

City of Melbourne, Florida



2025

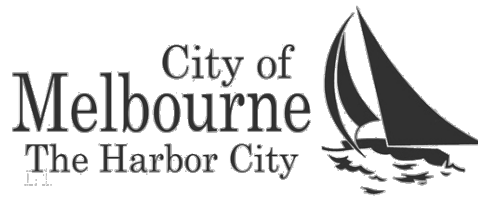
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025



City of Melbourne, Florida

**Annual Comprehensive
Financial Report**

For The Fiscal Year Ended September 30, 2025



CITY COUNCIL

Paul Alfrey	Mayor
Marcus Smith	District 1
Mark LaRusso	District 2
David Neuman	Vice Mayor, District 3
Rachael Bassett	District 4
Mimi Hanley	District 5
Julie Kennedy	District 6

CITY OFFICIALS

Jenni Lamb	City Manager
Joan Junkala-Brown	Deputy City Manager
Kevin McKeown	City Clerk
Adam Conley	City Attorney
Ross McGinn	Director of Finance
Keely Carroll	Assistant Finance Director

Prepared by: Financial Services Department



INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- Certificate of Achievement for
Excellence in Financial Reporting
- Organizational Chart



**CITY OF MELBOURNE, FLORIDA
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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
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City of Melbourne



Financial Services Department

900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

March 17, 2026

Honorable Mayor and City Council and Concerned Citizens
City of Melbourne, Florida

We are submitting the Annual Comprehensive Financial Report of the City of Melbourne, Florida (the "City") for the fiscal year ended September 30, 2025, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of internal controls should not outweigh their benefits, therefore, the City'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's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City, for the year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The independent auditor's reports on internal controls and compliance issued in connection with the Federal and State Single Audits are included in the Single Audit Section of this report.

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

Profile of the Government

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.59 square miles and serves a population of 88,499. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City has operated under the Council–City Manager form of government since January 12, 1926. This is the date the voters in the old City of Melbourne approved the referendum called for in the special act adopted by the legislature in December 1925. When the former City of Eau Gallie and the old City of Melbourne merged in 1969, the Council–City Manager form of government continued. Policy-making and legislative authority are vested in the city council, which consists of a mayor and six council members. The City Council is responsible for passing ordinances, adopting and amending the budget, appointing committee members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms with three council members elected during an even year and mayor and three council members elected during the next even year. The six council members represent districts and must reside in their respective districts; however, they are elected at large. The mayor may reside anywhere within the city and is elected at large.

The City provides a full range of services including general government administration; police and fire protection; public works; water and sewer service; a stormwater utility; recreational activities, including two golf courses; and an airport. This report includes all of the City's funds. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially accountable.

With the exception of the Melbourne Orlando International Airport (the "Airport"), the component units have been blended with the financial statements presented for the Primary Government because the component unit's governing body is the same as the City Council or because the component unit exclusively serves the City. The blended component units are the Downtown Community Redevelopment Agency, the Olde Eau Gallie Riverfront Community Redevelopment Agency, the Firefighters' Retirement System, the Melbourne Police Officers' Retirement System, and the General Employees' and Special Risk Class Employees' Pension Plan. Additional information on the City's component units can be found in Note (1)A in the notes to the financial statements. The Airport is presented in the financial statements as a discretely presented component unit to emphasize that it is legally separate from the City. Financial statements for the Melbourne Orlando International Airport may be obtained from the Executive Director, Melbourne Orlando International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

The annual budget serves as the foundation for the City of Melbourne's financial planning and control. The City Council is required to adopt a final budget no later than September 30 preceding the beginning of the fiscal year on October 1. The appropriated budget is prepared by fund (e.g., General), function (e.g., Public Safety), and department (e.g., Police). The City Manager may make transfers of appropriations within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Factors Affecting Financial Condition

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

Local Economy The City of Melbourne's current fiscal condition remains stable, despite slowing economic growth and a tight labor market that continue to challenge local governments and businesses nationwide. The City continues to be proactive in managing expenditures, avoiding the use of cash reserves for ongoing operational needs, and by evaluating ways to achieve long-term cost savings. The City also continues to pursue grants to fund special projects and equipment and was awarded several million dollars in grant funding in 2025.

The City of Melbourne issued 7,397 permits for projects valued at more than \$524 million in 2025. A variety of office/commercial, hotel, and residential projects were completed or were underway by the end of 2025, including Dassault Falcon Jet, Madison Midtown Apartments, Pineda Commons, The Preserve at Melbourne/Avocet Apartments, Pineapple Cove Daycare, Sherwin Williams, Kendall Pointe Townhome Subdivision, Fairfield Inn Hotel and Brevard Health Alliance.

The overall number of permits issued in 2025 was lower than the number issued in 2024 by 9%. New commercial permits increased 176% with a 106% increase in value from 2024. New residential permits

were down 21% with a 41% decrease in value. The population increased 0.7% in fiscal year 2025, and the local unemployment rate increased from a rate of 3.7% to 4.5% at the end of fiscal year 2025.

Long-Term Financial Planning On April 25, 2023, City Council adopted Resolution No. 4166, which updated the City's Fund Balance, Reserves, and Utility Rate of Return policy.

The updated policy establishes two reserves for the General Fund: an operating reserve target equal to 25% of the operating budget, and a reserve target for other postemployment benefits (OPEB) at 75% of the OPEB liability for the City's Governmental Activities. Thereafter, any unassigned fund balance in excess of the two target reserve minimums shall be identified by the City Manager as available to fund one-time, non-recurring costs, including, but not limited to: the funding of capital replacement programs, general maintenance of capital assets, and the reduction or avoidance of debt. As of September 30, 2025, the City had met the operating reserve requirement. For 2025, additional supplemental funding due to the closure of Crane Creek Golf Course was appropriated from reserves for \$940,000. Resolution No. 4347, approved by City Council on September 25, 2024, appropriated additional excess reserves for the replacement of Fire Station #72 in the amount of \$8,200,000, the purchase of firefighter life-saving equipment for \$2,050,000, and for funding City Hall renovations of \$1,500,000.

The Water and Sewer System fund's updated reserve policy requires an operating reserve target equal to 25% of the system's operating revenues. Thereafter, excess funds shall be deposited to a capital construction reserve used to meet future capital needs or mitigate the use of debt. As of September 30, 2025, the Water and Sewer System's operating reserve was \$19,725,125 and the capital construction reserve available was \$24,374,323.

During fiscal year 2025, \$4,331,637 was transferred from the Water and Sewer Fund to the General Fund, representing 6.5% of water, sewer, and reclaimed water sales, as defined in the updated policy.

Major Initiatives This year the Melbourne Police Department began training new officers using a virtual reality system. The system allows trainees to experience a wide range of real-world scenarios in which they can practice de-escalation skills and respond to various threats and critical incidents – all within a single room of the police station. The training helps them practice use of both tasers and handguns in lethal and non-lethal engagements.

A project to construct a new water distribution booster pump station in Indian Harbour Beach was completed this summer. It features variable speed motors that power three pumps to maintain a constant rate of water pressure in the distribution system at all times – even when there is a sudden surge in demand due to a water main break or a large fire that has to be put out. The new station is also much more energy-efficient than the 40-year-old station it replaced. Since completion, electricity usage has been reduced by as much as 25%. Once the old pump station and equipment were demolished and removed, the City's contractor installed new sod, planted new trees, added a stormwater drainage system, and installed new sidewalks and fencing to improve the appearance of the site.

In 2025, 12.5 centerline miles of roads were resurfaced following the City's Pavement Management Plan.

A failing culvert underneath Bignonia Street was removed and replaced, and the roadway was reconstructed. The culvert provides a drainage conveyance for a substantial portion of Downtown Melbourne. American Rescue Plan Act funding helped pay for this project.

A project to replace two failing 36-inch metal stormwater pipes under Nicklaus Drive with a single 84" reinforced concrete pipe was also completed. The old pipes were falling apart and had been filling up with debris. The new concrete pipe will not corrode and will improve drainage in the neighborhood.

In October, the Melbourne Fire Department placed its first-ever heavy rescue truck into service. This new specialized apparatus carries a variety of tools and trained personnel needed to respond to building collapses, accidents involving large vehicles like buses or semi-trucks, and to perform confined space rescues and trench rescues. Responding to these types of incidents requires both specialized equipment and specialized training called "technical rescue."

Earlier in 2025, a new fire engine was placed into service at Station 71 (located on Eau Gallie Boulevard near the railroad tracks). This new engine can carry all the equipment and personnel needed to provide help in a wide variety of emergency situations.

In 2025, the City completed major pedestrian safety improvements in the areas surrounding Stone Magnet Middle School. The improvements added 1.2 miles of new sidewalk segments along key corridors heavily used by students and neighborhood residents, specifically along Lipscomb Street, Monroe Street, and University Boulevard. The project included several traffic-calming features designed to enhance safety for pedestrians and encourage safer driving. Rectangular Rapid Flashing Beacons and traffic cushions were installed on Monroe and Lipscomb Streets to slow vehicles as they approach newly upgraded midblock crosswalks. The project was funded with federal dollars through the Florida Department of Transportation's Safe Routes to School program, which supports initiatives that encourage children to bike or walk to school by improving the safety and accessibility of the school routes.

New solar walkway lighting was installed at Brothers Park, Tim Wakefield Sports Complex, and Eddie Lee Taylor, Sr. Community Complex. Lights were added between the parking lot and the playground at Brothers Park in response to community requests. Lights were also added along the walkway from parking lots to concession buildings at Tim Wakefield and Eddie Lee Taylor, Sr. complexes to provide lights for ball teams and to make the environment safer for league players when they leave at night.

New restroom facilities were constructed at Front Street Park and Ballard Park using funding from the American Rescue Plan Act. The new restrooms are well-lit with bright exterior and interior lighting. Both buildings have electric hand dryers and new water fountains on the outside.

\$26 million in improvements to the water production facilities are underway. These will enhance and refurbish the ACTIFLO process, filtration system, and disinfection system. Improvements will allow the continuation of water production operations in compliance with all regulatory requirements and the maintenance of the level of service currently provided.

Installation of an \$18.3 million deep injection well for the disposal of concentrate at the Reverse Osmosis Water Treatment Plant will improve water quality and reduce demand on the Surface Water Treatment Facility.

Improvements at the Grant Street Water Reclamation Facility of \$34.9 million have started and include rehabilitating and upgrading many of the systems, some of which include grit handling, influent station, headworks, mechanical aerator systems, and biological nutrient removal treatment train to accommodate both the increasing flow demands and State and Federal regulations.

The Biosolids process system at both water reclamation facilities is being updated for \$31.5 million to improve reliability and meet current standards of the biosolid processes. The updates include rehabilitation of the dewatering systems, converting sledge hold tanks to aerobic digestion stabilization systems, updating the electrical control systems, piping, and demolition of the current system equipment.

The Melbourne Orlando International Airport has an updated terminal facility that provides the needed infrastructure to accommodate scheduled service from three domestic carriers and one international carrier along with other carriers who operate non-scheduled or charter service. These carriers provide nonstop service to ten destinations, both domestic and international, accommodating over 663,000 passengers per year. The Airport has three runways, the longest being 10,181 feet. The 246,000 square foot terminal includes nine gates and a 40,000 square foot fully outfitted customs facility. The Airport has been successful in attracting new aerospace tenants as well as accommodating expansion plans for existing tenants.

Relevant Financial Policies The City of Melbourne has adopted a comprehensive set of financial policies, including a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The original budget estimated revenues of \$112,161,347, while estimated appropriations were \$113,101,347. As a result, \$940,000 of fund balance was expected to be used this fiscal year. By fiscal year end, City Council voted to appropriate excess fund balance of \$22,781,642 to fund one-time capital appropriations as required by the City's fund balance retention policy. These included design and construction of a new three-bay fire station, additional firefighting equipment, and City Hall expansion improvements. The City of Melbourne's General Fund ultimately experienced a \$20,979,893 loss for the year on a budgetary basis, as a result of the use of fund balance reserves.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 42 years. We believe that our current ACFR 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 the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire Financial Services staff under the direction of Keely Carroll, Assistant Finance Director. Sincere appreciation is expressed to Ms. Carroll and our accountants, who made significant contributions to this report. Appreciation is also expressed to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Melbourne's finances.

Respectfully submitted,



Ross McGinn
Director of Finance



Jenni Lamb
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

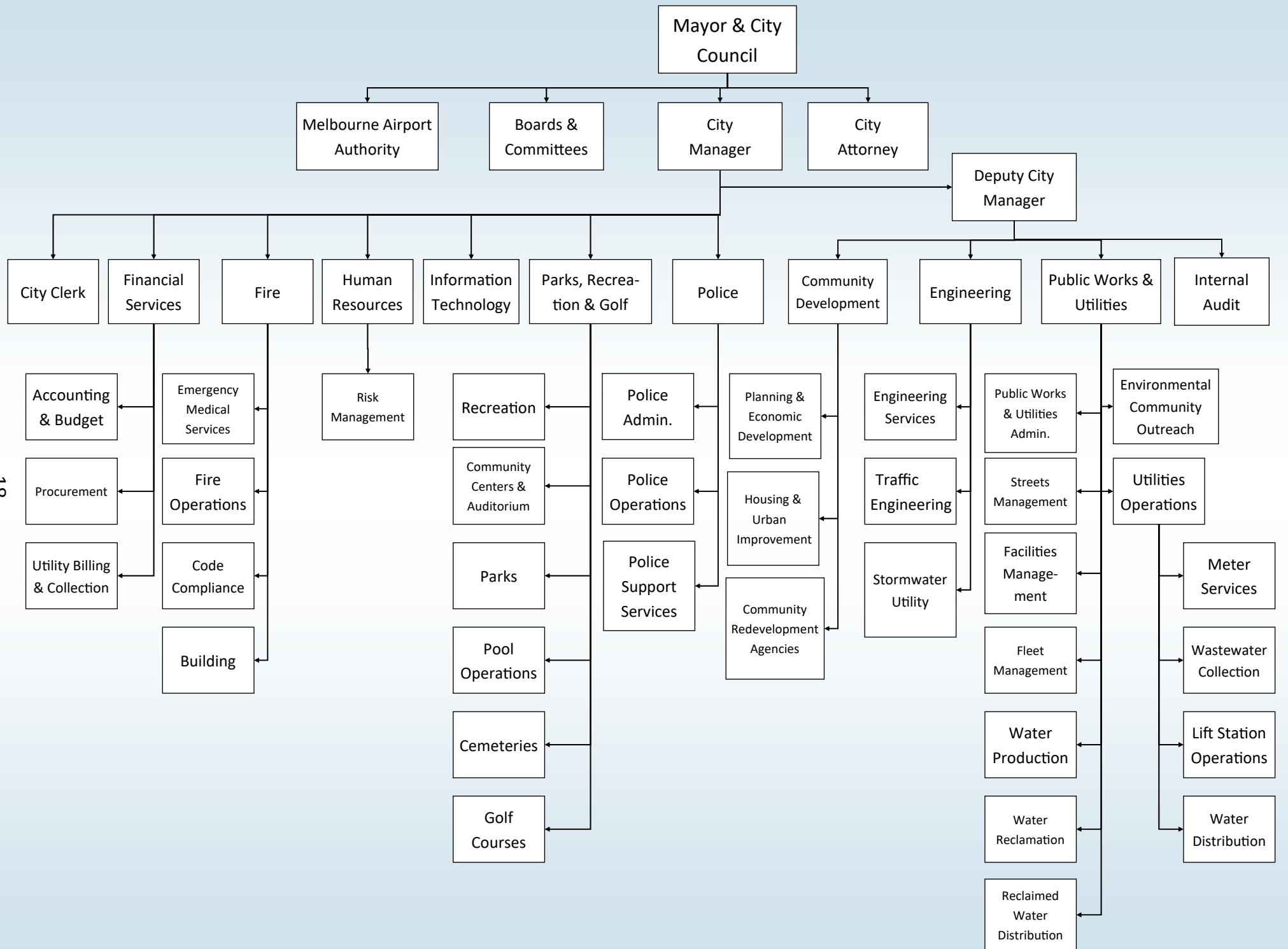
**City of Melbourne
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

This section contains the following subsections:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules





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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Melbourne, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability

to continue as a going concern for 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules on pages 25 - 34 and 123 - 144 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards and State of Florida financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, *Rules of the Auditor General*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida

March 17, 2026

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

As management of the City of Melbourne (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. 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 the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2025 by \$452,028,746. Of this amount, \$140,383,339 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$40,697,046; \$25,659,771 in governmental activities and \$15,037,275 in business-type activities.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$161,065,466 an increase of \$10,376,422 in comparison with the prior year. Approximately 25% of this amount (\$40,001,175) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$47,181,738 or 46% of total General fund expenditures for fiscal year 2025.
- The City's total debt decreased by \$10,818,593 during the current fiscal year. This reflects the normal reductions resulting from annual debt service including lease and subscription payments of \$8,762,692 and \$2,760,460 for net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B. This is offset by increases of \$468,936 disbursement from the State Revolving Fund loan, and \$235,623 in subscriptions.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and housing and urban improvement. The business-type activities of the City include a water and sewer system and a stormwater utility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Melbourne Orlando International Airport, governed by the Melbourne Airport Authority,

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide 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 twenty 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 balances for the General fund, three community redevelopment funds, and two capital projects funds. The redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited. Data from the other four governmental fund types are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and three community redevelopment funds. A budgetary comparison statement has been provided for the General fund and Community Redevelopment funds as part of Required Supplementary Information, to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* 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 system and a stormwater utility. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and insurance costs. Because both of these services benefit governmental and business-type functions, they have been allocated accordingly in the government-wide financial statements and are consolidated into governmental activities.

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 the water and sewer system, which is considered to be a major fund of the City, and the stormwater utility. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary 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.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$452,028,746. By far, the largest portion (\$238,293,275) of the City's net position (53%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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 Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 192,010,156	\$ 183,840,156	\$ 184,232,533	\$ 195,360,701	\$ 376,242,689	\$ 379,200,857
Capital assets	172,477,002	161,656,528	228,737,979	210,397,916	401,214,981	372,054,444
Total assets	364,487,158	345,496,684	412,970,512	405,758,617	777,457,670	751,255,301
Total deferred outflows of resources	26,127,107	32,171,315	5,218,684	4,985,356	31,345,791	37,156,671
Liabilities						
Long-term liabilities outstanding	116,119,791	133,595,923	170,065,813	178,372,463	286,185,604	311,968,386
Other liabilities	15,975,130	20,252,416	27,205,547	27,127,591	43,180,677	47,380,007
Total liabilities	132,094,921	153,848,339	197,271,360	205,500,054	329,366,281	359,348,393
Total deferred inflows of resources	24,454,070	15,414,157	2,954,364	2,317,722	27,408,434	17,731,879
Net position						
Net investment in capital assets	132,871,621	116,737,432	105,421,654	93,387,719	238,293,275	210,125,151
Restricted	61,108,358	52,203,101	12,243,774	12,544,857	73,352,132	64,747,958
Unrestricted	40,085,295	39,464,970	100,298,044	96,993,621	140,383,339	136,458,591
Total net position	\$ 234,065,274	\$ 208,405,503	\$ 217,963,472	\$ 202,926,197	\$ 452,028,746	\$ 411,331,700

An additional portion (\$73,352,132) of the City's net position (16%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$140,383,339 may be used to meet the City's ongoing obligations to citizens and creditors.

On September 30, 2025, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne Orlando International Airport, a discretely presented component unit, increased by \$40,697,046 (9.89%) during the current fiscal year.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Key elements of the increase in net position are as follows:

City of Melbourne's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue:						
Program revenue:						
Charges for services	\$ 21,359,765	\$ 19,245,675	\$ 71,600,835	\$ 68,760,125	\$ 92,960,600	\$ 88,005,800
Operating grants and contributions	14,334,081	14,765,893	-	18,896	14,334,081	14,784,789
Capital grants and contributions	2,704,858	710,444	8,468,474	2,763,603	11,173,332	3,474,047
General revenue:						
Property taxes	55,757,818	51,503,368	-	-	55,757,818	51,503,368
Other taxes	25,503,224	24,605,998	-	-	25,503,224	24,605,998
Grants and contributions not restricted to specific programs	11,999,351	12,433,419	-	-	11,999,351	12,433,419
Unrestricted investment earnings	7,872,045	11,182,372	7,092,070	10,114,377	14,964,115	21,296,749
Other	-	-	91,072	58,516	91,072	58,516
Total revenues	139,531,142	134,447,169	87,252,451	81,715,517	226,783,593	216,162,686
Expenses:						
General government	18,882,841	20,309,133	-	-	18,882,841	20,309,133
Public safety	67,934,019	60,665,467	-	-	67,934,019	60,665,467
Public works	11,922,023	10,813,340	-	-	11,922,023	10,813,340
Parks and recreation	13,599,075	11,861,946	-	-	13,599,075	11,861,946
Housing and urban improvement	2,081,390	1,821,456	-	-	2,081,390	1,821,456
Interest on long-term debt	1,027,803	1,132,316	-	-	1,027,803	1,132,316
Unallocated depreciation	3,810,053	3,616,164	-	-	3,810,053	3,616,164
Water and sewer	-	-	64,131,854	61,980,035	64,131,854	61,980,035
Stormwater utility	-	-	2,702,289	2,281,870	2,702,289	2,281,870
Total expenses	119,257,204	110,219,822	66,834,143	64,261,905	186,091,347	174,481,727
Increase in net position before contributions to permanent fund and transfers	20,273,938	24,227,347	20,418,308	17,453,612	40,692,246	41,680,959
Contributions to permanent fund	4,800	10,700	-	-	4,800	10,700
Transfers	5,381,033	4,182,831	(5,381,033)	(4,182,831)	-	-
Increase in net position	25,659,771	28,420,878	15,037,275	13,270,781	40,697,046	41,691,659
Net position - October 1	208,405,503	179,984,625	202,926,197	189,655,416	411,331,700	369,640,041
Net position - September 30	\$ 234,065,274	\$ 208,405,503	\$ 217,963,472	\$ 202,926,197	\$ 452,028,746	\$ 411,331,700

Governmental Activities. Governmental activities increased the City's net position by \$25,659,771. Capital grants increased by \$1,994,414 as a result of federal awards for multiple joint participation transportation projects in the current fiscal year. Property taxes increased by \$4,254,450 reflecting the increase in tax levy for the fiscal year as a result of a rise in assessed value as the local economy continues to improve. Other taxes increased by \$897,226 reflective of utilities and communication services taxes. Investment earnings decreased by \$3,310,327 due to adjustments in fair value.

Total governmental activities expenses increased by \$9,037,382. General government expenses decreased by (\$1,426,292) primarily due to a decrease in capital outlay. Public safety expenses increased by \$7,268,552, primarily due to increases in salaries, benefits, medical services, auto parts, training/travel, and risk management. Public works increased by \$1,108,683 primarily due to increases in salaries and benefits and operating expenditures including electricity, risk management, fuel, sidewalks, and repairs and maintenance to buildings. Parks and recreation expenses increased by \$1,737,129 due to increases in salaries and benefits in addition to increases in building repairs, utilities, and risk management costs.

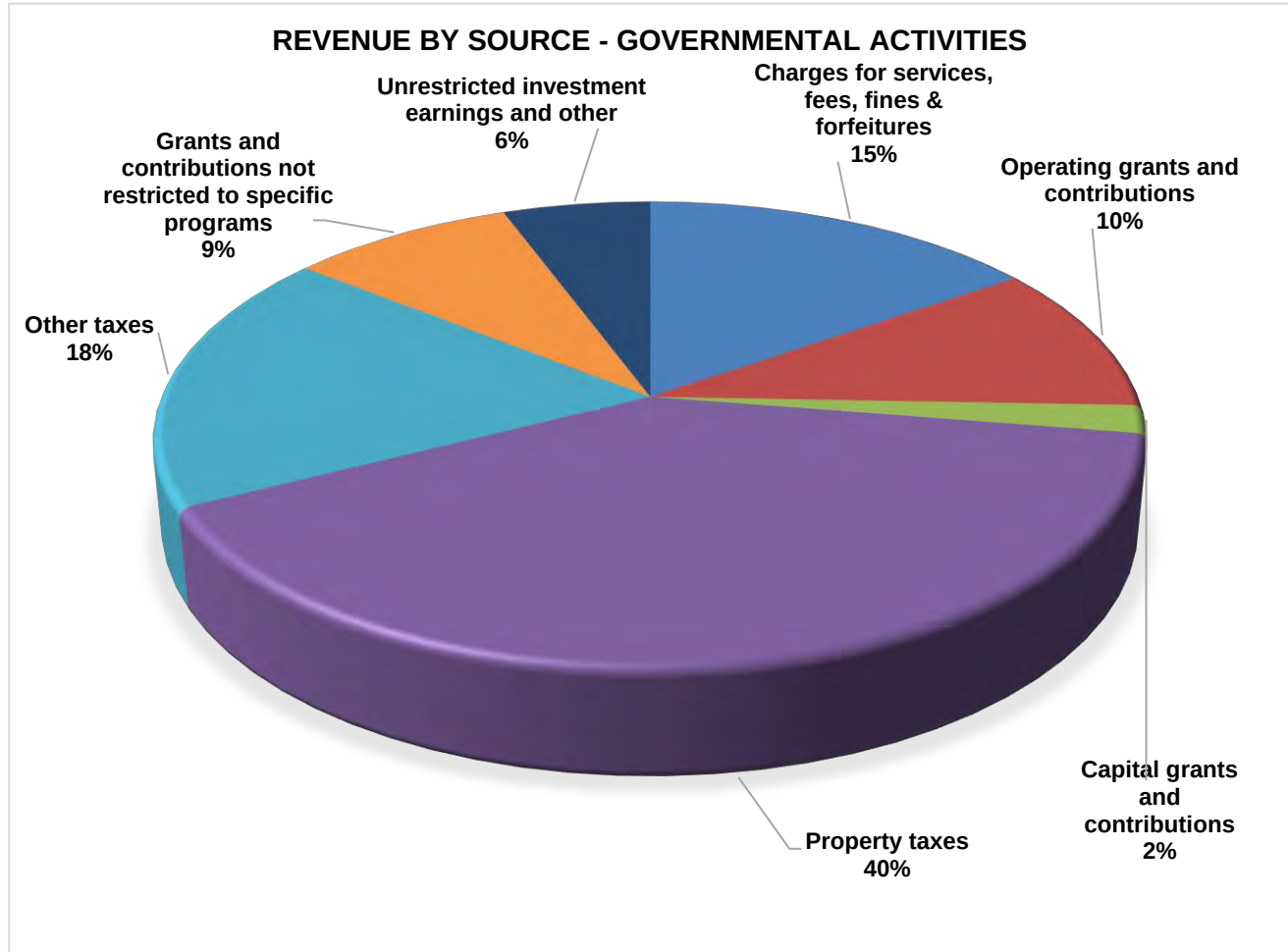
Transfers increased by \$1,198,202 primarily reflecting an increase in the transfer from Water and Sewer fund to General fund for the Water and Sewer fund's rate of return and an increase in contributions to Water and Sewer funded projects in the General Construction fund.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Business-type Activities. Business-type activities increased the City's net position by \$15,037,275. Charges for services increased \$2,840,710, which correlates with an increase in average daily consumption of water by utility customers. Operating grants and contributions decreased by (\$18,896) due to a reduction in funding received from the Federal Emergency Management Agency (FEMA) for Hurricane Dorian. Capital grants and contributions increased by \$5,704,871 primarily due to an increase in funding from the Florida Department of Environmental Protection for the Statewide Water Quality Restoration Projects - Biosolids Nutrient Removal/Control Project. Investment earnings decreased (\$3,022,307) due to adjustments in fair value.

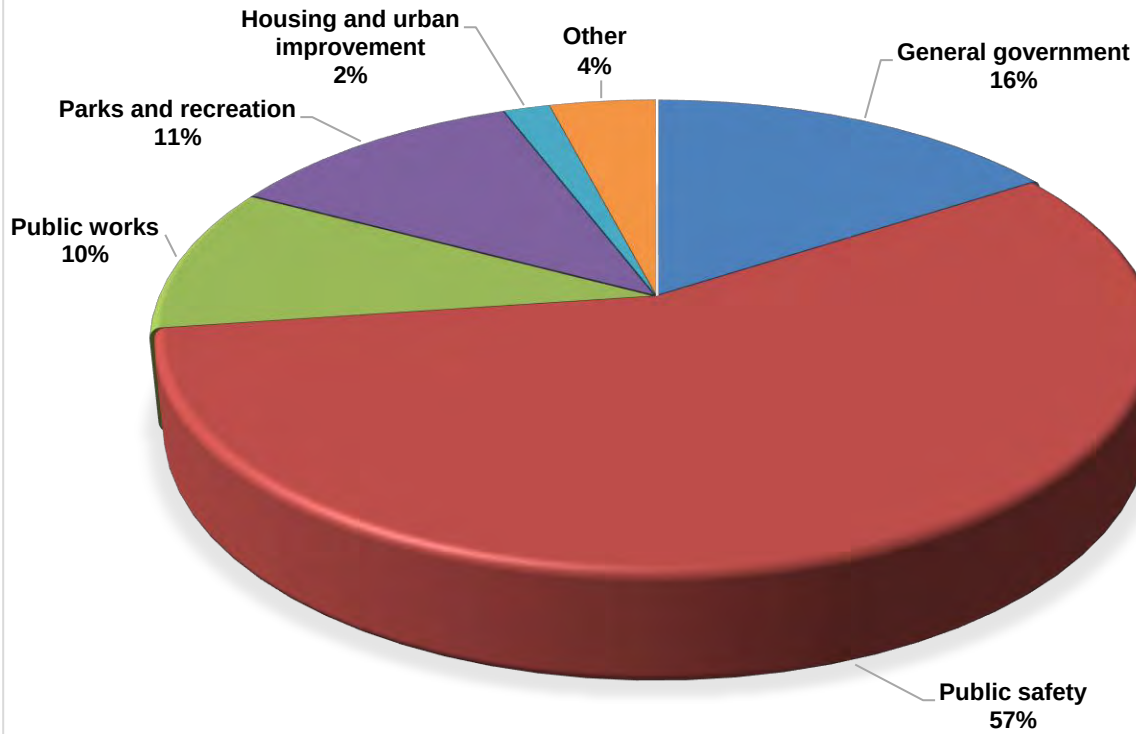
Water and Sewer expenses increased \$2,151,819 primarily due to an increase in miscellaneous equipment and furnishings, meter conversions, chemicals and fertilizer expenses, repairs and maintenance to meters and sewer lines. Transfers increased \$1,198,202 mainly due to an increase in contributions to Water and Sewer funded projects in the General Construction fund and an increase to the General Fund for the Water and Sewer fund's rate of return.

The revenues by source and expenses by function for governmental activities are displayed in the following graphs:



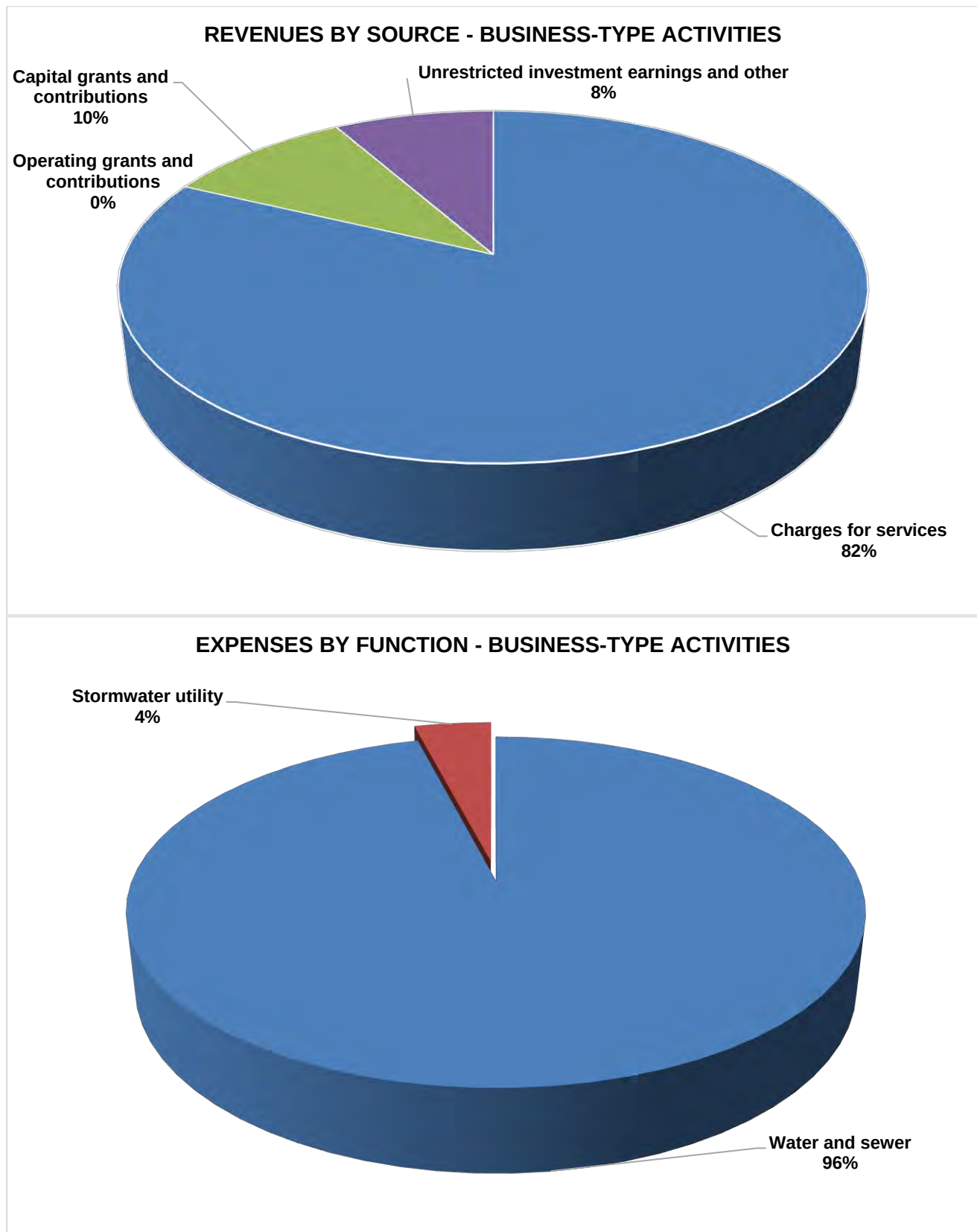
CITY OF MELBOURNE, FLORIDA
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EXPENDITURES BY FUNCTION - GOVERNMENTAL ACTIVITIES



**CITY OF MELBOURNE, FLORIDA
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The revenues by source and expenses by function for all business-type activities are demonstrated in the following graphs:



**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal 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's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$161,065,466, an increase of \$10,376,422 in comparison with the prior year. Approximately 25% (\$40,001,175) of this amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,987,205), 2) restricted for specific purposes (\$57,403,995), 3) restricted for debt service (\$1,096,859), or 4) assigned to pay for obligations previously authorized by the City (\$60,576,232).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$47,181,738, while total fund balance was \$49,539,874. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 46% of total fiscal year 2025 General fund expenditures and 37% of fiscal year 2026 appropriations. Total fund balance represents 48% of total fiscal year 2025 General fund expenditures and 39% of fiscal year 2026 appropriations.

The fund balance of the City's General fund decreased by (\$15,429,293) during the current fiscal year, primarily a result of increases in transfers out. The City separated Golf Course Operations into a Special Revenue fund devoted to track the operating revenues and expenditures of both courses. Establishing the new fund will allow for a transparent view of the impact maintaining the courses has on the General Fund resources. Additionally, to ensure full compliance with Florida State Statute §553.80(7), the City separated the activities related to the Building Division into a Special Revenue fund. The General Fund previously subsidized the operations relating to the enforcement of the Florida Building Code from 2007 to 2015. Since 2015, building permit revenues exceeded expenditures in each fiscal year, with full repayment of the subsidies expected to occur late in FY 2024 or the beginning of FY 2025.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$8,753,096 to bring the year end fund balance to \$51,098,982. Assigned fund balance increased \$6,989,724 due to an increase in funding from the General Fund for roads and streets. Fund balance restricted for transportation increased \$1,763,372 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

The General Construction Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$12,258,351 to bring the year end fund balance to \$37,216,137. Assigned fund balance increased \$11,843,527 due to an increase in funding from the General Fund for various projects. Fund balance restricted for capital improvement increased \$534,219 as restricted funding and transfers in exceeded spending on various projects funded from those restricted sources.

The Downtown Community Redevelopment Agency (CRA) had an increase in fund balance of \$244,341 primarily due the increase in tax levy for the fiscal year as a result of a rise in assessed value as the local economy continues to improve.

The Olde Eau Gallie Community Redevelopment Agency (CRA) fund balance increased by \$1,229,772 because of the interlocal agreement between Brevard County, the City of Melbourne, and Olde Eau Gallie CRA, which extends the CRA for the sole purpose of building a parking structure.

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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 System at the end of the year amounted to \$87,545,854 and the Stormwater Utility was \$12,831,463. The net position in the Water and Sewer System and Stormwater Utility increased by \$13,982,072 and \$1,058,557, respectively, due to normal growth and operating activities. The net position for total business-type activities decreased (\$3,354) to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

General Fund Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included in the RSI section of the ACFR.

The original budget classifies all pending salary and benefit increases in the category, other-unclassified, while the final budget includes the various increases in each functional activity.

The variance between the final budget and the actual results in the General fund reflects actual exceeding total revenues and other financing sources by \$2,611,677 and total expenditures and transfers out \$130,072 less than appropriated. This is primarily a result of actual revenues and other financing sources exceeding appropriations across the board. Since expenditures were less than budgetary estimates, the change in fund balance in the General fund was \$2,741,749 higher than budgeted.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 30, 2025 total \$401,214,981 (net of accumulated depreciation). Capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 7.8% (a 6.7% increase in governmental activities and an 8.7% increase for business-type activities).

City of Melbourne's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 39,589,180	\$ 39,589,180	\$ 4,186,161	\$ 4,186,161	\$ 43,775,341	\$ 43,775,341
Buildings	55,689,280	16,311,934	19,615,491	20,521,116	75,304,771	36,833,050
Improvements other than buildings	6,512,213	5,363,969	151,216,367	135,284,386	157,728,580	140,648,355
Machinery and equipment	17,753,589	13,197,081	7,743,882	7,070,916	25,497,471	20,267,997
Intangibles, computer software	491,356	390,909	-	-	491,356	390,909
Infrastructure	37,374,919	36,565,424	-	-	37,374,919	36,565,424
Right-to-use leases equipment	1,435,615	2,195,277	-	-	1,435,615	2,195,277
Right-to-use subscriptions	1,164,234	1,646,905	-	-	1,164,234	1,646,905
Construction in progress	12,466,616	46,395,849	45,976,078	43,335,337	58,442,694	89,731,186
Total capital assets, net of depreciation/amortization	<u>\$ 172,477,002</u>	<u>\$ 161,656,528</u>	<u>\$ 228,737,979</u>	<u>\$ 210,397,916</u>	<u>\$ 401,214,981</u>	<u>\$ 372,054,444</u>

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

- \$ 40,824,334 for The Joseph Pellicano Law Enforcement Center;
- \$ 1,134,140 for golf cart fleet;
- \$ 1,034,658 for Cardiac Monitor/Defibrillators;
- \$ 1,268,996 for Tennis & Ballfield Lights Replacement;
- \$ 911,464 for Heavy Rescue Truck;
- \$ 1,501,633 NASA Boulevard Sidewalk Improvements;
- \$ 802,449 Nicklaus Dr Dual Pipe Replacement;
- \$ 1,262,513 Downtown CRA S Expansion Street Scape; and
- \$ 1,033,194 University/ Grant Street Pedestrian Crossing

**CITY OF MELBOURNE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Additional information on the City of Melbourne's capital assets can be found in Note (4) E.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total debt outstanding of \$196,185,194. Of this amount, \$34,730,000 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, \$132,862,382 for Water and Sewer Revenue Bonds, and \$18,233,325 for State Revolving Fund loans, secured solely by revenues of the Water and Sewer fund.

City of Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Public improvement bonds	\$ 34,730,000	\$ 36,995,000	\$ -	\$ -	\$ 34,730,000	\$ 36,995,000
Revenue bonds	-	-	132,862,382	139,215,900	132,862,382	139,215,900
Unamortized issuance premium	2,494,551	2,883,873	5,671,252	6,348,850	8,165,803	9,232,723
Lease liabilities	1,320,992	2,025,443	-	-	1,320,992	2,025,443
Subscription liabilities	872,692	749,266	-	-	872,692	749,266
State Revolving Fund loans	-	-	18,233,325	18,785,455	18,233,325	18,785,455
Total	<u>\$ 39,418,235</u>	<u>\$ 42,653,582</u>	<u>\$ 156,766,959</u>	<u>\$ 164,350,205</u>	<u>\$ 196,185,194</u>	<u>\$ 207,003,787</u>

The City of Melbourne's total debt decreased by 5.23%. The primary factor was a result of normal principal payments of outstanding debts.

Governmental activities debt decreased by (\$3,235,347). The decrease primarily reflects normal principal payments of outstanding debts.

Business-type activities debt decreased by (\$7,583,246). The decrease primarily reflects normal principal payments of outstanding debts of \$3,593,058 in normal bonds principal payments, net accretion of \$2,760,460, in the Water and Sewer Refunding Revenue Bonds Series 2002B, and State Revolving Fund loan repayment of \$1,021,066. This is offset by increases of \$468,936 disbursement from the State Revolving Fund loan.

Additional information on the City of Melbourne's long-term debt can be found in Note (4) L.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2025 for the City of Melbourne was 4.50%, which is an increase from a rate of 3.70% last year. This is higher than the national average unemployment rate of 4.4% and higher than the state average rate of 3.9%.
- The millage rate of 7.0112 mills was adopted for fiscal year 2025-2026. In addition, the voted debt service millage rate for the construction of the Joseph Pellicano Law Enforcement Center was adopted at the rate of .2977 mills.
- The General Fund receives a 6.5% rate of return related to the operation of the Water and Sewer System Fund. The FY 2026 Proposed Budget includes an 8% increase to take effect October 1, 2025 as a placeholder until the completion of the ongoing Water and Wastewater Rate Study.

