

**TOWN OF INDIAN RIVER
SHORES, FLORIDA**

**Basic Financial Statements and
Supplemental Information**

Year ended September 30, 2025



TOWN OF INDIAN RIVER SHORES, FLORIDA

Official Directory

September 30, 2025

Town Council

Brian T. Foley
Mayor

Robert F. Auwaerter
Vice Mayor

Jesse L. "Sam" Carroll, Jr.
Councilmember

William Dane
Councilmember

James M. Altieri
Councilmember

Administration

James Harpring, JD
Town Manager

Heather A. Christmas, CPA
Town Treasurer

Peter J. Sweeney, Jr.
Town Attorney

Janice Rutan, MMC
Town Clerk

Fred Held
Building Official

Tad Stone
Public Safety Director

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council
Town of Indian River Shores, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Indian River Shores, Florida, 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 Town of Indian River Shores, Florida and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Indian River Shores, Florida's ability to continue as a going concern for twelve months beyond the

financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, changes in net other

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Indian River Shores, Florida's basic financial statements. The accompanying combining and individual fund financial statements 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 fund financial statements 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 Schedule of Property Tax Valuations, Levies and Collection and the Impact Fee Affidavit, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of the Town of Indian River Shores, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Indian River Shores, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Indian River Shores, Florida's internal control over financial reporting and compliance.

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

Carr, Riggs & Ingram, LLC
Melbourne, Florida
March 3, 2026

**TOWN OF INDIAN RIVER SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

This discussion and analysis is designed as an overview of the financial condition and activities of the Town of Indian River Shores, Florida (the "Town"). The analysis provides summary financial information for the Town and should be read in conjunction with the accompanying financial statements and notes to the financial statements. Both current and prior year information is provided where appropriate to facilitate comparative analysis.

FINANCIAL HIGHLIGHTS

- Total net position at September 30, 2025 was \$21,333,875. Of this amount, \$9,588,551 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The combined ending fund balance of the governmental funds totaled \$8,449,414.
- The total revenues from all governmental fund sources were \$10,897,935, an increase of \$702,050 or 6.9% from the previous year.
- The total expenditures for Town operations were \$10,666,965, an increase of \$1,736,928 or 19.5% from the previous year.
- By year end, the Town's total governmental funds net increase in fund balance was \$334,766. The net increase in fund balance in the General Fund was \$164,908.
- In the General Fund, actual revenues were \$8,856 below the final budget, and actual expenditures were \$320,163 below final appropriations.
- The Town implemented GASB Statement No. 101, *Compensated Absences*, during fiscal year 2025. Amounts from the prior year have been restated to reflect this change, resulting in a prior period adjustment to beginning balances. See Notes A-18 and M to the Basic Financial Statements for additional information.
- During fiscal year 2025, the Town recognized an impairment loss of \$355,563 related to an electrical fire involving a newly acquired ambulance and related equipment. Based on information available at year end, the Town recorded an estimated insurance recovery receivable of \$355,584. See Note C to the Basic Financial Statements for additional information.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

1) Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances.

- The statement of net position presents information on all of the Town's assets and deferred outflows alongside liabilities and deferred inflows, with the difference reported as the net position. Over time, increases or decreases in net position can serve as a useful indicator of the Town's financial position.
- The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).
- The government-wide financial statements distinguish governmental activities (generally supported by taxes, certain fees, and intergovernmental revenues) from business-type activities (generally supported by user fees). The Town does not have business-type activities; therefore, all Town activities are reported as governmental activities for the fiscal year ended September 30, 2025.

2) Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: 1) governmental funds and 2) fiduciary 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information can be useful in evaluating a government's near-term financing requirements.

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

The Town maintains six governmental funds. The General Fund is the only major fund because it is the Town's primary operating fund and meets major-fund reporting criteria. The remaining funds—Planning, Zoning and Building; ARPA; Road and Offsite Drainage; Bike Path and Pedestrian Way; and Law Enforcement Forfeiture—are aggregated and presented as nonmajor governmental funds.

The ARPA Fund and the Planning, Zoning and Building Fund were major funds in fiscal year 2024 but are presented as nonmajor governmental funds in fiscal year 2025 because they no longer meet the quantitative thresholds for major-fund reporting. This change reflects higher overall governmental fund totals in fiscal year 2025 and reduced grant-related activity in the ARPA Fund.

The Town adopted an annual appropriated budget for each major fund for the fiscal year ended September 30, 2025. Budgetary comparison schedules have been provided for this fund to demonstrate the level of compliance with the budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. These funds include several employee benefit trust funds.

Town Council members sit as the appointed Pension Board Trustees, or fiduciaries, for the Town's General Employee Defined Benefit Plan and Other Post-Employment Benefit Plan. The Public Safety Employees Defined Benefit Plan has a separate pension board and the Town's Defined Contribution Plan has no requirement for a pension board. The Town uses a third party as administrator of its pension plans. The plan administrator is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Individual fund data for each of the fiduciary funds is combined in the accompanying fiduciary fund financial statements.

3) Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Reference to the appropriate corresponding note is made next to certain line items on the face of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparative data for fiscal years ending September 30, 2025 and 2024 are shown below.

TOWN OF INDIAN RIVER SHORES' NET POSITION September 30

	Governmental Activities	
	2025	2024
Current assets	\$ 9,623,281	\$ 9,078,298
Capital assets, net of depreciation	10,782,281	9,834,355
Non-current assets	4,379,197	3,449,084
Total assets	<u>24,784,759</u>	<u>22,361,737</u>
Deferred outflows	<u>941,344</u>	<u>635,339</u>
Current liabilities	483,162	558,815
Non-current liabilities	474,001	285,006
Total liabilities	<u>957,163</u>	<u>843,821</u>
Deferred inflows	<u>3,435,065</u>	<u>2,696,277</u>
Net position:		
Investment in capital assets, net of related debt	10,592,622	9,700,131
Restricted	1,152,702	1,813,476
Unrestricted	<u>9,588,551</u>	<u>7,943,371</u>
Total net position	<u>\$ 21,333,875</u>	<u>\$ 19,456,978</u>

The Statement of Net Position is a useful indicator of a governmental entity's financial health and stability over time. The Town experienced a net increase in the net position for fiscal year 2025 of \$2,111,423.

The Town, for both fiscal years, reports positive balances in all categories of net position in its governmental activities. The Town's unrestricted net position at September 30, 2025 increased by \$1,645,180 (21%) over fiscal year 2024. Restricted net position decreased during fiscal year 2025 by \$660,774 (36%). The Town's net investment in capital assets increased in fiscal year 2025 by \$892,491 (9%) over fiscal year 2024. The investment in capital assets comprised 50% of the net position for fiscal year ending September 30, 2025.

Capital and leased assets, including subscription-based technology arrangements (SBITAs) as defined in Note A-9, are used to provide services to citizens and are not available for future spending. Although the investment in capital assets is reported net of any related debt, it should be noted that the resources needed to repay any related debt must be provided from other sources, since the assets themselves cannot be used to liquidate those liabilities, should they ever exist. For fiscal year 2025, there were \$62,532 in obligations associated with capital assets and SBITAs.

Net investment in capital assets increased in 2025 primarily due to the public safety building remodel; this increase was partially offset by current-year depreciation and amortization.

The restricted net position represents resources that are subject to external restrictions on how they may be used. The road construction and maintenance restricted net position is generated by the Road and Offsite Drainage Fund while amounts restricted for administration and enforcement of the building code are generated in the Planning, Zoning and Building Fund.

For 2025, building permit collections were more than the department expenses by \$150,167. In order to ensure the fund balance is below approximately one year's worth of operating costs as required under Florida Statutes, the Town continuously monitors the fund balance and will adjust fees as needed.

Finally, the Town received revenue, which may only be used for specified capital expenditures. During fiscal year 2025, restricted net position related to this revenue decreased by \$830,032, primarily as the Town funded the Public Safety Building remodel and the purchase of new public safety vehicles; combined eligible expenditures for these projects totaled \$1,674,149, compared to \$864,685 in revenues received during the year.

The increase in unrestricted net position of \$1,645,180 is intended to support infrastructure reinvestment, completion of ongoing projects, and emergency/disaster response needs.

Fiscal year 2025 saw an increase of \$306,005 in the deferred outflows of resources and \$738,788 in the deferred inflows of resources compared to 2024. These amounts primarily relate to the amortization of prior-year gains and losses and deferral of current-year gains in excess of expectations for the Town's three defined benefit plans under GASB 68 and GASB 75. See Notes H and I to the financial statements for additional information regarding deferred inflows and outflows of resources.

Additionally, under GASB 68, the Town is required to report the net pension liability (or net pension asset) on the face of its financial statements. At September 30, 2025, the Town reported net pension assets of \$392,383 for the General Employee Defined Benefit Plan and \$2,524,270 for the Public Safety Officers and Firefighters Defined Benefit Plan. This represents an improvement of \$497,749 from the combined net pension asset of \$2,418,904 reported at September 30, 2024, primarily due to investment gains. See Note H in the financial statements for further information regarding the Town's two defined benefit pension plans.

Finally, under GASB 75, the Town is required to report the net other post-employment benefits ("OPEB") liability (or net OPEB asset) on the face of its financial statements. At September 30, 2025, the Town reported a net OPEB asset of \$1,462,544. This reflects an increase of \$432,364 from the prior year, due primarily to investment gains, retiree buyouts, and demographic changes. See Note I in the financial statements for further information regarding OPEB.

ANALYSIS OF TOWN'S OPERATIONS

The following table provides a summary of the Town's operations for the year ended September 30, 2025 and 2024.

TOWN OF INDIAN RIVER SHORES' CHANGES IN NET POSITION

All Governmental Activities

	2025	2024
<u>Revenues:</u>		
Program revenues:		
Charges for services	\$ 1,458,469	\$ 1,549,720
Operating grants and contributions	159,924	207,892
Capital grants and contributions	253,978	315,193
General revenues:		
Property taxes	6,789,130	5,991,083
Discretionary sales surtax	864,685	838,733
Half-cent sales tax	410,901	409,492
Communications services tax	357,495	325,949
Other taxes	7,331	7,381
State shared revenues	104,515	102,772
Interest income	417,697	487,563
Miscellaneous revenue	10,865	16,936
Loss on disposal of assets	(70,928)	(8,611)
Total revenues	<u>10,764,062</u>	<u>10,244,103</u>
<u>Expenses:</u>		
General government	3,139,685	2,664,322
Public safety	5,336,357	5,555,528
Physical environment	78,136	21,855
Transportation	45,432	56,443
Culture and recreation	49,168	53,599
Interest on long-term debt	3,861	5,917
Total expenses	<u>8,652,639</u>	<u>8,357,664</u>
Change in net position	2,111,423	1,886,439
Net position beginning of fiscal year	19,456,978	17,570,539
Prior period adjustment	(234,526)	-
Net assets beginning of fiscal year (restated)	<u>19,222,452</u>	<u>17,570,539</u>
Net position end of fiscal year	<u>\$ 21,333,875</u>	<u>\$ 19,456,978</u>

In 2025, revenues increased by \$519,959 (5%) compared to 2024. This growth was mainly attributed to higher property values. However, this was partially offset by a reduction in permit fees and grant revenues, particularly the ARPA grant.

Expenses during fiscal year 2025 exceeded those in 2024 by \$294,975 (3%), driven primarily by payroll increases, the full-year impact of staffing additions, and costs related to the comprehensive plan update. Fiscal year 2025 results also reflect the GASB 101 implementation and the estimated impairment loss as described in Notes A-18 and C-2, respectively.

The following table depicts the program revenues collected for the current fiscal year, compared to the related program expenses.

TOWN OF INDIAN RIVER SHORES
 Expenses and Program Revenues-Governmental Activities
 Fiscal year ended September 30, 2025

	Revenues	Expenses	Net (Expenses) Revenues
General government:			
Town council	\$ -	\$ 92,094	\$ (92,094)
Town manager	-	321,017	(321,017)
Finance department	-	396,070	(396,070)
Town clerk	-	183,871	(183,871)
Postal center	191,766	257,704	(65,938)
Public works	600	455,982	(455,382)
Town attorney	-	330,454	(330,454)
Planning board	2,600	100,978	(98,378)
Engineering and planning services	33,200	241,045	(207,845)
General administration	8,450	533,178	(524,728)
Information technology	-	227,292	(227,292)
Public safety:			
Public safety department	402,866	4,502,426	(4,099,560)
Building department	1,084,813	833,931	250,882
Physical environment			
Cemetery	3,975	78,136	(74,161)
Transportation			
Road and offsite drainage	115,411	45,432	69,979
Culture and recreation			
Community center	28,690	49,168	(20,478)
Interest on long-term debt	-	3,861	(3,861)
	<u>\$ 1,872,371</u>	<u>\$ 8,652,639</u>	<u>\$ (6,780,268)</u>

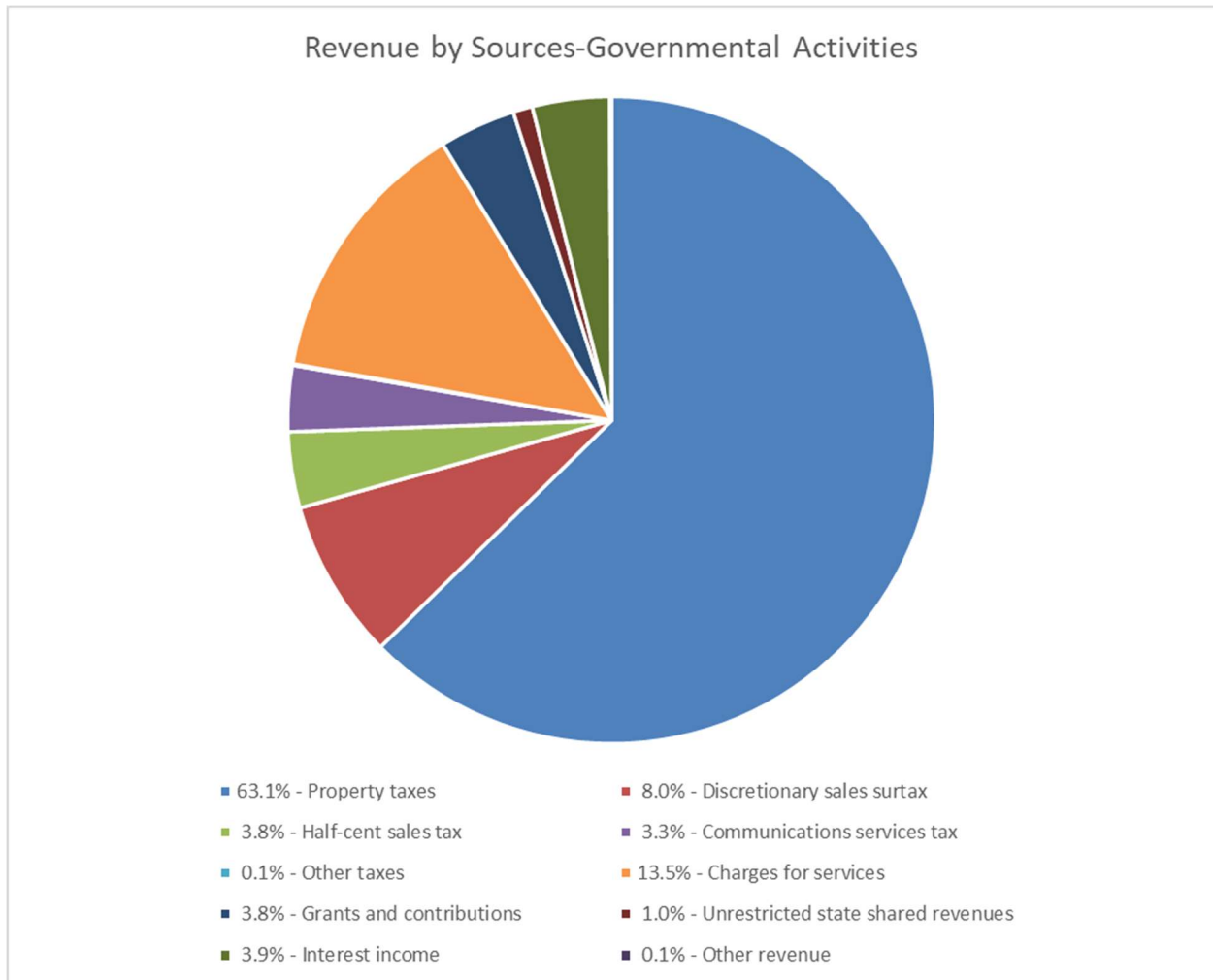
The Town's revenues are derived from multiple sources and are influenced by a range of economic and statutory factors. For fiscal year 2025, the primary revenue source was property taxes, which represented 63% of total revenues, as authorized under the Florida Constitution.

Sales tax-related revenues represented 15% of total revenues for fiscal year 2025. These revenues include the half-cent sales tax (state shared revenue), which represents the Town's formula-based share of a statewide sales tax distribution from the State of Florida and is generally available for municipal purposes; the discretionary sales surtax, which represents the Town's share of the County voter-approved local option infrastructure surtax and is legally restricted to eligible capital and infrastructure purposes (this surtax is sometimes referred to as the "infrastructure sales tax"); and the communications services tax, which is a local tax on communications services, such as telephone and cable, that is collected and remitted by service providers and is generally available for municipal purposes.

Charges for services consist of user fees paid by individuals and businesses for specific services provided by the Town. For fiscal year 2025, the Town's charges for services primarily included building related fees, ambulance transport fees, and postal fees and represented about 14% of total revenues.

For fiscal year 2025, the Town also used federal and state grant revenues, which represented 4% of total revenues, to complete several projects.

This mix of revenue sources for the fiscal year ended September 30, 2025 is illustrated in the following chart.



FINANCIAL ANALYSIS OF THE TOWN OF INDIAN RIVER SHORES' FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing financing requirements. Unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2025, the Town of Indian River Shores' governmental funds reported combined fund balances of \$8,449,414.

The General Fund is the chief operating fund of the Town. At September 30, 2025, the total fund balance in the General Fund was \$7,562,374 (90% of the total governmental fund balance), of which 73% was unassigned, which is a measurement of the General Fund's liquidity. The General Fund's net increase in fund balance was \$164,908. The Town's primary revenue source, property taxes, increased by \$798,047 however, this increase was offset by increased capital expenditures which included the public safety building remodel.

Special revenue funds are used to account for specific revenues and expenditures. For fiscal year 2025, the ARPA Fund and the Planning, Zoning and Building Fund are reported within nonmajor governmental funds rather than as major funds. Both funds were presented as major funds in fiscal year 2024; however, in fiscal year 2025 they no longer met the GASB major-fund criteria due to reduced activity levels. In 2025, the Town's special revenue funds are aggregated and comprise 10% of total governmental fund balance.

BUDGETARY HIGHLIGHTS

Budget-to-actual schedules are provided in the required supplementary information for each of the major funds. A budget column for both the original budget adopted for fiscal year ended 2025, as well as the final budget, is presented. A column for actual results follows those columns, with the variance then following as well.

