



**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Trustees and Plan Administrator
City of Boca Raton Executive Employees' Retirement Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Boca Raton Executive Employees' Retirement Plan (the "Plan") which comprise of the statements of fiduciary net position as of September 30, 2025 and 2024, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2025 and 2024, and the changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS 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 Plan'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 Plan'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, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, and the schedule of investment returns on pages 4-10 and 30-33 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026 on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boca Raton, FL
February 24, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BOCA RATON EXECUTIVE EMPLOYEES' RETIREMENT PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Boca Raton (the "City") Executive Employees' Retirement Plan (the "Plan") performance provides an overview of the financial activities and funding conditions for the years ended September 30, 2025, 2024 and 2023. Readers are encouraged to consider the information presented in conjunction with the financial statements.

Financial Highlights

- The Plan net position was approximately \$75.5 million, an increase of approximately \$5.0 million (or 7.1%) from 2024. The 2024 Plan net position increased approximately \$10.7 million (or 17.9%) from 2023.
- City contributions were approximately \$2.8 million. Contributions increased approximately \$294 thousand (or 11.6%) from 2024. The 2024 contribution increased approximately \$229 thousand (or 10.0%) from 2023. The amount of employer contributions varies from year to year based on an actuarially determined requirement.
- Employee contributions were approximately \$932 thousand, representing 13.3% of payroll. Contributions increased approximately \$146 thousand from 2024. The 2024 contributions increased approximately \$57 thousand from 2023. Member contributions will vary from year to year and are dependent upon several factors such as salary levels and number of active members, including new entrants, members entering the Deferred Retirement Option Plan ("DROP") and transfers from other defined benefit plans.
- The Plan reported net investment income of approximately \$6.2 million in 2025, a decrease of approximately \$6.9 million when compared to the net investment income of approximately \$13.1 million in 2024. This followed an increase of approximately \$7.4 million when compared to the net investment income of approximately \$5.7 million in 2023.
- In 2025, total benefit payments and refunds of contributions were approximately \$5.6 million, a decrease of approximately \$25 thousand (or 0.4%) from 2024. The 2024 total benefit payments and refunds of contributions increased by approximately \$1.9 million (or 53.1%) from 2023.

Overview of Financial Statements

Management's Discussion and Analysis serves as an introduction to the financial statements. The financial statements consist of the statements of fiduciary net position, the statements of changes in fiduciary net position, and the notes to the financial statements. The required supplementary information immediately following the financial statements presents schedules of historical trend information. The financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Fiduciary Net Position* is a point in time snapshot of account balances at year-end. It reports the assets plus deferred outflows available for future payments to retirees and their beneficiaries less any liabilities and deferred inflows that are owed as of the year end. The resulting net position restricted for pension benefits are available to meet on-going obligations.

The *Statement of Changes in Fiduciary Net Position* displays the effect of pension fund transactions that occurred during the year. The impact of those activities is shown as additions less deductions to the fiduciary net position. The trend of additions versus deductions to the Plan indicates the condition of the Plan's financial position over time.

The *Notes to the Financial Statements* are an integral part of the financial reports. The notes provide detailed discussions of key policies and activities, and additional background that is essential for a complete understanding of the information presented in the statements.

The *Required Supplementary Information* presents a schedule of changes in the City's net pension liability and related ratios, a schedule of City contributions, and a schedule of investment returns of the Plan along with a discussion of changes in actuarial assumptions and methods.

Financial Analysis

The following is a condensed comparative summary of fiduciary net position:

Assets	2025		2024		2023		2022	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Cash	\$ 815,241	196.7%	\$ 274,750	6.4%	\$ 341,988	7.1%	\$ 540,491	(19.7)%
Investments	74,703,594	6.4%	70,221,041	18.1%	59,443,393	7.1%	4,482,553	18.1%
Total Assets	75,518,835	7.1%	70,495,791	17.9%	59,785,381	7.1%	5,023,044	17.9%
Liabilities	--	--	--	--	--	--	--	--
Net Position Restricted for Pension Benefits	\$ 75,518,835	7.1%	\$ 70,495,791	17.9%	\$ 59,785,381	7.1%	\$ 5,023,044	17.9%

The net position of the Plan is principally comprised of investments and investment related accruals. The net position held in trust for pension benefits reported in the year 2025 was approximately \$75.5 million compared to the net position reported in 2024 of approximately \$70.5 million, an increase of approximately \$5.0 million (or 7.1%). A comparison of the 2024 net position to the 2023 net position of approximately \$59.8 million indicates a net position increase of approximately \$10.7 million (or 17.9 %). The increases observed in years 2025 and 2024 were primarily due to overall net investment gains driven by the performance of the market.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis (continued)

The table below is a condensed comparative summary of the changes in fiduciary net position and reflects the activities of the Plan.

				2025		2024	
	2025	2024	2023	Amount Change	% Change	Amount Change	% Change
Additions							
City contributions	\$ 2,818,993	\$ 2,525,416	\$ 2,296,520	\$ 293,577	11.6%	\$ 228,896	10.0%
Employee contributions	932,150	786,481	729,911	145,669	18.5%	56,570	7.8%
Transfers from other plans	843,624	47,630	116,538	795,994	1671.2%	(68,908)	(59.1)%
Net investment income	6,152,337	13,087,021	5,737,676	(6,934,684)	(53.0)%	7,349,345	128.1%
Total Additions	<u>10,747,104</u>	<u>16,446,548</u>	<u>8,880,645</u>	<u>(5,699,444)</u>	<u>(34.7)%</u>	<u>7,565,903</u>	<u>85.2%</u>
Deductions							
Benefit payments:							
Retirement	3,744,837	3,412,830	3,219,386	332,007	9.7%	193,444	6.0%
Deferred retirement option plan	1,815,968	2,106,616	-	(290,648)	(13.8)%	2,106,616	100.0%
Termination refunds	31,297	97,373	449,012	(66,076)	(67.9)%	(351,639)	(78.3)%
Administrative expenses	131,958	119,319	91,246	12,639	10.6%	28,073	30.8%
Total Deductions	<u>5,724,060</u>	<u>5,736,138</u>	<u>3,759,644</u>	<u>(12,078)</u>	<u>(0.2)%</u>	<u>1,976,494</u>	<u>52.6%</u>
Change in Net Position	<u>5,023,044</u>	<u>10,710,410</u>	<u>5,121,001</u>	<u>(5,687,366)</u>	<u>(53.1)%</u>	<u>5,589,409</u>	<u>109.1%</u>
Net Position Restricted for Pension Benefits-Beginning of Year	<u>70,495,791</u>	<u>59,785,381</u>	<u>54,664,380</u>	<u>10,710,410</u>	<u>17.9%</u>	<u>5,121,001</u>	<u>9.4%</u>
Net Position Restricted for Pension Benefits- End of Year	<u>\$ 75,518,835</u>	<u>\$ 70,495,791</u>	<u>\$ 59,785,381</u>	<u>\$ 5,023,044</u>	<u>7.1%</u>	<u>\$ 10,710,410</u>	<u>17.9%</u>

