



FLORIDA RETIREMENT SYSTEM PENSION PLAN AND OTHER STATE ADMINISTERED SYSTEMS

Comprehensive Annual Financial Report

FY 2019-2020



Florida Retirement System Pension Plan And Other State Administered Systems

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020



This aerial view shows the Lower Florida Keys, near Big Pine Key, FL, known for their pristine environment and eco-friendly attractions. The Lower Keys are home to two national wildlife refuges, a portion of a national marine sanctuary and a state park, and are surrounded by a marine environment filled with abundant terrestrial and marine life. This photograph is courtesy of Andy Newman with the Florida Keys News Bureau.

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Ron DeSantis, Governor
Jonathan Satter, Secretary
David DiSalvo, State Retirement Director

This report has been prepared by the Department of Management Services Division of Retirement. The photographs used throughout this report highlight various islands around the State of Florida. On the cover is a photograph of Amelia Island, courtesy of Amelia Island Convention & Visitor Bureau.

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TABLE OF CONTENTS

INTRODUCTORY SECTION	7
Transmittal Letter	8
Management Staff	10
Administrative Organization Chart and List of Consulting Services	11
Terms and Abbreviations	12
Public Pension Standards Award for Funding and Administration 2020	14
FINANCIAL SECTION	15
INDEPENDENT AUDITOR'S REPORT	17
Management's Discussion and Analysis.....	20
Financial Statements	
Statement of Fiduciary Net Position.....	28
Statement of Changes in Fiduciary Net Position.....	30
Governmental Fund Balance Sheet/Statement of Net Position	32
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund/Statement of Activities	33
Notes to the Financial Statements	
Notes to the Financial Statements Table of Contents	34
Note 1 – Plan Description	35
Note 2 – Summary of Significant Accounting Policies	46
Note 3 – Plan Investments	50
Note 4 – Net Pension Liability	71
Note 5 – Interfund Balances and Transfers	78
Note 6 – Changes in Long-Term Liabilities	79
Note 7 – Related Parties.....	80
Note 8 – Other Postemployment Benefits.....	81
Required Supplementary Information	
Florida Retirement System Pension Plan	88
Retiree Health Insurance Subsidy Program.....	94
Florida National Guard Supplemental Retirement Benefit Plan	98
Other Postemployment Benefits (OPEB) Plan.....	101
Budgetary Reporting	102
Budgetary Comparison Schedules	103
Budget to GAAP Reconciliation	103
Other Supplementary Information	105
Schedule of Administrative Expenses.....	106
INVESTMENT SECTION	107
Statement from the State Board of Administration Executive Director	108
Overview and Investment Objective	109
Performance	109
FRS Pension Plan – External Investment Management Fees for Fiscal Year 2019-20	112
FRS Pension Plan – Net Brokerage Commissions for Fiscal Year 2019-20	112
Asset Allocation	113
Asset Classes	113
Rebalancing.....	113
Passive vs Active Investing.....	115
FRS Defined Benefit Total Fund Asst Class Allocation for Fiscal Year 2019-20.....	115
FRS Pension Plan – Returns by Asset Class for Periods Ending June 30, 2020	116
FRS Pension Plan – Change in Market Value for Fiscal Year 2019-20	117
FRS Pension Plan Net Securities Lending Revenue by Fiscal Year.....	118
FRS Pension Plan – Global Equity Change in Market Value for Fiscal Year 2019-20.....	119

TABLE OF CONTENTS (continued)

FRS Pension Plan – Fixed Income Change in Market Value for Fiscal Year 2019-20.....	121
FRS Pension Plan – Private Equity Change in Market Value for Fiscal Year 2019-20.....	122
FRS Pension Plan – Strategic Investments Change in Market Value for Fiscal Year 2019-20.....	126
FRS Pension Plan – Real Estate Change in Market Value for Fiscal Year 2019-20.....	129
FRS Pension Plan – Cash/Short-Term and Miscellaneous Portfolios Change in Market Value for Fiscal Year 2019-20.....	130
ACTUARIAL SECTION.....	131
Florida Retirement System Pension Plan Overview of GASB 67 and GASB 68.....	132
Actuary’s Statement Regarding FRS 2020 Actuarial Valuation.....	133
Actuary’s Certification Letter.....	139
History of the FRS Pension Plan Unfunded Actuarial Liability/Surplus with Total Liabilities and Total Assets.....	141
FRS Pension Plan Membership.....	142
FRS Pension Plan Payroll.....	143
FRS Pension Plan Cash Flows.....	143
Projected FRS Pension Plan Benefit Payments.....	144
FRS Pension Plan Trust Fund Assets.....	145
Statement of Fund Balance/Fiduciary Net Position.....	145
FRS Pension Plan Total Actuarial Assets Compared to Total Actuarial Liabilities.....	146
Total Composite Blended Rate.....	147
FRS Pension Plan Retirement Contributions.....	148
Retiree Health Insurance Subsidy Program Overview of GASB 67 and GASB 68.....	149
Actuary’s Statement Regarding HIS 2020 Valuation.....	151
Florida National Guard Supplemental Retirement Benefit Plan Overview of GASB 67 and GASB 68.....	154
Actuary’s Statement Regarding National Guard 2020 Valuation.....	156
STATISTICAL SECTION.....	159
Membership and Payroll.....	160
Annuitants and Benefit Payments for the FRS Pension Plan.....	160
Source of FRS Membership and Covered Payroll for Fiscal Year 2019-20.....	161
Ratio of FRS Active Members to Retirees.....	162
Active FRS Members by System/Class.....	163
Annual FRS Payroll by System/Class.....	163
Members’ Required Contributions by System/Class.....	163
Profile of Active FRS Members.....	164
Profile of Active FRS Investment Plan Members.....	165
Profile of Active FRS Pension Plan Members.....	166
Profile of Active FRS Pension Plan Members Initially Enrolled Before July 1, 2011.....	167
Profile of Active FRS Pension Plan Members Initially Enrolled on or After July 1, 2011.....	168
Active FRS Members 2016-2020.....	169
Growth of FRS Annuitants – All Systems 2016-2020.....	169
FRS Pension Plan Refund Payments by Type.....	170
FRS Pension Plan Total Refund Payments by Type.....	170
Active FRS Pension Plan DROP Participants by System/Class.....	171
Profile of Active FRS Pension Plan DROP Participants.....	171
FRS Pension Plan DROP Accrued Benefits and Interest by System/Class.....	173
Terminated FRS Pension Plan DROP Participants by System/Class.....	174
Profile of Terminated FRS Pension Plan DROP Participants.....	174
Total Annuitants by System/Class.....	176
Average Benefits by System/Class.....	176
Total Annual Benefits by System/Class.....	177
Total Disability Benefits by System/Class.....	177

TABLE OF CONTENTS (continued)

Profile of Total Annuitants by System/Class	178
Profile of FRS Annuitants.....	178
FRS Retirees and Beneficiaries by Age at Retirement	181
FRS Retirees and Beneficiaries by Years of Service at Retirement	181
Total FRS Annuitants by Type of Retirement.....	182
Total FRS Annual Benefits by Type of Retirement	182
Total FRS Annuitants Added During Fiscal Year by Type of Retirement.....	182
Total Annual Benefits of FRS Annuitants Added During Fiscal Year by Type of Retirement.....	182
Schedule of Average FRS Benefits	183
FRS Retirees and Pension Benefits by Florida County	184
FRS Retirees by State	185
FRS Retirees Outside the United States.....	185
Reemployed Retirees Not Eligible for Renewed Membership by System/Class.....	186
Profile of Reemployed Retirees Not Eligible for Renewed Membership	186
SYSTEM SUMMARY SECTION	187
Chronological Highlights of State-Administered Retirement and Pension Systems Since 2000	188
FRS Participating Employers	190
Police and Firefighters' Premium Tax Trust Fund.....	197
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	199
Finding and Recommendation	201

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INTRODUCTORY SECTION

Photo: Sanibel Island, courtesy of the Lee County Visitor & Convention Bureau.





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Ron DeSantis, Governor
Jonathan R. Satter, Secretary

December 10, 2020

Letter of Transmittal

Dear Members:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the state retirement systems administered by the Department of Management Services, Division of Retirement (Division). This annual report covers the period from July 1, 2019, through June 30, 2020. It includes the operations and financial status of the state retirement systems administered by the Division, a summary description of the retirement plans, investment objectives and policy, actuarial reports, and historical and statistical information on active members, annuitants and benefit payments. This transmittal letter is designed to complement the Management Discussion and Analysis (MD&A) in the Financial Section of this report and should be read in conjunction with it.

State-Administered Retirement Systems Profile

The state-administered retirement systems include three separate defined benefit pension plans: the Florida Retirement System (FRS) Pension Plan, the Retiree Health Insurance Subsidy Program, and the Florida National Guard Supplemental Retirement Plan; two separate defined contribution retirement plans: one for state senior managers and one for specified staff of the State University System; general revenue funded pensions; and funding to certain local government plans. The FRS is the fourth largest state retirement system that provides retirement, disability or death benefits to 432,258 retirees or their designated beneficiaries and 33,593 Deferred Retirement Option Program (DROP) participants and offers a wide range of information services to 644,338 active non-retired members. The FRS offers members a choice between the Pension Plan (a defined benefit plan) and the Investment Plan (a defined contribution plan). FRS participation is required by all state, county, district school board, state college and state university employers with optional participation offered to cities, charter schools, metropolitan planning districts and special districts. As of June 30, 2020, the FRS had 980 participating employers enrolling new members and 44 participating employers closed to new FRS membership with grandfathered FRS members.

Participation in non-integrated defined contribution plan alternatives to the FRS are provided to specified State University System employees through the State University System Optional Retirement Program and state senior managers through the Senior Management Service Optional Annuity Program. General revenue funded pensions include a retirement benefit to retirees of the Florida National Guard. The Florida National Guard Supplemental Retirement Benefit Program is accounted for separately as a stand-alone pension plan. Oversight is provided to local government pension plans with premium tax collections distributed to eligible municipal police and firefighter plans.

Economic Condition

All FRS assets are invested under the authority and direction of the State Board of Administration (SBA). The primary investment objectives for the FRS Pension Plan are to provide investment returns sufficient to ensure timely payment of promised benefits and keep plan costs at a reasonable level. The portfolio consists of a highly diversified asset mix of investments, which includes government and corporate bonds, common stocks, income-producing real estate, alternative investments and short-term money market instruments.

As of June 30, 2020, the market value of assets for the FRS Pension Plan was approximately \$160.7 billion as detailed in the Investment Section. This reflects a 3.08 percent annualized investment return. The fiduciary net position as of June 30, 2020, was \$161.6 billion, a 1.2 percent decrease over the previous year. The FRS Pension Plan is 78.9 percent funded on a Governmental Accounting Standards Board Statement No. 67 reporting basis.

Since the benefit payments are not all immediately payable, the SBA can maintain a long-term investment strategy. This approach, along with a well-diversified investment portfolio, helps weather periods of volatility in the investment markets.

Legislation

The Florida Legislature enacted the following substantive changes during the 2020 Legislative Session:

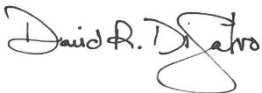
- Allowed FRS members who are receiving care at a U.S. Veterans Health Administration facility to have total and permanent disability from all employment certified by licensed physicians working these facilities regardless of the state where the physicians are licensed effective July 1, 2020.
- Provided compulsory membership in the Senior Management Service Class of the FRS for appointed criminal conflict and civil regional counsel, assistant regional counsel chiefs, administrative directors, and chief investigators effective July 1, 2020. Members in these positions may purchase a service credit upgrade for performing the same duties covered by a different membership class retroactive to October 1, 2007.

Awards and Recognition

The FRS was awarded the Public Pension Coordinating Council's Public Pensions Standards Award for Funding and Administration in 2020. This award recognizes plans that meet professional standards for plan funding and administration in categories such as benefits, actuarial valuations, financial reporting and communications to members.

The Department of Management Services, Division of Retirement prepared this report. To the best of our knowledge, the enclosed data is accurate in all material respects and reported in a manner designed to fairly present the financial position and operations of the state-administered retirement systems. We created this report to provide complete and reliable information to members of these systems, the Governor, the Florida Legislature and the citizens of Florida. We continue to work to make the state-administered retirement systems cost effective and managed for the benefit of active and retired members.

Respectfully submitted,



David R. DiSalvo
State Retirement Director

MANAGEMENT STAFF

The Division of Retirement manages Florida's state-administered retirement systems. The Governor appoints the Secretary of the Department of Management Services who appoints the State Retirement Director. The following individuals are involved in managing the state-administered retirement systems:



Jonathan Satter
Secretary



David DiSalvo
State Retirement Director



Shirley Beauford
Assistant State
Retirement Director



Garry Green, Chief
Research and Education



Valerie Reglat, Chief
Administrative Services



Jason Beard, Chief
Contact Center



Kathy Gould, Chief
Bureau of
Retirement Calculations



Keith Brinkman, Chief
Bureau of Local
Retirement Systems



Joyce Morgan, Chief
Bureau of Enrollment
and Contributions

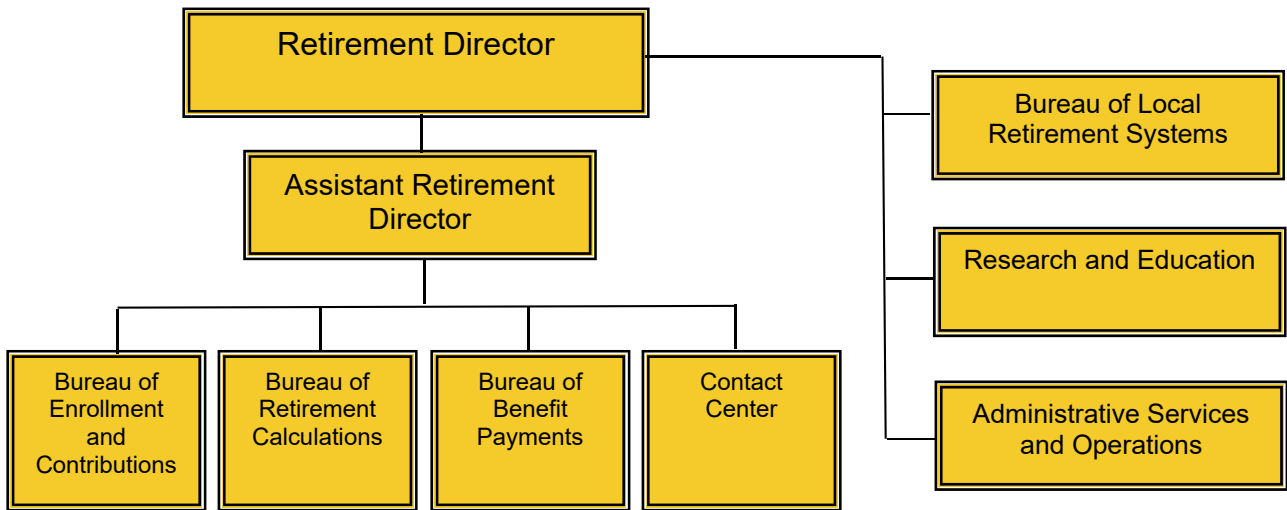


Kelly Recio, Chief
Bureau of Benefit Payments

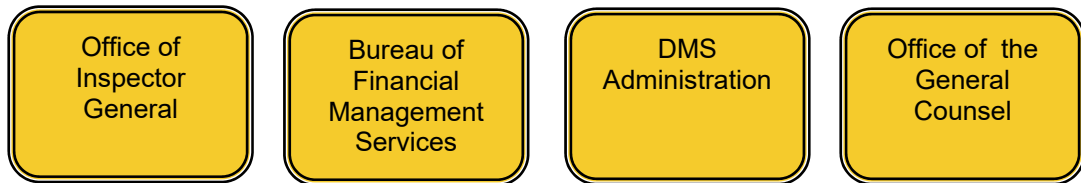
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Division of Retirement
P.O. Box 9000
Tallahassee, Florida 32315-9000

**ADMINISTRATIVE ORGANIZATION
As of June 30, 2020**



The following sections are managed at the department level:



CONSULTING SERVICES

Actuary

Milliman, Inc., Consultants and Actuaries
Portland, Oregon

Information Technology

22nd Century
Tallahassee, Florida

Investment

State Board of Administration
Tallahassee, Florida

TERMS AND ABBREVIATIONS

This annual report contains the following terms and abbreviations:

ABO – Accumulated Benefit Obligation.

Accumulated Contributions – The total amount of contributions posted to the accounts of active members over their employment career, including interest on the contributions for members of the Teachers' Retirement System.

Active Member – Any employee on the May or June payroll who had not retired or had not been refunded accumulated contributions as of June 30.

ADC – Actuarially Determined Contribution.

AFC – Average Final Compensation.

Annualized Benefits – The monthly benefit paid on June 30 multiplied by 12.

Annual Payroll – The total salaries paid during the fiscal year to the members indicated.

Annuitant – Retired person or the survivor of a retired person who is receiving monthly benefits.

AVA – Actuarial Value of Assets.

CAFR – Comprehensive Annual Financial Report.

COLA – Cost-of-Living Adjustment.

Combined Systems – Teachers' Retirement System, State and County Officers and Employees' Retirement System, Highway Patrol Pension Trust Fund, Judicial Retirement System, and the Florida Retirement System since 1970.

Division – Division of Retirement, Department of Management Services.

DMS – Department of Management Services.

DROP – Deferred Retirement Option Program.

FRS – Florida Retirement System.

REGULAR – Regular Class.

SPECIAL RISK – Special Risk Class.

SPECIAL RISK ADM. SUP. – Special Risk Administrative Support Class.

EOC – Elected Officers' Class.

SMSC – Senior Management Service Class.

FRS DB Plan – Florida Retirement System Defined Benefit Plan, also known as the Florida Retirement System Pension Plan.

FRS DC Plan – Florida Retirement System Defined Contribution Plan, also known as the Florida Retirement System Investment Plan.

GAAP – Generally Accepted Accounting Principles.

GASB – Governmental Accounting Standards Board.

HIS – Health Insurance Subsidy.

HWY PATROL – Highway Patrol Pension Fund.

IFAS – Institute of Food and Agricultural Sciences.

JRS – Judicial Retirement System.

MVA – Market Value of Assets.

National Guard – Florida National Guard Supplemental Retirement Benefit Program.

NPL – Net Pension Liability – The difference between the total pension liability of the system and the assets.

TERMS AND ABBREVIATIONS (continued)

OPEB – Other Postemployment Benefits.

Retirees – Retired members (includes joint annuitants or survivors).

SBA – State Board of Administration.

SCCSORP – State Community College System Optional Retirement Program.

SCOERS – State and County Officers and Employees' Retirement System.

SMSOAP – Senior Management Service Optional Annuity Program.

SUSORP – State University System Optional Retirement Program.

TRS – Teachers' Retirement System.

TRS-SB – Teachers' Retirement System Survivor Benefits.

UAL – Unfunded Actuarial Liability – The difference between the plan's actuarial value of assets and the actuarial value of liabilities as of the measurement date.



Public Pension Coordinating Council

***Public Pension Standards Award For
Funding and Administration
2020***

Presented to

Florida Retirement System Pension Plan

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator



FINANCIAL SECTION

Photo: Dr. Julian G. Bruce St. George Island, courtesy of Florida State Parks.



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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the fiduciary funds, governmental fund, and governmental activities of the Florida Retirement System Pension Plan and Other State-Administered Systems (System) administered by the Florida Department of Management Services, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the assets and investment income of the Florida Retirement System Defined Benefit Plan which represent 99.8 percent of the assets and 52.9 percent of the additions of the Florida Retirement System Defined Benefit Plan as reported on the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, respectively. Those assets and additions were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Florida Retirement System Defined Benefit Plan, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary funds, governmental fund, and governmental activities of the System, as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Florida Retirement System Pension Plan and Other State-Administered Systems and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2020, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Management's Discussion and Analysis, the ability of the current statutory contribution rate to pay full Retiree Health Insurance Subsidy Program benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements on the amount of payroll on which the statutory rate is charged. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 20 through 26, the Required Supplementary Schedules of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Money-Weighted Rate of Return, Schedule of Proportionate Share of the State's Total OPEB Liability, and related Notes to Required Supplementary Information on pages 88 through 101, and required budgetary information on pages 102 through 103, be presented to supplement the basic financial statements. Such information, although not a required 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The Introductory Section on pages 7 through 14, the Investment, Actuarial, Statistical, and System Summary Sections on pages 107 through 197, and the Schedule of Administrative Expenses on page 106, 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 Schedule of Administrative Expenses 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 by us and other auditors. In our opinion, based on our audit and the procedures performed as described above, the Schedule of Administrative Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory, Investment, Actuarial, Statistical, and System Summary Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and other matters included under the heading **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**. 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 System'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 System's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 10, 2020
Audit Report No. 2021-069

Management's Discussion and Analysis

Management's Discussion and Analysis provides an overview of the financial activities of the state-administered retirement systems and the fund for local government pension plans administered by the Florida Department of Management Services' Division of Retirement (division) for the fiscal year ended June 30, 2020. This section should be read in conjunction with the financial statements and other information provided in this Comprehensive Annual Financial Report (CAFR).

The Florida Retirement System (FRS) Pension Plan is the primary retirement plan administered by the division. It is a section 401(a), Internal Revenue Code, qualified cost-sharing, multiple-employer defined benefit plan for participating public employers and their covered employees. In addition to the FRS Pension Plan, the division administers several smaller plans and other retirement activities, including the:

- Retiree Health Insurance Subsidy (HIS) Program, a supplemental benefit provided to eligible FRS retirees that is treated as a defined benefit plan for reporting purposes;
- State University System Optional Retirement Program (SUSORP), a section 403(b), Internal Revenue Code, qualified defined contribution plan for faculty, members of the State University System Executive Service, and administrative and professional staff positions that are exempt from career service;
- Senior Management Service Optional Annuity Program (SMSOAP), a section 401(a), Internal Revenue Code, qualified defined contribution plan for state senior managers;
- Police and Firefighters' Premium Tax Trust Fund, a supplemental funding of defined benefit plans for municipal police officers and firefighters who are not in the FRS;
- Florida National Guard Supplemental Retirement (National Guard) Plan; and
- Various General Revenue funded pension programs.

The division's responsibilities include making benefit payments to retirees, collecting contributions to the plans and transmitting contributions to the State Board of Administration (SBA) and other third-party providers for investment, and directing actuarial studies. The SBA is responsible for, among other duties, investing defined benefit retirement fund assets consistent with statutory authority. The Florida Legislature is responsible for establishing plan structure, benefit levels and contribution rates, and providing statutory authority for the administration of the state-administered retirement systems.

Financial and Actuarial Highlights

Florida Retirement System (FRS) Pension Plan

The FRS Pension Plan represents 99.6 percent of the financial activity of the state-administered retirement systems. The following financial highlights relate specifically to the FRS Pension Plan:

- The overall financial position of the FRS Pension Plan decreased during the year ended June 30, 2020; the fiduciary net position of the FRS Pension Plan decreased to \$161.6 billion, a decrease of \$2.0 billion, or 1.23 percent below fiscal year 2019. The decrease in value was due primarily to investment returns. As detailed in the Investment Section, the market value of assets for the FRS Trust Fund was \$160.7 billion. The FRS earned an overall investment return of 3.08 percent for fiscal year 2020, compared with a return of 6.26 percent for fiscal year 2019.
- The FRS relies upon contributions from employees and employers, along with investment income, to meet the funding requirements of an actuarially-determined accrued liability. As of July 1, 2020, the date of the latest actuarial valuation, the FRS' funded ratio was 82.0 percent on the valuation funding basis, as compared to 84.2 percent as of July 1, 2019. The funded ratio on the Governmental Accounting Standards Board Statement No. 67 basis was 78.9 percent as of July 1, 2020, as compared to 82.6 percent in the prior year.
- Administrative expense of the plan for fiscal year 2020 totaled \$21.6 million as compared to \$19.6 million for fiscal year 2019. Administrative expenses reported on the Statement of Changes in Fiduciary Net Position for fiscal year 2020 include items such as personnel and professional service cost, communication cost, and other operating costs which include administrative overhead assessment charges and facilities rental expenses. For additional information on administrative expenses refer to the Schedule of Administrative Expenses located immediately following the Required Supplementary Information Section.

- Contribution revenue recognized from employees and employers during fiscal year 2020 totaled \$4.07 billion, an increase of 5.64 percent over the prior year. The employers continue to be required to pay the full unfunded actuarial liability (UAL) rates recommended by the plan's consulting actuary. Increased membership and a higher payroll base, primarily in local government employers, accounts for the majority of the increase over the prior year.
- Pension benefits paid to retirees and beneficiaries during fiscal year 2020 increased 5.20 percent or \$0.5 billion more than fiscal year 2019 benefit payments, for a total of \$10.9 billion. These benefits include payouts to terminating participants of the Deferred Retirement Option Program before being added to the monthly payroll for benefit payments.
- Refunds of employee contributions increased by \$0.6 million in fiscal year 2020 to a total of \$18.9 million.
- The investment return assumption used in calculating the FRS Pension Plan's net pension liability for GASB 67 reporting purposes was 6.80 percent, while the investment return assumption selected by the FRS Actuarial Assumption Conference and used for the funding policy was 7.00 percent. The system's consulting actuary determined the investment return assumption of 6.80 percent for GASB 67 reporting purposes to be reasonable and appropriate per Actuarial Standards of Practice. The consulting actuary prepared a depletion date projection and determined that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments. A description of the change in the investment return assumption for GASB 67 reporting purposes is provided in Note 4.A. of the financial statements. The depletion date projection is available in the 2020 GASB 67 Supplement to the FRS Actuarial Valuation on the division's website at www.frs.myflorida.com.

Actuarial Valuations

- The FRS actuarial valuation was prepared as of July 1, 2020.
- The HIS actuarial valuation was prepared as of July 1, 2020.
- The National Guard actuarial valuation was prepared as of July 1, 2020.

Note 4, the Required Supplementary Information and the Actuarial Section of this report provide information on the net pension liability, key methods and assumptions used, and other required disclosures for each of the defined benefit plans.

Retiree Health Insurance Subsidy (HIS) Program

The HIS Program provides a health insurance subsidy payment to most retired employees and beneficiaries. The Florida Legislature sets the contribution rate for this program, which operates using a pay-as-you-go funding structure. Accumulated HIS assets as of the measurement date of July 1, 2020, constituted approximately nine months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

Florida National Guard Supplemental Retirement Benefit (National Guard) Plan

The National Guard Plan is a single-employer, non-qualified defined benefit pension plan established under Section 250.22, Florida Statutes. The monthly benefit is equal to the difference between fifty percent of the federal military pay table rate for the highest rank held while in the Florida National Guard and the reservist pension benefit received from the federal government for military service. The plan is funded by an annual appropriation from the General Revenue Fund.

Overview of the Financial Statements

As required by generally accepted accounting principles, the state administered retirement systems' financial statements consist of the following components: basic financial statements, notes to the financial statements and required supplementary information.

Basic Financial Statements

The systems' basic financial statements include the following elements as of and for fiscal year ended June 30, 2020:

- Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position - The pension plans report operations and fiduciary net position on a full accrual basis of accounting and a focus on economic resources. The Statement of Fiduciary Net Position reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting fiduciary net position, providing a measurement of the financial position of the funds as of the end of the fiscal year. The Statement of Changes in Fiduciary Net Position presents the results of operating activities in the fiduciary funds during the fiscal year and reflects the changes in resources available to provide future retirement benefits.
- Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - The Police and Firefighters' Premium Tax Trust Fund is a special revenue fund, reported as a governmental fund type using a modified accrual basis of accounting with a focus on current financial resources. The Balance Sheet reports the assets, liabilities and resulting fund balance as of the end of the fiscal year. The Statement of Revenues, Expenditures and Changes in Fund Balance presents the results of operating activities during the fiscal year and reflects the changes in resources available to provide the services administered by the division.
- Statement of Net Position and Statement of Activities – The Police and Firefighters' Premium Tax Trust Fund is converted to a government-wide perspective which reports on a full accrual basis of accounting and a focus on economic resources. The Statement of Net Position presents the assets, liabilities and resulting net position as of the end of the fiscal year. The Statement of Activities presents the results of operating activities during the fiscal year.
- Notes to the financial statements are an integral part of the financial statements. They are important to the reader's understanding of the statements and provide additional information on plan description, significant accounting policies, material account balances and activities, and related party transactions.

Required Supplementary Information

The following schedules and reconciliation are included to assist the reader by adding operational, economic, and historical context to the financial statements and notes to the financial statements.

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Schedule of Money-Weighted Rate of Return
- Budgetary Comparison Schedule
- Budget to GAAP Reconciliation
- Schedule of Proportionate Share of Total OPEB Liability

Other Supplementary Information

The Schedule of Administrative Expenses provides additional information not included in the basic financial statements, notes, or required supplementary information.

Condensed Financial Statements and Overall Financial Analysis

Statements of Fiduciary Net Position / Net Position

These statements present the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the state-administered retirement funds as of the end of the fiscal year and are point-in-time financial statements. Table 1, below, presents the condensed Statements of Fiduciary Net Position / Net Position for the fiscal years ended June 30, summarizing the activities of the various retirement funds. The net position at the close of the fiscal year for all funds combined was \$162.2 billion, with the defined benefit plans comprising 98.7 percent of the total. Net position decreased 1.05 percent from the previous year's total net position of \$164.1 billion.

Table 1: Condensed Statements of Fiduciary Net Position / Net Position

As of June 30
(In thousands)

	Defined Benefit Plans		Defined Contribution Plans		Governmental Activities		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash and investments	\$ 166,315,442	\$ 165,882,930	\$ 16,341	\$ 6,421	\$ 277,189	\$ 275,494	\$ 166,608,972	\$ 166,164,845
Other assets	1,878,130	3,513,931	33	22	9,533	8,355	1,887,696	3,522,308
Total assets	168,193,572	169,396,861	16,374	6,443	286,722	283,849	168,496,668	169,687,153
Total deferred outflows of resources	2,586	881	56	36	76	10	2,718	927
Total liabilities	6,226,983	5,519,372	1,777	234	55,885	78,539	6,284,645	5,598,145
Total deferred inflows of resources	22,649	2,600	8,197	90	316	198	31,162	2,888
Fiduciary net position/ net position	\$ 161,946,526	\$ 163,875,770	\$ 6,456	\$ 6,155	\$ 230,597	\$ 205,122	\$ 162,183,579	\$ 164,087,047

Statements of Changes in Fiduciary Net Position / Activities

These statements detail the changes in fiduciary net position/net position that occurred during the fiscal year. Table 2 presents the Condensed Statements of Changes in Fiduciary Net Position / Activities for the fiscal years ended June 30. Over time, increases and decreases in the fiduciary net position/net position measure whether the financial position of the state-administered retirement funds is improving or deteriorating. The total net position for all funds decreased by \$1.9 billion during the fiscal year. The FRS Pension Plan accounts for 100.0% of the decrease.

Table 2: Condensed Statements of Changes in Fiduciary Net Position / Activities

For the fiscal year ended June 30
(In thousands)

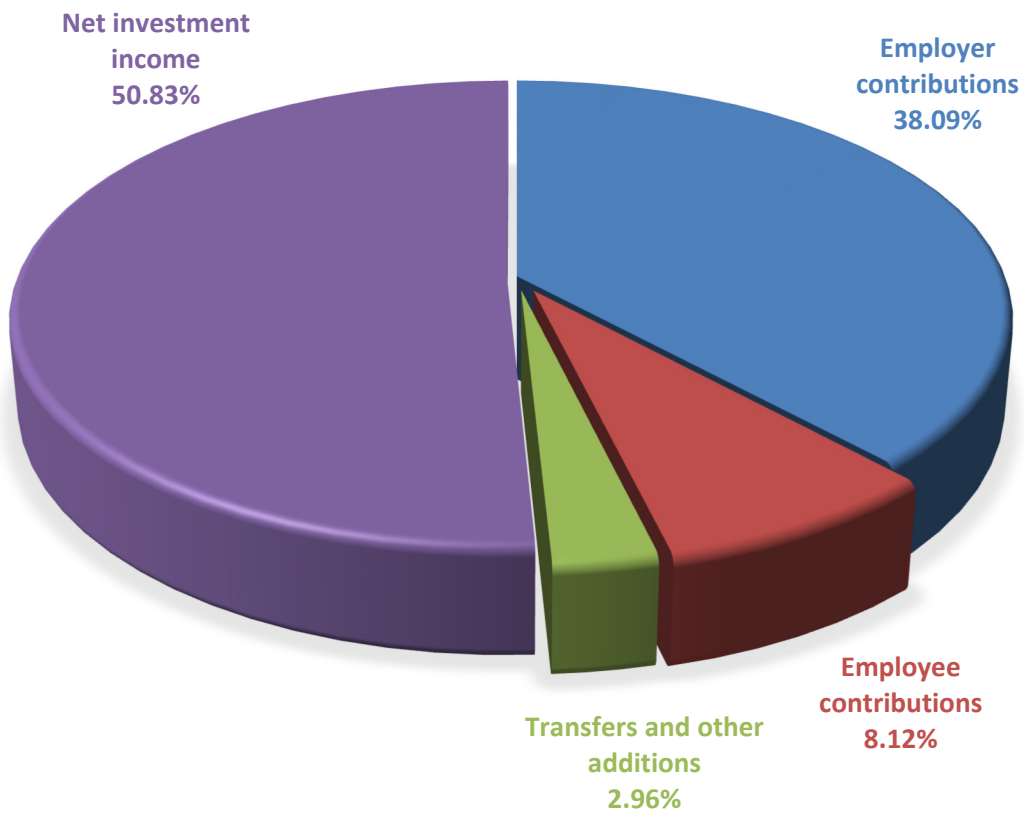
	Defined Benefit Plans		Defined Contribution Plans		Governmental Activities		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
Additions/Revenues								
Employer contributions	\$ 3,898,810	\$ 3,656,012	\$ 108,070	\$ 104,280	\$ -	\$ -	\$ 4,006,880	\$ 3,760,292
Employee contributions	748,824	753,008	105,220	102,080	-	-	854,044	855,088
Premium taxes	-	-	-	-	202,533	189,355	202,533	189,355
Transfers and other additions	108,405	104,011	208	197	-	-	108,613	104,208
Net investment income/(loss)	5,342,996	9,412,437	456	327	2,752	4,033	5,346,204	9,416,797
Total additions/revenues	10,099,035	13,925,468	213,954	206,884	205,285	193,388	10,518,274	14,325,740
Deductions/Expenses								
Benefit payments	11,428,378	10,875,837	-	-	-	-	11,428,378	10,875,837
Refunds of contributions	18,888	18,326	-	-	-	-	18,888	18,326
Payments to annuity companies	-	-	212,448	205,597	-	-	212,448	205,597
Distributions to cities	-	-	-	-	149,935	160,059	149,935	160,059
Administrative expenses	21,736	19,821	264	211	855	857	22,855	20,889
Transfers and other deductions	560,218	565,059	-	-	29,020	24,908	589,238	589,967
Total deductions/expenses	12,029,220	11,479,043	212,712	205,808	179,810	185,824	12,421,742	11,870,675
Change in net position	(1,930,185)	2,446,425	1,242	1,076	25,475	7,564	(1,903,468)	2,455,065
Fiduciary net position/net position – beginning, restated	163,876,711	161,429,345	5,214	5,079	205,122	197,558	164,087,047	161,631,982
Fiduciary net position/net position - ending	\$ 161,946,526	\$ 163,875,770	\$ 6,456	\$ 6,155	\$ 230,597	\$ 205,122	\$ 162,183,579	\$ 164,087,047

The following charts provide a visual representation of activity for all state-administered retirement funds for the fiscal year ended June 30, 2020:

Additions to Fiduciary Net Position / Net Position

Of the total additions of \$10.5 billion for all state-administered retirement funds during the fiscal year, 50.83 percent was attributable to net investment income of \$5.35 billion. Employer and employee contributions represent 38.09 percent and 8.12 percent, respectively, while the remaining 2.96 percent was allocated between transfers and other additions.

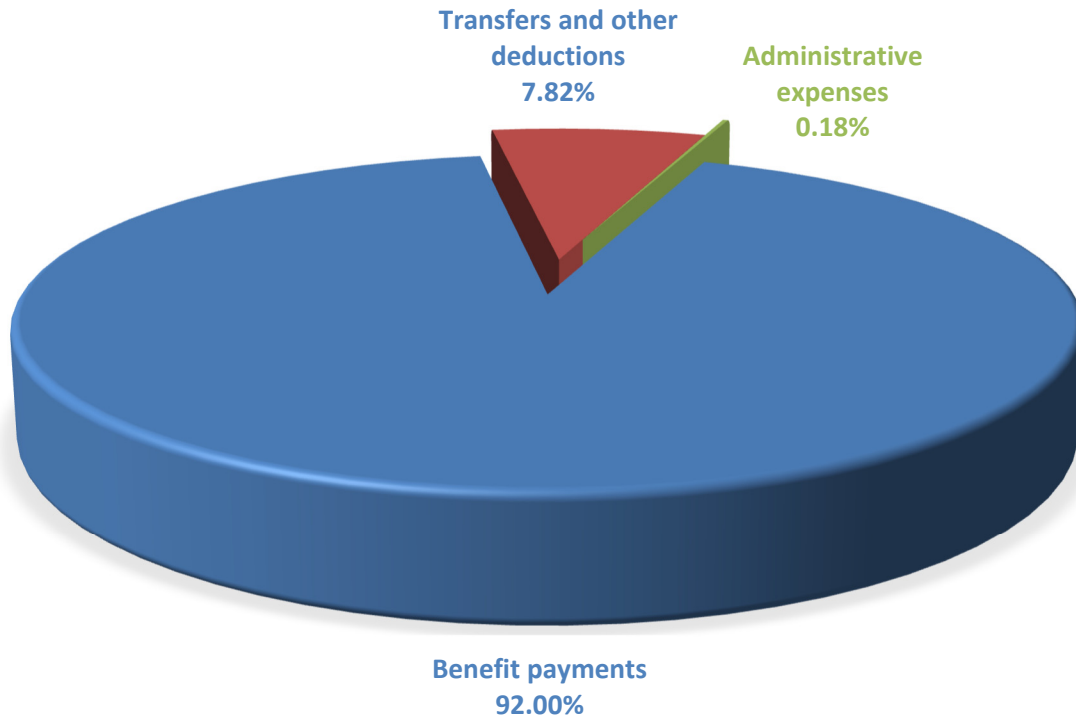
ADDITIONS TO FIDUCIARY NET POSITION / NET POSITION



Deductions from Fiduciary Net Position / Net Position

Of the total deductions of \$12.4 billion for all state-administered retirement funds during the fiscal year, benefit payments account for the majority of deductions from fiduciary net position, comprising 92.00 percent or \$11.43 billion. Transfers and other deductions made up 7.82 percent of total deductions. Administrative expense represents only 0.18 percent of total deductions.

DEDUCTIONS FROM FIDUCIARY NET POSITION / NET POSITION



Summary

The long-term financial health of all retirement plans is dependent upon several key items: future investment returns, contributions, and future benefit payments. In the defined contribution plans, the members bear the investment risk to insure adequate resources are available for retirement. For the FRS Pension Plan, a defined-benefit plan, the investment risk is held at the plan level. Annual valuations and experience studies performed every five years are utilized to measure the Pension Plan's actual economic and demographic experience compared to the plan's assumptions to determine the contribution level required to meet the long-term benefit obligations. The division's funding objective is to accumulate sufficient assets over time to meet its long-term benefit obligations as they become due. Accordingly, collecting employer and employee contributions as well as earning the assumed long-term rate of return on its investments are essential components of the division's funding plan to accumulate the assets needed to finance future retirement benefits.

The FRS Pension Plan's Fiduciary Net Position held in trust for pension benefits decreased by 1.23 percent as of June 30, 2020, as compared to June 30, 2019. This decrease primarily resulted from lower than anticipated investment returns. The actual investment performance for the FRS Pension Plan for the fiscal year ended June 30, 2020 was 3.08 percent and 6.26 percent for the fiscal year ended June 30, 2019. The long-term average annual investment return assumption for the 2020 FRS Pension Plan valuation for GASB 67 reporting purposes was 6.80 percent and 6.90 percent for the 2019 FRS Pension Plan valuation. The amount of assets available to meet future obligations will be based on actual future investment returns and actual contributions received rather than the assumed future investment returns and assumed contributions.

The division is required by state law to provide an actuarial valuation of the defined benefit pension plans to assist decision makers in assessing the funding strength and fiduciary net position of the defined benefit pension plans. The results of these actuarial valuation reports are included in Note 4, Net Pension Liability, and the Required Supplementary Information and Actuarial Sections.

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plans pursuant to section 216.136(10), Florida Statutes. The division determines the investment return assumptions for GASB 67 reporting purposes. See Note 4 and the Actuarial Section for further information.

Assumptions changes adopted for the 2020 FRS Pension Plan Valuation included:

- Decreasing the assumed investment rate of return from 6.90 percent to 6.80 percent for GASB 67 reporting purposes, and
- Decreasing the assumed investment rate of return from 7.20 percent to 7.00 percent for funding purposes.

Contacting the Division

This report is designed to provide an overview of the division's activities to citizens, taxpayers, retirement plan members, and other interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Management Services, Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706.

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STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2020

	Defined Benefit		
	Florida Retirement System	Retiree Health Insurance Subsidy	National Guard
ASSETS			
Cash and cash equivalents	\$ 92,971,920	\$ 1,698	\$ -
State treasury investment pool	89,988,582	53,116	-
Total cash and cash equivalents	182,960,502	54,814	-
<u>Investments</u>			
U.S. government and federally guaranteed obligations	14,837,162,295	-	-
Federal agencies	8,169,760,858	-	-
Commercial paper	1,127,835,571	-	-
Repurchase agreements	800,000,000	-	-
International bonds and notes	2,448,364,263	-	-
Bonds and notes	9,023,624,503	-	-
Real estate contracts	11,996,482,760	-	-
International equity commingled	7,089,844,630	-	-
Short term investment funds	238,806,404	324,936,400	-
Domestic equity/domestic equity commingled	48,275,740,394	-	-
Alternative investment	28,780,594,468	-	-
International equity	31,129,942,791	-	-
Other investments	58,858,200	-	-
Total investments	163,977,017,137	324,936,400	-
<u>Receivables</u>			
Accounts receivable	12,031,901	27,799	-
Contributions receivable	242,580,979	41,041,792	-
Interest receivable	137,050,222	-	-
Dividends receivable	207,824,912	-	-
Pending investment sales	1,073,649,505	-	-
Pending spot fx trades receivable	97,985,991	-	-
Futures trade equity	6,653,974	-	-
Due from other funds	39,731,087	5,731,423	-
Due from other funds within division	1,386,921	6,473,900	-
Total receivables	1,818,895,492	53,274,914	-
Security lending collateral	1,830,473,633	-	-
Prepaid items	5,346,230	-	-
Furniture and equipment	1,315,492	-	-
Accumulated depreciation	(701,811)	-	-
Total assets	167,815,306,675	378,266,128	-
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension liability	-	-	-
Deferred outflows related to other postemployment benefits liability	2,585,859	-	-
Total deferred outflows of resources	2,585,859	-	-
LIABILITIES			
Accounts payable	175,476,466	71	-
Benefits payable	1,189,650	4,927	-
Accrued DROP liability	298,095,791	-	-
Due to other funds	13,956,688	-	-
Due to other funds within division	6,473,900	-	-
Due to other departments	5,982,256	-	-
Accrued interest payable	149,748	-	-
Obligations under security lending agreements	1,846,481,670	-	-
Pending investment purchases	3,657,895,833	-	-
Pending spot fx trades payable	98,021,145	-	-
Broker rebate fees	58,424	-	-
Short sell obligations – fixed income	64,604,101	-	-
Compensated absences liability	1,068,944	-	-
Net pension liability	-	-	-
Other postemployment benefits liability	14,503,062	-	-
Other liabilities	43,020,469	-	-
Total liabilities	6,226,978,147	4,998	-
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension liability	-	-	-
Deferred inflows related to other pension amounts	19,101,237	-	-
Deferred inflows related to other postemployment benefits liability	3,547,870	-	-
Total deferred inflows of resources	22,649,107	-	-
FIDUCIARY NET POSITION			
Restricted for pensions	\$ 161,568,265,280	\$ 378,261,130	\$ -

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

Defined Contribution		
State University System Optional Retirement Program	Senior Management Service Optional Annuity Program	Total June 30, 2020
\$ -	\$ -	\$ 92,973,618
16,303,542	37,892	106,383,132
<u>16,303,542</u>	<u>37,892</u>	<u>199,356,750</u>
-	-	14,837,162,295
-	-	8,169,760,858
-	-	1,127,835,571
-	-	800,000,000
-	-	2,448,364,263
-	-	9,023,624,503
-	-	11,996,482,760
-	-	7,089,844,630
-	-	563,742,804
-	-	48,275,740,394
-	-	28,780,594,468
-	-	31,129,942,791
-	-	58,858,200
-	-	<u>164,301,953,537</u>
-	-	12,059,700
15,606	-	283,638,377
17,192	12	137,067,426
-	-	207,824,912
-	-	1,073,649,505
-	-	97,985,991
-	-	6,653,974
-	-	45,462,510
-	-	7,860,821
<u>32,798</u>	<u>12</u>	<u>1,872,203,216</u>
-	-	1,830,473,633
-	-	5,346,230
-	-	1,315,492
-	-	(701,811)
<u>16,336,340</u>	<u>37,904</u>	<u>168,209,947,047</u>
29,873	-	29,873
26,178	-	2,612,037
<u>56,051</u>	<u>-</u>	<u>2,641,910</u>
128,502	-	175,605,039
-	-	1,194,577
-	-	298,095,791
-	-	13,956,688
1,386,921	-	7,860,821
855	-	5,983,111
-	-	149,748
-	-	1,846,481,670
-	-	3,657,895,833
-	-	98,021,145
-	-	58,424
-	-	64,604,101
3,142	-	1,072,086
82,564	-	82,564
177,137	-	14,680,199
-	-	43,020,469
<u>1,779,122</u>	<u>-</u>	<u>6,228,762,266</u>
47,131	-	47,131
8,099,023	19,216	27,219,476
31,612	-	3,579,482
<u>8,177,766</u>	<u>19,216</u>	<u>30,846,089</u>
\$ 6,435,504	\$ 18,688	\$ 161,952,980,602

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the fiscal year ended June 30, 2020

	Defined Benefit		
	Florida Retirement System	Retiree Health Insurance Subsidy	National Guard
ADDITIONS			
<u>Contributions and other deposits</u>			
Pension contributions - employer	\$ 3,322,556,872	\$ 576,253,143	\$ -
Pension contributions - employee	744,128,220	369,509	-
Purchase of time by employees	4,326,661	-	-
General revenue	1,148,438	-	15,128,959
Other income	2,052,214	175,461	-
Total contributions and other deposits	<u>4,074,212,405</u>	<u>576,798,113</u>	<u>15,128,959</u>
<u>Transfers</u>			
Other funds - FRS investment plan	89,899,880	-	-
Total transfers	<u>89,899,880</u>	<u>-</u>	<u>-</u>
Total contributions and transfers	<u>4,164,112,285</u>	<u>576,798,113</u>	<u>15,128,959</u>
<u>Investment income</u>			
Net appreciation in fair value	470,277,998	4,571	-
Interest income	932,380,689	5,054,404	-
Dividends	1,729,371,995	-	-
Real estate operating income, net	499,900,219	-	-
Other investment income	2,292,420,576	81,462	-
Total investment income (loss)	<u>5,924,351,477</u>	<u>5,140,437</u>	<u>-</u>
Investment activity expense	(614,069,961)	(438)	-
Net income (loss) from investing activity	<u>5,310,281,516</u>	<u>5,139,999</u>	<u>-</u>
<u>Security lending activity</u>			
Security lending income	38,258,989	-	-
Security lending expense	(10,684,413)	-	-
Net income from security lending	<u>27,574,576</u>	<u>-</u>	<u>-</u>
Total net investment income (loss)	<u>5,337,856,092</u>	<u>5,139,999</u>	<u>-</u>
Total additions	<u>9,501,968,377</u>	<u>581,938,112</u>	<u>15,128,959</u>
DEDUCTIONS			
Benefit payments	10,906,559,331	505,549,009	-
Benefit payments - general revenue funded	1,148,438	-	15,121,159
Refund of contributions	18,887,939	-	-
Transfers to FRS investment plan	560,218,195	-	-
Payments to annuity companies	-	-	-
Administrative expenses	21,556,013	172,361	7,800
Total deductions	<u>11,508,369,916</u>	<u>505,721,370</u>	<u>15,128,959</u>
Change in fiduciary net position	<u>(2,006,401,539)</u>	<u>76,216,742</u>	<u>-</u>
Fiduciary net position - beginning, restated (Note 2)	163,574,666,819	302,044,388	-
Fiduciary net position - ending	<u>\$ 161,568,265,280</u>	<u>\$ 378,261,130</u>	<u>\$ -</u>

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

Defined Contribution		
State University System Optional Retirement Program	Senior Management Service Optional Annuity Program	Total June 30, 2020
\$ 108,010,366	\$ 59,547	\$ 4,006,879,928
105,185,128	30,909	849,713,766
3,998	-	4,330,659
-	-	16,277,397
207,545	-	2,435,220
<u>213,407,037</u>	<u>90,456</u>	<u>4,879,636,970</u>
-	-	89,899,880
-	-	<u>89,899,880</u>
<u>213,407,037</u>	<u>90,456</u>	<u>4,969,536,850</u>
-	-	470,282,569
-	-	937,435,093
-	-	1,729,371,995
-	-	499,900,219
466,740	293	2,292,969,071
<u>466,740</u>	<u>293</u>	<u>5,929,958,947</u>
(10,545)	(6)	(614,080,950)
<u>456,195</u>	<u>287</u>	<u>5,315,877,997</u>
-	-	38,258,989
-	-	(10,684,413)
-	-	<u>27,574,576</u>
456,195	287	5,343,452,573
<u>213,863,232</u>	<u>90,743</u>	<u>10,312,989,423</u>
-	-	11,412,108,340
-	-	16,269,597
-	-	18,887,939
-	-	560,218,195
212,338,739	108,748	212,447,487
264,420	-	22,000,594
<u>212,603,159</u>	<u>108,748</u>	<u>12,241,932,152</u>
1,260,073	(18,005)	(1,928,942,729)
5,175,431	36,693	163,881,923,331
<u>\$ 6,435,504</u>	<u>\$ 18,688</u>	<u>\$ 161,952,980,602</u>

**GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION**

As of June 30, 2020

	Police and Firefighters' Premium Tax Trust Fund		
	Special Revenue Fund	Reconciliation Adjustments (Note 2)	Statement of Net Position
ASSETS			
State treasury investment pool	\$ 12,244	\$ -	\$ 12,244
Investments	277,176,549	-	277,176,549
Due from other departments	9,532,814	-	9,532,814
Total assets	<u>286,721,607</u>	<u>-</u>	<u>286,721,607</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to other postemployment benefits liability	-	76,073	76,073
Total deferred outflows of resources	<u>-</u>	<u>76,073</u>	<u>76,073</u>
LIABILITIES AND FUND BALANCE			
<u>Current liabilities</u>			
Accounts payable	32,951	-	32,951
Due to other departments	9,611,968	-	9,611,968
Due to other governmental units	33,815,510	-	33,815,510
Due to general revenue	11,760,000	-	11,760,000
Compensated absences liability	31,168	-	31,168
Other postemployment benefits liability	6,872	-	6,872
Total current liabilities	<u>55,258,469</u>	<u>-</u>	<u>55,258,469</u>
<u>Noncurrent liabilities</u>			
Other postemployment benefits liabilities	-	524,538	524,538
Compensated absences liability	-	101,704	101,704
Total liabilities	<u>55,258,469</u>	<u>626,242</u>	<u>55,884,711</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to other postemployment benefits liability	-	315,886	315,886
Total deferred inflows of resources	<u>-</u>	<u>315,886</u>	<u>315,886</u>
Fund balance - committed	231,463,138	(231,463,138)	-
Total liabilities and fund balance	<u>\$ 286,721,607</u>		
Net position - restricted		<u>\$ 230,597,083</u>	<u>\$ 230,597,083</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND/STATEMENT OF ACTIVITIES**

For the fiscal year ended June 30, 2020

	Police and Firefighters' Premium Tax Trust Fund		
	Special Revenue Fund	Reconciliation Adjustments (Note 2)	Statement of Activities
REVENUES			
Premium taxes	\$ 202,532,814	\$ -	\$ 202,532,814
Investment earnings	2,752,111	-	2,752,111
General revenue	2	-	2
Total revenues	<u>205,284,927</u>	<u>-</u>	<u>205,284,927</u>
EXPENDITURES/EXPENSES			
Distribution to cities	149,934,467	-	149,934,467
Administrative expense	847,157	8,237	855,394
Total expenditures/expenses	<u>150,781,624</u>	<u>8,237</u>	<u>150,789,861</u>
Revenues over (under) expenditures	54,503,303		54,495,066
OTHER FINANCING SOURCES (USES)			
Operating transfers out to other funds	<u>(29,019,930)</u>	-	<u>(29,019,930)</u>
Revenues and transfers in over expenditures and transfers out	25,483,373	(25,483,373)	-
Change in net position	-	25,475,136	25,475,136
Fund balance/net position - beginning	205,979,765	(857,818)	205,121,947
Fund balanced/net position - ending	<u>\$ 231,463,138</u>	<u>\$ (866,055)</u>	<u>\$ 230,597,083</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

TABLE OF CONTENTS

NOTE	PAGE
1 PLAN DESCRIPTION	35
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	46
3 PLAN INVESTMENTS	50
4 NET PENSION LIABILITY	71
5 INTERFUND BALANCES AND TRANSFERS	78
6 CHANGES IN LONG-TERM LIABILITIES	79
7 RELATED PARTIES	80
8 OTHER POSTEMPLOYMENT BENEFITS	81

NOTE 1 – PLAN DESCRIPTION

A. Reporting Entity

The Florida Retirement System Pension Plan and Other State-Administered Systems (System) are administered by the Florida Department of Management Services, Division of Retirement and are part of the primary government of the State of Florida. The division administers three defined benefit plans, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. These state-administered retirement systems are included in the department's Comprehensive Annual Financial Report (CAFR). The financial statements do not include the pension liabilities of the participating employers. The financial statements present only the Florida Retirement System Pension Plan and other State-Administered Systems and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2020, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

B. Defined Benefit Plans

1. The Florida Retirement System Pension Plan

Organization:

The Florida Retirement System (FRS) Pension Plan was created in Chapter 121, Florida Statutes, effective Dec. 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, Florida Statutes), the State and County Officers and Employees' Retirement System (Chapter 122, Florida Statutes), and the Highway Patrol Pension Trust Fund (Chapter 321, Florida Statutes). In 1972, the Judicial Retirement System (Chapter 123, Florida Statutes) was closed and consolidated into the FRS. The FRS is a qualified retirement plan under section 401(a), Internal Revenue Code, created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the FRS Investment Plan, which is administered by the State Board of Administration. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, Florida Statutes, was consolidated under the Florida Retirement System Pension Plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the state, state elected officials who chose SMSC membership in lieu of Elected Officers' Class membership, and faculty and other specified positions in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, Florida Statutes.

Covered Members and Classes:

FRS membership is compulsory for employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Section 121.053 or Section 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Retirees initially reemployed in regularly established positions on or after July 1, 2010, through June 30, 2017, may not participate in the FRS. Effective July 1, 2017, retirees of specified defined contribution plans¹ employed in a regularly established position are eligible to be enrolled as renewed members of the defined contribution plan² covering the position held except the Senior Management Service Optional Annuity Program that is closed to new members. FRS Pension Plan retirees remain ineligible for renewed membership. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

¹ Retirees of the following defined contribution plans are eligible to be enrolled as a renewed member if employed in a regularly established position on or after July 1, 2017: Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (SCCSORP), and the FRS Investment Plan.

² Defined contribution Plan retirees initially enrolled on or after July 1, 2017, may be enrolled in the SUSORP, SCCSORP, or the FRS Investment Plan depending upon the retirement plan covering the position held. The SMSOAP was closed to new members effective July 1, 2017. Participation in the Investment Plan includes membership in the Special Risk Class for these renewed members.

There are five classes of membership, as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, assistant capital collateral representatives, and judges of compensation claims. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.
- *Special Risk Class* – Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001, through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* – Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* – Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members working on or after July 1, 2001, and initially enrolled before July 1, 2011. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5 percent benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Significant Plan Provisions:

The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Benefits are computed based on age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned:

Florida Retirement System

% Value
(per year of service)

Regular Class members initially enrolled before July 1, 2011

Retirement up to age 62 or up to 30 years of service	1.60%
Retirement at age 63 or with 31 years of service	1.63%
Retirement at age 64 or with 32 years of service	1.65%
Retirement at age 65 or with 33 or more years of service.....	1.68%

Regular Class members initially enrolled on or after July 1, 2011

Retirement up to age 65 or up to 33 years of service	1.60%
Retirement at age 66 or with 34 years of service	1.63%
Retirement at age 67 or with 35 years of service	1.65%
Retirement at age 68 or with 36 or more years of service.....	1.68%

Special Risk Class

Service from Dec. 1, 1970 through Sept. 30, 1974	2.00%
Service on and after Oct. 1, 1974	3.00%

Special Risk Administrative Support Class members initially enrolled before July 1, 2011

(With six or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)

Retirement up to age 55; or up to 25 total years special risk service; or at age 52 with 25 years (if total service includes wartime military service)	1.60%
Retirement at age 56; or with 26 total years special risk service; or at age 53 with 26 years (if total service includes wartime military service)	1.63%
Retirement at age 57; or with 27 total years special risk service; or at age 54 with 27 years (if total service includes wartime military service)	1.65%
Retirement at age 58; or with 28 total years special risk service; or at age 55 with 28 years (if total service includes wartime military service)	1.68%

Special Risk Administrative Support Class members initially enrolled on or after July 1, 2011

(With eight or more years of special risk service, the service in this class counts towards special risk normal retirement; otherwise, Regular Class requirements apply.)

Retirement up to age 60; or up to 30 total years special risk service	1.60%
Retirement at age 61; or with 31 total years special risk service	1.63%
Retirement at age 62; or with 32 total years special risk service	1.65%
Retirement at age 63; or with 33 total years special risk service	1.68%

Elected Officers' Class

Service as Supreme Court Justice, district court of appeal judge, circuit court judge, or county court judge	3.33%
Service as Governor, Lt. Governor, Cabinet Officer, Legislator, state attorney, public defender, elected county officer, or elected official of a city or special district that chose EOC membership for its elected officials	3.00%

Senior Management Service Class..... 2.00%

There are three steps in computing an annual retirement benefit:

- Step 1. Determine the member's retirement plan(s) and class(es) of membership, years of creditable service in each, and the total percentage value earned.
- Step 2. Calculate the average final compensation.
- Step 3. Multiply the figures obtained in Steps 1 and 2 to determine the annual normal retirement benefit. (If the member elects to retire early, the benefit is reduced by 5 percent for each year remaining before the member would reach normal retirement age. The benefit is reduced if the member elects to provide a continuing benefit to an eligible surviving beneficiary.)

Members must select one of the four benefit options at retirement:

Option 1 — Member receives a benefit for life with no continuing survivor benefit at death.

Option 2 — Member receives a reduced benefit for life. If member dies anytime within ten years after retiring, the beneficiary will receive the benefit for the remainder of the ten-year period from the member's retirement date or DROP begin date. No survivor benefits are paid if the member dies ten or more years after the effective retirement date.

Option 3 — Member receives a reduced benefit for life. Upon the member's death, the joint annuitant, if living, will receive the same benefit for life. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.

Option 4 — Member receives a benefit for life based on the age of the member and the joint annuitant at retirement while both are living. Upon the death of either the member or the joint annuitant, the survivor will receive a lifetime benefit equal to two-thirds of the benefit the member was receiving when both were living. A joint annuitant who is under age 25 and is the member's child or other dependent for whom the member has guardianship will receive the member's Option 1 benefit, but only until age 25, or, if disabled, until no longer disabled.

