Florida Prepaid College Board

FINANCIAL STATEMENTS

June 30, 2023

Page

REPORT

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INDEPENDENT AUDITORS' REPORT

Florida Prepaid College Board Members
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Florida Prepaid College Board, a component unit of the State of Florida, administratively housed under the State Board of Administration, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Florida Prepaid College Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, of the Florida Prepaid College Board as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Florida Prepaid College Board's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Florida Prepaid College Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11 and the Schedules of Board's Proportionate Share of Net Pension Liability and Related Ratios as of the Measurement Date, Board's Contributions, and Board's Proportionate Share of the Total Other Postemployment Benefits Liability on pages 74 to 78 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the Florida Prepaid College Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florida Prepaid College Board'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 Florida Prepaid College Board's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
January 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of financial performance for the Florida Prepaid College Board ("the Board"), provides an overview of the Board's financial activities for the fiscal year ended June 30, 2023. Please read this information in conjunction with the Board's financial statements, which begin on page 12.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board presents the following basic financial statements: a Statement of Net Position – Enterprise Fund, a Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund, a Statement of Cash Flows – Enterprise Fund, a Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position.

The enterprise fund statements offer financial information about The Stanley G. Tate Florida Prepaid College Program, which the Board operates like a business. Fiduciary fund statements provide information about the financial relationships – like the Florida 529 Savings Plan, The Stanley G. Tate Florida Prepaid College Foundation, Inc. and Florida ABLE, Inc. – in which the Board acts as a trustee for the benefit of others, to whom the resources in question belong.

The Board's financial position is measured in terms of resources (assets) owned and obligations (liabilities) owed on a given date. This information is reported on the Statement of Net Position – Enterprise Fund, which reflects the Board's resources in relation to its obligations. The excess of assets over liabilities are equal to net position. The Board's financial position, or net position, is one way to measure the Board's financial health.

Information regarding the results of operations during the current year is reported in the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund. This statement shows the increase or decrease in net position during the year as a result of operations.

The Board is the trustee, or fiduciary, for the Florida 529 Savings Plan, The Stanley G. Tate Florida Prepaid College Foundation, Inc. and Florida ABLE, Inc. The funds in these programs can only be used for the trust beneficiaries. The Board is responsible for ensuring that assets reported in these funds are used for their intended purposes. All of the Board's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan")

Financial Position

A summary comparison of the Prepaid Plan's Statements of Net Position at June 30, 2023 and June 30, 2022 is on the following page.

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan") (Continued)

Statements of Net Position - Enterprise Fund
($ in thousands)

June 30,	**2023**	2022	Change
Assets			
Restricted assets	**$ 15,911,370**	$ 16,452,560	-3.29%
Total assets	**15,911,370**	16,452,560	-3.29%
Deferred outflows of resources	**1,585**	1,389	14.07%
Liabilities			
Current liabilities	**2,323,447**	3,082,925	-24.64%
Long-term liabilities	**8,679,045**	9,279,937	-6.48%
Total liabilities	**11,002,492**	12,362,862	-11.00%
Deferred inflows of resources	**565**	2,026	-72.11%
Net position			
Invested in capital assets	**16,274**	8,227	97.81%
Restricted	**4,893,624**	4,080,834	19.92%
Total net position	**$ 4,909,898**	$ 4,089,061	20.07%

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan") (Continued)

Changes in Net Position

A summary comparison of the Prepaid Plan's Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2023 and June 30, 2022 is presented below.

Statements of Revenues, Expenses and Changes in Net Position
($ in thousands)

For the years ended June 30,	**2023**	2022	Change
Operating revenues - non-actuarial	**$ 376,624**	$ 394,824	-4.61%
Operating expenses - non-actuarial	**(390,391)**	(377,392)	3.44%
Increase (decrease) in actuarial receivables	**21,620**	(91,710)	123.57%
Decrease (increase) in actuarial liabilities	**604,436**	1,501,068	-59.73%
Net operating revenues	**612,289**	1,426,790	-57.09%
Non-operating revenues (losses)	**274,021**	(2,019,221)	113.57%
Non-operating expenses	**(55,720)**	(15,173)	267.23%
Net non-operating revenues	**218,301**	(2,034,394)	110.73%
Transfers to other funds	**(9,753)**	(16,111)	-39.46%
Change in net position	**820,837**	(623,715)	231.60%
Net position, beginning	**4,089,061**	4,712,776	-13.23%
Net position, ending	**$ 4,909,898**	$ 4,089,061	20.07%

Financial Highlights

- The decrease in net operating revenues from 2021-2022 to 2022-2023 was primarily driven by an increase in the discount rate used by the actuary to determine the present value of the Prepaid Plan's liabilities and receivables. The discount rate increased from 3.71% at June 30, 2022 to 4.47% at June 30, 2023.

- The increase in net non-operating revenues from 2021-2022 to 2022-2023 was driven by investment gains due to an overall rise in the financial markets.

- Beginning with the 2010-2011 enrollment period, the Board began offering combined fee plans. Combined fee plans include tuition, local fee, and if necessary, tuition differential fee plan benefits. Enrollment counts reflect each component of combined fee plans enrolled.

FINANCIAL SUMMARY – The Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan") (Continued)

- Total number of Florida Prepaid College Plans purchased during the 2022-2023 enrollment period as of June 30, 2023 was 40,148 (31,740 Tuition, 71 Tuition Differential Fee, 69 Local Fee, and 8,308 Dormitory), as compared to 37,553 purchased during the 2021-2022 enrollment period.

- Projected value of assets exceeds the projected value of liabilities by $4.9 billion, per the June 30, 2023 actuarial adequacy report prepared by Milliman, Inc., as compared to $4.1 billion, per the June 30, 2022 report. The actuarial reserve was determined by deducting future contract benefits and expenses from the sum of investments, future contract payments receivable, and fees. The increase in the actuarial reserve is primarily due to investment gains on non-liability hedging reserve assets.

- Tuition, fees, and dormitory housing benefits payable decreased from $9.8 billion at June 30, 2022 to $9.2 billion at June 30, 2023, primarily due to the increase in the discount rate during the period from 3.71% to 4.47%.

- The total 2022-2023 investment portfolio (exclusive of the securities lending portfolio) return of 2.0% was due to realized and unrealized gains in the market value of the portfolio as of June 30, 2023. For comparison purposes, the investment portfolio return for 2021-2022 was (14.5%). The liability segment of the portfolio, which is comprised of fixed income securities, returned (3.1%) and constituted 61% of the total portfolio as of June 30, 2023. The reserve segment of the portfolio, which is comprised of fixed income and equity securities, returned 12.8% and constituted 38% of the total portfolio. The remaining 1% of the portfolio was cash.

- Total administrative expenditures for the Prepaid Plan were $34.2 million for administration and $8.6 million for investment fees, totaling $42.8 million during fiscal year 2022-2023, as compared to $24.6 million for administration and $9.4 million for investment fees, totaling $34.0 million during 2021-2022.

FINANCIAL SUMMARY – Florida 529 Savings Plan (the "Savings Plan")

Financial Position

A summary comparison of the Savings Plan's Statements of Fiduciary Net Position at June 30, 2023 and June 30, 2022 is presented below.

Statements of Fiduciary Net Position
($ in thousands)

June 30,	**2023**	2022	Change
Assets			
Restricted assets	**$ 1,159,862**	$ 1,086,786	6.72%
Total assets	**1,159,862**	1,086,786	6.72%
Liabilities			
Current liabilities	**7,023**	106,911	-93.43%
Total liabilities	**7,023**	106,911	-93.43%
Net position			
Restricted for individuals	**1,152,840**	979,875	17.65%
Total net position	**$ 1,152,840**	$ 979,875	17.65%

FINANCIAL SUMMARY – Florida 529 Savings Plan (the "Savings Plan") (Continued)

Changes in Net Position

A summary comparison of the Savings Plan's Statements of Changes in Fiduciary Net Position for the years ended June 30, 2023 and June 30, 2022 is presented below.

Statements of Changes in Fiduciary Net Position
($ in thousands)

For the years ended June 30,	**2023**	2022	Change
Additions	**$ 261,252**	$ 37,338	599.70%
Deductions	**(88,287)**	(79,305)	11.33%
Increase (decrease) in net position	**172,965**	(41,967)	512.15%
Net position, beginning	**979,875**	1,021,842	-4.11%
Net position, ending	**$ 1,152,840**	$ 979,875	17.65%

A summary of the Savings Plan portfolio individual investment options for the year ended June 30, 2023 is presented on the following page.

Savings Plan Summary (Net of Investment Manager Fees)
Year ended June 30, 2023

	Market Value	% of Total Portfolio	1 Year Option Performance	Participants by Investment
				67,876
Age Based Options	**$ 436,082,467**	**44.59%**		
Ages 0 - 4	40,671,809	4.16%	-13.96%	
Age 5	15,305,104	1.56%	-13.76%	
Age 6	16,507,383	1.69%	-13.39%	
Age 7	18,159,773	1.86%	-13.12%	
Age 8	20,082,588	2.05%	-13.03%	
Age 9	19,934,469	2.04%	-12.81%	
Age 10	20,788,261	2.13%	-12.68%	
Age 11	22,745,860	2.33%	-12.42%	
Age 12	25,203,037	2.58%	-12.16%	
Age 13	28,197,107	2.88%	-12.01%	
Age 14	27,908,440	2.85%	-11.39%	
Age 15	29,173,317	2.98%	-10.53%	
Age 16	29,211,097	2.99%	-9.88%	
Age 17	28,278,185	2.89%	-9.26%	
Age 18	26,936,967	2.75%	-8.73%	
Age 19+	66,979,070	6.85%	-8.57%	
Individual Fund Options	**$ 294,004,497**	**30.05%**		
Core Plus Fixed Income Fund	39,298,824	4.02%	-11.95%	16,550
Money Market Fund	67,465,906	6.90%	0.31%	19,731
U.S. Large Cap Equity	78,368,409	8.01%	-10.54%	19,149
U.S. Broad All Cap	58,493,556	5.98%	-14.20%	13,270
SMID Cap Fund	26,600,269	2.72%	-29.53%	13,443
International Fund	10,303,682	1.05%	-17.12%	8,879
Real Estate Index	1,753,790	0.18%	-8.14%	1,351
Total International	1,886,173	0.19%	-18.79%	1,309
High Yield	807,424	0.08%	-11.20%	812
Global Quity	1,235,312	0.13%	-12.85%	747
TIPS	4,369,404	0.45%	0.95%	673
Emerging Markets Index	592,964	0.06%	-19.87%	602
Social Index	820,194	0.08%	-15.21%	541
Core Fixed Income	1,692,729	0.17%	-10.27%	448
Bank Loans	315,861	0.03%	-4.39%	240
Static Portfolios	**$ 247,920,305**	**25.36%**		
Multi Manager Growth	153,608,783	15.71%	-13.92%	21,115
Multi Manager Blended	80,871,065	8.27%	-12.81%	17,247
Multi Manager Income	967,653	0.10%	-10.29%	788
Passive Growth	6,924,493	0.71%	-15.96%	1,930
Passive Blended	3,342,125	0.34%	-13.55%	1,037
Passive Income	2,206,186	0.23%	-10.28%	826
Total Portfolio	**$ 978,007,269**			

FINANCIAL SUMMARY – Florida 529 Savings Plan (the "Savings Plan") (Continued)

Financial Highlights

- Total market value of investments, including pending trades and income receivable, at June 30, 2023 was $1.5 million as compared to $978.6 million at June 30, 2022. The change represents a 17.6% increase from year to year.

- Additions to the Savings Plan, which includes gains or losses from investment income, increased from $37.4 million at June 30, 2022 to $261.3 million at June 30, 2023, or 600%. The increase is primarily related to net investment gains of $97 million due to the overall rise in the financial markets and $154 million in contributions.

- Deductions from the Savings Plan increased from $79.3 million at June 30, 2022 to $88.3 million at June 30, 2023, or 11%. The increase is primarily related to more withdrawals by participants during the period.

- Total active accounts at June 30, 2023 were 137,130 as compared to 124,351 at June 30, 2022, which is a 10% increase.

- Participants may invest in one or more investment options. As a result, there were 264,750 participants by investment option as of June 30, 2023, up from 208,564 as of June 20, 2022, an increase of 27%.