The changes in fiduciary net position reflect the following:

Additions to the Plan net position decreased by approximately \$5.7 million from approximately \$16.4 million during 2024 to approximately \$10.7 million during 2025. City contributions, as determined by the annual actuarial valuation, equaled approximately \$2.8 million which were approximately \$294 thousand (or 11.6%) higher than in 2024. Employee contributions equaled approximately \$932 thousand which were approximately \$146 thousand (or 18.5%) higher than in 2024. The increase in employee contributions was primarily due to higher pensionable earnings and service purchases completed in 2025. Net investment income equaled approximately \$6.2 million, which was approximately \$6.9 million (or 53.0%) lower in 2025 than in 2024, due to more modest positive investment returns in 2025. The increase in additions to the Plan net position of approximately \$7.6 million from 2023 to 2024 was primarily due to the strong performance of the market.

Deductions to Plan net position remained consistent with only a small decrease of approximately \$12 thousand (or 0.2%) from approximately \$5.74 million during 2024 to approximately \$5.72 million in 2025. While benefit payments edged higher by approximately 332 thousand, DROP withdrawal and termination refunds decreased by approximately \$291 thousand and \$66 thousand respectively, offsetting the increase in benefit payments. The increase in deductions to Plan net position of approximately \$2.0 million from 2023 to 2024 was primarily due to DROP withdrawals and higher benefit payments in 2024, which combined, largely offset the decrease in termination refunds.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis (continued)

Investment Activities

Investment income provides current and future financial stability. Therefore, the Board of Trustees (the "Board") have a fiduciary responsibility to act prudently, when making Plan investment decisions.

The Board employs the services of an investment consultant to assist with informed investment decisions. The investment consultant reviews and periodically recommends changes to the Statement of Investment Policy and Objectives. Portfolio performance is reviewed quarterly by the Board and its investment consultant. Performance is evaluated for each individual money manager by investment type and for the total portfolio.

Asset Allocation

The table below indicates the asset allocation for the past three years. The table demonstrates the steps the Plan has taken to diversify its assets.

	<u>Policy</u> <u>Target</u>	<u>2025</u> <u>Actual</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Equity				
Domestic large cap	30.0%	30.6%	30.7%	29.3%
Domestic small cap	16.0%	14.7%	16.7%	15.4%
International equity	24.0%	24.4%	22.6%	22.1%
Total Equity	<u>70.0%</u>	<u>69.7%</u>	<u>70.0%</u>	<u>66.8%</u>
Fixed income	20.0%	20.3%	19.6%	18.8%
Cash	0.0%	1.1%	0.4%	0.6%
Core Real Estate	10.0%	8.9%	10.0%	13.8%
Total Asset Allocation	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The percentage of total assets invested in each asset class was within the policy ranges and close to the target asset mix in fiscal years 2025, 2024 and 2023.

There were no amendments to the Plan's investment policy in fiscal year 2025. The investment policy was last updated in fiscal year 2023 to ensure compliance with Section 112.662, Florida Statutes. Specifically, to ensure the investment policy reflects the requirement for the Administrator, investment managers, named fiduciary, or Master Trustees to only consider pecuniary factors when deciding whether to invest and when investing the assets of the Plan.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Investment Activities (Continued)

Asset Allocation (Continued)

Beginning in fiscal year 2022, Plan members who are in the DROP have the option to have their future monthly benefits from the Plan deposited in a self-directed DROP account for as long as they participate in the DROP. Members who elect to participate in the self-directed DROP may elect to transfer some or all of the funds accumulated in their DROP account to their self-directed DROP account. DROP funds held in a member's self-directed DROP account do not fall into any single asset class because it allows the member to invest in a variety of Florida Municipal Pension Trust Fund (FMPTF) mutual funds and public equity securities in addition to the Plan's primary investment funds. Consequently, funds held in the self-directed DROP account are excluded from the above asset allocation.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Activities (Continued)

Investment Returns

The summary of investment returns reflects the past three year returns as well as the three-year, five-year and ten-year annualized rates of return for the years ended September 30th. The rates of return are time weighted, net of fees, and based on market rate of return.

SUMMARY OF INVESTMENT RETURNS NET OF FEES

Security Type	Annualized Return					
<i>Fund Return</i>	2025	2024	2023	3 Years	5 years	10 Years
Benchmark Return						
Equity						
<i>Domestic large cap diversified</i>	12.99%	29.98%	20.41%	20.93%	14.14%	13.23%
Russell 1000	17.75%	35.68%	21.19%	24.64%	15.99%	15.04%
<i>Domestic small cap to mid-cap</i>	-7.39%	30.83%	14.93%	11.67%	10.89%	11.62%
SMID Benchmark	10.16%	26.17%	11.28%	15.65%	12.09%	10.52%
<i>International equity fund</i>	22.52%	24.65%	17.03%	21.36%	9.23%	8.07%
MSCI ACWI Ex-US	16.45%	25.35%	21.02%	20.67%	10.26%	8.23%
Fixed Income						
<i>Core bonds</i>	2.81%	10.60%	-0.06%	4.35%	-0.49%	1.50%
BloomBar US Aggregate A+	2.70%	11.09%	0.07%	4.51%	-0.66%	1.55%
<i>Core plus bonds</i>	5.86%	15.63%	1.71%	7.58%	2.26%	2.64%
BloomBar Multiverse	2.68%	12.25%	2.69%	5.78%	-1.26%	1.38%
Core Real Estate						
<i>Core Real Estate¹</i>	3.15%	-3.68%	-7.42%	-2.75%	4.47%	--
NFI ODCE Net	3.18%	-8.03%	-12.88%	-6.15%	2.59%	4.13%
Total Fund Return	8.93%	21.01%	10.16%	13.24%	8.85%	8.91%
Total Fund Benchmark	11.90%	22.23%	11.96%	15.21%	9.58%	9.43%