Requests for Information

Questions about this report or requests for additional financial information should be addressed to:

City of Melbourne
Financial Services Department
900 E. Strawbridge Ave.
Melbourne, FL 32901
Telephone: (321) 608-7010

Or visit our website at: www.melbourneflorida.org

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

The following statements and schedules are reported in this subsection:

- Government-wide Statement of Net Position
- Government-wide Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Position - Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to the Financial Statements

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
ASSETS				
Cash and cash equivalents	\$ 22,510	\$ 1,600	\$ 24,110	\$ 29,772,055
Equity in pooled investments	172,911,905	104,781,166	277,693,071	-
Investments, at fair value	-	-	-	11,454,471
Receivables, net	4,421,227	13,446,330	17,867,557	1,664,232
Lease receivable	4,828,856	-	4,828,856	1,963,002
Other receivables	-	399,427	399,427	311,717
Interest receivable	1,112,735	676,320	1,789,055	438,391
Internal balances	79,273	(79,273)	-	-
Due from fiduciary funds	4,579	-	4,579	-
Due from primary government	-	-	-	9,434
Due from other governments	4,764,822	2,501,062	7,265,884	7,059,794
Inventory	448,588	2,046,604	2,495,192	23,831
Prepaid items	594,671	-	594,671	583,515
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	52,075,163	52,075,163	294,766
Equity in pooled investments	-	3,304,060	3,304,060	-
Investments, at fair value	-	4,598,159	4,598,159	-
Interest receivable	-	28,122	28,122	-
Due from other governments	-	-	-	1,295,818
Permanently restricted:				
Equity in pooled investments	226,150	-	226,150	-
Noncurrent lease receivable	-	-	-	388,010,002
Net pension asset, city pensions	2,379,840	453,793	2,833,633	438,907
Capital assets:				
Nondepreciable:				
Land	39,589,180	4,186,161	43,775,341	36,139,581
Construction in progress	12,466,616	45,976,078	58,442,694	39,234,928
Depreciable:				
Buildings	78,717,350	78,234,892	156,952,242	192,020,740
Improvements other than buildings	24,163,045	388,137,836	412,300,881	116,275,716
Machinery and equipment	45,131,680	25,325,289	70,456,969	14,296,184
Intangibles, computer software	2,425,805	66,073	2,491,878	277,928
Infrastructure	175,127,101	-	175,127,101	-
Right to use subscriptions	2,164,962	-	2,164,962	531,411
Right to use leased equipment	4,222,880	-	4,222,880	489,452
Less accumulated depreciation/ amortization	(211,531,617)	(313,188,350)	(524,719,967)	(129,164,797)
Total assets	364,487,158	412,970,512	777,457,670	713,421,078
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, city pensions	12,208,904	-	12,208,904	14,158
Deferred outflows, FRS pension	4,190,860	2,205,874	6,396,734	621,081
Deferred outflows, OPEB	9,701,267	2,027,127	11,728,394	397,516
Deferred outflows, asset retirement	26,076	-	26,076	-
Deferred amount on advance refunding	-	985,683	985,683	-
Total deferred outflows of resources	26,127,107	5,218,684	31,345,791	1,032,755

The statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
LIABILITIES				
Accounts payable	5,892,547	10,988,324	16,880,871	3,956,515
Accrued payroll expenses	3,663,392	688,919	4,352,311	263,860
Accrued interest payable	292,697	-	292,697	92,454
Due to fiduciary funds	338,622	-	338,622	-
Due to component unit	9,434	-	9,434	-
Due to other governments	100,883	3,248,340	3,349,223	2,136,425
Deposits	1,831,242	-	1,831,242	-
Unearned revenue	3,846,313	-	3,846,313	4,389,648
Current liabilities payable from restricted assets	-	12,279,964	12,279,964	3,137,819
Noncurrent liabilities:				
Due within one year:				
Accrued claims	1,005,105	-	1,005,105	-
Compensated absences	2,112,877	444,723	2,557,600	168,552
State Revolving Fund loan payable	-	1,047,373	1,047,373	-
Other postemployment benefits	-	127,775	127,775	24,243
Leases payable	646,982	-	646,982	23,094
Subscriptions payable	424,637	-	424,637	110,390
Bonds payable	2,345,000	-	2,345,000	-
Due in more than one year:				
Liabilities payable from restricted assets	-	4,064,428	4,064,428	294,766
Accrued claims	2,504,671	-	2,504,671	-
Compensated absences	2,493,731	522,255	3,015,986	258,703
Leases payable	674,010	-	674,010	-
Subscriptions payable	448,055	-	448,055	134,124
State Revolving Fund loan payable	-	16,995,412	16,995,412	-
Other postemployment benefits	22,490,191	4,331,851	26,822,042	1,075,720
Net pension liability, city pensions	25,886,633	-	25,886,633	-
Net pension liability, FRS pension	20,137,901	10,898,362	31,036,263	3,323,285
Asset retirement obligation	70,447	-	70,447	-
Bonds payable, net of unamortized premium and discount	34,879,551	131,633,634	166,513,185	9,537,000
Total liabilities	132,094,921	197,271,360	329,366,281	28,926,598
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city pensions	11,549,211	90,526	11,639,737	176,995
Deferred inflows, FRS pension	5,482,670	2,671,867	8,154,537	677,388
Deferred inflows, OPEB	1,934,526	191,971	2,126,497	44,294
Deferred inflows, lease	4,828,856	-	4,828,856	388,204,583
Deferred revenue, business tax receipts	658,807	-	658,807	-
Total deferred inflows of resources	24,454,070	2,954,364	27,408,434	389,103,260
NET POSITION				
Net investment in capital assets	132,871,621	105,421,654	238,293,275	254,771,339
Restricted - nonexpendable	227,664	-	227,664	-
Restricted for:				
Debt service	1,096,859	11,539,981	12,636,840	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	44,259,148	-	44,259,148	1,295,818
Housing and urban improvement	967,902	-	967,902	-
Human services	399,699	-	399,699	-
Economic development	10,407,388	-	10,407,388	-
Public safety	1,369,858	-	1,369,858	-
Pension benefits	2,379,840	453,793	2,833,633	-
Unrestricted	40,085,295	100,298,044	140,383,339	40,356,818
Total net position	\$ 234,065,274	\$ 217,963,472	\$ 452,028,746	\$ 296,423,975

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	International Airport
Primary government:								
Governmental activities:								
General government	\$ 18,882,841	\$ 9,944,295	\$ 3,397,973	\$ -	\$ (5,540,573)	\$ -	\$ (5,540,573)	\$ -
Public safety - fire and police	67,934,019	5,434,960	3,755,754	13,833	(58,729,472)	-	(58,729,472)	-
Public works	11,922,023	1,265,368	4,602,259	2,657,168	(3,397,228)	-	(3,397,228)	-
Parks and recreation	13,599,075	4,675,667	182,037	33,857	(8,707,514)	-	(8,707,514)	-
Housing and urban improvement	2,081,390	24,016	2,283,154	-	225,780	-	225,780	-
Human Services	-	15,459	112,904	-	128,363	-	128,363	-
Interest on long-term debt	1,027,803	-	-	-	(1,027,803)	-	(1,027,803)	-
Unallocated depreciation	3,810,053	-	-	-	(3,810,053)	-	(3,810,053)	-
Total governmental activities	119,257,204	21,359,765	14,334,081	2,704,858	(80,858,500)	-	(80,858,500)	-
Business-type activities:								
Water and sewer	64,131,854	68,709,450	-	7,676,189	-	12,253,785	12,253,785	-
Stormwater utility	2,702,289	2,891,385	-	792,285	-	981,381	981,381	-
Total business-type activities	66,834,143	71,600,835	-	8,468,474	-	13,235,166	13,235,166	-
Total primary government	\$ 186,091,347	\$ 92,960,600	\$ 14,334,081	\$ 11,173,332	(80,858,500)	13,235,166	(67,623,334)	-
Component unit - Airport	\$ 32,958,554	\$ 22,146,353	\$ 2,862,952	\$ 32,911,028				24,961,779
General Revenues:								
Taxes:								
Property					55,757,818	-	55,757,818	-
Utility and telecommunication					16,146,255	-	16,146,255	-
Franchise fees					9,356,969	-	9,356,969	-
Grants and contributions not restricted to specific programs					11,999,351	-	11,999,351	-
Unrestricted investment earnings (loss)					7,872,045	7,092,070	14,964,115	2,507,808
Gain on sale of capital assets					-	91,072	91,072	37,443,955
Contributions to permanent funds					4,800	-	4,800	-
Transfers, net					5,381,033	(5,381,033)	-	-
Total general revenues and transfers					106,518,271	1,802,109	108,320,380	39,951,763
Change in net position					25,659,771	15,037,275	40,697,046	64,913,542
Net position, October 1					208,405,503	202,926,197	411,331,700	231,510,433
Net position, September 30					\$ 234,065,274	\$ 217,963,472	\$ 452,028,746	\$ 296,423,975

The accompanying notes are an integral part of this statement.



**CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	General Fund	Downtown Redevelopment Fund	Olde Eau Gallie Redevelopment Fund
ASSETS			
Cash and cash equivalents	\$ 20,010	\$ -	\$ -
Equity in pooled investments	51,610,084	4,722,850	5,660,630
Receivables (net of allowance of \$1,174)	4,421,227	-	-
Lease receivable	4,828,856	-	-
Interest receivable	770,367	30,666	36,324
Due from other funds	225,628	-	-
Due from fiduciary funds	4,579	-	-
Due from other governments	3,469,343	-	-
Advances to other funds	902,512	-	-
Inventory	298,355	-	-
Prepaid items	17,018	-	-
Land held for resale	215,000	-	-
Total assets	<u>\$ 66,782,979</u>	<u>\$ 4,753,516</u>	<u>\$ 5,696,954</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,469,431	\$ 49,302	\$ -
Accrued payroll expenditures	3,515,956	10,646	-
Due to other funds	-	-	-
Due to fiduciary funds	338,622	-	-
Due to component unit	9,434	-	-
Due to other governments	90,021	-	-
Advances from other funds	-	-	-
Deposits	1,808,457	-	-
Unearned revenue	3,523,521	-	-
Total liabilities	<u>11,755,442</u>	<u>59,948</u>	<u>-</u>
Deferred inflows of resources:			
Deferred inflows, lease related	4,828,856	-	-
Deferred revenues - business tax receipts	658,807	-	-
Total deferred inflows of resources	<u>5,487,663</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-spendable:			
Long-term advances to other funds	902,512	-	-
Inventory	298,355	-	-
Prepays	17,018	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	93,663	-	-
Human services	-	-	-
Housing and urban improvement	-	-	-
Debt service	831,588	-	-
Economic development	-	4,693,568	5,696,954
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Assigned:			
General government	3,814,305	-	-
Public safety, law enforcement	501,943	-	-
Public safety, fire protection	56,972	-	-
Public works	669,927	-	-
Parks and recreation	290,995	-	-
Housing and community development	542	-	-
Capital improvements	1,195,500	-	-
Unassigned	40,651,554	-	-
Total fund balances (deficits)	<u>49,539,874</u>	<u>4,693,568</u>	<u>5,696,954</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 66,782,979</u>	<u>\$ 4,753,516</u>	<u>\$ 5,696,954</u>

The accompanying notes are an integral part of this statement.

Transportation Capital Improvement Fund	General Construction Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,500	\$ 22,510
51,430,661	37,879,347	14,589,893	165,893,465
-	-	-	4,421,227
-	-	-	4,828,856
153,504	593	84,404	1,075,858
-	-	-	225,628
-	-	-	4,579
-	356,185	939,294	4,764,822
-	-	-	902,512
-	-	150,233	448,588
-	171,423	5,000	193,441
-	-	-	215,000
<u>\$ 51,584,165</u>	<u>\$ 38,407,548</u>	<u>\$ 15,771,324</u>	<u>\$ 182,996,486</u>
\$ 482,183	\$ 1,178,632	\$ 1,355,787	\$ 5,535,335
-	-	126,786	3,653,388
-	-	225,628	225,628
-	-	-	338,622
-	-	-	9,434
-	-	10,862	100,883
-	-	902,512	902,512
3,000	12,179	7,606	1,831,242
-	600	322,192	3,846,313
<u>485,183</u>	<u>1,191,411</u>	<u>2,951,373</u>	<u>16,443,357</u>
-	-	-	4,828,856
-	-	-	658,807
-	-	-	5,487,663
-	-	-	902,512
-	-	5,000	303,355
-	171,423	150,233	338,674
-	-	-	215,000
-	-	227,664	227,664
-	-	1,276,195	1,369,858
-	-	399,699	399,699
-	-	967,902	967,902
-	-	265,271	1,096,859
-	-	16,866	10,407,388
-	750,343	4,177,474	4,927,817
33,256,968	90,337	3,655,038	37,002,343
-	-	2,328,988	2,328,988
-	-	-	3,814,305
-	-	-	501,943
-	-	-	56,972
-	-	-	669,927
-	-	-	290,995
-	-	-	542
17,842,014	36,204,034	-	55,241,548
-	-	(650,379)	40,001,175
<u>51,098,982</u>	<u>37,216,137</u>	<u>12,819,951</u>	<u>161,065,466</u>
<u>\$ 51,584,165</u>	<u>\$ 38,407,548</u>	<u>\$ 15,771,324</u>	<u>\$ 182,996,486</u>

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

Total *fund balances* for governmental funds \$ 161,065,466

Total *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 funds. Those assets consist of:

	Balance	Accumulated Depreciation/ Amortization	
Land	\$ 39,589,180	\$ -	
Construction in progress	12,466,616	-	
Buildings	78,717,350	(23,028,070)	
Improvements	24,163,045	(17,650,832)	
Machinery and equipment	45,131,680	(27,378,091)	
Intangibles, computer software	2,425,805	(1,934,449)	
Infrastructure	175,127,101	(137,752,182)	
Right to use subscriptions	2,164,962	(1,000,728)	
Right to use leased equipment	4,222,880	(2,787,265)	
Total capital assets	<u>\$ 384,008,619</u>	<u>\$ (211,531,617)</u>	172,477,002

Pension contributions are reported as expenditures in the fund financial statements and adjust net pension asset or net pension liability, deferred outflows and deferred inflows on the statement of net position.

Net pension asset	2,279,157	
Net pension liability	(45,858,815)	
Deferred outflows - pensions	16,361,342	
Deferred inflows - pensions	<u>(16,949,720)</u>	(44,168,036)

Other postemployment benefits are reported as expenditures in the fund financial statements and adjust other postemployment benefit liability, deferred outflows and deferred inflows on the statement of net position.

Other postemployment benefits liability	(22,414,032)	
Deferred outflows - other postemployment benefits	9,651,405	
Deferred inflows - other postemployment benefits	<u>(1,923,090)</u>	(14,685,717)

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Total internal service funds net position	3,654,673	
Less amounts attributable to business-type activities	<u>79,273</u>	3,733,946

Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest on bonds and notes	(292,697)	
Bonds and notes payable	(37,224,551)	
Leases payable	(1,320,992)	
Subscription liability	(872,692)	
Compensated absences	<u>(4,602,084)</u>	
Total long-term liabilities and associated accrued interest		(44,313,016)

Asset retirement obligations are not due and payable in the current period, and accordingly, are not reported as fund liabilities.

Asset retirement obligation liability	(70,447)	
Deferred outflows - asset retirement obligation	<u>26,076</u>	(44,371)

Net position of governmental activities \$ 234,065,274

The accompanying notes are an integral part of this statement.



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

	General Fund	Downtown Redevelopment Fund	Olde Eau Gallie Redevelopment Fund
REVENUES			
Taxes:			
Property	\$ 53,182,016	\$ -	\$ -
Utility and telecommunications	16,146,255	-	-
Franchise fees	9,356,969	-	-
Intergovernmental	22,531,619	2,438,118	1,057,615
Charges for services	9,277,510	-	-
Impact fees	-	-	-
Licenses and permits	2,907,926	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	238,129	-	-
Investment earnings (loss)	5,718,871	240,896	172,157
Perpetual care endowment additions	-	-	-
Settlements	-	-	-
Other revenues	1,419,224	4,481	-
Total revenues	<u>120,778,519</u>	<u>2,683,495</u>	<u>1,229,772</u>
EXPENDITURES			
Current:			
General government	19,525,046	913,223	-
Public safety	62,750,351	-	-
Public works	9,587,225	-	-
Parks and recreation	9,131,635	-	-
Housing and urban improvement	779,922	-	-
Debt service:			
Principal	1,567,046	120,000	-
Interest and fiscal agent fees	142,141	41,812	-
Capital outlay	-	1,365,319	-
Total expenditures	<u>103,483,366</u>	<u>2,440,354</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,295,153</u>	<u>243,141</u>	<u>1,229,772</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,603,805	1,200	-
Transfers out	(37,743,233)	-	-
Subscriptions	235,623	-	-
Sale of capital assets	179,359	-	-
Total other financing sources (uses)	<u>(32,724,446)</u>	<u>1,200</u>	<u>-</u>
Net change in fund balances	(15,429,293)	244,341	1,229,772
Fund balances (deficits), October 1, as previously reported	<u>64,969,167</u>	<u>4,449,227</u>	<u>4,467,182</u>
Fund balances (deficits), September 30	<u>\$ 49,539,874</u>	<u>\$ 4,693,568</u>	<u>\$ 5,696,954</u>

The accompanying notes are an integral part of this statement.

Transportation Capital Improvement Fund	General Construction Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,575,802	\$ 55,757,818
-	-	-	16,146,255
-	-	-	9,356,969
-	1,430,351	3,235,475	30,693,178
-	-	3,228,704	12,506,214
518,293	-	652,185	1,170,478
-	-	2,984,212	5,892,138
-	-	23,012	23,012
-	-	-	238,129
1,028,260	-	566,903	7,727,087
-	-	4,800	4,800
-	-	112,904	112,904
48,536	17,843	121,605	1,611,689
1,595,089	1,448,194	13,505,602	141,240,671
-	63,450	-	20,501,719
-	1,502,836	1,906,892	66,160,079
2,236,144	5,866	-	11,829,235
-	54,458	3,339,797	12,525,890
-	-	1,275,047	2,054,969
-	-	1,350,000	3,037,046
-	-	1,181,528	1,365,481
1,028,731	14,032,469	2,759,326	19,185,845
3,264,875	15,659,079	11,812,590	136,660,264
(1,669,786)	(14,210,885)	1,693,012	4,580,407
11,178,164	26,469,236	2,728,491	44,980,896
(755,282)	-	(1,101,348)	(39,599,863)
-	-	-	235,623
-	-	-	179,359
10,422,882	26,469,236	1,627,143	5,796,015
8,753,096	12,258,351	3,320,155	10,376,422
42,345,886	24,957,786	9,499,796	150,689,044
\$ 51,098,982	\$ 37,216,137	\$ 12,819,951	\$ 161,065,466

**CITY OF MELBOURNE, 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 \$ 10,376,422

The change in *net position* reported for governmental activities in the statement of activities is 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 and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.

Cost of capital assets	22,979,954	
Depreciation and amortization expense	<u>(11,941,673)</u>	11,038,281

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.

Loss on capital assets sold or disposed		(360,235)
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Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities.

2,363,923

Other postemployment benefits are reported as expenditures in the fund financial statements and the change in other postemployment benefit liability and related outflows (inflows) are reported on the statement of activities.

(1,222,380)

The issuance of long-term debt provides current financial resources to governmental funds and contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, refunding and repayment of debt consume current financial resources of governmental funds, but reduce the liability in the statement of net position and does not affect the statement of activities.

Issuance of subscription contracts	(235,623)	
Principal repayment, bonds and notes	2,265,000	
Principal repayment, subscription contracts	67,595	
Principal repayment, leases	<u>704,451</u>	2,801,423

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.

Amortization of bond premiums and discounts	389,322	
Accrued interest on bonds and notes	(292,697)	
Asset retirement obligations	<u>(74)</u>	96,551

Some expenditures reported in the governmental funds, and adjustments made to expenses reported in the statement of activities have been recognized as expenses in the prior fiscal year in the statement of activities.

Accrued interest on bonds and notes	317,063	
Compensated absences	<u>(150,066)</u>	166,997

Some expenditures reported in the governmental funds have been recognized as expenses in the prior fiscal year in the statement of activities.

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Street infrastructure contributions	187,030	
Capital assets purchased from business-type activities		
Machinery and equipment	120,955	
Accumulated depreciation	<u>(120,955)</u>	187,030

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities.

211,759

Change in net position of governmental activities		<u><u>\$ 25,659,771</u></u>
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The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	48,088,895	-	48,088,895	-
Equity in pooled investments	92,331,646	12,449,520	104,781,166	7,244,590
Equity in pooled investments, restricted	2,974,802	-	2,974,802	-
Receivables, trade				
Billed (net of allowance of \$285,000)	8,715,101	-	8,715,101	-
Unbilled	4,731,229	-	4,731,229	-
Other receivables	399,427	-	399,427	-
Interest receivable	594,032	82,288	676,320	36,877
Interest receivable, restricted	28,122	-	28,122	-
Due from other governments	1,723,080	777,982	2,501,062	-
Inventory	2,046,604	-	2,046,604	-
Prepaid items	-	-	-	401,230
Total current assets	161,634,538	13,309,790	174,944,328	7,682,697
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	3,986,268	-	3,986,268	-
Equity in pooled investments	329,258	-	329,258	-
Investments, at fair value	4,598,159	-	4,598,159	-
Net pension asset, city general pension	453,793	-	453,793	100,683
Total noncurrent restricted assets	9,367,478	-	9,367,478	100,683
Capital assets:				
Nondepreciable:				
Land	3,196,662	989,499	4,186,161	-
Construction in progress	43,776,282	2,199,796	45,976,078	-
Depreciable:				
Buildings	78,234,892	-	78,234,892	-
Improvements other than buildings	364,338,382	23,799,454	388,137,836	-
Machinery and equipment	22,370,585	2,954,704	25,325,289	2,625
Intangibles, computer software	57,910	8,163	66,073	-
Less accumulated depreciation/amortization	(302,684,252)	(10,504,098)	(313,188,350)	(2,625)
Total capital assets, net of accumulated depreciation/amortization	209,290,461	19,447,518	228,737,979	-
Total noncurrent assets	218,657,939	19,447,518	238,105,457	100,683
Total assets	380,292,477	32,757,308	413,049,785	7,783,380
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, FRS pension	2,155,131	50,743	2,205,874	38,422
Deferred outflows, other postemployment benefits	2,027,127	-	2,027,127	49,862
Deferred amount on advance refunding	985,683	-	985,683	-
Total deferred outflows	5,167,941	50,743	5,218,684	88,284

The proprietary statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	9,914,320	1,074,004	10,988,324	357,212
Accrued payroll expenses	676,446	12,473	688,919	10,004
Accrued claims	-	-	-	1,005,105
Due to other governments	3,248,340	-	3,248,340	-
Compensated absences	439,570	5,153	444,723	3,282
State Revolving Fund loan payable	1,047,373	-	1,047,373	-
Other postemployment benefits	127,775	-	127,775	-
Current liabilities payable from restricted assets:				
Accounts payable	2,940,434	-	2,940,434	-
Accrued interest payable	2,248,990	-	2,248,990	-
State Revolving Fund loan payable	190,540	-	190,540	-
Revenue bonds payable	6,900,000	-	6,900,000	-
Total current liabilities	27,733,788	1,091,630	28,825,418	1,375,603
Noncurrent liabilities:				
Customer deposits payable from restricted assets	4,064,428	-	4,064,428	-
Accrued claims	-	-	-	2,504,671
Compensated absences	519,353	2,902	522,255	1,242
State Revolving Fund loan payable	16,995,412	-	16,995,412	-
Other postemployment benefits	4,310,093	21,758	4,331,851	76,159
Net pension liability, FRS pension	10,723,487	174,875	10,898,362	165,719
Revenue bonds payable, net of unamortized premium and discount	131,633,634	-	131,633,634	-
Total noncurrent liabilities	168,246,407	199,535	168,445,942	2,747,791
Total liabilities	195,980,195	1,291,165	197,271,360	4,123,394
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, city general pension	90,526	-	90,526	22,554
Deferred inflows, FRS pension	2,614,171	57,696	2,671,867	59,607
Deferred inflows, other postemployment benefits	191,971	-	191,971	11,436
Total deferred inflows of resources	2,896,668	57,696	2,954,364	93,597
NET POSITION				
Net investment in capital assets	86,793,927	18,627,727	105,421,654	-
Restricted for:				
Debt service	11,539,981	-	11,539,981	-
Renewal and replacement	250,000	-	250,000	-
Pension benefits	453,793	-	453,793	100,683
Unrestricted	87,545,854	12,831,463	100,377,317	3,553,990
Total net position	\$ 186,583,555	\$ 31,459,190	218,042,745	\$ 3,654,673
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			(3,354)	
Related to enterprise funds for prior years			(75,919)	
Net position of business-type activities			\$ 217,963,472	

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
OPERATING REVENUES				
Water sales (net of bad debt of \$70,084)	\$ 40,091,058	\$ -	\$ 40,091,058	\$ -
Sewer charges (net of bad debt of \$46,722)	26,205,335	-	26,205,335	-
Stormwater fees	-	2,891,025	2,891,025	-
Charges to other funds	-	-	-	6,482,694
Charges to component unit	-	-	-	666,112
Other revenues	2,413,057	360	2,413,417	9,996
Total operating revenues	68,709,450	2,891,385	71,600,835	7,158,802
OPERATING EXPENSES				
Salaries, wages and employee benefits	16,623,994	253,790	16,877,784	179,103
Contractual services, materials and supplies	27,418,063	1,411,351	28,829,414	4,958,963
Claims	-	-	-	2,040,450
Depreciation and amortization	14,359,185	1,037,026	15,396,211	-
Total operating expenses	58,401,242	2,702,167	61,103,409	7,178,516
Operating income (loss)	10,308,208	189,218	10,497,426	(19,714)
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	-	-	-	-
Investment earnings (loss)	6,513,684	578,386	7,092,070	228,119
Interest expense	(5,727,380)	-	(5,727,380)	-
Debt issue expense	-	-	-	-
Gain on sale/disposal of capital assets	55,572	35,500	91,072	-
Total nonoperating revenues (expenses)	841,876	613,886	1,455,762	228,119
Income (loss) before contributions and transfers	11,150,084	803,104	11,953,188	208,405
Capital contributions	7,676,189	792,285	8,468,474	-
Transfers in	109,436	-	109,436	-
Transfers out	(4,953,637)	(536,832)	(5,490,469)	-
Change in net position	13,982,072	1,058,557	15,040,629	208,405
Total net position, October 1,	172,601,483	30,400,633	203,002,116	3,446,268
Total net position, September 30	\$ 186,583,555	\$ 31,459,190	\$ 218,042,745	\$ 3,654,673
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			(3,354)	
Change in net position of business-type activities			\$ 15,037,275	

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 67,010,266	\$ 2,891,275	\$ 69,901,541	\$ -
Cash received from other funds	-	-	-	6,482,694
Cash received from component unit	-	-	-	666,112
Cash payments to suppliers for goods and services	(27,860,057)	(1,189,198)	(29,049,255)	(6,361,516)
Cash payments for employee services	(17,287,888)	(274,739)	(17,562,627)	(191,769)
Deposits received	873,986	-	873,986	-
Deposits returned	(820,637)	-	(820,637)	-
Other operating revenues	12,520	360	12,880	9,996
Net cash provided (used) by operating activities	21,928,190	1,427,698	23,355,888	605,517
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(4,953,637)	(536,832)	(5,490,469)	-
Net cash provided (used) by noncapital financing activities	(4,953,637)	(536,832)	(5,490,469)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(31,579,568)	(1,291,111)	(32,870,679)	-
Principal paid on revenue bond maturities and lease obligations	(3,593,058)	-	(3,593,058)	-
Principal paid on State Revolving Fund loan	(1,021,066)	-	(1,021,066)	-
Proceeds from State Revolving Fund loan	436,994	-	436,994	-
Interest paid on revenue bonds and lease obligations	(8,964,121)	-	(8,964,121)	-
Cash received from impact fees	1,197,667	-	1,197,667	-
Proceeds from sale of capital assets	72,823	35,500	108,323	-
Transfers in	109,436	-	109,436	-
Capital grants and contributions	3,874,713	87,438	3,962,151	-
Net cash provided (used) by capital and related financing activities	(39,466,180)	(1,168,173)	(40,634,353)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(18,261,488)	-	(18,261,488)	-
Proceeds from sale and maturities of investment securities	18,261,521	-	18,261,521	-
2023 WS Bond Investments	32,166,748	-	32,166,748	-
Interest on investments	6,355,639	576,535	6,932,174	233,259
Net cash provided (used) by investing activities	38,522,420	576,535	39,098,955	233,259
Net increase (decrease) in cash and cash equivalents	16,030,793	299,228	16,330,021	838,776
Cash and cash equivalents at October 1	131,681,676	12,150,292	143,831,968	6,405,814
Cash and cash equivalents at September 30	\$ 147,712,469	\$ 12,449,520	\$ 160,161,989	\$ 7,244,590

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Stormwater Utility (Non-Major)	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 10,308,208	\$ 189,218	\$ 10,497,426	\$ (19,714)
Adjustments not affecting cash:				
Depreciation and amortization	14,359,185	1,037,026	15,396,211	-
Deferred outflows, pensions and OPEB	(484,232)	20,035	(464,197)	(3,183)
Deferred inflows, pensions and OPEB	616,661	19,981	636,642	24,364
Changes in assets and liabilities:				
Receivables, trade	(1,670,847)	-	(1,670,847)	-
Due from other governments	-	250	250	-
Inventory	(302,758)	-	(302,758)	-
Prepaid items	-	-	-	(1,230)
Net pension asset	(243,520)	-	(243,520)	(58,718)
Net pension liability	(2,316,169)	(68,161)	(2,384,330)	(21,600)
Accounts payable	(736,649)	222,153	(514,496)	21,900
Accrued payroll expenses	75,999	7,196	83,195	2,067
Accrued claims	-	-	-	617,227
Due to other governments	597,413	-	597,413	-
Deposits	53,349	-	53,349	-
Unearned revenue	(15,817)	-	(15,817)	-
Other postemployment benefits	1,687,367	-	1,687,367	44,404
Net cash provided (used) by operating activities	<u>\$ 21,928,190</u>	<u>\$ 1,427,698</u>	<u>\$ 23,355,888</u>	<u>\$ 605,517</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions from developers	\$ 973,481	\$ -	\$ 973,481	\$ -
Capital related payables	7,218,212	819,791	8,038,003	-
State Revolving Fund capitalized interest	31,942	-	31,942	-
Total non-cash capital and related financing activities	<u>\$ 8,223,635</u>	<u>\$ 819,791</u>	<u>\$ 9,043,426</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of investments	<u>\$ (188,207)</u>	<u>\$ (9,981)</u>	<u>\$ (198,188)</u>	<u>\$ (12,675)</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,600	\$ -	\$ 1,600	\$ -
Cash and cash equivalents, restricted	48,088,895	-	48,088,895	-
Equity in pooled investments	92,331,646	12,449,520	104,781,166	7,244,590
Equity in pooled investments, restricted	2,974,802	-	2,974,802	-
Noncurrent assets:				
Cash and cash equivalents, restricted	3,986,268	-	3,986,268	-
Equity in pooled investments, restricted	329,258	-	329,258	-
Cash and cash equivalents at September 30	<u>\$ 147,712,469</u>	<u>\$ 12,449,520</u>	<u>\$ 160,161,989</u>	<u>\$ 7,244,590</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Employee Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 6,366,506	\$ -
Equity in pooled investments	-	193,349
Investments, at fair value:		
U.S. government obligations	47,947,635	-
Corporate bonds	3,882,936	-
Common stocks	125,019,416	-
Real estate funds	12,448,798	-
Foreign bond funds	3,065,202	-
Private debt	8,626,434	-
Foreign equity funds	25,541,717	-
Interest receivable	305,923	-
Due from other funds	338,622	-
Total assets	<u>233,543,189</u>	<u>193,349</u>
LIABILITIES		
Accounts payable and accrued expenses	227,561	4,320
Due to other funds	4,579	-
Overfunded contributions	843,831	-
Total liabilities	<u>1,075,971</u>	<u>4,320</u>
NET POSITION		
Restricted for:		
Pension benefits	232,467,218	-
Public safety, law enforcement	-	189,029
Total net position	<u><u>\$ 232,467,218</u></u>	<u><u>\$ 189,029</u></u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Employee Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Asset seizures	\$ -	\$ 15,614
Employer contributions	6,961,965	-
Employee contributions	1,881,229	-
State contributions	2,114,520	-
Total contributions	<u>10,957,714</u>	<u>15,614</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	14,882,741	-
Interest, dividends, and other income	5,463,193	851
Total investment gains (losses)	20,345,934	851
Less investment expense	(881,931)	-
Net investment gains (losses)	<u>19,464,003</u>	<u>851</u>
Total additions (reductions)	<u>30,421,717</u>	<u>16,465</u>
DEDUCTIONS		
Refunds of seized assets	-	8,838
Forfeitures of seized assets	-	4,752
Payments to City of Cocoa	-	851
Benefits paid	14,486,479	-
Refunded contributions	326,514	-
Administrative expenses	509,990	-
Total deductions	<u>15,322,983</u>	<u>14,441</u>
Change in net position	15,098,734	2,024
Net position, October 1	<u>217,368,484</u>	<u>187,005</u>
Net position, September 30	<u><u>\$ 232,467,218</u></u>	<u><u>\$ 189,029</u></u>

The accompanying notes are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City was established under Chapter 69-879, Law of Florida, Special Acts 1969. The City has a population of 88,499 living within an area of approximately 51.59 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The more significant City's accounting policies are described below:

A. REPORTING ENTITY

In evaluating the City as a reporting entity, management has included all component units in accordance with GASB Codification, Section 2100, "Defining the Financial Reporting Entity". The Financial Reporting Entity consists of the City of Melbourne (the "primary government") and its component units. Component units are legally separate organizations for which the City Council is financially accountable. GASB Codification, Section 2100 further requires that a financial benefit or burden relationship be present for a component unit to be blended with the primary government. The component units discussed below are included in the City's reporting entity and are reported as part of the primary government or discretely presented in the financial statements depending upon the nature of the relationship to the City.

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The Community Redevelopment funds issue separate financial statements. These statements may be obtained from the Director of Finance, City of Melbourne, 900 E. Strawbridge Ave, Melbourne, FL 32901. The pension funds do not issue separate financial statements. Their financial statements are included in the City's Annual Comprehensive Financial Report for the year ended September 30, 2025.

Downtown Community Redevelopment Agency -- The governing body of the Downtown Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Downtown Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Downtown Redevelopment fund". Melbourne Downtown Community Redevelopment Agency was created under Ordinance No. 1982-38 on August 24, 1982.

Olde Eau Gallie Riverfront Community Redevelopment Agency -- The governing body of the Olde Eau Gallie Riverfront Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Olde Eau Gallie Riverfront Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Olde Eau Gallie Redevelopment fund." Eau Gallie Community Redevelopment Agency was created under Resolution No. 1627 on September 12, 2000.

Firefighters' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the firefighters' pension benefits. The Firefighters' Retirement Trust fund only exists to provide pension benefits to City of Melbourne firefighters. It is accounted for in the Pension Trust funds.

Melbourne Police Officers' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the police officers' pension benefits. The Melbourne Police Officers' Retirement Trust fund only exists to provide pension benefits to City of Melbourne police officers. It is accounted for in the Pension Trust funds.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

General Employees' and Special Risk Class Employees' Pension Plan -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the general employees' pension benefits. The General Employees' Retirement Trust fund only exists to provide pension benefits to City of Melbourne general employees, Airport general employees, and Airport police personnel hired between January 1, 1996 and July 31, 2008. It is accounted for in the Pension Trust funds.

Discretely Presented Component Unit

The Melbourne Orlando International Airport (the "Airport"), governed by the Melbourne Airport Authority, is a financially self-sustaining enterprise. The Airport was created by Ordinance No. 67-7. Its main purpose is to provide and maintain scheduled air passenger and cargo service to residents of Brevard County and surrounding counties. The Airport Authority consists of three City Council members appointed by the City Council and four members from the business community. Although the City does not appoint a majority of the Airport Authority and the Airport does not provide a financial benefit or impose a financial burden on the City, the Airport Authority is fiscally dependent on the City and it would be misleading to exclude. The City must approve the Airport Authority's budget and its bonded debt issuances. The Discretely Presented Component Unit column in the government-wide financial statements presents the financial data of the Airport. It is reported in a separate column of the Government-wide Financial Statements to emphasize that it is legally separate from the City. Financial statements for the Melbourne Orlando International Airport may be obtained from the Executive Director, Melbourne Orlando International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

Related Organizations

The City's Mayor is responsible for appointing the members of the Melbourne Housing Authority (MHA), but the City's accountability for the MHA does not extend beyond making the appointments. The MHA has full financial accountability for administering the housing programs for low and moderate income families funded by grants and rental income and, accordingly, the MHA is not included in the accompanying financial statements.

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 of the nonfiduciary activities of the primary government and its component units. For the most part, 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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. 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 operation 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to when revenues, expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary pension fund financial statements. The custodial funds use the economic resources measurement focus. 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 in the year for which they are levied. Grants and similar items are recognized as revenue as soon as 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 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, except for grants, for which the period is 12 months. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

The City reports the following major governmental funds:

- The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Downtown Redevelopment fund is used to account for tax increment revenues assessed on downtown properties that are used to fund capital improvements that encourage development in the downtown area.
- The Olde Eau Gallie Redevelopment fund is used to account for tax increment revenues assessed on properties within the Eau Gallie district that are used to fund capital improvements to revitalize the urban core area of Eau Gallie.
- The Transportation Capital Improvement fund, primarily funded by transportation impact fees and local option gas tax, accounts for the activities of governmental fund transportation projects.
- The General Construction Capital Improvement fund, used to account for the activities of governmental fund projects funded primarily through General Fund revenues and grants.

The Redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited.

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NOTES TO THE FINANCIAL STATEMENTS
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The City reports the following major proprietary fund:

- The Water and Sewer System fund provides water and sewer service to residents of the City and neighboring communities.

Additionally, the City reports the following fund types:

- Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.
- The Debt Service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.
- Capital Projects funds account for the activities of recreation, mobility, bikeways and public facility construction projects.
- The Permanent fund is used to account for resources legally held in trust to finance maintenance for the City's municipal cemeteries. The revenues designated for perpetual care are placed in trust and the interest earned is transferred to the General fund.
- Internal Service funds account for workers compensation services and general liability insurance provided to other departments and component units of the City on a cost reimbursement basis.
- The Pension Trust fund accounts are used to account for assets held by the City in a fiduciary capacity for the Firefighters Pension Plan, Police Pension Plan and General Employees' Pension Plan. The funds are operated by carrying out specific terms of statutes, ordinances, and other governing regulations.
- Custodial funds account for assets held by the City in a fiduciary capacity for the benefit of individuals and external organizations. The City currently has two Custodial funds: the Seized Assets fund, which holds funds related to forfeitures of confiscated property awaiting adjudication, and the City of Cocoa Escrow, which accounts for the City of Cocoa's share of the joint project to construct two new 16" water transmission mains crossing the Indian River at the Pineda Causeway.

The City reports the following discretely presented component unit:

- The Melbourne Orlando International Airport is an Enterprise fund accounted for on the accrual basis. All references in these notes to the accounting treatment for Proprietary or Enterprise funds are applicable to the Airport.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges provided by the General fund to the Enterprise funds and the Airport, and fire services provided by the General fund to the Airport. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 enterprise funds, and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS,
AND NET POSITION OR EQUITY**

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of equity in pooled investments. The cash and cash equivalents presented on the Statement of Cash Flows – Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents and equity in pooled investments presented on the Statement of Net Position – Proprietary Funds. Investments are stated at fair value, based on the quoted market price.

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government and corporate holdings. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2025, the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, and the Permanent fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

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 are reported as “due to/from other funds”. Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade receivables are shown net of an allowance for uncollectibles.

Lease receivables – The City's lease receivables are measured at the present value of lease payments expected to be received during the least term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The City is the lessor of various properties. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The lease term includes the noncancellable period of the lease.

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term at a discount, which is the City's estimated incremental borrowing rate at the inception of the lease. Subsequently, the lease receivable is reduced by the principal portion of lease payments received and the deferred inflow of resources is recognized as revenue over the life of the lease term. Most leases include increases of a minimum percentage or escalate with CPI or fair value adjustments. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

Unearned revenue – Unearned revenue recorded on the governmental fund balance sheet represents amounts received before eligibility requirements are met.

4. Inventories and Prepaids

Inventories such as central warehouse supplies are valued on a moving average cost basis. All other inventories, including fuel and chemicals, are valued at cost on the first-in, first-out method. Inventory in the General fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are issued. Inventory in the Proprietary funds consists of materials and supplies used in the production of goods and services. None of the inventory is above net realizable value.

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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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain assets of the City are classified as restricted assets on the Statement of Net Position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted assets and then from unrestricted assets. Assets are set aside for the following uses:

- Revenue Bonds/State Revolving Fund (SRF) Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.
- Water/Sewer Impact Fees – used to segregate resources set aside for water and sewer improvements.
- Due from Other Governments – used to segregate revenues due from other governments for General fund police and firefighters pension contributions, fines restricted for police education, and FEMA and grant restricted revenues for City and Airport projects.
- Customer/Tenant Deposits – used to segregate deposits collected from water customers and Airport tenants.
- Interest Receivable – used to report interest receivable on restricted revenue and reserve accounts.
- Cash and Cash Equivalents – used to report resources set aside to meet grant requirements for Airport projects.
- Pension Benefits – used to report the amount in excess of the amount owed to the plan based on the actuarial present value of protected benefit payments for plan members and their beneficiaries less the plan's net position.

6. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than equipment, are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Equipment is defined as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost, if purchased or constructed, and at acquisition value of market transaction at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

General infrastructure assets acquired prior to October 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using actual original cost and acquisition date, estimated cost based on known average installed cost at the estimated acquisition date, or deflated replacement cost from the estimated acquisition date.

Capital assets of the primary government, as well as the component unit, are depreciated or amortized using the straight-line method over the following average useful lives:

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Classification	Range of Lives
Buildings	20-40 years
Improvements other than buildings	10-25 years
Machinery, equipment and other	2-20 years
Right-to-use leased equipment	2-20 years
Intangibles, computer software, and right-to-use subscription arrangements	2-10 years
Airport runways	25 years
Bridges	50 years
Roads, asphalt, sidewalks	20 years
Streetlights, traffic signals	15 years
Docks, piers	15 years
Seawalls, boat ramps	30 years

7. Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources, the *deferred amount for advance refunding* of debt in the Water and Sewer fund, the *deferred outflows related to asset retirement obligations*, and the *deferred outflows related to certain pensions and other post-employment benefits*, these reported in the government-wide and proprietary funds statements of net position. These are classified as deferred outflows of resources due to GASB Codification D20, "Debt Extinguishments", A10, "Certain Asset Retirement Obligations", P20, "Pension Activities" and P52, "Postemployment Benefits Other than Pensions". The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$4,606,608 are recorded as a liability in the governmental activities column of the Government-wide Statement of Net Position. 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. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

9. Long-Term Liabilities

Long-term liabilities expected to be financed from Governmental funds are not accounted for in the Governmental funds. Expenditure recognition for Governmental fund types is limited to exclude amounts paid from non-current assets. Such long-term amounts are not recognized as Governmental fund type expenditures or fund liabilities but are incorporated into the governmental activities column in the Government-wide Statement of Net Position.