FINANCIAL STATEMENTS

Florida Prepaid College Board
Statement of Net Position – Enterprise Fund

June 30, 2023		Florida Prepaid College Plan (Primary Government)
Assets		
Restricted assets		
Current		
Cash and cash equivalents	$	117,604,151
Investments		1,716,899,749
Future contract premiums receivable		313,477,303
Delinquent fees and contracts receivable		16,264,947
Investment trades receivable		126,751,627
Due from other funds		58,581
Accrued interest and dividends receivable		47,825,716
Other receivables		140,000
Prepaid expenses		2,040
Total current restricted assets		2,339,024,114
Non-current		
Investments		11,761,924,189
Future contract premiums and other receivables		1,794,147,068
Equipment, net of depreciation		16,274,268
Total non-current restricted assets		13,572,345,525
Total assets		15,911,369,639
Deferred outflows of resources		
Deferred outflows related to pension obligations and OPEB		1,585,028
Total deferred outflows of resources		1,585,028
Liabilities		
Current liabilities		
Accounts payable and accrued expenses		174,663,580
Obligations under securities lending		970,283,015
Investment trades payable		589,518,955
Future contract benefits and expenses payable		521,726,540
Due to other funds		67,143,205
Compensated absences		111,489
Total current liabilities		2,323,446,784
Long-term liabilities		
Future contract benefits and expenses payable		8,674,811,155
Net pension liability		2,950,779
Other post-employment benefits payable		460,789
Compensated absences		822,020
Total long-term liabilities		8,679,044,743
Total liabilities		11,002,491,527
Deferred inflows of resources		
Deferred inflows related to pension obligations and OPEB		565,014
Total deferred inflows of resources		565,014
Net position		
Invested in capital assets		16,274,268
Restricted		4,893,623,858
Total net position	$	4,909,898,126

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

Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund

For the year ended June 30, 2023		**Florida Prepaid College Plan (Primary Government)**
Operating revenues		
Contract premiums	$	538,630,463
Increase in actuarial value of future contract premiums		21,619,770
Less refunds		(163,341,474)
Contract premiums, net		396,908,759
Application and other fees		1,334,598
Total operating revenues		398,243,357
Operating expenses		
Contract benefits		356,187,482
Decrease in actuarial value of future contract benefits		(604,436,161)
Administration		34,202,601
Total operating expenses		(214,046,078)
Operating income		612,289,435
Non-operating revenues (expenses)		
Investment income		221,990,421
Investment expense		(8,667,249)
Securities lending income		51,923,044
Securities lending expense		(47,053,250)
Other revenue		108,204
Total non-operating revenues (expenses)		218,301,170
Change in net position before transfers		830,590,605
Transfers to other funds		(9,753,384)
Change in net position		820,837,221
Net position, beginning of year		4,089,060,905
Net position, end of year	$	4,909,898,126

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

Florida Prepaid College Board
Statement of Cash Flows – Enterprise Fund

For the year ended June 30, 2023		**Florida Prepaid College Plan (Primary Government)**
Cash flows from operating activities:		
Receipts from contract purchasers	$	554,408,914
Payments to schools and others for contract obligations		(524,401,326)
Payments to employees, vendors and other consultants		(34,959,055)
Net cash provided by (used in) operating activities		(4,951,467)
Cash flows from noncapital and related financing activities:		
Operating subsidies and transfers to other funds		(9,753,384)
Net cash provided by (used in) noncapital and related financing activities:		(9,753,384)
Cash flows from capital and related financing activities:		
Purchase of fixed assets		(7,503,324)
Net cash provided by (used in) capital and related financing activities:		(7,503,324)
Cash flows from investing activities:		
Purchases of investments		(17,841,915,893)
Net investment income		206,994,223
Security lending activity		3,327,124
Proceeds from sales and maturities of investments		17,678,852,422
Net cash provided by (used in) investing activities		47,257,876
Change in cash and cash equivalents		25,049,701
Cash and cash equivalents, beginning of year		92,554,450
Cash and cash equivalents, end of year	$	117,604,151

Florida Prepaid College Board
Statement of Cash Flows – Enterprise Fund
(Continued)

For the year ended June 30, 2023		Florida Prepaid College Plan (Primary Government)
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$	612,289,435
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization		17,288
(Increase) decrease in:		
Future contract premiums and other receivables		(19,521,580)
Delinquent fees and contracts receivable		(2,098,190)
Due from other funds		(16,571)
Prepaid expenses		918
Increase (decrease) in:		
Accounts payable and accrued expenses		(2,635,348)
Due to other funds		11,201,643
Future contract benefits and expenses payable		(604,436,161)
Compensated absences payable		120,899
Net pension and OPEB liability		126,200
Net cash provided by (used in) operating activities	$	(4,951,467)
Non-cash investing, capital, and financing activities:		
Change in the fair value of investments	$	233,668,762

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

Florida Prepaid College Board
Statement of Fiduciary Net Position

June 30, 2023	Private-Purpose Trust Funds: Florida 529 Savings Plan (Primary Government)	Private-Purpose Trust Funds: Florida ABLE, Inc. (Component Unit)	Private-Purpose Trust Funds: Stanley G. Tate Florida Prepaid College Foundation, Inc. (Component Unit)	Private - Purpose Trust Fund Total
Assets				
Cash and cash equivalents	$ -	$ -	$ 4,331	$ 4,331
Investments	-	2,900,339	90,777	2,991,116
Accounts receivable	-	442,500	-	442,500
Restricted assets				
Cash and cash equivalents	481,675	16,224,644	-	16,706,319
Investments	1,156,474,392	60,907,158	-	1,217,381,550
Accounts receivable	150,807	24,830	-	175,637
Investment trades receivable	910,859	287,322	-	1,198,181
Accrued interest and dividends receivable	1,843,905	39,756	-	1,883,661
Due from other funds	-	-	67,143,205	67,143,205
Equipment, net of depreciation	715	-	-	715
Total assets	1,159,862,353	80,826,549	67,238,313	1,307,927,215
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	388,201	322,764	10,095	721,060
Due to other funds	-	2,447	56,134	58,581
Due to beneficiaries	-	-	59,258,494	59,258,494
Investment trades payable	6,634,446	233,428	-	6,867,874
Total current liabilities	7,022,647	558,639	59,324,723	66,906,009
Total liabilities	7,022,647	558,639	59,324,723	66,906,009
Net position				
Restricted for individuals and program administration	1,152,839,706	80,267,910	7,909,956	1,241,017,572
Restricted for scholarships and other	-	-	3,634	3,634
Total net position	$ 1,152,839,706	$ 80,267,910	$ 7,913,590	$ 1,241,021,206

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

Florida Prepaid College Board
Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2023	Private-Purpose Trust Funds: Florida 529 Savings Plan (Primary Government)	Florida ABLE, Inc. (Component Unit)	Stanley G. Tate Florida Prepaid College Foundation, Inc. (Component Unit)	Private - Purpose Trust Fund Total
Additions				
Contributions	$ 154,394,744	$ 25,178,731	$ 61	$ 179,573,536
Governmental support	-	1,770,000	-	1,770,000
Investment income	96,965,593	6,357,555	3,276,242	106,599,390
Transfers from other funds	9,753,384	-	-	9,753,384
Application and other fees	138,733	112,854	228,950	480,537
Total additions	261,252,454	33,419,140	3,505,253	298,176,847
Deductions				
Payments in accordance with trust agreements	79,615,550	10,923,953	-	90,539,503
Scholarships	-	-	95,361	95,361
Administration expense	8,671,707	2,240,825	238,786	11,151,318
Total deductions	88,287,257	13,164,778	334,147	101,786,182
Change in net position	172,965,197	20,254,362	3,171,106	196,390,665
Net position, beginning of year	979,874,509	60,013,548	4,742,484	1,044,630,541
Net position, end of year	$ 1,152,839,706	$ 80,267,910	$ 7,913,590	$ 1,241,021,206

Note 1: ORGANIZATION AND PURPOSE

Description of the Reporting Entity

The Florida Prepaid College Board (the "Board") is a corporate body considered a component unit of the State of Florida, administratively housed under the State Board of Administration (the "SBA"). The Board was created pursuant to Chapter 1009.971(1) of the Florida Statutes to administer the Stanley G. Tate Florida Prepaid College Program (the "Prepaid Plan") and the Florida 529 Savings Plan (the "Savings Plan").

The legislation which created the Prepaid Plan was passed in 1987 and the Prepaid Plan was implemented in fall 1988. The Prepaid Plan was created to provide a medium through which the cost of a state postsecondary education may be paid in advance of enrollment at a rate lower than the projected corresponding cost at the time of actual enrollment. The Prepaid Plan is authorized by Chapter 1009.98 of the Florida Statutes and governed by Board Rules. The State of Florida (the "State") guarantees to meet the obligations of the Prepaid Plan for qualified beneficiaries if funds in the Prepaid Plan are insufficient. In the event that the State determines the Prepaid Plan to be financially infeasible, the State may discontinue the provisions of the Prepaid Plan. If discontinued, any qualified beneficiary who has been accepted by, and is enrolled in, or is within five years of enrollment at, a state college, university or postsecondary institution, (or other institution as specified in the contract), would be able to exercise the complete benefits of the Prepaid Plan. All other contract holders would receive a refund with an additional amount for interest at prevailing rates.

The legislation which created the Savings Plan was passed in 2000 and the Savings Plan was implemented in fall 2002, to provide a vehicle whereby participants can save for qualified educational expenses. The Savings Plan is authorized by Chapter 1009.981 of the Florida Statutes and is also governed by Board Rules. Participant contributions are collected and invested in accordance with Savings Plan provisions and participant direction. Savings Plan provisions clearly state that the participant contributions are solely the debt of the Savings Plan and not the debt of the State. Participants retain ownership of all amounts on deposit with the Savings Plan, up to the dates of distribution on behalf of designated beneficiaries. Participant contributions and the earnings derived therefrom are held in trust for the participants.

The Savings Plan will continue in existence until it is terminated by law. Upon termination of the Savings Plan, all deposits would be returned to the participants and any unclaimed assets in the Savings Plan would revert to the Stanley G. Tate Florida Prepaid College Foundation in accordance with general laws regarding unclaimed property of the Florida Prepaid College Board.

In evaluating the Board as a reporting entity, management has considered all potential component units (traditionally separate reporting entities) for which the Board may or may not be financially accountable and, if accountable, be included in the Board's financial statements.

Note 1: ORGANIZATION AND PURPOSE (Continued)

Description of the Reporting Entity (continued)

The accompanying financial statements present the financial position and changes in financial position of the Board's discretely presented component units, the Stanley G. Tate Florida Prepaid College Foundation, Inc. (the Foundation) and Florida ABLE, Inc. (ABLE). The Board is a legally separate organization from the Foundation and ABLE. However, the Board is financially accountable for the Foundation and ABLE. In accordance with governmental accounting standards, the Board (the primary government) is financially accountable if it appoints a majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Board's analysis disclosed no other component units that should be included in the Board's financial statements.

Component Unit	Justification for Inclusion in the Reporting Entity	Separate Financial Statements
Foundation	The Board's chair and executive director jointly appoint a majority of the Foundation's board and is able to impose its will, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, on the Foundation.	Available at www.floridaprepaid-foundation.com
ABLE	ABLE is closely related to the Board and warrants inclusion in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.	Available at www.ableunited.com

The Foundation is a direct-support organization of the Board and is authorized by section 1009.984 of the Florida Statutes. The Foundation was incorporated under the provisions of chapter 617 and approved by the Secretary of State. The legislation was passed in 1989 and the Foundation was implemented in 1990. The Foundation administers the Stanley Tate Project STARS Scholarship Program (formerly the Florida Prepaid Tuition Scholarship Program) and other scholarship programs, on behalf of the Board. The Stanley Tate Project STARS Scholarship Program provides prepaid scholarships to economically disadvantaged, at-risk students.

During 2015, the Florida legislature passed the Florida Achieving a Better Life Experience Act. The state law established ABLE to administer the Florida ABLE Program. ABLE was established to offer savings and investment options to individuals with a disability and their families with disability related expenditures.

Note 1: ORGANIZATION AND PURPOSE (Continued)

Description of the Reporting Entity (continued)

The accompanying financial statements do not include the funds and accounts of the State of Florida, and therefore, are not intended to present the financial position and the results of operations of the State of Florida in conformity with generally accepted accounting principles.

Note 2: BASIS OF PRESENTATION

Prepaid Plan

Proprietary funds report activities generally financed and operated like private businesses and include enterprise funds and internal service funds.

Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. The Prepaid Plan charges an actuarially determined price to contract purchasers. The contract price and investment earnings thereon are intended to be sufficient to provide for the future costs of the services provided. As such, the Prepaid Plan is accounted for as an enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues and expenses for the Prepaid Plan include the contract revenue and expenses associated with covered college tuition and fees, and dormitory housing fees. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Savings Plan, Foundation and ABLE

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments.

Private-purpose trust funds are used to report all trust arrangements, excluding those recognized in pension, investment trust or custodial funds, under which principal and income benefit individuals, private organizations, or other governments. In determining the basis of presentation, management considered the definitions of each of the four fiduciary fund types as presented in GASB No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and amended by GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB No. 84 *Fiduciary Activities*, and determined the private-purpose trust fund category to be most definitive of the funds representing the Savings Plan, Foundation and ABLE.

Note 2: BASIS OF PRESENTATION (Continued)

Basis of Accounting

These financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Enterprise funds and fiduciary type funds use the economic resources measurement focus and thus, the accrual basis of accounting. Revenues are recognized as earned when prepaid plans are purchased and expenses are recognized when services or benefits are received.

The Foundation receives donations from donor organizations with instructions to purchase contracts from the Prepaid Plan for specified third-party beneficiaries. The Foundation has no discretion in determining the parties to be benefited and it must deliver the contracts to the specified beneficiaries. Receipt of those donations is not a contribution to the Foundation, nor is the delivery of the contracts considered an expense of the Foundation. The unexpended funds from the donors are classified as restricted assets, and amounts due to beneficiaries in the statement of fiduciary net position totaled $59,258,494 at June 30, 2023.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased. Cash equivalents held at Northern Trust and Bank of New York Mellon are classified as investments in accordance with GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.*

Investments

Investments are recorded at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Quoted market prices are used to determine fair value. When no quoted market price is available, market prices are provided by the custodial bank’s external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

Equipment is reported at historical cost and depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Repairs are expensed as incurred.