¹Inception date of 4/1/2018

The Plan achieved a net return of 8.93% for the fiscal year ended September 30, 2025, compared to 21.01% in 2024 and 10.16% in 2023. Double-digit gains in both international and domestic large-cap equity portfolios contributed positively to the 2025 performance. However, the domestic large-cap portfolio underperformed relative to its benchmark, and the domestic small- to mid-cap equity portfolio posted negative single-digit returns, both of which weighed on overall results. The fixed income portfolio also contributed modestly, delivering low single-digit returns, a sharp contrast to its double-digit performance in 2024. The robust results in 2024 were driven by broad-based strength across all equity and fixed income portfolios, in contrast to 2023, which saw negative returns in the fixed income segment. The Core Real Estate portfolio posted negative single-digit returns in both 2024 and 2023.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Investment Activities (Continued)

Investment Returns (Continued)

Performance for the self-directed DROP account is not included in the above summary since there is no comparable benchmark. Members assume the full risk and responsibility for the investments they have selected and for monitoring the performance of these investments.

Economic Factors and Funding Status

The Plan's funding objectives are to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of contributions and the income from investments are essential for providing the reserves needed to finance future retirement benefit payments. The Plan's investment activities are a function of the underlying marketplace for the period measured, money manager performance, and the investment policy's asset allocation. Maintaining a diversified portfolio of investments is critical for an opportunity of positive returns. A retirement plan's funding is a long-term concept, where temporary fluctuations in the market are expected.

The schedule of changes in the City's net pension liability and related ratios provides information on the Plan's fiduciary net position as a percentage of total pension liability. The higher the ratio, the better funded the Plan is from an actuarial perspective. This schedule shows as of September 30, 2025 the ratio of 85.49% of fiduciary net position as percentage of the total pension liability, 82.24% as of September 30, 2024 and 74.83% as of September 30, 2023. The net pension liability as a percentage of covered payroll was 183.37% for 2025, 230.45% for 2024 and 329.03% for 2023.

Management and its actuary believe that the Plan remains in sound financial position to meet its future obligations to the Plan participants and beneficiaries.

Requests For Information

This financial report is designed to provide the Board of Trustees, retired and active Plan participants with an overview of the Plan's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to:

Florida Municipal Pension Trust Fund
Florida League of Cities, Inc.
Post Office Box 1757
Tallahassee, FL 32302-1757
Direct Line (850) 701-3633
Fax (850) 222-3806

FINANCIAL STATEMENTS

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

**STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Assets		
Cash	\$ 815,241	\$ 274,750
Investments		
FMIvT Core Plus Fixed Income Fund	7,633,618	6,868,746
FMIvT Broad Market High Quality Bond Fund	7,411,280	6,593,997
FMIvT Diversified Large Cap Portfolio	22,678,516	21,087,051
FMIvT Diversified Small to Mid Cap Portfolio	10,894,581	11,470,806
FMIvT International Equity Portfolio	18,083,523	15,523,367
FMIvT Core Real Estate	6,596,039	6,868,746
Self-Directed DROP Account	<u>1,406,037</u>	<u>1,808,328</u>
Total Investments	<u>74,703,594</u>	<u>70,221,041</u>
Total Assets	<u>75,518,835</u>	<u>70,495,791</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Position Restricted for Pension Benefits	<u>\$ 75,518,835</u>	<u>\$ 70,495,791</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
Additions		
Contributions		
City	\$ 2,818,993	\$ 2,525,416
Employee	932,150	786,481
Transfer from other retirement plans	843,624	47,630
Total Contributions	4,594,767	3,359,527
Investment Income		
Net appreciation in fair value of investments	6,135,495	13,072,541
Dividends	72,644	68,196
Less: Investment expense	(55,802)	(53,716)
Net Investment Income	6,152,337	13,087,021
Total Additions	10,747,104	16,446,548
Deductions		
Benefit payments:		
Retirement	3,744,837	3,412,830
Deferred retirement option plan	1,815,968	2,106,616
Termination refunds	31,297	97,373
Administrative expenses	131,958	119,319
Total Deductions	5,724,060	5,736,138
Change in Net Position	5,023,044	10,710,410
Net Position Restricted for Pension Benefits		
Beginning of year	70,495,791	59,785,381
End of year	\$ 75,518,835	\$ 70,495,791

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 1 – Plan Description and Contribution Information

The following brief description of the Executive Employees' Retirement Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

Plan Administration

The Plan is a single-employer defined benefit plan covering the executive employees of the City of Boca Raton, administered by a five-member Board of Trustees comprised of two members appointed by the City Council, two members appointed by the city manager and shall be members of the plan and the city manager. The Plan was established by Ordinance 4745, adopted November 12, 2003, by City Council. The Plan is also governed by Chapter 112, Florida Statutes.

Plan Membership

As of October 1, 2025 and 2024, membership in the Plan consisted of:

	<u>2025</u>	<u>2024</u>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57	53
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	14	14
Active Plan Members	<u>48</u>	<u>46</u>
Total	<u><u>119</u></u>	<u><u>113</u></u>

Pension Benefits

The Plan provides for retirement, termination, disability and death benefits.