Both original and final budgets are estimates based on information available to management prior to and just after year end. Changes between the original and final General Fund budget increased revenues of \$188,950 and an increase in appropriations by \$306,235.

Revenue changes were a result of an increase in revenues that exceeded initial estimates. This included property taxes, state revenues, ambulance fee collections and interest revenues. The changes in expenditures from the original budget are primarily due to the increase capital outlay expenditure due work carried out on the remodel of the public safety building.

The Town's budgeted revenues exceeded actual revenues by \$8,856 (0.1% of the final budget). This was primarily a result of state revenues and ambulance service fees being less than projected. Projected expenditures exceeded actual expenditures by \$320,163 (3.3% of the final budget). This was due to a built-in contingency for the unknown nature of the litigation costs and other departmental expenditures that may be incurred or submitted after fiscal year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Town of Indian River Shores' investment in capital assets includes land, construction in progress, buildings, improvements other than buildings (which include infrastructure), furniture, fixtures and equipment, assets under capital leases and SBITA assets. The Town's capital assets as of September 30, 2025 reflect an investment of \$10,782,281 net of accumulated depreciation and amortization.

A comparative summary of net capital assets by category follows:

Capital Assets at Year End (net of depreciation and amortization)

	2025	2024	Difference
Land	\$ 1,303,482	\$ 1,303,482	\$ -
Construction in progress	1,691,454	593,073	1,098,381
Buildings	2,803,558	2,892,699	(89,141)
Improvements other than buildings	3,306,598	3,488,137	(181,539)
Furniture, fixtures and equipment	1,565,070	1,434,841	130,229
Furniture, fixtures and equipment under capital leases	65,634	82,568	(16,934)
Software (SBITA)	46,485	39,555	6,930
Total capital assets	<u>\$10,782,281</u>	<u>\$ 9,834,355</u>	<u>\$ 947,926</u>

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

- Public Safety building remodel: \$1,138,000
- Public Safety vehicles acquisition: \$536,000
- Council chamber AV upgrade: \$158,000
- Public Safety equipment purchases: \$54,000
- Roadway engineering: \$38,000
- Depreciation/amortization expense: \$678,000
- Loss on disposal of assets: \$71,000

Additional information on the Town's capital assets can be found in Note C.

Long-term Debt: At the end of the fiscal year 2025, the Town had outstanding debt of \$62,532. The comparative summary of the outstanding debt by category is as follows:

Outstanding Debt at Year End

	2025	2024	Difference
Leases payable	\$ 40,521	\$ 68,713	\$ (28,192)
SBITAs	22,011	22,366	(355)
Total outstanding debt	<u>\$ 62,532</u>	<u>\$ 91,079</u>	<u>\$ (28,547)</u>

During fiscal year 2025, the Town entered into a 2-year capital lease for additional in-car cameras for \$18,855. Additionally, the Town added \$35,708 in new SBITA arrangements in 2025. The

variations shown above are due to new arrangements and the related principal repayments. Further details regarding the Town's obligations are available in Note E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2026 budget, tax rates and fees to be charged for certain activities. One of those factors is the local economy.

Assessed property values in the Town have experienced significant growth. As of January 1, 2025, the estimated taxable valuation was \$5.76 billion, including adjustments for homestead properties, reflecting a 9.4% increase over the previous fiscal year. For fiscal year 2026, the ad valorem property tax rate decreased from 1.3349 mills to 1.2810 mills (\$1.2810 per \$1,000 of assessed valuation).

Staffing levels for 2026 are budgeted to remain relatively stable. The Town completed its collective bargaining prior to September 30, 2025 and increased salaries approximately 18% for its first responders for the first year of its contract. Finally, a provision for a merit pool ranging from 5% to 7% has been included for Town administrative employees.

As of September 30, 2025, the Town's unassigned fund balance for the General Fund amounts to \$5,488,368. The General Fund is anticipated to be adequate to accommodate unforeseen expenses in the forthcoming budget year. This balance will cover more than eight months of the General Fund's 2026 non-capital budgeted expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Indian River Shores for those interested in the Town's finances. Questions concerning the information provided in this report or requests for additional information should be addressed to the Town's Finance Department, Town of Indian River Shores, 6001 A1A, Indian River Shores, Florida, 32963-1014, or hchristmas@irshores.com.

BASIC FINANCIAL STATEMENTS

Town of Indian River Shores, Florida

STATEMENT OF NET POSITION

September 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents (Notes A-4, B)	\$ 516,600
Investments (Notes A-4, B)	8,126,616
Accounts receivable, net (Note A-5)	34,817
Due from other governments (Note A-5)	278,530
Insurance recoveries receivable (Notes A-5, C-2)	355,584
Inventory (Note A-6)	35,488
Prepaid expenses (Note A-6)	275,646
Total current assets	9,623,281
Capital assets, not being depreciated (Notes A-7, C):	
Land	1,303,482
Construction in progress	1,691,454
Capital assets, net of accumulated depreciation and amortization (Notes A-7, C):	
Buildings	2,803,558
Improvements other than buildings	3,306,598
Furniture, fixtures and equipment	1,565,070
Furniture, fixtures and equipment under capital leases	65,634
Software (SBITA)	46,485
Total capital assets, net	10,782,281
Noncurrent assets:	
Net pension assets (NPA) (Notes A-13, H)	2,916,653
Net other post employment benefit assets (Notes A-13, I)	1,462,544
Total noncurrent assets	4,379,197
Total assets	24,784,759
DEFERRED OUTFLOWS OF RESOURCES	
Deferred change in proportion (NPA/NPL), assumptions, contributions, and experience (Note A-11,H, I)	941,344
Total deferred outflow of resources	941,344

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

Town of Indian River Shores, Florida

STATEMENT OF NET POSITION (continued)

September 30, 2025

	Governmental Activities
LIABILITIES	
Accounts payable	163,306
Retainage payable	127,127
Accrued liabilities	166,461
Accrued interest payable	1,774
Due to other governments	15,289
Deposits	4,961
Other unearned revenues	4,244
Total current liabilities	483,162
Noncurrent liabilities:	
Due within one year	
Compensated absences (Notes A-10, E)	264,737
Capital lease obligation (Notes A-8, E)	40,521
Software liability (Notes A-9, E)	8,921
Due in more than one year	
Compensated absences (Notes A-10, E)	146,732
Software liability (Notes A-9, E)	13,090
Total noncurrent liabilities	474,001
Total liabilities	957,163
DEFERRED INFLOWS OF RESOURCES	
Deferred change in proportion (NPA/NPL), contributions, experience and investments (Notes A-11, H, I)	3,115,435
Prepaid celltower lease (Note G)	319,630
Total deferred inflow of resources	3,435,065
NET POSITION	
Investment in capital assets, net of related debt	10,592,622
Restricted for road construction and maintenance	56,486
Restricted for building code enforcement	801,072
Restricted for law enforcement	19
Restricted for capital outlay	295,125
Unrestricted	9,588,551
Total net position	\$ 21,333,875

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

Town of Indian River Shores, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2025

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
Town council	\$ 92,094	\$ -	\$ -	\$ -	\$ (92,094)
Town manager	321,017	-	-	-	(321,017)
Finance department	396,070	-	-	-	(396,070)
Town clerk	183,871	-	-	-	(183,871)
Postal center	257,704	191,766	-	-	(65,938)
Public works	455,982	600	-	-	(455,382)
Town attorney	330,454	-	-	-	(330,454)
Planning board	100,978	2,600	-	-	(98,378)
Engineering and planning services	241,045	-	33,200	-	(207,845)
General administration	533,178	8,450	-	-	(524,728)
Information technology	227,292	-	-	-	(227,292)
Public safety:					
Public safety department	4,502,426	131,171	17,717	253,978	(4,099,560)
Building department	833,931	1,084,813	-	-	250,882
Physical environment	78,136	3,975	-	-	(74,161)
Transportation	45,432	6,404	109,007	-	69,979
Culture and recreation	49,168	28,690	-	-	(20,478)
Interest on long-term debt	3,861	-	-	-	(3,861)
Total	\$ 8,652,639	\$ 1,458,469	\$ 159,924	\$ 253,978	(6,780,268)
General revenues:					
Taxes:					
					6,789,130
					864,685
					410,901
					357,495
					7,331
					104,515
					417,697
					10,865
					(70,928)
					<u>8,891,691</u>
					2,111,423
					19,456,978
					(234,526)
					<u>19,222,452</u>
					<u>\$ 21,333,875</u>

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

Town of Indian River Shores, Florida

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents (Notes A-4, B)	\$ 516,600	\$ -	\$ 516,600
Investments (Notes A-4, B)	7,236,833	889,783	8,126,616
Accounts receivable, net (Note A-5)	34,817	-	34,817
Due from other governments (Note A-5)	265,984	12,546	278,530
Insurance recoveries receivable (Notes A-5, C-2)	355,584	-	355,584
Inventory (Note A-6)	35,488	-	35,488
Prepaid expenses (Note A-6)	275,646	-	275,646
	\$ 8,720,952	\$ 902,329	\$ 9,623,281
LIABILITIES			
Liabilities:			
Accounts payable	\$ 163,306	\$ -	\$ 163,306
Retainage payable	127,127	-	127,127
Accrued liabilities	166,461	-	166,461
Due to other governments	-	15,289	15,289
Deposits	4,961	-	4,961
Other unearned revenue	4,244	-	4,244
	466,099	15,289	481,388
DEFERRED INFLOWS OF RESOURCES			
Prepaid celltower lease (Note G)	319,630	-	319,630
Unavailable revenue	372,849	-	372,849
	692,479	-	692,479
FUND BALANCES (Notes A-15, F):			
Nonspendable:			
Prepays	275,646	-	275,646
Inventory	35,488	-	35,488
Restricted:			
Building code enforcement	-	801,072	801,072
Capital outlay	295,125	-	295,125
Law enforcement	-	19	19
Road construction and maintenance	-	56,486	56,486
Committed:			
Bike path construction and maintenance	-	29,463	29,463
Assigned:			
Celltower removal	117,973	-	117,973
Infrastructure replacement	1,349,774	-	1,349,774
Unassigned	5,488,368	-	5,488,368
	7,562,374	887,040	8,449,414
Total fund balances	7,562,374	887,040	8,449,414
Total liabilities, deferred inflow of resources and fund balances	\$ 8,720,952	\$ 902,329	\$ 9,623,281

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

Town of Indian River Shores, Florida

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

September 30, 2025

Fund balances - total governmental funds		\$ 8,449,414
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The net position reported for governmental activities in the statement of net position is different because:

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

Land	\$ 1,303,482	
Construction in progress	1,691,454	
Buildings, net	2,803,558	
Improvements other than buildings, net	3,306,598	
Furniture, fixtures and equipment, net	1,565,070	
Furniture, fixtures and equipment under capital leases, net	65,634	
Software asset, net	<u>46,485</u>	10,782,281

Long-term assets and liabilities are not available to pay for current period expenditures and, therefore, are not reported in the funds. Those assets consist of:

Net other post-employment benefit assets		1,462,544
Net pension assets		2,916,653

Some items are recorded as revenues and expenditures in the fund statement when paid or when received. These items are recorded on the government-wide statements when incurred in the case of expenditures and when revenues are earned.

Deferred inflows for ambulance receivable	14,545	
Deferred inflows for insurance recoveries receivable	355,584	
Deferred inflows for state revenues	<u>2,720</u>	372,849

Deferred amounts are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources but are not reported in the funds. Those deferred amounts consist of:

Deferred assumptions, contributions, change in proportion (NPL), and experience		941,344
Deferred change in proportion (NPL), contributions, experience, and investments		(3,115,435)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Compensated absences		(411,469)
Capital lease obligation		(40,521)
Software liability obligation		(22,011)
Accrued interest payable		(1,774)

Total net position of governmental activities		<u>\$ 21,333,875</u>
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The accompanying notes are an integral part of this financial statement.

Town of Indian River Shores, Florida

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year ended September 30, 2025

	General	Planning, Zoning, and Building (1)	ARPA (1)	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes (Note A-14)	\$ 6,789,130	\$ -	\$ -	\$ -	\$ 6,789,130
State shared revenues	104,515	-	-	34,839	139,354
Discretionary sales surtax	864,685	-	-	-	864,685
Communication services tax	357,495	-	-	-	357,495
Intergovernmental	425,227	-	-	77,755	502,982
Federal grant revenue	13,822	-	-	240,156	253,978
State grant revenue	57,950	-	-	-	57,950
Licenses and permits	600	-	-	1,028,426	1,029,026
Fines and forfeitures	9,010	-	-	424	9,434
Impact fees	-	-	-	1,338	1,338
Other taxes	6,674	-	-	-	6,674
Post office fees	188,344	-	-	-	188,344
Ambulance service fees	149,186	-	-	-	149,186
Celltower fees and rents	6,553	-	-	-	6,553
Other fees and rents	61,042	-	-	-	61,042
Interest income	417,697	-	-	31,389	449,086
Miscellaneous revenue	5,625	-	-	26,053	31,678
Total revenues	<u>9,457,555</u>	<u>-</u>	<u>-</u>	<u>1,440,380</u>	<u>10,897,935</u>
EXPENDITURES					
Current					
General government	2,760,583	-	-	125,142	2,885,725
Public safety	4,653,306	-	-	810,586	5,463,892
Physical environment	76,946	-	-	-	76,946
Transportation	-	-	-	45,432	45,432
Culture and recreation	23,090	-	-	-	23,090
Capital outlay (Note C)	1,801,087	-	-	283,067	2,084,154
Debt service:					
Principal	77,300	-	-	5,809	83,109
Interest	4,131	-	-	486	4,617
Total expenditures	<u>9,396,443</u>	<u>-</u>	<u>-</u>	<u>1,270,522</u>	<u>10,666,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,112</u>	<u>-</u>	<u>-</u>	<u>169,858</u>	<u>230,970</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease obligations	18,855	-	-	-	18,855
Proceeds from SBITA obligations	35,708	-	-	-	35,708
Proceeds from sale of surplus	31,331	-	-	-	31,331
Insurance recoveries	17,902	-	-	-	17,902
Total other financing sources	<u>103,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,796</u>
Net change in fund balances	<u>164,908</u>	<u>-</u>	<u>-</u>	<u>169,858</u>	<u>334,766</u>
Fund balances, beginning of year	7,397,466	650,905	-	66,277	8,114,648
Adjustments	-	(650,905)	-	650,905	-
Fund balances, beginning of year after adjustments	<u>7,397,466</u>	<u>-</u>	<u>-</u>	<u>717,182</u>	<u>8,114,648</u>
Fund balances, end of year	<u>\$ 7,562,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,040</u>	<u>\$ 8,449,414</u>

(1) These funds no longer meet the criteria for major fund reporting in fiscal year 2025 and are reported within the Other Governmental Funds. These columns are presented solely to display the opening fund balances and the adjustment to reclassify the funds. See Note M in the notes to the financial statements.

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

Town of Indian River Shores, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2025

Net change in fund balances - total governmental funds \$ 334,766

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures which were capitalized	\$ 2,084,154	
Gain on impairment of assets	21	
Depreciation/amortization expense for governmental assets	<u>(678,407)</u>	1,405,768

In the statement of activities, only the net gain/loss on the disposal, sale and trade of assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance. (102,259)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of capital lease obligations	(18,855)
Issuance of SBITA obligations	(35,708)
Principal payments on capital lease obligations	31,933
Principal payments on SBITA obligations	51,176
Termination of SBITA obligation	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses are:

Net change in accrued interest on capital lease/sbita obligations	756
Net change in compensated absences	16,984
Net change in other post-employment benefit obligations	72,781
Net change in pension obligations	417,998

Revenues in the statement of activities that do not provide current financial resources are fully deferred in the statement of revenues, expenditures and changes in fund balances. Therefore, the recognition of various types of revenue differ between the two statements. This amount represents the net change in deferred revenue. (63,917)

Change in net position of governmental activities \$ 2,111,423

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

Town of Indian River Shores, Florida

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2025

	<u>Pension Trust Funds</u>
ASSETS	
Cash and investments in defined benefit plan - general employees (Notes A-4 and B)	\$ 1,956,487
Cash and investments in defined benefit plan - public safety employees (Notes A-4 and B)	21,122,152
Cash and investments in other post employment benefit plan (Notes A-4 and B)	2,709,759
Contribution receivable	102,327
Interest receivable	37,152
	<hr/>
Total assets	25,927,877
LIABILITIES	
Accounts payable	45,333
	<hr/>
Total liabilities	45,333
NET POSITION (Note H)	
Restricted for pension benefits and other purposes	25,882,544
	<hr/>
Total net position	\$ 25,882,544
	<hr/> <hr/>

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

Town of Indian River Shores, Florida

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended September 30, 2025

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 347,681
Employee	142,572
State	<u>438,623</u>
Total contributions	<u>928,876</u>
Investment gain:	
Net change in fair value of investments	2,020,776
Interests and dividends	<u>664,613</u>
Total investment gain	<u>2,685,389</u>
Total additions	<u>3,614,265</u>
DEDUCTIONS	
Distributions	2,168,141
Administrative expenses	
Trustee fees	7,270
Investment management fees	56,418
Attorney fees	14,198
Actuary fees	43,477
Other administrative fees	<u>46,728</u>
Total deductions	<u>2,336,232</u>
Change in net position	1,278,033
Plan net position at beginning of year	<u>24,604,511</u>
Plan net position at end of year	<u><u>\$ 25,882,544</u></u>

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

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Indian River Shores, Florida (the "Town"), a political subdivision of the State of Florida located in Indian River County, was incorporated in June 1953. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as specified by the Governmental Accounting Standards Board (the "GASB"). The more significant accounting policies of the Town are described below.

1. Reporting entity

The Town was created and is governed by Special Act of the Legislature under Chapter 29.163, Laws 1953, as amended, and is governed under the Town Manager–Council form of government by the Town Charter and applicable state and local laws and regulations. The Town Council is responsible for the establishment and adoption of policy, and the Council-appointed Town Manager is responsible for executing such policy.

The Town engages in a comprehensive range of municipal services including general administration, public safety, administration of a community center, maintenance of roads and streets, postal services, and cemetery services.

The reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control and, thus, be included in the Town's financial statements. The Town did not exercise oversight responsibility over any other potential component units. The financial statements of the Town consist only of the operations of the Town; thus, there are no component units included.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Indirect expenses are costs the Town has allocated to functions through various allocation methods. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate fund financial statements are provided for the governmental funds and fiduciary funds, although the latter is excluded from the government-wide financial statements. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and nonmajor funds are aggregated and presented as a single column on each statement. Reconciliations are provided that convert the results of governmental fund accounting to the government-wide presentation.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and permits, charges for services, fines and forfeitures and other revenues (except for investment earnings) associated with the current period are all considered to be susceptible to accrual and thus, have been recognized as revenues of the current fiscal period. Investment earnings are recorded when earned.

The Town reports the following major governmental fund:

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

The Planning, Zoning and Building Fund and the ARPA Fund, which were reported as major funds in the prior fiscal year, are reported as nonmajor funds for the fiscal year ended September 30, 2025, as they did not meet the quantitative criteria for major fund reporting. Accordingly, the beginning fund balances have been reclassified to reflect this change in presentation as described in Note M.