In the government-wide financial statements, and proprietary fund types in the 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 amortized over

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the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Net pension liabilities and other postemployment benefits are determined based on actuarial valuations, see Note (6) B and (6) C for additional information.

In the Proprietary funds (and for the governmental funds, in the Government-wide statements, if applicable) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is reported as deferred outflows of resources.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The City's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

12. Leases

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*.

Lease contracts that provide the City with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a right-to-use lease asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible right-to-use lease asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Right-to-use lease assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

The City is the lessee of noncancellable lease of equipment. The City recognizes a lease liability and right-to-use leased equipment in the government-wide financial statements. The lease term includes the noncancellable period of the lease.

The City's lease liabilities are measured at the present value of payments expected to be made during the lease term. The City uses the interest rate charged by the lessor as the discount rate. When an interest rate is not provided, the City uses a discount of 2% or 4.57%, which is the City's incremental borrowing rate. Subsequently, the lease liability is reduced by the principal portion of lease payments made and the lease asset is amortized over the shorter of the useful life of the asset or the lease term.

13. Deferred Inflows of Resources

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified*

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Criteria. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City's capital assets.

14. Categories and Classification of Fund Balance

Fund balance, under GASB Codification, Section 1800, "Classifications and Terminology", is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications provide clarity to the level of restrictions, as fund balance can have different levels of restraint, such as external versus internal compliance requirements. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund advances.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council, the City's highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents unspent funds appropriated by City Council for specific capital projects. Per City Resolution No. 4166, the authority to assign fund balances lies with the City Manager.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

City Resolution No. 4166 requires excess funds to be transferred to unassigned fund balance until the total of assigned plus unassigned fund balance equals 25% of the General fund operating budget, excluding transfers. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance.

The government-wide statement of net position reports \$73,352,132 of restricted net position, of which \$43,525,671 is restricted by enabling legislation.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

15. Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year's revenue. Pursuant to Florida Statutes, Chapter 200.065(5)(a), the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2025 was 6.5466 mills, which is 5.9% greater than the rolled-back rate.

As provided by law, the Brevard County Property Appraiser assesses all properties for ad valorem taxing purposes and the Brevard County Tax Collector collects and distributes all taxes. Ad valorem taxes are levied based on property valuation as of January 1. The fiscal year for which ad valorem taxes are levied begins on October 1. Taxes are due beginning on November 1, delinquent on April 1, and lien on May 30. Property tax revenues are recognized in the fiscal year for which they are budgeted and also become due and payable. Virtually all unpaid taxes are collected via tax certificates sold on or prior to June 1; therefore, no material taxes are receivable at fiscal year-end.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating 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 Water and Sewer System fund, Stormwater Utility Fund and internal service funds are charges to customers for sales and services. The Water and Sewer System Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City has elected to report budgetary comparisons as Required Supplementary Information (RSI). Please refer to the accompanying notes to the RSI for the City's budgetary information.

The City has no material violations of finance-related legal and contractual provisions.

(3) ACCOUNTING CHANGES

A. IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

GASB Statement No. 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal

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years beginning after December 15, 2023, and all reporting periods thereafter. There were no significant impacts of implementing this Statement. The statement requires retrospective application; however, the change to the opening balances was de minimus.

GASB Statement No. 102, *Certain Risk Disclosures*, this statement was issued December 2023 to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement No. 102 did not have a significant impact on the financial statements.

B. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, this statement was issued April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

This establishes new accounting and financial reporting requirements—or modifies existing requirements—related to Management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement will supersede and amend portions of GASB Statements No. 34 and 37. This statement further amends portions of GASB Statements No. 14, 41, 42, 44, 49, 56, 58, 61, 62 and 69. Related guidance will also be superseded or amended upon implementation. Statement No. 103 will be effective for the fiscal year ending September 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, this statement was issued September 2024 to provide users of government financial statements with essential information about certain types of capital assets. This requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 will be effective for the fiscal year ending September 30, 2026.

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The City of Melbourne will implement new GASB pronouncements no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the City's financial statements.

(4) DETAILED NOTES – ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2025, the carrying amount of the City of Melbourne's deposits with banks was \$9,435,306 and the bank balance was \$8,676,662. For the Airport, the carrying amount of deposits with banks was \$3,698,978 and the bank balance was \$3,689,868.

For the Fiduciary funds, the carrying amount was \$45,861 and the bank balance was \$7,266. As of September 30, 2025, all of the City's non-interest bearing bank balances are covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The City maintains a pool of cash and investments in which each fund participates on a daily transaction basis. Investment earnings are distributed monthly based on average daily balances. The City's pooled portfolio excludes the International Airport fund and the Firefighters, Police and General Employees' Pension Trust funds, City of Cocoa Escrow, and the Capital Projects funded by the Series 2022 Bond.

City and Airport daily deposits are deposited in Earnings Credit Rate (ECR) earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$9,462 and Component Unit petty cash of \$0.

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At year-end, the City's cash and investment balances were as follows:

	Concentration of Credit Risk	Credit Rating (S & P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Primary Government								
<u>Cash Equivalents</u>								
Money Market Funds	24.29%	AAA	L1	\$ 79,797,412	\$ 79,797,412	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	1.40%		L2	4,598,159	4,598,159	-	-	-
U.S. Treasury Notes	23.84%	AA	L2	78,324,736	-	78,324,736	-	-
Federal National Mortgage Association	1.39%	AA	L2	4,568,543	581,644	3,455,814	531,085	-
Federal Home Loan Mortgage Corporation	7.08%	AA	L2	23,270,753	4,938,535	18,291,557	40,661	-
Bank Note	0.42%	A	L2	1,370,817	-	1,370,817	-	-
Corporate Notes ⁽²⁾								
Corporate Note	14.35%	A	L2	47,128,478	5,693,567	41,434,911	-	-
Corporate Note	7.64%	AA	L2	25,079,791	667,764	24,412,027	-	-
Corporate Note	0.14%	AAA	L2	443,611	-	443,611	-	-
Corporate Note	3.03%	BBB	L2	9,968,375	1,129,273	8,839,102	-	-
Corporate Note	0.06%	Unrated	L2	192,801	-	192,801	-	-
Corporate Note - Asset Backed Security	10.00%	AAA	L2	32,842,638	18,987	32,823,651	-	-
Corporate Note - Asset Backed Security	6.36%	Unrated	L2	20,889,831	14,580	20,875,251	-	-
Subtotal Investments				248,678,533	17,642,509	230,464,278	571,746	-
Total Primary Government Cash Equivalents and Investments				\$ 328,475,945	\$ 97,439,921	\$ 230,464,278	\$ 571,746	\$ -
Fiduciary and Agency Funds								
Custodial Fund Investment								
<u>Cash Equivalents</u>								
Custodial Fund Money Market	0.08%	AAA	L1	\$ 193,349	\$ 193,349	\$ -	\$ -	\$ -
Fiduciary Fund Investment								
<u>Cash Equivalents</u>								
Money Market Funds	2.71%	AAA	L1	6,320,645	6,320,645	-	-	-
<u>Investments</u>								
Corporate Bonds ⁽²⁾	1.67%		L2	3,882,936	137,232	2,356,970	1,278,283	110,451
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	10.56%		L2	24,614,154	-	6,791,910	10,393,942	7,428,302
Federal National Mortgage Association	4.04%	AA	L2	9,417,980	1,375	5,664,204	3,752,401	-
Federal Home Loan Mortgage Corporation	5.51%	AA	L2	12,846,313	1,342	3,982,242	8,862,729	-
Bond Fund	0.46%	A	L2	1,069,188	-	1,069,188	-	-
Foreign Bonds	0.83%	BBB	L2	1,924,353	-	1,924,353	-	-
Private Debt	2.16%	BBB	L2	5,030,815	-	5,030,815	-	-
Private Debt	0.64%	Unrated	L3	1,487,873	-	1,487,873	-	-
Common Stock	46.98%	Unrated	L2	109,480,628	109,480,628	-	-	-
Foreign Equity	10.96%	Unrated	L2	25,541,717	25,541,717	-	-	-
Real Estate	5.34%	Unrated	L3	12,448,798	12,448,798	-	-	-
Subtotal Investments				207,744,755	147,611,092	28,307,555	24,287,355	7,538,753
Fiduciary Fund Cash Equivalents and Investments				214,065,400	153,931,737	28,307,555	24,287,355	7,538,753
Total Fiduciary/Custodial Fund Cash Equivalents and Investments				214,258,749	\$ 154,125,086	\$ 28,307,555	\$ 24,287,355	\$ 7,538,753
Investments measured at the net asset value (NAV):								
Fiduciary Fund Investment								
Foreign Bonds - Distressed Debt	0.49%			1,140,849				
Large Cap Domestic Equities	6.67%			15,538,788				
Private Debt	0.90%			2,107,746				
Total Investments measured at NAV				18,787,383				
Total Fiduciary/Custodial Fund Cash Equivalents and Investments at fair value				\$ 233,046,132				

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	Concentration of Credit Risk	Credit Rating (S & P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Component Unit - Airport								
<u>Cash Equivalents</u>								
Money Market Funds	69.72%	AAA	L1	\$ 26,367,843	\$ 26,367,843	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	5.29%		L2	2,002,612	-	2,002,612	-	-
Federal National Mortgage Association	0.55%	AA	L2	207,758	31,726	157,990	18,042	-
Federal Home Loan Mortgage Corporation	5.80%	AA	L2	2,191,810	263,394	1,928,416	-	-
Corporate Notes ⁽²⁾								
Corporate Note	6.77%	A	L2	2,558,849	225,951	2,332,898	-	-
Corporate Note	3.14%	AA	L2	1,186,804	15,201	1,171,603	-	-
Corporate Note	1.88%	BBB	L2	711,782	75,285	636,497	-	-
Corporate Note								
- Asset Backed Security	4.19%	AAA	L2	1,584,273	710	1,583,563	-	-
Corporate Note								
- Asset Backed Security	2.67%	Unrated	L2	1,010,583	503	1,010,080	-	-
Subtotal Investments				11,454,471	612,770	10,823,659	18,042	-
Total Component Unit Cash Equivalents and Investments				\$ 37,822,314	\$ 26,980,613	\$ 10,823,659	\$ 18,042	\$ -
Total Reporting Entity Cash Equivalents and Investments				\$ 599,344,391				

(1) The City of Melbourne categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 (L1) inputs are quoted prices in active markets for identical assets; Level 2 (L2) inputs are other than quoted prices that are observable either directly or indirectly and valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating or net asset value (NAV); Level 3 (L3) inputs are significant unobservable inputs, see below Level 3 and NAV tables for details.

The City has the following recurring fair value measurements as of September 30, 2025:

- Mutual funds – valued at the daily closing price as reported by the fund. Mutual funds held by the City are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the City are deemed to be actively traded.
- Fixed income funds – valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.
- Equity funds – valued at market prices for similar assets in active markets.
- Common stock – valued at quoted market prices for identical assets in active markets. (L1)
- Real estate – valued at net asset value, which approximates fair value or discounted cash flows, or market comparable

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2025. In accordance with GASB Codification, I50, "Investments", money market funds have not been classified in the fair value hierarchy as they can be redeemed daily with no redemption notice period.

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(2) Corporate Notes/Bonds	Credit Rating (S & P)	*	Fire Pension	Police Pension	General Pension	Primary Government	Component Unit
	N/A	*	-	-	8.55%	15.49%	14.33%
	AAA		-	-	3.38%	24.13%	22.46%
	AA		40.73%	42.04%	1.89%	18.43%	16.84%
	A		59.27%	57.96%	35.23%	34.63%	36.28%
	BBB		-	-	50.95%	7.32%	10.09%
			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* N/A=Not rated by S&P

Level 3 Financial Instruments

The following table summarizes the City's Level 3 financial instruments, the value technique used to measure the fair value of those financial instruments as of September 30, 2025, and the significant unobservable inputs and the ranges:

Instrument	Fair Value 9/30/25	Principal Valuation Technique	Significant Unobservable Inputs	Range of Significant Input Values	Weighted Average
AEW Partners	\$ 156,201	Discounted Cash Flow	Discount Rate Exit Cap Rate Loan-to-Value Market Interest Rates	7.75% - 11.5% 6.75% - 7.75% 48.0% - 65.0% 6.55% - 7.04%	9.03% 6.98% 57.00% 6.81%
Angelo Gordon	\$ 695,063	Income Approach	Capitalization Rate	6.2% - 9.1%	7.90%
Bain Middle Market Credit 2014	\$ 318,213	Market Comparable Companies	EBITDA Multiple	7.25% - 11.5%	7.64%
Barings Core Property Fund LP	\$ 3,535,559	Discounted Cash Flow	Discount Rate Terminal Cap Rate DCF Term (years) Loan to Value Ratio Market Interest Rate	6.49% - 9.25% 5.25% - 8.0% 10 - 10 (years) 23.53% - 100.00% 3.33% - 15.48%	7.32% 5.89% 10.00 (years) 54.02% 6.03%
Prime Property Fund	\$ 8,061,975	Discounted Cash Flow	Discount Rate Exit Cap rate Revenue Growth Rate Market Interest Rate Loan-to-Value	6.83% - 8.85% 5.19% - 7.00% 2.45% - 3.95% 2.60% - 8.14% .58% - 100.00%	7.47% 5.89% 3.01% 5.74% 46.98%
Serenitas Credit Gamma Fund	\$ 1,169,660	Discounted Cash Flow	Discount Margin Loss Severity Prepay Rate Default Rate Pool Delinquency	.0% - 20% .0% - 255% .0% - 50% .0% - 20% .0% - 60%	N/A N/A N/A N/A N/A

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Fair value of investments in entities that use net asset value (NAV)

The following table summarizes investment measured at fair value based on NAV per share as of September 30, 2025:

Entity	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
PIMCO Distressed Senior Credit Opportunities Fund II Offshore Feeder, L.P.	\$ 1,140,849	N/A	Quarterly	60 days
Winslow Large Cap Growth	\$ 15,538,788	N/A	Daily	1 day
PIMCO Bravo Fund IV	\$ 2,107,746	\$ 350,000	Manager's Discretion	Manager's Discretion

City of Melbourne Investment Policy – Pursuant to the requirements of Section 218.415, Florida Statutes, the City of Melbourne adopted Resolution No. 4088 on April 12, 2022, establishing the City's present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Fiduciary and Custodial, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, and redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers' Retirement System, the Firefighters' Retirement System, and the General Employees' and Special Risk Class Employees' Pension Plan.

All investments are made based on reasonable research as to credit quality, liquidity and interest rate risk prior to the investment being acquired.

The investment policy authorizes the City to invest in U.S. Government securities, agencies, Federal instrumentalities and Supra-nationals, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, interest bearing time deposits or savings accounts, commercial paper, corporate notes, bankers acceptances, and State or local government taxable or tax-exempt debt, and an intergovernmental investment pool. Overnight repurchase agreements restrict investments to obligations of U.S. Government Agencies and Federal instrumentalities.

The investment policy provides maturity and liquidity requirements for investments. All investments other than investments in the Local Government Surplus Funds Trust Fund are required to be purchased pursuant to competitive bids. A maximum of 25% of available funds may be invested in the Local Government Surplus Funds Trust Fund. The policy also requires diversification of the investment portfolio to control the risk of loss from overconcentration of assets in a specific maturity, issuer, instrument, dealer, savings and loan, or bank through which investments are purchased. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy restricts portfolio composition for federal instrumentalities to 100% total, 40% individually. Concentration percentages for the Federal instrumentalities are provided in the schedule. Currently, the investment of a significant portion of the City's and Airport's portfolios is being managed by the City's financial advisor, PFM Asset Management, LLC.

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City's investment policy states that all securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The third party custodian holds securities in an account separate and apart from the assets of the financial institution, and are either insured or registered in the City's or Airport's name.

The fair values of the City's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. As a means to limiting its exposure to fair value losses arising from rising interest rates, the City's

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investment policy limits its investment portfolio to maturities of less than 5.5 years for corporate notes, two years for time deposits, and 270 days for commercial paper.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means to limiting its exposure to credit risk, the City limits investments with credit quality ratings from nationally recognized rating agencies of:

- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least "MIG 1/A3" by Moody's Investors Services and "SP-1/A-" by Standard & Poor's for long-term debt.
- Corporates and/or commercial paper of any United States company that is rated, at the time of purchase, "P-1" by Moody's and "A-1" by Standard & Poor's.
- Money Market Mutual Funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.
- Local Government Surplus Funds Trust Fund money market funds that are rated "AAA" by Standard & Poor's, or the equivalent by another rating agency.

Fire Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 20% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% Consumer Price Index + 5%, and 10% NFI Open End Diversified Core Equity (ODCE). On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7.125%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or election network. Not more than 5% of the Plan's assets at the time of purchase shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. There are no qualitative guidelines with regard to equity ratings except that prudent standards should be developed and maintained.
2. Fixed income investments must have a minimum rating of Investment Grade or higher as determined by at least one major audit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Funds or Short-term Investment Fund (STIF) provided by the Plan's custodian; government paper backed by the full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities and shall be traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at fair value, and foreign securities not to exceed 25% of the value of the Fund at market. All securities must

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be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and fair value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

Police Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the primary objective of preserving investment capital and the secondary objective of achieving moderate long-term growth while minimizing risk. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees.

The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA). This investment policy is intended to complement the investment guidelines provided in Chapter 185, Florida Statutes and the Local Ordinances.

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 27% Bloomberg Barclays Aggregate Bond Index, 3% Bloomberg Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. A further goal is to achieve an average annual rate of return greater than the absolute return of 7.25%, over the long term.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or elections network. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed Income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Fund or Short-term Investment Fund (STIF) provided by the Plan's custodian must be a minimum rating of Standard & Poor's A1 or Moody's P1.
4. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.
5. Limitations include investments in corporate common stock, domestic and international, along with convertible bonds shall not exceed 70% of the Plan assets at market, and foreign securities shall not exceed 25% of the Plan's fair value. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and fair value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

General Pension Investment Policy - The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board

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of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 50% Russell 3000, 10% MSCI All Country World Index ex U.S., 25% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed income investments must have a minimum rating of investment grade or higher as determined by at least one major credit rating service. The value of bonds issued by any single corporation shall not exceed 7.5% of the total fund.
3. Money Market Funds or Short-term Investment Fund (STIF) provided by the Plan's custodian; government paper backed by full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities, traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Commingled funds may include mutual funds, commingled funds, and exchange-traded funds. In the event of investment by the Plan into a commingled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market, and foreign securities not to exceed 20% of the value of the Fund at market. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and fair value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2025, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$1,174. The component unit reported \$35,000 in allowances. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2025.

C. RECEIVABLES

Receivables in the General fund of \$4,421,227 net of uncollectible balances of \$1,174, mainly include \$3,746,565 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2025.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Receivables in the Water and Sewer Fund consisted of billed receivables of \$8,715,101, net of \$285,000 in uncollectible balances, and unbilled receivables of \$4,731,229.

Receivables in the component unit amounted to \$1,699,232 in rent and parking fees, less \$35,000 in uncollectible balances.

D. RETAINAGE PAYABLES

Retainage payable balances by fund as of September 30, 2025, included in accounts payable and current liabilities payable from restricted assets, are as follows:

Governmental Activities:	
General Construction	\$ 188,045
Mobility Improvement	53,876
State Housing Initiative Partnership Program	4,414
Business-type Activities:	
Water and Sewer System	873,363
Stormwater Utility	77,213
Total Primary Government	<u>1,196,911</u>
Component Unit:	
Airport	890,702
Total Reporting Entity	<u><u>\$ 2,087,613</u></u>

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

E. CAPITAL ASSETS

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

Primary Government:	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 39,589,180	\$ -	\$ -	\$ 39,589,180
Construction-in-progress	46,395,849	14,865,403	48,794,636	12,466,616
Total capital assets, not being depreciated/amortized	85,985,029	14,865,403	48,794,636	52,055,796
Capital assets, being depreciated/amortized:				
Buildings	37,490,282	41,227,068	-	78,717,350
Improvements other than buildings	22,219,352	1,976,692	32,999	24,163,045
Machinery and equipment	38,639,700	8,680,264	2,188,284	45,131,680
Intangibles	2,228,797	197,008	-	2,425,805
Infrastructure	170,501,832	4,625,269	-	175,127,101
Right-to-use leased equipment	4,898,376	-	675,496	4,222,880
Right-to-use subscription assets	2,166,662	235,623	237,323	2,164,962
Total capital assets, being depreciated/amortized	278,145,001	56,941,924	3,134,102	331,952,823
Less accumulated depreciation/amortization:				
Buildings	21,178,348	1,849,722	-	23,028,070
Improvements other than buildings	16,855,383	828,448	32,999	17,650,832
Machinery and equipment	25,442,619	4,071,938	2,136,466	27,378,091
Intangibles	1,837,888	96,561	-	1,934,449
Infrastructure	133,936,408	3,815,774	-	137,752,182
Right-to-use leased equipment	2,703,099	730,435	646,269	2,787,265
Right-to-use subscription assets	519,757	669,750	188,779	1,000,728
Total accumulated depreciation/amortization	202,473,502	12,062,628 ⁽¹⁾	3,004,513	211,531,617
Total capital assets being depreciated/amortized, net	75,671,499	44,879,296	129,589	120,421,206
Governmental activities capital assets, net	\$ 161,656,528	\$ 59,744,699	\$ 48,924,225	\$ 172,477,002

(1) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$120,955 is due to the transfers of assets from the Water and Sewer fund to the General fund.

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Business-type Activities:	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 4,186,161	\$ -	\$ -	\$ 4,186,161
Construction-in-progress	43,335,337	30,588,902	27,948,161	45,976,078
Total capital assets, not being depreciated/amortized	47,521,498	30,588,902	27,948,161	50,162,239
Capital assets, being depreciated/amortized:				
Buildings	77,868,612	366,280	-	78,234,892
Improvements other than buildings	359,982,196	28,351,960 ⁽²⁾	196,320	388,137,836
Machinery and equipment	23,702,413	2,419,354	796,478	25,325,289
Intangibles, computer software	66,073	-	-	66,073
Total capital assets, being depreciated/amortized	461,619,294	31,137,594	992,798	491,764,090
Less accumulated depreciation/amortization:				
Buildings	57,347,496	1,271,905	-	58,619,401
Improvements other than buildings	224,697,810	12,402,728	179,069	236,921,469
Machinery and equipment	16,631,497	1,746,388	796,478	17,581,407
Intangibles, computer software	66,073	-	-	66,073
Total accumulated depreciation/amortization	298,742,876	15,421,021 ⁽³⁾	975,547	313,188,350
Total capital assets being depreciated/amortized, net	162,876,418	15,716,573	17,251	178,575,740
Business-type activities capital assets, net	\$ 210,397,916	\$ 46,305,475	\$ 27,965,412	\$ 228,737,979

(2) The City has a non-recurring fair value measurement as of September 30, 2025 for donations from developers to the Water and Sewer fund for various hydrants, pipes and manholes. The water and sewer contributions are valued at \$973,481 based on the actual price the developers paid. (Level 2 input).

(3) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$24,810 is due to the transfers of assets from the Stormwater Utility fund to the Water and Sewer fund.

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Component Unit:	Balance October 1, 2024	Additions	Deletions	Balance September 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 8,029,808	\$ 28,145,651	\$ 35,878	\$ 36,139,581
Construction-in-progress	63,011,654	32,084,605	55,861,331	39,234,928
Total capital assets, not being depreciated/amortized	<u>71,041,462</u>	<u>60,230,256</u>	<u>55,897,209</u>	<u>75,374,509</u>
Capital assets, being depreciated/amortized:				
Buildings	141,401,140	55,861,331	5,241,731	192,020,740
Improvements other than buildings	129,797,082	134,685	13,656,051	116,275,716
Machinery and equipment	14,787,217	776,993	1,268,026	14,296,184
Intangibles, computer software	277,928	-	-	277,928
Right-to-use leased equipment	489,452	-	-	489,452
Right-to-use subscription assets	439,357	92,054	-	531,411
Total capital assets, being depreciated/amortized	<u>287,192,176</u>	<u>56,865,063</u>	<u>20,165,808</u>	<u>323,891,431</u>
Less accumulated depreciation/amortization:				
Buildings	59,535,998	4,678,786	5,000,406	59,214,378
Improvements other than buildings	66,705,583	5,624,344	13,319,716	59,010,211
Machinery and equipment	10,215,280	959,445	1,256,648	9,918,077
Intangibles, computer software	277,928	-	-	277,928
Right-to-use leased equipment	408,679	34,617	-	443,296
Right-to-use subscription assets	178,410	122,497	-	300,907
Total accumulated depreciation/amortization	<u>137,321,878</u>	<u>11,419,689</u>	<u>19,576,770</u>	<u>129,164,797</u>
Total capital assets being depreciated/amortized, net	<u>149,870,298</u>	<u>45,445,374</u>	<u>589,038</u>	<u>194,726,634</u>
Component unit capital assets, net	<u>\$ 220,911,760</u>	<u>\$ 105,675,630</u>	<u>\$ 56,486,247</u>	<u>\$ 270,101,143</u>

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 2,223,311
Housing and urban improvement	28,177
Public safety:	
Fire protection	838,957
Police protection	2,954,165
Highways and streets, including depreciation of general infrastructure assets	3,810,053
Public works	490,755
Parks and recreation	1,596,255
Total depreciation/amortization expense - governmental activities	<u>\$ 11,941,673</u>
Business-type activities:	
Water and Sewer System	\$ 14,359,185
Stormwater Utility	1,037,026
Total depreciation/amortization expense - business-type activities	<u>\$ 15,396,211</u>

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

F. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

As of September 30, 2025, major outstanding construction and other commitments (in excess of \$100,000) are summarized below by fund:

Governmental Activities:

General Construction	
Police Headquarters Building	\$ 652,890
Ballard Park Restroom Replacements	129,889
Fleet Fuel Site Expansion	925,000
Fire Engines/Trucks	2,410,935
Computer Aided Dispatch System - CAD	183,747
Tennis & Ballfield Light Replacement	990,721
Affordable Housing	3,673,670
Dump Truck	632,449
Transportation Improvement	
Bowe Gardens K1/K2 Resurface & Restore	2,997,044
FY21 Resurfacing Program	1,077,466
FY22 Resurfacing Program	3,354,500
Mobility Improvement	
Melbourne Southwest Trail	1,637,491
Public Facility Projects	
Buildout of CH 4th Floor	119,688

Business-type Activities:

Water and Sewer System	
Above Grade Work-Wells # 5 and #6	507,443
Biosolids Process Improvements	23,363,691
Canova Beach Booster Pump Station Improvements	110,835
Mobile Back Up Generators Lift	254,948
Task Order JEG17 For SCADA SEC	186,020
Replacement VFDS For Pineda BO	126,832
Central Warehouse	302,899
Emergency Bar/Filter Screen RE	299,817
Lift Station No. 17 Replacement	287,027
Lift Station No. 42 Rehabilitation	697,525
Relocate 20" Water Main - Melbourne Airport	480,651
Reverse Osmosis Concentrate Disposal Well	1,025,137
FEMA Generators LS 37,39,48,49,53	330,230
Valve Exercise & Inspection	113,625
Water Prod Facility Improvements	20,194,126
Western Force Main to the D.B. Lee Water Reclamation Facility	346,912
Lead & Copper Plan	274,350
Stormwater Utility	
Apollo GA Baffle Box	1,162,000
Grant Place Pipe Lining	165,000
South Harbor City Blvd Stormwater Treatment Train	144,730
Espanola Baffle Box	1,624,865
SW Convey Inventory and Eval	360,817
Boom Mower	283,914

Total Primary Government	71,428,884
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Component Unit:

Airport	
Inline-Baggage Construction	32,314,746
Taxiway A Rehabilitation	1,435,311
Terminal Upgrade-Flooring	449,760
Terminal Upgrade-Fire Sprinklers/Plumbing	2,983,361
Total Component Unit	37,183,178

Total Reporting Entity	\$ 108,612,062
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CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Encumbrance Commitments

At September 30, 2025, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:		
General fund	\$	5,334,684
General Construction fund		6,412,089
Downtown Redevelopment fund		35,235
Transportation Improvement fund		8,225,153
Total Major funds		<u>20,007,161</u>
Other funds:		
Building Division fund		484
Golf Courses fund		568
Mobility Improvement fund		1,827,905
Recreation Improvement fund		125,424
Public Facility Improvement fund		122,582
Total Other funds		<u>2,076,963</u>
Total Encumbrances	\$	<u><u>22,084,124</u></u>

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables of the Reporting Entity at September 30, 2025, are summarized below:

<u>Primary Government Transactions</u>	<u>Due From</u>	<u>Due To</u>
By Major fund:		
General fund	\$ 230,207	\$ 338,622
By other government funds:		
Golf Courses Fund	-	225,628 *
By Fiduciary funds:		
Firefighters Pension	257,830	-
Police Pension	80,792	-
General Employees Pension	-	4,579
Totals	<u>\$ 568,829</u>	<u>\$ 568,829</u>
 <u>Primary Government Transactions</u>	 <u>Advance To</u>	 <u>Advance From</u>
By Major fund:		
General fund	\$ 902,512	\$ -
By other government funds:		
Golf Courses Fund	-	902,512
Totals	<u>\$ 902,512</u>	<u>\$ 902,512</u>
 <u>Transactions between Primary Government and Component Unit</u>	 <u>Due From</u>	 <u>Due To</u>
General fund	\$ -	\$ 9,434
Component Unit - Airport	9,434	-
Totals	<u>\$ 9,434</u>	<u>\$ 9,434</u>

*Interfund receivables/payables are shown on the fund statements, but are eliminated on the government-wide statements.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

All interfund receivables and payables within the primary government represent cash transfers for operating purposes and amounts expected to be repaid within one year. Advances represent the non-current portion of interfund loans.

H. INTERFUND TRANSACTIONS

There are two types of interfund transactions and transfers that are reported as interfund items between the funds:

- (1) Interfund services provided and used represent sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds.
- (2) Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. It includes:
 - (a) Interfund transfers for flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are used to (1) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them, (2) provide matching funds for grants, and (3) provide unrestricted general fund revenues to finance transportation activities, which must be accounted for in another fund.
 - (b) Interfund reimbursements for repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2025 are summarized as follows:

Transfer out:	Transfer in:					
	General Fund	Transportation Improvement	Water and Sewer System	Nonmajor Governmental	Nonmajor Business-type	Total transfers in
General Fund	\$ -	\$ -	\$ 4,331,637	\$ 272,168	\$ -	\$ 4,603,805
General Construction	23,861,370	729,290	622,000	829,180	427,396	26,469,236
Transportation Improvement	11,178,164	-	-	-	-	11,178,164
Downtown Redevelopment	1,200	-	-	-	-	1,200
Nonmajor Governmental	2,702,499	25,992	-	-	-	2,728,491
Water and Sewer System	-	-	-	-	109,436	109,436
Total transfers out	<u>\$ 37,743,233</u>	<u>\$ 755,282</u>	<u>\$ 4,953,637</u>	<u>\$ 1,101,348</u>	<u>\$ 536,832</u>	<u>\$ 45,090,332</u>

Significant transfers included \$11,178,164 from General Fund to the Transportation Improvement fund to fund various projects; \$23,861,370 from the General Fund to the General Construction fund for capital improvements; \$903,577 from General Fund to the Golf Course Fund (Nonmajor Governmental) to set up the new special revenue fund; and \$4,331,637 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 4166.

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

I. LEASES

Governmental Activities:

(1) Lease receivable

The City is the lessor of various properties, including land and multiple cell tower leases with telecommunication companies. The City recognized \$86,015 in lease principal revenue and \$97,518 in lease interest revenue during the current fiscal year. The City received \$63,924 from variable payments not included in the lease receivable. As of September 30, 2025, the City's receivable for lease payments was \$4,828,856. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was \$4,828,856.

(2) Lease payable

The City is the lessee of noncancellable police equipment. Ownership of the equipment will transfer to the City at the end of the lease term.

The City has entered into lease agreements to obtain the right-to-use vehicle cameras, body worn cameras, tasers, and drones including software and licenses for its police department. The total annual amount for the equipment that the City paid for the fiscal year ended September 30, 2025 was \$704,451. The leases have a 5 year initial term; annual payment amounts are \$183,600 for the vehicle cameras and \$533,099 for the first year and \$523,867 for each year subsequently thereafter for the body worn cameras, tasers and drone.

As of September 30, 2025, the value of the lease liability was \$1,320,992. The equipment is being amortized over the life of the lease term. The value of the right-to-use assets as of the end of the current fiscal year was \$4,222,880 and had accumulated amortization of \$2,787,265. The following is a schedule of minimum future lease payments from lease agreements as of September 30:

<i>For the years ending September 30,</i>	Principal		Interest		Total Future Minimum Lease Payments
2026	\$	646,982	\$	60,485	\$ 707,467
2027		674,010		30,918	704,928
Total	\$	1,320,992	\$	91,403	\$ 1,412,395

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Component Unit:

(1) Lease receivable

The Airport accounts for leases in accordance with GASB Statement No. 87, *Leases*. The Airport's operations consist of agreements for use of land, buildings, and terminal space. The agreements are made up of various noncancellable agreements for land, buildings, terminal space, which expire between the years 2026 and 2120. The Airport recognized \$2,033,364 of lease revenue principal and \$7,257,846 of lease interest for the year ended September 30, 2025.

The following is a schedule by years of minimum future revenues from noncancellable agreements:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 1,963,002	\$ 7,760,727	\$ 9,723,729
2027	2,578,282	7,724,009	10,302,291
2028	2,861,535	7,682,282	10,543,817
2029	3,173,725	7,625,109	10,798,834
2030	4,141,367	7,603,696	11,745,063
2031-2035	21,672,073	36,541,806	58,213,879
2036-2040	25,829,450	34,123,138	59,952,588
2041-2045	35,193,774	31,120,345	66,314,119
2046-2050	43,946,555	27,195,433	71,141,988
2051-2055	57,474,771	22,145,496	79,620,267
2056-2060	62,632,984	16,090,149	78,723,133
2061-2065	63,762,206	9,450,355	73,212,561
2066-2070	37,188,509	4,568,057	41,756,566
2071-2075	16,463,354	1,782,668	18,246,022
2076-2080	9,234,842	582,546	9,817,388
2081-2085	28,615	184,439	213,054
2086-2090	65,177	179,836	245,013
2091-2095	110,615	171,151	281,766
2096-2100	166,615	157,415	324,030
2101-2105	235,155	137,480	372,635
2106-2110	318,552	109,975	428,527
2111-2115	419,518	73,290	492,808
2116-2120	512,328	25,562	537,890
Total minimum future revenues	\$ 389,973,004	\$ 223,034,964	\$ 613,007,968

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

(2) Regulated Leases

The Airport's operations include certain lease agreements that are classified as regulated leases under paragraph 42 of GASB Statement No. 87, *Leases*. These agreements consist of aeronautical lease agreements, as defined by the Federal Aviation Administration, which are made up of air carrier agreements, facility agreements that directly or substantially relate to the movement of passengers, ticketing, baggage, mail and cargo, and aircraft storage and maintenance service agreements. Leases under the Airfield and Hangar Area and the Commercial Business center provide for the exclusive use of the premises for the term of the agreement. Upon the conclusion of the lease and options, or upon default, ownership of the premises reverts to the airport. Leases under the Terminal Building cost center are all preferential and the airport has the ability to assign and reallocate space as needed to maximize the use of the facility. For these agreements, leases rates cannot exceed a reasonable amount and the Airport cannot deny potential lessees the right to enter into leases if facilities are available, provided that the potential lessee's use of the facilities complies with use restrictions. The Airport recognizes the revenues from these lease agreements as inflows each year based on the payment provisions of each lease contract. The Airport recognized \$1,253,930 of regulated lease revenue principal and \$1,355,520 of regulated lease interest for the year ended September 30, 2025.

The following is a schedule by years of minimum future revenues from regulated lease agreements:

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 1,409,867	\$ 1,240,895	\$ 2,650,762
2027	1,298,962	1,120,765	2,419,727
2028	1,254,103	1,037,825	2,291,928
2029	1,124,268	998,848	2,123,116
2030	1,175,596	992,745	2,168,341
2031-2035	7,633,321	4,852,953	12,486,274
2036-2040	11,613,666	4,598,436	16,212,102
2041-2045	8,990,697	4,212,262	13,202,959
2046-2050	6,366,786	3,690,428	10,057,214
2051-2055	8,193,550	3,033,023	11,226,573
2056-2060	8,856,160	2,207,907	11,064,067
2061-2065	9,428,236	1,240,016	10,668,252
2066-2070	6,207,485	457,559	6,665,044
2071-2075	1,758,779	41,334	1,800,113
Total minimum future revenues	\$ 75,311,476	\$ 29,724,996	\$ 105,036,472

(3) Lease payable

On December 17, 2015, the Airport entered into an agreement with a management company to provide vehicle parking for its employees, contractors, visitors, the traveling public, and other customers doing business at the Airport. The agreement is effective February 1, 2016 for a term of five years and terminating on January 31, 2021. As compensation for managing and operating the parking facilities, the Airport will pay an annual management fee of \$49,500. The Airport may extend this agreement for an additional five years beyond the end of the base term. The management company provided a \$550,000 capital investment for improvements made to the Airport's parking facilities. This amount is to be paid back over a 10-year period at an annual interest rate of 5%; payments are made monthly in the amount of \$5,834.

The following is a schedule of minimum future lease payments from lease agreements as of September 30:

**CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

<i>For the years ending September 30,</i>	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 23,094	\$ 241	\$ 23,335
Total	\$ 23,094	\$ 241	\$ 23,335

J. CONCESSION AGREEMENTS

The Airport provides space for concessionaires, such as car rental companies, food and beverage, and retail concessionaires, to operate in the terminal facility. Concessionaires are responsible for the initial build-out of the space as well as the on-going maintenance of their concession space. In exchange for operating in the terminal facility, the concessionaires have contracts with the Airport whereby they pay a percentage of their gross revenues to the Airport, these fees are considered privilege or concession fees. Some of the agreements require a minimum annual guarantee (MAG) that the concessionaire must pay to the Airport, so the concessionaire pays the greater of the MAG or the percentage of gross revenues. The term of these agreements range from month-to-month up to 12 years. The facilities being utilized are a small part of the entire terminal asset, which is included in capital assets. The value of the space being utilized is indeterminable. There are no liabilities or deferred inflows recorded associated with these arrangements.

K. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Governmental Activities:

The City has five software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The City now recognizes a subscription liability and an intangible right-to-use subscription asset for its automated agenda management software, the VoIP flex phone enterprise agreement, criminal management and analysis system, geographic information system (GIS) software and computer-aided dispatch and records management system software.

The agenda management software is a five-year agreement, effective from December 12, 2022 through December 14, 2027 with annual payments starting at \$15,829; payments increase annually by 3%. The City has an option to extend this arrangement for 12 additional months, which is cancellable by either party with 60 days' notice. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The VoIP flex calling enterprise licenses is also a five-year agreement, initiated in fiscal year 2023 with annual payments of \$16,200. There are no options to extend the arrangement or purchase the software. There are no residual value guarantees in the agreement.

The GIS software arrangement is a three-year agreement, effective from November 1, 2021, through October 31, 2024 with annual payments of \$55,000. There are no options to extend the arrangement or purchase the software. There are no residual value guarantees in the agreement. This contract was renewed for an additional three-year term from November 1, 2024 to October 31, 2027 with annual payments of \$58,500.

The computer-aided dispatch and records management software is a ten-year agreement, effective from April 1, 2024 through March 31, 2033 with annual payments starting at \$58,847; payments increase in year six of the contract by 3% and again in year nine by 5%. Implementation costs paid prior to the commencement of the subscription term totaled \$1,014,895. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The fleet management software is a three-year agreement, effective from November 30, 2024 through January 30, 2027 with annual payments of \$31,827. Implementation costs paid prior to the commencement of the subscription term totaled \$60,214. There is an option to extend the arrangement further with an amendment to the original contract.

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The City has used a 4.57% discount rate for these arrangements to determine the present value of the intangible right-to-use asset and subscription liability. The following is a schedule of minimum future payments from SBITAs as of September 30:

<i>For the years ending September 30,</i>	Principal		Interest		Total
2026	\$	424,637	\$	39,882	\$ 464,519
2027		158,230		24,959	183,189
2028		72,946		17,728	90,674
2029		44,452		14,395	58,847
2030		48,249		12,363	60,612
2031 - 2034		124,178		26,233	150,411
Total	\$	872,692	\$	135,560	\$ 1,008,252

Component Unit:

The Airport has three software arrangements that require recognition under GASBC Section S:80, *Subscription-Based Information Technology Arrangements* (SBITAs). The Airport now recognizes a subscription liability and an intangible right-to-use subscription asset for body worn camera software used by the police department, their common use passenger processing and flight information display system, and government experience cloud subscription.

The body camera software arrangement is a five-year agreement, effective from July 12, 2023 through July 11, 2028 with an annual payment of \$8,121 for the first year and \$7,272 for each year subsequently thereafter.

The common use passenger processing and flight information display system arrangement is a four-year agreement. The initial term of the subscription is a three-year period commencing on the effective date of January 31, 2022 through January 31, 2025. After the initial term, the Airport has an option to extend this arrangement for an additional two years through January 31, 2027; the Airport is likely to exercise that option. Initial implementation and hardware costs total \$232,234. The first year subscription fee was \$91,737 and the remaining annual payments amount to \$72,767. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The government experience cloud subscription arrangement is five-year agreement commencing January 25, 2023 and ending January 24, 2028. Annual payments begin at \$22,500, increase to \$29,925 in year two of the contract, and in by 5% annually thereafter. Initial set-up, configuration, and trainings costs totaled \$70,400. There is no option to purchase the software. There are no residual value guarantees in the agreement.

The Airport has used a 2% discount rate for these arrangements to determine the present value of the intangible right-to-use asset and subscription liability. The following is a schedule of minimum future payments from SBITAs as of September 30:

<i>For the years ending September 30,</i>	Principal		Interest		Total
2026	\$	110,390	\$	2,036	\$ 112,426
2027		134,124		450	134,574
Total	\$	244,514	\$	2,486	\$ 247,000

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L. LONG-TERM LIABILITIES

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2025 including interest requirements are described on the following pages.