Normal Retirement

Plan members are assigned to one of four divisions, each providing different levels of benefits depending on their division and entry into the Plan. Division 1 includes D1, D2 and D3 pay classifications; Division 2 includes D4 and higher D pay classifications; Division 3 includes DD pay classifications and Division 4 includes the City Manager and City Attorney, if they elect to participate in the Plan. Retirement benefits are calculated by multiplying the member's earnings averaged over five years (for Division 1 through Division 3) or two years (for Division 4) times the member's year of continuous service times a multiplier determined by their plan level subject to a maximum of 90%; 80% for those members hired after September 30, 2010.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 1 – Plan Description and Contribution Information (continued)

Pension Benefits (continued)

Normal Retirement (continued)

For members hired on or before September 30, 2010 Division 1, Division 2, and Division 3 utilize multipliers of 3.05, 3.15 and 3.25 respectively. For members who retire or enter the DROP before January 26, 2021, Division 4 utilizes a multiplier of 4.55 for the first 10 years and 3.35 thereafter. For members who retire or enter the DROP on or after January 26, 2021, Division 4 utilizes the same percentage multiplier as provided for Division 3 members, plus 0.1. After September 30, 2010 new members assigned to Division 1, Division 2, Division 3 and Division 4 utilize multipliers of 2.35, 2.45, 2.55 and 2.65 respectively.

Members are eligible to retire the earlier of reaching age 65 with at least 6 years of vesting service or reaching age 55 with at least 10 years of vesting service or for new members after September 30, 2010 age 58 with at least 10 years of vesting service. Monthly benefits are calculated as a percentage of average final compensation. A cost-of-living increase of 2% per year for Divisions 1, 2 and 3 and 3% per year for Division 4 in current monthly benefits commence on October 1st following 5 years after retirement.

Early Retirement

Members qualify for early retirement benefits upon attaining age 50 with 10 years of continuous service or for new members after September 30, 2010 age 53 with 10 years of continuous service. If a participant terminates employment after having attained the early retirement date, they have the following two available options:

- The benefits can be deferred until the member's normal retirement date, in which case the benefit will be calculated the same as normal retirement, or
- The member may take a reduced benefit, which may start any time prior to the normal retirement date. The reduction factor is 5% for each year early retirement precedes the normal retirement age of 55 or 58 for new members who join the Plan after September 30, 2010.

Disability Retirement

Active employees who become disabled receive 60% of the average final compensation as of the date of disability payable starting at age 65. Disability benefits are paid until the earlier of death or recovery from disability.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 1 – Plan Description and Contribution Information (continued)

Pension Benefits (continued)

Pre-retirement Death Benefit

If an active employee dies, a member's beneficiary is entitled to an accrued benefit that varies with age, length of service and employee division. If an employee terminates his employment with the City and is not eligible for any other benefits under the Plan, the member is entitled to the following:

- With less than 6 years of continuous service, a refund of member contribution plus 5% interest.
- With 6 or more years of continuous service, the pension accrued to the date of termination, payable commencing at the member's normal retirement date.

Termination Refunds

If an employee terminates employment and is not eligible for any other benefits under the Plan, he is entitled to the following:

- With less than 6 years of continuous service, a refund of the member contribution is made plus 5% interest, or
- With 6 or more years of continuous service, the pension accrued to the date of termination, payable commencing at his or her normal retirement date or at the member's option, lump-sum refund of the member contribution is made plus 5% interest.

Deferred Retirement Option Plan

The Deferred Retirement Option Plan ("DROP") is available to active Plan members who are eligible for normal retirement. Upon electing to participate in the DROP, members are considered to have retired for purposes of the pension plan but continue to remain in active employment with the City. The member's normal retirement benefit is calculated as if the member had actually retired on the date of DROP participation, using continuous service and average monthly earnings as of that date.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 1 – Plan Description and Contribution Information (continued)

Pension Benefits (continued)

Deferred Retirement Option Plan (continued)

Instead of paying the benefit to the member, a DROP account is established, and the benefit is deposited in the account each month; these deposits continue to accumulate during the remainder of the member's employment. The maximum duration of participation in the DROP is eighty-four months. There is no taxation of benefits during the period of DROP participation. The decision to enter the DROP is irrevocable. Funds held in the DROP account may remain a commingled part of the pension plan's investments or, pursuant to section 12-179 of the Code of Ordinances, may be directed by a member to a self-directed DROP account and invested among select Florida Municipal Pension Trust Fund (FMPTF) mutual funds and public equity securities. DROP benefits will be paid upon a member's retirement from the City.

For the years ended September 30, 2025 and 2024, total DROP distributions of \$1,815,968 and \$2,106,616 were reported as benefit payments in the accompanying statements of changes in fiduciary net position. At September 30, 2025, there were 7 participants in the DROP. The DROP account, and self-directed DROP account, had balances of \$1,673,172 and \$1,406,037, respectively, for a total of \$3,079,209. At September 30, 2024, there were 6 participants in the DROP. The DROP account and self-directed DROP account, had balances of \$2,385,969 and \$1,808,328, respectively, for a total of \$4,194,297. Amounts from the DROP and self-directed DROP accounts are included in the total investment balance presented on the statements of fiduciary net position.

Cost-of-Living Adjustment

A cost-of-living increase of 2% per year for Divisions 1, 2 and 3 and 3% per year for Division 4 in current monthly benefits commence on October 1st following 5 years after retirement.

Contributions

Contributions required from members are at the rate of 11% of compensation. Employer contributions for the year ended September 30, 2025, determined using the actuarial valuation dated October 1, 2023, were 40.33% of covered payroll. Employer contributions for the year ended September 30, 2024 determined using the actuarial valuation dated October 1, 2022, were 38.22% of covered payroll. The Plan's funding policy provides for actuarially determined periodic employer contributions sufficient to pay the benefits provided by the Plan when they become due.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Contributions from members are recorded in the period the City makes payroll deductions from participants (members). City contribution requirements are actuarially determined and remitted annually on October 1. Benefit payments and refunds to members are recognized when due and payable in accordance with the terms of the Plan.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net position available for plan benefits. Actual results could differ from those estimates.

Deposits

The Plan's cash deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Therefore, all deposits are deemed as insured or collateralized.