Members must end all employment relationships with all FRS employers and must not provide services to any FRS employer for the first six calendar months after their DROP termination date or their non-DROP effective retirement dates to complete their retirement process, in addition to meeting all other requirements to receive monthly benefits payable under the FRS Pension Plan. FRS members employed by an agency that withdrew from the FRS effective Jan. 1, 1996, for new employees must remain unemployed by that agency and all other FRS-covered employers and must not provide services to FRS employers for the first six calendar months of retirement or after the DROP termination date.

The DROP is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment (COLA) each July and earn monthly interest equivalent to an annual rate of 1.30 percent on the preceding month's DROP accumulation until DROP participation ends. DROP participants with an effective DROP begin date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50 percent. Elected officers whose DROP participation ends before their term of office ends can delay termination until the end of that term of office or any consecutively held term of office. No additional monthly retirement benefits accumulate after DROP participation ends. Elected officers whose DROP participation began before July 1, 2010, and who delay termination after their DROP participation ends earn monthly interest through the month of termination. As of June 30, 2020, the FRS Trust Fund held \$2,673,751,676 in accumulated benefits for 36,181³ DROP participants. Of these 36,181 DROP participants, 34,141⁴ were active in the DROP with balances totaling \$2,375,655,885. The remaining participants were no longer active in the DROP and had balances totaling \$298,095,791 to be processed after June 30, 2020.

The election to participate in the DROP must be made within 12 months of the member's normal retirement date, unless the member is eligible to defer the election. To participate for the maximum DROP period, the member must enter the DROP upon first reaching eligibility for normal retirement, or upon reaching an eligible deferral date as described below:

- A Special Risk Class member initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 52 may defer DROP entry up to age 52 and still participate for 60 months.
- A Special Risk Class member initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months. Also, a member of the Special Risk Administrative Support Class who has at least the number of years of Special Risk Class service required to be vested and reaches the normal retirement date based upon years of service before reaching age 55 may defer DROP entry up to age 55 and still participate for 60 months.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS before July 1, 2011, who reaches the normal retirement date before reaching age 57 may defer DROP entry until age 57 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required for vesting is subject to these deferral requirements.
- A member of the Regular Class, EOC, or the SMSC initially enrolled in the FRS on or after July 1, 2011, who reaches the normal retirement date before reaching age 60 may defer DROP entry until age 60 and still participate for 60 months. A member of the Special Risk Administrative Support Class who does not have the number of years of Special Risk Class service required for vesting is subject to these deferral requirements.

³ Includes retirees with a DROP payment pending.

⁴ Includes elected officials with a different DROP termination date that is after June 30, 2020.

- A member who reaches the normal retirement date during a term of office may defer the DROP election until the next succeeding term in that office and still participate for up to 60 months or until the end of that succeeding term, whichever is less.
- A member who is employed as K-12 instructional personnel as defined in Section 1012.01(2), Florida Statutes, may elect to participate in the DROP at any time after reaching the normal retirement date and still participate for 60 months.

Upon termination, the DROP account is paid out as a lump sum payment, a rollover, or a combination partial lump sum payment and rollover. Monthly benefits are paid to the member in the amount as calculated upon entry into the DROP, plus a COLA for intervening years.

In most cases, the DROP participant must cease all employment relationships with, and must not provide a service to, any FRS participating employer after a maximum of 60 months in the DROP, must satisfy the termination requirement for retirement and must comply with applicable reemployment limitation thereafter. However, certain exceptions apply:

- Effective July 1, 2002, a DROP participant who holds an elective office may end DROP participation and postpone compliance with the termination requirement and reemployment limitation until no longer holding the elective office (including consecutive held terms of office). For the period between the end of DROP participation and termination, no retirement credit is earned and the member's DROP accumulation accrues no additional monthly benefits. If DROP participation began before July 1, 2010, the member's DROP accumulation continues to earn interest after participation ends and before termination. If DROP participation begins on or after July 1, 2010, the DROP accumulation does not earn interest during the period after DROP participation ends and termination.
- K-12 instructional personnel employed with a district school board, the Florida School for the Deaf and the Blind or a developmental research school of a state university may be allowed to extend their DROP participation for up to an additional 36 months beyond their initial 60-month DROP participation period. To qualify for the extension, the DROP participant must receive authorization from the employer and be approved by the division. If authorized to extend DROP participation, a participant must remain employed in an eligible position during the period of DROP extension. Effective July 1, 2018, instructional personnel whose DROP participation is extended must have a termination date that coincides with the end of the school year but cannot exceed 36 months of extended participation
- Effective July 1, 2018, administrative personnel in grades K-12 as defined in section 1012.01(3), Florida Statutes, whose DROP participation ends during a school year may be granted extended DROP participation through the end of the school year.

There are two types of disability retirement available under the FRS: In-line-of-duty disability retirement and regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work in any job for any employer. In-line-of-duty disability benefits are available to members from their first day of employment. The minimum Option 1 benefit for in-line-of-duty disability retirement is 42 percent of their average final compensation for all members except those in the Special Risk Class, who receive a minimum Option 1 in-line-of-duty disability benefit of 65 percent of their average final compensation. To be eligible for regular disability retirement, members must complete eight years of creditable service. The minimum Option 1 benefit under regular disability retirement is 25 percent of their average final compensation. If a disabled member's service benefit would be higher than the minimum disability benefit, the member may elect to receive the higher benefit.

If an active member in any class but the Special Risk Class dies in the line of duty, the spouse will receive a lifetime monthly benefit equal to one-half of the member's monthly salary at death. If the spouse dies, the benefit will continue to be paid on behalf of the member's dependent children until the youngest child reaches age 18 or is married, if earlier. If a member of the Special Risk Class dies in the line of duty, the spouse will receive a lifetime monthly benefit equal to 100 percent of the member's monthly salary at death. If the spouse dies, the benefit will be paid on behalf of the member's dependent children until the youngest reaches age 18 but payment may be extended until the youngest child reaches age 25 if unmarried and a full time student.

If an active member dies before becoming vested and the death was not suffered in the line of duty, the designated beneficiary will receive a refund of any member-paid retirement contributions. However, if the active member dies within one year of vesting, the member's joint annuitant may use the deceased member's accumulated leave on an hour-by-hour basis, or the member's eligible in-state or out-of-state service, to purchase enough service credit to vest the deceased member and receive monthly benefits.

If the member was vested at death, the beneficiary may receive a refund of any contributions that may have been paid by the member or, if the beneficiary qualifies as a joint annuitant, a lifetime monthly benefit calculated as though the member had retired on the month following the date of death and had chosen Option 3. If the joint annuitant is the member's child or other dependent for whom the member has guardianship who is under age 25, the joint annuitant will receive the

member's maximum benefit until age 25, or, if disabled, until no longer disabled. A deceased member's joint annuitant may buy any service credit that could have been claimed by the member at the time of death if the member's termination of employment was due to death.

The benefits received by retirees and beneficiaries are increased by a COLA each July based on their June benefit amount (excluding the Retiree Health Insurance Subsidy benefit). For retirees who have been retired for less than 12 months on July 1, the first COLA increase is prorated. The COLA applies to all continuing monthly retirement benefits paid under the FRS Pension Plan (i.e., normal and early service retirement benefits and benefits accruing in participant accounts under the DROP, disability retirement benefits, and survivor benefits). The COLA for retirements or DROP participation effective before Aug. 1, 2011, is 3 percent per year. The COLA formula for retirees with an effective retirement date or DROP begin date on or after Aug. 1, 2011, will be the sum of the pre-July 2011 service credit divided by the total service credit at retirement multiplied by 3 percent. Each Pension Plan member with an effective retirement date of Aug. 1, 2011, or after will have an individual COLA factor for retirement. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

After retirement or the DROP termination date, retired FRS members may be employed by any private employer or any public employer not participating in the FRS without affecting their FRS benefits provided the retiree is not providing services to an FRS employer. However, restrictions apply to providing services to an FRS employer and reemployment with an FRS employer regardless of whether the employment is covered for retirement. Any retired FRS member who is reemployed by or provides services to an FRS employer before meeting the definition of termination is not considered to have retired. Active membership will be reinstated and all benefits received must be repaid. If a member retires from an FRS employer that withdrew for new employees effective Jan. 1, 1996, the member must remain unemployed by the withdrawn employer to meet the definition of termination in order to finalize the retirement. The retiree and the FRS employer are jointly and severally liable for repayment of benefits, including a DROP payout, if termination is violated.

Upon meeting the termination requirement, FRS retirees are also subject to reemployment limitation. FRS retirees who are reemployed by or provide services to FRS employers may not receive both salary or provide a service and retirement benefits for the rest of the first 12 calendar months after retirement or the DROP termination date. The retirement benefit must be suspended in any month retirees provide services to or are employed in any capacity by an FRS employer. Effective March 9, 2018, there is one exception to reemployment limitation after retirement. Retired law enforcement officers may be reemployed or provide services as a school resource officer for an FRS during the seventh through twelfth calendar months after the retirement date or after the termination date to finalize DROP and receive both salary or provide a service and a retirement benefit in the same month. The retiree and the FRS employer are jointly and severally liable for repayment of benefits received in violation of reemployment limitation.

FRS retirees who are initially reemployed in regularly established positions no later than June 30, 2010, have renewed membership in the Regular Class, the SMSC, or the EOC and earn credit toward a second-career benefit based on requirements for their class of membership. Having a break in service or not being employed on July 1, 2010, does not change a renewed member's status. Once retirees have established renewed membership in the system, they will have the same opportunities to elect to participate in alternative defined contribution retirement programs instead of the FRS and choose between the FRS Pension Plan or the FRS Investment Plan as do similarly situated newly hired members of that membership class until they retire. Renewed members are subject to the same vesting requirements and other limitations as apply to other active members. However, renewed members are not eligible to participate in the Special Risk Class, retire through DROP participation, or retire under disability retirement provisions.

FRS Pension Plan retirees who are initially reemployed on or after July 1, 2010, are not eligible for renewed membership. Retirees of the FRS Investment Plan, the State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (SCCSORP), and the Senior Management Service Optional Retirement Program are not eligible for renewed membership from July 1, 2010, through June 30, 2017. Retirees of these defined contribution plans who are employed in a regularly established position on or after July 1, 2017, will be enrolled as renewed members of the FRS Investment Plan, the SUSORP or the SCCSORP depending upon the plan covering the position. Renewed members initially enrolled in the FRS Investment Plan on or after July 1, 2017, are able to be Special Risk Class members if employed in positions covered by this class. The SMSOAP was closed to new membership effective July 1, 2017.

Whenever the division makes a decision that will reduce, suspend or terminate a member's retirement benefits, the member may petition the division for a hearing. Rule 28-106.201, Florida Administrative Code (F.A.C.), outlines the requirements for filing a petition. After the division reviews the petition, the state retirement director may ask a hearing officer from the Division of Administrative Hearings to conduct the hearing, or in some cases the Department of Management Services may conduct the hearing. If the outcome of the hearing is not in the member's favor, the member will be informed of the time period during which the member can appeal the decision to the District Court of Appeal.

If, before retirement, a member commits a felony specified by law and is found guilty of or enters a plea of no contest to such crime, or their employment was terminated due to admission of committing, aiding, or abetting a specified crime, the

member's retirement rights and benefits are forfeited (except for a refund of personal retirement contributions, if any). The forfeiture of benefits provision applies in the case of any job-related felony offense as outlined below:

- Committing, aiding or abetting an embezzlement of public funds or any grand theft from the employer;
- Committing bribery in connection with employment;
- Committing any other felony specified in Chapter 838, Florida Statutes, (bribery and misuse of public office), except Sections 838.15 and 838.16, Florida Statutes, (commercial bribes);
- Committing any felony with intent to defraud the public or the employer of the right to receive the faithful performance of duty, or receiving or attempting to receive profit or advantage for the member or another person through the use of the member's position; or
- Committing an impeachable offense (applies to elected officials only); or
- Committing of certain felony offenses against a minor through the use or attempted use of rights, privileges, duties, or position of public employment or office.

In addition to the aforementioned crimes, if a court of competent jurisdiction finds the member guilty of violating any state law against strikes by public employees, the member's benefits are forfeited.

If the member's designated beneficiary is found guilty of intentionally killing or procuring the death of the member, the beneficiary forfeits all rights to retirement benefits. Any benefits payable would then be paid as if the beneficiary died before the member.

The Clerk of the Court, the Secretary of the Senate or the employer, as appropriate, must notify the Commission on Ethics if the member is found guilty, impeached, or terminated prior to retirement due to any of the above offenses. The Commission on Ethics will notify the division. The member's benefits will be suspended subject to a hearing held by a hearing officer of the Division of Administrative Hearings. The hearing officer's decision may be appealed to the District Court of Appeal. (See Section 112.3173, Florida Statutes, and Article II, Section 8, of the Florida Constitution for more information.)

Retirement benefits and accumulated contributions accrued under the FRS Pension Plan are not subject to assignment, execution, attachment or any other legal process with the exception of qualified domestic relations orders, certain income deduction orders; (see Section 61.1301, Florida Statutes), and federal income tax levies.

Plan Administration:

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans and approximately 1,000 participating employers. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets of the Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded through earnings on investments of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. All participating employers must comply with statutory contribution requirements. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. Pursuant to Section 121.031(3) (f), Florida Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves at June 30, 2020, was \$161,568,265,280. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

FRS Retirement Contribution Rates:

Effective July 1, 2011, both employees and employers of the FRS are required to contribute to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the Pension Plan and the Investment Plan. The uniform rates for Fiscal Year 2019-20 are as follows:

Class	Employee Contribution Rate	Employer Contribution Rate ¹	Total Contribution Rate
Regular	3.00%	6.75%	9.75%
Special Risk	3.00%	23.76%	26.76%
Special Risk Administrative Support Elected Officers'	3.00%	36.87%	39.87%
Judges	3.00%	40.28%	43.28%
Governor, Lt. Governor, Cabinet, Legislators, State Elected County, City, and Special District Officials	3.00%	54.31%	57.31%
Senior Management Service	3.00%	47.10%	50.10%
Deferred Retirement Option Program	3.00%	23.69%	26.69%
	N/A	12.94%	12.94%

¹ These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the assessment of 0.06 percent for administration of the FRS Investment Plan and retirement and financial planning for members of both plans.

Any member who terminates employment with an FRS employer may receive a refund of any retirement contributions personally made to the system (and lose the associated retirement credit for both their FRS and Health Insurance Subsidy benefits), or may leave these personal contributions in the system and keep all creditable service earned through the date of termination.

FRS Membership:

Member Types	Fiscal Year Ended June 30, 2020					
	Regular Class	SMSC	Special Risk	Special Risk Admin Supp.	EOC	Total
Active ¹ :						
Non-vested	164,869	1,720	31,867	3	377	198,836
Vested	392,885	6,260	44,476	105	1,776	445,502
Current Retirees and Beneficiaries	383,293	5,294	40,912	170	2,589	432,258
DROP Participants	29,233	615	3,460	4	281	33,593
Vested Terminated ²	105,772	1,742	6,031	15	413	113,973
Total Members	1,076,052	15,631	126,746	297	5,436	1,224,162

¹ Member counts include 165,295 active FRS Investment Plan members.

² Member counts include 12,125 vested terminated FRS Investment Plan members.

The table below provides additional information for the FRS Pension Plan as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2020	2019	2018
Recipients	432,258	424,895	415,483
Contributions	\$ 4,071,012	\$ 3,853,535	\$ 3,596,290
Benefits paid ¹	\$ 10,925,447	\$ 10,386,133	\$ 9,851,163
Fiduciary net position ²	\$ 161,568,265	\$ 163,574,667	\$ 161,196,881

¹ Includes refund of member contributions.

² Reflects restatement of 2019 beginning net position. Refer to Note 2.

2. Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy (HIS) Program is a non-qualified, cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs. The Department of Management Services, Division of Retirement administers the HIS program. For the fiscal year ended

June 30, 2020, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for specified employees. For the fiscal year ended June 30, 2020, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislation may reduce or cancel HIS Payments.

Note 4 and the Actuarial section of this report include actuarial and other information regarding the HIS Program. The table below provides additional information for the HIS as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2020	2019	2018
Recipients	395,179	385,181	376,031
Contributions	\$ 576,623	\$ 555,485	\$ 542,539
Benefits paid	\$ 505,549	\$ 491,890	\$ 491,530
Fiduciary net position	\$ 378,261	\$ 302,044	\$ 232,463

3. The Florida National Guard Supplemental Retirement Benefit Plan

The Florida National Guard Supplemental Retirement Benefit Plan is a single-employer, non-qualified defined benefit pension plan established under Section 250.22, Florida Statutes, and is administered by the Department of Management Services, Division of Retirement. The Florida Legislature establishes and amends the benefit terms of the plan, which provide a monthly benefit equal to the difference between 50 percent of the federal military pay table for the highest rank held while in the Florida National Guard and the reservist benefit received from the federal government for military service. The benefit amount is recalculated whenever the federal military pay table is increased or the federal benefit is increased by a cost of living adjustment. Florida National Guard retirees must have at least 30 years of Florida National Guard service. The benefit is payable for the lifetime of the retiree without a survivor benefit option. Normal retirement is at age 62 with early retirement available beginning at age 60. The Florida National Guard Supplemental Retirement Benefit Plan is funded by an annual appropriation from General Revenue by the Legislature. Any appropriated funds not obligated for benefit payments and expenses owed at June 30 each year revert to the General Revenue Fund.

Note 4 and the Actuarial section of this report include actuarial and other information regarding the Florida National Guard Supplemental Retirement Benefit Plan. Information about active and terminated vested Florida National Guard personnel, federal benefits including cost-of-living adjustments and pay tables, and forecasts of National Guard personnel is provided by the Florida Department of Military Affairs. The table below provides additional information for the plan as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30		
	2020	2019	2018
Active Members			
Vested ¹	106	223	428
Non-Vested	11,419	10,731	11,008
Total Active	11,525	10,954	11,436
Terminated Vested ¹	532	299	309
Retirees	745	753	768

	Fiscal Year Ended June 30		
	2020	2019	2018
Benefits paid	\$ 15,121	\$ 14,999	\$ 14,897
Fiduciary net position	\$ -	\$ -	\$ -

¹ The change from active status to terminated vested status is a result of National Guard retention board conclusions on retaining personnel due to the reduction of deployments supporting overseas military operations.

C. Defined Contribution Programs (Optional Retirement Programs)

State University System Optional Retirement Program (SUSORP)

The SUSORP is established under section 121.35, Florida Statutes, for eligible State University System faculty, administrators, and administrative and professional staff. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the SUSORP. This program is designed to aid universities in recruiting employees who may not remain in the FRS long enough to vest. The SUSORP is a defined contribution plan qualified under section 403(b), Internal Revenue Code that upon signing an investment contract provides full and immediate vesting of all contributions paid on behalf of the members to the participating provider companies. The SUSORP member directs the investment of contributions to provide retirement and death benefits. Employees in eligible positions are compulsory SUSORP members unless they elect FRS membership. Faculty in a college of medicine with a faculty practice plan are mandatory SUSORP members and cannot elect FRS membership.

The employing universities were statutorily required to contribute 5.15 percent of the members' gross monthly compensation from July 2019 through June 2020. In accordance with Rule 60U-2, F.A.C., 0.01 percent of the employer contribution rate was used for the administration of the SUSORP and 5.14 percent was transferred to the provider companies designated by the member. SUSORP members are not eligible to receive (HIS) payments from the HIS Trust Fund. There is an HIS component included in the employer's contribution deposited to the members' accounts. Effective July 1, 2011, there is a mandatory employee contribution of 3 percent. A member may contribute by salary reduction an amount not to exceed the percentage contributed to the member's account by the employer.

When applicable, the employer is also required to contribute the unfunded actuarial liability (UAL) contribution for the Regular Class on the salaries of SUSORP members which is transferred to the FRS Trust Fund to help amortize any UAL. The required UAL contribution rate for the fiscal year 2019-20 was 3.56 percent. Additional information pertaining to the SUSORP is as follows:

Members		22,008
Payroll	\$	2,101,368,996
Contributions:		
Employee	\$	105,189,126
Employer	\$	108,010,366

Senior Management Service Optional Annuity Program (SMSOAP)

The SMSOAP is established under section 121.055, Florida Statutes, as offering an optional retirement program alternative for state members of the Senior Management Service Class (SMSC). Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP while employed in a position eligible for SMSOAP in lieu of the SMSC. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the Program. The SMSOAP is a defined contribution plan qualified under section 401(a), Internal Revenue Code that upon signing an investment contract, provides full and immediate vesting of all contributions paid on behalf of the members to the participating provider companies. SMSOAP members direct the investment of contributions to provide retirement and death benefits. Employers were required to contribute 6.27 percent of covered payroll from July 2019 through June 2020. The employers' contributions were transferred to the provider companies designated by the member. SMSOAP members are not eligible to receive HIS payments from the HIS Trust Fund. There is an HIS component included in the employer's contribution deposited to the members' accounts. Effective July 1, 2011, there is a mandatory employee contribution of 3 percent. A member may contribute by salary deduction an amount not to exceed the percentage contributed by the employer to the member's account. Effective July 1, 2017, SMSOAP is closed to new members, however a non-retired member enrolled in SMSOAP prior to July 1, 2017, retain their membership and, before retirement, may continue to participate when employed in an SMSOAP-covered position.

When applicable, the employer is also required to contribute the unfunded actuarial liability (UAL) contribution for the SMSC on the salaries of SMSOAP members which is transferred to the FRS Trust Fund to help amortize the UAL. The required UAL contribution rate for fiscal year 2019-20 was 19.09 percent. Additional information pertaining to the SMSOAP is as follows:

Members		7
Payroll	\$	949,709
Contributions:		
Employee	\$	30,909
Employer	\$	59,547

D. Social Security Coverage

The Division of Retirement is responsible for administering the Social Security coverage for public employers in Florida. Public employees are provided Social Security coverage through a federal-state agreement with various modifications applicable to specific employers in political subdivisions. As of June 30, 2020, there were 706 modifications to the initial 1951 agreement. Existing modifications provide Social Security coverage for most state, county, and district school board employees and employees of a number of cities and special districts. Public employers must provide Social Security coverage for their employees who participate in the FRS Pension Plan and Investment Plan, SUSORP, SMSOAP, and the existing defined benefit plans grandfathered under the FRS except for members of the Teachers' Retirement System or the IFAS Supplemental Retirement Program.

For the 2020 calendar year, the combined Social Security contribution rate for employees and employers totaled 15.30 percent (12.40 percent for Old Age, Survivors, and Disability Insurance and 2.90 percent for Medicare). The maximum taxable wage base on which Old Age, Survivors, and Disability Insurance contributions increased to \$137,700. There is no limitation on Medicare wages.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB. The fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, while expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues collected within 60 days of the end of the current fiscal year are considered available. Liabilities due within 60 days of the end of the current fiscal year are expected to be liquidated with current financial resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

B. Basis of Presentation

Defined Benefit and Defined Contribution Trust Funds – fiduciary funds used to report resources that are required to be held in trust for the members and beneficiaries of the state’s pension plan, retiree health insurance subsidy program, national guard supplemental retirement benefit plan (defined benefit plans) and optional retirement plans (defined contribution plans).

Police and Firefighters’ Premium Tax Trust Fund - a governmental special revenue fund that accounts for excise taxes assessed on insurance premiums. The premiums are used to supplement the funding of municipal police and firefighters’ pension plans and relief funds.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with an original maturity date within ninety days of the acquisition date. State treasury cash management pools are included as cash equivalents. Details of deposits are included in Note 3. A.

Investments

The Plan is authorized through various state laws to invest in various security instruments. The Plan reports investments in accordance with GASB Codification Section 150, *Investments*.

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security’s fair value if it is not available from quoted market prices. Some securities, including U.S. government, municipal bonds, and mortgage-backed and asset-backed securities, are priced using evaluated bid prices. Evaluated bid prices are determined by taking bid prices and adjusting them by an evaluated adjustment factor derived from the independent pricing service’s multifactor model. If values are not available using the above methods, secondary methods such as non-evaluated mid-price and bid price are used. If no source of values is available, cost or last available price from any source is used or other pricing methodology as directed by the State Treasury.

The State Board of Administration (SBA) has statutory responsibility for custody and investment of pension plan assets. Section 215.47, Florida Statutes, gives the SBA the authority to invest in a range of instruments, including security lending agreements. Investments are reported in accordance with GASB reporting standards. Realized and unrealized gains and losses are reflected in the Statement of Changes in Fiduciary Net Position as “Net appreciation in fair value.”

The fair values of the Plans’ assets are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA’s custodian bank, BNY Mellon. BNY Mellon uses a variety of independent pricing sources and designates certain vendors as the primary source based on asset type, class or issue. BNY Mellon monitors pricing

information supplied by these primary sources and may use a supplemental pricing source or change the primary pricing source if any of the following occurs:

- The price of a security is not received from the primary pricing source.
- The primary pricing source no longer provides prices for a particular asset type, class or issue.
- The SBA or its portfolio investment manager challenges a price and BNY Mellon reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by BNY Mellon.

When a portfolio includes securities or instruments for which the custodian bank does not receive fair value information from its vendor pricing source, the custodian bank uses a “non-vendor pricing source.” Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the marketplace; and unique fixed income and equity instruments. The SBA does not provide direction regarding the substitution of prices in instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In cases where the SBA directed the purchase of securities or instruments, BNY Mellon may obtain the non-vendor prices by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price information from the broker of record, as identified by the SBA.

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (NAV), which equates to the capital account balance, at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the NAV of an entity is the value of its investment holdings. The NAV is provided by the general partner and/or investment manager and reviewed by SBA management.

Annually, the financial statements of all private market investments are audited by independent auditors. Private market investments, in which the SBA has a controlling interest and are reported at cost per the investment manager, are also required to be valued, generally annually, by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

Money market funds and repurchase agreements are reported at amortized cost. Commingled funds are generally reported at the NAV of units held at the end of the period based upon the value of the underlying investments as reported by the external investment manager. Certain commingled funds may be valued under different pricing methods depending on the nature of the fund.

All derivative financial instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized during the period as gains or losses in the statements of changes in net position and included in the “net appreciation in fair value”. The nature and use of derivative instruments is discussed in Note 3.

Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had an active market existed.

Investment detail is included in Note 3.

Capital Assets

Tangible capital assets are recorded at cost at the time of acquisition. All property, furniture and equipment with an original acquisition cost of \$1,000 or more is capitalized, as well as other selected items regardless of cost, such as computer equipment. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

Deferred Outflows of Resources

A consumption of net assets by the division that is applicable to a future reporting period is presented as a deferred outflow of resources. The State University System Optional Retirement Program (SUSORP) Trust Fund shares in reporting the FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state’s deferred outflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of Other Postemployment Benefits (OPEB) liability and other related components with other funds within the state. The state-administered retirement funds recognize their allocated share of the state’s deferred

outflows of resources related to OPEB, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

Compensated Absences Liability

Employees earn the right to be compensated during absences for vacation and illness as well as for unused special compensatory leave earned for hours worked on legal holidays and other specifically authorized overtime. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees upon separation from state service. The amounts reported for compensated absences are based on current year-end salary rates and include employer Social Security and Medicare tax and pension contributions, as applicable, at current rates. Refer to Note 6 for details of the compensated absences liability.

Long-term Liabilities

The SUSORP Trust Fund shares the reported FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state's applicable pension liability, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of OPEB with other funds within the state. The state-administered retirement funds recognize their proportionate share of the state's OPEB liability, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net assets by the division that is applicable to a future reporting period. The SUSORP Trust Fund shares the reported FRS and HIS pension liabilities and related components with other funds within the state. Each fiscal year end, the SUSORP Trust Fund recognizes its allocated share of the state's deferred inflows of resources related to applicable pensions, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division shares the cost of OPEB liability and other related components with other funds within the state. The state-administered retirement funds recognize their allocated share of the state's deferred inflows of resources related to OPEB, as determined by the Florida Department of Financial Services, Statewide Financial Reporting Section.

The division may receive pension contributions prior to the due date. At the end of the fiscal year, any contributions received for the following reporting period are recognized in the applicable state administered retirement fund as deferred inflows related to other pension amounts.

Components of Net Position

Net position is classified as (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Restricted net position is reported when constraints are placed on net position that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The net position of all the fiduciary funds reported are classified as restricted for pension.

Components of Fund Balance

Fund balance is classified as nonspendable, restricted, committed or unassigned. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the State's highest level of decision-making authority, the Legislature and the Governor, i.e., through legislation passed into law. Commitments may only be modified or rescinded by equivalent formal, highest-level action. The fund balance of the Police and Firefighters' Premium Tax Trust Fund reported in this CAFR is classified as committed.

D. Contributions

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory requirements. Total employer contributions for the FRS are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes, and employers also pay a required assessment to cover financial planning education costs for all FRS members and administrative costs of the FRS Investment Plan.

For purposes of financial statement presentation, the unfunded actuarial liability (UAL) portion of the employer's total contribution remitted on the salaries of members in the FRS IP, the SUSORP, the State Community College System Optional Retirement Program, and the Senior Management Service Optional Annuity Program (SMSOAP) is classified as contributions in the FRS Pension Plan financial statements. Delinquent fees are reported as other income. The

administrative assessment paid on the salaries of members in the SUSORP defined contribution plan is classified as other income.

Employee contributions required pursuant to Section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis.

E. Adjustments Between Governmental Fund and Governmental Activities Financial Statement Amounts

The adjustments necessary to convert the Governmental Fund financial statements to the governmental activities financial statement presentation are: (1) Recognition of long-term liabilities which are not due and payable in the current period and therefore are not reported in the Governmental Fund; (2) Recognition of expenses not recognized under governmental accounting; and (3) Reclassification of Fund Balance reported in the Governmental Fund into the Net Position categories reported for governmental activities in the Statement of Net Position.

F. Interfund Activity and Balances

In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. Transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers between funds are made to accomplish various provisions of law. Refer to Note 5.

G. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues (additions) and expenses (deductions) during the reporting period. Actual results could differ from those estimates.

H. Investment and Administrative Expenses

For investments in the State Treasury cash management pool, an administrative fee is charged on the average daily balance in the account. These fees are recorded as 'Investment activity expense' on the Statement of Changes in Fiduciary Net Position.

For investments managed by the SBA, external investment managers are hired to invest a significant portion of the retirement system's assets. Investment management fees are typically paid based on individually-negotiated investment management agreements. The fees, usually paid quarterly, may be based on a sliding scale of the portfolio's net asset value at quarter-end, calculated by multiplying each level of net position by a specified basis point charge, or may be performance related, typically associated with exceeding a market benchmark or hurdle rate. Fees are paid from the appropriate manager's portfolio and are recognized as an expense over the time period for which the fees are applicable. These fees are recorded as 'Investment activity expense' on the Statement of Changes in Fiduciary Net Position. Certain investment management fees, usually in private equity portfolios, are paid at the beginning of the period. These fees are recorded as 'Prepaid items' on the Statement of Fiduciary Net Position and are expensed over their applicable time period.

Administrative expenses represent the cost of administering the various state-administered retirement systems, including such costs as salaries, rent, telephone, printing and the like. Administrative expenses also include transfers for administrative assessments, depreciation expense, and the allocated share of compensated absences expense, applicable OPEB-related expenses, and applicable pension-related expenses. A detailed Schedule of Administrative Expenses is located in the Other Supplementary Information section.

I. Restatement

Fiduciary net position at July 1, 2019, for the FRS' and the SUSORP's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position have been increased by \$940,602 and decreased by \$940,602 respectively due to the correction to beginning net position for an interfund receivable/payable amount. The SUSORP collects contributions related to the FRS unfunded actuarial liability and transfers those contributions to the FRS. Amounts not transferred as of the end of the fiscal year are recorded as a receivable in FRS and a payable in SUSORP.

NOTE 3 – PLAN INVESTMENTS

A. Deposits

As of June 30, 2020, the state-administered retirement fund deposits in financial institutions pending investment totaled \$92.9 million for fiduciary activities. There were no deposits in financial institutions for governmental activities.

1. Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the state will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The state mitigates custodial credit risk by generally requiring public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer (CFO) as authorized to receive deposits in the state and meets the collateral requirements set forth in Chapter 280, Florida Statutes.

The CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Section 280.04, Florida Statutes, and Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code. Collateral pledging levels include 25, 50, 110, and 150 percent of a QPD's average daily deposit balance, or, if needed, an amount as prescribed by the CFO. Section 280.13, Florida Statutes, outlines eligible types of collateral including direct obligations of the United States (U.S.) Government, federal agency obligations fully guaranteed by the U.S. Government, certain federal agency obligations, state and local government obligations, corporate bonds, and letters of credit issued by a Federal Home Loan Bank. Also, with the CFO's permission, eligible collateral includes collateralized mortgage obligations, real estate mortgage investment conduits and securities or other interests in any open-end management investment company registered under the Investment Company Act of 1940. However, the portfolio of the investment company must be limited to direct obligations of the U.S. Government and to repurchase agreements fully collateralized by such direct obligations of the U.S. Government, and the investment company must take delivery of such collateral either directly or through an authorized custodian.

In accordance with Section 280.08, Florida Statutes, if a QPD defaults, losses to public depositors are first satisfied with any applicable depository insurance, followed by demands of payment under any letters of credit or sale of the defaulting QPD's collateral. If necessary, any remaining losses are to be satisfied by assessments against the other participating QPDs according to a statutory based ratio.

All U.S. dollar deposits at the Florida Retirement System (FRS) Pension Trust Fund's custodian bank were covered by federal depository insurance (FDIC) as of June 30, 2020. The remaining uninsured and uncollateralized deposits, totaling \$92.6 million as of June 30, 2020, were held in foreign currencies in the SBA's custodian nominee name.

2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Under Section 215.47, Florida Statutes, and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in various types of securities denominated in foreign currency. The SBA has developed for the FRS Pension Trust Fund an Investment Policy Statement (IPS) that sets ranges on investments by asset class. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. For the fiscal year ended June 30, 2020, Florida law limits the exposure to foreign securities held outside of foreign group trusts and certain other foreign entities to 50 percent of the total fund. There is no requirement that this exposure to foreign currency risk be hedged through forward currency contracts, although some managers are authorized to use forward currency contracts. The investment policies may be modified in the future if the SBA adopts changes. This investment activity in foreign investments resulted in deposits in foreign currency as of June 30, 2020, as illustrated in the following schedule (in thousands):

Foreign Currency Deposits Held

As of June 30, 2020

Currency	Bank statement Balance (in U.S. dollars)
	FRS Pension Trust Fund
Australian dollar	\$ 760
Brazilian real	920
British pound sterling	3,980
Canadian dollar	1,855
Chilean peso	260
Chinese yuan renminbi	3,378
Czech koruna	16
Danish krone	373
Egyptian pound	22
Euro	26,969
Hong Kong dollar	7,021
Hungarian forint	79
Indian rupee	3,271
Indonesian rupiah	298
Israeli shekel	332
Japanese yen	17,767
Kenyan shilling	321
Kuwaiti dinar	1,137
Malaysian ringgit	269
Mexican peso	391
Moroccan dirham	8
New Taiwan dollar	7,035
New Zealand dollar	340
New Zimbabwe dollar	35
Nigerian naira	1,118
Norwegian krone	411
Pakistan rupee	206
Philippines peso	140
Polish zloty	146
Qatari riyal	120
Russian ruble	1,174
Saudi Arabian riyal	411
Singapore dollar	2,680
South African rand	587
South Korean won	2,273
Swedish krona	603
Swiss franc	4,506
Thailand baht	8
Turkish lira	259
United Arab Emirates dirham	298
Vietnam dong	894
Total deposits subject to foreign currency risk	\$ 92,671

B. Investments

Surplus cash is maintained in the State Treasury's general pool of investments. The State CFO pools funds from all State agencies. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Council per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. Redemptions are on a dollar in/dollar out basis adjusted for distributed income. The fair value of the pooled investments with the State Treasury is determined at fiscal year-end for financial reporting purposes. Included in the pool are primarily time deposits, U.S. Government securities, federal agency securities, commercial paper, corporate bonds and notes, money market funds and repurchase agreements. The FRS Pension Trust Fund's, Retiree Health Insurance Subsidy Program's (HIS), State University System Optional Retirement Program's (SUSORP), Senior Management Service Optional Annuity Program's (SMSOAP), and Police and Firefighters' Premium Tax Trust Fund's (Police and Fire) shares of the investment pool at June 30, 2020, were \$89,988,582, \$53,116, \$16,303,542, \$37,892, and \$12,244, respectively. The National Guard Supplemental Benefit Plan had no shares of the investment pool at June 30, 2020. No allocation will be made as to the share of the types of investments or their risk categories for the FRS Pension Trust Fund, the HIS Program, the National Guard, the SUSORP, the SMSOAP, or Police and Fire. The share of the assets and liabilities for the FRS Pension Trust Fund, the HIS Program, the National Guard, the SUSORP, the SMSOAP and Police and Fire arising from the securities lending agreements administered by the State Treasury will likewise not be carried on the Statements of Net Position since the State Treasury operates on a pooled basis and to do so may give the misleading impression that the funds themselves have entered into such agreements. For further information, refer to the State of Florida's Comprehensive Annual Financial Report or publications of the State of Florida Department of Financial Services, Office of the Chief Financial Officer.

Pursuant to Section 215.44, Florida Statutes, the SBA has the authority and responsibility to manage and invest various funds of the state, including, but not limited to, the FRS Pension Trust Fund, the Retiree Health Insurance Subsidy Trust Fund, and the Police and Fire Trust Fund. Section 215.47, Florida Statutes, allows the SBA to invest funds in a range of instruments, including security lending agreements, reverse repurchase agreements and alternative investments (including limited partnerships and hedge funds).

The schedule below discloses investments at June 30, 2020, as well as reconciliation to the basic financial statements (in thousands):

Schedule of Investments

As of June 30, 2020

Investment type	FRS Pension Trust Fund	Retiree Health Insurance Subsidy	Police and Firefighters' Premium Tax Trust Fund	Total
Commercial paper	\$ 1,127,836	\$ -	\$ -	\$ 1,127,836
Money market funds	238,806	324,936	277,177	840,919
Repurchase agreements	800,000	-	-	800,000
U.S. guaranteed obligations	14,837,162	-	-	14,837,162
Federal agencies	8,169,761	-	-	8,169,761
Domestic bonds and notes	9,023,625	-	-	9,023,625
International bonds and notes	2,448,364	-	-	2,448,364
Domestic stocks	48,275,740	-	-	48,275,740
International stocks	31,129,943	-	-	31,129,943
International equity commingled funds	7,089,845	-	-	7,089,845
Alternative investments	28,780,594	-	-	28,780,594
Real estate investments (directly owned)	9,752,973	-	-	9,752,973
Real estate commingled funds	2,243,510	-	-	2,243,510
Forwards ¹	29,253	-	-	29,253
Futures ¹	28,784	-	-	28,784
Swaps ¹	821	-	-	821
Total investments excluding securities lending collateral	<u>163,977,017</u>	<u>324,936</u>	<u>277,177</u>	<u>164,579,130</u>
Securities lending collateral				
Money market funds	1,785,715	-	-	1,785,715
Domestic bonds and notes	44,759	-	-	44,759
Total securities lending collateral	<u>1,830,474</u>	<u>-</u>	<u>-</u>	<u>1,830,474</u>
Total investments	<u>\$ 165,807,491</u>	<u>\$ 324,936</u>	<u>\$ 277,177</u>	<u>\$ 166,409,604</u>
Liabilities - investments sold short ²				
U.S. guaranteed obligations	\$ (27,400)	\$ -	\$ -	\$ (27,400)
Federal agencies	(37,204)	-	-	(37,204)
Other liabilities:				
Forwards	(34,053)	-	-	(34,053)
Futures	(7,201)	-	-	(7,201)
Options	-	-	-	-
Swaps	(1,767)	-	-	(1,767)
Total liabilities	<u>\$ (107,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (107,625)</u>

¹ Forwards, futures and swaps are included in Other investments on the Statement of Fiduciary Net Position.

² Investments sold short are classified as liabilities on the Statement of Fiduciary Net Position.

Reconciliation of carrying value to the basic financial statements (in thousands):

	Governmental activities	Fiduciary funds	Total
Investments	\$ 277,177	\$ 164,301,954	\$ 164,579,131
Security lending collateral	-	1,830,474	1,830,474
Total Investments	<u>\$ 277,177</u>	<u>\$ 166,132,428</u>	<u>\$ 166,409,605</u>

Certain investments included in the above schedule were pledged as collateral with the SBA's futures and swaps clearing counterparties to meet initial margin requirements. Investments pledged as collateral as of June 30, 2020, are presented below (in thousands):

FRS Pension Trust Fund

Securities Pledged as Collateral for Futures and Swaps Contracts
As of June 30, 2020

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 118,767
Federal agencies	1,101
Total pledged collateral	<u>\$ 119,868</u>

In addition, cash required to open futures and swap contracts (initial margins) may be pledged as collateral with the SBA's futures and swap counterparties. Such initial margin amounts are reflected as "Accounts receivable" on the Statement of Fiduciary Net Position. Pursuant to these types of contracts, and also pending foreign currency contracts and commitments to purchase (TBAs), the fund agrees to receive or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receivables and payables are known as variation margin, which are reflected as "Accounts receivable," "Accounts payable and accrued liabilities," and "Futures trade equity," on the Statement of Fiduciary Net Position. All initial and variation margin amounts receivable from or payable to the broker as of June 30, 2020, are presented below (in thousands):

FRS Pension Trust Fund

Cash and Foreign Currency Pledged as Collateral for Futures and Swaps Contracts
As of June 30, 2020

	Fair Value (U.S. dollar)
Margin receivable from counterparty:	
Futures contracts	\$ 6,654
Swap contracts	5,187
Foreign currency contracts	2,092
Total margin receivable from counterparty	<u>\$ 13,933</u>
Margin payable to counterparty:	
Futures contracts	\$ 14,327
Swaps contracts	224
Commitments to purchase (TBAs)	1,354
Total margin payable to counterparty	<u>\$ 15,905</u>

1. Fair Value Hierarchy

The FRS Pension Plan Trust Fund's 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 or liabilities.

Level 2 – Investments reflect prices based on significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, foreign exchange rates, volatility and credit spreads), either directly or indirectly. These inputs may be derived principally from, or corroborated by, observable market data through correlation or by other means.

Level 3 – Investments reflect prices based upon unobservable inputs, including situations where there is little market activity, if any, for assets or liabilities.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fixed income and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank's external pricing vendors, which utilize primary exchanges.

Fixed income securities classified as Level 2 are valued using evaluated prices from the custodian bank's external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Equity securities classified as Level 2 are valued using evaluated prices from the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors.

Fixed income and equity securities classified as Level 3 are valued using prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, or broker bids.

Derivative instruments classified as Level 1 of the fair value hierarchy are valued using exchange-traded prices as provided by the custodian bank's external pricing vendors. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives.

Private equity funds and real estate direct investments classified as Level 3 were valued using the methodology as described in the footnotes for the *Additional GASB 72 Required Disclosures* tables, footnotes 13 and 15, respectively. Other private equity funds are measured at net asset value (NAV).

Certain investments, such as money market funds and repurchase agreements, are carried at amortized cost, and not priced at fair value. Commingled investments are generally measured at the net asset value (NAV) per share (or its equivalent) as provided by the investment manager. Commingled funds classified as Level 2 are valued using observable inputs that are market corroborated.

The FRS Pension Plan Trust Fund has the following fair value measurements as of June 30, 2020 (in thousands):

FRS Pension Trust Fund
As of June 30, 2020

Investments by fair value level	Total	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Fixed income				
Commercial paper	\$ 1,127,836	\$ -	\$ 1,127,836	\$ -
U.S. guaranteed obligations	14,837,162	-	14,837,162	-
Federal agencies	8,169,761	-	8,169,761	-
Domestic bonds and notes	9,023,625	-	8,978,225	45,400
International bonds and notes	2,448,364	-	2,163,023	285,341
Total fixed income	<u>35,606,748</u>	<u>-</u>	<u>35,276,007</u>	<u>330,741</u>
Equity				
Domestic	48,275,740	48,275,721	-	19
International	31,129,943	31,087,078	-	42,865
Commingled international funds	252,943	-	252,943	-
Total equity	<u>79,658,626</u>	<u>79,362,799</u>	<u>252,943</u>	<u>42,884</u>
Alternative				
Private equity funds	302,200	-	-	302,200
Real Estate direct	<u>9,752,973</u>	<u>-</u>	<u>-</u>	<u>9,752,973</u>
Other				
Forwards	29,253	-	29,253	-
Futures	28,784	28,784	-	-
Swaps	821	-	821	-
Total other	<u>58,858</u>	<u>28,784</u>	<u>30,074</u>	<u>-</u>
Securities lending collateral				
Domestic corporate bonds and notes	44,759	-	39,767	4,992
Total investments by fair value level	<u>\$ 125,424,164</u>	<u>\$ 79,391,583</u>	<u>\$ 35,598,791</u>	<u>\$ 10,433,790</u>
Investments measured at the net asset value (NAV)				
Commingled international equity funds	6,836,902			
Commingled real estate investment funds	2,243,510			
Activist equity funds	896,488			
Hedge funds	4,463,590			
Insurance funds	838,728			
Private debt/credit opportunity funds	3,016,671			
Private equity funds	14,392,939			
Private real asset funds	4,869,978			
Total investments measured at the NAV	<u>\$ 37,558,806</u>			
Other investments carried at amortized cost				
Money market funds	238,806			
Money market funds - security lending collateral	1,785,715			
Repurchase agreements	800,000			
Total investments carried at amortized cost	<u>\$ 2,824,521</u>			
Total investments	<u>\$ 165,807,491</u>			
Short sales (liabilities)				
U.S. guaranteed obligations	\$ (27,400)	\$ -	\$ (27,400)	\$ -
Federal agencies	(37,204)	-	(37,204)	-
Total short sales (liabilities)	<u>\$ (64,604)</u>	<u>\$ -</u>	<u>\$ (64,604)</u>	<u>\$ -</u>
Other (liabilities)				
Forwards	(34,053)	-	(34,053)	-
Futures	(7,201)	(7,201)	-	-
Swaps	(1,767)	-	(1,767)	-
Total other (liabilities)	<u>(43,021)</u>	<u>(7,201)</u>	<u>(35,820)</u>	<u>-</u>
Total investments (liabilities)	<u>\$ (107,625)</u>	<u>\$ (7,201)</u>	<u>\$ (100,424)</u>	<u>\$ -</u>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2020, is presented in the footnotes to the table below (in thousands).

FRS Pension Trust Fund
Additional GASB 72 Required Disclosures

	Fair Value 6/30/2020	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV				
Commingled international equity funds ¹	\$ 6,836,902		Daily, Monthly	2 - 120 days
Commingled real estate investment funds ²	2,243,510		Quarterly	15 - 90 days
Activist equity funds ³	896,488		Monthly, Annually	65 - 90 days
Hedge funds				
Diversifying strategies (managed futures) ⁴	1,398,836		Daily, Monthly	10 - 35 days
Equity long/short ⁵	457,935		Monthly, Quarterly	30 - 60 days
Event driven ⁶	143,980		Biennially	90 days
Global macro ⁷	711,353		Monthly, Quarterly	5 - 45 days
Multi-strategy ⁸	930,263		Quarterly, Annually, Biennially	60 - 90 days
Opportunistic debt ⁹	397,819		Quarterly, Annually	60 - 90 days
Relative value ¹⁰	423,404		Quarterly	45 - 60 days
Insurance funds ¹¹	838,728	\$ 103,793	Monthly, Quarterly, Biennially	30 - 90 days
Private debt/credit opportunity funds ¹²	3,016,671	\$ 2,776,955		
Private equity funds ¹³	14,392,939	\$ 7,180,992		
Private real asset funds ¹⁴	4,869,978	\$ 3,289,595		
Total investments measured at the NAV	<u>\$ 37,558,806</u>			
Investments at Level 3				
Private equity funds ¹³	\$ 302,200			
Real estate direct investments ¹⁵	\$ 9,752,973	\$ 125,556		

¹ *Commingled International Equity Funds*: The six funds in this group are primarily invested in publicly traded international equity securities. Three of these funds focus on emerging markets. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Three funds within this strategy are redeemable daily, two funds are redeemable monthly, and the remaining fund is currently in the liquidation process with a residual balance remaining.

² *Commingled Real Estate Investment Funds*: The eight funds in this group consist primarily of real estate investments owned directly or through partnership interests located in the United States. These investments include multi-family, industrial, retail, office, apartments and mortgage loans on income producing property. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. All funds within this strategy are eligible for redemption quarterly.

³ *Activist Equity Funds*: The three funds in this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These investments are valued at the NAV per share. One fund (approximately 50 percent of this strategy) is currently eligible for redemption monthly. Another fund (approximately 27 percent of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining fund (approximately 23 percent of this strategy) is subject to contractual lock-up restrictions and is not currently eligible for redemption.

⁴ *Diversifying Strategies (Managed Futures) Hedge Funds*: The three funds that make up this group primarily trade equity and commodity futures, but can also participate in indexes, rates and currencies across global markets. These funds use a systematic approach and focus on trends in price and other market signals. These investments are valued at the NAV per share. All funds within this strategy are redeemable within a month or less, as they are not subject to lock-up restrictions.

⁵ *Equity Long/Short Hedge Funds*: Consisting of three funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. Two funds (approximately 64 percent of this strategy) are currently eligible for redemption monthly, while the remaining fund (approximately 36 percent of this strategy) is subject to contractual lock-up restrictions and is not currently eligible for redemption.

⁶ *Event Driven Hedge Funds*: The two funds in this group seek to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at the NAV per share. One fund (approximately 98 percent of this strategy) is redeemable in 18 months due to biennial lock-up restrictions. The remaining fund (approximately 2 percent of this strategy) is currently winding down and full liquidation is expected by September 2020.

⁷ *Global Macro Hedge Funds*: Consisting of five funds, which base their holdings (such as long and short positions in various equity, fixed income, currency, and futures markets) primarily on overall economic and political views of various countries. These funds are valued at the NAV per share. All funds in this strategy are no longer subject to contractual lock-up and are redeemable in three months or less due to monthly and quarterly redemption restrictions.

⁸ *Multi-Strategy Hedge Funds*: The four funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are usually a mix of Equity Long/Short, Event-Driven, Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. Two funds (approximately 42 percent of this strategy) are currently eligible for redemption in three months due to quarterly redemption restrictions. One fund (approximately 25 percent of this strategy) is eligible for redemption in six months or less due to annual redemption restrictions. The remaining fund (approximately 33 percent of this strategy) is eligible for redemption biennially (for each commitment) with the next redemption in six months.

⁹ *Opportunistic Debt Hedge Funds*: Consisting of four funds that pursue various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. These managers vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. These funds are valued at the NAV per share. Three funds (approximately 72 percent of this strategy) are currently eligible for redemption in three months due to quarterly redemption restrictions. The remaining fund (approximately 28 percent of this strategy) is eligible for redemption in six months due to annual redemption restrictions.

¹⁰ *Relative Value Hedge Funds*: Consisting of two funds, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These investments are valued at the NAV per share. All funds in this strategy are no longer subject to contractual lock-up and are redeemable in three months due to quarterly redemption restrictions.

¹¹ *Insurance Funds*: The six funds in this group invest primarily in reinsurance contracts and insurance-linked securities. These investments are valued at the NAV per share. One fund (approximately 30 percent) has varying restrictions due to underlying investment funds and redeemable within one to three months. Another fund (approximately 22 percent) is eligible for redemption in six months, subject to exit restrictions. Two funds (approximately 38 percent) are eligible for redemption in seven months or less due to biannual redemption restrictions. The remaining two funds (approximately 10 percent) are not eligible for redemption due to contractual lock-up restrictions.

¹² *Private Debt/Credit Opportunity Funds*: There are 59 private debt/credit funds investing primarily in Distressed, Mezzanine and Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2020, or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

¹³ *Private Equity Funds*: There are 225 private equity funds investing primarily in Leveraged Buyouts funds, Venture Capital funds, Secondary funds and Growth funds with some exposure to Special Situations, Diversifying Strategies and GP Investments. The fair value of 223 funds has been determined using the NAV at June 30, 2020, or one quarter in arrears adjusted for current quarter cash flows. The fair value of the remaining two funds (approximately 2 percent of the value of these investments) is based on external appraisals at June 30, 2020, and classified as Level 3. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

¹⁴ *Private Real Asset Funds*: There are 81 real asset funds, 55 of which invest in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic domestic or foreign regions. The remaining 26 funds invest in infrastructure, timberland, transportation and commodities. The fair value of these funds has been determined using the NAV at June 30, 2020, or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

¹⁵ *Direct Real Estate Investments*: There are 69 direct owned/joint venture real estate assets that are valued based on annual external and/or quarterly internal appraisals and are classified as Level 3.

The HIS and Police and Fire funds, at June 30, 2020, were fully invested in the Local Government Surplus Funds Trust Fund (Florida PRIME), a qualified external investment pool that measures for financial reporting purposes all of its investments at amortized cost. Florida PRIME currently has no limitations or restrictions on withdrawals.

Section 218.409(8)(a), Florida Statutes, provides that the SBA executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the external investment pool, for 48 hours limit contributions to or withdrawals from the external investment pool to ensure that the SBA can invest moneys entrusted to it in exercising its fiduciary responsibility. With regard to liquidity fees, Section 218.409(4), Florida Statutes, 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.

Florida PRIME currently follows all requirements in Government Accounting Standards Board Statement No. 79, paragraph 4, which lays out the requirements for external investment pools to report their investments at amortized cost. Florida PRIME is not required to register (and has not registered) with the Securities and Exchange Commission. Sections 218.40 through 218.415, Florida Statutes, and State Board of Administration Rules 19-7.002 through 19-7.016, Florida Administrative Code, promulgated pursuant to Section 218.405(4), Florida Statutes, govern the operation of Florida PRIME. The amortized cost of the participant account balance is reported as the fair value of the HIS and Police and Fire funds' investment in Florida PRIME.

2. Investment Risk

The FRS Pension Trust Fund has a broad range of financial investments exposed to various risks, including overall market volatility. Due to the level of risk associated with certain financial investments, it is reasonably possible that changes in the values of financial investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that certain risks be discussed in the financial statements. These risks include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each of these risks is discussed in more detail below.

3. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings are used as an assessment of creditworthiness and are assigned by Nationally Recognized Statistical Rating Organizations (NRSROs). These ratings are disclosed in aggregate by investment type for the securities held as of the financial statement date.

The State Treasury Investment Pool's current rating by Standard and Poor's was AA-f as of June 30, 2020.

The SBA, in compliance with Section 215.47, Florida Statutes, has adopted certain investment policies with regard to credit risk of fixed income securities, which generally are managed through individual portfolios within various asset classes. Some of the individual portfolios have slightly different restrictions on credit quality.

For the Short-Term Portfolio, securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the NRSROs. For long-term investment ratings, this is defined as being a minimum rating of A from one of the NRSROs. Securities of a single issuer are generally limited to 5 percent of the market value of the portfolio (excluding U.S. Treasuries and Agencies).

Generally, securities in other major portfolios, such as the Mortgage Index Portfolio, Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio, should be rated investment grade by at least one of the NRSROs at the time of purchase allowing a very small allocation to below investment grade (down to BB-/Ba3) for the Core Portfolio. Securities for a single issuer are generally limited to 5 percent of fair value of the portfolio (excluding U.S. Treasuries and Agencies).

The Mortgage Index Portfolio limits securities generally to those issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). No specific credit rating criteria are listed.

The Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio allow U.S. Treasuries, U.S. Government Agencies, corporates, mortgage and asset backed securities, foreign sovereign debt, and municipals as well. For security lending portfolios, eligible cash collateral investments are the following:

- Tri-party qualified repurchase obligations are collateralized by U.S. Treasury bills, notes, bonds, and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. equity securities. U.S. Treasury and Government Agencies must maintain a market value of at least 102 percent of the market value of the securities subject to being repurchased and U.S. equities must maintain a market value of at least 110 percent of the market value of the securities subject to being repurchased.
- Money market mutual funds regulated by SEC rule 2a-7 and rated the highest applicable rating by at least one of the NRSROs.
- U.S. Treasury bills, notes, and bonds.

Security lending investments that were purchased prior to the policy guidelines established in December 2008 are being held to maturity in existing lending portfolios.

The following table discloses credit quality ratings related to credit risk on investments held in the FRS Pension Trust Fund at June 30, 2020 (in thousands):

FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2020

Credit Rating ¹		Total ²	Commercial paper	Money market funds	Repurchase agreements	Federal agencies ⁴	Domestic bonds and notes	International bonds and notes
S&P	Moody's							
A-1/AAAm		\$ 2,773,649	\$ 749,128	\$ 2,024,521	\$ -	\$ -	\$ -	\$ -
A-2		290,928	290,928	-	-	-	-	-
A-3		19,881	19,881	-	-	-	-	-
AAA		1,042,586	-	-	-	-	596,606	445,980
AA		1,064,635	-	-	50,024	411,964	426,338	176,309
A		2,596,413	-	-	-	-	2,008,854	587,559
BBB		4,285,977	-	-	-	-	3,658,002	627,975
BB		240,024	-	-	-	-	190,578	49,446
B		93,218	16,110	-	-	-	64,186	12,922
CCC		18,207	-	-	-	-	9,292	8,915
CC		12,416	-	-	-	-	10,865	1,551
C		456	-	-	-	-	456	-
D		3,948	-	-	-	-	1,479	2,469
	P-2	49,998	49,998	-	-	-	-	-
	P-3	1,791	1,791	-	-	-	-	-
	Aaa	1,081,531	-	-	-	4,193	881,644	195,694
	Aa	75,775	-	-	-	-	56,182	19,593
	A	179,897	-	-	-	-	141,579	38,318
	Baa	571,008	-	-	-	-	446,380	124,628
	Ba	200,702	-	-	-	-	153,189	47,513
	B	33,019	-	-	-	-	29,909	3,110
	Caa	7,680	-	-	-	-	7,083	597
NR	NR	8,535,571	-	-	290,420	7,753,604	385,762	105,785
		<u>23,179,310</u>	<u>\$ 1,127,836</u>	<u>\$ 2,024,521</u>	<u>\$ 340,444</u>	<u>\$ 8,169,761</u>	<u>\$ 9,068,384</u>	<u>\$ 2,448,364</u>
<u>Ratings not applicable:</u>								
	Repurchase agreements ³	459,556						
	U.S. guaranteed	14,837,162						
	<u>Total investments</u>	<u>\$ 38,476,028</u>						

¹ S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated). Long-term ratings are presented except for commercial paper and money market funds.

² All fixed income investments are included in this table, including security lending collateral investments.

³ U.S. guaranteed obligations and collateral for repurchase agreements, which are explicitly guaranteed by the U.S. Government, do not require disclosure of credit quality.

⁴ Federal Agency TBAs and mortgage-backed securities are classified as "NR" because they do not have explicit credit ratings on individual securities.

All futures, options and swaps contracts held by the FRS Pension Trust Fund at June 30, 2020, were exchange-traded, therefore minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses.

The FRS Pension Trust Fund may enter into contracts that allow for close-out netting with certain counterparties. In the event of default or early termination, the contract permits the non-defaulting party the right to close-out all transactions in a single net settlement to one net amount payable by one counterparty to the other. The aggregate fair value of non-exchange traded derivatives subject to close-out netting totaled \$(4.1) million as of June 30, 2020.

Counterparty credit ratings related to credit risk for forward currency contracts held at June 30, 2020, are presented below (in thousands):

FRS Pension Trust Fund
Forward Currency Contract Counterparty Credit Ratings
As of June 30, 2020

Counterparty Credit Rating (Long/Short) ¹		Asset	Liability	Net Unrealized Gain/(Loss)
S&P	Moody's			
A/A-1		\$ 29,226	\$ (33,448)	\$ (4,222)
	NR/P-1	27	(605)	(578)
	Total	<u>\$ 29,253</u>	<u>\$ (34,053)</u>	<u>\$ (4,800)</u>

¹ S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

Counterparty credit ratings related to credit risk for spot currency contracts held at June 30, 2020, are presented below (in thousands):

FRS Pension Trust Fund
Spot Currency Contract Counterparty Credit Ratings
As of June 30, 2020

Counterparty Credit Rating (Long/Short) ¹		Receivables	Payables	Net Unrealized Gain/(Loss)
S&P	Moody's			
AA/A-1		\$ 6,600	\$ (6,597)	\$ 3
A/A-1		40,160	(40,189)	(29)
BBB/A-2		30	(30)	-
	NR/P-1	202	(202)	-
NR	NR	50,994	(51,003)	(9)
	Total	<u>\$ 97,986</u>	<u>\$ (98,021)</u>	<u>\$ (35)</u>

¹ S&P ratings were primarily used. If S&P did not provide a rating or did not provide the rating with the greatest degree of risk, then Moody's ratings were used. If neither rating agency issued a rating, the security was listed as "NR" (not rated).