MATURITIES			
	Purpose of Issue	Amount Issued	Amount Outstanding
PRIMARY GOVERNMENT:			
Governmental Activities			
General Obligation Bonds			
Series 2022 - 2.35% - 5.00%*	Construction of the Police Headquarters Facility	\$ 35,000,000	\$ 31,600,000
Interest		-	8,859,215
Total Revenue Bonds and interest		<u>35,000,000</u>	<u>40,459,215</u>
Notes from direct borrowings			
Non-Ad Valorem Refunding Revenue Note Series 2018 - 2.75%	Refunding Series 2003 Public Service bonds, 2005 and 2006 Subordinate Electric Utility Tax bonds	6,490,000	1,190,000
Downtown CRA Revenue Note, Series 2020 - 2.03%	Finance loan for the redevelopment incentive to the Highline apartments	2,400,000	1,940,000
Total Notes from direct borrowings		<u>8,890,000</u>	<u>3,130,000</u>
Interest		-	335,474
Total Bonds from direct borrowings and interest		<u>8,890,000</u>	<u>3,465,474</u>
Total governmental activities		<u>43,890,000</u>	<u>43,924,689</u>
Business-type Activities			
Water and Sewer Refunding Revenue Bonds,			
Series 2002B - 5.61% *	Partial refunding of Series 2000 bonds	21,495,333	8,952,382
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000	14,375,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000	14,465,000
Water and Sewer Improvement Revenue Bonds, Series 2023 - 4.50% - 5.00% *	Construction of additions, expansions and improvements to various components of the water and sewer system	78,660,000	78,660,000
Total Revenue Bonds		<u>133,780,333</u>	<u>116,452,382</u>
Interest		-	84,128,581
Total Revenue Bonds and interest		<u>133,780,333</u>	<u>200,580,963</u>
Bonds from direct borrowings			
Water and Sewer Improvement Revenue Bonds, Series 2021 - .97%	Construction of additions, expansions and improvements to various components of the water and sewer system	1,650,000	670,000
Water and Sewer Refunding Revenue Bonds, Series 2022 - 1.38%*	Refunding of Series 2020 bonds	18,145,000	15,740,000
Total Bonds from direct borrowings		<u>19,795,000</u>	<u>16,410,000</u>
Interest		-	1,188,745
Total Bonds from direct borrowings and interest		<u>19,795,000</u>	<u>17,598,745</u>
Total business-type activities		<u>153,575,333</u>	<u>218,179,708</u>
COMPONENT UNIT:			
Component Unit Activities			
Bonds from direct borrowings			
Airport Bonds,			
Series 2021 - 1.95%	Airport Terminal Expansion	9,000,000	6,879,000
Series 2021B - 1.95%	Airport Terminal Expansion	6,000,000	4,500,000
Total Revenue Bonds		<u>15,000,000</u>	<u>11,379,000</u>
Interest		-	725,654
Total component unit activities		<u>15,000,000</u>	<u>12,104,654</u>
TOTAL REPORTING ENTITY			
DEBT SERVICE		<u><u>\$ 212,465,333</u></u>	<u><u>\$ 274,209,051</u></u>

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MATURITIES (CONTINUED)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
PRIMARY GOVERNMENT:					
Governmental Activities					
General Obligation Bonds					
Series 2022 - 2.35% - 5.00%*	\$ 1,415,000	\$ 1,485,000	\$ 1,560,000	\$ 1,640,000	\$ 1,720,000
Interest	<u>1,114,028</u>	<u>1,043,278</u>	<u>969,027</u>	<u>891,028</u>	<u>809,027</u>
Total Revenue Bonds and interest	2,529,028	2,528,278	2,529,027	2,531,028	2,529,027
Notes from direct borrowings					
Non-Ad Valorem Refunding Revenue Note					
Series 2018 - 2.75%	810,000	380,000	-	-	-
Downtown CRA Revenue Note,					
Series 2020 - 2.03%	<u>120,000</u>	<u>125,000</u>	<u>125,000</u>	<u>130,000</u>	<u>130,000</u>
Total Notes from direct borrowings	930,000	505,000	125,000	130,000	130,000
Interest	<u>60,969</u>	<u>42,171</u>	<u>34,409</u>	<u>31,872</u>	<u>29,232</u>
Total Bonds from direct borrowings and interest	990,969	547,171	159,409	161,872	159,232
Total governmental activities	<u>3,519,997</u>	<u>3,075,449</u>	<u>2,688,436</u>	<u>2,692,900</u>	<u>2,688,259</u>
Business-type Activities					
Water and Sewer Refunding Revenue Bonds,					
Series 2002B - 5.61% *	4,600,000	4,352,382	-	-	-
Series 2016A - 3.00% - 5.00% *	825,000	860,000	905,000	950,000	995,000
Series 2016B - 5.00% *	-	-	3,360,000	3,520,000	3,700,000
Water and Sewer Improvement Revenue Bonds,					
Series 2023 - 4.50% - 5.00% *	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue Bonds	5,425,000	5,212,382	4,265,000	4,470,000	4,695,000
Interest	<u>5,264,225</u>	<u>5,473,843</u>	<u>5,098,100</u>	<u>4,879,725</u>	<u>4,650,600</u>
Total Revenue Bonds and interest	10,689,225	10,686,225	9,363,100	9,349,725	9,345,600
Bonds from direct borrowings					
Water and Sewer Improvement Revenue Bonds,					
Series 2021 - .97%	335,000	335,000	-	-	-
Water and Sewer Refunding Revenue Bonds,					
Series 2022 - 1.38%*	<u>1,140,000</u>	<u>1,155,000</u>	<u>1,175,000</u>	<u>1,200,000</u>	<u>1,215,000</u>
Total Bonds from direct borrowings	1,475,000	1,490,000	1,175,000	1,200,000	1,215,000
Interest	<u>214,220</u>	<u>195,136</u>	<u>177,433</u>	<u>161,046</u>	<u>144,383</u>
Total Bonds from direct borrowings and interest	1,689,220	1,685,136	1,352,433	1,361,046	1,359,383
Total business-type activities	<u>12,378,445</u>	<u>12,371,361</u>	<u>10,715,533</u>	<u>10,710,771</u>	<u>10,704,983</u>
COMPONENT UNIT:					
Component Unit Activities					
Bonds from direct borrowings					
Airport Bonds,					
Series 2021 - 1.95%	1,092,000	1,113,000	1,135,000	1,157,000	1,180,000
Series 2021B - 1.95%	<u>750,000</u>	<u>750,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Total Revenue Bonds	1,842,000	1,863,000	2,635,000	2,657,000	1,180,000
Interest	<u>221,891</u>	<u>185,972</u>	<u>149,643</u>	<u>98,260</u>	<u>46,449</u>
Total component unit activities	<u>2,063,891</u>	<u>2,048,972</u>	<u>2,784,643</u>	<u>2,755,260</u>	<u>1,226,449</u>
TOTAL REPORTING ENTITY					
DEBT SERVICE	<u>\$ 17,962,333</u>	<u>\$ 17,495,782</u>	<u>\$ 16,188,612</u>	<u>\$ 16,158,931</u>	<u>\$ 14,619,691</u>

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	MATURITIES (CONTINUED)				
	2031- 2035	2036- 2040	2041- 2045	2046- 2050	2051- 2054
PRIMARY GOVERNMENT:					
Governmental Activities					
General Obligation Bonds					
Series 2022 - 2.35% - 5.00%*	\$ 9,850,000	\$ 11,465,000	\$ 2,465,000	\$ -	\$ -
Interest	2,788,987	1,180,982	62,858	-	-
Total Revenue Bonds and interest	12,638,987	12,645,982	2,527,858	-	-
Notes from direct borrowings					
Non-Ad Valorem Refunding Revenue Note					
Series 2018 - 2.75%	-	-	-	-	-
Downtown CRA Revenue Note,					
Series 2020 - 2.03%	695,000	615,000	-	-	-
Total Notes from direct borrowings	695,000	615,000	-	-	-
Interest	105,255	31,566	-	-	-
Total Bonds from direct borrowings and interest	800,255	646,566	-	-	-
Total governmental activities	<u>13,439,242</u>	<u>13,292,548</u>	<u>2,527,858</u>	<u>-</u>	<u>-</u>
Business-type Activities					
Water and Sewer Refunding Revenue Bonds,					
Series 2002B - 5.61% *	-	-	-	-	-
Series 2016A - 3.00% - 5.00% *	5,730,000	4,110,000	-	-	-
Series 2016B - 5.00% *	3,885,000	-	-	-	-
Water and Sewer Improvement Revenue Bonds,					
Series 2023 - 4.50% - 5.00% *	8,230,000	12,820,000	16,340,000	20,685,000	20,585,000
Total Revenue Bonds	17,845,000	16,930,000	16,340,000	20,685,000	20,585,000
Interest	20,360,500	16,150,325	12,297,263	7,832,625	2,121,375
Total Revenue Bonds and interest	38,205,500	33,080,325	28,637,263	28,517,625	22,706,375
Bonds from direct borrowings					
Water and Sewer Improvement Revenue Bonds,					
Series 2021 - .97%	-	-	-	-	-
Water and Sewer Refunding Revenue Bonds,					
Series 2022 - 1.38%*	9,855,000	-	-	-	-
Total Bonds from direct borrowings	9,855,000	-	-	-	-
Interest	296,527	-	-	-	-
Total Bonds from direct borrowings and interest	10,151,527	-	-	-	-
Total business-type activities	<u>48,357,027</u>	<u>33,080,325</u>	<u>28,637,263</u>	<u>28,517,625</u>	<u>22,706,375</u>
COMPONENT UNIT:					
Component Unit Activities					
Bonds from direct borrowings					
Airport Bonds,					
Series 2021 - 1.95%	1,202,000	-	-	-	-
Series 2021B - 1.95%	-	-	-	-	-
Total Revenue Bonds	1,202,000	-	-	-	-
Interest	23,439	-	-	-	-
Total component unit activities	<u>1,225,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REPORTING ENTITY					
DEBT SERVICE	<u>\$ 63,021,708</u>	<u>\$ 46,372,873</u>	<u>\$ 31,165,121</u>	<u>\$ 28,517,625</u>	<u>\$ 22,706,375</u>

**CITY OF MELBOURNE, FLORIDA
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2. Revenue Bonds

Revenue bonds are secured by and payable from the gross revenues of the respective funds which issued them. The proceeds of these issues were for capital improvements and refunding certain outstanding issues of the funds.

The resolutions applicable to the revenue bonds established various requirements for deposits to the sinking fund and reserve accounts applicable to the particular bond issues. The provisions require either (1) monthly sinking fund contributions for current debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively, or (2) an annual bucket approach where all receipts are deposited into a sinking fund until the funds therein are sufficient to meet the maturing principal and interest payments. In addition, certain reserves for future debt service requirements (generally the largest principal and interest payment due in any succeeding year) must be maintained.

The following two rate covenant commitments are required with regard to the Water and Sewer Revenue bonds:

- (a) The gross revenues to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the sum of the cost of operation and maintenance for such bond year plus the bond service requirement for the bonds in such bond year; and
- (b) The sum of the gross revenues and the available impact fees to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the cost of operation and maintenance for such bond year, and one hundred fifteen percent (115%) of the bond service requirement for the bonds in such bond year.

These requirements have been met for the City as of September 30, 2025.

Ordinance No. 2012-37 has amended the debt service reserve requirements to provide the City the flexibility to fund the debt service reserve fund at \$0 for all revenue bonds issued after October 9, 2012. The remaining bonds issued prior to 2012 have a debt service reserve requirement of \$4,600,000.

3. Pledged Revenues

Information on pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest Paid	Current Percentage of Revenue
Governmental Activities:					
Downtown CRA-Highline	2039	\$ 2,248,662	\$ 2,683,495	\$ 161,818	6.03%
Non Ad-Valorem	2027	1,216,813	38,452,880	838,656	2.18%
General Obligation Bond	2041	40,459,215	2,635,539	2,531,528	96.05%
Total governmental activities		<u>\$ 43,924,690</u>	<u>\$ 43,771,914</u>	<u>\$ 3,532,002</u>	
Business-type Activities:					
Water and Sewer net revenues	2038	<u>\$ 218,179,708</u>	<u>\$ 38,090,300</u>	<u>\$ 12,403,633</u>	32.56%
Total business-type activities		<u>\$ 218,179,708</u>	<u>\$ 38,090,300</u>	<u>\$ 12,403,633</u>	
Component Unit:					
Airport net revenues	2031	<u>\$ 12,104,654</u>	<u>\$ 27,515,233</u>	<u>\$ 2,078,400</u>	7.55%
Total component unit		<u>\$ 12,104,654</u>	<u>\$ 27,515,233</u>	<u>\$ 2,078,400</u>	

4. New Bond Issues

No new bond issues in the current fiscal year.

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5. Accretion on Capital Appreciation Bonds

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B, was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2025 amounted to \$6,459,458 and is reported as bonds payable.

6. State Revolving Fund Loan

On October 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2025, is \$2,319,756. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The amount of the loan payable at September 30, 2025, is \$4,069,116. The loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$210,589 due in February and August of each year until the loan is repaid in full in fiscal year 2036.

On September 10, 2021, the City was awarded additional financial assistance from the Florida Department of Environmental Protection, in the form of a Drinking Water State Revolving Fund loan (DW050950), for the purpose of financing the City's portion of the joint project with the City of Cocoa to construct two 16" water transmission mains along the Pineda Causeway, crossing the Indian River. The maximum amount of the loan is \$14,702,119. The amount of loan payable as of September 30, 2025, is \$11,634,697. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .16% per annum. Principal and interest payments of \$310,976 will be due in February and August of each year beginning February 15, 2025, until the loan is repaid in fiscal year 2045.

On May 16, 2022, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050910), for the purpose of financing the furnishing, labor, materials, and equipment to construct the treatment plant improvements for the Grant Street Water Reclamation Facility and the Biosolids Improvement Project. The maximum amount of the loan is \$12,000,000. On April 14, 2023, the City was awarded additional financial assistance of \$10,711,500 (WW050910-1) for an amended maximum amount of \$22,711,500. The amount of loan payable as of September 30, 2025, is \$209,756. Debt service maturity schedules have not yet been calculated by the grantor, however, the loan bears interest at .21% per annum. Principal and interest payments of \$591,955 will be due in February and August of each year beginning August 15, 2027, until the loan is repaid in fiscal year 2047.

The loans described above are considered federal grants and are recorded in the financial statements as State Revolving Fund loans payable because it is payable to the State of Florida Department of Environmental Protection.

Future minimum payments on state revolving fund loans:

Year Ending September 30,	Business-type Activities	
	Principal	Interest
2026	\$ 1,237,913	\$ 140,812
2027	1,464,536	128,896
2028	1,272,052	115,031
2029	1,289,737	101,695
2030 - 2034	1,307,846	88,052
2035 - 2039	5,692,015	243,058
2040 - 2044	3,490,349	57,231
2041 - 2045	2,478,877	8,934
Total	<u>\$ 18,233,325</u>	<u>\$ 883,709</u>

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7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025 was as follows:

	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 4,456,600	\$ 4,040,034	\$ 3,890,026	\$ 4,606,608	\$ 2,112,877
Leases payable	2,025,443	-	704,451	1,320,992	646,982
Subscription liabilities	749,266	235,623	112,197	872,692	424,637
General obligation revenue bonds, series 2022	32,950,000	-	1,350,000	31,600,000	1,415,000
Unamortized issuance premium on general obligation bond	2,883,873	-	389,322	2,494,551	-
Notes from direct borrowings	4,045,000	-	915,000	3,130,000	930,000
Total governmental activities	<u>\$ 47,110,182</u>	<u>\$ 4,275,657</u>	<u>\$ 7,360,996</u>	<u>\$ 44,024,843</u>	<u>\$ 5,529,496</u>

On February 17, 2022, the City issued General Obligation Revenue Bonds, Series 2022 in the principal amount of \$35,000,000, which will be payable from ad valorem taxation and used for the property acquisition, design, and construction and equipping of a new police headquarters facility.

The City's outstanding notes from direct borrowings related to governmental activities of \$1,190,000 and \$1,940,000 are from the 2018 Non-Ad Valorem Refunding Revenue Note and the 2020 Downtown CRA Revenue Note, respectively. The 2018 Non-Ad Valorem Refunding Note contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment. The 2020 Downtown CRA Note contains a provision that in the event of default, the bank is entitled to sue for payment and increase the interest rate by 3%.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$4,524 of internal service funds compensated absences are included in the above amounts.

The compensated absence liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

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	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Water and sewer revenue bonds	\$ 112,135,982	\$ -	\$ 2,143,058	\$ 109,992,924	\$ 2,107,342
Accretion on water and sewer bonds	9,219,918	-	2,760,460	6,459,458	3,317,658
Unamortized issuance premium	6,348,850	-	677,598	5,671,252	-
Total bonds payable	<u>127,704,750</u>	<u>-</u>	<u>5,581,116</u>	<u>122,123,634</u>	<u>5,425,000</u>
Bonds and loans from direct borrowings:					
2021 W&S revenue bond	1,000,000	-	330,000	670,000	335,000
2022 W&S revenue bond	16,860,000	-	1,120,000	15,740,000	1,140,000
State revolving fund loans payable	18,785,455	468,936	1,021,066	18,233,325	1,237,913
Total bonds and loans from direct borrowings	36,645,455	468,936	2,471,066	34,643,325	2,712,913
Compensated absences	963,504	816,872	813,398	966,978	444,723
Total business-type activities	<u>\$ 165,313,709</u>	<u>\$ 1,285,808</u>	<u>\$ 8,865,580</u>	<u>\$ 157,733,937</u>	<u>\$ 8,582,636</u>

The City's outstanding bonds from direct borrowings relate to business-type activities of \$670,000, \$15,740,000, and \$18,233,325 from the 2021 Water and Sewer Improvement Revenue Bond, 2022 Water and Sewer Refunding Revenue Bond, and the State Revolving Fund Loan, respectively. The 2021 and 2022 Water and Sewer Refunding and Improvement Revenue Bonds are secured equally and ratably by an irrevocable lien on pledged revenues and the State Revolving Fund Loans are junior, inferior, and subordinate in all respects in right of payment and security to the senior revenue obligations. The outstanding notes from direct borrowings related to business-type activities contain a provision that in the event of default, the bank and bond holders are entitled to sue for and enforce payment of all amounts due including interest on overdue payments if pledged revenues during the year are less than the gross revenues of 100% of the sum of the cost of operation and maintenance, 115% of the bond service requirement, or if the City is unable to make payment.

On November 7, 2023, the City issued the Water and Sewer Revenue Bonds, Series 2023 in the principal amount of \$78,660,000 with a bond premium of \$4,188,468. The proceeds of the Series 2023 bonds were used for the purpose of financing the acquisition and construction of certain additions, expansions and improvements to various components of the City's water and sewer utility system. Interest on the Series 2023 is 5% per annum and is payable semiannually on each May 15 and November 15, commencing May 15, 2024. Principal payments commence on November 15, 2031, in the amounts set forth in the debt service requirements. The Series 2023 bonds mature on November 15, 2053. The amount outstanding at September 30, 2025, is \$78,660,000.

The outstanding loans from the State Revolving Fund for business-type activities of \$18,233,325 contain a provision that in the event of default, the Florida Department of Environmental Protection is entitled to establish rates and charges for use of the Water and Sewer Systems, intercept delinquent amounts plus penalty from unobligated funds due to the City under any revenue or tax sharing fund established by the State, send notification to financial market credit rating agencies, sue for payment, accelerate the repayment schedule, or increase the financial rate on the unpaid principal to as much as 1.667 times the financing rate.

CITY OF MELBOURNE, FLORIDA
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Long-term liability activity for the Airport for year ended September 30, 2025 was as follows:

Component Unit:	Balance October 1, 2024	Additions	Reductions	Balance September 30, 2025	Amounts Due Within One Year
Compensated absences	\$ 591,439	\$ 303,026	\$ 467,210	\$ 427,255	\$ 168,552
Leases payable	90,114	-	67,020	23,094	23,094
Subscription liabilities	259,705	92,055	107,246	244,514	110,390
Notes from direct borrowings	13,200,000	-	1,821,000	11,379,000	1,842,000
Total component unit	<u>\$ 14,141,258</u>	<u>\$ 395,081</u>	<u>\$ 2,462,476</u>	<u>\$ 12,073,863</u>	<u>\$ 2,144,036</u>

On April 21, 2021, the City issued taxable Airport Revenue Note, Series 2021A with a principal amount of \$9,000,000 for the purpose of financing terminal renovations, expansion, and other capital projects. The note bears interest fixed commencing at 1.95% per annum and matures on May 1, 2031. Interest is payable semi-annually due May 1 and November 1, beginning November 1, 2021. Principal is payable annually based on level debt service payments, commencing May 1, 2024. The note is secured solely by a lien upon and pledge of general revenues, passenger facility charges, customer facility charges and any amounts on deposit in the escrow account.

On November 10, 2021, the City issued taxable Airport Revenue Note, Series 2021B with a principal amount of \$6,000,000, to fund expanding and rehabilitating the existing terminal facility. The note bears interest fixed at 1.95% per annum and matures on May 1, 2029. Interest is payable semi-annually due May 1 and November 1, beginning May 1, 2022. Principal is payable annually based on level debt service payments, commencing May 1, 2024. The note is secured by and payable solely from the legally available net revenues of the Airport.

(5) RESTRICTED ASSETS

The balance of the restricted assets in the Water & Sewer System fund is as follows:

Customer deposits	\$ 4,064,428
Interest receivable	28,122
Pension benefits	453,793
State Revolving Fund current debt service	203,646
Revenue bonds current debt service	8,960,854
Revenue bonds future debt service	4,599,257
Revenue bonds renewal and replacement	250,000
Revenue bonds for construction	41,899,197
Total restricted assets	<u>\$ 60,459,297</u>

(6) OTHER INFORMATION

A. RISK MANAGEMENT

Insurance - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$226,930 at September 30, 2025. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

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The General Property and Liability claims liability at September 30, 2025 is \$1,247,103 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history.

General Property and Liability claims at September 30, 2024 and 2025 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2023 - 2024	\$ 954,246	\$ 447,848	\$ 283,461	\$ 1,118,633	\$ 343,979
2024 - 2025	1,118,633	365,665	237,195	1,247,103	596,093

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$3,327,060 at September 30, 2025.

The workers compensation claims liability at September 30, 2025 is \$2,262,673 and is based on the requirements of GASB Codification, C50, "Claims and Judgements", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2024 and 2025 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2023 - 2024	\$ 1,759,300	\$ 1,039,650	\$ 1,025,034	\$ 1,773,916	\$ 453,717
2024 - 2025	1,773,916	1,630,500	1,141,743	2,262,673	409,012

B. PENSION PLANS

All regular employees are covered by retirement plans. Firefighters and police officers are covered by local pension plans. All other employees are covered by the Florida Retirement System (FRS) or a local pension plan.

The total pension expense as of September 30, 2025 are as follows:

Governmental Activities	\$ 10,707,644
Business-type Activities	1,033,267
Total Primary Government	11,740,911
Component Unit	476,980
Total Reporting Entity	<u>\$ 12,217,891</u>

**CITY OF MELBOURNE, FLORIDA
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The City has three defined benefit single employer pension plans:

- Firefighters Pension Plan
- Police Officers Pension Plan
- General Employee Pension Plan

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for all three plans as pension trust funds, therefore, they are accounted for in substantially the same manner as proprietary funds, with a capital measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Firefighters, Police and General Employee Pension Plans

Summary of Significant Accounting Policies

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Because the plans do not issue stand-alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

The Pension trust funds fiduciary net position activity as of September 30, 2025, was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 2,971,258	\$ 3,143,689	\$ 251,559	\$ 6,366,506
Investments, at fair value:				
U.S. government securities	13,666,753	31,469,521	2,811,361	47,947,635
Corporate bonds	765,734	1,702,237	1,414,965	3,882,936
Common stocks	65,429,226	54,442,888	5,147,302	125,019,416
Real estate funds	8,913,239	3,535,559	-	12,448,798
Foreign bond funds	2,535,728	-	529,474	3,065,202
Private debt	5,415,355	3,211,079	-	8,626,434
Foreign equity funds	5,737,847	18,564,451	1,239,419	25,541,717
Accounts receivable	-	-	-	-
Interest receivable	104,940	177,242	23,741	305,923
Due from other funds	257,830	80,792	-	338,622
Total assets	<u>\$ 105,797,910</u>	<u>\$ 116,327,458</u>	<u>\$ 11,417,821</u>	<u>\$ 233,543,189</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 94,029	\$ 112,964	\$ 20,568	\$ 227,561
Due to other funds	-	-	4,579	4,579
Overfunded contributions	843,831	-	-	843,831
Total liabilities	<u>937,860</u>	<u>112,964</u>	<u>25,147</u>	<u>1,075,971</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 104,860,050</u>	<u>\$ 116,214,494</u>	<u>\$ 11,392,674</u>	<u>\$ 232,467,218</u>

CITY OF MELBOURNE, FLORIDA
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The Pension trust funds change in fiduciary net position activity as of September 30, 2025, was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer contributions	\$ 3,778,439	\$ 3,127,126	\$ 56,400	\$ 6,961,965
Employee contributions	1,024,068	857,161	-	1,881,229
State contributions	961,657	1,152,863	-	2,114,520
Total contributions	5,764,164	5,137,150	56,400	10,957,714
Investment income				
Net appreciation (depreciation) in fair value of investments	8,222,075	5,999,765	660,901	14,882,741
Interest, dividends, and other income	2,487,826	2,601,974	373,393	5,463,193
Total investment gains (losses)	10,709,901	8,601,739	1,034,294	20,345,934
Less investment expense	(455,074)	(391,454)	(35,403)	(881,931)
Net investment gains (losses)	10,254,827	8,210,285	998,891	19,464,003
Total additions (reductions)	16,018,991	13,347,435	1,055,291	30,421,717
DEDUCTIONS				
Benefits paid	6,598,230	7,407,098	481,151	14,486,479
Refunded contributions	73,230	253,284	-	326,514
Administrative expense	173,417	255,870	80,703	509,990
Total deductions	6,844,877	7,916,252	561,854	15,322,983
Net change in net position	9,174,114	5,431,183	493,437	15,098,734
Net position held in trust for pension benefits October 1	95,685,936	110,783,311	10,899,237	217,368,484
Net position held in trust for pension benefits September 30	\$ 104,860,050	\$ 116,214,494	\$ 11,392,674	\$ 232,467,218

Plan Description

Plan administration. The firefighters, police officers and general employees participate in the Firefighters Retirement System (Firefighters Pension Plan), the Police Officers Retirement System (Police Pension Plan), and the Regular Class Employees and Special Risk Class Employees' Pension Plan (General Employees' Pension Plan), respectively. These are single employer defined benefit pension plans. Only City employees participate in the Firefighters and Police Pension Plans. City and Airport employees participate in the General Employees' Pension Plan, Regular class and only Airport employees participate in the Special Risk class. The General Employees' Pension Plan was closed to new members as of August 1, 2008.

The Firefighters, Police Officers, and General Employees' Pension Plans are administered by a Board of Trustees comprised of:

- a) Two City residents appointed by the City Council.
- b) Two Members of the Plan elected by a majority of the membership.
- c) A Fifth Member elected by the Board and appointed by the City Council.

**CITY OF MELBOURNE, FLORIDA
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Plan membership. At October 1, 2024, pension plan membership consisted of the following:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Primary Government	Component Unit
Inactive plan members or beneficiaries currently receiving benefits	131	193	27	7
Inactive plan members entitled to but not yet receiving benefits	9	73	20	2
Active plan members	135	129	2	-
Total	275	395	49	9

Benefits provided. All three plans provide retirement, disability, and death benefits. Accrued pension equals Average Final Compensation (AFC) times Benefit Multiplier times Credited Service.

Firefighters Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

Benefit: 3.25% of Average Final Compensation times Credited Service, plus Supplemental Benefit.

Supplemental Benefit: Effective October 1, 2003, a Supplemental Benefit is payable monthly for the life of the member equal to \$5 times Credited Service. In addition, Ordinance No. 2009-35 provided for all current and future retirees to potentially receive an additional \$2.50 times Credited Service (for a total of \$7.50 x Credited Service) beginning on the fifth anniversary of retirement. DROP participation counts toward the satisfaction of the five year retirement. The additional \$2.50 is only provided through available funds from the Enhanced Benefit Account, if any.

Early Retirement:

Date: Earlier of age 50 and 10 years of Credited Service, or completion of 20 years of Credited Service.

Benefit: The Accrued Benefit reduced by 3% per year by which the commencement of benefits precedes the Normal Retirement Date, plus the Supplemental Benefit.

Vesting:

Less than 10 years: Return of Member Contributions with interest at 4.0% per year.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Firefighter. Benefits payable are the greater of 2% of AFC times Credited Service, 42% times AFC, and 40% of Regular Base Salary.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 10 years of Credited Service and benefits payable are the greater of 2% of AFC times Credited Service, and accrued benefit reduced for early retirement, minimum amount payable is 25% of AFC.

Pre-Retirement Death:

In the line of duty prior to retirement eligibility: 40% of Regular Base Salary is payable to the spouse until their death. If there is no spouse, or upon the death of the spouse, 15% of Regular Base Salary is payable for each unmarried child until the age of 18 (or age 22 if a full-time student). The maximum amount payable to all such children is 40% of Regular Base Salary.

Not in the line of duty prior to retirement eligibility: Accumulated Employee Contributions with interest is payable or 10-year certain annuity reduced actuarially from the early retirement date.

Eligible for retirement at date of death: Benefit payable is the greater actuarial value between the benefit defined for line of duty death prior to retirement eligibility and the benefit payable if the Member had retired on the date of death. The resulting amount is payable on a monthly basis for ten years, or on such other actuarially equivalent basis as approved by the board.

Enhanced Benefit Account (EBA):

Date: Provides for a lump sum variable cost of living adjustment for all members who retired, became disabled, or terminated vested on or after September 30, 1996, and their beneficiaries.

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Benefit: Commencing annually from March 1, 1997, the sum of (a) and (b), as follows, shall be credited to or deducted from the Enhanced Benefit Account to provide a lump sum variable cost of living adjustment:

- (a) 50% of positive or negative net investment income compared to fund's investment objective of 7.125% for the preceding fiscal year, and
- (b) 50% of the amount by which the premium taxes collected and distributed by the state exceed 5.6% of covered payroll during the preceding fiscal year.

Effective October 13, 2009, Ordinance No. 2009-35 reduced EBA funds retroactively to October 1, 2008 by a one-time deduction equal to the cost to provide the increased 3.25% benefit accrual rate minus the amount of any unallocated premium tax money; and defined use of EBA funds to first pay for an additional Supplemental Benefit of \$2.50 x Credited Service after the fifth year of retirement, prior to the payment of any lump sum variable cost of living adjustment described in the following.

Each April 1st the Enhanced Benefit Account is allocated among the retirees as of the preceding September 30th based upon (i) the number of full months of retirement during the preceding fiscal year, and (ii) in proportion to the amount of each retiree's actual monthly retirement benefit. The allocation is limited to a maximum of 3% of the pension benefit (prorated if retired less than a full year).

Police Officers Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

Benefit: 3% of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 45 and 10 years of Credited Service.

Benefit: Accrued pension payable immediately, reduced 3% for each of the first 5 years, and actuarially reduced for all years in excess of 5 years; or, unreduced accrued pension payable at Normal Retirement Date.

Vesting:

Less than 10 years: Return of Member Contributions.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Police Officer with Accrued pension, but not less than 50% of AFC.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 366 consecutive days of Credited Service, with Accrued pension, but not less than 25% of AFC.

Pre-Retirement Death:

Vested: Beneficiary may elect \$50,000 or the Member's accrued pension benefit payable for 10 years beginning at the Member's otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Non-Vested: Refund of Member Contributions.

Cost of Living Adjustment (COLA):

Members eligible for normal retirement prior to 11/28/2012:

1% automatic cost-of-living increases beginning one year after retirement for Normal, Early, and Disability Retirees. Vested terminated members are not included.

Members eligible for normal retirement after 11/27/2012:

Proportion of 1% (measured by comparing actual service as of 11/27/2012 to total service at the time of retirement) beginning one year after retirement and continuing for 10 years, payable to Normal, Early, and Disability retirees. Vested terminated members are not included.

Members eligible for normal retirement after 10/1/2025:

2% automatic cost-of-living increases for 10 years (not for early or terminated vested).

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General Employees Pension Plan:

Normal Retirement:

Date: Regular Class – Earlier of age 62 and 6 years of Credited Service (age 57 with 10 years of Credited Service for the City Manager), or completion of 30 years of Credited Service. Special Risk Class – Earlier of age 55 and 6 years of Credited Service or completion of 25 years of Credited Service.

Benefit: Regular Class 1.6% of AFC times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management employees. Special Risk Class – 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Regular Class – Accrued benefit reduced 5% for each year prior to Normal Retirement. Special Risk Class – Accrued benefit reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Vested portion of accrued benefit payable at the otherwise Normal Retirement date.

Disability Retirement:

Service Connected Eligibility: Covered from date of employment for both Regular and Special Risk Class.

Non-Service Connected Eligibility: After 8 years of Credited Service.

Benefit: Regular Class – Accrued to date of disability, but not less than 42% of AFC (Service Connected), or 25% of AFC (Non-Service Connected). Special Risk Class – Accrued to date of disability, but not less than 65% of AFC (Service Connected), or 25% of AFC (Non-Service Connected)

Pre-Retirement Death:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of Member Contributions, if any.

Cost of Living Adjustment (COLA):

Regular Class – each July 1 following retirement the monthly benefit amount is increased 3%, based on the June benefit, excluding any supplemental benefit. Special Risk Class – beginning on the July 1 following 2 years of payments, the monthly amount is increased 3% based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150) for both Regular and Special Risk Class.

Contribution Requirements. All three local pension plans provide retirement and disability benefits to plan members and beneficiaries. These pension plans are administered by separate local Boards of Trustees. Benefit provisions and contribution requirements are established by City ordinance as provided in Chapter 44, Articles V, VI and VII of the Melbourne City Code for the Firefighters, Police, and General Employee Pension Plans, respectively. Amendments may only be made by City Council adoption of a local ordinance.

Contributions. The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2024-2025 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 42.51% and 26.51%, respectively, for the 2024-2025 fiscal year. The employer contributions for the General Employee Pension Plan were \$42,243 for general employees and \$14,157 for Airport police personnel for the 2024-2025 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$961,657 and \$1,152,863, respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on

**CITY OF MELBOURNE, FLORIDA
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their gross receipts of premiums from policy holders. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirements.

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2025. The City's contributions to the Firefighters and Police Pension Plans were \$3,778,439 and \$3,127,126, which includes prepaids of \$843,831 and \$0 in the Firefighters and Police Pension Plan, respectively. The Airport's contribution to the General Employees Special Risk Class was \$14,157. The General Employees Regular Class used \$42,243 in prepaids.

Investments

Investment policy. The pension plan policy in regard to the allocation of invested assets is established and may be amended by the Boards. In fulfilling their fiduciary responsibility, the Board recognizes that the pension plan is an essential vehicle for providing income benefits to retired participants. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains and losses, commensurate with the Prudent Investor Rule and any other applicable City Ordinances and State Statutes.

The following was the Board's adopted asset allocation policy as of September 30, 2025:

Asset Class	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic Equity	45.00%	45.00%	45.00%
International Equity	15.00%	15.00%	10.00%
Domestic Fixed Income	20.00%	32.00%	40.00%
Global Fixed Income	5.00%	3.00%	5.00%
Real Estate	10.00%	5.00%	0.00%
Alternative Assets	5.00%	0.00%	0.00%

Concentration. Investments (excluding mutual funds and those issued or guaranteed by the U.S. government) held by the local pension plans did not exceed five percent of total plan assets.

Rate of Return. For the year end September 30, 2025, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 10.54%, 7.38% and 9.11% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DEFERRED RETIREMENT OPTION PLAN (DROP)

Firefighters Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 96 months. The Accrued Benefit plus Supplemental Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed by the Member annually):

- (a) An annual rate of 6.50%, compounded monthly on the prior month's ending balance (1.3% for members who enter DROP on or after March 24, 2015).
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

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A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2025 was \$7,603,272.

Police Officers Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 96 months or the completion of 34 years of employment with the City as a Police Officer. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed once during the DROP period):

- (a) An annual rate of 1.3%, compounded monthly on the prior month's ending balance for members who enter DROP on and after November 27, 2012 and 4.0% for members who enter DROP on and after June 2024, 2024.
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2025 was \$2,868,425.

General Employees Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with an annual interest rate of 1.3%, compounded monthly on the prior month's ending balance.

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2025 was \$0 for Regular Class and \$0 for Special Risk Class.

Net Pension Liability (Asset) of the City of Melbourne

The components of the net pension liability (asset) of the City at September 30, 2025, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability (asset) recognized by the city in the current financial statements represents the net pension liability (asset) measured as of September 30, 2024, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees	
			Regular Class	Airport Special Risk Class
Total pension liability	\$ 113,843,733	\$ 126,982,409	\$ 6,165,390	\$ 1,729,725
Plan fiduciary net position	(104,860,050)	(116,214,494)	(9,410,122)	(1,982,552)
Sponsor's net pension liability (asset)	<u>\$ 8,983,683</u>	<u>\$ 10,767,915</u>	<u>\$ (3,244,732)</u>	<u>\$ (252,827)</u>
Plan fiduciary net position as a percentage of total pension liability	92.11%	91.52%	152.63%	114.62%

* The Airport's portion of the Regular Class net pension asset is 5.73% or (\$186,080).

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Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024 for the Firefighters' Pension Plan, Police Pension and General Employee's Pension Plan using the following actuarial assumptions applied to all measurement periods:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	6.00%	Service Based	6.00%
Investment rate of return	7.125%	7.25%	7.00%

The actuarial assumptions used in the October 1, 2024 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed. Subsequent to the measurement date, a new experience study was completed on October 23, 2025. Approved assumption changes from the new experience study will be reflected in the October 1, 2025 actuarial valuation report and the September 30, 2026 GASB 67 report. The same versions of Pub-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Class members in their July 1, 2023 actuarial valuation (with mortality improvements projected to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic Equity	7.50%	7.50%	7.50%
International Equity	8.50%	2.50%	8.50%
Domestic Fixed Income	2.50%	2.50%	2.50%
Global Fixed Income	3.50%	3.50%	3.50%
Real Estate	4.50%	4.50%	0.00%
Alternative Assets	6.08%	0.00%	0.00%

Discount rate. The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 7.125%, 7.25%, and 7.00% percent, respectively. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

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	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 20,791,116	\$ 8,983,683	\$ (920,671)
Police Pension Plan	24,766,111	10,767,915	(942,312)
General Employee Regular Class	(2,617,603)	(3,244,732)	(3,777,542)
General Employee Airport Special Risk Class	(32,607)	(252,827)	(434,095)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2025 for the Firefighters Pension Plan, and October 1, 2025 for the Police and General Employee Pension Plans, which will be recorded in the fiscal year ending September 30, 2026.

Changes in Net Pension Liability

FIREFIGHTERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2024	\$ 104,884,047	\$ 79,203,666	\$ 25,680,381
Changes for the year:			
Service cost	2,362,166	-	2,362,166
Interest	7,430,374	-	7,430,374
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,103,103	-	1,103,103
Changes of assumptions	-	-	-
Contributions - employer	-	3,318,293	(3,318,293)
Contributions - state	-	904,593	(904,593)
Contributions - employee	-	916,251	(916,251)
Net investment income	-	17,412,036	(17,412,036)
Benefit payments, including refunds of employee contributions	(5,920,518)	(5,920,518)	-
Administrative expenses	-	(148,385)	148,385
Other (share plan allocation)	158,374	-	158,374
Net changes	5,133,499	16,482,270	(11,348,771)
Reporting Period Ending 9/30/2025	<u>\$ 110,017,546</u>	<u>\$ 95,685,936</u>	<u>\$ 14,331,610</u>

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POLICE OFFICERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2024	\$ 114,770,645	\$ 94,219,100	\$ 20,551,545
Changes for the year:			
Service cost	1,499,697	-	1,499,697
Interest	8,161,174	-	8,161,174
Share plan allocation	-	-	-
Change in benefit terms	3,149,250	-	3,149,250
Differences between expected and actual experience	2,151,887	-	2,151,887
Contributions - employer	-	1,950,489	(1,950,489)
Contributions - state	-	1,049,379	(1,049,379)
Contributions - employee	-	732,036	(732,036)
Contributions - buy back	10,524	10,524	-
Net investment income	-	20,317,444	(20,317,444)
Benefit payments, including refunds of employee contributions	(7,404,843)	(7,404,843)	-
Administrative expenses	-	(90,818)	90,818
Net changes	7,567,689	16,564,211	(8,996,522)
Reporting Period Ending 9/30/2025	<u>\$ 122,338,334</u>	<u>\$ 110,783,311</u>	<u>\$ 11,555,023</u>

GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2024	\$ 6,197,005	\$ 7,570,159	\$ (1,373,154)
Changes for the year:			
Service cost	19,386	-	19,386
Interest	417,515	-	417,515
Difference between expected and actual experience	(175,616)	-	(175,616)
Contributions - employer	-	44,366	(44,366)
Net investment income	-	1,930,161	(1,930,161)
Benefit payments, including refunds of employee contributions	(503,780)	(503,780)	-
Administrative expenses	-	(49,856)	49,856
Net changes	(242,495)	1,420,891	(1,663,386)
Reporting Period Ending 9/30/2025	<u>\$ 5,954,510</u>	<u>\$ 8,991,050</u>	<u>\$ (3,036,540)</u>

* The Airport's portion of the Regular Class net pension asset is 6.68% or \$202,906.

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GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN (AIRPORT)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2024	\$ 1,646,514	\$ 1,564,961	\$ 81,553
Changes for the year:			
Interest	111,757	-	111,757
Difference between expected and actual experience	13,876	-	13,876
Contributions - employer	-	50,540	(50,540)
Net investment income	-	402,930	(402,930)
Benefit payments, including refunds of employee contributions	(99,960)	(99,960)	-
Administrative expenses	-	(10,283)	10,283
Net changes	25,673	343,227	(317,554)
Reporting Period Ending 9/30/2025	\$ 1,672,187	\$ 1,908,188	\$ (236,001)

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 25,793,546	\$ 14,331,610	\$ 4,715,054
Police Pension Plan	25,065,384	11,555,023	254,826
General Employee Regular Class*	(2,400,146)	(3,036,540)	(3,575,400)
General Employee Airport Special Risk Class	(20,771)	(236,001)	(412,694)

* The Airport's portion of the Regular Class sensitivity of the net pension asset is 6.68%.