Additionally, the Town reports the following fund types:

Pension Trust Fund - This fund is used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governmental units. It accounts for the assets of the Town's defined benefit pension plans and the other post-employment benefit plan.

The Pension Trust Fund's measurement focus is on the determination of changes in fiduciary net position. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of fiduciary net position. The Pension Trust Fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Pension Trust Fund uses the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

4. Cash, cash equivalents, and investments

Cash includes demand deposits, cash on hand, and short-term investments with a maturity date within three months of the date acquired by the Town. The Town manages a common cash and investment pool for each fund. Each fund's share in the pool is displayed in the accompanying financial statements as cash and investments. Interest is allocated to the various funds based on each fund's average cash and investment balance where it is legally required to do so. Investments are reported at fair value in accordance with *GASB Code Section 150: Investments* and changes in fair value are included in investment income.

5. Receivables

The Town's receivables consist of balances due from other government sources, businesses, and individuals, including amounts due for services provided and insurance recoveries. After reviewing the individual account balances, the Town's management has determined that 91% of accounts receivable are fully collectible. Therefore, an allowance for doubtful accounts of \$3,450 in ambulance receivables has been recorded as of September 30, 2025. All due from other governments receivables are deemed collectible at year end. The insurance recoveries receivable is recorded when the claim is considered probable, and the amount can be reasonably estimated.

6. Inventories and prepaids

Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. Inventory consists of stamps used in the operation of the Postal Center. The costs of inventories are recorded as expenditures when used. Additionally, 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.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets (continued)

Capital assets, which include land, buildings, improvements other than buildings, and furniture, fixtures, and equipment, are reported in the government-wide financial statements. The Town defines capital assets as assets that are capital in nature, that have an initial individual cost of more than \$5,000 and a life expectancy of more than one year. The cost of improvements and replacements that extend the useful lives of assets are capitalized. Repairs and maintenance costs that do not improve or extend the useful life of the respective assets are not capitalized.

Capital assets are stated at cost or, if donated, at estimated fair value at the date of donation. Contributions of fixed assets received from local sources are recorded at acquisition value as contributions when received. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts, and any resulting gain or loss is included in changes in net position.

The Town has recorded leased assets and subscription-based technology arrangements (SBITAs). The assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The leased and SBITA assets are amortized on a straight-line basis over the life of the related lease/arrangement.

Depreciation/amortization is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Asset class	Estimated useful lives (years)
Buildings	5 - 40
Improvements other than buildings	5 - 30
Furniture, fixtures and equipment	3 - 43
Furniture, fixtures and equipment under capital leases	4 - 5
Software (SBITAs)	3 - 5

General infrastructure assets acquired prior to October 1, 2003 are not reported in the basic financial statements.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Leases

The Town determines if an arrangement is a lease at inception. Leases are included in furniture, fixtures and equipment under leased assets and lease liabilities in the Statement of Net Position. Leased assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Leased assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Leased assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain the Town will exercise that option.

Short-term leases with a lease term of 12 months or less are recognized as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use its incremental borrowing rate to calculate the present value of expected lease payments. The Town is a lessee for four noncancellable leases for body and in-car cameras.

9. Subscription-Based Information Technology Arrangements

Subscription-based technology arrangements (SBITAs) are contracts that convey control of the right to use a vendor's software, alone or in combination with a tangible capital asset, as specified in the contract for a period in an exchange or exchange-like transaction. At the commencement of a SBITA, the Town initially measures the subscription-based information technology arrangement liability at the present value of payments expected to be made during the arrangement term. Subsequently, the arrangement liability is reduced by the principal portion of the payments made. The subscription-based information technology right-to-use asset is measured as the initial amount of the arrangement liability and is amortized on a straight-line basis over its useful life.

The Town uses the interest rate noted in the arrangement as the discount rate. If the interest rate is not provided, the Town uses its estimated incremental borrowing rate as the discount rate. The term length of the arrangement includes the noncancellable period stated in the arrangement. The Town monitors changes made to the arrangement that may require re-measurement of the related asset and liability.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Compensated absences

Compensated absences consist of vacation leave, compensatory time, and sick leave that are attributable to services already rendered and are more likely than not to be settled through payment or use as time off.

Employees earn vacation hours based on years of service to the Town; these hours must be used in the year they are accrued or they will be forfeited on the next anniversary date. In addition to vacation time, when an employee works hours which qualify for overtime pay, the Town may grant compensatory time in lieu of overtime pay at the request of the employee. The Town's policy is to pay employees for unused vacation hours earned for the last year of employment and all compensatory hours at separation; therefore, the Town records a liability for 100% of these accumulated balances.

Regarding sick leave, Town policy permits employees to accumulate earned but unused benefits. Employees may choose to cash out current-year accrued sick leave or roll it into their personal sick leave bank. Sick leave bank hours carry forward year to year but are forfeited at separation and not paid out.

Under *GASB Code Section C60: Compensated Absences*, the Town 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. The Town 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 Town estimates an 86% utilization rate for sick leave bank balances and records a liability accordingly.

The Town 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.

11. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and the governmental fund Balance Sheet includes a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Deferred outflows/inflows of resources (continued)

The Town reports deferred outflows and inflows of resources related to the General Employee Defined Benefit Pension Plan, the Public Safety Officers & Firefighters Defined Benefit Pension Plan, and the Other Post-Employment Benefit Plan. These balances arise from differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual earnings on plan investments, and employer contributions made subsequent to the measurement date.

Additionally, in the governmental fund financial statements, unavailable revenues—amounts measurable but not collected within the availability period—are reported as deferred inflows of resources. Finally, deferred inflows related to leases are reported for the prepaid rent associated with the cell tower easement (see Note G), which is recognized as revenue over the lease term.

12. Unearned revenues

Unearned revenues are a liability and represent items for which the Town has not met all eligibility requirements imposed by the provider to allow for revenue recognition at year end. Unearned revenues are reported in both the government-wide and the fund financial statements.

13. Pensions and other post-employment benefit plans

In government-wide financial statements, pensions and other post-employment benefit plans are recognized using the accrual basis of accounting (see Notes H, I and the required supplementary information). The Town recognizes a net pension or OPEB liability (or asset) for each qualified plan, representing the difference between the total plan liability and the fiduciary net position measured at fiscal year-end.

Changes in the net liability during the period are recorded as an expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the net liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan, and recorded as a component of expense beginning with the period in which they arose.

Projected earnings on qualified plan investments are recognized as a component of expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Property tax

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Indian River County Property Appraiser and the Indian River County Tax Collector. The laws of the State of Florida regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mils. For the year ended September 30, 2025, the Town's millage rate was 1.3349 mils. The tax levy of the Town is established by the Town Council prior to October 1st of each year and the Indian River County Property Appraiser incorporates the Town millage into the total tax levy, which includes Indian River County and the County School Board tax requirements among other overlapping governments.

All property is reassessed according to its fair market value on January 1st of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. The assessed value at January 1, 2024, upon which the 2024-2025 levy was based, was approximately \$5.3 billion.

All taxes are due and payable on November 1st (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 15 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are paid without discount. Tax collections, net of discounts taken, for the year ended September 30, 2025 were approximately 97% of the total tax levy. On or prior to June 1st of each fiscal year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates are held by Indian River County.

15. Fund balance classification

The Town has adopted a Fund Balance Policy to comply with *GASB Code Section 1300: Fund Accounting*; and to provide for the prudent disposition of excess funds realized in the General Fund. Within the governmental funds of the Town, the fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Non-spendable Fund Balance - This classification represents funds that are inherently unavailable. Resources that must be maintained intact pursuant to legal or contractual requirements are nonspendable such as inventory and prepaid expenses.

Restricted Fund Balance - These funds are limited by externally enforceable limitations on use. This includes resources restricted by creditors, grantors, contributors, laws, regulations or other governments; or imposed by law through constitutional provisions or enabling legislation.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Fund balance classification (continued)

Committed Fund Balance - Funds in this classification are those with limitations the Town's government places on itself. The purpose of these funds is decided by Council action and also requires Council action to change the purpose.

Assigned Fund Balance - Assigned fund balances have limitations based on the intended use of the funds. The assigned use can be established by the Council or the Town Manager as described in the financial statements and the fund balance may be used in the subsequent year's budget.

Unassigned Fund Balance - The residual classification of fund balance for the General Fund. Unassigned fund balance is available for any lawful purpose and may be used to fund general operations. A negative fund balance may also be reported in other governmental funds if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be Committed Fund Balance, followed by Assigned Fund Balance, and then Unassigned Fund Balance when expenditures are incurred for purposes for which amounts in any of the classifications could be used.

16. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets, liabilities, deferred inflows and deferred outflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

17. Income tax

The Town qualifies as a tax-exempt entity and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

18. New Governmental Accounting Standards Board (GASB) pronouncements

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). 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 Town implemented GASB 101 during the fiscal year ended September 30, 2025. The impact of implementation, including any required restatement and related disclosures, is presented in Note M.

GASB Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities resulting from certain concentrations or constraints. The Town implemented GASB 102 during the fiscal year ended September 30, 2025. As part of implementation, the Town evaluated concentrations and constraints and the related risk disclosure requirements. Implementation did not have a material impact on the Town's financial statements.

19. Impact of Future Pronouncements

GASB Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is 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. GASB 103 is effective for the Town in fiscal year 2026.

GASB Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. GASB 104 is effective for the Town in fiscal year 2026.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

19. Impact of Future Pronouncements (continued)

GASB Statement No. 105

In December 2025, GASB issued Statement No. 105, *Subsequent Events* (GASB 105). The objective of this Statement is to improve consistency and comparability in the recognition and disclosure of events that occur after the financial statement date but before the financial statements are available to be issued. GASB 105 distinguishes between subsequent events that provide additional evidence about conditions that existed at the financial statement date and may require recognition in the financial statements, and events that relate to conditions arising after year end that may require disclosure if significant. GASB 105 also requires disclosure of the date through which subsequent events were evaluated. GASB 105 is effective for the Town in fiscal year 2027.

The Town will implement new GASB pronouncements no later than the required effective date. The Town is currently evaluating whether the above-listed new GASB pronouncements will have a significant impact on the Town's financial statements.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Town had the following cash and investments at September 30, 2025:

	Fair Value	Weighted Average Maturity	Rating
Governmental Funds			
Cash and cash equivalents	\$ 516,600	N/A	N/A
Local government pooled investment accounts:			
Florida PRIME	8,126,616	0.13	AAAm (S&P)
	\$ 8,643,216		
Pension trust funds			
Other Post-Employment Benefit Plan			
Florida Municipal Pension Trust Fund (FMPTF) –			
Other Post Employment Benefit 70/30 Allocation	\$ 2,709,759	*	Not Rated
	2,709,759		
General Employee Defined Benefit Plan			
Florida Municipal Pension Trust Fund (FMPTF) –			
Defined Benefit 70/30 Allocation Plan	1,956,487	*	Not Rated
	1,956,487		
Fire and Police Defined Benefit Plan			
Cash and cash equivalents	443,321	N/A	N/A
Equity			
Mutual funds equity	13,691,841	N/A	Not Rated
Total equity	13,691,841		
Fixed income			
U.S. government obligations	2,071,404	11.48	Aa1 (Moody's)
Mortgage/asset backed securities	1,214,848	24.44	Aa1 (Moody's)
Collateralized mortgage obligations	423,592	11.57	Aaa-Ba1 (Moody's)
Municipal obligations	114,389	3.69	Aaa-Aa1 (Moody's)
Corporate bonds	1,021,445	5.89	A1-Baa3 (Moody's)
Foreign bonds, notes & debentures	95,650	8.41	A3-Baa2 (Moody's)
Mutual funds fixed income	489,102	N/A	Not Rated
Total fixed income	5,430,430		
Real Estate Investment Funds	1,556,560		
	21,122,152		
Total pension funds	\$ 25,788,398		

* Portions of the FMPTF are invested in debt instruments and mutual funds with a weighted average to maturity (WAM) of 6.42 years.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Deposits, FDIC and Qualified Public Depository

The Town's deposits and investments are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At September 30, 2025, the Town's cash and cash equivalent balances were fully insured. 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 Deposits Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any investments are made with those institutions.

External Investment Pools (SBA and FMPTF)

SBA - The deposits with the State Board of Administration (the "SBA" or "Florida Prime") are composed of local government surplus funds deposited therein by units of local government and are insured by the multiple financial institution collateral pool established by Florida Statute. Section 218.407, Florida Statutes, governs the investing of public funds with the SBA. The investments with the SBA consist largely of federal agency obligations, repurchase agreements and commercial paper.

Under *GASB Code Section 150: 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.

Regarding redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "the principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days."

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

External Investment Pools (SBA and FMPTF) (continued)

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of its account value.

FMPTF - The investments included in the Town's General Employee Defined Benefit Plan and Other Post-Employment Benefit Plan are in an investment pool and the plans do not directly own the securities that make up the pool. The pool is valued using the quoted value of the underlying assets or similar assets and multiplied by the Town's percentage of ownership in the pool.

Real Estate Investment Funds

The Real Estate Investment Funds, included in the Town's Police and Fire Defined Benefit Plan, consists of two funds that are commingled in nature. Each are valued at the net asset value (NAV) of the units held at the end of the period based upon the fair value of the underlying investments. The NAV will generally be determined on at least a quarterly basis. The Town may elect, upon written notice, to have some or all their Interests redeemed at the Net Asset Value Per Share redeemed. To the extent that liquid assets are insufficient to satisfy redemption requests, interests are generally expected to be redeemed on a pro rata basis as liquid assets become available.

Investments

Interest rate risk - The interest rate risk is the risk that the value of investments will decrease because of a rise in interest rates. The interest rate risk associated with the Town's investments are included in the above table calculated using the weighted average maturity (WAM) in years. The Town's investment policies do not limit its investment choices based on interest rate risk.

Credit risk - The Town's adopted investment guidelines require that the investments of the Town be limited to those investments contained in Florida Statutes 218.415(17) subparagraphs (a) through (d), which allow investments in the local government pooled investment accounts, securities and exchange commission required money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury. The Town's investment policies do not further limit its investment choices. Ratings are set by nationally recognized statistical rating organizations (S&P, Fitch and Moody's).

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Investments (continued)

The credit risk associated with investments are included in the previous table. A breakdown of investment types with varying credit ratings are as follows:

Rating	Collateralized mortgage obligations	Municipal obligations	Corporate bonds	Foreign bonds, notes & debentures	Totals
Aaa	\$ 282,543	\$ 25,734	\$ 76,046	\$ -	\$ 384,323
Aa1	88,650	88,655	-	-	177,305
A1	-	-	179,790	-	179,790
A2	-	-	46,014	-	46,014
A3	-	-	258,730	36,937	295,667
Baa1	-	-	144,867	37,573	182,440
Baa2	-	-	254,166	21,140	275,306
Baa3	-	-	61,832	-	61,832
Ba1	52,399	-	-	-	52,399
Total	\$ 423,592	\$ 114,389	\$ 1,021,445	\$ 95,650	\$ 1,655,076

Fair value hierarchy - Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Town has the ability to access at the measurement date.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each fund's own assumptions used in determining the fair value of investments).

The asset's level within the hierarchy is based on the lowest level of 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. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to Town management's perceived risk of that investment.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE B - CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Investments (continued)

The Town's portfolio has the following recurring fair value measurements as of September 30, 2025:

Investments by fair value level	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. government obligations	\$ 2,071,404	\$ 2,071,404	\$ -	\$ -
Mortgage/asset backed securities	1,214,848	-	1,214,848	-
Collateralized mortgage obligations	423,592	-	423,592	-
Municipal obligations	114,389	-	114,389	-
Corporate bonds	1,021,445	-	1,021,445	-
Foreign bonds, notes & debentures	95,650	-	95,650	-
Mutual funds fixed income	489,102	-	489,101	-
Total fixed income securities	<u>5,430,430</u>	<u>2,071,404</u>	<u>3,359,025</u>	<u>-</u>
Equity securities				
Mutual fund equity	13,691,841	13,691,841	-	-
Total equity securities	<u>13,691,841</u>	<u>13,691,841</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>19,122,271</u>	<u>\$ 15,763,245</u>	<u>\$ 3,359,025</u>	<u>\$ -</u>
Investments measured at net asset value		Unfunded Commitments	Redemptions Frequency	Redemption Notice Period
Real Estate Investment Funds	1,556,560	-	Monthly/Quarterly	Once a month to once a quarter, with advance written notification
Florida Municipal Pension Trust Fund (FMPTF) – Other Post Employment Benefit 70/30 Allocation	2,709,759	-	Monthly	Once a month, with advance written notification
Florida Municipal Pension Trust Fund (FMPTF) – Defined Benefit 70/30 Allocation Plan	<u>1,956,487</u>	-	Monthly	Once a month, with advance written notification
Total investments measured at net asset value	<u>6,222,806</u>			
Total investments measured at fair value	<u>\$ 25,345,077</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments categorized as Level 2 are valued at fair value based on the observable market prices of the underlying assets held by the pool or fund less liabilities. Investments held with the Florida Municipal Investment Trust are valued using the quoted value of the underlying assets or similar assets and multiplied by the Town's percentage of ownership in the pool.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. 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. Additionally, the fair value of these securities can be impacted by redemption restrictions imposed by the fund managers.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE C - CAPITAL ASSETS

1. Capital and right-to-use asset activity

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,303,482	\$ -	\$ -	\$ 1,303,482
Construction in progress	593,073	1,218,477	120,096	1,691,454
Total capital assets not being depreciated	<u>1,896,555</u>	<u>\$ 1,218,477</u>	<u>\$ 120,096</u>	<u>2,994,936</u>
Capital assets, being depreciated:				
Buildings	4,799,644	\$ 39,427	\$ 120,608	4,718,463
Improvements other than buildings	4,239,268	8,963	73,482	4,174,749
Furniture, fixtures and equipment	4,904,164	875,321	663,962	5,115,523
Furniture, fixtures and equipment capital leases	164,009	18,855	-	182,864
Subscription assets	98,646	35,708	29,463	104,891
Total capital assets being depreciated/amortized	<u>14,205,731</u>	<u>\$ 978,274</u>	<u>\$ 887,515</u>	<u>14,296,490</u>
Less accumulated depreciation for:				
Buildings	1,906,945	\$ 115,060	\$ 107,100	1,914,905
Improvements other than buildings	751,131	129,549	12,529	868,151
Furniture, fixtures, and equipment	3,469,323	369,231	288,101	3,550,453
Furniture, fixtures and equipment capital leases	81,441	35,789	-	117,230
Subscription assets	59,091	28,778	29,463	58,406
Total accumulated depreciation/amortization	<u>6,267,931</u>	<u>\$ 678,407</u>	<u>\$ 437,193</u>	<u>6,509,145</u>
Total capital assets being depreciated/amortized, net	<u>7,937,800</u>			<u>7,787,345</u>
Governmental activities capital assets, net	<u>\$ 9,834,355</u>			<u>\$ 10,782,281</u>

Additional information regarding the obligations related to capital leases and subscription-based information technology arrangements can be found in Note E.