The Police and Firefighters' Premium Tax Trust Fund and the Retiree Health Insurance Subsidy Trust Fund had investments in money market funds totaling \$277,176,549 and \$324,936,400, respectively, which held an S&P rating of AAAM at June 30, 2020.

4. Custodial Credit Risk

Custodial credit risk for investments is the risk that, if a depository financial institution or counterparty fails, the state will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

As stated in SBA's custodial credit policy, that the SBA seeks to minimize custodial credit risk through the use of trust accounts maintained at top tier third-party custodian banks, whose creditworthiness is monitored by the SBA. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA's name, or in the case of certain foreign investments, in an omnibus client account, but separate and apart from the assets of the custodian banks. This policy applies to investments evidenced by cash or securities, but does not apply to investments evidenced by contractual agreements such as alternatives, real estate, cleared derivative instruments (futures, options and swaps), external investment pools or open-ended mutual funds. These types of investments are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. In addition, un-invested cash for all portfolios/funds under SBA management is generally swept nightly into overnight investments, thereby reducing the plan's exposure to custodial credit risk. On occasion, however, the plan's cash balances can exceed federally-insured limits.

Presented below are investments that were uninsured and unregistered, with securities held by the counterparty, or by the counterparty's trust department but not in the SBA's name, as of June 30, 2020 (in thousands):

FRS Pension Trust Fund
Custodial Credit Risk
As of June 30, 2020

	Fair Value
Security lending collateral:	
Domestic bonds and notes	\$ 44,759
Total	\$ 44,759

5. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The FRS Pension Trust Fund did not hold any investments with a single issuer representing 5 percent or more of the fund's fair value at June 30, 2020.

Investment policy guidelines allow the security lending programs to hold up to 30 percent of the cash collateral reinvestment portfolio in U.S. Treasury bills, notes, and bonds.

6. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income instruments. The SBA, in compliance with Section 215.47, Florida Statutes, has adopted certain investment policies with regard to interest rate risk exposure for fixed income securities, which generally are managed through individual portfolios with various asset classes. The individual portfolios may have different policies regarding interest rate risk.

For the Short-term Portfolio, the weighted-average maturity to final maturity date (WAL) is limited to 120 days and weighted-average time to coupon reset (WAM) is limited to 60 days. For securities without a fixed interest rate, the next coupon reset date is used as the maturity for the reset WAM calculation. No individual security shall have a final maturity date longer than 397 days except for U.S. Treasury and Agency securities, which shall not exceed five years.

The Mortgage Index Portfolio duration should be similar to the duration of the mortgage-related fixed income market and should remain within plus or minus 0.25 years of the Barclays Capital U.S. MBS Index duration. Swaps and/or Agency debentures may contribute no more than 25 percent of the portfolio's total duration.

The Intermediate Aggregate Less MBS Index Portfolio duration should remain within plus or minus 0.25 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration less the MBS Index component. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25 percent of the portfolio's total duration.

The Core Portfolio duration should remain within plus or minus 0.50 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration. Interest rate swaps and interest rate futures may contribute no more than 25 percent of the portfolio's total duration.

The Core Portfolio contains certain investments known as collateralized mortgage obligations (CMOs). CMOs are often more sensitive to interest rate changes than other fixed income instruments. Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IOs), principal-only (POs), and inverse floaters (INVs). IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO and decrease the value of an IO. Inverse floaters (INVs) have an inverse relationship to a benchmark rate, and the coupon payment is adjusted as the interest rate changes. If the benchmark interest rate decreases, the coupon rate increases and vice versa, which allows the bondholder to benefit from declining interest rates. Similar to an IO, an interest-only inverse floater's value increases as interest rates rise.

For security lending portfolios, policy guidelines allow investment in the following:

- Tri-party qualified repurchase obligations, with a term to repurchase not to exceed forty-five calendar days, that are fully collateralized by U.S. Treasury bills, notes, bonds and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. Equity securities.
- Money market mutual funds regulated by SEC rule 2a-7.
- U.S. Treasury bills, notes and bonds maturing within 92 days or less.

Security lending investments that were purchased prior to the investment policy guidelines established in December 2008 are still held in the lending programs and are slowly paying down. For investments that had floating interest rates, interest rate reset dates were used to calculate WAM.

The interest rate risk table for the FRS Pension Trust Fund as of June 30, 2020, is presented below (in thousands). Investment types related to fixed income portfolios are presented using effective weighted duration. Investment types related to short-term and security lending collateral portfolios are presented using weighted-average maturity.

FRS Pension Trust Fund

Debt Investments
As of June 30, 2020

Investment type	Total (duration)	Effective weighted duration (in years)	Total (WAM)	Weighted average maturity (in days)
Commercial paper	\$ -	N/A	\$ 1,127,836	7
Money market funds	-	N/A	2,024,521	1
Repurchase agreements	-	N/A	800,000	9
U.S. guaranteed obligations:				
Treasury bills	6,011,490	0.20	-	N/A
Treasury bonds and notes	6,833,478	4.61	-	N/A
Treasury strips	34,916	16.92	-	N/A
Index linked government bonds	194,178	11.13	-	N/A
Bonds and notes	79,647	0.97	-	N/A
Asset-backed	88,619	4.01	-	N/A
GNMA mortgage-backed	1,317,483	1.92	-	N/A
GNMA commitments to purchase (TBAs)	97,783	1.64	-	N/A
Mortgage-backed CMOs and CMBs ¹	179,568	3.42	-	N/A
Federal agencies:				
Unsecured bonds and notes	416,157	4.17	-	N/A
Agency strips	13,597	6.58	-	N/A
Mortgage-backed	4,667,096	2.20	-	N/A
FNMA, FHLMC commitments to purchase (TBAs)	1,806,956	1.55	-	N/A
Mortgage-backed CMOs and CMBs ¹	1,265,955	1.72	-	N/A
Domestic:				
Corporate bonds and notes	6,767,555	4.98	-	N/A
Asset and mortgage backed	660,294	2.10	38,485	27
Mortgage-backed CMOs and CMBs ¹	1,558,072	3.76	1,282	27
Municipal/provincial	42,696	7.17	-	N/A
International:				
Government and agency obligations	780,628	3.36	-	N/A
Corporate bonds and notes	1,371,367	3.95	-	N/A
Asset and mortgage-backed	271,410	0.13	-	N/A
Mortgage-backed CMOs and CMBs ¹	24,959	(0.05)	-	N/A
Futures - long ²	6,697	3.84	-	N/A
Futures - short ²	(6,857)	7.73	-	N/A
Credit default swaps ²	(978)	-	-	N/A
Interest rate swaps ²	32	6.47	-	N/A
Total fixed income investments	<u>\$ 34,482,798</u>		<u>\$ 3,992,124</u>	

¹ Includes investments in IOs, POs, and INVs totaling \$73 million at June 30, 2020.

² The futures and swaps contracts' effective weighted durations were calculated using notional values (in U.S. dollars) rather than fair values.

The effective duration of the State Treasury Investment Pool at June 30, 2020, was approximately 0.43 years.

Interest rate risk information for fixed income investments sold short is presented below (in thousands):

FRS Pension Trust Fund
Sold Short¹ Debt Investment Positions
As of June 30, 2020

Investment type	Fair value (duration)	Effective weighted Duration (in years)
GNMA commitments to sell (TBAs)	\$ (27,400)	1.07
FNMA, FHLMC commitments to sell (TBAs)	(37,204)	1.83
Total fixed income investments sold short ¹	\$ (64,604)	

¹ Investments sold short are reported as liabilities on the Statement of Fiduciary Net Position.

The Police and Firefighters' Premium Tax Trust Fund and the Retiree Health Insurance Subsidy Trust Fund had investments in money market funds totaling \$277,176,549 and \$324,936,400, respectively, which had daily liquidity at June 30, 2020.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment. Under Section 215.47, Florida Statutes, and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investment by the FRS Pension Trust Fund may be invested in various types of securities denominated in foreign currency. The SBA has developed for the FRS Pension Trust Fund an Investment Policy Statement (IPS) that sets ranges on investments by asset class. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. Florida law limits the exposure to foreign securities held outside of foreign group trusts and certain other foreign entities to 50 percent of the total FRS Pension Trust Fund. There is no requirement that this exposure to foreign currency risk be hedged through forward currency contracts, although some managers are authorized to use forward currency contracts.

Commingled international equity funds are collective investments where the FRS Pension Trust Fund owns a portion of the total units in commingled funds with other investors. Exchange-traded funds (ETFs) are investment funds, traded on the exchanges, that hold assets such as stocks or bonds, and the FRS Pension Trust Fund owns a portion of the total shares in the ETFs. Participatory notes (P-notes) allow the FRS Pension Trust Fund to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or for other reasons. The overall investments or notes themselves are denominated in U.S. dollars, but a portion of the underlying assets may be exposed to foreign currency risk in various currencies.

Alternative investments are commingled investment funds (primarily limited partnerships) where the FRS Pension Trust Fund owns a portion of the overall investment in the funds. For those funds denominated in U.S. dollars, some of the underlying investments may be exposed to foreign currency risk in various currencies.

The FRS Pension Trust Fund also holds positions in futures, options, swaps, and foreign currency contracts that are subject to foreign currency risk. Additional information on derivatives is provided in section B.9. in Note 3 to the financial statements.

Following are the FRS Pension Trust Fund's investments, by currency at fair value (in U.S. dollars), exposed to foreign currency risk as of June 30, 2020 (in thousands):

FRS Pension Trust Fund
Investments Exposed to Foreign Currency Risk (fair values in U.S. dollars, in thousands)
As of June 30, 2020

Currency	FRS Pension Trust Fund Investment Type					Total
	Equity	Alternative Investments	Fixed Income	Other	Spot Contracts, net	
Australian dollar	\$ 769,883	\$ -	\$ -	\$ (76,296)	\$ 46	\$ 693,633
Bangladesh taka	12,821	-	-	-	-	12,821
Brazilian real	420,570	-	-	1,827	164	422,561
British pound sterling	2,629,332	78,753	990	(68,462)	(3,857)	2,636,756
Canadian dollar	1,041,161	-	-	26,469	1,671	1,069,301
Chilean peso	21,020	-	-	9,347	-	30,367
Chinese yuan renminbi	890,417	-	-	4,794	(520)	894,691
Columbian peso	4,691	-	-	9,394	-	14,085
Costa Rican colon	1,646	-	-	-	-	1,646
Czech koruna	932	-	-	4,851	-	5,783
Danish krone	670,302	-	-	-	243	670,545
Egyptian pound	18,806	-	-	-	-	18,806
Euro	6,196,449	1,136,111	5,999	(225,288)	(14,842)	7,098,429
Ghanaian cedi	1,265	-	-	-	-	1,265
Hong Kong dollar	3,303,132	-	-	(23,940)	1,937	3,281,129
Hungarian forint	28,531	-	-	14,095	-	42,626
Indian rupee	638,669	-	-	67,289	-	705,958
Indonesian rupiah	87,304	-	-	76,834	229	164,367
Israeli shekel	86,018	-	-	(13,952)	(45)	72,021
Japanese yen	3,784,549	-	-	7,480	(2,144)	3,789,885
Kenyan shilling	12,875	-	-	-	-	12,875
Kuwaiti dinar	16,111	-	-	-	-	16,111
Malaysian ringgit	58,716	-	-	-	(786)	57,930
Mauritius rupee	1,431	-	-	-	-	1,431
Mexican peso	124,785	-	-	60,926	58	185,769
Moroccan dirham	5,881	-	-	-	17	5,898
New Taiwan dollar	1,135,386	-	-	(12,563)	(6,251)	1,116,572
New Zealand dollar	32,643	-	-	(37,846)	-	(5,203)
New Zimbabwe dollar	4,426	-	-	-	-	4,426
Nigerian naira	13,028	-	-	-	-	13,028
Norwegian krone	201,833	-	-	(16,123)	(28)	185,682
Pakistani rupee	11,658	-	-	-	-	11,658
Peruvian sol	3,518	-	-	15,396	-	18,914
Philippines peso	57,613	-	-	20,900	454	78,967
Polish zloty	48,821	-	-	32,532	(110)	81,243
Qatari riyal	25,622	-	-	-	-	25,622
Romanian new leu	13,092	-	-	20,745	-	33,837
Russian ruble	405	-	-	70,027	-	70,432
Saudi Arabian riyal	16,086	-	-	-	-	16,086
Singapore dollar	363,335	-	-	3,513	3,361	370,209
South African rand	204,639	-	-	7,180	(11)	211,808
South Korean won	1,121,823	-	-	9,102	2,679	1,133,604
Sri Lankan rupee	4,590	-	-	-	-	4,590
Swedish krona	557,433	9,843	-	47,428	(1,118)	613,586
Swiss franc	1,750,075	-	-	(69,629)	491	1,680,937
Thailand baht	88,234	-	-	(50,308)	349	38,275
Turkish lira	110,607	-	-	9,288	44	119,939
United Arab Emirates dirham	48,768	-	-	-	-	48,768
Vietnam dong	32,610	-	-	-	-	32,610
Total foreign currency risk	26,673,542	1,224,707	6,989	(74,990)	(17,969)	27,812,279
Other investments with potential exposure to foreign currency risk:						
Alternative investments	-	27,555,887	-	-	-	27,555,887
P-notes and ETFs	240,589	-	-	-	-	240,589
Commingled international equity funds	7,089,845	-	-	-	-	7,089,845
Total investments subject to foreign currency risk	<u>\$ 34,003,976</u>	<u>\$ 28,780,594</u>	<u>\$ 6,989</u>	<u>\$ (74,990)</u>	<u>\$ (17,969)</u>	<u>\$ 62,698,600</u>

The tables below provide additional details on the futures contracts, option contracts and foreign currency contracts that were subject to foreign currency risk. The margin payments included in “Accounts receivable” and “Accounts payable and accrued liabilities” on the Statement of Fiduciary Net Position may also be exposed to foreign currency risk.

Futures

The FRS Pension Trust Fund’s futures contract positions at June 30, 2020, that were exposed to foreign currency risk are presented below (in thousands):

FRS Pension Trust Fund
Futures Positions Exposed to Foreign Currency Risk
As of June 30, 2020

Futures Contract Type	Currency	Number of Contract	In Local Currency			In U.S. dollars
			Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss)	Unrealized Gain/(Loss)
Stock Index Futures:						
GBP FTSE 100 Index	British pound sterling	36	2,227	2,213	(14)	\$ (17)
Canada S&P/TSE 60 Index	Canadian dollar	15	2,755	2,785	30	22
DJ Euro STOXX 50	Euro	122	3,897	3,932	35	39
TOPIX Index Future	Japanese yen	24	383,908	374,040	(9,868)	(91)
MSCI EAFE ¹	U.S. dollar	1,125	99,197	100,035	838	838
MSCI Emerging Markets Index ¹	U.S. dollar	210	10,209	10,350	141	141
Total futures subject to foreign currency risk		<u>1,532</u>	<u>502,193</u>	<u>493,355</u>	<u>(8,838)</u>	<u>\$ 932</u>

¹ Futures denominated in U.S. dollars are based on an index that converts the foreign issues to dollar equivalents at currency market exchange rates.

Options

There were no option contracts held as of June 30, 2020.

Forward and Spot Foreign Currency Contracts

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. Currently, there are two types of foreign currency contracts being utilized by the FRS Pension Trust Fund. Spot currency contracts are valued at spot (traded) currency rates and are used primarily for trade settlement and currency repatriation. Forward currency contracts are valued at interpolated forward rates and may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. Forward currency contracts are recorded as other investments and other liabilities on the statements of net position and spot currency contracts are recorded as receivables and payables on the statements of net position. In addition, a currency overlay program is used to seek additional value and is run independently of the underlying equity assets.

The FRS Pension Trust Fund's forward and spot currency contract positions as of June 30, 2020, that were exposed to foreign currency risk are presented below, by currency (in thousands):

FRS Pension Trust Fund
Forward and Spot Foreign Currency Exchange Contracts
As of June 30, 2020

Currency	Forward Currency Contracts				Spot Currency Contracts			
	Receivable Notional	Payable Notional	Net Investment/ Liability	Unrealized Gain/ (Loss)	Receivables	Payables	Net Receivables/ Payables	Unrealized Gain/ (Loss)
Australian dollar	\$ 161,237	\$ 237,067	\$ (76,296)	\$ (466)	\$ 253	\$ (207)	\$ 46	\$ 1
Brazilian real	31,370	29,462	1,827	(81)	1,142	(978)	164	-
British pound sterling	119,372	189,136	(68,445)	1,320	-	(3,857)	(3,857)	-
Canadian dollar	196,124	167,637	26,447	(2,040)	1,710	(39)	1,671	(3)
Chilean peso	21,923	12,539	9,347	(37)	-	-	-	-
Chinese yuan renminbi	4,752	-	4,794	42	-	(520)	(520)	-
Columbian peso	9,737	-	9,394	(343)	-	-	-	-
Czech koruna	4,917	-	4,851	(67)	-	-	-	-
Danish krone	2,212	2,111	-	(101)	243	-	243	-
Euro	251,994	474,706	(225,327)	(2,614)	10,857	(25,699)	(14,842)	(21)
Hong Kong dollar	-	23,919	(23,940)	(21)	4,140	(2,203)	1,937	16
Hungarian forint	14,648	-	14,095	(553)	-	-	-	-
Indian rupee	77,328	9,975	67,289	(64)	-	-	-	-
Indonesian rupiah	78,669	-	76,834	(1,835)	229	-	229	3
Israeli shekel	-	14,055	(13,952)	102	-	(45)	(45)	-
Japanese yen	185,824	178,055	7,571	(198)	9,253	(11,397)	(2,144)	(24)
Malaysian ringgit	-	-	-	-	275	(1,061)	(786)	-
Mexican peso	61,873	3,000	60,926	2,053	108	(50)	58	-
Moroccan dirham	-	-	-	-	17	-	17	-
New Taiwan dollar	9,631	22,200	(12,563)	5	-	(6,251)	(6,251)	13
New Zealand dollar	119,873	155,638	(37,846)	(2,081)	-	-	-	-
Norwegian krone	68,045	88,182	(16,123)	4,015	-	(28)	(28)	-
Peruvian sol	27,610	11,908	15,396	(306)	-	-	-	-
Philippines peso	20,821	-	20,900	79	481	(27)	454	-
Polish zloty	56,261	23,394	32,532	(334)	4	(114)	(110)	-
Romanian new leu	20,908	-	20,745	(164)	-	-	-	-
Russian ruble	68,805	-	70,027	1,222	-	-	-	-
Singapore dollar	3,538	-	3,513	(25)	4,572	(1,211)	3,361	-
South African rand	9,628	2,407	7,180	(41)	1,046	(1,057)	(11)	(3)
South Korean won	34,576	25,696	9,102	222	3,646	(967)	2,679	(15)
Swedish krona	116,900	69,356	47,428	(116)	281	(1,399)	(1,118)	-
Swiss franc	152,530	221,624	(69,629)	(536)	754	(263)	491	(1)
Thailand baht	18,261	66,815	(50,308)	(1,754)	888	(539)	349	(1)
Turkish lira	9,372	-	9,288	(83)	90	(46)	44	-
U.S. dollar	1,307,593	1,237,450	70,143	-	57,997	(40,063)	17,934	-
Total	\$ 3,266,332	\$ 3,266,332	\$ (4,800)	\$ (4,800)	\$ 97,986	\$ (98,021)	\$ (35)	\$ (35)

8. Security Lending

During fiscal year 2020, the FRS Pension Trust Fund participated in security lending programs with two lending agents, including the custodian and one third-party agent. These security lending programs have indemnity clauses requiring the lending agent to assume the borrower's risk from default. There are no restrictions on the amount of securities that can be loaned at one time to one borrower.

In addition to the two agent lending programs, the FRS Pension Trust Fund participated in security lending through investments in four commingled funds that do not offer borrower indemnification. The fund receives a proportionate share of the security lending income generated from these activities.

Collateral requirements for securities on loan range from 100 percent to 105 percent, depending on the lending agent, the type of security lent, and the type of collateral received. As of June 30, 2020, the FRS Pension Trust Fund had received and invested approximately \$1.8 billion in cash collateral and received \$13.6 billion in securities as collateral for the lending programs. The collateral held for the security lending transactions exceeded the fair value of the securities on loan (including accrued interest). As a result, none of the lending programs were under-collateralized at the end of the fiscal year. The SBA does not have the ability to pledge or sell the non-cash collateral securities unless the borrower defaults, so the non-cash portion is not reported on the Statement of Fiduciary Net Position.

Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security lending agreements generally are open-ended with no fixed expiration date. As such, investments made with cash collateral are limited to those with a final maturity up to 92 days. However, investments in one of the security lending programs included investments with final maturities of six months or more, representing approximately 4 percent of that lender's total collateral invested at June 30, 2020. This is due to the portfolio containing some legacy securities that will remain until they are sold or mature.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2020 (in thousands):

Schedule of Investments on Loan Under Security Lending Agreements

As of June 30, 2020

Securities on loan for cash collateral, by security type	Fair Value of Securities on Loan ¹	
		FRS Pension Trust Fund
U.S. guaranteed obligations	\$	903,219
Federal agencies		25,752
Domestic corporate bonds and notes		47,583
International bonds and notes		51,916
Domestic equities		50,807
International equities		700,415
Total securities on loan for cash collateral	\$	<u>1,779,692</u>
Securities on loan for non-cash collateral, by security type		
U.S. guaranteed obligations	\$	2,211,585
Domestic corporate bonds and notes		46,038
International bonds and notes		12,290
Domestic equities		9,695,003
International equities		1,323,527
Total securities on loan for non-cash collateral		<u>13,288,443</u>
Total securities on loan	\$	<u>15,068,135</u>

¹ Fair value includes accrued interest on fixed income securities.

9. Derivatives

The FRS Pension Trust Fund accounts for derivatives in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). This statement defines a derivative instrument as a financial instrument or other contract that has all of the following characteristics:

- a. Settlement factors. It has (1) one or more reference rates and (2) one or more notional amounts or payment provisions or both. Those terms determine the amount of the settlement or settlements and, in some cases, whether or not a settlement is required.
- b. Leverage. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- c. Net settlement. Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

Derivative instruments in the FRS Pension Trust Fund as of June 30, 2020, consisted of futures, forward currency contracts, and swaps. There were no option contracts held as of June 30, 2020.

The SBA has established investment guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are authorized to be used as tools for managing risk or executing investment strategies more efficiently than could otherwise be done in cash markets and may only be used as part of a prudent investment process. Various derivative investment instruments are used as part of the investment strategy to hedge against interest rate risk, currency risk in foreign markets, default risk, and mortgage-backed security prepayment risk, and to effectively manage exposure to domestic and international equities, bonds, and real estate markets.

A futures contract is an agreement between a buyer and a seller to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all members in a market on an organized futures exchange. Upon entering into a futures contract, collateral (cash and/or securities) is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and third-party counterparties. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Position. Losses may arise from future changes in the value of the underlying instrument.

An option gives the buyer a stipulated privilege of buying or selling a stated property, security, or commodity at a given price (strike price) within a specified time (for an American-style option, at any time prior to or on the expiration date). A securities option is a negotiable contract in which the seller (writer), for a certain sum of money called the option premium, gives the buyer the right to demand within a specified time the purchase (call) from or sale (put) to the option seller of a specified number of bonds, currency units, index units, or shares of stock, at a fixed price or rate, called the strike price.

A forward contract is a contractual obligation, typically over-the-counter, traded between two parties to exchange a particular good or instrument at a set price on a future date. The buyer of the forward agrees to pay the price and take delivery of the good or instrument and is said to be "long" in the forward contract, while the seller of the forward, or "short", agrees to deliver the good or instrument at the agreed price on the agreed date.

A swap is a contractual agreement to exchange a stream of periodic payments utilizing a central clearing house whereby each party in the transaction enters into a contract with the central counterparty. These agreements may be over-the-counter or exchange-traded. Upon entering into a swap contract through a clearing house, collateral is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. Swaps are available in and between all active financial markets. Examples include:

Interest rate swap - An agreement between two parties where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate.

Credit default swap - An agreement that allows one party to "buy" protection from another party for losses that might be incurred as a result of default by a specified reference credit (or credits). The "buyer" of protection pays a premium for the protection, and the "seller" of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit event occurs.

The fair value, changes in fair value, and notional amounts of the derivative investments for the fiscal year ended June 30, 2020, are classified by type and presented in the table below (in thousands):

FRS Pension Trust Fund

	Notional (in U.S. dollars)	Increase/(Decrease) in Fair Value		Fair Value at June 30, 2020	
		Classification	Amount (in U.S. Dollars)	Classification	Amount (in U.S. dollars)
Investment derivatives:					
Futures¹					
Fixed income futures	\$ 5,499,791	Investment Income	\$ 34,278	Investment	\$ (160)
Equity futures	1,074,704	Investment Income	39,186	Investment	21,743
Total futures	\$ 6,574,495		\$ 73,464		\$ 21,583
Foreign currency forwards	\$ 3,266,332	Investment Income	\$ 30,744	Receivable/ (Payable), net	\$ (4,800)
Options					
Foreign currency options purchased	\$ -	Investment Income	\$ (3,650)	Investment	\$ -
Foreign currency options sold	-	Investment Income	3,680	Liability	-
Total options	\$ -		\$ 30		\$ -
Swaps					
Credit default swaps	\$ 216,000	Investment Income	\$ (11,865)	Investment	\$ (978)
Interest rate swaps	33,925	Investment Income	(13,226)	Investment	32
Total swaps	\$ 249,925		\$ (25,091)		\$ (946)

¹ The total notional values of long and short fixed income futures positions were \$3.6 billion and \$1.9 billion, respectively. The total notional value of long equity futures positions was \$1.1 billion.

10. Commitments

Each year the FRS Pension Trust Fund enters into a number of agreements that commit the fund, upon request, to make additional investment purchases (i.e., capital commitments) up to predetermined amounts over certain investment time periods. The unfunded capital commitments for private equity, real estate and strategic investments not reported on the FRS Pension Trust Fund Statement of Fiduciary Net Position totaled \$13.5 billion as of June 30, 2020.

NOTE 4 - NET PENSION LIABILITY

The components of the net pension liability of the state-administered pension plans are presented below:

A. Florida Retirement System (FRS) Pension Plan

Net Pension Liability	June 30, 2019		June 30, 2020	
Total pension liability	\$	198,012,334,000	\$	204,909,739,000
Fiduciary net position ¹	\$	163,574,666,819	\$	161,568,265,280
Net pension liability	\$	34,437,667,181	\$	43,341,473,720
Fiduciary net position as a % of total pension liability		82.61%		78.85%
Covered payroll ²	\$	35,571,200,000	\$	36,898,200,000
Net pension liability as a % of covered payroll		96.81%		117.46%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. The total pension liability is calculated using the Individual Entry Age Normal cost allocation method.

¹ Reflects restatement of beginning net position at July 1, 2019.

² Covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

Discount Rate	June 30, 2019		June 30, 2020	
Discount rate		6.90%		6.80%
Long-term expected rate of return, net of investment expense		6.90%		6.80%
Municipal bond rate		N/A		N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.80 percent rate of return assumption used in the June 30, 2020, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). For additional information regarding the depletion date projection, refer to the 2020 GASB 67 Supplement to the FRS Actuarial Valuation available from Valuations on Publications page of the Division of Retirement's website at www.frs.myflorida.com.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Valuation date	July 1, 2019	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
Inflation	2.60%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2019	\$ 198,012,334,000	\$ 163,574,666,819 ¹	\$ 34,437,667,181
Changes for the year:			
Service Cost	2,647,456,150		2,647,456,150
Interest on total pension liability	13,458,929,163		13,458,929,163
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	448,646,272		448,646,272
Effect of assumptions changes or inputs	1,738,139,000		1,738,139,000
Benefit payments ²	(11,395,765,585)	(11,395,765,585)	-
Employer contributions		3,322,556,872	(3,322,556,872)
Member contributions		748,454,881	(748,454,881)
Net investment income		5,339,908,306	(5,339,908,306)
Administrative expenses		(21,556,013)	21,556,013
Balances as of June 30, 2020	<u>\$ 204,909,739,000</u>	<u>\$ 161,568,265,280</u>	<u>\$ 43,341,473,720</u>

¹ Reflects restatement of beginning net position at July 1, 2019.

² Benefit payments shown above include outbound transfers to the Investment Plan and returns of contributions, net of \$89,899,880 inbound transfers from the Investment Plan.

Sensitivity Analysis

The following presents the net pension liability of the pension plan, calculated using the discount rate of 6.80 percent, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80 percent) or one percentage point higher (7.80 percent) than the current rate.

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Total pension liability	\$ 230,777,315,000	\$ 204,909,739,000	\$ 183,305,027,000
Fiduciary net position	161,568,265,280	161,568,265,280	161,568,265,280
Net pension liability	<u>\$ 69,209,049,720</u>	<u>\$ 43,341,473,720</u>	<u>\$ 21,736,761,720</u>

Long-Term Expected Rate of Return

The long-term expected rate of return assumption of 6.80 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the capital market outlook model developed during 2020 by the outside investment consultant to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2020 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.80 percent return assumption were determined to be reasonable and appropriate per Actuarial Standards of Practice. The 6.80 percent reported investment return assumption differs from the 7.00 percent investment return assumption chosen by the 2020 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation ¹	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%

Assumed Inflation – Mean 2.4% 1.7%

¹As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Calculation of Money-Weighted Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense, was 3.35 percent.² The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

²The money-weighted plan rate of return is an estimate using estimated level monthly net external cash flows. It may differ from the more precise return calculated by the Florida State Board of Administration.

B. Retiree Health Insurance Subsidy (HIS) Program

Actuarial valuations for the HIS Program are conducted biennially. The July 1, 2020, HIS valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2020, financial reporting exhibits shown below. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

Net Pension Liability	June 30, 2019	June 30, 2020
Total pension liability	\$ 11,491,043,673	\$ 12,588,098,255
Fiduciary net position	\$ 302,044,388	\$ 378,261,130
Net pension liability	\$ 11,188,999,285	\$ 12,209,837,125
Fiduciary net position as a % of total pension liability	2.63%	3.00%
Covered payroll	\$ 33,452,626,138	\$ 34,715,390,695
Net pension liability as a % of covered payroll	33.45%	35.17%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

Discount Rate	June 30, 2019	June 30, 2020
Discount rate	3.50%	2.21%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond buyer general obligation 20-bond municipal bond index	3.50%	2.21%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable municipal bond index.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2018	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
Inflation	2.60%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational RP-2000 with Projection Scale BB; details in valuation report	Generational PUB-2010 with Projection Scale MP-2018; details in valuation report
Actuarial cost method	Individual Entry Age	Individual Entry Age

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2019	\$ 11,491,043,673	\$ 302,044,388	\$ 11,188,999,285
Changes for the year:			
Service Cost	265,520,709		265,520,709
Interest on total pension liability	402,708,732		402,708,732
Effect of plan changes	-		-
Effect of economic/demographic gains or losses	452,541,630		452,541,630
Effect of assumptions changes or inputs	481,832,520		481,832,520
Benefit payments	(505,549,009)	(505,549,009)	-
Employer contributions		576,253,143	(576,253,143)
Member contributions		369,509	(369,509)
Net investment income		5,315,460	(5,315,460)
Administrative expenses		(172,361)	172,361
Balances as of June 30, 2020	<u>\$ 12,588,098,255</u>	<u>\$ 378,261,130</u>	<u>\$ 12,209,837,125</u>

Sensitivity Analysis

The following presents the net pension liability of the HIS, calculated using the discount rate of 2.21 percent, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total pension liability	\$ 14,492,287,934	\$ 12,588,098,255	\$ 11,029,524,573
Fiduciary net position	378,261,130	378,261,130	378,261,130
Net pension liability	<u>\$ 14,114,026,804</u>	<u>\$ 12,209,837,125</u>	<u>\$ 10,651,263,443</u>

C. Florida National Guard Supplemental Retirement Benefit Plan

Actuarial valuations for the Florida National Guard Supplemental Retirement Benefit Plan are performed biennially. The July 1, 2020, National Guard valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2020, financial reporting exhibits shown below. The discount rates used at the two liability measurement dates differ due to changes in the applicable municipal bond index between dates.

Net Pension Liability	June 30, 2019		June 30, 2020	
Total pension liability	\$	818,492,864	\$	1,142,129,836
Fiduciary net position	\$	-	\$	-
Net pension liability	\$	818,492,864	\$	1,142,129,836
Fiduciary net position as a % of total pension liability		0.00%		0.00%
Covered payroll ¹	\$	495,379,000	\$	508,895,000
Net pension liability as a % of covered payroll		165.23%		224.43%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67.

¹ Covered payroll is based on the total annual wages from the active duty military pay tables for the rank held by individuals in the Army and Air National Guard which is the basis of the benefit formula.

Discount Rate	June 30, 2019		June 30, 2020	
Discount rate		3.50%		2.21%
Long-term expected rate of return, net of investment expense		N/A		N/A
Bond buyer general obligation 20-bond municipal bond index		3.50%		2.21%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the National Guard benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate adopted by the FRS Actuarial Assumption Conference. The discount rates used at the two dates differ due to changes in the applicable bond index.

Other Key Actuarial Assumptions

The plan has not had a formal actuarial experience study performed.

Valuation Date	July 1, 2018	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
Individual Member Salary Increase	Varies by service; separate tables for officers and enlisted	Varies by service; separate tables for officers and enlisted
Annual Increase for net Florida National Guard benefit	2.60%	2.80%
Mortality	Generational RP- 2000 with Projection Scale BB	PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Entry Age Normal	Entry Age Normal

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of June 30, 2019	\$ 818,492,864	\$ -	\$ 818,492,864
Changes for the year:			
Service Cost	13,967,283		13,967,283
Interest on total pension liability	28,873,760		28,873,760
Effect of plan changes	-		-
Effect of economic/demographic gains or	24,814,991		24,814,991
Effect of assumptions changes or inputs	271,102,097		271,102,097
Benefit payments	(15,121,159)	(15,121,159)	-
Employer contributions ¹		15,128,959	(15,128,959)
Member contributions		-	-
Net investment income		-	-
Administrative expenses		(7,800)	7,800
Balances as of June 30, 2020	<u>\$ 1,142,129,836</u>	<u>\$ -</u>	<u>\$ 1,142,129,836</u>

¹ Contributions are provided by annual legislative appropriations to cover expenses and benefit payments.

Sensitivity Analysis

The following presents the net pension liability of the plan, calculated using the discount rate of 2.21 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate.

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Total pension liability	\$ 1,455,402,003	\$ 1,142,129,836	\$ 912,841,905
Fiduciary net position	-	-	-
Net pension liability	<u>\$ 1,455,402,003</u>	<u>\$ 1,142,129,836</u>	<u>\$ 912,841,905</u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

At June 30, 2020, amounts to be received or paid with current available resources are reported as due from or due to other funds, whereas the noncurrent portion is reported as advances from other funds. Interfund balances at June 30, 2020, consist of the following:

Due to Other Funds within Division	Due from Other Funds within Division	
	Fiduciary Funds	
	Florida Retirement System	Retiree Health Insurance Subsidy
Fiduciary Funds		
Florida Retirement System	\$ -	\$ 6,473,900
State University System Optional Retirement Program	1,386,921	-
Total	\$ 1,386,921	\$ 6,473,900

There were no interfund transfers during the year.

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for fiduciary and governmental activities during the fiscal year ended June 30, 2020, are as follows:

	Balance July 1, 2019 Restated	Additions	Deletions	Balance June 30, 2020	Due Within One Year (Current)
Fiduciary Activities					
Pension liability	\$ 73,980	\$ 8,584	\$ -	\$ 82,564	\$ 498
Compensated absences	961,555	110,531	-	1,072,086	331,956
Other postemployment benefits	13,310,136	1,370,063	-	14,680,199	189,842
Total Fiduciary Activities	<u>\$ 14,345,671</u>	<u>\$ 1,489,178</u>	<u>\$ -</u>	<u>\$ 15,834,849</u>	<u>\$ 522,296</u>
Governmental Activities					
Compensated absences	\$ 114,893	\$ 17,979	\$ -	\$ 132,872	\$ 31,168
Other postemployment benefits	595,698	-	64,288	531,410	6,872
Total Governmental Activities	<u>\$ 710,591</u>	<u>\$ 17,979</u>	<u>\$ 64,288</u>	<u>\$ 664,282</u>	<u>\$ 38,040</u>

The long-term liability for fiduciary activities related to pension liability represents the State University System Optional Retirement Plan (SUSORP) Trust Fund's allocated share of the applicable state's pension liability. Changes to the trust fund's allocated share of the liability occur as a result of the state's allocation process and are non-liquidating by the trust fund itself. The liability related to compensated absences will be liquidated by the SUSORP Trust Fund. The allocated share of the state's Other Postemployment Benefits (OPEB) liability in the Florida Retirement System Trust Fund and the SUSORP Trust Fund is also reported above. The state does not currently fund the OPEB liability; therefore, it is non-liquidating.

The long-term liabilities for governmental activities related to compensated absences will be liquidated by the Police and Firefighters' Premium Tax Trust Fund, a special revenue fund. The fund's allocated share of the state's OPEB liability is also reported above. The state does not currently fund the OPEB liability; therefore, it is non-liquidating.

NOTE 7 – RELATED PARTIES

The State Board of Administration (SBA), the FRS Investment Plan Trust Fund, and the Department of Management Services (DMS) state-administered retirement systems are considered to be related parties for the purposes of the system's financial statements.

The defined benefit state-administered pension funds have a variety of transactions with the SBA and the FRS Investment Plan. The DMS administers the state-administered defined benefit pension plans, including collecting employer and employee contributions, remitting those contributions to SBA for investment, requesting withdrawals from SBA for benefit payments, and paying those benefit payments to members. The SBA administers the FRS Investment Plan Trust Fund, including working with DMS to collect employer and employee contributions and processing member-directed benefit amounts between the FRS Pension Plan Trust Fund and the FRS Investment Plan Trust Fund. The SBA provides investment services to the FRS Pension Plan and the Retiree Health Insurance Subsidy Pension Plan and charges an investment service charge on the net asset value at the end of each month.

In addition to the defined benefit pension plans, the DMS administers the Police and Firefighters' Premium Tax Trust Fund, a supplemental funding of defined benefit plans for municipal police officers and firefighters who are not in the FRS. The SBA provides investment services to the Police and Firefighters' Premium Tax Trust Fund.

Significant transactions between the SBA, the FRS Investment Plan Trust Fund and the DMS state-administered retirement systems for the fiscal year ended June 30, 2020 are as follows (in thousands):

	Florida Retirement System Pension Plan	Retiree Health Insurance Subsidy Trust Fund	Police and Firefighters' Premium Tax Trust Fund
<u>Payables:</u>			
Due to SBA for investment service charges	\$ 5,980	\$ -	\$ -
<u>Additions:</u>			
Funds received from SBA for distributions	\$ 10,836,080	\$ 504,400	\$ 202,125
Transfers from FRS Investment Plan Trust Fund	89,900	-	-
Total Additions	<u>\$ 10,925,980</u>	<u>\$ 504,400</u>	<u>\$ 202,125</u>
<u>Deductions:</u>			
Employer/employee contributions sent to SBA	\$ 4,013,350	\$ 575,694	\$ -
Member-directed benefits sent to FRS Investment Plan Trust Fund	560,218	-	-
Investment service charges to the SBA	36,436	-	-
Premium taxes sent to SBA	-	-	201,100
Total Deductions	<u>\$ 4,610,004</u>	<u>\$ 575,694</u>	<u>\$ 201,100</u>

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

The Florida Department of Management Services, Division of Retirement (division) is part of the primary government of the State of Florida. The division participates in the State Employees' Group Health Insurance Plan administered by the Department of Management Services, Division of State Group Insurance (DSGI). The plan covers retired employees and is considered an 'other postemployment benefits' plan.

Plan Description

The DSGI Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan which provides healthcare benefits in accordance with Section 110.123, Florida Statutes, and the design documents located on DSGI's website at <https://www.mybenefits.myflorida.com/health/resources>. DSGI pays the medical costs incurred by participating retired employees, net of related premiums that are paid entirely by the retiree. Pursuant to provisions of Section 112.0801, Florida Statutes, the OPEB Plan allows all employees who retire and meet retirement eligibility requirements under one of the state's retirement plans to continue medical coverage as a participant in the state's group health insurance program. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. There are 6 participating employers in the Plan, including the primary government of the state and 15 of its component units which are reported as one employer in the valuation, along with 5 other governmental entities. Although retirees pay 100 percent of the premium amount, the premium cost to the retiree is implicitly subsidized by commingling of the claims experience in a single risk pool with a single premium determination for active employees and retirees under age 65. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the Plan is secondary payer to Medicare Parts A and B. Employees must make an election to participate in the Plan within 60 days of the effective date of retirement or the termination date to finalized Deferred Retirement Option Program participation to be eligible to continue in the Plan as a retiree. The Plan does not provide for a cost of living allowance increase.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan operates on a pay-as-you-go basis based on the budget supported by the General Appropriations Act enacted into law each year.

Employees Covered by Benefit Terms

At July 1, 2019, there were 196,951 employees covered by the OPEB Plan, as shown in the following table:

Active Members	138,415
No Coverage Active Members	23,080
Retired and Inactive Members	35,456
Total	<u>196,951</u>

There are currently no inactive plan members entitled to but not yet receiving benefits because the Plan does not provide a vested termination benefit.

Benefits Provided

The OPEB Plan provides the same healthcare benefits to retirees as those provided to active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All full-time equivalent employees of the state are eligible to receive postemployment health care benefits. Four types of health plans are offered to eligible participants:

- Standard statewide Preferred Provider Organization (PPO) Plan
- High Deductible PPO Plan
- Standard Health Maintenance Organization (HMO) Plan
- High Deductible HMO Plan

HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks. Benefit provisions are described by Section 110.123, Florida Statutes, and the design documents located on DSGI's website. The Florida Legislature establishes and amends the contribution requirements, benefit terms and benefit payments of the OPEB Plan. There were no changes in benefit terms during the measurement period. During the reporting period, the division paid \$236,751 for OPEB as the benefits came due.

Contributions

Retirees participating in the group insurance plans offered by the State of Florida are required to contribute 100 percent of the premiums. The State of Florida implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same health plan offered to active employees. Retirees under age 65 pay the same premium amounts as applicable to the active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because Medicare is the primary payer for those retirees.

Note that the projected post-65 employee contributions for the fully-insured HMO plan are assumed to cover the entire cost of the program.

OPEB Liability

Actuarial valuations for the OPEB Plan are conducted biennially. The July 1, 2019, OPEB valuation is the most recent actuarial valuation and was used to develop the liabilities for the June 30, 2020, financial reporting exhibits.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Florida's OPEB plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The Florida Retirement System (FRS) Trust Fund, the State University System Optional Retirement Program (SUSORP) Trust Fund and the Police and Firefighters' Premium Tax (Police and Fire) Trust Fund are allocated a share of the state's OPEB liability, deferred outflows, deferred inflows and expense based on the number of full-time equivalent positions funded by each trust fund. The division's OPEB liability is shown below:

	FRS Trust Fund	SUSORP Trust Fund	Police and Fire Trust Fund	Total
State's share of OPEB liability	\$ 9,157,685,838	\$ 9,157,685,838	\$ 9,157,685,838	
Fund's proportion	0.1583703799%	0.0019342947%	0.0058028841%	
Fund's proportionate share	\$ 14,503,062	\$ 177,137	\$ 531,410	\$ 15,211,607

The funds' proportion of the total OPEB liability and the change in proportion from the prior measurement date are shown below:

	FRS Trust Fund	SUSORP Trust Fund	Police and Fire Trust Fund
Fund's proportion at prior measurement date of June 30, 2018	0.1687397873%	0.0019093611%	0.0076374444%
Fund's proportion at measurement date of June 30, 2019	0.1583703799%	0.0019342947%	0.0058028841%
Increase/(decrease) in proportion	(0.0103694074)%	0.0000249336%	(0.0018345603)%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019. The service cost and interest cost components of the GASB 75 expense are based on the discount rate of 2.79 percent. The following actuarial assumptions were used:

Discount Rate	
Discount rate	2.79%
Long-term expected rate of return, net of investment expense	N/A
Bond buyer general obligation 20-bond municipal bond index	2.79%

In general, the discount rate for calculating the total OPEB liability under GASB 75 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the OPEB benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. All future benefits were discounted using a high-quality municipal bond rate of 2.79 percent. This rate was based on the week closest to but not later than the measurement date of the S&P Municipal 20 Year Bond High Grade Rate Index. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Healthcare Cost Trend Rates

The trend rates are a key assumption used in determining the costs of the plan, and these rates have been developed in a manner consistent with actuarial industry standards. The healthcare cost trend rates used are consistent with the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2019, through June 30, 2024, as presented on August 6, 2019, by the Self-Insurance Estimating Conference conducted by the Office of Economic and Demographic Research. The August 2019 report is available online at <http://edr.state.fl.us/Content/conferences/healthinsurance/archives/index.cfm>.

Trend rate assumptions vary slightly by medical plan and pre-Medicare versus post-Medicare status. For the PPO plans, age-relative cost information was used to develop preliminary age-related cost tables separately for Medicare and non-Medicare PPO members. The PPO age-related costs of members not eligible for Medicare were adjusted to take into account the expected additional cost which retired members incur compared to active members the same age. The PPO age-related costs of Medicare eligible members were adjusted to reflect the mix of services between Part D prescription drug claim costs and non-Part D prescription drug claim costs (i.e., Part A, B, and non-Medicare eligible claim costs). The Part D subsidy was not subtracted from the drug experience since it is not recognized under the GASB valuation rules. For the PPO plans, the initial rate for pre-Medicare retirees is 6.7%, reaching an ultimate rate of 5.4% for years after 2071. The initial rate for post-Medicare retirees is 6.7%, reaching an ultimate rate of 5.2% for years after 2071.

For the HMO plans, age-related costs for HMO members not eligible for Medicare were developed using the same methodology used for PPO members. For the fully-insured HMO, age-related costs for Medicare eligible HMO members was not developed because the assumption was made that the HMO premium rates reflect that the Medicare-eligible members pay the entire cost of coverage. For the HMO plans, the initial rate for pre-Medicare retirees is 5.2%, reaching an ultimate rate of 5.4% for years after 2071. The initial rate for post-Medicare retirees is 5.2%, reaching an ultimate rate of 5.3% for years after 2071.

Other Key Actuarial Assumptions

The demographic assumptions that determined the total OPEB liability as of June 30, 2020, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 - June 30, 2013.

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Actuarial value of assets	N/A – no plan assets
Inflation	2.60%
Salary Increases	Varies by FRS Class
Medical aging factors	4% per year prior to age 65; 3% per year between ages 65 and 75; 2% per year between ages 75 and 85; 0% per year thereafter.
Mortality	RP-2000 Generational, Scale BB for healthy members; RP-2000, no Projection Scale for disabled members other than special risk; 60% RP2000 Disabled / 40% Annuitant White Collar with no setback, No Projection Scale for disabled special risk members; See details in valuation report
Actuarial cost method	Entry Age Normal
Marital status	80% assumed married, with male spouses 3 years older than female spouses

Changes Since the Prior Valuation

The following changes have been made since the prior valuation:

- **Census Data** - The census data reflects changes in status for the 24-month period since July 1, 2019.
- **Discount Rate** - The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. Due to the change in the benchmark used as well as the market environment changes between June 30, 2018, and June 30, 2019, the discount rate decreased from 3.87 percent to 2.79 percent.
- **Excise (“Cadillac”) Tax** – The full impact of the Excise Tax that will come into effect in 2022 is reflected. The impact of this change was an increase in liabilities of about 12 percent. (This tax was repealed subsequent to the date of this valuation. The impact of the repeal will be reflected in the next valuation.)
- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information as well as the premiums that are actually being charged to participants. These updates resulted in lower liabilities as of June 30, 2019.
- **Trend Rate** – The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates used were consistent with the August 2019 Report on the Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgment. The impact of the trend rate changes is a decrease in the liability, due primarily to lower trend rates in the first several years.
- **Mortality** – The mortality rates were updated to those required by Chapter 2015-157, Florida Statutes, for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are those outlined in Milliman’s July 1, 2018 FRS valuation report. The impact of this change was very small and does not materially impact the results.

All other assumptions for this update report are the same as the prior valuation.

Sensitivity Analysis

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

The following presents the division’s allocated share of the state’s OPEB liability in each of the affected funds, calculated using the discount rate of 2.79 percent, as well as what the funds’ OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.79 percent) or one percentage point higher (3.79 percent) than the current rate.

FRS Trust Fund			SUSORP Trust Fund		
1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
\$ 18,150,731	\$ 14,503,062	\$ 11,733,103	\$ 221,688	\$ 177,137	\$ 143,305

Police and Fire Trust Fund		
1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
\$ 665,065	\$ 531,410	\$ 429,915

Sensitivity of the total OPEB liability to changes in the healthcare cost trends:

The following presents the division’s allocated share of the state’s OPEB liability in each of the affected funds, calculated using the current healthcare trend rate, as well as what the funds’ OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates.

FRS Trust Fund			SUSORP Trust Fund		
1% Decrease	Current Healthcare Trend Rate	1% Increase	1% Decrease	Current Healthcare Trend Rate	1% Increase
\$ 11,427,169	\$ 14,503,062	\$ 18,765,289	\$ 139,568	\$ 177,137	\$ 229,194

Police and Fire Trust Fund		
1% Decrease	Current Healthcare Trend Rate	1% Increase
\$ 418,705	\$ 531,410	\$ 687,583

OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

In accordance with GASB 75, paragraphs 157 and 158, changes in the total OPEB liability and costs incurred by the employer related to the administration of OPEB are recognized in expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees who are provided with benefits through the OPEB plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees who are provided with benefits through the OPEB Plan (active and inactive employees).

The average expected remaining service life of all employees provided with benefits through the OPEB Plan at June 30, 2020, was 8.0 years.

The division's proportionate share for all funds of the components of OPEB expense and deferred outflows and inflows of resources reported in the OPEB allocation schedules for the measurement date year ended June 30, 2019, are presented below:

State Employees Group Health Insurance OPEB Plan

	Recognized in Expense Reporting Period Ended June 30, 2020	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	\$ 541,997	Current	\$ -	\$ -
Interest cost	489,208	Current	-	-
Effect of plan changes	-	Current	-	-
Effect of economic/demographic gains or losses (difference between expected and actual experience)	(55,948)	8.0 years	-	(391,633)
Effect of assumption changes or inputs	(129,773)	8.0 years	1,907,251	(2,151,097)
Changes in proportion and differences between benefit payments and proportionate share of benefit payments	(94,143)	8.0 years	564,759	(1,352,638)
Benefit payments subsequent to the measurement date	(210,935)	1 year	210,935	-
Administrative expenses subsequent to the measurement date	(5,166)	1 year	5,166	-
Administrative expenses	4,741	Current	-	-
Total	\$ 539,981		\$ 2,688,111	\$ (3,895,368)

Deferred outflows of resources related to benefit payments and administrative expense paid subsequent to the measurement date as shown in the table above will be recognized as a reduction of the OPEB liability in the reporting period ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Period Ending June 30	OPEB Expense
2021	\$ (279,864)
2022	(279,864)
2023	(279,864)
2024	(279,864)
2025	(279,864)
Thereafter	(24,038)
Total	\$ (1,423,358)

Additional Information

The actuarial report for the OPEB plan may be obtained by contacting the Division of State Group Insurance at:

Department of Management Services
Division of State Group Insurance
Chief of Financial and Fiscal Management
P.O. Box 5450
Tallahassee, FL 32314-5450
850-921-4600 or toll free at 800-226-3734

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REQUIRED SUPPLEMENTARY INFORMATION

A. Florida Retirement System (FRS) Pension Plan

Required supplementary information for the FRS Pension Plan is presented below:

Schedule of Changes in Net Pension Liability and Related Ratios¹ For the period ended June 30 (In thousands)

Total Pension Liability	2020	2019	2018	2017
Service cost	\$ 2,647,456	\$ 2,523,070	\$ 2,423,987	\$ 2,073,754
Interest on total pension liability	13,458,929	13,194,902	12,847,930	12,484,167
Effect of plan changes	-	11,404	-	92,185
Effect of economic/demographic (gains) or losses	448,646	247,482	554,811	1,412,462
Effect of assumption changes or inputs	1,738,139	1,585,626	2,235,654	10,398,344
Benefit payments	(11,395,765)	(10,867,549)	(10,377,575)	(9,859,319)
Net change in total pension liability	<u>6,897,405</u>	<u>6,694,935</u>	<u>7,684,807</u>	<u>16,601,593</u>
Total pension liability, beginning	198,012,334	191,317,399	183,632,592	167,030,999
Total pension liability, ending (a)	<u>\$ 204,909,739</u>	<u>\$ 198,012,334</u>	<u>\$ 191,317,399</u>	<u>\$ 183,632,592</u>
Fiduciary net position				
Employer contributions	\$ 3,322,557	\$ 3,100,721	\$ 2,849,920	\$ 2,603,246
Member contributions	748,455	752,813	746,370	744,839
Investment income net of investment expenses	5,339,908	9,410,440	13,955,233	18,801,917
Benefit payments	(11,395,765)	(10,867,549)	(10,377,575)	(9,859,319)
Administrative expenses	(21,556)	(19,580)	(20,178)	(18,340)
Net change in plan fiduciary net position	<u>(2,006,402)</u>	<u>2,376,845</u>	<u>7,153,770</u>	<u>12,272,343</u>
Fiduciary net position, beginning	163,574,667	161,196,881	154,043,111	141,780,921
Fiduciary net position, ending (b)	<u>\$ 161,568,265</u>	<u>\$ 163,573,726²</u>	<u>\$ 161,196,881</u>	<u>\$ 154,053,263³</u>
Net pension liability, ending = (a) - (b)	\$ 43,341,474	\$ 34,438,608	\$ 30,120,518	\$ 29,579,329
Fiduciary net position as a % of total pension liability	78.85%	82.61%	84.26%	83.89%
Covered payroll ⁴	\$ 36,898,200	\$ 35,571,200	\$ 34,675,000	\$ 33,775,800
Net pension liability as a % of covered payroll	117.46%	96.82%	86.87%	87.58%

The notes to required supplementary information are an integral part of these schedules.

¹ This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated. Columns may not foot due to rounding.

² Reflects restatement of beginning net position at July 1, 2019. Refer to Note 2.I.

³ Reflects restatement of beginning net position at July 1, 2017, due to implementation of GASB 75, *Accounting an Financial Reporting for Postemployment Benefits Other Than Pensions*.

⁴ For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

2016	2015	2014
\$ 2,132,906	\$ 2,114,047	\$ 2,256,738
12,109,114	11,721,563	11,489,921
32,310	-	-
980,192	1,620,863	(448,818)
1,030,667	-	1,256,045
(10,624,925)	(10,201,501)	(8,714,251)
<u>5,660,264</u>	<u>5,254,972</u>	<u>5,839,635</u>
161,370,735	156,115,763	150,276,128
<u>\$ 167,030,999</u>	<u>\$ 161,370,735</u>	<u>\$ 156,115,763</u>

\$ 2,438,659	\$ 2,438,085	\$ 2,190,424
710,717	698,304	682,507
820,583	5,523,287	22,812,286
(10,624,925)	(10,201,500)	(8,714,250)
(18,507)	(18,074)	(18,352)
<u>(6,673,473)</u>	<u>(1,559,898)</u>	<u>16,952,615</u>
148,454,394	150,014,292	133,061,677
<u>\$ 141,780,921</u>	<u>\$ 148,454,394</u>	<u>\$ 150,014,292</u>

\$ 25,250,078	\$ 12,916,341	\$ 6,101,471
84.88%	92.00%	96.09%
\$ 33,214,217	\$ 32,726,034	\$ 24,723,565
76.02%	39.47%	24.68%

Notes to the Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020, calculated based on the discount rate and actuarial assumptions below:

Discount Rate	June 30, 2019	June 30, 2020
Discount rate	6.90%	6.80%
Long-term expected rate of return, net of investment expense	6.90%	6.80%
Bond buyer general obligation 20-bond municipal bond index	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.80 percent rate of return assumption used in the June 30, 2020, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). For additional information regarding the depletion date projection, refer to the 2020 GASB 67 Supplement to the FRS Actuarial Valuation available from Valuations on the Publications page of the Division of Retirement's website at www.frs.myflorida.com.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2019	July 1, 2020
Measurement Date	June 30, 2019	June 30, 2020
Asset Valuation Method	Fair Market Value	Fair Market Value
Inflation	2.60%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 ¹	PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 ²
Actuarial cost method	Individual Entry Age	Individual Entry Age

¹ See July 1, 2019, Actuarial Valuation Report for details.

² See July 1, 2020, Actuarial Valuation Report for details.

Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contribution ¹	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ²	Contribution as a % of Covered Payroll
2011	\$ 3,680,042,000	\$ 3,050,684,000	\$ 629,358,000	\$ 25,668,958,000	11.88%
2012	1,962,816,000	1,185,310,000	777,506,000	24,476,272,000	4.84%
2013	2,091,343,000	1,388,656,000	702,687,000	24,553,693,000	5.66%
2014	2,190,424,344	2,190,424,344	-	24,723,565,000	8.86%
2015	2,438,084,925	2,438,084,925	-	32,726,034,000	7.45%
2016	2,438,659,458	2,438,659,458	-	33,214,217,000	7.34%
2017	2,603,246,196	2,603,246,196	-	33,775,800,000	7.71%
2018	2,849,919,659	2,849,919,659	-	34,675,000,000	8.22%
2019	3,100,721,573	3,100,721,573	-	35,571,200,000	8.72%
2020	3,322,556,872	3,322,556,872	-	36,898,200,000	9.00%

Notes to the Schedule of Employer Contributions

The following actuarial methods and assumptions were used in the July 1, 2020, funding valuation. Refer to the valuation report dated December 1, 2020, for further details.

Valuation Timing	Actuarially determined contribution rates for a given plan year are calculated in the valuation conducted as of the beginning of the preceding plan year (e.g., rates for the 2021-2022 plan year are calculated in the July 1, 2020 actuarial valuation).
Actuarial Cost Method	Individual Entry Age
Amortization Method	
Level percent or level dollar	Level percent
Closed, open, or layered periods	Closed, layered
Amortization period at July 1, 2019	Effective July 1, 2020: New bases are amortized over 25 years Bases established prior to July 1, 2020: amortized over 30 years
2019 actuarial cost method change	Amortized over 30 years as level percentage of Tier I pay
Payroll growth rate	3.25%
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Asymptotic
Corridor	80% - 120% of fair market value
Inflation	2.40%
Salary Increases	Varies by membership class, length of service and gender; details in valuation report
Investment Rate of Return³	7.00%
Cost of Living Adjustments	3% for pre-July 2011 benefit service; 0% thereafter
Retirement Age	Varies by tier, membership class, age and gender; details in valuation report
Turnover	Varies by membership class, length of service, age and gender; details in valuation report
Mortality	PUB-2010 base table varies by member category and gender, projected generationally with Scale MP-2018, details in funding actuarial valuation report

¹ For fiscal years prior to 2013-14 the Annual Required Contribution shown is determined under GASB Statement No. 27.

² For the fiscal years ended 2014 and before, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For the fiscal years 2015 and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

³ The 7.00 percent return was chosen by the 2020 FRS Actuarial Assumption Conference and differs from the 6.80 percent investment return assumption that is used as the discount rate for determining the net pension liability.