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

For the year ended September 30, 2025, the City will recognize a pension expense of \$3,758,298 for the Firefighters Pension Plan. On September 30, 2025, the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,114,704	\$ 531,751
Changes of assumptions	634,662	599,103
Net difference between projected and actual earnings on pension plan investments	-	5,662,494
Contributions subsequent to the measurement date	4,553,190	-
Total	\$ 6,302,556	\$ 6,793,348

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Deferred outflows of \$4,553,190, resulting from City and State contributions subsequent to the measurement date of September 30, 2024, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2026	\$	(1,051,230)
2027		541,052
2028		(2,437,914)
2029		(2,117,517)
2030		21,628

For the year ended September 30, 2025, the City will recognize a pension expense of \$4,907,588 for the Police Officers Pension Plan. On September 30, 2025, the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,596,835	\$ 209,396
Net difference between projected and actual earnings on pension plan investments	-	4,006,948
Contributions subsequent to the measurement date	4,267,273	-
Total	<u>\$ 5,864,108</u>	<u>\$ 4,216,344</u>

Deferred outflows of \$4,267,273, resulting from City and State contributions subsequent to the measurement date of September 30, 2024, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2026	\$	409,222
2027		2,907,991
2028		(3,212,199)
2029		(2,724,523)

For the year ended September 30, 2025, the City will recognize a pension expense (income) of (\$333,244) for the General Employees Regular Class Pension Plan. On September 30, 2025, the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 671,797
Contributions subsequent to the measurement date	42,243	-
Total	<u>\$ 42,243</u>	<u>\$ 671,797</u>

The Airport's portion of the deferred inflows is 6.21% or \$41,752.

**CITY OF MELBOURNE, FLORIDA
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Deferred outflows of \$42,243, resulting from City contributions subsequent to the measurement date of September 30, 2024, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ending September 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2026	\$	(93,292)
2027		72,277
2028		(367,167)
2029		(283,615)

For the year ended September 30, 2025, the Airport will recognize a pension expense of \$5,138 for the General Employees Special Risk Class Pension Plan. On September 30, 2025, the City reported for the Airport's **General Employees Special Risk Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 135,243
Contributions subsequent to the measurement date	14,157	-
Total	<u>\$ 14,157</u>	<u>\$ 135,243</u>

Deferred outflows of \$14,157, resulting from Airport contributions subsequent to the measurement date of September 30, 2024, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2026	\$	(16,472)
2027		16,697
2028		(76,374)
2029		(59,094)

**CITY OF MELBOURNE, FLORIDA
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FLORIDA RETIREMENT SYSTEM

General Information – City employees who are not covered under the Fire, Police, or General Pension Plans participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a 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 Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

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

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 computed 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 class members (sworn Airport police 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% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled 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 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 calculated 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.

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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, which include the HIS plan of 2.00%, are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2024 through June 30, 2025 and from July 1, 2025 through September 30, 2025, respectively, were as follows: Regular 14.03% and 13.63%; Special Risk Airport Police 35.19% and 32.79%; Senior Management Service 33.24% and 34.52%; Elected Officers' 54.57% and 58.68%; DROP participants 22.02% and 21.13%; Re-employed General 6.87% and 6.84%, and Re-employed Airport Police 15.03% and 14.07%.

City's contributions, including employee contributions, to the Pension Plan totaled \$5,400,248 for the fiscal year ended September 30, 2025, which include Airport contributions of \$670,527.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2025, the City reported a liability of \$23,441,277 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.075531426%, which was an increase of 0.0002741712% from its proportionate share measured as of June 30, 2024.

The pension liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$2,259,932, including the component unit's share of \$213,112. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,282,190	\$ -
Change of assumptions	2,481,230	-
Net difference between projected and actual earnings on FRS plan investments	-	3,613,582
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	63,045	1,367,614
City FRS plan contributions subsequent to the measurement date	1,004,484	-
Total	<u>\$ 5,830,949</u>	<u>\$ 4,981,196</u>

CITY OF MELBOURNE, FLORIDA
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Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221,586	\$ -
Change of assumptions	240,911	-
Net difference between projected and actual earnings on FRS plan investments	-	300,176
Changes in proportion and differences between City FRS plan contributions and proportionate share of contributions	6,121	113,606
City FRS plan contributions subsequent to the measurement date	97,529	-
Total	<u>\$ 566,147</u>	<u>\$ 413,782</u>

The deferred outflows of resources related to the FRS Pension Plan, totaling \$1,102,013 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	Primary Government	Component Unit	Total
2026	\$ (447,958)	\$ 158,754	\$ (289,204)
2027	79,590	(28,206)	51,384
2028	119,110	(42,212)	76,898
2029	94,527	(33,500)	61,027

Actuarial Assumptions – The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

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

Mortality rates were based on the PUB-2010 base table, which varies by member category and sex, projected generationally with Scale MP-2021.

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023. The economic and demographic assumptions used in the FRS valuation as of July 1, 2025 were unchanged from the July 1, 2024 valuation.

The following changes in key actuarial assumptions occurred in 2025: None.

The long-term expected rate of return assumption of 6.70 percent used in GASB discount rate calculations consists of two building block components: 1) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2025 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.20 percent. Geometrically combining those building blocks using the formula $(1 + .024) \times (1 + .042) - 1$ generates an expected nominal return of 6.70 percent. In the opinion of the FRS consulting actuary, both building block components and the overall 6.70 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.70 percent reported investment return assumption is the same as the investment return assumption chosen by the 2024 FRS Actuarial Assumption Conference for funding policy purposes. Each asset class assumption is based on a consistent set of underlying assumptions.

CITY OF MELBOURNE, FLORIDA
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For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying real return assumptions from the FRS consulting actuary's model combined with the FRS Actuarial Assumption Conference's 2.4% inflation assumption. The FRS consulting actuary's assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Return	Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	100.0%			
Assumed Inflation - Mean			2.4%	1.5%

* As outlined in the Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' 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 calculating 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 and Airport proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the City and Airport proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
City's proportionate share of the net pension liability	\$ 41,451,025	\$ 21,121,706	\$ 4,077,902
Airport's proportionate share of the net pension liability	4,552,120	2,319,570	447,832
Total net pension liability	<u>\$ 46,003,145</u>	<u>\$ 23,441,276</u>	<u>\$ 4,525,734</u>

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

Payables to the Pension Plan - At September 30, 2025, the primary government reported a payable in the amount of \$529,772, including the component unit's share of \$55,159, for outstanding contributions to the FRS Pension Plan required for the fiscal year ended September 30, 2025.

Health Insurance Subsidy (HIS) Plan

Plan Description - 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.

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Benefits Provided – For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution was 2.00%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

City's contributions to the HIS Plan totaled \$642,721 for the fiscal year ended September 30, 2025, which includes Airport's contribution of \$68,450.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resource es Related to Pensions – At September 30, 2025, the City reported a liability of \$10,918,272 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The City's proportionate share of the net pension liability was based on the City's 2023-24 fiscal year contributions relative to the 2024-25 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.085182912%, which was an increase of 0.000753809% from its proportionate share measured as of June 30, 2024.

The pension liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

For the fiscal year ended September 30, 2025, the City recognized pension expense of \$72,790, including the component unit's share of \$7,752. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Primary Government:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,407	\$ 15,991
Change of assumptions	88,086	2,438,303
Net difference between projected and actual earnings on HIS Plan investments	-	8,390
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	254,801	710,657
City HIS Plan contributions subsequent to the measurement date	163,491	-
Total	<u>\$ 565,785</u>	<u>\$ 3,173,341</u>

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Component Unit:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,768	\$ 1,328
Change of assumptions	8,552	202,548
Net difference between projected and actual earnings on HIS Plan investments	-	697
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	24,740	59,033
City HIS Plan contributions subsequent to the measurement date	15,874	-
Total	<u>\$ 54,934</u>	<u>\$ 263,606</u>

The deferred outflows of resources related to the HIS Plan, totaling \$179,365 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2025. 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:

<u>Year Ending September 30,</u>	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
2026	\$ (611,295)	\$ (49,535)	\$ (660,830)
2027	(731,872)	(59,306)	(791,178)
2028	(616,185)	(49,931)	(666,116)
2029	(493,807)	(40,015)	(533,822)
2030	(317,888)	(25,759)	(343,647)

Actuarial Assumptions – The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2025: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.93% to 5.20%. All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its meeting in October 2025.

Discount Rate - The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is 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 5.20%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

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	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
City's proportionate share of the net pension liability	\$ 11,180,259	\$ 9,914,557	\$ 8,853,035
Airport's proportionate share of the net pension liability	1,131,850	1,003,715	896,250
Total net pension liability	<u>\$ 12,312,110</u>	<u>\$ 10,918,272</u>	<u>\$ 9,749,286</u>

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

Payables to the Pension Plan - At September 30, 2025, the City reported a payable in the amount of \$50,120, including the component unit's share of \$5,337, for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2025.

Investment Plan

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

The FRS Investment Plan has 999 participating employers. The City has 215 participating employees, including 21 Airport employees.

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. City 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 County 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 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2024-25 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 11.57%, Special Risk class 30.73%, Senior Management Service class 32.46% and County Elected Officers class 56.62%.

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 account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave

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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.

City's contributions, including employee contributions, to the Investment Plan totaled \$2,015,055 for the fiscal year ended September 30, 2025, including Airport contributions of \$316,103.

C. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description - The City of Melbourne administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by City Council on May 12, 1987 and may only be amended by City Council. The City does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements. The Plan does not have a trust.

Funding Policy - The City is funding the post-employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired prior to January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees hired prior to October 14, 2014, receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal Medicare age. LIU Union employees hired prior to January 1, 2011, and who retire from the City with at least 8 years of service (current FRS vesting requirement) with the City, receive a 50% contribution toward retiree (single) group health insurance or toward the group Medicare supplemental plan. For the fiscal year ended September 30, 2025, the City contributed \$691,426 to cover 253 retired employees and \$24,243 for the Airport to cover 12 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

Plan Membership – At August 1, 2025, OPEB membership consisted of the following:

	Firefighters	Police	General Employees	
			Primary Government	Component Unit
Inactive members currently receiving benefits	39	59	155	12
Active members	134	127	451	45
Total	173	186	606	57

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Actuarial Assumptions and Other Inputs – The total OPEB liability in the September 30, 2025 actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
*Salary Increases	3.65 to 8.50 percent projected annual salary increase
Discount rate	3.88 percent investment rate of return
Health care cost trend rates	7.00 percent using Society of Actuaries Long-Term Model
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums
*Salary scale used by FRS depends on gender and service.	

The discount rate was based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with scale MP-2021.

The actuarial assumption used for September 30, 2025 are based on the results of a full valuation as of August 1, 2025, which was completed on the measurement date. The City recognized \$715,669 as the current portion for payments expected in the next fiscal year.

At September 30, 2025, the City of Melbourne reported a net OPEB liability of \$28,049,780. The GASB 75 information has been provided as of the October 1, 2024 measurement date.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of October 1, 2023 for FYE 2024	\$ 16,401,519	\$ -	\$ 16,401,519
Changes for the year:			
Service cost	327,796	-	327,796
Interest	748,318	-	748,318
Experience losses/(gains)	7,954,231	-	7,954,231
Trust Contribution - Employer	-	1,133,875	(1,133,875)
Changes of assumptions	3,751,791		3,751,791
Changes in benefit terms	-	-	-
Benefit Payments (net of retiree contributions)	(1,133,875)	(1,133,875)	-
Net changes	11,648,261	-	11,648,261
Balance as of October 1, 2024 for FYE 2025	\$ 28,049,780	\$ -	\$ 28,049,780

The Airport's share of the net OPEB liability is 3.92% or \$1,099,963.

Changes in assumptions and other inputs reflect a change in the discount rate from 4.63% as of September 30, 2023 to 3.88% as of September 30, 2024. The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA and adjusted to reflect the expected impact of the Inflation Reduction Act. The decrement assumptions for General employees and the salary scale assumptions for all employees were updated based on those developed in the 2024 experience study for the Florida Retirement System. The per capita cost assumption was updated to reflect recent claims and premium experience. The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2025, with the exception of the actuarial cost method. These calculations are based in the Entry Age Normal cost method required by GASB 75.

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The OPEB liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

Sensitivity of the Net OPEB Liability - The following table represents the City's net OPEB liability calculated using the discount rate of 3.88%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.88%) or one percentage point higher (4.88%) than the current rate:

<u>Discount Rate</u>	<u>1% Decrease (2.88%)</u>	<u>Current Discount Rate (3.88%)</u>	<u>1% Increase (4.88%)</u>
Net OPEB Liability	\$ 30,759,153	\$ 28,049,780	\$ 25,667,270

The following table represents the City's net OPEB liability calculated using the health care cost trend rate of 3.92%, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower (2.92%) or one percentage point higher (4.92%) than the current rate:

<u>Ultimate Trend</u>	<u>1% Decrease (2.92%)</u>	<u>Current Medical Trend (3.92%)</u>	<u>1% Increase (4.92%)</u>
Net OPEB Liability	\$ 25,429,219	\$ 28,049,780	\$ 31,131,169

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

For the fiscal year ended September 30, 2025, the City of Melbourne recognized an OPEB expense of \$2,773,867. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,738,315	\$ -
Change of assumptions	3,671,926	2,170,791
City contributions subsequent to the measurement date	715,669	-
Total	<u>\$ 12,125,910</u>	<u>\$ 2,170,791</u>

The Airport's portion of the deferred outflows is 3.28% or \$397,516 and deferred inflows of resources is 2.04% or \$44,294.

The deferred outflows of resources related to OPEB, totaling \$715,669 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in the expense as follows:

Year Ending September 30:

2026	\$ 2,103,138
2027	1,358,622
2028	1,875,691
2029	1,951,004
2030	1,950,995

D. OTHER EMPLOYEE BENEFIT PLANS

1. 457 Deferred Compensation Plans

The City sponsors two 457 Deferred Compensation Plans as an eligible employer as defined in Internal Revenue Code Section 457(e)(1). The assets of both plans are held in trust for participating employees, with the City serving as trustee for the exclusive benefit of the plan participants and their beneficiaries. In 2012, senior City management established the City of Melbourne 457 Plan Committee and hired NFP Retirement, formerly Fiduciary First, as a consultant, to remain in compliance with regulations governing 457 plans and to ensure the City receives the best investment options and best value for plan participants. The Committee, working in conjunction with the consultant, review the plans and their performance, and make recommendations to the City Manager for changes to the plans.

The City of Melbourne 457(b) Deferred Compensation Plan – Deferred Compensation Plan for Public Employees 457 Governmental Plan and Trust is administered by Nationwide Retirement Solutions and was established by Resolution No. 520 on April 10, 1979. Benefit terms for the 457 plan are established and may be amended by the City Manager as authorized by City Council, most recently restated by Resolution No. 3883, on October 10, 2019. The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

The 457 Governmental Deferred Compensation Plan and Trust is administered by MissionSquare Retirement, formerly the International City Managers' Association Retirement Corporation, was established by Resolution No. 823 on July 12, 1983. Benefit terms for the 457 plan are established and may be amended by the City Manager as authorized by City Council, most recently restated by Resolution No. 3884, on October 10, 2019. The plan is fully funded by participants, operating on a pre-tax basis in the tax-deferred 457 plan, and operating on an after-tax basis in the Roth 457 plan, with contributions vesting immediately. The City does not contribute to the plan.

2. Melbourne Airport Authority 401(a) Plan

Established by Resolution No. 12-20 of the Melbourne Airport Authority on December 2, 2020, the Melbourne Airport Authority 401(a) Plan offers the Authority with the ability to make contributions for the benefit of key positions as a means to attract and retain employees in senior management positions. The plan is administered by Nationwide Retirement Solutions and voluntary participation is limited to the Executive Director and director-level positions at the airport.

Benefit terms are established and may be amended by the Melbourne Airport Authority. The Executive Director has the authority to determine the amount of discretionary contributions received by other participants of the plan, while the Melbourne Airport Authority determines the discretionary amount of contributions the Executive Director receives. For all participants, contributions vest immediately. For the year ended September 30, 2025, the plan had 3 active participants and the airport made \$151,787 in contributions.

E. CONTINGENCIES

1. Litigation

The City and the Airport are named as defendants in various lawsuits. The outcome of the lawsuits is not determinable at this time. It is the opinion of counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the City or the Airport.

2. Asset Retirement Obligations

The City has a liability of \$70,447 in governmental activities for two 12,000-gallon underground fiberglass-clad steel storage tanks at the City fleet fuel facility.

The Water and Sewer fund owns an injection well system at the Grant Street Reclamation facility that was placed into service in 1989. There are no plans to abandon and plug this well since it is our only means of effluent disposal.

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The Florida Department of Environmental Protection requires that we certify our financial ability to abandon and plug the well annually.

3. Grants

The City and the Airport receive funds from federal, state, and private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is management's belief that any disallowances or adjustments would not have a significant effect on the financial statements.

4. Certain Risk Disclosures

The City of West Melbourne notified its intent to no longer be a water customer of the City and anticipated terminating the agreement, constructing its own water treatment plant to serve the city. The City of West Melbourne contributed 15.2% of water revenues, the largest customer served. The wholesale water customer agreement ends December 31, 2026. Flow reduction will be immediate and not reduce over time. To mitigate, the City planned annual rate increases of 10.5% for water and 7% wastewater to meet revenue requirements of the system.

F. TAX ABATEMENTS

The City enters into property tax abatement agreements with new or expanding businesses under the Economic Development Ad Valorem Tax Exemption Program authorized by Melbourne City Code, Chapter 54, Article VI, and Section 196.1995 Florida Statutes. Under the program, the City grants 100% property tax abatements from one to 10 years to attract or retain businesses, which contribute to the economy of the City with new jobs and improvements to real and personal property. The program criteria scores applications on the number of employees, average payroll, capital investment, and additional high economic impact factors such as significant capital investment over \$15 million, over 150 new employees, or targeted industries. Benefitting businesses are required to file an annual report detailing their year-end investment and employment levels and verifying their new or expansion status as outlined in Florida Statutes Section 196.012. For the fiscal year ended September 30, 2025, the City abated 2024 property taxes to one business totaling \$172,731. Compliance review of the benefitting businesses annual reports determined that one business qualified for 2025 property tax abatements.

G. SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after September 30, 2025 through March 17, 2026, the date the current year's financial statements were available to be issued. The following events occurred:

Series 2026A Water & Sewer Refunding Bonds – On November 13, 2025, the City approved the issuance of the tax-exempt bonds, Series 2026A, not-to-exceed the aggregate principal amount of \$29,000,000 for the purpose of refunding the outstanding Series 2016A and 2016B bonds. Debt service payments associated with the Series 2026 bonds will be approximately \$160,000 less annually as opposed to the current debt service payments associated with the Series 2016A and 2016B bonds.

Series 2002B Water & Sewer Defeasance – The 2002B bonds utilize an external sinking fund arrangement and externally held in reserve account of \$4,600,000, currently with Bank of New York Mellon. The final payment on the bonds is scheduled for October 1, 2026. Rather than continue to contribute Water and Sewer Funds into a sinking fund in advance of the final payment, the City approved to utilize the existing reserve account to make the final payment. Funds contributed to the externally held sinking fund generally earn 2% less in interest than funds in the City's investment portfolio. Defeasance of the Series 2002B bonds will achieve approximately 1.5 to 2.0% in higher interest earnings than if funds continue to be transferred to Bank of New York Mellon in anticipation of the final payment on October 1, 2026.



REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Downtown Redevelopment Special Revenue Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Olde Eau Gallie Redevelopment Special Revenue Fund
- Budgetary Notes to Required Supplementary Information
- Schedules of Changes in Net Pension Liability and Related Ratios
- Schedules of City Contributions
- Schedules of Investment Returns
- Schedules of Proportionate Share of the Net Pension Liability
- Schedules of Contributions
- Schedule of Changes in the City's Total OPEB Liability and Related Ratios



**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 52,624,159	\$ 53,124,159	\$ 53,182,016	\$ 57,857
Utility and communications	14,095,000	15,595,000	16,146,255	551,255
Franchise fees	8,900,000	8,900,000	9,356,969	456,969
Intergovernmental	18,423,313	22,932,128	22,531,619	(400,509)
Charges for services	8,688,235	8,628,244	9,277,510	649,266
Licenses and permits	2,076,570	2,531,570	2,907,926	376,356
Fines, forfeitures, penalties and fees	149,500	149,500	238,129	88,629
Investment earnings	2,100,000	5,600,000	5,718,871	118,871
Other revenues	469,082	1,046,260	1,419,224	372,964
Total revenues	<u>107,525,859</u>	<u>118,506,861</u>	<u>120,778,519</u>	<u>2,271,658</u>
EXPENDITURES				
Current:				
General government:				
Mayor and council	216,523	226,020	222,965	3,055
City manager	1,236,939	1,023,647	1,023,638	9
City attorney	1,114,757	922,257	874,495	47,762
City clerk	562,085	564,671	558,774	5,897
Accounting and budget	2,784,658	2,728,050	2,725,783	2,267
Procurement	562,838	514,582	506,180	8,402
Human resources	1,042,023	781,423	707,536	73,887
Information technology	6,807,384	5,982,228	5,933,034	49,194
Engineering	1,793,307	1,584,534	1,581,820	2,714
Community development	1,170,037	1,272,346	1,263,416	8,930
Other - unclassified	4,103,827	7,712,448	8,157,625	(445,177)
Total general government	<u>21,394,378</u>	<u>23,312,206</u>	<u>23,555,266</u>	<u>(243,060)</u>
Public Safety:				
Fire	27,466,879	28,052,315	27,990,980	61,335
Police	34,971,541	35,322,293	35,318,287	4,006
Total public safety	<u>62,438,420</u>	<u>63,374,608</u>	<u>63,309,267</u>	<u>65,341</u>
Public works	10,512,348	10,490,667	10,257,152	233,515
Parks and recreation	8,838,210	9,514,982	9,422,630	92,352
Housing and urban improvement	785,561	796,868	780,464	16,404
Debt service:				
Principal	1,709,430	1,709,430	1,567,046	142,384
Interest and fiscal agent fees	-	-	142,141	(142,141)
Total debt service	<u>1,709,430</u>	<u>1,709,430</u>	<u>1,709,187</u>	<u>243</u>
Total expenditures	<u>105,678,347</u>	<u>109,198,761</u>	<u>109,033,966</u>	<u>164,795</u>
Excess (deficiency) of revenues over expenditures	<u>1,847,512</u>	<u>9,308,100</u>	<u>11,744,553</u>	<u>2,436,453</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,635,488	4,678,768	4,603,805	(74,963)
Transfers out	(7,423,000)	(37,708,510)	(37,743,233)	(34,723)
Subscriptions	-	-	235,623	235,623
Sale of capital assets	-	-	179,359	179,359
Total other financing sources (uses)	<u>(2,787,512)</u>	<u>(33,029,742)</u>	<u>(32,724,446)</u>	<u>305,296</u>
Net change in fund balance	<u>(940,000)</u>	<u>(23,721,642)</u>	<u>(20,979,893)</u>	<u>2,741,749</u>
Fund balance, October 1	64,969,167	64,969,167	64,969,167	-
Fund balance, September 30	<u>\$ 64,029,167</u>	<u>\$ 41,247,525</u>	<u>\$ 43,989,274</u>	<u>\$ 2,741,749</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,538,118	\$ 2,538,118	\$ 2,438,118	\$ (100,000)
Investment earnings	40,000	40,000	240,896	200,896
Other revenue	-	-	4,481	4,481
Total revenues	2,578,118	2,578,118	2,683,495	105,377
EXPENDITURES				
Current:				
General government	1,187,597	1,549,238	916,303	632,935
Debt service:				
Principal	120,000	120,000	120,000	-
Interest	41,818	41,818	41,812	6
Capital outlay	4,404,561	5,612,247	1,397,474	4,214,773
Total expenditures	5,753,976	7,323,303	2,475,589	4,847,714
Excess (deficiency) of revenues over (under) expenditures	(3,175,858)	(4,745,185)	207,906	4,953,091
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,200	1,200	-
Total other financing sources (uses)	-	1,200	1,200	-
Net change in fund balance	(3,175,858)	(4,743,985)	209,106	4,953,091
Fund balance, October 1	4,449,227	4,449,227	4,449,227	-
Fund balance, September 30	\$ 1,273,369	\$ (294,758)	\$ 4,658,333	\$ 4,953,091

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,057,615	\$ 1,057,615	\$ 1,057,615	\$ -
Investment earnings	-	-	172,157	172,157
Total revenues	1,057,615	1,057,615	1,229,772	172,157
EXPENDITURES				
Current:				
General government	1,057,615	1,057,615	-	1,057,615
Capital outlay	8,715,668	8,715,668	-	8,715,668
Total expenditures	9,773,283	9,773,283	-	9,773,283
Excess (deficiency) of revenues over (under) expenditures	(8,715,668)	(8,715,668)	1,229,772	9,945,440
OTHER FINANCING SOURCES (USES)				
Bond proceeds	6,835,000	6,835,000	-	(6,835,000)
Total other financing sources (uses)	6,835,000	6,835,000	-	(6,835,000)
Net change in fund balance	(1,880,668)	(1,880,668)	1,229,772	3,110,440
Fund balance, October 1	4,467,182	4,467,182	4,467,182	-
Fund balance, September 30	\$ 2,586,514	\$ 2,586,514	\$ 5,696,954	\$ 3,110,440

BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City Council typically adopts an annual budget for the General fund and the Special Revenue funds. The City Council adopts budgets for projects in Capital Projects funds on a "life of the project" basis. All budgets are prepared on a modified accrual basis with encumbrance accounting. Budgetary control is legally maintained at the fund level. Budget transfer authority is provided to the City Manager within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Governmental Accounting Standards Board Codification, Section 2100, "Defining the Financial Reporting Entity", requires reporting of supplementary information for budgetary comparison schedules for the general fund and each major special revenue fund that has a legally adopted annual budget. These schedules include the original budget, the final budget, and actual amounts (stated on the budgetary basis). The City has shown two special revenue funds as major funds, and, accordingly, is presenting the budgetary comparison schedule for the General Fund, Downtown Redevelopment, and Olde Eau Gallie Redevelopment with original and final budgets, as Required Supplementary Information.

There was no budget adopted for the Law Enforcement Special Revenue fund. Funds accumulated in the Law Enforcement fund are transferred to other funds, from which expenditures are made, and these expenditures are budgeted in those funds. Capital Projects funds have budgets which are approved on a "life of the project basis". These budget periods are not consistent with the method of financial reporting; therefore, comparisons between the results of operations and budgets in these funds are not relevant and are not presented herein.

Supplemental appropriations were made during the year and all budget amounts presented in the accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance for the General Fund, Downtown Redevelopment, and Olde Eau Gallie Redevelopment funds have been adjusted for legally authorized revisions of the annual budget. All appropriations which are not expended, encumbered, or committed lapse at year end. Encumbered appropriations are carried forward to the subsequent year's budget.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects funds. Encumbrances outstanding at year end are carried forward to the next year's budget and are reported as a restricted or assigned fund balance in the governmental fund financial statements since they do not constitute actual expenditures or liabilities.

Actual results of operations are presented in accordance with generally accepted accounting principles (GAAP basis) and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City's legally adopted budget.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

A – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Revenues

Actual amounts (budgetary basis) of total revenues as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual equal total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.

Expenditures	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual.	\$ 109,033,966	\$ 2,475,589	\$ -
Differences - - budget to GAAP:			
Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes.	<u>(5,334,684)</u>	<u>(35,235)</u>	<u>-</u>
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 103,699,282</u>	<u>\$ 2,440,354</u>	<u>\$ -</u>

B – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2025 is presented in the following table:

	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)	\$ (20,979,893)	\$ 209,106	\$ 1,229,772
Adjustments:			
Encumbrances	<u>5,334,684</u>	<u>35,235</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ (15,645,209)</u>	<u>\$ 244,341</u>	<u>\$ 1,229,772</u>

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Governmental Accounting Standards Board Codification P20 "Pension Activities" require supplementary information be reported on the local pension plans in addition to that provided in the Notes to the Financial Statements. This information is presented in the following schedules. Additional years' information will be included until 10 years of information is displayed.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
FIREFIGHTERS PENSION**

	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total pension liability					
Service cost	\$ 2,615,321	\$ 2,362,166	\$ 2,236,136	\$ 2,209,338	\$ 2,225,827
Interest	7,787,421	7,430,374	7,134,908	6,908,754	6,819,028
Changes of benefit terms	-	-	157,925	546	-
Difference between expected and actual experience	(92,001)	1,103,103	358,651	(803,951)	(670,515)
Changes in assumptions	-	-	-	1,166,660	(2,196,715)
Benefit payments	(6,598,230)	(5,904,294)	(5,761,386)	(6,753,910)	(6,083,904)
Contribution refunds	(73,230)	(16,224)	(25,835)	(47,491)	(2,525)
Other (share plan allocation)	186,906	158,374	-	-	-
Net change in total pension liability	3,826,187	5,133,499	4,100,399	2,679,946	91,196
Total pension liability - beginning	110,017,546	104,884,047	100,783,648	98,103,702	98,012,506
Total pension liability - ending (a)	\$ 113,843,733	\$ 110,017,546	\$ 104,884,047	\$ 100,783,648	\$ 98,103,702
Plan fiduciary net position					
Contributions - employer	\$ 3,778,439	\$ 3,318,293	\$ 3,109,878	\$ 3,338,795	\$ 3,504,002
Contributions - state	961,657	904,593	903,695	588,936	584,114
Contributions - employee	1,024,068	916,251	856,373	773,346	704,723
Net investment income	10,254,827	17,412,036	7,051,097	(9,970,863)	12,622,550
Benefit payments	(6,598,230)	(5,904,294)	(5,761,386)	(6,753,910)	(6,083,904)
Contribution refunds	(73,230)	(16,224)	(25,835)	(47,491)	(2,525)
Administrative expense	(173,417)	(148,385)	(164,819)	(153,199)	(160,051)
Net change in plan fiduciary net position	9,174,114	16,482,270	5,969,003	(12,224,386)	11,168,909
Plan fiduciary net position - beginning	95,685,936	79,203,666	73,234,663	85,459,049	74,290,140
Plan fiduciary net position - ending (b)	\$ 104,860,050	\$ 95,685,936	\$ 79,203,666	\$ 73,234,663	\$ 85,459,049
Net pension liability - ending (a) - (b)	\$ 8,983,683	\$ 14,331,610	\$ 25,680,381	\$ 27,548,985	\$ 12,644,653
Plan fiduciary net position as a percentage of the total pension liability	92.11%	86.97%	75.52%	72.67%	87.11%
Covered payroll	\$ 12,559,215	\$ 11,096,221	\$ 10,520,320	\$ 9,611,373	\$ 9,188,997
Net pension liability as a percentage of covered payroll	71.53%	129.16%	244.10%	288.63%	137.61%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2024, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
FIREFIGHTERS PENSION
(CONCLUDED)**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability					
Service cost	\$ 2,092,888	\$ 1,958,018	\$ 1,824,715	\$ 1,643,241	\$ 1,596,483
Interest	6,803,337	6,644,955	6,508,591	6,370,620	6,164,017
Changes of benefit terms	-	-	-	(139,655)	-
Difference between expected and actual experience	36,704	(198,691)	(64,611)	(735,297)	-
Changes in assumptions	2,267,987	2,094,557	2,112,977	586,277	-
Benefit payments	(5,734,384)	(5,737,239)	(5,617,080)	(5,983,213)	(4,459,046)
Contribution refunds	(88,644)	(14,159)	(24,055)	(63,789)	-
Other (share plan allocation)	-	-	-	-	-
Net change in total pension liability	5,377,888	4,747,441	4,740,537	1,678,184	3,301,454
Total pension liability - beginning	92,634,618	87,887,177	83,146,640	81,468,456	78,167,002
Total pension liability - ending (a)	\$ 98,012,506	\$ 92,634,618	\$ 87,887,177	\$ 83,146,640	\$ 81,468,456
Plan fiduciary net position					
Contributions - employer	\$ 3,242,351	\$ 3,022,527	\$ 2,633,114	\$ 2,767,223	\$ 2,622,565
Contributions - state	547,722	518,691	546,838	514,983	545,561
Contributions - employee	694,499	678,868	595,652	748,579	578,536
Net investment income	1,361,766	3,180,130	5,650,567	7,785,352	6,138,463
Benefit payments	(5,734,384)	(5,737,239)	(5,617,080)	(5,983,213)	(4,459,046)
Contribution refunds	(88,644)	(14,159)	(24,055)	(63,789)	-
Administrative expense	(131,393)	(146,948)	(161,017)	(135,797)	(128,302)
Net change in plan fiduciary net position	(108,083)	1,501,870	3,624,019	5,633,338	5,297,777
Plan fiduciary net position - beginning	74,398,223	72,896,353	69,272,334	63,638,996	58,341,219
Plan fiduciary net position - ending (b)	\$ 74,290,140	\$ 74,398,223	\$ 72,896,353	\$ 69,272,334	\$ 63,638,996
Net pension liability - ending (a) - (b)	\$ 23,722,366	\$ 18,236,395	\$ 14,990,824	\$ 13,874,306	\$ 17,829,460
 Plan fiduciary net position as a percentage of the total pension liability	 75.80%	 80.31%	 82.94%	 83.31%	 78.11%
Covered payroll	\$ 8,755,735	\$ 8,367,972	\$ 7,614,471	\$ 7,566,356	\$ 6,893,083
 Net pension liability as a percentage of covered payroll	 270.94%	 217.93%	 196.87%	 183.37%	 258.66%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS
FIREFIGHTERS PENSION**

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2025	\$ 4,553,190	\$ 4,553,190	\$ -	\$ 12,559,215	36.25%
2024	4,064,512	4,064,512	-	11,096,221	36.63%
2023	3,855,648	3,855,648	-	10,520,320	36.65%
2022	3,927,186	3,927,186	-	9,611,373	40.86%
2021	4,088,116	4,088,116	-	9,188,997	44.49%
2020	3,790,073	3,790,073	-	8,755,735	43.29%
2019	3,541,218	3,541,218	-	8,367,972	42.32%
2018	3,179,952	3,179,952	-	7,614,471	41.76%
2017	3,282,206	3,282,206	-	7,566,356	43.38%
2016	3,168,126	3,168,126	-	6,893,083	45.96%

Notes to Schedule

Valuation date: 10/01/2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of compensation, closed
Remaining amortization period	Effective with the October 1, 2015 actuarial valuation new bases are amortized over 25 years. Prior to the change a 30-year period was used.
Asset valuation method	5-Year smoothed market
Inflation	2.5%
Salary increases	6.0%, including inflation
Investment rate of return	7.125% net of investment expenses, including inflation
Payroll growth assumption	No payroll growth assumed in amortization of unfunded accrued liability.
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 50 and 20 years of credited service
Disability retirement	It is assumed the 100% of disablements and active member deaths are service related.
Mortality	PUBS.H-2010, sex distinct tables, fully generational, Mortality Improvement Scale MP-2018.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
POLICE OFFICERS PENSION**

	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total pension liability					
Service cost	\$ 1,799,432	\$ 1,499,697	\$ 1,518,332	\$ 1,633,513	\$ 1,544,692
Interest	8,722,299	8,161,174	7,940,581	7,788,801	7,679,931
Share plan allocation	12,720	-	231,143	166,432	134,357
Changes of benefit terms	-	3,149,250	97,495	-	-
Difference between expected and actual experience	576,695	2,151,887	486,728	(837,582)	(1,049,851)
Changes in assumptions	1,186,956	-	-	-	-
Contributions - buy back	6,356	10,524	21,877	48,510	26,145
Benefit payments, including refunds of employee contributions	(7,660,383)	(7,404,843)	(7,064,857)	(6,117,105)	(7,727,774)
Net change in total pension liability	4,644,075	7,567,689	3,231,299	2,682,569	607,500
Total pension liability - beginning	122,338,334	114,770,645	111,539,346	108,856,777	108,249,277
Total pension liability - ending (a)	\$ 126,982,409	\$ 122,338,334	\$ 114,770,645	\$ 111,539,346	\$ 108,856,777
Plan fiduciary net position					
Contributions - employer	\$ 3,127,126	\$ 1,950,489	\$ 2,071,980	\$ 2,670,035	\$ 2,916,260
Contributions - state	1,152,863	1,049,379	982,566	853,145	788,995
Contributions - employee	850,805	732,036	689,431	663,736	641,837
Contributions - buy back	6,356	10,524	21,877	48,510	26,145
Net investment income	8,090,202	20,317,444	8,758,254	(19,113,692)	18,978,776
Benefit payments, including refunds of employee contributions	(7,660,383)	(7,404,843)	(7,064,857)	(6,117,105)	(7,727,774)
Administrative expense	(135,786)	(90,818)	(120,697)	(82,361)	(84,902)
Net change in plan fiduciary net position	5,431,183	16,564,211	5,338,554	(21,077,732)	15,539,337
Plan fiduciary net position - beginning	110,783,311	94,219,100	88,880,546	109,958,278	94,418,941
Plan fiduciary net position - ending (b)	\$ 116,214,494	\$ 110,783,311	\$ 94,219,100	\$ 88,880,546	\$ 109,958,278
Net pension liability - ending (a) - (b)	\$ 10,767,915	\$ 11,555,023	\$ 20,551,545	\$ 22,658,800	\$ (1,101,501)
Plan fiduciary net position as a percentage of the total pension liability	91.52%	90.55%	82.09%	79.69%	101.01%
Covered payroll	\$ 11,458,833	\$ 9,949,808	\$ 9,458,637	\$ 9,163,931	\$ 8,913,875
Net pension liability as a percentage of covered payroll	93.97%	116.13%	217.28%	247.26%	(12.36%)

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2024, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
POLICE OFFICERS PENSION
(CONCLUDED)**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability					
Service cost	\$ 1,665,001	\$ 1,554,118	\$ 1,598,984	\$ 1,463,224	\$ 1,514,579
Interest	7,483,737	7,414,402	7,070,607	6,888,890	6,609,747
Share plan allocation	149,722	199,236	-	-	-
Changes of benefit terms	-	(149,431)	21,658	-	-
Difference between expected and actual experience	2,155,379	(2,113,526)	1,655,678	174,092	(723,896)
Changes in assumptions	2,090,485	-	-	-	2,243,175
Contributions - buy back	26,145	11,453	1,373	125,811	6,497
Benefit payments, including refunds of employee contributions	(6,878,711)	(5,625,467)	(5,770,235)	(6,959,523)	(4,794,165)
Net change in total pension liability	6,691,758	1,290,785	4,578,065	1,692,494	4,855,937
Total pension liability - beginning	101,557,519	100,266,734	95,688,669	93,996,175	89,140,238
Total pension liability - ending (a)	\$108,249,277	\$101,557,519	\$100,266,734	\$ 95,688,669	\$ 93,996,175
Plan fiduciary net position					
Contributions - employer	\$ 3,080,236	\$ 3,184,967	\$ 2,911,276	\$ 3,073,421	\$ 2,948,527
Contributions - state	819,725	769,322	697,770	630,296	597,263
Contributions - employee	607,559	618,037	544,936	581,719	549,814
Contributions - buy back	26,145	11,453	1,373	125,811	6,497
Net investment income	9,989,716	4,074,906	8,897,069	7,412,999	6,589,808
Benefit payments, including refunds of employee contributions	(6,878,711)	(5,625,467)	(5,770,235)	(6,959,523)	(4,794,165)
Administrative expense	(89,664)	(83,182)	(72,973)	(78,701)	(106,160)
Net change in plan fiduciary net position	7,555,006	2,950,036	7,209,216	4,786,022	5,791,584
Plan fiduciary net position - beginning	86,863,935	83,913,899	76,704,683	71,918,661	66,127,077
Plan fiduciary net position - ending (b)	\$ 94,418,941	\$ 86,863,935	\$ 83,913,899	\$ 76,704,683	\$ 71,918,661
Net pension liability - ending (a) - (b)	\$ 13,830,336	\$ 14,693,584	\$ 16,352,835	\$ 18,983,986	\$ 22,077,514
Plan fiduciary net position as a percentage of the total pension liability					
	87.22%	85.53%	83.69%	80.16%	76.51%
Covered payroll	\$ 8,585,712	\$ 8,838,609	\$ 7,822,477	\$ 7,666,800	\$ 8,108,369
Net pension liability as a percentage of covered payroll					
	161.09%	166.24%	209.05%	247.61%	272.28%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS
POLICE OFFICERS PENSION**

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2025	\$ 4,267,269	\$ 4,267,269	\$ -	\$ 11,458,833	37.24%
2024	2,999,868	2,999,868	-	9,949,808	30.15%
2023	2,823,403	2,823,403	-	9,458,637	29.85%
2022	3,356,748	3,356,748	-	9,163,931	36.63%
2021	3,570,898	3,570,898	-	8,913,875	40.06%
2020	3,750,239	3,750,239	-	8,585,712	43.68%
2019	3,829,769	3,829,769	-	8,838,609	43.33%
2018	3,587,388	3,587,388	-	7,822,477	45.86%
2017	3,703,717	3,703,717	-	7,666,800	48.31%
2016	3,545,790	3,545,790	-	8,108,369	43.73%

*Contributions do not include contributions to the share plan.

