

**TOWN OF MELBOURNE BEACH, FLORIDA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2024**

**Financial Section**

Independent Auditors' Report.....	1 - 3
Management's Discussion and Analysis.....	4 - 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	13
Statement of Activities .....	14
Fund Financial Statements	
Balance Sheet—Governmental Funds.....	15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	19
Budget and Actual – ARPA Fund .....	20
Statement of Fiduciary Net Position – Fiduciary Funds .....	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	22
Notes to Financial Statements .....	23 - 47
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios.....	48
Schedule of Changes in Net Pension Liability and Related Ratios .....	49
Schedule of Contributions .....	50
Schedule of Investment Returns.....	51
Schedule of Proportionate Share of Net Pension Liability – FRS/HIS .....	52
Schedule of Contributions – FRS/HIS .....	53
Combining Nonmajor Governmental Funds Financial Statements	
Combining Balance Sheet—Nonmajor Governmental Funds .....	54
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances—Nonmajor Governmental Funds.....	55

**Compliance Section**

Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i> .....	56 - 57
Independent Auditors' Management Letter Required by Chapter 10.550, Rules of the State of Florida Office of the Auditor General .....	58 - 60
Independent Accountants' Examination Report.....	61



## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Town Commission,  
Town of Melbourne Beach, Florida:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Melbourne Beach, Florida, (the Town), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information 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.

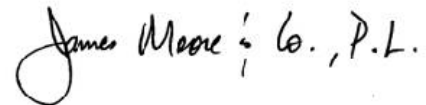
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 nonmajor governmental funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
March 19, 2025

## **Town of Melbourne Beach, Florida Management's Discussion and Analysis**

As management of the Town of Melbourne Beach (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2024.

### **Financial Highlights**

- The assets of the Town of Melbourne Beach exceeded its liabilities at the close of the 2024 fiscal year by \$13,032,089 (net position). Of this amount, \$7,958,598 is net investment in capital assets while restricted net position is \$327,962. \$4,745,529 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net position increased \$570,203 from the previous year.
- As of the close of fiscal year 2024, the Town's governmental funds reported combined ending fund balances of \$6,440,488, an increase of \$550,859 in comparison with the prior year. While \$1,342,606 represents the portion restricted by outside parties, \$1,685,517 is assigned for capital improvements and town parks, and \$3,190,579 of the governmental funds balance is available for spending at the government's discretion (unassigned fund balance). An additional \$181,050 of governmental fund balance is non-spendable for current obligations, and \$40,736 is committed for stormwater utility.
- At the end of the 2024 fiscal year, unassigned fund balance for the general fund was \$3,190,579 or 76.2% of total general fund expenditures.
- The Town's total long-term liabilities decreased by \$338,986 during the 2024 fiscal year. This reflects primarily the repayment of outstanding balances for bonds and notes.

### **Overview of the Financial Statements**

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

#### Government-wide financial statements

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

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

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., uncollected taxes and earned but unused vacation leave). The governmental activities of the Town include general government, public safety, physical environment, and recreation. The government-wide financial statements can be found on pages 13-14 of this report.

## 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 Town, 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 Town can be divided into two categories: governmental 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 financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains 15 individual governmental funds, including the General Fund, American Rescue Plan, Capital Projects Fund, two Debt Service Funds (combined), Police Education, Police Donations, Building Education, Stormwater Utility, Old Town Hall, Ocean State Park, Ryckman Crossover Parking, Environmental Advisor, Beautification, and Christmas Donations. The General Fund, American Rescue Plan, two Debt Service Funds (combined), and Capital Projects Fund are reported as major 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 major funds. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15-18 of 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 Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 21-22 of this report.

## 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. The notes to the financial statements can be found on pages 23-47 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 48-53 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 54-55 of this report.

### **Government-wide Financial Analysis**

The following is a summary of the Town's governmental activities net position for each of the past two years:

	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	\$ 6,781,459	\$ 5,974,378
Capital assets, net	8,799,309	9,305,940
	<u>\$ 15,580,768</u>	<u>\$ 15,280,318</u>
Total assets		
Deferred outflows of resources	<u>\$ 373,414</u>	<u>\$ 632,246</u>
Liabilities		
Current liabilities	\$ 85,266	\$ 90,215
Noncurrent liabilities	1,820,355	2,145,943
Total liabilities	<u>\$ 1,905,621</u>	<u>\$ 2,236,158</u>
Deferred inflows of resources	<u>\$ 1,016,472</u>	<u>\$ 692,454</u>
Net position		
Net investment in capital assets	\$ 7,958,598	\$ 8,143,835
Restricted	327,962	465,279
Unrestricted	4,745,529	3,852,772
Total net position	<u>\$ 13,032,089</u>	<u>\$ 12,461,886</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$13,032,089 at the close of the 2024 fiscal year. By far the largest portion of the Town's net position (61.1% percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure and improvements), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net 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.

Of the remaining net position, \$327,962 represents resources that are subject to external restrictions on how they may be used. These restrictions relate primarily to externally imposed restrictions on funding for debt and capital purposes. The remaining balance of the net position which represents amounts available to meet the Town's ongoing obligations to citizens and creditors at the discretion of the Commission is \$4,745,529 for the 2024 fiscal year.



The following is a summary of the changes in the Town's governmental activities net position for each of the past two years:

	<u>2024</u>	<u>2023</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 525,962	\$ 639,316
Operating Grants	245,488	222,166
Capital Grants	6,000	5,000
General Revenues:		
Property taxes	2,714,077	2,945,198
Sales and use taxes	389,636	386,941
Franchise and utility taxes	311,220	314,292
Public services taxes	398,207	390,775
Insurance premium taxes	50,513	52,693
State revenue sharing	111,303	116,123
Investment earnings (loss)	28,611	23,809
Miscellaneous revenues	24,119	14,931
Total Revenues	<u>4,805,136</u>	<u>5,111,244</u>
Expenses:		
General government	1,564,486	1,505,066
Public safety	1,829,234	1,975,386
Physical environment	539,412	488,811
Culture/recreation	262,048	236,718
Interest on long-term debt	39,753	53,440
Total Expenses	<u>4,234,933</u>	<u>4,259,421</u>
Changes in net position	570,203	851,823
Beginning net position	<u>12,461,886</u>	<u>11,610,063</u>
Ending net position	<u>\$ 13,032,089</u>	<u>\$ 12,461,886</u>

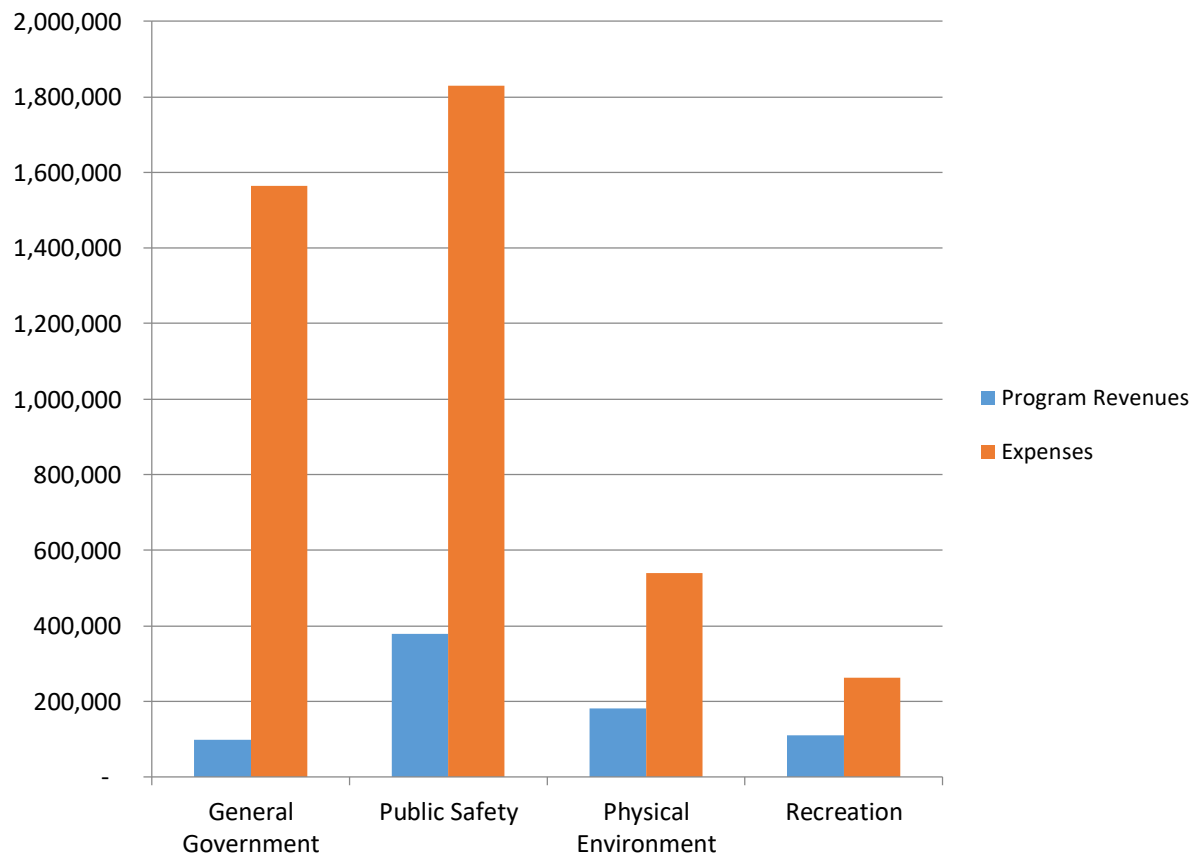
#### Governmental activities

Governmental activities increased the Town's net position by \$570,203, a smaller increase than in the prior year. This change is primarily attributable to decreases in property tax revenues and decreases in charges for services.

- The Town's total revenues related to governmental activities decreased by \$306,108 from the prior year. Factors that contributed to a decrease in revenues are a decrease in property tax revenues of approximately \$230,000 as well as a decline in charges for services.
- Expenses related to governmental activities decreased by \$24,488 from the prior year. This is primarily related to a decrease in public safety expenses, which decreased primarily due to decreased pension expenses in the current year.

