CITY OF WEST MELBOURNE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2025

CITY OF
West Melbourne
FLORIDA

Prepared by:
THE FINANCE DEPARTMENT

CITY OF WEST MELBOURNE, FLORIDA

CITY COUNCIL

ANDREA YOUNG, MAYOR
PAT BENTLEY, DEPUTY MAYOR
DIANA ADAMS, COUNCIL MEMBER
AUSTIN GAYLORD, COUNCIL MEMBER
ALEXIS MCGUIRE, COUNCIL MEMBER
STEPHEN PHRAMPUS, COUNCIL MEMBER
HELEN VOLTZ, COUNCIL MEMBER

CITY MANAGER

TIMOTHY RHODE

CITY ATTORNEY

JOHN CARY

FINANCE DIRECTOR

B. KEITH SMITH

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

CITY OF
West Melbourne
FLORIDA

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MAYOR
Andrea Young

DEPUTY MAYOR
Alexis McGuire

COUNCIL MEMBERS
Diana Adams
Pat Bentley
Austin Gaylord
Stephen Phrampus
Helen Voltz

City Hall
2240 Minton Road
West Melbourne, FL 32904
Phone: (321) 727-7700
Fax: (321) 768-2390
www.westmelbourne.org

April 14, 2026

To the Honorable Mayor, Members of the City Council, and
Citizens of the City of West Melbourne:

The Annual Comprehensive Financial Report of the City of West Melbourne, Florida (the "City"), for the fiscal year ended September 30, 2025 is hereby submitted pursuant to Florida Statutes Chapter 218.39 and Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Carr, Riggs & Ingram, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of West Melbourne's financial statements for the year ended September 30, 2025. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of West Melbourne was founded in 1959 and incorporated on July 2, 1970, as a political subdivision of the State of Florida. It is located in east central Florida within Brevard County. It currently occupies 10.76 square miles and has an estimated population of 32,372. The City is empowered to levy a property tax on real property located within its boundaries, which the City has levied continuously since fiscal year 2006. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of West Melbourne has operated under the council-manager form of government since 1970. Policy making and legislative authority are vested in the City Council consisting of the mayor and six other members, all elected on a non-partisan basis. Council members, since 2014, serve staggered four-year terms, and are elected to represent the City at large. The Council appoints the City Attorney and City Manager. The City Manager appoints the heads of various City departments.

The City of West Melbourne provides a full range of services, including police protection services, street maintenance and construction, building inspections, parks and recreation amenities, and stormwater planning and construction. The City also operates a water distribution and sewer collection and treatment system, both systems of which are a single legal enterprise and reported as a proprietary fund.

The annual budget serves as the foundation for the City's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager shall have the authority to transfer any unused and unencumbered appropriation or portion thereof between general classifications of expenditures within any office, department, or agency of the city, or may transfer any unused and unencumbered appropriation or portion thereof from one office, department or agency to another; provided however, that such transfer shall not authorize any increase in the total budget without prior approval of the City Council. No officer, department or agency shall, during any budget year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose, in excess of the amounts appropriated for that general classification of expenditure pursuant to this Charter. The City Council is required to hold two public hearings and adopt a final budget by no later than September 30th of each year.

Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. This comparison is presented as part of the Required Supplementary Information.

Local Economy

The City of West Melbourne is located in east central Florida, approximately forty-five miles south of the Kennedy Space Center and encompassing an area of 10.76 square miles. The area is a major hub for technology driven industry such as RELM Wireless, Lockheed Martin, Confluent RF Systems, Mack Technologies, Terry Laboratories and USSI. Corporate headquarters, manufacturers, and technology-oriented companies are located within the City of West Melbourne limits. The City's diverse business community includes traditional businesses, which encompass retail and wholesale trade, transportation, the utilities sector, the professional and business services sector, real estate, finance, and the construction sector, both light manufacturing and military contractors. The City remains attractive to such a vibrant mix of businesses because it maintains one of the lowest tax rates in Brevard County, which has given the City an edge as a better place to do business. The City continues to pursue technology-oriented manufacturing, warehousing/distribution, and professional service companies seeking a competitive advantage in the marketplace.

The City has established an economic enhancement district (WAVE District) to allow access to state and federal job creation incentives, has offered incentives to reduce expenses for manufacturers selecting West Melbourne, and has initiated a redevelopment and capital improvement program to focus public infrastructure improvements along its commercial corridors and business parks.

In 1970, West Melbourne's population was approximately 3,050. Since 2000, the City has experienced the highest population growth percentage of any municipality in Brevard County. The most recent State population estimate for the City is 32,372. The population in the City is relatively young and well-educated with over 45% of its population under the age of 45. With a comparatively high median household income, combined with a relatively young and well-educated population, the City has ideal market conditions for the continued development of high-technology, knowledge-based businesses, as well as traditional businesses and service providers.

As of September 30, 2025, the unemployment rate in the United States was 4.6%, an increase from 4.1% a year earlier. For Brevard County, the unemployment rate was 4.8%, up from 3.6% a year earlier as reported by the Florida Department of Economic Opportunity. It is expected that the unemployment rate for Brevard County will remain stable in 2026.

Long-term financial planning and major initiatives

The City's strategic plans for its long-term financial planning and budgeting are crafted with a strong foundational financial position that has been balanced with deliberate thought to our resources, while balancing healthy levels of debt with available resources. The City Council and the City Manager understand the need for expansion to meet the City's increasing population, and the resultant demands that such expansion will place on City resources. The City has determined that it will maintain a minimum fund balance reserve of 20% of the annual general fund expenditures, a rate that management considers to be a prudent reserve level for meeting unanticipated expenditure requirements, a major revenue shortfall, or an emergency.

The City is also cognizant of other cities' financial challenges. At the end of the current fiscal year, the unrestricted fund balance (which is the total of the committed, assigned, and unassigned components of the fund balance) in the general fund, was 131% of total general fund expenditures. This is a strong position which reduces the need to borrow to finance future construction and expansion projects.

The City of West Melbourne's current strategic initiatives are centered around a series of interconnected capital projects anchored by the construction of a new $52 million reverse osmosis (RO potable water treatment plant. Supporting this effort are multiple infrastructure improvements, including upgrades to the City's water distribution system, construction of four well housing structures, and installation of key transmission lines connecting raw water well sites to the new RO facility. These projects are in various stages of construction as of the date of this report and are collectively scheduled for completion by January 1, 2027, at which time the City anticipates commencing potable water service to its residents.

As part of the broader RO water system expansion, The City is also advancing the design and engineering of a large-capacity deep industrial injection well. Additional major initiatives include enhancements to the City's wastewater system, including septic-to-sewer conversions within the Sheridan Estates residential area and biological nutrient removal improvements at the Ray Bullard Wastewater Treatment Plant, both of which are currently in various stages of construction.

The City of West Melbourne continues to rank among the fastest-growing municipalities in Brevard County based on percentage growth. The City's population now exceeds 32,000 residents and continues to benefit from a well-balanced mix of residential and commercial development. During fiscal year 2025, new construction activity increased compared to the prior year, with approximately $116 million in total construction value. This level of activity reflects sustained development momentum as the City advances toward buildout. The City is currently estimated to be over 90% buildout, with less than 10% of land remaining available for future development.

The City Council has updated the Capital Improvements Element of the Comprehensive Plan in accordance with Florida Statues 163.3177(3)(b), and management has projected the capital improvement program for the next five years as financially feasible. The 2026 to 2030 projection matches future sources of revenues with planned capital expenditures that incorporate long range plans of the City, with major water projects estimated at $72.5 million, sewer projects estimated at $35.6 million, stormwater system improvements at $4.1 million, parks and recreation master improvement plan estimated at 12.2 million, and transportation system improvements estimated at $18.4 million. Combined capital improvements for all major and secondary projects are estimated at $157.5 million over the five-year span.

The millage rate for the City of West Melbourne was 1.8843 for fiscal year 2024-2025. This was reduced from the fiscal year 2023-2024 millage rate of 1.9948.

The City was reviewed by Standard and Poors (S&P) on October 1, 2024. S&P rated the 2024D Florida Municipal Loan Council revenue bonds at AA-.

Relevant Financial Policies

The City of West Melbourne maintains a policy requiring the adoption of a balanced annual operating budget, whereby estimated revenues are equal to or exceed appropriations. During fiscal year 2025, General Fund revenues exceeded the final budget by approximately $2.5 million, primarily due to higher-than-anticipated collections of property taxes, public utility and telecommunications taxes, franchise fees, and shared revenues. General Fund appropriations remained unchanged during the fiscal year, while actual expenditures were approximately $5.3 million below the final budget, reflecting conservative spending, timing of capital project expenditures, and personnel vacancy savings. As a result, General Fund reported an increase in fund balance of approximately $1.5 million.

Awards and Acknowledgements

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

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance Department. We wish to also express our appreciation to members of other City departments for their assistance in providing the data necessary to prepare this report. Credit must also be given to the Mayor and the City Council for their consistent support for management as it seeks to prudently manage the City of West Melbourne's finances.

Respectfully submitted,

Timothy Rhode	B. Keith Smith
City Manager	Finance Director

City of West Melbourne, Florida
Principal Officials
September 30, 2025

City Council

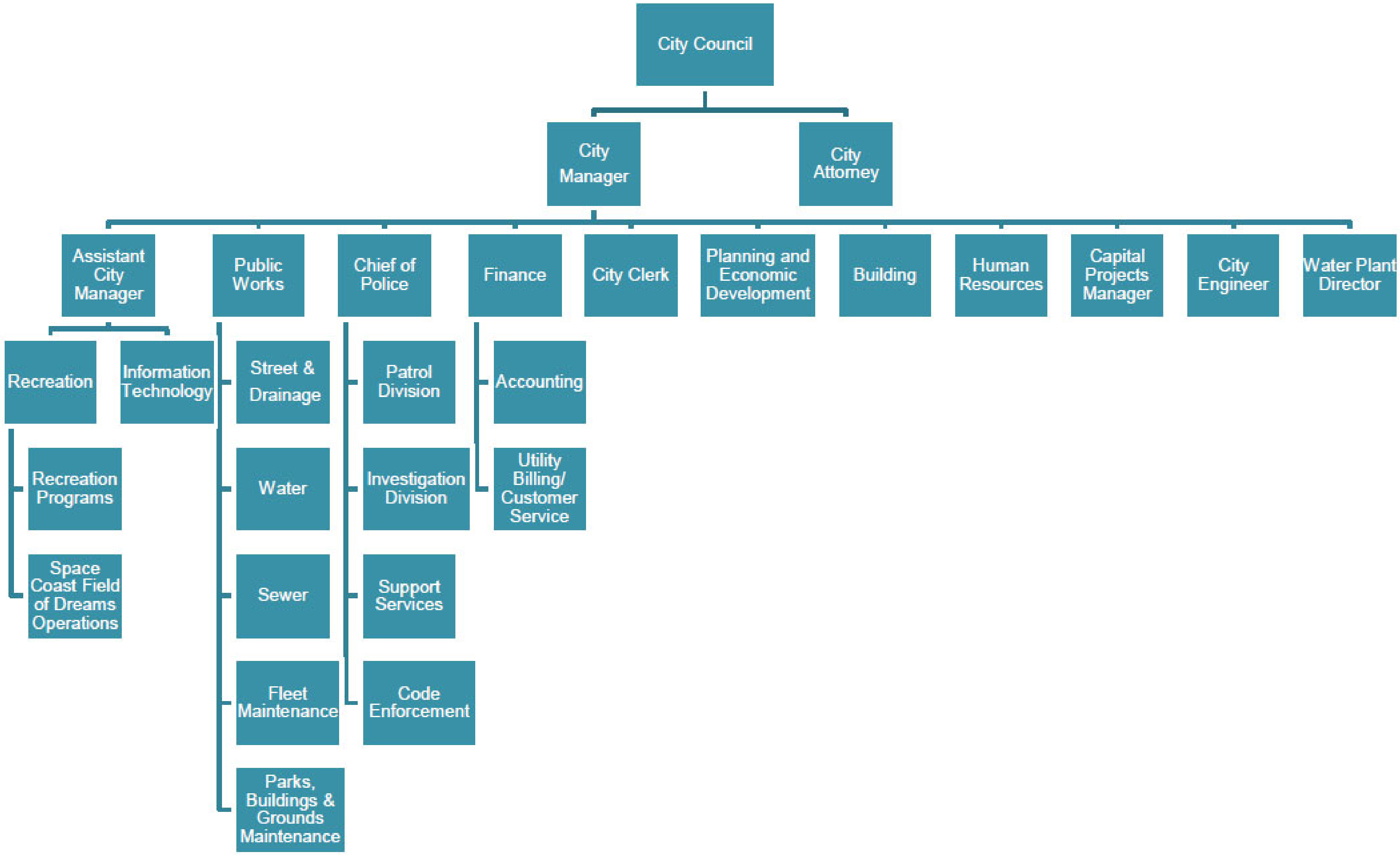
Andrea Young	Mayor
Pat Bentley	Deputy Mayor
Diana Adams	Council Member
Austin Gaylord	Council Member
Stephen Phrampus	Council Member
Helen Voltz	Council Member
Alexis McGuire	Council Member

Executive Management Team

Tim Rhode	City Manager
John Cary	City Attorney
Greg Vesta	Police Chief
Thomas Bradford	Assistant City Manager
Mark Piccirillo	Public Works Director
B. Keith Smith	Finance Director
Meighan Alexander	City Clerk
Dan Ferry	Building Official
Christy Fischer, AICP	Planning & Economic Development Director
Erin Murphy	Parks & Recreation Director
Jennifer Curran	Human Resources Director
Mark Petroni	Capital Project Manager
Cam Staubus	City Engineer
Guy Barrett	Water Plant Director

As of September 30, 2025

City of West Melbourne, Florida
Organizational Chart
September 30, 2025



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Melbourne
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

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CARR, RIGGS & INGRAM, L.L.C.

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Melbourne, FL 32940

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386.336.4189 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of West Melbourne, Florida

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 1 to the financial statements, in fiscal year 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Melbourne, Florida
April 14, 2026

As management of the City of West Melbourne ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 5-8 of this report.

Financial Highlights

- The assets and deferred outflows of the City of West Melbourne exceeded liabilities and deferred inflows at September 30, 2025 by $172,936,010. Of this amount, $56,839,028 may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $14,367,949; $3,057,868 in governmental activities and $11,310,081 in business-type activities. The increase is largely due to increases in charges for services, operating grants and contributions, public utility and telecommunication taxes, and unrestricted investment earnings.

- At September 30, 2025, the City's governmental funds reported combined ending fund balances of $46,514,861, an increase of $2,091,162 in comparison with the prior year. Approximately 48% of this amount ($22,543,149) is available for spending at the government's discretion (*unassigned fund balance*).

- At the end of the current fiscal year, unrestricted fund balance (the total of *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was $22,543,149, or approximately 131% of total general fund expenditures.

- The City's total outstanding long-term debt increased by $53,387,507 during the current fiscal year. This reflects the normal reductions resulting in annual debt service including lease payments of $13,893, $250,000 toward water contract termination and $403,600 on the Water and Sewer Refunding Revenue Bond, Series 2014D. This is offset by the addition of $54,055,000 from the Water and Sewer Revenue Bond, Series 2024D.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation, stormwater, and community development. The business-type activities of the City include a water and sewer system. The government-wide financial statements can be found on pages 31-34 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide 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. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community redevelopment agency fund, the American Rescue Plan Act (ARPA) fund, and the stormwater fund, which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of West Melbourne adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund, the community redevelopment agency fund, and the ARPA fund, to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 35-38 of this report.

***Proprietary funds**.* The City maintains one type of proprietary fund—an enterprise fund. *Enterprise funds* are used to report on the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Sewer System.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer System, which is considered to be a major fund. The basic proprietary fund financial statements can be found on pages 39-44 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* reported in the government-wide financial statements because the resources of those funds *are not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund. The *Pension Trust Fund* is used to report resources held in trust for retirees and beneficiaries covered by the *Police Officers' Retirement Plan*.

The fiduciary fund financial statements can be found on pages 45-46 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 48-100 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's budgetary compliance and pension and other post-employment benefits obligations. The City adopts an annual appropriated budget for its general fund, community redevelopment agency fund, special revenue funds (recreation and stormwater), and capital projects funds (capital projects and vehicle replacement). Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 102-121 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 124-125 of this report.

The Statistical Section includes tables and schedules to provide a more detailed picture of the financial condition of the City than those presented in the financial statements. These include the schedule of bonded debt and interest to maturity and assorted multi-year financial and statistical information and can be found on pages 131-154 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of West Melbourne, Florida, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $172,936,010 as of September 30, 2025.

City of West Melbourne's Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 50,160,266	$ 47,454,655	$ 97,866,808	$ 36,987,122	$ 148,027,074	$ 84,441,777
Capital assets	33,109,910	32,332,765	67,564,792	56,046,789	100,674,702	88,379,554
Total assets	83,270,176	79,787,420	165,431,600	93,033,911	248,701,776	172,821,331
Deferred outflows	2,608,978	2,380,274	409,683	426,480	3,018,661	2,806,754
Long-term liabilities	4,964,646	5,161,257	59,005,155	3,120,011	63,969,801	8,281,268
Other liabilities	2,334,176	4,393,907	8,114,845	3,035,331	10,449,021	7,429,238
Total liabilities	7,298,822	9,555,164	67,120,000	6,155,342	74,418,822	15,710,506
Deferred inflows	3,964,805	3,004,739	400,800	294,647	4,365,605	3,299,386
Net position:						
Net investment in capital assets	32,749,628	29,461,345	57,425,487	54,437,577	90,175,115	83,898,922
Restricted	20,290,508	18,393,841	5,631,359	414,167	25,921,867	18,808,008
Unrestricted	21,575,391	21,752,605	35,263,637	32,158,658	56,839,028	53,911,263
Total net position	$ 74,615,527	$ 69,607,791	$ 98,320,483	$ 87,010,402	$ 172,936,010	$ 156,618,193

By far the largest portion ($90,175,115) of the City's net position (52%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion ($25,921,867) of the City's net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $56,839,028 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2025, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statements of Activities

The following table reflects the condensed Statements of Activities for the current and prior year:

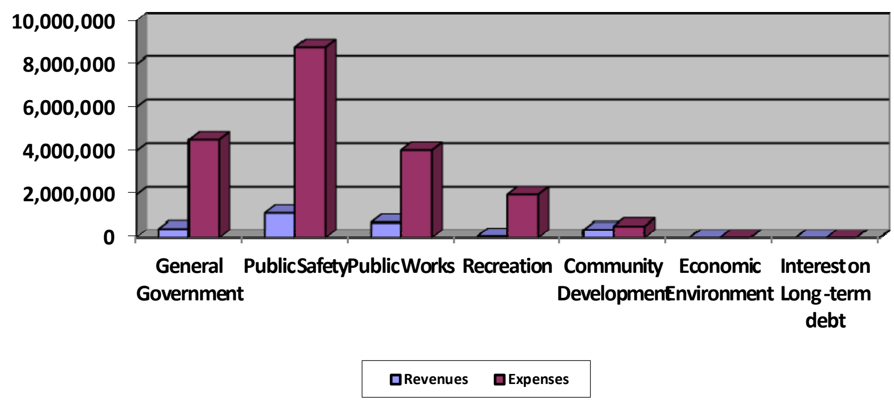
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 2,734,211	$ 3,215,042	$ 18,605,452	$ 15,722,534	$ 21,339,663	$ 18,937,576
Operating grants and contributions	149,800	-	-	-	149,800	-
Capital grants and contributions	21,383	679,490	4,538,943	4,730,452	4,560,326	5,409,942
General revenues:						
Local option gas tax	904,996	945,708	-	-	904,996	945,708
Property taxes	5,561,700	5,367,760	-	-	5,561,700	5,367,760
Public utility and telecommunication taxes	4,814,432	4,524,801	-	-	4,814,432	4,524,801
Payment in lieu of taxes	3,735,198	8,455,667	-	-	3,735,198	8,455,667
Franchise fees	2,937,216	2,821,916	-	-	2,937,216	2,821,916
Shared revenues	3,882,113	3,752,743	-	-	3,882,113	3,752,743
Unrestricted investment earnings	1,856,683	2,093,980	3,782,561	1,703,987	5,639,244	3,797,967
Miscellaneous	99,952	274,568	-	-	99,952	274,568
Gain on disposition	18,982	25,147	-	-	18,982	25,147
Total revenues	26,716,666	32,156,822	26,926,956	22,156,973	53,643,622	54,313,795
Expenses:						
General government	4,530,307	3,663,963	-	-	4,530,307	3,663,963
Public safety	8,763,786	8,160,518	-	-	8,763,786	8,160,518
Public works	4,040,879	3,617,172	-	-	4,040,879	3,617,172
Recreation	2,010,239	1,973,542	-	-	2,010,239	1,973,542
Community development	544,835	499,243	-	-	544,835	499,243
Economic environment	4,296	4,295	-	-	4,296	4,295
Interest on long term debt	1,317	3,916	-	-	1,317	3,916
Water and sewer	-	-	19,763,548	16,290,981	19,763,548	16,290,981
Total expenses	19,895,659	17,922,649	19,763,548	16,290,981	39,659,207	34,213,630
Increase in net position before special item	6,821,007	14,234,173	7,163,408	5,865,992	13,984,415	20,100,165
Special item:						
Capital contributions - Land	383,534	-	-	-	383,534	-
Excess (deficiency) of revenues over (under) expenses	7,204,541	14,234,173	7,163,408	5,865,992	14,367,949	20,100,165
Transfers in (out)	(4,146,673)	(5,014,669)	4,146,673	5,014,669	-	-
Transfers, net	(4,146,673)	(5,014,669)	4,146,673	5,014,669	-	-
Increase in net position	3,057,868	9,219,504	11,310,081	10,880,661	14,367,949	20,100,165
Net position - beginning of year	69,607,791	60,388,287	87,010,402	76,129,741	156,618,193	136,518,028
Prior period adjustment	1,949,868	-	-	-	1,949,868	-
Net position - beginning (restated)	71,557,659	60,388,287	87,010,402	76,129,741	158,568,061	136,518,028
Net position - ending	$ 74,615,527	$ 69,607,791	$ 98,320,483	$ 87,010,402	$ 172,936,010	$ 156,618,193

Governmental Activities. During the current fiscal year, net position for governmental activities increased by $3,057,868 from the prior fiscal year. While general revenues decreased overall by approximately 16.9% due to decreases in payment in lieu of taxes, unrestricted investment earnings, and miscellaneous revenues, increases in property taxes and public utility and telecommunication taxes helped reduce the impact of the decreases. Program revenues also decreased by approximately 25%, primarily due to decreased applications for building permits, plan review fees, recreation fees, and capital grants and contributions, with a marginal counteracting increase in operating grants and contributions.

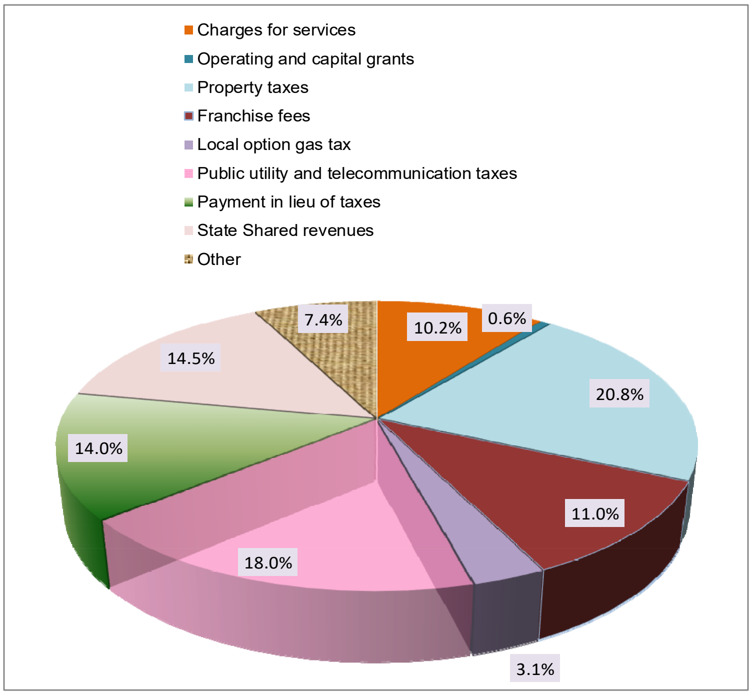
Governmental expenses increased $1,973,010 (11%) compared to the fiscal year ending September 30, 2024. General government increases accounted for 44% of the increased expenditures, mainly in executive salaries as new hires are incrementally made in anticipation of the new water plant completion, as well as annual staff increases, insurance costs, hurricane related costs, and maintenance and ongoing repairs. Public works expenditures accounted for 21% of the overall increased expenditures, largely in the area of maintenance and repairs to the Shannon headwall and storm drainage u-lining, in addition to regular repairs and maintenance, annual salaries and wages, and operating supplies.

