

TOWN OF MELBOURNE VILLAGE, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

**TOWN OF MELBOURNE VILLAGE, FLORIDA
TOWN OFFICIALS
AT SEPTEMBER 30, 2023**

Mayor:	Susan Ditty
Vice-Mayor:	Valerie Calenda
Commissioners:	Gary Ingram David Jones Fred Anderson Bridget Foster Norton Muzzone

**TOWN OF MELBOURNE VILLAGE, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

TABLE OF CONTENTS

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Budget and Actual	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Stormwater Utility Fund – Budget and Actual	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Investment Fund A – Budget and Actual	22
Notes to Basic Financial Statements.....	23
COMPLIANCE SECTION	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	36
Independent Auditor’s Report on Compliance with the Requirements of Section 218.415 Florida Statutes	38
Independent Auditor’s Management Letter.....	39

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Melbourne Village, Florida (the “Town”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Melbourne Village, Florida, as of September 30, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, Stormwater Utility Fund and Investment Fund A, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s

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

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

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

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

Required Supplementary Information

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

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
February 27, 2024

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

As management of the Town of Melbourne Village, we offer readers of the Town of Melbourne Village's financial statements this narrative overview and analysis of the financial activities of the Town of Melbourne Village for the year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follows this section.

Financial Highlights

- The Town's total net position increased by \$214,186 over last year.
- Property taxes account for \$569,048 or approximately 54.9 percent of all revenues. This figure was up \$49,605 from last year.
- Other taxes, primarily utility taxes and franchise payments, account for approximately \$233,403 or 22.5 percent of all revenues. This figure was up \$18,917 from the prior year.
- The Town had \$821,558 in expenses related to governmental activities. Total revenues were \$1,035,744 leaving an increase in net position of \$214,186.
- The Town's assets exceeded its liabilities at September 30, 2023 by \$2,462,569. Of this amount, \$608,818 is invested in the Town's capital assets, \$10,102 is restricted for specific purposes, and \$1,843,649 is unrestricted and subject to the Town's discretion. Unrestricted increased from the prior year by \$336,490, restricted remained the same, and the investment in capital assets decreased by \$122,304.
- The difference between the unrestricted balance of \$1,843,649 on a full accrual basis and the Governmental Funds total fund balances of \$1,855,899 is due to the Town's accrued compensated absences of \$2,148 and the restricted amount of \$10,102. The total fund balance of the Governmental Funds consists of non-spendable, restricted, committed, assigned and unassigned amounts. The Town's committed funds consists of \$1,330,598 in the Town's stabilization fund (Investment Fund A) and \$35,929 in the Stormwater Utility Fund. Non-spendable funds consist of \$42,713 for prepaid items and restricted funds consist of \$10,102. The assigned funds of \$52,486 are for future road resurfacing and a reserve for the Community House.
- The unassigned fund balance totaling \$384,071 is equal to approximately 57 percent of the Town's operating costs for the year. A sufficient reserve provides the Town with the time to prioritize needed infrastructure repairs and upgrades as well as secure alternate sources of revenue or adjust expenditures and levels of service in the event of a loss of revenue stream and provides for major expenditures that would not be possible to fund in a single year.

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Overview of the Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

Fund Financial Statements

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

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

The Town maintained three individual governmental funds as of October 1, 2022. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) Stormwater Utility Fund, and (3) Investment Fund A, because they are considered major funds. The Town has no debt-service fund as there is no external long-term debt outstanding.

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

Notes to the Financial Statements

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

Government-wide Financial Analysis

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Table 1 provides a summary of the Town's net position at September 30, 2023, and changes from the prior year.

**Table 1
Summary Statement of Net Position**

	Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 2,227,941	\$ 1,929,059	\$ 298,882
Capital assets, net	608,818	731,122	(122,304)
Total assets	<u>2,836,759</u>	<u>2,660,181</u>	<u>176,578</u>
Long-term liabilities	2,148	624	1,524
Other liabilities	371,282	410,497	(39,215)
Total liabilities	<u>373,430</u>	<u>411,121</u>	<u>(37,691)</u>
Deferred inflows of resources	<u>760</u>	<u>677</u>	<u>83</u>
Net position:			
Net investment in capital assets	608,818	731,122	(122,304)
Restricted	10,102	10,102	-
Unrestricted	1,843,649	1,507,159	336,490
Total net position	<u><u>\$ 2,462,569</u></u>	<u><u>\$ 2,248,383</u></u>	<u><u>\$ 214,186</u></u>