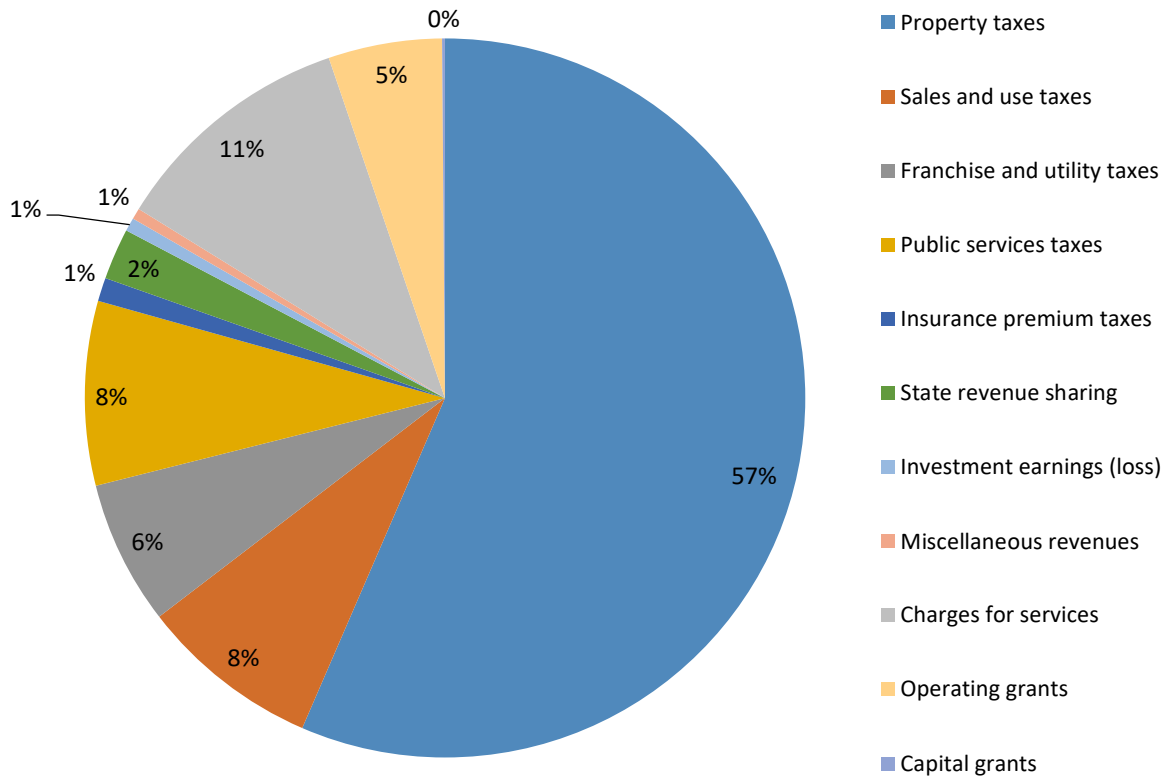
## Expenses and Program Revenues - Governmental Activities

The following chart summarizes the Town's program revenues and expenses by function:



## Revenues by Source - Governmental Activities

The following chart summarizes the Town's revenues by source:



## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town'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 2024, the Town's governmental funds reported combined ending fund balances of \$6,440,488, an increase of \$550,859 in comparison with the prior year. As of the end of fiscal year 2024, \$181,050 of the fund balance is designated as non-spendable to indicate that it is not available for new spending because it has already been spent on prepaid items. A portion of the fund balances is restricted in use by outside parties for the following: \$91,898 for debt purposes; \$3,358 for historic preservation; \$1,011,524 for stormwater construction; \$92,975 for Ocean State Park; \$40,884 for beautification; \$12,841 for environmental advisory; \$15,399 for law enforcement education; \$32,349 for building department operations; and \$20,885 for Old Town Hall. Additionally, \$1,685,517 has been

assigned by the Town Commission for capital improvements and town parks, and \$40,736 has been committed to stormwater utility. The remaining amount, \$3,190,579 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Town. At the end of the 2024 fiscal year, unassigned fund balance of the general fund was \$3,190,579 while total general fund balance was \$3,424,463. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. An excess of revenues over expenditures of \$997,836 was partially offset by \$696,999 of transfers to other funds during the year.

The American Rescue Plan fund has no remaining fund balance at the end of the 2024 fiscal year. The American Rescue Plan fund received revenues that were to be earned to the extent of expenditures in accordance with the Town's subrecipient agreement for approximately \$1.65 million on Coronavirus State and Local Fiscal Recovery Funds. All related revenues have been earned due to the standard allowance of expenditures for payroll expenditures. The remaining balance of \$704,647 in the fund was transferred to the capital projects fund in the current year to be used on future capital projects.

The Debt Service Fund has a fund balance of \$91,898. The net change during the current year in the debt service fund was (\$189,459). The decrease was due to the collection funds and required transfers in less than the amount due for FY2024. Any additional monies collected will be used to prepay the debt.

The Capital Projects Fund has a fund balance of \$2,651,283. The net change in fund balance during the current year in the capital projects fund was \$1,185,980. The increase was due primarily to the transfer of funds for future projects. There were minimal capital projects and other improvements in FY2024.

The Nonmajor Funds have a fund balance of \$272,844 at the end of the year. The net change during the current year in the funds was \$6,886.

### **General Fund Budgetary Highlights**

Although the Town inputs the budget by line item, the tracking of the budget is done at the department level. Department budgeting allows management to check budgets for negatives by classifications in accordance with the State of Florida's Uniform Accounting System Manual.

### **Capital Asset and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental funds as of September 30, 2024, amounts to \$8,799,309 (net of accumulated depreciation). This represents a net decrease of \$506,631. The current year additions include \$4,990 of improvements, \$216,867 of equipment and \$15,913 in infrastructure. Disposals totaled \$910,507 and including disposals of equipment, improvements, and infrastructure. The majority of the disposals were related to the removal of old capital assets no longer in service. The Town had no projects under construction at the end of 2024. Current year depreciation expense totaled \$535,312.

The following summaries the Town's capital assets as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Capital assets, not being depreciated –		
Land	\$ 897,742	\$ 897,742
Construction in progress	-	-
Total capital assets, not being depreciated	<u>897,742</u>	<u>897,742</u>
Capital assets, being depreciated –		
Buildings and improvements	4,668,169	4,832,282
Equipment	2,564,906	2,993,244
Infrastructure	<u>8,230,607</u>	<u>8,310,893</u>
Total capital assets, being depreciated	15,463,682	16,136,419
Less: accumulated depreciation	<u>(7,562,115)</u>	<u>(7,728,221)</u>
Total capital assets, being depreciated, net	7,901,567	8,408,198
Governmental activities capital assets, net	<u>\$ 8,799,309</u>	<u>\$ 9,305,940</u>

Additional information on the Town's capital assets can be found in Note (7) on page 33 of this report.

**Long-term Debt.** At the end of the 2024 fiscal year, the Town had total bonded debt and notes payable principal outstanding of \$840,711.

The following summaries the Town's long-term debt (excluding the net pension liability and total OPEB liability) as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Notes and bonds payable	\$ 790,000	\$ 1,102,000
Less deferred amounts:		
Original issue premium	61,060	73,951
Original issue (discount)	<u>(10,349)</u>	<u>(13,846)</u>
Total notes and bonds payable	840,711	1,162,105
Compensated absences	<u>326,855</u>	<u>344,447</u>
Total	<u>\$ 1,167,566</u>	<u>\$ 1,506,552</u>

The Town's long-term liabilities decreased by \$339,000 during the current fiscal year. This decrease was primarily attributable to repayment of bonds and notes.

Additional information on the Town's long-term liabilities can be found in Note (8) on page 34 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The Town Commission approved a millage rate of 4.5700 for Fiscal Year 2024. The millage rate for Fiscal Year 2023 was 4.5800. The taxable value of real property increased by 9.8% percent for Fiscal Year 2024 and is expected to increase in Fiscal Year 2025.

## **Other Factors**

The Building Department continues to receive permits daily for new home construction, major and minor remodels and pool installations. The Town continues to focus on upgrading its roads, stormwater system, parks, and services to the residents of our community. The Parking Kiosks that were installed at Ryckman Park and Ocean Park for paid parking located at Ryckman Park, Ocean Park, and the dune crossovers continue to bring in consistent revenue for Ocean Park, Ryckman Park, and dune crossover maintenance. The Fire Department continues to provide fire protection, emergency medical care, and other emergency and non-emergency services to the citizens within the community. Funds continue to be set aside for the repaving of roads, dune crossovers, and Community Center upgrades which enables Public Works to continue to improve the Town.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, 507 Ocean Avenue, Melbourne Beach, Florida 32951.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
**SEPTEMBER 30, 2024**

**ASSETS**

Cash and cash equivalents	\$ 4,995,690
Investments	509,462
Receivables, net	91,344
Due from other governments	745,088
Prepays	181,050
Restricted assets:	
Net pension asset	258,825
Capital assets:	
Non-depreciable capital assets	897,742
Other capital assets, net of depreciation	7,901,567
Total assets	<u>\$ 15,580,768</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pensions	\$ 337,640
Deferred outflows related to OPEB	35,774
Total deferred outflows of resources	<u>\$ 373,414</u>

**LIABILITIES**

Accounts payable	\$ 56,347
Accrued payroll and employee benefits	12,748
Customer deposits	5,688
Unearned revenue	7,363
Accrued interest payable	3,120
Noncurrent liabilities:	
Due within one year:	
Bonds and notes payable	231,000
Compensated absences	163,428
Due in more than one year:	
Bonds and notes payable	609,711
Compensated absences	163,427
Total OPEB liability	65,260
Net pension liability	587,529
Total liabilities	<u>\$ 1,905,621</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to pensions	\$ 988,720
Deferred inflows related to OPEB	27,752
Total deferred inflows of resources	<u>\$ 1,016,472</u>