Money-Weighted Rate of Return

Fiscal Year Ended June 30	Net Money-Weighted Rate of Return
2014	17.57%
2015	3.77%
2016	0.57%
2017	13.59%
2018	9.28%
2019	5.98%
2020	3.35%

The above schedule is presented to illustrate the requirement to show information for ten years and will fill in to a ten-year schedule as results for new fiscal years are calculated. For the calculation of the money-weighted rate of return, refer to the 2020 GASB 67 Supplement to the FRS Actuarial Valuation available from Actuarial Valuations on Publications page of the Division of Retirement's website at www.frs.myflorida.com.

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B. Retiree Health Insurance Subsidy (HIS) Program

Required supplementary information for the HIS Program is presented below:

Schedule of Changes in Net Pension Liability and Related Ratios¹ For the period ended June 30 (In thousands)

Total Pension Liability	2020	2019	2018	2017
Service cost	\$ 265,521	\$ 232,118	\$ 258,450	\$ 304,537
Interest on total pension liability	402,709	418,157	389,705	337,486
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	452,542	-	188,173	-
Effect of assumption changes or inputs	481,833	516,083	(398,996)	(1,073,716)
Benefit payments	(505,549)	(491,890)	(491,528)	(465,980)
Net change in total pension liability	<u>1,097,056</u>	<u>674,468</u>	<u>(54,196)</u>	<u>(897,673)</u>
Total pension liability, beginning	11,491,044	10,816,576	10,870,772	11,768,445
Total pension liability, ending (a)	<u>\$ 12,588,098</u>	<u>\$ 11,491,044</u>	<u>\$ 10,816,576</u>	<u>\$ 10,870,772</u>
Fiduciary net position				
Employer contributions	\$ 576,253	\$ 555,291	\$ 542,303	\$ 529,229
Member contributions	370	195	237	-
Investment income net of investment expenses	5,315	6,181	3,311	1,380
Benefit payments	(505,549)	(491,890)	(491,531)	(465,980)
Administrative expenses	(172)	(195)	(168)	(177)
Net change in plan fiduciary net position	<u>76,217</u>	<u>69,582</u>	<u>54,152</u>	<u>64,452</u>
Fiduciary net position, beginning	302,045	232,463	178,311	113,859
Fiduciary net position, ending (b)	<u>\$ 378,261</u>	<u>\$ 302,045</u>	<u>\$ 232,463</u>	<u>\$ 178,311</u>
Net pension liability, ending = (a) - (b)	\$ 12,209,837	\$ 11,188,999	\$ 10,584,113	\$ 10,692,461
Fiduciary net position as a % of total pension liability	3.00%	2.63%	2.15%	1.64%
Covered payroll	\$ 34,715,391	\$ 33,452,626	\$ 32,670,918	\$ 31,885,633
Net pension liability as a % of covered payroll	35.17%	33.45%	32.40%	33.53%

The notes to required supplementary information are an integral part of these schedules.

¹ This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated. Columns may not foot due to rounding.

	2016	2015	2014
\$	256,710	\$ 217,519	\$ 190,371
	390,757	405,441	409,907
	-	-	-
	(30,826)	-	-
	1,352,459	607,698	386,383
	(449,857)	(425,086)	(407,276)
	<u>1,519,243</u>	<u>805,572</u>	<u>579,385</u>
	10,249,201	9,443,629	8,864,244
\$	<u>11,768,445</u>	<u>\$ 10,249,201</u>	<u>\$ 9,443,629</u>
\$	512,564	\$ 382,454	\$ 342,566
	-	-	-
	565	208	219
	(449,857)	(425,085)	(407,275)
	(188)	(188)	(54)
	<u>63,084</u>	<u>(42,611)</u>	<u>(64,544)</u>
	50,774	93,385	157,929
\$	<u>113,859</u>	<u>\$ 50,774</u>	<u>\$ 93,385</u>
\$	11,654,586	\$ 10,198,427	\$ 9,350,244
	0.97%	0.50%	0.99%
\$	30,875,274	\$ 30,340,449	\$ 29,676,340
	37.75%	33.61%	31.51%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020, calculated based on the discount rate and actuarial assumptions below.

Actuarial Methods and Assumptions

The same demographic and pay-related assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2020, (“funding valuation”) were used for the HIS program, unless otherwise noted. In a given membership class and tier, the same assumptions for both Investment Plan (IP) members and for FRS Pension Plan members were used.

Discount Rate	June 30, 2019	June 30, 2020
Discount rate	3.50%	2.21%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond buyer general obligation 20-bond municipal bond index	3.50%	2.21%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in the 2020 valuation was updated from 3.50 percent to 2.21 percent, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2020.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2020, were based on the results of an actuarial experience study of the FRS for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2018	July 1, 2020
Measurement Date	June 30, 2019	June 30, 2020
Inflation	2.60%	2.40%
Salary increases including inflation	3.25%	3.25%
Mortality	Generational RP-2000 with Projection Scale BB ¹	Generational PUB-2010 with Projection Scale MP-2018 ²
Actuarial cost method	Individual Entry Age	Individual Entry Age

Program Contribution Rates

The HIS essentially uses a “pay-as-you-go” funding structure. As of June 30, 2020, accumulated HIS assets constituted approximately nine months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

¹ See July 1, 2018, Actuarial Valuation Report for details.

² See July 1, 2020, Actuarial Valuation Report for details.

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C. Florida National Guard Supplemental Retirement Benefit (National Guard) Plan

Required supplementary information for the National Guard Plan is presented below:

Schedule of Changes in Net Pension Liability and Related Ratios¹ For the period ended June 30 (In thousands)

Total Pension Liability	2020	2019	2018	2017
Service cost	\$ 13,967	\$ 11,581	\$ 9,925	\$ 12,904
Interest on total pension liability	28,874	28,506	21,080	19,100
Effect of plan changes	-	-	-	-
Effect of economic/demographic (gains) or losses	24,815	-	39,056	-
Effect of assumption changes or inputs	271,102	60,964	90,990	(95,585)
Benefit payments	(15,121)	(14,999)	(14,898)	(14,677)
Net change in total pension liability	<u>323,637</u>	<u>86,052</u>	<u>146,153</u>	<u>(78,258)</u>
Total pension liability, beginning	818,493	732,441	586,288	664,547
Total pension liability, ending (a)	<u>\$ 1,142,130</u>	<u>\$ 818,493</u>	<u>\$ 732,441</u>	<u>\$ 586,288</u>
Fiduciary net position				
Employer contributions	\$ 15,129	\$ 15,044	\$ 14,905	\$ 14,720
Member contributions	-	-	-	-
Investment income net of investment expenses	-	-	-	-
Benefit payments	(15,121)	(14,999)	(14,897)	(14,677)
Administrative expenses	(8)	(45)	(8)	(43)
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary net position, beginning	-	-	-	-
Fiduciary net position, ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net pension liability, ending = (a) - (b)	\$ 1,142,130	\$ 818,493	\$ 732,441	\$ 586,288
Fiduciary net position as a % of total pension liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 508,895	\$ 495,379	\$ 485,666	\$ 487,100
Net pension liability as a % of covered payroll	224.43%	165.23%	150.81%	120.36%

The notes to required supplementary information are an integral part of these schedules.

¹ This schedule will fill in to a ten-year schedule as results for new fiscal years are calculated.

	2016	2015	2014
\$	9,044	\$ 7,161	\$ 5,979
	19,259	19,164	18,852
	-	-	-
	27,462	-	-
	118,279	46,330	27,926
	(14,413)	(14,423)	(14,366)
	<u>159,631</u>	<u>58,232</u>	<u>38,391</u>
	504,915	446,683	408,292
\$	<u>664,547</u>	<u>\$ 504,915</u>	<u>\$ 446,683</u>
\$	14,423	\$ 14,495	\$ 14,366
	-	-	-
	-	-	-
	(14,413)	(14,423)	(14,366)
	(10)	(72)	-
	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
\$	664,547	\$ 504,915	\$ 446,683
	0.00%	0.00%	0.00%
\$	477,549	\$ 476,278	\$ 466,939
	139.16%	106.01%	95.66%

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

The Florida National Guard Supplemental Retirement Benefit Plan is funded on a pay-as-you-go basis by an annual appropriation from General Revenue by the Legislature, rather than by employer contributions and investment earnings. Any appropriated funds not obligated for benefit payments and expenses owed at June 30 of each year revert to the General Revenue Fund.

Discount Rate	June 30, 2019	June 30, 2020
Discount rate	3.50%	2.21%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond buyer general obligation 20-bond municipal bond index	3.50%	2.21%

In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the National Guard benefit is funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used was updated from 3.50 percent to 2.21 percent as of June 30, 2020 reflecting the change during the fiscal year in the Bond Buyer General Obligation 20- Bond Municipal Bond Index.

Other Key Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2020. Any significant changes during this period have been reflected as prescribed by GASB 67.

Valuation Date	July 1, 2018	July 1, 2020
Measurement date	June 30, 2019	June 30, 2020
Individual Member Salary Increase	Varies by service; separate tables for officers and enlisted ¹	Varies by service; separate tables for officers and enlisted ²
Annual increase for net Florida National Guard benefit	2.60%	2.80%
Mortality	Generational RP-2000 With Projection Scale BB	PUB-2010 with Projection Scale MP-2018
Actuarial cost method	Entry Age Normal	Entry Age Normal

¹ See July 1, 2018, Actuarial Valuation Report for details.

² See July 1, 2020, Actuarial Valuation Report for details.

D. Other Postemployment Benefits (OPEB) Plan

Required supplementary information for the OPEB Plan is presented below:¹

Schedule of FRS Trust Fund's Proportionate Share Of the State's Total OPEB Liability

	2019	2018	2017
Proportion of the State's OPEB liability	0.1583703799%	0.1687397873%	0.1635221539%
Proportionate share of the State's OPEB liability	\$ 14,503,062	\$ 13,161,211	\$ 13,068,952
Covered-employee payroll	\$ 9,798,551	\$ 9,842,854	\$ 9,417,561
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	148.01%	133.71%	138.77%

Schedule of SUSORP Trust Fund's Proportionate Share Of the State's Total OPEB Liability

	2019	2018	2017
Proportion of the State's OPEB liability	0.0019342947%	0.0019093611%	0.0019041881%
Proportionate share of the State's OPEB liability	\$ 177,137	\$ 148,925	\$ 152,186
Covered-employee payroll	\$ 162,978	\$ 159,384	\$ 151,057
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	108.69%	93.44%	100.75%

Schedule of Police and Firefighters' Trust Fund's Proportionate Share Of the State's Total OPEB Liability

	2019	2018	2017
Proportion of the State's OPEB liability	0.0058028841%	0.0076374444%	0.0085688465%
Proportionate share of the State's OPEB liability	\$ 531,410	\$ 595,698	\$ 684,836
Covered-employee payroll	\$ 659,804	\$ 677,093	\$ 672,525
Proportionate share of the State's OPEB liability as a percentage of covered-employee payroll	80.54%	87.98%	101.83%

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits. There were no changes to benefit terms during the measurement period. Amounts reported as changes of assumptions resulted primarily from increasing the assumed discount rate from 3.87 percent to 2.79 percent. All other assumptions for this update report are the same as the prior valuation.

¹ These schedules will fill into ten-year schedules as results for new fiscal years are calculated.

E. Budgetary Reporting

Budget Process

Each year, the head of the Department of Management Services submits a legislative budget request to the Governor and Legislature as required by Section 216.023(01), Florida Statutes (F.S.). The Governor, as Chief Budget Officer, submits his recommended budget to each legislator at least 30 days before the annual legislative session.

Revenue estimates for trust funds not projected by the Revenue Estimating Conference, such as the Police and Firefighters' Premium Tax Trust Fund, are provided by the state agency. These estimates may be revised during the course of the Legislature's consideration and adoption of a final budget. These estimates, together with known available cash balances, are further considered by the Governor during the preparation of annual spending plans. Adjustments to the original budget's trust fund revenue estimates may be made to conform agency revenue estimates to actual and projected revenue streams.

The Legislature considers and amends the Governor's recommended budget and a final appropriations bill is then approved by the Legislature (subject to the line-item veto power of the Governor and override authority of the Legislature); this bill then becomes the General Appropriations Act. The Governor may, under certain conditions and subject to the review and objection procedures set forth in Section 216.177, F.S., establish appropriations and corresponding releases for amounts not appropriated by the Legislature to agencies. This includes appropriations for non-operating disbursements, such as the purchase of investments and the transfer of money between state funds.

The head of a department may transfer appropriations, but only to the extent of 5 percent of the original appropriation or \$250,000, whichever is greater, or within certain programs and between identical funding sources and specific appropriation categories. The Governor may approve changes of expenditure authority within any trust fund if the changes are less than \$1 million. The Legislative Budget Commission may approve trust fund changes in excess of \$1 million. At the end of the fiscal year, any balance of an operating appropriation which has not been disbursed but is expended (recorded as a payable) or contracted to be expended (recorded as a reserve for encumbrances), may be carried forward into the next fiscal year. Any appropriations not disbursed by September 30 will revert pursuant to Section 216.301(1), F.S.

The Chief Financial Officer approves disbursements in accordance with legislative authorizations. The budget is controlled at the account code level, which is defined as an appropriation category (e.g., salaries and benefits), and funded within a budget entity. The Governor and Chief Financial Officer are responsible for detecting conditions which could lead to a deficit in an agency's funds and reporting that fact to the Legislative Budget Commission. The Constitution of the State, Article VII, Section 1(d), states, "Provision shall be made by law for raising sufficient revenue to defray the expenses of the state for each fiscal period."

Budgetary Basis of Accounting

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). Appropriations are made from various funds that are prescribed by law, such as the Police and Firefighters' Premium Tax Trust Fund.

A budgetary comparison schedule for the Police and Firefighters' Premium Tax Trust Fund is presented as part of the other required supplementary information.

Budgetary basis revenues are essentially reported on a cash basis and include amounts classified by GAAP as other financing sources. Budgetary basis expenditures include disbursements, except for those for prior year carry/certified forwards, plus current year payables and encumbrances which are carried/certified forward into the next fiscal year. They also include amounts classified by GAAP as other financing uses. State law requires prior year payables and encumbrances not carried/certified forward to be paid from the current year budget.

Budget to GAAP Reconciliation

The budgetary comparison schedules for the Police and Firefighters' Premium Tax Trust Fund present comparisons of the original budget and final budget with actual revenues and expenditures on a budgetary basis. A budget to GAAP reconciliation is presented following the budgetary comparison schedules because accounting principles for budgetary basis differ significantly from those used to present financial statements in conformity with GAAP.

**BUDGETARY COMPARISON SCHEDULES
MAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balance, July 1, 2019	\$ 275,330,615	\$ 275,330,615	\$ 275,330,615	\$ -
Reversions	102,580	102,580	102,580	-
Fund Balance, July 1, 2019	<u>275,433,195</u>	<u>275,433,195</u>	<u>275,433,195</u>	<u>-</u>
REVENUES				
Premium tax	197,500,000	197,500,000	201,354,699	3,854,699
Interest	4,200,000	2,600,000	2,752,111	152,111
General Revenue	2	2	2	-
Total Revenues	<u>201,700,002</u>	<u>200,100,002</u>	<u>204,106,812</u>	<u>4,006,810</u>
Total Available Resources	<u>477,133,197</u>	<u>475,533,197</u>	<u>479,540,007</u>	<u>4,006,810</u>
EXPENDITURES				
<u>Operating Expenditures:</u>				
Salaries and Benefits	846,058	851,250	655,368	195,882
Expenses	57,139	57,139	49,826	7,313
Special Categories	244,142	244,102	143,847	100,255
Total Operating Expenditures	<u>1,147,339</u>	<u>1,152,491</u>	<u>849,041</u>	<u>303,450</u>
<u>Nonoperating expenditures:</u>				
Transfers	25,600,000	25,600,000	11,849,790	13,750,210
Refunds	100,000	100,000	-	100,000
Distributions to Municipalities	195,400,000	195,400,000	174,376,958	21,023,042
Other	15,855,000	15,855,000	15,308,376	546,624
Total Nonoperating Expenditures	<u>236,955,000</u>	<u>236,955,000</u>	<u>201,535,123</u>	<u>35,419,877</u>
Total Expenditures	<u>238,102,339</u>	<u>238,107,491</u>	<u>202,384,164</u>	<u>35,723,327</u>
Fund Balance, June 30, 2020	<u>\$ 239,030,858</u>	<u>\$ 237,425,706</u>	<u>\$ 277,155,843</u>	<u>\$ 39,730,137</u>

**BUDGET TO GAAP RECONCILIATION
MAJOR SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Police and Firefighters' Premium Tax Trust Fund
Budgetary basis fund balance	\$ 277,155,843
Other GAAP basis fund balances not included in budgetary basis fund balances	-
Adjusted budgetary basis fund balances	<u>277,155,843</u>
Adjustments (basis differences)	
Net receivables (payables) not carried forward	(45,692,705)
Encumbrances	-
GAAP basis fund balances	<u>\$ 231,463,138</u>

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OTHER SUPPLEMENTARY INFORMATION

Photo: Gasparilla Island, courtesy of the Beaches of Fort Myers and Sanibel.



SCHEDULE OF ADMINISTRATIVE EXPENSES

As of June 30, 2020

	Florida Retirement System	Retiree Health Insurance Subsidy	Florida National Guard Supplemental Retirement Benefit Plan	State University System Optional Retirement Program
Personnel services				
Salaries	\$ 6,955,028	\$ 137,937	\$ -	\$ 150,013
State retirement contributions	655,557	-	-	7,057
Insurance contributions	2,004,605	-	-	17,651
Social security	511,460	-	-	6,011
Workers' compensation	44,856	-	-	-
Other postemployment benefits	584,902	-	-	6,242
Compensated absences ¹	110,005	-	-	526
Pension expense ²	-	-	-	(86)
Subtotal	<u>10,866,413</u>	<u>137,937</u>	<u>-</u>	<u>187,414</u>
Professional services				
Actuarial services	563,593	15,600	7,800	-
Contractual IT services and monitoring	4,510,856	-	-	-
Legal services	118,859	-	-	-
Other contractual services	430,321	-	-	50,500
Other contractual services - data processing	795,191	-	-	-
Subtotal	<u>6,418,820</u>	<u>15,600</u>	<u>7,800</u>	<u>50,500</u>
Communication				
Postage and freight	393,044	17,817	-	11,878
Printing and reproduction	68,644	-	-	-
Telephone	413,834	-	-	-
Travel	13,617	-	-	-
Subtotal	<u>889,139</u>	<u>17,817</u>	<u>-</u>	<u>11,878</u>
Other operating expenses				
Administrative overhead assessment	1,294,058	-	-	-
Data processing licenses and supplies	191,791	-	-	-
Depreciation	149,836	-	-	-
Dues and subscriptions	52,958	-	-	2,030
Equipment leasing	28,972	-	-	-
Furniture and equipment	350,512	1,007	-	1,208
Human resources overhead assessment	51,112	-	-	-
Insurance	6,805	-	-	-
Materials and supplies	19,669	-	-	-
Miscellaneous	37,842	-	-	-
Office rental	1,037,205	-	-	10,785
Office supplies	47,900	-	-	-
Repairs and maintenance	22,905	-	-	-
Utilities	90,076	-	-	605
Subtotal	<u>3,381,641</u>	<u>1,007</u>	<u>-</u>	<u>14,628</u>
Total Administrative Expenses	<u>\$ 21,556,013</u>	<u>\$ 172,361</u>	<u>\$ 7,800</u>	<u>\$ 264,420</u>

¹ This represents the change in Compensated Absences Liability from the prior year. Charges may be positive or negative.

² This represents the SUSORP Trust Fund's allocated share of pension-related expense. Charges may be positive or negative.



INVESTMENT SECTION

Photo: Anastasia Island, courtesy of St. Johns County.





**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

ASHBEL C. WILLIAMS
EXECUTIVE DIRECTOR &
CHIEF INVESTMENT OFFICER

December 10, 2020

TO: Members of the Florida Legislature
Members of the Florida Retirement System

RE: Assets of the Florida Retirement System Pension Plan

The State Board of Administration of Florida (SBA) manages the assets of the Florida Retirement System (FRS). The Board consists of Governor Ron DeSantis, Chairman, Chief Financial Officer Jimmy Patronis, and Attorney General Ashley Moody. The primary investment objectives for the FRS Pension Plan are to provide investment returns sufficient to ensure timely payment of promised benefits and keep plan costs at a reasonable level. The portfolio consists of a highly diversified asset mix of investments, which includes government and corporate bonds, common stocks, income-producing real estate, alternative investments, and short-term money market instruments. The proportions of major asset classes in the FRS Pension Plan portfolio, by quarter, are shown below:

**FRS Pension Plan Market Value
Fiscal Year 2019-2020**

	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>
Fund Market Value	\$162.5 billion	\$169.7 billion	\$148.1 billion	\$160.7 billion

**Actual Quarter-End Asset Allocation
Fiscal Year 2019-2020**

<u>Asset Classes</u>	<u>9/30/19</u>	<u>12/31/19</u>	<u>3/31/20</u>	<u>6/30/20</u>
Global Equity	54.4%	55.7%	50.2%	53.9%
Fixed Income	19.0%	18.3%	20.0%	18.1%
Real Estate	9.5%	9.2%	10.3%	9.8%
Private Equity	7.5%	7.2%	8.5%	7.5%
Strategic Investments	8.4%	8.3%	9.7%	9.0%
Cash Equivalents/Short Term	1.3%	1.2%	1.3%	1.5%
Total	100.0%	100.0%	100.0%	100.0%

Columns may not total due to rounding.

**Annualized FRS Pension Plan Investment Performance
By Fiscal Year Periods Ending June 30, 2020**

	10 Years	5 Years	3 Years	1 Year
<u>FRS Pension Plan Public and Private Markets</u>	<u>2010-2020</u>	<u>2015-2020</u>	<u>2017-2020</u>	<u>2019-2020</u>
Total FRS Pension Plan	8.69%	6.43%	6.08%	3.08%

Investment performance of the FRS Pension Plan is reported in the SBA's 2019-20 Investment Report. The annual report is prepared before January 1, in compliance with Section 215.44(5), Florida Statutes, and includes detailed information on FRS Pension Plan investment assets, strategy, and performance. The SBA's performance consultant, Bank of New York Mellon, independently prepares reported performance data.

Respectfully submitted,

Ash Williams
Executive Director & Chief Investment Officer

Overview and Investment Objective

The State Board of Administration of Florida (SBA) is responsible for managing and investing the assets of the Florida Retirement System (FRS) Trust Fund in accordance with applicable law, policies, and fiduciary standards for the benefit of the members and surviving beneficiaries of the FRS Pension Plan. The Florida Retirement System (FRS) Pension Plan, a defined benefit plan, comprises over 80 percent of total assets under SBA management. The FRS Pension Plan serves a working and retired membership base of nearly one million public employees.

The Investment Section provides an overview of the investment activities of the FRS Trust Fund for the fiscal year ended June 30, 2020. This section should be read in conjunction with the financial statements and other information provided in this Comprehensive Annual Financial Report (CAFR). For more information see the State Board of Administration 2019-20 Annual Investment Report available from Annual Investment Reports on the Performance and Reports page of the SBA's website at www.sbafla.com.

The SBA follows statutory guidelines and a substantial body of internal policies and procedures in investing the FRS Pension Plan assets. It has a robust governance and control structure in place, utilizes a wide array of professional consultants and external analysts, and employs a highly qualified staff of investment professionals. In keeping with the SBA's commitment to disciplined investment management services, the Investment Advisory Council provides independent oversight of the FRS Pension Fund's general objectives, policies and strategies.

The Pension Plan's long-term financial health rests on three legs: solid long-term investment performance, receipt of actuarially required annual contributions, and a reasonable benefit package.

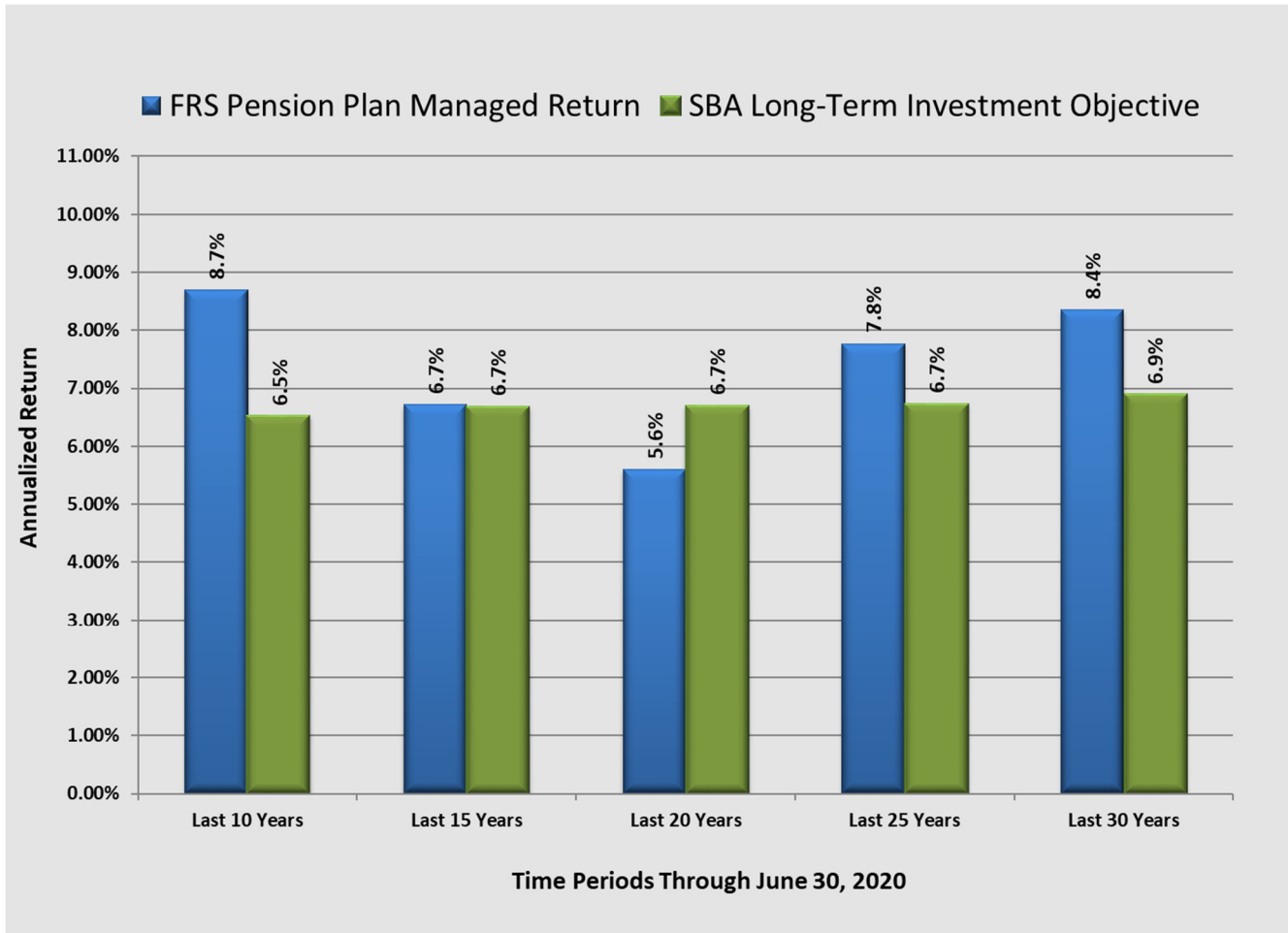
The SBA's commitment to obtaining solid long-term performance is vital to ensuring that the FRS Pension Plan continues to help participating retirees meet their financial goals and that fund assets are invested prudently. However, investment gains alone are not sufficient to maintain the fund's financial health. Approximately 60 percent+ paid to a retiree comes from investment gains, not from taxpayers or participants through contributions.

Annually determined actuarially sound rates of contribution into the fund are necessary to ensure that the investment base is large enough to meet future Pension Plan benefit obligations. Contribution rates are set by the state legislature, along with plan structure and benefit levels. The Division of Retirement in the Department of Management Services administers the Pension Plan, directs actuarial studies, and makes benefit payments.

Performance

The SBA's investment policy objective for the FRS Pension Plan portfolio is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and to keep costs at a reasonable level, given actuarially required contributions. The SBA's investment objective is to earn a compounded return of 5 percent plus the rate of inflation per annum over the long run.

The chart below compares the SBA’s actual return on Pension Plan assets to its investment objective of 5 percent real growth (inflation plus 5 percent) for the fund. This objective is derived from an asset/liability analysis of expected benefit growth, contribution levels, market performance, and a risk tolerance for the fund. Over the long-term, 20 years and greater, the SBA has met its long-term objective.

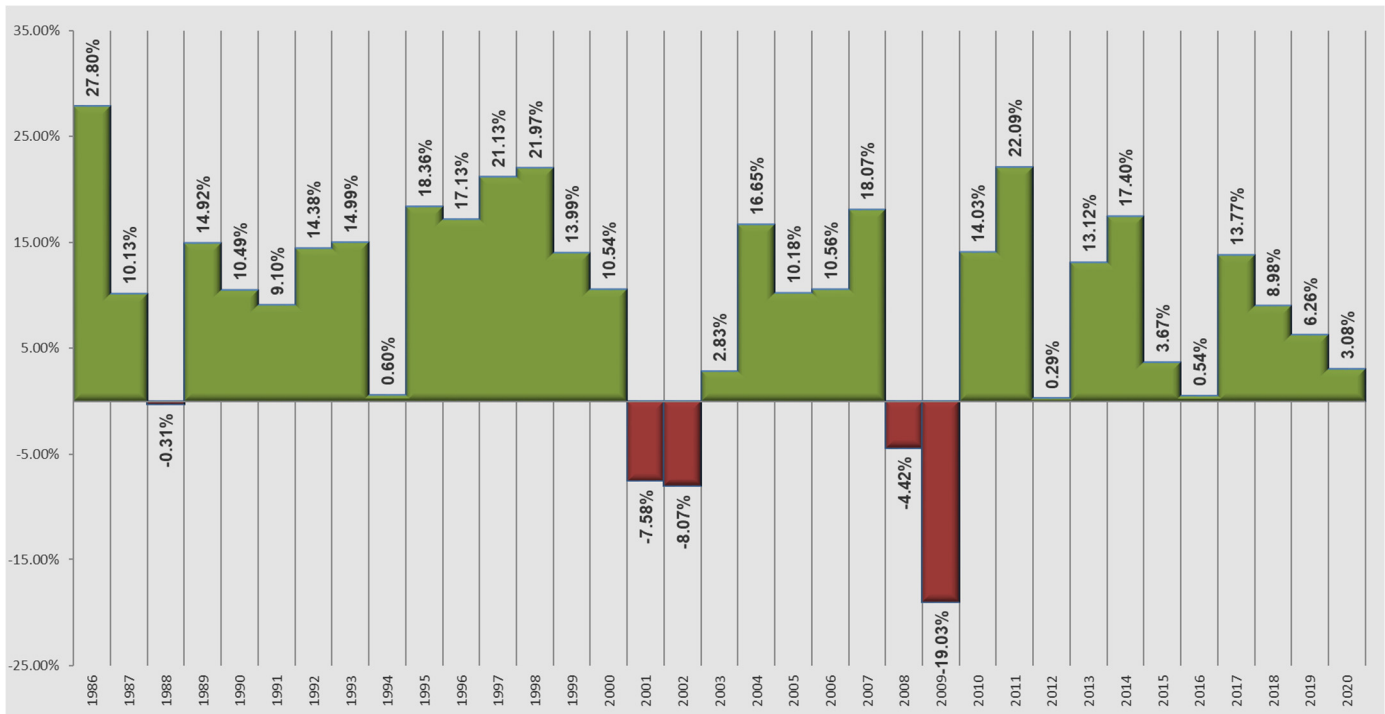


In addition to its investment objective for the Pension Plan, the SBA measures its investment performance relative to market-based benchmarks. The chart below compares actual returns to the total fund benchmark for various periods ending June 30, 2020:

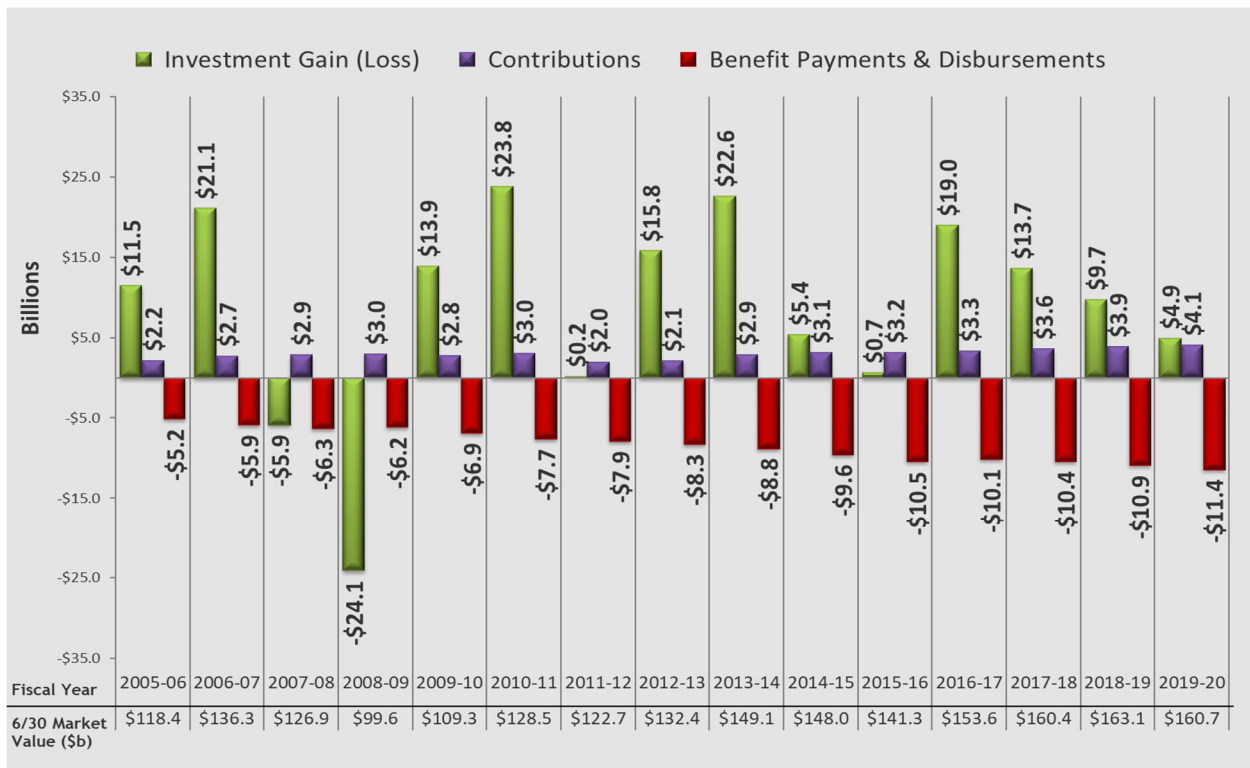
	SBA Managed Return	Benchmark Return	Managed Over (Under) Benchmark
One Year	3.08%	2.97%	0.10%
Three Years	6.08%	5.60%	0.48%
Five Years	6.43%	5.85%	0.58%
Ten Years	8.69%	7.98%	0.71%
Fifteen Years	6.72%	6.15%	0.57%

- All returns are annualized for periods indicated through June 30, 2020.
- Benchmark is a weighted blend of individual asset class target indices as applicable; weights and benchmarks are established in the FRS Pension Plan Investment Policy Statement.

The chart below shows the historical one-year returns earned by the FRS Pension Plan.



The key drivers of growth in the FRS Pension Plan’s asset base are represented in the chart below. Over the period shown, investment returns (green bars) have generally been positive, with two notable exceptions: the bursting of the tech bubble in the early part of this century and the mortgage crisis that began in 2008. Benefit payments (the red bars falling downward, representing outflows) have grown steadily over the period. This is typical of a mature plan. Contributions into the fund (purple bars) shrank during the early 2000’s, reflecting the actuarial surplus that the FRS Pension Plan had at the time.



The tables below show the external investment management fees and net brokerage commission for Fiscal Year 2019-20.

**FRS PENSION PLAN – EXTERNAL INVESTMENT MANAGEMENT FEES
FOR FISCAL YEAR 2019-20**

Asset Class	Dollar Amount	Return Basis ¹
Global Equity	\$ 133,293,562	0.29%
Strategic Investments	187,747,631	1.40%
Fixed Income	8,498,316	0.08%
Real Estate	87,365,778	0.56%
Private Equity	144,736,518	1.21%
Total	\$ 561,641,805	0.57%

¹ Return basis expresses external management fees as a percent of the average of the month-end net asset value of externally managed portfolios in each asset class (including month-ends from June 30, 2019 through June 30, 2020). This measure is comparable to an annual expense ratio.

• Totals may not foot due to rounding.

**FRS PENSION PLAN – NET BROKERAGE COMMISSIONS
FOR FISCAL YEAR 2019-20**

Asset Class	Dollar Amount ¹
Global Equity	\$ 23,403,921
Strategic Investments	382,228
Fixed Income	1,939,364
Real Estate	0
Private Equity	16,343
Total	\$ 25,741,856

¹ Brokerage commission amounts for the entire fiscal year are presented in the appropriate year-end asset class. Dollar amounts reported do not include broker commission amounts paid in commingled funds.

• Totals may not foot due to rounding.

Asset Allocation

Returns attributed to asset allocation arise from differences between asset class actual and target allocations as percentages of the Total Fund.

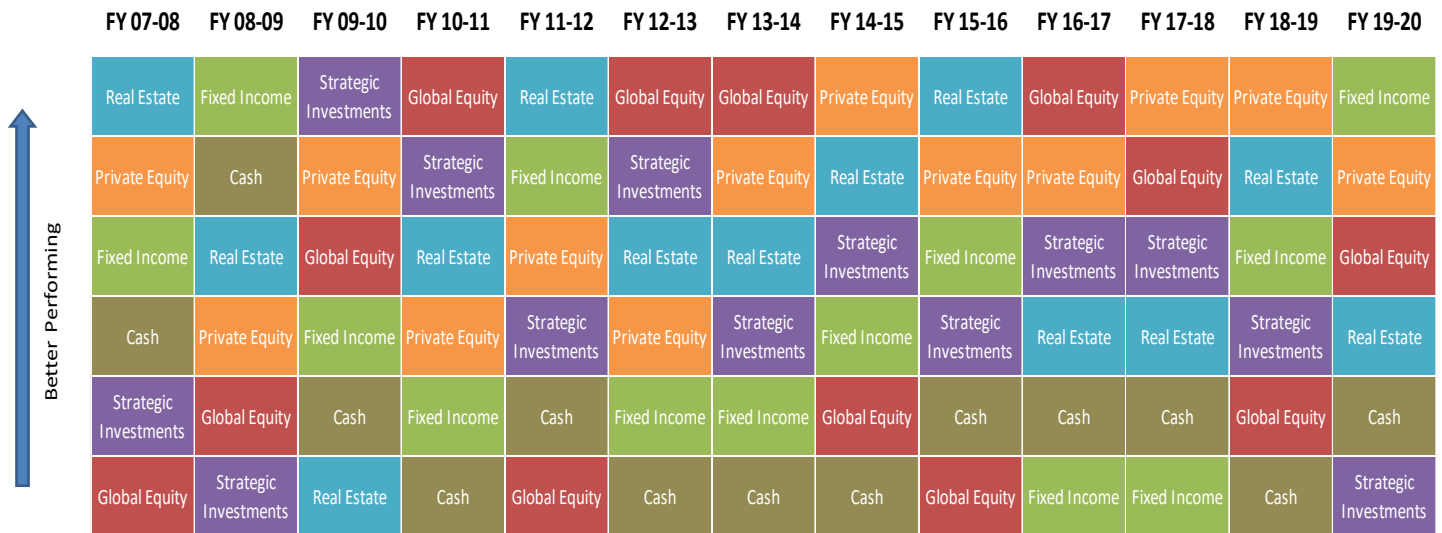
Asset Classes

The Pension Plan portfolio is currently divided into six asset classes: Global Equity, Fixed Income, Real Estate, Private Equity, Strategic Investments, and Cash Equivalents. Asset class performance is measured against a broad market index appropriate to the asset class.

Rebalancing

The investment strategy for the Pension Plan is to implement the policy allocation within relatively narrow bands around policy target weights. The SBA manages this strategy through asset allocation and risk-budgeting policies.

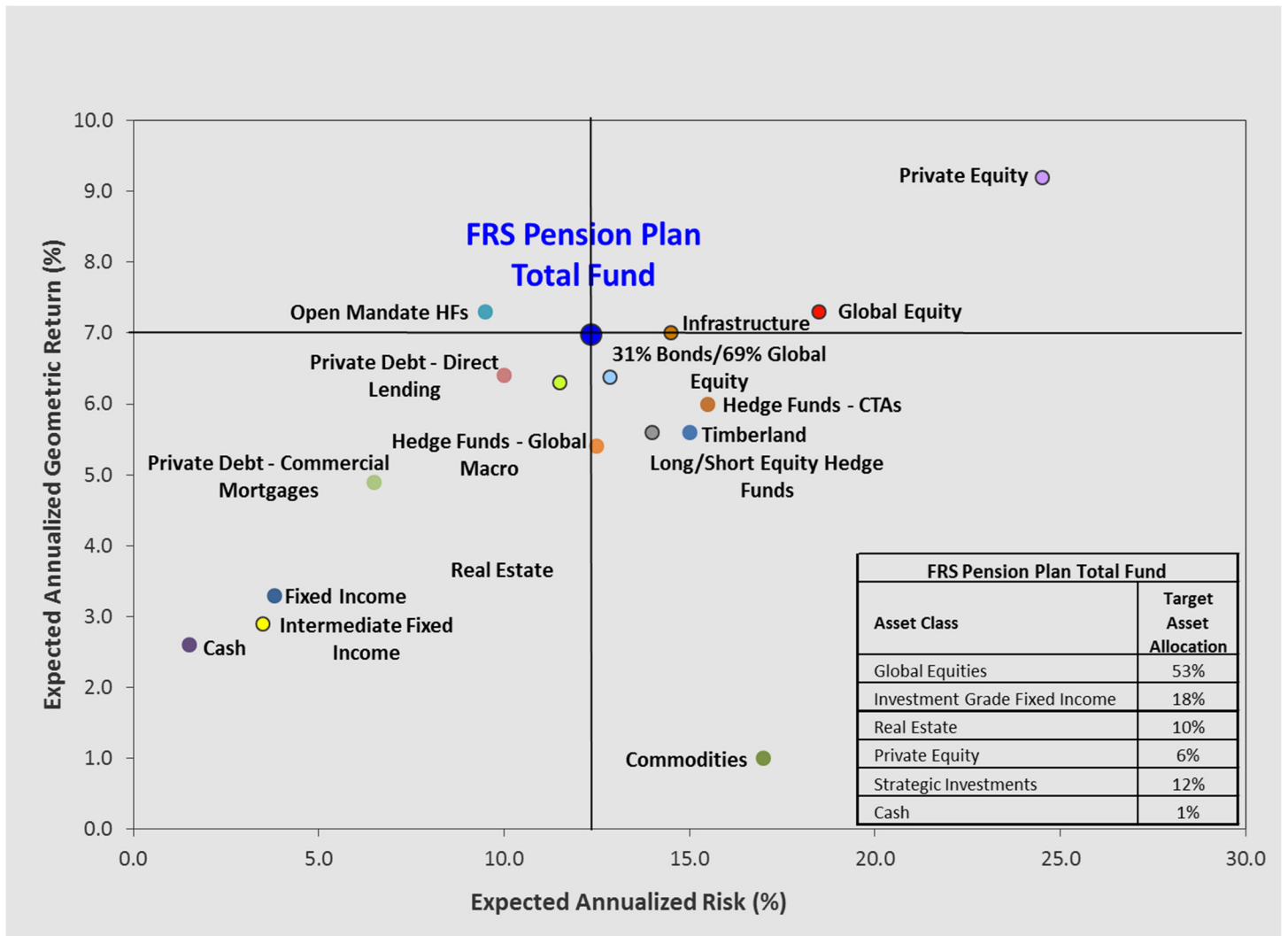
The following chart shows the related asset allocation performance of the FRS Pension Plan by fiscal year that demonstrates rebalancing to maximize investment objectives.



The SBA's exposure to various major asset types or classes is considered its asset allocation. Because over 90 percent of the return of a diversified investment portfolio is attributable to its asset allocation, determining the proper asset allocation (i.e., the desired relative exposure to each asset class) is the most fundamental way in which the SBA pursues its investment objective. Likewise, managing actual asset class exposure over time (i.e., managing asset allocation) is important if the SBA is to avoid unnecessary risk. For example, if 60 percent exposure to stocks is determined to be necessary to meet a long-term return objective, exposure below that, if persistent or poorly timed, will cause the actual return to fall short of the objective. Conversely, an exposure to stocks greater than necessary will subject the portfolio to higher levels of volatility than necessary, which can also result in disappointing returns, particularly when equity markets are stressed.

A thoughtfully constructed portfolio will provide diversification across a sufficiently broad range of investments so that the portfolio has a high probability of meeting the investment objective, notwithstanding the wide distribution of performance often associated with individual investments. In other words, some individual investments may be poor performers during a specific time frame but, in a highly diversified portfolio, their overall impact on the portfolio will often be offset by other investments that, at the time, are better performers.

The following chart presents examples of how various asset classes and investment strategies carry different risk/return tradeoffs. For example, investing in a mix of 31 percent Bonds and 69 percent Global Equity has slightly higher risk and a lower return than the target allocation for the overall FRS Pension Plan.



Passive vs Active Investing

Investment management can be divided into two broad categories of management style, each reflecting a fundamentally different view regarding how modern capital markets behave. These two schools of thought are generally referred to as passive and active management.

Passive managers attempt to construct their portfolios to closely approximate the performance of well-recognized market indices such as the Russell 1000 Index (large U.S. companies), Russell 3000 Index (large and small U.S. companies) or MSCI World ex-US Investable Market Index (international companies). Passive investing typically has the lowest management costs. Additional savings can be realized when these portfolios are managed internally.

Active managers build a stock portfolio utilizing a wide variety of strategies for identifying companies believed to offer above-average prospects, i.e., those that can “beat the market”. Regardless of the approach, all active managers share a common thread: they buy and sell securities selectively based on their evaluation of future events. Active investing, because of research and time requirements, tends to be more costly.

The SBA employs an active investment strategy where the probability of being paid for assuming the increased cost and risk of active investing is greatest. Conversely, where there is the least likelihood to outperform market indices, the SBA tends to passively invest and save management costs associated with active management. One of the SBA’s historical strengths has been operating at a very low cost. The SBA’s size and significant proportion of passive investments are contributors to the SBA’s cost advantage.

The table below shows internal versus external management and the passive versus active management of the funds’ resources as of June 30, 2020.

FRS DEFINED BENEFIT TOTAL FUND ASSET CLASS ALLOCATION FOR FISCAL YEAR 2019-20

Asset Class	Internal As % of Asset Class	External As % of Asset Class	Passive As % of Asset Class	Active As % of Asset Class	As % of Total Fund
Cash ¹	100.0%	0.0%	9.6%	90.4%	1.8%
Fixed Income ²	63.9%	36.1%	41.9%	58.1%	18.3%
Global Equity ³	49.6%	50.4%	50.1%	49.9%	54.1%
Private Equity	0.0%	100.0%	0.0%	100.0%	7.2%
Real Estate	63.0%	37.0%	0.0%	100.0%	9.7%
Strategic Investments	0.0%	100.0%	0.0%	100.0%	8.9%
Total Fund	46.4%	53.6%	34.9%	65.1%	100.0%

Asset Class	Internal Market Value (in Millions)	External Market Value (in Millions)	Passive Market Value (in Millions)	Active Market Value (in Millions)	Total Fund Market Value (in Millions)
Cash ¹	\$ 2,873	\$ -	\$ 277	\$ 2,596	\$ 1,944
Fixed Income ²	18,746	10,589	12,306	17,029	30,715
Global Equity ³	43,106	43,808	43,536	43,378	89,474
Private Equity	-	11,616	-	11,616	11,902
Real Estate	9,846	5,783	-	15,629	15,267
Strategic Investments	1	14,346	-	14,347	14,029
Total Fund	\$ 74,571	\$ 86,143	\$ 56,119	\$ 104,596	\$ 160,714

¹ Includes Securities Lending Account, Total Fund STIP FRS NAV Adjustment Account and the collateral accounts.

² Includes STIP FRS Reserve Liquidation Account and Fixed Income Liquidity Portfolio.

³ Includes Global Equity Liquidity Portfolio and the Cash Equitization Portfolio.

The SBA’s actual returns on Pension Plan assets have met or exceeded the long-term investment objective of the fund for the 20-, 25- and 30-year periods.

**FRS PENSION PLAN – RETURNS BY ASSET CLASS
FOR PERIODS ENDING JUNE 30, 2020**

		SBA Managed Return	Benchmark Return	Managed Over (Under) Benchmark
Global Equity¹	One Year	2.03%	1.25%	0.78%
	Three Years	6.11%	5.56%	0.55%
	Five Years	6.73%	6.14%	0.59%
	Ten Years	9.91%	9.07%	0.83%
	Fifteen Years	6.74%	6.16%	0.59%
Fixed Income	One Year	6.71%	6.60%	0.11%
	Three Years	4.41%	4.28%	0.12%
	Five Years	3.57%	3.40%	0.18%
	Ten Years	3.77%	3.26%	0.50%
	Fifteen Years	4.37%	4.06%	0.30%
Real Estate	One Year	1.60%	2.27%	(0.67%)
	Three Years	5.28%	5.45%	(0.17%)
	Five Years	7.41%	7.17%	0.24%
	Ten Years	10.93%	10.27%	0.66%
	Fifteen Years	7.87%	5.57%	2.30%
Private Equity²	One Year	3.40%	4.72%	(1.32%)
	Three Years	12.20%	8.49%	3.71%
	Five Years	12.14%	9.18%	2.96%
	Ten Years	13.05%	14.53%	(1.48%)
	Fifteen Years	10.38%	12.25%	(1.87%)
Strategic Investments	One Year	(0.02%)	1.51%	(1.53%)
	Three Years	4.27%	4.36%	(0.10%)
	Five Years	4.84%	4.14%	0.70%
	Ten Years	8.19%	5.99%	2.21%
Cash Equivalent s	One Year	1.50%	1.63%	(0.13%)
	Three Years	1.75%	1.74%	0.01%
	Five Years	1.24%	1.18%	0.05%
	Ten Years	0.75%	0.61%	0.14%
	Fifteen Years	0.96%	1.47%	(0.52%)

¹ Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic, Foreign and Global Equities components.

² Per industry convention, Private Equity returns are presented on a dollar-weighted basis.

SBA contracts with private equity partnerships require the following disclosure:

Because of the long-term nature of investing in private equity, funds can produce low or negative returns in the early years of the partnership. In the first few years of the partnership, management fees are drawn from partner's capital, and portfolio companies are held at cost, leading to a potential understatement of ultimate value.

- Due to numerous factors, including limited valuation and reporting standards, the return information for private equity in this report may not reflect the expected return of the partnerships. The returns contained in this report are calculated by the SBA or its agent and have not been reviewed by the general partners.
- Interim returns may not be meaningful or indicative of ultimate performance during the early stages of the investment life cycle.

**FRS PENSION PLAN – CHANGE IN MARKET VALUE
FOR FISCAL YEAR 2019-20**

	Market Value 6/30/19	Net Contributions and Transfers	Investment Gain (Loss)	Market Value 6/30/20
Global Equity	\$ 89,473,827,619	\$ (4,874,260,557)	\$ 2,314,690,775	\$ 86,914,257,838
Fixed Income	30,715,248,788	(3,342,784,429)	1,962,513,648	29,334,978,007
Real Estate¹	15,266,732,271	115,781,000	246,542,796	15,629,056,067
Private Equity¹	11,902,319,264	(679,367,849)	392,864,326	11,615,815,740
Strategic Investments¹	14,029,367,709	335,373,808	(17,587,449)	14,347,154,068
Cash/Short-Term Securities^{1,2}	1,747,710,261	1,124,688,127	543,595	2,872,941,983
Total FRS Pension Plan	\$ 163,135,205,913	\$ (7,320,569,900)	\$ 4,899,567,690	\$ 160,714,203,703

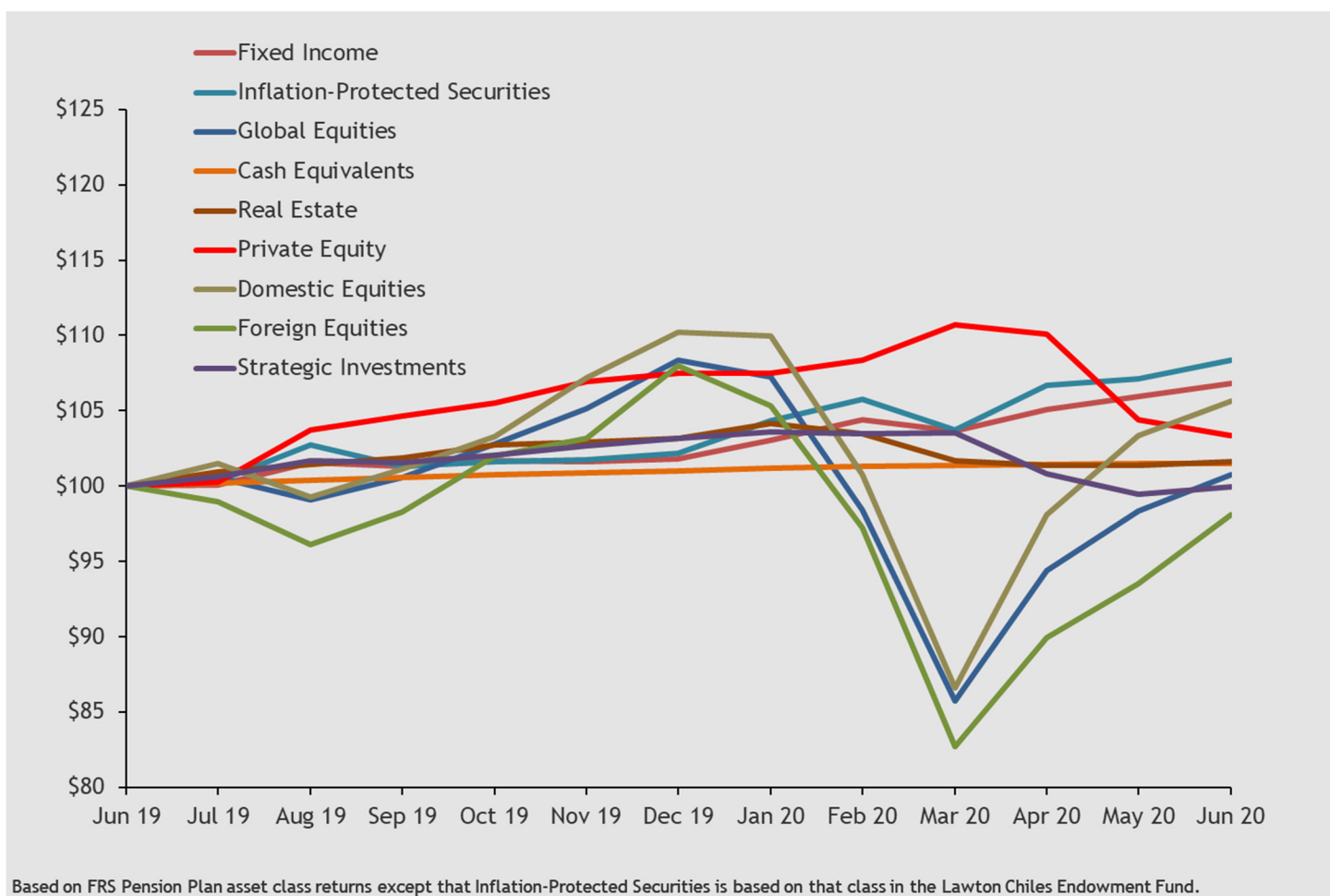
¹ The Real Estate Cash, Private Equity Cash and Strategic Investments Cash accounts were moved from their original asset classes to the Cash/Short-Term Securities asset class effective July 1, 2019. The market balances for these portfolios at June 30, 2019, of \$31,675,787, \$130,306,939, and \$34,218,967, respectively, are reflected as transfers out of their original asset class, and transfers into the Cash/Short-Term Securities asset class in the Net Contributions and Transfers column.

² The investment gain (loss) reported for the Cash/Short-Term Securities asset class includes \$36,569,504 in SBA investment service charges and other fees paid in one cash expense account on behalf of the entire FRS Pension Plan. Excluding these expenses, the reported investment gain (loss) would have been a positive \$37,113,098.

• Totals may not foot due to rounding.

The chart below illustrates how returns over the year performed for each class:

Asset Class Net Investment Gains Showing Growth of \$100 Invested During FY 2019-20



Securities lending is the short-term loan of securities for a fee. With its large portfolio of assets, the Pension Plan is well suited to such a program. Mutual funds and ETFs typically have lending programs for the same reasons. The demand to borrow shares usually comes from hedge funds or short-sellers. When securities are loaned, borrowers provide collateral, such as cash or government securities, of value equal to, or greater than, the loaned securities. As shown in the table below, the program has provided significant gains over the long-term. However, fallout from the mortgage crisis resulted in losses during Fiscal Year 2009-10. In response, the program was restructured to a more conservative set of re-investment guidelines.

FRS PENSION PLAN NET SECURITIES LENDING REVENUE BY FISCAL YEAR		
2001-02	\$	49,744,143
2002-03		34,628,432
2003-04		34,558,808
2004-05		38,447,917
2005-06		50,490,779
2006-07		54,097,509
2007-08		115,505,817
2008-09		96,168,151
2009-10 ¹		(134,528,845)
2010-11		43,594,622
2011-12		43,777,884
2012-13		48,168,513
2013-14		44,532,896
2014-15		38,044,668
2015-16		41,398,835
2016-17		49,210,608
2017-18		41,689,317
2018-19		31,482,495
2019-20		27,542,370
Total	\$	748,554,918

¹ The loss for 2009-10 resulted from a decline in value of various investments held in the securities lending portfolio.

The recovery in value of these investments was not considered probable. Therefore, the underlying securities were written down resulting in a net realized loss. Net income without this loss was \$38,001,712.

This table is on an accrual basis, not a cash basis, meaning distributed lending income is recorded when earned, not when received. Realized gains (losses) in investments purchased with cash collateral are included in the calculation of net security lending revenue (loss). The change in net unrealized appreciation (depreciation) in investments purchased with cash collateral is not included.

• Total may not foot due to rounding.

The following tables show the beginning and ending market values for each individual Pension Plan portfolio, together with net contributions and transfers, and investment gain or loss. The portfolios are grouped into separate tables by asset class.