Revenue Recognition

Prepaid tuition, fees and dormitory housing contracts are set up to be paid under either a lump-sum plan, a five-year monthly payment plan or a monthly payment plan. The lump-sum plan is a one-time payment when the child is enrolled in the Prepaid Plan. The five-year monthly payment plan provides for 55 equal monthly payments. The monthly payment plan provides for equal payments each month until the child enters college. Revenues are recognized as earned when plans are purchased. Additionally, contract premiums revenue includes the annual change in the actuarially determined net present value of existing contract payments to be received in the future.

Delinquent Fees and Contracts Receivable

Delinquent fees and contracts receivable are the total due as of June 30, 2023 on contract payments that are past due. Management considers these amounts fully collectible as any contracts that remain delinquent past six months are cancelled and all fees are deducted from contract payments already received prior to cancellation.

Future Contract Premiums and Other Receivables

Future contract premiums receivable represents the actuarially determined present value of future receipts on contracts existing as of June 30, 2023. Future other receivables represent the actuarially determined present value of future revenue receivable from late payments, non-sufficient funds fees, and cancellation fees due as of June 30, 2023.

Future Contract Benefits and Expenses Payable

Future contract benefits payable represents the actuarially determined present value of future contract benefit obligations of the Prepaid Plan. Future contract benefits payable includes return of payments, which is the actuarially determined present value of future cancellation refund payments to participants. Future expenses payable represents the actuarially determined present value of future administrative expenses of the Prepaid Plan.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position – Enterprise Fund reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources* represents a consumption of net assets by the Board that is applicable to a future reporting period. Employee contributions subsequent to the measurement date related to the employer's net pension liability are reported as *deferred outflows of resources* until the next measurement date.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position – Enterprise Fund reports a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources* represents an acquisition of net assets by the Board that is applicable to a future reporting period. Net differences between projected and actual earnings on pension plan investments identified during the measurement period are deferred and amortized as a component of pension expense in future periods.

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Interfund Transactions

During the course of normal operations, the Board engages in transactions between funds. These transactions are reflected as operating transfers or as interfund receivables and payables. Management's intent to reimburse a fund determines whether or not the interfund transaction is recorded as a transfer or a receivable.

Income Taxes

The Foundation is a non-profit organization, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. ABLE is a non-profit organization, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is shown in the accompanying financial statements.

Estimates

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

Subsequent Events

Subsequent events have been evaluated through the date of the independent auditors' report which is, January 17, 2024, and the date the financial statements were available to be issued.

Note 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Current Accounting Pronouncements

During the year ended June 30, 2023, multiple new GASB statements became effective. The Board evaluated the effects that these statements would have on its financial statements and determined none would significantly impact the accounting, disclosure or overall presentation of the Board's financial statements.

Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective during the years ending after June 30, 2023. The statements address:

- GASB No. 99 – *Omnibus 2022* – effective for requirements related to leases, PPPs, and SBITAs for reporting periods beginning after June 15, 2022; and effective for requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for reporting periods beginning after June 15, 2023.

- GASB No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* – effective for reporting periods beginning after June 15, 2023.

- GASB No. 101 – *Compensated Absences* – effective for reporting periods beginning after December 15, 2023.

The Board is currently evaluating the effects that these statements will have on its future financial statements.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned to them. Cash deposits consisted of interest bearing and non-interest bearing demand accounts at two financial institutions which are entirely insured by the Federal Depository Insurance Corporation or by collateral pursuant to The Florida Security for Public Deposits Act (the Act). The Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the Board's cash deposits in qualified public depositories are totally insured. Deposits are presented in the basic financial statements at cost which is also the market or fair value. In addition to cash deposits in operating accounts, cash was received as collateral for securities lent under the Security Lending Agreement. At June 30, 2023, the Prepaid Plan had $112,407,432 invested in short-term cash and cash equivalents that is not insured or collateralized under the Act. The Board believes the credit risk related to these balances is minimal.

The amount of deposits held in foreign currency within the Prepaid Plan total the following at June 30, 2023:

($ in thousands)

		Prepaid Plan
Euro	$	92
Hong Kong dollar		35
Japanese yen		55
Mexican peso		1,581
New Israeli shekel		750
Total deposits held in foreign currency (U.S. $)	$	2,513

There were no deposits held in foreign currency within the Savings Plan at June 30, 2023.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments

Investments managed by the Board are reported at fair value in accordance with the Custody and Investment Management Pricing Guidelines established by the Board's custodian bank, Northern Trust. Northern Trust uses a variety of independent pricing sources and collects various price types from their pricing providers. Price types include official close, last traded, bid/offer and mid. In the event an asset does not receive its preferred price type, they consider the next highest price type received that exists in the price type hierarchy.

Provider hierarchy is the preferred order of providers Northern Trust uses to price major asset types by region of the world. Generally, the provider and price type hierarchies will remain unchanged as long as the providers' prices remain in line with market consensus and pre-assigned tolerance levels. However, during events of extreme market volatility or the availability of prices from alternative sources, it is possible that a winning price can be sourced from a provider lower in the hierarchy. It is for these reasons that Northern Trust reserves the right to change its provider or price type hierarchies on any given day.

Northern Trust will make reasonable attempts to obtain a price from an independent source. If no independent price source is available, an alternative price source may be used. Northern Trust will not actively solicit these sources and will use them only as the result of a price challenge. Investment Managers may submit a price challenge and where appropriate provide a price, source, pricing methodology or other relevant supporting information which can facilitate the independent pricing of the asset by recognized market vendors. The Board does not provide direction regarding the substitution of prices in instances where securities are in the portfolio of an investment manager appointed by the Board.

Investments managed by ABLE are either commingled or mutual funds and are reported at fair value as calculated by ABLE’s custodian bank, BNY Mellon.

For commingled funds and mutual funds, BNY Mellon works with its pricing vendors, the applicable investment manager, or directly with the applicable investment fund to obtain prices for each Valuation Date. Where the price for the fund is being provided by the investment manager or the investment fund BNY Mellon obtains from its investment manager or other authorized person, a price, total Fund holdings, and transactions each business day, in order to ensure BNY Mellon’s ability to accurately and timely calculate and deliver the NAV for one or more Fund(s).

In the event that prices are not available daily, BNY Mellon utilizes, as a proxy price, a price calculated by multiplying (i) the percentage change between the current Valuation Date and the prior Valuation Date in benchmark pricing source listed in the NAV Reasonability Benchmark chart by (ii) the price of the security in question as of the prior Valuation Date.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. At June 30, 2023, the following securities were uninsured and unregistered, with securities held by the counterparty, or by its trust department:

Prepaid Plan
($ in thousands)

Asset Category		**Fair Value June 30, 2023**
Certificates of deposit	$	380,891
Commercial paper		203,947
Repurchase agreements		282,000
Total invested security lending collateral	$	866,838

Concentration of Credit Risk

At June 30, 2023, the Prepaid Plan and the Savings Plan held no individual securities representing 5% or more of the total investment portfolio.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of the Prepaid Plan at June 30, 2023 were as follows:

($ in thousands)

Asset Category		**Fair Value June 30, 2023**
Commercial paper	$	187,737
Money market funds		283,271
U.S. guaranteed obligations:		
U.S. Treasury bills		53,807
U.S. Treasury bonds & notes		616,295
U.S. Treasury strips		3,987,078
Index linked government bonds		115,674
U.S. government guaranteed asset-backed		5,030
Ginnie Mae (GNMA) mortgage-backed pass-throughs		20,816
GNMA commitments to purchase (TBAs)		79,771
GNMA collateralized mortgage obligations (CMOs)		22,980
Federal agencies:		
Unsecured bonds & notes		57,779
Agency strips		284,321
Mortgage-backed pass-throughs (FNMA, FHLMC)		190,661
Mortgage-backed commitments to purchase (TBAs)		292,476
CMOs & commercial mortgage-backed securities (CMBSs)		35,639
Domestic bonds & notes:		
Corporate		1,975,684
Asset-backed & mortgage-backed securities		375,209
Municipal/provincial		43,264
Non-government CMOs & CMBSs		241,520
Commingled mutual funds		137,291
International bonds & notes ($ denom):		
Government & agency		44,267
Corporate		237,168
Asset-backed & mortgage-backed securities		102,550
Domestic equities:		
Domestic stocks		214,488
Commingled mutual funds		2,052,924
International equities:		
International stocks		666,300
Commingled mutual funds		287,986
Total investments excluding lending collateral		12,611,986
Invested security lending collateral:		
Certificates of deposit		380,891
Commercial paper		203,947
Repurchase agreements		282,000
Total invested security lending collateral		866,838
Total investments - Prepaid Plan	$	13,478,824

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of the Savings Plan at June 30, 2023 were as follows:

($ in thousands)

Asset Category		Fair Value June 30, 2023
Money market funds	$	106,746
U.S. guaranteed obligations:		
U.S. Treasury bonds & notes		1,328
Indexed linked government bonds		929
Ginnie Mae (GNMA) mortgage-backed pass-throughs		583
GNMA commitments to purchase (TBAs)		1,770
GNMA collateralized mortgage obligations (CMOs)		6
Federal agencies:		
Mortgage-backed pass-throughs (FNMA, FHLMC)		4,088
Mortgage-backed commitments to purchase (TBAs)		3,706
CMOs & commercial mortgage-backed securities (CMBSs)		854
Domestic bonds & notes:		
Corporate		11,102
Asset backed & mortgage backed		2,003
Municipal/provincial		308
Non-government CMOs & CMBSs		5,556
Commingled mutual funds		371,041
International bonds & notes ($ denom):		
Government & agency		1,002
Corporate		1,465
Asset-backed & mortgage-backed		1,147
Commingled mutual funds		23,102
Domestic equity commingled funds		381,002
International equity commingled funds		236,885
Real estate equity commingled funds		1,948
Other:		
Forwards		(11)
Futures		(105)
Swaps		19
Total investments - Savings Plan	$	1,156,474

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Investments of Florida ABLE, Inc. at June 30, 2023 were as follows:

($ in thousands)

Asset Category		Fair Value June 30, 2023
Money market funds	$	13,026
Commingled fixed income mutual fund		15,829
Commingled domestic equity mutual fund		26,868
Commingled international equity mutual fund		8,084
Total investments - Florida ABLE, Inc.	$	63,807

The Foundation held $90,777 in money market funds at June 30, 2023.

Pledged Collateral

Certain investments were pledged as collateral with the Savings Plan's futures counterparties to meet initial margin requirements. Investments pledged as collateral as of June 30, 2023, are presented below:

($ in thousands)

Investment Type		Fair Value
U.S. Treasury bonds and notes	$	415

In addition, the Prepaid Plan and the Savings Plan may receive from or send cash to the Board's futures and swap counterparties for variation margin. Such margin amounts are reflected as "accounts receivable" or "accounts payable" on the statement of net position or statement of fiduciary net position. Pursuant to these types of contracts, and also commitments to purchase (TBAs), the Board agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. All variation margin amounts receivable from or payable to the broker as of June 30, 2023, are presented below:

Prepaid Plan
($ in thousands)

Margin Collateral		Fair Value
Margin receivable from counterparty:		
Commitments to purchase (TBAs)	$	140
Margin payable to counterparty:		
Commitments to purchase (TBAs)	$	140

Savings Plan
($ in thousands)

Margin Collateral		Fair Value
Margin receivable from counterparty:		
Futures contracts	$	151
Margin payable to counterparty:		
Futures contracts	$	23
Swap contracts		22
Total	$	45

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk

The Board's policy is that investments in debt obligations and preferred stock may not be rated less than Baa3/BBB– as established by Moody's, Standard & Poor's or Fitch. Any exceptions to the policy will be noted and a statement provided indicating the steps to be taken to bring the portfolio back into compliance with the policy. Securities rated below Baa are being actively managed with the intention of selling when value is deemed to be maximized. All investments are included in this schedule, including security lending collateral investments.

All futures and swaps contracts held by the Savings Plan at June 30, 2023, were exchange-traded, therefore minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses

The credit quality ratings of the Prepaid Plan investments are presented below:

($ in thousands)

Certificates of deposit	Commercial paper	Money market funds	Repurchase agreements	Federal agencies	Domestic bonds & notes[2]	International bonds & notes ($ denom)	Total	Credit Rating S&P[1]	Credit Rating Moody[1]
$ -	$ 352,588	$ 283,271	$ -	$ -	$ -	$ -	$ 635,859	A-1/AAAm	
-	19,097	-	-	-	-	-	19,097	A-2	
-	-	-	-	-	323,195	73,928	397,123	AAA	
-	-	-	19,173	74,012	97,298	9,152	199,635	AA	
-	-	-	76,279	-	622,622	99,061	797,962	A	
-	-	-	4,125	-	1,011,926	139,536	1,155,587	BBB	
-	-	-	-	-	13,413	961	14,374	BB	
-	-	-	-	-	808	-	808	B	
-	-	-	-	-	229,976	47,731	277,707		Aaa
-	-	-	-	-	8,363	1,425	9,788		Aa
-	-	-	423	-	51,292	6,352	58,067		A
-	-	-	-	-	136,431	3,601	140,032		Baa
-	-	-	-	-	62,318	-	62,318		Ba
-	-	-	-	-	-	1,256	1,256		B
380,891	19,999	-	-	786,864	215,326	982	1,404,062	None	None
$ 380,891	$ 391,684	$ 283,271	$ 100,000	$ 860,876	$ 2,772,968	$ 383,985	5,173,675		

Repurchase agreements (collateralized by U.S. guaranteed obligations)[3]	17,000
Repurchase agreements (collateralized by domestic and international stocks)	165,000
U.S. guaranteed obligations[3]	4,901,451
Domestic stocks and commingled domestic equity funds	2,267,412
International stocks and commingled international equity funds ($ denom)	954,286
Total investments	$ 13,478,824

[1] S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating. Long-term ratings are presented, except for "AAAm," "A-1," and "A-2."