**NET POSITION**

Net investment in capital assets	\$ 7,958,598
Restricted for:	
Debt service	88,778
Capital projects	24,243
Law enforcement	15,399
Fire department	20,493
Ocean Park	92,975
Beautification	40,884
Environmental advisory	12,841
Building department education	32,349
Unrestricted	4,745,529
Total net position	<u>\$ 13,032,089</u>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,564,486	\$ 35,716	\$ 61,767	\$ -	\$ (1,467,003)
Public safety	1,829,234	318,656	60,710	6,000	(1,443,868)
Transportation	-	3,900	-	-	3,900
Physical environment	539,412	58,017	123,011	-	(358,384)
Culture and recreation	262,048	109,673	-	-	(152,375)
Interest on long-term debt	39,753	-	-	-	(39,753)
Total governmental activities	<u>\$ 4,234,933</u>	<u>\$ 525,962</u>	<u>\$ 245,488</u>	<u>\$ 6,000</u>	<u>(3,457,483)</u>
General revenues:					
Property taxes					2,714,077
Sales and use taxes					389,636
Franchise and utility taxes					311,220
Public service taxes					398,207
Insurance premium taxes					50,513
State revenue sharing					111,303
Investment earnings (loss)					28,611
Miscellaneous revenues					24,119
Total general revenues					<u>4,027,686</u>
Change in net position					570,203
Net position - beginning					<u>12,461,886</u>
Net position - ending					<u>\$ 13,032,089</u>

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



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	General	American Rescue Plan	Debt Service	Capital Projects	Other Nonmajor Governmental	Total Governmental Funds
<b>ASSETS</b>						
Equity in pooled cash and cash equivalents	\$ 2,635,874	\$ 5,063	\$ 91,898	\$ 1,983,244	\$ 279,611	\$ 4,995,690
Investments	509,462	-	-	-	-	509,462
Receivables, net	91,344	-	-	-	-	91,344
Due from other governments	76,354	-	-	668,039	695	745,088
Prepaid items	181,050	-	-	-	-	181,050
Total assets	<u>\$ 3,494,084</u>	<u>\$ 5,063</u>	<u>\$ 91,898</u>	<u>\$ 2,651,283</u>	<u>\$ 280,306</u>	<u>\$ 6,522,634</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 43,822	\$ 5,063	\$ -	\$ -	\$ 7,462	\$ 56,347
Accrued liabilities	12,748	-	-	-	-	12,748
Customer deposits	5,688	-	-	-	-	5,688
Unearned revenue	7,363	-	-	-	-	7,363
Total liabilities	<u>69,621</u>	<u>5,063</u>	<u>-</u>	<u>-</u>	<u>7,462</u>	<u>82,146</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	181,050	-	-	-	-	181,050
Restricted for:						
Fire department	20,493	-	-	-	-	20,493
Debt service	-	-	91,898	-	-	91,898
Historic preservation	-	-	-	3,358	-	3,358
Stormwater construction	-	-	-	1,011,524	-	1,011,524
Ocean Park	-	-	-	-	92,975	92,975
Beautification	-	-	-	-	40,884	40,884
Environmental advisory	-	-	-	-	12,841	12,841
Law enforcement education	-	-	-	-	15,399	15,399
Building department	32,341	-	-	-	8	32,349
Old Town Hall	-	-	-	-	20,885	20,885
Committed to:						
Stormwater utility	-	-	-	-	40,736	40,736
Assigned to:						
Capital improvements	-	-	-	1,636,401	-	1,636,401
Town parks	-	-	-	-	49,116	49,116
Unassigned	3,190,579	-	-	-	-	3,190,579
Total fund balances	<u>3,424,463</u>	<u>-</u>	<u>91,898</u>	<u>2,651,283</u>	<u>272,844</u>	<u>6,440,488</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,494,084</u>	<u>\$ 5,063</u>	<u>\$ 91,898</u>	<u>\$ 2,651,283</u>	<u>\$ 280,306</u>	<u>\$ 6,522,634</u>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

**Fund balances - total governmental funds** \$ 6,440,488

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

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

Total governmental capital assets	16,361,424	
Less: accumulated depreciation	(7,562,115)	8,799,309

On the governmental fund statements, a net pension liability/asset is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Town's net pension liability/asset of the defined benefit pension plans is reported as a noncurrent liability/asset. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(587,529)	
Net pension asset	258,825	
Deferred outflows related to pensions	337,640	
Deferred inflows related to pensions	(988,720)	(979,784)

On the governmental fund statements, a total OPEB liability is not recorded unless an amount is due and payable (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the Town's total OPEB liability is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to OPEB are also reported.

Total OPEB liability	(65,260)	
Deferred outflows related to OPEB	35,774	
Deferred inflows related to OPEB	(27,752)	(57,238)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:

Bonds and notes payable	(840,711)	
Accrued interest payable	(3,120)	
Compensated absences	(326,855)	(1,170,686)

<b>Net position of governmental activities</b>		<u><u>\$ 13,032,089</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>General</b>	<b>American Rescue Plan</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Nonmajor Governmental</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ 3,714,884	\$ -	\$ 56,721	\$ -	\$ -	\$ 3,771,605
Licenses and permits	215,681	-	-	-	3,151	218,832
Intergovernmental	462,347	-	-	-	568	462,915
Charges for services	28,692	-	-	-	246,190	274,882
Fines and forfeitures	13,004	-	-	-	818	13,822
Investment income (loss)	28,611	-	-	-	-	28,611
Miscellaneous	26,969	-	-	-	1,496	28,465
Total revenues	<u>4,490,188</u>	<u>-</u>	<u>56,721</u>	<u>-</u>	<u>252,223</u>	<u>4,799,132</u>
<b>Expenditures</b>						
Current:						
General government	1,179,144	-	-	37,208	1,293	1,217,645
Public safety	1,760,655	-	-	-	14,409	1,775,064
Parks and recreation	48,153	-	-	-	93,035	141,188
Physical environment	415,602	-	-	5,987	97,524	519,113
Capital outlay	88,798	54,738	-	87,458	6,776	237,770
Debt service						
Principal	-	-	312,000	-	-	312,000
Interest and fiscal charges	-	-	48,920	-	-	48,920
Debt issuance costs	-	-	2,573	-	-	2,573
Total expenditures	<u>3,492,352</u>	<u>54,738</u>	<u>363,493</u>	<u>130,653</u>	<u>213,037</u>	<u>4,254,273</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>997,836</u>	<u>(54,738)</u>	<u>(306,772)</u>	<u>(130,653)</u>	<u>39,186</u>	<u>544,859</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	117,313	1,316,633	107,600	1,541,546
Transfers out	(696,999)	(704,647)	-	-	(139,900)	(1,541,546)
Proceeds from sale of capital assets	6,000	-	-	-	-	6,000
Total other financing sources (uses)	<u>(690,999)</u>	<u>(704,647)</u>	<u>117,313</u>	<u>1,316,633</u>	<u>(32,300)</u>	<u>6,000</u>
<b>Net change in fund balances</b>	<u>306,837</u>	<u>(759,385)</u>	<u>(189,459)</u>	<u>1,185,980</u>	<u>6,886</u>	<u>550,859</u>
<b>Fund balances, beginning of year</b>	3,117,626	759,385	281,357	1,465,303	265,958	5,889,629
<b>Fund balances, end of year</b>	<u>\$ 3,424,463</u>	<u>\$ -</u>	<u>\$ 91,898</u>	<u>\$ 2,651,283</u>	<u>\$ 272,844</u>	<u>\$ 6,440,488</u>

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

**TOWN OF MELBOURNE BEACH, 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, 2024**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 550,859</b>
Differences in amounts reported for governmental activities in the statement of activities are:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Capital outlay expenditures	237,770
Depreciation expense	(535,312)
Bond and loan proceeds are reported as financing sources in the governmental funds. However, the issuance of debt is reported as long-term debt payable in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment of debt principal reduces long-term liabilities in the statement of net position. These amounts are as follows:	
Principal repayment of general long-term debt	312,000
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.	
	(209,089)
Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future net pension liability. Also included in pension expense in the Statement of Activities are amounts required to be amortized.	
Change in net pension liability and deferred inflows/outflows related to pensions	198,774
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:	
Change in accrued interest on long-term debt	11,740
Change in total OPEB liability	(14,131)
Change in compensated absences liability	17,592
<b>Change in net position of governmental activities</b>	<b><u>\$ 570,203</u></b>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 3,632,562	\$ 3,632,562	\$ 3,714,884	\$ 82,322
Licenses and permits	271,550	271,550	215,681	(55,869)
Intergovernmental	422,800	422,800	462,347	39,547
Charges for services	24,525	24,525	28,692	4,167
Fines and forfeitures	12,700	12,700	13,004	304
Investment income (loss)	12,000	12,000	28,611	16,611
Miscellaneous	11,400	11,400	26,969	15,569
Total revenues	<u>4,387,537</u>	<u>4,387,537</u>	<u>4,490,188</u>	<u>102,651</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative	262,612	262,612	255,717	6,895
Executive	218,073	218,073	210,744	7,329
Finance	232,171	232,171	211,403	20,768
Legal	107,000	119,000	118,368	632
Grants & special projects	26,000	26,000	6,893	19,107
Contingency and other	677,573	665,572	446,949	218,623
Public Safety:				
Police	1,245,202	1,245,202	1,222,538	22,664
Fire	418,431	418,431	313,052	105,379
Building	215,696	215,696	217,235	(1,539)
Code enforcement	27,498	27,498	18,563	8,935
Parks and recreation	56,600	56,600	55,288	1,312
Physical environment	515,524	515,524	415,602	99,922
Total expenditures	<u>4,002,380</u>	<u>4,002,379</u>	<u>3,492,352</u>	<u>510,027</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>385,157</u>	<u>385,158</u>	<u>997,836</u>	<u>612,678</u>
<b>Other financing sources (uses)</b>				
Transfers in	194,000	214,817	-	(214,817)
Transfers out	(604,511)	(737,816)	(696,999)	40,817
Proceeds from sale of capital assets	800	800	6,000	5,200
Total other financing sources (uses)	<u>(409,711)</u>	<u>(522,199)</u>	<u>(690,999)</u>	<u>(168,800)</u>
<b>Net change in fund balances</b>	<u>(24,554)</u>	<u>(137,041)</u>	<u>306,837</u>	<u>443,878</u>
<b>Fund balances, beginning of year</b>	3,117,626	3,117,626	3,117,626	-
<b>Fund balances, end of year</b>	<u>\$ 3,093,072</u>	<u>\$ 2,980,585</u>	<u>\$ 3,424,463</u>	<u>\$ 443,878</u>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ARPA FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Current:				
Capital outlay	758,534	758,534	54,738	703,796
Total expenditures	758,534	758,534	54,738	703,796
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(758,534)</u>	<u>(758,534)</u>	<u>(54,738)</u>	<u>703,796</u>
<b>Other financing sources (uses)</b>				
Transfers out	-	(704,647)	(704,647)	-
Total other financing sources (uses)	-	(704,647)	(704,647)	-
<b>Net change in fund balances</b>	<u>(758,534)</u>	<u>(1,463,181)</u>	<u>(759,385)</u>	<u>703,796</u>
<b>Fund balances, beginning of year</b>	759,385	759,385	759,385	-
<b>Fund balances, end of year</b>	<u>\$ 851</u>	<u>\$ (703,796)</u>	<u>\$ -</u>	<u>\$ 703,796</u>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2024**