Notes to Schedule

Valuation date: 10/01/2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of compensation, closed
Remaining amortization period	20 years
Asset valuation method	Historical geometric 4-year average fair value returns, net of fees
Inflation	2.5%
Salary increases	4.0 – 6.50%
Investment rate of return	7.25%
Payroll growth assumption	0.00% for purposes of amortizing the Unfunded Actuarial Accrued Liability.
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 45 and 10 years of service
Disability retirement	It is assumed that 75% of disablements and active member deaths are service related.
Mortality	PubS.H-2010 sex distinct tables, set forward one year, Mortality Improvement Scale MP-2018.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEES PENSION
REGULAR CLASS**

	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total pension liability					
Service cost	\$ 20,688	\$ 19,386	\$ 17,706	\$ 16,645	\$ 16,781
Interest	404,922	417,513	432,987	438,469	432,565
Difference between expected and actual experience	63,479	(175,616)	(235,981)	(172,731)	3,728
Changes in assumptions	102,982	-	-	-	-
Contributions - buy back	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(381,191)	(503,780)	(370,985)	(352,604)	(384,581)
Net change in total pension liability	210,880	(242,497)	(156,273)	(70,221)	68,493
Total pension liability - beginning	5,954,510	6,197,007	6,353,280	6,423,501	6,355,008
Total pension liability - ending (a)	\$ 6,165,390	\$ 5,954,510	\$ 6,197,007	\$ 6,353,280	\$ 6,423,501
Plan fiduciary net position					
Contributions - employer	\$ 42,243	\$ 44,366	\$ 45,983	\$ 48,752	\$ 50,534
Contributions - buy back	-	-	-	-	-
Net investment income	802,013	1,930,160	897,567	(1,581,993)	1,372,153
Benefit payments including refunds of employee contributions	(381,191)	(503,780)	(370,985)	(352,604)	(384,581)
Administrative expense	(43,993)	(49,856)	(38,536)	(37,798)	(42,371)
Net change in plan fiduciary net position	419,072	1,420,890	534,029	(1,923,643)	995,735
Plan fiduciary net position - beginning	8,991,050	7,570,159	7,036,130	8,959,773	7,964,038
Plan fiduciary net position - ending (b)	\$ 9,410,122	\$ 8,991,049	\$ 7,570,159	\$ 7,036,130	\$ 8,959,773
Net pension asset - ending (a) - (b)	\$ (3,244,732)	\$ (3,036,539)	\$ (1,373,152)	\$ (682,850)	\$ (2,536,272)
Plan fiduciary net position as a percentage of the total pension liability	152.63%	151.00%	122.16%	110.75%	139.48%
Covered payroll	\$ 128,626	\$ 117,490	\$ 109,885	\$ 98,744	\$ 92,865
Net pension asset of a percentage of covered payroll	(2,522.61)%	(2,584.51)%	(1,249.63)%	(691.54)%	(2,731.14)%

*The net pension asset recognized by the City in the current year financial statements represents the net pension asset measured as of September 30, 2024, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEES PENSION
REGULAR CLASS
(CONCLUDED)**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability					
Service cost	\$ 17,072	\$ 28,806	\$ 29,388	\$ 34,004	\$ 57,835
Interest	437,262	435,536	430,656	418,526	396,941
Difference between expected and actual experience	27,758	(42,598)	(8,617)	88,609	(62,793)
Changes in assumptions	(161,274)	-	-	-	338,980
Contributions - buy back	-	-	-	-	20,712
Benefit payments, including refunds of employee contributions	(390,662)	(380,046)	(382,238)	(344,239)	(494,716)
Net change in total pension liability	(69,844)	41,698	69,189	196,900	256,959
Total pension liability - beginning	6,424,852	6,383,154	6,313,965	6,117,065	5,860,106
Total pension liability - ending (a)	<u>\$ 6,355,008</u>	<u>\$ 6,424,852</u>	<u>\$ 6,383,154</u>	<u>\$ 6,313,965</u>	<u>\$ 6,117,065</u>
Plan fiduciary net position					
Contributions - employer	\$ 48,635	\$ 45,479	\$ 36,154	\$ 25,204	\$ 43,928
Contributions - buy back	-	-	-	-	20,712
Net investment income	715,805	363,214	642,567	898,559	583,511
Benefit payments including refunds of employee contributions	(390,662)	(380,046)	(382,238)	(344,239)	(494,716)
Administrative expense	(40,720)	(47,375)	(43,941)	(41,090)	(47,733)
Net change in plan fiduciary net position	333,058	(18,728)	252,542	538,434	105,702
Plan fiduciary net position - beginning	7,630,980	7,649,708	7,397,166	6,858,732	6,753,030
Plan fiduciary net position - ending (b)	<u>\$ 7,964,038</u>	<u>\$ 7,630,980</u>	<u>\$ 7,649,708</u>	<u>\$ 7,397,166</u>	<u>\$ 6,858,732</u>
Net pension asset - ending (a) - (b)	<u>\$ (1,609,030)</u>	<u>\$ (1,206,128)</u>	<u>\$ (1,266,554)</u>	<u>\$ (1,083,201)</u>	<u>\$ (741,667)</u>
Plan fiduciary net position as a percentage of the total pension liability	125.32%	118.77%	119.84%	117.16%	112.12%
Covered payroll	\$ 95,315	\$ 173,308	\$ 155,432	\$ 193,136	\$ 284,325
Net pension asset of a percentage of covered payroll	(1,688.12)%	(695.94)%	(814.86)%	(560.85)%	(260.85)%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEES PENSION
AIRPORT SPECIAL RISK CLASS**

	9/30/2025*	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Total pension liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 27,365
Interest	113,554	111,757	111,412	99,915	101,532
Difference between expected and actual experience	7,490	13,876	38,193	196,904	(50,483)
Changes in assumptions	36,454	-	-	-	-
Benefit payments, including refunds of employee contributions	(99,960)	(99,960)	(189,393)	(75,736)	(72,570)
Net change in total pension liability	57,538	25,673	(39,788)	221,083	5,844
Total pension liability - beginning	1,672,187	1,646,514	1,686,302	1,465,219	1,459,375
Total pension liability - ending (a)	\$ 1,729,725	\$ 1,672,187	\$ 1,646,514	\$ 1,686,302	\$ 1,465,219
Plan fiduciary net position					
Contributions - employer	\$ 14,157	\$ 50,540	\$ 39,975	\$ 56,835	\$ 75,764
Net investment income	169,436	402,930	188,275	(333,670)	279,132
Benefit payments, including refunds of employee contributions	(99,960)	(99,960)	(189,393)	(75,736)	(72,570)
Administrative expense	(9,269)	(10,283)	(7,904)	(8,119)	(8,808)
Net change in plan fiduciary net position	74,364	343,227	30,953	(360,690)	273,518
Plan fiduciary net position - beginning	1,908,188	1,564,961	1,534,008	1,894,698	1,621,180
Plan fiduciary net position - ending (b)	\$ 1,982,552	\$ 1,908,188	\$ 1,564,961	\$ 1,534,008	\$ 1,894,698
Net pension liability (asset) - ending (a) - (b)	\$ (252,827)	\$ (236,001)	\$ 81,553	\$ 152,294	\$ (429,479)
Plan fiduciary net position as a percentage of the total pension liability	114.62%	114.11%	95.05%	90.97%	129.31%
Covered payroll	N/A	N/A	N/A	N/A	\$ 31,974
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	(1,343.21)%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability measured as of September 30, 2024, which is allowed by GASB Codification P20.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEES PENSION
AIRPORT SPECIAL RISK CLASS
(CONCLUDED)**

	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Total pension liability					
Service cost	\$ 27,775	\$ 26,338	\$ 25,640	\$ 25,050	\$ 22,024
Interest	99,047	94,064	89,768	80,237	91,869
Difference between expected and actual experience	7,096	(16,296)	(21,419)	58,940	(281,383)
Changes in assumptions	(44,312)	-	-	-	20,015
Benefit payments, including refunds of employee contributions	(34,834)	(33,861)	(32,776)	(24,552)	(18,900)
Net change in total pension liability	54,772	70,245	61,213	139,675	(166,375)
Total pension liability - beginning	1,404,603	1,334,358	1,273,145	1,133,470	1,299,845
Total pension liability - ending (a)	\$ 1,459,375	\$ 1,404,603	\$ 1,334,358	\$ 1,273,145	\$ 1,133,470
Plan fiduciary net position					
Contributions - employer	\$ 77,540	\$ 73,106	\$ 60,208	\$ 51,197	\$ 32,286
Net investment income	136,905	64,937	107,983	141,013	84,999
Benefit payments, including refunds of employee contributions	(34,834)	(33,861)	(32,776)	(24,552)	(18,900)
Administrative expense	(7,695)	(8,437)	(7,624)	(6,639)	(7,217)
Net change in plan fiduciary net position	171,916	95,745	127,791	161,019	91,168
Plan fiduciary net position - beginning	1,449,264	1,353,519	1,225,728	1,064,709	973,541
Plan fiduciary net position - ending (b)	\$ 1,621,180	\$ 1,449,264	\$ 1,353,519	\$ 1,225,728	\$ 1,064,709
Net pension liability (asset) - ending (a) - (b)	\$ (161,805)	\$ (44,661)	\$ (19,161)	\$ 47,417	\$ 68,761
Plan fiduciary net position as a percentage of the total pension liability	111.09%	103.18%	101.44%	96.28%	93.93%
Covered payroll	\$ 71,569	\$ 72,705	\$ 69,831	\$ 70,811	\$ 75,771
Net pension liability (asset) as a percentage of covered payroll	(226.08)%	(61.43)%	(27.44)%	66.96%	90.75%

CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

**SCHEDULE OF CITY CONTRIBUTIONS
LAST TEN FISCAL YEARS
GENERAL EMPLOYEES PENSION
REGULAR CLASS**

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2025	\$ 42,243	\$ 42,243	\$ -	\$ 128,626	32.84%
2024	44,366	44,366	-	117,490	37.76%
2023	45,983	45,983	-	109,885	41.85%
2022	48,752	48,752	-	98,744	49.37%
2021	50,534	50,534	-	92,865	54.42%
2020	48,635	48,635	-	95,315	51.03%
2019	45,479	45,479	-	173,308	26.24%
2018	36,154	36,154	-	155,432	23.26%
2017	25,204	25,204	-	193,136	13.05%
2016	43,928	43,928	-	284,325	15.45%

AIRPORT SPECIAL RISK CLASS

Fiscal Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Total Contributions as a Percentage of Covered Payroll
2025	\$ 14,157	\$ 14,157	\$ -	N/A	N/A
2024	50,540	50,540	-	N/A	N/A
2023	39,975	39,975	-	N/A	N/A
2022	56,835	56,835	-	N/A	N/A
2021	75,764	75,764	-	31,974	236.96%
2020	77,540	77,540	-	71,569	108.34%
2019	73,106	73,106	-	72,705	100.55%
2018	60,208	60,208	-	69,831	86.22%
2017	51,197	51,197	-	70,811	72.30%
2016	32,286	32,286	-	75,771	42.61%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Notes to Schedule

Valuation date: 10/01/2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level percentage of compensation, closed
Remaining amortization period	N/A (Regular Class) 15 years (Special Risk)
Asset valuation method	Historical geometric 4-year average fair value returns, net of fees
Inflation	2.50%
Salary increases	6.00% per year until the assumed retirement age. Projected salary at retirement is increased 10% to account for non-regular compensation (General Regular Class) N/A; no remaining active participants (Special Risk)
Investment rate of return	7.00% per year compounded annually, net of investment related expenses
Payroll growth assumption	None.
Normal retirement	Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service
Early retirement	6 years of credited service.
Disability retirement	It is assumed that 0.43% - 2.80% of disablements and active member deaths are service related.
Mortality	PubG.H-2010, sex distinct tables, set forwards one year, Mortality Improvement Scale MP-2018 for healthy active, retired, beneficiary lives. PubG.H-2010, set forward three years for Regular Class disabled lives, and 80%/20%. PubG.H-2010 for Special Risk disabled lives.

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS**

ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSES

FISCAL YEAR ENDED SEPTEMBER 30,	FIREFIGHTERS PENSION	POLICE OFFICERS PENSION	GENERAL EMPLOYEES PENSION
2025	10.54%	7.38%	9.11%
2024	21.77%	22.00%	26.25%
2023	9.46%	10.08%	12.94%
2022	(12.07%)	(17.65%)	(17.74%)
2021	16.85%	20.61%	17.25%
2020	1.64%	11.77%	9.33%
2019	4.26%	4.93%	4.70%
2018	7.99%	11.80%	8.55%
2017	12.22%	10.57%	12.79%
2016	10.36%	10.02%	8.46%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

As of June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.075531426%	\$ 23,441,277	\$ 38,107,579	61.51%	87.26%
2024	0.075257255%	29,113,046	35,724,005	81.49%	83.70%
2023	0.081800764%	32,595,015	35,591,272	91.58%	82.38%
2022	0.082267863%	30,610,256	32,768,526	93.41%	82.89%
2021	0.083853878%	6,334,207	31,959,084	19.82%	96.40%
2020	0.084050243%	36,428,614	32,847,376	110.90%	78.85%
2019	0.074783341%	25,754,342	28,521,661	90.30%	82.61%
2018	0.078370505%	23,605,602	29,567,774	79.84%	84.26%
2017	0.079354279%	23,472,463	29,674,596	79.10%	83.89%
2016	0.079258566%	20,012,850	27,871,449	71.80%	84.88%

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS**

As of June 30,	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.085182912%	\$ 10,918,272	\$ 38,107,579	28.65%	6.36%
2024	0.084429103%	12,665,190	35,724,005	35.45%	4.80%
2023	0.089946976%	14,284,779	35,591,272	40.14%	4.12%
2022	0.089741580%	9,505,067	32,768,526	29.00%	4.81%
2021	0.090257254%	11,071,409	31,959,084	34.64%	3.56%
2020	0.094640000%	11,555,390	32,847,376	35.18%	3.00%
2019	0.085367187%	9,551,734	28,521,661	33.49%	2.63%
2018	0.090438251%	9,572,086	29,567,774	32.37%	2.15%
2017	0.090468948%	9,673,357	29,674,596	32.60%	1.64%
2016	0.090215231%	10,514,211	27,871,449	37.72%	0.97%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 4,509,747	\$ 4,509,747	\$ -	\$ 38,718,107	11.65%
2024	4,261,542	4,261,542	-	36,371,415	11.72%
2023	3,935,143	3,935,143	-	34,734,148	11.33%
2022	3,510,519	3,510,519	-	32,805,431	10.70%
2021	3,194,470	3,194,470	-	32,075,428	9.96%
2020	2,792,617	2,792,617	-	32,010,599	8.72%
2019	2,318,823	2,318,823	-	30,228,181	7.67%
2018	2,233,496	2,233,496	-	28,765,311	7.76%
2017	2,065,787	2,065,787	-	29,260,292	7.06%
2016	2,169,203	2,169,203	-	30,392,862	7.14%

**SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 761,333	\$ 761,333	\$ -	\$ 38,718,107	1.97%
2024	714,802	714,802	-	36,371,415	1.97%
2023	591,687	591,687	-	34,734,148	1.70%
2022	543,012	543,012	-	32,805,431	1.65%
2021	530,533	530,533	-	32,075,428	1.65%
2020	545,366	545,366	-	32,010,599	1.70%
2019	474,036	474,036	-	30,228,181	1.57%
2018	490,449	490,449	-	28,765,311	1.71%
2017	478,788	478,788	-	29,260,292	1.64%
2016	497,507	497,507	-	30,392,862	1.64%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (OPEB) require supplementary information be reported in addition to that provided in the notes to the Financial Statements. Additional years' information will be included until 10 years of information is displayed.

**SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Total OPEB liability				
Service cost	\$ 327,796	\$ 349,660	\$ 753,899	\$ 679,754
Interest cost	748,318	715,917	420,980	446,333
Difference between expected and actual experience	7,954,231	-	1,127,861	-
Changes in assumptions	3,751,791	(376,573)	(4,185,679)	566,975
Benefit payments	(1,133,875)	(1,116,654)	(1,021,419)	(959,184)
Net change in OPEB liability	11,648,261	(427,650)	(2,904,358)	733,878
Total OPEB liability - beginning	16,401,519	16,829,169	19,733,527	18,999,649
Total OPEB liability - ending (a)	\$ 28,049,780	\$ 16,401,519	\$ 16,829,169	\$ 19,733,527
Plan fiduciary net position				
Contributions - employer	\$ 1,133,875	\$ 1,116,654	\$ 1,021,419	\$ 959,184
Benefit payments	(1,133,875)	(1,116,654)	(1,021,419)	(959,184)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 28,049,780	\$ 16,401,519	\$ 16,829,169	\$ 19,733,527
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%	0.00%
*Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

*Because this OPEB plan does not depend on salary, there is no salary information.

Changes in benefit terms : None.

Changes in assumptions : The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA and adjusted to reflect the expected impact of the Inflation Reduction Act.

The decrement and salary scale assumptions were updated based on those developed in the 2024 experience study for the Florida Retirement System.

The Plan does not have assets in a trust.

The following are the discount rates used in each period:

10/1/2017	3.50%
10/1/2018	3.83%
10/1/2019	2.75%
10/1/2020	2.41%
10/1/2021	2.19%
10/1/2022	4.40%
10/1/2023	4.63%
10/1/2024	3.88%

**CITY OF MELBOURNE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS
(CONCLUDED)**

	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability				
Service cost	\$ 539,312	\$ 401,198	\$ 551,562	\$ 585,037
Interest cost	426,802	519,920	559,862	509,501
Difference between expected and actual experience	2,295,440	38,454	(2,119,942)	-
Changes in assumptions	615,278	1,777,286	(717,709)	(787,439)
Benefit payments	<u>(794,479)</u>	<u>(750,565)</u>	<u>(712,111)</u>	<u>(746,566)</u>
Net change in OPEB liability	3,082,353	1,986,293	(2,438,338)	(439,467)
Total OPEB liability - beginning	15,917,296	13,931,003	16,369,341	16,808,808
Total OPEB liability - ending (a)	<u>\$ 18,999,649</u>	<u>\$ 15,917,296</u>	<u>\$ 13,931,003</u>	<u>\$ 16,369,341</u>
Plan fiduciary net position				
Contributions - employer	\$ 794,479	\$ 750,565	\$ 712,111	\$ 746,566
Benefit payments	<u>(794,479)</u>	<u>(750,565)</u>	<u>(712,111)</u>	<u>(746,566)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 18,999,649</u>	<u>\$ 15,917,296</u>	<u>\$ 13,931,003</u>	<u>\$ 16,369,341</u>
Plan fiduciary net position as a percentage of the total	0.00%	0.00%	0.00%	0.00%
*Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

- Nonmajor Governmental Funds
- Internal Service Funds
- Fiduciary Funds – Custodial Funds
- Discretely Presented Component Unit

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues from specific revenue sources, which by law are designed to finance particular functions, or activities of the government and which, therefore, cannot be diverted to other uses.

The City maintains the following Special Revenue Funds to finance construction improvements and provide housing and economic assistance to lower income residents:

- Community Development Block Grant
- State Housing Initiative Partnership Program
- HOME Investment Partnership Program

The City maintains the following Special Revenue Funds:

- Law Enforcement – accounts for confiscated money, vehicles, and tangible personal property for use in law enforcement activities.
- Opioid Settlements – provides substance abuse prevention, recovery, and treatment services.
- Golf Courses – to account for operating revenues and expenditures of both Crane Creek and Harbor City golf courses.
- Building – to account for revenues generated through building permits and associated fees.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for and payment of principal, interest, and related costs of governmental long-term debt.

The City maintains the following Debt Service fund:

- General Obligation Bond – accounts for debt service activity related to General Obligation Bond, Series 2022.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The City maintains the following Capital Projects Funds:

- Mobility Improvement – accounts for mobility improvements mainly funded by mobility impact fees from developers.
- Recreation Improvement – accounts for recreation facilities improvements mainly funded by recreation impact fees from developers.
- Bikeways Improvement – accounts for bike path improvements mainly funded by bikeway impact fees from developers.
- Public Facility Improvement – accounts for public facility improvements mainly funded by public facility impact fees from developers.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The City maintains the following Permanent Fund:

- Perpetual Care – accounts for funds held in trust to finance maintenance for the City's municipal cemeteries.

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Equity in pooled investments	3,867,018	10,236,057	226,150	260,668	14,589,893
Interest receivable	24,120	57,097	1,514	1,673	84,404
Due from other governments	132,493	803,871	-	2,930	939,294
Inventory	150,233	-	-	-	150,233
Prepaid items	5,000	-	-	-	5,000
Total assets	<u>\$ 4,181,364</u>	<u>\$ 11,097,025</u>	<u>\$ 227,664</u>	<u>\$ 265,271</u>	<u>\$ 15,771,324</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 437,128	\$ 918,659	\$ -	\$ -	\$ 1,355,787
Accrued payroll expenditures	126,786	-	-	-	126,786
Due to other funds	225,628	-	-	-	225,628
Due to other governments	10,862	-	-	-	10,862
Advances from other funds	902,512	-	-	-	902,512
Deposits	7,606	-	-	-	7,606
Unearned revenue	322,192	-	-	-	322,192
Total liabilities	<u>2,032,714</u>	<u>918,659</u>	<u>-</u>	<u>-</u>	<u>2,951,373</u>
Fund balances:					
Non-spendable	155,233	-	227,664	-	382,897
Restricted:					
Public safety, law enforcement	1,276,195	-	-	-	1,276,195
Human Services	399,699	-	-	-	399,699
Housing and urban improvement	967,902	-	-	-	967,902
Debt service	-	-	-	265,271	265,271
Economic development	-	16,866	-	-	16,866
Capital improvements	-	4,177,474	-	-	4,177,474
Transportation improvement	-	3,655,038	-	-	3,655,038
Recreation improvement	-	2,328,988	-	-	2,328,988
Unassigned	(650,379)	-	-	-	(650,379)
Total fund balances	<u>2,148,650</u>	<u>10,178,366</u>	<u>227,664</u>	<u>265,271</u>	<u>12,819,951</u>
Total liabilities and fund balances	<u>\$ 4,181,364</u>	<u>\$ 11,097,025</u>	<u>\$ 227,664</u>	<u>\$ 265,271</u>	<u>\$ 15,771,324</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES					
Property tax	\$ -	\$ -	\$ -	\$ 2,575,802	\$ 2,575,802
Intergovernmental	2,211,831	1,023,644	-	-	3,235,475
Charges for services	3,228,704	-	-	-	3,228,704
Licenses and permits	2,984,212	-	-	-	2,984,212
Impact fees	-	652,185	-	-	652,185
Confiscated property	23,012	-	-	-	23,012
Investment earnings (loss)	122,957	374,056	10,153	59,737	566,903
Perpetual care endowment additions	-	-	4,800	-	4,800
Settlements	112,904	-	-	-	112,904
Other revenue	121,605	-	-	-	121,605
Total revenues	<u>8,805,225</u>	<u>2,049,885</u>	<u>14,953</u>	<u>2,635,539</u>	<u>13,505,602</u>
EXPENDITURES					
Current:					
Public safety - fire and police	1,906,892	-	-	-	1,906,892
Parks and recreation	3,339,797	-	-	-	3,339,797
Housing and urban improvement	1,275,047	-	-	-	1,275,047
Debt service:					
Principal	-	-	-	1,350,000	1,350,000
Interest and fiscal agent fees	-	-	-	1,181,528	1,181,528
Capital outlay	1,384,113	1,375,213	-	-	2,759,326
Total expenditures	<u>7,905,849</u>	<u>1,375,213</u>	<u>-</u>	<u>2,531,528</u>	<u>11,812,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>899,376</u>	<u>674,672</u>	<u>14,953</u>	<u>104,011</u>	<u>1,693,012</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,002,499	1,725,992	-	-	2,728,491
Transfers out	(928,693)	(162,502)	(10,153)	-	(1,101,348)
Total other financing sources (uses)	<u>73,806</u>	<u>1,563,490</u>	<u>(10,153)</u>	<u>-</u>	<u>1,627,143</u>
Net change in fund balances	973,182	2,238,162	4,800	104,011	3,320,155
Fund balances, October 1, as previously reported	<u>1,175,468</u>	<u>7,940,204</u>	<u>222,864</u>	<u>161,260</u>	<u>9,499,796</u>
Fund balances, September 30	<u>\$ 2,148,650</u>	<u>\$ 10,178,366</u>	<u>\$ 227,664</u>	<u>\$ 265,271</u>	<u>\$ 12,819,951</u>

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2025**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Opioid Settlements	Golf Courses	Building Division	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500
Equity in pooled investments	275,541	1,091,406	-	40,649	397,150	771,991	1,290,281	3,867,018
Interest receivable	-	7,510	-	361	2,549	5,212	8,488	24,120
Due from other governments	7,224	-	125,269	-	-	-	-	132,493
Inventory	-	-	-	-	-	150,233	-	150,233
Prepaid items	-	-	-	-	-	5,000	-	5,000
Total assets	<u>\$ 282,765</u>	<u>\$ 1,098,916</u>	<u>\$ 125,269</u>	<u>\$ 41,010</u>	<u>\$ 399,699</u>	<u>\$ 934,936</u>	<u>\$ 1,298,769</u>	<u>\$ 4,181,364</u>
LIABILITIES								
Accounts payable	\$ 7,224	\$ 123,408	\$ 125,269	\$ -	\$ -	\$ 174,296	\$ 6,931	\$ 437,128
Accrued payroll expenditures	-	-	-	-	-	70,133	56,653	126,786
Due to other governments	-	-	-	-	-	10,862	-	10,862
Due to other funds	-	-	-	-	-	225,628	-	225,628
Advances from other funds	-	-	-	-	-	902,512	-	902,512
Deposits	-	7,606	-	-	-	-	-	7,606
Unearned revenues	275,541	-	-	-	-	46,651	-	322,192
Total liabilities	<u>282,765</u>	<u>131,014</u>	<u>125,269</u>	<u>-</u>	<u>-</u>	<u>1,430,082</u>	<u>63,584</u>	<u>2,032,714</u>
FUND BALANCES								
Unspendable	-	-	-	-	-	155,233	-	155,233
Restricted	-	967,902	-	41,010	399,699	-	1,235,185	2,643,796
Unassigned	-	-	-	-	-	(650,379)	-	(650,379)
Total fund balances	<u>-</u>	<u>967,902</u>	<u>-</u>	<u>41,010</u>	<u>399,699</u>	<u>(495,146)</u>	<u>1,235,185</u>	<u>2,148,650</u>
Total liabilities and fund balances	<u>\$ 282,765</u>	<u>\$ 1,098,916</u>	<u>\$ 125,269</u>	<u>\$ 41,010</u>	<u>\$ 399,699</u>	<u>\$ 934,936</u>	<u>\$ 1,298,769</u>	<u>\$ 4,181,364</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Law Enforcement Trust	Opioid Settlements	Golf Courses	Building Division	Total
REVENUES								
Intergovernmental	\$ 858,686	\$ 781,669	\$ 571,476	\$ -	\$ -	\$ -	\$ -	\$ 2,211,831
Charges for services	-	-	-	-	-	3,224,299	4,405	3,228,704
Confiscated property	-	-	-	23,012	-	-	-	23,012
Investment earnings	-	49,093	-	2,354	15,459	31,426	24,625	122,957
Licenses and permits	-	-	-	-	-	-	2,984,212	2,984,212
Settlements	-	-	-	-	112,904	-	-	112,904
Other revenue	-	-	22,230	-	-	41,817	57,558	121,605
Total revenues	<u>858,686</u>	<u>830,762</u>	<u>593,706</u>	<u>25,366</u>	<u>128,363</u>	<u>3,297,542</u>	<u>3,070,800</u>	<u>8,805,225</u>
EXPENDITURES								
Current:								
Parks and recreation	-	-	-	-	-	3,339,797	-	3,339,797
Public safety	-	-	-	-	-	-	1,906,892	1,906,892
Housing and urban improvement	81,243	619,393	574,411	-	-	-	-	1,275,047
Capital outlay	-	-	-	-	-	1,356,468	27,645	1,384,113
Total expenditures	<u>81,243</u>	<u>619,393</u>	<u>574,411</u>	<u>-</u>	<u>-</u>	<u>4,696,265</u>	<u>1,934,537</u>	<u>7,905,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>777,443</u>	<u>211,369</u>	<u>19,295</u>	<u>25,366</u>	<u>128,363</u>	<u>(1,398,723)</u>	<u>1,136,263</u>	<u>899,376</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	903,577	98,922	1,002,499
Transfers out	(777,443)	(97,077)	(19,295)	(34,878)	-	-	-	(928,693)
Total other financing sources (uses)	<u>(777,443)</u>	<u>(97,077)</u>	<u>(19,295)</u>	<u>(34,878)</u>	<u>-</u>	<u>903,577</u>	<u>98,922</u>	<u>73,806</u>
Net change in fund balances	-	114,292	-	(9,512)	128,363	(495,146)	1,235,185	973,182
Fund balances, October 1	-	853,610	-	50,522	271,336	-	-	1,175,468
Fund balances, September 30	<u>\$ -</u>	<u>\$ 967,902</u>	<u>\$ -</u>	<u>\$ 41,010</u>	<u>\$ 399,699</u>	<u>\$ (495,146)</u>	<u>\$ 1,235,185</u>	<u>\$ 2,148,650</u>

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,453,320	\$ 858,686	\$ (594,634)
Total revenues	<u>1,453,320</u>	<u>858,686</u>	<u>(594,634)</u>
EXPENDITURES			
Current:			
Housing and urban improvement	<u>467,915</u>	<u>81,243</u>	<u>386,672</u>
Total expenditures	<u>467,915</u>	<u>81,243</u>	<u>386,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>985,405</u>	<u>777,443</u>	<u>(207,962)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(985,405)</u>	<u>(777,443)</u>	<u>207,962</u>
Total other financing sources (uses)	<u>(985,405)</u>	<u>(777,443)</u>	<u>207,962</u>
Net change in fund balance	-	-	-
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 713,386	\$ 781,669	\$ 68,283
Investment earnings	44,612	49,093	4,481
	<u>757,998</u>	<u>830,762</u>	<u>72,764</u>
EXPENDITURES			
Current:			
Housing and urban improvement	1,568,687	619,393	949,294
Excess (deficiency) of revenues over (under) expenditures	(810,689)	211,369	1,022,058
OTHER FINANCING SOURCES (USES)			
Transfers out	(42,921)	(97,077)	(54,156)
	<u>(853,610)</u>	<u>114,292</u>	<u>967,902</u>
Net change in fund balance	(853,610)	114,292	967,902
Fund balance, October 1	853,610	853,610	-
Fund balance, September 30	<u>\$ -</u>	<u>\$ 967,902</u>	<u>\$ 967,902</u>

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 1,036,483	\$ 571,476	\$ (465,007)
Other revenue	<u>22,230</u>	<u>22,230</u>	<u>-</u>
Total revenues	1,058,713	593,706	(465,007)
EXPENDITURES			
Current:			
Housing and urban improvement	<u>1,039,417</u>	<u>574,411</u>	<u>465,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,296</u>	<u>19,295</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(19,296)</u>	<u>(19,295)</u>	<u>1</u>
Net change in fund balance	-	-	-
Fund balance, October 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund deficit, September 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
2022 GENERAL OBLIGATION BOND DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget	Actual on Budgetary Basis	Variance Positive/ Negative
REVENUES			
Property Tax	\$ 2,531,528	\$ 2,575,802	\$ 44,274
Investment earnings	-	59,737	59,737
Total revenues	<u>2,531,528</u>	<u>2,635,539</u>	<u>104,011</u>
EXPENDITURES			
Debt Service:			
Principal	1,350,000	1,350,000	-
Interest	<u>1,181,528</u>	<u>1,181,528</u>	<u>-</u>
Total expenditures	<u>2,531,528</u>	<u>2,531,528</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>104,011</u>	<u>104,011</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>104,011</u>	<u>104,011</u>
FUND BALANCE			
Fund balance, October 1	161,260	161,260	-
Fund balance, September 30	<u>\$ 161,260</u>	<u>\$ 265,271</u>	<u>\$ 104,011</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2025**

	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
ASSETS					
Equity in pooled investments	\$ 3,459,372	\$ 2,341,284	\$ 268,219	\$ 4,167,182	\$ 10,236,057
Interest receivable	24,626	14,920	1,721	15,830	57,097
Due from other governments	803,871	-	-	-	803,871
Total assets	<u>\$ 4,287,869</u>	<u>\$ 2,356,204</u>	<u>\$ 269,940</u>	<u>\$ 4,183,012</u>	<u>\$ 11,097,025</u>
LIABILITIES					
Accounts payable	\$ 902,771	\$ 10,350	\$ -	\$ 5,538	\$ 918,659
Total liabilities	<u>902,771</u>	<u>10,350</u>	<u>-</u>	<u>5,538</u>	<u>918,659</u>
FUND BALANCES					
Restricted:					
Economic development	-	16,866	-	-	16,866
Capital improvement	-	-	-	4,177,474	4,177,474
Transportation improvement	3,385,098	-	269,940	-	3,655,038
Recreation improvement	-	2,328,988	-	-	2,328,988
Total fund balances	<u>3,385,098</u>	<u>2,345,854</u>	<u>269,940</u>	<u>4,177,474</u>	<u>10,178,366</u>
Total liabilities and fund balances	<u>\$ 4,287,869</u>	<u>\$ 2,356,204</u>	<u>\$ 269,940</u>	<u>\$ 4,183,012</u>	<u>\$ 11,097,025</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
REVENUES					
Intergovernmental	\$ 1,023,644	\$ -	\$ -	\$ -	\$ 1,023,644
Impact fees	463,825	34,560	7,740	146,060	652,185
Investment earnings	157,564	101,182	11,425	103,885	374,056
Total revenues	<u>1,645,033</u>	<u>135,742</u>	<u>19,165</u>	<u>249,945</u>	<u>2,049,885</u>
EXPENDITURES					
Capital outlay:					
General government	-	-	-	15,025	15,025
Public works	1,360,188	-	-	-	1,360,188
Total expenditures	<u>1,360,188</u>	<u>-</u>	<u>-</u>	<u>15,025</u>	<u>1,375,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>284,845</u>	<u>135,742</u>	<u>19,165</u>	<u>234,920</u>	<u>674,672</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	25,992	-	-	1,700,000	1,725,992
Transfers out	(137,476)	(25,026)	-	-	(162,502)
Total other financing sources (uses)	<u>(111,484)</u>	<u>(25,026)</u>	<u>-</u>	<u>1,700,000</u>	<u>1,563,490</u>
Net change in fund balances	173,361	110,716	19,165	1,934,920	2,238,162
Fund balances, October 1	<u>3,211,737</u>	<u>2,235,138</u>	<u>250,775</u>	<u>2,242,554</u>	<u>7,940,204</u>
Fund balances, September 30	<u>\$ 3,385,098</u>	<u>\$ 2,345,854</u>	<u>\$ 269,940</u>	<u>\$ 4,177,474</u>	<u>\$ 10,178,366</u>



INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services to the various departments within the City. The charges are based on the cost of the services supplied.

The City maintains the following Internal Service Funds:

- Workers Compensation – accounts for workers compensation services provided to other funds and the component units of the City on a cost reimbursement basis.
- Insurance - accounts for insurance services provided to other funds and the component units of the City on a cost reimbursement basis.



CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	Workers Compensation	Insurance	Total
ASSETS			
Current assets:			
Equity in pooled investments	\$ 5,306,670	\$ 1,937,920	\$ 7,244,590
Interest receivable	27,897	8,980	36,877
Prepaid items	400,000	1,230	401,230
Total current assets	<u>5,734,567</u>	<u>1,948,130</u>	<u>7,682,697</u>
Noncurrent assets:			
Restricted:			
Net pension asset, city general pension	-	100,683	100,683
Capital assets:			
Depreciable:			
Machinery and equipment	-	2,625	2,625
Less accumulated depreciation	-	(2,625)	(2,625)
Total noncurrent assets	<u>-</u>	<u>100,683</u>	<u>100,683</u>
Total assets	<u>5,734,567</u>	<u>2,048,813</u>	<u>7,783,380</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, FRS	-	38,422	38,422
Deferred outflows, OPEB	-	49,862	49,862
Total deferred outflows of resources	<u>-</u>	<u>88,284</u>	<u>88,284</u>
LIABILITIES			
Current liabilities:			
Accounts payable	144,834	212,378	357,212
Accrued payroll expenses	-	10,004	10,004
Accrued claims	409,012	596,093	1,005,105
Compensated absences	-	3,282	3,282
Total current liabilities	<u>553,846</u>	<u>821,757</u>	<u>1,375,603</u>
Noncurrent liabilities:			
Accrued claims	1,853,661	651,010	2,504,671
Compensated absences	-	1,242	1,242
Other postemployment benefits	-	76,159	76,159
Net pension liability, FRS	-	165,719	165,719
Total noncurrent liabilities	<u>1,853,661</u>	<u>894,130</u>	<u>2,747,791</u>
Total liabilities	<u>2,407,507</u>	<u>1,715,887</u>	<u>4,123,394</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, city general pension	-	22,554	22,554
Deferred inflows, FRS	-	59,607	59,607
Deferred inflows, other postemployment benefits	-	11,436	11,436
Total deferred inflows of resources	<u>-</u>	<u>93,597</u>	<u>93,597</u>
NET POSITION			
Restricted for:			
Pension benefits	-	100,683	100,683
Unrestricted	3,327,060	226,930	3,553,990
Total net position	<u>\$ 3,327,060</u>	<u>\$ 327,613</u>	<u>\$ 3,654,673</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Workers Compensation	Insurance	Total
OPERATING REVENUES			
Charges to other funds	\$ 2,674,044	\$ 3,808,650	\$ 6,482,694
Charges to component unit	68,176	597,936	666,112
Other revenues	-	9,996	9,996
Total operating revenue	<u>2,742,220</u>	<u>4,416,582</u>	<u>7,158,802</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	-	179,103	179,103
Contractual services, materials and supplies	1,128,039	3,830,924	4,958,963
Claims	<u>1,630,500</u>	<u>409,950</u>	<u>2,040,450</u>
Total operating expense	<u>2,758,539</u>	<u>4,419,977</u>	<u>7,178,516</u>
Operating income (loss)	(16,319)	(3,395)	(19,714)
NONOPERATING REVENUE			
Investment earnings (loss)	<u>185,724</u>	<u>42,395</u>	<u>228,119</u>
Total nonoperating revenues	<u>185,724</u>	<u>42,395</u>	<u>228,119</u>
Income (loss) before transfers	<u>169,405</u>	<u>39,000</u>	<u>208,405</u>
Change in net position	<u>169,405</u>	<u>39,000</u>	<u>208,405</u>
Total net position, October 1	<u>3,157,655</u>	<u>288,613</u>	<u>3,446,268</u>
Total net position, September 30	<u><u>\$ 3,327,060</u></u>	<u><u>\$ 327,613</u></u>	<u><u>\$ 3,654,673</u></u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Workers Compensation	Insurance	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 2,674,044	\$ 3,808,650	\$ 6,482,694
Cash received from component unit	68,176	597,936	666,112
Cash payments to suppliers for goods and services	(2,291,188)	(4,070,328)	(6,361,516)
Cash payments for employee services	-	(191,769)	(191,769)
Other operating revenues	-	9,996	9,996
Net cash provided (used) by operating activities	<u>451,032</u>	<u>154,485</u>	<u>605,517</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>188,468</u>	<u>44,791</u>	<u>233,259</u>
Net cash provided (used) by investing activities	<u>188,468</u>	<u>44,791</u>	<u>233,259</u>
Net increase (decrease) in cash and cash equivalents	639,500	199,276	838,776
Cash and cash equivalents at October 1	<u>4,667,170</u>	<u>1,738,644</u>	<u>6,405,814</u>
Cash and cash equivalents at September 30	<u>\$ 5,306,670</u>	<u>\$ 1,937,920</u>	<u>\$ 7,244,590</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (16,319)	\$ (3,395)	\$ (19,714)
Adjustments not affecting cash:			
Deferred outflows - pensions and OPEB	-	(3,183)	(3,183)
Deferred inflows - pensions and OPEB	-	24,364	24,364
Changes in assets and liabilities:			
Prepaid items	-	(1,230)	(1,230)
Net pension asset	-	(58,718)	(58,718)
Net pension liability	-	(21,600)	(21,600)
Accounts payable	(21,406)	43,306	21,900
Accrued payroll expenses	-	2,067	2,067
Accrued claims	488,757	128,470	617,227
Other postemployment benefits	-	44,404	44,404
Net cash provided (used) by operating activities	<u>\$ 451,032</u>	<u>\$ 154,485</u>	<u>\$ 605,517</u>
NON-CASH INVESTING ACTIVITIES			
Increase (decrease) in fair value of investments	<u>\$ (7,530)</u>	<u>\$ (5,145)</u>	<u>\$ (12,675)</u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u>\$ 5,306,670</u>	<u>\$ 1,937,920</u>	<u>\$ 7,244,590</u>



FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others. Such funds are operated by carrying out specific terms of trust indentures, statutes, ordinances or other governing regulations.

CUSTODIAL FUNDS

The City maintains the following Custodial Funds:

- Seized Assets – accounts for forfeitures and confiscated property prior to adjudication.
- City of Cocoa Escrow – accounts for funds held in escrow for the City of Cocoa, related to the activities of a joint project with the City of Melbourne, constructing two 16" water transmission mains crossing the Indian River.



CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
SEPTEMBER 30, 2025

	<u>Seized Assets</u>	<u>City of Cocoa Escrow</u>	<u>Total Custodial Funds</u>
ASSETS			
Equity in pooled investments	\$ 193,349	\$ -	\$ 193,349
Total assets	<u>\$ 193,349</u>	<u>\$ -</u>	<u>\$ 193,349</u>
LIABILITIES			
Vouchers payable	\$ 4,320	\$ -	\$ 4,320
Total liabilities	<u>4,320</u>	<u>-</u>	<u>4,320</u>
NET POSITION			
Restricted for:			
Public safety, law enforcement	<u>189,029</u>	<u>-</u>	<u>189,029</u>
Total net position	<u>\$ 189,029</u>	<u>\$ -</u>	<u>\$ 189,029</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Seized Assets</u>	<u>City of Cocoa Escrow</u>	<u>Total Custodial Funds</u>
ADDITIONS			
Asset seizures	\$ 15,614	\$ -	\$ 15,614
Investment earnings	-	851	851
Total additions	<u>15,614</u>	<u>851</u>	<u>16,465</u>
DEDUCTIONS			
Refunds of seized assets	8,838	-	8,838
Seized asset forfeitures	4,752	-	4,752
Payments to City of Cocoa	-	851	851
Total deductions	<u>13,590</u>	<u>851</u>	<u>14,441</u>
Net increase in fiduciary net position	<u>2,024</u>	<u>-</u>	<u>2,024</u>
Net position, October 1	<u>187,005</u>	<u>-</u>	<u>187,005</u>
Net position, September 30	<u><u>\$ 189,029</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 189,029</u></u>

DISCRETELY PRESENTED COMPONENT UNIT

The Melbourne International Airport, an Enterprise fund, is a discretely presented component unit of the City. The Airport fund accounts for the operation and maintenance of air passenger and cargo service to residents and commercial business center leasing of aviation and non-aviation properties, which are entirely or predominantly self-supported, by user charges. The operation of the Airport fund is accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2025
(CONTINUED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 29,772,055
Investments, at fair value	11,454,471
Receivables, trade (net of allowance of \$35,000)	1,664,232
Lease receivable	1,963,002
Other receivables	311,717
Interest receivable	438,391
Due from primary government	9,434
Due from other governments	7,059,794
Due from other governments, restricted	1,295,818
Inventory	23,831
Prepaid items	583,515
Total current assets	<u>54,576,260</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	294,766
Lease receivables	388,010,002
Net pension asset, city general pension	438,907

Capital assets:

Nondepreciable:

Land	36,139,581
Construction in progress	39,234,928

Depreciable:

Buildings	192,020,740
Improvements other than buildings	116,275,716
Machinery and equipment	14,296,184
Intangibles, computer software	277,928
Right to use leased equipment	489,452
Right to use subscription assets	531,411
Less accumulated depreciation/amortization	<u>(129,164,797)</u>

Total noncurrent assets

658,844,818

Total assets

713,421,078**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows, city general pensions	14,158
Deferred outflows, FRS pension	621,081
Deferred outflows, other postemployment benefits	397,516
Total deferred outflows of resources	<u>1,032,755</u>

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2025
(CONCLUDED)

2 of 2

LIABILITIES

Current liabilities:	
Accounts payable	3,956,515
Accrued payroll expenses	263,860
Accrued interest payable	92,454
Due to other governments	2,136,425
Unearned revenue	4,389,648
Compensated absences	168,552
Leases payable	23,094
Subscription liability	110,390
Other postemployment benefits	24,243
Current Liabilities payable from restricted assets:	
Accounts payable	1,295,819
Revenue bonds payable from restricted assets	1,842,000
Total current liabilities	<u>14,303,000</u>
Noncurrent liabilities:	
Liabilities payable from restricted assets, customer deposits	294,766
Compensated absences	258,703
Subscription liability	134,124
Other postemployment benefits	1,075,720
Net pension liability, FRS pension	3,323,285
Revenue bonds payable from restricted assets	9,537,000
Total noncurrent liabilities	<u>14,623,598</u>
Total liabilities	<u>28,926,598</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows, city general pensions	176,995
Deferred inflows, FRS pension	677,388
Deferred inflows, other postemployment benefits	44,294
Deferred inflows, leases	388,204,583
Total deferred inflows of resources	<u>389,103,260</u>

NET POSITION

Net investment in capital assets	254,771,339
Restricted for:	
Capital improvements	1,295,818
Unrestricted	40,356,818
Total net position	<u>\$ 296,423,975</u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

OPERATING REVENUES

Airfield and hangar fees	\$ 3,683,402
Terminal and area building fees	5,231,273
Commercial business center fees	11,885,582
Tropical Haven fees	685,965
International/U.S. Customs/Foreign Trade Zone fees	603,983
Other	56,148
Total operating revenues	<u>22,146,353</u>

OPERATING EXPENSES

Salaries, wages and employee benefits	6,419,477
Contractual services, materials and supplies	14,854,142
Depreciation and amortization	11,419,689
Total operating expenses	<u>32,693,308</u>
Operating loss	<u>(10,546,955)</u>

NONOPERATING REVENUES (EXPENSES)

Federal and State grants	1,880
Passenger facility charges	1,320,752
Investment earnings (loss)	2,507,808
Customer facility charges	1,540,320
Interest expense	(249,803)
Gain (Loss) on sale/disposal of capital assets	37,443,955
Other nonoperating revenue (expense)	(15,443)
Total nonoperating revenues (expenses)	<u>42,549,469</u>
Income (Loss) before contributions	<u>32,002,514</u>
Capital contributions	<u>32,911,028</u>
Change in net position	64,913,542
Total net position, October 1	<u>231,510,433</u>
Total net position, September 30	<u><u>\$ 296,423,975</u></u>



**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)**

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 20,755,497
Cash payments to suppliers for goods and services	(12,749,473)
Cash payments for employee services	(6,821,809)
Other operating revenues	56,148
Net cash provided (used) by operating activities	<u>1,240,363</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants and donations	1,880
Customer facility charges	1,556,168
Passenger facility charges	1,374,075
Other nonoperating revenue (expense)	(15,443)
Net cash provided (used) by noncapital financing activities	<u>2,916,680</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(64,631,085)
Principal paid on lease obligations	(67,020)
Interest paid on lease obligations	(264,599)
Principal paid on revenue note	(1,821,000)
Proceeds from sale of capital assets	38,068,871
Capital grants	26,037,455
Net cash provided (used) by capital and related financing activities	<u>(2,677,378)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(4,461,929)
Proceeds from sale and maturities of investment securities	8,377,130
Interest on investments	2,161,393
Net cash provided (used) by investing activities	<u>6,076,594</u>

Net increase (decrease) in cash and cash equivalents 7,556,259

Cash and cash equivalents at October 1 22,510,562

Cash and cash equivalents at September 30 \$ 30,066,821

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(CONCLUDED)**

2 of 2

**RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Operating loss	\$ (10,546,955)
Adjustments not affecting cash:	
Depreciation and amortization	11,419,689
Deferred outflows - pensions and other postemployment benefits	186,402
Deferred inflows - pensions and other postemployment benefits	368,624
Deferred inflows - leases	38,724,324
Changes in assets and liabilities:	
Receivables, trade	(1,135,812)
Other receivables	77,561
Due from other governments	817
Inventory	(1,096)
Prepaid items	(216,428)
Noncurrent lease receivables	(39,270,706)
Net pension asset	(344,620)
Net pension liability	(802,448)
Accounts payable	2,411,258
Accrued payroll expenses	(121,121)
Due to (from) primary government	(51,099)
Due to other governments	449,410
Subscription liability	(15,191)
Unearned revenue	(203,077)
Other postemployment benefits	310,831
Net cash provided (used) by operating activities	<u><u>\$ 1,240,363</u></u>

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Capital related payables	<u><u>\$ 15,306,710</u></u>
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NON-CASH INVESTING ACTIVITIES

Increase in fair value of investments	<u><u>\$ (42,248)</u></u>
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Cash and cash equivalents reconciliation:

Current assets:	
Cash and cash equivalents	\$ 29,772,055
Noncurrent assets:	
Cash and cash equivalents, restricted	294,766
Cash and cash equivalents at September 30	<u><u>\$ 30,066,821</u></u>



STATISTICAL SECTION

The Statistical Schedules present detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

This section contains the following subsections:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Schedule

- 1 Net Position by Component, Last Ten Fiscal Years
- 2 Changes in Net Position, Last Ten Fiscal Years
- 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years
- 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's two significant local revenue sources, the property tax, and water and sewer charges.

Schedule

- 5 Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
- 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
- 7 Principal Property Taxpayers, Current Year and Nine Years Ago
- 8 Property Tax Levies and Collections, Last Ten Fiscal Years
- 9 Water and Sewer Consumption, Rates, and Revenue, Last Ten Fiscal Years
- 10 Principal Water and Sewer Customers, Current Year and Nine Years Ago

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Direct and Overlapping Governmental Activities Debt, as of September 30, 2022
- 14 Pledged Revenue Coverage, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Schedule

- 15 Demographic and Economic Statistics, Last Ten Fiscal Years
- 16 Principal Employers, Current Year and Nine Years Ago

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule

- 17 Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
- 18 Operating Indicators by Function/Program, Last Ten Fiscal Years
- 19 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities				
Net investment in capital assets	\$ 82,079,774	\$ 81,588,488	\$ 89,050,264	\$ 95,990,767
Restricted	24,564,405	27,329,441	30,148,113	33,548,509
Unrestricted	(32,099,072)	(28,259,345)	(14,157,843)	(6,232,398)
Total governmental activities net position	<u>\$ 74,545,107</u>	<u>\$ 80,658,584</u>	<u>\$ 105,040,534</u>	<u>\$ 123,306,878</u>
Business-type activities				
Net investment in capital assets	\$ 69,542,203	\$ 73,725,381	\$ 76,184,071	\$ 82,061,735
Restricted	10,677,396	10,454,252	11,211,084	11,105,262
Unrestricted	41,553,220	46,365,888	56,098,459	65,031,582
Total business-type activities net position	<u>\$ 121,772,819</u>	<u>\$ 130,545,521</u>	<u>\$ 143,493,614</u>	<u>\$ 158,198,579</u>
Primary government				
Net investment in capital assets	\$ 151,621,977	\$ 155,313,869	\$ 165,234,335	\$ 178,052,502
Restricted	35,241,801	37,783,693	41,359,197	44,653,771
Unrestricted	9,454,148	18,106,543	41,940,616	58,799,184
Total primary government net position	<u>\$ 196,317,926</u>	<u>\$ 211,204,105</u>	<u>\$ 248,534,148</u>	<u>\$ 281,505,457</u>

2015 and 2016 unrestricted reflects the adjustments to net position for disclosing full pension liability due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."

2019 restated due to the golf courses being reclassified from an Enterprise fund into the General Fund.

Notes: Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the City.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 96,584,680	\$ 102,906,862	\$ 70,228,641	\$ 106,774,231	\$ 116,737,432	\$ 132,871,621
38,106,525	39,331,983	78,094,300	64,961,710	52,203,101	61,108,358
(5,050,527)	(548,062)	9,065,439	8,248,684	39,464,970	40,085,295
<u>\$ 129,640,678</u>	<u>\$ 141,690,783</u>	<u>\$ 157,388,380</u>	<u>\$ 179,984,625</u>	<u>\$ 208,405,503</u>	<u>\$ 234,065,274</u>
\$ 89,585,114	\$ 92,216,884	\$ 98,978,735	\$ 106,023,801	\$ 93,387,719	\$ 105,421,654
11,135,165	11,355,652	10,773,519	11,689,543	12,544,857	12,243,774
68,430,929	75,961,416	70,640,994	71,942,072	96,993,621	100,298,044
<u>\$ 169,151,208</u>	<u>\$ 179,533,952</u>	<u>\$ 180,393,248</u>	<u>\$ 189,655,416</u>	<u>\$ 202,926,197</u>	<u>\$ 217,963,472</u>
\$ 186,169,794	\$ 195,123,746	\$ 169,207,376	\$ 212,798,032	\$ 210,125,151	\$ 238,293,275
49,241,690	50,687,635	88,867,819	76,651,253	64,747,958	73,352,132
63,380,402	75,413,354	79,706,433	80,190,756	136,458,591	140,383,339
<u>\$ 298,791,886</u>	<u>\$ 321,224,735</u>	<u>\$ 337,781,628</u>	<u>\$ 369,640,041</u>	<u>\$ 411,331,700</u>	<u>\$ 452,028,746</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses				
Governmental activities:				
General government	\$ 16,928,412 ⁽²⁾	\$ 17,484,202	\$ 17,801,811	\$ 18,165,483
Public safety - fire and police	40,329,521 ⁽²⁾	42,771,938	38,947,712	41,630,408
Public works	8,145,791	9,049,033 ⁽³⁾	9,126,029 ⁽¹⁾	10,252,960
Parks and recreation	6,927,039	6,986,112	7,060,525	7,393,800
Housing and urban improvement	1,298,756	1,252,620	1,710,006	1,816,562
Interest on long-term debt	394,519	342,693	306,969	173,634
Unallocated depreciation	3,322,705	3,364,937	3,335,756	3,512,757
Total governmental activities expenses	<u>77,346,743</u>	<u>81,251,535</u>	<u>78,288,808</u>	<u>82,945,604</u>
Business-type activities:				
Water and sewer	45,201,038 ⁽²⁾	45,050,186	45,143,068	44,790,690
Golf courses	2,642,683	2,404,043	2,387,867	2,100,973
Stormwater utility	1,323,778	2,023,246	2,165,265	1,920,703
Total business-type activities expenses	<u>49,167,499</u>	<u>49,477,475</u>	<u>49,696,200</u>	<u>48,812,366</u>
Total primary government expenses	<u>\$ 126,514,242</u>	<u>\$ 130,729,010</u>	<u>\$ 127,985,008</u>	<u>\$ 131,757,970</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 10,784,839	\$ 11,432,709	\$ 10,838,171	\$ 9,585,217
Public safety - fire and police	1,836,711	1,715,871	1,818,858	2,037,871
Public works	1,188,363	1,161,085	1,161,313	1,180,060
Parks & recreation	1,114,217	1,128,470	1,145,208	1,236,613
Housing and urban development	-	-	36,404	63,199
Human Services	-	-	-	-
Operating grants and contributions	7,117,618	6,564,181	8,052,739	10,069,629
Capital grants and contributions	903,067	997,676	12,056,046	5,696,923 ⁽⁴⁾
Total governmental activities program revenues	<u>22,944,815</u>	<u>22,999,992</u>	<u>35,108,739</u>	<u>29,869,512</u>
Business-type activities:				
Charges for services:				
Water and sewer	54,089,987	54,143,079	54,187,355	53,600,696
Golf courses	2,019,697	2,133,504	2,187,353	2,182,917
Stormwater utility	2,773,816	2,786,848	2,808,866	2,811,328
Operating grants and contributions	-	-	56,673	504,861
Capital grants and contributions	1,884,001	3,687,662	5,049,854	4,607,559
Total business-type activities program revenues	<u>60,767,501</u>	<u>62,751,093</u>	<u>64,290,101</u>	<u>63,707,361</u>
Total primary government program revenues	<u>\$ 83,712,316</u>	<u>\$ 85,751,085</u>	<u>\$ 99,398,840</u>	<u>\$ 93,576,873</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 20,653,067	\$ 16,927,939	\$ 17,155,253	\$ 21,723,251	\$ 20,309,133	\$ 18,882,841
43,655,115	47,530,483	45,636,915 ⁽¹⁰⁾	55,792,892	60,783,800	67,934,019
10,976,764 ⁽¹⁾	8,590,528	8,622,125	8,120,488	10,813,340	11,922,023
9,426,419	9,720,823 ⁽⁸⁾	10,959,259	11,195,688	11,863,922	13,599,075
1,565,892	2,062,288	1,710,946	1,636,269	1,821,456	2,081,390
158,904	179,395	1,153,639	723,811	1,012,007	1,027,803
4,039,235	4,391,139	4,316,328	3,615,250	3,616,164	3,810,053
<u>90,475,396</u>	<u>89,402,595</u>	<u>89,554,465</u>	<u>102,807,649</u>	<u>110,219,822</u>	<u>119,257,204</u>
49,279,481	44,956,282 ⁽⁹⁾	49,257,922	53,763,304	61,980,035	64,131,854
-	- ⁽⁸⁾	-	-	-	-
1,800,298	1,841,792	2,324,917	2,601,629	2,281,870	2,702,289
<u>51,079,779</u>	<u>46,798,074</u>	<u>51,582,839</u>	<u>56,364,933</u>	<u>64,261,905</u>	<u>66,834,143</u>
<u>\$ 141,555,175</u>	<u>\$ 136,200,669</u>	<u>\$ 141,137,304</u>	<u>\$ 159,172,582</u>	<u>\$ 174,481,727</u>	<u>\$ 186,091,347</u>
\$ 10,318,084	\$ 10,845,205	\$ 10,580,800	\$ 10,956,207	\$ 11,846,759	\$ 9,944,295
1,607,878	1,775,088	1,995,354	2,019,392	2,150,561	5,434,960
1,108,541	1,127,761	998,504	1,046,731	1,266,146	1,265,368
2,696,898	2,888,401 ⁽⁸⁾	3,035,585	3,685,732	3,871,059	4,675,667
64,925	66,373	84,556	85,845	101,932	24,016
-	-	-	1,281	9,218	15,459
7,213,124 ⁽⁵⁾	8,716,673	8,744,838	12,278,981	14,765,893	14,334,081
2,974,140	1,058,467	2,535,289	921,684	710,444	2,704,858
<u>25,983,590</u>	<u>26,477,968</u>	<u>27,974,926</u>	<u>30,995,853</u>	<u>34,722,012</u>	<u>38,398,704</u>
54,039,603	54,897,875	55,803,222	59,711,977	65,901,459	68,709,450
-	- ⁽⁸⁾	-	-	-	-
2,829,668	2,841,461	2,860,484	2,878,126	2,858,666	2,891,385
384,137	53,893	-	163,152	18,896	-
3,059,721	4,091,739	2,820,322	3,825,689	2,763,603	8,468,474
<u>60,313,129</u>	<u>61,884,968</u>	<u>61,484,028</u>	<u>66,578,944</u>	<u>71,542,624</u>	<u>80,069,309</u>
<u>\$ 86,296,719</u>	<u>\$ 88,362,936</u>	<u>\$ 89,458,954</u>	<u>\$ 97,574,797</u>	<u>\$ 106,264,636</u>	<u>\$ 118,468,013</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net (Expense)/Revenue				
Governmental activities	\$ (54,401,928)	\$ (58,251,543)	\$ (43,180,069)	\$ (53,076,092)
Business-type activities	11,600,002	13,273,618	14,593,901	14,894,995
Total primary government net expense	<u>\$ (42,801,926)</u>	<u>\$ (44,977,925)</u>	<u>\$ (28,586,168)</u>	<u>\$ (38,181,097)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821 ⁽⁶⁾
Utility and telecommunication	11,473,828	11,523,700	11,992,531	11,966,296
Franchise fees	6,668,887	6,873,844	7,035,821	7,154,634
Unrestricted grants and contributions	8,117,198	9,512,376	10,453,445	10,340,833
Investment earnings	657,927	506,200	539,344	3,401,963 ⁽⁷⁾
Gain on sale of capital assets	-	-	-	119,235
Contributions to permanent funds	2,500	2,100	12,350	4,050
Transfers	2,640,177	5,071,363	3,046,607	3,815,993
Total governmental activities	<u>58,322,618</u>	<u>64,365,020</u>	<u>64,536,062</u>	<u>71,376,825</u>
Business-type activities:				
Investment earnings	695,166	563,796	676,055	3,590,799 ⁽⁷⁾
Gain on sale of capital assets	36,552	6,651	69,947	35,164
Transfers	(2,640,177)	(5,071,363)	(3,046,607)	(3,815,993)
Total business-type activities	<u>(1,908,459)</u>	<u>(4,500,916)</u>	<u>(2,300,605)</u>	<u>(190,030)</u>
Total primary government	<u>\$ 56,414,159</u>	<u>\$ 59,864,104</u>	<u>\$ 62,235,457</u>	<u>\$ 71,186,795</u>
Change in Net Position				
Governmental activities	\$ 3,920,690	\$ 6,113,477	\$ 21,355,993	\$ 18,300,733
Business-type activities	9,691,543	8,772,702	12,293,296	14,704,965
Total primary government	<u>\$ 13,612,233</u>	<u>\$ 14,886,179</u>	<u>\$ 33,649,289</u>	<u>\$ 33,005,698</u>

- (1) Increase is due to road resurfacing.
(2) Implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions."
(3) Increase is due to dredging Horse Creek and Melbourne Harbor Channel.
(4) Increase is due to donation of Right of Way for Babcock St. from Brevard County and the Apollo Blvd. extension from FDOT.
(5) Increase is due to FEMA grants for Hurricane Irma.
(6) Property values have increased due to a growing economy.
(7) Increase is due to fair value adjustment and interest earnings.
(8) Golf courses reclassified from an Enterprise fund to the General Fund.
(9) Increase is due to increase chemicals and repair & maintenance expenses.
(10) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ (64,491,806)	\$ (62,924,627)	\$ (61,579,539)	\$ (71,811,796)	\$ (75,497,810)	\$ (80,858,500)
9,233,350	15,086,894	9,901,189	10,214,011	7,280,719	13,235,166
<u>\$ (55,258,456)</u>	<u>\$ (47,837,733)</u>	<u>\$ (51,678,350)</u>	<u>\$ (61,597,785)</u>	<u>\$ (68,217,091)</u>	<u>\$ (67,623,334)</u>
\$ 37,584,468	\$ 38,264,108	\$ 41,618,002	\$ 47,477,898	\$ 51,503,368	\$ 55,757,818
11,990,191	12,435,162	13,195,286	14,932,527	15,420,788	16,146,255
6,855,830	7,214,333	8,555,628	9,495,678	9,185,210	9,356,969
9,552,382	11,489,437	12,864,496	12,716,809	12,433,419	11,999,351
3,330,445	279,091	(4,543,690)	4,546,344	11,182,372 ⁽⁷⁾	7,872,045
118,208	281,371	266,946	159,218	-	-
1,500	6,850	9,650	2,800	10,700	4,800
1,366,185	5,004,380	5,310,818	5,076,767	4,182,831	5,381,033
<u>70,799,209</u>	<u>74,974,732</u>	<u>77,277,136</u>	<u>94,408,041</u>	<u>103,918,688</u>	<u>106,518,271</u>
3,068,008	254,139	(3,850,087)	4,077,041	10,114,377 ⁽⁷⁾	7,092,070
43,853	46,091	119,012	47,883	58,516	91,072
<u>(1,366,185)</u>	<u>(5,004,380)</u>	<u>(5,310,818)</u>	<u>(5,076,767)</u>	<u>(4,182,831)</u>	<u>(5,381,033)</u>
<u>1,745,676</u>	<u>(4,704,150)</u>	<u>(9,041,893)</u>	<u>(951,843)</u>	<u>5,990,062</u>	<u>1,802,109</u>
<u>\$ 72,544,885</u>	<u>\$ 70,270,582</u>	<u>\$ 68,235,243</u>	<u>\$ 93,456,198</u>	<u>\$ 109,908,750</u>	<u>\$ 108,320,380</u>
\$ 6,307,403	\$ 12,050,105	\$ 15,697,597	\$ 22,596,245	\$ 28,420,878	\$ 25,659,771
10,979,026	10,382,744	859,296	9,262,168	13,270,781	15,037,275
<u>\$ 17,286,429</u>	<u>\$ 22,432,849</u>	<u>\$ 16,556,893</u>	<u>\$ 31,858,413</u>	<u>\$ 41,691,659</u>	<u>\$ 40,697,046</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund				
Non-spendable	\$ 831,098	\$ 730,784	\$ 2,148,039	\$ 1,799,305
Restricted	200,708	207,113	1,116,417	2,229,066
Committed ⁽¹⁾	666,667	333,334	-	-
Assigned	⁽¹⁾ 3,186,632	4,963,231	3,979,201	6,980,155
Unassigned	16,987,905	18,169,931	25,000,485	29,353,925
Total general fund	<u>\$ 21,873,010</u>	<u>\$ 24,404,393</u>	<u>\$ 32,244,142</u>	<u>\$ 40,362,451</u>
All Other Governmental funds				
Non-spendable	\$ 172,864	\$ 174,964	\$ 187,314	\$ 191,364
Restricted	24,203,945	26,956,273	30,276,780	31,128,079
Committed ⁽³⁾	-	-	-	-
Assigned	5,113,249	7,377,387	8,447,113	9,302,209
Unassigned	-	-	(1,427,857)	(1,110,505)
Total all other governmental funds	<u>\$ 29,490,058</u>	<u>\$ 34,508,624</u>	<u>\$ 37,483,350</u>	<u>\$ 39,511,147</u>

(1) Reflects the reduction in subsequent year budget for assigned.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 1,401,141	\$ 1,131,734	\$ 962,345	\$ 683,615	\$ 672,410	\$ 1,432,885
991,527	943,367	923,849	925,818	922,256	925,251
-	-	-	-	-	-
3,127,510	4,157,260	3,971,078	4,885,751	10,773,441	6,530,184
35,046,863	36,730,023	37,851,608	47,039,514	52,601,060	40,651,554
<u>\$ 40,567,041</u>	<u>\$ 42,962,384</u>	<u>\$ 43,708,880</u>	<u>\$ 53,534,698</u>	<u>\$ 64,969,167</u>	<u>\$ 49,539,874</u>
\$ 192,864	\$ 199,714	\$ 209,364	\$ 212,164	\$ 517,691	\$ 554,320
36,922,134	38,188,902	76,987,712	63,297,853	49,989,389	57,575,603
-	-	-	-	-	-
11,417,048	13,271,249	15,852,145	24,037,423	35,212,797	54,046,048
(794,399)	(317,865)	-	-	-	(650,379)
<u>\$ 47,737,647</u>	<u>\$ 51,342,000</u>	<u>\$ 93,049,221</u>	<u>\$ 87,547,440</u>	<u>\$ 85,719,877</u>	<u>\$ 111,525,592</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues				
Taxes				
Property	\$ 28,762,101	\$ 30,875,437	\$ 31,455,964	\$ 34,573,821
Utility and telecommunications	11,473,828	11,523,700	11,992,531	11,966,296
Franchise fees	6,668,887	6,873,844	7,035,821	7,154,634
Intergovernmental	16,891,197	16,647,167	20,684,026	26,401,911
Charges for services	9,566,648	9,323,674	9,177,758	8,508,486
Impact fees	763,169	1,640,134	2,045,713	1,870,525
Licenses and permits	3,401,098	3,993,327	3,411,519	3,381,036
Confiscated property	12,290	7,242	96,329	317,554
Fines, forfeitures, penalties and fees	259,230	241,941	248,616	230,963
Investment earnings (loss)	635,748	489,895	521,092	3,272,783 ⁽²⁾
Perpetual care endowment additions	2,500	2,100	12,350	4,050
Other revenues	900,680	1,015,978	1,021,276	1,158,861
Total revenues	<u>79,337,376</u>	<u>82,634,439</u>	<u>87,702,995</u>	<u>98,840,920</u>
Expenditures				
General government	15,817,777	16,318,633	16,442,112	17,197,290
Public safety	42,479,210	43,548,485	40,941,520	43,548,638
Public works	8,247,008	9,381,894	9,259,707	10,605,320
Parks and recreation	6,322,634	6,314,782	6,294,569	6,733,844
Housing and urban improvement	1,201,873	1,173,495	1,644,592	1,778,928
Capital outlay	2,349,466	2,297,239	6,338,533	11,623,518
Debt service				
Principal	890,721	926,151	963,078	1,019,493
Interest	370,865	334,598	336,450	239,286
Bond issuance costs	-	-	-	-
Total expenditures	<u>77,679,554</u>	<u>80,295,277</u>	<u>82,220,561</u>	<u>92,746,317</u>
Excess of revenues over (under) expenditures	<u>1,657,822</u>	<u>2,339,162</u>	<u>5,482,434</u>	<u>6,094,603</u>
Other financing sources (uses)				
Revenue bonds issued	-	-	6,490,000 ⁽¹⁾	-
Debt issue expense	-	-	-	-
Leases (as lessee)	-	-	-	-
Subscriptions	-	-	-	-
Payment to refunding bond escrow agent	-	-	(6,444,782) ⁽¹⁾	-
Sale of capital assets	45,208	139,018	1,788,439	235,510
Insurance recoveries	-	-	-	-
Transfers in	6,194,572	10,283,963	12,436,680	12,891,334
Transfers out	(3,544,145)	(5,212,194)	(8,938,296)	(9,075,341)
Other Expenditures	-	-	-	-
Total other financing sources (uses)	<u>2,695,635</u>	<u>5,210,787</u>	<u>5,332,041</u>	<u>4,051,503</u>
Net change in fund balances	<u>\$ 4,353,457</u>	<u>\$ 7,549,949</u>	<u>\$ 10,814,475</u>	<u>\$ 10,146,106</u>
Debt service as a percentage of noncapital expenditures	1.74%	1.67%	1.74%	1.58%

- (1) Non-Ad Valorem Refunding Revenue Note, Series 2018, was issued to refund the Public Service/Utility Tax Revenue Bonds, Series 2003, Subordinate Electric Utility Tax Revenue Notes, Series 2005 and Series 2006.
- (2) Increase is due to fair value adjustment and interest earnings.
- (3) Downtown CRA Revenue Note, Series 2020, issued to finance loan for the redevelopment incentive to Highline Apartments.
- (4) General Obligation Bonds, Series 2022, issued to finance new police headquarters building.
- (5) Increase is due to Insurance Premium Tax for Police and Fire Pension and increase in retirement.
- (6) Purchase of police body worn and vehicle cameras.
- (7) Right to use software subscriptions, GASB 96 implementation.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 37,584,468	\$ 38,264,108	\$ 41,618,002	\$ 47,477,898	\$ 51,503,368	\$ 55,757,818
11,990,191	12,435,162	13,195,286	14,932,527	15,420,788	16,146,255
6,855,830	7,214,333	8,555,628	9,495,678	9,185,210	9,356,969
20,332,261	21,499,415	25,374,338	26,536,925	29,442,843	30,693,178
9,787,764	10,033,471	10,344,834	11,247,333	11,724,501	12,506,214
1,277,900	2,081,001	1,989,613	1,263,086	1,197,793	1,170,478
3,995,498	4,547,173	4,137,903	4,306,483	4,570,362	5,892,138
16,129	36,852	73,850	24,856	7,205	23,012
223,649	370,287	335,470	176,143	168,997	238,129
3,219,672	295,545	(4,738,094)	5,584,036	10,857,545	7,727,087
1,500	6,850	9,650	2,800	10,700	4,800
1,171,586	1,055,413	1,318,503	1,479,835	2,798,197	1,724,593
<u>96,456,448</u>	<u>97,839,610</u>	<u>102,214,983</u>	<u>122,527,600</u>	<u>136,887,509</u>	<u>141,240,671</u>
18,733,347	20,210,664	19,016,776	19,531,471	22,442,209	20,501,719
44,685,896	47,548,679	51,753,887	56,083,048 ⁽⁵⁾	55,166,855	66,160,079
11,215,669	8,560,357	8,711,059	8,407,977	10,985,126	11,829,235
8,366,146	9,668,028	9,954,699	10,557,724	11,212,955	12,525,890
1,508,004	2,023,613	1,713,394	1,606,069	1,801,156	2,054,969
7,970,180	8,624,785	11,850,393	26,410,337	26,042,576	19,185,845
725,000	740,000	1,050,272	2,428,113	3,196,149	3,037,046
193,741	207,138	173,317	1,928,960	1,381,324	1,365,481
-	-	233,048	-	-	-
<u>93,397,983</u>	<u>97,583,264</u>	<u>104,456,845</u>	<u>126,953,699</u>	<u>132,228,350</u>	<u>136,660,264</u>
3,058,465	256,346	(2,241,862)	(4,426,099)	4,659,159	4,580,407
2,400,000 ⁽³⁾	-	39,069,396 ⁽⁴⁾	-	-	-
(35,000)	-	-	-	-	-
-	473,896	-	3,248,253 ⁽⁶⁾	-	-
-	-	-	265,898 ⁽⁷⁾	612,733	235,623
-	-	-	-	-	-
150,923	292,666	315,365	159,218	156,320	179,359
-	-	-	-	-	-
20,145,676	17,165,642	16,623,887	23,349,398	28,472,401	44,980,896
(17,073,953)	(12,161,262)	(11,313,069)	(18,272,631)	(24,293,707)	(39,599,863)
-	(27,592)	-	-	-	-
<u>5,587,646</u>	<u>5,743,350</u>	<u>44,695,579</u>	<u>8,750,136</u>	<u>4,947,747</u>	<u>5,796,015</u>
<u>\$ 8,646,111</u>	<u>\$ 5,999,696</u>	<u>\$ 42,453,717</u>	<u>\$ 4,324,037</u>	<u>\$ 9,606,906</u>	<u>\$ 10,376,422</u>
1.09%	1.08%	1.38%	4.66%	4.47%	3.87%

SCHEDULE 5

CITY OF MELBOURNE, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property ⁽¹⁾	Less: Tax Exempt Property ⁽²⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	\$ 3,367,691,320 ⁽³⁾	\$ 2,745,036,807 ⁽³⁾	\$ 2,247,871,092	\$ 3,864,857,035	7.6886	\$ 4,294,285,594	90%
2017	3,714,336,280	3,025,602,111	2,570,334,211	4,169,604,180	7.6886	4,632,893,533	90%
2018	4,278,357,730	3,408,427,908	3,128,614,611	4,558,171,027	7.1878	5,064,634,474	90%
2019	4,898,171,590	3,619,074,907	3,543,891,991	4,973,354,506	7.1878	5,525,949,451	90%
2020	5,271,224,050	3,864,818,169	3,719,476,252	5,416,565,967	7.1878	6,018,406,630	90%
2021	5,444,628,510	4,313,909,805	3,999,028,704	5,759,509,611	6.8685	6,399,455,123	90%
2022	5,940,387,010	6,884,225,367	5,918,807,031	6,905,805,346	7.0519	7,673,117,051	90%
2023	8,069,945,420	5,993,680,717	6,304,197,347	7,759,428,790	7.1336 ⁽⁴⁾	8,621,587,544	90%
2024	8,926,684,010	5,801,461,398	6,283,913,269	8,444,232,139	6.8915	9,382,480,154	90%
2025	9,346,645,480	5,606,835,155	6,047,509,549	8,905,971,086	6.8619	9,895,523,429	90%

Source: Brevard County Property Appraiser, Florida Department of Revenue

(1) Includes utility, railroad and tangible property.

(2) Includes agricultural, governmental, renewable energy source, widows, widowers, institutional, disability, and homestead exemptions.

(3) Brevard County Property Appraiser changed format in deliverance of reference materials, amounts from 2016 forward are calculated in a different manner than prior years.

(4) Includes Operating Rate and Debt Service Rate starting in 2023 and after.

CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	City of Melbourne Direct Rates		Overlapping Rates			Total Direct & Overlapping Rates
	Operating Rate	Debt Service Rate	School Rate	County Rate	Multi- County ⁽¹⁾ Rate	
2016	7.6886	0.0000	7.2750	6.0692	0.4412	21.4740
2017	7.6886	0.0000	6.9160	5.8548	0.4212	20.8806
2018	7.1878	0.0000	6.5680	5.6025	0.3981	19.7564
2019	7.1878	0.0000	6.2990	5.3540	0.3759	19.2167
2020	7.1878	0.0000	6.0860	5.1891	0.3565	18.8194
2021	6.8685	0.0000	5.9420	4.9681	0.3403	18.1189
2022	7.0519	0.0000	5.4950	4.1716	0.3067	17.0252
2023	6.7490	0.3846	5.4950	4.1716	0.3067	17.1069
2024	6.5466	0.3449	6.3830	3.8662	0.3147	17.4554
2025	6.5466	0.3153	6.3110	3.6931	0.3709	17.2369

Source: Brevard County Tax Collector

(1) Includes Florida Inland Navigation District, Sebastian Inlet District and St. Johns River Water Management District.

SCHEDULE 7

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

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Melbourne Airport Authority	\$ 199,534,446	1	2.24%	\$ 114,170,840	1	2.95%
Health First Physicians Real Estate ⁽¹⁾	59,025,110	2	0.66%	29,495,000	3	0.76%
Trillium at Sunlake LLC	49,091,540	3	0.55%			
OHMH LLC	47,316,850	4	0.53%			
Melbourne Addison Preserve	46,048,210	5	0.52%			
Wickham Road Owner LLC	44,180,110	6	0.50%			
L3Harris Technologies Inc. ⁽²⁾	43,901,730	7	0.49%	26,185,000	4	0.68%
CLPF Lake Pointe LLC	39,149,960	8	0.44%			
Melbourne Square, LLC ⁽³⁾	34,551,460	9	0.39%	33,000,000	2	0.85%
Preserve at Longleaf Partners, LLC	31,676,460	10	0.36%	17,700,000	8	0.46%
Melbourne HMA, LLC				24,557,070	5	0.64%
Northland Caribbean Isle, LLC ⁽⁴⁾				18,800,000	6	0.49%
Wal-Mart				17,815,000	7	0.46%
LSREF3 Bravo LLC				16,500,000	9	0.43%
KRC Melbourne, LTD				16,000,000	10	0.41%
	<u>\$ 594,475,876</u>		<u>6.68%</u>	<u>\$ 314,222,910</u>		<u>8.13%</u>

(1) Formerly reported as MIMA Real Estate, LLC; Health First and MIMA merged in 2013.

(2) Harris Corporation and L3 merged as of June 29, 2019.

(3) Formerly reported as Melbourne- JCP Assoc., LTD.

(4) Formerly reported as SIMA/Caribbean Isle LLC.

Source: Brevard County Property Appraiser

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

Fiscal Year Ended September 30	Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 29,715,340	\$ 28,647,578	96.41%	\$ 35,463	\$ 28,683,041	96.53%
2017	32,127,957	30,738,701	95.68%	51,788	30,875,437	96.10%
2018	32,780,176	31,288,782	95.45%	29,416	31,455,964	95.96%
2019	35,746,579	34,431,758	96.32%	35,604	34,467,363	96.42%
2020	38,933,193	37,457,349	96.21%	40,600	37,497,949	96.31%
2021	39,559,192	38,117,048	96.35%	42,947	38,159,995	96.46%
2022	42,079,643	41,436,795	98.47%	11,213	41,448,008	98.50%
2023	49,229,141	47,349,389	96.18%	26,075	47,375,464	96.23%
2024	53,474,104	51,296,551	95.93%	(8,148)	51,288,403	95.91%
2025	57,943,477	55,577,139	95.92%	-	55,577,139	95.92%

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

(1) Beginning 2023, tax levy includes voter approved Series 2022 General Obligation Bonds debt service millage.

SCHEDULE 9

CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Consumed ⁽¹⁾	Water Revenue ⁽⁴⁾	Total Direct Rate		Gallons of Sewer Treated ⁽¹⁾	Sewer Revenue ⁽⁴⁾	Total Direct Rate	
			Water Base Rate ⁽²⁾	Water Usage Rate ⁽³⁾			Sewer Base Rate ⁽²⁾	Sewer Usage Rate ⁽³⁾
2016	4,768,201	\$ 30,984,020	\$ 8.00	\$ 4.57	2,214,882	\$ 20,817,696	\$ 11.83	\$ 6.85
2017	4,878,231	31,527,010	8.00	4.57	2,235,262	20,838,145	11.83	6.85
2018	4,768,179	31,246,858	8.00	4.57	2,208,216	21,000,231	11.83	6.85
2019	4,598,198	30,416,642	8.00	4.57	2,210,571	20,942,547	11.83	6.85
2020	4,784,495	31,268,642	8.00	4.57	2,178,786	20,945,200	11.83	6.85
2021	4,939,804	31,882,976	8.00	4.57	2,206,710	21,075,990	11.83	6.85
2022	5,011,647	32,851,819	8.00	4.57	2,224,695	21,056,012	11.83	6.85
2023	5,096,511	34,481,592	9.12 ⁽⁵⁾	5.21 ⁽⁵⁾	2,300,107	22,876,666	13.49 ⁽⁵⁾	7.81 ⁽⁵⁾
2024	5,089,712	38,341,314	9.12	5.21	2,231,712	25,313,290	13.49	7.81
2025	5,023,910	40,168,922	9.85	5.63	2,260,687	26,257,245	14.57	8.43

Source: City Water and Sewer Department

(1) Gallons are presented in thousands.

(2) Rates are based on one equivalent residential connection (ERC) at the inside City rate.

(3) Per 1,000 gallons of metered water at the inside City rate.

(4) Revenues are not adjusted for bad debt.

(5) Rates effective July 1, 2023.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Water Customer</u>	2025			2016		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>
City of West Melbourne	\$ 5,732,491	1	14.29%	\$ 3,221,135	1	10.40%
Holmes Regional Medical Center	474,715	2	1.18%	387,947	2	1.25%
Florida Institute of Technology	368,805	3	0.92%	298,764	3	0.96%
School Board of Brevard County	275,429	4	0.69%	238,466	4	0.77%
Northrop Grumman Systems Corp	165,671	5	0.41%	82,471	8	0.27%
We Harbours LLC	129,234	6	0.32%	88,959	6	0.29%
Orlando Health INC	119,638	7	0.30%			
The Meadows	113,669	8	0.28%			
Eastern Florida State College	110,136	9	0.27%	81,594	9	0.26%
Wickham Road Owner LLC	108,493	10	0.27%			
DW MLB H LLC				90,448	5	0.29%
Prestige AB Ready Mix of Melbourne				81,330	10	0.26%
L3Harris ⁽¹⁾				88,266	7	0.29%
Landmark of Grand Meadow LLC						
Total	<u>\$ 7,598,281</u>		<u>18.94%</u>	<u>\$ 4,659,380</u>		<u>15.04%</u>

<u>Sewer Customer</u>	2025			2016		
	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>
Holmes Regional Medical Center	\$ 709,276	1	2.70%	\$ 579,597	1	2.72%
Florida Institute of Technology	550,557	2	2.10%	445,501	2	2.09%
Northrop Grumman Systems Corp	247,388	3	0.94%	122,084	6	0.57%
School Board of Brevard County	233,240	4	0.89%	210,191	3	0.99%
We Harbours LLC	193,016	5	0.74%	132,813	4	0.62%
Orlando Health INC	178,071	6	0.68%			
The Meadows	169,752	7	0.65%			
Wickham Road Owner LLC	162,060	8	0.62%			
Topaz Toscana TIC 6 LLC	158,064	9	0.60%			
Melbourne Hotel XL Owner LLC	153,098	10	0.58%			
L3Harris ⁽¹⁾				130,971	5	0.61%
Manufactured Home Communities				118,941	8	0.56%
Eastern Florida State College				122,009	7	0.57%
Northland Caribbean Isle LLC				111,193	9	0.52%
Rockwell-Collins (2)				110,167	10	0.52%
Total	<u>\$ 2,754,522</u>		<u>10.49%</u>	<u>\$ 2,083,467</u>		<u>9.78%</u>

Source: City Water and Sewer Department

(1) Harris Corporation and L3 merged as of June 29, 2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

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

Fiscal Year	Governmental Activities					
	2003 Utility Tax Bonds	2003 Gas Tax Bonds	2005 & 2006 Electric Utility Tax Note	Redevelopment Bonds	2018 Non-Ad Valorem Note	2020 Redevelopment Note
2016	\$ 176,976	\$ 398,335	\$ 7,620,000	\$ 423,230	\$ -	\$ -
2017	113,142	270,666	7,021,000	287,582	-	-
2018	-	137,954	-	146,576	6,490,000	-
2019	-	-	-	-	5,755,000	-
2020	-	-	-	-	5,030,000	2,400,000
2021	-	-	-	-	4,290,000	2,400,000
2022	-	-	-	-	3,535,000	2,290,000
2023	-	-	-	-	2,765,000	2,175,000
2024	-	-	-	-	1,985,000	2,060,000
2025	-	-	-	-	1,190,000	1,940,000

Fiscal Year	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2016	123,457,255	6.01%	1,535
2017	117,250,352	5.59%	1,448
2018	111,694,632	4.97%	1,361
2019	104,972,726	4.43%	1,259
2020	100,808,418	4.78%	1,194
2021	97,059,321	3.93%	1,131
2022	131,982,023	5.14%	1,517
2023	133,829,748	4.46%	1,527
2024	207,003,787	6.42%	2,356
2025	196,185,194	6.04%	2,217

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Population and personal income data can be found in Schedule 15.

Governmental Activities			Business-type Activities		
2022 General Obligation Bond	Leases	Subscriptions	Water and Sewer Bonds	Leases	State Revolving Fund Loans
\$ -	\$ 782,969	\$ -	\$ 102,850,644	\$ 551,064	\$ 10,654,037
-	568,841	-	98,004,834	392,944	10,591,343
-	364,859	-	93,880,767	258,769	10,415,707
-	301,080	-	88,913,402	121,010	9,882,234
-	235,725	-	83,807,285	-	9,335,408
-	524,466	-	81,069,963	-	8,774,892
39,069,396	339,195	-	74,598,990	-	12,149,442
37,570,841	2,919,279	258,847	69,475,518	-	18,665,263
35,833,873	2,025,443	749,266	145,564,750	-	18,785,455
34,094,551	1,320,992	872,692	138,533,634	-	18,233,325

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FOUR FISCAL YEARS**

Fiscal Year	2022 General Obligation Bonds ⁽¹⁾	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Percentage of Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2022	\$ 39,069,396	\$ -	\$ 39,069,396	0.57%	\$ 449
2023	37,570,841	57,829	37,513,012	0.48%	428
2024	35,833,873	161,260	35,672,613	0.42%	406
2025	34,094,551	265,271	33,829,280	0.38%	382

(1) The General Obligation Revenue Bonds, Series 2022, net of the original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments.