Depreciation and amortization expense was charged to functions of the Town as follows:

General government	\$ 258,924
Public safety	392,215
Culture and recreation	26,078
Physical enviroment	<u>1,190</u>
	<u>\$ 678,407</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE C - CAPITAL ASSETS (continued)

2. Impairment and insurance recovery

On May 26, 2025, a newly acquired ambulance and related equipment sustained irreparable damage due to an electrical fire while being serviced by a third-party contractor at an offsite location. The ambulance, purchased earlier in the month for \$332,691, was deemed a total loss. Related equipment had a historical cost of \$29,375 and a carrying value of \$22,873. The Town recognized an impairment loss of \$355,563 during the fiscal year ended September 30, 2025.

The Town submitted an insurance claim related to this loss. As of September 30, 2025, the Town recorded an insurance recovery receivable of \$355,584.

In the government-wide financial statements, the impairment loss and related insurance recovery are reported within the public safety function and the insurance recovery offsets the impairment loss. In the governmental fund financial statements, amounts not collected within the Town’s availability period are reported as deferred inflows of resources. Any additional insurance proceeds will be recognized in the period received.

NOTE D - LINE OF CREDIT

On December 19, 2013, the Town established a \$1,000,000 bank line of credit to finance extraordinary expenditures in the event the Town encounters an emergency situation or occurrence in order to serve the public purpose of protecting and preserving the public health, safety and general welfare of the citizens and residents of the Town and property located therein. The line bears interest at prime plus 0.50% per annum. It is secured by all Non-Ad Valorem revenues. There is no commitment fee associated with this line of credit. As of September 30, 2025, there was no outstanding balance on the line of credit and no amounts were drawn on the line during the fiscal year.

NOTE E - LONG-TERM LIABILITIES

1. Long-term liability activity

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2025:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due within one year
Compensated absences	\$ 428,453	\$ -	\$ 16,984	\$ 411,469	\$ 264,737
Lease liabilities	68,713	18,855	47,047	40,521	40,521
Subscription liabilities	22,366	35,708	36,063	22,011	8,921
	<u>\$ 519,532</u>	<u>\$ 54,563</u>	<u>\$ 100,094</u>	<u>\$ 474,001</u>	<u>\$ 314,179</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE E - LONG-TERM LIABILITIES (continued)

2. Compensated absences

Compensated absences in the governmental activities are classified as non-current liabilities and are typically liquidated by the General and Planning, Zoning and Building funds. During the fiscal year ended September 30, 2025, the Town implemented GASB Statement No. 101. The effect of implementation is presented in Note M.

3. Leases

The Town has entered into various lease agreements for body and in-car cameras. These assets are reported at \$182,864 with \$117,230 in accumulated amortization within the governmental activities. The leases have no stated interest rates; therefore, the Town uses incremental borrowing rates ranging from 3.80% to 8.62%. The Town made principal payments of \$47,047 and interest payments of \$3,047 during the fiscal year ended September 30, 2025.

As of September 30, 2025, the Town had minimum principal and interest payment requirements for its lease obligations, including its subleasing activities, with a remaining term in excess of one year, as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	<u>\$ 40,521</u>	<u>\$ 1,995</u>	<u>\$ 42,516</u>

4. Subscription liabilities

A subscription-based information technology arrangement (SBITA) is a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The Town uses various SBITA assets through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented at the present value of subscription payments payable during the remaining SBITA term. A subscription asset is reported within the governmental activities at September 30, 2025 at \$104,891, with accumulated amortization of \$58,406.

The Town's SBITA arrangements include variable payment clauses based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance are included in the measurement of the SBITA liability. The Town made principal payments of \$36,063 and interest payments of \$1,570 during the fiscal year ended September 30, 2025.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE E - LONG-TERM LIABILITIES (continued)

4. Subscription liabilities (continued)

As of September 30, 2025, the Town had minimum principal and interest payment requirements for its SBITA obligations, with a remaining term in excess of one year, as follows:

Year ended September 30,	Principal	Interest	Total
2026	\$ 8,921	\$ 1,684	\$ 10,605
2027	4,017	1,097	5,114
2028	4,354	760	5,114
2029	4,719	395	5,114
	\$ 22,011	\$ 3,936	\$ 25,947

NOTE F - FUND EQUITY AND NET POSITION

1. Fund balance classifications

In the fund financial statements, governmental funds report fund balance in classifications that reflect the extent to which the Town is bound to honor constraints on the specific purposes for which amounts can be spent. Fund balance classifications include nonspendable, restricted, committed, assigned, and unassigned. The following describes the restricted, committed, and assigned fund balances of the Town.

Restricted fund balances

Building code enforcement - This restricted fund balance was established pursuant to Florida Statute 553.80(1)(g) for the collection of building code inspection fees to be used for the enforcement of the Florida Building Code, as enacted by Town of Indian River Shores Ordinance No. 506.

Law enforcement – This restricted fund balance accounts for funds received through forfeiture under Florida Statutes 932.7055. Such proceeds and interest earned thereon are restricted for use in school resource officer programs, crime prevention, safe neighborhood initiatives, drug abuse education and prevention programs, and other law enforcement purposes, including defraying the costs of protracted or complex investigations, providing additional equipment or expertise, purchasing automated external defibrillators for law enforcement vehicles, and providing matching funds to obtain federal grants. These proceeds may not be used to meet normal operating expenses of the law enforcement agency.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE F - FUND EQUITY AND NET POSITION (continued)

1. Fund balance classifications (continued)

Road construction and maintenance - This restricted fund balance was established by the Town Council to account for revenues restricted for road, bridge, and sidewalk construction, improvements, and other transportation-related expenditures. Revenues include the Local Option Gas Tax pursuant to Sections 206.41(1)(e), 206.87(1)(c), and 336.135, Florida Statutes, and a portion of state revenue sharing related to the eighth-cent motor fuel tax and special fuel and motor fuel use taxes, allocated based on state-determined percentages.

Capital outlay - This restricted fund balance was established pursuant to Florida Statute 212.055(2)(d) for the use of proceeds from the voter-approved local government infrastructure surtax. This discretionary surtax is an additional one percent levy on items subject to the six percent state sales tax in Indian River County and is restricted for eligible capital expenditures.

Committed fund balances

Bike path construction and maintenance - This committed fund balance was established by Town of Indian River Shores Ordinance No. 506 for the specific purpose of maintaining the Town's bike path.

Assigned fund balances

Celltower removal - In 2019, \$100,000 of prepaid rent received for a cell tower easement was assigned to cover potential future removal costs. Interest is accrued annually on this balance.

Infrastructure replacement - In 2021, as part of the annual budget process, the Town assigned fund balance for the future replacement of infrastructure assets. Amounts allocated to this fund are determined through the budget, and expenditures may include feasibility studies, design costs, and construction.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE F - FUND EQUITY AND NET POSITION (continued)

2. Fund balance activity

The activity in the restricted, committed, and assigned fund balances during the year ended September 30, 2025, is presented as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Restricted:				
Building code enforcement	\$ 650,905	\$ 1,084,813	\$ 934,646	\$ 801,072
Capital outlay	1,125,157	971,055	1,801,087	295,125
Law enforcement	19	-	-	19
Road construction and maintenance	37,395	114,811	95,720	56,486
Committed:				
Bike path construction and maintenance	28,863	600	-	29,463
Assigned:				
Celltower removal	112,120	5,853	-	117,973
Infrastructure replacement	1,037,759	350,000	37,985	1,349,774
	<u>\$ 2,992,218</u>	<u>\$ 2,527,132</u>	<u>\$ 2,869,438</u>	<u>\$ 2,649,912</u>

3. Fund equity compliance

The Town has designated a minimum level of unassigned fund balance within the General Fund. The Town's policy is to maintain an unassigned fund balance of at least the upper range minimum recommended level of 15 percent of operating revenues in order to mitigate financial risks that may arise from unforeseen revenue fluctuations, unanticipated expenditures, and emergency events. Any changes to this policy require approval by the Town Council.

As of September 30, 2025, the Town met its minimum fund balance requirements. The ending unassigned fund balance in the General Fund represented 58% of operating revenues.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE G - PREPAID CELLTOWER LEASE

On October 31, 2016, the Town entered into an agreement to lease approximately 2,500 square feet of land for the construction and operation of a wireless communication facility. The initial term of the lease was five years and was subject to automatic renewal for up to ten additional five-year terms unless notice of nonrenewal was provided. On July 11, 2019, the Town entered into a new agreement with the lessee granting an exclusive 55-year easement for the construction and operation of a wireless communication tower. In exchange, the lessee paid a lump-sum payment of \$360,390.

For the year ended September 30, 2025, the Town recognized \$6,553 in rental fees under this lease.

In accordance with *GASB Code Section L20: Leases*, because the lump-sum payment represents consideration applicable to future periods, the amount is reported as a deferred inflow of resources and is recognized as revenue on a straight-line basis over the 55-year term of the agreement as follows:

<u>Year ended September 30,</u>	<u>Rental Income</u>
2026	\$ 6,553
2027	6,553
2028	6,553
2029	6,553
2030	6,553
2031-2035	32,765
2036-2040	32,765
2041-2045	32,765
2046-2050	32,765
2051-2055	32,765
2056-2060	32,765
2061-2065	32,765
2066-2070	32,765
2071-2074	24,745
	<u>\$ 319,630</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS

1. Fiduciary trust fund activity

The Town reports the assets of its defined benefit pension plans and other post-employment benefit plan in pension trust funds. The following schedules present the fiduciary plan net position and the changes in fiduciary plan net position for the Town's pension and OPEB trust funds.

**Fiduciary Plan Net Position
September 30, 2025**

	Public Safety Officers & Firefighters Defined Benefit Plan	General Employees Defined Benefit Plan	Other Post Employment Benefits Plan	Total Pension Trust Funds
ASSETS				
Cash and investments	\$ 21,122,152	\$ 1,956,487	\$ 2,709,759	\$ 25,788,398
Interest receivable	37,152	-	-	37,152
Contribution receivable	102,327	-	-	102,327
Total assets	<u>21,261,631</u>	<u>1,956,487</u>	<u>2,709,759</u>	<u>25,927,877</u>
LIABILITIES				
Accounts payable	44,189	1,144	-	45,333
Total liabilities	<u>44,189</u>	<u>1,144</u>	<u>-</u>	<u>45,333</u>
NET POSITION				
Restricted for pension benefits and other purposes	<u>21,217,442</u>	<u>1,955,343</u>	<u>2,709,759</u>	<u>25,882,544</u>
Total net position	<u>\$ 21,217,442</u>	<u>\$ 1,955,343</u>	<u>\$ 2,709,759</u>	<u>\$ 25,882,544</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

1. Fiduciary trust fund activity (continued)

**Changes in Fiduciary Plan Net Position
For the Year Ended September 30, 2025**

	Public Safety Officers & Firefighters Defined Benefit Plan	General Employees Defined Benefit Plan	Other Post Employment Benefits Plan	Total Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 311,222	\$ 36,459	\$ -	\$ 347,681
Employee	141,528	1,044	-	142,572
State	438,623	-	-	438,623
Total contributions	<u>891,373</u>	<u>37,503</u>	<u>-</u>	<u>928,876</u>
Investment gain:				
Net change in fair value of investments	1,618,746	160,200	241,830	2,020,776
Interests and dividends	664,613	-	-	664,613
Total investment gain	<u>2,283,359</u>	<u>160,200</u>	<u>241,830</u>	<u>2,685,389</u>
Total additions	<u>3,174,732</u>	<u>197,703</u>	<u>241,830</u>	<u>3,614,265</u>
DEDUCTIONS				
Distributions	1,955,668	40,965	171,508	2,168,141
Administrative expenses				
Trustee fees	7,270	-	-	7,270
Investment management fees	31,418	-	-	31,418
Investment consultant fees	25,000	-	-	25,000
Attorney fees	14,198	-	-	14,198
Actuary fees	43,477	-	-	43,477
Other administrative fees	33,384	10,187	3,157	46,728
Total deductions	<u>2,110,415</u>	<u>51,152</u>	<u>174,665</u>	<u>2,336,232</u>
Change in net position	1,064,317	146,551	67,165	1,278,033
Plan net position at beginning of year	<u>20,153,125</u>	<u>1,808,792</u>	<u>2,642,594</u>	<u>24,604,511</u>
Plan net position at end of year	<u>\$ 21,217,442</u>	<u>\$ 1,955,343</u>	<u>\$ 2,709,759</u>	<u>\$25,882,544</u>

2. Plan overview

The Town maintains two defined benefit pension plans and a defined contribution pension plan. The defined contribution pension plan includes an employer-funded defined contribution component and an employee-funded deferred compensation plan. The Town has the authority to establish and amend the plans, provided that such amendments do not diminish or adversely affect benefit provisions.

Effective May 1, 2013, the General Employees' Defined Benefit Plan was closed to new participants. All non-public safety employees hired after that date may participate only in the defined contribution plan.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

2. Plan overview (continued)

Public Safety Officers and Firefighters participate exclusively in the Public Safety Officers & Firefighters Defined Benefit Plan and are also automatically enrolled in the Public Safety Officer Share Plan. Employees participating in either defined benefit plan may elect to make voluntary contributions to the deferred compensation plan, subject to applicable limits.

3. Defined contribution plan & deferred compensation plan

Defined Contribution Plan Description:

The Defined Contribution Plan is a single-employer plan administered by the Florida Municipal Pension Trust Fund ("FMPTF"). It covers all full-time employees, except public safety officers, who elect to participate. Effective May 1, 2013, all new non-public safety employees may participate only in this plan. As of September 30, 2025, membership in the plan consisted of twelve active and three vested terminated employees. The plan may be amended by ordinance of the Town Council. The Town does not issue a stand-alone plan financial report.

Defined Contribution Funding Policy:

The plan specifies employer contributions as "matching," meaning the Town will contribute up to 11% of each participating employee's base compensation if the employee contributes up to 5% (before taxes) of base compensation to the FMPTF 457(b) Deferred Compensation Plan. Employees may contribute less than 5%, with a corresponding matching rate from the Town ranging from 2% to 8%. Employees may join the Defined Contribution Plan only after completing 1,000 hours of service within a consecutive twelve-month period. Following completion of the required hours, employees may first become a member on the earlier of October 1 or April 1, whichever comes first. Participants become 20% vested in employer contributions plus earnings after three years of employment service. Vesting increases by 20% for each additional year of employment, and participants become fully vested after seven years. The Town's contributions to the Defined Contribution Plan totaled \$122,940 for the year ended September 30, 2025.

The Town does not include the net position and changes in fiduciary net position for the Defined Contribution Plan in its annual financial statements because, once contributions are remitted to the plan trustee, the assets are held for the exclusive benefit of plan participants and beneficiaries and are not considered assets of the Town.

Deferred Compensation Plan Description:

The Town became a participating employer in the FMPTF 457(b) Deferred Compensation Plan in October 2005. This plan allows eligible employees, excluding public safety officers, to participate subject to federal contribution limits. The plan permits participants to defer a portion of salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

3. Defined contribution plan & deferred compensation plan (continued)

Deferred Compensation Funding Policy:

To be eligible for the Defined Contribution Plan, employee participants must contribute to the deferred compensation plan (up to 5%). Other employees' contributions to the deferred compensation plan are discretionary, subject to federal limits. Employees may begin participating in this plan immediately upon hire and enrollment with the required documentation, but no later than the entry date to the Defined Contribution Plan, if eligible and participation is elected. Employee contributions totaled \$56,473 for the year ended September 30, 2025.

All assets and income of the deferred compensation plan through FMPTF are held in trust for the exclusive benefit of the participants and their beneficiaries and are 100% vested upon contribution. Accordingly, the assets of the plan are not reported in the accompanying financial statements.

4. General Employees Defined Benefit Plan

Effective May 1, 2013, the Town Council closed the plan to new participants.

Plan Description:

The General Employees Defined Benefit Plan is a single-employer defined benefit pension plan administered by the FMPTF. The Town Council for the Town of Indian River Shores serves as the Pension Board of the General Employees' Defined Benefit Plan. The General Employees Defined Benefit Plan covers all the Town's non-public safety full-time employees that have elected to participate in the plan. Membership in the plan consists of 1 active and 3 inactive employees receiving benefits at September 30, 2025.

The defined benefit plan provides retirement and death benefits to plan members and beneficiaries. It is reported as a pension trust fund and is included as part of the Town's reporting entity. The plan may be amended by ordinance of the Town Council.

The Town does not issue a stand-alone plan financial report for the General Employees Defined Benefit Plan. It is reported as a pension trust fund and is included as part of the Town's reporting entity.

The following is a description of the benefit terms under this plan:

- | | |
|----------------------------|--|
| Types of benefits offered: | Retirement, disability, and pre-retirement death benefits |
| Basic pension formula: | 2.75% of average earnings x service |
| Normal retirement age: | Age 55 with at least five years of service (Town Manager)
Age 62 (all other participants) |
| Early retirement age: | Age 55 with at least seven years of service |

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

Early retirement adjustment: Early retirement pension is reduced by 2% for each year by which the early retirement date precedes the normal retirement date.

Disability pension: Larger of basic pension formula or 42% of average earnings (service-connected). Larger of basic pension formula or 25% of average earnings (non-service-connected) if the participant has earned at least 10 years of service.

Disability benefits are offset as necessary to preclude the total of the disability benefit, workers' compensation, and other Town-provided disability compensation from exceeding average earnings.

Pre-retirement death benefit: Basic pension formula payable for 10 years or one-half of the 50% joint and contingent annuity payable for life at early or normal retirement age (payable to the spouse of a vested married participant).

Basic pension formula payable for 10 years at early or normal retirement age (payable to the beneficiary of a vested unmarried participant).

Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant).

Vesting requirement: 20% vesting for each year of service in excess of two years of service; 100% vesting at seven years of service.

Average earnings: Average of the last five years of pensionable earnings.

Cost-of-living adjustment: No automatic cost-of-living adjustment is provided.

Legal authority: The plan was established effective May 1, 1999 pursuant to Town ordinance and has been amended several times since that date.

Changes: The benefit terms did not change from the prior measurement date.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

Funding Policy:

General Employees Defined Benefit Plan member contributions are based on actuarially determined amounts. The base member contribution rate is 5% of earnings, with an adjustment to reflect 31.25% of the total minimum required contribution below 14.5% of payroll or above 16.0% of payroll. The member contribution rate cannot exceed 9.0% of earnings. The remaining required amount is paid by the Town.

The Town's annual required contribution rate for the year ended September 30, 2025 was 0.00% of covered payroll. The Town contributed \$36,459 for the year ended September 30, 2025. Administrative costs are financed through investment earnings.