	<b>Municipal Police Officers' Retirement Trust Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents with trustee	\$     79,224
Investments, at fair value	
Mutual and pooled funds	5,295,154
Total assets	<hr/> <b>\$   5,374,378</b> <hr/>
<b>LIABILITIES</b>	
Prepaid employer contributions	<hr/> <b>\$     39,227</b> <hr/>
<b>NET POSITION</b>	
Restricted for pensions	<hr/> <b>\$   5,335,151</b> <hr/>

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

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Municipal Police Officers' Retirement Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 141,643
Plan members	32,805
State - insurance premium taxes	50,513
Total contributions	<u>224,961</u>
Investment earnings:	
Interest and dividends	135,378
Net appreciation (depreciation) in fair value of investments	926,999
Total investment earnings	<u>1,062,377</u>
Less: investment expense	(20,750)
Net investment income (loss)	<u>1,041,627</u>
Total additions	<u>1,266,588</u>
<b>Deductions</b>	
Benefit payments	306,381
Administrative expenses	23,719
Total deductions	<u>330,100</u>
<b>Change in net position</b>	<u>936,488</u>
<b>Net position restricted for pensions, beginning of year</b>	4,398,663
<b>Net position restricted for pensions, end of year</b>	<u><u>\$ 5,335,151</u></u>

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



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(1) Summary of Significant Accounting Policies:**

The financial statements of the Town of Melbourne Beach, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a municipal corporation created by the Laws of Florida, located in Brevard County. The Town was originally incorporated under the general Laws of Florida in 1923, and adopted its first charter in November 1973, under the provisions of Chapter 9833, Laws of Florida, Acts of 1923. The legislative branch of the Town is composed of an elected five-member Town Commission consisting of the Mayor and four commissioners. The Town Commission is governed by the Town Charter and by state and local laws and regulations. The Town Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed Town Manager.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Commission of the Town, the reporting entity of government for which the Town Commission is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations. The Town has no business-type activities.

The government-wide statement of activities reflects both the gross and net costs per functional category (public safety, physical environment, etc.), which are otherwise being supported by general government revenues (property, sales taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenue (property, sales taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds of the Town.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(1) Summary of Significant Accounting Policies:** (Continued)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the Town's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement, a reconciliation is presented on the pages following the Governmental Funds – Balance Sheet and the Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances, which briefly explains the adjustments necessary to transform the fund-based financial statements into the government-wide presentation.

The Town's fiduciary fund is presented in the fund financial statements by type (pension). Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

As a general rule, the effect of interfund Town activities has been eliminated from the government-wide financial statements.

**(c) Measurement focus and basis of accounting**—The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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 and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of all funds combined) for the determination of major funds.

The Town reports the following major governmental funds:

The ***General Fund*** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town are financed through revenues received by the General Fund.

The ***American Rescue Plan Fund*** is a special revenue fund used to account for revenues and expenditures funded by the American Rescue Plan Act of 2021.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. This fund type is used to provide for the debt service requirements of the Town's governmental long-term debt. The Town operates multiple debt service funds that account for all general fund debt service expenses.

The ***Capital Projects Fund*** is used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities or other capital assets. The Town operates multiple capital projects funds that account for all general fund capital outlay expenses.

Additionally, the Town reports the following fiduciary fund:

The ***Municipal Police Officer's Retirement Trust Fund*** accounts for the financial activities of the Police Officers' Retirement Trust Fund, which accumulates financial resources to pay pension benefits to qualified police officers.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The Town uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- i. Prior to September 1st, the Town Manager submits a preliminary budget to the Town Commission for the ensuing fiscal year.
- ii. Budget workshop sessions are scheduled by the Town Commission, as needed.
- iii. A general summary of the budget and notice of public hearing is published in a local newspaper.
- iv. Prior to October 1<sup>st</sup>, the budget is legally enacted through passage of a resolution.
- v. The Town Commission, by resolution, may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenue. Prior to the end of the fiscal year, supplemental appropriations are made for unanticipated spending requirements by the Commission.
- vi. The Town Manager may make transfers within a department as long as the total budget for the department is not increased. Transfers of appropriations between departments require the approval of the Commission. The Town's Ordinance establishes the level at which expenditures may not exceed appropriations at the department level.
- vii. Every appropriation lapses at the close of the fiscal year.

The budgets for governmental funds that were either adopted or amended during the year by the Town Commission were prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. Each of the Town's governmental funds have legally adopted budgets.

(f) **Deposits and investments**—The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(g) **Receivables and payables**—Activity 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."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed; therefore, these amounts are fully allowed for an no provision for taxes receivable has been made on the Town's financial statements.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Building Improvements	7-30 years
Buildings	25-40 years
Equipment	3-18 years
Infrastructure	20-50 years
Leased Property	3-12 years
Vehicles	5-15 years

(i) **Compensated absences**—It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and a portion of sick pay is accrued when incurred in the government-wide financial statements. 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.

(j) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities, net of any outstanding premiums or discounts. Debt issuance costs are expensed when paid.

(k) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, this category consists of deferred amounts related to pension, as discussed further in Note (9), and OPEB, as discussed further in Note (10).

In addition to liabilities, the statement 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 position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, this category consists of deferred amounts related to pension, as discussed further in Note (9), and OPEB, as discussed further in Note (10).

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(1) Summary of Significant Accounting Policies: (Continued)**

(l) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property held for sale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

*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 imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates 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.

*Committed* – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Commission or the Town Manager.

*Unassigned* – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, is the Town’s policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(m) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(2) Reconciliation of Government-Wide and Fund Financial Statement:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**(3) Property Tax Calendar:**

Under Florida law, the assessment of all properties and collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser. State laws regulating tax assessment are designed to ensure a consistent property valuation method statewide and to permit municipalities to levy property taxes at a rate of up to 10 mills. For the fiscal year ended September 30, 2024, the millage rate assessed by the Town was 4.570 per \$1,000.

All property is assessed according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, 1% in the month of February, and without discount in March.

The Town recognizes property tax revenues on an accrual basis. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. The Town tax calendar is as follows:

Valuation Date:	January 1, 2023
Preliminary Tax Roll Date:	July 1, 2023
Commission Tax Rate Hearings:	September 2023
Levy Date:	November 1, 2023
Due Date:	March 31, 2024
Lien Date:	June 1, 2024

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(4) Deposits and Investments:**

The Town, for accounting and investment purposes, maintains a pooled non-interest-bearing banking account for substantially all Town funds. Additional accounts are held for various other purposes, or to segregate cash balances for amounts which are restricted or held on behalf of others.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance.

As of September 30, 2024, all Town deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the Town is authorized to deposit funds only in Qualified Public Depositories.

The Town is a member of Florida PRIME, the Local Government Surplus Funds Trust Fund Investment Pool (the Pool), that is administered by the State Board of Administration of Florida (SBA). This pool is a “2a-7 like” pool, which has the characteristics of a money market fund. Therefore, the fair value of investments held at the State Board of Administration Pool is the same as the fair value of the pooled shares. The Regulatory Oversight of the Local Government Surplus Funds Trust fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules for the State Board of Administration. These rules provide guidance and establish the general procedure for the administration of the Local Government Surplus Funds Trust Fund. The Local Government Surplus Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedure consistent with the requirements for a 2a-7 fund. As of September 30, 2024, the investment pool had a weighted average of 39 days to maturity.

The Town held no assets or investments carried at fair value at September 30, 2024, and subject to the required disclosures of GASB 72.

***Town Investment Portfolio***

As of September 30, 2024, the Town’s governmental investment portfolio is composed of the following investments:

Investment Type	Credit Quality Rating (S&P)	Carrying Value	Maturities (in Years)		
			Less Than 1	1-5	Over 5
SBA funds	AAAm	\$ 509,462	\$ 509,462	\$ -	\$ -



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(4) Deposits and Investments:** (Continued)

*Interest Rate Risk:* The Town limits its exposure to fair value losses arising from increases in interest rates by limiting the investment of its operating funds in investments with maturities of less than one year. Substantially all of the Town's surplus funds are invested in the Local Government Surplus Trust Fund. Investments held in the Town's Police Officer's Retirement Trust Fund are generally held to maturity to provide a stable investment interest rate platform which is vital to the projection of actuarial pension costs in the future. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Town's bank deposits are held in noninterest-bearing accounts.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Town's portfolio is held entirely with public depositories and is invested in SBA funds, as described above.

*Concentration of Credit Risk:* In addition to describing the credit risk of investments in the portfolio, governmental entities will need to disclose the concentration of credit risk with a single issuer, if 5 or more percent of the total assets of the portfolio are invested with one issuer. The Town's policy limits certain type of investments to no more than 5% of the total portfolio. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements.

*Custodial Credit Risk:* All demand deposits are held with qualified public depositories, as defined above. In the case of investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2024, the Town's investment of \$509,462 in SBA funds are backed by the full faith and credit of the State of Florida, or explicitly guaranteed by the State of Florida.