The first chart that follows compares each program's expenses with the revenues generated by the program. The next chart displays the City's revenues by source. Public safety represents one of the City's major services and the majority of resources used to fund the service are not generated by the program. Revenues from taxes and other general resources provide the remaining funding necessary for public safety.

Expenses and Program Revenues-Governmental Activities



Revenues by Source – Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by $11,310,081. Charges for services increased by approximately $2.9 million, impacted by increased revenues for variable charges, meter installation fees, funding for wastewater upgrades from Indian River Lagoon ½ cent sales tax, Department of Environmental Protection, and St. John's River Water Management District. Unrestricted investment earnings increased by $2.08 million due to increased rates and interest earned on borrowed debt for water plant construction. Operating expenses of the Water and Sewer System increased by approximately $3.5 million, due largely debt service costs related to Series 2024D Water and Sewer Revenue Bond and increase water purchase costs.

Financial Analysis of Governmental Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $46,514,861, an increase of $2,091,162 in comparison with the prior year. Approximately 48% of this total amount ($22,543,149) constitutes unassigned fund balance, which has not been appropriated for a specific purpose and is available for spending at the government's discretion. The remainder of fund balances represents a legally restricted funding source, has been committed to a specific purpose by City action or is not in liquid form available for new spending. The $32,714 of prepaid items represents funds that have been disbursed for future expenditures, such as insurance or maintenance agreements. The restricted funds also include funds of $67,215 that can only be spent on law enforcement purposes. The $2,267,183 is restricted for stormwater projects. The $5,710,080 in the General Fund and $4,054,162 in Nonmajor funds are restricted for construction and maintenance of roads. The $3,622,144 amount represents funds collected through permits and is restricted to enforcing the State's building code.

The committed fund balances totaling $4,605,225 in two of the nonmajor funds are being expended for replacement vehicles and recreation purposes.

The Community Redevelopment Agency had minimal expenditure during the fiscal year ended September 30, 2025, and closed the year with a positive fund balance of $3,612,989. Under a new stimulus bill, the American Rescue Plan Act was enacted on March 11, 2021, to provide ARPA funds to local governments in order to facilitate the ongoing recovery from the COVID-19 pandemic. As of September 30, 2025, all ARPA funding had been fully expended.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $22,543,149, while total fund balance was $31,975,302. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 131% of total General Fund expenditures, while total fund balance represents 185% of that same amount.

The fund balance of the City's General Fund increased by $1,516,951 during the current fiscal year, compared to an increase of $5,431,744 in the prior year. The City saw increased expenditures in the General Fund. Key factors in these results are as follows:

- Total revenues of the General Fund decreased by $162,280. While there were increases in taxes by approximately $599K, fines by approximately $48K, and investment income by approximately $63K, decreases in charges for services, donations from developers for infrastructure, and miscellaneous fees related to off-duty law enforcement services now in-house counteracted the aforementioned increases, resulting in the overall decrease from 2024.

- General Fund expenditures increased $1,227,453 compared to the prior year. Increased payroll costs, road maintenance and repairs, capital outlay were the main contributing factors.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water and Sewer System at the end of the year amounted to $35,263,637. The total increase in net position for this fund was $11,310,081. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year ended September 30, 2025, significant budgetary variances between the final amended budget and actual results include the following:

- Revenues exceeded the budgeted amounts in all areas, more significantly for: taxes ($907K), licenses and permits ($259K), intergovernmental ($529K), charges for services ($214K), and investment income ($527K), as the economy ticked upwards in home values, grant funding was received for construction projects, higher bank balances resulted in higher investment earnings, and consumer retail spending continued to increase.
- Executive and administration costs exceeded budget ($39K) due to increased costs related to payroll taxes, retirement contributions and employee insurance costs.
- Information technology was under budget (81K) due to smaller than expected expenditures for other contractual services, and maintenance and repair.
- Other general services fell below budgeted amounts ($970K) due to deferred acquisition of planned land purchases.
- Law enforcement costs fell below budgeted amounts (204K) due to a loss of sworn officers which lead to reduced costs for insurance and retirement costs, and tuition reimbursement costs.
- Protective inspections costs fell below budgeted amounts ($1.4M) due to the delayed construction on the Community Development building, staffing vacancies, and reduction in external professional services.
- Public works costs were below budgeted ($2.1M) due to the delayed start to construction of the public works administration building at the new water plant, as well as the delayed U.S. 192 landscaping architectural analysis and improvement cost.

There were no revenue budget amendments during the year ended September 30, 2025. There were no budget amendments for expenditure during the year ended September 30, 2025.

Capital Assets and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounted to $100,674,702 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, other infrastructure items, and right-to-use lease assets. The percentage increase from prior year (fiscal year 2024) in the City’s investment in capital assets was approximately 14%, due to several construction-in-progress projects, significantly the undergoing new water plant, started during the FY2025.

City of West Melbourne's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 3,830,782	$ 3,420,248	$ 1,030,433	$ 1,030,433	$ 4,861,215	$ 4,450,681
Construction in progress	783,381	362,037	17,832,567	5,853,339	18,615,948	6,215,376
Buildings	7,201,420	7,450,805	404,845	430,039	7,606,265	7,880,844
Improvements other than buildings	7,706,775	8,446,004	46,655,528	47,412,645	54,362,303	55,858,649
Machinery and equipment	2,014,583	1,875,008	1,641,419	1,320,333	3,656,002	3,195,341
Infrastructure	11,550,100	10,742,238	-	-	11,550,100	10,742,238
Right-to-use lease assets	22,869	36,425	-	-	22,869	36,425
Total	$ 33,109,910	$ 32,332,765	$ 67,564,792	$ 56,046,789	$ 100,674,702	$ 88,379,554

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

- In the City's governmental activities, expenditures for Melbourne Estates drainage improvements, building design and engineering costs for the new building using building restricted funds, public works water plant offices, Westbrook flood risk reduction, Sheridan Road septic to sewer, and vehicle and equipment purchases accounted for the increase during the year.

- In the City's business-type activities, infrastructural work continued on several large projects including Sheridan Road septic to sewer, north bank C1E raw and finished water mains, water test production wells, and the new water plant. In addition, the City received two developer donations of water and sewer lines. Capital asset additions overall increased by $5.3 million in business-type activities in fiscal year 2024-2025.

Additional information on the City's capital assets can be found in Note 3 D on pages 73-74 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt and loans outstanding of $54,570,300, which mainly represents obligations secured by business-type activities revenue sources. Lease obligations of $24,681 are unsecured and paid by general fund revenue sources and contract termination payable of $500,000 is unsecured and paid by unpledged business-type activities revenue sources.

City of West Melbourne's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Lease liabilities	$ 24,681	$ 38,574	$ -	$ -	$ 24,681	$ 38,574
Revenue bonds	-	-	54,570,300	918,900	54,570,300	918,900
Contract termination payable	-	-	500,000	750,000	500,000	750,000
Total	$ 24,681	$ 38,574	$ 55,070,300	$ 1,668,900	$ 55,094,981	$ 1,707,474

Additional information on the City's outstanding debt can be found in Note 3 F on pages 75-80 of this report. The City's total debt increased by $53,387,507 during the current fiscal year. Key factors in the City's fiscal year 2025 long-term debt increase include the following:

- The City continued to pay off the Water and Sewer Refunding Revenue Bond, Series 2014 as it became due. Water and Sewer System revenue bond debt decreased by $404K.
- The City issued $54M Water and Sewer Revenue Bonds, Series 2024D, a revenue bond. Sold to finance the construction of a water treatment plant, principal repayments commence October 1, 2027.
- On June 1, 2013, the City entered into an agreement with the City of Melbourne for the sale and purchase of water services through December 31, 2026, with an early mutually agreed upon termination clause. City Council exercised the early termination clause during 2022, which triggered a discounted fee of $1.25M. This liability is unsecured, utilizing unpledged revenue at a non-interest-bearing rate, paid in five equal installments through the year 2027. This obligations was reduced by $250k at September 30, 2025.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City of West Melbourne and were considered in developing the 2025-2026 fiscal year budget.

- As of the United States Census count of April 1, 2010, the City had an estimated population of 18,335 people residing within the City's then 9.9-square miles. The population estimate issued for 2022 by the State of Florida, Office of Economic and Demographic Research shows the City's population has increased to 32,372 within the City's now 10.76-square mile area.

- During fiscal year 2025, the City issued building permits for the construction of 284 homes. The City expects continued local economic conditions to slow down. The City has three large commercial centers, Hammock Landing, the West Melbourne Interchange Center, and Coastal Commerce, where interest in new commercial development continues.

- As of September 2025, the unemployment rate in the United States was 4.6%. For the State of Florida, unemployment was 3.9%, an increase from 3.3% a year earlier. For Brevard County, the unemployment rate was 4.8% as reported by the Florida Department of Economic

Opportunity. It is expected that the unemployment rate for Brevard County will remain relatively stable in 2025-2026.

- The City was founded in 1959, primarily to prevent property taxes from being imposed by a neighboring municipality. The City continues to pride itself on its low tax rate. The millage rate for the City of West Melbourne was 1.8843 for fiscal year 2024 - 2025. This was reduced from the fiscal year 2023 – 2024 millage rate of 1.9948.

All of these factors were considered in preparing the City's budget for the fiscal year ending September 30, 2025.

Requests for Information

This financial report is designed to provide a general overview of the City of West Melbourne, Florida'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 City of West Melbourne, Attention: Finance Director, 2240 Minton Road, West Melbourne, Florida, 32904.

CITY OF WEST MELBOURNE, FLORIDA

Basic Financial Statements

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September 30, 2025	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	**$ 3,529,168**	**$ 1,724,514**	**$ 5,253,682**
Investments	**41,997,915**	**33,251,304**	**75,249,219**
Receivables, net	**1,167,724**	**2,068,105**	**3,235,829**
Lease receivables	**175,018**	**-**	**175,018**
Due from other governments	**1,739,826**	**1,094,114**	**2,833,940**
Inventory	**-**	**722,554**	**722,554**
Prepaid items	**32,713**	**-**	**32,713**
Restricted assets:			
Cash and cash equivalents	**561,167**	**59,006,217**	**59,567,384**
Net pension asset	**956,735**	**-**	**956,735**
Capital assets not being depreciated:			
Land	**3,830,782**	**1,030,433**	**4,861,215**
Construction in progress	**783,381**	**17,832,567**	**18,615,948**
Capital assets (net of accumulated depreciation/amortization):			
Buildings	**7,201,420**	**404,845**	**7,606,265**
Improvements other than buildings	**7,706,775**	**46,655,528**	**54,362,303**
Machinery and equipment	**2,014,583**	**1,641,419**	**3,656,002**
Infrastructure	**11,550,100**	**-**	**11,550,100**
Right-to-use lease assets	**22,869**	**-**	**22,869**
Total assets	**83,270,176**	**165,431,600**	**248,701,776**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	**2,117,246**	**329,884**	**2,447,130**
Deferred outflows related to OPEB	**491,732**	**79,688**	**571,420**
Deferred amount on advanced refunding	**-**	**111**	**111**
Total deferred outflows of resources	**2,608,978**	**409,683**	**3,018,661**

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

September 30, 2025	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	**722,580**	**1,613,272**	**2,335,852**
Contracts payable	**190,202**	**3,511,446**	**3,701,648**
Retainage payable	**145,399**	**510,497**	**655,896**
Accrued expenses	**-**	**101,046**	**101,046**
Accrued payroll and related liabilities	**716,828**	**83,353**	**800,181**
Payable from restricted assets:			
Accrued interest payable	**-**	**1,250,176**	**1,250,176**
Customer and developer escrow deposits	**559,167**	**1,045,055**	**1,604,222**
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	**-**	**410,600**	**410,600**
Contract termination payable	**-**	**250,000**	**250,000**
Lease liabilities	**10,737**	**-**	**10,737**
Other postemployment benefits (OPEB)	**15,549**	**3,047**	**18,596**
Compensated absences	**550,648**	**74,703**	**625,351**
Due in more than one year:			
Revenue bonds payable	**-**	**56,731,476**	**56,731,476**
Contract termination payable	**-**	**250,000**	**250,000**
Lease liabilities	**13,944**	**-**	**13,944**
Other postemployment benefits (OPEB)	**390,793**	**67,822**	**458,615**
Net pension liability	**3,624,966**	**1,173,167**	**4,798,133**
Compensated absences	**358,009**	**44,340**	**402,349**
Total liabilities	**7,298,822**	**67,120,000**	**74,418,822**
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	**2,847,147**	**270,569**	**3,117,716**
Deferred inflows related to OPEB	**763,164**	**130,231**	**893,395**
Deferred revenue - business tax receipts	**203,695**	**-**	**203,695**
Deferred revenue - leases	**150,799**	**-**	**150,799**
Total deferred inflows of resources	**3,964,805**	**400,800**	**4,365,605**
NET POSITION			
Net investment in capital assets	**32,749,628**	**57,425,487**	**90,175,115**
Restricted for:			
Stormwater	**2,267,183**	**-**	**2,267,183**
Community development	**3,612,989**	**-**	**3,612,989**
Debt service	**-**	**5,631,359**	**5,631,359**
Transportation	**9,764,242**	**-**	**9,764,242**
Law enforcement	**67,215**	**-**	**67,215**
Building code enforcement	**3,622,144**	**-**	**3,622,144**
Pension benefits	**956,735**	**-**	**956,735**
Unrestricted	**21,575,391**	**35,263,637**	**56,839,028**
Total net position	**$ 74,615,527**	**$ 98,320,483**	**$ 172,936,010**

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

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For the year ended September 30, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	**$ 4,530,307**	**$ 416,735**	**$ 149,800**	**$ -**
Public safety	**8,763,786**	**1,144,823**	**-**	**11,803**
Public works	**4,040,879**	**713,915**	**-**	**9,580**
Recreation	**2,010,239**	**82,043**	**-**	**-**
Community development	**544,835**	**376,695**	**-**	**-**
Economic environment	**4,296**	**-**	**-**	**-**
Interest on long-term debt	**1,317**	**-**	**-**	**-**
Total governmental activities	**19,895,659**	**2,734,211**	**149,800**	**21,383**
Business-type activities:				
Water and sewer	**19,763,548**	**18,605,452**	**-**	**4,538,943**
Total business-type activities	**19,763,548**	**18,605,452**	**-**	**4,538,943**
Total primary government	**$ 39,659,207**	**$ 21,339,663**	**$ 149,800**	**$ 4,560,326**

General revenues:
Taxes:
Property taxes
Franchise fees
Local option gas tax
Public utility and telecommunication taxes
Payment in lieu of taxes
Intergovernmental shared revenue - unrestricted
Investment earnings
Miscellaneous revenue
Gain on disposition
Transfers, net
Total general revenues
Special item:
Capital contributions - Land
Change in net position
Net position, beginning of year as previously reported
Prior period adjustments (see Note 2)
Net position, beginning of year, as restated
Net position, end of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (3,963,772)	$ -	$ (3,963,772)
(7,607,160)	-	(7,607,160)
(3,317,384)	-	(3,317,384)
(1,928,196)	-	(1,928,196)
(168,140)	-	(168,140)
(4,296)	-	(4,296)
(1,317)	-	(1,317)
(16,990,265)	-	(16,990,265)
-	3,380,847	3,380,847
-	3,380,847	3,380,847
(16,990,265)	3,380,847	(13,609,418)
5,561,700	-	5,561,700
2,937,216	-	2,937,216
904,996	-	904,996
4,814,432	-	4,814,432
3,735,198	-	3,735,198
3,882,113	-	3,882,113
1,856,683	3,782,561	5,639,244
99,952	-	99,952
18,982	-	18,982
(4,146,673)	4,146,673	-
19,664,599	7,929,234	27,593,833
383,534	-	383,534
3,057,868	11,310,081	14,367,949
69,607,791	87,010,402	156,618,193
1,949,868	-	1,949,868
71,557,659	87,010,402	158,568,061
$ 74,615,527	$ 98,320,483	$ 172,936,010

September 30, 2025	General	Community Redevelopment	ARPA	Stormwater	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 1,064,379	$ 1,127,879	$ -	$ 196,792	$ 1,140,118	$ 3,529,168
Investments	30,643,494	2,485,110	-	1,261,267	7,608,044	41,997,915
Accounts receivable, net	1,167,724	-	-	-	-	1,167,724
Lease receivables, net	175,018	-	-	-	-	175,018
Due from other governments	730,026	-	-	1,009,800	-	1,739,826
Prepaid items	32,713	-	-	-	-	32,713
Restricted cash and cash equivalents	561,167	-	-	-	-	561,167
Total assets	$ 34,374,521	$ 3,612,989	$ -	$ 2,467,859	$ 8,748,162	$ 49,203,531
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 635,302	$ -	$ -	$ 4,002	$ 83,276	$ 722,580
Contracts payable	134,513	-	-	50,190	5,499	190,202
Retainage payable	-	-	-	145,399	-	145,399
Accrued payroll and related liabilities	715,743	-	-	1,085	-	716,828
Deposits	559,167	-	-	-	-	559,167
Total liabilities	2,044,725	-	-	200,676	88,775	2,334,176
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - business tax receipts	203,695	-	-	-	-	203,695
Deferred revenue - leases	150,799	-	-	-	-	150,799
Total deferred inflows of resources	354,494	-	-	-	-	354,494

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

September 30, 2025	General	Community Redevelopment	ARPA	Stormwater	Nonmajor Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable:						
Prepaid items	**32,714**	**-**	**-**	**-**	**-**	**32,714**
Restricted for:						
Stormwater	**-**	**-**	**-**	**2,267,183**	**-**	**2,267,183**
Police education	**31,636**	**-**	**-**	**-**	**-**	**31,636**
Confiscated funds	**35,579**	**-**	**-**	**-**	**-**	**35,579**
Transportation	**5,710,080**	**-**	**-**	**-**	**4,054,162**	**9,764,242**
Building code enforcement	**3,622,144**	**-**	**-**	**-**	**-**	**3,622,144**
Community development	**-**	**3,612,989**	**-**	**-**	**-**	**3,612,989**
Committed for:						
Recreation	**-**	**-**	**-**	**-**	**1,898,524**	**1,898,524**
Vehicle replacement	**-**	**-**	**-**	**-**	**2,706,701**	**2,706,701**
Unassigned	**22,543,149**	**-**	**-**	**-**	**-**	**22,543,149**
Total fund balances	**31,975,302**	**3,612,989**	**-**	**2,267,183**	**8,659,387**	**46,514,861**
Total liabilities, deferred inflows of resources and fund balances	**$ 34,374,521**	**$ 3,612,989**	**$ -**	**$ 2,467,859**	**$ 8,748,162**	**$ 49,203,531**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 67,308,933	
Less accumulated depreciation/amortization	(34,199,023)	**33,109,910**
Deferred outflows and deferred inflows of resources related to pensions and OPEB and related earnings are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		
Deferred outflows related to pensions	$ 2,117,246	
Deferred outflows related to OPEB	491,732	
Deferred inflows related to pensions	(2,847,147)	
Deferred inflows related to OPEB	(763,164)	**(1,001,333)**
Long-term liabilities, including lease obligations, compensated absences, net pension liability and the total OPEB liability are not due and payable in the current period and therefore are not reported in the funds.		
Net pension asset (liability), net	$ (2,668,231)	
Compensated absences	(908,657)	
Other postemployment benefits (OPEB)	(406,342)	
Lease liability	(24,681)	**(4,007,911)**
Net position of governmental activities		**$ 74,615,527**

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

City of West Melbourne, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended September 30, 2025	General	Community Redevelopment	ARPA	Stormwater	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	$ 13,313,348	$ 359,497	$ -	$ 713,915	$ -	$ 14,386,760
Licenses and permits	1,170,780	-	-	-	-	1,170,780
Intergovernmental	4,896,813	359,497	1,703,386	1,352,349	-	8,312,045
Charges for services	678,746	-	-	-	-	678,746
Fines and forfeitures	156,389	-	-	-	-	156,389
Investment income	1,166,672	70,811	293,436	28,424	297,340	1,856,683
Miscellaneous	82,059	-	-	-	-	82,059
Total revenues	21,464,807	789,805	1,996,822	2,094,688	297,340	26,643,462
Expenditures						
Current:						
General government	4,008,334	-	-	-	-	4,008,334
Public safety	8,453,147	-	-	-	-	8,453,147
Public works	1,851,292	-	-	333,452	-	2,184,744
Recreation	1,366,939	-	-	-	-	1,366,939
Community development	556,224	-	-	-	-	556,224
Economic environment	-	4,296	-	-	-	4,296
Capital outlay	992,614	-	6,026	2,166,985	724,312	3,889,937
Debt service:				-		
Principal	13,893	-	-	-	-	13,893
Interest	1,317	-	-	-	-	1,317
Total expenditures	17,243,760	4,296	6,026	2,500,437	724,312	20,478,831
Excess (deficiency) of revenues over (under) expenditures	4,221,047	785,509	1,990,796	(405,749)	(426,972)	6,164,631
Other financing sources (uses)						
Transfers in	-	-	-	1,000,000	314,500	1,314,500
Transfers out	(2,777,300)	-	(2,683,873)	-	-	(5,461,173)
Insurance proceeds	54,222	-	-	-	-	54,222
Proceeds from sale of capital assets	18,982	-	-	-	-	18,982
Net other financing sources (uses)	(2,704,096)	-	(2,683,873)	1,000,000	314,500	(4,073,469)
Net change in fund balances	1,516,951	785,509	(693,077)	594,251	(112,472)	2,091,162
Fund balances, beginning, as previously reported	30,458,351	2,827,480	693,077	1,573,932	8,771,859	44,324,699
Prior period adjustment (see Note 2)	-	-	-	99,000	-	99,000
Fund balances, beginning of year, as restated	30,458,351	2,827,480	693,077	1,672,932	8,771,859	44,423,699
Fund balances, ending	$ 31,975,302	$ 3,612,989	$ -	$ 2,267,183	$ 8,659,387	$ 46,514,861

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2025

Net change in fund balances - total governmental funds		**$ 2,091,162**
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 as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.		
Capital outlay	$ 3,889,937	
Depreciation/amortization	(3,496,325)	**393,612**
Donated land received during the year is recorded as a capital asset and as capital assets. However, this adjustment is not recorded at the fund as there is no capital outlay		**383,534**
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.		
Debt principal		**13,893**
Under the modified accrual basis of accounting used in 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, pension and OPEB expenses are reported regardless of when the financial resources are available.		
FRS/HIS pension and related deferred outflows and inflows	$ 241,424	
Police officers' pension and related deferred outflows and inflows	337,614	
OPEB and related deferred outflows and inflows	(3,286)	**575,752**
Compensated absences 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.		**(400,085)**
Change in net position of governmental activities		**$ 3,057,868**

September 30, 2025	Business-type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	**$ 1,724,514**
Restricted current assets:	
Cash and cash equivalents	**59,006,217**
Investments	**33,251,304**
Accounts receivable, net	**1,244,187**
Accounts receivable earned, but not billed	**754,716**
Assessments receivable	**69,202**
Due from other governments	**1,094,114**
Inventory	**722,554**
Total current assets	**97,866,808**
Noncurrent assets:	
Capital assets:	
Land	**1,030,433**
Buildings	**2,655,123**
Improvements other than buildings	**104,857,467**
Machinery and equipment	**6,808,189**
Construction in progress	**17,832,567**
Less accumulated depreciation/amortization	**(65,618,987)**
Total capital assets, net of accumulated depreciation/amortization	**67,564,792**
Total noncurrent assets	**67,564,792**
Total assets	**165,431,600**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	**329,884**
Deferred outflows related to OPEB	**79,688**
Deferred amount on advanced refunding	**111**
Total deferred outflows of resources	**409,683**

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

September 30, 2025	Business-type Activities - Enterprise Fund
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable	**1,613,272**
Contracts payable	**3,511,446**
Retainage payable	**510,497**
Accrued expenses	**101,046**
Accrued payroll and related liabilities	**83,353**
Compensated absences	**74,703**
Current portion of revenue bonds payable	**410,600**
Contract termination payable, current	**250,000**
Current portion of total OPEB liability	**3,047**
Current liabilities (payable from restricted assets):	
Accrued interest	**1,250,176**
Customer and developer escrow deposits	**1,045,055**
Total current liabilities	**8,853,195**
Noncurrent liabilities:	
Compensated absences	**44,340**
Total OPEB liability	**67,822**
Contract termination payable	**250,000**
Revenue bonds payable	**56,731,476**
Net pension liability	**1,173,167**
Total noncurrent liabilities	**58,266,805**
Total liabilities	**67,120,000**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	**270,569**
Deferred inflows related to OPEB	**130,231**
Total deferred inflows of resources	**400,800**
NET POSITION	
Net investment in capital assets, net of related debt	**57,425,487**
Restricted for:	
Debt service	**5,631,359**
Unrestricted	**35,263,637**
Total net position	**$ 98,320,483**