Investments

Investments are held in the Florida Municipal Pension Trust Fund, administered by the Florida League of Cities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Plan has no items that qualify for reporting in this category.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Plan has no items that qualify for reporting in this category.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 2 – Summary of Significant Accounting Policies (continued)

Tax Status

Management and tax counsel believe that the Plan is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Note 3 – Deposits and Investments

The following represents the fair value of deposits and investments at September 30th:

Portfolio/Investments	2025				2024			
	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution	Fair Value	Weighted Average Maturity	Credit Rating	Percent Distribution
Cash	\$ 815,241			1.08%	\$ 274,750			0.39%
FMIVT Investments:								
FMIVT Core Plus Fixed Income Fund	7,633,618	5.76 years	Not rated AAf/S4	10.11%	6,868,746	6.66 years	Not rated AAf/S4	9.74%
FMIVT Broad Market High Quality Bond Fund	7,411,280	7.10 years	Fitch	9.81%	6,593,997	7.10 years	Fitch	9.36%
FMIVT Diversified Large Cap Portfolio	22,678,516		Not rated	30.03%	21,087,051		Not rated	29.91%
FMIVT Diversified Small to Mid Cap Portfolio	10,894,581		Not rated	14.43%	11,470,806		Not rated	16.27%
FMIVT International Equity Portfolio	18,083,523		Not rated	23.95%	15,523,367		Not rated	22.02%
FMIVT Core Real Estate	<u>6,596,039</u>		Not rated	<u>8.73%</u>	<u>6,868,746</u>		Not rated	<u>9.74%</u>
Total FMIVT Investments	<u>73,297,557</u>			<u>97.06%</u>	<u>68,412,713</u>			<u>97.04%</u>
Self-Directed DROP Account	<u>1,406,037</u>			<u>1.86%</u>	<u>1,808,328</u>			<u>2.57%</u>
Total Investments	<u>\$ 74,703,594</u>			<u>98.92%</u>	<u>\$ 70,221,041</u>			<u>99.61%</u>
Total Cash and Investments	<u>\$ 75,518,835</u>			<u>100.00%</u>	<u>\$ 70,495,791</u>			<u>100.00%</u>

The FMPTF is established as a Trust whereby governmental entities with employee pension plans may elect to join the Trust (becoming a Participating Employer), and with the Trust providing the plans with administrative and investment services for the benefit of participating employers, participating employees, and beneficiaries. Employee pension plan assets with the FMPTF are included in the Trust's master trust fund. Employee pension plan assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust (FMIVT) for the benefit of the participating employers, participating employees and beneficiaries.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

The FMIVT was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

DROP participants have the option to have their future monthly benefits from the Plan deposited in a self-directed DROP account for as long as they participate in the DROP. Members who elect to participate in the self-directed DROP option may transfer all or a portion of their current Plan DROP balance to their self-directed DROP account within 30 days after submitting their self-directed DROP participation agreement. Funds held in a self-directed DROP account must be invested in select mutual funds which are part of the FMPTF mutual fund offerings. The FMPTF only serves as administrator of the self-directed DROP accounts. Self-directed DROP funds do not have to be invested in a manner consistent with the investment allocation set forth in the Plan's Investment Policy. The FMPTF is not responsible for investing and managing funds in a member's self-directed DROP brokerage account. Consequently, those funds are presented separately from the FMIVT investments in the above table.

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements with the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market. The investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs.

The categorization of investments within the hierarchy is based upon pricing transparency of the instrument and is not indicative of its quality.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of the investments as of September 30, 2025:

<u>Investment by fair value level</u>	<u>9/30/2025</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
FMIvT Broad Market High Quality Bond Fund	\$ 7,411,280	\$ -	\$ 7,411,280	\$ -
FMIvT Diversified Large Cap Portfolio	22,678,516	-	22,678,516	-
FMIvT Diversified Small to Mid Cap Portfolio	10,894,581	-	10,894,581	-
FMIvT International Equity Portfolio	18,083,523	-	18,083,523	-
Self-Directed DROP Account	<u>1,406,037</u>	-	<u>1,406,037</u>	-
Total Investments by fair value level	<u>60,473,937</u>	<u>\$ -</u>	<u>\$ 60,473,937</u>	<u>\$ -</u>
Investment at the net asset value (NAV)*		<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	
FMIvT Core Plus Fixed Income Fund	7,633,618	Monthly	5 business days prior to valuation	
FMIvT Core Real Estate	<u>6,596,039</u>	Quarterly	90 business days prior to valuation	
Total investments measured at NAV	<u>14,229,657</u>			
Total investments	<u>\$ 74,703,594</u>			

** As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.*

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of the investments as of September 30, 2024:

<u>Investment by fair value level</u>	<u>9/30/2024</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
FMIvT Broad Market High Quality Bond Fund	\$ 6,593,997	\$ -	\$ 6,593,997	\$ -
FMIvT Diversified Large Cap Portfolio	21,087,051	-	21,087,051	-
FMIvT Diversified Small to Mid Cap Portfolio	11,470,806	-	11,470,806	-
FMIvT International Equity Portfolio	15,523,367	-	15,523,367	-
Self-Directed DROP Account	1,808,328	-	1,808,328	-
Total Investments by fair value level	<u>56,483,549</u>	<u>\$ -</u>	<u>\$ 56,483,549</u>	<u>\$ -</u>
Investment at the net asset value (NAV)*		<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	
FMIvT Core Plus Fixed Income Fund	6,868,746	Monthly	5 business days prior to valuation	
FMIvT Core Real Estate	6,868,746	Quarterly	90 business days prior to valuation	
Total investments measured at NAV	<u>13,737,492</u>			
Total investments	<u>\$ 70,221,041</u>			

* As required by GAAP, certain investments that are measured at net asset value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

FMIvT Broad Market High Quality Bond Fund

This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable Level 1 quoted pricing inputs or observable Level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted. Value is based on market-corroborated data. (Level 2 inputs).