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

**Table 2
Changes in Net Position**

	Governmental Activities		
	2023	2022	Change
Revenues			
Program revenues:			
Charges for services	\$ 127,979	\$ 143,859	\$ (15,880)
Operating grants/contributions	800	5,171	(4,371)
Capital grants/contributions	-	89,774	(89,774)
General revenues:			-
Property taxes	569,048	519,443	49,605
Sales taxes	51,235	48,739	2,496
Local option motor fuel taxes	20,469	20,438	31
Utility taxes and franchise fees	161,699	145,309	16,390
Intergovernmental revenues	30,431	25,441	4,990
Investment income (loss)	60,828	(31,829)	92,657
Miscellaneous revenue	13,255	5,058	8,197
Gain on disposal of capital assets	-	12,200	(12,200)
Total revenues	<u>1,035,744</u>	<u>983,603</u>	<u>52,141</u>
Expenses			
General government	282,417	216,855	65,562
Public safety	356,516	416,532	(60,016)
Physical environment	177,889	166,415	11,474
Unallocated depreciation	4,736	4,736	-
Total expenses	<u>821,558</u>	<u>804,538</u>	<u>17,020</u>
Change in net position	214,186	179,065	35,121
Net position, beginning	<u>2,248,383</u>	<u>2,069,318</u>	<u>179,065</u>
Net position, ending	<u>\$ 2,462,569</u>	<u>\$ 2,248,383</u>	<u>\$ 214,186</u>

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

- The primary source of operating revenue for the Town comes from taxes, including property taxes and utility taxes.
- The cost of all governmental activities this year was \$821,558.
- Operating Grants and donations provided \$800 and user fees and charges for services generated \$127,979.
- Most of the Town's costs were, however, financed by the Town and State taxpayers.
- The difference in revenues from 2022 to 2023 was an increase of \$52,141. The major factors contributing to this increase in revenue were the increase in property taxes of \$49,605, investment revenue of \$92,657, and utility taxes and franchise fees of \$16,390, offset with a decrease in capital grants and donations of \$89,774 and charges for services of \$15,880, plus various minor additional increases and decreases.
- Property taxes account for the largest source of the Town's revenue, contributing almost 55 cents for every dollar of revenue (see Table 3). The millage rate of 9.4381, with the new construction, generated \$49,605 more than in 2022.
- In summary, governmental activities were financed with \$802,451 in taxes and franchise fees, \$127,979 in charges for services, \$800 in operating grants and contributions, \$30,431 in intergovernmental revenue, \$60,828 in investment earnings, and \$13,255 in miscellaneous revenue, for a total of \$1,035,744.

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

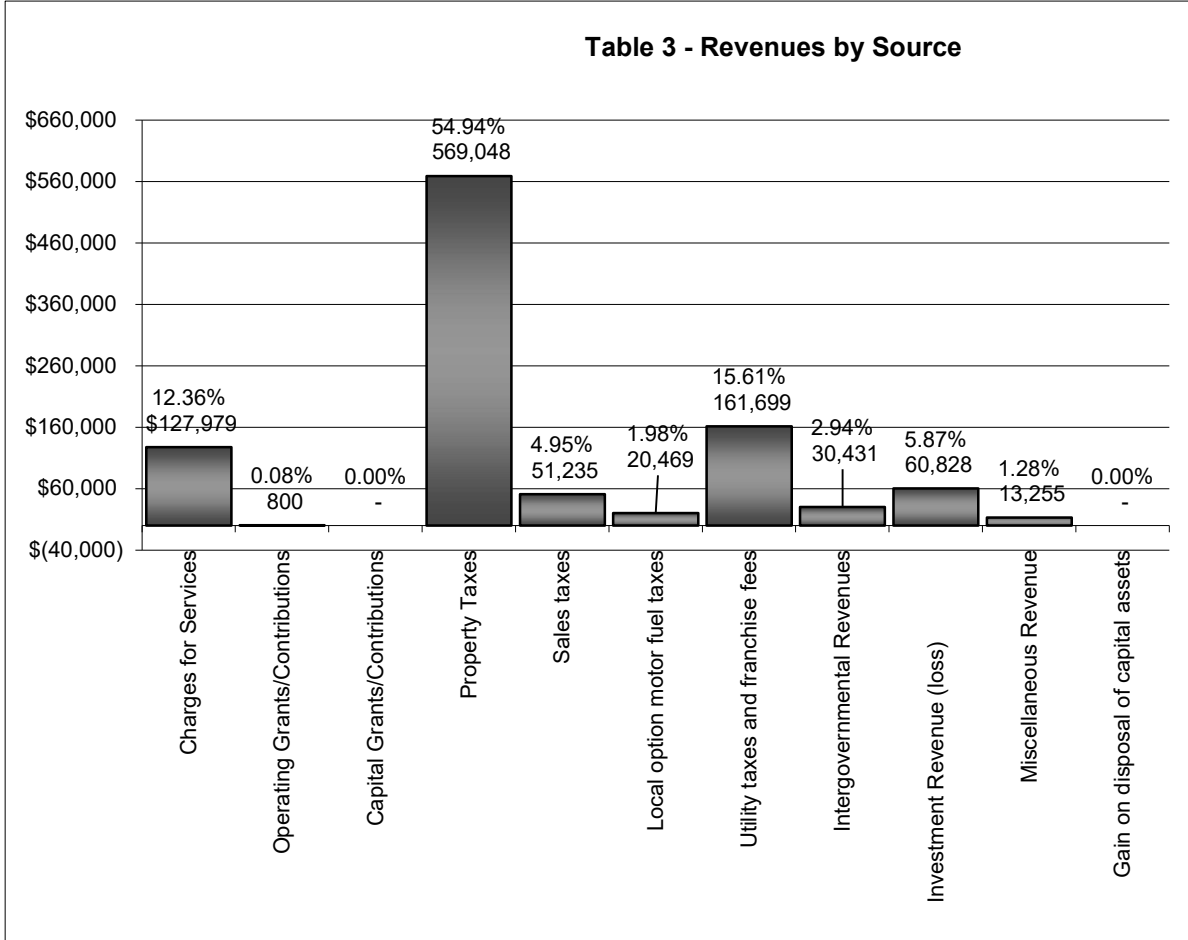
Total expenses in 2023 were \$821,558. This was an increase of \$17,020 from 2022. The most significant contributions to this increase from prior year was an increase in general government expenditures of \$65,562, offset by a \$60,016 decrease in public safety expenditures due to the Town no longer employing an internal police department, which was offset by loss on disposal of \$81,359 for public safety vehicles and equipment, plus various minor additional increases and decreases.