[2] Includes the domestic bonds and notes commingled mutual funds which do not carry a credit rating on the overall fund.

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

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk (continued)

The credit quality ratings of the Savings Plan investments are presented below:

($ in thousands)

Money market funds	Federal agencies	Domestic bonds & notes[2]	International bonds & notes ($ denom)[2]	Total	Credit Rating S&P[1]	Credit Rating Moody's[1]
$ 106,746	$ -	$ -	$ -	$ 106,746	AAAm	
-	-	2,847	742	3,589	AAA	
-	-	693	25	718	AA	
-	-	2,167	516	2,683	A	
-	-	6,148	938	7,086	BBB	
-	-	1,545	458	2,003	BB	
-	-	134	77	211	B	
-	-	2,133	405	2,538		Aaa
-	-	114	-	114		Aa
-	-	25	78	103		A
-	-	311	167	478		Baa
-	-	794	208	1,002		Ba
-	-	392	-	392		B
-	8,648	372,707	23,102	404,457	None	None
$ 106,746	$ 8,648	$ 390,010	$ 26,716	532,120		
			U.S. guaranteed obligations[3]	4,616		
			Domestic equity commingled mutual funds	381,002		
			International equity commingled mutual funds	236,885		
			Real estate equity commingled mutual fund	1,948		
			Other	(97)		
			Total investments	$ 1,156,474		

[1] S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating. Long-term ratings are presented, except for “AAAm.”

[2] Commingled mutual funds are included in these columns and do not carry credit ratings.

[3] U.S. obligations which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Credit Risk (continued)

The counterparty credit ratings for the Saving Plan's pending forward currency exchange contracts are presented below.

Savings Plan
Forward Foreign Currency Exchange Contract Counterparty Credit Ratings

($ in thousands)

Receivable Fair Value	Payable Fair Value	Net Unrealized Gain/(Loss)	Credit Ratings (Long/Short)[1] S&P	Moody's
$ 670	$ (681)	$ (11)	A/A-2	
$ 670	$ (681)	$ (11)		

[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 credit risk, then Moody's ratings were used.

The credit quality ratings of Florida ABLE, Inc.'s investments are presented below:

($ in thousands)

	Money market funds	Fixed income commingled mutual fund	Total	Credit Rating S&P[1]	Moody's[1]
	$ 13,026	$ -	$ 13,026	AAAm	
	-	15,829	15,829	None	None
	$ 13,026	$ 15,829	28,855		
Domestic equity commingled mutual fund			26,868		
International equity commingled mutual fund			8,084		
Total investments			$ 63,807		

[1] S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating Agencies provided a rating, that rating is reported. "None" is reported if neither rating agency provided a rating.

The Foundation held $90,777 in money market funds at June 30, 2023 with an S&P rating of AAAm.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Interest Rate Risk

Through the Board's Comprehensive Investment Plan (CIP), the Board controls exposure to fair value losses arising from increasing interest rates by using an enhanced immunization style of management. This style of investment management means the liabilities of the Prepaid Plan will be immunized by structuring the assets in such a way that the value of the Prepaid Plan's assets increase (decrease) in conjunction with increases (decreases) in the value of its liabilities due to changes in interest rates. Certain investment types are managed using different techniques, such as effective duration method and the weighted average maturity method.

Certain investments are more sensitive to interest rate changes than others. These investments include collateralized mortgage obligations (CMOs) and commercial mortgage-backed securities (CMBSs).

Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IO), principal-only (PO), and inverse floating (INV) CMOs. 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, while decreasing the value of an IO. INV securities 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.

The Prepaid Plan's investments in IOs and interest-only inverse floating CMOs totaled $10.4 million at June 30, 2023. The Savings Plan's investments in IOs totaled $388 thousand at June 30, 2023. These are included in the interest rate risk tables below in the various types of CMOs & CMBSs. Investment types related to debt portfolios are presented using the effective duration method. Investment types related to security lending transactions and money market funds are presented using the weighted average maturity.

The total duration of the Prepaid Plan Liability-Driven Investment Fixed Income portfolio should not differ from the total duration of the benchmark by more than .5 year. The total duration of the Prepaid Plan liability-driven Investment fixed Income portfolio was 11.7 at June 30, 2023. The customized benchmark's duration for the Prepaid Plan was 11.5 at June 30, 2023.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Interest Rate Risk (continued)

As of June 30, 2023, the Prepaid Plan had the following debt securities subject to interest rate risk:

($ in thousands)

Asset Category	Fair value	Effective weighted duration (in years)	Fair value (weighted average maturity)	Weighted average maturity (in days)
Certificates of deposit	$ -	Not applicable	$ 380,891	41
Commercial paper	187,737	0.13	203,947	36
Money market funds	-	Not applicable	283,271	3
Repurchase agreements	-	Not applicable	282,000	3
U.S. government guaranteed:				
U.S. Treasury bills	53,807	0.30	-	Not applicable
U.S. Treasury bonds & notes	616,295	14.01	-	Not applicable
U.S. Treasury strips	3,987,078	13.04	-	Not applicable
Index linked government bonds	115,674	6.25	-	Not applicable
U.S. government guaranteed asset-backed	5,030	4.52	-	Not applicable
Ginnie Mae (GNMA) mortgage-backed pass-throughs	20,816	6.88	-	Not applicable
GNMA commitments to purchase (TBAs)	79,771	6.28	-	Not applicable
GNMA collateralized mortgage obligations (CMOs)[1]	22,980	7.89	-	Not applicable
Federal agencies:				
Unsecured bonds & notes	57,779	8.91	-	Not applicable
Agency strips	284,321	7.16	-	Not applicable
Mortgage-backed pass-throughs (FNMA, FHLMC)	190,661	7.65	-	Not applicable
Mortgage-backed commitments to purchase (TBAs)	292,476	6.96	-	Not applicable
CMOs & commercial mortgage-backed securities (CMBSs)[1]	35,639	6.12	-	Not applicable
Domestic bonds & notes:				
Corporate	1,975,684	10.95	-	Not applicable
Asset-backed & mortgage-backed securities	375,209	2.00	-	Not applicable
Municipal/provincial	43,264	7.52	-	Not applicable
Non-government CMOs & CMBSs[1]	241,520	3.31	-	Not applicable
Commingled mutual funds	137,291	6.53	-	Not applicable
International bonds & notes ($ denom):				
Government & agency	44,267	6.86	-	Not applicable
Corporate	237,168	8.91	-	Not applicable
Asset-backed & mortgage-backed securities	102,550	0.02	-	Not applicable
Total debt investments - Prepaid Plan	$ 9,107,017		$ 1,150,109	

[1] Includes investments in IOs, and interest-only inverse floating CMOs totaling $10.4 million at June 30, 2023.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

As of June 30, 2023, the Savings Plan had the following debt securities subject to interest rate risk:

($ in thousands)

Asset Category	Fair value	Effective weighted duration (in years)	Fair value (weighted average maturity)	Weighted average maturity (in days)
Money market funds	$ -	Not applicable	$ 106,746	3
U.S. guaranteed obligations:				
U.S. Treasury bonds & notes	1,328	16.21	-	Not applicable
Index linked government bonds	929	9.69	-	Not applicable
Ginnie Mae (GNMA) mortgage-backed pass-throughs	583	7.12	-	Not applicable
GNMA commitments to purchase (TBAs)	1,770	6.48	-	Not applicable
GNMA collateralized mortgage obligations (CMOs)	6	0.28	-	Not applicable
Federal agencies:				
Mortgage-backed pass-throughs (FNMA, FHLMC)	4,088	8.54	-	Not applicable
Mortgage-backed commitments to purchase (TBAs)	3,706	6.95	-	Not applicable
CMOs & commercial mortgage-backed securities (CMBSs)[1]	854	5.47	-	Not applicable
Domestic bonds & notes:				
Corporate	11,102	5.34	-	Not applicable
Municipal/provincial	308	7.27	-	Not applicable
Asset backed & mortgage-backed securities	2,003	2.60	-	Not applicable
Non-government CMOs & CMBSs[1]	5,556	4.07	-	Not applicable
Commingled mutual funds	371,041	5.48	-	Not applicable
International bonds & notes ($ denom):				
Government	1,002	9.93	-	Not applicable
Corporate	1,465	3.36	-	Not applicable
Asset-backed & mortgage-backed	1,147	0.0	-	Not applicable
Commingled mutual funds	23,102	7.33	-	Not applicable
Futures - long[2]	(88)	5.82	-	Not applicable
Futures - short[2]	(17)	7.96	-	Not applicable
Interest rate swaps[2]	19	(18.78)	-	Not applicable
Total debt investments - Savings Plan	$ 429,904		$ 106,746	

1 Includes investments in IOs totaling $388,111.

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

As of June 30, 2023, Florida ABLE, Inc. had the following debt securities subject to interest rate risk:

($ in thousands)

Asset Category	Fair value	Effective weighted duration (in years)	Fair value (weighted average maturity)	Weighted average maturity (in days)
Money market funds	$ -	Not applicable	$ 13,026	3
Fixed income commingled mutual fund	15,829	6.53	-	Not applicable
Total debt investments - Florida ABLE, Inc.	$ 15,829		$ 13,026	

The Foundation held $90,777 in money market funds at June 30, 2023 with daily liquidity.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

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. Through the CIP, the Board hopes to reduce total portfolio volatility while enhancing total return through international diversification of the equity class. The Florida Prepaid Program's comprehensive investment plan limits investment in foreign equities to 30% of total equities, with the target for total equities to be 70% of the actuarial reserve. The Board seeks companies that are domiciled outside of the US equity market for inclusion in the international equity portfolio. The international equity portfolio will be measured against the MSCI EAFE (Europe, Australia, Far East) Index which is designed to measure the equity market performance of developed markets excluding US and Canada.

Commingled international equity funds are collective investments where the Board owns a portion of the total units in commingled funds with other investors.

As of June 30, 2023, the Prepaid Plan held the following international equity investments that were exposed to foreign currency risk:

Prepaid Plan
($ in thousands)

Foreign currency		Fair Value (in US $) June 30, 2023
British pound sterling	$	46,631
Canadian dollar		51,086
Danish krone		50,691
Euro currency unit		171,672
Hong Kong dollar		32,717
Israeli shekel		10,696
Japanese yen		72,932
Mexican peso		22,401
Singapore dollar		9,504
South African rand		6,567
Swedish krona		6,659
Swiss franc		18,625
Taiwan dollar		6,923
Total securities held in foreign currencies		507,104
Other investments with potential exposure to foreign currency risk:		
International equity commingled mutual funds		287,986
Total investments exposed to foreign currency risk	$	795,090

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

The Savings Plan also holds investments, including futures and forward foreign currency contracts, that are subject to foreign currency risk. As of June 30, 2023, the Savings Plan held the following investments exposed to foreign currency risk:

Savings Plan
($ in thousands)

Currency	Fair Value (in U.S. $) at June 30, 2023 Equity	Fixed Income	Other*	Total
Euro	$ -	$ 675	$ (720)	$ (45)
Total investments held in foreign currencies (U.S. $)	-	675	(720)	(45)
Other investments with potential exposure to foreign currency risk:				
International bonds and notes commingled mutual funds	-	23,102	-	23,102
International equity commingled mutual funds	236,885	-	-	236,885
Total	$ 236,885	$ 23,777	$ (720)	$ 259,942

*"Other" includes international futures and forward foreign currency contracts.

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 Board. 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 investment assets (net of liabilities) on the statement of fiduciary net position and spot currency contracts are recorded as receivables and payables on the statement of net position.

The Prepaid Plan's spot currency contract positions as of June 30, 2023, that were exposed to foreign currency risk are presented below, by currency:

Prepaid Plan
($ in thousands)

Currency	Spot Currency Contracts (in U.S. $) at June 30, 2023 Receivables	Payables	Net Receivables/ (Payables)	Net Unrealized Gain/(Loss)
Canadian dollar	$ -	$ (61)	$ (61)	$ -
Hong Kong dollar	-	(35)	(35)	-
Japanese yen	-	(55)	(55)	-
Singapore dollar	671	-	671	-
South African rand	463	-	463	(6)
U.S. dollar	151	(1,140)	(989)	-
Total	$ 1,285	$ (1,291)	$ (6)	$ (6)

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

The table below provides additional details on the Savings Plan's futures contracts as of June 30, 2023 that were subject to foreign currency risk.

			($ in thousands)			
			In Local Currency			In U.S. $
Futures Contract Type	Currency	Number of Contracts	Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/Loss	Unrealized Gain/Loss
Euro Bobl	Euro	(11)	(1,284)	(1,273)	11	$ (5)
Euro Buxl 30 year	Euro	(4)	(547)	(559)	(12)	(21)
Euro Bund	Euro	(2)	(268)	(267)	1	(13)
Total futures subject to foreign currency risk						**$ (39)**

The Savings Plan's forward currency contract positions as of June 30, 2023, that were exposed to foreign currency risk are presented below, by currency.