Net Pension Liability (Asset):

The components of the net pension liability (asset) at September 30, 2025 were as follows:

<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>	<u>Funded Percentage</u>
\$ 1,564,104	\$ (1,956,487)	\$ (392,383)	125.09%

The changes in the net pension liability (asset) for the year ended September 30, 2025 were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance as of September 30, 2024	\$ 1,397,603	\$ (1,809,641)	\$ (412,038)
Change due to:			
Service cost	64,271	-	64,271
Expected interest growth	85,091	(106,380)	(21,289)
Unexpected investment income	-	(53,822)	(53,822)
Demographic experience	(181,805)	-	(181,805)
Employer contributions	-	(36,459)	(36,459)
Employee contributions	-	(1,044)	(1,044)
Benefit payments & refunds	(40,965)	40,965	-
Administrative expenses	-	9,894	9,894
Assumption changes	239,909	-	239,909
Balance as of September 30, 2025	<u>\$ 1,564,104</u>	<u>\$ (1,956,487)</u>	<u>\$ (392,383)</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

The net pension liability (asset) was determined based on the following information:

Employer's reporting date: September 30, 2025

Measurement date: September 30, 2025

Actuarial valuation date: October 1, 2024

Actuarial assumptions:

Discount rate: 5.90% per annum (2.75% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments.

Salary increases: 5.00% per annum

Cost-of-living increases: None assumed

Mortality basis: Pre-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Employee Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year; post-retirement mortality is based on the sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Below Median Healthy Retiree Mortality Table for general employees, with full generational improvements in mortality using Scale MP-2018 and with male ages set back one year.

Retirement: Retirement is assumed to occur at the later of normal retirement age or one year after the valuation date.

Other decrements: None assumed.

Non-investment expenses: \$6,000 per year

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: Since the prior measurement date, the discount rate was decreased from 7.50% per annum to 5.90% per annum.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

Determination of the Long-Term Expected Rate of Return on Plan Assets:

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 expense and inflation) were developed for each major asset class. These ranges are based on the target asset allocation and upon market expectations and 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.

The target asset allocation as of September 30, 2025 is summarized in the following table:

Investment Category	Target Allocation	Expected Long-Term Real Return
Core bonds	10.00%	1.85%
Core plus	10.00%	1.90%
U.S. large cap equity	30.00%	3.13%
U.S. small cap equity	16.00%	3.40%
Non-U.S. equity	24.00%	3.90%
Core real estate	10.00%	3.55%
Weighted arithmetic average	100.00%	3.15%
Inflation factor		<u>2.75%</u>
Long-term expected rate of return		5.90%

The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability (Asset) Using Alternative Discount Rates:

The following presents the net pension liability (asset) calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate.

	Discount Rate Minus 1.00%	5.90% Discount Rate	Discount Rate Plus 1.00%
Total pension liability	\$ 1,748,525	\$ 1,564,104	\$ 1,407,231
Less fiduciary net position	(1,956,487)	(1,956,487)	(1,956,487)
Net pension liability (asset)	<u>\$ (207,962)</u>	<u>\$ (392,383)</u>	<u>\$ (549,256)</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

Deferred Outflow and Inflow of Resources

As of September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between Expected and Actual Experience	\$ 1,577	\$ 106,053
Changes of assumptions	139,947	-
Net difference between Projected and Actual Earnings on Pension Plan investments	64,726	175,762
Total	\$ 206,250	\$ 281,815

Changes in deferred outflows of resources and deferred inflows of resources for the year ended September 30, 2025 are as follows:

	Amortization period	Deferred outflows of resources	Deferred inflows of resources
Balance as of September 30, 2024		\$ 141,510	\$ 215,980
Change due to:			
Amortization payments		(175,169)	(169,792)
Investment gain/loss	5 years	-	53,822
Demographic gain/loss	3 years	-	181,805
Assumption changes	3 years	239,909	-
Total change		64,740	65,835
Balance as of September 30, 2025		\$ 206,250	\$ 281,815

The following schedule discloses the amounts of deferred inflows and outflows to be used as reductions and additions to the net pension liability (asset):

Net pension liability (asset) as of September 30, 2024	\$ (412,038)
Plus pension expense for the 2024/25 fiscal year	57,209
Minus employer contribution for the 2024/25 fiscal year	(36,459)
Plus change in balance of deferred outflows of resources	64,740
Minus change in balance of deferred inflows of resources	(65,835)
Net pension liability (asset) as of September 30, 2025	\$ (392,383)

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

4. General Employees Defined Benefit Plan (continued)

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

<u>Year ended September 30,</u>	<u>Pension Expense</u>
2026	\$ 33,283
2027	(47,545)
2028	(50,537)
2029	(10,766)
	<u>\$ (75,565)</u>

Funding Status for Funding Purposes:

Pension accounting and financial reporting are not directly tied to the plan's funding policy; however, the Town believes it is useful to provide readers with the plan's funded status for funding purposes. The Town uses actuarially determined amounts to establish its annual pension funding. As of September 30, 2025, the actuarially determined funded status for funding purposes reflected an asset of \$378,071, representing 125% funded. This funded status differs from the net pension liability (asset) reported in the financial statements due to differing actuarial assumptions and measurement requirements. Additional information is included in the most recent actuarial valuation, which is available from the Town upon request.

5. Public Safety Officers & Firefighters Defined Benefit Plan

Plan Description:

The Public Safety Officers & Firefighters Defined Benefit Plan is a single-employer defined benefit pension plan administered by Foster & Foster. The pension plan is governed by an independent Board of Trustees consisting of two elected members of the Plan, two Town appointees, and a fifth trustee elected by the other four trustees. Members are eligible to participate immediately upon hire as a Public Safety Officer or Firefighter.

The pension plan covers all the Town's full-time public safety officers. Membership in the pension plan at September 30, 2025 was as follows:

21 active employees
20 service retirees
2 DROP retirees
1 disability retiree
11 terminated vested
55 total participants

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

The Town does not issue a stand-alone plan financial report for the Public Safety Officers & Firefighters Defined Benefit Plan. It is reported as a pension trust fund and is included as part of the Town's reporting entity.

The following is a description of the benefit terms under this plan:

Types of benefits offered:	Retirement, termination, disability and death benefits.
Basic pension formula:	2.75% (2.0% if hired after September 30, 2012) of Average Final Compensation (AFC) times Credited Service, limited to 100% of AFC.
Normal retirement age:	Age 50 with at least seven years of credited service.
Disability pension:	Larger of basic pension formula or 42% of average earnings (for service-connected disabilities). Larger of basic pension formula or 25% of average earnings (for non-service-connected disabilities if the participant has earned at least 10 years of service). Disability benefits are offset as necessary to preclude the total of the disability benefit, worker's compensation, and other Town-provided disability compensation from exceeding average earnings.
Pre-retirement death benefit:	Accrued benefit payable at Normal Retirement. The benefit payable as a 10 Year Certain and Life for the Beneficiary (payable to the beneficiary of a vested participant). Return of accumulated employee contributions (payable to the beneficiary of a non-vested participant).
Vesting requirement:	20% vesting for each year of service in excess of two years of service; 100% vesting at seven years of service.
Average earnings:	Average compensation for the best five (5) out of the last ten (10) years of Credited Service.
Cost-of-living adjustment:	No automatic cost-of-living adjustment is provided.
Deferred Retirement Option Plan:	Eligible upon satisfaction of Normal Retirement requirements. May participate up to 60 months, but not beyond 30 years of total service with the Town. The balance will earn at the actual net returns realized by the Plan as a whole.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

Funding Policy:

Public Safety Officers & Firefighters Defined Benefit Plan contributions are based on actuarially determined amounts. The base member contribution rate is 5% of earnings, with an adjustment to reflect 31.25% of the total minimum required contribution below 14.5% of payroll or above 16.0% of payroll. The member contribution cannot exceed 9.0% of earnings. The remaining required amount is paid by the Town.

The Town's annual required contribution rate for the year ended September 30, 2025 was 17.79% of covered payroll. The Town contributed \$311,222 for the year ended September 30, 2025. Administrative costs are financed through investment earnings.

Net Pension Liability (Asset):

The components of the net pension liability (asset) at September 30, 2025 were as follows:

<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>	<u>Funded Percentage</u>
\$ 18,697,029	\$(21,221,299)	\$ (2,524,270)	113.50%

The changes in the net pension liability (asset) for the year ended September 30, 2025 were as follows:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance as of September 30, 2024	\$18,139,959	\$(20,146,825)	\$ (2,006,866)
Change due to:			
Service cost	315,530	-	315,530
Interest	1,179,741	-	1,179,741
Share plan allocation	438,623	-	438,623
Differences between expected and actual experience	246,068	-	246,068
Changes in benefit terms	-	-	-
Assumption changes	332,775	-	332,775
Employer contributions	-	(311,222)	(311,222)
State contributions	-	(438,623)	(438,623)
Employee contributions	-	(141,528)	(141,528)
Net investment income	-	(2,229,585)	(2,229,585)
Benefit payments & refunds	(1,955,667)	1,955,667	-
Administrative expenses	-	90,817	90,817
Balance as of September 30, 2025	<u>\$18,697,029</u>	<u>\$(21,221,299)</u>	<u>\$ (2,524,270)</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

The net pension liability (asset) was determined based on the following information:

Employer's reporting date: September 30, 2025
Measurement date: September 30, 2025
Actuarial valuation date: October 1, 2024

Actuarial assumptions:

Discount rate: 6.75% per annum; this rate was used to discount all future benefit payments.

Asset method: Fair Market Value, net of investment related expense.

Inflation: 2.00%

Salary increases: < 2 years – 15%
2-10 years – 6.0%
11+ years – 4.5%

These rates were adopted as a result of the July 24, 2020 experience study.

Cost-of-living increases: None assumed

Mortality basis:

Healthy Active Lives:

Female: PubS-2010 for Employees.

Male: PubS-2010 for Employees, set forward 1 year.

Healthy Retiree Lives:

Female: PubS-2010 for Healthy Retirees.

Male: PubS-2010 for Healthy Retirees, set forward 1 year.

Beneficiary Lives:

Female: PubG.H-2010 for Healthy Retirees

Male: PubG.H-2010 for Healthy Retirees, set back 1 year.

Disabled Lives:

Female: PubG.H-2010 for Disabled Retirees, set forward 1 year .

Male: PubG.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2021.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

Normal retirement: For Members retiring with less than 25 years of Credited Service, 50% per year prior to age 55, with 100% assumed retirement at age 55.

For Members retiring with at least 25 years of Credited Service, 50% per year for the first two years of eligibility, and 100% upon the completion of 27 years of Credited Service.

Regardless of the number of years of credited service, 100% retirement is assumed at age 55

Rates for Normal Retirement were studied and confirmed as a result of the July 24, 2020 experience study.

Termination Rate: 6.5% probability for less than 15 years' service and 0% thereafter.

These rates were adopted as a result of the July 24, 2020 experience study.

Other decrements: Disability ranging from 0.09% to 4.44% depending on age. In addition, 75% of disabilities (90% for Firefighters) are assumed to be service incurred.

These rates were studied as a result of the July 24, 2020 experience study.

Future contributions: Contributions from the employer and employees are assumed to be made as legally required.

Changes: As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2024, FRS valuation report for special risk employees.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

Determination of the Long-Term Expected Rate of Return on Plan Assets:

The Long-Term Expected Rate of Return on Pension Plan investments can be 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 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 adopted as of September 30, 2025 are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	60.00%	7.50%
Fixed income	23.00%	2.50%
Real estate	10.00%	4.50%
Alternative	5.00%	5.58%
Cash	2.00%	<u>2.50%</u>
Weighted arithmetic average	100.00%	6.75%

The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

Sensitivity of Net Pension Liability (Asset) Using Alternative Discount Rates:

The following presents the net pension liability (asset) as if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	Discount Rate Minus 1.00%	6.75% Discount Rate	Discount Rate Plus 1.00%
Total pension liability	\$ 20,455,033	\$ 18,697,029	\$ 17,224,249
Less fiduciary net position	(21,221,299)	(21,221,299)	(21,221,299)
Net pension liability (asset)	\$ (766,266)	\$ (2,524,270)	\$ (3,997,050)

Deferred Outflow and Inflow of Resources

On September 30, 2025, the Town reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pension from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between Expected and Actual Experience	\$ 182,916	\$ 89,333
Changes of assumptions	221,850	-
Net difference between Projected and Actual Earnings on Pension Plan investments	-	1,705,963
Total	\$ 404,766	\$ 1,795,296

Changes to the deferred inflows and outflows for the year ended September 30, 2025 are as follows:

	Amortization period	Deferred outflows of resources	Deferred inflows of resources
Balance as of September 30, 2024		\$ 37,740	\$ 1,349,614
Change due to:			
Amortization payments		(211,817)	(462,977)
Investment gain/loss	5 years	-	908,659
Expected & actual experience	3 years	246,068	-
Assumption changes	3 years	332,775	-
Total change		367,026	445,682
Balance as of September 30, 2025		\$ 404,766	\$ 1,795,296

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

5. Public Safety Officers & Firefighters Defined Benefit Plan (continued)

The following schedule discloses the amounts of deferred inflows and outflows to be used as reductions and additions to the net pension liability:

Net pension liability (asset) as of September 30, 2024	\$ (2,006,866)
Plus pension expense for the 2024/25 fiscal year	311,097
Minus employer contribution for the 2024/25 fiscal year	(749,845)
Plus change in balance of deferred outflows of resources	367,026
Minus change in balance of deferred inflows of resources	<u>(445,682)</u>
Net pension liability (asset) as of September 30, 2025	<u>\$ (2,524,270)</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	Pension Expense
2026	\$ 86,664
2027	(604,521)
2028	(690,941)
2029	(181,732)
	<u>\$ (1,390,530)</u>

Additional Information:

Pension accounting and financial reporting are not directly tied to the plan's funding policy; however, the Town believes it is useful to provide readers with the plan's funded status for funding purposes. The Town uses actuarially determined amounts to establish its annual pension funding. As of September 30, 2025, the actuarially determined funded status for funding purposes reflected an asset of \$2,458,243, representing 113% funded. This funded status differs from the net pension liability (asset) reported in the financial statements due to differing actuarial assumptions and measurement requirements. Additional information is included in the most recent actuarial valuation, which is available from the Town upon request

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

6. Public Safety Officer Share Plan

Plan Description:

The Town's Public Safety Officer Share Plan was adopted to implement the provisions of Chapters 175 and 185, Florida Statutes, and to provide a mechanism to pay required "extra benefits" to the public safety officers based on the growth of insurance premium tax revenue pursuant to Chapters 175 and 185. The monies are to be an additional benefit to the public safety officers that are participants of the Town's Public Safety Officers & Firefighters Defined Benefit Plan; 23 employees at September 30, 2025. Each participant is entitled to one share for each year of credited service as a public safety officer of the Town, measured from October 1, 2006.

The Board of Trustees for Public Safety Officers & Firefighters Defined Benefit Plan governs this plan and is administered by Foster & Foster. The activity of the plan is included with the Public Safety Officers & Firefighters Defined Benefit Plan.

At September 30, 2025, the balance of this plan was \$2,339,887.

Funding Policy:

The monies to fund this plan shall be derived exclusively from monies received from the state and not from any additional taxes levied by the Town. The Town shall bear no expense in respect to the operation of this plan. The Board of Trustees shall pay all costs and expenses associated with the management and operation of this plan for the year. They may also set aside monies needed to cover expenses for the next fiscal year. After all expenses are covered, the Board of Trustees will then allocate and credit to the fund all monies left over on behalf of the participants of the plan. State contributions for the fiscal year ended September 30, 2025 totaled \$438,623.

7. Deferred Retirement Option Plan

Effective October 1, 2015, the Public Safety Officers & Firefighters Defined Benefit Plan provided a Deferred Retirement Option Plan (DROP) for members who reach retirement eligibility. When an employee elects to participate in DROP, the employee and employer contributions to the pension plan cease and the member's pension benefit begins accruing in a separate account while the employee continues to work. A member participating in DROP who is otherwise eligible continues participation in the Public Safety Officer Share Plan. Upon termination of employment, the member may elect a lump-sum distribution or a rollover to a tax-deferred account.

At September 30, 2025, there were two DROP participants with a deferred balance of \$117,369.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE H - PENSION PLANS (continued)

8. Partial Lump-Sum Option Payment

Effective October 1, 2015, the Town established a Partial Lump-Sum Option Payment (PLOP) for those members Public Safety Officers & Firefighters Defined Benefit Plan who do not elect to enter the DROP. The PLOP is an option at retirement that allows a recipient to receive a lump-sum benefit payment along with a reduced monthly retirement allowance.

The member may elect a percentage of the retirement benefit payment in a lump sum ranging from 5 - 20 percent with the remaining amount to be paid under the normal or optional forms of benefits. The assumptions used for mortality and interest will be as provided in the Plan definition of Actuarial Equivalence for calculation of all optional forms, including PLOP lump sums.

During year ended September 30, 2025, there were no elections of the PLOP.

NOTE I - OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

The Town administers a single-employer defined benefit retiree other post-employment benefit plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Town and eligible dependents, may continue to participate in the Town's fully-insured benefit plan for medical, prescription drug, dental, vision and life insurance. During the fiscal year ended September 30, 2015, a trust was established for the Town; however, the OPEB trust does not issue stand-alone financial reports and is not included in the reports of any other entity.

The Town provides OPEB benefits through (1) an implicit subsidy and, for certain retirees, (2) an explicit subsidy. The implicit subsidy results from allowing retirees to participate in the same benefit plans as active employees at blended group premium rates. Because retirees, as a group, are expected to incur higher claims costs than active employees, the blended rates create an implicit subsidy to retirees.

In addition, pursuant to a policy adopted by the Town Council on September 26, 2002, eligible retirees may receive coverage at explicitly subsidized premium rates that are lower than the full blended rates charged by insurance vendors. The amount of the explicit subsidy is based on years of service with the Town at retirement, and generally provides a service-based premium discount requiring a minimum of seven years of service. The discount is calculated as 1.5% for each of the first seven years of service, plus 2.0% for each full year of service between eight and fifteen years, plus 2.5% for each full year of service in excess of fifteen (not to exceed twenty-five years). The maximum subsidy for employees retiring with 25 years of service or more is 51.5% of the applicable premium. In 2014, the Town Council approved eliminating the explicit subsidy to all employees hired after February 2014.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

On January 24, 2020, the Town Council approved a policy allowing a former Town Manager to continue coverage at active employee premium rates until age 65 or until new employment, at which time the individual has six months to elect whether to remain on the Town's health plan or enroll in the new employer's plan. The current active employee subsidization is 100% for employee coverages, 64% for dependent health insurance, and 25% for dependent vision and dental coverage. After age 65, the retiree receives benefits consistent with the service-based subsidy described above.

As of September 30, 2025, the Town provides benefits for 39 active and 18 eligible inactive employees. Total premiums per month at September 30, 2025 ranged as follows:

Type	Single	With Spouse
Health	\$999	\$2,279
Dental	\$30	\$62
Vision	\$6	\$10
Life	\$3 - \$23	N/A

Funding Policy:

The Plan was established by Ordinance 519 on January 22, 2015. The Plan may be amended or terminated as circumstances require by ordinance. The numbers shown below reflect a decision to fund the program. Therefore, the contributions made to the program are the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses.