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

For the year ended September 30, 2025	Business-type Activities - Enterprise Fund
Operating revenues:	
Charges for services	**$ 16,198,104**
Other charges and fees	**2,407,348**
Total operating revenues	**18,605,452**
Operating expenses:	
Personnel services	**2,212,698**
Contractual services	**2,457,820**
Supplies and other expenses	**8,315,568**
Depreciation/amortization	**4,269,277**
Total operating expenses	**17,255,363**
Operating income	**1,350,089**
Nonoperating revenues (expenses):	
Intergovernmental revenue	**403,402**
Investment income	**3,782,561**
Interest expense	**(2,508,185)**
Total nonoperating revenues (expenses)	**1,677,778**
Income before capital contributions and transfers	**3,027,867**
Capital contributions	**4,135,541**
Transfers in	**4,183,873**
Transfers out	**(37,200)**
Change in net position	**11,310,081**
Net position, beginning of year	**87,010,402**
Net position, end of year	**$ 98,320,483**

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

For the year ended September 30, 2025	Business-type Activities - Enterprise Fund
Cash flows from operating activities:	
Cash received from customers for sales and services	**$ 18,102,618**
Cash payments to employees	**(1,356,103)**
Cash payments to suppliers for goods and services	**(8,413,335)**
Net cash provided by operating activities	**8,333,180**
Cash flows from noncapital financing activities:	
Transfers from other funds	**4,183,873**
Transfers to other funds	**(37,200)**
Net cash provided by noncapital financing activities	**4,146,673**
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	**(15,416,840)**
Collections of special assessment revenue	**5,411**
Proceeds from issuance of bonds	**56,223,176**
Grant revenues	**403,402**
Capital contributions	**4,135,541**
Interest paid on long-term debt	**(1,268,028)**
Net cash provided by capital and related financing activities	**44,082,662**
Cash flows from investing activities:	
Investment income	**3,782,561**
Purchase of investments	**(5,864,757)**
Net cash used in investing activities	**(2,082,196)**
Net increase in cash and cash equivalents	**54,480,319**
Cash and cash equivalents, beginning of year	**6,250,412**
Cash and cash equivalents, end of year	**$ 60,730,731**
Current assets:	
Cash and cash equivalents	**$ 1,724,514**
Cash and cash equivalents, restricted	**59,006,217**
Total cash and cash equivalents	**$ 60,730,731**

For the year ended September 30, 2025		Business-type Activities - Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	**1,350,089**
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization expense		**4,269,277**
Provision for uncollectible accounts		**22,146**
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable		**(127,016)**
Accounts receivable earned, but not billed		**73,996**
Advance to other funds		**121,678**
Due from other governments		**(598,763)**
Inventory		**(159,425)**
Prepaid items		**127,364**
Deferred outflows of resources related to pensions		**663**
Deferred outflows of resources related to OPEB		**15,586**
Increase (decrease) in liabilities:		
Accounts and contracts payable		**3,456,739**
Accrued expenses		**5,202**
Accrued payroll and related liabilities		**31,125**
Contract termination payable		**(250,000)**
Total OPEB liability		**(851)**
Net pension liability		**(115,908)**
Customer and developer escrow deposits		**5,125**
Deferred inflows of resources related to pensions		**120,170**
Deferred inflows of resources related to OPEB		**(14,017)**
Total adjustments		**6,983,091**
Net cash provided by operating activities	$	**8,333,180**

Noncash capital and related financing activities:

Amortization of deferred loss on refunding	$	**548**

September 30, 2025	Police Officers' Pension Trust Fund
ASSETS	
Investments at fair value:	
Money market mutual funds	**$ 219,873**
Fixed income mutual funds	**5,806,847**
Mutual funds - US stock	**14,394,578**
Mutual funds - international stock	**1,718,878**
Alternative funds	**1,319,072**
Real estate	**2,340,861**
Contribution receivable	**21,695**
Interest receivable	**1,222**
Total assets	**25,823,026**
LIABILITIES	
Accounts payable	**23,949**
Total liabilities	**23,949**
FIDUCIARY NET POSITION	
Restricted for pension benefits	**$ 25,799,077**

City of West Melbourne, Florida
Statement of Changes in Fiduciary Net Position - Police Officers' Pension Trust Fund

For the year ended September 30, 2025		Police Officers' Pension Trust Fund
ADDITIONS		
Contributions:		
City	$	**439,983**
Employees		**265,344**
State		**349,491**
Total contributions		**1,054,818**
Investment income:		
Net appreciation in the fair value of investments		**1,887,347**
Interest, dividends and other income		**983,750**
Total investment gains		**2,871,097**
Less investment-related expense		**(86,572)**
Net investment gains		**2,784,525**
Total additions		**3,839,343**
DEDUCTIONS		
Benefit payments		**934,026**
Administrative expenses		**64,416**
Total deductions		**998,442**
Change in net position		**2,840,901**
Fiduciary net position, beginning of year		**22,958,176**
Fiduciary net position, end of year	$	**25,799,077**

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Melbourne, Florida (the "City") was originally chartered as a Town on September 11, 1959. On July 2, 1970, the City was incorporated as a political subdivision of the State of Florida with a six-member Council, including a Mayor and Deputy-Mayor. In November 1989, a seventh Council member was added and the Mayor became a voting member. The Council appoints the City Manager, who in turn functions as the administrator for the everyday operations of the City. The Council also appoints the City Attorney and the City Manager appoints the Chief of Police. The City provides a full range of municipal services as directed by the City Charter including general government, public safety, public improvements, planning and zoning, water and sewer service, refuse collection, a recycling program and related general and administrative services to its residents.

A. Reporting Entity

The City is a municipal corporation governed by an elected power and seven-member governing council (the "Council"). The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the City are described below.

In evaluating the City as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification.

Blended Component Unit

The West Melbourne-Brevard County Joint Community Redevelopment Agency (the "CRA" or "Community Redevelopment") was organized under Section 163 of the Florida Statutes pursuant to City Ordinance No. 2012-19 and formally came into existence during the fiscal year ended September 30, 2013. The Community Redevelopment Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area. Although legally separate, the CRA is reported as if it were part of the City as a special revenue fund, because it is governed by a board comprised primarily of the City's elected Council members. Additionally, the services provided by the CRA create a financial benefit relationship with the City. The separate financial statements of the CRA can be obtained from the City of West Melbourne, Attn: Finance Director, 2240 Minton Road, West Melbourne, Florida 32904.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly excluded from program revenues are reported instead as *general revenues.*

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary 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.

The 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, except for federal, state, local or private grants or awards, for which the period is 4 months. Expenditures generally are recorded when a liability is incurred, as

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 4 months of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 4 months of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary and pension and other postemployment benefit trust funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while the business-type activities column incorporates data from the City’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements. There are no nonmajor enterprise funds.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Major revenue sources include property taxes, franchise fees, utility taxes, intergovernmental revenues, licenses and permits, and charges for services.

- The *West Melbourne-Brevard County Joint Community Redevelopment Agency Fund ("Community Redevelopment")* - A special revenue fund used to account for tax increment revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance development within that area.

- The *American Rescue Plan Act (ARPA) Fund* is used to account for federal funds received under the American Rescue Plan Act, which are restricted for eligible expenditures including water & sewer infrastructure improvements.

- The *Stormwater Fund* is a special revenue fund used to account for the stormwater utility fees charged to property owners, which are restricted for the operation, maintenance, and improvement of the City's stormwater management system.

The City reports the following major enterprise fund:

- The *Water and Sewer Fund* accounts for water and sewer operations financed and operated in a manner similar to a private business enterprise. The fund is intended to be predominantly self-supported from user charges.

Additionally, the City reports the following fiduciary fund type:

- The *Police Officers' Pension Trust Fund* accounts for the activities of the City's police pension and retirement system, which accumulates resources for pension benefit payments to qualified police officers.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

The City's nonmajor governmental funds consist of a special revenue fund (Recreation) and two capital projects funds (Vehicle Replacement and Capital Projects).

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Budgetary Information

The City has elected, as permitted by Section 2400: *Budgetary Reporting* of the GASB Codification, to disclose all budgetary information in the notes to the required supplementary information.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity

1. Cash and Cash Equivalents

The City'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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

2. Investments

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2025, were invested using the pooled investment concept. Interest earned was allocated monthly to the various funds based on their month-end cash and investment balances.

Investments for the City are reported at fair value except for the positions in the Florida PRIME, Florida SAFE and the Florida Local Government Investment Trust (FLGIP) Day to Day Fund external investment pools. The Florida PRIME, Florida SAFE and FLGIP Day to Day Fund external investment pools meet all of the specified criteria in Section I50: *Investments* of the GASB Codification to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of pooled shares.

The City of West Melbourne is empowered by statute to invest in the following instruments and may divest itself of such investments, at prevailing market prices or rates subject to the limitations of Section 218.415 – a) the Local Government Surplus Funds Trust Fund, administered by the Florida State Board of Administration or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, Florida Statutes; b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; c) savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02; d) certificates of deposit and Repurchase Agreements in state-certified qualified public depositories, as defined in Florida Statute 280.02; e) direct obligations of the U.S. Treasury; and f) Federal agencies and instrumentalities.

The Police Officers' Pension Fund is authorized to invest surplus funds in a) equity investments (common stock, convertible bonds and preferred stock) in a corporation listed on one or more of the recognized international exchanges or electronic network; b) fixed income investments with a minimum rating of investment grade or higher as reported by a nationally recognized rating agency except that up to 5% of fixed income investments may be below investment grade; c) money market funds or short-term investment fund options provided by the Plan's custodian with a minimum rating of Standard & Poor's "A1" or Moody's "P1"; d) real estate investments; and e) pooled funds including, but not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity.

Banks and savings and loans in which City funds are deposited must be classified as a qualified public depository as defined in the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes, before any deposits are made with those institutions.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

3. Receivables and Payables

Accounts receivable consists of trade receivables. Amounts due from other governments include due from the State of Florida. Program and capital grants are recorded as a receivable and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are reported as "unearned".

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer fund for services rendered, but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to fiscal year end and prorated for usage in September.

All account and tax receivables are shown net of allowance for uncollectible accounts.

Allowance for doubtful accounts – All account and tax receivables have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 180 days are subject to being considered as uncollectible.

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

Lease receivables – The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

4. Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

4. Interfund Activities and Transactions (Continued)

Interfund transactions are reflected as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

5. Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The governmental funds did not have any inventories on hand at year end. Inventory in the proprietary fund consists of materials and supplies used in the production of goods and services.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets, as follows:

Customer and Developer Deposit Escrow Accounts - Deposited in non-interest bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Law Enforcement Fines and Confiscated Property Account - Fines and property generated and applied toward further education and enhancement of the police department.

Bond Debt Service – Allocated funding for current debt service principal payments due on the revenue bond in the next fiscal period.

7. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

7. Capital Assets (Continued)

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The prior definition included assets with an initial cost of more than $2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10 to 50 years
Improvements other than buildings	2 to 50 years
Machinery and equipment	5 to 10 years
Infrastructure	10 to 40 years

8. Deferred Outflows/Inflows of Resources

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

The City has three (3) items that qualify for reporting as deferred outflows of resources: the *deferred amount on advanced refunding*, the *deferred outflows related to pensions*, and the *deferred outflows related to OPEB*. All three are reported in the government-wide statement of net position and in the proprietary fund statement of net position. The deferred amount on refunding results from debt financing, whereby the reacquisition prices of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding, in the amount of $111 at September 30, 2025 is being amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

8. Deferred Outflows/Inflows of Resources (Continued)

The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The *deferred outflows related to other postemployment benefits (OPEB)* are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the total OPEB liability in future reporting years.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two (2) items that qualify for reporting as deferred inflows of resources in both the government wide and proprietary fund statements of net position. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to OPEB are an aggregate of items related to OPEB as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other than Pensions – Reporting Benefits Not Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to OPEB will be recognized as a reduction in OPEB expense in future reporting years.

Deferred revenue-business tax receipts and leases are amounts deferred in both the government-wide statement of net position and the governmental fund balance sheet and recognized as an inflow of resources in the period that the amounts become available in accordance with GASB Codification N50: *Nonexchange Transactions*. At September 30, 2025, the City recognized deferred revenue in the amount of $354,494.

9. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, compensatory time, and sick leave attributable to services already rendered and are more likely than not to be settled through payment or use as time off. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Under GASB Section C60: *Compensated Absences*, the City recognizes a liability for the portion of accumulated sick leave bank hours that are considered more likely than not to be used as time off prior to separation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

9. Compensated Absences (Continued)

The City utilizes a last-in, first-out approach, assuming current-year sick hours are used first before drawing from the sick leave bank, based on historical usage patterns.

The City measures the compensated absences liability using the pay rates in effect at the financial statement date, including applicable salary-related payments (such as the employer's share of Social Security and Medicare taxes). The entire compensated absences liability is reported on the government-wide financial statements.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium and discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Leases

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City's Police Officers' pension trust fund and the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

12. Pensions (Continued)

net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

13. Other Post-Employment Benefits (OPEB) Liability

The City participates in a single employer, defined benefit, other post-employment plan. The City does not have a trust for the plan, and there is no actuarial determined contribution. The OPEB liability is determined in accordance with GASBC Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*.

The deferred outflows related to other postemployment benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASBC Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria*.

14. Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

14. Categories and Classification of Fund Equity (Continued)

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as the long-term amount of interfund advances, property acquired for resale, as well as unrealized gains.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision- making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The authority to assign fund balance lies with the City Council and may occur through the budget process or formal action. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance – 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. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. According to the City's Fund Balance policy, the General Fund shall maintain an unassigned, unappropriated fund balance equivalent to a minimum of twenty percent (20%) of the current fiscal year expenditures less capital outlay and transfers out. At September 30, 2025, this minimum balance is $3,250,229.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

15. Revenues and Expenditures/Expenses

Program revenues – Amounts reported as program revenues include, 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

Property taxes - The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year's millage. During a Special Session in June 2007, the Florida Legislature adopted HB1B, which limits municipal property tax rates effective with the 2007-2008 fiscal year. This legislation establishes reductions in the millage rate based on a calculated growth in per capita taxes between the 2002 and 2007 fiscal years. The Legislature authorized local governments to use the rolled back millage rate if approved by a super majority vote of the governing body. The West Melbourne City Council levy for the fiscal year ended September 30, 2025 was 1.8843 mills, which is equal to the rolled back rate.

Franchise fees are based on gross receipts and are reported as general revenues on the statement of activities.

Proprietary funds operating and nonoperating revenues and expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

16. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the pension liability and the OPEB liability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

17. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, April 14, 2026. See Note 3.G. for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

18. Recently Issued and Implemented Accounting Pronouncements

The City implemented the following standards during the current year.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The impact of this Statement is disclosed in Note 3 – F.

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

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The City implemented GASB 102 during the fiscal year ended September 30, 2025. As part of implementation, the City evaluated concentrations and constraints and the related risk disclosure requirements. Implementation did not have a material impact on the City's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

18. Recently Issued and Implemented Accounting Pronouncements (Continued)

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

GASB Statement 103, *Financial Reporting Model Improvements*. This Statement was issued April 2024 to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. This Statement also addresses certain application issues.

This establishes new accounting and financial reporting requirements—or modifies existing requirements—related to Management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This Statement will supersede and amend portions of GASB Statements 34 and 37. This Statement further amends portions of GASB Statements 14, 41, 42, 44, 49, 56, 58, 61, 62 and 69. Related guidance will also be superseded or amended upon implementation. Statement 103 will be effective for the fiscal year ending September 30, 2026.

GASB Statement 104, *Disclosure of Certain Capital Assets*. This Statement was issued September 2024 to provide users of government financial statements with essential information about certain types of capital assets.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position or Equity (Continued)

18. Recently Issued and Implemented Accounting Pronouncements (Continued)

The City is currently evaluating the requirements of the above statements and the impact on reporting.

Note 2: PRIOR PERIOD RESTATEMENTS

Certain amounts for prior fiscal years have been reclassified to be consistent with the fiscal year 2025 presentation. In fiscal year 2025, the City restated opening net position and fund balances to correct errors in the prior year financial statements.

The Stormwater Special Revenue Fund beginning fund balance was increased by $99,000 to correct the understatement of FDEP grant revenues that should have been recognized in the prior fiscal year as receivable and revenue at that time, however the City recorded the revenue when the cash was received during fiscal year 2025.

Additionally, donated land totaling $1,850,868 that had been received in prior years was not recorded in the government-wide financial statements. As a result, beginning capital assets and net position in the Government-Wide Governmental Activities were increased by $1,850,868.

The following tables summarize the changes to the City's net position and fund balance as a result of the error corrections:

Governmental Funds

Stormwater Fund		Amount
Beginning fund balance, as previously reported	$	1,573,932
Grant revenue correction		99,000
Beginning fund balance, as restated	$	1,672,932

Note 2: PRIOR PERIOD RESTATEMENTS (Continued)

Government-Wide - Governmental Activities

Description		Amount
Net position, as previously reported	$	69,607,791
Grant revenue correction		99,000
Donated land previously unrecorded		1,850,868
Net position, as restated	$	71,557,659

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2025, the City's carrying amount of cash deposits was $7,272,330, not including petty cash and change accounts totaling $4,100, and the bank balance was $7,778,507. As of September 30, 2025, $250,000 of the City's bank balance was covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depository, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the City's investment policy, pertinent bond resolutions and Section 218.45, Florida Statutes, which allows the City to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) Local Government Surplus Funds Trust Fund ("Florida PRIME") is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2025, the City had $24,287,416 invested in the SBA. The fair value of the City's position in the pool is equal to the value of the pooled shares.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2025, the City's share of Florida SAFE was $25,262,759. The fair value of the City's position in the pool is equal to the value of the pooled shares.

The Florida Local Government Investment Trust (FLGIP) Day-to-Day Fund is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes.

The investment pool offers two open-ended managed funds available only to public entities in Florida. The investment pools consist of short-term to intermediate-term securities permitted by applicable Florida Statutes. At September 30, 2025, the City's share of the FLGIP Day to Day Fund was $25,699,046 . The fair value of the City's position in the FLGIP Day to Day Fund investment pool is equal to the value of the pooled shares.

Under GASB Codification I50: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost, it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the City's access to 100 percent of their account value in the Florida PRIME, Florida SAFE or FLGIP Day to Day fund external investment pools.

Cash with escrow and paying agents of $57,961,162 accounted for in the Water/Sewer Fund represents reserves and balances to service outstanding bonds.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Interest earned was allocated monthly to the various funds based on their month-end cash and investment balances. The pension trust funds are authorized to invest in corporate bonds and stocks, money markets funds, mortgages and notes.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution, a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the City places its deposits are certified as “qualified public depositories,” as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the City 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, 2025, the City’s pension investments are held in street name in the form of stock, debt securities and U.S. government bonds through financial brokerage firms segregated out from the assets and investments held by other clients of the investment firm and their own assets.

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. The City’s investment policy limits interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months. The City’s Police Officers’ Pension Plan does not address interest rate risk.

The dollar weighted average days to maturity (WAM) of Florida PRIME on June 30, 2025 is 47 days. The weighted average maturity of the FLGIP Day to Day fund is 32 days at September 30, 2025. The weighted average maturity of the Florida SAFE fund is no greater than 90 days at September 30, 2025.

Credit risk – Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The City’s investment policy and the investment policy for the City’s Police Officers’ Pension Plan, limit investments to securities with specific ranking criteria.

Foreign currency risk – The City’s primary government’s investments are not exposed to foreign currency risk and the City’s investment policy does not address foreign currency risk. The City’s pension trust fund is exposed to foreign currency risk and the fund’s investment policy limits investments to a maximum of 25% of the plan’s market value. The pension trust fund currently holds approximately 7.50% of the plan’s market value in international mutual fund stocks.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Concentration risk – Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The City's investment policy does not address concentration risk. The Police Officers' Pension Plan restricts the percentage of assets that may be held in the stock of any one company and the bonds issued by any one issuer.

At September 30, 2025, the City had the following investments:

		Investment Maturities (in years)					
Investment type	Fair Value	Less than 1	1-5	6-10	More than 10	Rating	Agency
Primary government:							
State Board of Administration Florida Prime	$ 25,262,759	$ 25,262,759	$ -	$ -	$ -	AAAm	S&P
Florida Trust Investment Pool Day to Day Fund	25,699,044	25,699,044	-	-	-	AAAm	S&P
Florida SAFE Investment Pool	24,287,416	24,287,416	-	-	-	AAAm	S&P
Total primary government investments	$ 75,249,219	$ 75,249,219	$ -	$ -	$ -		

		Investment Maturities (in years)					
Investment type	Fair Value	Less than 1	1-5	6-10	More than 10	Rating	Agency
Pension trust funds:							
Money market funds	$ 219,873	$ 219,873	$ -	$ -	$ -	Not Rated	
Mutual US stock fund	14,394,578	14,394,578				3-4★	MS*
Mutual Int'l stock fund	1,718,878	1,718,878	-	-	-	3-4★	MS*
Corporate bonds	-	-	-	200,880	98,990	A- & BBB+	S&P
Fixed income - mutual funds	5,806,847	5,806,847	-	-	-	4-5★	MS*
US government obligations	-	-	-	2,024,508	-	Not Rated	
Alternative fund	1,319,072	-	1,319,072	-	-	Not Rated	
Real estate	2,340,861	-	-	-	2,340,861	Not Rated	
Total fiduciary fund investments	$ 25,800,109	$ 22,140,176	$ 1,319,072	$ 2,225,388	$ 2,439,851		

*MS = Morningstar

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Fair Value - GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following table sets forth by level, within the fair value hierarchy, the City's assets at fair value as of September 30, 2025:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fiduciary fund:				
Money market funds	$ 219,873	$ 219,873	$ -	$ -
Mutual funds - US stock	14,394,578	14,394,578	-	-
Mutual funds - International stock	1,718,878	1,718,878	-	-
Corporate bonds	-	-	-	-
Fixed income mutual funds	5,806,847	-	5,806,847	-
US government obligations	-	-	-	-
Mortgage/asset backed securities	-	-	-	-
Total investments measured by fair value level	22,140,176	$ 16,333,329	$ 5,806,847	$ -
Investments measured at the net asset value (NAV):				
Fiduciary fund:				
Alternative fund	1,319,072			
Real estate	2,340,861			
Total investments measured at NAV	3,659,933			
Total investments measured at fair value	$ 25,800,109			

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025.

Debt and equity securities – Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique based on the price or yield of similar debt securities.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Mutual funds – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Mutual funds classified in Level 2 of the fair value hierarchy, while underlying securities have observable Level 1 pricing inputs or observable Level 2 significant other pricing inputs, are not publicly quoted and are based on market-corroborated data.

Fixed income mutual funds – Fixed income funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Fixed income funds classified in Level 2 of the fair value hierarchy are not publicly quoted and are based on market-corroborated data.

Real estate and alternative funds – Real estate and alternative funds are valued at net asset value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value of Investments in Entities that Use Net Asset Value (NAV) - The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Real estate funds	**$ 2,340,861**	N/A	Quarterly	None stated
Alternative funds	**$ 1,319,072**	N/A	None stated	None stated

Real estate funds – The real estate funds invest primarily in U.S. commercial and multi-family residential real estate. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The funds were formed as open-ended investments and will have perpetual existence unless terminated by the ownership (partners). Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Police Officers Pension’s ownership interest in partners’ capital.

Alternative funds – The alternative funds invest primarily in U.S. and international long-term contracted agreements and regulated utilities. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The funds were formed as open-ended investments and will have perpetual existence unless terminated by the ownership (partners). Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Police Officers Pension’s ownership interest in partners’ capital.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

B. Restricted Assets

The balances of the restricted asset accounts in the governmental activities and business-type activities at September 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Customer and developer deposit escrow accounts	$ 559,167	$ 1,045,055
Law enforcement fines and confiscated property account	2,000	-
Bond debt service accounts - current	-	57,961,162
Total	$ 561,167	$ 59,006,217

C. Receivables

For the Water and Sewer Fund, operating revenues are generally recognized on the basis of cycle billings rendered monthly. The amount of services delivered for the period from the last billing date to September 30, 2025 (unbilled receivables), is estimated and accrued at year end. The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2025, this allowance was $120,502. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2025.

