,114,204	1,161,204	962,690	198,514
Excess (deficiency) of revenues over (under) expenditures	24,254	(22,746)	83,647	106,393
OTHER FINANCING SOURCES (USES)				
Transfers in	96,000	96,000	77,668	(18,332)
Transfers out	(11,200)	(11,200)	(2,848)	8,352
Sale of capital assets	-	-	11,000	11,000
Total other financing sources (uses)	84,800	84,800	85,820	1,020
Net change in fund balances	109,054	62,054	169,467	107,413
Fund balances, beginning of year	900,757	900,757	900,757	-
Fund balances, end of year	$ 1,009,811	$ 962,811	$ 1,070,224	$ 107,413

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
STORMWATER UTILITY FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses and permits and other fees	$ 72,000	$ 72,000	$ 68,997	$ (3,003)
Total revenues	72,000	72,000	68,997	(3,003)
EXPENDITURES				
Current				
Physical environment	4,200	4,200	4,255	(55)
Total expenditures	4,200	4,200	4,255	(55)
Excess (deficiency) of revenues over (under) expenditures	67,800	67,800	64,742	(3,058)
OTHER FINANCING SOURCES (USES)				
Transfers out	(70,000)	(70,000)	(70,000)	-
Total other financing sources (uses)	(70,000)	(70,000)	(70,000)	-
Net change in fund balances	(2,200)	(2,200)	(5,258)	(3,058)
Fund balances, beginning of year	35,929	35,929	54,673	(18,744)
Fund balances, end of year	$ 33,729	$ 33,729	$ 49,415	$ (21,802)

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
INVESTMENT FUND A – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Investment income, net	$ 47,000	$ 47,000	$ 50,738	$ 3,738
Total revenues	47,000	47,000	50,738	3,738
EXPENDITURES				
Current				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	47,000	47,000	50,738	3,738
OTHER FINANCING SOURCES (USES)				
Transfers in	11,200	11,200	2,848	(8,352)
Transfers out	(26,000)	(26,000)	(7,668)	18,332
Total other financing sources (uses)	(14,800)	(14,800)	(4,820)	9,980
Net change in fund balances	32,200	32,200	45,918	13,718
Fund balances, beginning of year	1,390,925	1,390,925	1,390,925	-
Fund balances, end of year	$ 1,423,125	$ 1,423,125	$ 1,436,843	$ 13,718

The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Melbourne Village, Florida (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the Town are described below.

1. Reporting entity

The Town was incorporated during a special session of the Florida legislature on May 13, 1957 under Chapter 57-1578, Special Laws of Florida, and was given all powers possible for a municipality under the constitution and laws of the State of Florida. The Town is governed by a seven-member Commission consisting of a Mayor/Commissioner and six Commissioners, all of whom are elected by the registered voters of the Town. The Commission annually elects a Vice-Mayor from among its members. The Town provides a wide range of services as directed by the Town Charter, including general government, public safety, public improvements, planning and zoning and other related general and administrative services for its approximately 700 residents.

The Governmental Accounting Standards Board established standards for defining and reporting, as well as establishing criteria for inclusion of component units, in the Town's financial statements. Component units are entities for which the Town is considered financially accountable or for which exclusion would cause the Town's financial statements to be misleading or incomplete. Based on the criteria set forth by GASB, the Town has determined that there are no other units that must be included in the Town's financial statements.

2. Government-wide and fund financial statements

The basic financial statements include the government-wide and fund financial statements and the notes to the financial statements. The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report on all non-fiduciary activities of the Town and categorize primary activities as either governmental or business-type. *Governmental activities* are significantly supported by property and other taxes and revenues from other governments. *Business-type activities* rely to a significant extent on user fees and charges for support. All of the Town's primary activities are governmental. As part of the consolidation process, the effect of interfund activity has been eliminated from the government-wide financial statements.

Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as presented in the Statement of Net Position, is subdivided into three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are costs the Town has allocated to functions and programs through various allocation methods, such as liability insurance costs. Program revenues include: (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not classified as program revenues are reported as general revenues.