Contributions for the Plan are established on an annual basis. Eligible retirees and their covered dependents who are receiving benefits contribute 100% of their premium costs for medical insurance, except as noted above. The ability of retirees to obtain health and life insurance coverage at a group rate which includes active employees constitutes a significant economic benefit to retirees or an "implicit" subsidy. This implicit subsidy is considered to be an other post-employment benefit (OPEB) obligation of the Town.

The OPEB liability is currently funded with a combination of annual contributions to a professionally managed fund and Town premium payments on a pay-as-you-go basis. In August 2021, the Town issued resolution 20-04 which established a funding and payment policy for the plan. Under this policy upon completion of the annual OPEB liability calculation, if the percentage funded is greater than 110%, the current fiscal year OPEB expenditures will be paid from the OPEB Trust. If the percentage funded is less than 90%, the Town will make the calculated annual required contribution to the Trust. This resolution does not limit the Town from making additional contributions. In 2025, the Town did not contribute to the OPEB trust fund run by the FMPTF and administered by the Florida League of Cities.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits may be changed from time to time by management as noted above. Under the current policy, if a retiree does not make payments in a timely manner the benefit is forfeited and cannot be reinstated. Finally, administrative costs are financed through investment earnings.

The Town's net OPEB liability (asset) is calculated using the Alternative Measurement Method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

The Alternative Measurement Method involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that the determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing of the benefit costs between the employer and plan members at that point. The 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.

Net Other Post Employment Benefit (OPEB) Liability (Asset):

The components of the net OPEB liability (asset) at September 30, 2025 were as follows:

<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>	<u>Funded Percentage</u>
\$ 1,247,215	\$ (2,709,759)	\$ (1,462,544)	217.26%

The changes in the net OPEB liability (asset) for the year ended September 30, 2025 were as follows:

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balance as of September 30, 2024	\$ 1,612,414	\$ (2,642,594)	\$ (1,030,180)
Change due to:			
Service cost	131,477	-	131,477
Expected interest growth	96,181	(154,338)	(58,157)
Unexpected investment gain	-	(87,491)	(87,491)
Assumption/demographic changes	(421,349)	-	(421,349)
Benefit payments & refunds	(171,508)	171,508	-
Administrative expenses	-	3,156	3,156
Balance as of September 30, 2025	<u>\$ 1,247,215</u>	<u>\$ (2,709,759)</u>	<u>\$ (1,462,544)</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

The net OPEB liability (asset) was determined based on the following information:

Employer's reporting date:	September 30, 2025
Measurement date:	September 30, 2025
Valuation date:	October 1, 2024
Actuarial assumptions:	
Discount rate:	6.04% per annum
Asset method:	Fair Market Value, net of investment related expense
Inflation:	2.54%
Salary increases:	5.25%
Cost-of-living increases:	None assumed
Mortality basis:	Sex-distinct rates as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) Section 430.
Marital status:	Active employees and retirees covered under the terms of the OPEB plan who currently have spouses are assumed to be married to those spouses at retirement; those without spouses at the calculation date are assumed to be single at and throughout retirement.
Benefit payment dates:	Under the benefit terms, benefit payments begin when an active employee retires. The retirement rate is based upon pension plan retirement qualification, or if the employee has already qualified, one year later than the actuarial date. It is assumed that the retiree or spouse will leave the healthcare plan and accept Medicare at 65. In the case where the spouse is younger it is assumed that 5% of retirees will remain on until the spouse turns 65.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

Turnover: The probability that an active employee will remain employed until the assumed age at which employment-related eligibility criteria will be met was determined using gender-specific age-based turnover rates derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Healthcare cost trend rate: The expected rates of increase in healthcare costs are based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services, in National Health Care Expenditures Projections: 2013–2033 (www.cms.hhs.gov). Healthcare costs are expected to increase as follows:

2026	5.20%
2027	5.00%
2028	4.20%
2029	3.90%
2030	3.90%
Ultimate	4.10%

Acceptance rates: The following table shows the expected acceptance rates for the different types of insurance plans by employee type based on historical data:

	Health	Dental	Vision	Life
<i>Employees hired prior to February 2014</i>				
Public safety officers	80%	50%	40%	70%
General employees	57%	43%	29%	71%
<i>Employees hired after February 2014</i>				
Public safety officers	75%	50%	40%	70%
General employees	52%	43%	29%	71%

Changes: The following changes have been made since the prior measurement date. Decrease in healthcare cost trend from the range of 4.6%-6.5% to 3.9%-5.2% consistent with updated projections from the CMS Office of the Actuary

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

Determination of the Long-Term Expected Rate of Return on Plan Assets:

The long-term expected rate of return on OPEB 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 OPEB plan investment expense 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	70.00%	3.94%
Fixed Income	20.00%	1.96%
Real Estate	10.00%	<u>3.47%</u>
Weighted arithmetic average	100.00%	3.50%
Inflation factor		<u>2.54%</u>
Long-term expected rate of return		6.04%

The projection of cash flows used to determine the discount rate assumes that Town contributions will be made at actuarially determined rates. Based on those assumptions, the OPEB 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 investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of Net OPEB Liability (Asset) Using Alternative Rates:

The following presents the Town's OPEB liability (asset) as if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	Discount Rate Minus 1.00%	6.04% Discount Rate	Discount Rate Plus 1.00%
Total OPEB liability	\$ 1,350,067	\$ 1,247,215	\$ 1,156,400
Less fiduciary net position	(2,709,759)	(2,709,759)	(2,709,759)
Net OPEB liability (asset)	<u>\$ (1,359,692)</u>	<u>\$ (1,462,544)</u>	<u>\$ (1,553,359)</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

The following presents the Town's OPEB liability (asset) as if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	Healthcare Cost Trend Rate Minus 1.00%	Healthcare Cost Trend Rate	Healthcare Cost Trend Rate Plus 1.00%
Total OPEB liability	\$ 1,152,623	\$ 1,247,215	\$ 1,355,820
Less fiduciary net position	(2,709,759)	(2,709,759)	(2,709,759)
Net OPEB liability (asset)	<u>\$ (1,557,136)</u>	<u>\$ (1,462,544)</u>	<u>\$ (1,353,939)</u>

Deferred Outflow and Inflow of Resources

On September 30, 2025, the Town reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumption/demographic	\$ 231,478	\$ 714,253
Net difference between Projected and Actual Earnings on OPEB investments	98,850	324,071
Total	<u>\$ 330,328</u>	<u>\$ 1,038,324</u>

Changes to the deferred inflows and outflows for the year ended September 30, 2025 are as follows:

	Amortization period	Deferred outflows of resources	Deferred inflows of resources
Balance as of September 30, 2024		\$ 456,089	\$ 804,500
Change due to:			
Amortization payments		(125,761)	(275,016)
Investment gain	5 years	-	87,491
Assumption/demographic changes	11 years	-	421,349
Total change		<u>(125,761)</u>	<u>233,824</u>
Balance as of September 30, 2025		<u>\$ 330,328</u>	<u>\$ 1,038,324</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (continued)

The following schedule discloses the amounts of deferred inflows and outflows to be used as reductions and additions to the net OPEB liability (asset):

Net OPEB liability (asset) as of September 30, 2024	\$ (1,030,180)
Plus OPEB expense for the 2024/25 fiscal year	(72,779)
Plus change in balance of deferred outflows of resources	(125,761)
Minus change in balance of deferred inflows of resources	<u>(233,824)</u>
Net OPEB liability (asset) as of September 30, 2025	<u>\$ (1,462,544)</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in other post-employment benefit expense as follows:

<u>Year ended September 30,</u>	<u>OPEB Expense</u>
2026	\$ 102,677
2027	201,527
2028	158,411
2029	73,202
2030	55,704
Thereafter	<u>116,475</u>
	<u>\$ 707,996</u>

NOTE J - DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan administered by MissionSquare Retirement under Section 457 of the Internal Revenue Code. The plan permits employees to defer a portion of their salary to future years, and participation is available upon hire.

The Town Council authorized the Town Manager and Public Safety Director to participate in this plan in lieu of the Town's defined benefit or defined contribution plans. The Town contributes up to 11% of base compensation based on the employee's contribution of up to 5%, subject to annual IRS contribution limits. For the year ended September 30, 2025, the Town's contributions totaled \$22,893 for the Town Manager and \$18,657 for the Public Safety Director.

All assets and income of the deferred compensation plan are held in trust for the exclusive benefit of plan participants and their beneficiaries and are fully vested upon contribution; accordingly, plan assets are not reported in the accompanying financial statements.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE K - COMMITMENTS AND CONTINGENCIES

1. Litigation

The Town is subject to various legal proceedings arising in the ordinary course of operations. Based on information currently available, management believes the outcome of these matters will not have a material adverse effect on the Town's financial condition or results of operations.

2. Construction commitments

As of September 30, 2025, major outstanding construction commitments were as follows:

	<u>Committed</u>	<u>Spent*</u>	<u>Remaining</u>	<u>Retainage</u>
Public Safety				
Building Renovations	<u>\$ 1,302,738</u>	<u>\$ 1,271,271</u>	<u>\$ 31,467</u>	<u>\$ 127,127</u>
	<u>\$ 1,302,738</u>	<u>\$ 1,271,271</u>	<u>\$ 31,467</u>	<u>\$ 127,127</u>

* Amount spent includes retainage payable at September 30, 2025.

3. Grant awards

The Town participates in various federal and state grant programs, certain of which are subject to compliance audits. The Town's compliance with applicable grant requirements will be determined in the future. Any expenditures that may be disallowed by granting agencies cannot be determined at this time; however, management believes such amounts, if any, will be immaterial.

NOTE L - RISK MANAGEMENT

1. Insurance coverage

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To limit its exposure to these risks, the Town participates in the Florida League of Cities (a not-for-profit corporation) insurance program for workers' compensation, general liability, and auto liability. The program purchases excess and specific coverages from third-party carriers. Participants are billed annually for their share of program costs, adjusted for actual experience during the period of coverage. Participants are not assessed for unanticipated losses incurred by the program.

In addition, the Town purchases commercial property insurance and other insurance coverages from third parties to cover other risks. Premiums paid by the Town during the fiscal year ended September 30, 2025 totaled \$348,492. There were no significant reductions in insurance coverage during fiscal year 2025. Settled claims resulting from the risks described above have not exceeded insurance coverage in any of the previous three fiscal years.

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE L - RISK MANAGEMENT (continued)

2. Concentrations and other risks

The Town's primary source of governmental revenues is ad valorem property taxes. From time to time, the State of Florida considers legislative proposals that could reduce or eliminate property tax authority for local governments, including proposals that may be advanced through the constitutional amendment process. If enacted or approved by voters, such measures could have a substantial impact on the Town's future revenues and operating capacity. As of the date the financial statements are issued, the outcome, timing, and potential financial impact of any such proposals are uncertain.

NOTE M - ACCOUNTING CHANGES AND RESTATEMENTS

In accordance with GASB Codification Section 2250, *Accounting Changes and Error Corrections*, the Town has recognized changes to its beginning balances related to the implementation of a new accounting standard and a change in fund presentation.

- *Change in Accounting Principle:* The Town implemented GASB Statement No. 101, *Compensated Absences*. As a result, the Town recognized a liability for certain accumulated leave benefits that are more likely than not to be used as time off, along with applicable salary-related payments. These amounts were not recognized under the prior standard. This adjustment decreased beginning net position for governmental activities in the government-wide financial statements by \$234,526.
- *Change in Presentation:* In the current year, the ARPA Fund and the Planning, Zoning and Building Fund did not meet the quantitative criteria for major fund reporting and are therefore presented as nonmajor governmental funds. Accordingly, the beginning fund balance of the Planning, Zoning and Building Fund has been reclassified to the "Other Governmental Funds" column. Because the ARPA Fund reported a zero beginning fund balance, no reclassification was required for that fund. These presentation changes do not affect total governmental fund balance.

The following schedules summarize the effects of the accounting change and presentation change on the Town's beginning net position and governmental fund balances:

	Government- Wide Financial Statements
Net position – September 30, 2024, as previously reported	\$ 19,456,978
GASB 101 implementation (compensated absences)	(234,526)
Net position – September 30, 2024, as adjusted	<u>\$ 19,222,452</u>

Town of Indian River Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

NOTE M - ACCOUNTING CHANGES AND RESTATEMENTS (continued)

	Fund Financial Statements		
	Governmental		
	Planning, Zoning, and Building	ARPA	Other Governmental Funds (Nonmajor funds)
Fund balance – September 30, 2024, as previously reported	\$ 650,905	\$ -	\$ 66,277
Change from major to nonmajor presentation	(650,905)	-	650,905
Fund balance – September 30, 2024, as adjusted	\$ -	\$ -	\$ 717,182

NOTE N - SUBSEQUENT EVENTS

Evaluating subsequent events

The Town has evaluated subsequent events through March 3, 2026, the date which the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Indian River Shores, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET TO ACTUAL - GENERAL FUND**

Year ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 6,763,089	\$ 6,789,089	\$ 6,789,130	\$ 41
State shared revenues	102,509	104,509	104,515	6
Discretionary sales surtax	839,404	869,404	864,685	(4,719)
Communication services tax	335,894	357,894	357,495	(399)
Intergovernmental	418,862	426,362	425,227	(1,135)
Federal grant revenue	1,000	14,000	13,822	(178)
State grant revenue	-	57,950	57,950	-
Licenses and permits	8,000	1,000	600	(400)
Fines and forfeitures	5,600	7,600	9,010	1,410
Other taxes	7,000	6,500	6,674	174
Post office fees	193,300	189,300	188,344	(956)
Ambulance service fees	127,000	153,000	149,186	(3,814)
Celltower fees and rents	6,553	6,553	6,553	-
Other fees and rents	58,750	60,750	61,042	292
Interest income	400,000	417,000	417,697	697
Miscellaneous revenue	10,500	5,500	5,625	125
Total revenues	<u>9,277,461</u>	<u>9,466,411</u>	<u>9,457,555</u>	<u>(8,856)</u>
EXPENDITURES				
Current				
General government	2,810,615	2,902,270	2,760,583	141,687
Public safety	4,884,289	4,779,289	4,653,306	125,983
Physical environment	12,978	80,478	76,946	3,532
Transportation	55,000	5,000	-	5,000
Culture and recreation	30,690	25,690	23,090	2,600
Capital outlay	1,557,500	1,864,580	1,801,087	63,493
Debt service:				
Principal	53,285	53,285	77,300	(24,015)
Interest	6,014	6,014	4,131	1,883
Total expenditures	<u>9,410,371</u>	<u>9,716,606</u>	<u>9,396,443</u>	<u>320,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,910)</u>	<u>(250,195)</u>	<u>61,112</u>	<u>311,307</u>
Other financing sources (uses)				
Proceeds from capital lease obligations	-	19,000	18,855	(145)
Proceeds from SBITA obligations	-	37,000	35,708	(1,292)
Proceeds from sale of surplus	5,000	31,000	31,331	331
Insurance recoveries	-	17,000	17,902	902
Total other financing sources	<u>5,000</u>	<u>104,000</u>	<u>103,796</u>	<u>(204)</u>
Net change in fund balances	<u>(127,910)</u>	<u>(146,195)</u>	<u>164,908</u>	<u>311,103</u>
Fund balances, beginning of year	<u>7,397,466</u>	<u>7,397,466</u>	<u>7,397,466</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,269,556</u>	<u>\$ 7,251,271</u>	<u>\$ 7,562,374</u>	<u>\$ 311,103</u>

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
GENERAL EMPLOYEES DEFINED BENEFIT PLAN

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
TOTAL PENSION LIABILITY										
Service cost	\$ 64,271	\$ 43,219	\$ 36,091	\$ 33,947	\$ 33,566	\$ 29,630	\$ 68,894	\$ 68,840	\$ 70,056	\$ 63,621
Expected interest growth	85,091	96,984	91,424	87,357	82,635	83,913	80,066	73,286	64,651	48,718
Demographic experience	(181,805)	20,125	8,507	(211)	19,207	(65,439)	12,143	(3,419)	10,699	(276)
Changes of assumptions	239,909	-	-	-	(3,797)	-	-	-	19,293	142,282
Benefit payments, including refunds on member contributions	(40,965)	(45,655)	(69,106)	(69,106)	(69,106)	(69,106)	(60,476)	(48,395)	(48,395)	(48,395)
Net change in total pension liability	166,501	114,673	66,916	51,987	62,505	(21,002)	100,627	90,312	116,304	205,950
Total pension liability - beginning	1,397,603	1,282,930	1,216,014	1,164,027	1,101,522	1,122,524	1,021,897	931,585	815,281	609,331
Total pension liability - ending (a)	1,564,104	1,397,603	1,282,930	1,216,014	1,164,027	1,101,522	1,122,524	1,021,897	931,585	815,281
PLAN FIDUCIARY NET POSITION										
Contributions - employer	36,459	82,276	85,015	40,668	62,921	63,224	72,813	100,841	111,558	108,876
Contributions - member	1,044	18,356	17,098	14,723	13,702	13,218	18,326	24,092	23,447	23,640
Net investment income	160,202	309,615	131,716	(209,692)	277,941	82,468	61,278	86,348	120,559	54,062
Benefit payments, including refunds on member contributions	(40,965)	(45,655)	(69,106)	(69,106)	(69,106)	(69,106)	(60,476)	(48,395)	(48,395)	(48,395)
Administrative expenses	(9,894)	(9,082)	(8,674)	(8,881)	(6,636)	(6,108)	(6,292)	(5,824)	(5,471)	(5,730)
Net change in plan fiduciary net position	146,846	355,510	156,049	(232,288)	278,822	83,696	85,649	157,062	201,698	132,453
Plan fiduciary net position - beginning	1,809,641	1,454,131	1,298,082	1,530,370	1,251,548	1,167,852	1,082,203	925,141	723,443	590,990
Plan fiduciary net position - ending (b)	1,956,487	1,809,641	1,454,131	1,298,082	1,530,370	1,251,548	1,167,852	1,082,203	925,141	723,443
Net pension liability (asset) - ending (a) - (b)	\$ (392,383)	\$ (412,038)	\$ (171,201)	\$ (82,068)	\$ (366,343)	\$ (150,026)	\$ (45,328)	\$ (60,306)	\$ 6,444	\$ 91,838
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	125.09%	129.48%	113.34%	106.75%	131.47%	113.62%	104.04%	105.90%	99.31%	88.74%
Covered Payroll	\$ 214,155	\$ 199,477	\$ 171,769	\$ 159,855	\$ 154,205	\$ 137,478	\$ 281,080	\$ 273,554	\$ 275,802	\$ 258,006
Net Pension Liability (Asset) as a Percentage of the Covered Payroll	-183.22%	-206.56%	-99.67%	-51.34%	-237.57%	-109.13%	-16.13%	-22.05%	2.34%	35.60%

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

**SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES DEFINED BENEFIT PLAN**

Year ended September 30,	Actuarially Determined Contributions (a)	Contribution in Relation to the Actuarially Determined Contributions (b)	Contribution Deficiency (Surplus) (a - b)	Covered Payroll (c)	Contribution in Percentage of Covered Payroll (b / c)
2025	\$ -	\$ 36,459	\$ (36,459)	\$ 214,155	17.02%
2024	\$ 82,276	\$ 82,276	\$ -	\$ 199,477	41.25%
2023 ⁽¹⁾	\$ 85,015	\$ 85,015	\$ -	\$ 171,769	49.49%
2022	\$ 40,668	\$ 40,668	\$ -	\$ 159,855	25.44%
2021 ⁽²⁾	\$ 62,921	\$ 62,921	\$ -	\$ 154,205	40.80%
2020	\$ 63,224	\$ 63,224	\$ -	\$ 137,478	45.99%
2019 ⁽³⁾	\$ 72,813	\$ 72,813	\$ -	\$ 281,080	25.90%
2018	\$ 100,841	\$ 100,841	\$ -	\$ 273,554	36.86%
2017 ⁽⁴⁾	\$ 111,558	\$ 111,558	\$ -	\$ 275,802	40.45%
2016	\$ 108,876	\$ 108,876	\$ -	\$ 258,006	42.20%

See the notes to the Required Supplementary Information for significant assumptions used to compute the annual required contribution requirement for the year ended September 30, 2025.