Savings Plan
($ in thousands)

	Forward Currency Contracts (in U.S.$) at June 30, 2023			
Currency	Receivable Notional	Payables Notional	Total Market Value	Unrealized Gain/(Loss)
Euro	$ -	$ (681)	$ (681)	$ (11)
U.S. dollar	670	-	670	-
Total	$ 670	$ (681)	$ (11)	$ (11)

The Florida Able, Inc. program held $8,084,673 in an international equity commingled mutual fund that holds underlying securities with exposure to foreign currency risk.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Securities Lending

Under the provisions of the Securities Lending Authorization Agreement, the Board lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The types of securities lent include U.S. government agency bonds, U.S. government bonds, U.S. common stock, international common stock and U.S. corporate bonds. The Board's investment trustee manages the securities lending program and receives cash, certain governmental securities or irrevocable bank letters of credit as collateral from the borrower. The non-cash collateral cannot be pledged or sold by the Board unless the borrower defaults, so the non-cash collateral is not reported on the statement of net position.

U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value plus any accrued interest.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of the Florida Prepaid College Board's loans was approximately 241 days as of June 30, 2023. Cash collateral is invested in a short-term investment pool, the Florida Prepaid Custom Fund, which had an interest rate sensitivity of 25 days as of June 30, 2023.

For the Prepaid Plan, securities lent to others under security lending agreements with cash collateral had a fair value of $956,129,520 and with securities collateral had a fair value of $1,073,924,730 as of June 30, 2023. The Prepaid Plan held $970,283,015 in cash and $1,142,006,358 in securities as collateral for the loans outstanding at June 30, 2023.

The Florida Prepaid College Board received cash as collateral for the securities lent to other borrowers. The cash collateral is invested in a short-term investment pool including asset backed securities, corporate bonds, certificates of deposit and repurchase agreements.

Derivatives

The Florida Prepaid College Board trades domestic stock futures to efficiently manage large cash flows and equitize residual cash flow resulting from corporate actions, dividends and interest, and changes made to the underlying index. No stock futures were traded during the fiscal year ended June 30, 2023.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Derivatives (continued)

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 the Board'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 on specified collateral and margin limits mutually agreed upon by the Board and third-party counterparty. Future 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.

Foreign currency contracts are agreements to exchange one currency for another currency at an agreed-upon price and settlement date. 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 investment assets and liabilities on the Statement of Net Position.

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. All of the Savings Plan's swap contracts were exchange-traded. The Savings Plan entered into interest rate swaps during the fiscal year. An interest rate swap is an agreement between two parties, whereby 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.

A summary of investment derivative contracts traded in the Savings Plan during the fiscal year is presented below. The Prepaid Plan did not trade any derivatives during the fiscal year ended June 30, 2023.

($ in thousands)

		Increase/(Decrease) in Fair Value		Fair Value at June 30, 2023	
	Notional (in U.S. $)	Classification	Amount (in U.S. $)	Classification	Amount (in U.S. $)
Fixed income futures[1]	$ 16,319	Investment income	$ (157)	Investment	$ (105)
Foreign currency forwards	$ 670	Investment income	$ (2)	Investment	$ (11)
Interest rate swaps	$ 345	Investment income	$ 12	Investment	$ 19

[1]The total notional values of long and short fixed income futures positions were $12.9 million and $3.4 million.

Note 4: DEPOSITS AND INVESTMENT RISK DISCLOSURES (Continued)

Risks and Uncertainties

The Board's Comprehensive Investment Plan allows a maximum allocation of 35% to securitized debt obligations, including, but not limited to, mortgage pass-throughs and asset-backed securities within the Prepaid Plan's Liability-Driven Fixed Income portfolio and 85% for the Reserve Fixed Income portfolio. As of June 30, 2023, the fixed income segment of the Prepaid Plan portfolio had an allocation of 12.5% for mortgage/asset backed securities. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Note 5: FAIR VALUE MEASUREMENTS

GASB 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

<u>Level 1</u> – Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

<u>Level 2</u> – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

<u>Level 3</u> – Unobservable inputs for an asset or liability.

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

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.

Debt and equity securities classified in 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 primary external pricing vendors.

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Risks and Uncertainties (continued)

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

Debt and equity securities classified as Level 3 are prices from the custodial bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source.

Certain investments, such as money market funds and repurchase agreements are not included in the tables below because they are carried at cost or amortized cost and not priced at fair value.

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Fair values of investments at June 30, 2023 are as follows:

Prepaid Plan
($ in thousands)

		Fair Value Measurements Using		
June 30, 2023	Fair Value	Level 1	Level 2	Level 3
Debt securities				
U.S. government guaranteed:				
Commercial paper	$ 187,737	$ -	$ 187,737	$ -
U.S. Treasury bills	53,807	-	53,807	-
U.S. Treasury bonds & notes	616,295	-	616,295	-
U.S. Treasury strips	3,987,078	-	3,987,078	-
Index linked government bonds	115,674	-	115,674	-
U.S. government guaranteed asset-backed	5,030	-	5,030	-
Ginnie Mae (GNMA) mortgage-backed pass-throughs	20,816	-	20,816	-
GNMA commitments to purchase (TBAs)	79,771	-	79,771	-
GNMA collateralized mortgage obligations (CMOs)	22,980	-	22,980	-
Federal agencies:				
Unsecured bonds & notes	57,779	-	57,779	-
Agency strips	284,321	-	284,321	-
Mortgage-backed pass throughs (FNMA, FHLMC)	190,661	-	190,661	-
Mortgage-backed commit to purchase (TBAs)	292,476	-	292,476	-
CMOs & commercial mortgage-backed securities (CMBSs)	35,639	-	35,639	-
Domestic bonds & notes:				
Corporate	1,975,684	-	1,975,684	-
Municipal/provincial	43,264	-	43,264	-
Asset backed & mortgage backed	375,209	-	375,209	-
Non-government CMOs & CMBSs	241,520	-	241,520	-
Commingled mutual funds	137,291	137,291	-	-
International bonds & notes:				
Government & agency	44,267	-	44,267	-
Corporate	237,168	-	237,168	-
Asset-backed & mortgage-backed securities	102,550	-	102,550	-
Total debt securities	9,107,017	137,291	8,969,726	-
Equity securities				
Domestic stocks & commingled mutual funds	2,267,412	2,267,412	-	-
International stocks & commingled mutual funds	954,286	954,286	-	-
Total equity securities	3,221,698	3,221,698	-	-
Securities lending collateral investments				
Certificates of deposit	380,891	-	380,891	-
Commercial paper	203,947	-	203,947	-
Total securities lending collateral investments	584,838	-	584,838	-
Total investments measured by fair value level	$ 12,913,553	$ 3,358,989	$ 9,554,564	$ -

Note 5: FAIR VALUE MEASUREMENTS (Continued)

Fair values of investments at June 30, 2023 are as follows:

Savings Plan
($ in thousands)

June 30, 2023	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Debt Securities				
U.S. government guaranteed:				
U.S. Treasury bonds & notes	$ 1,328	$ -	$ 1,328	$ -
Indexed linked government bonds	929	-	929	-
Ginnie Mae (GNMA) mortgage backed pass throughs	583	-	583	-
GNMA mortgage backed commit to purchase (TBAs)	1,770	-	1,770	-
GNMA collateralized mortgage obligations (CMOs)	6	-	6	-
Federal agencies:				
Mortgage-backed pass throughs	4,088	-	4,088	-
Mortgage-backed commitments to purchase (TBAs)	3,706	-	3,706	-
CMOs & commercial mortgage-backed securities (CMBSs)	854	-	854	-
Domestic bonds & notes:				
Corporate	11,102	-	11,102	-
Municipal/provincial	308	-	308	-
Asset backed & mortgage backed	2,003	-	2,003	-
Non-government CMOs & CMBSs	5,556	-	5,556	-
Commingled mutual funds	371,041	371,041	-	-
International bonds & notes:				
Government and agency	1,002	-	1,002	-
Corporate	1,465	-	1,465	-
Asset-backed & mortgage-backed	1,147	-	1,147	-
Commingled mutual funds	23,102	23,102	-	-
Total debt securities	429,990	394,143	35,847	-
Equity securities				
Domestic commingled mutual funds	381,002	381,002	-	-
International commingled mutual funds	236,885	236,885	-	-
Real estate equity commingled mutual funds	1,948	1,948	-	-
Total equity securities	619,835	619,835	-	-
Other:				
Forward currency contracts	(11)	-	(11)	-
Future contracts	(105)	(105)	-	-
Swaps	19	-	19	-
Total investment derivative instruments	(97)	(105)	8	-
Total investments measured by fair value level	$ 1,049,728	$ 1,013,873	$ 35,855	$ -

Fair values of investments at June 30, 2023 are as follows:

Florida ABLE, Inc.
($ in thousands)

June 30, 2023	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments measured by fair value level				
Fixed income commingled mutual fund	$ 15,829	$ 15,829	$ -	$ -
Domestic equity commingled mutual fund	26,868	26,868	-	-
International equity commingled mutual fund	8,084	8,084	-	-
Total investments measured by fair value level	$ 50,781	$ 50,781	$ -	$ -

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE

The Prepaid Plan's future contract benefits and expenses payable represent the actuarially determined present value (APV) of future Prepaid Plan obligations. The following is a summary of the net assets and future contract benefits payable:

APV of future contract benefits and expenses payable	$	9,197,000,000
Near-term payables (outstanding refund payments and other payables)		237,000,000
APV of future contract benefits, expenses payable, and near-term payables	$	9,434,000,000
Net assets available	$	12,205,000,000
Net assets as a percentage of future contract benefits, expenses payable, and near-term payables		129.4%

The standard measurement is the APV of the future contract benefits and expenses obligation. The valuation method reflects the present value of estimated contract benefits and expenses that will be paid in future years and is adjusted for the effects of projected tuition and fees and dormitory housing fees increases and termination of contracts.

The net assets available represent assets in trust at market value and the future discounted contract payments adjusted for estimated cancellations. The following is a summary of changes in future contract benefits and expenses payable:

Net present value of future contract benefits and expenses payable at June 30, 2022	$	9,800,973,856
Payments for contract benefits including refunds		(519,528,956)
Decrease in future contract benefits and expenses payable		(84,907,205)
Net present value of future contract benefits and expenses payable at June 30, 2023		9,196,537,695
Current portion		521,726,540
Long-term future contract benefits and expenses payable	$	8,674,811,155

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE (Continued)

House Bill 851 (HB 851) was passed during the 2014 Legislative Session and became law on July 1, 2014. The law reduces future costs at Florida Universities, allowing the Board to better predict Florida University tuition and fee costs covered by the Prepaid Plan. The law reduces the maximum annual increase of Tuition Differential Fees (TDF). The law also extends the applicability period of Section 1009.98(10), F.S., and limits the amount payable by the Board under the statute.

During the year ended June 30, 2015, the Board implemented a catch-up provision to supplement current inflation assumptions. The catch-up provision recognizes that recent lower-than-expected higher education costs may be partially or fully offset by future higher-than-expected higher education costs. The Board believes the use of a catch-up provision provides the following three benefits. First, a catch-up provision may reduce fluctuation in the actuarial adequacy as future estimates of higher education costs will be more stable. Second, the use of a catch-up provision separates the analyses of long-term inflation assumptions from shorter-term inflation policy. Third, a catch-up provision permits more frequent adjustments in response to changes in the shorter-term inflation policy.

The following assumptions were used in the actuarial evaluations:

- Weighted average rate of return: All funds accepted by the Program are assumed to be invested for an appropriate duration based on their expected payment timing. The investment rate reflects the expected rate of return on investments, including an estimated incremental return generated by fixed income funds management. The weighted average yield rate is calculated as 4.47% based on the June 30, 2023 U.S. Treasury Spot Rate Curve plus an Option-Adjusted Spread provided by the Board's Investment Consultant, Aon Hewitt Investment Consulting.

  In computing investment earnings, all plan payments are assumed to occur at the end of the month and tuition and dormitory benefit payments are assumed to occur when due. Day-to-day Board expense payments are assumed to occur on a monthly basis.

- Tuition rates: For Florida University tuition plans and Florida University combined fee plans, the future projected cost of university tuition is equal to: 1) the sum of three components: matriculation, financial aid and Capital Improvement Trust Fund fees provided by the Board of Governors; and 2) a catch-up provision. For 2023/2024, the tuition rate is $116.68 (comprised of matriculation at $105.07 financial aid at $5.23 and Capital Improvement Trust Fund at $6.38) and the catch-up provision is 22.00%. Projections include an annual inflation assumption of 6.00%.

Note 6: FUTURE CONTRACT BENEFITS AND EXPENSES PAYABLE (Continued)

For Florida College tuition plans and Florida College combined fee plans, the future projected cost of tuition is equal to: 1) the sum of three components: tuition, financial aid and capital improvement fees; and 2) a catch-up provision. With respect to upper division (baccalaureate program) coursework at Florida Colleges, the current year's tuition fee is $108.96 and is scheduled to increase at an annual rate of 6.75% limited to 95% of university tuition. With respect to lower division coursework at Florida Colleges, the current year's tuition fee is $95.03 and is assumed to increase at an annual rate of 6.75% limited to 85% of university tuition. The tuition rates used for academic year 2023/2024 are based on actual tuition rates provided to the Board by the Department of Education plus the catch-up provision (21.25%).