The Town's fund financial statements report detailed information about the Town's governmental funds. Major funds are reported in separate columns in the fund financial statements and non-major funds, if any, are aggregated and presented as a separate column on each statement. All of the Town's funds are reported as major funds. As described below, governmental fund financial statement results are presented on a different basis of accounting than government-wide statements. The adjustments necessary to convert from the governmental fund level to the government-wide presentation are explained on a reconciliation following the respective fund financial statement.

3. Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded in the period earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recorded as soon as they are both measurable and available to finance expenditures of the current period. Revenues are considered to be available to pay the liabilities of the current period ("susceptible to accrual") if they are collected within sixty (60) days of the end of the current fiscal period. The Town's primary revenue sources - property taxes, utility taxes, franchise fees, sales taxes, fuel taxes, and fines and forfeitures - are typically collected within sixty (60) days and, being susceptible to accrual, have been recognized as revenues of the current fiscal period. All other revenues, such as licenses and permits, charges for services, and miscellaneous revenues are considered to be measurable and available only when cash is received by the Town. In applying the susceptible to accrual concept to grants and contributions, the Town recognizes revenues as measurable when the applicable eligibility requirements, including time requirements, are met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Expenditures of governmental funds are generally recorded when a liability is incurred, as under the accrual basis of accounting; however, accumulated vacation pay and debt service expenditures are typically recorded only when payment is due.

The Town reports the following as major governmental funds:

General Fund - The General Fund is the primary operating fund of the Town and is used to account for all financial resources of the general government, except for those required to be accounted for in another fund.

Stormwater Utility Fund - The Stormwater Utility Fund was established with Ordinance 2008-5 and funded with Resolution 2011-02. The purpose of the utility is to provide a significant portion of the funding required for the planning, construction, operation, and maintenance of the Stormwater Management system throughout the Town. The majority of the Stormwater expenditures will be disbursed from and recorded in the General Fund. The Stormwater Utility Fund will reimburse the General Fund for the majority of these expenditures through transfers at least annually. From time to time the Stormwater Utility Fund may accumulate a balance that will be committed for future projects and/or purchases which exceed the funds available in any one year.

Investment Fund A - The Investment Fund A (Special Investment Fund) was established by the Town Commission by Ordinance 2009-01 in April 2009 and funded from a prior trust fund created as settlement in a property dispute in which the Town was the plaintiff. The funds involved were derived from the sale of the property in question and included no tax revenue. No amounts are deposited into this fund from any source other than redeposit of amounts from the fund itself and investment earnings of the fund.

The fund’s balance is committed for use as a stabilization fund in the event of a declared disaster affecting the Town financially. In this circumstance, the Commission may withdraw up to $75,000 by written resolution without a referendum for the direct costs of the disaster or recovery, mitigation expenses, or any other valid municipal purpose. In the event the Commission wishes to withdraw an amount for any reason other than a declared disaster, it shall first put the question of the withdrawal to a referendum of the voters of the Town. The Town may annually withdraw up to one-half (1/2) of the net income of the fund for the operations and discretionary use of the Town.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance

a. Cash and investments

The Town's cash and cash equivalents are defined as cash on hand, demand deposits, certificates of deposit, and amounts invested in the State Board of Administration's Florida Local Government Surplus Funds Trust Fund ("SBA Florida PRIME"), the Florida Local Government Investment Trust Day-to-Day Fund ("FLGIT Day-to-Day Fund"), the Florida Surplus Asset Fund Trust Daily Liquidity Fund ("FL SAFE Daily Liquidity Fund"), and other similarly constituted funds.

SBA Florida PRIME, FLGIT Day-to-Day Fund, and FL SAFE Daily Liquidity Fund are classified as external investment pools that seek to operate in a manner consistent with the criteria and requirements of SEC Rule 2a-7, as amended in 2014 (a "2a-7 like" pool). GASB 79, as codified in Section In5, addresses these amendments and allows an external investment pool for financial reporting purposes to elect to measure all of its investments at amortized cost if the pool meets certain criteria and transacts with its participants at a stable net asset value per share. As a result, pool participants in SBA Florida PRIME, FLGIT Day-to-Day Fund, and FL SAFE Daily Liquidity Fund should measure investments at amortized cost. The pools seek to maintain a stable Net Asset Value (NAV) of $1.00 per share and the fair value of the position in each pool is substantially equal to the value of the pool's shares.