(1) Effective October 1, 2022, the administrative expense assumption increased from \$6,000 per year to \$9,000 per year.

(2) Effective October 1, 2020, the mortality basis was changed from the RP-2000 Combined Mortality Table with generational improvements in mortality using Scale BB to selected PUB-2010 Mortality Tables with generational improvements in mortality using Scale MP-2018.

(3) Effective October 1, 2018, the administrative expense assumption was increased from \$3,500 per year to \$6,000 per year.

(4) Effective October 1, 2016, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to a full generational projection using Scale BB of the RP-2000 Combined Mortality Table.

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PUBLIC SAFETY OFFICERS AND FIREFIGHTERS DEFINED BENEFIT PLAN

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
TOTAL PENSION LIABILITY										
Service cost	\$ 315,530	\$ 247,584	\$ 230,727	\$ 220,875	\$ 276,172	\$ 312,483	\$ 349,024	\$ 318,686	\$ 294,947	\$ 307,087
Expected interest growth	1,179,741	1,155,256	1,157,604	1,127,028	1,129,544	1,140,190	1,044,234	991,376	949,453	871,471
Share plan allocation	438,623	354,804	239,474	144,476	196,895	180,714	169,972	166,591	131,990	257,370
Changes in benefit terms	-	-	-	-	-	-	54	-	-	183,569
Differences between expected and actual experience	246,068	56,609	(357,330)	419,151	117,478	27,322	154,152	172,493	69,622	(5,073)
Changes of assumptions	332,775	-	-	-	-	(408,460)	(792,936)	-	-	473,212
Benefit payments, including refunds on member contributions	(1,955,667)	(1,083,229)	(1,561,012)	(1,375,783)	(2,028,360)	(718,944)	(688,949)	(978,674)	(619,281)	(669,162)
Net change in total pension liability	557,070	731,024	(290,537)	535,747	(308,271)	533,305	235,551	670,472	826,731	1,418,474
Total pension liability - beginning	18,139,959	17,408,935	17,699,472	17,163,725	17,471,996	16,938,691	16,703,140	16,032,668	15,205,937	13,787,463
Total pension liability - ending (a)	18,697,029	18,139,959	17,408,935	17,699,472	17,163,725	17,471,996	16,938,691	16,703,140	16,032,668	15,205,937
PLAN FIDUCIARY NET POSITION										
Contributions - employer	311,222	298,907	351,314	182,610	196,311	232,887	428,713	549,220	1,086,822	930,552
Contributions - state	438,623	354,804	239,474	144,476	196,895	180,714	169,972	166,591	131,990	257,370
Contributions - member	141,528	135,928	138,115	82,952	89,204	105,901	146,041	136,020	131,883	145,727
Net investment income	2,229,585	3,670,362	1,591,858	(2,514,394)	2,877,930	656,644	1,016,227	1,391,186	1,345,839	1,462,352
Benefit payments, including refunds on member contributions	(1,955,667)	(1,083,229)	(1,561,012)	(1,375,783)	(2,028,360)	(718,944)	(688,949)	(978,674)	(619,281)	(669,162)
Administrative expenses	(90,817)	(66,548)	(62,716)	(62,466)	(69,615)	(84,439)	(51,802)	(48,927)	(63,162)	(75,157)
Net change in plan fiduciary net position	1,074,474	3,310,224	697,033	(3,542,605)	1,262,365	372,763	1,020,202	1,215,416	2,014,091	2,051,682
Plan fiduciary net position - beginning	20,146,825	16,836,601	16,139,568	19,682,173	18,419,808	18,047,045	17,026,843	15,811,427	13,797,336	11,745,654
Plan fiduciary net position - ending (b)	21,221,299	20,146,825	16,836,601	16,139,568	19,682,173	18,419,808	18,047,045	17,026,843	15,811,427	13,797,336
Net pension liability (asset) - ending (a) - (b)	\$ (2,524,270)	\$ (2,006,866)	\$ 572,334	\$ 1,559,904	\$ (2,518,448)	\$ (947,812)	\$ (1,108,354)	\$ (323,703)	\$ 221,241	\$ 1,408,601
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	113.50%	111.06%	96.71%	91.19%	114.67%	105.42%	106.54%	101.94%	98.62%	90.74%
Covered Payroll	\$ 1,749,420	\$ 1,680,198	\$ 1,534,611	\$ 1,452,742	\$ 1,543,327	\$ 1,615,029	\$ 1,622,682	\$ 1,511,338	\$ 1,387,302	\$ 1,607,448
Net Pension Liability (Asset) as a Percentage of the Covered Payroll	-144.29%	-119.44%	37.30%	107.38%	-163.18%	-58.69%	-68.30%	-21.42%	15.95%	87.63%

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

**SCHEDULE OF CONTRIBUTIONS
PUBLIC SAFETY OFFICERS AND FIREFIGHTERS DEFINED BENEFIT PLAN**

Year ended September 30,	Actuarially Determined Contributions (a)	Contribution in Relation to the Actuarially Determined Contributions (b)	Contribution Deficiency (Surplus) (a - b)	Covered Payroll (c)	Contribution in Percentage of Covered Payroll (b / c)
2025	\$ 311,222	\$ 311,222	\$ -	\$ 1,749,420	17.79%
2024	\$ 298,907	\$ 298,907	\$ -	\$ 1,680,198	17.79%
2023	\$ 348,971	\$ 351,314	\$ (2,343)	\$ 1,534,611	22.89%
2022	\$ 182,610	\$ 182,610	\$ -	\$ 1,452,742	12.57%
2021	\$ 196,311	\$ 196,311	\$ -	\$ 1,543,327	12.72%
2020 ⁽¹⁾	\$ 232,887	\$ 232,887	\$ -	\$ 1,615,029	14.42%
2019 ^{(2) (3)}	\$ 428,713	\$ 428,713	\$ -	\$ 1,622,682	26.42%
2018	\$ 549,220	\$ 549,220	\$ -	\$ 1,511,338	36.34%
2017	\$ 806,439	\$ 1,086,822	\$ (280,383)	\$ 1,387,302	78.34%
2016 ⁽⁴⁾	\$ 930,552	\$ 930,552	\$ -	\$ 1,607,448	57.89%

See the notes to the Required Supplementary Information for significant assumptions used to compute the annual required contribution requirement for the year ended September 30, 2025.

- (1) As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the July 1, 2019 actuarial valuation for special risk lives, with appropriate risk and collar adjustments made based on plan demographics.
Additionally, the following assumption changes were made as a result of an experience study dated July 24, 2020:
- (a) The salary increase assumption was changed from a flat 5.25% to be 15% for those with less than 2 years of service, 6.0% for those with 2-10 years of service, and 4.5% for those with 11 or more years of service.
 - (b) The termination rate assumption was changed, resulting in generally more withdrawals than previously assumed.
- (2) Amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.
- (3) Increased the investment rate of return from 6.25% to 6.75% per year, compounded annually, net of investment related expenses
- (4) Ordinance No. 527, adopted and effective June 16, 2016, implemented the following benefit changes:
- (a) A reduction in the Member Contribution rate for members hired after October 1, 2012.
 - (b) A reduction in the age for Normal Retirement eligibility and removal of the early retirement option.
 - (c) A DROP retirement option upon eligibility for Normal Retirement and addition of a partial lump sum option available to members not participating in the DROP. Ordinance No. 532, provided a 90 day window for retroactive DROP participation, back to the first eligibility for Normal Retirement, but not prior to October 1, 2015.

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

SCHEDULE OF CHANGES IN NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY
OTHER POST-EMPLOYMENT BENEFITS DEFINED BENEFIT PLAN

	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
TOTAL OPEB LIABILITY									
Service cost	\$ 131,477	\$ 102,388	\$ 104,035	\$ 60,988	\$ 63,682	\$ 67,404	\$ 82,872	\$ 83,758	\$ 99,983
Expected interest growth	96,181	98,774	90,966	73,079	82,135	80,907	89,700	89,639	96,165
Changes of assumptions & demographics	(421,349)	(129,994)	(63,659)	118,494	(125,249)	(99,327)	(298,858)	(156,427)	(247,671)
Benefit payments, including refunds on member contributions	(171,508)	(85,783)	(68,632)	(120,833)	(30,024)	(20,604)	(23,709)	(9,219)	(12,669)
Net change in total pension liability	(365,199)	(14,615)	62,710	131,728	(9,456)	28,380	(149,995)	7,751	(64,192)
Total OPEB liability - beginning	1,612,414	1,627,029	1,564,319	1,432,591	1,442,047	1,413,667	1,563,662	1,555,911	1,620,103
Total OPEB liability - ending (a)	1,247,215	1,612,414	1,627,029	1,564,319	1,432,591	1,442,047	1,413,667	1,563,662	1,555,911
PLAN FIDUCIARY NET POSITION									
Contributions - employer	-	-	-	-	-	20,604	23,709	9,219	1,264,623
Net investment income	241,829	487,771	221,127	(363,023)	469,161	145,538	92,284	153,761	96,222
Benefit payments, including refunds on member contributions	(171,508)	(85,783)	(68,632)	(120,833)	(30,024)	(20,604)	(23,709)	(9,219)	(12,669)
Administrative expenses	(3,156)	(2,959)	(2,754)	(3,046)	(2,925)	(2,471)	(2,383)	(1,876)	(1,349)
Net change in plan fiduciary net position	67,165	399,029	149,741	(486,902)	436,212	143,067	89,901	151,885	1,346,827
Plan fiduciary net position - beginning	2,642,594	2,243,565	2,093,824	2,580,726	2,144,514	2,001,447	1,911,546	1,759,661	412,834
Plan fiduciary net position - ending (b)	2,709,759	2,642,594	2,243,565	2,093,824	2,580,726	2,144,514	2,001,447	1,911,546	1,759,661
Net OPEB liability (asset) - ending (a) - (b)	\$ (1,462,544)	\$ (1,030,180)	\$ (616,536)	\$ (529,505)	\$ (1,148,135)	\$ (702,467)	\$ (587,780)	\$ (347,884)	\$ (203,750)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	217.26%	163.89%	137.89%	133.85%	180.14%	148.71%	141.58%	122.25%	113.10%
Covered Payroll	\$ 4,006,335	\$ 3,693,533	\$ 3,399,514	\$ 2,989,906	\$ 3,064,593	\$ 3,107,677	\$ 2,796,717	\$ 2,551,216	\$ 2,403,928
Net OPEB Liability (Asset) as a Percentage of the Covered Payroll	-36.51%	-27.89%	-18.14%	-17.71%	-37.46%	-22.60%	-21.02%	-13.64%	-8.48%

NOTE: Nine years of data is available for GASB 74/75.

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

**SCHEDULE OF CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS DEFINED BENEFIT PLAN**

Year ended September 30,	Actuarially Determined Contributions (a)	Contribution in Relation to the Actuarially Determined Contributions (b)	Contribution Deficiency (Surplus) (a - b)	Covered Payroll (c)	Contribution in Percentage of Covered Payroll (b / c)
2025 (1)	\$ 2,445	\$ -	\$ 2,445	\$ 4,006,335	0.00%
2024 (2)	\$ 86,666	\$ -	\$ 86,666	\$ 3,693,533	0.00%
2023 (3)	\$ 45,483	\$ -	\$ 45,483	\$ 3,399,514	0.00%
2022 (4)	\$ -	\$ -	\$ -	\$ 2,989,906	0.00%
2021 (5)	\$ 4,416	\$ -	\$ 4,416	\$ 3,064,593	0.00%
2020 (6)	\$ 17,244	\$ 20,604	\$ (3,360)	\$ 3,107,677	0.66%
2019 (7)	\$ 55,270	\$ 23,709	\$ 31,561	\$ 2,796,717	0.85%
2018 (8)	\$ 69,856	\$ 9,219	\$ 60,637	\$ 2,551,216	0.36%
2017 (9)	\$ 209,699	\$ 1,264,623	\$ (1,054,924)	\$ 2,403,928	52.61%
2016 (10)	\$ 206,439	\$ 199,771	\$ 6,668	\$ 2,280,023	8.76%

All years are calculated use the Alternative Measurement Method allowed under GASB 45 & GASB 75.

See the notes to the Required Supplementary Information for significant assumptions uses to compute the annual required contribution requirement for the year ended September 30, 2025.

(1) The discount rate was increased from 5.75% to 6.04%. Health cost trend assumptions changed from 4.80% - 7.70% to 3.90% - 5.20%.

(2) The discount rate was decreased from 5.63% to 5.21%. Health cost trend assumptions changed from 4.30% - 5.00% to 4.10% - 7.90%. The payroll growth rate assumption was decreased from 5.75% to 5.00% based on an analysis of current salary trends.

(3) Health cost trend assumptions changed from 3.0% - 5.00% to 4.30% - 5.00%.

(4) Health cost trend assumptions changed from 4.8% - 5.50% to 3.50% - 5.00%.

(5) The discount rate was decreased from 5.78% to 5.63%. Health cost trend assumptions changed from 4.0% - 5.20% to 4.80% - 5.50%.

(6) The discount rate was increased from 4.12% to 5.78% to comply with GASB 74/75. Health cost trend assumptions changed from 4.40% - 5.50% to 4.00% - 5.20%.

(7) The discount rate was increased from 3.48% to 4.12% to comply with GASB 74/75. Health cost trend assumptions changed from 5.10% - 5.80% to 4.40% - 5.50%. The payroll growth rate assumption was increased from 5.00% to 5.75% based on an analysis of current salary trends.

(8) The assumed investment rate was decreased from 3.51% to 2.89% to match the High Grade 20 year Municipal Bond Rate. Health cost trend assumptions changed from 5.00% - 5.80% to 5.10% - 5.80%. The mortality table changed to RP-2000 Mortality Table for annuitants, projected by Scale MP, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430 to be in line with the other defined benefit plans.

(9) The assumed investment rate was decreased from 3.51% to 3.48% to match the High Grade 20 year Municipal Bond Rate. Health cost trend assumptions changed from 4.80% - 6.90% to 5.00% - 5.80%.

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

**SCHEDULE OF INVESTMENT RETURNS
DEFINED BENEFIT PENSION PLANS**

GENERAL EMPLOYEES DEFINED BENEFIT PLAN

Valuation Date	Annual Money - Weighted Rate of Return, Net of Investment Expense
September 30, 2025	8.89%
September 30, 2024	20.96%
September 30, 2023	10.05%
September 30, 2022	-13.80%
September 30, 2021	22.20%
September 30, 2020	7.06%
September 30, 2019	5.60%
September 30, 2018	8.99%
September 30, 2017	15.78%
September 30, 2016	8.58%

PUBLIC SAFETY OFFICERS & FIREFIGHTERS DEFINED BENEFIT PLAN

Valuation Date	Annual Money - Weighted Rate of Return, Net of Investment Expense
September 30, 2025	11.47%
September 30, 2024	22.19%
September 30, 2023	10.19%
September 30, 2022	-13.10%
September 30, 2021	16.41%
September 30, 2020	3.68%
September 30, 2019	5.99%
September 30, 2018	8.84%
September 30, 2017	9.46%
September 30, 2016	12.18%

OTHER POST-EMPLOYMENT BENEFITS DEFINED BENEFIT PLAN

Valuation Date	Annual Money - Weighted Rate of Return, Net of Investment Expense
September 30, 2025	9.14%
September 30, 2024	21.77%
September 30, 2023	10.20%
September 30, 2022	-14.46%
September 30, 2021	19.90%
September 30, 2020	6.82%
September 30, 2019	4.94%
September 30, 2018	8.38%
September 30, 2017	13.70%

NOTE: Nine years of data was available for GASB 74/75, which was adopted in fiscal year 2017.

See accompanying note to required supplementary information.

Town of Indian River Shores, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Budgets and budgetary accounting

The following procedures are used to establish and maintain operating budgets of the Town:

Prior to August 1st of each year, the Town Manager, in consultation with the Finance Committee, submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1st.

Public hearings are conducted to obtain taxpayer suggestions. If changes are suggested by the taxpayers, the Town Council considers those changes and votes to incorporate them if deemed appropriate.

Prior to October 1st, the budgets are legally enacted through passage of a resolution.

The Town Council is authorized to amend the budget to utilize excess funds, to increase appropriations, to transfer funds, or for any other purpose. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for certain tax revenue, which is on a cash basis, and encumbrances that are considered the equivalent of expenditures and are reserved at year-end for governmental funds.

The annual operating budget serves as legal authorization for expenditures and the proposed means of financing them. The fund level is the legal level of budgetary control. Budgetary information is integrated into the accounting system and appropriations are controlled at the object level within each department for management control purposes.

Town of Indian River Shores, Florida

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2025

NOTE B - SIGNIFICANT METHODS AND ASSUMPTIONS

1. General Employees Defined Benefit Plan

The actuarially determined contribution rate for the year ended September 30, 2025 was based on the following methods and assumptions:

Valuation Date	October 1, 2024
Actuarial Cost Method	Aggregate cost method
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return	5.90% compounded annually
Projected salary increases	5.00% per year

2. Public Safety Officers & Firefighters Defined Benefit Plan

The actuarially determined contribution rate for the year ended September 30, 2025 was based on the following methods and assumptions:

Valuation Date	October 1, 2023
Actuarial Cost Method	Entry age normal cost
Amortization Method	Level-dollar, closed
Amortization Period	10 years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return	6.75% compounded annually
Projected salary increases	< 2 years: 15%; 2-10 years: 6%; 11+ years: 4.5%

3. Other Post-Employment Benefits Defined Benefit Plan

The actuarially determined contribution rate for the year ended September 30, 2025 was based on the following methods and assumptions:

Valuation Date	October 1, 2024
Actuarial Cost Method	Entry age normal cost
Amortization Method	Level percentage, closed
Amortization Period	10 years
Asset Valuation Method	Fair Market Value
Actuarial Assumptions:	
Investment rate of return	6.04% compounded annually
Projected salary increases	5.25% per year

SUPPLEMENTAL COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments that are not legally required or, for sound financial management, expected to be accounted for in another fund.