***Municipal Police Officers' Retirement Trust Fund Investment Portfolio***

The Municipal Police Officers' Retirement Trust Fund has adopted an investment policy which authorizes the pension manager to invest in equities, fixed income investments, money market funds, and pooled funds.

The Plan is subject to using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

The following chart shows the Municipal Police Officers' Retirement Trust Fund investment accounts by investment portfolios and their respective maturities (in years) and fair value measurement levels:

<b>Investment Type</b>	<b>Carrying Value</b>	<b>Maturities (in years) Less Than 1</b>	<b>Credit Rating Range (S&amp;P)</b>	<b>Fair Value Hierarchy Classification</b>
Mutual funds – fixed income	\$ 1,804,489	\$ 1,804,489	NR	Level 1
Mutual funds – equity	3,490,665	3,490,665	NR	Level 1
Total Portfolio	<u>\$ 5,295,154</u>	<u>\$ 5,295,154</u>		

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(4) Deposits and Investments:** (Continued)

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The established performance objectives of the Pension Plan require investment maturities to provide sufficient liquidity to pay obligations as they become due. At September 30, 2024, all investments were held in cash or other assets that could be liquidated at any time.

*Credit Risk:* Credit risk is the risk that a debt issuer or other counter-party to an investment will not fulfill its obligations. The Pension Plan utilizes portfolio diversification in order to limit investments to the highest rated securities as rated by nationally recognized rating agencies. All investments are rated within the investment policy guidelines at September 30, 2024.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Police Officer's Retirement Trust Fund policy does not allow more than five (5) percent of its assets in the common stock, capital stock, or convertible securities of any one issuing company. At September 30, 2024, the investment portfolios met these limitations.

*Custodial Credit Risk:* Custodial credit risk is the risk that the Town may not recover cash and investments held by another party in the event of financial failure. Custodial credit risk is limited since investments are held in independent custodial safekeeping accounts or mutual funds.

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At September 30, 2024, the investment portfolio had no foreign investments.

**(5) Accounts Receivable:**

The Town's receivables consists of \$91,344 at September 30, 2024, all of which was included in the general fund and governmental activities. There was no allowance for doubtful accounts at September 30, 2024.

In addition to accounts receivable, the Town also recorded \$745,088 in due from other governments at September 30, 2024 of which \$668,734 relates to Federal and State reimbursements related to Hurricanes Matthew and Irma, both of which impacted the Town in fiscal year 2017. These amounts reflect management's best estimate of recoveries based on costs incurred and approved project worksheets and are subject to change pending adjustments made by the respective Federal and/or State agencies.

**(6) Interfund Loans, Advances, Fees and Transfers:**

The outstanding balances between funds are short-term loans to cover short-term cash flow needs and expected to be repaid in full over the course of the next fiscal year. There were no individual fund interfund receivables or payables for the primary government at September 30, 2024.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(6) Interfund Loans, Advances, Fees and Transfers:** (Continued)

For the year ended September 30, 2024, interfund transfers consisted of the following:

<b>Transfers Out:</b>					
<b>Transfers In:</b>	<b>General Fund</b>	<b>ARPA</b>	<b>Ryckman Parking</b>	<b>Ocean Parking</b>	<b>Total</b>
Beautification	\$ -	\$ -	\$ 90,000	\$ -	\$ 90,000
Debt Service	117,313	-	-	-	117,313
Capital Projects	562,086	704,647	48,500	1,400	1,316,633
Old Town Hall	12,100	-	-	-	12,100
Environmental	5,500	-	-	-	5,500
Advisory Board					
Total	<u>\$ 696,999</u>	<u>\$ 704,647</u>	<u>\$ 138,500</u>	<u>\$ 1,400</u>	<u>\$ 1,541,546</u>

The transfer from the general fund to the debt service fund represents the requirements for debt service. The transfers from the general fund to the capital projects fund represent capital expenditures paid for by the general fund. The transfer from the ARPA fund to the capital projects fund represents the transfer to close out the ARPA fund that will be used to fund capital projects. The transfer from the Ryckman Crossover Parking fund to the beautification fund represents amounts to be used on beautification in the future. The transfer from the Ryckman Crossover Parking fund to the capital projects fund represent capital expenditures paid for by the Ryckman Crossover Parking fund.

**(7) Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2024, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets, not being depreciated –				
Land	\$ 897,742	\$ -	\$ -	\$ 897,742
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>897,742</u>	<u>-</u>	<u>-</u>	<u>897,742</u>
Capital assets, being depreciated –				
Buildings and improvements	4,832,282	4,990	(169,103)	4,668,169
Equipment	2,993,244	216,867	(645,205)	2,564,906
Infrastructure	8,310,893	15,913	(96,199)	8,230,607
Total capital assets, being depreciated	<u>16,136,419</u>	<u>237,770</u>	<u>(910,507)</u>	<u>15,463,682</u>
Less: accumulated depreciation	<u>(7,728,221)</u>	<u>(535,312)</u>	<u>701,418</u>	<u>(7,562,115)</u>
Total capital assets, being depreciated, net	<u>8,408,198</u>	<u>(297,542)</u>	<u>(209,089)</u>	<u>7,901,567</u>
Governmental activities capital assets, net	<u>\$ 9,305,940</u>	<u>\$ (297,542)</u>	<u>\$ (209,089)</u>	<u>\$ 8,799,309</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General governmental	\$ 141,213
Public safety	252,940
Physical environment	20,299
Culture and recreation	120,860
Total depreciation expense - governmental activities	<u>\$ 535,312</u>

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(8) Long-Term Debt:**

For the fiscal year ended September 30, 2024, a summary of the long-term liability transactions for the Town is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Notes and bonds payable	\$ 1,102,000	\$ -	\$ (312,000)	\$ 790,000	\$ 231,000
Less deferred amounts:					
Original issue premium	73,951	-	(12,891)	61,060	-
Original issue (discount)	(13,846)	-	3,497	(10,349)	-
Total notes and bonds payable	<u>1,162,105</u>	<u>-</u>	<u>(321,394)</u>	<u>840,711</u>	<u>231,000</u>
Compensated absences	<u>344,447</u>	<u>203,584</u>	<u>(221,176)</u>	<u>326,855</u>	<u>163,428</u>
Governmental activities –					
Total long-term liabilities	<u>\$ 1,506,552</u>	<u>\$ 203,584</u>	<u>\$ (542,570)</u>	<u>\$ 1,167,566</u>	<u>\$ 394,428</u>

Notes and bonds payable at September 30, 2024, are comprised of the following obligations:

Series 2017 Florida Municipal Loan Council Revenue Refunding Bonds, dated September 20, 2017, originally issued to partially defease the Florida Municipal Loan Council Revenue Bonds, Series 2005B, due in payments of principal plus interest ranging from 3.00% to 5.00% semiannually on April 1 and October 1 each year until final maturity on October 1, 2029. \$ 495,000

Series 2009 Stormwater Improvement note payable, dated August 20, 2009, due in payments of principal plus interest at 4.23% semiannually on January 1 and July 1 through July 1, 2028. Repayment of loan balance is secured by a pledge of real property ad valorem tax revenues assessed at 0.9999 mills on all property within the Town. 295,000

Total long-term debt, governmental activities \$ 790,000

Annual debt service requirements to maturity for the Town's notes and bonds payable are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 231,000	\$ 37,279	\$ 268,279
2026	154,000	23,007	177,007
2027	90,000	15,800	105,800
2028	100,000	11,050	111,050
2029	105,000	5,925	110,925
2030	110,000	1,650	111,650
Total	<u>\$ 790,000</u>	<u>\$ 94,711</u>	<u>\$ 884,711</u>

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(9) Employees' Retirement Plans:**

**A. Deferred Compensation Plan**

The Town offers employees' participation in an unqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457 to receive employee contributions, which is administered by Nationwide Retirement Solutions, P.O. Box 182797, Columbus, OH, 43218-2797. Annual contributions are limited to the amount allowed by federal tax laws. Employees immediately vest in the elective deferral contributions made to the 457 plan. The Town may also contribute to the plan for participants; these contributions vest at the time such contributions are made to the plan. For the year ended September 30, 2024, employee contributions were \$1,540 and employer contributions were \$15,183 to the 457 plan.

**B. Florida Retirement System**

**Plan Description and Administration**

The Town participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Town's eligible employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(9) Employees' Retirement Plans:** (Continued)

**Benefits Provided and Employees Covered**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**Financial Statements**

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site ([www.myfloridacfo.com](http://www.myfloridacfo.com)). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services  
Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

**Contributions**

The Town participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect during the year ended September 30, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2024</u>	<u>After June 30, 2024</u>
Regular Class	13.57%	13.63%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2024, actual contributions made for Town employees participating in FRS and HIS were as follows:

Town Contributions – FRS	\$ 52,091
Town Contributions – HIS	13,075
Employee Contributions – FRS	19,612

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2024, the Town reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 355,863
HIS	231,666
Total	<u>\$ 587,529</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2024 and June 30, 2023, the Town's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2024</u>	<u>2023</u>
FRS	0.000919906%	0.000946557%
HIS	0.001544340%	0.001529169%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 70,355
HIS	16,437
Total	<u>\$ 86,792</u>

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

*Deferred outflows/inflows related to pensions:*

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,952	\$ -	\$ 2,237	\$ (445)
Changes of assumptions	48,774	-	4,100	(27,426)
Net difference between projected and actual investment earnings	-	(23,652)	-	(84)
Change in proportionate share	42,000	(6,886)	33,783	(5,714)
Contributions subsequent to measurement date	14,127	-	3,485	-
Total	<u>\$ 140,853</u>	<u>\$ (30,538)</u>	<u>\$ 43,605</u>	<u>\$ (33,669)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2025	\$ 8,998	\$ 3,894	\$ 12,892
2026	70,276	1,378	71,654
2027	12,762	(425)	12,337
2028	1,407	2,256	3,663
2029	2,745	(102)	2,643
Thereafter	-	(550)	(550)
	<u>\$ 96,188</u>	<u>\$ 6,451</u>	<u>\$ 102,639</u>

*Actuarial assumptions:*

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate is consistent with the prior year rate. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(9) Employees' Retirement Plans:** (Continued)

*Long-term expected rate of return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These 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 Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	100.0%	

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the proportionate shares of the FRS and HIS net pension liability of the Town calculated using the current discount rates, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 625,950	\$ 355,863	\$ 129,607
HIS	3.93%	263,722	231,666	205,054

**C. Municipal Police Officers' Retirement Trust Fund**

The Town maintains a separate single employer defined benefit pension plan for Police officers.