The net decrease in capital assets was \$122,304, after reducing capital assets by \$54,200 for depreciation. Capital activities included the following:

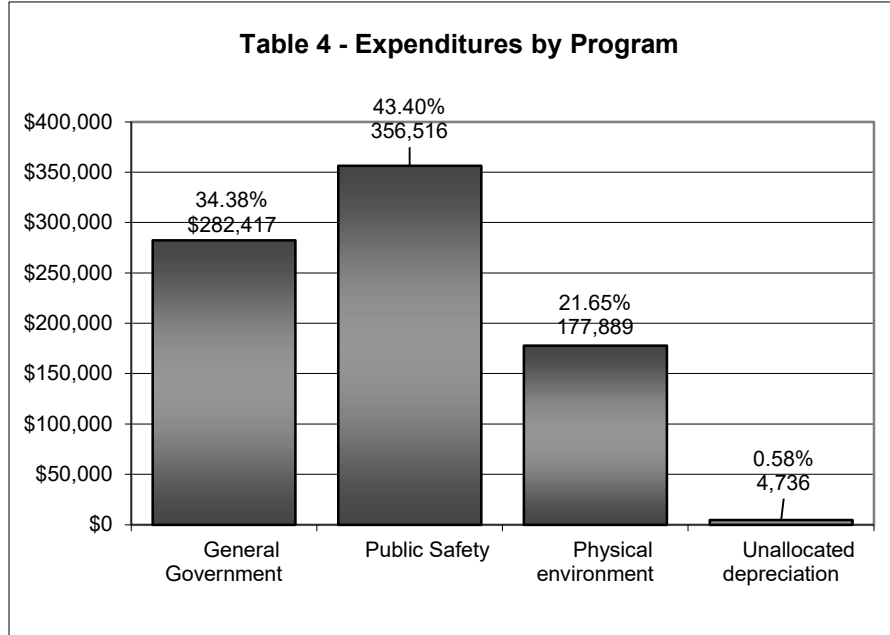
- Purchasing a multi-use light equipment vehicle for \$12,007 and an administration computer for \$1,247.
- Transferred police vehicles to Brevard County Sheriff's Office at a loss of \$80,545 and disposal of police vests at a loss of \$814.

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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



**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**



Financial Analysis of the Town's Funds

The Town's governmental funds are accounted for using the modified accrual basis of accounting. Governmental funds have revenues of \$1,041,169 and expenditures of \$672,665. The net change in fund balance for the year was \$368,504.

General Fund Budgetary Highlights

The Town approves a budget in September based on anticipated revenue for the following year. The Town reviews the budget through the year and adopts a final revision to the annual budget late in the year. The anticipated revenues were decreased in the final budget by \$159,575 due to a decrease in grant revenue. Anticipated expenditures were decreased by \$314,250 from the original budget due to a decrease in capital outlay funds of \$162,000 for building and infrastructure repairs and replacement that were contracted after year end.

The actual revenues were \$66,638 more than budgeted due largely to receiving more taxes and franchise fees, as well as investment income being \$14,392 higher than expected.

The actual expenditures were \$77,134 under budget, largely due to less expended than anticipated for payroll and related expenditures, insurance, and the transition costs related to the BCSO contract, plus minor overages and savings in various items throughout the budget.

Capital Assets

By the end of the fiscal year 2022-23, the Town had invested \$608,818 (net of depreciation) in capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 5).