**FRS PENSION PLAN – GLOBAL EQUITY
CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20**

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
Domestic Equities				
<u>Active Large Cap:</u>				
- AJO, LP	\$ 1,182,742,769	\$ (349,992,245)	\$ (110,447,028)	\$ 722,303,495
- BMO US Large Cap Growth	1,203,582,952	(428,080,404)	152,197,110	927,699,658
- Quantitative Management Associates	1,117,564,591	(309,825,529)	(217,710,286)	590,028,776
- Smith Asset Management Large Cap Enhanced	1,161,943,722	(523,991,518)	186,654,664	824,606,868
<u>Active Small Cap:</u>				
- AQR R2000 Equity ³	162,659,881	(171,863,430)	9,203,549	-
- BMO US Small Cap Value	157,839,803	9,808,385	(33,691,194)	133,956,994
- Delta	160,249,561	8,744,534	(19,638,733)	149,355,362
- Fisher Investments	175,977,202	(10,222,802)	4,712,650	170,467,050
- Los Angeles Capital	187,616,865	(25,115,717)	(2,902,207)	159,598,941
- Mondrian US Small Cap Equity	164,460,340	-	(32,153,302)	132,307,038
- PanAgora Asset Management	176,570,896	(7,656,713)	(6,492,412)	162,421,771
- Seneca ¹	-	124,770,978	(15,830,100)	108,940,878
- Silvercrest Asset Management ⁵	166,878,733	(11,875,185)	19,677,870	174,681,418
- Stephens Investment Management Group	209,386,972	(50,730,131)	21,149,909	179,806,751
- Vaughan Nelson Investment Management	190,308,359	(4,657,061)	(20,088,569)	165,562,729
<u>Active Micro Cap:</u>				
- Acuitas	175,688,626	(31,335,596)	(19,229,808)	125,123,222
- Acuitas Russell Transition ¹	-	32,615,139	(612,230)	32,002,909
- Friess	24,162,187	1,669,067	781,358	26,612,612
- Walthausen	31,269,387	11,965,741	(7,986,279)	35,248,849
<u>Passive:</u>				
- Avatar R1000 Index Fund	15,548,423,824	895,930,621	1,371,039,717	17,815,394,162
- Nova Portfolio	6,245,043,859	5,338,599	474,355,591	6,724,738,048
- Phoenix Portfolio	14,403,140,363	(1,868,322,695)	929,609,883	13,464,427,552
<u>Other:</u>				
- Domestic Equity Asset Class Transition	7,446	(7,898,924)	7,942,088	50,610
- Global Equity Suspended Asset Account	20	-	(3)	17
Total Domestic Equities	42,845,518,356	(2,710,724,885)	2,690,542,238	42,825,335,709
Foreign Equities				
<u>Developed Markets:</u>				
- Acadian Asset Management	1,538,856,517	75,000,000	(30,431,554)	1,583,424,963
- Alliance Bernstein	1,218,059,814	-	(138,817,784)	1,079,242,030
- AQR Capital Management Small Cap	451,551,845	(103,000,000)	(12,085,454)	336,466,390
- Artisan Partners	1,689,000,870	85,000,000	28,121,499	1,802,122,369
- Ballie Gifford Overseas Limited	1,268,503,833	-	513,988,487	1,782,492,320
- BlackRock Global Inv. Index Plus	3,592,782,161	(535,000,000)	(131,326,179)	2,926,455,982
- BlackRock Global Inv. Small Cap Strategy	1,286,836,924	-	(32,264,718)	1,254,572,206
- BlackRock Global Inv. World Ex-US	3,443,125,349	(1,180,225,275)	(186,289,834)	2,076,610,240
- BlackRock Global Inv. World Ex-US Alpha Tilts	1,606,453,706	-	(107,080,816)	1,499,372,890
- BlackRock Transition ^{4,6}	-	-	-	-
- Dimensional Fund Advisors	429,939,186	(104,000,000)	(37,525,447)	288,413,739
- Epoch Investment Partners ²	86,859	(5,619)	(2,470)	78,770
- Fidelity Institutional ²	372,077	(170,898)	(2,164)	199,016
- Foreign Equity Internal Active Tax Reclaim	1,192	-	(16)	1,176
- Franklin Templeton Small Cap ²	815,716	(177,616)	(10,190)	627,910
- GMO	1,262,473,981	-	(59,930,098)	1,202,543,883
- Mondrian Investment Partners Small Cap	445,752,846	-	(30,502,908)	415,249,938
- Morgan Stanley Investment Management	1,736,288,448	125,000,000	51,891,785	1,913,180,234
- Numeric Investors	307,815,560	30,000,000	(10,363,752)	327,451,808
- Principal Global Investors - FE	438,330,656	4,192,416	(35,598,796)	406,924,276
- Robeco Institutional Asset Management ¹	-	920,913,415	(64,088,243)	856,825,173
- Sprucegrove Investment Management	1,627,185,925	-	(275,693,099)	1,351,492,826
- Templeton Investment Counsel LLC	1,335,748,879	(264,000,000)	(114,091,660)	957,657,220
- Templeton Investment Counsel LLC	1,335,748,879	(264,000,000)	(114,091,660)	957,657,220
- TS&W Florida Retirement System	424,343,430	-	(505,323)	423,838,107
- Walter, Scott & Partners, Ltd.	1,889,765,295	80,000,000	185,441,430	2,155,206,726
- William Blair	452,561,974	(30,000,000)	47,578,936	470,140,910
<u>Emerging Markets:</u>				
- Aberdeen Asset Management ³	905,477,924	(952,300,725)	51,377,426	4,554,624
- Acadian Asset Management Inc.	935,743,077	-	(55,116,281)	880,626,796
- AQR Capital Mgt. Emerging Markets Small Cap	249,932,161	-	(15,158,929)	234,773,232
- BlackRock China A Shares ¹	-	115,000,000	18,632,625	133,632,625

Account Name - continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- BlackRock Emerging Markets Index Plus	458,724,631	(454,116,461)	(4,127,994)	480,177
- Dimensional Fund Advisors Emerging Markets	458,995,177	(447,148,131)	(11,532,349)	314,698
- Genesis Emerging Markets	975,488,906	-	(29,686,466)	945,802,440
- Investec ¹	-	944,416,906	(101,872,572)	842,544,334
- M&G Investment Management ²	2,894	(1,285)	887	2,496
- Mondrian Investment Partners Ltd.	978,374,473	(26,000,000)	(73,705,865)	878,668,609
- Somerset Capital	982,154,912	(30,000,000)	(58,284,761)	893,870,152
- Sophus Capital	872,179,853	14,516,984	(20,186,601)	866,510,236
- State Street Global Advisors EM Sm Cap	257,372,232	(20,000,000)	(26,182,341)	211,189,892
- Wellington Emerging Markets Small Cap	202,071,469	35,000,000	3,521,250	240,592,720
- Wells Capital Management Emerging Markets	991,434,667	(30,000,000)	70,177,779	1,031,612,447
- William Blair & Company, LLC	848,674,626	-	118,035,452	966,710,078
- William Blair China A Shares ¹	-	107,764,335	45,654,198	153,418,533
- William Blair Emerging Markets Small Cap	250,619,393	-	30,714,321	281,333,714
Frontier Markets:				
- Aberdeen Frontier Markets	108,709,513	-	(20,158,929)	88,550,584
- First State Frontier Markets	106,773,594	-	(22,542,374)	84,231,220
- HSBC Global Frontier Markets	142,111,024	-	(28,254,236)	113,856,788
Total Foreign Equities	36,171,493,571	(1,639,341,954)	(568,284,120)	33,963,867,496
Dedicated Global Equities				
Active:				
- Epoch Investment Partners Global	1,094,324,967	244,704,352	(71,116,672)	1,267,912,647
- Hexavest Inc.	909,432,952	(780,916,041)	(126,919,521)	1,597,390
- Intech Investment Management	1,626,066,873	(511,078,784)	45,659,648	1,160,647,736
- MFG Asset Management	1,114,366,771	317,314,034	119,702,366	1,551,383,172
- Schiehallion Fund	224,307,515	-	28,635,000	252,942,515
- Schroders Investment Management	992,027,457	213,891,430	96,968,011	1,302,886,898
- Sinesis	950,240,057	185,723,041	(2,268,245)	1,133,694,854
- Trilogy Global Advisors ²	815,237	(162,437)	(7,162)	645,638
Passive:				
- Atlas Portfolio	2,158,579,101	(4,793,296)	73,922,025	2,227,707,829
Total Dedicated Global Equities	9,070,160,930	(335,317,700)	164,575,450	8,899,418,680
Currency Overlay				
- CIBC Global Managed	(1,481,879)	14,302,316	(11,693,356)	1,127,081
- P/E Global Managed	(4,812,860)	(16,657,941)	21,248,730	(222,071)
- Quaesta Managed ³	(4,491,779)	4,841,972	(350,194)	-
- Record Managed	679,984	22,175,053	(26,989,677)	(4,134,639)
Total Currency Overlay	(10,106,533)	24,661,401	(17,784,497)	(3,229,629)
Other				
- Cash Equitization Portfolio	8	2,637,529	(2,637,534)	3
- Citigroup Global Transition	109,522,483	(123,822,322)	14,364,111	64,271
- Global Equity Cash	859,425	(712,088)	1,424,755	1,572,092
- Global Equities Cash Expense	25	2,820,898	(2,820,924)	-
- Global Equity Liquidity Portfolio	1,286,345,278	(100,460,482)	41,210,099	1,227,094,894
- Global Equity Policy Transition Portfolio 1 ⁴	-	-	-	-
- Global Equity Policy Transition Portfolio 2	1	(541,965)	541,964	-
- Global Equity Policy Transition Portfolio 3 ⁴	-	-	-	-
- Global Equity Transition Account 1	34,077	6,541,011	(6,440,768)	134,320
Total Other	1,396,761,296	(213,537,418)	45,641,704	1,228,865,582
Total Global Equity	\$ 89,473,827,619	\$ (4,874,260,557)	\$ 2,314,690,775	\$ 86,914,257,838

¹ Account opened during the fiscal year.

² Strategy terminated in a prior fiscal year. Residual activity occurred in the current fiscal year.

³ Strategy terminated during the fiscal year. Balances reflect residual activity.

⁴ Account inactive during the fiscal year.

⁵ Account name changed from Cortina Asset Management to Silvercrest Asset Management during the fiscal year.

⁶ Account name changed from BlackRock Restructuring to BlackRock Transition during the fiscal year.

• Totals may not foot due to rounding.

**FRS PENSION PLAN – FIXED INCOME
CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20**

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
<u>Aggregate</u>				
- Active Core	\$ 6,529,052,216	\$ (584,000,000)	\$ 422,367,823	\$ 6,367,420,040
- Amundi Pioneer Investments	3,106,661,914	(800,000,000)	160,694,735	2,467,356,649
- BlackRock Core Bond Enhanced Index	3,008,889,001	(500,000,000)	198,095,280	2,706,984,280
- Investment Grade AA Account	116,205,075	(50,000,000)	1,805,489	68,010,564
- Lord Abbett ¹	-	500,000,000	4,029,023	504,029,023
- Neuberger Berman Core	1,904,781,517	-	145,797,206	2,050,578,723
- PGIM Core Plus ¹	-	1,343,251,080	41,545,107	1,384,796,186
- Prudential Conservative Core ²	1,289,963,289	(1,343,251,080)	53,289,036	1,245
- Taplin, Canida & Habacht	1,378,371,309	-	97,354,786	1,475,726,095
<u>Government/Corporate:</u>				
- Fixed Income Gov't./Corp. Passive Account	8,092,481,685	(1,153,000,000)	559,036,619	7,498,518,304
<u>Mortgage:</u>				
- Fixed Income MBS Passive	3,951,930,380	(481,000,000)	205,461,717	3,676,392,096
<u>Other:</u>				
- Fixed Income Cash Expense Account	-	434,786	(434,786)	-
- Fixed Income Liquidity Portfolio	1,330,508,800	(273,000,000)	73,132,373	1,130,641,172
- Fixed Income Transition ³	-	-	-	-
- Fixed Income Policy Transition ³	-	-	-	-
- Fixed Income Transition II ³	-	-	-	-
- STIPFRS Reserve Liquidation Fund	6,403,603	(2,219,214)	339,241	4,523,630
Total Fixed Income	\$ 30,715,248,788	\$ (3,342,784,429)	\$ 1,962,513,648	\$ 29,334,978,007

¹ Account opened during the fiscal year.

² Strategy terminated during the fiscal year. Remaining balances reflect residual activity.

³ Account inactive during the fiscal year.

• Totals may not foot due to rounding.

**FRS PENSION PLAN – PRIVATE EQUITY
CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20**

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
<u>Partnerships:</u>				
- Accel-KKR Capital Partners V, L.P.	\$ 23,308,723	\$ (6,871,896)	\$ 10,024,881	\$ 26,461,707
- Accel-KKR Capital Partners VI, L.P. ¹	-	87,138	(87,138)	-
- Accel-KKR Growth Capital Partners II, L.P.	16,918,901	(5,722,390)	4,998,466	16,194,977
- Advent International GPE VI	11,224,246	(1,673,003)	(2,677,765)	6,873,478
- Advent International GPE VII, L.P.	82,785,471	(13,165,497)	(14,601,393)	55,018,582
- Advent International GPE VIII, L.P.	145,839,031	14,403,845	(12,780,170)	147,462,706
- Advent International GPE IX, L.P. ¹	-	36,848,021	(3,556,765)	33,291,256
- American Industrial Partners Capital Fund VI, L.P.	48,488,781	(2,681,862)	6,291,584	52,098,503
- American Industrial Partners Capital Fund VII, L.P. ¹	-	3,975,687	(1,701,097)	2,274,589
- Apollo Investment Fund VIII, L.P.	172,736,892	(31,357,936)	(6,765,916)	134,613,040
- Apollo Investment Fund IX, L.P.	15,884,308	29,744,879	(2,451,453)	43,177,734
- Ardian LBO Fund VI, L.P.	84,880,353	2,695,321	6,424,026	93,999,700
- Ares Corporate Opportunities Fund III, L.P.	66,755,365	(55,344,994)	(4,209,265)	7,201,107
- Ares Corporate Opportunities Fund IV, L.P.	185,878,174	(77,400,503)	16,279,950	124,757,620
- Ares Corporate Opportunities Fund V, L.P.	133,569,539	25,598,926	(4,560,506)	154,607,959
- ASF VI, L.P.	92,247,034	(59,111,481)	44,698	33,180,251
- ASF VII, L.P.	56,216,779	25,427,456	3,014,818	84,659,053
- ASF VIII, L.P.	695,824	36,035,550	3,035,904	39,767,278
- Asia Alternatives FL Investor, L.P.	206,212,137	(8,336,299)	(2,288,945)	195,586,893
- Asia Alternatives FL Investor II, LLC	51,041,808	59,775,137	4,906,540	115,723,485
- Asia Alternatives FL Investor III, LLC ¹	-	23,330,971	(694,336)	22,636,635
- Atlas Capital Resources II, L.P.	15,985,986	2,476,313	(164,162)	18,298,138
- Atlas Capital Resources III, L.P.	4,376,780	5,629,446	2,930,588	12,936,814
- AXA LBO Fund V, L.P.	36,398,859	(4,867,472)	(2,980,781)	28,550,606
- AXA Secondary Fund V, L.P.	15,035,291	(14,143,882)	(152,028)	739,381
- Blackstone Capital Partners VI, L.P.	176,089,039	(38,815,285)	(39,042,782)	98,230,972
- Blackstone Capital Partners VII, L.P.	111,985,910	57,355,220	(760,726)	168,580,404
- Blackstone Capital Partners VIII, L.P. ¹	-	77,067	(225,978)	(148,911)
- Carlyle Asia Growth Partners IV, L.P.	18,913,692	80,700	(6,511,440)	12,482,952
- Carlyle Partners IV, L.P. ²	1,557,757	(1,940,653)	382,896	-
- Carlyle Partners VI, L.P.	122,539,346	(4,534,948)	(4,800,006)	113,204,392
- Carlyle Partners VII, L.P.	11,851,152	24,664,294	(2,665,769)	33,849,677
- Carnelian Energy Capital II, L.P.	14,789,222	4,135,251	(4,062,146)	14,862,327
- Carnelian Energy Capital III, L.P. ¹	-	2,002,827	(1,462,848)	539,979
- Charlesbank Equity Fund VII, L.P.	23,337,229	(1,066,078)	875,978	23,147,129
- Charlesbank Equity Fund VIII, L.P.	61,907,240	1,517,834	806,586	64,231,660
- Charlesbank Equity Fund IX, L.P.	21,379,128	19,822,963	(7,746,880)	33,455,211
- Charlesbank Fund IX Overage Allocation Program	8,602,191	3,932,865	407,534	12,942,590
- Cortec Group V, L.P.	107,740,617	(107,521,644)	7,991,273	8,210,246
- Cortec Group VI, L.P.	57,539,277	5,772,578	10,133,561	73,445,416
- Cressey & Company Fund IV, L.P.	24,154,742	(24,306,859)	647,149	495,032
- Cressey & Company Fund V, L.P.	74,657,299	1,875,000	4,027,644	80,559,943
- Cressey & Company Fund VI, L.P.	20,438,058	3,000,000	3,057,444	26,495,502
- Cressey & Company Overage Fund VI, L.P.	2,873,897	-	973,792	3,847,689
- CVC Capital Partners VI, L.P.	88,423,008	(17,113,758)	18,285,058	89,594,309
- CVC Capital Partners VII, L.P.	22,053,558	37,140,433	(3,759,834)	55,434,157
- CVC European Equity Partners V, L.P.	18,846,346	(13,600,343)	3,112,099	8,358,102
- DCPF VI Oil and Gas Coinvestment Fund, L.P.	39,156,459	(33,727,363)	(520,684)	4,908,412
- Denham Commodity Partners Fund VI, L.P.	76,533,585	(9,727,775)	(17,232,116)	49,573,694
- Denham Oil & Gas Investment Fund, L.P.	43,723,955	3,236,250	(24,213,686)	22,746,518
- Denham Oil & Gas Investment Fund II, L.P. ¹	-	74,742	(74,742)	-
- EnCap Energy Capital Fund VIII, L.P.	24,487,134	(152,792)	(14,274,798)	10,059,544
- EnCap Energy Capital Fund IX, L.P.	50,401,847	(1,437,122)	(30,499,982)	18,464,743
- EnCap Energy Capital Fund X, L.P.	86,050,493	4,169,472	(32,539,849)	57,680,116
- EnCap Energy Capital Fund XI, L.P.	14,820,053	12,016,622	(9,023,629)	17,813,047
- EnCap Flatrock Midstream Fund III, L.P.	41,027,891	4,002,312	(6,539,087)	38,491,116
- EnCap Flatrock Midstream Fund IV, L.P.	20,605,138	2,823,971	(216,587)	23,212,522
- Energy & Minerals Group Fund III, L.P.	63,002,885	2,020,079	(24,128,341)	40,894,623

Account Name – continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- Energy Capital Partners II, L.P.	12,411,520	(263,978)	(8,188,436)	3,959,106
- Energy Capital Partners III, L.P.	135,486,797	3,595,092	(10,691,951)	128,389,938
- EnerVest Energy Fund XII-A, L.P.	265,828	-	6,397	272,225
- EnerVest Energy Institutional Fund XIV-A, L.P.	71,642,238	(1,330,894)	(35,345,830)	34,965,514
- Equistone Partners Europe Fund V, L.P.	65,880,719	3,313,357	(3,592,611)	65,601,465
- Equistone Partners Europe Fund VI, L.P.	14,702,764	17,510,027	(2,440,764)	29,772,028
- European Private Equity Opportunities I, L.P.	14,189,940	10,878,862	(9,574,669)	15,494,133
- European Private Equity Opportunities II, L.P. ¹	-	85,735	(85,735)	-
- Fairview Special Opportunities Fund, L.P.	313,267,822	(49,445,564)	53,045,482	316,867,740
- Fairview Special Opportunities Fund II, L.P.	94,100,905	255,222	16,885,265	111,241,392
- Falfurrias Capital Partners IV, L.P. ¹	-	10,800,000	7,550,856	18,350,856
- First Reserve Fund XI, L.P.	4,895,385	(384,427)	(4,432,542)	78,416
- First Reserve Fund XII, L.P.	39,060,873	(1,960,202)	(15,334,741)	21,765,930
- Francisco Partners III, L.P.	53,592,208	(3,787,500)	4,594,518	54,399,226
- Francisco Partners IV, L.P.	87,699,979	(23,707,514)	27,000,860	90,993,325
- Francisco Partners V, L.P.	40,162,750	562,500	1,521,121	42,246,371
- FS Equity Partners VI, L.P.	57,133,640	(21,788,159)	(8,167,794)	27,177,687
- FS Equity Partners VII, L.P.	104,720,337	(6,763,523)	(6,797,938)	91,158,876
- FS Equity Partners VIII, L.P.	9,394,626	19,129,641	(3,118,080)	25,406,187
- Grove Street Partners Buyouts LLC	36,419,894	(17,658,271)	2,574,446	21,336,068
- Grove Street Partners Buyouts II, LLC	183,162,823	(17,979,346)	(4,126,142)	161,057,335
- Grove Street Partners Ventures II, LLC	312,887,010	(141,727,692)	107,249,588	278,408,906
- GS Partners Ventures III, L.P.	221,404,784	(16,425,537)	20,959,119	225,938,365
- Hahn & Company III, L.P. ¹	-	6,749,670	(1,906,873)	4,842,797
- Hahn & Company III-S, L.P. ¹	-	4,105,793	(311,025)	3,794,768
- Hellman & Friedman Capital Partners VII, L.P.	263,526,691	(41,699,076)	7,241,008	229,068,624
- Hellman & Friedman Capital Partners VIII, L.P.	208,660,365	4,981,028	(24,265,063)	189,376,330
- Hellman & Friedman Capital Partners IX, L.P.	(209,237)	55,301,789	(11,946,739)	43,145,813
- Inflexion Buyout Fund IV, L.P.	38,229,528	8,100,879	(4,223,612)	42,106,795
- Inflexion Enterprise Fund IV, L.P.	13,835,192	4,476,158	(566,394)	17,744,956
- Inflexion Partnership Capital Fund I, L.P.	18,257,351	377,791	(1,728,326)	16,906,816
- Insight Venture Partners VIII, L.P.	70,860,437	(27,375,985)	27,955,827	71,440,279
- Insight Venture Partners IX, L.P.	130,920,527	(2,772,138)	12,744,262	140,892,650
- Insight Venture Partners Growth-Buyout Coinvest Fund, L.P.	87,313,625	(4,582,511)	4,568,649	87,299,763
- Investindustrial VI, L.P.	37,964,242	12,461,086	(6,010,901)	44,414,426
- Investindustrial VII, L.P. ¹	-	5,117,190	(831,230)	4,285,959
- JH Whitney VII, L.P.	63,662,250	2,129,918	4,820,099	70,612,267
- KKR Asia Fund II, L.P.	108,964,366	(15,893,153)	(6,738,760)	86,332,453
- KKR Asia Fund III (EEA) SCSp	57,961,370	16,209,709	15,236,338	89,407,417
- KPS Special Situations Fund III, L.P.	8,786,861	(12,844,723)	4,496,833	438,971
- KPS Special Situations Fund IV, L.P.	73,302,150	44,431,566	(2,708,935)	115,024,781
- KPS Special Situations Fund V, L.P. ¹	-	102,556	(102,556)	-
- KPS Special Situations Mid Cap Fund, L.P. ¹	-	8,891,584	(352,708)	8,538,876
- LCP FSBA Co-Invest Account L.P.	81,169,495	10,098,687	(167,758)	91,100,424
- Lexington Capital Partners V, L.P.	596,366	6,487	(62,777)	540,076
- Lexington Capital Partners VI-B, L.P.	9,037,223	(2,703,330)	278,108	6,612,001
- Lexington Capital Partners VII, L.P.	51,110,346	(11,227,358)	961,289	40,844,277
- Lexington Capital Partners VIII, L.P.	181,104,823	(27,463,429)	6,324,521	159,965,915
- Lexington Capital Partners IX, L.P.	11,757,364	12,975,780	(433,670)	24,299,474
- Lexington Co-Investment Partners Pools III & IV, L.P.	22,744,668	(2,382,338)	(9,167,744)	11,194,586
- Lexington Co-Investment Partners 2005, L.P.	104,908,994	(57,030,537)	6,889,067	54,767,524
- Lexington Co-Investment Partners 2005 Pool III, L.P.	388,979,013	(77,755,306)	(11,284,856)	299,938,851
- Lexington Co-Investment Partners 2005 Pool IV, L.P.	384,636,669	95,302,870	11,088,746	491,028,285
- Lexington Co-Investment Partners V, L.P. ¹	-	118,831	(118,831)	-
- Lexington CIP V-F-O, L.P. ¹	-	2,134	(2,134)	-
- Lexington Middle Market Investors III, L.P.	59,578,109	(9,404,869)	(481,700)	49,691,540
- Liberty Partners VI ²	13,000	(35,661)	22,661	-
- Liberty Partners VII	2,559,626	(109,368)	(32,650)	2,417,608
- Liberty Partners Group II	294	1,938	(1,937)	295
- LightBay Capital Partners, L.P.	1,402,703	11,318,466	(1,118,832)	11,602,337
- Livingbridge Enterprises 3, L.P. ¹	-	1,129,703	(975,550)	154,153
- Livingbridge Enterprises 7, L.P. ¹	-	32,890	(32,890)	-

Account Name – continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- MBK Partners V, L.P. ¹	-	52,216	(52,216)	-
- Montagu Private Equity Fund IV, L.P.	11,408,326	(152,718)	(5,431,353)	5,824,254
- Montagu V, L.P.	73,696,965	1,559,486	(4,328,019)	70,928,432
- Montagu VI, L.P. ¹	-	87,486	(87,486)	-
- New Mountain Partners II, L.P.	719,898	-	59,313	779,211
- New Mountain Partners III, L.P.	67,181,365	(5,179,213)	2,103,124	64,105,276
- OpCapita Consumer Opportunities Fund II, L.P.	24,868,622	501,067	(1,848,607)	23,521,081
- OpCapita Consumer Opportunities Fund III, L.P. ¹	-	604,804	(1,213,861)	(609,057)
- OpenView Venture Partners IV, L.P.	38,082,385	975,000	(7,218,307)	31,839,078
- OpenView Venture Partners V, L.P.	12,920,554	8,575,000	2,765,584	24,261,139
- OpenView Venture Partners VI, L.P. ¹	-	664,100	(217,434)	446,667
- Pantheon Global Secondary Fund IV, L.P.	20,602,508	(4,891,220)	(1,886,318)	13,824,970
- Peak Rock Capital II, L.P.	20,702,646	(3,552,294)	7,880,256	25,030,608
- Peak Rock Capital Credit Fund II, L.P.	1,447,860	454,654	(79,436)	1,823,078
- Permira V, L.P.	102,232,541	(63,809,880)	53,241,907	91,664,567
- Platinum Equity Capital Partners II, L.P.	5,259,503	(372,165)	(773,540)	4,113,798
- Platinum Equity Capital Partners III, L.P.	73,676,105	(14,837,090)	13,317,415	72,156,430
- Pomona Capital VI, L.P.	3,367,237	(701,016)	(750,853)	1,915,368
- Pomona Capital VII, L.P. ^{3,4}	-	-	-	-
- Post Oak Energy Partners II, L.P.	29,891,655	426,922	(11,239,215)	19,079,362
- Post Oak Energy Partners III, L.P.	32,350,235	2,360,987	(8,318,413)	26,392,809
- Post Oak Energy Partners IV, L.P.	12,664,844	7,847,867	(5,209,664)	15,303,047
- RCP Advisors Fund IV, L.P.	10,864,823	(6,059,041)	294,704	5,100,486
- RCP Advisors Fund V, L.P.	23,955,145	(12,165,956)	(1,003,674)	10,785,514
- RCP Advisors Fund VI, L.P.	25,177,668	(9,683,526)	4,951,430	20,445,571
- RCP Advisors Fund VII, L.P.	46,161,824	(15,066,089)	(367,870)	30,727,866
- RCP Advisors Fund VIII, L.P.	46,681,152	(4,928,517)	2,245,645	43,998,280
- RCP Advisors Fund IX, L.P.	45,294,965	(3,177,421)	3,639,131	45,756,676
- RCP Advisors Fund X, L.P.	35,548,873	-	3,104,352	38,653,225
- Rise Fund, L.P. (The)	14,105,117	3,803,147	(1,538,747)	16,369,517
- Rise Fund II, L.P. (The) ¹	-	75,225	(75,225)	-
- Rubicon Technology Partners, L.P.	14,118,018	2,960,713	2,062,305	19,141,036
- Rubicon Technology Partners II, L.P.	42,904,957	10,201,321	10,778,367	63,884,645
- Rubicon Technology Partners III, L.P. ¹	-	71,778	(71,778)	-
- Searchlight Capital II, L.P.	74,673,602	18,176,668	(22,104,088)	70,746,182
- Searchlight Capital III, L.P. ¹	-	24,134,845	(2,786,983)	21,347,862
- Silver Lake Partners IV, L.P.	137,128,019	(22,311,477)	4,167,981	118,984,523
- Silver Lake Partners V, L.P.	59,180,509	37,383,303	3,136,755	99,700,567
- Siris Partners III, L.P.	42,523,728	10,317,962	8,666,021	61,507,711
- Siris Partners IV, L.P.	10,592,347	28,933,024	(6,220,899)	33,304,472
- Summa Equity Fund II AB	(39,587)	6,163,751	634,901	6,759,065
- SVB Capital Partners III, L.P.	27,503,076	(7,070,660)	9,196,331	29,628,747
- SVB Capital Partners IV, L.P.	6,922,531	9,400,000	799,480	17,122,011
- SVB Strategic Investors Fund V-A, L.P.	190,815,833	(33,687,864)	15,730,035	172,858,004
- SVB Strategic Investors Fund V-A Opportunity, L.P.	88,814,997	(5,343,750)	11,066,526	94,537,773
- SVB Strategic Investors VI-A, L.P.	187,501,458	(16,193,485)	26,113,051	197,421,024
- SVB Strategic Investors Fund VII-A, L.P.	150,325,587	(9,712,500)	40,306,036	180,919,123
- SVB Strategic Investors Fund VIII-A, L.P.	64,767,131	16,970,000	21,742,221	103,479,352
- SVB Strategic Investors Fund IX-A, L.P.	6,972,430	18,517,500	(1,080,268)	24,409,662
- Thoma Bravo Discover Fund, L.P.	59,975,020	(24,932,364)	26,562,432	61,605,088
- Thoma Bravo Discover Fund II, L.P.	16,119,052	28,157,281	327,006	44,603,338
- Thoma Bravo Fund IX, L.P.	1,176,017	(674,350)	13,529	515,195
- Thoma Bravo Fund X, L.P.	48,782,593	(29,117,017)	22,051,094	41,716,669
- Thoma Bravo Fund XI, L.P.	154,582,001	(89,721,586)	62,200,995	127,061,410
- Thoma Bravo Fund XII, L.P.	171,601,819	1,959,632	20,908,498	194,469,949
- Thoma Bravo Fund XIII, L.P.	52,694,043	54,923,601	6,106,939	113,724,584
- Thoma Bravo Special Opportunities Fund I, L.P.	31,783,178	(22,359,540)	16,712,653	26,136,291
- Thoma Bravo Special Opportunities Fund II, L.P.	72,139,114	(26,436,015)	12,277,613	57,980,711
- Thoma Cressey Fund VIII, L.P. ²	326,970	(326,438)	(532)	-
- Tiger Iron Special Opportunities Fund, L.P.	94,958,174	33,515,586	5,411,710	133,885,471
- Tiger Iron Special Opportunities Fund II, L.P.	5,675,889	18,644,747	(2,188,480)	22,132,156

Account Name - continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- Top Tier Special Opportunities Fund, L.P.	1,995,605	(1,177,627)	960,815	1,778,793
- Top Tier Venture Capital II, L.P. ²	10,129,402	(8,627,696)	(1,501,706)	-
- Top Tier Venture Capital III, L.P.	19,468,330	(12,023,221)	1,079,032	8,524,141
- TowerBrook Investors II, L.P.	4,158,611	(2,438,652)	(245,605)	1,474,354
- TowerBrook Investors III, L.P.	16,339,073	(11,812,136)	(2,566,057)	1,960,880
- TowerBrook Investors IV, L.P.	155,430,056	(4,195,377)	(4,509,876)	146,724,803
- TowerBrook Investors V, L.P.	-	16,083,467	(2,085,743)	13,997,724
- TPG Growth II, L.P.	133,863,269	(59,452,013)	(22,274,166)	52,137,090
- TPG Growth III, L.P.	76,458,521	2,802,548	(1,679,927)	77,581,142
- TPG Growth IV, L.P.	40,368,019	20,688,603	(7,789,485)	53,267,137
- Trident V, L.P.	46,767,714	(5,154,339)	610,335	42,223,710
- Trident VI, L.P.	75,701,377	(25,367,027)	10,932,086	61,266,436
- Trident VII, L.P.	56,078,492	3,771,272	4,409,058	64,258,822
- Trident VIII, L.P. ¹	-	7,244,438	(73,062)	7,171,376
- TrueBridge Capital FSA, LLC	47,566,302	22,165,074	9,033,368	78,764,743
- TrueBridge Capital Partners V, L.P.	18,368,143	37,000,000	269,148	55,637,291
- TrueBridge Capital Partners VI, L.P. ¹	-	5,057,862	(457,539)	4,600,323
- TrueBridge FSA II, L.P. ¹	-	4,078,964	(141,611)	3,937,354
- TrueBridge/FLSBA Special Purpose, LLC	84,082,715	(12,372,825)	(1,513,146)	70,196,744
- Truebridge/FLSBA Special Purpose II, LLC	33,312,025	(1,741,235)	6,370,612	37,941,402
- TrueBridge-Kauffman Fellows Endowment Fund II, L.P.	170,269,684	(35,814,500)	22,168,422	156,623,606
- TrueBridge-Kauffman Fellows Endowment Fund III, L.P.	187,346,771	(31,886,717)	32,632,490	188,092,544
- TrueBridge-Kauffman Fellows Endowment Fund IV, L.P.	120,143,259	20,000,000	27,754,786	167,898,045
- TSG Capital Fund III, L.P. ³	14,275	-	(14,275)	-
- Venture Overage Fund, L.P.	102,120,509	8,850,000	6,125,883	117,096,392
- W Capital Partners III, L.P.	60,933,902	(18,278,339)	(4,107,619)	38,547,944
- Warburg Pincus China, L.P.	61,499,148	965,940	10,107,705	72,572,793
- Warburg Pincus China-Southeast Asia II, L.P.	2,380,000	49,039	(343,332)	2,085,707
- Warburg Pincus Private Equity IX, L.P.	4,611,866	(735,000)	(977,134)	2,899,732
- Warburg Pincus Private Equity X, L.P.	56,999,879	(43,506,418)	14,417,148	27,910,610
- Warburg Pincus Private Equity XI, L.P.	179,452,029	(61,805,800)	(15,772,119)	101,874,110
- Warburg Pincus Private Equity XII, L.P.	78,336,484	9,522,000	6,727,209	94,585,693
- Waterland Private Equity Fund VII, C.V.	9,479,737	17,160,469	2,089,246	28,729,452
- WindRose Health Investors V, L.P.	(66,601)	6,491,568	(781,799)	5,643,168
- WPEF VI Feeder Fund, L.P.	54,936,728	(7,409,121)	5,976,417	53,504,025
<u>Other:</u>				
- Private Equity Cash ⁵	130,306,939	130,306,939	-	-
- Private Equity Cash Expense	-	1,669,522	(1,669,522)	-
- Private Equity Transition ⁴	-	-	-	-
Total Private Equity	\$ 11,902,319,264	\$ (679,367,849)	\$ 392,864,326	\$ 11,615,815,740

¹ Account opened during the fiscal year.

² Account assets sold or partnership interest sold during the fiscal year. Account will be closed unless residual activity occurs.

³ Account assets sold or partnership interest sold during a prior fiscal year. Balances and activity reflect residual activity.

⁴ Account was inactive during the fiscal year.

⁵ The Private Equity Cash account moved from the Private Equity Asset Class to the Cash/Short-Term Asset Class effective July 1, 2019.

• Private Equity market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. The market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Totals may not foot due to rounding.

FRS PENSION PLAN – STRATEGIC INVESTMENTS
CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
Strategic-Investments:				
- ABRY Advanced Securities Fund, L.P.	\$ 2,245,467	\$ -	\$ (366,489)	\$ 1,878,978
- ABRY Advanced Securities Fund II, L.P.	15,627,110	(2,512,083)	(3,544,314)	9,570,713
- ABRY Advanced Securities Fund III, L.P.	102,012,226	72,481,293	(77,540,058)	96,953,461
- ABRY Senior Equity III, L.P.	2,707,345	(901,768)	(120,063)	1,685,514
- ABRY Senior Equity IV, L.P.	43,731,249	(23,604,615)	(869,101)	19,257,533
- ABRY Senior Equity V, L.P.	15,467,919	15,005,113	861,900	31,334,932
- Aeolus Property Catastrophe Keystone PF Fund, L.P.	102,756,092	34,500,536	10,597,298	147,853,926
- AQR Managed Futures Fund II, L.P.	210,749,677	(8)	587,211	211,336,880
- AQR Style Premia Fund, L.P.	137,089,176	-	(34,500,083)	102,589,093
- Atalaya Special Opportunities Fund VI, L.P.	84,724,029	(33,659,791)	6,998,929	58,063,166
- Atalaya Special Opportunities Fund VII, L.P.	34,340,327	14,532,116	(3,036,014)	45,836,429
- Audax Credit Opportunities, LLC	323,062,344	177,600	3,788,024	327,027,968
- Audax Mezzanine Fund IV-A, L.P.	45,169,614	57,906	3,982,384	49,209,904
- Bayview Opportunity Master Fund IIIb, L.P.	8,772,900	(7,212,538)	1,311,238	2,871,600
- Bayview Opportunity Master Fund IVb, L.P.	43,338,763	(11,502,367)	(4,457,225)	27,379,171
- Benefit Street Credit Alpha Partners, L.P. ²	153,679,537	(130,911,409)	(22,768,128)	-
- Benefit Street Debt Fund IV, L.P.	89,500,300	(14,943,321)	326,268	74,883,247
- Benefit Street Partners CRE Conduit Co., L.P. ²	1,431,199	(1,575,463)	144,264	-
- BlackRock Carbon Capital V, Inc.	25,135,876	(17,757,399)	(6,293,361)	1,085,117
- BlackRock Carbon Capital VI, L.P.	89,444,689	10,064,268	5,896,024	105,404,981
- Blackstone/GSO Capital Solutions Fund, L.P.	6,937,119	1,194,252	(6,447,425)	1,683,919
- Blackstone Tactical Opportunities Fund II, L.P.	123,153,054	(15,771,062)	(6,210,281)	101,171,712
- Blackstone Tactical Opportunities Fund - FD, L.P.	14,302,755	51,330,191	(5,747,243)	59,885,703
- Blue Torch Credit Opportunities FSBA, L.P. ¹	-	7,766,991	-	7,766,991
- Boston Timber Opportunities LLC	303,031,760	(7,438,100)	10,325,617	305,919,277
- Bridgewater Pure Alpha Major Markets, LP PAMM	185,033,926	-	927	185,034,853
- Caerus DT Fund, LLC	427,467,616	100,000,000	22,951,327	550,418,943
- Canyon Value Realization Fund, L.P.	127,646,844	-	(20,972,799)	106,674,045
- Capula Global Relative Value Fund Ltd.	161,514,995	-	14,633,530	176,148,525
- Carlyle Mezzanine Partners II, L.P.	1,088,101	-	(780,849)	307,252
- Castlelake Aviation II, L.P.	10,572,431	(2,271,635)	(1,662,891)	6,637,905
- Castlelake Aviation III Stable Yield, L.P.	112,644,725	28,347,525	15,041,347	156,033,597
- Castlelake III, L.P.	56,308,132	(4,616,482)	460,132	52,151,782
- Castlelake IV, L.P.	108,869,785	(8,177,757)	(3,268,038)	97,423,990
- Centerbridge Capital Partners III, L.P.	77,064,032	10,607,385	11,437,740	99,109,157
- Cerebus FSBA Levered Loan Opportunities Fund, L.P.	192,372,138	16,237,624	17,416,281	226,026,043
- Cerberus Institutional RE Partners III, L.P.	64,531,546	(10,524,305)	6,190,876	60,198,117
- Cerberus Institutional RE Partners IV, L.P.	137,060,444	23,106,123	5,131,953	165,298,520
- Cerberus Institutional RE Partners V, L.P. ¹	-	98,371	(598,242)	(499,871)
- Cevian Capital II, Ltd.	219,802,048	-	(17,661,812)	202,140,236
- Chambers Energy Capital III, L.P.	35,166,238	2,915,505	(11,745,505)	26,336,238
- Chambers Energy Capital IV, L.P. ¹	-	23,638,496	(578,216)	23,060,280
- Coastline Fund, L.P.	185,055,322	(56,247,843)	5,538,925	134,346,404
- Coastline Fund, L.P. Tranche II	108,396,629	44,391,484	(565,609)	152,222,504
- Colony Distressed Credit Fund II, L.P.	18,181,324	(608,748)	(3,965,980)	13,606,596
- Colony Distressed Credit & Special Sit Fund III, L.P.	84,543,183	(39,863,087)	4,893,508	49,573,604
- Colony Distressed Credit & Special Sit Fund IV, L.P.	131,908,052	7,380,109	7,046,358	146,334,519
- Crescent Mezzanine Partners VI, L.P.	56,725,891	(17,866,623)	4,412,373	43,271,641
- Crescent Mezzanine Partners VII, L.P.	61,228,909	18,843,850	(724,039)	79,348,720
- CVI Credit Value Fund A, L.P.	5,876,551	(2,365,258)	328,908	3,840,201
- CVI Credit Value Fund II A, L.P.	32,559,261	(18,573,979)	(6,261,905)	7,723,377
- CVI Credit Value Fund III A, L.P.	162,174,557	(69,918,748)	(1,698,958)	90,556,851
- CVI Credit Value Fund IV A, L.P.	78,588,777	60,000,000	(10,791,984)	127,796,793
- CVI Global Value Fund A, L.P.	10,698,614	(4,501,628)	771,552	6,968,538
- Deerfield Private Design Fund IV, L.P.	60,221,008	29,000,000	685,478	89,906,486
- Distressed Managers II FL, L.P. ²	6,943,192	(6,972,864)	29,672	-
- DoubleLine Opportunistic Income Fund, L.P.	220,253,317	-	(16,680,758)	203,572,559
- Dymon Asia Macro (US) Fund	101,419,067	284	9,849,202	111,268,552
- EIG Energy Fund XVI, L.P.	69,823,031	(1,122,859)	(5,672,120)	63,028,052
- EIG Global Project Fund V, L.P. ¹	-	7,252,423	(60,624)	7,191,799
- Elan Fund, L.P.	612,969,689	(513,032)	21,404,213	633,860,869
- Falcon Strategic Partners III, L.P.	18,364,867	(4,270,716)	(1,503,891)	12,590,260
- Falcon Strategic Partners IV, L.P.	87,034,059	2,363,083	(11,062,953)	78,334,189
- Falko Regional Aircraft Opportunities Fund II, L.P.	31,129,902	64,318,894	(3,436,613)	92,012,183
- Florida Growth Fund, LLC	113,271,884	(17,774,158)	14,090,585	109,588,311
- Florida Growth Fund Credit Tranche, LLC	77,155,490	(40,583,175)	7,260,675	43,832,990
- Florida Growth Fund Tranche II, LLC	126,234,326	(20,455,453)	14,228,280	120,007,153
- Florida Growth Fund II, Tranche I, LLC	174,904,294	9,230,959	15,660,901	199,796,154

Account Name - continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- Florida Growth Fund II, Tranche II, LLC ¹	-	33,198,804	(658,836)	32,539,968
- Florida Sunshine State Fund, L.P.	8,605,333	26,496,201	4,371,911	39,473,445
- Gallatin Point Capital Partners, L.P.	22,970,940	6,518,053	868,822	30,357,815
- Garda Fixed Inc. Relative Value Opp Fd (Onshore) Ltd.	205,752,290	-	35,073,174	240,825,463
- GI Partners Fund III, L.P.	1,707,784	(516,416)	2,126	1,193,494
- GI Partners Fund IV, L.P.	203,475,370	(71,141,871)	49,057,455	181,390,954
- Global Infrastructure Partners II, L.P.	176,211,560	(13,909,813)	(15,836,490)	146,465,257
- Global Infrastructure Partners III, L.P.	120,868,137	(4,996,777)	(11,496,662)	104,374,698
- Global Infrastructure Partners IV, L.P.	-	3,465,247	(3,541,085)	(75,838)
- Global Transport Income Fund ¹	-	130,795	(130,795)	-
- GOF II Feeder B, L.P.	-	71,250,000	(10,268,061)	60,981,939
- Graham Absolute Return Trading Ltd.	166,731,416	-	(11,636,219)	155,095,196
- Grain Communications Opportunity Fund II, L.P.	8,277,034	27,186,831	529,962	35,993,827
- Graticule Asia Macro Fund, L.P.	158,427,571	-	(5,889,875)	152,537,696
- Gruss Global Investors (Enhanced) II, L.P. ³	3,410,284	-	(907,243)	2,503,041
- GSO Capital Opportunities Fund, L.P.	3,322,496	-	(1,278,321)	2,044,175
- GSO Capital Opportunities Fund II, L.P.	53,824,219	(12,735,155)	(10,477,931)	30,611,133
- GSO Capital Opportunities Fund III, L.P.	105,496,679	(7,831,546)	(2,346,910)	95,318,223
- GSO Capital Solutions Fund II, L.P.	50,063,536	(5,320,320)	(25,998,259)	18,744,957
- GSO Capital Solutions Fund III, L.P.	26,690,455	10,590,416	(9,865,724)	27,415,147
- GSO Energy Select Opportunities Fund, L.P.	58,510,546	(7,974,586)	(17,006,216)	33,529,744
- GSO Energy Select Opportunities Fund II, L.P.	7,654,691	1,404,989	(2,059,814)	6,999,866
- HBK Fund II, L.P.	183,088,586	-	709,269	183,797,855
- Healthcare Royalty Partners III, L.P.	38,151,246	619,488	3,474,631	42,245,365
- Highbridge Tactical Credit Fund, L.P. ¹	-	90,943	(90,943)	-
- Highline Capital Partners, L.P. ²	210,870,753	(210,883,037)	12,285	-
- Hudson Bay Fund, L.P. ¹	-	200,089,334	2,366,899	202,456,233
- ICE EM Credit Absolute Return Fund, L.P.	75,820,755	(3,197,612)	(17,583,090)	55,040,053
- IFM Global Infrastructure (US), L.P.	515,086,177	-	23,541,466	27,643
- ILS Property & Casualty Fund II, L.P.	44,631,863	(1,607,292)	(22,479,995)	20,544,576
- ITE Rail Fund, L.P.	170,573,062	19,460,891	20,065,974	210,099,928
- Jackson Timberland Opportunities, LLC	208,123,145	(5,528,894)	(5,180,959)	197,413,291
- Juniperus Insurance Opportunity Fund Ltd	151,850,800	8,015	14,230,745	166,089,559
- King Street Capital Fund, L.P.	23,200,805	(3,330,883)	186,037	20,055,959
- KLCP ERISA Fund E2 (US), L.P. ¹	-	25,928,040	(939,134)	24,988,906
- KV Partners, LLC	738,889	(1,086)	(10,161)	727,641
- Lake Jackson, L.P.	-	1,984,655	15,387	2,000,042
- LCM Credit Opportunities Fund III(a), L.P.	98,173,938	(11,634,472)	4,599,417	91,138,882
- Levine Leichtman Capital Partners IV, L.P.	11,338,976	(361,251)	(2,536,074)	8,441,651
- Levine Leichtman Capital Partners V, L.P.	168,833,218	(10,170,510)	15,996,497	174,659,206
- Levine Leichtman Capital Partners VI, L.P.	69,962,647	(6,945,841)	4,157,454	67,174,260
- Lexington GP Holdings, L.P.	159,944,224	(16,187,240)	14,010,667	157,767,651
- Luxor Capital Partners, L.P.	117,919,023	-	18,216,346	136,135,369
- Marathon European Credit Opp Fund II, L.P.	54,463,468	(33,525,089)	2,015,268	22,953,647
- MCP Private Capital Fund, III SCSp	36,425,129	15,375,104	165,921	51,966,154
- MCP Private Capital Fund IV SCSp ¹	-	12,426,356	319,501	12,745,857
- Mill Road Capital III, L.P.	-	71,628,188	(17,413,853)	54,214,334
- Miravest ILS Credit Opportunities Fund I, L.P. ¹	-	66,199,195	(537,236)	65,661,959
- MKP Opportunity Partners, L.P. ²	173,498,191	(171,352,691)	(2,145,500)	-
- Monashee Pure Alpha SPV I, L.P. ¹	-	150,085,426	32,952,301	183,037,726
- MW Eureka (US) Fund	56,128,629	50,000,000	4,513,115	110,641,743
- NovaQuest Pharma Opportunities Fund V, L.P. ¹	-	42,397,768	(604,369)	41,793,400
- Oaktree Opportunities Fund VIII, L.P.	4,801,290	(2,290,374)	(313,994)	2,196,922
- Oaktree Opportunities Fund VIIIb, L.P.	17,725,329	(2,507,269)	(2,748,451)	12,469,609
- Oaktree Opportunities Fund IX, L.P.	73,450,776	(5,000,000)	(11,062,511)	57,388,265
- Oaktree Opportunities Fund Xb, L.P.	24,764,496	55,000,000	(15,098,846)	64,665,650
- OCM Opportunities Fund VIIb, L.P.	1,117,862	(968,324)	(38,508)	111,030
- OHA Tactical Investment Fund, L.P. ¹	-	2,710	(2,710)	-
- Orion Mine Finance Co-Investment Fund II, L.P.	24,419,666	384,032	3,609,565	28,413,263
- Orion Mine Finance Fund I, L.P.	71,409,695	(15,430,495)	(19,059,028)	36,920,172
- Orion Mine Finance Fund II, L.P.	87,403,457	(19,191,392)	7,332,940	75,545,005

Account Name - continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- P2 Capital Fund, L.P.	298,089,899	-	(55,190,800)	242,899,099
- PAG Loan Fund IV, L.P. ¹	-	25,347,881	(42,223)	25,305,658
- Patria Infrastructure Fund IV, L.P.	-	1,299,253	(679,489)	619,764
- PCG Special Situation Partners, L.P.	2,864,177	(2,677,767)	(27,472)	158,938
- Primary Wave Music IP Fund 1, L.P.	63,810,877	3,350,937	8,523,689	75,685,503
- Primary Wave Music IP Fund 2, L.P.	-	24,754,459	(243,553)	24,510,906
- Principal RE Debt (SBAF Mortgage Fund), LLC	96,986,178	(18,415,462)	(8,638,315)	69,932,402
- Providence Debt Fund III, L.P.	110,133,306	(21,208,695)	(7,987,247)	80,937,364
- Providence Equity Global Group, LLC	165,767,287	(14,107,135)	28,515,309	180,175,461
- Providence TMT Debt Opportunity Fund II, L.P. ²	845,659	(703,725)	(141,934)	-
- Providence TMT Special Situation Fund, L.P.	979,989	-	255,973	1,235,962
- Rubik Holdings Ltd.	172,951,458	-	10,825,316	183,776,774
- SASOF III, L.P.	16,457,980	(8,768,159)	3,558,321	11,248,142
- SASOF IV, L.P.	39,313,930	37,968,480	(8,863,904)	68,418,506
- SASOF V, L.P. ¹	-	1,599,795	(75,060)	1,524,736
- Scopia PX, LLC ²	120,598,464	(127,158,583)	6,560,120	-
- Sculptor Domestic Partners II, L.P. ⁴	205,444,155	-	16,794,490	222,238,645
- Silver Lake Waterman Fund III, L.P. ¹	-	12,761,792	(2,520,665)	10,241,127
- Special Situation Partners II, L.P.	32,763,332	(840,865)	(7,835,032)	24,087,435
- Sprott Private Resource Lending (US), L.P.	46,149,733	(28,560,475)	2,949,954	20,539,212
- Sprott Private Resource Lending II, L.P.	5,289,647	46,284,140	1,672,244	53,246,031
- Square Mile Partners III, L.P.	671,380	(61)	(274,779)	396,540
- Starboard Value and Opportunity Fund, LLC	390,632,445	-	60,816,333	451,448,778
- Taconic Opportunity Fund, L.P.	313,477,824	-	(16,070,643)	297,407,181
- TCW Crescent Mezzanine Partners V, L.P.	3,578,610	(260)	1,779,681	5,358,031
- Three Bridges Europe Fund, L.P. ²	97,350,565	(99,712,800)	2,362,235	-
- Tintoretto Partners, L.P.	188,958,766	49,881,273	14,539,663	253,379,702
- Tricon Housing Partners I US, L.P.	30,701,570	(8,352,982)	(4,295,753)	18,052,835
- Tricon Housing Partners II US, L.P.	34,256,187	(7,060,636)	(15,373,274)	11,822,277
- Trigate Property Partners II, L.P.	21,679,066	(6,921,478)	1,818,518	16,576,106
- Trigate Property Partners III, L.P.	34,943,297	16,880,153	(76,018)	51,747,432
- Trigate Property Partners IV, L.P. ¹	-	1,012,798	(846,564)	166,234
- TSSP Adjacent Opportunities Partners, L.P.	138,614,625	10,971,079	5,282,903	154,868,607
- Varde Fund X, L.P.	31,113,910	(5,734,411)	(11,170,288)	14,209,210
- Varde Fund XI, L.P.	201,387,464	(61,185,453)	(10,687,457)	129,514,555
- Varde Fund XII (C), L.P.	240,472,295	-	(18,541,118)	221,931,177
- Vine Media Opportunities Fund III, L.P.	60,490,881	(2,148,361)	1,271,349	59,613,869
- Vine Media Opportunities Fund IV, L.P.	3,907,690	13,849,020	1,748,361	19,505,071
- VSS Structured Capital II, L.P.	6,862,501	(829,534)	(3,146)	6,029,821
- Wayzata Opportunities Fund II, L.P.	783,969	(482,068)	374,889	676,790
- Wayzata Opportunities Fund III, L.P.	28,846,614	(1,462,983)	(4,791,829)	22,591,802
- WestRiver Innovation Lending Fund VIII, L.P. ¹	-	80,879,233	6,924,767	87,804,000
- Yiheng Capital Partners, L.P. ¹	-	150,076,037	14,179,687	164,255,724
Other:				
- Strategic Investments Cash ⁵	34,218,967	(34,218,967)	-	-
- Strategic Investment Cash Expense	-	1,802,988	(1,802,988)	-
- Strategic Investments Transition	841,858	-	(3,335)	838,523
Total Strategic Investments	\$ 14,029,367,709	\$ 335,373,808	\$ (17,587,449)	\$ 14,347,154,068

¹ Account opened during the fiscal year.

² Account assets sold or partnership interest sold during the fiscal year. Remaining balances reflect residual activity.

³ Account assets sold or partnership interest sold during a prior fiscal year. Balances and activity reflect residual activity.

⁴ Account name changed from OZ Domestic Partners II, L.P. to Sculptor Domestic Partners II, L.P. during fiscal year.

⁵ The Strategic Investments Cash account moved from the Strategic Investments Asset Class to the Cash/Short-Term Asset Class effective July 1, 2019.

• For certain strategic investments accounts, market values are estimates of value which may or may not represent what would be actually realized in arm's-length sales transactions. In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Totals may not foot due to rounding.

**FRS PENSION PLAN – REAL ESTATE
CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20**

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
<u>Joint Ventures:</u>				
- Ramco ²	\$ 412,599	\$ (149,783)	\$ (262,816)	\$ -
Pooled Funds:				
- AEW Senior Housing Investors III, L.P.	41,404,137	1,638,307	2,227,305	45,269,748
- AEW Value Investors Asia III, L.P.	75,159,275	9,791,248	2,954,964	87,905,487
- BlackRock Diamond Property Fund, Inc. ²	-	(55,362)	55,362	-
- BlackRock Europe Property Fund IV	14,449,268	(11,547,797)	2,907,144	5,808,616
- BlackRock Europe Property Fund V	622,926	4,446,439	766,281	5,835,646
- Blackstone Real Estate Partners Asia, L.P.	158,006,198	(32,710,508)	(3,228,585)	122,067,105
- Blackstone Real Estate Partners Europe V, L.P.	70,284,493	16,877,941	128,761	87,291,195
- Blackstone Real Estate Partners VI, L.P.	18,073,451	(9,938,761)	1,906,146	10,040,835
- Blackstone Real Estate Partners VII, L.P.	177,026,065	(41,714,626)	(6,858,973)	128,452,465
- Blackstone Real Estate Partners VIII, L.P.	83,975,170	7,241,585	4,790,230	96,006,985
- Blackstone Real Estate Partners IX, L.P.	-	27,164,670	(1,191,179)	25,973,491
- Brookfield-Fairfield US Multifamily Fund I, L.P. ³	654,305	(654,302)	(3)	-
- Brookfield-Fairfield US Multifamily Fund II, L.P.	25,610,703	(12,693,167)	1,779,357	14,696,893
- CapMan Nordic Real Estate Fund	41,361,028	(1,034,926)	2,536,209	42,862,312
- CapMan Nordic Real Estate II	22,419,984	10,416,426	3,391,891	36,228,301
- Carlyle Property Investors, L.P.	102,660,085	(4,555,468)	8,638,058	106,742,674
- Carlyle Realty Partners VI, L.P.	10,884,127	(1,851,712)	(1,952,112)	7,080,303
- Carlyle Realty Partners VII, L.P.	28,448,644	(10,675,017)	1,665,721	19,439,348
- Carlyle Realty Partners VIII, L.P.	8,027,974	16,647,746	3,207,345	27,883,065
- CBRE Asia Value Partners V ¹	-	24,230,083	773,552	25,003,635
- CIM Fund VIII, L.P.	53,787,424	2,534,608	(4,377,728)	51,944,304
- EMI Pooled Fund Expenses Account	-	(61)	61	-
- Europa Fund IV, L.P.	40,243,264	181,734	(2,903,884)	37,521,114
- Heitman-SBAF GP Co-Invest JV	-	101,631	(101,631)	-
- Heitman Value Partners III, L.P.	22,140,647	(17,679,530)	2,968,593	7,429,710
- Heitman Value Partners IV, L.P.	14,173,195	19,364,261	274,195	33,811,651
- Hines Value Added Fund II, L.P. ³	115,346	(144,945)	29,599	-
- Invesco Strategic Opportunities III ¹	-	8,264,709	8,926,404	17,191,113
- JP Morgan European Opportunistic Property Fund III	36,495,240	(5,617,704)	13,702,121	44,579,657
- JP Morgan European Opportunistic Property Fund IV	1,838,106	18,720,340	4,945,114	25,503,560
- JP Morgan Special Situation Property Fund	198,274,945	(4,509,309)	5,915,365	199,681,001
- JP Morgan Strategic Property Fund	346,899,734	(140,763,869)	1,218,008	207,353,873
- Landmark Real Estate Fund VIII, L.P.	15,609,498	8,359,044	1,164,848	25,133,390
- Prime Property Fund, LLC	404,663,226	(16,047,687)	6,845,527	395,461,067
- Principal US Property Fund	421,416,788	-	8,253,866	429,670,653
- Prologis USLF, L.P.	214,757,286	43,311,024	38,147,210	296,215,520
- Prudential PRISA	359,725,095	(11,164,262)	19,408,945	367,969,778
- Prudential PRISA Fund III, L.P.	248,867,908	(14,724,015)	22,116,900	256,260,793
- Rockpoint Real Estate Fund III, L.P.	5,151,046	(561,576)	(325,816)	4,263,654
- Rockpoint Real Estate Fund IV, L.P.	32,210,337	(9,392,597)	(6,862,141)	15,955,599
- Rockpoint Real Estate Fund V, L.P.	84,182,930	(3,255,743)	(6,296,226)	74,630,961
- Rockpoint Real Estate Fund VI, L.P. ¹	-	4,199,362	(158,693)	4,040,669
- RREEF America REIT II Pooled Fund	329,741,308	(10,720,072)	12,864,773	331,886,009
- RREEF Core Plus Industrial Fund	22,500,000	87,450,761	8,745,789	118,696,550
- Starwood Distressed Opp. Fund IX Global, L.P.	33,986,041	(688,880)	(2,207,028)	31,090,133
- Starwood Global Opportunity Fund X, L.P.	62,036,860	(6,423,959)	1,108,883	56,721,784
- Starwood Global Opportunity Fund XI, L.P.	7,018,650	16,195,870	1,733,384	24,947,904
- Tristan EPISO 3, L.P.	37,385,783	(8,173,115)	(7,628,087)	21,584,580
- Tristan EPISO 4, L.P.	44,778,433	222,937	1,452,776	46,454,146
- UBS Pooled Fund, L.P.	81,895,776	(19,725,315)	(1,139,631)	61,030,831
Principal Investments	9,628,223,673	(83,347,788)	301,160,796	9,846,036,681
Real Estate Investment Trusts (REITs):				
- AEW Global REIT	424,563,368	-	(59,606,752)	364,956,616
- CohenSteers Global REIT	351,259,253	-	(38,905,914)	312,353,339
- FloridaRetSys CNSGlobalREITRecov ¹	-	150,000,000	(1,732,485)	148,267,515
- FloridaRetSys RREEFGlobalREITRecov ¹	-	150,000,000	3,650,193	153,650,193
- Invesco Global REIT	406,923,402	-	(61,895,610)	345,027,791

Account Name - continued	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
- RREEF Global REIT	424,711,491	-	(47,565,667)	377,145,824
Other:				
- Real Estate Cash Account ⁵	31,675,787	(31,675,787)	-	-
- Real Estate Cash Expense Account	-	617,919	(617,919)	-
- Real Estate Transition Account ⁴	-	-	-	-
Total Real Estate Investments	\$ 15,266,732,271	\$ 115,781,000	\$ 246,542,796	\$ 15,629,056,067

¹ Account opened during the fiscal year.