**Plan Description and Administration**

All full-time police officers are eligible to participate in the Police Officers' Pension Plan (the Plan). This is a single employer, defined benefit pension plan. Benefit provisions and other requirements of the plan are established by Florida Statutes and Town Ordinance 2012-02. It is accounted for as a retirement trust fund and reported on herein as part of the Town's reporting entity. The plan is administered through its own Board of Trustees. Pension plan data is provided from an actuarial report as of October 1, 2023.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

**Benefits Provided and Employees Covered**

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. No cost of living adjustment is provided to retirees and beneficiaries. The Plan's Board of Trustees has contracted with an actuary to provide an actuarial valuation of each plan as of October 1 of every other year. Current membership in the Plan was composed of the following at October 1, 2024:

Inactive participants	9
Active participants	4
Retired participants	<u>10</u>
Total current membership	<u><u>23</u></u>

Benefits vest after ten years of service. Participants may retire upon attainment of the earlier of, age 55 and completion of ten years of credited service, or age 52 and 20 years of credited service. Retirees are entitled to 3.0% of average monthly earnings times years of credited service. The plan also provides service-incurred disability compensation and early retirement. Early retirement may be taken at age 50 and 10 years of credited service with reduced benefits.

**Financial Statements**

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Separate financial statements have not been prepared for the Plan.

**Contributions**

The participant contribution rates for the Plan are established by and may be amended by the Town Commission. Employees covered under the plan are required to make contributions of 5% of their compensation. The Town's annual required contribution for the current year was determined as part of the October 1, 2024 actuarial valuations. The Town is required under the Florida Protection of Public Employee Retirement Benefits Act to contribute a payment which represents annual normal cost-plus amortization of the unfunded actuarial accrued liability over various periods as prescribed by law. The Town's contributions (and if applicable, any liquidations of a net pension obligation) to the Plan are funded by the General Fund.

The State of Florida also makes contributions to the Plan in accordance with Chapter 185 of the Florida Statutes as amended by the State Legislature. This contribution by the State of Florida is first recognized as revenue in the General Fund before being transferred to the Pension Fund. The Town's actual annual contribution for the plan is determined by subtracting estimated employee contributions and actual State of Florida contributions from the total annual required contribution as determined by the actuary.

Contributions to the Plan for the year ended September 30, 2024, were as follows:

Employee contributions	\$ 32,805
Town contributions	141,643
State contributions	<u>50,513</u>
Total contributions	<u><u>\$ 224,961</u></u>

**Investment Policy**

See Note (4) for additional discussion of the investment policies for the Plan.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

**Net Pension Asset**

At September 30, 2024, the components of the net pension asset for the Plan were as follows:

Total pension liability	\$ 5,076,326
Plan fiduciary net position	<u>(5,335,151)</u>
Net pension asset	<u><u>\$ (258,825)</u></u>
 Plan fiduciary net position as percentage of total pension liability	  105.10%

The total pension liability was determined by an actuarial valuation as of October 1, 2024, with a measurement date of September 30, 2024, using the following actuarial assumptions to all measurement periods.

Inflation	2.50%
Salary increases	Service based
Discount rate	6.50%
Investment rate of return	6.50%

**Mortality rate:**

*Mortality Rate Healthy Active Lives:*

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

*Mortality Rate Healthy Retiree Lives:*

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

*Mortality Rate Beneficiary Lives:*

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

*Mortality Rate Disabled Lives:*

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with mortality Improvements Scale MP-2018. The above described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. The above rates are those outlined in Milliman's July 1, 2021, FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated December 12, 2022.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Domestic Equity	55%	7.50%
International Equity	10%	8.50%
Broad Market Fixed Income	30%	2.50%
GTAA	5%	3.50%
Total	<u>100%</u>	

*Discount rate:*

The discount rate used to measure the total pension liability for the pension plan was 6.50%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(9) **Employees' Retirement Plans:** (Continued)

*Changes in net pension liability:*

Changes in the plan's net pension liability (asset) were as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a – b)</b>
Beginning Balance	\$ 4,920,729	\$ 4,398,663	\$ 522,066
Changes for year:			
Service cost	154,507	-	154,507
Interest	324,854	-	324,854
Differences between expected/actual experience	(72,736)	-	(72,736)
Change in assumptions	55,353	-	55,353
Contributions – employer	-	141,643	(141,643)
Contributions – state	-	50,513	(50,513)
Contributions – employee	-	32,805	(32,805)
Net investment income	-	1,041,627	(1,041,627)
Benefit payments, including refunds	(306,381)	(306,381)	-
Administrative expenses	-	(23,719)	23,719
Net changes	<u>155,597</u>	<u>936,488</u>	<u>(780,891)</u>
Ending Balance	<u>\$ 5,076,326</u>	<u>\$ 5,335,151</u>	<u>\$ (258,825)</u>

*Sensitivity of the net pension liability to changes in the discount rate:*

The following presents the net pension liability (asset) of the Town calculated using the discount rate of 6.60%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower (5.50%) or 1% higher (7.50%) than the current rate:

	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
<b>Town's Net Pension Liability (Asset)</b>			
Municipal Police Officers' Retirement Trust Fund	\$ (769,980)	\$ (258,825)	\$ 355,394

*Money-weighted rate of return:*

For the year ended September 30, 2024, the annual money-weighted rate of return on Plan investments, net of pension plan investment expense was as follows:

Annual money-weighted rate of return                      24.04%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

For the year ended September 30, 2024, the Town recognized pension income of \$27,922 in the Plan.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(9) Employees' Retirement Plans:** (Continued)

At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,989	\$ (481,717)
Changes of assumptions	142,193	(5,499)
Net difference between projected and actual investment earnings	-	(437,297)
	<u>\$ 153,182</u>	<u>\$ (924,513)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2025	\$ (185,206)
2026	(107,345)
2027	(327,823)
2028	(150,957)
Total	<u>\$ (771,331)</u>

**(10) Other Post-Employment Benefits (OPEB):**

**Plan Description**—Effective October 1, 2019, the Town implemented GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*, for certain post-employment healthcare benefits provided by the Town. The Town elected to implement the requirements of this statement prospectively. No assets are held in trust for payment of the OPEB liability as the Town had no OPEB liability other than as arising from the implicit rate subsidy, as discussed in the following paragraph.

Retirees and their dependents are permitted to remain covered under the Town's respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report

**Benefits Provided**—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the Town. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the Town is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee. GASB No. 75 calls this the "implicit rate subsidy."

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(10) Other Post-Employment Benefits (OPEB):** (Continued)

**Plan Membership**—At October 1, 2023, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	33
Inactive Employees	1
	<u>34</u>

**Total OPEB Liability**—The Town’s total OPEB liability of \$65,260 was measured as of September 30, 2024, and was determined by an actuarial valuation as of that date utilizing the Alternative Measurement Method for small plans.

**Actuarial Assumptions and Other Inputs**—The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Salary Rate Increase	3.00%
Inflation Rate	3.00%
Discount rate, end of year	4.06%
Age-related morbidity rate	3.50%
Initial Health Care Cost Trend Rate	7.90%
Ultimate Health Care Cost Trend Rate	4.50%
Actuarial Cost Method	Entry Age Normal

The Town does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based the S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2024. The Town does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 4.06% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2024.

Mortality rates were based on rates set forth in the PUBG.H-2010 Mortality Table for general employees with mortality improvement using Scale MP-2020.

For the fiscal year ended September 30, 2024, changes in the OPEB liability were as follows:

	<u><b>Total OPEB Liability</b></u>
Balance at September 30, 2023	\$ 19,366
Changes for a year:	
Service cost	13,636
Interest on total OPEB liability	910
Difference between expected and actual experience	10,481
Changes of assumptions	22,537
Benefit payments	<u>(1,670)</u>
Net changes	45,894
Balance at September 30, 2024	<u><u>\$ 65,260</u></u>

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(10) **Other Post-Employment Benefits (OPEB):** (Continued)

*Sensitivity of the total OPEB liability to changes in the discount rate:*

The following presents the total OPEB liability of the Town calculated using the discount rate of 4.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.06%) or 1% higher (5.06%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 73,182	\$ 65,260	\$ 58,402

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:*

The following presents the total OPEB liability of the Town as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates (7.90% graded down to 4.50%):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 56,956	\$ 65,260	\$ 75,239

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended September 30, 2024, the Town recognized OPEB expense of \$15,801. At September 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,257	\$ 2,801
Changes of assumptions	25,517	24,951
Total	<u>\$ 35,774</u>	<u>\$ 27,752</u>

Deferred outflows for contributions subsequent to the measurement date will be recognized in fiscal year 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	<u>Amortization</u>
2025	\$ 1,255
2026	1,255
2027	1,255
2028	1,255
2029	1,255
Thereafter	1,747



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(11) Risk Management:**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in coverage from the prior year.

The Town is engaged in routine litigation incidental to the conduct of its municipal affairs. In the opinion of the Town's legal counsel, no legal proceedings are pending which would have a material adverse effect on the financial position or results of operations of the Town.

**(12) Commitments and Contingencies:**

The Town is engaged in various liability claims incidental to the conduct of its general government operations at September 30, 2024. The outcomes of established claims are included in these financial statements. In the opinion of the Town's legal counsel, no legal proceedings are pending or threatened against the Town which are not covered by applicable insurance which would inhibit its ability to perform its operations or materially affect its financial condition.