SBA Florida PRIME's dollar weighted average days to maturity and weighted average life as of September 30, 2025 were 47 days and 73 days, respectively, and there were no redemption fees, maximum transaction amounts, or any other requirements that would limit a participant's daily access to 100% of its account value. A redemption gate of forty-eight (48) hours and up to an additional fifteen (15) days may apply to material withdrawals.

FLGIT Day-to-Day Fund's weighted average maturity for securities held in the Day-to-Day Fund as of September 30, 2025 was 32 days. There were no redemption fees, maximum transaction amounts or restrictions on withdrawals.

FL SAFE Daily Liquidity Fund's weighted average days to maturity and weighted average life as of September 30, 2025 were approximately 38 days and 69 days, respectively. There were no redemption fees, maximum transaction amounts or restrictions on withdrawals.

The FLGIT Short-Term Bond Fund is an external investment pool that is accounted for as a fluctuating Net Asset Value (NAV) pool. The value of the pool is reflected in its estimates of the market value of the underlying securities rather than their amortized cost and will fluctuate based on market conditions. The fair value of the position in the pool is determined by multiplying the pool's unit balance by the pool's unit price on September 30, 2025. There are no redemption fees, maximum transaction amounts or restrictions on withdrawals. The weighted average maturity for securities held in the Short-Term Bond Fund as of September 30, 2025 was 2.10 years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

a. Cash and investments (continued)

US Treasuries represent three treasury notes with maturities of 3, 6, and 9 years each, maturing November 30, 2026, November 30, 2029, and November 15, 2032, respectively. The coupon rates are 1.25, 3.875, and 4.125, respectively. Coupon payments are made every six months until the notes mature.

The Florida Municipal Investment Trust ("FMIvT") is a local government investment pool that is considered an external investment pool for GASB reporting requirements. The Town's investments in FMIvT bonds are $293,876 in the Intermediate High Quality Bond Fund and $292,518 in the Broad Market High Quality Bond Fund. The weighted average maturity for the Intermediate High Quality Bond Fund and the Broad Market High Quality Bond Fund were 4.80 and 7.10 years, respectively.

The Town categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments that are measured using Level 3 inputs.

Fair value measurements of the Town's investments are as follows at September 30, 2025:

- FMIvT Bonds: valued at $586,394, based on market-corroborated data (Level 2 inputs)

The Town follows the State of Florida statutory investment restrictions as provided in section 218.415 (17) Fla. Statutes.

Under the provisions of the statute, those units of local government electing not to adopt a written investment policy in accordance with investment policies developed as provided in 218.415 subsections (1)-(15) Fla. Statutes may invest or reinvest any surplus public funds in their control or possession in:

(a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in section 163.01 Fla. Statutes.
(b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
(c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in section 280.02 Fla. Statutes.
(d) Direct obligations of the U.S. Treasury.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

b. Interfund receivables and payables

Activity between funds that are representative of lending/borrowing and custodial arrangements outstanding at the end of the fiscal year, if any, 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 are reported as “due to/from other funds.”

c. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the fund balance section of the fund financial statements, these amounts are segregated as nonspendable to indicate that they do not represent available financial resources.

d. Capital assets

Capital assets include land, buildings, furniture, equipment, vehicles and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and are reported in the government-wide financial statements. Capital assets purchased or acquired are recorded at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date received. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized.

As permitted in GASB Statement No. 34, the Town has elected not to record and depreciate infrastructure assets placed in service prior to June 30, 1980.

Capital assets of the Town (including any assets amortized under lease purchase contracts) are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years
Infrastructure	15 - 50 years

e. Unearned revenue

Unearned revenue generally consists of rental fees collected in advance for subsequent year usage of the Town’s community house. At September 30, 2025, the Town does not have reportable unearned revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

f. Compensated absences

The Town records the vested portion of accumulated, unused compensated absences at year-end based on each employee's unused hours and rate of pay. All compensated absences are accrued when incurred in the government-wide financial statements as accrued liabilities. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

g. Deferred inflows of resources

Business taxes not yet earned at September 30, 2025 consist of prepaid business taxes due to the Town on October 1 each year.

h. Fund balance

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town must observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications under GASB 54 are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds but also provide clarity as to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund and the General Fund is the only fund that reports a positive Unassigned balance. In all other funds, Unassigned is limited to negative residual fund balance (if any).