² Strategy terminated or account closed during a prior fiscal year. Balances and activity reflect residual activity.

³ Strategy terminated or account closed during the current fiscal year.

⁴ Account inactive during the fiscal year.

⁵ The Real Estate Cash Account moved from the Real Estate Asset Class to the Cash/Short-Term Asset Class effective July 1, 2019.

• For certain real estate accounts, market values are estimated of value which may or may not represent what would be actually realized in arm's-length sales transactions. In such cases the market values are self-reported by the external managers of these accounts and incorporate their estimate of the value of illiquid publicly traded securities and private market holdings.

• Totals may not foot due to rounding.

FRS PENSION PLAN – CASH/SHORT-TERM AND MISCELLANEOUS PORTFOLIOS CHANGE IN MARKET VALUE FOR FISCAL YEAR 2019-20

Account Name	Market Value 6/30/19	Net Contributions And Transfers	Investment Gain (Loss)	Market Value 6/30/20
Cash Expense Account ²	\$ -	\$ 98,592	\$ (98,592)	\$ -
Cash Securities Lending Account ³	(32,267,650)	-	-	(33,565,035)
Central Cash/Short-Term	1,602,362,963	323,388,217	31,057,329	1,956,808,509
Centralized Cleared IM Collateral Account	129,314,068	41,000,000	2,422,328	172,736,396
Centralized MSFTA Collateral Account	20,762,285	-	315,203	21,077,488
Centralized Non-Cleared Cash Collateral	27,689,410	55,000,000	479,587	83,168,998
FRS Cash Enhanced ¹	-	350,000,000	1,434,004	351,434,004
Private Equity Cash ⁴	-	49,186,622	1,080,624	50,267,246
Real Estate Cash ⁵	-	19,819,000	402,837	20,221,837
Strategic Investments Cash ⁶	-	249,626,192	1,099,954	250,726,146
TF STIPFRS NAV Adjustment Account ⁷	(150,816)	-	217,210	66,394
Total Fund Cash Expense Account ²	-	36,569,504	(36,569,504)	-
Total Cash/Short-Term	\$ 1,747,710,261	\$ 1,124,688,127	\$ 543,595	\$ 2,872,941.983

¹ Account opened during the fiscal year.

² The Cash Expense Account and the Total Fund Cash Expense Account are used to pay various expenses (including SBA investment service charges and bank fees) on behalf of the Cash/Short-Term asset class or the entire FRS Pension Plan, respectively. Excluding these expenses, the reported investment gain (loss) would have been \$0 for each account.

³ The Cash Securities Lending Account holds certain investments purchased in the securities lending program prior to the policy guidelines established in December 2008. These investments are generally being held to maturity. In fiscal year 2020, the overall net unrealized loss increased and a realized loss was incurred in the sale or maturity of a portion of these investments resulting in a total loss of \$1,319,116. The account also earned \$21,731 in interest on investments.

⁴ The Private Equity Cash account moved from the Private Equity Class to the Cash/Short-Term Asset Class effective July 1, 2019.

⁵ The Real Estate Cash account moved from the Real Estate Asset Class to the Cash/Short-Term Asset Class effective July 1, 2019.

⁶ The Strategic Investments Cash account moved from the Strategic Investments Asset Class to the Cash/Short-Term Asset Class effective July 1, 2019.

⁷ The TF STIPFRS NAV Adjustment Account is used to record the difference between the net market value of the Short-Term Investment Pool (STIPFRS) that SBA utilizes to invest cash balances in the FRS Pension Plan and the total STIPFRS participant balances (carried at amortized cost) in all the individual portfolios that are invested in the pool.

• Totals may not foot due to rounding.



ACTUARIAL SECTION

Photo: Cayo Costa Island, courtesy of the Lee County Visitor & Convention Bureau.



Florida Retirement System Pension Plan

Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements No. 67 and 68 for public pension plans and participating employers. GASB Statements No. 67 and 68 substantially revised the accounting requirements previously mandated under GASB Statements No. 25 and 27. The most notable change is the distinct separation of funding from financial reporting. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes.

GASB 67 applies to financial reporting for public pension plans. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Relationship Between Valuation Date and Measurement Date

The Valuation Date is July 1, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2020.

Depletion Date Projection

In order to determine if the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, we have prepared a depletion date projection using the following techniques and assumptions:

- Current active members contribute the required employee contribution amounts.
- The employer contributes the actuarially determined contribution amounts based on the 7.00% investment rate of return assumption selected by the 2020 FRS Actuarial Assumption Conference.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- Members are assumed to receive pay increases, terminate, retire, become disabled, die, and so forth according to the actuarial assumptions used for the July 1, 2020 valuation.
- Terminating and retiring members are replaced in a manner such that the proportions of Pension Plan and Investment Plan payroll modify gradually to 50% and 50% over a thirty-year timeframe that began in 2018 when the default plan changed from the FRS Pension Plan to the FRS Investment Plan.
- All cash flows are assumed to occur on average halfway through the year.
- In the depletion date test's projections, the actual return achieved each year on invested assets is 6.80%.
- The funding policy used to determine actuarially determined contributions does not change.
- The actuarial assumptions do not change.



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December 4, 2020

Members of the Florida Legislature and of the Florida Retirement System

Re: Actuary's Statement Regarding FRS 2020 Pension Plan Actuarial Valuation

Dear Florida Legislators and FRS Members:

Milliman has conducted an actuarial valuation as of July 1, 2020 for the Florida Retirement System (FRS) Pension Plan. Current Governmental Accounting Standards Board (GASB) rules necessitate two distinct sets of actuarial valuation calculations to fulfill two separate requirements:

- System funding calculations as of July 1, 2020, which assess system funded status and determine actuarially calculated contribution rates for the July 1, 2021 – June 30, 2022 plan year. The updated methods and assumptions for these system funding calculations include a decrease in the investment return assumption from 7.20% to 7.00%, a decrease in the inflation assumption from 2.60% to 2.40%, decreases in individual member pay increase assumptions of 20 basis points (0.20%), and use of a 25-year amortization period for amortization bases established on or after July 1, 2020. Preliminary 2020 valuation results were presented by the actuary to the 2020 FRS Actuarial Assumption Conference held in October 2020. In my professional opinion, I believe the assumptions and methods used in the system funding valuation report for the purpose of developing actuarially calculated contribution rates are reasonable per Actuarial Standards of Practice.
- System GASB 67 financial reporting calculations as of June 30, 2020, which satisfy relevant accounting standards for annual financial reporting to interested parties. These calculations use demographic assumptions identical to those used in system funding calculations. The long-term average annual future investment return assumption of 6.80% used in the GASB calculations differs from the 7.00% assumption used in the system funding calculations. A 6.80% nominal investment return assumption can be compared to the combined effect of a median real (in excess of inflation) return of 4.3%, which is consistent with the 4.27% real return capital market outlook model developed in 2020 by the outside investment consultant to the Florida State Board of Administration, and an average future inflation assumption of 2.40% as adopted in October 2020 by the FRS Actuarial Assumption Conference. Geometrically combining those building blocks using the formula $(1 + .043) \times (1 + .024) - 1$ generates an expected nominal return of 6.80%. In my opinion, the 6.80% nominal return assumption is reasonable under Actuarial Standards of Practice.

The two sets of calculations were issued as distinct valuation reports under separate cover due to the differing assumptions and purposes, as noted above and as discussed later in this letter.

System Funding Calculations

On the smoothed Actuarial Value of Assets (AVA) basis used to determine actuarially calculated contribution rates, FRS Pension Plan funded status decreased from 84.2% to 82.0%. On a Market Value of Assets (MVA) basis, FRS Pension Plan funded status calculated with the assumptions and methods used in the report for system funding purposes decreased from 85.5% to 80.7% due to actual plan year investment return of approximately +3.34%, which is below the assumed return in the prior year's valuation of 7.20%, along with a decrease in the investment return assumption for funding purposes.

Due to cumulative market value investment performance lower than the funding valuation's investment return assumption over the past five years, the MVA is lower than the smoothed AVA used for contribution rate calculations by approximately \$2.7 billion as of July 1, 2020. That \$2.7 billion not yet recognized market investment loss will be systematically recognized as a sequence of actuarial investment losses in the Unfunded Actuarial Liability (UAL) via recognition in the AVA over the next several years. If actual market value investment experience during that period fails to meet or exceed the funding valuation's 7.00% assumption, new investment losses will arise. Absent market returns above assumption, those prior market investment losses not yet recognized in the AVA as of July 1, 2020 will lead to future increases in actuarially calculated employer contribution rates, which are based on the smoothed AVA measure.

The FRS Pension Plan-only actuarially calculated employer contribution rates derived in the funding valuation are combined with FRS Investment Plan contribution rates to create proposed blended statutory employer contribution rates. At a system-wide composite level, the blended employer contribution rate increased by 0.96% of payroll from 11.37% of payroll in the 2020-2021 plan year to 12.33% of payroll in the 2021-2022 plan year. Please note that the blended rate study is issued under separate cover shortly after the publication of the valuation report for funding purposes. Approximately 77% of the 0.96% of payroll increase was related to the lowering of the investment return assumption from 7.20% to 7.00%, other assumption changes, and amortization changes. The remaining 23% of the increase related to actual plan experience during the year.

The FRS Pension Plan-only actuarially calculated contribution rates in the funding valuation are determined in a manner such that they would remain level as a percentage of projected payroll in future years if actual future experience follows the valuation's assumptions until system funded status nears 100%, with the exception of a) rate changes due to the effects of the not yet recognized market investment losses noted above and b) a decrease in the FRS Pension Plan normal cost rate as newly enrolling Tier II Pension Plan members replace currently active Tier I Pension Plan members as they leave FRS-covered employment.

For this valuation, a long-term average annual future investment return assumption of 7.00% was selected by the 2020 FRS Actuarial Assumption Conference. That assumption is 0.20% lower than the assumption used in the previous valuation. In our professional opinion, the 7.00% assumption does **not** significantly conflict with our judgment regarding what would constitute a reasonable assumption for the purpose of the measurement Actuarial Standard of Practice No. 27 (ASOP 27). Our basis for that opinion is that both the 4.27% 50th percentile geometric

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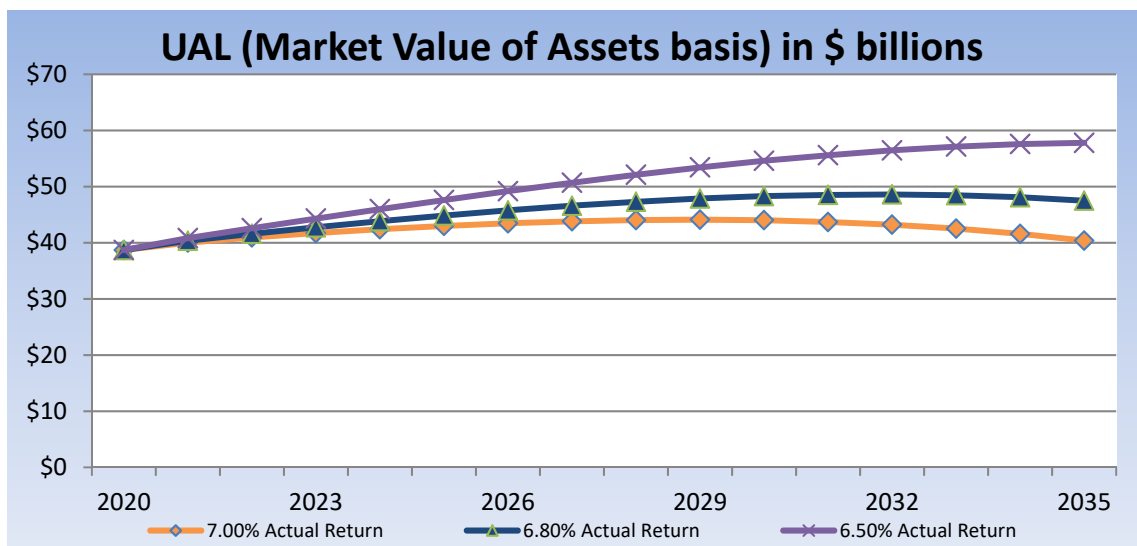
This work product was prepared solely for the Florida Department of Management Services for the purposes stated herein, and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

average annual long-term future real return assumption developed by the Florida State Board of Administration’s outside investment consultant (Aon) and the 2.40% average annual future inflation assumption selected by the Conference are each individually reasonable. Combined, those two individually reasonable assumption components would produce a geometric average annual nominal return assumption of approximately 6.80%, which in our opinion is reasonable. The Conference’s selected 7.00% investment return assumption does not significantly conflict with the reasonable 6.80% assumption level. More details on the return assumption are shown in our 2020 FRS Actuarial Assumption Conference presentation materials.

All else being equal, the lower the selected investment return assumption, the higher the likelihood the FRS Pension Plan will meet or exceed its assumed investment return in future years. A lower assumption would result in higher short-term actuarially calculated contribution rates for employers, but would also serve to lessen the magnitude of actuarially calculated contribution rate increases in the event that actual future investment performance fails to meet or exceed the assumption.

Actual future investment return experience for the FRS Pension Plan is not affected by the assumption used in the actuarial valuation. Applying the 7.00% valuation assumption, the following graph illustrates the UAL on a Market Value of Assets basis under three scenarios for steady actual future market investment returns:

- 7.00%, which is the assumption selected for the valuation for system funding purposes by the 2020 FRS Actuarial Assumption Conference
- 6.80%, which is the market return assumption used for GASB 67 calculations as of a June 30, 2020 Measurement Date
- 6.50%, which is effectively equal to the 50th percentile assumption of 6.46% in the asset/liability model developed by Aon for the Florida State Board of Administration in consultation with the 2020 FRS Actuarial Assumption Conference



As illustrated in the graph, if actual future investment returns match the funding valuation’s 7.00% assumption the UAL would be approximately the same as the current level by the end of the illustrated 15-year period. Currently, there are market investment losses that are not yet

recognized in the smoothed Actuarial Value of Assets as of the valuation date. When that is the case, the pattern shown over the first 15 years in the 7.00% actual return scenario is typical of the method of closed 25-year amortization periods used to calculate contribution rates in the valuation. (The UAL still remaining after 15 years is amortized over the latter 10 years of the 25-year amortization schedule if actual investment performance continues to match the assumption.) If actual returns underperform the 7.00% assumption by 0.20%, the UAL would increase by approximately \$9 billion over the illustrated 15-year projection period. If actual investment returns equal the 50th percentile return of 6.5% from the 2020 Aon model, the UAL would increase by 49% over the modeled 15-year period even if actuarially calculated contributions are made and all other experience follows the assumptions used in this valuation. Note that if a 30-year amortization had continued to be used, the UAL would increase by 56% over the modeled 15-year period with actual investment returns equal to 6.5%.

The individual entry age normal (individual EAN) actuarial cost allocation method was selected by the 2020 FRS Actuarial Assumption Conference for the system funding valuation. The actuarial cost allocation method divides the present value of total projected benefits for each active member between past service (actuarial liability, or AL) and future service (present value of future normal costs). The actuarial cost allocation method does not impact the calculation of the present value of total projected benefits. In funding valuations prior to 2019, the ultimate entry age normal (ultimate EAN) actuarial cost allocation method was used. The change in the actuarial cost allocation method increased the normal cost rate and decreased the actuarial liability and UAL rate when compared to the prior method. The individual EAN methodology is mandated by GASB for financial reporting calculations under GASB Statements Nos. 67 & 68, and has been used for GASB reporting in all years those two statements have been in effect.

System GASB Financial Reporting Calculations

GASB Statement No. 67 is the governing standard for financial reporting of governmental pension systems. Our GASB 67 calculations differ in two significant ways from the methodology used for system funding calculations. First, GASB 67 mandates use of fair market asset values for the calculation of unfunded liability, which is referred to as the fiduciary net position under GASB 67. Second, the long-term expected rate of investment return assumption used in GASB calculations is 6.80%, compared to the 7.00% return used for system funding calculations. The 6.80% nominal investment return assumption can be compared to the combined effect of a median real (in excess of inflation) return of approximately 4.3% in the 2020 capital market outlook model developed by the outside investment consultant (Aon) to the Florida State Board of Administration and an average inflation assumption of 2.40% as adopted in October 2020 by the FRS Actuarial Assumption Conference.

As of the date of this valuation, the combined effect of the differences in the asset valuation methodology and the investment return assumption noted above cause the calculated unfunded liability for financial reporting calculations (the net pension liability, or NPL) to be higher than the unfunded liability determined for system funding calculations (the unfunded actuarial liability, or UAL). For FRS Pension Plan GASB 67 financial reporting calculations, the NPL as of June 30, 2020 is \$43.3 billion, whereas the UAL in the system funding calculations is \$36.0 billion as of July 1, 2020.

Other Comments

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This work product was prepared solely for the Florida Department of Management Services for the purposes stated herein, and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the system. Any deviations between actual and expected future experience will result in corresponding changes in the ongoing costs of the system. The economic assumptions were developed from both external economic forecasts and information and forecasts furnished by the Florida State Board of Administration. The demographic actuarial assumptions were developed both from recent experience of the System and from standard actuarial sources. The actuarial assumptions are based on Milliman's most recent review of the System's experience, which was for the observation period from July 1, 2013 through June 30, 2018. Additional details on that review of System experience can be located in our October 8, October 23, and October 28, 2019 presentation materials to the 2019 FRS Actuarial Assumption Conference and our formal 2019 Experience Study report, which was issued on December 20, 2019. The actuarial assumptions used in performing the July 1, 2020 system funding valuation were approved by the 2020 FRS Actuarial Assumption Conference.

The methodology differences between the funding and GASB financial reporting calculations are identified above. The assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the reports are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the reports due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

In performing the valuations, we relied without audit upon the financial statements, membership data, and other cost and benefits provision information furnished by the Florida Department of Management Services, Division of Retirement. Although membership data was subjected to standard editing procedures and the other information was reviewed for reasonableness, Milliman does not assume responsibility for either its accuracy or its completeness.

In preparing our reports we relied, without audit, on information (some oral and some written) supplied by the Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of this data, we have found it to be reasonably consistent and comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The reports have been prepared exclusively for the Florida Department of Management Services, Division of Retirement for specific and limited purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. The valuations are complex, technical analyses that assume a high level of knowledge concerning the Florida Retirement System's operations, and use data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman

December 4, 2020

Page 6

Milliman does not intend to benefit or create a legal duty to any third party recipient of the reports. No third party recipient of Milliman's work product should rely upon the reports. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

These actuarial valuations were prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation reports are complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. In my opinion these valuations meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and Section 14, Article X of the Florida State Constitution. Section 216.136(10) of Florida Statutes indicates that the 2019 FRS Actuarial Assumption Conference holds the statutory authority to determine the investment return assumption for the system funding valuation, which differs from the long-term expected rate of return assumption used in GASB discount rate calculations. There is no benefit provision or related expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuations.

To the best of my knowledge, there were no known events that were not taken into account in the valuations. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the reports are complete and accurate and have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,



Matt Larrabee, FSA, EA, MAAA
Principal & Consulting Actuary

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Certification

Actuarial computations presented in this report under Statement No. 67 of the Governmental Accounting Standards Board are for purposes of assisting the Florida Department of Management Services in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal year July 1, 2019 to June 30, 2020. The reporting date for determining plan assets and obligations is June 30, 2020. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of June 30, 2019 and June 30, 2020 furnished by the Florida Department of Management Services. This information includes, but is not limited to, statutory provisions, member census data, and financial information. Please note that this report is based on the June 30, 2020 assets for the program as reported to us by the Florida State Board of Administration. Please see Milliman's funding valuation report to be published in December 2020 for more information on the plan's participant group as of July 1, 2020 as well as a summary of the plan provisions and a summary of the actuarial methods and assumptions used for funding purposes.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

This valuation report is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

Milliman's work is prepared solely for the internal use and benefit of the Florida Department of Management Services. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Plan; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

Milliman

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The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

The valuation results were developed using models intended for valuations that use standard actuarial techniques.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



Matt R. Larrabee, FSA, EA, MAAA
Principal and Consulting Actuary



Kathryn M. Hunter, FSA, EA, MAAA
Consulting Actuary

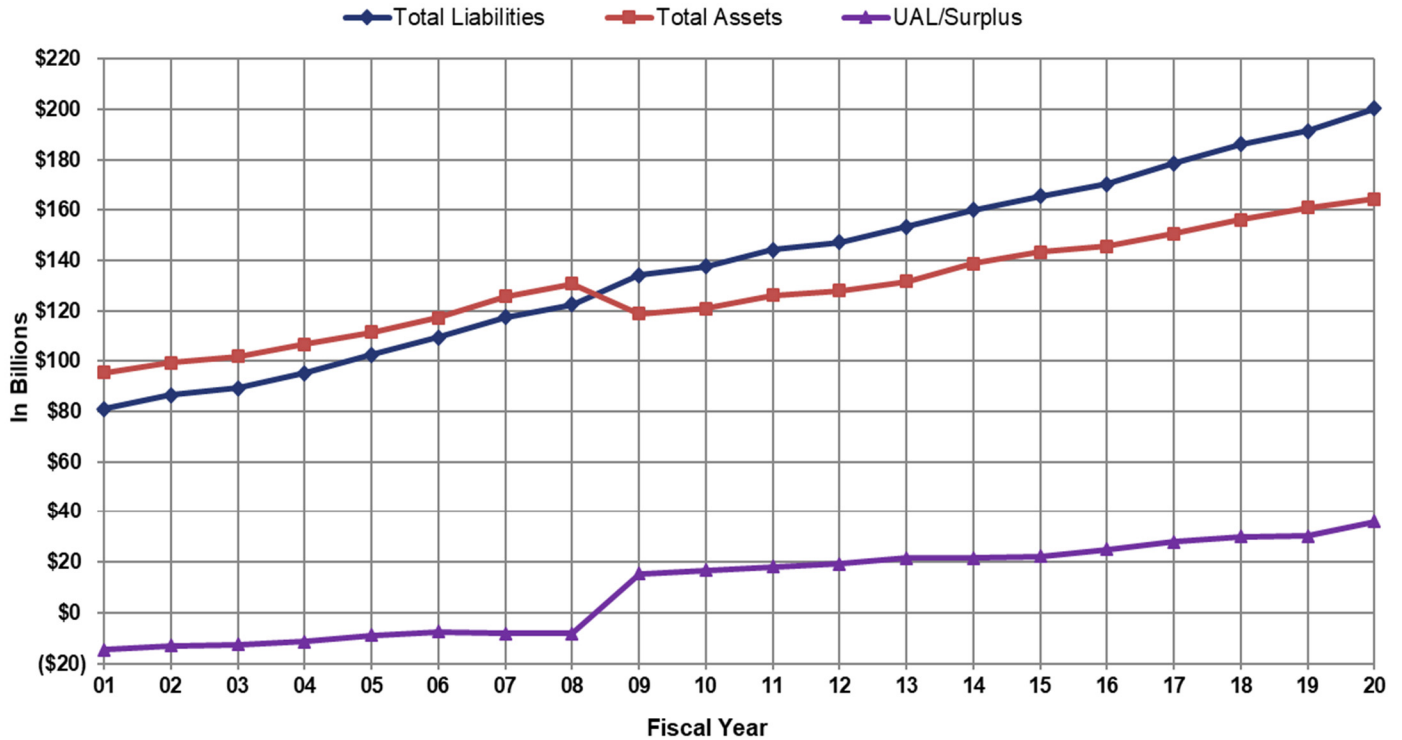


Daniel R. Wade, FSA, EA, MAAA
Principal and Consulting Actuary

Milliman

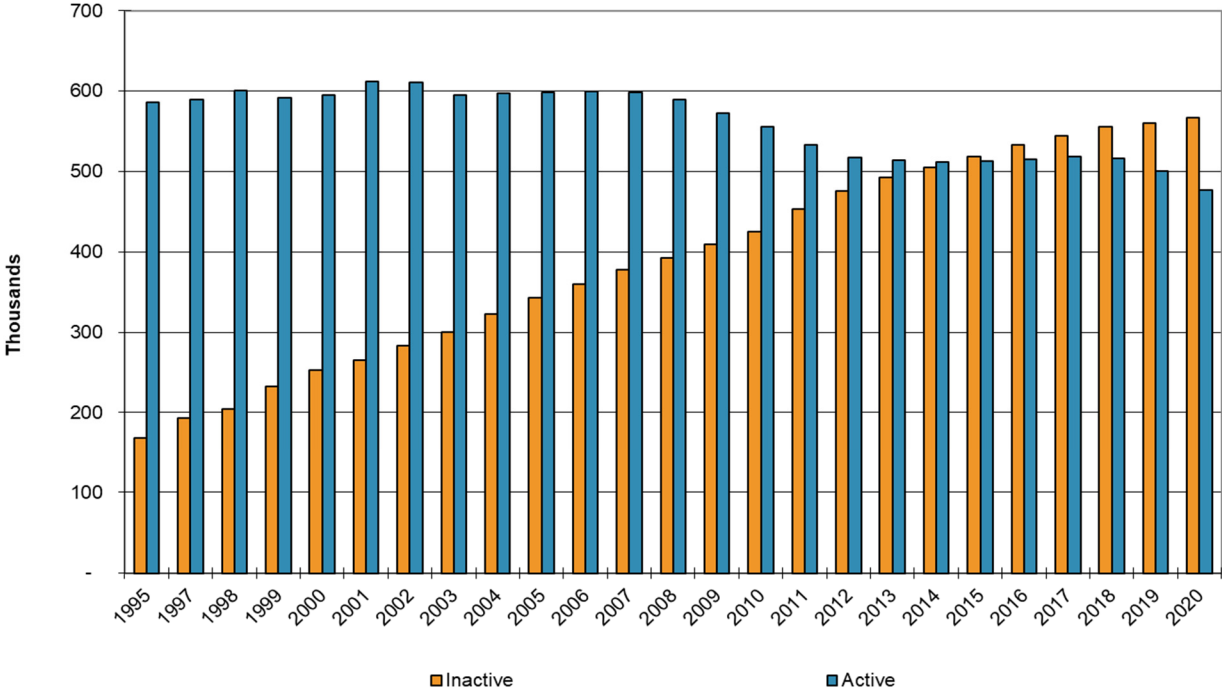
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HISTORY OF THE FRS PENSION PLAN UNFUNDED ACTUARIAL LIABILITY/SURPLUS WITH TOTAL LIABILITIES AND TOTAL ASSETS FROM 2001 THROUGH 2020



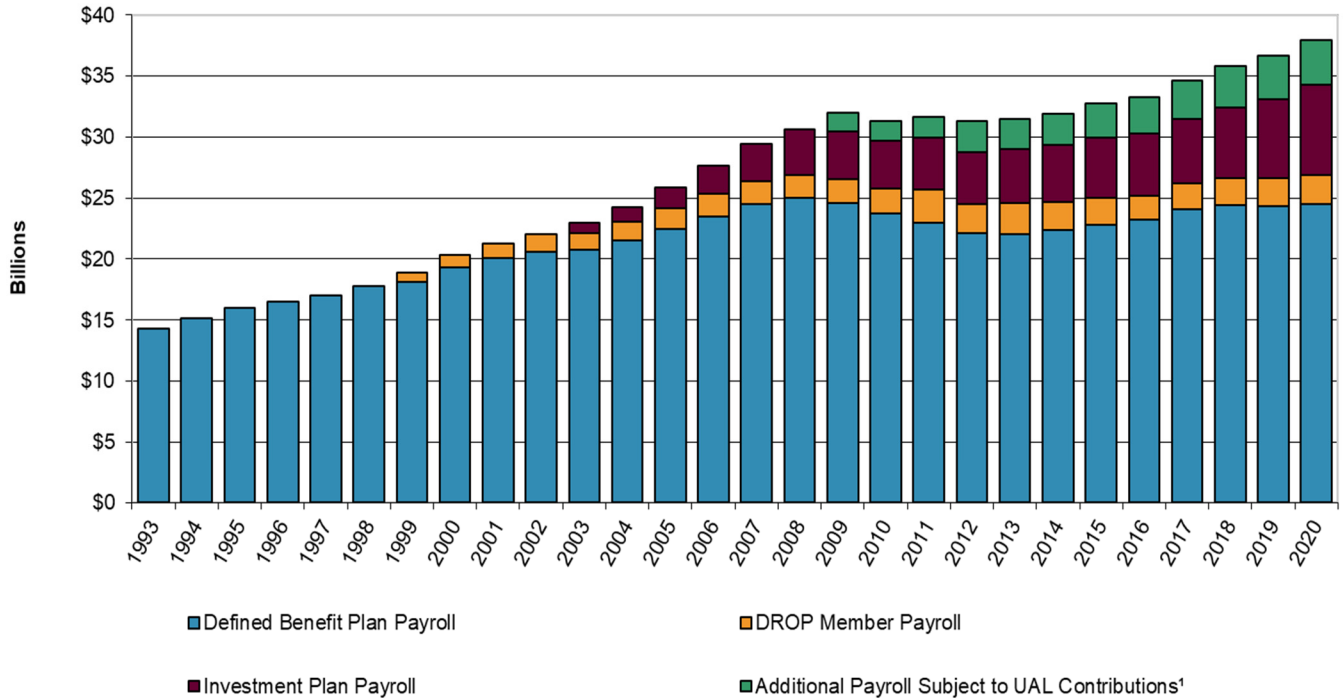
FISCAL YEAR	TOTAL LIABILITIES (IN BILLIONS)	TOTAL ASSETS (IN BILLIONS)	UAL/(SURPLUS) (IN BILLIONS)
2001	\$81.0	\$95.5	(\$14.5)
2002	\$86.5	\$99.4	(\$12.9)
2003	\$89.3	\$101.9	(\$12.6)
2004	\$95.2	\$106.7	(\$11.5)
2005	\$102.5	\$111.5	(\$9.0)
2006	\$109.5	\$117.1	(\$7.6)
2007	\$117.4	\$125.6	(\$8.2)
2008	\$122.5	\$130.7	(\$8.2)
2009	\$134.2	\$118.8	\$15.4
2010	\$137.6	\$120.9	\$16.7
2011	\$144.1	\$126.1	\$18.0
2012	\$147.2	\$127.9	\$19.3
2013	\$153.3	\$131.7	\$21.6
2014	\$160.1	\$138.6	\$21.5
2015	\$165.5	\$143.2	\$22.3
2016	\$170.4	\$145.5	\$24.9
2017	\$178.6	\$150.6	\$28.0
2018	\$186.0	\$156.1	\$29.9
2019	\$191.3	\$161.0	\$30.3
2020	\$200.3	\$164.3	\$36.0

FRS PENSION PLAN MEMBERSHIP

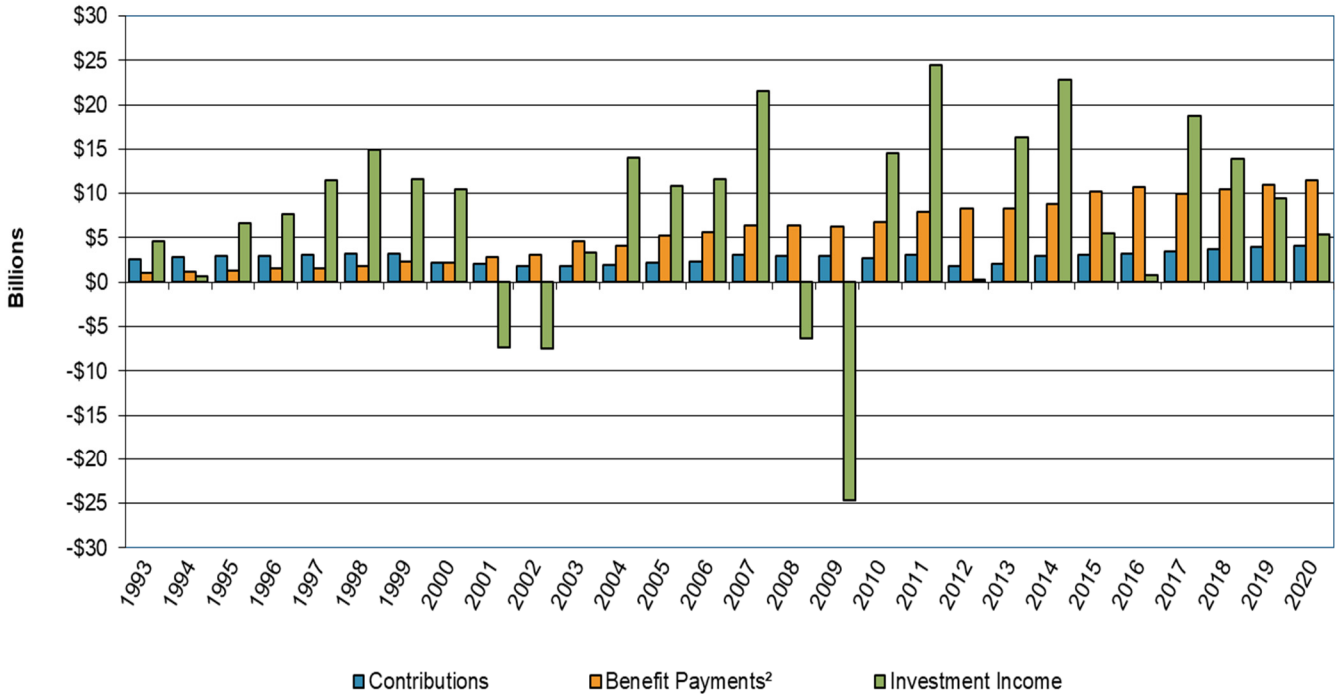


Inactive members include retirees, DROP participants and vested terminated pension plan members. Active members include only pension plan members.

FRS PENSION PLAN PAYROLL



FRS PENSION PLAN CASH FLOWS

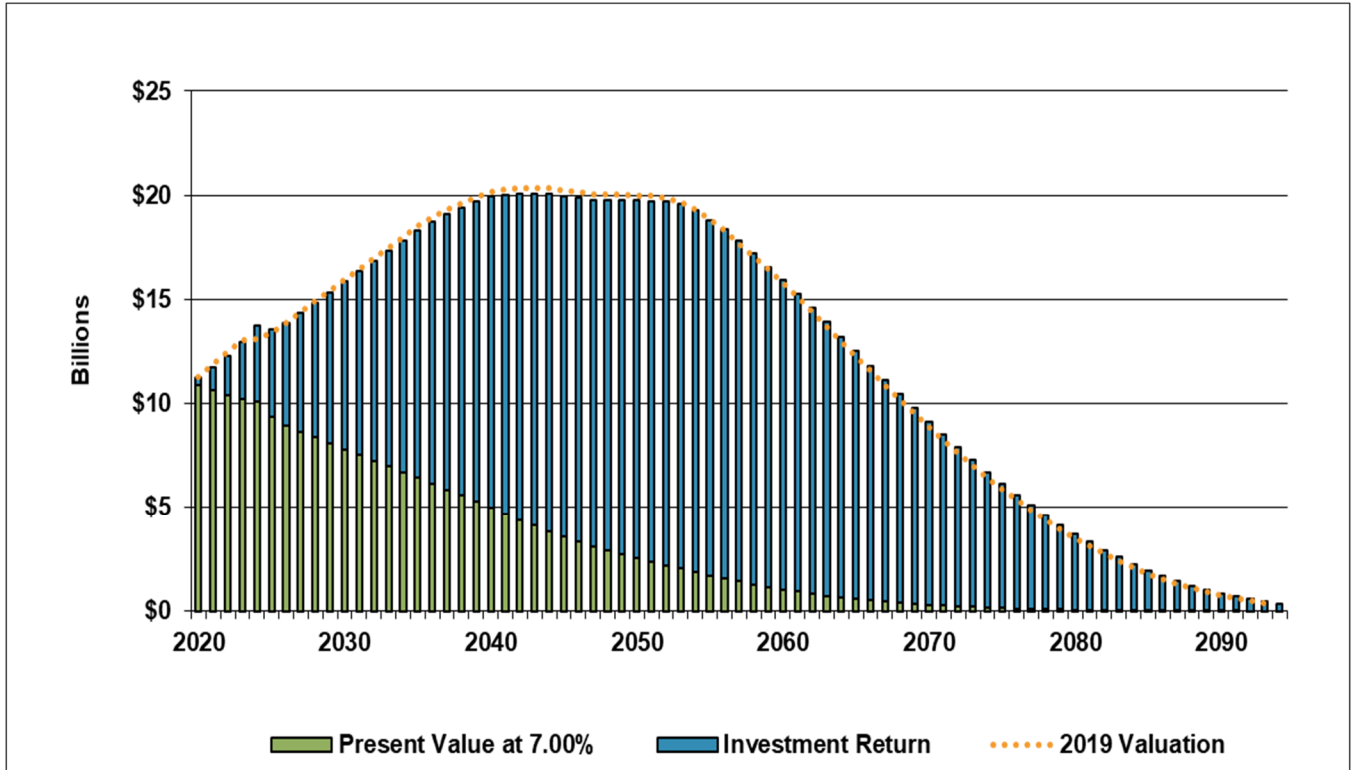


¹ Includes payroll for participants in certain non-FRS defined contribution plans upon which UAL rate contributions to the FRS Pension Plan are made.

² Includes transfers to IP; Initial transfers in 2003 were \$353 Million.

PROJECTED FRS PENSION PLAN BENEFIT PAYMENTS

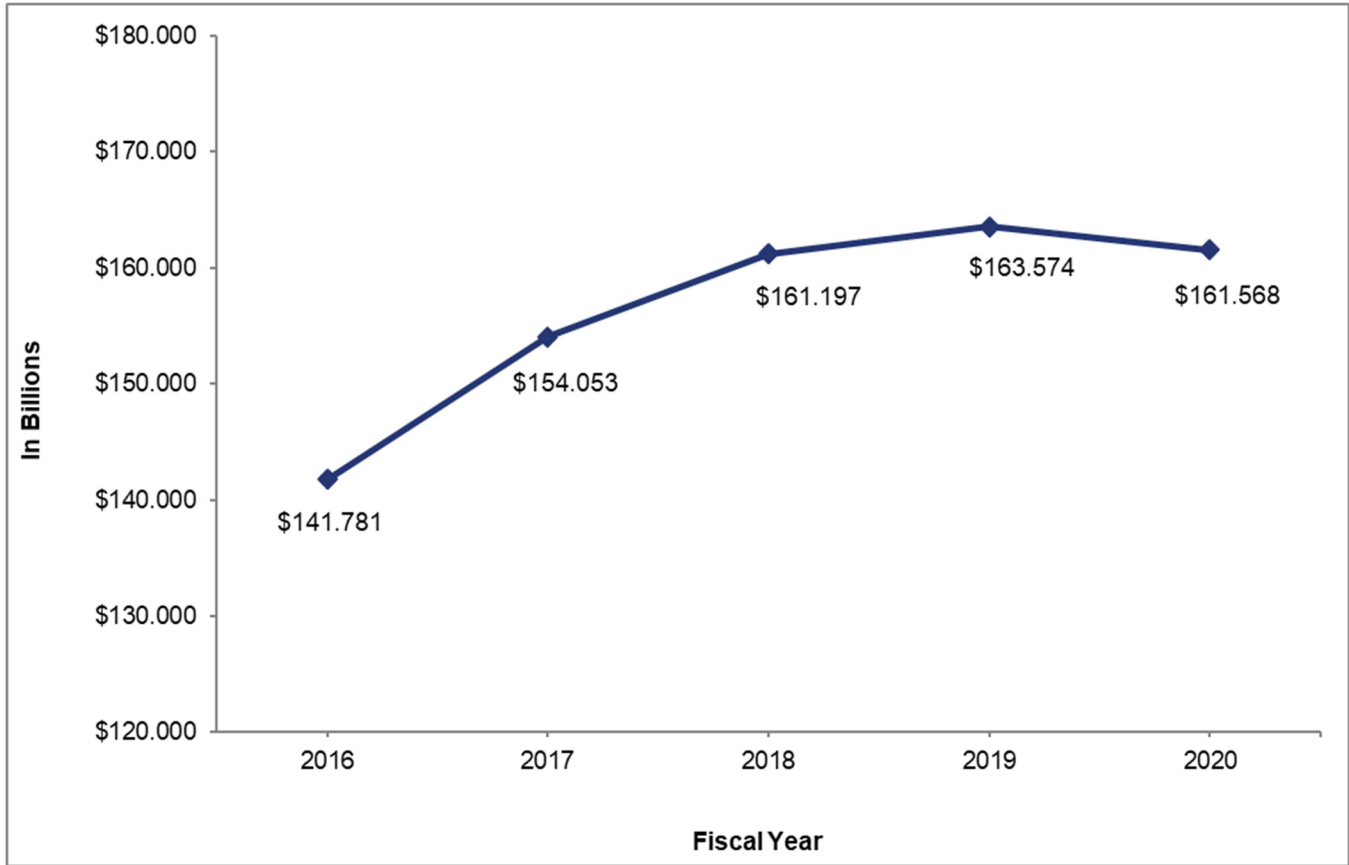
(Dates are as of July 1)



The chart represents the effect of the time-value of money on promised benefit payments to current and former members (no future hires). In each year, the total bar is equal to expected benefit payments (exclusive of transfers to the Investment Plan). The green portion represents each year's benefit payments, discounted at 7.00% to July 1, 2020 (ie., the value of benefit payments in "today's dollars"). The blue portion of each bar represents the difference in dollars between the total value to be paid that year less the value in today's dollars.

FRS PENSION PLAN TRUST FUND ASSETS

As of June 30



STATEMENT OF FUND BALANCE/FIDUCIARY NET POSITION

As of June 30

	2019	2020
Florida Retirement System Trust Fund ¹	\$ 163,574,666,819	\$ 161,568,265,280
Health Insurance Subsidy Trust Fund	302,044,388	378,261,130
State University System Optional Retirement Program Trust Fund ^{1,2}	5,175,431	6,435,504
Senior Management Service Optional Annuity Program Trust Fund ²	36,693	18,688
National Guard	-	-
Police Officers and Firefighters' Premium Tax Trust Fund	205,121,947	230,597,083
Total Fund Balance/Fiduciary Net Position	\$ 164,087,045,278	\$ 162,183,577,685

¹ Reflects restatement of beginning net position at July 1, 2019.

² Fund Balance represents residual funds pending transfer to individual member accounts with program provider companies.

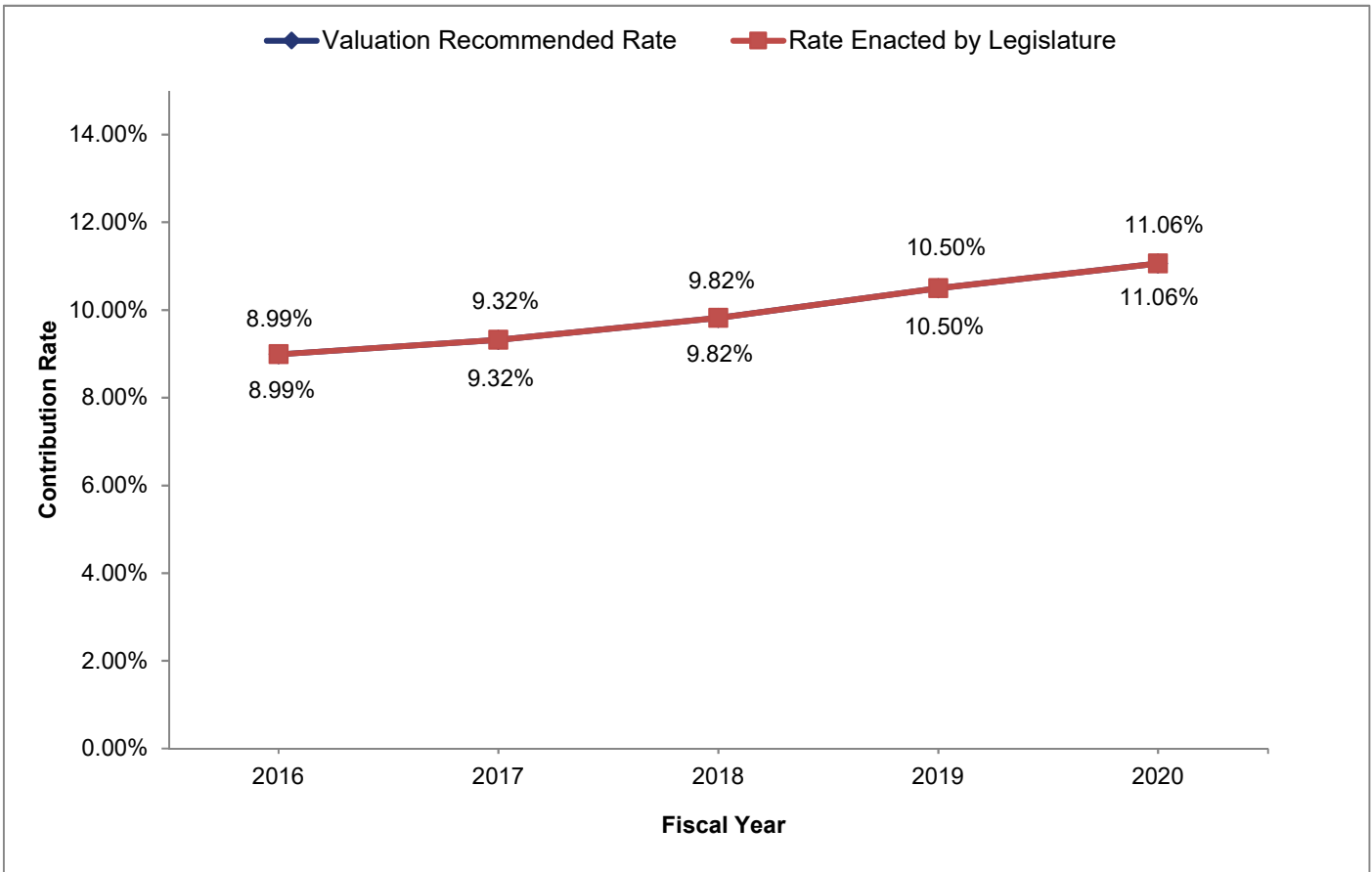
FRS PENSION PLAN TOTAL ACTUARIAL ASSETS COMPARED TO TOTAL ACTUARIAL LIABILITIES

This chart illustrates the overall financial health of the FRS defined benefit plan. Annual benefit payments are identified as part of the total liabilities.



TOTAL COMPOSITE BLENDED RATE

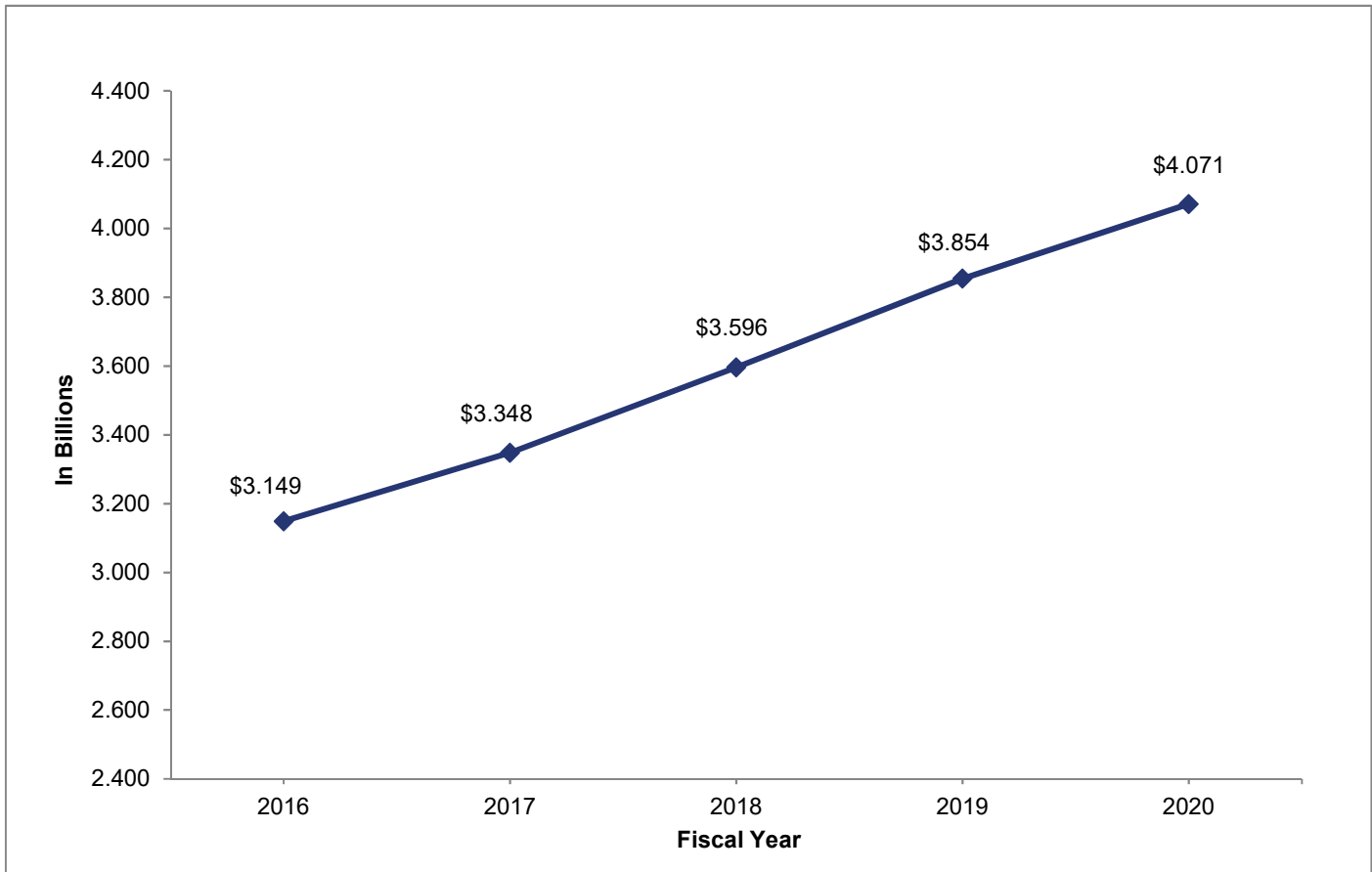
As of June 30



For 2016-2020, the valuation recommended rate and the rate enacted by the Legislature are the same.

FRS PENSION PLAN RETIREMENT CONTRIBUTIONS

As of June 30



All other disclosures and information not separately contained in this section may be found in the RSI, the Note disclosures, and the 2020 FRS Valuation dated Dec. 1, 2020.

RETIREE HEALTH INSURANCE SUBSIDY (HIS) PROGRAM

Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers. GASB Statements Nos. 67 and 68 substantially revised the accounting requirements previously mandated under GASB Statements Nos. 25 and 27. The Annual Required Contribution (ARC) has been eliminated under GASB 67 and 68 and is no longer relevant for financial reporting purposes.

GASB 67 applies to financial reporting for public pension plans. Based on discussions with the Division of Retirement, it is our understanding that this is the applicable accounting standard for the HIS program. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for participating employers. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability are immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Demographic Data

We received demographic census data from the Division of Retirement as of June 30, 2020. The following table summarizes the demographic census data we used in our valuation.

	Total
Active Members ¹	643,002
Retirees and Dependents ²	394,114
Terminated Vested Members ^{1,3}	170,308
Members in DROP ¹	35,861
Total	<u>1,243,285</u>

¹ Used to project future Health Insurance Subsidy benefit recipients.

² HIS benefit recipients identified by the Division; includes FRS Pension Plan and FRS Investment Plan retirees.

³ Includes 53,206 terminated vested FRS Investment Plan members who are eligible for the HIS benefit, or will be eligible once they reach normal retirement age.

Benefits

The benefits are described in §112.363 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit of \$5 per month per year of service, with a minimum benefit of \$30 per month and a maximum benefit of \$150 per month. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy. The benefit is a cash payment without direct relationship to the member's health insurance cost or type of health coverage.

The projected year-by-year HIS benefit payments for the next forty years are shown on the table below. The table is based on this valuation's demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the FRS Pension Plan or the FRS Investment Plan subsequent to the actuarial valuation date.

Projected Annual Benefit Payments			
Fiscal Year	(\$millions)	Fiscal Year	(\$millions)
2020-2021	\$513	2040-2041	\$601
2021-2022	518	2041-2042	596
2022-2023	525	2042-2043	590
2023-2024	533	2043-2044	583
2024-2025	546	2044-2045	574
2025-2026	554	2045-2046	564
2026-2027	561	2046-2047	553
2027-2028	567	2047-2048	542
2028-2029	574	2048-2049	530
2029-2030	580	2049-2050	519
2030-2031	586	2050-2051	508
2031-2032	591	2051-2052	497
2032-2033	596	2052-2053	486
2033-2034	600	2053-2054	476
2034-2035	603	2054-2055	465
2035-2036	606	2055-2056	453
2036-2037	607	2056-2057	441
2037-2038	607	2057-2058	428
2038-2039	606	2058-2059	413
2039-2040	604	2059-2060	397

All other disclosures and information not separately contained in this section may be found in the RSI, the Note disclosures, and the 2020 HIS Valuation dated Nov. 23, 2020.



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milliman.com

December 4, 2020

Members of the Florida Legislature and of the Health Insurance Subsidy (HIS) Program

Re: Actuary's Statement Regarding HIS Program 2020 Actuarial Valuation

Dear Florida Legislators and HIS Program Members:

Milliman has conducted an actuarial valuation as of June 30, 2020 for the Florida Health Insurance Subsidy (HIS) program to assess program assets and liabilities as of that date. Full actuarial valuations for the HIS program are conducted every other year. In intervening years actuarial valuation results are estimated based on results of the previous year's valuation, with adjustment to reflect the passage of time and pertinent market conditions that affect valuation calculations. The most recent full actuarial valuation for HIS was as of June 30, 2020. Actuarial valuations of the HIS program serve two primary purposes:

- Compliance with standards mandated by the Governmental Accounting Standards Board (GASB) for program and participating employer financial reporting. These calculations are conducted annually in both the full and intervening year roll-forward valuations.
- Estimation of the employer program contribution rate necessary to provide complete funding of projected statutory benefits over the next five years on a pay-as-you-go basis if actual future program experience follows the demographic assumptions used in the valuation. These calculations are conducted every other year in the full actuarial valuation.

For GASB compliance, the relevant GASB standards are Statement No. 67 (for program financial reporting) and Statement No. 68 (for the financial reporting of participating employers). Under GASB 67 the unfunded liability of the program, which is referred to as the Net Pension Liability (NPL), was approximately \$12.2 billion as of June 30, 2020.

The Net Pension Liability increased by approximately \$1.0 billion compared to the prior measurement as of June 30, 2019. (As noted above, the measured liability as of June 30, 2019 was estimated and based on the results of the valuation conducted as of June 30, 2018.) This year-over-year increase was caused primarily by a decrease in the discount rate used to calculate the present value of projected future program benefit payments since the prior measurement, rather than by a significant change in the level of projected future benefits. The GASB standards mandate use of a market discount rate that reflects yields as of the measurement date on long-duration tax-exempt general obligation municipal bonds. The bond index used to set the discount rate decreased from 3.50% to 2.21% between measurement dates. All else being equal, the lower the discount rate used in a measurement, the higher the calculated program liability.

The current statutory program contribution rate is 1.66% of employer payroll and the program is effectively funded on a pay-as-you-go basis. The most recently conducted full valuation estimated that if actual future experience matches the valuation's assumptions, including 3.25% annual growth in employer payroll, the current statutory rate will be sufficient to provide

complete pay-as-you-go funding of program benefits over the five year period commencing June 30, 2020. The valuation report illustrates the sensitivity of the pay-as-you-go contribution rate to actual payroll growth. Even if zero employer payroll growth occurred over the five year projection period, the valuation estimated that the current statutory rate is projected sufficient to provide complete pay-as-you-go funding of program benefits through the 2025-2026 plan year.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the program. Any deviations between actual and assumed future experience will result in corresponding changes in the ongoing costs of the program. The 2020 valuation of the HIS program uses the same demographic and pay-related assumptions used in the FRS valuation as of July 1, 2020. Details on the development of FRS assumptions can be found in our October 8, October 23, and October 28, 2019 presentation materials to the 2019 FRS Actuarial Assumption Conference and also in the formal 2019 FRS Experience Study report, which reviewed FRS Pension Plan experience for the five-year observation period ending June 30, 2018 and was published on December 20, 2019.

Additionally, the HIS valuation uses coverage election assumptions specific to the HIS program, which were developed based on recent experience of the program and standard actuarial sources. Recommended changes to these HIS-specific assumptions were discussed in our October 8, 2020 presentation materials to the 2020 FRS Actuarial Assumption Conference. The actuarial assumptions used in performing the July 1, 2020 full valuation of the HIS were approved by the 2020 FRS Actuarial Assumption Conference.

A single set of assumptions was used in the GASB calculations. We believe the assumptions used in the valuation report are reasonable, and that the assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the valuation report are dependent upon future experience conforming to the valuation's assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the valuation report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

In performing the actuarial valuation, we relied without audit upon the financial statements, membership data, and other cost and benefit provisions information furnished by the Florida Department of Management Services, Division of Retirement. Although membership data was subjected to standard editing procedures and the other information was reviewed for reasonableness, Milliman does not assume responsibility for either its accuracy or its completeness.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, employee census, and financial information. In our examination of this data, we have found it to be reasonably consistent and

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comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The valuation report was prepared exclusively for the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning the program's operations, and uses data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman does not intend to benefit or create a legal duty to any third party recipient of the valuation report. No third party recipient of Milliman's work product should rely upon the valuation report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

The actuarial valuation report was prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation report is complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. There is no benefit provision or related expense to be provided by the program and/or paid from the program's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation report.

To the best of my knowledge, there were no known events that were not taken into account in the valuation report. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the valuation report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,



Matt Larrabee, FSA, EA, MAAA
Principal & Consulting Actuary

Milliman

FLORIDA NATIONAL GUARD SUPPLEMENTAL RETIREMENT BENEFIT PLAN

Overview of GASB 67 and GASB 68

In 2012, the Governmental Accounting Standards Board (GASB) released GASB Statements Nos. 67 and 68 for public pension plans and participating employers.

GASB 67 applies to financial reporting for public pension plans. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue stand-alone financial statements, but rather is considered a pension trust fund of a government, it is subject to GASB 67. Under GASB 67, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 68 governs the specifics of accounting for public pension plan obligations for a sponsoring employer. GASB 68 requires a liability for pension obligations, known as the Net Pension Liability, to be recognized on the balance sheets of participating employers. Changes in the Net Pension Liability will be immediately recognized as Pension Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Demographic Data

We received demographic census data from the Division of Retirement as of June 30, 2020. The following table summarizes the demographic census data we used in our valuation.

	Total
Active Members ¹	11,525
Retirees	745
Terminated Vested Members ²	532
Total	<u>12,802</u>

¹ Used to project future National Guard Benefit recipients.

² Former employees who have met the service requirement for the benefit, but are not yet receiving benefits (most have not met the age requirements to commence receipt.)

Benefits

The benefits are described in §250.22 of the Florida Statutes. In general, an eligible retiree is entitled to a benefit equal to 50% of the base military salary for the highest rank attained, less any federal retirement benefit derived from military service. Eligibility for the benefit is met when service members have completed at least 30 years of service in the Florida National Guard. Benefits may start as early as age 60¹.