**(13) Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Authority's financial statements:

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB Statement No. 103 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2025.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability							
Service cost	\$ 13,636	\$ 1,690	\$ 1,732	\$ 5,108	\$ 5,385	\$ 3,621	\$ 3,584
Interest	910	934	2,237	1,110	750	1,020	875
Difference between expected and actual experience	10,481	(213)	(1,359)	-	(4,241)	-	-
Changes of assumptions	24,792	(2,321)	(29,985)	(1,463)	9,070	183	-
Benefit payments - implicit rate subsidy	<u>(1,670)</u>	<u>(615)</u>	<u>(300)</u>	<u>(46)</u>	<u>(18)</u>	<u>(56)</u>	<u>(25)</u>
Net change in total OPEB liability	48,149	(525)	(27,675)	4,709	10,946	4,768	4,434
Total OPEB liability - beginning of year	<u>17,111</u>	<u>17,636</u>	<u>45,311</u>	<u>40,602</u>	<u>29,656</u>	<u>24,888</u>	<u>20,454</u>
Total OPEB liability - end of year	<u>\$ 65,260</u>	<u>\$ 17,111</u>	<u>\$ 17,636</u>	<u>\$ 45,311</u>	<u>\$ 40,602</u>	<u>\$ 29,656</u>	<u>\$ 24,888</u>

**Notes to Schedule**

Valuation date:	10/1/2023	10/1/2021	10/1/2021	10/1/2019	10/1/2019	10/1/2018	10/1/2017
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Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

4.06%	4.91%	4.77%	2.43%	2.14%	3.58%	3.64%
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Note 1: GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

Note 2: No assets are accumulated to a trust to pay for OPEB benefits.

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND**  
**SEPTEMBER 30, 2024**

For the year ended September 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>										
Service cost	\$ 154,507	\$ 124,081	\$ 175,753	\$ 145,752	\$ 146,094	\$ 139,118	\$ 142,520	\$ 92,471	\$ 90,773	\$ 95,129
Interest	324,854	356,110	343,490	340,372	334,765	333,851	305,755	287,077	274,273	266,454
Differences between expected and actual experience	(72,736)	(664,238)	5,375	(143,105)	57,872	(189,455)	228,539	73,071	(80,473)	(3,954)
Changes of assumptions	55,353	53,367	133,969	175,817	(32,993)	-	69,128	188,677	138,126	-
Benefit payments, including refunds of employee contributions	(306,381)	(279,174)	(260,771)	(270,233)	(278,077)	(278,532)	(297,428)	(268,593)	(260,105)	(250,963)
Net change in total pension liability	155,597	(409,854)	397,816	248,603	227,661	4,982	448,514	372,703	162,594	106,666
Total pension liability - beginning of year	4,920,709	5,330,563	4,932,747	4,684,144	4,456,483	4,451,501	4,002,987	3,630,284	3,467,690	3,361,024
Total pension liability - ending of year (a)	<u>\$ 5,076,306</u>	<u>\$ 4,920,709</u>	<u>\$ 5,330,563</u>	<u>\$ 4,932,747</u>	<u>\$ 4,684,144</u>	<u>\$ 4,456,483</u>	<u>\$ 4,451,501</u>	<u>\$ 4,002,987</u>	<u>\$ 3,630,284</u>	<u>\$ 3,467,690</u>
<b>Total Fiduciary Net Position:</b>										
Contributions - employer	\$ 141,643	\$ 199,315	\$ 197,000	\$ 252,549	\$ 295,935	\$ 262,309	\$ 196,123	\$ 223,500	\$ 186,596	\$ 222,353
Contributions - state	50,513	52,693	45,792	42,470	42,206	40,536	78,809	36,787	32,271	-
Contributions - employee	32,805	33,074	31,345	28,185	29,060	28,033	28,500	28,084	23,298	22,464
Net investment income	1,041,627	512,952	(778,626)	891,384	235,105	86,314	265,306	329,348	221,491	(22,583)
Benefit payments, including refunds of employee contributions	(306,381)	(279,174)	(260,771)	(270,233)	(278,077)	(278,532)	(297,428)	(268,593)	(260,105)	(250,963)
Administrative expense	(23,719)	(32,316)	(16,411)	(18,688)	(15,989)	(16,914)	(24,645)	(14,945)	(16,803)	(23,280)
Net change in plan fiduciary net position	936,488	486,544	(781,671)	925,667	308,240	121,746	246,665	334,181	186,748	(52,009)
Plan fiduciary net position - beginning of year	4,398,663	3,912,119	4,693,790	3,768,123	3,459,883	3,338,137	3,091,472	2,757,291	2,570,543	2,622,552
Plan fiduciary net position - end of year (b)	<u>\$ 5,335,151</u>	<u>\$ 4,398,663</u>	<u>\$ 3,912,119</u>	<u>\$ 4,693,790</u>	<u>\$ 3,768,123</u>	<u>\$ 3,459,883</u>	<u>\$ 3,338,137</u>	<u>\$ 3,091,472</u>	<u>\$ 2,757,291</u>	<u>\$ 2,570,543</u>
Net pension liability (asset) - end of year (a) - (b)	<u>\$ (258,845)</u>	<u>\$ 522,046</u>	<u>\$ 1,418,444</u>	<u>\$ 238,957</u>	<u>\$ 916,021</u>	<u>\$ 996,600</u>	<u>\$ 1,113,364</u>	<u>\$ 911,515</u>	<u>\$ 872,993</u>	<u>\$ 897,147</u>
Plan fiduciary net position as a percentage of the total pension liability	105.10%	89.39%	73.39%	95.16%	80.44%	77.64%	74.99%	77.23%	75.95%	74.13%
Covered payroll	\$ 656,098	\$ 661,476	\$ 626,899	\$ 563,692	\$ 581,196	\$ 560,662	\$ 569,999	\$ 561,681	\$ 465,956	\$ 467,561
Net pension liability (asset) as a percentage of covered payroll	-39.45%	78.92%	226.26%	42.39%	157.61%	177.75%	195.33%	162.28%	187.36%	191.88%

**TOWN OF MELBOURNE BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND  
SEPTEMBER 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 200,504	\$ 247,987	\$ 266,244	\$ 276,434	\$ 333,839	\$ 296,534	\$ 274,568	\$ 259,272	\$ 218,394	\$ 222,353
Contributions in relation to the actuarially determined contributions	192,156	252,008	242,792	295,019	338,141	302,845	274,932	260,287	218,867	222,353
Contribution deficiency (excess)	<u>\$ 8,348</u>	<u>\$ (4,021)</u>	<u>\$ 23,452</u>	<u>\$ (18,585)</u>	<u>\$ (4,302)</u>	<u>\$ (6,311)</u>	<u>\$ (364)</u>	<u>\$ (1,015)</u>	<u>\$ (473)</u>	<u>\$ -</u>
Covered payroll	\$ 656,098	\$ 661,476	\$ 626,899	\$ 563,692	\$ 581,196	\$ 560,662	\$ 569,999	\$ 561,681	\$ 465,956	\$ 467,561
Contributions as a percentage of covered payroll	29.29%	38.10%	38.73%	52.34%	58.18%	54.02%	48.23%	46.34%	46.97%	47.56%

**Notes to Schedule:**

Valuation Date: 10/1/2022

**Methods and assumptions used to determine contribution rates:**

Mortality:

Healthy Active Lives:

Female: PubS.H-2010 for Employees, set forward one year.

Male: PubS.H-2010 (Below Median) for Employees, set forward one year.

Healthy Inactive Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently acomodates future mortality improvements.

Interest Rate:

6.70% (prior year 6.90%) per year compounded annually, net of investment related expenses. This assumption is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age:

100% assumed retirement at the earlier of: 1) age 55 and 10 years of credited service, or 2) age 52 and 20 years of credited service, regardless of age. This assumption is was affirmed with the December, 2022 actuarial experience study.

Early Retirement:

Members are not assumed to take early retirement. This assumption is was affirmed with the December, 2022 actuarial experience study.

Disability Rates:

It is assumed that 75% of disablements are service-related. The assumed rates were affirmed with the December, 2022 actuarial experience study.

Termination Rates:

20.0% per year for the first five years of Credited Service; no turnover is expected after the fifth year. The assumed rates were established with the December, 2022 actuarial experience study.

Salary Increases:

6.0% per year for less than five years of Credited Service, followed by 4.5% per year for five through fourteen years of Credited Service, and 4.0% for fifteen or more years of Credited Service. In addition, the projected salary at retirement is increased 15% to account for lump sum payments. The assumed rates were established with the December, 2022 actuarial experience study.

Payroll Growth:

None.

Cost of Living:

Members (including terminated vested members, but excluding disability retirees) who begin receiving payments after 10/1/2001 receive a 3% per year increase beginning on the 10/1 following the otherwise normal retirement date (or the date of termination, if later) and ending on the 10/1 preceding age 62.

Amortization Method:

New UAAL amortization bases are amortized over 15 years; the amortization payment is subject to a minimum based on a 30-year amortization of the UAAL, if the UAAL is positive, in order to comply with Actuarial Standard of Practice No. 4.

Bases established prior to the valuation date are adjusted proportionally to match the Expected Unfunded Actuarial Accrued Liability as of the valuation date, in order to align prior year bases with the portion of the current year UAAL associated with prior year sources.

Funding Method:

Entry Age Normal Actuarial Cost Method.