Receivables as of fiscal year end for the individual major funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	$ 445,559	$ -	$ 445,559
Lease receivables	175,018	-	175,018
Solid waste	211,083	-	211,083
Utilities	-	2,119,405	2,119,405
Franchise fees	461,526	-	461,526
Special assessments	-	69,202	69,202
Employees	4,400	-	4,400
Other	45,156	-	45,156
Gross receivables	1,342,742	2,188,607	3,531,349
Less: allowance for uncollectible accounts	-	(120,502)	(120,502)
Total receivables, net	$ 1,342,742	$ 2,068,105	$ 3,410,847

Property taxes are considered fully collected during and prior to the end of the fiscal year. Therefore, no material amounts of property taxes are receivable as of September 30, 2025. In addition, the City has $730,026 due from other governments for balances related to grants, sales and other taxes. Lease receivables are fully collectible annually over the life of the lease at $29,187 per year through 2031.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2025:

Governmental activities:	Beginning Balance*	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	$ 3,420,248	$ 410,534	$ -	$ 3,830,782
Construction in progress	362,037	615,672	(194,328)	783,381
Total capital assets, not being depreciated/amortized	3,782,285	1,026,206	(194,328)	4,614,163
Capital assets, being depreciated/amortized:				
Buildings	11,736,343	-	(24,100)	11,712,243
Improvements other than buildings	16,325,552	199,145	(11,071)	16,513,626
Machinery and equipment	8,751,634	996,500	(37,175)	9,710,959
Infrastructure	22,409,189	2,245,948	-	24,655,137
Total capital assets being depreciated/amortized	59,222,718	3,441,593	(72,346)	62,591,965
Less accumulated depreciation/amortization for:				
Buildings	(4,285,539)	(249,384)	24,100	(4,510,823)
Improvements other than buildings	(7,879,548)	(938,374)	11,071	(8,806,851)
Machinery and equipment	(6,876,626)	(856,925)	37,175	(7,696,376)
Infrastructure	(11,666,951)	(1,438,086)	-	(13,105,037)
Total accumulated depreciation/amortization	(30,708,664)	(3,482,769)	72,346	(34,119,087)
Total capital assets being depreciated/amortized, net	28,514,054	(41,176)	-	28,472,878
Right-to-use lease assets, being amortized:				
Vehicles	50,778	-	-	50,778
Equipment	52,027	-	-	52,027
Total right-of use lease assets, being amortized	102,805	-	-	102,805
Less accumulated amortization for:				
Vehicles	(47,802)	(2,976)	-	(50,778)
Equipment	(18,578)	(10,580)	-	(29,158)
Total accumulated amortization	(66,380)	(13,556)	-	(79,936)
Right-to-use lease assets, being amortized, net	36,425	(13,556)	-	22,869
Governmental activities capital assets, net	$ 32,332,764	$ 971,474	$ (194,328)	$ 33,109,910

* September 30, 2024 balance is restated with the prior-period adjustment. See Note 2

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Business-type activities:	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	$ 1,030,433	$ -	$ -	$ 1,030,433
Construction in progress	5,853,339	12,213,500	(234,272)	17,832,567
Total capital assets, not being depreciated/amortized	6,883,772	12,213,500	(234,272)	18,863,000
Capital assets, being depreciated/amortized:				
Buildings	2,652,914	2,209	-	2,655,123
Improvements other than buildings	101,669,584	3,187,883	-	104,857,467
Machinery and equipment	6,263,683	617,961	(73,455)	6,808,189
Total capital assets being depreciated/amortized	110,586,181	3,808,053	(73,455)	114,320,779
Less accumulated depreciation/amortization for:				
Buildings	(2,222,875)	(27,403)	-	(2,250,278)
Improvements other than buildings	(54,256,939)	(3,945,000)	-	(58,201,939)
Machinery and equipment	(4,943,351)	(296,874)	73,455	(5,166,770)
Total accumulated depreciation/amortization	(61,423,165)	(4,269,277)	73,455	(65,618,987)
Total capital assets being depreciated/amortized, net	49,163,016	(461,224)	-	48,701,792
Business-type activities capital assets, net	$ 56,046,788	$ 11,752,276	$ (234,272)	$ 67,564,792

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

Governmental activities:	
General government	$ 258,472
Public safety	690,382
Public works	1,877,176
Recreation	670,295
Total depreciation/amortization expense - governmental activities	$ 3,496,325

Business-type activities:	
Water and Sewer	$ 4,269,277

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables and Transfers

Interfund transfers – The composition of interfund transfers as of September 30, 2025, is as follows:

		Transfers In			
		Governmental			Proprietary
Description	Total Transfers Out	General Fund	Stormwater Fund	Nonmajor Governmental Funds	Water and Sewer Fund
Governmental funds:					
General Fund	$ (2,777,300)	$ -	$ -	$ -	$ -
Stormwater Fund	-	-	1,000,000	-	-
ARPA Special Revenue Fund	(2,683,873)	-	-	-	-
Nonmajor: Vehicle Replacement Fund	-	-	-	314,500	-
Total governmental funds	(5,461,173)	-	1,000,000	314,500	-
Proprietary funds:					
Water and Sewer Fund	(37,200)	-	-	-	4,183,873
Total proprietary funds	(37,200)	-	-	-	4,183,873
Total	$ (5,498,373)	$ -	$ 1,000,000	$ 314,500	$ 4,183,873

The transfers from the General Fund and the Water and Sewer Fund to the Vehicle Replacement Fund reflect the City's budgeted transfers to fund future replacement of City-owned vehicles and are based on a capital replacement schedule developed during the budgeting process. The transfers from the ARPA Special Revenue fund to the Water and Sewer Fund are to fund current year infrastructure improvements as is the transfer from the General Fund to the Stormwater Fund.

F. Long-Term Debt and Liabilities

<u>Revenue Bonds</u>

The City issues revenue bonds to pay the costs of constructing certain capital projects and to refund all or a portion of previously issued revenue bonds. The bonds are secured by and payable from the gross revenues of the City's water and sewer system. The bond resolutions provide that revenues in excess of debt service requirements may be used for general operating purposes. Debt service sinking fund requirements, where applicable, on outstanding bonds have been met or exceeded, in accordance with the bond resolutions.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Revenue Bonds (Continued)

Revenue bonds outstanding at year-end are as follows:

Business-type activities:		
Water and Sewer Revenue Refunding Bonds, Series 2014	$	515,300
Water and Sewer Revenue Bonds, Series 2024D		54,055,000
Total business-type activities	$	54,570,300

Water and Sewer Refunding Revenue Bonds, Series 2014 – On September 4, 2014, the City issued $5,778,300 Water and Sewer Revenue Refunding Bonds, Series 2014 ($515,300 remaining at September 30, 2025), a refunding bank loan. These bonds were sold to: (i) fully refund $960,000 of outstanding Water and Sewer Revenue Refunding Bonds Series 1999, (ii) fully refund $1,300,000 of outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2004, (iii) partially refund $2,925,000 of outstanding Florida Municipal Loan Council Series 2005D, and (iv) partially refund $1,200,000 of outstanding Water and Sewer Revenue Bonds, Series 2007. The Series 2014 bonds bear interest at 2.30% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2014, in amounts that range from $104,700 to $1,039,500, until final maturity on October 1, 2026.

Water and Sewer Revenue Bonds, Series 2024D – On October 30, 2024 the City issued $54,055,000 Water and Sewer Bonds, Series 2024D ($54,055,000 remaining at September 30, 2025), a bank loan. These bonds were sold to finance capital projects. The Series 2024D Bonds bear interest at 5.00% per annum, payable semi-annually on April 1 and October 1. Principal is due annually beginning October 1, 2027, in amounts that range from $945,000 to 3,300,000, until final maturity on October 1, 2054.

Contract Termination Payable

Contract Termination Payable – Interlocal Agreement for the Sale and Purchase of Water – On June 1, 2013, the City entered into an agreement with the City of Melbourne for the sale and purchase of water services through December 31, 2026 unless there is mutual agreement of both parties to terminate. During 2022, City Council notified the City of Melbourne of its intention to terminate the agreement effective December 31, 2026. Per the terms of the original agreement, the City is required to pay a termination fee in the amount of $2 million. However, per the agreement, the foregoing $2 million compensation is reduced by 4% of the total price of water sold by the City of Melbourne to the City of West Melbourne, not to exceed $75,000 in any year for the years January 1, 2013 through December 31, 2021. Termination fees will be made in equal annual installments of one-fifth of the net amount of compensation remaining after the above annual reductions or annual increases have been applied. At September 30, 2022, the City of West Melbourne recognized a total contract termination liability in the amount of $1,250,000 that is being paid in five equal installments of $250,000 through the year 2027.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Annual Debt Service Requirements

Annual debt service requirements to maturity for revenue bonds as of September 30, 2025 excluding premiums and discounts are as follows:

Water and Sewer Revenue Refunding Bonds, Series 2014		
Business-type Activities		
Year ending September 30,	Principal	Interest
2026	$ 410,600	$ 7,130
2027	104,700	1,204
Totals	$ 515,300	$ 8,334

Water and Sewer Revenue Bonds, Series 2024D		
Business-type Activities		
Year ending September 30,	Principal	Interest
2026	$ -	$ 2,488,500
2027	-	2,488,500
2028	945,000	2,464,875
2029	995,000	2,416,375
2030	1,045,000	2,365,375
Thereafter	51,070,000	33,612,525
Totals	$ 54,055,000	$ 45,836,150

Pledged Revenue

The City has revenue notes outstanding at September 30, 2025, for which revenue of the City have been pledged for repayment. Revenues pledged to repay these obligations are as follows:

	Debt issue	Term	Future principal and interest	Current pledged revenue	Current principal and interest	Current percentage of revenue
Pledged Revenue						
Water and Sewer Series 2014, net revenues	2014	2027	$ 105,904	$ 7,614,024	$ 417,730	5%
Total Water and Sewer Series 2014			$ 105,904	$ 7,614,024	$ 417,730	

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Pledged Revenue (Continued)

	Debt issue	Term	Future principal and interest	Current pledged revenue	Current principal and interest	Current percentage of revenue
Pledged Revenue						
Water and Sewer Series 2024D, net revenues	2024	2054	$ 97,402,650	$ 7,614,024	$ 2,488,500	33%
Total Water and Sewer Series 2024D			$ 97,402,650	$ 7,614,024	$ 2,488,500	

Leases - Lessee

The City has entered into lease agreements to obtain the right-to-use certain police vehicles and office equipment. The total annual rental for the leases that the City paid for in the fiscal year ended September 30, 2025 was $15,210. The police lease does not have a remaining lease term and the office equipment leases have remaining terms of 3 years, all of which include a purchase or termination option at the end of the lease. Annual payment amounts are between $700 and $1,600 for the office equipment.

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

ess *For the years ending September 30,*	Principal Payments	Interest Expense	Total
2026	$ 10,737	$ 844	$ 11,581
2027	11,155	379	11,534
2028	2,789	30	2,819
Total	$ 24,681	$ 1,253	$ 25,934

Leases – Lessor

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City's operations consist of an agreement for use of a cell tower space. The agreement is made up of various non-cancelable agreements for cell tower space, which expire in the year 2031.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Leases – Lessor (Continued)

The City recognized $29,187 of lease revenue principal and $5,873 of lease interest for the year ended September 30, 2025.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30:

For the years ending September 30,	Principal	Interest	Future Minimum Lease Payments
2026	$ 24,970	$ 5,181	$ 30,151
2027	26,613	4,441	31,054
2028	28,333	3,654	31,987
2029	30,131	2,815	32,946
2030	32,011	1,923	33,934
2031	32,960	976	33,936
Total	$ 175,018	$ 18,990	$ 194,008

Changes in Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences*	$ 508,572	$ 400,085	$ -	$ 908,657	$ 550,648
Lease liabilities	38,574	-	(13,893)	24,681	10,737
Governmental activities long-term liabilities	$ 547,146	$ 400,085	$ (13,893)	$ 933,338	$ 561,385

*This change is shown net

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

Compensated absences, other post-employment benefits, and net pension liabilities will be liquidated in future periods primarily by the General Fund for governmental activities. Business-type activities compensated absences, outstanding notes and revenue bonds will be liquidated by the respective enterprise fund.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt and Liabilities (Continued)

Changes in Long-term Liabilities (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Contract termination payable:					
Contract termination payable	$ 750,000	$ -	$ (250,000)	$ 500,000	$ 250,000
Total contract term payable	750,000	-	(250,000)	500,000	250,000
Bonds payable:					
Revenue bonds payable 2014	918,900	-	(403,600)	515,300	410,600
Revenue bonds payable 2024	-	54,055,000	-	54,055,000	-
Less deferred amounts:					
For issuance premium	-	2,894,159	(322,383)	2,571,776	-
Total bonds from direct borrowings	918,900	56,949,159	(725,983)	57,142,076	410,600
Compensated absences*	90,316	28,727	-	119,043	74,703
Business-type activities long-term liabilities	$ 1,759,216	$ 56,977,886	$ (975,983)	$ 57,761,119	$ 735,303

*This change is shown net

G. Net Investment in Capital Assets

The elements of this calculation are as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets (net)	$ 33,087,041	$ 67,564,792	$ 100,651,833
Right-of-use lease assets (net)	22,869	-	22,869
Lease liabilities	(24,681)	-	(24,681)
Retainage payable	(145,399)	(510,497)	(655,896)
Contracts payable	(190,202)	(3,511,446)	(3,701,648)
Outstanding debt related to capital assets	-	(6,117,473)	(6,117,473)
Deferred amount on advanced refunding	-	111	111
Net investment in capital assets	$ 32,749,628	$ 57,425,487	$ 90,175,115

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

H. Employee Retirement Plans – Defined Contribution Plan

General Employees' Retirement Plan

Plan description. The City of West Melbourne General Employees' Retirement Plan is a defined contribution plan administered by Mission Square Retirement. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All full time general employees hired prior to July 1, 2008 are eligible to participate after six months of service. Employer contributions are vested according to the following schedule: 50% after three years of service; 75% after four years; 100% after five years. At September 30, 2025, there is one participant.

Funding policy. Contributions under the plan were established by the Plan & Trust adoption agreement with Mission Square Retirement and may be amended at the City's discretion. Required contributions are 2% and 8% of eligible earnings for employees and employer, respectively. Administrative costs are financed through investment earnings. Required and actual contributions for the year ended September 30, 2025 were $2,297 from the employee and $9,188 from the employer. Of the employer's portion, $0 was paid from forfeitures remaining in the plan.

Participant loans. The Plan allows participants to borrow from their fund accounts the lesser of $50,000 or 50% of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at a fixed rate of prime plus 0.5%, as determined on the last day of the month preceding the month the loan is disbursed. Principal and interest are paid ratably through bi-weekly payroll deductions over a period not to exceed five years.

I. Employee Retirement Plans – Defined Benefit Plans

Florida Retirement System

Plan description. The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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 and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits provided. Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions. The contribution requirements of plan members and the employer are established and amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2025, were as follows:

	FRS	HIS
Regular class	14.04%	2.00%
Senior management service class	33.24%	2.00%
DROP from FRS	22.03%	2.00%

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

The employer's contractually required contributions for the year ended September 30, 2025, were $773,599 to the FRS and $116,512 to the HIS.

Pension liabilities and pension expense. In its financial statements for the year ended September 30, 2025, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2025. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 3,173,617	$ 1,624,516
Proportion at:		
Current measurement date	0.0102%	0.0127%
Prior measurement date	0.0096%	0.0119%
Increase in proportionate share	0.0006%	0.0008%
Pension expense	$ 425,606	$ 84,891

Deferred outflows/inflows of resources related to pensions. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 338,976	$ -	$ 9,697	$ 2,577
Changes of assumptions	368,539	-	14,379	392,929
Difference between projected and actual earnings on pension plan investments	-	529,867	-	1,352
Changes in proportion and differences between employer contributions and proportionate share of contributions	267,303	132,920	169,255	35,669
Employer contributions subsequent to the measurement date	150,549	-	27,499	-
Total	$ 1,125,367	$ 662,787	$ 220,830	$ 432,527

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2025. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2026	$ 586,315	$ (40,619)
2027	(54,234)	(64,639)
2028	(129,575)	(57,021)
2029	(90,475)	(49,829)
Thereafter	-	(27,088)
Total	$ 312,031	$ (239,196)

Actuarial assumptions. The total pension liability for each of the defined benefit plans was measured as of June 30, 2025. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2025. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2025.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

	FRS	HIS
Inflation	2.40%	2.40%
Payroll growth, including inflation	3.50%	3.50%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	5.20%

Mortality assumptions for both the FRS and HIS Pension Plans were based on PUB-2010 base tables projected generationally with Scale MP-2021.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The following changes in key actuarial assumptions occurred in 2025:

HIS: The discount rate used in calculations of the pension liability increased from 3.93% to 5.20%.

The long-term expected investment rate of return assumption for the FRS Pension Plan was based on two building block components: 1) a long-term average annual inflation assumption of 2.40% and 2) an inferred real (in excess of inflation) return of 4.20%. Geometrically combining those building blocks user the formula (1 + .024) x (1 + .042) - 1 generates an expected nominal return of 6.70%. In the opinion of the FRS consulting actuary, both building block components and the overall 6.70% return assumption were determined reasonable and appropriate per Actuarial Standards of Practice. The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2023 FRS Actuarial Assumption Conference for funding policy purposes. Each asset class assumption is based on a consistent set of underlying assumptions.

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

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	3.2%	3.2%
Fixed income	29.0%	5.5%	5.4%
Global equity	45.0%	8.5%	6.9%
Real estate	12.0%	8.4%	7.1%
Private equity	11.0%	12.4%	8.8%
Strategic investments	2.0%	6.5%	6.1%
Total	100%		
Assumed Inflation - Mean			
(1) As outlined in the Pension Plan's investment policy			2.40%

Discount rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 5.20% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year Municipal Bond Index rate as of June 30, 2025 was used as the applicable municipal bond index.

Sensitivity analysis. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Employer's proportionate share of the net pension liability	$ 6,228,174	$ 3,173,617	$ 612,720	$ 1,831,903	$ 1,624,516	$ 1,450,584

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Florida Retirement System (Continued)

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Payables to the pension plans. As of September 30, 2025, the City had a FRS and HIS related payable of $40,306.

Police Officers' Pension Plan

The City maintains and administers a separate single-employer pension plan for all eligible police officers, which assets are included in the Police Officers' Retirement Trust Fund (the "Police Officers' Pension Plan" or the "Plan"). The plan does not issue stand-alone financial reports and is not included in any other retirement system's or entity's financial report.

Plan description. The City of West Melbourne Police Officers' Retirement Plan (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered by a five-member Board of Trustees (two West Melbourne citizens appointed by the City Council, two plan participants selected by the plan membership, and a fifth board member selected by the other four board members and confirmed by the City Council as a ministerial action).

The Plan does not issue a stand-alone financial report. The Plan's financial statements as of September 30 are included in the City's Annual Comprehensive Financial Report. Pension plan data is provided from the respective actuarial reports as of September 30, 2025.

Basis of accounting. The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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

Description of benefits. Benefits under the Plan are established in accordance with requirements of City Ordinance and Florida Statutes Chapter 185. Benefit provisions may be amended by the City Council but may not be reduced below the minimum specified by statute.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

The Plan provides retirement, death and disability benefits to plan members and beneficiaries. Retirement benefits vest with the participants based on years of credited service at 20% per year after six years with full vesting provided after ten years. Employees qualifying for normal retirement are entitled to monthly benefits based on 3% of average final compensation times years of service. Employees hired prior to January 1, 2011 additionally receive $10 per month per year of service. Generally, normal retirement occurs at attained age 55 and 10 years of credited service, or with 25 years of service, regardless of age. Early retirement benefits are available at attained age 50 and 10 years of service using reduced benefit formulas.

Service incurred disability benefits are available to employees with no vesting period and provide monthly income (as defined by the plan payable until death or recovery). Non-service incurred disability benefits (available to employees with ten years of plan participation) provide monthly income (as defined by the Plan) payable until death or recovery. In the event of post-retirement death, benefits are payable to the beneficiary in accordance with the option selected at retirement.

Optional forms of benefits are available and may be elected by the employee as provided in the Plan.

Contribution requirements and funding policy. The employer, employee and State contribution requirements are actuarially determined on an annual basis. Most administrative costs of the Plan are financed through investment earnings of the Plan. Plan members hired on or after January 1, 2011 are required to contribute 8.44% of pensionable pay and Plan members hired before January 1, 2011 are required to contribute 8.54% of pensionable pay. The City recognized as revenues and expenditures on-behalf payments relating to contributions for its public safety employees that the State paid to the Plan in the amount of $349,491. These contributions are funded by an excise tax levied on certain casualty and property insurance premiums. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirement.

The City's contributions to the Plan for the year ended September 30, 2025 totaled $789,474, which includes the amount contributed by the State. Plan members contributed $265,344 for the same fiscal year. As of September, 30, 2025, the Plan had a contributions receivable for $21,695 of which $0 was due from employees and $21,695 due from the City.

Plan administration. The Plan is administered by a Board of Trustees comprised of two (2) Council appointees, two (2) members of the Department elected by the Membership and a fifth member elected by the other four (4) members of the Board of Trustees and appointed by Council.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Plan membership as of October 1, 2024:	
Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	41
Total plan members	75

Benefits provided. The Plan provides retirement, termination, disability and death benefits.

Normal retirement. Normal retirement is the earlier of: 1) Age 55 and 10 years of credited service, or 2) 25 years of credited service, regardless of age. Upon retirement, the member receives a monthly benefit equal to 3.0% of Average Final Compensation (AFC) for each year of credited service.

Early retirement. Members are eligible for early retirement upon attaining age 50 and completing 10 years of credited service. Accrued benefits are reduced by 3% for each year from the otherwise normal retirement date.

Vesting. Vesting begins after 6 years of credited service. The members vest at 20% after 6 years of credited service plus 20% per year thereafter up to 100% after 10 years. Each member will receive an unreduced benefit payable at the later of age 55 or when the member would have attained 10 years of service. Reduced benefits are payable at the later of age 50 or when the member would have attained 10 years of service.

Disability. Eligibility for a service incurred disability is covered from date of employment. Eligibility for a non-service incurred liability vests after 10 years of credited service. The benefit for a service incurred disability is the member's accrued benefit but not less than 42% of AFC and not less than 25% of AFC for a non-service incurred disability.

Pre-Retirement death benefits. Eligibility for pre-retirement death benefits vests after 10 years of credited service. The benefit is paid as 50% of what the member has accrued prior to death and 50% as a joint and survivor annuity form of benefit.

Cost of living adjustment. For members hired before January 1, 2011, the base benefit is increased annually by a pro-rated portion of 2.0% each October 1 beginning 5 years after retirement. The pro-ration will be years of service prior to February 19, 2013 over total years of service at retirement. Minimum COLA for those hired before January 1, 2011 will be 1.0%.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Supplemental Benefit. Members hired before January 1, 2011 receive a monthly supplemental benefit equal to $10 for each year of Credited Service. This supplemental benefit is not subject to cost-of-living adjustments, and is not provided to vested terminated members.

Share Plan. Effective September 30, 2017, the individual share account of each active member who has accrued at least one complete year of credited service under the plan and who is not participating in the DROP will receive a one-time allocation equal to $1,200 plus $400 for each additional complete year of service in excess of one year, subject to a maximum allocation of $5,200. This is funded by the existing Excess State Monies Reserve with any remaining amounts applied to reduce the UAAL as of September 30, 2017. Effective September 30, 2017 and each September 30 thereafter, the sum of $600 plus three percent interest shall be allocated to the individual share account of each member hired on or after January 1, 2011 who has at least one year of credited service. The annual allocations will be funded solely by the annual state monies received with any remaining amounts applied to reduce the City's annual contribution requirement. At September 30, 2025, $238,538 of state funds was allocated to the share plan.

Contributions. Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

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

Asset Class:	Target Allocation
Domestic equity	42.5%
Broad market fixed income	22.5%
International equity	15.0%
Real estate	10.0%
Global fixed income	7.5%
Global tactical asset allocation funds	2.5%
Total	100.0%

Concentrations. The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

Rate of return. For the year ended September 30, 2025, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 11.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Deferred Retirement Option Program (DROP).

Eligibility:	Members who are eligible for Normal Retirement.
Participation:	Earlier of (a) 60 months in the DROP program, or (b) 31 years of employment with the City as a Police Officer.
Rate of Return:	6.5% per annum, compounded monthly and credited quarterly for those who entered DROP prior to February 19, 2013. 2.0% per annum for those who enter on or after February 19, 2013.

The DROP balance on September 30, 2025 was $0.

Net pension liability (asset) of the sponsor. The components of the net pension liability (asset) of the sponsor on September 30, 2025 were as follows:

Total pension liability	$ 24,842,342
Plan fiduciary net position	(25,799,077)
Sponsor's net pension liability (asset)	$ (956,735)
Plan fiduciary net position as a percentage of total pension liability (asset)	103.85%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025 using the following actuarial assumptions applied to the September 30, 2025 measurement period:

Inflation	2.50%
Salary increases	Service based
Discount rate	6.35%
Investment rate of return	6.35%

Mortality assumptions were based on the PubS.H-2010 (Below Median) for employees set forward one year for both females and males with healthy active lives and PubS.H-2010 for healthy retirees, set forward one year, both males and females. For beneficiary lives, the mortality rates were based on PubG.H-2010 (Below Median) for healthy retirees for females and PubG.H-2010 for healthy retirees, set back one year for males. For disabled members, the mortality rates were based on 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.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Plan changes. For the measurement period ended September 30, 2025, and since the prior valuation, there were no changes in plan provisions.