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Fair Value Hierarchy (continued)

FMIvT Diversified Large Cap Equity Portfolio

This portfolio invests mainly in domestic stocks and in a single underlying fund, the State Street S&P 500 Index Non-Lending Common Trust Fund (State Street Fund), shares of which are not publicly quoted. The majority of the underlying securities have observable Level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The value of the portfolio's shares of the State Street Fund investment is determined based on the net asset value provided by the State Street Fund, which is calculated based in accordance with generally accepted accounting principles. While most of the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted. Value is based on market-corroborated data. (Level 2 inputs).

FMIvT Diversified Small to Mid Cap Equity Portfolio

This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable Level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted. Value is based on market-corroborated data. (Level 2 inputs).

FMIvT International Equity Portfolio

This portfolio invests in two underlying funds, the Ninety One International Dynamic Equity Fund, LLC (Ninety One Fund), and the Allspring Emerging Market Large/Mid Cap Fund, (Allspring Fund), shares of which are not publicly quoted. Both funds invest in stocks sold on U.S. and international exchanges, all of which have observable Level 1 quoted pricing inputs. The value of the shares of the Ninety One Fund and the Allspring Fund investments is determined based on the net asset value provided by the Funds, which was calculated in accordance with generally accepted accounting principles. Value is based on market-corroborated data. (Level 2 inputs).

Self-Directed DROP Brokerage Account

Plan members opting for the self-directed DROP account must select their investment options from the FMPTF mutual fund offerings. The FMPTF aggregates the overall investment values into a total account fair value for reporting purposes. The value of self-directed DROP account investments is based on observable inputs (Level 2 inputs).

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Fair Value Hierarchy (continued)

FMIvT Core Plus Fixed Income Fund

This fund invests in a single underlying fund, the Amundi Institutional Multi-Sector Fixed Income Portfolio, LLC. Shares of this fund are not publicly quoted. This underlying fund invests in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments. NAV is used as a practical expedient to estimate fair value. There are no unfunded commitment requirements.

FMIvT Core Real Estate Fund

This portfolio invests in a single underlying fund, the Morgan Stanley Prime Property Fund (Morgan Stanley Fund), shares of which are not publicly quoted. The Morgan Stanley Fund invests in core real estate in the U.S. The value of the Morgan Stanley Fund investments was determined based on quarterly real estate appraisals, which were calculated in accordance with generally accepted accounting principles. NAV is used as a practical expedient to estimate fair value. There are no unfunded commitment requirements.

Investment Management

The City has contracted with the Florida Municipal Pension Trust Fund to administer the Executive Employees' Retirement Plan. Except for the self-directed DROP account funds, the FMPTF invests pension assets in the Florida Municipal Investment Trust (the Trust), an interlocal government entity created under the laws of the State of Florida as an investment vehicle for those participating governments. The Trust invests funds into one or more investment portfolios under the supervision of investment managers. The portfolio does not distribute income or capital gains to its members. All income earned and capital gains realized are retained by the portfolio and reinvested.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Investment Policy

The Statement of Investment Policy, Objectives, and Guidelines (Policy), amended November 29, 2018, March 25, 2021, and June 8, 2023 is reviewed periodically by the Board and administered by the FMPTF. Compliance with the policy is required by the investment managers and is monitored by investment consultants from FMPTF. To accomplish the objectives of the Trust, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters. The asset mix and permitted investments established in the policy are as follows:

	<u>2025 Target</u>	<u>2024 Target</u>
Equities	70.00%	70.00%
Large Cap		
Diversified Large Cap Equity	30.00%	30.00%
Small Cap		
Diversified Small to Mid-Cap Equity	16.00%	16.00%
International		
International Equity	24.00%	24.00%
Fixed Income (Incl. Cash)		
Core Bonds, Broad Market High Quality Fund	10.00%	10.00%
Core Plus Bonds, Core Plus Fixed Income Fund	10.00%	10.00%
Core Real Estate Portfolio	10.00%	10.00%

The Policy allows for Participating Employees and Beneficiaries, to the extent permitted by their respective Plans, to invest in a variety of asset classes. Beginning in fiscal year 2022, Plan members participating in the DROP may transfer their DROP benefits into a self-directed DROP account where they can invest those funds in various FMPTF mutual funds rather than having the investment of those funds commingled with the Plan's investments. Those funds do not have to be invested following the above target allocation. Members assume the risks and responsibility for the investments they have selected for their self-directed DROP account funds.

Rate of Return

For the years ended September 30, 2025 and 2024, the annual money-weighted rate of return on Plan investments, net of plan investment expense, was 8.84% and 21.34%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Security Investment Guidelines and Risk

The Plan is potentially exposed to various types of investment risk including credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Prohibited fixed income investments include tax exempt securities, private mortgages and private label residential mortgage-backed securities. The following is a detailed discussion of these investment risks and related guidelines:

Credit Risk

The Plan allows investments in Commercial Paper with A1/P1 or a comparable rating as provided by two of the top nationally recognized statistical rating organizations; and for which the corporation's long-term debt, if any, is rated at least A1/A+ by a nationally recognized statistical rating organization or, if backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated at least AA (or comparable rating) by at least two of the nationally recognized statistical rating agencies publishing ratings for financial institutions. The Plan also allows investments in Banker's Acceptances issued within the U.S. by institutions with a long-term debt rating of at least AA or short-term debt rating of P1 (or comparable rating) as provided by one nationally recognized statistical rating organization.

Non-negotiable Certificates of Deposit must be rated at least A1/P1 (or comparable rating) and a long-term rating of at least A (or comparable rating) as provided by two of the top nationally recognized rating agencies. Guaranteed Investment Contracts must be rated in the highest category by AM Best Rating System or a comparable nationally recognized statistical rating organization. All investments held in the portfolio meet these requirements.

At September 30, 2025 and 2024 the portfolio met the credit rating limitations of the investment policy as presented in the preceding information.