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form (such as inventory and prepaid items) or the amounts are required to be maintained intact due to legal or contractual requirements.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action by the highest level of decision-making authority, the Town Commission, through ordinances and/or resolutions. Commitments may be changed or lifted only by the Town Commission taking the same formal action that imposed the original constraint. These commitments must be in place prior to September 30.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

h. Fund balance (continued)

Assigned - includes fund balance amounts established by the Town Commission, or by an official or body to which the Town Commission delegates the authority, that are intended to be used for specific purposes that are neither restricted nor committed. The Commission has retained sole authority to assign fund balance.

Unassigned - includes residual positive fund balance amounts within the general fund which have not been classified in any of the above categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts that are restricted, committed or assigned for those specific purposes.

In general, restricted amounts are spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit this, such as in grant agreements, or by action of the Town Commission. Further, the Town would generally first use committed, then assigned, and then unassigned amounts of unrestricted fund balance when expenditures are made.

i. Property taxes

Property taxes are levied on property values as of January 1, are due and payable as of November 1 and are delinquent as of April 1. A tax certificate sale is held by the Brevard County Tax Collector at the end of May on all delinquent real estate taxes, and liens are placed on the properties. Real estate taxes, therefore, are considered to be fully collected prior to the end of the Town's fiscal year.

j. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities at the balance sheet date, and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

k. Implementation of new accounting standards

During the year ended September 30, 2025, the Town adopted GASB Statement No. 101, *Compensated Absences*. The standard aligns the recognition and measurement guidance for compensated absences under a unified model and amends certain previously required disclosures. Adoption did not have a material effect on the Town's financial statements.

During the year ended September 30, 2025, the Town adopted GASB Statement No. 102, *Certain Risk Disclosures*. The standard addresses disclosures regarding risks related to a government's vulnerabilities due to certain concentrations or constraints. Adoption did not have a material effect on the Town's financial statements.

NOTE B - BUDGETS

An annual budget is adopted for all funds of the Town and the legal level of budgetary control is the fund level. The budget can only be increased by adoption of a subsequent ordinance by the Town Commission. At any time during the fiscal year, the Commission may, by resolution, transfer part or all of any unencumbered appropriation balance from one department, office or program to another. Annual budget appropriations, except appropriation for capital expenditure, to the extent not expended or encumbered, lapse at the end of each fiscal year. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned either by positive action or by the passage of three years without any disbursement from or encumbrance of the appropriation.

Budgets are adopted on a basis that does not differ materially from accounting principles generally accepted in the United States of America.

NOTE C - CASH AND INVESTMENTS

All cash, cash equivalents, and investments are held in the name of the Town at various financial institutions. Investments are stated at fair value, or amortized cost if it approximates fair value. The carrying amounts of the Town's cash and cash equivalents on September 30, 2025, were as follows:

Deposits (in bank)	$ 122,204
Cash on hand	100
SBA Florida PRIME	976,658
FLGIT Day-to-Day Fund	52,101
FL SAFE Fund A	15,527
	$ 1,166,590

Custodial risk - Custodial risk for deposits is the risk that, in the event of the depository institution's failure, the Town's deposits may not be returned to it and custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

The Town maintains an account at a local bank in the Town's name, used for its general daily operations. At September 30, 2025, the bank balance was $104,375. Monies placed on deposit with financial institutions in the form of demand deposits and time deposits are defined as public deposits. The financial institutions in which the town places its deposits are certified as "qualified public depositories", as required under the Florida Security for Public Deposits Act. All balances in excess of Federal Depository Insurance Corporation ("FDIC") insurance for demand and time deposits are fully collateralized pursuant to Chapter 280, Florida Statutes. All investments are held by the Town's agent in the Town's name.

Credit quality risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the Town's investments are listed in the table below.