Actuarial assumption changes. For the measurement date ended September 30, 2025 as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality reflect the rates used in the Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics. Additionally, the investment return assumption decreased from 6.55% to 6.35%, net of investment related expenses.

Discount rate. The discount rate used to measure the total pension liability was 6.35%.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor 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.

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 asset class included in the pension plan's target asset allocation as of September 30, 2025 are summarized in the following table:

Asset Class:	Long Term Expected Real Rate of Return
Domestic equity	7.50%
Broad market fixed income	2.50%
International equity	8.50%
Real estate	4.50%
Global fixed income	3.50%
Global tactical asset allocation funds	3.50%

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Sponsor's net pension liability (asset)	$ 2,610,117	$ (956,735)	$ (3,868,354)

Net pension liability and changes in the net pension liability. The net pension liability for the Plan was measured as of September 30, 2025 and the total pension liability used to calculate the net pension liability was also determined as of that date.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Reporting period ending September 30, 2024	$ 22,748,630	$ 22,958,176	$ (209,546)
Changes for the year:			
Service cost	708,755	-	708,755
Interest	1,482,879	-	1,482,879
Share plan allocation	19,641	-	19,641
Differences between expected and actual experience	499,072	-	499,072
Changes of assumptions	317,391	-	317,391
Changes of benefit terms	-	-	-
Contributions - employer	-	439,983	(439,983)
Contributions - state	-	349,491	(349,491)
Contributions - employee	-	265,344	(265,344)
Net investment income	-	2,784,525	(2,784,525)
Benefit payments, including refunds of employee contributions	(934,026)	(934,026)	-
Administrative expense	-	(64,416)	64,416
Net changes	2,093,712	2,840,901	(747,189)
Reporting period ending September 30, 2025	$ 24,842,342	$ 25,799,077	$ (956,735)

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

I. Employee Retirement Plans – Defined Benefit Plans (Continued)

Police Officers' Pension Plan (Continued)

Pension expense and deferred outflows and deferred inflows of resources related to pensions. For the year ended September 30, 2025, the City recognized pension expense of $471,324 for the Police Officers' Pension Plan. At September 30, 2025, the City reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 568,612	$ 208,857
Changes of assumptions	532,321	-
Net differences between projected and actual earnings on pension plan investments	-	1,813,545
Total	$ 1,100,933	$ 2,022,402

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2026	$ 323,493
2027	(575,021)
2028	(578,369)
2029	(91,572)
Thereafter	-
Total	$ (921,469)

The Plans' fiduciary net position has been determined on the same basis used by the pension plans and is equal to the fair value of assets calculated under the accrual basis of accounting.

Required Supplementary Information (RSI) following the notes to financial statements provides multi-year trend data to help determine whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Fiduciary fund financial statements. The City does not issue separate financial statements for the Police Officers' Pension Trust Fund. The basic financial statements of the City include a statement of fiduciary net position and a statement of changes in fiduciary net position for the pension trust fund.

Payable to the pension plan. As of September 30, 2025, the City had a payable to the police pension plan of $21,700.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

J. Pension Expense Summary

The total of the City's pension expense for the fiscal year ended September 30, 2025 is as follows:

Plan Description		Pension Expense
Defined contribution plan:		
General Employees' plan - ICMA	$	10,225
Defined benefit plans:		
Florida Retirement System/HIS		510,498
Police Officers' Pension Plan		458,155
Total pension expense	$	978,878

Pension liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, pension liabilities are generally liquidated by the general fund.

K. Post-Employment Benefits Other than Pensions (OPEB)

The City follows Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria* of the GASB Codification for certain post-employment health care benefits provided by the City.

Plan description. The OPEB plan is a single-employer benefit plan administered by the City. Medical insurance benefits are provided to employees and their eligible dependents through an employee group medical insurance plan. In accordance with Section 112.0801 of the Florida Statutes, because the City provides a medical plan to active employees and their eligible dependents, the City is also required to provide retirees with the opportunity to participate in this insurance. Benefit provisions for the insurance are established and may be amended by the City Council. The retirees pay the full group premium amount for health insurance with no explicit subsidy from the City.

Funding policy. Contribution rates for the insurance are established on an annual basis. Eligible retirees and their covered dependents receiving benefits contribute 100% of their premium costs for medical insurance. While the City does not directly contribute toward the costs of retiree premiums via an explicit subsidy, the ability of retirees to obtain health insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees, or an OPEB obligation of the City. The City is currently funding this OPEB obligation (estimated implied subsidy) on a pay-as-you-go basis, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses. OPEB liabilities are liquidated by the respective funds that are obligated for the related costs. For governmental activities, OPEB liabilities are generally liquidated by the general fund. The current year contribution represents an estimate of this implied subsidy.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

As of September 30, 2025, no trust has been established for the other post-employment benefits.

Plan membership. At September 30, 2023, OPEB membership consisted of the following:

	Number of covered individuals
Inactive members or beneficiarie currently receiving benefits	2
Inactive members entitled to but not yet receiving benefits	-
Active plan members	112
Total plan members	114

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

Salary Increases	3.00% projected annual salary increase
Discount rate	4.90% investment rate of return
Health care cost trend rates	6.00% using Getzen Long-Term Model

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

The actuarial assumptions included an annual healthcare cost trend rate of 6.00% initially for 2022, 5.75% for 2023, and then gradually decreasing to an ultimate trend rate of 4.00% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The September 30, 2023 actuarial valuation included changes in assumptions for the discount rate (decrease from 3.88% in the prior valuation to 4.90%), health care cost trend rates (increased from 5.75% in the prior valuation to 9.48%) and the mortality improvement scale (updated from Scale MP-2010 in the prior valuation to Scale MP-2018). The methods, assumptions, and participant data used are detailed in the actuarial valuation report dated September 30, 2025. These calculations are based on the Entry Age Normal Cost Method required by GASBC P52.

At September 30, 2025, the City reported a total OPEB liability of $477,211. The other post-employment benefit information has been provided as of the September 30, 2025 measurement date.

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

Change in total OPEB liability	Increase (Decrease) Total OPEB Liability
Balance, September 30, 2024	$ 481,950
Changes for the year:	
Service cost	44,422
Expected interest growth	20,227
Demographic experience	-
Benefit payments and refunds	(10,104)
Assumption changes	(59,284)
Net changes	(4,739)
Balance, September 30, 2025	$ 477,211

Sensitivity of the OPEB Liability. The following represents the City's total OPEB liability as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate:

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Total OPEB Liability	$ 536,375	$ 477,211	$ 425,762

The following presents the City's total OPEB liability as if it were calculated using a healthcare trend rate that is one percentage-point lower or higher than the current trend rate:

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	$ 405,334	$ 477,211	$ 564,369

Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

K. Post-Employment Benefits Other than Pensions (OPEB) (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

For the fiscal year ended September 30, 2025, the City recognized an OPEB expense of $14,107. At September 30, 2025, the City reported outflows and inflows of resources by source to be recognized in current OPEB expense as follows:

		Outflows of Resources		Inflows of Resources
Differences between expected and actual experience	$	1,842	$	35,230
Assumption changes		85,006		102,160
Total	$	86,848	$	137,390

At September 30, 2025, the City reported deferred outflows and deferred inflows of resources by source to be recognized in future OPEB expense as follows:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	8,788	$	279,383
Assumption changes		562,633		614,012
Total	$	571,421	$	893,395

Amounts reported as deferred outflows of resources and deferred inflows of resources by year to be recognized in future OPEB expenses:

Year ending September 30,		Net Deferred Inflows of Resources
2026	$	(50,542)
2027		(50,542)
2028		(50,542)
2029		(50,542)
2030		(58,576)
Thereafter		(61,230)
Total	$	(321,974)

Note 4: OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; worker's compensation and natural disasters.

In fiscal year 2024-2025, the City was a member of the Florida Municipal Insurance Trust (the "Trust"). The Trust is a self-insurance program established to provide worker's compensation, property, and casualty coverage to participating units of local government in Florida pursuant to various provisions of Florida Statutes. The Trust's underwriting and vote-setting policies are established after consultation with an independent actuary. The Trust is non-assessable and therefore, the City has no liability for future deficits of the Trust, if any. Only workers compensation is subject to audit, thus avoiding additional premium charges beyond policy expirations.

There have been no significant reductions in insurance coverage during the fiscal year 2025. Also, there have been no settlements that exceeded insurance coverage for each of the past three fiscal years.

B. Concentration – Water Supply

The City purchases all of its residents' water needs from the City of Melbourne, Florida under an agreement dated May 16, 2013, which is currently scheduled to expire December 31, 2026. During the year, approximately $5.7 million (802,564,900 gallons) of water was purchased and management believes it will be able to continue purchasing water from the City of Melbourne, Florida, sufficient to meet all of its residents' water needs, for the foreseeable future.

C. Litigation

Various other suits in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the City, the liabilities that may arise from such actions would not result in losses that would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial position of the City or results of operations.

D. Commitments and Contingencies

On February 15, 2011, the City entered into a contract for the management, operation and maintenance of the wastewater treatment, collection and disposal facility. On July 7, 2020, the City Council approved a five-year extension of the contract. The term of the contract extension ends on April 30, 2026. The base fee for the first year was $1,214,768 and is subject to annual adjustment. For fiscal year 2025, the City paid $2,052,555 under this contract.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any,

Note 4: OTHER INFORMATION (Continued)

D. Commitments and Contingencies (Continued)

of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City has active construction projects as of September 30, 2025. At year-end, the City's commitments with contractors are as follows:

Sheridan Road- Septic to Sewer	$ 8,991,305
Design/Build-New Building for Bldg/Code	4,604,583
Conveyance and Distribution Lines Construction	5,522,523
Water Treatment Plant - Construction	45,276,922
Well Site Construction	4,138,575
Ray Bullard Water Reclamation Bio-Nutrient Removal	10,725,750
Total outstanding commitments	$ 79,259,658

The commitments are being financed by governmental and enterprise revenues, debt, and from awarded grants.

E. Asset Retirement Obligations

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The City assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The City operates a wastewater treatment plant which is regulated by the Florida Department of Environmental Protection, and requires certain cleanup and remediation activities if use of the wastewater treatment plant is discontinued. The City Plans ongoing refurbishment to the plant as needed and has no plans to discontinue use of the plant. As such, the City is not able to readily estimate the fair value of the liability for discontinuing use of the plant and has not recorded an asset retirement obligation for this asset.

G. Subsequent Events

On October 21, 2025, City Council approved $4,972,129 for the Community Development building adjacent to City Hall. Construction commenced in February 2026.

On October 7, 2025, City Council authorized the City Manager to acquire the approximately 25- acre parcel known as the Schild Property, located along Minton Road. The purchase was finalized on December 23, 2025, for $3.3 million as part of the City's Parks and Recreation Master Plan.

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REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Schedule of Proportionate Share of Net Pension Liability
Last Ten Fiscal Years

Florida Retirement System (FRS)	***2025***	2024	2023
Employer's proportion of the net pension liability (asset)	**0.0102%**	0.0096%	0.0103%
Employer's proportionate share of the net pension liability (asset)	**$ 3,173,617**	$ 3,711,606	$ 4,090,235
Covered payroll (2)	**$ 5,664,779**	$ 5,031,155	$ 4,824,927
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	**56.02%**	73.77%	84.77%
Plan fiduciary net position as a percentage of the total pension liability	**87.30%**	83.70%	82.38%

Health Insurance Subsidy Program (HIS)	***2025***	2024	2023
Employer's proportion of the net pension liability (asset)	**0.0127%**	0.0119%	0.0122%
Employer's proportionate share of the net pension liability (asset)	**$ 1,624,516**	$ 1,781,350	$ 1,934,157
Covered payroll (2)	**$ 5,664,779**	$ 5,031,155	$ 4,824,927
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	**28.68%**	35.41%	40.09%
Plan fiduciary net position as a percentage of the total pension liability	**6.36%**	4.80%	4.12%

Notes to the schedule:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit plan actives, members in DROP and investment plan members.

2022	2021	2020	2019	2018	2017	2016
0.0100%	0.0092%	0.0088%	0.0085%	0.0080%	0.0077%	0.0076%
$ 3,717,404	$ 695,083	$ 3,816,742	$ 2,931,379	$ 2,418,611	$ 2,276,922	$ 1,924,137
$ 4,303,672	$ 3,952,591	$ 3,891,666	$ 3,587,314	$ 3,221,038	$ 2,980,912	$ 2,866,110
86.38%	17.59%	98.07%	81.72%	75.09%	76.38%	67.13%
82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

2022	2021	2020	2020	2018	2018	2016
0.0118%	0.0112%	0.0112%	0.0093%	0.0093%	0.0093%	0.0093%
$ 1,250,214	$ 1,369,533	$ 1,369,034	$ 1,199,733	$ 1,043,790	$ 999,100	$ 1,082,043
$ 4,303,672	$ 3,952,591	$ 3,891,666	$ 3,587,314	$ 3,221,038	$ 2,980,912	$ 2,616,648
29.05%	34.65%	35.18%	33.44%	32.41%	33.52%	41.35%
4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

City of West Melbourne, Florida
Required Pension Supplementary Information
Schedule of Contributions – Florida Retirement System
Last Ten Fiscal Years

Florida Retirement System (FRS)		**2025**		2024		2023
Contractually required contribution	**$**	**773,599**	$	664,120	$	521,206
Contributions in relation to the contractually required contribution		**773,599**		664,120		521,206
Contribution deficiency (excess)	**$**	**-**	$	-	$	-
Covered payroll [(1)]	**$**	**5,824,304**	$	5,118,648	$	4,690,995
Contributions as a percentage of covered payroll		**13.28%**		12.97%		11.11%

Health Insurance Subsidy Program (HIS)		**2025**		2024		2023
Contractually required contribution	**$**	**116,512**	$	102,533	$	81,435
Contributions in relation to the contractually required contribution		**116,512**		102,533		81,435
Contribution deficiency (excess)	**$**	**-**	$	-	$	-
Covered payroll [(1)]	**$**	**5,824,304**	$	5,118,648	$	4,690,995
Contributions as a percentage of covered payroll		**2.00%**		2.00%		1.74%

Notes to the schedule:

[(1)] Covered payroll includes defined benefit plan actives, investment plan members and members in DROP.

	2022	2021	2020	2019	2018	2017	2016
	$ 474,125	$ 382,502	$ 309,974	$ 273,679	$ 236,670	$ 205,301	$ 199,039
	474,125	382,502	309,974	273,679	236,670	205,301	199,039
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 4,496,975	$ 3,946,312	$ 3,948,863	$ 3,704,208	$ 3,275,014	$ 3,048,186	$ 3,022,624
	10.54%	9.69%	7.85%	7.39%	7.23%	6.74%	6.58%

	2022	2021	2020	2019	2018	2017	2016
	$ 74,529	$ 65,523	$ 65,563	$ 61,481	$ 54,377	$ 50,569	$ 50,187
	74,529	65,523	65,563	61,481	54,377	50,569	50,187
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 4,496,975	$ 3,946,312	$ 3,948,863	$ 3,704,208	$ 3,275,014	$ 3,048,186	$ 3,022,624
	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

Police Officers' Pension Plan			
For the year ended September 30,	**2025**	2024	2023
Total pension liability			
Service cost	$ 708,756	$ 618,308	$ 605,763
Interest	1,482,878	1,388,220	1,361,890
Change in Excess State Money	-	-	-
Share plan allocation	19,641	17,793	18,300
Changes of benefit terms	-	-	-
Differences between expected and actual experience	499,072	277,631	(462,823)
Changes of assumptions	317,391	-	547,412
Benefit payments, including refunds of employee contributions	(934,026)	(915,594)	(1,164,115)
Net change in total pension liability	2,093,712	1,386,358	906,427
Total pension liability - beginning	22,748,630	21,362,272	20,455,845
Total pension liability - ending (a)	$ 24,842,342	$ 22,748,630	$ 21,362,272
Plan fiduciary net position			
Contributions - employer	$ 439,983	$ 409,956	$ 374,213
Contributions - state	349,491	308,707	252,691
Contributions - employee	265,344	245,748	229,886
Net investment income	2,784,525	3,696,546	1,575,557
Benefit payments, including refunds of employee contributions	(934,026)	(915,594)	(1,164,115)
Administrative expense	(64,416)	(61,053)	(57,272)
Net change in plan fiduciary net position	2,840,901	3,684,310	1,210,960
Plan fiduciary net position - beginning	22,958,176	19,273,866	18,062,906
Plan fiduciary net position - ending (b)	$ 25,799,077	$ 22,958,176	$ 19,273,866
Net pension liability (asset) - ending (a) - (b)	$ (956,735)	$ (209,546)	$ 2,088,406
Plan fiduciary net position as a percentage of the total pension liability	103.85%	100.92%	90.22%
Covered payroll[1]	3,132,890	2,903,501	2,715,557
Net pension liability as a percentage of covered payroll	-30.54%	-7.22%	76.91%

Notes to the schedule:

[1] During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82*, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82.

			Police Officers' Pension Plan			
2022	2021	2020	2019	2018	2017	2016
$ 675,050	$ 681,707	$ 618,389	$ 587,360	$ 545,010	$ 426,777	$ 431,817
1,289,333	1,225,703	1,155,063	1,105,163	985,384	917,986	881,847
-	-	-	-	-	(214,182)	-
15,150	18,150	16,950	16,350	13,800	121,800	-
-	-	-	-	-	(5,606)	-
152,695	(142,376)	237,704	(279,907)	748,684	(129,422)	10,052
-	356,654	18,010	-	364,891	-	(14,515)
(779,608)	(759,914)	(648,067)	(835,995)	(518,254)	(493,963)	(740,129)
1,352,620	1,379,924	1,398,049	592,971	2,139,515	623,390	569,072
19,103,225	17,723,301	16,325,252	15,732,281	13,592,766	12,969,376	12,400,304
$ 20,455,845	$ 19,103,225	$ 17,723,301	$ 16,325,252	$ 15,732,281	$ 13,592,766	$ 12,969,376
$ 391,011	$ 423,945	$ 434,572	$ 447,784	$ 559,041	$ 694,581	$ 573,560
212,265	198,745	184,880	169,767	157,737	141,328	138,223
232,219	243,748	230,786	227,943	201,707	194,487	161,203
(2,775,811)	3,264,614	1,653,669	497,586	1,199,335	1,463,500	1,078,301
(779,608)	(759,914)	(648,067)	(835,995)	(518,254)	(493,963)	(740,129)
(48,158)	(47,984)	(53,662)	(56,825)	(54,986)	(46,693)	(48,793)
(2,768,082)	3,323,154	1,802,178	450,260	1,544,580	1,953,240	1,162,365
20,830,988	17,507,834	15,705,656	15,255,396	13,710,816	11,757,576	10,595,211
$ 18,062,906	$ 20,830,988	$ 17,507,834	$ 15,705,656	$ 15,255,396	$ 13,710,816	$ 11,757,576
$ 2,392,939	$ (1,727,763)	$ 215,467	$ 619,596	$ 476,885	$ (118,050)	$ 1,211,800
88.30%	109.04%	98.78%	96.20%	96.97%	100.87%	90.66%
2,741,315	$ 2,877,969	$ 2,724,288	$ 2,689,396	$ 2,389,899	$ 2,304,347	$ 1,899,385
87.29%	-60.03%	23.04%	23.04%	19.95%	-5.12%	63.80%

Police Officers' Pension Plan			
For the year ended September 30,	**2025**	2024	2023
Actuarially determined contribution	**$ 678,897**	$ 580,410	$ 523,559
Contributions in relation to the actuarially determined contributions	**769,833**	700,870	608,604
Contribution deficiency (surplus)	**$ (90,936)**	$ (120,460)	$ (85,045)
Covered payroll[1]	**$ 3,132,890**	$ 2,903,501	$ 2,715,557
Contributions as a percentage of covered payroll	**24.57%**	24.14%	22.41%

Notes to the schedule:

(1) During fiscal year ending September 30, 2017, the City implemented GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*. The covered payroll amounts shown are in compliance with GASB Statement No. 82.

Police Officers' Pension Plan						
2022	2021	2020	2019	2018	2017	2016
$ 534,831	$ 581,638	$ 546,765	$ 505,875	$ 494,231	$ 539,217	$ 502,767
588,126	604,540	602,502	614,358	708,974	824,509	725,050
$ (53,295)	$ (22,902)	$ (55,737)	$ (108,483)	$ (214,743)	$ (285,292)	$ (222,283)
$ 2,741,315	$ 2,877,969	$ 2,724,288	$ 2,689,396	$ 2,389,899	$ 2,304,347	$ 1,899,385
21.45%	21.01%	22.12%	22.84%	29.67%	35.78%	38.17%

City of West Melbourne, Florida
Required Pension Supplementary Information
Schedule of Investment Returns
Last Ten Fiscal Years

Police Officers' Pension Plan

For the year ended September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return net of investment expense	**11.90%**	19.10%	8.80%	-13.30%	18.68%	10.51%	3.17%	8.75%	12.36%	9.80%

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry Age Normal Actuarial Cost Method.

Amortization method: Level dollar, closed.

Remaining amortization period: 20 years

Asset Valuation Method Five-year smoothed fair value; 20% corridor.

Inflation: 2.50% per year.

Investment Rate of Return 6.35%

Salary Increases 6.00% to 10.00% per year, depending on service, including inflation.

Salary Scale

Service	Rate
0	10%
1-4	7%
5+	6%

These rates were developed in an August 9, 2 study.

Normal Retirement Rates:

Number of Years after First Eligibility for Normal Retirement	Probability of Normal Retirement
0	60%
1	40%
2	40%
3	40%
4	40%
5 or more	100%

For those retiring with 25 or more years of service, members are assumed to retire at 25 years of service at a rate of 75% per year and 100% for all years thereafter. It was assumed that the probability of early retirement is 5% for every year of eligbility.

Retirement Age	Commencing upon eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5.0% per year. These rates were confirmed in an August 9, 2018 experience study.
Termination rates:	See table below.
Disability rates:	See table below.
Mortality rate:	*Healthy Active Lives:* **Female:** Pre-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Saftey Employee Female **Male:** Pre-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Saftey Below Median Male Table, set forward 1 year. *Healthy Retiree Lives:* **Female:** Post-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Healthy Retiree Female. **Male:** Post-Retirement Pub-2010 Table, Scale MP-2018 - Headcount Weighted Safety Below Median Healthy Retiree Male Table, set forward 1 year. *Disabled Lives* **Female:** Post-Retirement Pub-2010 Table, Headcount Weighted General Disabled Retiree Female set forward 1 year. **Male:** Post-Retirement Pub-2010 Table, Headcount Weighted General Disabled Retiree Male. *Beneficiary Lives* **Female:** Headcount Weighted General healthy Retiree Female. **Male:** Headcount Weighted General healthy Retiree male set back 1 year.

Experience Studies

The most recent experience study was completed August 9, 2018. Based on the results of this experience study, certain assumption/method changes were implemented effective in the October 1, 2018 valuation.

Mortality

These are the same rates used by the Florida Retirement System (FRS) in their July 1, 2024 Actuarial Valuation Report for Special Risk Class members (participants) and for Other than Special Risk or K-12 School Instructional members (beneficiaries). Florida Statutes Chapter 112.63(1)(f) mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS.

Terminating Rate Table

Completed Years of Service	% Terminating During the Year
Less Than 4	15.0%
4-5	8.5%
6-9	6.75%
10-15	5.00%
16 & Over	2.00%

This rate assumption measures the probabilities of members separating from employment for reasons other than death, disability, or retirement (rates do not apply to members eligible to retire and do not include separation on account of death or disiability).

Disability Rate Table

Age	% Becoming Disabled During the Year
25	0.15%
30	0.18%
35	0.23%
40	0.30%
45	0.51%
50	1.00%
55	1.55%

It is assumed that 75% of disablements and active Member deaths are service connected.

Changes of benefit terms:

During the fiscal year ended September 30, 2017, Ordinance No. 2017-10 implemented the following changes:

* Provided clarification that the pre-retirement death benefit shall be reduced by 3% per year for each year that commencement precedes the Normal Retirement Date, with a maximum reduction of 15%.

* Provided details regarding the treatment of the existing Excess State Monies Reserve and how future annual State Monies will be allocated between the City and the Share Plan.

* Provided that members hired on or after January 2, 2011 will be able to participate in the Deferred Retirement Option Plan (DROP).

Changes of assumptions:

As approved by the Board of Trustees pursuant to the Assumption Study and Experience Investigation for the Seven Years Ended September 30, 2024 (report dated October 10, 2025), the following revisions in assumptions were reflected in this valuation:

Updated future salary increase assumption to reflect lower overall (long-term) observed real salary increases (net of actual inflation) than expected, in addition to a temporary update to the salary inflation assumption to reflect negotiated across-the-board base wage increases of 7% per year effective July 1, 2025 and July 1, 2026.

Updated assumed rates of future retirement to reflect generally lower observed retirement experience than expected, but higher observed early retirement experience than expected (for members with at least 10 years of service at ages less than 55).