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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

	Governmental Activities		
	2023	2022	Change
Land	\$ 65,300	\$ 65,300	\$ -
Buildings and improvements	113,656	122,173	(8,517)
Furniture and equipment	42,769	66,462	(23,693)
Vehicles	14,919	95,319	(80,400)
Infrastructure	372,174	381,868	(9,694)
Total	<u>\$ 608,818</u>	<u>\$ 731,122</u>	<u>\$ (122,304)</u>

Long-Term Debt

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

Factors Bearing on the Town's Future

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

- Most of the Town's expenses are in the form of compensation (salaries and benefits) to the Town's employees, thus increases in the cost of providing benefits, and increases in compensation are the major factors in increasing the budget each year. In past years the Town has covered this increase by increasing the ad valorem property tax rate by 10% over the roll-back rate. The actions of the State Legislature, combined with the fall in property values in 2008 through 2012 pushed the millage rate over 9 mills, flirting with the 10 mill cap. Recovering property values are again creating roll-backs, but the Town is still limited by this cap. The Town decreased the overall millage from 9.4381 to 9.0145 for the fiscal year ending September 30, 2024.
- The Town Commission adopted Resolution 2020-1 in February 2020 enabling an interfund loan from the Special Investment Fund (Investment Fund A) to the General Fund to pay the cost of the Dayton Bridge project not covered by funds on hand or other sources. The term of the loan is ten years at an interest rate of 2% per annum. The Town borrowed \$100,000 in October 2020 from Investment Fund A. At September 30, 2023 the total balance due is \$72,165.

**TOWN OF MELBOURNE VILLAGE, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

- A portion of the Dayton Blvd bridge project was allocated to stormwater activities and will be recovered through increased stormwater utility fees. The Town Commission adopted Resolution 2019-06 in September 2019, due to estimating the stormwater share of the project to be approximately \$235,000. The resolution provided for an increase to the stormwater utility fee of \$5.00 per month per equivalent residential unit to repay the interfund loan and recover bridge costs paid by the General Fund. The increased utility fee began in February 2020 with no set ending date at this time.
- While the Town is close to build-out as far as vacant home-sites are concerned, we are seeing a steady trend towards major remodeling as well as demolishing existing homes and rebuilding on those existing home-sites. The current upturn in the market is causing an increase in remodeling projects and tear down/rebuilds, as well as property value increases. Melbourne Village is a desirable location with a significant inventory of older houses, so we anticipate that the Town will continue to see one to two major single-family-home building/remodeling permits per year.
- In August 2022, the Town's internal police force resigned. In order for the Town to continue to provide public safety services the Town entered into an annual contract with the local Brevard County Sheriff's Office ("BCSO"). The contract includes monthly payments of \$20,833 for one year ending on September 30, 2023. The annual contract expense is approximately 40% less than historical expenses the Town incurred while previously employing an internal police force.
- Due to the Town's aging infrastructure and past culvert failures the Town has been evaluating the overall health of the culverts. The Town anticipates completing culvert repairs or replacements over the next few years and plans on funding these projects with grant funding.

Contacting the Town's Financial Management

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

Phone: 321-723-8300

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

E-mail: townclerk@melbournevillage.org

TOWN OF MELBOURNE VILLAGE, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,205,969
Due from other governments	21,490
Other accounts receivable	21,474
Investments	926,193
Prepaid items	42,713
Restricted assets:	
Cash and cash equivalents	10,102
Noncurrent assets:	
Capital assets (not being depreciated):	
Land	65,300
Capital assets (net of accumulated depreciation):	
Buildings and improvements	113,656
Furniture and equipment	42,769
Vehicles	14,919
Infrastructure	372,174
Total assets	2,836,759
LIABILITIES	
Accounts payable and accrued liabilities	16,742
Accrued wages	4,548
Unearned revenue	347,592
Deposits	2,400
Noncurrent liabilities:	
Accrued compensated absences, due within one year	537
Accrued compensated absences, due in more than one year	1,611
Total liabilities	373,430
DEFERRED INFLOWS OF RESOURCES	
Business taxes not yet earned	760
Total deferred inflows of resources	760
NET POSITION	
Net investment in capital assets	608,818
Restricted for:	
Transportation (impact fees)	9,206
Public safety (impact fees)	100
Law enforcement trust fund	231
Law enforcement education	565
Unrestricted	1,843,649
Total net position	\$ 2,462,569

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental activities:					
General government	\$ 282,417	\$ 47,519	\$ 800	\$ -	\$ (234,098)
Public safety	356,516	1,111	-	-	(355,405)
Physical environment	177,889	79,349	-	-	(98,540)
Unallocated depreciation	4,736	-	-	-	(4,736)
Total governmental activities	\$ 821,558	\$ 127,979	\$ 800	\$ -	\$ (692,779)
General revenues:					
					569,048
					51,235
					20,469
					161,699
					30,431
					60,828
					13,255
					906,965
					214,186
					2,248,383
					\$ 2,462,569