NOTE C - CASH AND INVESTMENTS (continued)

At September 30, 2025, the Town reported the following fair value methods, credit ratings and investment holdings percentages:

Investment Type	Fair Value Method	Credit Rating (as applicable)	Available Funds at Fair Value	Percentage of Available Funds
Deposits in bank (1)	N/A	N/A	$ 123,085	4.99%
SBA Florida PRIME	Amortized Cost	AAAm	976,658	39.62%
FLGIT Day-to-Day Fund	Amortized Cost	AAAm	52,101	2.11%
FL SAFE Fund A	Amortized Cost	AAAm	15,527	0.63%
FLGIT S/T Bond Fund	NAV	AAAf	586,394	23.79%
FMIvT Bonds	Level 2	AAf	113,642	4.61%
US Treasuries	Amortized Cost	AAAm	597,856	24.25%
			$ 2,465,263	100.00%

(1) Bank balance at 9/30/25.

NOTE D - RECEIVABLES

All receivable balances are expected to be collected within one year (short-term).

Short-term receivables as of September 30, 2025 consisted of the following:

	General Fund	Stormwater Utility Fund	Total
Due from other governments	$ 85,625	$ 9,175	$ 94,800
Other accounts receivable	26,948	-	26,948
Total	$ 112,573	$ 9,175	$ 121,748

The Town considers all short-term receivables to be fully collectible at September 30, 2025; therefore, no allowance for doubtful accounts has been recorded.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 65,300	$ -	$ -	$ 65,300
Construction in progress	47,477	66,500	(47,477)	66,500
Total capital assets not being depreciated	112,777	66,500	(47,477)	131,800
Capital assets being depreciated:				
Buildings and improvements	371,209	-	-	371,209
Furniture and equipment	128,808	79,452	-	208,260
Vehicles	75,714	-	(34,747)	40,967
Infrastructure	619,570	46,761	-	666,331
Total capital assets being depreciated	1,195,301	126,213	(34,747)	1,286,767
Less accumulated depreciation for:				
Buildings and improvements	153,299	12,596	-	165,895
Furniture and equipment	117,395	9,977	-	127,372
Vehicles	65,621	1,687	(34,747)	32,561
Infrastructure	180,681	15,477	-	196,158
Total accumulated depreciation	516,996	39,737	(34,747)	521,986
Capital assets, net	$ 791,082	$ 152,976	$ (47,477)	$ 896,581

Depreciation expense for governmental activities was charged to functions/programs of the Town as follows:

General government	$ 5,220
Physical environment	11,463
Transportation	10,602
Culture and recreation	7,495
Unallocated	4,957
Total	$ 39,737

Depreciation expense in the amount of $4,957 for capital assets that serve all governmental functions was not allocated to the functions/programs of the Town for the fiscal year ended September 30, 2025.

NOTE F - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Liabilities reported as accounts payable and accrued liabilities on the statement of net position and balance sheet of the General Fund at September 30, 2025 were as follows:

Current payables due to vendors	$	4,612
Employee benefit related liabilities		6,824
Intergovernmental		6,660
Total	$	18,096

NOTE G - LONG-TERM OBLIGATIONS

Changes in accrued compensated absences for the year ended September 30, 2025 are summarized as follows:

	Governmental Activities	
Accrued compensated absences, beginning of year	$	3,333
Additions		10,229
Reductions		(8,473)
Accrued compensated absences, end of year	$	5,089
Amounts due within one year	$	1,272

Compensated absences will be liquidated in future periods by the General Fund.

NOTE H - INTERFUND TRANSFERS

The Town makes annual transfers from the Stormwater Utility Fund to the General Fund in accordance with its annual budget in order to reimburse the General Fund for a portion of the expenditures it incurred on behalf of the Stormwater Utility Fund. The amount transferred during the fiscal year ended September 30, 2025 was $70,000.

In March 2020, the Town Commission adopted Resolution 2020-01 enabling an interfund loan from Investment Fund A to the General Fund to fund the costs of the now completed Dayton Bridge construction project that were not covered by funds on hand or other sources. In October 2020, the Town transferred $100,000 from Investment Fund A to the General Fund as an interfund loan. The terms of the loan are 2% per annum over a ten year repayment period to cover the lost investment earnings.

During the year ended September 30, 2025, the Town Commission approved an annual withdrawal equal to one half of Investment Fund A fiscal year 2024 net income, transfered to the general fund for discretionary use totaling $7,668.

At September 30, 2025, there was a balance due from the General Fund to the Stormwater Utility Fund in the amount of $40,595 and an advance due from the General Fund to Investment Fund A in the amount of $52,613.