Updated assumed rates of future separation from employment to reflect higher overall average observed rates of separation experience than expected, particularly for members with less than 4 years of service (but lower than expected for members with 6 or more years of service).

Updated mortality assumption used by the Florida Retirement System (FRS) in its July 1, 2024 actuarial valuation, as prescribed by F. S. 112.63(1)(f), which mandates the use of the mortality tables used in either of the two most recently published actuarial valuation reports of FRS.

The combined impact of these assumption changes increased the required employer contribution by 3.77% of covered payroll and increased the unfunded actuarial accrued liability by $1,114,228.

Schedule of Changes in OPEB Liability and Related Ratios
Last Eight Fiscal Years

September 30,	**2025**	2024	2023	2022	2021	2020	2019	2018
Service cost	**$ 44,422**	$ 37,187	$ 41,509	$ 148,936	$ 141,844	$ 59,383	$ 44,485	$ 29,429
Expected interest growth	**20,227**	23,990	21,325	32,930	22,320	13,853	11,494	10,007
Demographic experience	**-**	(109,601)	-	-	(314,315)	-	21,682	-
Benefit payments and refunds	**(10,104)**	54,591	(13,558)	(12,975)	(15,421)	(14,792)	(11,503)	(5,255)
Assumption changes	**(59,284)**	(10,331)	(13,097)	(931,667)	593,928	130,609	246,863	-
Net change in total OPEB liability	**(4,739)**	(4,164)	36,179	(762,776)	428,356	189,053	313,021	34,181
Total OPEB liability - beginning	**481,950**	486,114	449,935	1,212,711	784,355	595,302	282,281	248,100
Total OPEB liability - ending	**$ 477,211**	$ 481,950	$ 486,114	$ 449,935	$ 1,212,711	$ 784,355	$ 595,302	$ 282,281
Covered-employee payroll	**$ 8,970,973**	$ 6,786,181	$ 7,580,760	$ 5,986,840	$ 5,914,595	$ 5,280,225	$ 5,280,225	$ 4,992,342
Total OPEB liability as a percentage of covered-employee payroll	5.32%	7.10%	6.41%	7.52%	20.50%	14.85%	11.27%	5.65%

Notes to the schedule:

[(1)] GASB 75 requires an employer to disclose a 10-year history. However, until a full 10-year trend is compiled, information will be presented only for those years which information is available.

[(2)] There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

[(3)] The following discount rate was used in each period:

- 9/30/2018 - 3.64%
- 9/30/2019 - 3.58%
- 9/30/2020 - 2.14%
- 9/30/2021 - 2.43%
- 9/30/2022 - 4.40%
- 9/30/2023 - 4.63%
- 9/30/2024 - 3.88%
- 9/30/2025 - 4.90%

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund

For the year ended September 30, 2025	Original Budget	Final Budget	Actual (Budgetary Basis)		Variance with Final Budget
Revenues					
Taxes	**$ 12,406,500**	**$ 12,406,500**	**$ 13,313,348**		**$ 906,848**
Licenses and permits	**911,800**	**911,800**	**1,170,780**		**258,980**
Intergovernmental	**4,368,250**	**4,368,250**	**4,896,813**		**528,563**
Charges for services	**465,200**	**465,200**	**678,746**		**213,546**
Fines and forfeitures	**134,550**	**134,550**	**156,389**		**21,839**
Investment income	**640,000**	**640,000**	**1,166,672**		**526,672**
Miscellaneous	**72,000**	**72,000**	**82,059**		**10,059**
Total revenues	**18,998,300**	**18,998,300**	**21,464,807**		**2,466,507**
Expenditures					
General government:					
City Council and Clerk	**459,550**	**459,550**	**445,076**		**14,474**
Executive and administration	**861,950**	**1,001,950**	**1,041,236**		**(39,286)**
Finance	**541,950**	**538,800**	**532,648**		**6,152**
Legal counsel	**389,350**	**389,350**	**371,345**		**18,005**
Information technology	**829,200**	**832,350**	**751,717**		**80,633**
Other general services	**1,809,150**	**1,809,150**	**839,208**		**969,942**
Total general government	**4,891,150**	**5,031,150**	**3,981,230**	*	**1,049,920**
Public Safety:					
Law enforcement	**8,080,300**	**8,180,300**	**7,975,908**		**204,392**
Protective inspections	**2,562,375**	**2,562,375**	**1,169,357**		**1,393,018**
Total public safety	**10,642,675**	**10,742,675**	**9,145,265**	*	**1,597,410**
Public works	**4,408,050**	**4,268,050**	**2,125,345**	*	**2,142,705**
Recreation	**2,030,400**	**1,930,400**	**1,420,446**	*	**509,954**
Community development	**544,520**	**544,520**	**556,264**		**(11,744)**
Debt service:					
Principal	**-**	**-**	**13,893**		**(13,893)**
Interest	**-**	**-**	**1,317**		**(1,317)**
Total expenditures	**22,516,795**	**22,516,795**	**17,243,760**		**5,273,035**
Excess (deficiency) of revenues over (under) expenditures	**(3,518,495)**	**(3,518,495)**	**4,221,047**		**7,739,542**
Other financing sources (uses)					
Transfers out	**(277,300)**	**(277,300)**	**(2,777,300)**		**(2,500,000)**
Insurance proceeds	**49,500**	**49,500**	**54,222**		**4,722**
Proceeds from sale of capital assets	**35,000**	**35,000**	**18,982**		**(16,018)**
Net other financing sources (uses)	**(192,800)**	**(192,800)**	**(2,704,096)**		**(2,511,296)**
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	**(3,711,295)**	**(3,711,295)**	**1,516,951**		**5,228,246**
Fund balances, beginning of year	**30,458,351**	**30,458,351**	**30,458,351**		**-**
Fund balances, end of year	**$26,747,056**	**$26,747,056**	**$31,975,302**		**$ 5,228,246**

* The City budgets for capital outlay at the departmental level.

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Community Redevelopment

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	$ 359,500	$ 359,500	$ 359,497	$ (3)
Intergovernmental	359,500	359,500	359,497	(3)
Investment income	45,000	45,000	70,811	25,811
Total revenues	764,000	764,000	789,805	25,805
Expenditures				
Current:				
Economic environment	4,450	4,450	4,296	154
Debt service:				
Principal	100,000	100,000	-	100,000
Total expenditures	104,450	104,450	4,296	100,154
Excess of revenues over expenditures	659,550	659,550	785,509	125,959
Fund balances, beginning of year	2,827,480	2,827,480	2,827,480	-
Fund balances, end of year	$ 3,487,030	$ 3,487,030	$ 3,612,989	$ 125,959

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – American Rescue Plan Act (ARPA)

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	**$ -**	**$ -**	**$ 1,703,386**	**$ 1,703,386**
Investment income	**200,000**	**200,000**	**293,436**	**93,436**
Total revenues	**200,000**	**200,000**	**1,996,822**	**1,796,822**
Expenditures				
Capital outlay	**1,250,000**	**1,250,000**	**6,026**	**1,243,974**
Total expenditures	**1,250,000**	**1,250,000**	**6,026**	**1,243,974**
Excess (deficiency) of revenues over (under) expenditures	**(1,050,000)**	**(1,050,000)**	**1,990,796**	**3,040,796**
Other financing sources (uses)				
Transfers out	**(2,750,000)**	**(2,750,000)**	**(2,683,873)**	**66,127**
Net other financing sources (uses)	**(2,750,000)**	**(2,750,000)**	**(2,683,873)**	**66,127**
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	**(3,800,000)**	**(3,800,000)**	**(693,077)**	**3,106,923**
Fund balances, beginning of year	**693,077**	**693,077**	**693,077**	**-**
Fund balances, end of year	**$ (3,106,923)**	**$ (3,106,923)**	**$ -**	**$ 3,106,923**

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	**$ 703,000**	**$ 703,000**	**$ 713,915**	**$ 10,915**
Intergovernmental	**970,000**	**970,000**	**1,352,349**	**382,349**
Investment income	**14,000**	**14,000**	**28,424**	**14,424**
Total revenues	**1,687,000**	**1,687,000**	**2,094,688**	**407,688**
Expenditures				
Current:				
Public works	**436,200**	**436,200**	**333,452**	**102,748**
Capital outlay	**1,560,000**	**1,596,195**	**2,166,985**	**(570,790)**
Total expenditures	**1,996,200**	**2,032,395**	**2,500,437**	**(468,042)**
Excess (deficiency) of revenues over (under) expenditures	**(309,200)**	**(345,395)**	**(405,749)**	**(60,354)**
Other financing sources				
Transfers in	**-**	**-**	**1,000,000**	**1,000,000**
Fund balance, beginning, as previously reported	**1,573,932**	**1,573,932**	**1,573,932**	**-**
Prior period adjustment (see Note 2)	**-**	**-**	**99,000**	**99,000**
Fund balance, beginning of year, as restated	**1,573,932**	**1,573,932**	**1,672,932**	**99,000**
Fund balance, end of year	**$ 1,264,732**	**$ 1,228,537**	**$ 2,267,183**	**$ 939,646**

A. Budgetary information

An annual budget is prepared for all funds of the City except for the Pension Trust Fund, which is effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with generally accepted accounting principles except for the Enterprise Fund, uses a modified basis that includes debt proceeds, capital contributions, capital outlay and debt service principal.

Budgets are adopted by the City Council pursuant to City Charter using the following procedures:

- Budget preparation begins with the formulation of a budget calendar by the City Manager, which is distributed generally during April of each year.
- Workshops with the City Council are then held regarding budget priorities.
- Budget instructions containing City Council priorities are then distributed to department heads along with forms and worksheets.
- Each department of the City submits an initial expenditure budget proposal to the Finance Director during May of each year. The Finance Director prepares a proposed budget showing each fund, organization unit (department), program activity, purpose or object of expenditure for the past three years, the current years actual to date and budget, and the next year's proposed budget.
- The City Manager reviews the departmental request, and then meets with department heads, where proposed departmental budgets are amended.
- The City Manager and Finance Director prepare their final revenue estimates, which contain comparative and estimated data for each fund and revenue source, during June.
- The proposed budget is presented to the City Council during July each year. At this time, the City Clerk advertises the public hearing on the proposed budget.
- The City Council holds a series of budget workshops and public hearings on the proposed budget, and adopts the official annual budget of the City during September of each year.
- When the budget is formally approved, budget documents are distributed to departments for budget implementation on October 1. During the fiscal year, the Finance Director monitors and reviews budgetary activities and prepares projections to be used to determine year-end cash balance and to prepare for the upcoming fiscal year budget.

Budgetary integration is established in the accounting records for management control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed the total City-wide appropriations. Therefore, the City Manager may, at any time, transfer appropriation amounts between line items, expenditure classifications, departments and funds without formal approval by City Council. However, any revisions that increase the total appropriations at the fund level of the City must be approved through amendment by the City Council. The Council approved several budgetary amendments during the year.

B. Encumbrances

Open purchase orders and other commitments are recognized as expenditures in the period in which the actual goods or services are received and a liability is incurred. Encumbrances (e.g., purchase order, contracts) outstanding at year end for unfulfilled obligations are cancelled and reappropriated in the succeeding year's budget. Accordingly, there were no encumbrances outstanding at year end.

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CITY OF WEST MELBOURNE, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Recreation – The Recreation Special Revenue Fund was established to ensure that impact-generating development bear a proportionate share of the cost of improvements to the City's recreation system.

The recreation fee paid to the City is based upon the appraised value of the land, prior to development (per acre value), multiplied by the required recreation acreage on site, less any approved recreational improvements (dollar value of acreage value).

Capital Projects Funds

Capital project funds are used to account for the acquisition of capital assets or the construction of major capital projects.

Vehicle Replacement – The Vehicle Replacement Fund is used to account for vehicle replacement resources which are derived from periodic charges to operations to ensure timely replacement of vehicles.

Capital Projects – The Capital Projects Fund accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

	Special Revenue	Capital Projects		
September 30, 2025	Recreation	Capital Projects	Vehicle Replacement	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 308,550	$ 68,279	$ 763,289	$ 1,140,118
Investments	1,595,274	3,984,312	2,028,458	7,608,044
Total assets	$ 1,903,824	$ 4,052,591	$ 2,791,747	$ 8,748,162
LIABILITIES				
Accounts payable	$ -	$ (1,770)	$ 85,046	$ 83,276
Contracts payable	5,300	199	-	5,499
Total liabilities	5,300	(1,571)	85,046	88,775
FUND BALANCES				
Restricted	-	4,054,162	-	4,054,162
Committed	1,898,524	-	2,706,701	4,605,225
Unassigned	-	-	-	-
Total fund balances	1,898,524	4,054,162	2,706,701	8,659,387
Total liabilities and fund balances	$ 1,903,824	$ 4,052,591	$ 2,791,747	$ 8,748,162

	Special Revenue	Capital Projects		
For the year ended September 30, 2025	Recreation	Capital Projects	Vehicle Replacement	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Investment income	**56,573**	**176,608**	**64,159**	**297,340**
Total revenues	**56,573**	**176,608**	**64,159**	**297,340**
EXPENDITURES				
Capital outlay	**179,145**	**2,709**	**542,458**	**724,312**
Total expenditures	**179,145**	**2,709**	**542,458**	**724,312**
Excess (deficiency) of revenues over (under) expenditures	**(122,572)**	**173,899**	**(478,299)**	**(426,972)**
Other financing sources				
Transfers in	**-**	**-**	**314,500**	**314,500**
Net change in fund balances	**(122,572)**	**173,899**	**(163,799)**	**(112,472)**
Fund balances, beginning of year	**2,021,096**	**3,880,263**	**2,870,500**	**8,771,859**
Fund balances, end of year	**$ 1,898,524**	**$ 4,054,162**	**$ 2,706,701**	**$ 8,659,387**

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	$ 300,000	$ 300,000	$ -	$ (300,000)
Investment income	40,000	40,000	56,573	16,573
Total revenues	340,000	340,000	56,573	(283,427)
Expenditures				
Current:				
Capital outlay	1,143,000	1,143,000	179,145	963,855
Total expenditures	1,143,000	1,143,000	179,145	963,855
Excess (deficiency) of revenues over (under) expenditures	(803,000)	(803,000)	(122,572)	680,428
Fund balances, beginning of year	2,021,096	2,021,096	2,021,096	-
Fund balances, end of year	$ 1,218,096	$ 1,218,096	$ 1,898,524	$ 680,428

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	$ 175,000	$ 175,000	$ 176,608	$ 1,608
Total revenues	175,000	175,000	176,608	1,608
Expenditures				
Current:				
Capital outlay	850,000	850,000	2,709	847,291
Total expenditures	850,000	850,000	2,709	847,291
Excess (deficiency) of revenues over (under) expenditures	(675,000)	(675,000)	173,899	848,899
Fund balances, beginning of year	3,880,263	3,880,263	3,880,263	-
Fund balances, end of year	$ 3,205,263	$ 3,205,263	$ 4,054,162	$ 848,899

City of West Melbourne, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Vehicle Replacement Fund

For the year ended September 30, 2025	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	$ -	$ -	$ 64,159	$ 64,159
Total revenues	-	-	64,159	64,159
Expenditures				
Current:				
Capital outlay	465,000	465,000	542,458	(77,458)
Total expenditures	465,000	465,000	542,458	(77,458)
Excess (deficiency) of revenues over (under) expenditures	(465,000)	(465,000)	(478,299)	(13,299)
Other financing sources				
Transfers in	314,500	314,500	314,500	-
Net change in fund balance	(150,500)	(150,500)	(163,799)	(13,299)
Fund balances, beginning of year	2,870,500	2,870,500	2,870,500	-
Fund balances, end of year	$ 2,720,000	$ 2,720,000	$ 2,706,701	$ (13,299)

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of West Melbourne, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Table of Contents

A. Financial Trends

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

B. Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local own-source revenues - ad valorem property taxes, occupational license taxes, and building permits revenues.

C. Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of debt outstanding and the City's ability to issue additional debt in the future, as necessary.

Schedule C1 Ratios of Outstanding Debt by Type

Schedule C2 Direct and Overlapping Governmental Activities Debt

Schedule C3 Pledged Revenue Coverage

Schedule C4 Ratios of General Bonded Debt Outstanding

Schedule C5 Legal Debt Margin Information

D. Demographic and Economic Information Financial Trends

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Schedule D1 Demographic and Economic Statistics

Schedule D2 Principal Employers

E. Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Schedule E1 Employees by Function/Program

Schedule E2 Operating Indicators by Function/Program

Schedule E3 Capital Asset Statistics by Function/Program

Additional Notes

Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Report (ACFR) for the relevant year.

Schedule A1

City of West Melbourne, Florida
Net Position by Component
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in										
capital assets	$ 32,749,628	$ 29,461,345	$ 29,024,468	$ 30,209,676	$ 31,404,826	$ 32,164,344	$ 34,205,606	$ 29,479,624	$ 21,230,403	$ 18,758,700
Restricted	20,290,508	18,393,841	15,365,646	14,236,875	13,832,705	13,445,602	8,866,081	7,821,633	7,214,372	6,076,253
Unrestricted	21,575,391	21,752,605	15,998,173	10,665,968	7,567,381	4,235,982	2,249,840	2,775,398	7,619,082	7,002,945
Total governmental activities net position	74,615,527	69,607,791	60,388,287	55,112,519	52,804,912	49,845,928	45,321,527	40,076,655	36,063,857	31,837,898
Business-type activities										
Net investment in										
capital assets	57,425,487	54,437,577	48,375,142	47,140,389	46,096,924	39,269,577	36,760,884	35,497,462	33,382,704	30,394,742
Restricted	5,631,359	414,167	411,121	407,482	-	2,471,922	523,257	511,487	508,640	504,046
Unrestricted	35,263,637	32,158,658	27,343,478	20,076,107	20,082,256	19,450,194	19,488,583	13,943,960	10,983,628	8,608,312
Total business-type activities net position	98,320,483	87,010,402	76,129,741	67,623,978	66,179,180	61,191,693	56,772,724	49,952,909	44,874,972	39,507,100
Primary government										
Net investment in										
capital assets	90,175,115	83,898,922	77,399,610	77,350,065	77,501,750	71,433,921	70,966,490	64,977,086	54,613,107	49,153,442
Restricted	25,921,867	18,808,008	15,776,767	14,644,357	13,832,705	15,917,524	9,389,338	8,333,120	7,723,012	6,580,299
Unrestricted	56,839,028	53,911,263	43,341,651	30,742,075	27,649,637	23,686,176	21,738,423	16,719,358	18,602,710	15,611,257
Total primary government net position	$ 172,936,010	$ 156,618,193	$ 136,518,028	$ 122,736,497	$ 118,984,092	$ 111,037,621	$ 102,094,251	$ 90,029,564	$ 80,938,829	$ 71,344,998

Notes:

Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only (a) when an external party, (b) a constitutional provision, (c) or enabling legislation imposes legally enforceable limits on how they may be used.

City of West Melbourne, Florida
Changes in Net Position – Governmental Activities
Last Ten Fiscal Years

Schedule A2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
General government	$ 4,530,307	$ 3,663,963	$ 3,799,271	$ 3,257,853	$ 2,548,202	$ 2,808,023	$ 2,697,267	$ 2,487,264	$ 2,369,589	$ 2,129,445
Public safety	8,763,786	8,160,518	8,568,227	8,393,278	7,491,665	7,886,503	7,668,450	6,833,193	5,968,523	5,548,176
Public works	4,040,879	3,617,172	3,496,500	3,283,583	2,844,827	2,993,822	2,344,923	2,785,278	2,037,325	1,997,169
Recreation	2,010,239	1,973,542	1,942,055	1,652,078	1,511,384	1,492,810	2,255,949	988,794	746,068	1,714,308
Community development	544,835	499,243	651,245	388,660	339,433	373,339	339,529	323,027	311,233	260,560
Economic environment	4,296	4,295	2,795	4,295	5,795	420	175	420	176	6,956
Interest on long term debt	1,317	3,916	6,599	5,667	7,476	9,250	8,146	2,326	4,603	6,832
Total Expenses	19,895,659	17,922,649	18,466,692	16,985,414	14,748,782	15,564,167	15,314,439	13,420,302	11,437,517	11,663,446
Program Revenues:										
Charges for services:										
General government	566,535	450,292	404,364	460,356	317,023	413,540	404,171	414,793	386,096	412,040
Public safety	1,144,823	1,100,959	2,062,322	620,225	1,045,815	1,359,462	2,358,536	1,759,180	1,645,309	1,492,599
Public works	713,915	658,949	645,365	634,697	848,702	584,807	578,993	373,159	366,577	362,326
Recreation	82,043	392,874	928,902	413,255	243,399	78,064	704,031	428,879	177,282	351,800
Community development	376,695	611,968	483,722	232,173	106,891	109,984	184,144	178,248	237,847	202,729
Capital grants and contributions	21,383	679,490	6,102	598,478	635,004	4,000,996	961,801	2,473,014	2,036,754	4,273
Total Program Revenues	2,905,394	3,894,532	4,530,777	2,959,184	3,196,834	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767
Net (Expense) Revenue	(16,990,265)	(14,028,117)	(13,935,915)	(14,026,230)	(11,551,948)	(9,017,314)	(10,122,763)	(7,793,029)	(6,587,652)	(8,837,679)
General Revenues:										
Property taxes	5,561,700	5,367,760	5,144,938	5,018,367	4,630,429	4,421,186	3,990,738	3,310,658	2,990,353	2,685,306
Franchise taxes	2,937,216	2,821,916	2,679,560	2,347,604	2,025,159	1,886,888	1,870,513	1,798,337	1,671,784	1,639,785
Local option gas tax	904,996	945,708	924,354	849,894	811,636	728,699	672,626	608,754	601,336	578,739
Public utility taxes	4,814,432	4,524,801	4,335,953	3,835,698	3,583,192	3,407,499	3,340,164	3,212,103	3,058,189	3,006,729
Payment in lieu of taxes	3,735,198	8,455,667	4,498,815	2,014,790	518,214	426,386	344,588	377,318	295,743	1,155,353
Intergovernmental shared revenue - unrestricted	3,882,113	3,752,743	3,685,145	3,253,257	2,618,119	2,142,428	2,219,476	2,123,578	1,981,183	1,810,749
Investment earnings	1,856,683	2,093,980	1,575,823	210,221	32,713	182,884	337,852	224,140	128,282	45,184
Miscellaneous revenue	99,952	274,568	202,456	91,231	229,404	287,820	145,939	149,163	80,641	19,690
Gain on disposition	18,982	25,147	38,466	63,693	24,866	23,525	-	-	-	-
Transfers,net	(4,146,673)	(5,014,669)	(3,873,827)	(1,350,918)	37,200	34,400	34,400	18,900	6,100	-
Total General Revenues	19,664,599	23,247,621	19,211,683	16,333,837	14,510,932	13,541,715	12,956,296	11,822,951	10,813,611	10,941,535
Special item:										
Donation - Land	383,534	-	-	-	-	-	2,411,339	-	-	-
Change in Net Position	$ 3,057,868	$ 9,219,504	$ 5,275,768	$ 2,307,607	$ 2,958,984	$ 4,524,401	$ 5,244,872	$ 4,029,922	$ 4,225,959	$ 2,103,856

City of West Melbourne, Florida
Changes in Net Position – Business-Type Activities
Last Ten Fiscal Years

Schedule A3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Water and sewer	$ 19,763,548	$ 16,290,981	$ 15,285,349	$ 15,331,914	$ 13,370,387	$ 12,521,238	$ 11,454,304	$ 11,667,879	$ 11,139,291	$ 10,686,656
Total Expenses	19,763,548	16,290,981	15,285,349	15,331,914	13,370,387	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656
Program Revenues:										
Charges for services:										
Water and sewer	18,605,452	15,560,303	15,003,029	13,921,644	13,554,441	12,542,774	12,085,048	11,589,300	11,155,390	10,449,117
Other charges and fees	-	162,231	466,372	243,536	1,265,521	1,094,408	242,512	11,378	30,175	11,280
Capital grants and contributions	4,538,943	4,730,452	3,345,442	1,156,901	3,554,771	3,115,488	5,685,218	5,032,423	5,253,638	2,653,015
Total Program Revenues	23,144,395	20,452,986	18,814,843	15,322,081	18,374,733	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412
Net (Expense) Revenue	3,380,847	4,162,005	3,529,494	(9,833)	5,004,346	4,231,432	6,558,474	4,965,222	5,299,912	2,426,756
General Revenues:										
Interest income	3,782,561	1,703,987	1,102,442	103,713	20,341	221,937	295,741	134,591	74,060	27,898
Transfers, net	4,146,673	5,014,669	3,873,827	1,350,918	(37,200)	(34,400)	(34,400)	(18,900)	(6,100)	-
Total General Revenues	7,929,234	6,718,656	4,976,269	1,454,631	(16,859)	187,537	261,341	115,691	67,960	27,898
Change in Net Position	$ 11,310,081	$ 10,880,661	$ 8,505,763	$ 1,444,798	$ 4,987,487	$ 4,418,969	$ 6,819,815	$ 5,080,913	$ 5,367,872	$ 2,454,654