Town of Indian River Shores, Florida

**GENERAL FUND
BALANCE SHEETS WITH COMPARATIVE TOTALS**

September 30,

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 516,600	\$ 424,207
Investments	7,236,833	7,127,142
Accounts receivable, net	34,817	84,252
Due from other governments	265,984	291,453
Insurance recoveries receivable	355,584	-
Inventory	35,488	47,825
Prepaid expenses	275,646	139,200
Total assets	\$ 8,720,952	\$ 8,114,079
LIABILITIES		
Accounts payable	\$ 163,306	\$ 108,594
Retainage payable	127,127	43,145
Accrued liabilities	166,461	147,762
Deposits	4,961	5,261
Other unearned revenue	4,244	4,484
Total liabilities	466,099	309,246
DEFERRED INFLOWS OF RESOURCES		
Prepaid celltower lease	319,630	326,183
Unavailable revenue	372,849	81,184
Total deferred inflows of resources	692,479	407,367
FUND BALANCE		
Nonspendable:		
Prepays	275,646	139,200
Inventory	35,488	47,825
Restricted:		
Capital outlay	295,125	1,125,157
Assigned:		
Celltower removal	117,973	112,120
Infrastructure replacement	1,349,774	1,037,759
Unassigned	5,488,368	4,935,405
Total fund balances	7,562,374	7,397,466
Total liabilities, deferred inflow of resources and fund balances	\$ 8,720,952	\$ 8,114,079

Town of Indian River Shores, Florida

**GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES WITH COMPARATIVE TOTALS**

Years ended September 30,

	2025	2024
REVENUES		
Property taxes	\$ 6,789,130	\$ 5,991,083
State shared revenues	104,515	102,772
Discretionary sales surtax	864,685	838,733
Communication services tax	357,495	325,949
Intergovernmental	425,227	409,614
Federal grant revenue	13,822	37,384
State grant revenue	57,950	16,381
Licenses and permits	600	4,625
Fines and forfeitures	9,010	7,357
Other taxes	6,674	7,259
Post office fees	188,344	195,422
Ambulance service fees	149,186	57,794
Celltower fees and rents	6,553	6,553
Other fees and rents	61,042	62,163
Interest income	417,697	487,563
Miscellaneous revenue	5,625	9,692
Total revenues	9,457,555	8,560,344
EXPENDITURES		
Current		
General government	2,760,583	2,340,855
Public safety	4,653,306	4,642,826
Physical environment	76,946	20,692
Culture and recreation	23,090	25,960
Capital outlay	1,801,087	463,626
Debt service:		
Principal	77,300	46,994
Interest	4,131	6,431
Total expenditures	9,396,443	7,547,384
Excess (deficiency) of revenues over (under) expenditures	61,112	1,012,960
Other financing sources (uses)		
Proceeds from capital lease obligations	18,855	-
Proceeds from SBITA obligations	35,708	-
Proceeds from sale of surplus	31,331	21,750
Insurance recoveries	17,902	14,455
Total other financing sources	103,796	36,205
Net change in fund balances	164,908	1,049,165
Fund balances, beginning of year	7,397,466	6,348,301
Fund balances, end of year	\$ 7,562,374	\$ 7,397,466

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds, generally special revenue funds, are used to account for specific revenues that are legally restricted or otherwise constrained to expenditures for particular purposes and do not meet the criteria for major fund reporting.

Planning, Zoning and Building Fund - This fund accounts for building department revenues and expenditures. The fund also accounts for the receipt of County impact fees, which are remitted to Indian River County. The Town may retain up to 2% of total impact fee revenues as an administrative service fee.

ARPA Fund – This fund was established by Resolution 22-01 to account for monies received under the American Rescue Plan Act and related expenditures in accordance with grant requirements.

Road and Offsite Drainage Fund – This fund accounts for road-related revenues, including impact fees collected upon issuance of building permits and motor fuel tax and local option gas tax revenues remitted by the State of Florida.

Bike Path and Pedestrian Way Fund - This fund accounts for impact fees collected upon issuance of building permits. Expenditures are for bike path and pedestrian way expansion and related costs.

Law Enforcement Forfeiture Fund – This fund accounts for proceeds received under Section 932.7055, Florida Statutes. Proceeds and interest earned thereon must be used for eligible law enforcement purposes and may not be used to fund normal operating expenses of the law enforcement agency.

Town of Indian River Shores, Florida

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS WITH COMPARATIVE TOTALS

September 30,

	Planning, Zoning and Building Fund (Formally major)	ARPA Fund (Formally major)	Road and Offsite Drainage Fund	Bike Path and Pedestrian Way Fund	Law Enforcement Forfeiture Fund	Totals	
						2025	2024 (restated)
ASSETS							
Investments	\$ 816,361	\$ -	\$ 43,940	\$ 29,463	\$ 19	\$ 889,783	\$ 950,985
Due from other governments	-	-	12,546	-	-	12,546	13,234
Total assets	<u>\$ 816,361</u>	<u>\$ -</u>	<u>\$ 56,486</u>	<u>\$ 29,463</u>	<u>\$ 19</u>	<u>\$ 902,329</u>	<u>\$ 964,219</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other governments	\$ 15,289	\$ -	\$ -	\$ -	\$ -	\$ 15,289	\$ 5,954
Unearned grant revenue	-	-	-	-	-	-	240,156
Deposits	-	-	-	-	-	-	927
Total liabilities	<u>15,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,289</u>	<u>247,037</u>
FUND BALANCE							
Restricted:							
Road construction and maintenance	-	-	56,486	-	-	56,486	37,395
Building code enforcement	801,072	-	-	-	-	801,072	650,905
Law enforcement	-	-	-	-	19	19	19
Committed:							
Bike path construction and maintenance	-	-	-	29,463	-	29,463	28,863
Total fund balances	<u>801,072</u>	<u>-</u>	<u>56,486</u>	<u>29,463</u>	<u>19</u>	<u>887,040</u>	<u>717,182</u>
Total liabilities and fund balances	<u>\$ 816,361</u>	<u>\$ -</u>	<u>\$ 56,486</u>	<u>\$ 29,463</u>	<u>\$ 19</u>	<u>\$ 902,329</u>	<u>\$ 964,219</u>

Town of Indian River Shores, Florida

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES WITH COMPARATIVE TOTALS

September 30,

	Planning, Zoning and Building Fund (Formally major)	ARPA Fund (Formally major)	Road and Offsite Drainage Fund	Bike Path and Pedestrian Way Fund	Law Enforcement Forfeiture Fund	Totals	
						2025	2024 (restated)
REVENUES							
State shared revenues	\$ -	\$ -	\$ 34,839	\$ -	\$ -	\$ 34,839	\$ 34,257
Intergovernmental	-	-	77,755	-	-	77,755	80,115
Federal grant revenue	-	240,156	-	-	-	240,156	350,975
Licenses and permits	1,028,426	-	-	-	-	1,028,426	1,123,055
Impact fees	-	-	738	600	-	1,338	2,676
Fines and forfeitures	424	-	-	-	-	424	1,311
Other fees and rents	-	-	-	-	-	-	312
Interest income	29,910	-	1,479	-	-	31,389	32,050
Miscellaneous revenue	26,053	-	-	-	-	26,053	10,790
Total revenues	1,084,813	240,156	114,811	600	-	1,440,380	1,635,541
EXPENDITURES							
Current							
General government	74,854	-	50,288	-	-	125,142	154,907
Public safety	810,586	-	-	-	-	810,586	836,430
Transportation	-	-	45,432	-	-	45,432	56,443
Capital outlay	42,911	240,156	-	-	-	283,067	328,578
Debt service:							
Principal	5,809	-	-	-	-	5,809	5,361
Interest	486	-	-	-	-	486	934
Total expenditures	934,646	240,156	95,720	-	-	1,270,522	1,382,653
Net change in fund balances	150,167	-	19,091	600	-	169,858	252,888
Fund balances, beginning of year	-	-	37,395	28,863	19	66,277	464,294
Adjustments	650,905	-	-	-	-	650,905	-
Fund balances, beginning of year after adjustments	650,905	-	37,395	28,863	19	717,182	464,294
Fund balances, end of year	\$ 801,072	\$ -	\$ 56,486	\$ 29,463	\$ 19	\$ 887,040	\$ 717,182

FIDUCIARY FUNDS

are used to account for assets held by the Town in a trustee or custodial capacity for individuals, other governmental units, and/or other funds. Fiduciary funds include custodial funds, expendable trust funds, nonexpendable trust funds, and pension trust funds.

Pension Trust Funds - These funds are used to account for assets held in trust for the Town's pension and other employee benefit plans.

Town of Indian River Shores, Florida

**PENSION TRUST FUNDS
STATEMENTS OF FIDUCIARY NET POSITION WITH COMPARATIVE TOTALS**

September 30,

	2025	2024
ASSETS		
Cash and investments in defined benefit plan - general employees	\$ 1,956,487	\$ 1,809,641
Cash and investments in defined benefit plan - public safety employees	21,122,152	20,045,847
Cash and investments in other post-employment benefit plan	2,709,759	2,642,594
Contribution receivable	102,327	87,344
Interest receivable	37,152	29,429
Total assets	25,927,877	24,614,855
LIABILITIES		
Accounts payable	45,333	10,344
Total liabilities	45,333	10,344
NET POSITION		
Restricted for pension benefits and other purposes	25,882,544	24,604,511
Total net position	\$ 25,882,544	\$ 24,604,511

Town of Indian River Shores, Florida

**PENSION TRUST FUNDS
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION WITH COMPARATIVE TOTALS**

Years ended September 30,

	2025	2024
ADDITIONS		
Contributions:		
Employer	\$ 347,681	\$ 381,183
Employee	142,572	154,284
State	438,623	354,804
Total contributions	928,876	890,271
Investment gain:		
Net change in fair value of investments	2,020,776	4,004,742
Interests and dividends	664,613	524,729
Total investment gain	2,685,389	4,529,471
Total additions	3,614,265	5,419,742
DEDUCTIONS		
Distributions	2,168,141	1,214,667
Administrative expenses		
Trustee fees	7,270	6,889
Investment management fees	56,418	54,450
Attorney fees	14,198	14,305
Actuary fees	43,477	27,238
Other administrative fees	46,728	36,903
Total deductions	2,336,232	1,354,452
Change in net position	1,278,033	4,065,290
Plan net position at beginning of year	24,604,511	20,539,221
Plan net position at end of year	\$ 25,882,544	\$ 24,604,511

Town of Indian River Shores, Florida

COMBINING STATEMENT OF PLAN NET POSITION & CHANGES IN NET POSITION

Year ended September 30, 2025

	DEFINED BENEFIT PUBLIC SAFETY & FIREFIGHTER EMPLOYEES	DEFINED BENEFIT GENERAL EMPLOYEES	OTHER POST EMPLOYMENT BENEFIT	TOTAL PENSION TRUST FUNDS
Beginning reconciled balance-Plan Net Position September 30, 2024	\$ 20,153,125	\$ 1,808,792	\$ 2,642,594	\$ 24,604,511
Additions:				
Employer contributions	311,222	36,459	-	347,681
Employee contributions	141,528	1,044	-	142,572
State share plan contributions	438,623	-	-	438,623
Subtotal contributions	<u>891,373</u>	<u>37,503</u>	<u>-</u>	<u>928,876</u>
Interest	174,152	-	-	174,152
Dividends	490,461	-	-	490,461
Net change in fair value of investments	1,618,746	160,200	241,830	2,020,776
Net investment earnings	<u>2,283,359</u>	<u>160,200</u>	<u>241,830</u>	<u>2,685,389</u>
Net additions	<u>3,174,732</u>	<u>197,703</u>	<u>241,830</u>	<u>3,614,265</u>
Deductions:				
Trustee fees	(7,270)	-	-	(7,270)
Investment management fees	(56,418)	-	-	(56,418)
Attorney fees	(14,198)	-	-	(14,198)
Actuary fees	(43,477)	-	-	(43,477)
Other administrative fees	(33,384)	(10,187)	(3,157)	(46,728)
Subtotal deductions	<u>(154,747)</u>	<u>(10,187)</u>	<u>(3,157)</u>	<u>(168,091)</u>
Distributions paid out	<u>(1,955,668)</u>	<u>(40,965)</u>	<u>(171,508)</u>	<u>(2,168,141)</u>
Ending reconciled balance-Plan Net Position September 30, 2025	<u>\$ 21,217,442</u>	<u>\$ 1,955,343</u>	<u>\$ 2,709,759</u>	<u>\$ 25,882,544</u>

Town of Indian River Shores, Florida

COMBINING STATEMENT OF PLAN NET POSITION & CHANGES IN NET POSITION

Year ended September 30, 2025

	DEFINED BENEFIT PUBLIC SAFETY & FIREFIGHTER EMPLOYEES	DEFINED BENEFIT GENERAL EMPLOYEES	OTHER POST EMPLOYMENT BENEFIT	TOTAL PENSION TRUST FUNDS
Beginning reconciled balance-Plan Net Position September 30, 2023	\$ 16,842,265	\$ 1,453,391	\$ 2,243,565	\$ 20,539,221
Additions:				
Employer contributions	298,907	82,276	-	381,183
Employee contributions	135,928	18,356	-	154,284
State share plan contributions	354,804	-	-	354,804
Subtotal contributions	<u>789,639</u>	<u>100,632</u>	<u>-</u>	<u>890,271</u>
Interest	154,374	-	-	154,374
Dividends	370,355	-	-	370,355
Net change in fair value of investments	3,207,355	309,616	487,771	4,004,742
Net investment earnings	<u>3,732,084</u>	<u>309,616</u>	<u>487,771</u>	<u>4,529,471</u>
Net additions	<u>4,521,723</u>	<u>410,248</u>	<u>487,771</u>	<u>5,419,742</u>
Deductions:				
Trustee fees	(6,889)	-	-	(6,889)
Investment management fees	(54,450)	-	-	(54,450)
Attorney fees	(14,305)	-	-	(14,305)
Actuary fees	(27,238)	-	-	(27,238)
Other administrative fees	(24,752)	(9,192)	(2,959)	(36,903)
Subtotal deductions	<u>(127,634)</u>	<u>(9,192)</u>	<u>(2,959)</u>	<u>(139,785)</u>
Distributions paid out	<u>(1,083,229)</u>	<u>(45,655)</u>	<u>(85,783)</u>	<u>(1,214,667)</u>
Ending reconciled balance-Plan Net Position September 30, 2024	<u>\$ 20,153,125</u>	<u>\$ 1,808,792</u>	<u>\$ 2,642,594</u>	<u>\$ 24,604,511</u>

OTHER INFORMATION AND REPORTS

Town of Indian River Shores, Florida

SCHEDULE OF PROPERTY TAX VALUATIONS, LEVIES AND COLLECTIONS

**Last Ten Fiscal Years
(Unaudited)**

<u>Fiscal Year</u>	<u>Taxable Assessed Valuation</u>	<u>Tax Rate in Mills</u>	<u>Amount Levied</u>	<u>Amount Collected (*)</u>	<u>Percent Collected</u>
2025	\$ 5,264,674,706	1.3349	\$ 7,027,814	\$ 6,789,130	97%
2024	\$ 4,655,373,474	1.3349	\$ 6,214,458	\$ 5,991,083	96%
2023	\$ 4,094,713,781	1.3349	\$ 5,466,033	\$ 5,273,679	96%
2022	\$ 3,637,747,745	1.3349	\$ 4,856,029	\$ 4,682,153	96%
2021	\$ 3,486,406,394	1.3349	\$ 4,654,004	\$ 4,485,329	96%
2020	\$ 3,351,246,516	1.3349	\$ 4,473,579	\$ 4,314,204	96%
2019	\$ 3,151,986,943	1.2890	\$ 4,062,911	\$ 3,926,011	97%
2018	\$ 2,936,506,599	1.3774	\$ 4,044,744	\$ 3,896,335	96%
2017	\$ 2,760,188,928	1.7186	\$ 4,743,661	\$ 4,576,979	96%
2016	\$ 2,595,827,089	1.6786	\$ 4,357,355	\$ 4,199,369	96%

* Includes delinquent collections

MAYOR
BRIAN T. FOLEY
VICE MAYOR
BOB AUWAERTER
COUNCIL:
JAMES ALTIERI
JESSE L. "SAM" CARROLL, JR.
PETER TEDESKO



TOWN MANAGER
JAMES HARPRING
TOWN CLERK
JANICE RUTAN
TOWN ATTORNEY
PETER J. SWEENEY, JR.

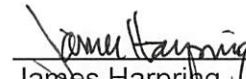
6001 Highway A1A, Indian River Shores, FL 32963
(772) 231-1771

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared James Harpring, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Town of Indian River Shores which is a local governmental entity of the State of Florida;
2. The governing body of the Town of Indian River has duly authorized and enacted impact fee ordinances as set forth in Section 150.007 – Bike and Pedestrian Way Impact Fee and Section 50.05 – Assessment for Drainage and Road Improvements within the Town's Code of Ordinances; and
3. To the best of my knowledge, Town of Indian River Shores has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


James Harpring, JD
Town Manager
Town of Indian River Shores

STATE OF FLORIDA
COUNTY OF INDIAN RIVER

SWORN TO AND SUBSCRIBED before me this 21st day of January 2026.


NOTARY PUBLIC

Print Name Lucy Ann Scheidt

Personally known X or produced identification _____

Type of identification produced: _____

My Commission Expires: 12/09/2027



LUCY ANN SCHEIDT
Notary Public
State of Florida
Comm# HH438953
Expires 12/9/2027



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

To the Honorable Members of the Town Council
Town of Indian River Shores, 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, each major fund, and the aggregate remaining fund information of the Town of Indian River Shores, Florida (the “Town”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Indian River Shores, Florida’s basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



Carr, Riggs & Ingram, LLC
Melbourne, Florida
March 3, 2026



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INDEPENDENT AUDITOR’S MANAGEMENT LETTER

To the Honorable Members of the Town Council
The Town of Indian River Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Indian River Shores, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 3, 2026.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida 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* and Independent Accountant’s Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 3, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Town of Indian River Shores, Florida is disclosed in Note A-1 of the financial statements. The Town of Indian River Shores, Florida does not have any component units.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Indian River Shores, Florida met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town of Indian River Shores, 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 Town of Indian River Shores. It is management's responsibility to monitor the Town of Indian River Shores, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not operate a PACE program pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the Town'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 and other granting agencies, the members of the Town 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.

Carr, Riggs & Ingram, LLC
Melbourne, Florida
March 3, 2026



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INDEPENDENT ACCOUNTANT’S REPORT ON INVESTMENT COMPLIANCE

To the Honorable Mayor and Town Council
Town of Indian River Shores, Florida

We have examined the Town of Indian River Shores, Florida’s compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2025. Management of the Town of Indian River Shores, Florida is responsible for the Town of Indian River Shores, Florida’s compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Indian River Shores, Florida’s compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Indian River Shores, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Indian River Shores, Florida 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 ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on Town of Indian River Shores, Florida’s compliance with specified requirements.

In our opinion, the Town of Indian River Shores, Florida 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 management, Town Council, 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.

Carr, Riggs & Ingram, LLC

Melbourne, Florida

March 3, 2026