- Dormitory rates: The 2022/2023 dormitory fees are $3,504.14 per semester and are assumed to increase at an annual rate of 6.00% throughout the projection. The dormitory rates used for academic year 2022/2023 are based on a weighted average of actual Florida University dormitory rates as provided to the Board by each Florida University plus the catch-up provision (12.00%).

- Local fee rates: For Florida University local fee plans, the projected rates are determined by assuming an annual inflation rate of 6.00% throughout the whole projection. The local fee rates used for the academic year are based on a weighted average of actual Florida University local fee rates as provided to the Board by the Board of Governors plus the catch-up provision (22.00%). For Florida College local fee plans, the annual local fee rates are set by each Florida College. The projected rates are based on an inflation rate of 6.75%. The local fee rates are based on a weighted average of actual local fee rates as provided to the Board by the Department of Education plus the catch-up provision (21.25%).

- Tuition Differential Fees: For Florida University TDF plans, the Board assumes that the inflation rate for preeminent Florida Universities will be 3.00% and the inflation rate for all other Florida Universities will be 0.00%. The annual rate of increase for TDF plans is calculated based on a pro-rata headcount methodology assuming three pre-eminent State Universities (FSU, UF, and USF).

The sum of Florida University tuition, TDF and local fees will be capped on an absolute dollar basis at the national average as determined by the Education Estimating Conference.

The current exemption from any TDF, which exists for beneficiaries having prepaid tuition plans pursuant to 1009.98(2)(b), F.S., that were in effect on July 1, 2007 and remain in effect, is unchanged.

The TDF rate used for academic year 2022/2023 is based on a weighted average of actual TDF rates as provided to the Board by the Board of Governors.

Note 7: CHANGES IN LONG-TERM LIABILITIES

The following table provides the long-term liability activity for the year ended June 30, 2023:

($ in thousands)

Long-term liabilities as of June 30, 2023	Beginning balance*	Additions	Reductions	Ending balance*	Amount due within 1 year
Future contracts benefits	$ 9,800,974	$ -	$ (604,436)	$ 9,196,538	$ 521,727
Compensated absences	813	295	(174)	934	111
Net pension liability	1,167	2,245	(461)	2,951	1
Other post-employment benefits payable	474	205	(207)	472	12
Total	$ 9,803,428	$ 2,745	$ (605,278)	$ 9,200,895	$ 521,851

*Long-term liabilities include any related current liability balance. Amounts due within one year are classified as current liabilities on the Statement of Net Position.

Note 8: DUE TO BENEFICIARIES

The Foundation receives donations from donors and purchases contracts for the donors' designated beneficiaries. The unexpended funds from these donors are classified as due to beneficiaries. The receipts and disbursements of the funds received are as follows:

Balance, June 30, 2022	$ 54,260,162
Donations	19,581,502
Payments on behalf of donors	(14,583,170)
Balance, June 30, 2023	$ 59,258,494

Note 9: CAPITAL ASSETS

A summary of the changes in capital assets and related accumulated depreciation for the year ended June 30, 2023 is as follows:

	Equipment	Accumulated depreciation	Work in Progress	Net
Balance as of June 30, 2022	$ 121,551	$ (90,674)	$ 8,195,800	$ 8,226,677
Disposals	-	-	-	-
Purchases and depreciation expense	8,699	(17,288)	8,056,180	8,047,591
Balance as of June 30, 2023	$ 130,250	$ (107,962)	$ 16,251,980	$ 16,274,268

Note 9: CAPITAL ASSETS (Continued)

Work in progress includes costs incurred for the development of the Board's Customer Relationship Manager (CRM) solution. The amount to be capitalized includes the costs necessary to install, configure, and prepare the system for implementation. Work in progress is not subject to depreciation until placed in service.

Depreciation expense for the Prepaid Plan totaled $17,288 for the year ended June 30, 2023 and is included in administration expenses on the Statement of Revenues, Expenses and Changes in Net Position.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Pension Plans

All permanent Board employees are eligible to participate in the following cost-sharing multiple-employer defined benefit pension plans (Plans):

- Florida Retirement System Pension Plan
- Retiree Health Insurance Subsidy Program Pension Plan

As an alternative to the Florida Retirement System Pension Plan, employees may elect to participate in the Florida Retirement System Investment Plan (a defined contribution plan).

The Florida Department of Management Services (Department) is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems. For the fiscal year ended June 30, 2022, the Department issued a publicly-available, audited annual comprehensive financial report (ACFR) that includes financial statements, notes and required supplementary information for each of the pension plans which it administers. Detailed information about the plans is provided in the ACFR which is available online or by contacting the Department.

Copies of this report, as well as the plans' actuarial valuations, can be obtained from the Department of Management Services, Division of Retirement (Division), Bureau of Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at 877-377-1737 or 850-488-5706; by email at rep@dms.myflorida.com; or at the Division's website (www.frs.myflorida.com).

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the Florida Department of Management Services. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Defined Benefit Plans

The Florida Retirement System Pension Plan

The Florida Retirement System (FRS) is a cost-sharing, multiple-employer public-employee retirement system with two primary plans – the FRS Defined Benefit Pension Plan (Pension Plan) and the FRS Investment Plan. The FRS Pension Plan was created in Chapter 121, Florida Statutes (F.S.), effective December 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, F.S.), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Chapter 123, F.S.) was closed and consolidated into the FRS. The FRS was 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 the Investment Plan as a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. The FRS Investment Plan is an integrated defined contribution plan administered by the State Board of Administration and the Department of Management Services. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, F.S., was consolidated under the FRS Pension Plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

Chapter 121, F.S., 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 (EOC), and faculty and specified employees in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, F.S.

Membership

FRS membership is compulsory for eligible 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 Sections 121.053 or 121.122, F.S., 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. 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 Optional Retirement Program (SUSORP). Retirees initially reemployed in regularly established positions on or after July 1, 2010, may not participate in the FRS except for defined contribution plan retirees employed in a regularly established position on or after July 1, 2017. FRS Pension Plan retirees remain ineligible for renewed membership.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Retirees of the FRS Investment Plan, the SUSORP, the State Community College System Option Retirement Program (SCCSORP), and the Senior Management Service Optional Annuity Program who are initially reemployed on or after July 1, 2010, and who are employed in a regularly established position on or after July 1, 2017, will be enrolled in the FRS Investment Plan, SUSORP, or SCCSORP based upon the position held as renewed members on or after July 1, 2017.

There are five general classes of membership, as follows. The Board's employees are all included in one of the first two classes:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *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, and assistant capital collateral representatives. Members of the EOC may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.

- *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.

- *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.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

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 Pension Plan 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% benefit reduction for each year prior to the normal retirement age.

Member eligibility requirements for normal retirement age are:

Regular Class, SMSC, and EOC

- For members initially enrolled in the FRS Pension Plan 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 Pension Plan 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 Pension Plan 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 Pension Plan 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.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits

The Florida Legislature establishes and amends the benefit terms of the FRS Pension Plan. Benefits under the FRS Pension Plan are computed based on age, average final compensation, creditable years of service, and accrual value per year by membership class. Members are also provided in-line-of-duty or regular disability and survivors' benefits. Pension benefits of eligible retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. This individually calculated annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The DROP became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Section 121.091, F.S. was amended, effective July 1, 2022, to allow DROP Participants employed in eligible Special Risk Class law enforcement officer positions on July 1, 2022, and before June 30, 2028, to participate for up to 36 additional months beyond their initial 60-month eligibility period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest until the member terminates to finalize retirement. As of June 30, 2022, the FRS Trust Fund held in trust $2,668,218,157 in accumulated benefits for interest for 31,023 current and prior participants in the DROP.

Administration

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 from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions

All participating employers must comply with statutory contribution requirements. Section 121.031(3), F.S., 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, F.S. 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), F.S., 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.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions (continued)

The balance of legally required reserves for the FRS Pension Plan at June 30, 2022 was $180,226,404,807. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

The table below presents FRS employer contribution rates. Rates indicated are uniform rates for all FRS members and include UAL contribution rates. These rates do not include a 1.66% contribution rate for the Retiree Health Insurance Subsidy (HIS) Program and a 0.06% assessment for the administration of the FRS Investment Plan and the educational program available to all FRS members. In addition, the July 1, 2022, statutory employer rates do not include the 3.00% mandatory employee contribution for all membership classes except for members in the DROP.

Membership Class	Uniform Employer Rates Recommended by Actuarial Valuation for Fiscal Year 2022-2023	July 1, 2022 Statutory Rates (Ch. 121, F.S.)
Regular	10.19%	10.19%
Senior Management Service	29.85%	29.85%
Special Risk	26.11%	26.11%
Special Risk Administrative Support	36.93%	36.93%
Elected Officers - Judges	42.05%	42.05%
Elected Officers - Legislators/Attorneys/Cabinet	66.07%	66.07%
Elected Officers - County	55.28%	55.28%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	16.94%	16.94%

Employee eligibility, benefits, and contributions by class are as previously described. Employees not filling regular established positions and working under the other personal services or temporary status are not covered by the FRS.

The Board contributed $314,561, $272,190, and $251,486 to the FRS Pension Plan (excluding administrative fees) during the years ended June 30, 2023, 2022, and 2021, respectively. Administrative fees incurred by the Board on behalf of the FRS Pension Plan defined benefit members totaled $653, $599, and $579 for each fiscal year, respectively.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Retiree Health Insurance Subsidy (HIS) Program

The Retiree Health Insurance Subsidy Program is a non-qualified cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. For the fiscal year ended June 30, 2023, eligible 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, F.S. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

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 all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66% of payroll pursuant to Section 112.363, F.S. The Board contributed $38,111, $33,019, and $32,046, to the Plan during the years ended June 30, 2023, 2022 and 2021, respectively. 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 legislature may reduce or cancel HIS payments.

Pension Amounts for Defined Benefit Pension Plans

Net Pension Liability

At June 30, 2023, the Board reported a total liability of $2,951,359 for its proportionate share of the net pension liabilities of the defined benefit, multiple employer cost sharing pension plans.

The table below presents the fiduciary net position for each plan as well as the Board's proportion and proportionate share as of the Plan's measurement date of June 30, 2022:

	FRS Pension Plan	HIS	Total
Plan total pension liability (A)	$ 217,434,441,000	$ 11,126,965,688	
Plan fiduciary net position (B)	(180,226,404,807)	(535,368,479)	
Plan net pension liability (A-B)	$ 37,208,036,193	$ 10,591,597,209	
Board's proportion	0.006378690%	0.005456908%	
Board's proportionate share	$ 2,373,385	$ 577,974	$ 2,951,359

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Amounts for Defined Benefit Pension Plans (continued)

Net Pension Liability (continued)

The Board's proportion of the net pension liability was based on contributions paid to the plans by the Board relative to the contributions paid by all participating employers. The table below shows the change in proportion since the prior measurement date:

	FRS Pension Plan	HIS
Board's proportion at prior measurement date, June 30, 2021	0.006601438%	0.005451887%
Board's proportion at measurement date, June 30, 2022	0.006378690%	0.005456908%
Increase/(decrease) in proportion	-0.000222748%	0.000005021%

Based on the Board's projected proportion as of a June 30, 2023, measurement date, the estimated decrease in the collective net pension liability would be approximately $95 thousand or 3% lower than is reported as of the measurement date of June 30, 2022.

Actuarial Methods and Assumptions

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The FRS Pension Plan's GASB Statement No. 67 valuation is performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018; assumption changes adopted by the FRS Assumptions Conference were incorporated in the July 1, 2022, FRS Valuation. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study of the FRS Pension Plan.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of the measurement date, of July 1, 2022, using the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the statutorily required rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and was applied to all periods of projected benefit payments to determine the total pension liability. The 6.70% rate of return assumption was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27). The 6.70% reported investment return assumption is the same as the investment return assumption chosen by the 2022 FRS Actuarial Assumption Conference for funding policy purposes.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% for the measurement date of June 30, 2022 was used to determine the total pension liability for the program. The source of the municipal bond rate is the Bond Buyer General Obligation 20-Bond Municipal Bond Index. Mortality assumptions for both pension plans were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

There were no changes in benefit terms for either the FRS Pension Plan or HIS that affected the total pension liability since the prior measurement date other than the extension of the maximum length of the DROP participation by 36 months for Special Risk Class law enforcement officer members passed during the 2022 Legislative Session. During the 2023 Legislative Session, Section 121.091, F.S., was amended, effective July 1, 2023, allowing all eligible members to elect to participate in DROP for a maximum of 96 months. Authorized instructional personnel may participate in the DROP for up to 24 additional months beyond their initial 96-month participation period. This change replaced the previous year's amendment allowing only eligible Special Risk Class law enforcement officer positions on July 1, 2022, and before June 30, 2028, to participate for up to 36 additional months beyond their initial 60-month eligibility period. Also effective July 1, 2023, Section 112.363, F.S., was amended so that eligible retirees and beneficiaries will receive a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $7.50. The payments will be at least $45 but not more than $225 per month. Employer contribution rates will increase to 2.00% of payroll per the amendment to fund the benefit changes to HIS. It is unknown at this time how these benefit changes may affect the Board's proportionate share of the collective net pension liability of either defined benefit pension plan in the future. There were no other changes between the measurement date and the reporting date which significantly impact the Board's proportionate share of the net pension liability, deferred outflows, deferred inflows and pension expense for either defined benefit pension plan.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

The following changes in actuarial assumptions occurred in the year ended June 30, 2022:

- FRS Pension Plan: The long-term expected rate of return decreased from 6.80% to 6.70%.
- HIS: The municipal rate used to determine total pension liability increased from 2.16% to 3.54%.