NOTE I - FUND BALANCES

Fund balances as of September 30, 2025, consisted of the following:

	General Fund	Stormwater Utility Fund	Investment Fund A
Nonspendable:			
Prepaid items	$ 11,980	$ -	$ -
Committed	-	49,415	1,436,843
Assigned:			
Community house	35,956	-	-
Stormwater planning	50,000		-
Road and streets	640,000	-	-
Forestry	15,000		-
Unassigned	317,288	-	-
Total	$ 1,070,224	$ 49,415	$ 1,436,843

NOTE J - SECTION 457 DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by the ICMA Retirement Corporation and permits an employee to defer a portion of his/her salary until future years. All employees are eligible to participate in the Plan thirty days after hire and there is no minimum amount a participating employee must contribute. The maximum amount an employee may contribute to the Plan is the maximum amount allowable annually by the Internal Revenue Service. The Town will match an employee's contributions, up to 2.5% of the employee's salary, for his/her first year of service.

The Town's matching percentage will increase by 0.5% of the employee's salary for each subsequent year of service, up to a maximum of 5.0%. Deferred compensation withdrawals are not available to employees until termination of employment, retirement, death, or an unforeseeable emergency.

The Town did not have any matching contributions for the year ended September 30, 2025. In accordance with current professional pronouncements such as GASB 97, the plan is defined as an other employee benefit plan and, therefore, the Town has not included such funds in its financial statements.

NOTE K - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) Florida Municipal Insurance Trust pool (the "Pool") for workers' compensation, general and auto liability, and property insurance. The Pool is a non-assessable, non-profit, tax-exempt risk-sharing pool offering liability, property, health, and

NOTE K - RISK MANAGEMENT (continued)

workers' compensation programs to governmental entities and provides general liability coverage of $100,000 per person and $200,000 per occurrence as prescribed by Section 768.28, Florida Statutes (the "statutory limit"). The Town has specific excess coverage of $1,500,000, inclusive of the statutory limit, which is available only through a Federal law claim or passage of a *claims bill* through the Legislature. Participants in the Pool are billed quarterly for their share of the costs of the Pool, adjusted for actual expense during the period of coverage. Participants are not assessed for unanticipated losses incurred by the Pool.

Premium costs for the year ended September 30, 2025 totaled $55,473. Settled claims have not exceeded the Town's insurance coverage in any of the past three years.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 22, 2026, the date the financial statements were available to be issued.

After year-end the Town replaced fifteen failing culverts under the DEP reimbursable grant totaling $121,400.

On October 1, 2025, the Brevard County Sheriff Office ("BCSO") public safety services contract renewed for an additional fiscal year totaling $283,920, paid monthly. In addition, on May 5, 2026, the Town and BCSO executed the subsequent 2026 fiscal year contract effective October 1, 2026, totaling $291,000, paid monthly.

In November 2025, the Town installed a replacement air conditioning system in the community house totaling $17,058.

In March 2025, the Town purchased a new public works vehicle and related accessories totaling $56,740.

In May 2025, the Town purchased a new public works excavator and related accessories totaling $83,878, net of equipment trade value of $20,000.

Due to lower expected operating costs, the Town decreased the overall millage from 6.8500 to 6.4190 for the fiscal year ending September 30, 2026.

TOWN OF MELBOURNE VILLAGE, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2025

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

To the Honorable Mayor and Members of the Town Commission
Town of Melbourne Village, 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 and each major fund of the Town of Melbourne Village, Florida (the "Town"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 22, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
June 22, 2026

MORAN & SMITH LLP
Certified Public Accountants
MORANSMITHCPA.COM

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Honorable Mayor and Members of the Town Commission
Town of Melbourne Village, Florida

We have examined the Town of Melbourne Village, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025, as required by Section 10.550, Rules of the Auditor General. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the Town's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies,* during the year ended September 30, 2025.

This report is intended solely for the information and use of the Town Commission, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
June 22, 2026

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor and Members of the Town Commission
Town of Melbourne Village, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Melbourne Village, Florida (the "Town"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 22, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 22, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding financial audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town is required to provide a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the Town's geographical boundaries during the fiscal year under audit. During the fiscal year ended September 30, 2025, a PACE program did not operate within the Town's geographical boundaries.

Additional Matters

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

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
June 22, 2026