City of West Melbourne, Florida
Changes in Net Position – Total Government
Last Ten Fiscal Years

Schedule A4

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental activities	$ 19,895,659	$ 17,922,649	$ 18,466,692	$ 16,985,414	$ 14,748,782	$ 15,564,167	$ 15,314,439	$ 13,420,302	$ 11,437,517	$ 11,663,446
Business-type activities	19,763,548	16,290,981	15,285,349	15,331,914	13,370,387	12,521,238	11,454,304	11,667,879	11,139,291	10,686,656
Total Expenses	39,659,207	34,213,630	33,752,041	32,317,328	28,119,169	28,085,405	26,768,743	25,088,181	22,576,808	22,350,102
Program Revenues:										
Governmental activities	2,905,394	3,894,532	4,530,777	2,959,184	3,196,834	6,546,853	5,191,676	5,627,273	4,849,865	2,825,767
Business-type activities	23,144,395	20,452,986	18,814,843	15,322,081	18,374,733	16,752,670	18,012,778	16,633,101	16,439,203	13,113,412
Total Program Revenues	26,049,789	24,347,518	23,345,620	18,281,265	21,571,567	23,299,523	23,204,454	22,260,374	21,289,068	15,939,179
Net (Expense) Revenue	(13,609,418)	(9,866,112)	(10,406,421)	(14,036,063)	(6,547,602)	(4,785,882)	(3,564,289)	(2,827,807)	(1,287,740)	(6,410,923)
General Revenues:										
Governmental activities	20,048,133	23,247,621	19,211,683	16,333,837	14,510,932	13,541,715	15,367,635	11,822,951	10,813,611	10,941,535
Business-type activities	7,929,234	6,718,656	4,976,269	1,454,631	(16,859)	187,537	261,341	115,691	67,960	27,898
Total General Revenues	27,977,367	29,966,277	24,187,952	17,788,468	14,494,073	13,729,252	15,628,976	11,938,642	10,881,571	10,969,433
Change in Net Position	$ 14,367,949	$ 20,100,165	$ 13,781,531	$ 3,752,405	$ 7,946,471	$ 8,943,370	$ 12,064,687	$ 9,110,835	$ 9,593,831	$ 4,558,510

Schedule A5

City of West Melbourne, Florida
Fund Balances – Governmental Funds
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	$ 32,714	$ 177,499	$ 200,094	$ 336,599	$ 494,486	$ 687,495	$ 876,636	$ 1,190,472	$ 1,105,899	$ 1,398,180
Restricted	9,399,439	9,422,174	9,087,575	7,840,870	7,961,753	7,736,924	7,374,642	6,132,806	5,248,234	4,133,311
Assigned	-	-	-	-	-	-	-	-	2,894	51,623
Unassigned	22,543,149	20,858,678	15,738,938	11,195,372	7,763,105	5,435,930	3,980,665	3,644,615	7,191,066	6,895,802
Total General Fund	$ 31,975,302	$ 30,458,351	$ 25,026,607	$ 19,372,841	$ 16,219,344	$ 13,860,349	$ 12,231,943	$ 10,967,893	$ 13,548,093	$ 12,478,916
All other governmental funds										
Non-spendable	$ -	$ 3,085	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	9,934,334	8,971,667	6,279,509	6,396,005	5,870,952	5,025,352	617,639	570,297	939,073	645,006
Committed	4,605,225	4,891,596	4,267,318	2,788,261	2,108,451	2,006,173	1,496,257	824,204	2,587,460	2,502,820
Unassigned	-	-	-	-	-	(150,612)	(527,471)	(640,670)	-	-
Total all other governmental funds	$ 14,539,559	$ 13,866,348	$ 10,546,827	$ 9,184,266	$ 7,979,403	$ 6,880,913	$ 1,586,425	$ 753,831	$ 3,526,533	$ 3,147,826

City of West Melbourne, Florida
Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years

Schedule A6

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Taxes	$ 14,386,760	$ 13,701,512	$ 13,092,035	$ 12,161,277	$ 11,148,957	$ 10,300,380	$ 9,780,408	$ 8,694,257	$ 8,086,903	$ 7,694,146
Licenses and permits	1,170,780	1,169,773	2,221,000	794,080	1,020,178	1,231,899	2,142,236	1,766,648	1,714,142	1,589,162
Intergovernmental	8,312,045	12,813,650	8,811,388	6,391,508	4,148,123	7,298,509	3,621,726	4,169,003	2,919,512	3,549,114
Charges for services	678,746	1,178,474	1,542,391	759,744	712,207	273,261	636,592	715,832	500,737	658,953
Fines and forfeits	156,389	108,588	107,002	104,100	171,969	367,646	468,765	244,705	172,536	168,169
Developer contributions	-	712,567	-	500	162,875	22,000	1,310,840	1,036,007	1,995,504	-
Investment income	1,856,683	2,093,980	1,575,823	210,221	32,713	182,884	361,181	224,140	128,282	45,184
Miscellaneous	82,059	202,725	95,933	79,735	172,863	265,762	126,658	100,142	64,187	47,077
Total Revenues	26,643,462	31,981,269	27,445,572	20,501,165	17,569,885	19,942,341	18,448,406	16,950,734	15,581,803	13,751,805
Expenditures:										
General government	4,008,334	3,252,132	3,066,671	2,905,969	2,387,235	2,240,023	2,173,463	1,982,479	1,915,566	1,765,503
Public safety	8,453,147	7,782,846	6,935,927	7,089,738	7,039,582	7,022,168	6,836,498	6,363,198	6,114,550	5,340,909
Public works	2,184,744	1,796,173	2,009,984	1,858,024	1,482,282	1,566,385	1,736,719	1,640,772	1,208,491	1,235,765
Recreation	1,366,939	1,312,628	1,212,426	986,390	926,820	853,610	832,786	724,950	549,453	1,541,003
Community development	556,224	494,876	589,417	377,863	343,124	350,457	320,094	313,823	303,003	257,482
Economic environment	4,296	4,295	2,795	4,295	5,795	420	175	420	176	6,956
Capital outlay	3,889,937	3,725,539	2,978,296	1,706,715	2,124,811	1,134,315	4,556,852	11,313,665	4,035,502	2,923,358
Debt service:										
Principal retired	13,893	23,694	40,537	-	-	-	-	108,298	106,021	103,792
Interest	1,317	3,916	6,599	5,667	7,476	9,250	8,146	2,326	4,603	6,832
Total Expenditures	20,478,831	18,396,099	16,842,652	14,934,661	14,317,125	13,176,628	16,464,733	22,449,931	14,237,365	13,181,600
Excess (deficiency) of revenues over (under) expenditures	6,164,631	13,585,170	10,602,920	5,566,504	3,252,760	6,765,713	1,983,673	(5,499,197)	1,344,438	570,205
Other Financing Sources (Uses)										
Insurance proceeds	54,222	150,406	132,249	79,081	75,815	88,302	42,819	101,991	75,573	-
Capital lease proceeds	-	-	102,805	-	-	-	-	-	-	-
Transfers in	1,314,500	397,000	546,600	616,400	566,500	493,400	402,900	223,650	97,800	65,900
Transfers out	(5,461,173)	(5,411,669)	(4,420,427)	(1,967,318)	(529,300)	(459,000)	(368,500)	(204,750)	(91,700)	(65,900)
Proceeds from sale of capital assets	18,982	30,358	52,180	63,693	91,710	34,479	35,752	25,404	21,773	15,497
Net other financing sources (uses)	(4,073,469)	(4,833,905)	(3,586,593)	(1,208,144)	204,725	157,181	112,971	146,295	103,446	15,497
Net Change in Fund Balances	$ 2,091,162	$ 8,751,265	$ 7,016,327	$ 4,358,360	$ 3,457,485	$ 6,922,894	$ 2,096,644	$ (5,352,902)	$ 1,447,884	$ 585,702
Debt Service as a % of Noncapital Expenditures	0.09%	0.19%	0.34%	0.04%	0.06%	0.08%	0.07%	1.00%	1.10%	1.10%

Assessed Value and Estimated Actual Value of Taxable Property

Schedule B1

Last Ten Fiscal Years

Fiscal Year Ended September 30	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2025	$ 3,824,779,900	$ 180,872,429	$ 687,188,923	$ 3,318,463,406	$ 1.8843	$ 4,195,993,686	79.09%
2024	3,236,165,580	157,117,882	605,719,168	2,787,564,294	1.9948	4,196,064,783	66.43%
2023	2,787,564,294	129,858,598	704,985,991	2,212,436,901	2.1186	3,815,881,301	57.98%
2022	2,563,536,450	126,248,591	541,909,001	2,147,876,040	2.4228	3,558,425,931	60.36%
2021	2,321,880,290	117,943,699	527,068,844	1,912,755,145	2.5087	2,592,587,887	73.78%
2020	2,138,960,240	108,937,190	486,568,262	1,761,329,168	2.6017	2,361,833,617	74.57%
2019	1,924,744,240	102,312,218	440,020,275	1,587,036,183	2.6017	2,166,783,115	73.24%
2018	1,708,466,860	91,455,621	406,728,438	1,393,194,043	2.4633	1,967,838,460	70.80%
2017	1,543,748,475	98,537,137	383,216,930	1,259,068,682	2.4633	1,712,215,741	73.53%
2016	1,405,729,894	94,515,457	369,581,311	1,130,664,040	2.4633	1,490,776,551	75.84%

Source: Brevard County Property Appraiser

Fiscal Year	Property Taxes	Utility Taxes and Franchise Fees	Inter-Governmental[1]	Other Inter-Governmental[2]	Totals
2025	$ 5,562,555	$ 9,982,920	$ 6,194,824	$ 54,654	$ 21,794,953
2024	5,367,760	7,978,352	5,339,102	37,443	18,722,657
2023	5,144,938	7,660,877	5,148,245	38,335	17,992,395
2022	5,018,367	6,817,999	4,608,307	36,933	16,481,606
2021	4,630,429	6,207,053	3,911,419	38,208	14,787,109
2020	4,421,186	5,879,196	3,264,288	43,220	13,607,891
2019	3,990,738	5,789,670	3,585,623	36,104	13,402,135
2018	3,310,658	5,383,599	4,136,639	32,364	12,863,260
2017	2,990,353	5,096,550	2,887,943	31,569	11,006,415
2016	2,685,306	4,646,514	2,510,672	31,020	9,873,512

(1) Includes half-cent sales taxes, cigarette and motor fuel taxes, local option gas taxes and police pension premium taxes.

(2) Includes mobile home taxes, alcohol beverage licenses, and municipal fuel rebate taxes. Amounts do not include non-recurring grants or contributions.

Note: Includes General, Special Revenue, Capital Projects and Debt Service Funds, as applicable.
Source: Financial Statements and records, City of West Melbourne.

Fiscal Year ended September 30,	Business Tax Receipts	Building Permits	Total Revenues
2025	$ 290,441	$ 881,740	$ 1,172,181
2024	291,887	877,886	1,169,773
2023	284,240	1,935,300	2,219,540
2022	277,955	516,125	794,080
2021	146,331	873,847	1,020,178
2020	240,628	991,271	1,231,899
2019	252,659	1,889,577	2,142,236
2018	253,218	1,513,430	1,766,648
2017	242,099	1,472,043	1,714,142
2016	264,587	1,324,575	1,589,162

Schedule B4

Fiscal Year	Gallons of Water Consumed	Water Revenue [2]	Total Direct Rate: Water Base Rate	Total Direct Rate: Water Usage Rate	Gallons of Sewer Treated	Sewer Revenue [1]	Total Direct Rate: Sewer Base Rate	Total Direct Rate: Sewer Usage Rate
2025	743,679,180	$ 9,245,667	15.75	7.66	507,201,267	$ 6,952,436	14.45	5.00
2024	738,000,600	$ 8,709,353	15.75	7.10	502,179,472	$ 6,850,948	14.45	5.00
2023	723,946,100	8,341,993	15.75	7.10	497,207,398	6,661,036	14.45	5.00
2022	687,392,700	7,447,908	14.35	6.20	475,660,000	6,473,736	14.45	5.00
2021	661,022,610	7,286,484	14.35	6.20	608,000,000	6,267,957	14.45	5.00
2020	615,717,900	6,808,728	13.88	6.25	694,000,000	5,734,047	14.45	5.00
2019	572,459,500	6,819,384	13.88	6.25	623,400,000	5,265,664	13.87	4.93
2018	560,679,460	6,448,955	13.88	6.25	655,310,000	5,140,345	13.87	4.93
2017	542,695,780	6,135,825	13.88	6.25	639,000,000	5,019,565	13.87	4.93
2016	526,709,790	5,746,972	13.88	6.25	633,100,000	4,702,145	13.87	4.93

[1] Revenues are not adjusted for bad debt.

	City Direct Rate	Overlapping Rates				
Fiscal Year	Operating Millage	Brevard County	Brevard County Schools	Special Districts	Total Overlapping	Total Overlapping and Direct
2025	1.8843	4.1860	6.3110	0.3709	10.8679	12.7522
2024	1.9948	4.3777	6.3830	0.3147	11.0754	13.0702
2023	2.1186	5.1782	5.3830	0.2081	10.7693	12.8879
2022	2.4228	5.2255	5.4950	0.2294	10.9499	13.3727
2021	2.5087	6.2161	5.8500	0.2509	12.3170	14.8257
2020	2.6017	6.2049	5.9420	0.2607	12.4076	15.0093
2019	2.6017	6.3833	6.0860	0.2734	12.7427	15.3444
2018	2.4633	5.3540	6.2990	0.3759	12.0289	14.4922
2017	2.4633	6.0802	6.5680	0.3981	13.0463	15.5096
2016	2.4633	6.4626	6.9160	0.6953	14.0739	16.5372

Source: Brevard County Property Appraiser website
Brevard County Tax Collector website

City of West Melbourne, Florida
Principal Property Taxpayers
Current Year and Nine Years Prior

Schedule B6

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Assessed Value			
MBF Owner LLC	$ 65,606,981	1	2.14%			
VR Luminary LP	62,457,487	2	2.03%			
Haven SPE LLC	58,834,661	3	1.92%			
VR Hammock LP	50,479,035	4	1.64%			
Integra Station LLC	44,406,995	5	1.45%			
The Reserves of MelbourneE LLC	37,103,755	6	1.21%			
PRCP-FL Lakesidw LLC	35,598,949	7	1.16%			
Grand Ooaks Pennington LLC	34,152,140	8	1.11%	16,400,000	3	1.30%
Mahaffey Associates West Melbourne LLC	33,914,704	9	1.10%			
Passco Aventine DST	31,424,600	10	1.02%			
The Haven at Riviera, LLC				21,750,000	1	1.73%
WE Reserves of Melbourne LLC				19,300,000	2	1.53%
Northland Lakeside LLC				14,200,000	4	1.13%
ARC SMWMBFL001 LLC				14,100,000	5	1.12%
West Melbourne Town Center, LLC				13,970,000	6	1.11%
Wal-Mart Stores East Inc.				9,790,000	7	0.78%
Windover Station LLC				8,100,000	8	0.64%
Target Corporation				6,490,000	9	0.52%
West Melbourne Holdings II LLC				6,244,520	10	0.50%
Total taxable assessed value for principal property	$ 453,979,306		14.78%	$ 130,344,520		10.35%

Sources:

Brevard County Property Appraiser
Brevard County Tax Collector
Florida Department of Revenue

City of West Melbourne, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Schedule B7

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy: Amount Collected	Collected Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount Collected	Total Collections to Date: Percentage of Levy
2025	$ 5,467,000	$ 5,345,336	97.8%	$ -	$ 5,345,336	97.8%
2024	5,261,400	5,177,832	98.4%	-	5,177,832	98.4%
2023	5,125,100	4,972,883	97.0%	-	4,972,883	97.0%
2022	4,962,500	4,851,859	97.8%	-	4,851,859	97.8%
2021	4,551,800	4,476,275	98.3%	-	4,476,275	98.3%
2020	4,555,153	4,421,186	97.1%	-	4,421,186	97.1%
2019	4,099,877	3,990,738	97.3%	-	3,990,738	97.3%
2018	3,433,258	3,310,658	96.4%	-	3,310,658	96.4%
2017	3,095,920	2,990,353	96.6%	-	2,990,353	96.6%
2016	2,771,935	2,685,306	96.9%	-	2,685,306	96.9%

Source: City cash receipt source documents
Brevard County Tax Collector
Brevard County Property Appraiser

Schedule C1

	Governmental Activities	Business-type Activities						
Fiscal Year	Lease Liabilitites/ Capital Leases [3]	Water and Sewer Revenue Bonds	Notes and Loans Payable	Total Outstanding Debt [2]	Personal Income [1]	Percentage of Personal Income	Population	Debt per Capita
2025	$ 15,210	$ 54,570,300	$ -	$ 54,585,510	582,814,278	9.37%	32,372	$ 1,686
2024	38,574	918,900	-	957,474	577,043,840	0.17%	30,443	31
2023	62,268	1,314,900	-	1,377,168	575,317,886	0.24%	30,682	45
2022	-	1,851,206	-	1,851,206	573,597,095	0.32%	28,857	64
2021	-	3,021,028	-	3,021,028	571,311,848	0.53%	28,127	107
2020	-	4,420,028	2,414,916	6,834,944	570,741,107	1.20%	25,385	269
2019	-	5,964,068	2,581,616	8,545,684	582,388,884	1.47%	23,607	362
2018	-	7,673,850	2,750,275	10,424,125	573,782,152	1.82%	21,990	474
2017	108,298	9,531,900	2,913,845	12,554,043	562,862,617	2.23%	21,360	588
2016	214,319	11,623,400	3,085,000	14,922,719	557,289,720	2.68%	20,640	723

(1) Personal income represents Brevard County since municipal data is not tracked.

(2) All debt presented above is net of applicable discounts, premiums, and losses on refundings, as applicable.

(3) The City became subject to GASB 87 as of fiscal year 2022 which required the City to record and recognize lease liabilities for leased assets. Prior to 2022, debt associated with leases was recognized as "Capital Leases"

Source: Space Coast Economic Development Commission (www.spacecoastedc.org)

City of West Melbourne, Florida
Direct and Overlapping Governmental Activities Debt
Schedule C2 As of September 30, 2025

Governmental Unit	Net Debt Outstanding	Percentage of Debt Applicable to the City [1]	City's Share of Debt
Debt repaid with property taxes			
Brevard County General Obligation Debt			
South Brevard Recreation Special District, Limited			
Ad Valorem Tax Bonds, Series 2016	$ 3,335,000	3.84%	$ 128,064
Subtotal, overlapping debt			128,064
City of West Melbourne direct debt			-
City of West Melbourne lease liabilities			15,210
Total direct and overlapping debt			$ 143,274

Sources:
(a) Net general obligation debt data was provided by Brevard County Finance
(b) The taxable assessed values for City and the County were provided by the Brevard County Property Appraiser

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of Brevard County's net general obligation debt that is borne by the residents and businesses of the City of West Melbourne. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1] The percentage of overlapping debt applicable is estimated using the taxable assessed value of properties located within the City of West Melbourne divided by the County's total taxable assessed value. FY2025 total taxable assessed value for City of West Melbourne is $4,801,783,951 and the total County taxable assessed value is $125,092,517,007

Schedule C3

Fiscal Year	Gross Revenues [a]	Less: Direct Operating Expense [b]	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage [c]	Coverage [d]
2025	$ 23,941,218	$ 12,988,489	$ 10,952,729	$ 403,600	$ 16,493	$ 420,093	26.07	14.74
2024	17,853,681	11,609,171	6,244,510	396,000	25,688	421,688	14.81	12.79
2023	19,917,285	11,178,506	8,738,779	536,306	33,568	569,874	15.33	9.46
2022	14,437,908	11,074,667	3,363,241	1,169,822	69,534	1,239,356	2.71	2.58
2021	17,032,680	10,384,421	6,648,259	3,814,000	132,739	3,946,739	1.68	1.13
2020	15,968,882	8,337,029	7,631,853	1,246,200	291,334	1,537,534	4.96	3.59
2019	16,911,038	7,238,370	9,672,668	1,879,783	434,204	2,313,987	4.18	2.33
2018	15,070,110	7,708,734	7,361,375	2,023,050	465,440	2,488,490	2.96	1.62
2017	13,663,993	7,261,494	6,402,499	2,251,500	519,689	2,771,189	2.31	1.44
2016	12,839,769	6,968,263	5,871,506	1,175,600	527,208	1,702,808	3.45	2.36

Notes:

[a] Includes operating, non-operating revenue and connection fees.

[b] Excludes depreciation expense, interest expense, amortization and non-recurring losses.

[c] & [d] Coverage ratio required by most restrictive bond document is at least 1.1 without connection fees and 1.25 including connection fees. The 2025 coverage of 26.07 includes the connection fees and the coverage without connection fees was 14.74. Both requirements were met.

City of West Melbourne, Florida
Ratios of General Bonded Debt Outstanding
Schedule C4 — Last Ten Fiscal Years

The City of West Melbourne has no general bonded debt.

City of West Melbourne, Florida
Legal Debt Margin Information
Schedule C5 — Last Ten Fiscal Years

The City of West Melbourne has no Legal debt limit.

Year	Population [a]	Personal Income	Per Capita Income [b]	Public School Enrollment [c]	Unemployment Rate [d]
2025	32,372	$ 578,774,972	$ 81,111	5,229	4.6%
2024	30,443	577,043,840	79,520	4,293	4.1%
2023	30,682	575,317,886	77,961	4,296	2.8%
2022	28,857	573,597,095	75,552	4,289	2.5%
2021	28,127	571,311,848	55,330	4,276	4.5%
2020	25,385	570,741,107	46,486	3,163	6.4%
2019	23,607	582,388,884	45,425	3,405	2.8%
2018	21,990	573,782,152	36,188	3,405	2.9%
2017	21,360	562,862,617	26,351	3,431	3.6%
2016	20,640	557,289,720	27,000	3,314	4.3%

Sources:

(a) University of Florida Bureau of Economic and Business Research

(b) Space Coast Economic Development Commission and U.S. Census Bureau.

(c) Meadowlane Elementary School, Central Junior High School and West Melbourne Elementary School of Science called Brevard County Schools within municipal boundaries.

(d) U.S. Bureau of Labor Statistics

Notes:

(b) Per capita income is for Brevard County, statistics aren't maintained for the City of West Melbourne.

(d) Unemployment rates are for Brevard County, statistics aren't maintained for the City of West Melbourne.

City of West Melbourne, Florida
Principal Employers
Schedule D2 — For the Current Year and Nine Years Prior

Employer	2025 Number of Employees	2025 Rank	2016 Number of Employees	2016 Rank #
L3Harris Technologies Inc	495			
Publix Stores - New Haven #1353	214		170	5
Publix Stores - Palm Bay Rd. #695	187		176	3
Harris Sanitation Inc	159			
Home Depot USA Inc.	135		128	6
City of West Melbourne	139			
The Olive Garden	120		116	9
Buena Vida Estates Inc	119		121	7
Cinemaworld Of Florida Inc	115		121	7
USSI Global	116			
	1,799			
Harris Corporation			473	1
P.D.Q Pizza, Inc. Dba			318	2
Mack Technologies			175	4
Profile (Fl) Usa, Inc.				
United Service Source			113	10
			1,911	

(1) Data unavailable for this year.

Source:
Principal employers in City of West Melbourne were determined by discussions with management, Economic Development Commission of Florida’s Space Coast, or phone calls were made to the employers for employment numbers.