The long-term expected rate of return of 6.70% on FRS Pension Plan investments was determined using a forward-looking capital market economic model, which includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equity	54.0%	8.8%
Real estate (property)	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
	100.0%	

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Board's proportionate share of each plan's net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2022.

FRS Pension Plan			*Health Insurance Subsidy*		
1% Decrease 5.70%	**Current Discount Rate 6.70%**	**1% Increase 7.70%**	**1% Decrease 2.54%**	**Current Discount Rate 3.54%**	**1% Increase 4.54%**
$ 4,104,607	$ 2,373,385	$ 925,878	$ 661,249	$ 577,974	$ 509,065

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Expense and Deferred Outflows / (Inflows) of Resources

In accordance with GASB Statement No. 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension 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 that are provided with pensions through the pension plan (active and inactive employees)

- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

- Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

- Differences between expected and actual earnings on pension plan investments – amortized over five years

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2022, was 5.5 years for the FRS Pension Plan and 6.4 years for HIS. The Board's proportionate share of the components of collective pension expense and deferred outflows and inflows of resources reported in the pension allocation schedules for the fiscal year ended June 30, 2023, (measurement date of June 30, 2022) are presented on the next page for each plan.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

FRS Pension Plan

	Recognized in expense reporting period ended June 30, 2023	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 168,121	Current	$ -	$ -
Interest cost	893,791	Current	-	-
Effect of plan changes	6,333	Current		
Effect of economic/demographic gains or losses (difference between expected and actual experience)	49,165	5.5 - 6.4 years	112,722	-
Effect of assumptions changes or inputs	192,894	5.5 - 6.4 years	292,292	-
Member contributions	(49,067)	Current	-	-
Projected investment earnings	(860,289)	Current	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	84,996	5.5 - 6.4 years	226,566	(50,016)
Net difference between projected and actual investment earnings	(69,099)	5 years	156,713	-
Contributions subsequent to the measurement date	-	1 year	314,561	-
Administrative expenses	1,435	Current	-	-
Total	$ 418,280		$ 1,102,854	$ (50,016)

(continued)

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

HIS Program

	Recognized in expense reporting period ended June 30, 2023	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 15,870	Current	$ -	$ -
Interest cost	15,028	Current	-	-
Effect of plan changes	285	Current	-	-
Effect of economic/demographic gains or losses (difference between expected and actual experience)	4,160	6.4 years	17,543	(2,543)
Effect of assumptions changes or inputs	(5,213)	6.4 years	33,130	(89,412)
Member contributions	(3)	Current	-	-
Projected investment earnings	(581)	Current	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	33,638	6.4 years	73,574	(5,768)
Net difference between projected and actual investment earnings	343	5 years	837	-
Contributions subsequent to the measurement date	-	1 year	38,111	-
Administrative expenses	11	Current	-	-
Total	$ 63,538		$ 163,195	$ (97,723)
Total for all defined benefit pension plans	**$ 481,818**		**$ 1,266,049**	**$ (147,739)**

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources related to contributions paid subsequent to the measurement date as shown in the tables above will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

For the years ending June 30,	FRS Pension Plan Expense	HIS Expense
2024	$ 208,543	$ 17,705
2025	111,150	12,163
2026	(4,648)	10,065
2027	407,444	2,305
2028	15,788	(9,320)
Thereafter	-	(5,557)
Total	**$ 738,277**	**$ 27,361**

Payables to the Pension Plans

The Board reported payables of $35,501 to the FRS and $4,421 to the HIS Program as of June 30, 2023, for legally required contributions to the plans. In addition, administrative fees owed for employees in the defined benefit FRS Pension Plan totaled $72. The payables are included in accrued expenses as a current liability in the Statement of Net Position.

Defined Contribution Programs

FRS Investment Plan

The State Board of Administration and the Department of Management Services together administer the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

FRS Investment Plan (continued)

The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2022, those employer rates went up by 3.0% for each retirement class. Beginning July 1, 2011, there is a mandatory employee contribution of 3.0%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of 0.06% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Upon receiving a distribution, other than a de minimis distribution or required minimum distribution, the member is a retiree. Disability coverage is provided for total and permanent disability (non-duty or line of duty); the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income. Survivor benefit coverage is provided to the surviving spouse or dependent children of members who die in line of duty; the employer pays an employer contribution to fund the survivor benefit which is deposited in the FRS Trust Fund. The member's account balance must be transferred to the FRS Pension Plan when approved for survivor benefits to receive guaranteed lifetime monthly benefits under the FRS Pension Plan for the surviving spouse or on behalf of the dependent children until the youngest unmarried dependent child reaches age 18, or up to age 25 if unmarried and enrolled as a fulltime student.

Pension Amounts for the FRS Investment Plan

During the fiscal year ended June 30, 2023, the Board recognized $71,145 in pension expense related to the FRS Investment Plan, including $70,511 paid into employee accounts and $634 paid in administrative fees. Employee contributions totaled $31,683. As of June 30, 2023, the Board reported a current liability of $8,608 for the June 2023 employer contributions to be paid to employee accounts in the following month and $77 in administrative fees, as per statutory contribution requirements. These liabilities are included in accrued expenses as a current liability on the Statement of Net Position.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Pension Amounts for the FRS Investment Plan (continued)

Blended rates paid by the Board for employees participating in the FRS Investment Plan include required contributions paid to the HIS Program Pension Plan, the unfunded actuarial liability (UAL) contributions to the FRS Pension Plan, disability fees (also paid into the FRS Pension Plan), contributions to defined contribution participant accounts, and administrative fees.

Amounts paid into the two defined benefit pension plans are already included in the net pension liability for those plans. Forfeiture amounts for the Board are not available, as forfeitures are used only to offset the overall administrative cost of the defined contribution plan and the amount attributable to reducing the Board's administrative expenses is unknown.

Other Postemployment Benefits (OPEB)

The Board follows GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for certain postemployment healthcare benefits administered by the Division of State Group Health Insurance Program (DSGI).

General Information about the OPEB Plan

Plan Description. The Board participates in the State Employees' Health Insurance Program, a multiple-employer defined benefit postemployment healthcare plan administered by the State of Florida, Department of Management Services, DSGI, which provides healthcare benefits to retired state and university employees in accordance with Section 110.123, Florida Statutes (F.S.). Pursuant to the provisions of Section 112,0801, F.S., all public employers (including the Board) that offer benefits through a group insurance plan shall allow their retirees and their eligible dependents the option to continue participation in the plan during retirement. As a part of normal retirement, a retiree has 60 days after separation to elect post-retirement health coverage. After 60 days, they are no longer entitled to benefits. A retiree is defined as any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System (FRS) Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

General Information about the OPEB Plan (continued)

The law also requires the claims experience of the retirees under 65 age group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. As a result, the Board subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Florida Legislature. The Board's benefit payments are approved in the Board's budget each fiscal year as adopted by Board Trustees.

Benefits Provided

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All non-OPS employees of the Fund are eligible to receive postemployment health care benefits. Four types of health plans are offered to eligible participants:

- Standard statewide Preferred Provider Organization (PPO).
- 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.

Employees Covered by Benefit Terms

At valuation date, July 1, 2022, there were 183,991 employees covered by the OPEB Plan, as shown in the following table:

Active Plan Members	127,265
No Coverage Active Plan Members	22,773
Retired and Inactive Plan Members	33,953
Total eligible members	183,991

There are currently zero inactive plan members entitled to but not yet receiving benefits because the Sponsor does not provide a vested termination benefit prior to July 1, 2022. However, in subsequent years, there may be plan members included in this category. House Bill 5009 was passed in the 2022 legislative session and establishes the right of any current state employee who terminates employment after July 1, 2022, with at least six years of credited service to participate in the State Group Insurance Plan indefinitely after termination. Participants must elect to participate within two years of termination. This change goes into effect after the June 30, 2022 measurement date and the resulting change in benefits will be accounted for in future valuations of the Plan.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions

Retirees participating in the group insurance plans offered by the State are required to contribute 100% of the premiums. The State implicitly subsidizes the healthcare premium rates paid by the 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 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. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

Total OPEB Liability

Actuarial valuations for the OPEB Plan are conducted biennially. The July 1, 2022, OPEB valuation is the most recent actuarial valuation.

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 Board is 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. As of June 30, 2023, the State reported a total OPEB liability of $7,843,255,855 of which the Board reported $472,669 for its proportionate share of the total OPEB liability measured as of June 30, 2022. The table below presents the Fund's proportion and change in proportion since the prior measurement date:

	Board
Proportion at prior measurement date, June 30, 2021	0.00449585%
Proportion at measurement date, June 30, 2022	0.00602644%
Increase/(Decrease) in Board's proportion	0.00153059%

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The July 1, 2022 OPEB valuation is the most recent actuarial valuation. This valuation is applicable to the reporting period ended June 30, 2023. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	The recognition period for the changes in assumption, experience and proportionate share is 8 years
Actuarial value of assets	N/A – no plan assets
Inflation	2.60%
Salary increases	Varies by FRS Class
Discount rate	4.09%
Healthcare cost trend rates	For fiscal year 2022-2023, both Pre-Medicare and Post-Medicare rates are 10.31% and 7.53% for PPO and HMO plans, respectively. Rates for each plan are projected to decrease sharply in fiscal year 2023-2024 to 8.10% for the PPO plan and 6.44% for the HMO plan, before increasing slightly the next two fiscal years, reaching 8.28 and 6.50%, respectively, by fiscal year 2025-2026. The rates for both plans then decrease gradually to 4.04% in fiscal year 2075-2076 and thereafter.
Retirees’ share of benefit- related costs	100% of projected health insurance premiums for retirees
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	Pub-2010 Mortality tables with fully generational improvement using Scale MP-2018
Marital status	80% assumed married, with male spouses 3 years older than female spouses

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

Health care participation (HMO)	43% participation assumed (47% of those who have elected active coverage, 3.7% of those who have not), with 25% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage.
Health care participation (PPO)	43% participation assumed (47% of those who have elected active coverage, 3.7% of those who have not), with 35% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage.

The discount rate of 4.09% was based on the Standard & Poor's Municipal Bond 20 year High Grade Rate Index as of the measurement date of June 30, 2022.

The demographic actuarial assumptions for retirement, disability, withdrawal and salary merit scales used in the July 1, 2022 OPEB valuation are consistent with the assumptions used in the July 1, 2021 Actuarial Valuation of the FRS with adjustments for demographic differences. The demographic assumptions were based on the 2019 Experience Study prepared by Milliman on December 20, 2019. Updated assumptions for the FRS July 1, 2021 Actuarial Valuation were approved by the 2021 FRS Actuarial Assumption Conference in October 2021. Mortality rates are based on Pub-2010 Mortality tables that incorporate fully generational mortality improvement using Scale MP-2018.

The healthcare trend rates are a key assumption used in determining the costs of the plan. The trend rates for the first four years used in the July 1, 2022 OPEB valuation were developed using the claims and administrative cost information from the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2022 through June 30, 2027 as presented on August 10, 2022 at the Self-Insurance Estimating Conference. The Getzen Model was used to generate the long-term healthcare trends.

Retirees participating in the group insurance plans offered by the State of Florida (and the Fund) are required to contribute 100% of the premiums.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

Changes since the prior valuation:

- 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. The discount rate increased from 2.18% to 4.09%.

- Census Data – The census data reflects changes in status for the twenty-four (24) month period since July 1, 2020.

- Claims Costs and Premium Rates – The assumed claims and premiums reflect the actual claims information provided to the actuary by the DSGI as well as the premiums that are actually being charged to participants. The recent claims experience along with changes in the demographics of the population, resulted in lower claims costs compared to expected, as well as lower premium rates than expected. The net result as of June 30, 2022, was a slight increase in the liability.

- Trend Rate – The medical trend assumption each year is based on the Getzen Model. Medical trend rates were updated to be consistent with the August 2022 Report on Financial Outlook of the Plan along with information from the Getzen Model and the use of actuarial judgement. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Board's Share of Total OPEB Liability to Changes in the Discount Rate

The following table demonstrates the sensitivity of the Board's proportionate share of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to the Board's proportionate share of the total OPEB liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate:

	1% decrease (3.09%)	Current discount rate (4.09%)	1% increase (5.09%)
Board's proportionate share of the total OPEB liability	$ 546,759	$ 472,669	$ 412,589

Sensitivity of the Board's Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the sensitivity of the Board's proportionate share of the total OPEB liability to changes in the healthcare cost trend rates. The sensitivity analysis shows the impact to the Board's proportionate share of the total OPEB liability if the healthcare cost trend rates were 1.00% higher or 1.00% lower than the current healthcare cost trend rates:

	1% decrease	Current Healthcare Cost Trend Rates*	1% increase
Board's proportionate share of the total OPEB liability	$ 406,212	$ 472,669	$ 555,508

*Please refer to the Healthcare Cost Trend Rates information presented above in the *Actuarial Assumptions and Other Inputs.*

Note 10: PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Board recognized OPEB expense of $9,197 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions or other inputs	$ 54,655	$ (308,831)
Difference between expected and actual experience	-	(51,695)
Changes in proportionate share of the total OPEB liability and difference between the actual benefit payments and estimated benefit payments	252,181	(56,749)
Transactions subsequent to the measurement date	12,143	-
Total	$ 318,979	$ (417,275)

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date as shown in the table above will be recognized as a reduction of the total OPEB liability in the reporting period ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal years ending June 30,	**Amount**
2024	$ (37,892)
2025	(37,892)
2026	(28,593)
2027	(18,028)
2028	5,740
Thereafter	6,227
Total	$ (110,438)

Note 11: RELATED-PARTY TRANSACTIONS

The Foundation purchases Florida Prepaid College Plans from the Prepaid Plan on behalf of selected scholarship recipients. Florida Prepaid College Plans at a cost of $14,583,170 were purchased during the year ended June 30, 2023. Amounts due to the Foundation total $67,143,888 at June 30, 2022. Amounts due from the Foundation total $56,134 at June 30, 2023.