In 2018, the federal military retirement benefit was changed by the implementation of the Uniform Services Blended Retirement System (BRS). The BRS applies to all new entrants after January 1, 2018 and eligible existing service members who opt-in to the new system. The BRS combines a defined contribution component with a defined benefit annuity component based on a lower multiplier than the legacy federal military retirement benefit. Since the Florida National Guard benefit is offset by the defined benefit component of the federal military retirement benefit, a reduction in the federal benefit offset will result in an increase to the Florida National Guard benefit, absent statutory changes.

This valuation models all new entrants hired on or after January 1, 2018 as participants of the BRS. Existing service members hired between January 1, 2006 and December 31, 2017 were given the opportunity to elect into the BRS during an election window that closed December 31, 2018. The demographic census data provided to us for this valuation does not identify whether a member opted into the BRS or elected to stay in the legacy federal military retirement system. For purposes of this actuarial valuation, we have assumed that all members hired between January 1, 2006 and December 31, 2017 elected to stay in the legacy federal military retirement system. As such, only new entrants hired on or after January 1, 2018 were valued as participating in the BRS.

Members participating in the BRS will not commence receiving benefits for 16 or more years into the future, which means, absent a statutory change to the Florida National Guard benefit, the impact of the federal military retirement benefit change on projected Florida National Guard benefit payments will emerge gradually over time.

The projected year-by-year National Guard benefit payments for the next 40 years are shown in the table below. The table is based on this valuation's demographic data and actuarial assumptions. It does not reflect the effects of projected benefits for individuals who join the Florida National Guard subsequent to the actuarial valuation date.

Projected Annual Benefit Payments			
Fiscal Year	(\$millions)	Fiscal Year	(\$millions)
2020-2021	\$17.2	2040-2041	\$41.9
2021-2022	17.5	2041-2042	43.1
2022-2023	18.1	2042-2043	45.1
2023-2024	18.8	2043-2044	46.9
2024-2025	19.7	2044-2045	48.7
2025-2026	21.5	2045-2046	50.3
2026-2027	22.8	2046-2047	51.9
2027-2028	24.6	2047-2048	52.9
2028-2029	26.1	2048-2049	53.9
2029-2030	27.3	2049-2050	55.0
2030-2031	28.8	2050-2051	55.9
2031-2032	30.2	2051-2052	56.7
2032-2033	31.8	2052-2053	57.3
2033-2034	33.6	2053-2054	57.5
2034-2035	34.6	2054-2055	57.6
2035-2036	35.7	2055-2056	57.6
2036-2037	36.9	2056-2057	57.5
2037-2038	38.0	2057-2058	57.0
2038-2039	39.1	2058-2059	56.6
2039-2040	40.5	2059-2060	55.8

¹ The benefit is unreduced at age 62; an Early Retirement Factor applies to benefits paid as early as age 60.



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December 4, 2020

Members of the Florida Legislature and of the Florida National Guard

Re: Actuary's Statement Regarding Florida National Guard Supplemental Retirement Benefit 2020 Actuarial Valuation

Dear Florida Legislators and Florida National Guard Members:

Milliman has conducted an actuarial valuation as of June 30, 2020 for the Florida National Guard Supplemental Retirement Benefit program. The first full actuarial valuation for the program was conducted as of June 30, 2014, and full valuations for the program are conducted every other year. In intervening years actuarial valuation results are estimated based on results for the previous year's valuation, with adjustment to reflect pertinent market conditions that affect valuation calculations. The valuation as of June 30, 2020 was a full valuation.

The program is funded on a pay-as-you-go basis, so rather than program funding, the sole purpose of the actuarial valuation is for compliance with standards mandated by the Governmental Accounting Standards Board (GASB) for program financial reporting. For GASB compliance, the relevant GASB standards are Statement No. 67 (for program financial reporting) and Statement No. 68 (for financial reporting by the sponsoring employer). Under GASB 67 the unfunded liability of the program, which is referred to as the Net Pension Liability (NPL), was approximately \$1.1 billion as of June 30, 2020.

The Net Pension Liability increased by approximately \$324 million compared to the prior measurement as of June 30, 2019. (As noted above, the measured liability as of June 30, 2019 was estimated and based on the results of the valuation conducted as of June 30, 2018.) This year-over-year increase was caused primarily by updates to valuation assumptions and secondarily by demographic experience, including the liability effects of participants with military records that were first reported to us in this valuation. The most significant assumption change was a decrease in the discount rate used to calculate the present value of projected future program benefit payments from 3.50% to 2.21%, which increased the Net Pension Liability by \$284 million. The GASB standards mandate use of a market discount rate that reflects yields as of the measurement date on long-duration tax-exempt general obligation municipal bonds. All else being equal, the higher the discount rate used in a measurement, the lower the calculated program liability. This valuation includes records not previously reported to us for over 1,400 active members with more than 2 years of service, and approximately 230 inactive members who have either commenced receiving benefits or have a vested right to commence benefits at a later date.

Actuarial assumptions are needed to estimate the future economic and demographic experience of the program. Any deviations between actual and expected future experience will result in corresponding changes in the ongoing costs of the program. The demographic actuarial assumptions were developed from recent turnover, retirement and promotion experience for

This work product was prepared solely for the Florida Department of Management Services for the purposes stated herein, and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

National Guard personnel, from mortality experience for FRS Pension Plan members, and from standard actuarial sources.

We believe the assumptions used are reasonable, and that the assumptions and methods used in performing the GASB calculations meet the parameters set by GASB Statement No. 67, *Financial Reporting for Pension Plans*.

The results of the valuation report are dependent upon future experience conforming to these assumptions. Future actuarial measurements may differ significantly from the current measurements presented in the valuation report due to many factors, including: program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period) and changes in program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

In performing the valuation, we relied without audit upon the financial statements, membership data, and other cost and benefits provision information furnished by the Florida Department of Management Services, Division of Retirement. Although membership data, some of which was provided to the Division of Retirement by the Florida Department of Military Affairs, was subjected to standard editing procedures and was reviewed for reasonableness, Milliman does not assume responsibility for either its accuracy or its completeness.

In preparing our report we relied, without audit, on information (some oral and some written) supplied by the Florida Department of Management Services, Division of Retirement. This information includes, but is not limited to, statutory provisions, program membership census, and financial information. In our examination of this data, we have found it to be reasonably consistent and comparable with data used for other purposes. Since valuation results are dependent on the integrity of the data supplied, results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

The valuation report was prepared exclusively for the Florida Department of Management Services, Division of Retirement for a specific and limited purpose. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It is a complex, technical analysis that assumes a high level of knowledge concerning the program's operations, and uses data provided by the Florida Department of Management Services, Division of Retirement, which Milliman has not audited.

Milliman does not intend to benefit or create a legal duty to any third party recipient of the valuation report. No third party recipient of Milliman's work product should rely upon the valuation report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

Milliman

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December 4, 2020

Page 3

The signing actuary is independent of the plan sponsors. I am not aware of any relationship that would impair the objectivity of Milliman's work.

The actuarial valuation was prepared and completed by me and those under my direct supervision, and I acknowledge responsibility for the results. I hereby certify that the valuation report is complete and accurate to the best of my knowledge. In my opinion the techniques and assumptions used are reasonable. There is no benefit provision or related expense to be provided by the program and/or paid from the program's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation.

To the best of my knowledge, there were no known events that were not taken into account in the valuation. On the basis of the foregoing, I hereby certify that, to the best of my knowledge and belief, the valuation report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with Actuarial Standards of Practice, the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Respectfully submitted,



Matt Larrabee, FSA, EA, MAAA
Principal & Consulting Actuary

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STATISTICAL SECTION

Photo: Honeymoon Island, courtesy of Florida State Parks.



MEMBERSHIP AND PAYROLL

As of June 30

TOTAL FRS MEMBERSHIP

	2019 ¹	2020 ¹	% Change
Members	647,942	644,338	(0.56)
Annual Payroll ²	\$33,188,890,704	\$34,419,071,531	3.71
Average Annual Salary	\$46,870	\$48,784	4.08

FRS INVESTMENT PLAN MEMBERSHIP

	2019 ¹	2020 ¹	% Change
Members	145,796	165,295	13.37
Annual Payroll ²	\$8,654,560,643	\$9,653,348,588	11.54
Average Annual Salary	\$44,284	\$44,457	0.39

FRS PENSION PLAN MEMBERSHIP

	2019 ¹	2020 ¹	% Change
Members	502,146	479,043	(4.60)
Annual Payroll ²	\$24,534,330,062	\$24,765,722,942	0.94
Average Annual Salary	\$47,620	\$50,277	5.58

ANNUITANTS AND BENEFIT PAYMENTS FOR THE FRS PENSION PLAN

As of June 30

The increase in benefit payments is the result of several factors: (1) an increase in the number of new retirees; (2) higher salaries; and (3) cost-of-living adjustments to retirees. The figures below include disability payments, IFAS, General Revenue, and TRS-SB, but do not include refunds of member contributions.

	2019 ¹	2020 ¹	% Change
Annuitants	424,895	432,258	1.73
Benefit Payments (Annualized)	\$9,798,243,665	\$10,249,540,071	4.61
Average Benefits (Annualized)	\$23,060	\$23,712	2.83

DISABILITIES

	2019 ¹	2020 ¹	% Change
Disabled Retirees	15,783	15,512	(1.72)
Benefit Payments (Annualized)	\$256,995,011	\$260,049,283	1.19
Average Benefits (Annualized)	\$16,283	\$16,764	2.95

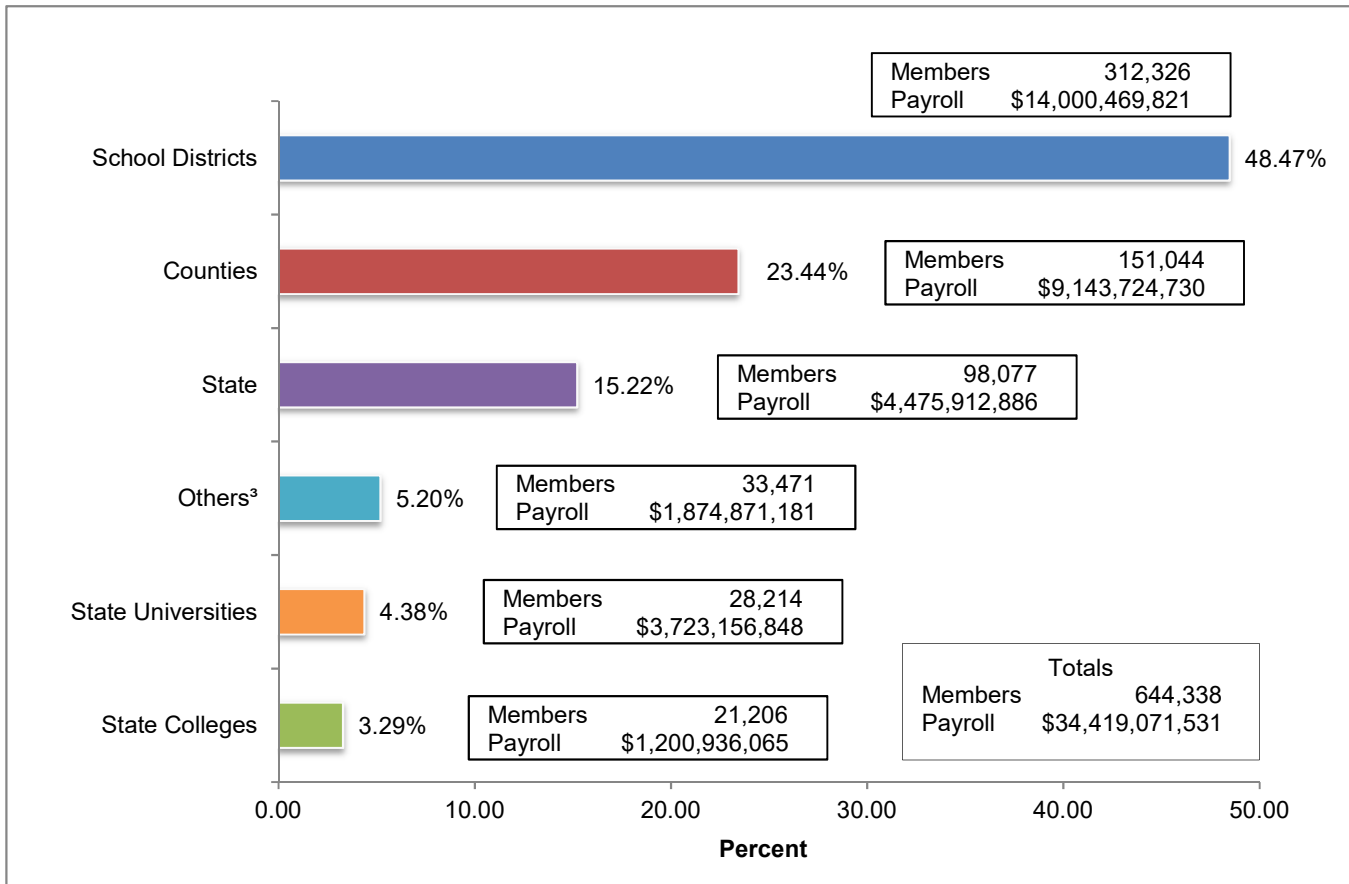
DROP PARTICIPANTS

	2019	2020	% Change
DROP Participants	32,670	33,593	2.83
Annual Payroll	\$2,006,131,431	\$2,094,329,799	4.40
DROP Accrued Liability	\$2,317,115,624	\$2,424,654,473	4.64

¹ Excludes DROP participants.

² Totals include non-member funding payroll.

**SOURCE OF FRS MEMBERSHIP¹ AND COVERED PAYROLL²
FOR FISCAL YEAR 2019-20¹**
% = Percent of Total Active Members



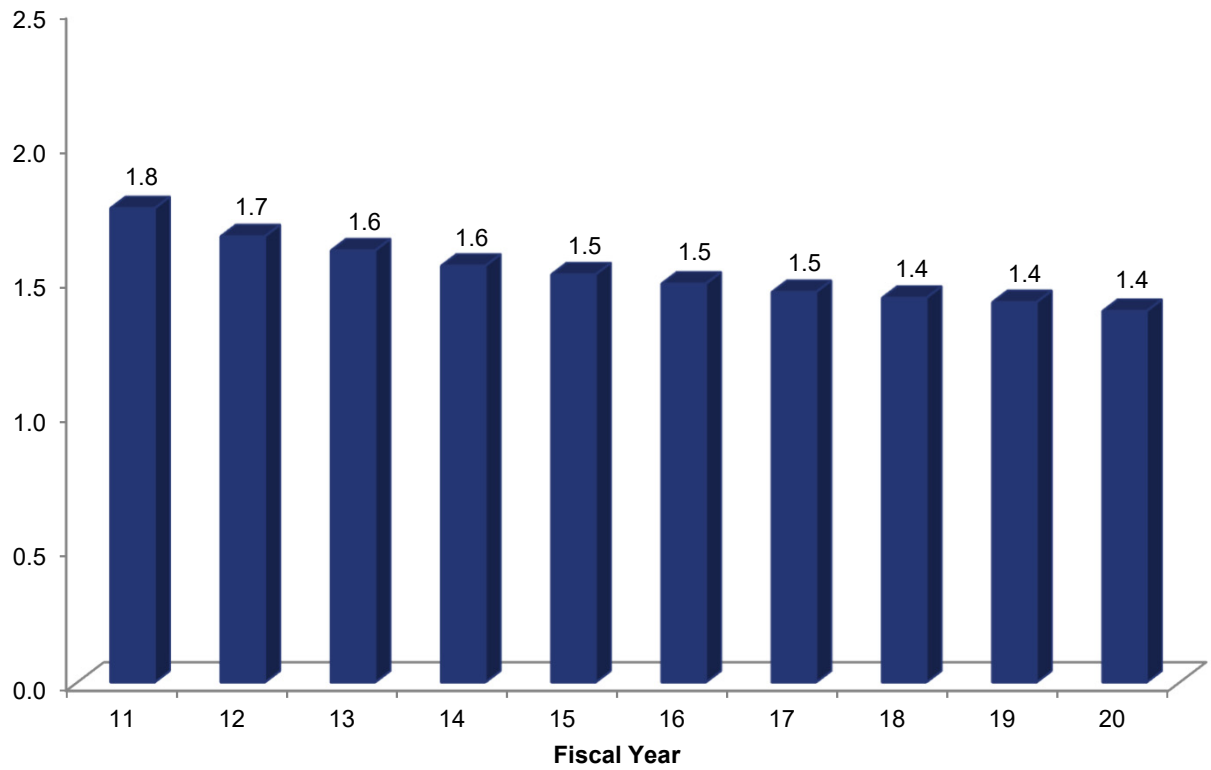
¹ Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

² Includes non-member funding payroll.

³ Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

RATIO OF FRS ACTIVE MEMBERS TO RETIREES¹

2011-2020



¹ Includes DROP participants.

ACTIVE FRS MEMBERS BY SYSTEM/CLASS¹

As of June 30

System/Class	2016	2017	2018	2019	2020
FRS Regular	545,680	552,600	551,997	554,631	550,053
FRS Senior Management Service	7,876	7,912	7,881	7,767	7,771
FRS Special Risk	70,695	71,612	72,642	74,274	75,161
FRS Special Risk Adm. Sup.	76	93	87	100	107
FRS Elected Officers'	2,026	2,082	2,050	2,088	2,040
Renewed Membership					
Regular	3,709	3,116	7,349	7,629	7,691
Senior Management Service	143	116	207	214	209
Special Risk	0	0	976	1,112	1,182
Special Risk Adm. Sup.	0	0	0	1	1
Elected Officers'	115	85	120	112	113
Subtotal	630,320	637,616	643,309	647,928	644,328
TRS	16	13	10	9	8
IFAS	14	14	14	5	2
Subtotal	30	27	24	14	10
Grand Total	630,350	637,643	643,333	647,942	644,338

ANNUAL FRS PAYROLL BY SYSTEM/CLASS¹

As of June 30

System/Class	2016	2017 ²	2018 ²	2019 ²	2020 ²
FRS Regular	\$22,286,589,644	\$28,213,175,622	\$26,373,088,230	\$26,909,126,076	\$27,905,141,463
FRS Senior Management Service	656,889,624	724,042,608	737,271,805	751,396,287	772,870,192
FRS Special Risk	4,009,149,560	4,445,360,974	4,644,123,864	4,863,620,171	5,040,982,910
FRS Special Risk Adm. Sup.	3,422,596	4,256,448	4,220,102	4,637,891	5,302,775
FRS Elected Officers'	166,561,581	195,062,418	192,140,256	196,819,213	196,978,069
Renewed Membership					
Regular	168,086,043	169,355,890	353,465,237	372,634,716	399,720,462
Senior Management Service	15,100,252	15,259,022	23,027,893	22,952,898	23,412,748
Special Risk	0	0	47,504,228	57,278,419	64,739,131
Special Risk Adm. Sup.	0	0	0	29,208	13,253
Elected Officers'	7,046,177	6,180,829	7,795,841	7,950,186	8,685,376
Subtotal	27,312,845,477	33,772,693,811	32,382,637,456	33,186,445,065	34,417,846,379
TRS	1,708,917	1,549,210	1,288,129	1,123,473	810,322
IFAS	1,525,392	1,557,012	1,588,476	1,322,166	414,829
Subtotal	3,234,309	3,106,222	2,876,605	2,445,639	1,225,151
Grand Total	\$27,316,079,786	\$33,775,800,033	\$32,385,514,061	\$33,188,890,704	\$34,419,071,531
Average	\$44,142	\$45,287	\$46,164	\$46,870	\$48,784

MEMBERS' REQUIRED CONTRIBUTIONS BY SYSTEM/CLASS¹

As of June 30

System/Class	2016	2017 ²	2018 ²	2019 ²	2020 ²
FRS Regular	\$668,056,712	\$767,563,396	\$782,237,354	\$797,769,738	\$827,310,597
FRS Senior Management Service	19,655,065	21,124,323	21,373,486	21,709,274	22,315,205
FRS Special Risk	120,172,399	131,524,310	138,589,989	145,024,158	150,272,170
FRS Special Risk Adm. Sup.	102,678	127,695	126,644	139,182	9,603
FRS Elected Officers'	4,989,534	5,229,484	5,610,995	5,737,120	5,727,263
Renewed Membership					
Regular	5,084,232	5,019,630	10,518,985	11,089,573	11,900,608
Senior Management Service	475,604	448,676	648,943	654,519	668,835
Special Risk	0	0	1,424,825	1,718,222	1,941,278
Special Risk Adm. Sup.	0	0	0	878	398
Elected Officers'	215,359	185,426	231,442	238,352	260,560
Subtotal	818,751,583	931,222,940	960,762,663	984,081,016	1,020,406,516
TRS	102,536	92,286	80,508	70,216	50,645
IFAS	0	0	0	0	0
Subtotal	102,536	92,286	80,508	70,216	50,645
Grand Total	\$818,854,119	\$931,315,226	\$960,843,171	\$984,151,232	\$1,020,457,161

¹ Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

² Totals include non-member funding payroll.

PROFILE OF ACTIVE FRS MEMBERS

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	24,194	17,408	41,602	6,560	4,052	10,612	17,634	13,356	30,990
1 – 5	131,084	79,932	211,016	20,060	13,926	33,986	111,024	66,006	177,030
6 – 9	57,560	34,338	91,898	7,652	5,390	13,042	49,908	28,948	78,856
10 – 19	119,198	67,843	187,041	14,307	9,857	24,164	104,891	57,986	162,877
20 – 29	62,976	32,634	95,610	8,090	5,468	13,558	54,886	27,166	82,052
30 or More Years	10,936	6,235	17,171	1,659	1,056	2,715	9,277	5,179	14,456
Total	405,948	238,390	644,338	58,328	39,749	98,077	347,620	198,641	546,261

Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	49,327	33,020	82,347	10,095	7,502	17,597	39,232	25,518	64,750
30 – 39	89,883	54,876	144,759	13,955	9,809	23,764	75,928	45,067	120,995
40 – 49	108,114	58,797	166,911	13,739	8,763	22,502	94,375	50,034	144,409
50 – 59	113,203	60,792	173,995	14,762	9,217	23,979	98,441	51,575	150,016
60 – 69	40,951	26,110	67,061	5,317	3,937	9,254	35,634	22,173	57,807
70 and Over	4,470	4,795	9,265	460	521	981	4,010	4,274	8,284
Total	405,948	238,390	644,338	58,328	39,749	98,077	347,620	198,641	546,261

Average Age	45.00	44.78	44.92	43.23	42.92	43.10	45.30	45.15	45.24
Average Years of Service	11.12	10.60	10.93	10.05	10.04	10.05	11.30	10.71	11.08
Average Annual Salary	\$44,873	\$55,444	\$48,784	\$41,481	\$48,057	\$44,146	\$45,442	\$56,922	\$49,617
Percentage Entitled to a Benefit if Terminated June 30, 2020	70.9%	65.9%	69.1%	63.5%	62.1%	62.9%	72.2%	66.6%	70.1%

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

PROFILE OF ACTIVE FRS INVESTMENT PLAN MEMBERS

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	6,283	3,957	10,240	1,659	874	2,533	4,624	3,083	7,707
1 – 5	57,428	29,604	87,032	8,016	5,004	13,020	49,412	24,600	74,012
6 – 9	13,392	7,168	20,560	1,784	1,241	3,025	11,608	5,927	17,535
10 – 19	22,917	12,874	35,791	3,068	2,225	5,293	19,849	10,649	30,498
20 – 29	5,040	3,606	8,646	922	778	1,700	4,118	2,828	6,946
30 or More Years	1,655	1,371	3,026	260	248	508	1,395	1,123	2,518
Total	106,715	58,580	165,295	15,709	10,370	26,079	91,006	48,210	139,216

Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	20,052	9,594	29,646	3,512	1,896	5,408	16,540	7,698	24,238
30 – 39	25,735	12,902	38,637	4,112	2,651	6,763	21,623	10,251	31,874
40 – 49	25,150	12,617	37,767	3,410	2,226	5,636	21,740	10,391	32,131
50 – 59	22,514	12,941	35,455	2,998	2,192	5,190	19,516	10,749	30,265
60 – 69	11,333	8,267	19,600	1,502	1,200	2,702	9,831	7,067	16,898
70 and Over	1,931	2,259	4,190	175	205	380	1,756	2,054	3,810
Total	106,715	58,580	165,295	15,709	10,370	26,079	91,006	39,440	139,216

Average Age	43.13	45.23	43.87	41.63	43.34	42.31	43.39	45.63	44.17
Average Years of Service	7.09	7.76	7.33	7.04	8.03	7.44	7.10	7.70	7.31
Average Annual Salary	\$41,133	\$50,513	\$44,457	\$41,124	\$48,270	\$43,965	\$41,134	\$50,996	\$44,549
Percentage Entitled to a Benefit if Terminated June 30, 2020	94.1%	93.2%	93.8%	89.4%	91.6%	90.3%	94.9%	93.6%	94.5%

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	17,911	13,451	31,362	4,901	3,178	8,079	13,010	10,273	23,283
1 – 5	73,656	50,328	123,984	12,044	8,922	20,966	61,612	41,406	103,018
6 – 9	44,168	27,170	71,338	5,868	4,149	10,017	38,300	23,021	61,321
10 – 19	96,281	54,969	151,250	11,239	7,632	18,871	85,042	47,337	132,379
20 – 29	57,936	29,028	86,964	7,168	4,690	11,858	50,768	24,338	75,106
30 or More Years	9,281	4,864	14,145	1,399	808	2,207	7,882	4,056	11,938
Total	299,233	179,810	479,043	42,619	29,379	71,998	256,614	150,431	407,045

Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	29,275	23,426	52,701	6,583	5,606	12,189	22,692	17,820	40,512
30 – 39	64,148	41,974	106,122	9,843	7,158	17,001	54,305	34,816	89,121
40 – 49	82,964	46,180	129,144	10,329	6,537	16,866	72,635	39,643	112,278
50 – 59	90,689	47,851	138,540	11,764	7,025	18,789	78,925	40,826	119,751
60 – 69	29,618	17,843	47,461	3,815	2,737	6,552	25,803	15,106	40,909
70 and Over	2,539	2,536	5,075	285	316	601	2,254	2,220	4,474
Total	299,233	179,810	479,043	42,619	29,379	71,998	256,614	150,431	407,045

Average Age	45.67	44.63	45.28	43.81	42.77	43.39	45.98	44.99	45.61
Average Years of Service	12.55	11.52	12.17	11.16	10.76	11.00	12.79	11.68	12.38
Average Annual Salary	\$46,207	\$57,050	\$50,277	\$41,613	\$47,981	\$44,212	\$46,970	\$58,821	\$51,350
Percentage Entitled to a Benefit if Terminated June 30, 2020	62.7%	56.9%	60.5%	54.0%	51.7%	53.0%	64.1%	58.0%	61.8%

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

**PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS
INITIALLY ENROLLED BEFORE JULY 1, 2011**

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	194	130	324	49	22	71	145	108	253
1 – 5	6,336	3,051	9,387	1,073	524	1,597	5,263	2,527	7,790
6 – 9	15,622	8,418	24,040	2,271	1,486	3,757	13,351	6,932	20,283
10 – 19	96,262	54,908	151,170	11,238	7,626	18,864	85,024	47,282	132,306
20 – 29	57,933	29,023	86,956	7,168	4,690	11,858	50,765	24,333	75,098
30 or More Years	9,281	4,864	14,145	1,399	808	2,207	7,882	4,056	11,938
Total	185,628	100,394	286,022	23,198	15,156	38,354	162,430	85,238	247,668

Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	390	313	703	58	70	128	332	243	575
30 – 39	26,019	16,209	42,228	3,295	2,527	5,822	22,724	13,682	36,406
40 – 49	59,351	32,547	91,898	7,070	4,559	11,629	52,281	27,988	80,269
50 – 59	73,024	35,905	108,929	9,375	5,498	14,873	63,649	30,407	94,056
60 – 69	24,677	13,478	38,155	3,136	2,227	5,363	21,541	11,251	32,792
70 and Over	2,167	1,942	4,109	264	275	539	1,903	1,667	3,570
Total	185,628	100,394	286,022	23,198	15,156	38,354	162,430	85,238	247,668

Average Age	50.02	49.71	49.91	50.14	49.84	50.02	50.01	49.69	49.90
Average Years of Service	17.77	17.55	17.69	17.65	17.61	17.63	17.78	17.54	17.70
Average Annual Salary	\$51,851	\$66,342	\$56,937	\$46,569	\$55,581	\$50,130	\$52,606	\$68,256	\$57,992
Percentage Entitled to a Benefit if Terminated June 30, 2020	96.5%	96.8%	96.6%	95.2%	96.4%	95.7%	96.7%	96.9%	96.8%

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

**PROFILE OF ACTIVE FRS PENSION PLAN MEMBERS
INITIALLY ENROLLED ON OR AFTER JULY 1, 2011**

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 1 Year	17,717	13,321	31,038	4,852	3,156	8,008	12,865	10,165	23,030
1 – 3	37,695	27,814	65,509	6,802	5,391	12,193	30,893	22,423	53,316
4 – 7	49,794	33,114	82,908	6,844	5,099	11,943	42,950	28,015	70,965
8 – 19	8,396	5,162	13,558	923	577	1,500	7,473	4,585	12,058
20 – 32	3	5	8	0	0	0	3	5	8
33 or More Years	0	0	0	0	0	0	0	0	0
Total	113,605	79,416	193,021	19,421	14,223	33,644	94,184	65,193	159,377

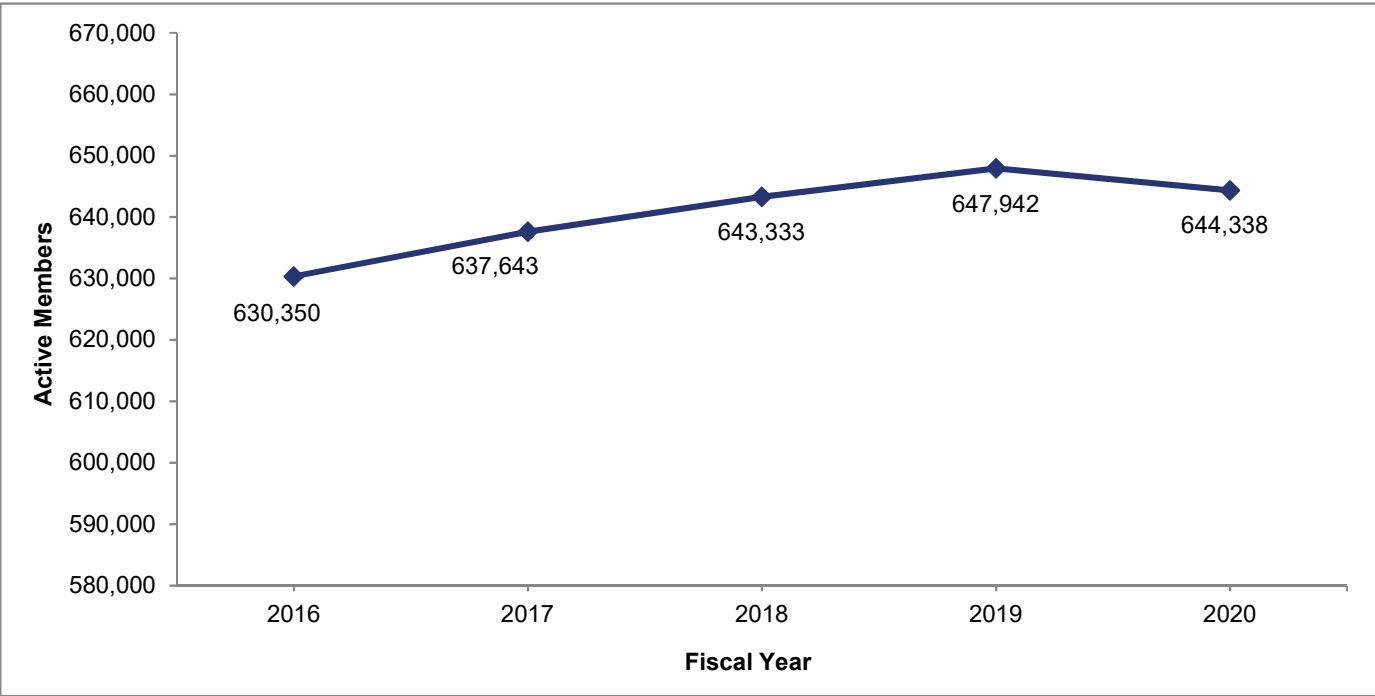
Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 30	28,885	23,113	51,998	6,525	5,536	12,061	22,360	17,577	39,937
30 – 39	38,129	25,765	63,894	6,548	4,631	11,179	31,581	21,134	52,715
40 – 49	23,613	13,633	37,246	3,259	1,978	5,237	20,354	11,655	32,009
50 – 59	17,665	11,946	29,611	2,389	1,527	3,916	15,276	10,419	25,695
60 – 69	4,941	4,365	9,306	679	510	1,189	4,262	3,855	8,117
70 and Over	372	594	966	21	41	62	351	553	904
Total	113,605	79,416	193,021	19,421	14,223	33,644	94,184	65,193	159,377

Average Age	38.56	38.20	38.41	36.26	35.24	35.83	39.03	38.85	38.96
Average Years of Service	4.04	3.91	3.99	3.42	3.45	3.43	4.17	4.01	4.10
Average Annual Salary	\$36,984	\$45,304	\$40,407	\$35,693	\$39,883	\$37,464	\$37,250	\$46,487	\$41,029
Percentage Entitled to a Benefit if Terminated June 30, 2020	7.4%	6.5%	7.0%	4.8%	4.1%	4.5%	7.9%	7.0%	7.6%

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

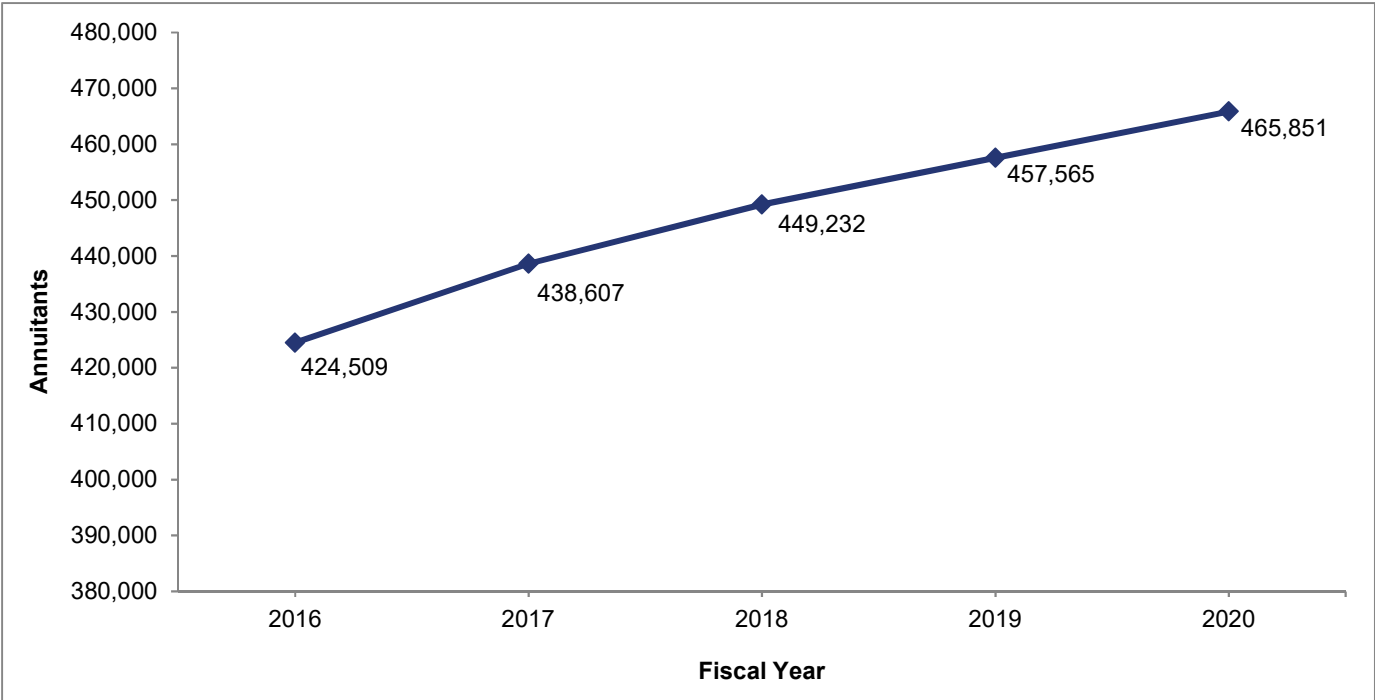
ACTIVE FRS MEMBERS 2016-2020 ¹

as of June 30



GROWTH OF FRS ANNUITANTS — ALL SYSTEMS 2016-2020 ²

as of June 30



¹ Includes both FRS Pension Plan and Investment Plan members and excludes DROP participants.

² Includes DROP participants.

FRS PENSION PLAN REFUND PAYMENTS BY TYPE

As of June 30

<u>Type of Refund</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Separated Members	3,609	4,810	5,674	5,305	5,161
Surviving Beneficiaries	198	201	275	306	183
Other	87	128	64	38	73
Total	<u>3,894</u>	<u>5,139</u>	<u>6,013</u>	<u>5,649</u>	<u>5,417</u>

FRS PENSION PLAN TOTAL REFUND PAYMENTS BY TYPE

As of June 30

<u>Type of Refund</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Separated Members	\$8,129,165	\$13,607,174	\$17,948,761	\$16,840,353	\$17,831,645
Surviving Beneficiaries	493,023	894,693	1,092,468	1,273,703	759,778
Other	213,271	360,974	257,842	142,292	203,115
Total	<u>\$8,835,459</u>	<u>\$14,862,841</u>	<u>\$19,299,071</u>	<u>\$18,256,348</u>	<u>\$18,794,538</u>

ACTIVE FRS PENSION PLAN DROP PARTICIPANTS BY SYSTEM/CLASS

As of June 30, 2020

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Regular	29,233	26.18	\$56,636	\$23,782	\$26,386
FRS Senior Management Service	615	28.21	111,332	52,972	58,778
FRS Special Risk	3,460	25.12	90,532	63,351	69,963
FRS Special Risk Adm. Sup.	4	26.31	54,334	32,415	35,646
FRS Elected Officers	281	26.51	128,452	81,584	90,702
Total/Average	33,593	26.11	\$61,729	\$28,877	\$32,006

PROFILE OF ACTIVE FRS PENSION PLAN DROP PARTICIPANTS

As of June 30, 2020

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$50	0	0.00	\$0	\$0	\$0
\$50 – \$99	6	6.85	9,465	901	949
\$100 – \$149	26	7.56	14,168	1,525	1,575
\$150 – \$199	55	9.06	15,325	1,981	2,074
\$200 – \$249	100	10.67	17,330	2,598	2,736
\$250 – \$299	126	11.32	20,443	3,135	3,313
\$300 – \$349	167	12.13	21,492	3,672	3,895
\$350 – \$399	204	12.97	23,220	4,210	4,480
\$400 – \$449	236	13.79	24,834	4,814	5,139
\$450 – \$499	267	14.36	26,406	5,329	5,701
\$500 – \$999	3,653	18.08	33,173	8,511	9,235
\$1,000 – \$1,999	9,736	24.70	44,969	16,331	17,996
\$2,000 – \$2,999	8,103	28.78	60,719	26,887	29,848
\$3,000 – \$3,999	5,459	30.31	75,608	37,050	41,286
\$4,000 – \$4,999	2,211	30.14	90,416	47,662	53,050
\$5,000 or More	3,244	27.83	118,131	76,961	85,265
Total/Average	33,593	26.11	\$61,729	\$28,877	\$32,006

By Option Selection¹

Lifetime Benefit (1)	17,257	25.90	\$59,521	\$28,499	\$31,603
Benefit with a Guarantee (2)	4,939	25.92	57,241	27,064	29,963
Member with a Joint Annuitant (3)	10,612	26.49	66,194	29,557	32,751
Reduced Benefit on 1st Death (4)	785	26.72	78,158	39,403	43,676
Total/Average	33,593	26.11	\$61,729	\$28,877	\$32,006

By Employer Group

State	5,668	26.86	\$54,488	\$26,239	\$29,066
State Universities	1,163	25.80	58,584	24,752	27,397
Counties	8,122	25.67	76,741	41,123	45,440
School Boards	16,302	26.14	55,836	23,780	26,448
State Colleges	901	24.64	64,081	25,347	28,033
Others ²	1,437	26.33	73,375	33,436	36,961
Total/Average	33,593	26.11	\$61,729	\$28,877	\$32,006

¹ Option selections for existing systems have been included in the FRS options outlined even though they are different.

² Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

PROFILE OF ACTIVE FRS PENSION PLAN DROP PARTICIPANTS

As of June 30, 2020

Years of Service	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
6 – 9	284	183	467	63	22	85	221	161	382
10 – 14	1,407	768	2,175	213	96	309	1,194	672	1,866
15 – 19	2,665	1,301	3,966	321	169	490	2,344	1,132	3,476
20 – 24	3,045	1,569	4,614	431	246	677	2,614	1,323	3,937
25 – 29	3,399	3,116	6,515	531	524	1,055	2,868	2,592	5,460
30 – 34	9,958	4,837	14,795	1,972	937	2,909	7,986	3,900	11,886
35 or More Years	743	318	1,061	116	27	143	627	291	918
Total	21,501	12,092	33,593	3,647	2,021	5,668	17,854	10,071	27,925

Age Range	Total Membership			State Membership			Non-State Membership ¹		
	Females	Males	Total	Females	Males	Total	Females	Males	Total
Less Than 50	97	334	431	23	60	83	74	274	348
50 – 54	1,051	1,404	2,455	240	188	428	811	1,216	2,027
55 – 59	5,134	3,433	8,567	1,109	602	1,711	4,025	2,831	6,856
60 – 64	11,000	5,010	16,010	1,776	839	2,615	9,224	4,171	13,395
65 – 69	4,077	1,833	5,910	494	320	814	3,583	1,513	5,096
70 – 74	131	71	202	5	12	17	126	59	185
75 – 79	9	7	16	0	0	0	9	7	16
80 and Over	2	0	2	0	0	0	2	0	2
Total	21,501	12,092	33,593	3,647	2,021	5,668	17,854	10,071	27,925

Average Age	61.39	59.90	60.85	60.54	60.07	60.37	61.56	59.86	60.95
Average Years of Service	26.21	25.93	26.11	26.95	26.69	26.86	26.05	25.78	25.95
Average AFC	\$55,406	\$72,972	\$61,729	\$49,115	\$64,183	\$54,488	\$56,691	\$74,736	\$63,199
Average Annual Initial Benefit	\$24,559	\$36,555	\$28,877	\$22,741	\$32,550	\$26,239	\$24,930	\$37,358	\$29,412
Average Annual Current Benefit	\$27,253	\$40,459	\$32,006	\$25,195	\$36,053	\$29,066	\$27,674	\$41,343	\$32,603

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

FRS PENSION PLAN DROP ACCRUED BENEFITS AND INTEREST BY SYSTEM/CLASS

As of June 30, 2020

System/Class	Total Membership		Total
	Females	Males	
FRS Regular	\$1,156,521,650	\$570,766,179	\$1,727,287,829
FRS Senior Management Service	41,006,523	42,104,395	83,110,918
FRS Special Risk	93,486,599	436,143,485	529,630,084
FRS Special Risk Adm. Sup.	122,501	179,738	302,239
FRS Elected Officers	31,554,706	52,768,697	84,323,403
Total	\$1,322,691,979	\$1,101,962,494	\$2,424,654,473

System/Class	State Membership		Total
	Females	Males	
FRS Regular	\$156,445,200	\$78,646,815	\$235,092,015
FRS Senior Management Service	13,157,549	14,872,073	28,029,622
FRS Special Risk	20,446,632	44,088,316	64,534,948
FRS Special Risk Adm. Sup.	122,501	83,615	206,116
FRS Elected Officers	20,459,523	43,068,930	63,528,453
Total	\$210,631,405	\$180,759,749	\$391,391,154

System/Class	Non-State Membership ¹		Total
	Females	Males	
FRS Regular	\$1,000,076,450	\$492,119,364	\$1,492,195,814
FRS Senior Management Service	27,848,974	27,232,323	55,081,297
FRS Special Risk	73,039,966	392,055,169	465,095,135
FRS Special Risk Adm. Sup.	0	96,123	96,123
FRS Elected Officers	11,095,183	9,699,767	20,794,950
Total	\$1,112,060,573	\$921,202,746	\$2,033,263,319

¹ Non-State Membership: School Boards, Counties, State Universities, State Colleges, Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

TERMINATED FRS PENSION PLAN DROP PARTICIPANTS BY SYSTEM/CLASS¹

From July 1, 2019 – June 30, 2020

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Regular	7,896	25.20	\$54,957	\$22,206	\$24,266
FRS Senior Management Service	175	28.33	106,619	49,843	54,677
FRS Special Risk	985	24.74	83,819	57,742	63,170
FRS Special Risk Adm. Sup.	1	18.25	40,295	13,708	15,193
FRS Elected Officers	21	25.93	135,347	93,278	102,139
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

PROFILE OF TERMINATED FRS PENSION PLAN DROP PARTICIPANTS¹

From July 1, 2019 – June 30, 2020

By Monthly Benefit Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less Than \$50	0	0.00	\$0	\$0	\$0
\$50 – \$99	2	7.69	9,191	929	993
\$100 – \$149	10	9.60	9,843	1,458	1,544
\$150 – \$199	35	9.43	15,161	2,006	2,115
\$200 – \$249	31	9.50	20,303	2,647	2,792
\$250 – \$299	61	10.70	21,430	3,141	3,329
\$300 – \$349	75	11.61	22,584	3,696	3,903
\$350 – \$399	77	11.71	25,874	4,256	4,486
\$400 – \$449	81	13.61	24,956	4,795	5,119
\$450 – \$499	81	13.95	28,255	5,417	5,698
\$500 – \$999	1,168	17.86	34,084	8,560	9,178
\$1,000 – \$1,999	2,796	24.62	45,535	16,489	17,882
\$2,000 – \$2,999	2,165	28.40	61,859	27,273	29,701
\$3,000 – \$3,999	1,235	29.87	76,796	37,229	41,044
\$4,000 – \$4,999	536	29.23	91,454	48,441	53,387
\$5,000 or More	725	27.27	113,858	74,518	81,847
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

By Option Selection²

Lifetime Benefit (1)	5,104	25.03	\$57,398	\$26,624	\$29,175
Benefit with a Guarantee (2)	1,258	25.22	56,249	25,743	28,047
Member with a Joint Annuitant (3)	2,496	25.53	63,252	26,666	29,050
Reduced Benefit on 1st Death (4)	220	26.00	74,745	36,694	40,254
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

By Employer Group

State	1,528	25.85	\$51,378	\$23,439	\$25,581
State Universities	362	25.53	56,568	22,971	25,235
Counties	2,159	24.82	72,143	37,925	41,452
School Boards	4,336	25.18	53,880	22,047	24,154
State Colleges	239	23.53	63,593	24,074	26,291
Others ³	454	25.87	75,949	34,250	37,060
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

¹ Terminated DROP participants are also included with the statistics of all annuitants on pages 176-183.

² Option selections for existing systems have been included in the FRS options outlined even though they are different.

³ Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

PROFILE OF TERMINATED FRS PENSION PLAN DROP PARTICIPANTS¹

From July 1, 2019 – June 30, 2020

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
6 – 9	219	8.30	\$35,260	\$4,764	\$5,050
10 – 14	709	12.65	43,038	8,944	9,570
15 – 19	1,127	17.57	47,988	13,909	15,006
20 – 24	1,291	22.40	55,491	21,002	22,772
25 – 29	2,014	26.91	68,997	38,005	41,493
30 – 34	3,553	30.72	63,197	30,962	34,044
35 or More Years	165	36.62	64,138	37,482	41,406
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Less than 50	52	25.73	\$77,559	\$55,321	\$57,993
50 – 54	434	27.37	80,776	55,028	59,553
55 – 59	1,389	28.82	70,667	39,992	43,624
60 – 64	3,053	27.78	60,114	27,380	29,834
65 – 69	4,019	22.00	52,375	18,647	20,586
70 – 74	124	18.43	52,438	16,022	17,696
75 – 79	7	18.02	38,669	11,317	12,787
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

By Gender	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Female	5,790	25.30	\$54,206	\$23,196	\$25,330
Male	3,288	25.06	68,184	33,030	36,161
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

By Cause of Termination	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Deceased	60	25.20	\$61,543	\$25,044	\$26,359
Termination	9,018	25.21	59,254	26,769	29,272
Total/Average	9,078	25.21	\$59,269	\$26,758	\$29,253

Average length of participation – 3.12 years

¹ Terminated DROP participants are also included with the statistics of all annuitants on pages 176-183.

TOTAL ANNUITANTS BY SYSTEM/CLASS¹

As of June 30

System/Class	2016	2017	2018	2019	2020
FRS Pension Plan					
Regular	347,541	357,487	365,219	372,909	379,017
Senior Management Service	4,218	4,487	4,759	5,043	5,294
Special Risk	35,160	36,582	38,320	39,649	40,897
Special Risk Adm. Sup.	176	175	172	166	170
Elected Officers'	2,400	2,524	2,515	2,590	2,576
Subtotal	389,495	401,255	410,985	420,357	427,954
TRS	3,638	3,438	3,233	3,035	2,869
TRS-SB	380	356	317	283	260
SCOERS	381	325	296	259	223
Highway Patrol	28	25	21	17	15
JRS	3	3	3	2	2
IFAS	171	167	165	172	175
Subtotal	4,601	4,314	4,035	3,768	3,544
Total	394,096	405,569	415,020	424,125	431,498
General Revenue					
Noncontributory (s. 112.05, F.S.)	17	9	8	6	4
National Guard	784	784	761	753	745
Judicial Retirement	10	12	11	11	11
Total	811	805	780	770	760
Grand Total	394,907	406,374	415,800	424,895	432,258

AVERAGE BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	2016	2017	2018	2019	2020
FRS Pension Plan					
Regular	\$18,565	\$19,010	\$19,466	\$19,968	\$20,473
Senior Management Service	48,821	49,772	50,627	51,871	52,903
Special Risk	40,879	42,364	43,518	44,861	46,369
Special Risk Adm. Sup.	38,484	39,465	40,324	41,609	41,873
Elected Officers'	51,429	53,223	54,862	56,737	58,522
TRS	38,527	40,455	42,355	44,276	46,056
TRS-SB	1,885	1,883	1,882	1,885	1,884
SCOERS	13,000	13,990	14,582	15,389	16,196
Highway Patrol	19,610	17,063	16,198	17,058	17,764
JRS	14,436	14,869	15,315	17,118	17,631
IFAS	12,455	12,810	13,153	13,709	14,609
Average	\$21,249	\$21,839	\$22,426	\$23,064	\$23,715
General Revenue					
Noncontributory (s. 112.05, F.S.)	\$17,123	\$16,711	\$17,118	\$18,830	\$20,571
National Guard	18,428	18,988	19,533	19,855	20,557
Judicial Retirement	90,153	87,223	92,143	94,623	97,173
Average	\$19,285	\$19,980	\$20,532	\$20,915	\$21,666
Average All Annuitants	\$21,245	\$21,835	\$22,423	\$23,060	\$23,712

¹Total Annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

TOTAL ANNUAL BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	2016	2017	2018	2019	2020
FRS Pension Plan					
Regular	\$6,452,033,264	\$6,795,935,448	\$7,109,410,224	\$7,446,408,210	\$7,759,693,724
Senior Management Service	205,924,965	223,327,748	240,932,313	261,584,594	280,067,481
Special Risk	1,437,318,491	1,549,767,553	1,667,627,626	1,778,711,538	1,896,349,013
Special Risk Adm. Sup.	6,773,176	6,906,440	6,935,702	6,907,046	7,118,422
Elected Officers'	123,429,109	134,335,905	137,978,766	146,947,993	150,751,499
Subtotal	8,225,479,005	8,710,273,094	9,162,884,631	9,640,559,381	10,093,980,139
TRS	140,162,000	139,083,477	136,933,678	134,378,452	132,133,455
TRS-SB	716,462	670,262	596,462	533,354	489,854
SCOERS	4,952,939	4,546,864	4,316,278	3,985,678	3,611,762
Highway Patrol	549,087	426,574	340,168	289,979	266,464
JRS	43,308	44,608	45,946	34,235	35,262
IFAS	2,129,879	2,139,309	2,170,259	2,357,944	2,556,609
Subtotal	148,553,675	146,911,094	144,402,791	141,579,642	139,093,406
Total	\$8,374,032,680	\$8,857,184,188	\$9,307,287,422	\$9,782,139,023	\$10,233,073,545
General Revenue					
Noncontributory (s. 112.05), F.S.	\$291,092	\$150,398	\$136,940	\$112,981	\$82,285
National Guard	14,447,626	14,886,728	14,864,354	14,950,802	15,315,335
Judicial Retirement	901,531	1,046,677	1,013,569	1,040,857	1,068,905
Total	15,640,249	16,083,803	16,014,863	16,104,640	16,466,525
Grand Total	\$8,389,672,929	\$8,873,267,991	\$9,323,302,285	\$9,798,243,663	\$10,249,540,070
Average All Annuitants	\$21,245	\$21,835	\$22,423	\$23,060	\$23,712

TOTAL DISABILITY BENEFITS BY SYSTEM/CLASS

As of June 30

System/Class	Number of Retirees		Total Annual Benefits		Average Annual Benefits	
	2019	2020	2019	2020	2019	2020
FRS Pension Plan						
Regular	13,509	13,242	\$190,737,884	\$191,433,098	\$14,119	\$14,457
Senior Management Service	47	44	1,538,313	1,491,624	32,730	33,901
Special Risk	1,595	1,584	50,010,271	51,633,629	31,354	32,597
Special Risk Adm. Sup.	3	3	84,496	87,031	28,165	29,010
Elected Officers'	8	7	386,399	284,789	48,300	40,684
FRS Investment Plan						
Regular	410	419	6,325,272	6,552,792	15,427	15,639
Senior Management Service	2	2	55,373	56,602	27,686	28,301
Special Risk	131	140	5,621,693	6,326,618	42,914	45,190
Special Risk Adm. Sup.	1	1	52,543	54,119	52,543	54,119
TRS	54	49	996,134	940,469	18,447	19,193
SCOERS	12	10	145,776	119,605	12,148	11,961
General Revenue	11	11	1,040,857	1,068,905	94,623	97,173
Total/Average	15,783	15,512	\$256,995,011	\$260,049,283	\$16,283	\$16,764

PROFILE OF TOTAL ANNUITANTS BY SYSTEM/CLASS¹

As of June 30, 2020

System/Class	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
FRS Investment Plan ²					
Regular	424	16.40	\$42,937	\$13,282	\$15,675
Senior Management Service	2	14.12	93,247	25,176	28,301
Special Risk	164	17.55	60,346	39,088	45,751
Special Risk Adm. Sup.	1	32.91	49,487	39,288	54,119
Elected Officers'	1	17.75	143,640	48,645	58,459
FRS Pension Plan					
Regular	378,593	21.03	40,976	14,205	20,479
Senior Management Service	5,292	24.31	98,838	39,467	52,912
Special Risk	40,733	21.01	57,223	33,695	46,371
Special Risk Adm. Sup.	169	25.00	49,039	25,275	41,801
Elected Officers'	2,575	20.13	74,991	41,094	58,522
TRS	2,869	30.06	40,857	25,061	46,056
TRS-SB	260	0.00	0	2,427	1,884
Judicial Retirement System	2	11.28	20,906	11,618	17,631
Highway Patrol	15	23.83	14,802	12,308	17,764
SCOERS	223	24.63	15,964	8,043	16,196
IFAS	175	0.06	91	10,839	14,609
General Revenue	760	32.77	1,847	13,521	21,666
Total/Average	432,258	21.12	\$43,306	\$16,584	\$23,712

PROFILE OF FRS ANNUITANTS³

As of June 30, 2020

By Years of Service	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
40 or More Years	1,783	42.44	\$60,272	\$42,237	\$60,726
35 – 39	8,770	36.73	53,238	33,217	52,123
30 – 34	103,267	30.88	54,030	27,127	40,246
25 – 29	57,225	26.92	54,664	28,047	38,465
20 – 24	60,957	22.31	44,303	15,626	21,765
15 – 19	69,890	17.35	38,252	10,295	14,305
10 – 14	90,454	12.21	31,417	6,051	8,458
5 – 9	38,394	7.84	31,596	4,164	5,461
Less Than 5 Years	498	2.01	14,118	10,582	17,549
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

By Age Range	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Under 40	1,174	17.74	\$41,206	\$8,006	\$9,514
40 – 44	597	16.89	42,000	12,253	13,302
45 – 49	1,630	17.51	47,895	19,403	19,624
50 – 54	6,179	20.29	55,523	27,362	29,749
55 – 59	21,556	21.41	52,457	24,255	27,962
60 – 64	54,768	21.77	48,714	19,817	24,191
65 – 69	99,535	21.54	47,326	17,874	23,319
70 – 74	102,753	21.03	44,794	16,244	23,916
75 – 79	67,440	20.63	39,770	14,281	23,264
80 – 84	40,064	20.41	34,656	12,607	22,470
85 and Older	35,541	21.23	29,281	11,690	23,139
Option 2 Payees - Member Deceased	1	10.55	41,477	8,792	11,472
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

¹ Total annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

² FRS Investment Plan disability retirees.

³ FRS Annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

PROFILE OF FRS ANNUITANTS¹

As of June 30, 2020

By Option Selection ²	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Lifetime Benefit (1)	250,226	20.48	\$41,246	\$15,810	\$22,679
Benefit with a Guarantee (2)	68,193	21.89	42,623	16,949	25,126
Member with a Joint Annuitant (3)	97,013	21.98	48,145	17,556	24,654
Reduced Benefit on First Death (4)	15,806	22.63	51,867	21,671	28,624
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

By Monthly Benefit Range					
Less Than \$50	474	9.82	\$13,028	\$693	\$428
\$50 – \$99	2,569	9.26	11,420	917	960
\$100 – \$149	5,102	9.67	13,427	1,375	1,524
\$150 – \$199	7,138	10.29	15,885	1,791	2,114
\$200 – \$249	8,913	10.73	18,351	2,293	2,710
\$250 – \$299	10,336	11.20	20,225	2,736	3,305
\$300 – \$349	10,712	11.57	21,695	3,189	3,908
\$350 – \$399	11,228	12.04	22,758	3,512	4,501
\$400 – \$449	11,016	12.61	24,541	4,002	5,098
\$450 – \$499	10,475	13.21	26,127	4,483	5,697
\$500 – \$999	86,019	15.59	31,612	6,702	8,792
\$1,000 – \$1,999	103,386	21.39	41,059	12,823	17,426
\$2,000 – \$2,999	66,152	26.67	51,236	21,149	29,731
\$3,000 – \$3,999	47,528	29.29	58,620	27,866	41,299
\$4,000 – \$4,999	23,106	30.09	67,808	35,054	53,292
\$5,000 or More	27,084	29.65	88,228	54,869	82,026
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

By Benefit Recipient					
Member Deceased	30,724	20.20	\$39,583	\$14,782	\$19,146
Member Living	400,514	21.19	43,698	16,737	24,080
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

By Retirement Date					
Before 12/1970	26	20.08	\$7,127	\$4,028	\$7,530
12/1970 – 6/2000	81,555	23.08	34,112	14,361	27,712
7/2000 – 6/2005	78,580	21.81	40,701	16,027	26,198
7/2005 – 6/2010	93,313	21.26	46,182	17,841	25,125
7/2010 – 6/2015	110,338	20.48	48,486	18,255	22,311
7/2015 – 6/2016	16,673	19.11	45,420	15,637	17,253
7/2016 – 6/2017	15,902	18.80	44,977	15,346	16,459
7/2017 – 6/2018	13,452	18.90	45,907	15,721	16,578
7/2018 – 6/2019	11,847	18.67	46,304	15,618	15,914
7/2019 – 6/2020	9,552	18.26	46,025	15,345	15,335
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

By Employer					
State	84,903	20.92	\$40,011	\$15,245	\$21,941
State Universities	20,177	22.04	48,188	17,940	25,747
Counties	97,544	19.87	49,872	20,710	28,274
School Boards	200,131	21.85	40,408	14,915	22,013
State Colleges	13,910	20.73	47,514	16,727	24,417
Others ³	14,573	19.67	50,506	18,076	23,815
Total/Average	431,238	21.12	\$43,405	\$16,598	\$23,728

¹ FRS annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

² Option selections for existing systems have been included in the FRS options outlined even though they are different.

³ Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.

PROFILE OF FRS ANNUITANTS¹

As of June 30, 2020

By Gender	Count	Average Service	Average AFC	Average Annual Initial Benefit	Average Annual Current Benefit
Female	277,965	21.18	\$39,712	\$14,772	\$20,803
Male	153,273	21.00	50,103	19,909	29,034
Total/Average	<u>431,238</u>	<u>21.12</u>	<u>\$43,405</u>	<u>\$16,598</u>	<u>\$23,728</u>

By Type of Retirement					
Line of Duty Death	581	12.56	\$41,789	\$19,870	\$33,123
Not Line of Duty Death	9,129	17.55	37,404	7,717	12,201
Line of Duty Disability	3,327	14.88	32,809	15,758	24,022
Not Line of Duty Disability	12,175	17.55	34,003	10,402	14,712
Early	105,251	16.83	36,277	9,724	13,822
Normal	300,775	22.96	46,583	19,526	27,888
Total/Average	<u>431,238</u>	<u>21.12</u>	<u>\$43,405</u>	<u>\$16,598</u>	<u>\$23,728</u>

By Duration of Benefit Payments to Date					
Less Than 5 years	67,426	18.80	\$48,486	\$15,540	\$16,424
5 – 9	110,338	20.48	48,486	18,255	22,311
10 – 14	93,313	21.26	46,182	17,841	25,125
15 – 19	78,580	21.81	40,701	16,027	26,198
20 – 24	52,628	23.53	37,770	16,032	29,742
25 – 29	18,164	22.47	30,726	12,541	25,651
30 – 34	7,183	22.26	24,211	10,101	22,827
35 – 39	2,788	21.67	18,707	8,293	19,351
40 or More Years	818	19.26	12,538	5,054	13,663
Total/Average	<u>431,238</u>	<u>21.12</u>	<u>\$43,405</u>	<u>\$16,598</u>	<u>\$23,728</u>

Average duration of benefit payments in years – 12.41 years

By Duration of Benefit Payments - Deaths in Current Year					
Less Than 1 year	148	19.64	\$54,508	\$17,280	\$17,615
1 – 2	127	21.41	50,047	16,148	16,435
2 – 3	124	20.55	50,055	15,688	16,050
3 – 4	124	22.02	49,959	16,948	17,554
4 – 5	128	18.54	38,982	11,852	12,227
5 – 9	775	19.87	45,915	15,617	17,283
10 – 14	480	20.97	45,353	17,431	20,285
15 – 19	554	21.95	46,571	21,187	26,369
20 – 24	566	24.64	44,191	24,205	31,471
25 – 29	171	23.48	37,020	20,322	27,309
30 – 34	88	24.88	29,220	18,846	26,485
35 – 39	23	25.38	22,365	17,387	25,725
40 or More Years	2	31.74	13,164	13,780	17,759
Total/Average	<u>3,310</u>	<u>21.66</u>	<u>\$45,143</u>	<u>\$18,623</u>	<u>\$22,238</u>

Average duration of benefit payments in years – 12.91 years

¹FRS annuitants exclude General Revenue and TRS-SB annuitants and exclude DROP participants.

**FRS RETIREES AND BENEFICIARIES¹
BY AGE AT RETIREMENT**

As of June 30, 2020

By Retirement Age	Retirees	Retirees' Total Annual Benefits	Beneficiaries	Beneficiaries' Total Annual Benefits
Under 40	880	\$13,767,073	305	\$5,726,388
40 – 44	2,858	61,147,016	743	9,161,583
45 – 49	17,314	614,515,971	2,357	35,544,357
50 – 54	68,178	2,308,060,713	5,311	108,786,603
55 – 59	99,864	2,714,272,220	7,243	154,278,397
60 – 64	164,877	3,214,929,555	9,828	190,039,174
65 – 69	35,037	560,478,361	3,376	62,580,736
70 – 74	8,335	119,970,093	1,038	16,665,890
75 – 79	2,405	29,666,512	371	3,966,796
80 – 84	624	6,608,345	106	908,139
85 and Older	142	923,360	46	586,411
Total	400,514	\$9,644,339,218	30,724	\$588,244,474

**FRS RETIREES AND BENEFICIARIES¹
BY YEARS OF SERVICE AT RETIREMENT**

As of June 30, 2020

By Years of Service	Retirees	Retirees' Total Annual Benefits	Beneficiaries	Beneficiaries' Total Annual Benefits
Less Than 5 Years	335	\$5,367,990	163	\$3,371,473
5 – 9	35,811	194,802,569	2,583	14,851,593
10 – 14	82,947	708,302,496	7,507	56,780,370
15 – 19	64,082	926,283,157	5,808	73,500,768
20 – 24	55,975	1,232,435,476	4,982	94,315,037
25 – 29	53,344	2,083,518,488	3,881	117,629,462
30 – 34	98,816	3,994,127,303	4,451	161,907,759
35 – 39	7,726	407,712,509	1,044	49,403,480
40 or More Years	1,478	91,789,230	305	16,484,531
Total	400,514	\$9,644,339,218	30,724	\$588,244,474

¹ FRS retirees and beneficiaries exclude General Revenue and TRS-SB retirees and beneficiaries and exclude DROP participants.

TOTAL FRS ANNUITANTS BY TYPE OF RETIREMENT¹

As of June 30

Type of Retirement	2016	2017	2018	2019	2020
Line of Duty Death	367	379	539	567	581
Not Line of Duty Death	9,087	9,201	9,182	9,145	9,129
Line of Duty Disability	3,492	3,495	3,443	3,394	3,327
Not Line of Duty Disability	12,747	12,644	12,579	12,379	12,175
Early	100,062	102,482	103,916	104,784	105,251
Normal	267,961	277,012	285,044	293,573	300,775
Total	393,716	405,213	414,703	423,842	431,238

TOTAL FRS ANNUAL BENEFITS BY TYPE OF RETIREMENT

As of June 30

Type of Retirement	2016	2017	2018	2019	2020
Line of Duty Death	\$10,559,988	\$15,461,802	\$17,189,084	\$18,388,498	\$19,244,463
Not Line of Duty Death	100,587,725	104,560,416	106,882,817	108,923,959	111,383,970
Line of Duty Disability	72,456,581	70,038,769	76,737,141	78,297,575	79,919,929
Not Line of Duty Disability	168,152,778	172,174,076	176,151,167	177,713,523	179,118,908
Early	1,232,717,230	1,294,646,937	1,352,625,844	1,404,653,598	1,454,808,160
Normal	6,788,841,916	7,194,631,927	7,577,104,906	7,993,628,517	8,388,108,261
Total	\$8,373,316,218	\$8,856,513,927	\$9,306,690,959	\$9,781,605,670	\$10,232,583,691

TOTAL FRS ANNUITANTS ADDED DURING FISCAL YEAR BY TYPE OF RETIREMENT¹

As of June 30

Type of Retirement	2016	2017	2018	2019	2020
Line of Duty Death	5	14	22	6	12
Not Line of Duty Death	197	232	319	107	126
Line of Duty Disability	57	57	73	31	36
Not Line of Duty Disability	524	445	545	319	261
Early	3,899	4,299	4,514	2,905	2,528
Normal	7,176	7,194	8,422	6,960	6,589
Total	11,858	12,241	13,895	10,328	9,552

TOTAL ANNUAL BENEFITS OF FRS ANNUITANTS ADDED DURING FISCAL YEAR BY TYPE OF RETIREMENT

As of June 30

Type of Retirement	2016	2017	2018	2019	2020
Line of Duty Death	\$232,897	\$807,536	\$900,675	\$177,514	\$435,209
Not Line of Duty Death	2,000,493	3,020,398	3,855,692	1,295,236	1,574,235
Line of Duty Disability	1,340,454	1,561,553	1,984,029	1,081,317	1,368,929
Not Line of Duty Disability	7,003,925	6,596,093	7,847,917	4,092,355	3,735,893
Early	36,772,765	40,252,170	44,541,748	32,232,487	28,076,626
Normal	105,985,962	111,542,570	140,931,143	115,120,186	111,290,731
Total	\$153,336,496	\$163,780,320	\$200,061,204	\$153,999,095	\$146,481,623

¹Total annuitants include General Revenue and TRS-SB annuitants and exclude DROP participants.

SCHEDULE OF AVERAGE FRS BENEFITS

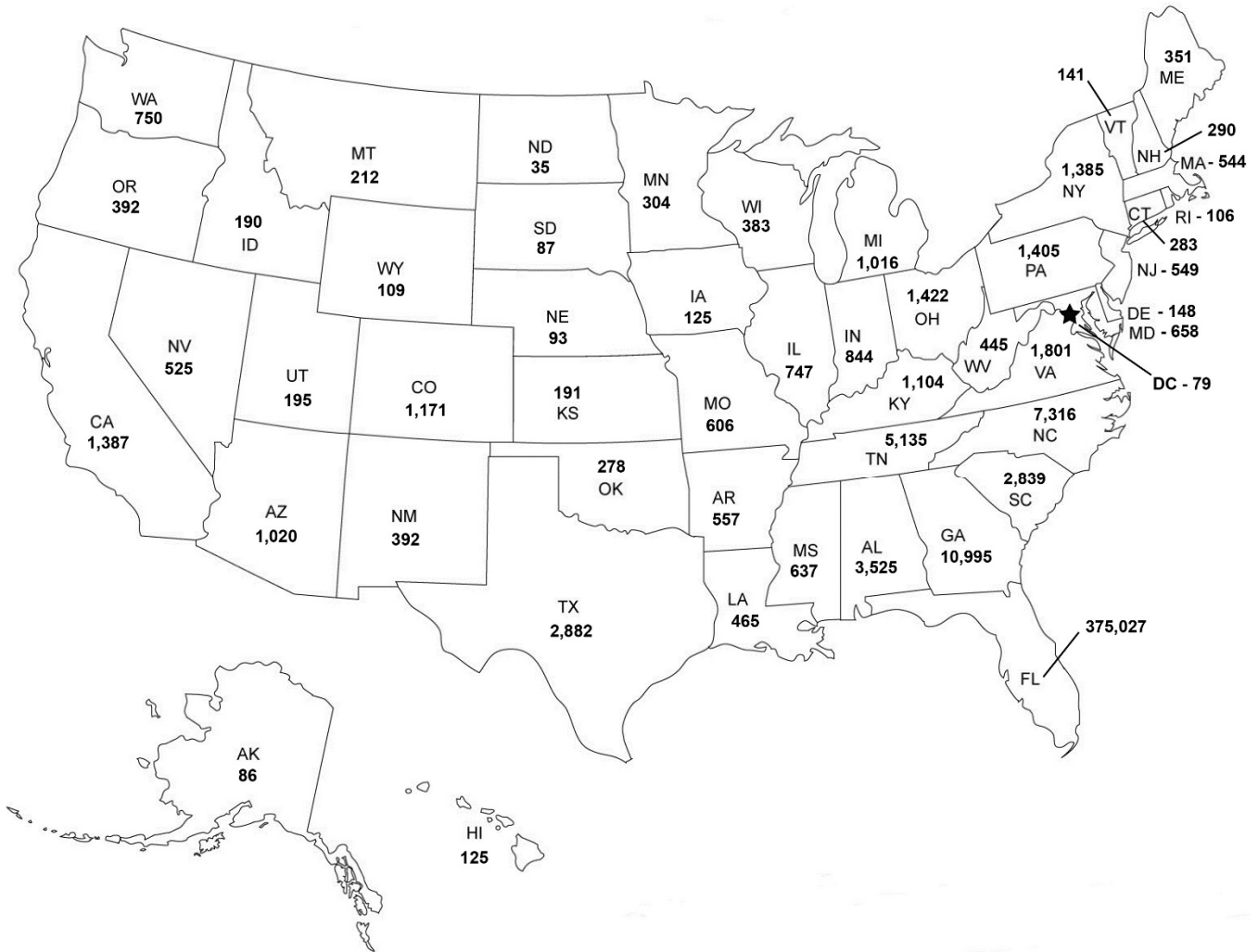
As of June 30

Fiscal Year		Years of Creditable Service								40 or More
		Less Than 5 ¹	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	
2020	Average Annual Benefit	\$17,549	\$5,461	\$8,458	\$14,305	\$21,765	\$38,465	\$40,246	\$52,123	\$60,726
	Average AFC	\$14,118	\$31,596	\$31,417	\$38,252	\$44,303	\$54,664	\$54,030	\$53,238	\$60,272
	Count	498	38,394	90,454	69,890	60,957	57,225	103,267	8,770	1,783
2019	Average Annual Benefit	\$16,820	\$5,341	\$8,244	\$13,930	\$21,231	\$37,322	\$39,326	\$51,025	\$59,415
	Average AFC	\$14,135	\$31,301	\$30,914	\$37,588	\$43,668	\$53,717	\$53,372	\$52,234	\$58,061
	Count	504	37,764	89,730	68,830	59,959	55,411	100,872	8,942	1,830
2018	Average Annual Benefit	\$16,277	\$5,206	\$8,002	\$13,573	\$20,640	\$36,202	\$38,415	\$49,761	\$58,959
	Average AFC	\$14,228	\$30,995	\$30,320	\$36,897	\$42,938	\$52,669	\$52,753	\$51,109	\$56,975
	Count	499	36,917	88,587	67,323	58,716	53,459	98,257	9,069	1,876
2017	Average Annual Benefit	\$16,128	\$5,083	\$7,783	\$13,222	\$20,079	\$35,082	\$37,495	\$48,661	\$57,845
	Average AFC	\$13,165	\$30,632	\$29,749	\$36,235	\$42,148	\$51,621	\$52,163	\$50,409	\$54,884
	Count	490	35,728	87,232	65,683	57,418	51,412	96,115	9,234	1,901
2016	Average Annual Benefit	\$14,774	\$4,945	\$7,564	\$12,863	\$19,434	\$33,969	\$36,542	\$47,369	\$56,026
	Average AFC	\$12,727	\$30,220	\$29,154	\$35,581	\$41,247	\$50,472	\$51,474	\$49,560	\$52,909
	Count	502	33,930	85,384	64,010	55,737	49,272	93,540	9,407	1,934
2015	Average Annual Benefit	\$14,218	\$4,823	\$7,343	\$12,488	\$18,811	\$32,547	\$35,681	\$46,398	\$54,628
	Average AFC	\$12,578	\$29,757	\$28,543	\$34,845	\$40,311	\$48,944	\$50,424	\$48,289	\$51,246
	Count	503	31,954	83,281	62,096	53,896	46,449	87,114	9,173	1,973
2014	Average Annual Benefit	\$13,921	\$4,686	\$7,118	\$12,113	\$18,198	\$31,189	\$34,775	\$45,352	\$53,674
	Average AFC	\$12,645	\$29,192	\$27,891	\$34,071	\$39,326	\$47,453	\$49,466	\$46,921	\$50,414
	Count	506	29,973	81,618	60,299	51,985	43,894	82,454	9,005	2,041
2013	Average Annual Benefit	\$13,402	\$4,600	\$6,924	\$11,790	\$17,599	\$30,006	\$33,868	\$44,232	\$51,876
	Average AFC	\$12,425	\$28,675	\$27,276	\$33,339	\$38,294	\$46,118	\$48,651	\$45,976	\$48,789
	Count	511	27,340	78,982	58,106	50,062	41,793	78,779	9,002	2,103
2012	Average Annual Benefit	\$12,998	\$4,484	\$6,721	\$11,407	\$16,977	\$28,760	\$32,921	\$43,008	\$50,466
	Average AFC	\$12,311	\$28,079	\$26,638	\$32,516	\$37,234	\$44,734	\$47,754	\$44,983	\$47,727
	Count	512	25,160	74,934	56,235	48,273	39,924	75,046	9,114	2,166
2011	Average Annual Benefit	\$12,594	\$4,404	\$6,522	\$11,041	\$16,410	\$27,628	\$32,059	\$41,729	\$49,194
	Average AFC	\$12,359	\$27,501	\$25,958	\$31,662	\$36,138	\$43,343	\$46,872	\$43,950	\$46,796
	Count	513	22,631	74,657	54,238	46,143	37,948	70,869	9,122	2,220

¹ Represents in-line-of-duty disability benefits with guaranteed minimum benefit levels.

FRS RETIREES BY STATE

As of June 30, 2020



FRS RETIREES OUTSIDE THE UNITED STATES

As of June 30, 2020

Antigua & Barbuda (1)	Chile (3)	Greece (3)	Netherlands (3)	Switzerland (4)
Argentina (3)	China (1)	Guam (4)	New Zealand (9)	Taiwan (3)
Armed Forces (40)	Colombia (14)	Honduras (2)	Nicaragua (4)	Thailand (20)
Australia (25)	Costa Rica (8)	Hungary (4)	Panama (5)	Trinidad & Tobago (4)
Austria (2)	Croatia (1)	India (2)	Peru (5)	United Kingdom (35)
Bahamas (1)	Czech Republic (1)	Ireland (8)	Philippines (19)	Uruguay (2)
Barbados (3)	Dominican Republic (4)	Israel (12)	Poland (5)	Venezuela (1)
Belize (1)	Ecuador (5)	Italy (10)	Portugal (5)	Virgin Islands (21)
Bermuda (1)	Egypt (1)	Jamaica (9)	Puerto Rico (248)	West Indies (18)
Bosnia-Herzegovina (1)	El Salvador (1)	Japan (4)	Romania (2)	Other (15)
Brazil (3)	Finland (1)	Latvia (1)	Slovakia (1)	
Bulgaria (2)	France (14)	Lebanon (1)	South Africa (1)	
Canada (124)	Germany (26)	Mexico (6)	Spain (25)	
Cayman Islands (1)	Ghana (1)	Micronesia (8)	Sweden (2)	

**REEMPLOYED RETIREES NOT ELIGIBLE
FOR RENEWED MEMBERSHIP BY SYSTEM/CLASS**

As of June 30

System/Class	2016	2017	2018	2019	2020
FRS Regular	8,070	9,607	5,329	5,766	5,677
FRS Senior Management Service	170	209	122	130	144
FRS Special Risk	1,229	1,388	441	518	541
FRS Elected Officers'	99	142	108	119	123
Total	9,568	11,346	6,000	6,533	6,485

**PROFILE OF REEMPLOYED RETIREES NOT ELIGIBLE
FOR RENEWED MEMBERSHIP**

As of June 30, 2019

By Employer Group	Count	Average Length of Employment	Average Salary
State	1,230	3.47	\$43,651
State Universities	227	3.84	62,018
School Boards	3,146	3.48	34,101
Counties	1,342	3.42	40,621
State Colleges	239	4.06	39,315
Others ¹	301	3.37	39,115
Total/Average	6,485	3.49	\$38,664

By Age Range	Count	Average Length of Employment	Average Salary
Under 30	0	0.00	\$0
30 – 39	0	0.00	0
40 – 49	17	1.79	32,629
50 – 59	1,130	2.41	38,884
60 – 69	3,730	3.46	40,345
70 and Over	1,608	4.35	34,672
Total/Average	6,485	3.49	\$38,664

By Gender	Count	Average Length of Employment	Average Salary
Female	3,748	3.51	\$35,093
Male	2,737	3.47	43,554
Total/Average	6,485	3.49	\$38,664

¹ Others include Cities, Special Districts, Charter Schools, Housing Authorities, and Independent Hospitals.



SYSTEM SUMMARY SECTION

Photo: Sanibel Island, courtesy of the Lee County Visitor & Convention Bureau.

CHRONOLOGICAL HIGHLIGHTS OF STATE-ADMINISTERED RETIREMENT AND PENSION SYSTEMS SINCE 2000

- 2000** — The Public Employee Optional Retirement Program (also referred to as the Investment Plan) was established to be implemented in 2002.
- Special risk annual retirement credit was upgraded to 3 percent for all years between October 1, 1978, and January 1, 1993, for members retiring on and after July 1, 2000.
- Minimum special risk in-line-of-duty disability benefits were increased from 42 percent to 65 percent, effective July 1, 2000.
- The vesting requirement was reduced to six years for all FRS membership classes, beginning July 1, 2001.
- The vesting requirement for regular disability retirement was reduced to eight years, beginning July 1, 2001.
- 2001** — A one-time special 12 percent benefit increase was provided, effective January 1, 2002, for FRS retirees with special risk service between October 1, 1978, and December 31, 1992, for members retiring before July 1, 2000.
- Cities and special districts already participating in the FRS for their elected officials were given a second opportunity to designate their elected officials for membership in the Elected Officers' Class.
- 2002** — A uniform employer contribution rate structure was created effective July 1, 2002, for members of the Pension Plan and members of the Investment Plan.
- A 90-day window was provided to allow members to convert their Senior Management Service Optional Annuity Program service to creditable service under the Pension Plan.
- 2003** — Participants of the State Community College Optional Retirement Program were provided a one-time opportunity to transfer to the FRS.
- 2005** — Local government service managers who withdrew from the FRS were given a one-time opportunity to transfer to the FRS between January 1, 2006, and June 30, 2006.
- 2007** — Participants of the State University System Optional Retirement Program were provided a one-time opportunity to transfer to the FRS between January 1, 2008, and December 31, 2008.
- The Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated as a closed-retirement system under the Regular Class of the FRS, effective July 1, 2007.
- 2009** — The definition of termination was changed from one calendar month to six calendar months for Pension Plan members whose DROP termination dates or non-DROP retirements are effective on or after July 1, 2010.
- For Pension Plan members whose DROP termination dates or non-DROP retirements are effective on or after July 1, 2010, the reemployment limitation period was changed to six calendar months after meeting the definition of termination.
- All exceptions to employment with FRS-covered employers during the reemployment limitation period were closed to Pension Plan members whose DROP termination dates are on or after July 1, 2010, or whose non-DROP retirements are effective July 1, 2010. Investment Plan members and participants in the State University System Optional Retirement Program, Senior Management Service Optional Annuity Program, State Community College Optional Retirement Program, and withdrawn local senior managers who received a distribution in June 2010 or after no longer have exceptions to employment with FRS-covered employers during the reemployment limitation period.
- Renewed membership was closed to retirees of a state-administered retirement system initially reemployed by an FRS participating employer on or after July 1, 2010.
- 2010** — Continued Special Risk Class participation for employment in a non-special risk position is provided for members suffering specified in-line-of-duty injuries and who reach maximum medical improvement on or after August 1, 2008, for as long as employed by the same employer at the time of injury.
- 2011** — Required 3 percent pre-tax employee contributions on compensation reported on or after July 1, 2011, for all members except those participating in the DROP or reemployed retirees who are not eligible for renewed membership.
- Changed the cost-of-living adjustment formula for FRS Pension Plan retirements effective on or after August 1, 2011, to be a proportional amount of 3 percent excluding service credit earned on or after July 1, 2011.
- Created different benefit structure for FRS Pension Plan members initially enrolled on or after July 1, 2011, in addition to required employee contributions that require:
- Eight-year vesting,
 - Highest eight fiscal years of salary used in the calculation of average final compensation,
 - Normal retirement for Special Risk Class members at age 60 and vested or a total of 30 years of service; and age 65 and vested or a total of 33 years of service for all other classes,
 - Elimination of cost-of-living adjustments after retirement.

- 2016** — Created enhanced survivor benefits for Special Risk Class members who are killed in the line of duty on or after July 1, 2013, for benefit payments on or after July 1, 2016, with the following stipulations:
- The benefit payable to the surviving spouse or on behalf of an eligible dependent child or children of a Pension Plan Special Risk Class member is increased from 50 percent to 100 percent of the member's base monthly salary at the time of death.
 - A new benefit for the surviving spouse or on behalf of an eligible dependent child or children of an Investment Plan Special Risk Class member is created, with the benefit payable equal to 100 percent of the member's base monthly salary at the time of death. The member's Investment Plan account balance must be transferred to the Survivor Benefit Account of the FRS Trust Fund if the in-line-of-duty death benefit is approved.
 - If there is no surviving spouse, the eligible child or children will receive benefits until the youngest unmarried child reaches age 18. The benefits may be extended up to age 25 if the eligible surviving child is unmarried and enrolled as a full time student.
- 2017** — Created defined contribution plan renewed membership for state administered defined contribution plan retirees initially reemployed in a regularly established position on or after July 1, 2010, but initially enrolled in the FRS Investment Plan, the State University System Optional Retirement Program, or the State Community College System Optional Retirement Program on or after July 1, 2017. Membership in the FRS is available in all classes including the Special Risk Class for this tier of renewed membership. Pension Plan retirees remain ineligible for renewed membership.
- Created in-line-of-duty (ILOD) death benefits for members of the Investment Plan in all classes except the Special Risk Class with eligibility retroactive to July 1, 2002, for benefit payments on or after July 1, 2017.
- Extended retroactive eligibility for the existing in-line-of-duty death benefits for Special Risk Class members from July 1, 2013, to July 1, 2002, for eligible survivors of Pension Plan or Investment Plan members.
- Changed the default membership for FRS members initially enrolled on or after January 1, 2018, from the Pension Plan to the Investment Plan for all members except those in a Special Risk Class position at the time of default and extended the initial membership election period from five calendar months to eight calendar months after the month of hire effective January 1, 2018.
- Closed the Senior Management Service Optional Annuity Program to new members effective July 1, 2017. Existing members can continue to participate.
- 2018** — Created an exception to reemployment restrictions to allow law enforcement officers who retired from the FRS or other state-administered retirement system to be reemployed as a school resource officer by an FRS participating employer FRS during the seventh through twelfth calendar months after their retirement date or their DROP termination date without requiring them to suspend their retirement benefit.
- Requires specified K-12 instructional personnel participating in the DROP who are authorized to extend their DROP participation beyond the initial 60-calendar month period to have their DROP termination date be the end of the month of the last month of the school year. Administrative personnel in grades K-12 participating in DROP who have a DROP termination date on or after July 1, 2018, may be authorized to extend their DROP participation beyond the initial 60 calendar month period if their termination date is before the end of the school year.
- Removed the requirement that a law enforcement officer, firefighter, emergency medical technician, or paramedic employed by a public agency who suffers a mental or nervous injury must also have an accompanying physical injury to be eligible for workers' compensation benefits.
- 2019** — Established a presumption of in-line-of-duty causation for firefighters who die or are totally and permanently disabled due to one of a specified 21 types of cancers or due to circumstances arising out of the treatment of one of these cancers. The firefighter must be employed full-time within a fire department or public safety department of an employer whose primary responsibilities are the prevention and extinguishing of fires; the protection of life and property; and the enforcement of municipal, county, and state fire prevention codes and laws pertaining to the prevention and control of fires.

FRS PARTICIPATING EMPLOYERS

STATE AGENCIES –

EXECUTIVE BRANCH

Agency for Health Care Administration
Agency for Persons with Disabilities
Department of Agriculture and Consumer Services
Department of Business and Professional Regulation
Department of Children and Families
Department of Citrus
Department of Community Affairs
Department of Corrections
Department of Economic Opportunity
Department of Education
Department of Elder Affairs
Department of Environmental Protection
Department of Financial Services
Department of Health
Department of Highway Safety and Motor Vehicles
Department of Juvenile Justice
Department of Law Enforcement
Department of Legal Affairs
Department of Lottery
Department of Management Services
Department of Military Affairs
Department of Revenue
Department of State
Department of Transportation
Department of Veterans' Affairs
Executive Office of the Governor
Fish and Wildlife Conservation Commission
Justice Administrative Commission
Parole and Probation Commission
State Board of Administration
Vending Facilities Operators
Volunteer Florida

LEGISLATIVE BRANCH

Auditor General
Commission on Ethics
The Legislature
Public Service Commission

JUDICIAL BRANCH

Capital Collateral Regional Counsels
Florida Board of Bar Examiners
Guardian Ad Litem
Public Defenders
State Attorneys
State Courts - Circuit Courts
State Courts - County Courts
State Courts - District Courts of Appeal
State Courts - Supreme Court

STATE UNIVERSITIES –

Florida A&M University
Florida Atlantic University
Florida Gulf Coast University
Florida International University
Florida Polytechnic University
Florida State University
New College
University of Central Florida
University of Florida
University of North Florida
University of South Florida
University of West Florida

STATE COLLEGES –

Broward College
Chipola College
College of Central Florida
Daytona State College
Eastern Florida State College
Florida Gateway College
Florida SouthWestern State College
Florida State College at Jacksonville
Gulf Coast State College
Hillsborough Community College
Indian River State College
Lake-Sumter State College
Miami Dade College
North Florida College
Northwest Florida State College
Palm Beach State College
Pasco-Hernando State College
Pensacola State College
Polk State College
Saint Johns River State College
Saint Petersburg College
Santa Fe College
Seminole State College of Florida
South Florida State College
State College of Florida, Manatee-Sarasota
Tallahassee Community College
The College of the Florida Keys
Valencia College

LOCAL AGENCIES –

ALACHUA COUNTY

Alachua County Library District
Alachua MYcroSchool of Integrated Academics and Technologies
Board of County Commissioners
Caring and Sharing Learning School
City of Alachua ^{1,4}
City of Archer ⁴
City of Gainesville ³
City of High Springs ^{1,2,4}
City of Newberry ^{2,4}
Clerk of Circuit Court
Genesis Preparatory School of Gainesville, Inc.
Micanopy Middle School, Inc.
Property Appraiser
School Board
Sheriff

SIATech Gainesville
Supervisor of Elections
Tax Collector

BAKER COUNTY

Board of County Commissioners
City of MacClenny ^{2,3,4}
Clerk of Circuit Court
New River Solid Waste Association
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Town of Glen St Mary ^{3,4}

BAY COUNTY

Bay Haven Charter Academy Elementary School
Bay Haven Charter Academy Middle School
Beach Mosquito Control District
Board of County Commissioners
Central High School
Chautauqua Learn and Serve Charter School
City of Callaway ^{2,3,4}
City of Mexico Beach ^{1,2,4}
City of Parker
City of Springfield
Clerk of Circuit Court
North Bay Haven Charter Career School
North Bay Haven Charter Elementary School
North Bay Haven Charter Middle School
Palm Bay Elementary School
Palm Bay Preparatory Academy
Panama City Port Authority
Property Appraiser
Rising Leader Academy, Inc.
School Board
Sheriff
Supervisor of Elections
Tax Collector
University Academy, Inc.

BRADFORD COUNTY

Board of County Commissioners
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

BREVARD COUNTY

Board of County Commissioners
City of Cocoa ⁴
City of Indian Harbour Beach ⁴
City of Melbourne ^{1,3,4}
City of Palm Bay ³
City of West Melbourne ⁴
Clerk of Circuit Court
Indian River Lagoon Council
Merritt Island Public Library Tax District
Property Appraiser

¹ This agency participates in the FRS for its police employees.

² This agency participates in the FRS for its fire employees.

³ This agency participates in the FRS for its elected officials.

⁴ This agency participates in the FRS for its general employees.

School Board
Sebastian Inlet District
Sheriff
Space Coast Transportation Planning
Organization
Supervisor of Elections
Tax Collector
Town of Malabar
Town of Melbourne Beach ⁴

BROWARD COUNTY

Board of County Commissioners
Broward College
Broward County Housing Authority
Broward Metropolitan Planning Organization
Central Broward Water Control District
Central Charter School
Charter School of Excellence Davie 1
Campus
Charter School of Excellence Fort
Lauderdale 1 Campus
Children's Services Council of Broward
City of Coconut Creek
City of Cooper City ⁴
City of Dania Beach ^{3,4}
City of Deerfield Beach ³
City of Hallandale Beach ⁴
City of Hollywood ³
City of Lighthouse Point ^{1,4}
City of Margate
City of Miramar ³
City of North Lauderdale ²
City of Oakland Park ^{2,4}
City of Pembroke Pines Charter Elementary
School
City of Pembroke Pines Charter High School
City of Pembroke Pines Charter Middle
School
City of Pembroke Pines FSU Charter School
City of Pompano Beach ³
City of Weston ³
City of West Park ^{3,4}
City of Wilton Manors ^{1,3,4}
Clerk of Circuit and County Courts
Hillsborough Inlet Improvement and
Maintenance
North Springs Improvement District
Old Plantation Water Control District
Plantation Acres Improvement District
Property Appraiser
School Board
Sheriff
South Broward Drainage District
South Florida Regional Planning Council
Supervisor of Elections
Tax Collector
Town of Hillsboro Beach ^{1,4}
Town of Lauderdale-by-the-Sea ^{3,4}
Town of Pembroke Park ⁴
Tri-County Commuter Rail

CALHOUN COUNTY

Apalachee Regional Planning Council
Board of County Commissioners
City of Blountstown ^{1,2,4}
Clerk of Circuit Court
Property Appraiser
School Board

Sheriff
Supervisor of Elections
Tax Collector
Town of Altha ^{1,4}

CHARLOTTE COUNTY

Board of County Commissioners
Charlotte County Airport Authority
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

CITRUS COUNTY

Board of County Commissioners
Citrus County Mosquito Control District
Citrus MYcroSchool of Integrated
Academics and Technologies, Inc.
City of Crystal River
City of Inverness ^{2,3,4}
Clerk of Circuit Court
Homosassa Special Water District
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

CLAY COUNTY

Board of County Commissioners
City of Green Cove Springs ^{3,4}
Clerk of Circuit Court
First Coast Workforce Consortium
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

COLLIER COUNTY

Board of County Commissioners
Clerk of Circuit Court
Collier County Soil and Water
Conservation District
Collier Mosquito Control District
Greater Naples Fire Rescue District
Immokalee Fire Control District
Marco Island Academy
Marco Island Charter Middle School
North Collier Fire Rescue District
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

COLUMBIA COUNTY

Board of County Commissioners
City of Lake City ^{3,4}
Clerk of Circuit Court
Lake Shore Hospital Authority
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

DADE COUNTY

See Miami-Dade County

DE SOTO COUNTY

Board of County Commissioners
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

DIXIE COUNTY

Board of County Commissioners
Clerk of Circuit Court
Kinder Cub School, Inc.
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Suwannee Water and Sewer District
Tax Collector
Three Rivers Regional Library System
Town of Cross City

DUVAL COUNTY

Biscayne High School
Duval MYcroSchool of Integrated
Academics and Technologies
Jacksonville Aviation Authority
Jacksonville Seaport Authority
Jacksonville Transportation Authority
Lone Star High School
Northeast Florida Regional Planning
Council
North Florida Transportation Planning
Organization
River City Science Academy
River City Science Academy Elementary
River City Science Academy Innovation
River City Science Academy at Mandarin
School Board
SIATech Jacksonville

ESCAMBIA COUNTY

Board of County Commissioners
Byrneville Elementary School, Inc.
Clerk of Circuit and County Courts
City of Pensacola ^{1,3,4}
Emerald Coast Utility Authority
Pensacola Beach Elementary School
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
West Florida Regional Planning Council

FLAGLER COUNTY

Board of County Commissioners
City of Bunnell
Clerk of Circuit Court
East Flagler Mosquito Control District
Flagler County Housing Authority
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

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FRANKLIN COUNTY

Apalachicola Housing Authority
 Board of County Commissioners
 City of Apalachicola ^{1,4}
 City of Carrabelle ^{1,3,4}
 Clerk of Circuit Court
 Eastpoint Water and Sewer District
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

GADSDEN COUNTY

Board of County Commissioners
 City of Chattahoochee ^{1,3,4}
 City of Gretna
 City of Midway ^{1,3,4}
 Clerk of Circuit Court
 Northwest Florida Water Management District
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Greensboro ^{1,4}
 Town of Havana ^{1,4}

GILCHRIST COUNTY

Board of County Commissioners
 City of Trenton ^{1,3,4}
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

GLADES COUNTY

Board of County Commissioners
 City of Moore Haven ⁴
 Clerk of Circuit Court
 Moore Haven Mosquito Control District
 Pemaetv Emahakv, Inc.
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

GULF COUNTY

Board of County Commissioners
 City of Port Saint Joe
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

HAMILTON COUNTY

Board of County Commissioners
 City of Jasper
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff

Supervisor of Elections
 Tax Collector

HARDEE COUNTY

Board of County Commissioners
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

HENDRY COUNTY

Barron Water Control District
 Board of County Commissioners
 Central County Water Control District
 City of Clewiston ¹
 City of La Belle ^{3,4}
 Clerk of Circuit Court
 Hendry Soil and Water Conservation District
 Port La Belle Community Development District
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

HERNANDO COUNTY

Board of County Commissioners
 City of Brooksville ^{3,4}
 Clerk of Circuit Court
 Hernando County Housing Authority
 Property Appraiser
 School Board
 Sheriff
 Southwest Florida Water Management District
 Supervisor of Elections
 Tax Collector

HIGHLANDS COUNTY

Board of County Commissioners
 City of Avon Park ^{3,4}
 City of Sebring ^{1,2,4}
 Clerk of Circuit Court
 Highlands Soil and Water Conservation District
 Property Appraiser
 School Board
 Sebring Airport Authority
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Lake Placid ^{1,3,4}

HILLSBOROUGH COUNTY

Board of County Commissioners
 Children's Board of Hillsborough County
 Clerk of Circuit Court
 Hillsborough Area Regional Transit
 Hillsborough County Aviation Authority
 Hillsborough County Civil Service Board
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections

Tampa Bay Area Regional Transit Authority
 Tampa Bay Estuary Program
 Tampa-Hillsborough County Expressway Authority
 Tampa Port Authority
 Tampa Sports Authority
 Tax Collector

HOLMES COUNTY

Board of County Commissioners
 Clerk of Circuit Court
 Holmes County Housing Authority
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

INDIAN RIVER COUNTY

Board of County Commissioners
 Clerk of Circuit Court
 Fellsmere Water Control District
 Indian River Farms Water Control District
 Indian River Mosquito Control District
 Property Appraiser
 Saint Johns Water Control District
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

JACKSON COUNTY

Board of County Commissioners
 City of Graceville ^{1,4}
 City of Marianna ⁴
 Clerk of Circuit Court
 Northwest Florida Regional Housing Authority
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Alford ⁴
 Town of Grand Ridge ⁴
 Town of Sneads ^{1,4}

JEFFERSON COUNTY

Board of County Commissioners
 City of Monticello ⁴
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

LAFAYETTE COUNTY

Board of County Commissioners
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Mayo ^{3,4}

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LAKE COUNTY

Board of County Commissioners
City of Fruitland Park ^{1,4}
City of Minneola ^{2,4}
City of Tavares ^{1,2,4}
City of Umatilla ⁴
Clerk of Circuit Court
Mascotte Charter School, Inc.
Oklawaha Basin Recreation and Water
Conservation District
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Town of Astatula
Town of Montverde ⁴

LEE COUNTY

Alva Fire and Rescue Service District
Bayshore Fire Protection and Rescue
Service District
Board of County Commissioners
Bonita Springs Fire and Rescue
Cape Coral Charter School
Captiva Fire Control District
City of Bonita Springs
Clerk of Circuit Court
Fort Myers Beach Fire Control District
Fort Myers Beach Library District
Fort Myers Beach Mosquito Control
Fort Myers Shores Fire Department
Hyacinth Control District
Iona McGregor Fire Protection and Rescue
Service
Lee County Metropolitan Planning
Organization
Lee County Mosquito Control District
Lehigh Acres Fire Control and Rescue
District
Lehigh Acres Municipal Services
Improvement District
Matlacha-Pine Fire District
North Fort Myers Fire Control District
Property Appraiser
Public Risk Management of Florida
San Carlos Fire Protection and Rescue
District
Sanibel Fire Control District
School Board
Sheriff
South Trail Protection and Rescue Service
District
Southwest Florida Regional Planning
Council
Supervisor of Elections
Tax Collector
Tice Fire and Rescue District

LEON COUNTY

Board of County Commissioners
Clerk of Circuit Court
Florida Clerk of Court Operations
Corporation
Property Appraiser
The School of Arts and Sciences
Foundation, Inc.
School Board

Sheriff
Stars Middle School
Supervisor of Elections
Tallahassee Housing Authority
Tax Collector

LEVY COUNTY

Board of County Commissioners
City of Cedar Key ¹
City of Chiefland
City of Fanning Springs
City of Williston ²
Clerk of Circuit Court
Levy County Housing Authority
Nature Coast Middle School
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Town of Inglis ^{1,4}
Town of Yankeetown ⁴
Whispering Winds Charter School

LIBERTY COUNTY

Board of County Commissioners
City of Bristol ⁴
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

MADISON COUNTY

Aucilla Area Solid Waste Administration
Board of County Commissioners
Clerk of Circuit Court
James Madison Preparatory High
School
Madison Creative Arts Academy, Inc.
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Town of Greenville ⁴

MANATEE COUNTY

Board of County Commissioners
Braden River Fire Control and Rescue
Cedar Hammock Fire Control District
City of Anna Maria
City of Bradenton ^{3,4}
City of Holmes Beach ⁴
Clerk of Circuit Court
Lincoln Memorial Academy
Manatee County Housing Authority
Manatee County Mosquito Control
District
Myakka City Fire Department
Palmetto Charter School, Inc.
Parrish Fire Control District
Peace River/Manasota Regional Water
Supply Authority
Property Appraiser
School Board
Sheriff
Supervisor of Elections

Tax Collector
Town of Longboat Key ²
William Monroe Rowlett Academy for the
Arts and Communication
William Monroe Rowlett Middle Academy

MARION COUNTY

Board of County Commissioners
Clerk of Circuit Court
Francis Marion Military Academy
Marion Charter School
Property Appraiser
Rainbow Lakes Municipal Service
School Board
Sheriff
Supervisor of Elections
Tax Collector

MARTIN COUNTY

Board of County Commissioners
City of Stuart
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Village of Indiantown ^{3,4}

MIAMI - DADE COUNTY

Bal Harbour Village ¹
The Children's Trust
City of Coral Gables ³
City of Doral ¹
City of Florida City ^{1,4}
City of Miami Gardens ^{1,3,4}
City of North Bay Village ^{1,4}
City of North Miami ^{1,3,4}
City of North Miami Beach ³
City of Opa-Locka ^{1,4}
City of Sunny Isles Beach
City of West Miami ^{1,4}
Clerk of Circuit Court
Coral Reef Montessori Charter School
Dade County Industrial Development
Authority
Miami Beach Housing Authority
Miami-Dade County
Miami-Dade County Expressway Authority
Property Appraiser
School Board
Supervisor of Elections
Tax Collector
Town of Cutler Bay
Town of Miami Lakes ^{1,3,4}
Village of Biscayne Park ^{1,4}
Village of El Portal ^{1,4}
Village of Pinecrest ¹

MONROE COUNTY

Board of County Commissioners
City of Key Colony Beach ^{1,4}
City of Marathon ³
Clerk of Circuit Court
Florida Keys Aqueduct Authority
Florida Keys Mosquito Control District
Islamorada, Village of Islands
Property Appraiser
School Board

¹ This agency participates in the FRS for its police employees.

² This agency participates in the FRS for its fire employees.

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Sheriff
Supervisor of Elections
Tax Collector

NASSAU COUNTY

Amelia Island Mosquito Control
Board of County Commissioners
City of Fernandina Beach³
Clerk of Circuit Court
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector
Town of Callahan^{3,4}
Town of Hilliard^{3,4}

OKALOOSA COUNTY

Board of County Commissioners
City of Niceville^{1,2,4}
Clerk of Circuit Court
Liza Jackson Preparatory School
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

OKEECHOBEE COUNTY

Board of County Commissioners
Clerk of Circuit Court
Coquina Water Control District
Okeechobee Soil and Water Conservation
District
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

ORANGE COUNTY

Board of County Commissioners
Central Florida Expressway Authority
City of Edgewood
Clerk of Circuit Court
Florida Virtual High School
Greater Orlando Aviation Authority²
Lake Apopka Natural Gas District
Nap Ford Community School
Office of the Comptroller
Orlando Science Elementary School
Orlando Science Middle/High School
Property Appraiser
Reedy Creek Improvement District
School Board
Sheriff
Supervisor of Elections
Tax Collector

OSCEOLA COUNTY

Board of County Commissioners
Clerk of Circuit Court
New Dimensions High School
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

PALM BEACH COUNTY

Board of County Commissioners
City of Atlantis^{1,4}
City of Boca Raton³
City of Boynton Beach³
City of Palm Beach Gardens^{3,4}
City of Riviera Beach^{2,3,4}
City of South Bay³
Clerk of Circuit Court
Florida Inland Navigation District
G-STAR School of the Arts for Motion
Pictures and Television
Gulf Stream Goodwill Academies, Inc.
Indian Trail Improvement District
Inlet Grove Community High School,
Inc.
Lake Worth Drainage District
Loxahatchee Groves Water Control
District
Palm Beach County Solid Waste
Authority
Palm Beach Metropolitan Planning
Organization
Palm Beach Soil and Water
Conservation
Palm Beach Workforce Development
Consortium
Port of Palm Beach
Property Appraiser
School Board
Shawano Drainage District
Sheriff
South Florida Conservancy
South Florida Water Management
District
South Tech Charter Academy, Inc.
Supervisor of Elections
Tax Collector
Town of Haverhill⁴
Town of Highland Beach^{1,3,4}
Town of Juno Beach^{1,4}
Town of Jupiter^{3,4}
Town of Loxahatchee Groves⁴
Town of Mangonia Park⁴
Town of Ocean Ridge^{1,3,4}
Town of Palm Beach Shores^{1,2,4}
Town of South Palm Beach^{1,4}
Village of Palm Springs^{1,3,4}
Village of Royal Palm Beach^{3,4}
Village of Wellington^{3,4}
Western Academy Charter School

PASCO COUNTY

Board of County Commissioners
City of New Port Richey⁴
City of Port Richey
City of San Antonio⁴
City of Zephyrhills^{1,2,4}
Clerk of Circuit Court
Learning Lodge Academy, Inc.
Pasco County Mosquito Control District
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tax Collector

PINELLAS COUNTY

Board of County Commissioners
City of Madeira Beach^{2,4}
City of Oldsmar²
City of Seminole^{3,4}
City of South Pasadena⁴
City of Treasure Island^{1,2}
Clerk of Court
Juvenile Welfare Board
Lealman Special Fire Control District
Palm Harbor Special Fire Control District
Pinellas County Planning Council
Pinellas Housing Authority
Pinellas MYcroSchool of Integrated
Academics and Technologies
Pinellas Park Water Management District
Pinellas Suncoast Fire and Rescue District
Pinellas-Suncoast Transit Authority
Property Appraiser
School Board
Sheriff
Supervisor of Elections
Tampa Bay Regional Planning Council
Tampa Bay Water
Tax Collector
Town of Indian Shores³
Town of Kenneth City¹
Town of North Redington Beach⁴
Town of Redington Shores^{3,4}

POLK COUNTY

Berkley Accelerated Middle School
Berkley Charter School
Board of County Commissioners
Clerk of Circuit Court
Compass Charter Middle School
Dale R. Fair Babson Park Elementary
School
Discovery Academy of Lake Alfred
Edward W. Bok Academy, Inc.
Edward W. Bok Academy North
Hillcrest Elementary School
Janie Howard Wilson Elementary School
Lakeland Area Mass Transit District
Lake Wales Charter School, Inc.
Lake Wales Senior High School
Language and Literacy Academy of
Learning, Inc.
New Beginnings High School, Inc.
Our Children's Academy
Polk Avenue Elementary School
Property Appraiser
Ridgeview Global Studies Academy
School Board
Sheriff
Supervisor of Elections
Tax Collector
The Schools of McKeel Academy
Town of Polk City⁴
Village of Highland Park⁴

PUTNAM COUNTY

Board of County Commissioners
Clerk of Circuit Court
Property Appraiser
Putnam Academy of Arts and Sciences
Putnam Edge High School

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Saint Johns River Water Management District
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

SAINT JOHNS COUNTY

Anastasia Mosquito Control District
 Board of County Commissioners
 City of Saint Augustine Beach
 Clerk of Circuit Court
 Property Appraiser
 Saint Augustine-Saint Johns County Airport Authority
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

SAINT LUCIE COUNTY

Board of County Commissioners
 Children's Service Council of Saint Lucie
 City of Port Saint Lucie ³
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

SANTA ROSA COUNTY

Avalon Fire Rescue District
 Board of County Commissioners
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Jay ^{3,4}

SARASOTA COUNTY

Board of County Commissioners
 City of North Port ^{3,4}
 City of Venice
 Clerk of Circuit Court
 Englewood Area Fire Control District
 Englewood Water District
 Property Appraiser
 Sarasota Bay Estuary Program
 Sarasota-Manatee Metropolitan Planning Organization
 Sarasota Military Academy
 Sarasota Military Academy Prep
 Sarasota Suncoast Academy
 School Board
 Sheriff
 Student Leadership Academy of Venice, Inc.
 Supervisor of Elections
 Tax Collector
 West Coast Inland Navigation District

SEMINOLE COUNTY

Board of County Commissioners
 City of Sanford
 Clerk of Circuit Court
 Property Appraiser

School Board
 Seminole Science Charter School
 Sheriff
 Supervisor of Elections
 Tax Collector

SUMTER COUNTY

Board of County Commissioners
 City of Center Hill ^{1,4}
 City of Coleman ^{1,3,4}
 City of Webster ^{1,3,4}
 City of Wildwood
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector

SUWANNEE COUNTY

Board of County Commissioners
 City of Live Oak
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Suwannee River Water Management District
 Suwannee Valley Transit Authority
 Tax Collector

TAYLOR COUNTY

Big Bend Water Authority
 Board of County Commissioners
 City of Perry ^{3,4}
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Taylor Coastal Water and Sewer District
 Taylor County Development Authority

UNION COUNTY

Board of County Commissioners
 City of Lake Butler ^{3,4}
 Clerk of Circuit Court
 New River Library Cooperative
 PAL Public Library Cooperative
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Union County Housing Authority

VOLUSIA COUNTY

Board of County Commissioners
 City of Daytona Beach ^{3,4}
 City of Daytona Beach Shores ^{1,4}
 City of Deltona ⁴
 City of Holly Hill ⁴
 City of Lake Helen
 City of New Smyrna Beach ³
 City of Oak Hill ^{1,4}
 City of Orange City
 City of South Daytona ^{1,2,4}

Clerk of Circuit Court
 Property Appraiser
 River to Sea Transportation Planning Organization
 School Board
 Sheriff
 Southeast Volusia Hospital District
 Supervisor of Elections
 Tax Collector
 Town of Pierson ⁴
 Town of Ponce Inlet ^{1,2,4}
 Volusia County Law Library

WAKULLA COUNTY

Board of County Commissioners
 City of Sopchoppy ⁴
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Wilderness Coast Libraries

WALTON COUNTY

Board of County Commissioners
 City of DeFuniak Springs
 City of Freeport ^{2,3,4}
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Seaside Neighborhood Charter School
 Sheriff
 South Walton Mosquito Control District
 Supervisor of Elections
 Tax Collector
 Walton Academy

WASHINGTON COUNTY

Board of County Commissioners
 City of Chipley
 City of Vernon ^{3,4}
 Clerk of Circuit Court
 Property Appraiser
 School Board
 Sheriff
 Supervisor of Elections
 Tax Collector
 Town of Wausau ^{3,4}

SUMMARY

State Agencies	45
State Universities	12
State Colleges	28
County Agencies	396
School Boards	67
Cities	177
Independent Hospitals	2
Special Districts	149
Charter Schools	92
Housing Authorities	12
Total	<u>980</u>

¹ This agency participates in the FRS for its police employees.

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Non-Participating Employers

The following list of 44 employers report existing FRS members only; new employees are not eligible to participate in the FRS.

Bay County – City of Panama City
Brevard County – Canaveral Port Authority
Broward County – City of Lauderdale Lakes
Broward County – Fort Lauderdale Downtown Development Authority
Broward County – *Memorial Healthcare District*
Broward County – *North Broward Hospital District*
Citrus County – Citrus County Hospital Board
Clay County – *Clay County Utility Authority*
Collier County – City of Marco Island
DeSoto County – Joshua Water Control District
Flagler County – *City of Palm Coast*
Hendry County – Hendry County Hospital Authority
Hillsborough County – City of Temple Terrace
Jackson County – Jackson Hospital
Lake County – City of Eustis
Leon County – City of Tallahassee
Manatee County – *West Manatee Fire and Rescue District*
Marion County – City of Dunnellon
Miami-Dade County – Public Health Trust Jackson Memorial
Okaloosa County – City of Valparaiso
Okaloosa County – Okaloosa County Gas District
Okaloosa County – Town of Shalimar
Orange County – City of Maitland
Orange County – Orange-Seminole-Osceola Transit Authority
Palm Beach County – Acme Improvement District
Palm Beach County – City of Greenacres
Palm Beach County – City of Pahokee
Palm Beach County – Palm Beach County Health Care District
Palm Beach County – South Indian River Water Control District
Palm Beach County – Village of Tequesta
Pasco County – City of Dade City
Pinellas County – City of Belleair Beach
Pinellas County – City of Dunedin
Pinellas County – City of Indian Rocks Beach
Pinellas County – City of Safety Harbor
Pinellas County – Town of Redington Beach
Saint Lucie County – North Saint Lucie River Water Management District
Santa Rosa County – City of Gulf Breeze
Seminole County – City of Altamonte Springs
Seminole County – City of Casselberry
Seminole County – City of Longwood
Seminole County – South Seminole-North Orange Wastewater Authority
Sumter County – City of Bushnell
Volusia County – New Smyrna Beach Utilities Commission

Note: Italicized agencies report FRS employees due to a merger, transfer, or consolidation of governmental services.

POLICE AND FIREFIGHTERS' PREMIUM TAX TRUST FUND

The Division of Retirement's Municipal Police Officers' and Firefighters' Retirement Trust Funds' Office is responsible for the administrative oversight and monitoring of local police and fire pension funds in the State of Florida that participate under Chapters 175 and 185, Florida Statutes for firefighters' and police officers' plans, respectively.

For participating plans, the statutes require defined benefit plans for police officers and firefighters and establish the minimum benefits and standards that must be provided. There are two types of plans that operate under these statutes:

- **Chapter Plans** – plans that incorporate by reference the provisions of the chapter to meet the minimum benefits and standards of the Florida Statutes.
- **Local Law Plans** – plans that are created by a special act, local ordinance, or fire district resolution to set forth all the plan provisions. Local Law plans must meet all chapter minimums but may adopt benefits in excess of the chapter provisions.

For both types of plans, the respective boards of trustees, created at the local level, are responsible for the day-to-day operational control of the individual trust funds and are subject to regulatory oversight by the Division of Retirement.

Participating cities and special fire control districts are eligible to receive annual distributions of state insurance premium tax collections on property and casualty insurance policies written within the city limits or special fire district boundaries of the participating plan. The amount of premium taxes collected under Chapter 175 is equal to 1.85 percent of all property insurance written within the city limits or special fire district boundaries of the participating plan. Chapter 185 collects a 0.85 percent tax on all casualty insurance premiums written within the city limits of the participating plan. The Department of Revenue collects these amounts from the state's property and casualty insurers as reported on the DR-908 tax form and transfers them to the Police and Firefighters' Premium Tax Trust Fund. These funds are then available for distribution to the participating pension plans on an annual basis, once the plan has demonstrated compliance with all applicable statutory requirements.

Additional sources of funding for these plans are provided by employee contributions, employer contributions, investment returns and other revenue sources. The city or special fire district sponsoring the pension plan is required to meet any contribution funding deficiency shown by the plan's actuarial valuation.

The Division of Retirement also monitors all local government sponsored pension plans for compliance with Part VII of Chapter 112, Florida Statutes. This Part ensures that all locally sponsored defined benefit pension plans are being funded on an actuarially sound basis and receive timely actuarial services which meet specified standards in their preparation. This review function covers general employee and other employee group plans, in addition to the police and fire plans monitored under Chapters 175 and 185, Florida Statutes. The Division also provides a local government annual report to the Legislature which details the division's activities, findings and recommendations concerning all local government sponsored retirement systems.

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Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

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

We have audited, 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, the financial statements of the fiduciary funds, governmental fund, and governmental activities of the Florida Retirement System Pension Plan and Other State-Administered Systems (System) administered by the Florida Department of Management Services (Department), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated December 10, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the assets and investment income of the Florida Retirement System Defined Benefit Plan. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System'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 System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 System'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, administrative rules, regulations, and contracts, 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*.

Additional Matter

We noted an additional matter related to the accounting for certain pension contributions that we reported to management as Finding No. 2020-001 in the **FINDING AND RECOMMENDATION** accompanying this report.

Management's Response to Finding

The Department's response to the finding described in the **FINDING AND RECOMMENDATION** accompanying this report is included as **Management's Response**. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 System'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 System's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
December 10, 2020
Audit Report No. 2021-069

FINDING AND RECOMMENDATION

ADDITIONAL MATTER PENSION CONTRIBUTIONS

Finding Number	2020-001
Opinion Units	State University System Optional Retirement Program; Florida Retirement System
Financial Statements	Pension contributions; Fiduciary net position – beginning, as restated
Account Titles	
SW Fund Numbers	737205, 737201
State Agency	Florida Department of Management Services (FDMS)
OLO-GF-SF-FID	720000-73-2-309001, 720000-73-2-517001
GL Codes	66495, 53200
Adjustment Amount	\$940,602
Statistically Valid Sample	N/A
Finding	The FDMS incorrectly accounted for certain 2018-19 fiscal year pension contributions.
Criteria	<p>Governmental Accounting Standards Board (GASB) Codification Section 2250.123 specifies that the correction of an error in previously issued financial statements should be accounted for and reported as a prior-period adjustment and excluded from the change in net position section of the statement of changes in net position for the current period.</p> <p>Section 121.35(4)(b), Florida Statutes, requires employers participating in the State University System Optional Retirement Program (SUSORP) to contribute on behalf of each member an amount equal to the unfunded actuarial accrued liability (UAL) portion of the employer contribution which would be required for members of the Florida Retirement System (FRS). This contribution is paid to the FDMS for transfer to the FRS Trust Fund.</p>
Condition	During the 2018-19 fiscal year, the FDMS did not transfer employer UAL contributions totaling \$940,602 to the FRS Trust Fund for SUSORP members who had not selected an investment company as of June 30, 2019. Instead, the FDMS recorded the \$940,602 to the SUSORP Trust Fund Pension contributions account. During the 2019-20 fiscal year, the FDMS established a process to transfer all SUSORP employer UAL contributions to the FRS Trust Fund. However, instead of recording a prior period adjustment to restate the SUSORP and FRS trust funds beginning fiduciary net position for the error in accounting for SUSORP employer UAL contributions, the FDMS recorded a liability, Due to other funds within division, in the SUSORP Trust Fund and a receivable, Due from other funds within division, in the FRS Trust Fund.
Cause	According to FDMS management, prior to the 2019-20 fiscal year, the FDMS had not established a process for FDMS staff to transfer SUSORP employer UAL contributions to the FRS Trust Fund for SUSORP members who had not selected an investment company by fiscal year end. Additionally, FDMS management indicated that, in accordance with Florida Department of Financial Services guidance, only prior-period adjustments greater than \$1 million were to be made. However, this policy did not properly account for materiality differences with the SUSORP fund, as the prior period adjustment represented 15.4 percent of the 2018-19 fiscal year fiduciary net position.
Effect	Prior to audit adjustment, the SUSORP Trust Fund Fiduciary net position – beginning, as restated and Pension contributions accounts were

overstated by \$940,602 and the FRS Trust Fund Fiduciary net position – beginning, as restated and Pension contributions accounts were understated by \$940,602.

Recommendation

We recommend that FDMS management enhance controls to ensure that SUSORP employer UAL contributions are appropriately accounted for and, should errors in previously issued financial statements be identified, such errors are appropriately evaluated and corrected, as appropriate.

State Agency Response

We concur. A process has been initiated to appropriately account for SUSORP employer UAL contributions. In addition, a process has been established to review and evaluate adjusting entries related to prior year activity to ensure they are recorded correctly.

**Estimated Corrective
Action Date**

June 30, 2021

**Agency Contact and
Telephone Number**

Kelly McMullen: (850) 778-4516

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