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	General Fund	Stormwater Utility Fund	Investment Fund A	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 873,729	\$ -	\$ 332,240	\$ 1,205,969
Due from other governments	9,392	12,098	-	21,490
Other accounts receivable	21,474	-	-	21,474
Prepaid items	42,713	-	-	42,713
Investments	-	-	926,193	926,193
Due from other funds	-	24,162	-	24,162
Advances to other funds	-	-	72,165	72,165
Restricted assets:				-
Cash and cash equivalents	10,102	-	-	10,102
Total assets	<u>\$ 957,410</u>	<u>\$ 36,260</u>	<u>\$ 1,330,598</u>	<u>\$ 2,324,268</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 16,411	\$ 331	\$ -	\$ 16,742
Accrued wages	4,548	-	-	4,548
Due to other funds	24,162	-	-	24,162
Advances from other funds	72,165	-	-	72,165
Unearned revenue	347,592	-	-	347,592
Deposits	2,400	-	-	2,400
Total liabilities	<u>467,278</u>	<u>331</u>	<u>-</u>	<u>467,609</u>
Deferred Inflows of Resources				
Business taxes not yet earned	760	-	-	760
Total deferred inflows of resources	<u>760</u>	<u>-</u>	<u>-</u>	<u>760</u>
Fund Balances				
Nonspendable	42,713	-	-	42,713
Restricted	10,102	-	-	10,102
Committed	-	35,929	1,330,598	1,366,527
Assigned	52,486	-	-	52,486
Unassigned	384,071	-	-	384,071
Total fund balances	<u>489,372</u>	<u>35,929</u>	<u>1,330,598</u>	<u>1,855,899</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 957,410</u>	<u>\$ 36,260</u>	<u>\$ 1,330,598</u>	<u>\$ 2,324,268</u>

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Fund balances - total governmental funds		\$ 1,855,899
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The net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$ 65,300	
Buildings and improvements, net	113,656	
Furniture and equipment, net	42,769	
Vehicles, net	14,919	
Infrastructure, net	<u>372,174</u>	608,818

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds		(2,148)
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Net position of governmental activities		<u><u>\$ 2,462,569</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Stormwater Utility Fund	Investment Fund A	Total Governmental Funds
REVENUES				
Taxes and franchise fees	\$ 751,216	\$ -	\$ -	\$ 751,216
Licenses and permits and other fees	31,512	72,595	-	104,107
Intergovernmental revenues	87,091	-	-	87,091
Fines and forfeitures	1,111	-	-	1,111
Investment income (net)	15,392	-	45,436	60,828
Miscellaneous revenue	31,051	-	5,765	36,816
Total revenues	<u>917,373</u>	<u>72,595</u>	<u>51,201</u>	<u>1,041,169</u>
EXPENDITURES				
Current				
General government	254,161	-	-	254,161
Public safety	251,833	-	-	251,833
Physical environment	149,578	3,839	-	153,417
Capital outlay	13,254	-	-	13,254
Total expenditures	<u>668,826</u>	<u>3,839</u>	<u>-</u>	<u>672,665</u>
Excess (deficiency) of revenues over (under) expenditures	248,547	68,756	51,201	368,504
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	-	-	70,000
Transfers out	-	(70,000)	-	(70,000)
Total other financing sources (uses)	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	318,547	(1,244)	51,201	368,504
Fund balances, beginning of year	170,825	37,173	1,279,397	1,487,395
Fund balances, end of year	<u>\$ 489,372</u>	<u>\$ 35,929</u>	<u>\$ 1,330,598</u>	<u>\$ 1,855,899</u>

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds \$ 368,504

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current period:

Expenditure for capital assets	\$ 13,254	
Current year depreciation	(54,200)	(40,946)

In the statement of activities, only the gain (loss) on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold:

Loss on disposition of capital assets	(81,359)
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Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds:

Change in deferred inflows from grants	(30,490)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in accrued compensated absences	(1,523)
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Change in net position of governmental activities	\$ 214,186
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The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes and franchise fees	\$ 714,785	\$ 714,785	\$ 751,216	\$ 36,431
Licenses and permits and other fees	35,825	35,825	31,512	(4,313)
Intergovernmental revenues	235,000	75,425	87,091	11,666
Fines and forfeitures	2,500	2,500	1,111	(1,389)
Investment income (net)	1,000	1,000	15,392	14,392
Miscellaneous revenue	21,200	21,200	31,051	9,851
Total revenues	<u>1,010,310</u>	<u>850,735</u>	<u>917,373</u>	<u>66,638</u>
EXPENDITURES				
Current				
General government	437,606	280,056	254,161	25,895
Public safety	256,000	253,500	251,833	1,667
Physical environment	185,804	193,604	149,578	44,026
Capital outlay	180,800	18,800	13,254	5,546
Total expenditures	<u>1,060,210</u>	<u>745,960</u>	<u>668,826</u>	<u>77,134</u>
Excess (deficiency) of revenues over (under) expenditures	(49,900)	104,775	248,547	143,772
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
Transfers out	(11,133)	(32,500)	-	32,500
Total other financing sources (uses)	<u>58,867</u>	<u>37,500</u>	<u>70,000</u>	<u>32,500</u>
Net change in fund balances	8,967	142,275	318,547	176,272
Fund balances, beginning of year	170,825	170,825	170,825	-
Fund balances, end of year	<u>\$ 179,792</u>	<u>\$ 313,100</u>	<u>\$ 489,372</u>	<u>\$ 176,272</u>