The Board provides certain administrative expenses to the Foundation under a contractual agreement expiring December 2021. For the year ended June 30, 2023, contributed space, services and goods were valued at $609,000.

In accordance with 1009.986, Florida Statutes, the chair of the Florid Prepaid College Board serves on the Board of Directors of ABLE along with another appointee made by the Florida Prepaid College Board.

For the year ended June 30, 2023, the Florida Prepaid College Board provided certain administrative expenses to ABLE under a contractual agreement with no date of expiration or termination. Under this agreement, ABLE paid administration fees totaling $245,000 to the Board for the year ended June 30, 2023.

Note 12: RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board participates in the State Risk Management Trust Fund which provides property insurance coverage, casualty coverage for the risks of loss related to Federal civil rights and employment actions, workers' compensation, court-awarded attorney fees, automobile liability, and general liability insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Florida Retirement System Pension Plan[1]

Schedule of Board's Proportionate Share of Net Pension Liability and Related Ratios
Florida Retirement System[1] Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years*

Fiscal year ended[2]	Pension Plan Measurement Date	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2023	6/30/2022	0.006378690%	$ 2,373,385	$ 1,988,651	119.35%	82.89%
6/30/2022	6/30/2021	0.006601438%	498,664	1,930,088	25.84%	96.40%
6/30/2021	6/30/2020	0.006095871%	2,642,040	1,735,482	152.24%	78.85%
6/30/2020	6/30/2019	0.005658126%	1,948,580	1,703,295	114.40%	82.61%
6/30/2019	6/30/2018	0.005053923%	1,522,268	1,545,491	98.50%	84.26%
6/30/2018	6/30/2017	0.004573000%	1,352,663	1,429,562	94.62%	83.89%
6/30/2017	6/30/2016	0.004080519%	1,030,334	1,141,348	90.27%	84.88%
6/30/2016	6/30/2015	0.003496462%	451,615	960,352	47.03%	92.00%
6/30/2015	6/30/2014	0.002582428%	157,566	857,376	18.38%	96.09%

[1] Changes in actuarial assumptions:
For the fiscal year ended June 30, 2023, the inflation rate assumption remained at 2.40%, after being reduced from 2.60% to 2.40% in the fiscal year ended June 30, 2021. For all fiscal years prior to 2021 the inflation rate assumption was 2.60%. The overall payroll growth assumption remained at 3.25%, effective for fiscal years ended June 30, 2015 through June 30, 2023.
The long-term expected rate of return assumption, effective for each fiscal year ended June 30, was as follows:

6/30/2023	6.70%	6/30/2020	6.90%	6/30/2017	7.60%
6/30/2022	6.80%	6/30/2019	7.00%	6/30/2016	7.65%
6/30/2021	6.80%	6/30/2018	7.10%	6/30/2015	7.65%

For the fiscal year ended June 30, 2020, the mortality assumptions changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

[2] The Florida Retirement System pension plan information and net pension liability are reported on a one year lag. For example, pension plan information reported for the fiscal year ended June 30, 2023, is as of measurement date June 30, 2022. Covered payroll used to calculate the proportionate share of the net pension liability as a percentage of covered payroll for each fiscal year presented above is actually the covered payroll as of the pension plan measurement date (i.e., the prior fiscal year).

* These schedules are intended to show information for 10 fiscal years. However, until a full 10-year trend is compiled, the Board is presenting information for those years for which information is available.

Florida Prepaid College Board
Cost-Sharing Multiple Employer Defined Benefit Pension Plans - Schedule of Board's Proportionate Share of Net Pension Liability and Related Ratios
Last 10 Fiscal Years*

Health Insurance Subsidy Pension Plan[1]

Schedule of Board's Proportionate Share of Net Pension Liability and Related Ratios
Retiree Health Insurance Subsidy[1] Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years*

Fiscal year ended[2]	Pension Plan Measurement Date	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2023	6/30/2022	0.005456908%	$ 577,974	$ 1,988,651	29.06%	4.81%
6/30/2022	6/30/2021	0.005451887%	668,756	1,930,088	34.65%	3.56%
6/30/2021	6/30/2020	0.005000366%	610,537	1,735,482	35.18%	3.00%
6/30/2020	6/30/2019	0.005092966%	569,852	1,703,295	33.46%	2.63%
6/30/2019	6/30/2018	0.004731790%	500,818	1,545,491	32.41%	2.15%
6/30/2018	6/30/2017	0.004484873%	479,543	1,429,562	33.54%	1.64%
6/30/2017	6/30/2016	0.003697148%	430,887	1,141,348	37.75%	0.97%
6/30/2016	6/30/2015	0.003165491%	322,830	960,352	33.62%	0.50%
6/30/2015	6/30/2014	0.002885679%	269,818	857,376	31.47%	0.99%

[1] Changes in actuarial assumptions:
For the fiscal year ended June 30, 2023, the inflation rate assumption remained at 2.40%, after being reduced from 2.60% to 2.40% in the fiscal year ended June 30, 2021. Also in the fiscal year ending June 30, 2021, the mortality assumption was changed from the Generaltional RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with SCALE MP-2018. The overall payroll growth assumption remained at 3.25%, effective for fiscal years ended June 30, 2015 through June 30, 2022. The municipal bond rate used to determine total pension liability, effective for each fiscal year ended June 30, was as follows:

6/30/2023	3.54%	6/30/2020	3.50%	6/30/2017	2.85%
6/30/2022	2.16%	6/30/2019	3.87%	6/30/2016	3.80%
6/30/2021	2.21%	6/30/2018	3.58%	6/30/2015	4.29%

[2] The Retiree Health Insurance Subsidy pension plan information and net pension liability are reported on a one year lag. For example, pension plan information reported for the fiscal year ended June 30, 2023, is as of measurement date June 30, 2022. Covered payroll used to calculate the proportionate share of the net pension liability as a percentage of covered payroll for each fiscal year presented above is actually the covered payroll as of the pension plan measurement date (i.e. the prior fiscal year).

* This schedule is intended to show information for 10 fiscal years. However, until a full 10-year trend is compiled, the Board is presenting information for those years for which information is available.

The tables below present the Board's contribution requirements as of the Plan's last 10 fiscal years:

Florida Retirement System Pension Plan

Schedule of Board Contributions
Florida Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years

Fiscal year ended	Statutorily required contributions (a)	Contributions in relation to the statutorily required contributions (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
6/30/2023	$ 314,561	$ 314,561	$ -	$ 2,298,475	13.69%
6/30/2022	272,190	272,190	-	1,988,651	13.69%
6/30/2021	251,486	251,486	-	1,930,088	13.03%
6/30/2020	202,539	202,539	-	1,735,482	11.67%
6/30/2019	175,443	175,443	-	1,703,295	10.30%
6/30/2018	144,033	144,033	-	1,545,491	9.32%
6/30/2017	119,046	119,046	-	1,429,562	8.33%
6/30/2016	99,511	99,511	-	1,141,348	8.72%
6/30/2015	85,247	85,247	-	960,352	8.88%
6/30/2014	58,115	58,115	-	857,376	6.78%

Health Insurance Subsidy Pension Plan

Schedule of Board Contributions
Retiree Health Insurance Subsidy Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
For the Last 10 Fiscal Years

Fiscal year ended	Statutorily required contributions (a)	Contributions in relation to the statutorily required contributions (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
6/30/2023	$ 38,111	$ 38,111	$ -	$ 2,298,475	1.66%
6/30/2022	33,019	33,019	-	1,988,651	1.66%
6/30/2021	32,046	32,046	-	1,930,088	1.66%
6/30/2020	28,815	28,815	-	1,735,482	1.66%
6/30/2019	28,281	28,281	-	1,703,295	1.66%
6/30/2018	25,661	25,661	-	1,545,491	1.66%
6/30/2017	23,735	23,735	-	1,429,562	1.66%
6/30/2016	18,949	18,949	-	1,141,348	1.66%
6/30/2015	12,100	12,100	-	960,352	1.26%
6/30/2014	10,289	10,289	-	857,376	1.20%

Florida Prepaid College Board
Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability
Last 10 Fiscal Years

Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability - Last 10 Fiscal Years*

Fiscal year ended[1]	OPEB Plan Measurement Date	Board's proportion of the total OPEB liability	Board's proportionate share of the total OPEB liability[2]	Board's covered employee payroll	Board's proportionate share of the total OPEB liability as a percentage of covered employee payroll
6/30/2023	6/30/2022	0.00602644%	$ 472,669	$ 1,989,609	23.76%
6/30/2022	6/30/2021	0.00449585%	473,891	1,930,088	24.55%
6/30/2021	6/30/2020	0.00400330%	411,941	1,735,482	23.74%
6/30/2020	6/30/2019	0.00461875%	584,653	1,703,295	34.32%
6/30/2019	6/30/2018	0.00448713%	473,462	1,561,101	30.33%
6/30/2018	6/30/2017	0.00455666%	492,624	1,431,041	34.42%

Notes to Schedule of Board's Proportionate Share of the Total Other Postemployment Benefits Liability

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 any reporting period.

[1] The total other postemployment benefits liability (OPEB) information is reported on a one year lag. For example, OPEB information reported for the fiscal year ended June 30, 2023, is as of measurement date June 30, 2022.

[2] *Changes in actuarial assumptions* :

Generally, a decrease in the 20-year tax-exempt general obligation municipal bond rate used to determine the total OPEB liability increases the Fund's proportionate share of the total OPEB liability, and an increase in the bond rate decreases the Fund's proporionate share of the total OPEB liability. The municipal bond rates used to determine the total OPEB liability were as follows in each fiscal year:

6/30/2023	4.09%	6/30/2020	2.79%
6/30/2022	2.18%	6/30/2019	3.87%
6/30/2021	2.66%	6/30/2018	3.58%

Other changes in actuarial assumptions were as follows:

6/30/2023	Claims costs and premium rates were updated with information provided to the actuary by the Division of State Group Insurance as well as the premiums that are actually being charged to participants. The net result was a slight increase in the liability. The medical trend assumption was based on the Getzen Model, along with information from the August 2022 Report on Financial Outlook of the Plan. The impact of the trend rate changes is a small increase in the liability, due primarily to higher trend rates in the first several years.
6/30/2022	Retirement rates were updated to those used in the actuarial valuation of the FRS conducted by Milliman as of July 1, 2019, from the previously used rates from July 1, 2015. This decreased the total OPEB liability by about 7%. Active medical plan election participation rate assumptions changed from 50% to 43%, resulting in a decrease in total OPEB liability of about 8%.
6/30/2021	The excise tax that was to go into effect in 2022 was repealed. The impact of this change was a decrease in liabilities of about 13%.
6/30/2020	The OPEB valuation conducted as of July 1, 2019, reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12%. Mortality rates were changed to use Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Mortality rates were previously based on FP-2000 mortality tables with fully generational improvement using Scale BB. This change decreased liabilities by about 5%.

* This schedule is intended to show information for 10 fiscal years. However, until a full 10-year trend is compiled, the Board is presenting information for those years in which information is available.

OTHER REPORTS

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

Florida Prepaid College Board Members
Tallahassee, Florida

We have audited the financial statements of the business-type activities, the fiduciary fund type and the discretely presented component unit of the Florida Prepaid College Board (the Board) as of and for the year ended June 30, 2023, which collectively comprise the Board's basic financial statements and have issued our report thereon dated January 17, 2024. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the Stanley G. Tate Florida Prepaid College Foundation, Inc. were not audited in accordance with the *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Board.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Prepaid College Board's internal control over financial reporting.

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

Our consideration of the internal control over financial reporting 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 Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We have noted other matters pursuant to the Rules of the Auditor General, Chapter 10.550 that we have reported to the management of the Board in a separate letter dated January 17, 2024.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
January 17, 2024

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MANAGEMENT LETTER PURSUANT TO CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL FOR LOCAL
GOVERNMENTAL ENTITY AUDITS

Florida Prepaid College Board Members
Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the Florida Prepaid College Board, as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated January 17, 2024.

Auditors' Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in the report, which is dated January 17, 2024, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is included in Note 1 of the Notes to the Financial Statements.

Financial Condition

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

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

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Florida Prepaid College Board for the fiscal year ended June 30, 2020, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended June 30, 2022. In connection with our audit, we determined the Florida Prepaid College Board does not file an annual financial report with the Florida Department of Financial Services pursuant to Section 218.32(1)(a)., Florida Statues. The Board's financial information is included in the report filed by the State Board of Administration for these purposes.

Other Matters

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

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

Purpose of this Letter

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

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

CARR, RIGGS & INGRAM, LLC

Tallahassee, Florida
January 17, 2024