Custodial Credit Risk

The Plan's investment policy requires that all securities, with the exception of certificates of deposit, be held with a third-party custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of September 30, 2025 and 2024, the Plan's investment portfolio was held with a third-party custodian.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 3 – Deposits and Investments (continued)

Security Investment Guidelines and Risk (continued)

Concentration of Credit Risk

The Plan allows no more than \$5 million in certificates of deposit with any one depository at one time. Corporate fixed income securities are limited to no more than 3% of any one corporation at the time of purchase. No more than \$10 million in investment agreements may be entered into with any one financial institution. Government Accounting Standards Board (GASB) Statement No. 40 requires disclosures when the percent is 5% or more of fiduciary net position in any one issuer. The Plan's investments percentage distribution is presented in the fair value of deposits and investments table at the beginning of this note.

Interest Rate Risk

Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Plan has a maximum maturity at purchase of 180 days with a total average maturity, at any point in time, for all repurchase agreements held of not greater than 60 days. Commercial paper and Bankers' Acceptances maximum maturity shall not exceed 270 days from the time of purchase. Non-negotiable certificates of deposit shall not exceed 2 years. As of September 30, 2025 and 2024, no investments held in the portfolio exceeded these limits.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

The Plan, through its investment advisor, monitors the Plan's investments and the risks associated therewith on a regular basis which the Plan believes minimizes these risks.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 4 - Transfers To/From Other Plans

Members have status changes during their employment with the City. Certain status changes require a change in membership in the pension plan. A transfer therefore occurs to/from the General Employees' Pension Plan or the Police and Firefighters' Retirement System to the Executive Employees Retirement Plan. Further, members may elect an irrevocable transfer to a defined contribution plan.

The amount transferred as a result of the change in status or election is the actuarial value of their accrued benefit. Amounts transferred to other plans are presented on the statement of changes in fiduciary net position as deductions. Amounts transferred from other plans are presented as contributions.

Note 5 –Net Pension Liability of the City

The components of the City's net pension liability on September 30th were as follows:

	2025	2024
Total pension liability	\$ 88,337,317	\$ 85,723,325
Less: Plan fiduciary net position	(75,518,835)	(70,495,791)
Net pension liability	\$ 12,818,482	\$ 15,227,534
Plan fiduciary net position as a percentage of the City's total pension liability	85.49%	82.24%

Significant Actuarial Assumptions

The total pension liability for fiscal year 2025 was determined by an actuarial valuation as of October 1, 2024 updated to September 30, 2025. The total pension liability for fiscal year 2024 was determined by an actuarial valuation as of October 1, 2023 updated to September 30, 2024. The following actuarial assumptions applied to the measurement periods.

	2025	2024
Inflation	2.75%	2.75%
Salary Increases (Range)	3.75% to 8.0%	3.25% to 6.0%
Investment Rate of Return	7.00%	7.00%

Mortality is assumed to follow the Florida Retirement System (FRS) Mortality Table based on the Pub-2010 mortality tables with mortality improvements project for healthy lives to all future years after 2010 using Scale MP-2018.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 5 –Net Pension Liability of the City (continued)

Long-term Expected Rate of Return

The long-term expected rates of return on classes of pension plan investments were developed by the investment consultant Asset Consulting Group (ACG) using Monte Carlo Simulations to analyze a range of possible outcomes and assist in making educated investment decisions. The output of the Monte Carlo Simulation is based on ACG's capital market assumptions that are derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions. The long-term expected rate of return was calculated by weighting the expected future real rates of return of each asset class by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 and September 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>2025 Long-Term Expected Real Rate of Return</u>	<u>2024 Long-Term Expected Real Rate of Return</u>
Core Bonds	2.5%	2.5%
Core Plus	2.8%	2.8%
U.S. Large Cap Equity	7.2%	7.1%
U.S. Small Cap Equity	8.5%	8.5%
International Equity	8.2%	8.2%
Core Real Estate	6.4%	6.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent for 2025 and for 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the City's total pension liability.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Note 5 –Net Pension Liability of the City (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rates of 7.00 percent in 2025 and in 2024, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

	2025		
	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
Net Pension Liability	\$ 22,996,859	\$ 12,818,482	\$ 4,383,075
	2024		
	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
Net Pension Liability	\$ 25,205,899	\$ 15,227,534	\$ 6,961,775

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY
AND RELATED RATIOS**

September 30,	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$ 1,369,065	\$ 1,190,105	\$ 1,126,253	\$ 1,165,162	\$ 1,004,178
Interest	5,900,744	5,479,185	5,209,960	5,331,239	5,080,148
Changes of Benefit Terms	--	2,339,701	--	--	--
Differences between expected and actual experience	766,519	2,438,773	2,204,903	(2,942,073)	777,025
Changes of assumptions	169,766	--	411,575	(455,633)	--
Benefit payments, including refunds of member contributions	(5,592,102)	(5,616,819)	(3,668,398)	(3,776,453)	(3,244,704)
Net Change in Total Pension Liability	<u>2,613,992</u>	<u>5,830,945</u>	<u>5,284,293</u>	<u>(677,758)</u>	<u>3,616,647</u>
Total Pension Liability - Beginning	<u>85,723,325</u>	<u>79,892,380</u>	<u>74,608,087</u>	<u>75,285,845</u>	<u>71,669,198</u>
Total Pension Liability - Ending (a)	<u>88,337,317</u>	<u>85,723,325</u>	<u>79,892,380</u>	<u>74,608,087</u>	<u>75,285,845</u>
Plan Fiduciary Net Position					
Contributions - employer	2,818,993	2,525,416	2,296,520	2,560,502	2,600,459
Contributions - member	932,150	786,481	729,911	632,861	698,790
Transfer from other pension plans	843,624	47,630	116,538	143,810	94,108
Net investment income (loss)	6,152,337	13,087,021	5,737,676	(9,123,735)	12,058,989
Benefit payments, including refunds of member contributions	(5,592,102)	(5,616,819)	(3,668,398)	(3,776,453)	(3,244,704)
Administrative expense	(131,958)	(119,319)	(91,246)	(163,088)	(107,702)
Net Change in Plan Fiduciary Net Position	<u>5,023,044</u>	<u>10,710,410</u>	<u>5,121,001</u>	<u>(9,726,103)</u>	<u>12,099,940</u>
Plan Fiduciary Net Position - Beginning	<u>70,495,791</u>	<u>59,785,381</u>	<u>54,664,380</u>	<u>64,390,483</u>	<u>52,290,543</u>
Plan Fiduciary Net Position - Ending (b)	<u>75,518,835</u>	<u>70,495,791</u>	<u>59,785,381</u>	<u>54,664,380</u>	<u>64,390,483</u>
Net Pension Liability Ending (a) - (b)	<u>\$ 12,818,482</u>	<u>\$ 15,227,534</u>	<u>\$ 20,106,999</u>	<u>\$ 19,943,707</u>	<u>\$ 10,895,362</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.49%	82.24%	74.83%	73.27%	85.53%
Covered Payroll	\$ 6,990,585	\$ 6,607,798	\$ 6,111,060	\$ 5,777,148	\$ 5,728,084
Net Pension Liability as a Percentage of Covered Payroll	183.37%	230.45%	329.03%	345.22%	190.21%