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
STORMWATER UTILITY FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits and other fees	\$ 70,000	\$ 70,000	\$ 72,595	\$ 2,595
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>72,595</u>	<u>2,595</u>
EXPENDITURES				
Current				
Physical environment	3,220	3,220	3,839	(619)
Total expenditures	<u>3,220</u>	<u>3,220</u>	<u>3,839</u>	<u>(619)</u>
Excess (deficiency) of revenues over (under) expenditures	66,780	66,780	68,756	1,976
OTHER FINANCING SOURCES (USES)				
Transfers out	(70,000)	(70,000)	(70,000)	-
Total other financing sources (uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net change in fund balances	(3,220)	(3,220)	(1,244)	1,976
Fund balances, beginning of year	37,173	37,173	37,173	-
Fund balances, end of year	<u>\$ 33,953</u>	<u>\$ 33,953</u>	<u>\$ 35,929</u>	<u>\$ 1,976</u>

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
INVESTMENT FUND A – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income (net)	\$ 3,000	\$ 3,000	\$ 45,436	\$ 42,436
Miscellaneous revenue	-	-	5,765	5,765
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>51,201</u>	<u>48,201</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	51,201	48,201
OTHER FINANCING SOURCES (USES)				
Transfers in	-	32,500	-	(32,500)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>32,500</u>	<u>-</u>	<u>(32,500)</u>
Net change in fund balances	3,000	35,500	51,201	15,701
Fund balances, beginning of year	1,279,397	1,279,397	1,279,397	-
Fund balances, end of year	<u>\$ 1,282,397</u>	<u>\$ 1,314,897</u>	<u>\$ 1,330,598</u>	<u>\$ 15,701</u>

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting entity

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

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

2. Government-wide and fund financial statements

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

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The Town reports the following as major governmental funds:

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

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

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

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

4. Assets, liabilities and fund balance

a. *Cash and investments*

The Town's cash and cash equivalents are defined as cash on hand, demand deposits, certificates of deposit, and amounts invested in the State Board of Administration's

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

a. *Cash and investments (continued)*

("SBA"), Florida Local Government Surplus Funds Trust Fund (currently "Florida PRIME"), the Florida Local Government Investment Trust (FLGIT) Day-to-Day Fund, and other similarly constituted funds.

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

Florida PRIME'S dollar weighted average days to maturity and weighted average life as of September 30, 2023 were 36 days and 76 days, respectively, and there were no redemption fees, maximum transaction amounts, or any other requirements that would limit a participant's daily access to 100% of its account value. A redemption gate of forty-eight (48) hours and up to an additional fifteen (15) days may apply to material withdrawals.

FLGIT Day-to-Day Fund's weighted average maturity for securities held in the Day-to-Day Fund as of September 30, 2023 was 49 days. There were no redemption fees, maximum transaction amounts or restrictions on withdrawals.

The FLGIT Short-Term Bond Fund is an external investment pool that is accounted for as a fluctuating Net Asset Value (NAV) pool. The value of the pool is reflected in its estimates of the market value of the underlying securities rather than their amortized cost and will fluctuate based on market conditions. The fair value of the position in the pool is determined by multiplying the pool's unit balance by the pool's unit price on September 30, 2023. There are no redemption fees, maximum transaction amounts or restrictions on withdrawals. The weighted average maturity for securities held in the Short-Term Bond Fund as of September 30, 2023 was 1.58 years.