Schedule E1

City of West Melbourne, Florida
Employees by Function/Program
Last Ten Fiscal Years

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
City Council/City Clerk	9	9	9	9	9	9	9	7	7	9
City Administration	7	6	5	5	4	4	4	4	4	3
Legal	2	2	2	2	2	2	2	2	2	2
Finance	13.5	13.5	12.5	12.5	11.5	11.5	11.5	11.5	11	14
Information Technology	3.5	3.5	3.5	3.5	2.5	2.5	2.5	2.5	2	2
Total General Government	35	34	32	32	29	29	29	27	26	30
Public Safety										
Police	59	61	50	60	49.5	60	56.5	51	51	52
Code Enforcement	6	5	10	11	11	13	13	12	12	12
Total Public Safety	65	66	60	71	60.5	73	69.5	63	63	64
Highways and Streets										
Public Works	10	12	14	12	12	12	10	11	11	11
Public Works - Water	10	12	10	10	10	10	10	8	9	8
Total Highways and Streets	20	24	24	22	22	22	20	19	20	19
Recreation and Parks	14	15	14	12.5	13	15	13	9	9	9
Community Development	5	5	4	4.5	3	4	4	4	3	3
Total Employees	139.0	144.0	134.0	142.0	127.5	143	135.5	122	121	125

Source: City payroll report

City of West Melbourne, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Schedule E2

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police/Code Enforcement										
Dispatched calls	44,469	45,077	44,473	47,174	49,728	38,475	40,256	37,929	24,763	26,463
Alarms	1,093	1,037	1,184	1,075	528	1,071	1,082	1,633	743	921
Physical arrests	563	665	520	519	560	563	860	731	565	471
Traffic accidents	1,385	1,394	1,384	1,405	1,415	1,243	1,386	1,220	1,072	1,334
Traffic citations	3,620	3,446	2,373	2,442	3,564	2,923	4,500	3,851	2,932	2,008
Finance										
Purchase orders issued	492	463	499	570	572	692	496	665	592	590
Accounts payable checks	3,900	4,238	4,410	4,654	4,577	4,678	4,812	4,873	4,530	4,806
Highways and streets										
Street resurfacing (miles)	3.55	3.51	6.40	5.40	5.24	4.89	4.15	6.12	6.00	2.07
Culture and Recreation										
Recreation fees	$ -	$ 273,488	$ 868,556	$ 370,200	$ 223,800	$ 15,600	$ 264,534	$ 363,927	$ 94,298	$ 271,483
Building										
Permits issued (construction)	284	3,531	333	97	189	222	284	263	307	375
Licenses issued/renewed	2,397	2,065	2,188	1,999	1,868	1,667	1,670	1,806	1,248	1,132
Building Inspections	10,601	13,556	16,632	8,186	15,693	14,591	14,078	16,191	17,867	13,094
Municipal Water Department										
New connections	157	10	120	17	416	503	1,161	284	398	282
Average daily consumption (1)	2,198,808	2,021,919	1,934,349	1,873,161	1,791,698	1,674,407	1,556,190	1,520,316	1,486,838	1,443,205
Wastewater										
Average daily sewage treatment	2,567,000	2,190,000	2,180,000	2,000,000	1,940,000	1,830,000	1,890,000	1,780,000	1,700,000	1,700,000

Notes:

(1) Average daily consumption is calculated using total gallons sold for year divided by 365 days in a year

Source: Various City Departments

City of West Melbourne, Florida
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Schedule E3

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2016
General Government:											
General government buildings	1	1	1	1	1	1	1	1	1	1	1
Public Safety:											
Police Stations	1	1	1	1	1	1	1	1	1		1
Public Works:											
Public works buildings	3	3	3	3	3	3	3	3	3	3	3
Paved streets (lane miles)	104.4	104.4	104.4	104.4	104.4	103	103	99	99	99	99
Unpaved streets (lane miles)	0.625	0.625	0.625	0.625	0.625	0.65	0.65	0.65	0.65	0.65	0.65
Recreation and Community Development:											
Parks acreage	53	53	53	53	53	53	53	53	53		50
Parks	7	7	7	7	7	7	7	7	7	7	7
Tennis courts	4	4	4	4	4	4	4	4	4	4	4
Racquet ball courts	2	2	2	2	2	2	2	2	2	2	2
Exercise Trail	1	1	1	1	1	1	1	1	1		1
Water											
Potable Water lines (linear miles)	157.1	157.1	157.1	157.1	157.1	125	125	124	118	118	118
Sewer											
Sanitary sewer lines (linear miles)	105.5	105.5	105.5	105.5	105.5	111	111	110	100	100	100
Permitted sewer capacity(gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Lift stations	82	82	82	82	82	78	78	73	73	63	63

Source: Various city departments

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

Honorable Mayor and Members of the City Council
City of West Melbourne, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Melbourne, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 14, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs (2025-001 and 2025-002), that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

City of West Melbourne, Florida's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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

Melbourne, Florida
April 14, 2026

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

Honorable Mayor and Members of the City Council
City of West Melbourne, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of West Melbourne, Florida's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Florida Compliance Supplement* that could have a direct and material effect on each of the City of West Melbourne, Florida's major federal programs and state projects for the year ended September 30, 2025. City of West Melbourne, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of West Melbourne, Florida complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs and state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.550, Rules of the Florida Auditor General. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of West Melbourne, Florida and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state projects. Our audit does not provide a legal determination of City of West Melbourne, Florida's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of West Melbourne, Florida's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of West Melbourne, Florida's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of West Melbourne, Florida's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of West Melbourne, Florida's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of West Melbourne, Florida's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of City of West Melbourne, Florida's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-003 and 2025-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of West Melbourne, Florida's response to internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's of West Melbourne, Florida's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Melbourne, Florida
April 14, 2026

Section I–Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	_X_ no
• Significant deficiency(ies) identified?	_X_ yes	___ none noted
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards and State Projects

Internal control over major federal programs and state projects:		
• Material weakness(es) identified?	___ yes	_X_ no
• Significant deficiency(ies) identified?	_X_ yes	___ none noted
Type of auditor's report issued on compliance for major federal programs and state projects:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a) of OMB Compliance Supplement and / or Chapter 10.557, Rules of the Auditor General?	_X_ yes	__ none noted

Identification of major federal programs and state projects:

Federal ALN	Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

State CSFA Number	State Program
37.039	Statewide Water Quality Restoration Projects

Dollar threshold used to distinguish between type A and B programs was $1,000,000 for major federal programs and $300,000 for major state projects.

Auditee qualified as a low-risk auditee for federal purposes? _X_ yes ___ no

Section II–Financial Statement Findings

2025-001 Proper Cutoff

Condition: Grant revenue related to the stormwater fund was not recognized in the proper period. As a result, beginning net position was understated. An adjustment was recorded, based on management's proposed entry, to increase beginning net position by $99,000. The amount of the adjustment exceeded tolerable misstatement for the stormwater fund.

Criteria: In accordance with Generally Accepted Accounting Principles (GAAP), revenues should be recognized in the correct period when earned.

Cause: The misstatement related to prior period grant activity due to the timing of revenue recognition and the need for enhanced cutoff procedures over grant activity.

Effect: Prior year grant revenue was understated by $99,000 in the financial statements. This could lead to inaccurate reporting to federal agencies, which may impact compliance with Uniform Guidance requirements and future grant funding. The understatement of grant revenues could lead to financial misstatements and potential misrepresentation of the City's financial position.

Recommendation: We recommend that management implement stronger reconciliation procedures between grant records and financial statements. This should include periodic reconciliations, improved review processes, and enhanced coordination between the finance and grant management teams to ensure that all federal expenditures and revenues are accurately recorded.

Management Response: Management recognizes the need for proper cutoff procedures. The misstatement related to prior period grant activity was identified by management during the year-end close and reconciliation process and brought it to the auditors' attention. It resulted from a need for enhanced cutoff procedures related to grant activity. The City has existing grant reconciliation procedures in place; however, management has enhanced year-end closing procedures to include a more detailed cutoff review of grant-related activity to ensure revenues are recorded in the proper period going forward.

2025-002 Land Donations Not Recorded in Prior Years

Condition: During the current year, management identified that donated land received in a prior year had not been recorded in the City's capital asset records or government-wide financial statements. As a result, beginning net position was understated. An adjustment was recorded, based on management's identification and proposed entry, to increase capital assets and beginning net position by $1,850,868. The amount of the adjustment exceeded tolerable misstatement for governmental activities.

Criteria: Management is responsible for designing and implementing internal controls to ensure capital assets, including donated assets, are recorded completely and accurately in the proper period in accordance with accounting principles generally accepted in the United States of America.

Cause: The donated land was transferred to the City by an external agency; however, the City was not formally notified of the completed transfer at the time it occurred. As a result, the transactions were not recorded in the period of transfer. Management subsequently identified the omission through review of external sources and reconciliation procedures.

Effect: Beginning net position in the government-wide financial statements was materially understated prior to the adjustment. Although management identified the error through its monitoring controls, the misstatement was not detected in the year the transaction occurred.

Recommendation: We recommend the City enhance procedures to ensure timely identification of donated or transferred property. Such procedures could include: Periodic confirmation with external agencies regarding pending or completed property transfers, review of recorded deeds or legal filings affecting City ownership, and formal communication protocols for property transfers.

Management's Response: Management recognizes the importance of timely identification and recording of capital asset activity, including donated property. Management identified this misstatement through inquiry and reconciliation of property records, including review of external data sources and coordination with third parties. The matter was brought to the auditors' attention during the audit for adjustment. The issue resulted from the City not receiving formal notification of completed property transfers from external parties. Management will incorporate periodic reconciliation of capital asset records to publicly available external sources, including property appraiser data and supporting legal documentation, as part of the year-end close process. Coordination with project management and external agencies will also be formalized to support timely identification and recording of property transfers.

Section III–Federal Award Findings and Questioned Costs

2025-003 Suspension and Debarment
ALN 21.027 Coronavirus State and Local Fiscal Funds
US Department of the Treasury
Fiscal Year 2025 Funding

Criteria: CFR 180.300 requires the City to ensure vendors and contractors are not disqualified, excluded, or debarred prior to entering into a covered transaction.

Per 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. The City should have a process to ensure compliance with 2 CFR 180.300.

Condition: The City did not have documented controls over the review of verifying vendors are not debarred or suspended.

Cause of the condition: The City completes SAM checks of all vendors however, the City does not have a review process to verify the vendor is not suspended or debarred before a contract or payment with the vendor.

Potential effect of condition: The City may have covered transactions with federally debarred vendors.

Questioned Costs: None noted. Reported finding is a deficiency in internal control.

Recommendation: The City should put controls in place to verify SAM checks before authorizing a contract or a purchase order with a vendor for a covered transaction.

Management Response: Management recognizes the importance of compliance with federal suspension and debarment requirements. Management has implemented procedures to ensure compliance with suspension and debarment requirements for federally funded transactions. As part of the procurement process, vendors responding to solicitations for grant-funded projects will be required to provide evidence of active SAM registration and certify that they are not suspended or debarred. In addition, prior to execution of contracts or issuance of purchase orders for covered transactions, management will perform and document an independent SAM.gov verification as part of standard pre-award procedures to confirm vendor eligibility.

2025-004 Reporting
ALN 21.027 Coronavirus State and Local Fiscal Funds
US Department of the Treasury
Fiscal Year 2025 Funding
Grant Y5314

Criteria: 2 CFR 200.303 requires non-federal entities to establish and maintain effective internal controls. Reports should be subject to independent review to verify completeness, validity, and timeliness of submission.

Condition: The City's controls over reports issued to U.S. Treasury failed to operate correctly as the underlying data contained errors which were noted on the report issued to the US Treasury.

Cause of the condition: The City did not have a proper review of the underlying data for the reports sent to the US Treasury as the underlying data caused the reports to be incorrect.

Potential effect of condition: Reports submitted could contain errors or could be incomplete.

Questioned costs: None noted. Reported finding is a deficiency in internal control.

Recommendation: The City should review the underlying data along with the report to ensure the report agrees with the support and the underlying data is correct.

Management Response: Management recognizes the importance of accurate and complete reporting to the U.S. Treasury. While procedures were in place, the review of underlying data was not sufficient to ensure accuracy and completeness prior to submission. The issue was limited to a single report and was corrected in the subsequent U.S. Treasury reporting cycle in accordance with program requirements. To prevent recurrence, management has enhanced its review procedures over grant reporting to include reconciliation of underlying data and validation checks for inconsistencies prior to report submission. Additionally, a secondary level of review will be performed to ensure reports are complete and accurate before submission to the U.S. Treasury.

Section IV- Prior Findings and Questioned Costs for Federal Awards

Finding	Status
2024-001 Proper Cutoff	Repeated as 2025-001
2024-002 Inventory Management	Cleared
2024-003 Timely Report Submission	Cleared

City of West Melbourne, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
September 30, 2025

Federal Agency Pass-through Entity Federal Program/State Project	Assistance Listing No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
US Department of the Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Y5314	$ 1,700,129	$ -
US Department of the Treasury				
Passed Through				
Florida Department of Environmental Protection				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WG053	251,701	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WG107	1,193	-
Subtotal Passed Through Florida Department of Environmental Protection			252,894	-
Total US Department of the Treasury			1,953,023	-
Department of Housing and Urban Development				
Passed Through				
Florida Department of Economic Opportunity				
Community Development Block Grant/ State's Program and Non-entitlement Grants in Hawaii	14.228	IR011	441,549	-
Total Department of Housing and Urban Development			441,549	-
United States Department of Homeland Security				
Passed Through				
Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Z4579	88,021	-
Total United States Department of Homeland Security			88,021	-
United States Department of Justice				
Passed Through				
Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	6N023	4,469	-
Passed Through				
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	N/A	4,088	-
Subtotal Passed Through FDEP			8,557	-
Total Expenditures of Federal Awards			$ 2,491,150	-

State Agency Pass-through Grantor Program Title	CSFA Listing No.	Grant Contract Identifying Number		Expenditures		Transfers to Subrecipients
STATE PROJECTS:						
Florida Department of Environmental Protection						
Statewide Water Quality Restoration Projects						
West Melbourne Septic to Sewer Sheridan Road	37.039	LPA0702	$	3,784	$	-
Westbrooke Flood Risk Reduction	37.039	LPA0406		761,000		-
Technology Drive Drainage Improvement	37.039	L0118		149,800		-
Total Florida Department of Environmental Protection				914,584		
Total Expenditures of State Awards			$	914,584	$	-

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule") includes the federal award activity and state award activity of the City of West Melbourne, Florida, under programs of the federal government and state government for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City of West Melbourne, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of West Melbourne, Florida.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited as to reimbursement.

C. Subrecipients

The City of West Melbourne, Florida had no subrecipients in the fiscal year ended September 30, 2025.

D. Indirect Cost Rate

The Uniform Guidance allows a City to elect a de minimis indirect cost rate. For the year ended September 30, 2025, the City of West Melbourne, Florida elected not to use the de minimis rate.

E. Noncash Awards

The City of West Melbourne, Florida received no non-cash awards in the fiscal year ended September 30, 2025.

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MAYOR
Andrea Young

DEPUTY MAYOR
Alexis McGuire

COUNCIL MEMBERS
Diana Adams
Pat Bentley
Austin Gaylord
Stephen Phrampus
Helen Voltz

Finance Department
B. Keith Smith, Finance Director
City Hall
2240 Minton Road
West Melbourne, FL 32904
Phone: (321) 837-7775
Fax: (321) 768-2390
www.westmelbourne.gov

CORRECTIVE ACTION PLAN

April 14, 2026

The City of West Melbourne, Florida respectfully submits the following corrective action plan for the year ended September 30, 2025.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC
7506 Lynx Way
Suite 201
Melbourne, Florida 32940

Audit Period: Fiscal Year October 1, 2024 – September 30, 2025

The findings from the Schedule of Findings and Questioned Costs are discussed below. The finding number corresponds to the number assigned in the schedule.

2025-001 Proper Cutoff

Recommendation: We recommend that management implement stronger reconciliation procedures between grant records and financial statements. This should include periodic reconciliations, improved review processes, and enhanced coordination between the finance and grant management teams to ensure that all federal expenditures and revenues are accurately recorded.

Corrective Action: Management recognizes the need for proper cutoff procedures. The misstatement related to prior period grant activity was identified by management during the year-end close and reconciliation process and brought it to the auditors' attention. It resulted from a need for enhanced cutoff procedures related to grant activity. The City has existing grant reconciliation procedures in place; however, management has enhanced year-end closing procedures to include a more detailed cutoff review of grant-related activity to ensure revenues are recorded in the proper period going forward.

Responsible Parties: B. Keith Smith, Finance Director

Anticipated Correction Date: September 30, 2026

2025-002 Land Donation Not Recorded in Prior Years

Recommendation: We recommend the City enhance procedures to ensure timely identification for donated or transferred property. Such procedures include: Period confirmation with external agencies regarding pending or completed property transfers, review of recorded deeds or legal filings affecting City ownership, and formal communications protocols for property transfers.

Corrective Action: Management recognizes the importance of timely identification and recording of capital asset activity, including donated property. Management identified this misstatement through inquiry and reconciliation of property records, including review of external data sources and coordination with third parties. The matter was brought to the auditors' attention during the audit for adjustment. The issue resulted from the City not receiving formal notification of completed property transfers from external parties. Management will incorporate periodic reconciliation of capital asset records to publicly available external sources, including property appraiser data and supporting legal documentation, as part of the year-end close process. Coordination with project management and external agencies will also be formalized to support timely identification and recording of property transfers.

Responsible Parties: B. Keith Smith, Finance Director

Anticipated Correction Date: September 30, 2026

2025-003 Suspension and Debarment

Recommendation: The City should put controls in place to verify SAM checks before authorizing a contract or a purchase order with a vendor for a covered transaction.

Corrective Action: Management recognizes the importance of compliance with federal suspension and debarment requirements. Management has implemented procedures to ensure compliance with suspension and debarment requirements for federally funded transactions. As part of the procurement process, vendors responding to solicitations for grant-funded projects will be required to provide evidence of active SAM registration and certify that they are not suspended or debarred. In addition, prior to execution of contracts or issuance of purchase orders for covered transactions, management will perform and document an independent SAM.gov verification as part of standard pre-award procedures to confirm vendor eligibility.

Responsible Parties: B. Keith Smith, Finance Director

Anticipated Correction Date: September 30, 2026

2025-004 Reporting

Recommendation: The City should review the underlying data along with the report to ensure that report agrees with the support and the underlying data is correct.

Corrective Action: Management recognizes the importance of accurate and complete reporting to the U.S. Treasury. While procedures were in place, the review of underlying data was not sufficient to ensure accuracy and completeness prior to submission. The issue was limited to a single report and was corrected in the subsequent U.S. Treasury reporting cycle in accordance with program requirements. To prevent recurrence, management has enhanced its review procedures over grant reporting to include reconciliation of underlying data and validation checks for inconsistencies prior to report submission. Additionally, a secondary level of review will be performed to ensure reports are complete and accurate before submission to the U.S. Treasury.

Responsible Parties: B. Keith Smith, Finance Director

Anticipated Correction Date: September 30, 2026

CARR, RIGGS & INGRAM, L.L.C.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of City Council
City of West Melbourne, Florida

Report on the Financial Statements

We have audited the financial statements of the City of West Melbourne, Florida (the "City") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated April 14, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200. *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedules, which are dated April 14, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of each finding and recommendation made in the preceding annual financial audit report noted below is described in the Schedule of Findings and Questioned Costs:

Prior Year Management Letter Comments:	Status
MC 2024-004* Unexpended Balance – Building Permits	Repeated and Revised
MC 2024-005 Fund Balance – Building Code Enforcement	Cleared
MC 2024-006 Loss on Disposal of Fixed Assets	Cleared

*The finding listed above originated in the fiscal year 2019 audit.

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 of the City of West Melbourne, Florida and its component unit is disclosed in the footnotes. The City of West Melbourne, Florida includes the following component unit:

Component Unit:	Established by:
City of West Melbourne – Brevard County Joint Community Redevelopment Agency	City Ordinance 2012-19 dated July 17, 2012

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City of West Melbourne, Florida. It is management's responsibility to monitor the City of West Melbourne, Florida'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 have the following recommendations:

2025-005 Unexpended Balance – Building Permits (Repeated in FY2025)

Criteria: Section 553.80(7)(a) of Florida Statutes has been updated to limit the amount of unexpended building permit funds carried forward to future fiscal years to no more than the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years. A local government must use any funds in excess of this limitation to rebate or reduce fees.

Condition: While the City has begun to spend down building permit funds and has plans to further reduce this balance, the City's unexpended building permit funds at September 30, 2025 exceeded the City's average operating budget for enforcing the Florida Building Code for the previous four (4) fiscal years by $528,150.

Cause: Prior to July 1, 2019, there was no provision in the Florida Statutes limiting the amount of carryforward of unexpended building permit funds. In prior fiscal years, the annual revenue derived from building permit fees exceeded anticipated amounts.

Effect: The City has excess unexpended balances at September 30, 2025 resulting in noncompliance with Florida Statutes.

Recommendation: The City should identify how it intends to reduce the amount of unexpended building code balances in order to comply with Section 553.80(7)(a) of Florida Statutes. Such action may require the City to modify its fiscal year 2025-26 budget.

Management Response: Management recognizes the requirement to reduce the excess fund balance restricted for Building Code Enforcement in accordance with Section 553.80(7)(a), Florida Statutes. Since 2020, the City has made measurable progress toward reducing the excess balance through both operational expenditures and planned capital investment. As a result, the excess fund balance has been reduced to $528,150 for the period ending September 30, 2025. In addition, the City has advanced its long-term plan to utilize these funds for their intended purpose. Following prior year's design and procurement efforts, on October 21, 2025, City Council approved the final Design/Build contract with W&J Construction for the new Community Development building with a total construction contract value of $5 million. In February 2026, the City officially broke ground on the new facility, which will house and support building code enforcement operations.

2025-006 Capitalization of Capital Outlay – Water and Sewer Fund (Improvement Point)

Criteria: Management is responsible for establishing internal controls to ensure expenditures are properly classified in accordance with accounting principles generally accepted in the United States of America. Capital outlay in proprietary funds should be capitalized when it meets the City's capitalization policy and provides future economic benefit.

Condition: During our audit procedures, we identified certain capital outlay expenditures within the Water and Sewer Fund that were recorded as operating expenses rather than capitalized as capital assets. An audit adjustment was proposed to reclassify $353,276 from operating expenses to capital assets. The amount was below tolerable misstatement and was not material to the Water and Sewer Fund financial statements.

Cause: The misstatement resulted from the timing of a single construction management invoice received after the City's internal year-end cutoff and completion of the capital asset reconciliation process, as well as the need for enhanced review of capital outlay classifications during the final close process.

Effect: Operating expenses were overstated and capital assets understated by $353,267 prior to adjustment.

Recommendation: We recommend the City strengthen its year-end financial reporting controls over the capital outlay reconciliation process. This may include: A documented review of the capital outlay detail prior to final reclassification, a secondary review of the reconciliation between capital outlay accounts and capital asset additions, and a formal year-end closing checklist specific to proprietary funds.

Management Response: Management recognizes the importance of proper classification of capital outlay expenditures and capital assets in accordance with the City's capitalization policy. This matter was limited to a single item involving a Hazen & Sawyer construction management invoice covering the period from May through September that was received 30 days after the City's internal year-end cutoff date of November 15, 2025, and after completion of the capital asset reconciliation process. The expenditure was recorded as capital outlay; however, it was not included in the capital asset reconciliation and management subsequently recorded the appropriate adjustment to capitalize $353,267 of expenditures. To prevent recurrence, management will enhance year-end closing procedures to include additional review of capital outlay activity, particularly invoices received after internal cutoff dates, to ensure proper classification between operating expenses and capital assets.

2025-007 Implementation of GASB 101 – Calculation of Compensated Absences Liability (Improvement Point)

Criteria: Management is responsible for ensuring new accounting standards are properly implemented and that financial statement calculations are prepared in accordance with accounting principles generally accepted in the United States of America. Implementation of new standards requires adequate review to ensure all components of required calculations are appropriate.

Condition: During our audit procedures, we identified that the City's calculation of the compensated absences liability under Governmental Accounting Standards Board Statement 101 included certain salary-related payments associated with defined benefit plans that required refinement to align with the final interpretation of the guidance. An audit adjustment was proposed to reduce the liability and related expenses by $86,974. The adjustment exceeded the auditor's posting threshold but was below tolerable misstatement and was not material to the financial statements.

Cause: This matter occurred during the City's initial implementation of GASB Statement No. 101. Management made a good-faith effort to interpret and apply the new standard; however, certain provisions related to salary-related payments of defined benefit plans required further clarification during the audit process. As part of this process, the calculation was refined to exclude the specific provisions related to salary-related payments associated with defined benefit plans and ensure alignment with the final interpretation of the guidance.

Effect: Compensated absences liability and related expenses were overstated by $86,974 prior to adjustment. The misstatement was not material to the financial statements.

Recommendation: We recommend the City continue to strengthen procedures surrounding implementation of new accounting standards, including: documented technical analysis of new pronouncements, use of implementation checklists or guidance summaries directly from the GASB, and/or secondary review of significant new calculations during initial adoption.

Management Response: Management recognizes the importance of accurate implementation of new accounting standards. GASB Statement No. 101 was implemented during the current year and required significant judgment in the application of certain provisions. During the audit process, management refined its calculation to align with the final interpretation of the guidance. Management will incorporate these refinements into its methodology and continue to enhance procedures for implementation of new accounting standards.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Property Assessed Clean Energy (PACE programs)

As required by Section 10.554(1)(i)6.a./ Rules of the Auditor General, the City did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the City's geographical boundaries during the fiscal year under audit.

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, Federal, State and other granting agencies, the members of the City Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Melbourne, Florida
April 14, 2026

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Honorable Mayor and Members of City Council
City of West Melbourne, Florida

We have examined the City of West Melbourne, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2025. Management of the City of West Melbourne, Florida is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, 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 and to meet our other ethical responsibilities in accordance with relevant and ethical requirements relating to the examination engagement.

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

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

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

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

Melbourne, Florida
April 14, 2026