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN CITY'S NET PENSION LIABILITY
AND RELATED RATIOS (CONTINUED)**

September 30,	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	\$ 979,825	\$ 1,027,733	\$ 1,033,954	\$ 999,642	\$ 887,093
Interest	4,523,118	4,012,692	3,759,183	3,607,804	3,302,491
Changes of Benefit Terms	3,756,497	--	--	--	--
Differences between expected and actual experience	1,966,158	4,304,119	1,258,361	1,970,552	1,605,801
Changes of assumptions	212,007	--	461,746	--	--
Benefit payments, including refunds of member contributions	(2,352,833)	(2,159,731)	(3,860,948)	(1,870,177)	(1,804,008)
Net Change in Total Pension Liability	<u>9,084,772</u>	<u>7,184,813</u>	<u>2,652,296</u>	<u>4,707,821</u>	<u>3,991,377</u>
Total Pension Liability - Beginning	<u>62,584,426</u>	<u>55,399,613</u>	<u>52,747,317</u>	<u>48,039,496</u>	<u>44,048,119</u>
Total Pension Liability - Ending (a)	<u>71,669,198</u>	<u>62,584,426</u>	<u>55,399,613</u>	<u>52,747,317</u>	<u>48,039,496</u>
Plan Fiduciary Net Position					
Contributions - employer	2,234,407	1,954,554	1,850,134	1,525,219	1,482,115
Contributions - member	598,017	1,089,408	885,015	639,876	762,047
Transfer from other pension plans	259,656	--	409,132	314,525	108,675
Net investment income (loss)	3,403,805	2,550,698	3,770,512	5,423,879	2,820,390
Benefit payments, including refunds of member contributions	(2,352,833)	(2,159,731)	(3,860,948)	(1,870,177)	(1,804,008)
Administrative expense	(82,798)	(75,266)	(46,064)	(31,744)	(30,005)
Net Change in Plan Fiduciary Net Position	<u>4,060,254</u>	<u>3,359,663</u>	<u>3,007,781</u>	<u>6,001,578</u>	<u>3,339,214</u>
Plan Fiduciary Net Position - Beginning	<u>48,230,289</u>	<u>44,870,626</u>	<u>41,862,845</u>	<u>35,861,267</u>	<u>32,522,053</u>
Plan Fiduciary Net Position - Ending (b)	<u>52,290,543</u>	<u>48,230,289</u>	<u>44,870,626</u>	<u>41,862,845</u>	<u>35,861,267</u>
Net Pension Liability Ending (a) - (b)	<u>\$ 19,378,655</u>	<u>\$ 14,354,137</u>	<u>\$ 10,528,987</u>	<u>\$ 10,884,472</u>	<u>\$ 12,178,229</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.96%	77.06%	80.99%	79.36%	74.65%
Covered Payroll	\$ 5,549,081	\$ 5,593,482	\$ 5,361,342	\$ 5,748,308	\$ 5,359,816
Net Pension Liability as a Percentage of Covered Payroll	349.22%	256.62%	196.39%	189.35%	227.21%

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

Fiscal Year	(1) Actuarially Determined Contribution	(2) Contribution in relation to the actuarially determined contribution	(3) Contribution excess/ (deficiency) (2)-(1)	(4) Covered payroll	(5) Contributions as a percentage of covered payroll (2)/(4)
2016	\$ 1,482,115	\$ 1,482,115	\$ -	\$ 5,359,816	27.65%
2017	1,525,219	1,525,219	-	5,748,308	26.53%
2018	1,850,134	1,850,134	-	5,361,342	34.51%
2019	1,954,554	1,954,554	-	5,593,482	34.94%
2020	2,234,407	2,234,407	-	5,549,081	40.27%
2021	2,600,459	2,600,459	-	5,728,084	45.40%
2022	2,560,502	2,560,502	-	5,777,148	44.32%
2023	2,296,520	2,296,520	-	6,111,060	37.58%
2024	2,525,416	2,525,416	-	6,607,798	38.22%
2025	2,818,993	2,818,993	-	6,990,585	40.33%

Notes to Schedule

Valuation date: October 1, 2023

Actuarially determined contribution rates are calculated as of October 1, one year prior to the beginning of the year in which contributions are reported.

Significant methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Asset valuation method	5-year smoothing
Salary increases	Varies
Inflation	2.75%
Investment rate of return	7.00%

The mortality tables used are the same as those used in the July 1, 2022 Pension Actuarial Valuation of the Florida Retirement System (FRS) for Regular (other than K-12 School Instructional Personnel) members. These tables are based on the Pub-2010 mortality tables with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018.

**CITY OF BOCA RATON
EXECUTIVE EMPLOYEES' RETIREMENT PLAN**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

<u>September 30,</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
2016	8.55%
2017	14.91%
2018	9.07%
2019	5.61%
2020	6.98%
2021	22.64%
2022	-13.82%
2023	10.42%
2024	21.34%
2025	8.84%

REPORTING SECTION

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees and Plan Administrator
City of Boca Raton Executive Employees' Retirement Plan

We have audited, in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of City of Boca Raton Executive Employees' Retirement Plan (the “Plan”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Plan’s financial statements, and have issued our report thereon dated February 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan'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 Plan'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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

City of Boca Raton, FL

February 24, 2026