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

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

a. *Cash and investments (continued)*

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

b. *Interfund receivables and payables*

Activity between funds that are representative of lending/borrowing and custodial arrangements outstanding at the end of the fiscal year, if any, are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

c. *Prepaid items*

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

d. *Capital assets*

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

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

d. Capital assets (continued)

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

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

e. Unearned revenue

Unearned revenue at September 30, 2023 consists of monies received under the American Rescue Plan Act (“ARPA”) grant. The amount received is the total award allotted to the Town. Funds may be used toward eligible expenses incurred from March 3, 2021 to December 31, 2026. No amounts were charged against the grant as of September 30, 2023.

f. Compensated absences

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

g. Deferred inflows of resources

- Business taxes not yet earned at September 30, 2023 consists of prepaid business taxes due to the Town on October 1 each year.
- Unavailable grant revenue at September 30, 2023 consists of grant revenue earned but not received within the sixty days.

h. Fund balance

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

h. Fund balance (continued)

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

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

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

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

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

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

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

i. Property taxes

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Assets, liabilities and fund balance (continued)

j. Use of estimates

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

NOTE B - BUDGETS

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

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

NOTE C - CASH AND INVESTMENTS

All cash, cash equivalents, and investments are held in the name of the Town at various financial institutions. Investments are stated at fair value, or amortized cost if it approximates fair value. The carrying amounts of the Town's cash and cash equivalents on September 30, 2023, including restricted cash and cash equivalents of \$10,102 were as follows:

Deposits (in bank)	\$	190,771
Cash on hand		100
SBA Florida PRIME		692,960
FLGIT Day-to-Day Fund		332,240
		\$ 1,216,071

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE C - CASH AND INVESTMENTS (continued)

The Town maintains an account at a local bank in the Town’s name, used for its general daily operations. At September 30, 2023, the bank balance was \$219,369. Monies placed on deposit with financial institutions in the form of demand deposits and time deposits are defined as public deposits. The financial institutions in which the town places its deposits are certified as “qualified public depositories”, as required under the Florida Security for Public Deposits Act. All balances in excess of Federal Depository Insurance Corporation (“FDIC”) insurance for demand and time deposits are fully collateralized pursuant to Chapter 280, Florida Statutes. All investments are held by the Town’s agent in the Town’s name.

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

At September 30, 2023, the Town reported the following fair value methods, credit ratings and investment holdings percentages:

Investment Type	Fair Value Method	Credit Rating (as applicable)	Available Funds at Fair Value	Percentage of Available Funds
Deposits in bank (1)	N/A	N/A	\$ 219,369	10.11%
SBA Florida PRIME	Amortized Cost	AAAm	692,960	31.92%
FLGIT Day-to-Day Fund	Amortized Cost	AAAm	332,240	15.31%
FLGIT S/T Bond Fund	VNAV	AAAf	926,193	42.67%
			<u>\$ 2,170,762</u>	<u>100.00%</u>

(1) Bank balance at 9/30/23.

NOTE D - RECEIVABLES

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

Short-term receivables as of September 30, 2023 consisted of the following:

	General Fund	Stormwater Utility Fund
Due from other governments	\$ 9,392	\$ 12,098
Other accounts receivable	21,474	-
Total	<u>\$ 30,866</u>	<u>\$ 12,098</u>

The Town considers all short-term receivables to be fully collectible at September 30, 2023; therefore, no allowance for doubtful accounts has been recorded.

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Increases/ Transfers	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 65,300	\$ -	\$ -	\$ 65,300
Total capital assets not being depreciated	<u>65,300</u>	<u>-</u>	<u>-</u>	<u>65,300</u>
Capital assets being depreciated:				
Buildings and improvements	319,858	-	-	319,858
Furniture and equipment	203,595	1,247	8,699	196,143
Vehicles	178,337	12,007	89,494	100,850
Infrastructure	542,545	-	-	542,545
Total capital assets being depreciated	<u>1,244,335</u>	<u>13,254</u>	<u>98,193</u>	<u>1,159,396</u>
Less accumulated depreciation for:				
Buildings and improvements	197,685	8,517	-	206,202
Furniture and equipment	137,133	24,126	7,885	153,374
Vehicles	83,017	11,863	8,949	85,931
Infrastructure	160,677	9,694	-	170,371
Total accumulated depreciation	<u>578,512</u>	<u>54,200</u>	<u>16,834</u>	<u>615,878</u>
Capital assets, net	<u>\$ 731,123</u>	<u>\$ (40,946)</u>	<u>\$ 81,359</u>	<u>\$ 608,818</u>

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

General government	\$ 1,143
Public safety	23,324
Physical environment	24,997
Unallocated	4,736
Total	<u>\$ 54,200</u>

Depreciation expense in the amount of \$4,736 for capital assets that serve all governmental functions was not allocated to the functions/programs of the Town for the fiscal year ended September 30, 2023.

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE F - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Liabilities reported as accounts payable and accrued liabilities on the statement of net position and balance sheet of the General Fund at September 30, 2023 were as follows:

Current payables due to vendors	\$	1,988
Employee benefit related liabilities		9,916
Intergovernmental		4,838
Total		\$ 16,742

NOTE G - LONG-TERM OBLIGATIONS

Changes in accrued compensated absences for the year ended September 30, 2023 are summarized as follows:

		Governmental Activities
Accrued compensated absences, beginning of year	\$	625
Additions		3,104
Reductions		1,581
Accrued compensated absences, end of year	\$	2,148
Amounts due within one year	\$	537

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

NOTE H - INTERFUND TRANSFERS

The Town makes annual transfers from the Stormwater Utility Fund to the General Fund in accordance with its annual budget in order to reimburse the General Fund for a portion of the expenditures it incurred on behalf of the Stormwater Utility Fund. The amount transferred during the fiscal year ended September 30, 2023 was \$70,000.