Acuarial Asset Method:

Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

Termination and Disability Rate Tables:

Age	Age	% Becoming Disabled During the Year	Service	% Terminating During the Year
20	20	0.210%	0-5	20.00%
25	25	0.225%	6+	0.00%
30	30	0.270%		
35	35	0.345%		
40	40	0.450%		
45	45	0.765%		
50	50	1.500%		
55	55	2.325%		
60 +	60 +	3.135%		

**TOWN OF MELBOURNE BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENT RETURNS  
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND  
SEPTEMBER 30, 2024**

<b><u>For the Year Ended September 30,</u></b>	<b><u>Annual Money-Weighted Rate of Return</u></b>
2024	24.04%
2023	13.26%
2022	-16.71%
2021	23.65%
2020	6.78%
2019	2.59%
2018	8.59%
2017	11.96%
2016	8.64%
2015	-0.87%

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	2024	2023	2022	2021	As of the Plan Year Ended June 30,		2018	2017	2016	2015
					2020	2019				
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability	0.000919906%	0.000946557%	0.000772082%	0.000742826%	0.000682987%	0.000652773%	0.000593693%	0.000525938%	0.000564726%	0.000570663%
Proportionate share of the net pension liability	\$ 355,863	\$ 377,173	\$ 287,276	\$ 56,112	\$ 296,017	\$ 224,806	\$ 178,823	\$ 155,569	\$ 142,594	\$ 73,709
Covered payroll	653,742	605,972	429,087	420,250	454,238	419,289	359,702	358,623	352,113	362,777
Proportionate share of the net pension liability as a percentage of covered payroll	54.43%	62.24%	66.95%	13.35%	65.17%	53.62%	49.71%	43.38%	40.50%	20.32%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>										
Proportion of the net pension liability	0.001544340%	0.001529169%	0.001177166%	0.001186821%	0.001308514%	0.001253435%	0.001101056%	0.001122682%	0.001179170%	0.001038277%
Proportionate share of the net pension liability	\$ 231,666	\$ 242,852	\$ 124,681	\$ 145,581	\$ 159,767	\$ 140,247	\$ 116,537	\$ 120,042	\$ 137,427	\$ 105,888
Covered payroll	653,742	605,972	429,087	420,250	454,238	419,289	359,702	358,623	352,113	362,777
Proportionate share of the net pension liability as a percentage of covered payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	33.47%	39.03%	29.19%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**  
**(UNAUDITED)**

	For the Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 52,303	\$ 50,519	\$ 33,443	\$ 29,941	\$ 22,693	\$ 20,241	\$ 16,920	\$ 13,691	\$ 13,772	\$ 13,913
Contributions in relation to the contractually required contribution	52,303	50,519	33,443	29,941	22,693	20,241	16,920	13,691	13,772	13,913
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 659,279	\$ 646,551	\$ 446,961	\$ 429,437	\$ 454,238	\$ 419,289	\$ 358,623	\$ 358,623	\$ 352,113	\$ 362,777
Contributions as a percentage of covered payroll	7.93%	7.81%	7.48%	6.97%	5.00%	4.83%	4.72%	3.82%	3.91%	3.84%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 13,186	\$ 11,306	\$ 7,420	\$ 7,129	\$ 7,540	\$ 6,960	\$ 5,971	\$ 5,942	\$ 6,044	\$ 3,969
Contributions in relation to the contractually required contribution	13,186	11,306	7,420	7,129	7,540	6,960	5,971	5,942	6,044	3,969
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 659,279	\$ 646,551	\$ 446,961	\$ 429,437	\$ 454,238	\$ 419,289	\$ 358,623	\$ 358,623	\$ 352,113	\$ 362,777
Contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.72%	1.09%

**TOWN OF MELBOURNE BEACH, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	Environmental Advisory	Police Education	Building Education	Stormwater Utility	Ocean State Park	Ryckman Crossover Parking	Beautification	Old Town Hall	Police Donations	Total Nonmajor Governmental Funds
<b>ASSETS</b>										
Equity in pooled cash and cash equivalents	\$ 12,841	\$ 5,454	\$ 8	\$ 40,241	\$ 94,017	\$ 52,039	\$ 44,181	\$ 20,885	\$ 9,945	\$ 279,611
Due from other governments	-	-	-	695	-	-	-	-	-	695
Total assets	<u>\$ 12,841</u>	<u>\$ 5,454</u>	<u>\$ 8</u>	<u>\$ 40,936</u>	<u>\$ 94,017</u>	<u>\$ 52,039</u>	<u>\$ 44,181</u>	<u>\$ 20,885</u>	<u>\$ 9,945</u>	<u>\$ 280,306</u>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ 200	\$ 1,042	\$ 2,923	\$ 3,297	\$ -	\$ -	\$ 7,462
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>1,042</u>	<u>2,923</u>	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>7,462</u>
<b>FUND BALANCES</b>										
Restricted for:										
Ocean Park	-	-	-	-	92,975	-	-	-	-	92,975
Beautification	-	-	-	-	-	-	40,884	-	-	40,884
Environmental advisory	12,841	-	-	-	-	-	-	-	-	12,841
Law enforcement education	-	5,454	-	-	-	-	-	-	9,945	15,399
Building department education	-	-	8	-	-	-	-	-	-	8
Old Town Hall	-	-	-	-	-	-	-	20,885	-	20,885
Stormwater utility	-	-	-	40,736	-	-	-	-	-	40,736
Assigned to:										
Town parks	-	-	-	-	-	49,116	-	-	-	49,116
Total fund balances	<u>12,841</u>	<u>5,454</u>	<u>8</u>	<u>40,736</u>	<u>92,975</u>	<u>49,116</u>	<u>40,884</u>	<u>20,885</u>	<u>9,945</u>	<u>272,844</u>
<b>Total liabilities and fund balances</b>	<u>\$ 12,841</u>	<u>\$ 5,454</u>	<u>\$ 8</u>	<u>\$ 40,936</u>	<u>\$ 94,017</u>	<u>\$ 52,039</u>	<u>\$ 44,181</u>	<u>\$ 20,885</u>	<u>\$ 9,945</u>	<u>\$ 280,306</u>

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



**TOWN OF MELBOURNE BEACH, FLORIDA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Environmental Advisory	Christmas Donations	Police Education	Building Education	Stormwater Utility	Ocean State Park	Ryckman Crossover Parking	Beautification	Old Town Hall	Police Donations	Total Nonmajor Governmental Funds
<b>Revenues</b>											
Licenses and permits	\$ -	\$ -	\$ -	\$ 497	\$ 2,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,151
Intergovernmental	568	-	-	-	-	-	-	-	-	-	568
Charges for services	-	-	-	-	55,363	93,456	97,281	-	90	-	246,190
Fines and forfeitures	-	-	818	-	-	-	-	-	-	-	818
Miscellaneous	-	-	-	-	-	-	-	-	1,011	485	1,496
Total revenues	<u>568</u>	<u>-</u>	<u>818</u>	<u>497</u>	<u>58,017</u>	<u>93,456</u>	<u>97,281</u>	<u>-</u>	<u>1,101</u>	<u>485</u>	<u>252,223</u>
<b>Expenditures</b>											
Current:											
General government	-	1,293	-	-	-	-	-	-	-	-	1,293
Public safety	-	-	7,555	641	-	-	-	-	-	6,213	14,409
Parks and recreation	3,204	-	-	-	-	48,243	29,666	-	11,922	-	93,035
Physical environment	-	-	-	-	21,064	-	-	76,460	-	-	97,524
Capital outlay	-	-	-	-	-	6,776	-	-	-	-	6,776
Total expenditures	<u>3,204</u>	<u>1,293</u>	<u>7,555</u>	<u>641</u>	<u>21,064</u>	<u>55,019</u>	<u>29,666</u>	<u>76,460</u>	<u>11,922</u>	<u>6,213</u>	<u>213,037</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,636)</u>	<u>(1,293)</u>	<u>(6,737)</u>	<u>(144)</u>	<u>36,953</u>	<u>38,437</u>	<u>67,615</u>	<u>(76,460)</u>	<u>(10,821)</u>	<u>(5,728)</u>	<u>39,186</u>
<b>Other financing sources (uses)</b>											
Transfers in	5,500	-	-	-	-	-	-	90,000	12,100	-	107,600
Transfers out	-	-	-	-	-	(1,400)	(138,500)	-	-	-	(139,900)
Total other financing sources (uses)	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,400)</u>	<u>(138,500)</u>	<u>90,000</u>	<u>12,100</u>	<u>-</u>	<u>(32,300)</u>
Town Parks											
<b>Net change in fund balances</b>	<u>2,864</u>	<u>(1,293)</u>	<u>(6,737)</u>	<u>(144)</u>	<u>36,953</u>	<u>37,037</u>	<u>(70,885)</u>	<u>13,540</u>	<u>1,279</u>	<u>(5,728)</u>	<u>6,886</u>
<b>Fund balances, beginning of year</b>	9,977	1,293	12,191	152	3,783	55,938	120,001	27,344	19,606	15,673	265,958
<b>Fund balances, end of year</b>	<u>\$ 12,841</u>	<u>\$ -</u>	<u>\$ 5,454</u>	<u>\$ 8</u>	<u>\$ 40,736</u>	<u>\$ 92,975</u>	<u>\$ 49,116</u>	<u>\$ 40,884</u>	<u>\$ 20,885</u>	<u>\$ 9,945</u>	<u>\$ 272,844</u>

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

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

To the Honorable Mayor and Town Commission,  
Town of Melbourne Beach, Florida:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Melbourne Beach, Florida, (the Town) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 19, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

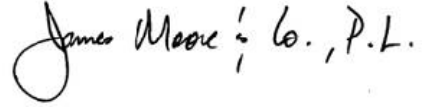
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

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

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida  
March 19, 2025

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED  
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA  
OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor and Town Commission,  
Town of Melbourne Beach, Florida:

**Report on the Financial Statements**

We have audited the financial statements of the Town of Melbourne Beach, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 19, 2025.

**Auditors' Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Examination 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 19, 2025, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The following is a summary of all findings and recommendations made in the preceding financial audit report:

**2023-001 Budget Amendments** – Corrective action taken.

**2023-002 Capital Asset Inventory** – Corrective action taken.

**Official Title and Legal Authority**

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

## **Financial Condition and Management**

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

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

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

## **Property Assessed Clean Energy (PACE) Programs**

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town'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; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

## **Additional Matters**

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

**Purpose of this Letter**

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 State granting agencies, the Town Commission, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Daytona Beach, Florida  
March 19, 2025

*James Moore & Co., P.L.*

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

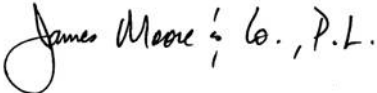
To the Honorable Mayor and Town Commission,  
Town of Melbourne Beach, Florida

We have examined the Town of Melbourne Beach, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024. The Town's management is responsible for the Town's compliance with those statutory requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with those requirements for the year ended September 30, 2024, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating whether the Town complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2024 and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of evaluation of the Town's compliance based on our examination during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town is not in compliance with those requirements in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the Town of Melbourne Beach, Florida complied with the aforementioned requirements for the year ended September 30, 2024, in all material respects.



Daytona Beach, Florida  
March 19, 2025