(3) Property value data can be found in Schedule 5.

(4) Population can be found in Schedule 15.

Florida Statutes does not limit debt issued by municipalities.

**CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2025**

<u>Governmental Unit</u>	<u>Debt Outstanding ⁽¹⁾</u>	<u>Estimated Percentage Applicable ^(*)</u>	<u>City's Share of Overlapping Debt</u>
Debt repaid with property taxes			
Brevard County General Obligation Debt	\$ 6,097,000	12.42 % ⁽²⁾	\$ 757,247
South Brevard Recreation Special District	3,335,000	20.93 ⁽²⁾	698,016
Other debt			
Brevard County Sales Tax Bonds	2,125,000	9.60 ⁽³⁾	204,000
Subtotal, overlapping debt			<u>1,659,263</u>
City of Melbourne direct debt			
General Obligation Bond and Unamortized Premium			34,094,551
Leases			1,320,992
Subscriptions			872,692
Public Improvement Bonds and Notes			<u>3,130,000</u>
Subtotal, direct debt			<u>39,418,235</u>
Total direct and overlapping debt			<u><u>\$ 41,077,498</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2003 Utility Tax Bonds						
2016	\$ 7,853,722 ⁽²⁾	-	\$ 7,853,722	\$ 61,409	\$ 9,416	110.89
2017	8,076,949	-	8,076,949	63,834	6,990	114.04

⁽²⁾ Pledged revenues include electric utility taxes and gas utility taxes.

2005 & 2006 Subordinate Electric Utility Tax Revenue Note

2016	\$ 7,488,265 ⁽³⁾	-	\$ 7,488,265	\$ 576,000	\$ 315,426	8.40
2017	7,701,350	-	7,701,350	599,000	291,983	8.64

⁽³⁾ Pledged revenues include electric utility taxes.

2003 Gas Tax Bonds

2016	\$ 2,926,058 ⁽⁴⁾	-	\$ 2,926,058	\$ 122,818	\$ 20,585	20.40
2017	3,229,498	-	3,229,498	127,669	15,734	22.52
2018	3,165,499	-	3,165,499	132,712	10,691	22.07
2019	3,424,299	-	3,424,299	137,945	5,521	23.87

⁽⁴⁾ Pledged revenues include local option gas taxes.

2003 Downtown Community Redevelopment Agency Bonds

2016	\$ 1,054,035 ⁽¹⁾	-	\$ 1,054,035	\$ 130,494	\$ 21,857	6.92
2017	1,119,598	-	1,119,598	135,648	16,716	7.35
2018	1,173,441	-	1,173,441	141,006	11,343	7.70
2019	1,477,226	-	1,477,226	146,548	5,773	9.70

⁽¹⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year	Pledged Revenues	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenues	Principal	Interest	
2018 Non-Ad Valorem Refunding Revenue Note						
2018	\$ 47,959,605 ⁽²⁾	\$ 24,654,560 ⁽³⁾	\$ 23,305,045	\$ -	\$ 30,242	770.62
2019	52,058,787	24,898,647	27,160,140	735,000	168,313	30.07
2020	50,261,696	24,591,774	25,669,922	725,000	148,072	29.40
2021	51,205,900	25,549,321	25,656,579	740,000	128,150	29.55
2022	50,750,543	28,055,135	22,695,408	755,000	107,594	26.31
2023	66,181,113	29,623,583	36,557,530	770,000	86,625	42.68
2024	75,479,992	26,461,653	49,018,339	780,000	65,313	57.99
2025	67,546,261	29,093,381	38,452,880	795,000	43,656	45.85

⁽²⁾ Pledged revenues include Non-Ad Valorem revenues.

⁽³⁾ Ad Valorem taxes less general government and public safety expenditures.

2020 Downtown Community Redevelopment Agency Bonds

2020	\$ 1,469,009 ⁽⁴⁾	\$ -	\$ 1,469,009	\$ -	\$ -	-
2021	1,456,140	-	1,456,140	-	53,863	27.03
2022	1,700,867	-	1,700,867	110,000	48,720	10.72
2023	2,096,479	-	2,096,479	115,000	46,487	12.98
2024	2,402,474	-	2,402,474	115,000	44,153	15.10
2025	2,683,495	-	2,683,495	120,000	41,818	16.58

⁽⁴⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues.

2022 General Obligation Bonds

2022	\$ - ⁽⁵⁾	\$ -	\$ -	\$ -	\$ -	-
2023	2,584,800	-	2,584,800	765,000	1,761,971	1.02
2024	2,634,208	-	2,634,208	1,285,000	1,245,777	1.04
2025	2,635,539	-	2,635,539	1,350,000	1,181,528	1.04

⁽⁵⁾ Pledged revenues include Ad Valorem taxes and begin in FY 23.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE (Concluded)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less:	Net	Debt Service		Coverage
		Operating Expenses	Available Revenues	Principal	Interest	
Water and Sewer System Bonds						
2016	\$ 56,501,605 ⁽¹⁾	\$ 30,210,477 ⁽²⁾	\$ 26,291,128	\$ 5,680,000	\$ 2,775,716	3.11 ⁽³⁾
2017	57,710,982	30,700,513	27,010,469	5,750,000	2,516,428	3.27
2018	60,696,591	30,327,884	30,368,707	5,695,000	2,449,248	3.73
2019	60,245,932	29,145,422	31,100,510	5,765,000	2,381,122	3.82
2020	60,697,233	34,276,474	26,420,759	5,835,000	2,302,300	3.25
2021	59,292,425	29,416,389	29,876,036	6,019,809	1,928,589	3.76
2022	59,108,128	33,803,615	25,304,513	6,390,772	1,844,518	3.07
2023	64,704,325	38,625,447	26,078,878	6,564,967	1,720,776	3.15
2024	75,069,318	42,577,376	32,491,942	6,829,973	4,836,534	2.79
2025	83,217,304	45,127,004	38,090,300	6,896,851	5,506,782	3.07

Notes:

- (1) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (2) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (3) Required coverage is 1.15.

**CITY OF MELBOURNE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands of dollars)	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2016	80,419	\$ 2,054,866	\$ 25,552	45.1	12,993	5.1%
2017	80,982	2,099,296	25,923	45.4	12,634	3.8%
2018	82,040	2,248,060	27,402	45.7	12,380	3.0%
2019	83,349	2,369,529	28,429	45.3	12,344	3.1%
2020	84,402	2,109,881	24,998	44.9	11,589	5.5%
2021	85,800	2,468,981	28,776	42.6	11,787	4.1%
2022	87,007	2,691,997	30,940	42.7	11,904	2.6%
2023	87,662	3,001,196	34,236	46.8	11,398	3.2%
2024	87,846	3,225,266	36,715	40.0	13,071	3.7%
2025	88,499	3,384,998	38,249	42.7	11,341	4.5%

Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 16

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2025</u>			<u>2016</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Northrop Grumman	6,818	1	16.46%	2,894	2	8.15%
School Board of Brevard County	3,354	2	8.10%	1,720	5	4.84%
Florida Institute of Technology	2,510	3	6.06%	2,410	4	6.78%
Health First, Inc ⁽³⁾	2,371	4	5.72%	4,066	1	11.45%
L3Harris Technologies ⁽¹⁾	1,778	5	4.29%	2,532	3	7.13%
Rockwell Collins, Inc. ⁽²⁾	1,411	6	3.41%	1,467	6	4.13%
City of Melbourne	1,047 ⁽⁴⁾	7	2.53%	890	8	2.51%
Walmart	852	8	2.06%	725	9	2.04%
MC Assembly	642	9	1.55%			
WABTEC Transportation System, LLC	405	10	0.98%			
Teletech				1,205	7	3.39%
Eastern Florida State College				591	10	1.66%
Total	<u>21,188</u>		<u>51.14%</u>	<u>18,500</u>		<u>52.08%</u>

(1) Harris Corporation and L3 merged as of June 29, 2019.

(2) Rockwell Collins was bought by UTC on November 27, 2018 and the name changed to Collins Aerospace.

(3) Health First and MIMA merged in 2013.

(4) City of Melbourne total count of employees, including Airport.

Source: Revenue Department and companies listed above

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

<u>Function/program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government	104	106 ⁽²⁾	106	108	109 ⁽²⁾	109	110	128	111 ⁽⁶⁾	112 ⁽⁷⁾
Police	239	241	237	246 ⁽⁴⁾	248 ⁽⁵⁾	250 ⁽⁵⁾	246	250	251 ⁽⁶⁾	256 ⁽⁷⁾
Fire	165	167	165	169	172 ⁽⁵⁾	172	174	177	189 ⁽⁶⁾	189
Public Works	65	64	64	66	67 ⁽⁵⁾	67	67	67	64 ⁽⁶⁾	64
Parks and recreation	88	87	86	89 ⁽¹⁾	95 ⁽¹⁾	96	84	88	84	61
Housing and Urban Development	6	6	7	7	7	7	7	7	7	7
Water and Sewer System	183	186 ⁽³⁾	185	188 ⁽³⁾	189 ⁽³⁾	190 ⁽³⁾	189	193	195 ⁽⁶⁾	198 ⁽⁷⁾
Stormwater Utility	4	4	4	5	5	5	5	5	5	5
Golf courses	<u>21</u>	<u>19</u>	<u>18</u>	<u>12</u>	<u>0 ⁽¹⁾</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23 ⁽⁷⁾</u>
Total	875	880	872	890	892	896	882	915	906	915
Component unit - Airport	55	60	61	62	63	60	60	60	62 ⁽⁶⁾	62

Source: City of Melbourne Budget Department

- (1) In 2019, a new recreation aide position was created and positions were administratively transferred to the divisions to which they reported. In 2020, Golf Course Fund was transferred into the General Fund per Resolution 3936 passed at the June 9, 2020 City Council meeting. The 12 golf course positions were offset by a decrease in the part time summer positions that were not needed this year due to COVID-19.
- (2) In 2017, the Human Resources department and Human Resources director position were created. In 2020, the Financial Services department added one position.
- (3) In 2017, the Water and Sewer department added a three person valve and hydrant crew. In 2019, a two person valve maintenance crew was added. In 2020, Utility Billing & Collection added 1 new position. In 2021, the Wastewater Collection Division added a Utility Line Locator position.
- (4) The Police department created positions for a Police Lieutenant, Training Technician, Background Investigator, Accounts Payable Clerk, and Clerical Assistant.
- (5) The Police department added two positions in 2020 and 2021, the Fire department added three positions, and Traffic Engineering added one position to maintain service levels in 2020.
- (6) In 2024, the Financial Services Department added one Financial Systems Analyst position, the Police Department added a Support Services Manager position, the Fire Department added 12 SAFER Grant-funded positions, the Public Works & Utilities Administration Division added a GIS Technician position and the Water Production Division added a Water Treatment Plant Operator position. In 2024, the Airport added an Equipment Operator I position and a Utility Specialist I position.
- (7) In 2025, the Police Department added four non-sworn Booking Officer positions. Information Technology added one Cybersecurity Analyst. Water Distribution added one Maintenance Repair Technician, and Wastewater Collection added one Lead utility Line Locator. Additionally, the Lift Station Operations division added one Maintenance Foreman. In 2024, Council approved Resolution No. 4260, separating Golf Course Operations into a Special Revenue Fund. 23 positions were transferred to the Golf Course Fund.

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police				
Physical arrests	2,938	2,941	2,675	2,390
Parking violations	581	437	287	304
Traffic violations	17,870	15,404	12,644	10,486
Fire				
Emergency responses	17,394	18,142	17,810	18,628
Fires extinguished	225	336	268	205
Inspections	5,555	6,204	5,474	6,259
Public works				
Resurfacing (miles)	3.05	18.27 ⁽¹⁾	2.72	7.00
New streets (miles)	-	-	3.10	0.84
Parks and recreation				
Auditorium (number of events)	199	176	205	198
Recreation centers (attendance)	222,066 ⁽²⁾	188,334	213,454	211,324
Tennis courts (attendance)	33,152 ⁽³⁾	26,930	27,743	18,046
Golf courses (rounds played)	83,617	71,780	76,671	75,702
Water				
Average number of accounts	58,108	58,215	58,393	58,725
Average daily consumption (gallons)	13,063,565	13,365,017	13,063,505	12,597,803
Sewer				
Average number of accounts	29,250	29,112	29,277	29,389
Average daily sewage treatment (gallons)	6,068,169	6,124,005	6,049,908	6,056,360

Sources: Various City departments.

(1) The City contracted with a consultant to create a pavement management system and began implementation in fiscal year 16/17.

(2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.

(3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.

(4) Decrease in events and attendance due to COVID-19 closures.

(5) Decrease due to shift in focus of priorities and time constraints due to relocation of police headquarters.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2,428	2,698	2,864	2,158	1,648	1,794
170	357	302	261	128	51 ⁽⁵⁾
10,702	13,061	11,853	7,123	6,511	4,923
17,769	18,400	18,927	19,461	18,733	18,656
232	250	250	233	250	224
6,658	6,234	5,174	8,274	8,692	7,772
10.63	6.82	8.41	4.70	4.97	12.50
0.12	0.08	-	-	-	-
104 ⁽⁴⁾	114	165	177	177	171
64,724 ⁽⁴⁾	281,111	188,215	158,320	199,018	185,230
18,114	31,630	18,796	26,753	45,140	49,380
76,897	69,593	64,059	81,806	81,095	87,394
59,110	59,433	59,604	59,566	59,717	59,823
13,108,205	13,533,710	13,730,539	13,963,044	13,944,416	13,764,136
29,435	29,633	29,688	29,614	29,680	29,727
5,969,275	6,045,782	6,095,054	6,301,663	6,114,278	6,193,663

SCHEDULE 19

CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	1 ⁽⁶⁾
Patrol vehicles	142	148	142	130 ⁽³⁾	122 ⁽⁴⁾	140 ⁽⁵⁾	147	149	144	139
Fire stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	291	290	293	294	296	296	295	295	295	295
Streetlights	8,460	8,460	8,460	8,460	8,460	8,460	8,460	8,460	8,460	8,460
Parks and recreation										
Acreage	570	570	570	570	521 ⁽²⁾	521	521	521	521	521
Special use facilities	7	6	6	6	6	6	6	6	6	6
Community parks	12	12	12	12	12	12	12	12	12	12
Neighborhood parks	27	27	27	28	29	29	29	29	29	29
Water										
Mains (miles)										
Water transmission	149	157	157	180 ⁽²⁾	170 ⁽²⁾	163	162	163	165	165
Water distribution	730	710	709	758 ⁽²⁾	754 ⁽²⁾	703	703	701	701	701
Storage tanks ⁽¹⁾										
Quantity	7	7	7	6	6	6	6	6	6	6
Capacity (thousands of gallons)	16,000	16,000	16,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Gravity sewer mains	258	258	259	259	259	261	261	261	260	259
Force mains	57	57	57	57	59	61	59	61	62	64
Stormwater sewers	201	201	240 ⁽²⁾	221 ⁽²⁾	249 ⁽²⁾	249	249	249	249	249
Reclaimed - Water mains	34	34	35	36 ⁽²⁾	37 ⁽²⁾	37	37	38	39	36

Sources: Various City departments.

(1) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013, Patrick SFB tank taken out of service in 2016,

(2) Updated per City GIS survey

(3) Previous years included vehicles that are not used for patrol.

(4) Four patrol vehicles were totaled in crashes and four were taken out of service.

(5) Increase reflects City Council's dedicated millage program to address public safety vehicle and equipment replacement.

(6) From December 2024 through February 2025 Police Department Staff moved into the new Joseph Pellicano Law Enforcement Center.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditor's reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.





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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2026.

Report Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 17, 2026



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Melbourne, Florida’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs and state projects for the year ended September 30, 2025. The City’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
March 17, 2026



**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

Federal/State Agency, Pass-through Entity, Federal Program/State Project	Assistance Listing/ CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
Federal Programs:				
U.S. DEPARTMENT OF JUSTICE				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2022	16.738	15PBJA-22-GG-02270-JAGX	\$ 9,791	
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2023	16.738	15PBJA-23-GG-03287-JAGX	19,217	
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - 2024	16.738	15PBJA-24-GG-05100-JAGX	46,320	
Equitable Sharing Program	16.922		22,860	
Total U.S. Department of Justice			98,188	
U.S. DEPARTMENT OF HOUSING				
Community Development Block Grants/Entitlement Grants - 2021	14.218	B-20-MC-12-0012	746	
Community Development Block Grants/Entitlement Grants - 2022	14.218	B-21-MC-12-0012	109,625	
Community Development Block Grants/Entitlement Grants - 2023	14.218	B-22-MC-12-0012	163,743	
Community Development Block Grants/Entitlement Grants - 2024	14.218	B-23-MC-12-0012	311,991	
Community Development Block Grants/Entitlement Grants - 2025	14.218	B-24-MC-12-0012	272,581	69,146
Total Community Development Block Grants/Entitlement Grants Cluster			858,686	69,146
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Pass through Brevard County:				
Home Investment Partnerships Program - 2021	14.239	M-21-DC-12-00200	238,451	
Home Investment Partnerships Program - 2022	14.239	M-22-DC-12-00200	265,642	
Home Investment Partnerships Program - 2023	14.239	M-23-DC-12-00200	89,613	
Total Pass through Brevard County			593,706	
Total U.S. Department of Housing & Urban Development			1,452,392	69,146
U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY				
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	EMW-2022-FF-00868	1,078,565	
Pass through State of Florida				
Division of Emergency Management				
Disaster Relief - Public Assistance (Presidentially Declared Disasters) - Milton	97.036	Z5102	43,064	
Total U.S. Department of Homeland Security Federal Emergency Management Agency			1,121,629	
U.S. ENVIRONMENTAL PROTECTION ACT				
Pass through Florida Department of Environmental Protection:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW050950	238,454	
Total Drinking Water State Revolving Fund			238,454	
U.S. DEPARTMENT OF TREASURY				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-3790	3,182,796	
Pass through Florida Department of Environmental Protection:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	MN035	563,290	
Total U.S. Department of Treasury			3,746,086	
U.S. DEPARTMENT OF TRANSPORTATION				
Pass through Florida Department of Transportation				
Highway Planning and Construction - Melbourne Southwest Trail System from Stack Blvd to W.H. Jackson St	20.205	G3835	493,849	
Highway Planning and Construction - NASA Boulevard from Gateway Drive to Eddie Allen Road	20.205	G2Y62	1,364,157	
Highway Planning and Construction - Stone Magnet Middle School Sidewalk Gaps Safe Routes to School	20.205	G3836	529,795	
Highway Planning and Construction - Norfolk Parkway Extension	20.205	G3A70	32,337	
Total Highway Planning and Construction Program			2,420,138	
U.S. DEPARTMENT OF TRANSPORTATION Federal Aviation Administration				
Airport Improvement Program - Rehab Taxiway A Pavement and Lighting (Design)	20.106	3-12-0046-059-2023	151,207	
Airport Improvement Program - Terminal Upgrade/Fire Sprinklers-Plumbing	20.106	3-12-0046-060-2023	574,732	
Airport Improvement Program - Rehab Terminal Building	20.106	3-12-0046-062-2023	2,773,745	
Airport Improvement Program - In-Line Baggage System-Construction	20.106	3-12-0046-063-2024	1,906,629	
Airport Improvement Program - Rehab Taxiway A Pavement and Lighting (Construction Ph 1)	20.106	3-12-0046-064-2024	10,846,922	
Total Airport Improvement Program			16,253,235	
Total U.S. Department of Transportation			18,673,373	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 25,330,122	\$ 69,146

Federal/State Agency, Pass-through Entity, Federal Program/State Project	Assistance Listing CSFA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
State Programs:				
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership Program - 22/23	40.901		60,104	
State Housing Initiatives Partnership Program - 23/24	40.901		559,289	
State Housing Initiatives Partnership Program - 24/25	40.901		35,862	
State Housing Initiatives Partnership Program - 25/26	40.901		61,215	
Total Florida Housing Finance Corporation			716,470	
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Resilient Florida Program - Florida Resilient Coastlines Program (FRCP)	37.098	24PLN14	59,700	
Statewide Water Quality Restoration Projects - Melbourne Septic to Sewer Conversion Project	37.039	LPQ0015	35,014	
Statewide Water Quality Restoration Projects - Biosolids Nutrient Removal/Control Project	37.039	LG006	5,000,000	
Florida Recreation Development Assistance Program - Riverview Park Playground Improvements	37.017	A3069	50,000	
Total Florida Department of Environmental Protection			5,144,714	
FLORIDA DEPARTMENT OF TRANSPORTATION				
Joint Participation Agreements				
Aviation Grant Programs - Apron Rehab/Expansion (DRA)	55.004	447465-2-A8-01/G1U41	1,718,971	
Aviation Grant Programs - Vista Site Infrastructure Improvements	55.004	447465-1-94-02/G2D42	6,647,395	
Aviation Grant Programs - Terminal Renovation and Expansion	55.004	438452-4-94-01	72,993	
Intermodal Access Development Program - In-Line Baggage System-Construction	55.014	438452-1-94-05/G2S48	105,924	
Aviation Grant Programs - Employee Parking/Cell Lot Expansion	55.004	453733-1-94-01/G3305	540,976	
Aviation Grant Programs - T-Hangar Infrastructure	55.004	448315-1-94-02/G3B86	6,290	
Aviation Grant Programs - Land Acquisition	55.004	438458-1-94-01	2,300,000	
Total Florida Department of Transportation			11,392,549	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 17,253,733	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 15% de minimus indirect cost rate. For the year ended September 30, 2025, the City elected not to use the rate.

NOTE C

The City did not receive any noncash assistance during the year ended September 30, 2025.

Assistance Listing - Federal Grants
CSFA - State Grants

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2025

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none noted

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards and State Projects

Internal control over major federal programs and state projects:

- Material weakness(es) identified? ☒ Yes ☐ no
- Significant deficiency(ies) identified? ☒ yes ☐ none noted

Type of auditor’s report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) and/or Chapter 10.557, Rules of the Auditor General? ☒ yes ☐ none noted

Identification of major federal programs and state projects:

<u>Federal Assistance Listing Numbers</u>	<u>Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
97.083	Staffing for Adequate Fire and Emergency Response (SAFER) Grant

<u>State CSFA Numbers</u>	<u>State Projects</u>
37.039	Statewide Water Quality Restoration Projects
55.004	Aviation Grant Programs

Dollar threshold used to distinguish between type A and B programs was \$1,000,000 for major federal programs and \$750,000 for major state projects.

Auditee qualified as a low-risk auditee under 2 CFR 200.520? ☒ yes ☐ no

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2025

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

2025-001 REPORTING

ALN 20.106 Airport Improvement Program
U.S. Department of Transportation
Federal Aviation Administration
Federal Award No. 3-12-0046-064-2024
2024/2025 Funding

Criteria: 2 CFR 200.303(a) requires non-federal entities to establish and maintain effective internal controls over federal awards. The award terms require submission of quarterly construction and inspection reports within 30 days of the end of each Federal fiscal quarter.

Condition: A quarterly report was not submitted for the period January 2025 – March 2025.

Cause: The staff member who typically prepared the report was out on medical leave during this period.

Effect: The Airport, a component unit of the City, was out of compliance with award requirements which could jeopardize its ability to be reimbursed for this award or obtain additional awards in the future.

Questioned Costs: None. Reported finding is for noncompliance in the reporting compliance requirement that does not affect the amount expended or received for the federal award.

Perspective: All other quarterly reports sampled were appropriately submitted timely. When we brought this issue to the attention of management they submitted the quarterly report late.

Recommendation: The Airport, a component unit of the City, should develop a process to ensure reports are submitted timely for all awards including re-assigning tasks when personnel are on leave.

Management Response: Airport management has set up a process whereby the quarterly reports are reviewed by another team member to ensure the reports are completed and submitted in the time frame required by the Federal Aviation Administration. This review will be completed by the Accounting Manager who understands the importance of submitting the information and, if they are not completed, will complete and submit the reports. Any issues or omissions observed by the Accounting Manager with submitting the required reports will be reported to the Director of Finance and Administration for further follow-up with the staff member who is primarily responsible for this task.

2025-002 DISALLOWED COSTS

ALN 97.083 Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program
U.S. Department of Homeland Security
Federal Emergency Management Agency (FEMA)
Federal Award No. EMW-2022-FF-00868
2024/2025 Funding

Criteria: 2 CFR 200.303(a) requires non-federal entities to establish and maintain effective internal controls over federal awards. The award terms allow for reimbursement of personnel costs including wages, the employer portion of payroll taxes, and fringe benefits (health insurance, life insurance, and retirement benefits. Compensation for a firefighter's normal, contracted work schedule is reimbursable, but overtime costs are not eligible for reimbursement by the SAFER grant award (including overtime for holdovers, extra shifts, to attend training, etc.). Only costs for overtime that the fire department routinely pays as a part of the base salary or a firefighter's regularly scheduled and contracted shift hours, in order to comply with the Fair Labor Standards Act (FLSA), are eligible.

Semi-annual financial reporting is required of all grant award recipients (per the award agreement terms).

Condition: There was no independent review of reimbursement requests or semi-annual financial reports prior to submission to the grantor. Reimbursement requests included disallowed costs related to overtime (associated fringe benefits expense) but not the overtime itself. Additionally, semi-annual financial reports were based on reimbursement requests which resulted in reporting errors.

Cause: There was no independent review of reimbursement requests or semi-annual financial reports prior to submission to the grantor.

Effect: Lack of review increases the likelihood that reports are incomplete, inaccurate, or not submitted timely. Reimbursement requests and financial reports included errors and the City was inadvertently reimbursed for disallowable costs

Questioned Costs: Known questioned costs are \$10,551. Questioned costs computed through recalculation of fiscal year 2025 reimbursement requests.

Perspective: Disallowed costs impacted all fiscal year 2025 reimbursement requests and semi-annual financial reports.

Recommendation: Independent review of program reimbursement requests and reports should be consistently performed and documented prior to submission the grantor.

Management Response: The City agrees with this finding and will establish internal procedures for review of program reimbursement requests before submission to the grantor. The Grant Compliance Manager will prepare the reimbursement requests and semi-annual reports and provide to the Director of Finance for review and approval prior to submission. This corrective action will take effect immediately.

Section IV–State Project Findings and Questioned Costs

No matters were reported.

Section V–Prior Findings and Questioned Costs for Federal Awards

No matters were reported.



CORRECTIVE ACTION PLAN

March 17, 2026

The City of Melbourne, Florida (the "City") respectfully submits the following corrective action plan for the year ended September 30, 2025.

Carr, Riggs & Ingram, L.L.C.
7506 Lynx Way Suite 201
Melbourne, Florida 32940

Audit Period: Fiscal year October 1, 2024 - September 30, 2025

The findings from the schedule of findings and questioned costs dated March 17, 2026 are discussed below. The findings are numbered consistently with the number assigned in the schedule.

2025-001: REPORTING

ALN 20.106 Airport Improvement Program
U.S. Department of Transportation
Federal Aviation Administration
Federal Award No. 3-12-0046-064-2024
2024/2025 Funding

Recommendation: The Airport, a component unit of the City, should develop a process to ensure reports are submitted timely for all awards including re-assigning tasks when personnel are on leave.

Corrective Action: Airport management has set up a process whereby the quarterly reports are reviewed by another team member to ensure the reports are completed and submitted in the time frame required by the Federal Aviation Administration. This review will be completed by the Accounting Manager who understands the importance of submitting the information and, if they are not completed, will complete and submit the reports. Any issues or omissions observed by the Accounting Manager with submitting the required reports will be reported to the Director of Finance and Administration for further follow-up with staff member who is primarily responsible for this task.

Responsible Party: Mike O'Dell, Director of Finance & Administration

Date Expected to Be Corrected: March 17, 2026

2025-002: DISALLOWED COSTS

ALN 97.083 Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program
U.S. Department of Homeland Security
Federal Emergency Management Agency (FEMA)
Federal Award No. EMW-2022-FF-00868
2024/2025 Funding

Recommendation: Independent review of program reimbursement requests and reports should be consistently performed and documented prior to submission the grantor.

Corrective Action: The City agrees with this finding and will establish internal procedures for review of program reimbursement requests before submission to the grantor. The Grant Compliance Manager will prepare the reimbursement requests and semi-annual reports and provide to the Director of Finance for review and approval prior to submission. This corrective action will take effect immediately.

Responsible Party: Rebecca Thibert, Grant Compliance Monitor

Date Expected to Be Corrected: March 17, 2026



Carr, Riggs & Ingram, L.L.C.
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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, (the "City") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 17, 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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 17, 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. No recommendations were 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 City of Melbourne, Florida was established by Chapter 69-879, Law of Florida, Special Acts 1969. The City included the following component units: Downtown Community Redevelopment Agency created under Ordinance No. 1982-38 on August 24, 1982, Babcock Street Community Redevelopment Agency created under Resolution No. 1529 on December 2, 1997, Olde Eau Gallie Riverfront Community Redevelopment Agency created under Resolution No. 1627 on September 12, 2000, and the Melbourne Orlando International Airport created by Ordinance No. 67-7.

Financial Condition and Management

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

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

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

Special District Component Units

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

Specific Information (Unaudited)

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as **53**
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as **1**
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency. **\$6,419,477**
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency. **\$5,734**
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin after October 1 of the fiscal year being reported, together with the total expenditures for such projects.

Project	Expenditures	Estimated Expenditures
50025 TERMINAL MECHANICAL & ELECTRICAL	\$ 0	\$ 5,500,000
50026 AIRFIELD LIGHT VAULT MODIFICATION	0	2,350,683
50120 TAXIWAY S IMPROVEMENTS PH 1	0	3,400,000
50122 AEROSPACE DRIVE LIFT STATION	0	185,000
50125 Operations and Maintenance Facility	0	5,555,000
50126 RENT A CAR-READY RETURN LOT	0	5,000,000
50225 MISCELLANEOUS TAXIWAY & APRON REHAB	0	100,000
50226 RENT A CAR-QUICK TURNAROUND FACILIT	0	500,000
50326 TERMINAL ATRIUM ROOF REPLACEMENT	0	1,000,000
50419 REPLACE SECURITY SYSTEM DESIGN PH 1	0	461,959
50425 CANOPY & POLE LIGHTING FIXTURES	0	90,000
50426 CONCOURSE SEATING & ELECTRIC UPGRAD	0	450,000
50526 PARKING LOT REHAB - WOODY BURKE	0	300,000
50626 SECURITY CAMERAS	0	200,000
50724 COMMERCIAL ROOF REPLACEMENT	0	700,000
50726 TERMINAL STORAGE ROOM MODIFICATION	0	125,000
50824 AIRPORT FIRE STATION OVERHEAD DOOR	0	120,000
50826 PARKING LOT LIGHTING-100 AEROSPACE	0	100,000
54120 NORTHSIDE EXPANSION	0	9,285,958
Total	\$ 0	\$ 35,423,600

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Four

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes:

	Original Budget	Final Budget	Airport Actuals	Variance with Final Budget- Positive/ (Negative)
OPERATING REVENUES				
Airfield and hangar fees	\$ 3,442,482	\$ 3,442,482	\$ 3,683,402	\$ 240,920
Terminal and area building fees	5,315,868	5,315,868	5,231,273	(84,595)
Commercial business center fees	11,987,157	11,987,157	11,885,582	(101,575)
Tropical Haven fees	-	-	685,965	685,965
International/U.S. Customs/Foreign trade zone fees	689,375	689,375	603,983	(85,392)
Other	40,076	40,076	56,148	16,072
Total operating revenues	21,474,958	21,474,958	22,146,353	671,395
OPERATING EXPENSES				
Salaries, wages and employee benefits	6,841,104	6,786,550	6,419,477	367,073
Contractual services, materials and supplies	16,306,815	18,309,530	14,854,142	3,455,388
Depreciation and amortization*	-	-	11,419,689	(11,419,689)
Total operating expenses	23,147,919	25,096,080	32,693,308	(7,597,228)
Operating loss	(1,672,961)	(3,621,122)	(10,546,955)	(6,925,833)
NONOPERATING REVENUES (EXPENSES)				
Federal and State grants	-	-	1,880	1,880
Passenger facility charges	1,419,771	1,419,771	1,320,752	(99,019)
Investment earnings	2,640,110	2,640,110	2,507,808	(132,302)
Customer facility charges	1,266,057	1,266,057	1,540,320	274,263
Interest expense	(277,400)	(277,400)	(249,803)	27,597
Gain on sale/disposal of capital assets	33,380	33,380	37,443,955	37,410,575
Other nonoperating revenue (expense)	(32,707)	(32,707)	(15,443)	17,264
Total nonoperating revenues (expenses)	5,049,211	5,049,211	42,549,469	37,500,258
Income before contributions	3,376,250	1,428,089	32,002,514	30,574,425
Capital contributions	97,147,457	110,694,084	32,911,028	(77,783,056)
Change in net position	100,523,707	112,122,173	64,913,542	(47,208,631)
Total net position, October 1	231,510,433	231,510,433	231,510,433	-
Total net position, September 30	\$ 332,034,140	\$ 343,632,606	\$ 296,423,975	\$ (47,208,631)

* The Airport does not budget for depreciation and amortization

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Five

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The millage rate or rates imposed by the District. **None**
- b. The total amount of ad valorem taxes collected by or on behalf of the District. **None**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as:
 - Melbourne Orlando International Airport, Series 2021A, interest at a fixed rate of 1.95% and maturing on May 1, 2031. **\$ 6,789,000**
 - Melbourne Orlando International Airport, series 2021B, interest at a fixed rate of 1.95% and maturing May 1, 2029. **\$ 4,500,000**

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)8., Rules of the Auditor General, the Melbourne Orlando International Airport reported:

- a. The rate or rates of non-ad valorem special assessments imposed by the District as **None**
- b. The total amount of special assessments collected by or on behalf of the District as **None**
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as **None**

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 have occurred, or are likely to have occurred, that have 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 Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Rigg & Ingram, L.L.C.

Melbourne, Florida
March 17, 2026



Carr, Riggs & Ingram, L.L.C.
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida

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

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

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

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

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

This report is intended solely for the information and use of 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.

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
March 17, 2026

SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B
- Water and Sewer Improvement Revenue Bonds, Series 2021
- Water and Sewer Refunding Revenue Bonds, Series 2022
- Water and Sewer Improvement Revenue Bonds, Series 2023





SECONDARY MARKET DISCLOSURE FOR THE YEAR ENDED SEPTEMBER 30, 2025

General

The City of Melbourne (the “City”) is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Refunding Revenue Bonds, Series 2016A, Water and Sewer Refunding Revenue Bonds, Series 2016B, Water and Sewer Improvement Revenue Bonds, Series 2021, Water and Sewer Refunding Revenue Bonds, Series 2022, and Water and Sewer Improvement Revenue Bonds, Series 2023. Rule 15c2-12 promulgated by the Securities and Exchange Commission requires ongoing disclosure for bonds sold on or after July 3, 1995. This report provides financial and operational data as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System (the “System”). Potable water is provided to two different service areas, one being the “Mainland,” consisting of all areas west of the Indian River, and the other being the “Beach,” consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 88,499), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City’s two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City’s water distribution system consists of approximately 165 miles of six (6) to 36-inch diameter transmission mains, and about 701 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne	\$ 5,732,491
Holmes Regional	474,715
Florida Institute of Technology	368,805
School Board of Brevard County	275,429
Northrop Grumman Systems Corp	165,671
We Harbours LLC	129,234
Orlando Health INC	119,638
The Meadows	113,669
Eastern Florida State College	110,136
Wickham Road Owner LLC	108,493

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Year	Number of Accounts ⁽¹⁾	Historic Water Flows (MGD)	
		Average Day Demand	Maximum Day Demand
2021	59,433	16.7	20.8
2022	59,604	17.9	20.9
2023	59,566	17.7	20.5
2024	59,717	18.0	20.4
2025	59,823	20.0	20.2

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 260 miles of gravity and 64 miles of force collection mains, 96 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional	\$ 709,276
Florida Institute of Technology	550,557
Northrop Grumman Systems Corp	247,388
School Board of Brevard County	233,240
We Harbours LLC	193,016
Orlando Health INC	178,071
The Meadows	169,752
Wickham Road Owner LLC	162,060
Topaz Tuscana TIC 6 LLC	156,064
Melbourne Hotel XL Owner LLC	153,098

The table below summarizes the historical wastewater flows.

Year	Number of Accounts ⁽¹⁾	Historic Wastewater Flows (MGD)		
		D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2021	29,633	4.22	3.16	7.38
2022	29,688	4.30	3.41	7.71
2023	29,614	4.40	3.57	7.97
2024	29,680	4.26	3.45	7.71
2025	29,727	4.16	3.21	7.37

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 36 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF") has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the "Grant Street WRF") has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2025, there were 654 accounts in the reclaimed water system, of which 465 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2021	649	1.70	0.58	2.28
2022	654	1.86	0.68	2.54
2023	640	1.76	0.63	2.39
2024	650	1.71	0.62	2.33
2025	654	1.76	0.71	2.47

(1) Average number of accounts for each of the fiscal years ended September 30.

Water Rates

The rate charged for potable water service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer's location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
July 1, 2023	\$ 9.12	\$ 10.03
October 1, 2024	9.85	10.83
October 1, 2025	10.88	11.97

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer's service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
July 1, 2023	\$ 5.21	\$ 5.72
October 1, 2024	5.63	6.18
October 1, 2025	6.22	6.84

Sewer Rates

The rate charged for sewer service to each customer consists of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the City periodically for the premise, which serves as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
July 1, 2023	\$ 13.49	\$ 16.85
October 1, 2024	14.57	18.20
October 1, 2025	15.59	19.49

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
July 1, 2023	\$ 7.81	\$ 9.76
October 1, 2024	8.43	10.54
October 1, 2025	9.02	11.28

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, are charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of previous area (after first ½ acre)
October 1, 2023	\$ 14.50	\$ 58.00
October 1, 2024	15.30	61.20
October 1, 2025	15.30	61.20

The rate charged for all new customers of reclaimed water after May 1, 2008 consists of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed Water System Rates for New Customers	
Effective Date	Monthly service charge
October 1, 2023	\$ 9.00
October 1, 2024	9.60
October 1, 2025	9.60

In addition to the above established service charge, each customer pays a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly Charge
October 1, 2023	\$.60
October 1, 2024	.64
October 1, 2025	.64

Each customer requesting reclaimed water service from the City, prior to the installation of a flow meter for each connection to the reclaimed water main, pays the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use results in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the City's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the City's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Water Connection Charge
$\frac{3}{4}$	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system, prior to connection to the system, pays the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use results in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute §760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the City's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the City's sewer system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the City's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with City code. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2025)

Service Provider	Water charge					Sewer charge					Combined water and sewer charge				
	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons
City of Melbourne	\$10.88	\$23.32	\$41.98	\$73.08	\$104.18	\$15.59	\$33.63	\$60.69	\$105.79	\$150.89	\$26.47	\$56.95	\$102.67	\$178.87	\$255.07
Brevard County	23.67	\$23.67	38.47	82.17	135.92	30.50	43.40	62.75	95.00	107.90	54.17	67.07	101.22	177.17	243.82
City of Cocoa	17.66	25.84	38.11	78.31	135.46	21.18	38.34	64.08	106.98	124.14	38.84	64.18	102.19	185.29	259.60
City of Palm Bay	16.44	24.84	37.44	64.64	102.39	26.23	41.47	64.33	102.43	102.43	42.67	66.31	101.77	167.07	204.82
City of Titusville	12.39	20.41	32.44	62.54	102.69	18.06	37.22	65.96	113.86	161.76	30.45	57.63	98.40	176.40	264.45
City of Vero Beach	14.53	16.73	26.67	48.77	84.19	35.53	48.41	67.73	99.93	112.81	50.06	65.14	94.40	148.70	197.00
City of West Melbourne	15.75	32.67	58.75	104.39	153.05	14.45	24.45	39.45	64.45	89.45	30.20	57.12	98.20	168.84	242.50

Data prepared by City of Melbourne Financial Services Department

Historical Bond Service Coverage	For Fiscal Years Ending September 30,				
	2021	2022	2023	2024	2025
Revenues					
Water sales	31,882,976	32,851,819	34,530,342	38,341,314	40,168,922
Sewer charges	21,075,990	21,056,012	22,881,566	25,313,290	26,257,245
Other revenues	2,359,507	2,656,118	3,210,416	2,535,751	8,891,579
Interest income	1,252,144	515,968	1,864,746	6,632,530	6,701,891
Total Operating Revenues⁽¹⁾	56,570,617	57,079,917	62,487,070	72,822,885	82,019,637
Operating Expense					
Salaries, wages and employee benefits	12,433,007	14,711,708	17,143,320	16,028,094	17,308,605
Other post employment benefits	19,394	19,287	11,594	1,392	270,562
Contractual services, materials, supplies	16,963,988	19,072,620	21,470,533	26,547,890	27,547,837
Total Operating Expense⁽¹⁾	29,416,389	33,803,615	38,625,447	42,577,376	45,127,004
Net Operating Income⁽¹⁾	27,154,228	23,276,302	23,861,623	30,245,509	36,892,633
Available Impact Fees⁽¹⁾	2,721,808	2,028,210	2,217,255	2,246,433	1,197,667
Available for Debt Service	\$29,876,036	\$25,304,512	\$26,078,878	\$32,491,942	\$38,090,300
Annual Debt Service Requirement					
Series 2002B	\$ 3,440,000	\$ 3,435,000	\$ 4,600,000	\$ 4,600,000	\$ 4,600,000
Series 2012	249,250	247,200	-	-	-
Series 2013	673,500	668,100	-	-	-
Series 2014	962,125	968,810	-	-	-
Series 2016A	1,486,000	1,487,000	1,486,250	1,483,750	1,484,500
Series 2016B	723,250	723,250	723,250	723,250	723,250
Series 2020 ⁽²⁾	412,755	270,903	-	-	-
Series 2021 ⁽²⁾	1,518	259,295	338,249	338,838	341,272
Series 2022 ⁽²⁾	-	175,732	1,137,994	1,350,814	1,356,635
Series 2023 ⁽²⁾	-	-	-	3,169,855	3,897,975
Total Debt Service	\$ 7,948,398	\$ 8,235,290	\$ 8,285,743	\$11,666,507	\$12,403,632
Coverage					
Net Revenue 100% Test	342%	283%	288%	259%	297%
With Impact Fees 115% Test	376%	307%	315%	279%	307%

(1) Calculated according to the bond ordinance and therefore not consistent with GAAP.

(2) Prorated for current fiscal year due to November, 15 payment date.

Respectfully submitted,



Jenni Lamb
City Manager