At September 30, 2023, there was a balance due from the General Fund to the Stormwater Utility Fund in the amount of \$24,162 and an advance due from the General Fund to Investment Fund A in the amount of \$72,165.

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE I - FUND BALANCES

Fund balances as of September 30, 2023 consisted of the following:

	General Fund	Stormwater Utility Fund	Investment Fund A
Nonspendable			
Prepaid items	\$ 42,713	\$ -	\$ -
Restricted			
Transportation	9,206	-	-
Public safety	896	-	-
Committed	-	35,929	1,330,598
Assigned			
Community house	32,486	-	-
Road and streets	20,000	-	-
Unassigned	384,071	-	-
Total	<u>\$ 489,372</u>	<u>\$ 35,929</u>	<u>\$ 1,330,598</u>

NOTE J - SECTION 457 DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan is administered by the ICMA Retirement Corporation and permits an employee to defer a portion of his/her salary until future years. All employees are eligible to participate in the Plan thirty days after hire and there is no minimum amount a participating employee must contribute. The maximum amount an employee may contribute to the Plan is the maximum amount allowable annually by the Internal Revenue Service. The Town will match an employee’s contributions, up to 2.5% of the employee’s salary, for his/her first year of service. The Town’s matching percentage will increase by 0.5% of the employee’s salary for each subsequent year of service, up to a maximum of 5.0%. Deferred compensation withdrawals are not available to employees until termination of employment, retirement, death, or an unforeseeable emergency. For the year ended September 30, 2023, the Town’s matching contributions totaled \$272. In accordance with current professional pronouncements such as GASB 97, the plan is defined as an other employee benefit plan and, therefore, the Town has not included such funds in its financial statements.

NOTE K - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In order to limit its exposure to these risks, the Town is a participant in the Florida League of Cities (a not-for-profit corporation) Florida Municipal Insurance Trust pool (the “Pool”) for workers’ compensation, general and auto liability, and property insurance. The Pool is a non-assessable, non-profit, tax-exempt risk-sharing pool offering liability, property, health, and workers’ compensation programs to governmental entities and provides general liability coverage of \$100,000 per person and \$200,000 per occurrence as prescribed by Section 768.28, Florida Statutes (the “statutory limit”). The Town has specific excess coverage of

TOWN OF MELBOURNE VILLAGE, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE K - RISK MANAGEMENT (continued)

\$1,500,000, inclusive of the statutory limit, which is available only through a Federal law claim or passage of a *claims bill* through the Legislature. Participants in the Pool are billed quarterly for their share of the costs of the Pool, adjusted for actual expense during the period of coverage. Participants are not assessed for unanticipated losses incurred by the Pool. Premium costs for the year ended September 30, 2023 totaled \$60,198. Settled claims have not exceeded the Town's insurance coverage in any of the past three years.

NOTE L - SUBSEQUENT EVENTS

On October 1, 2023, the Brevard County Sheriff Office ("BCSO") public safety services contract was renewed for an additional fiscal year totaling \$260,000 paid monthly.

On October 8, 2023, the Town agreed to transfer asset ownership of various police related safety equipment that was no longer in use to the BCSO. The fair market value at the time of the transfer was not able to be determined.

In October 2023 the Town replaced the roofs on the Town Hall, public works building, and the community house patio totaling \$51,400.

In February 2024 the Town replaced a failing culvert at Hall Road and Dayton Boulevard totaling \$7,500.

On January 24, 2024, the Town entered into a contract with a local contractor totaling \$37,525. The contract includes repair, removal, and replacement of damaged sections of the sidewalk on Dayton Boulevard. The work is currently scheduled to be completed in April 2024.

On January 25, 2024, the Town entered into a contract with a local contractor totaling \$34,815. The contract includes removal and replacement of the exterior siding and adding interior insulation at the community house. The work is currently scheduled to be completed in April 2024.

On January 25, 2024, the Town entered into a contract with a local contractor totaling approximately \$75,000. The contract includes removal and replacement of the town hall and public works septic systems. The work is currently scheduled to be completed in April 2024.

Due to lower expected operating costs, the Town decreased the overall millage from 9.4381 to 9.0145 for the fiscal year ending September 30, 2024.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Town of Melbourne Village, Florida (the "Town"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 27, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
February 27, 2024

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

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

We have examined the Town of Melbourne Village, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023, as required by Section 10.550, Rules of the Auditor General. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Town complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2023.

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
February 27, 2024

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Melbourne Village, Florida (the "Town"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 27, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 27, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Additional Matters

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

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
February 27, 2024