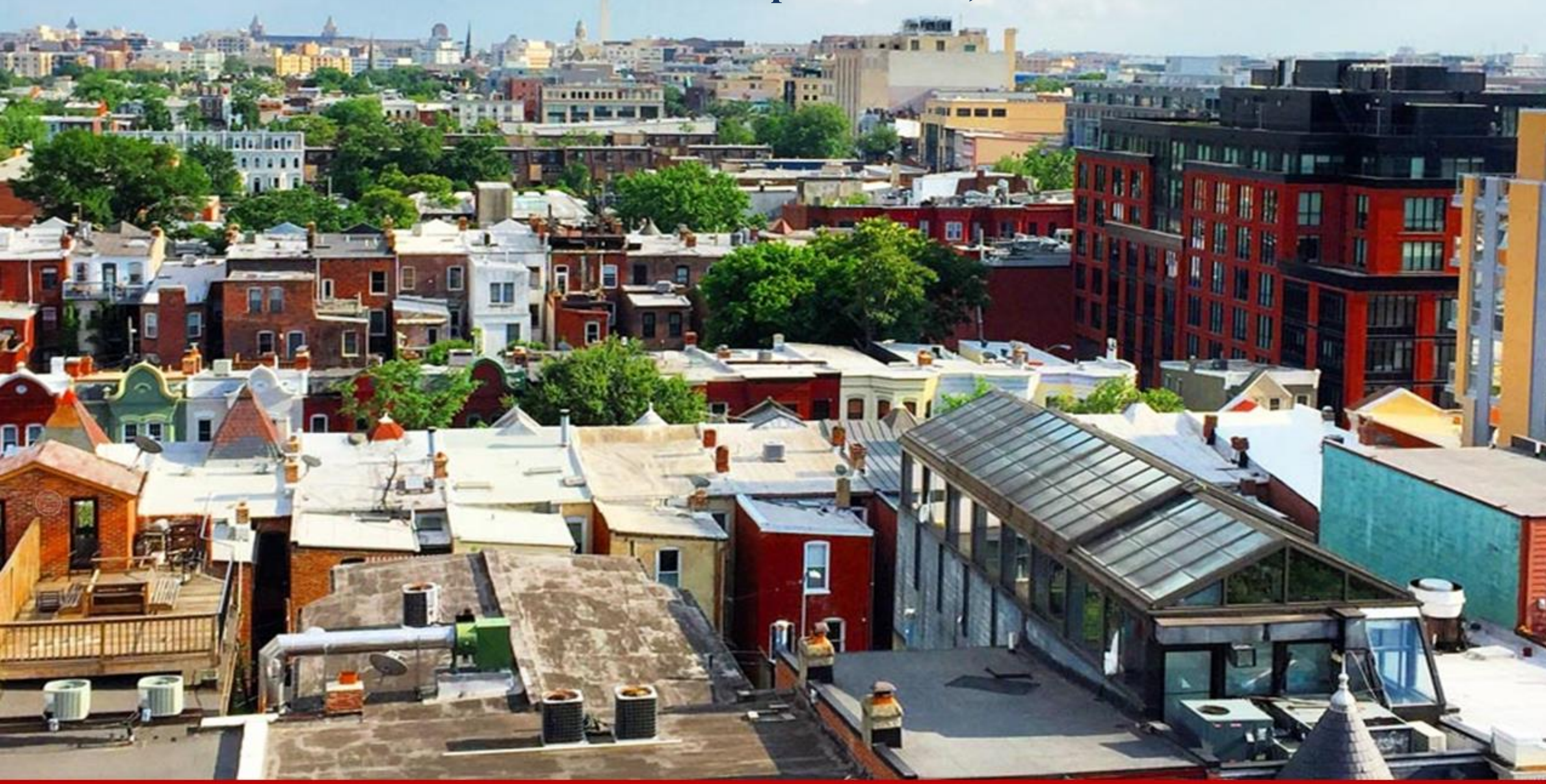
DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 21-1-11MA

January 2021

DISTRICT OF COLUMBIA TEACHERS' RETIREMENT FUND AND POLICE OFFICERS AND FIREFIGHTERS' RETIREMENT FUND

Financial Statements and Schedules (With Independent Auditors' Report) For Fiscal Years Ended September 30, 2020 and 2019



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*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation * Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration * Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership * Transparency * Empowerment * Courage * Passion * Leadership

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

OIG

January 29, 2021

The Honorable Muriel Bowser
Mayor of the District of Columbia
Mayor's Correspondence Unit
1350 Pennsylvania Avenue, N.W., Suite 316
Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *District of Columbia Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund Financial Statements and Schedules (With Independent Auditors' Report) for the Fiscal Years Ended September 30, 2020 and 2019* (OIG No. 21-1-11MA). BCA Watson Rice LLP (BCAWR). BCAWR conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2020.

On January 15, 2021, BCAWR issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. BCAWR identified three significant deficiencies in internal control over financial reporting (see OIG No. 21-1-11MA(a)).

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

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District of Columbia Teachers' and Police Officers and Firefighters' Retirement Funds

Financial Statements and Schedules
(with Independent Auditors' Report thereon)

As of and for the Years Ended September 30, 2020 and 2019

FINANCIAL SECTION

BCA Watson Rice LLP
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1050 Connecticut Ave, NW
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Washington, DC 20036

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees, District of Columbia Retirement Board for
District of Columbia Teachers' Retirement Fund and
District of Columbia Police Officers and Fire Fighters' Retirement Fund

Report on the Funds' Financial Statements

We have audited the accompanying combining financial statements of District of Columbia Teachers' Retirement Fund and District of Columbia Police Officers and Fire Fighters' Retirement Fund (the Funds), Pension Trust Funds of the Government of the District of Columbia (the District), which comprise the Combining Statement of Fiduciary Net Position as of September 30, 2020, and the related Combining Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the Funds combining financial statements, which collectively comprise the Funds' basic financial statements.

Management's Responsibility for the Funds' Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Funds' basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Funds' basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinions

In our opinion, the Funds' basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds, as of September 30, 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, these financial statements are intended to present the financial position and changes in financial position of the Funds, and do not purport to, and do not present fairly the financial position of the District of Columbia, as of September 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Financial Statements

The combining financial statements of the Funds as of September 30, 2019, were audited by other auditors whose report dated January 16, 2020, expressed an unmodified opinion on those statements

Required Supplementary Information

U.S. GAAP require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns, as listed in the table of contents, be presented to supplement the Funds' basic financial statements. Such information, although not a part of the Funds' 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 Funds' 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 Funds' basic financial statements, and other knowledge we obtained during our audit of the Funds' 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 Information

Our audit was conducted for the purpose of forming an opinion on the Funds' basic financial statements. The supplementary information, such as schedules of administrative expenses, schedules of investment expenses and schedules of payments to consultants, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the Funds' basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of the Funds' management and was derived from and relate directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of administrative expenses, schedules of investment expenses and schedules of payments to consultants are fairly stated, in all material respects, in relation to the Funds' basic financial statements as a whole.

The introductory, investment, actuarial, statistical, and additional disclosures sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements, and accordingly, we do not express an opinion, or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 on our consideration of the Funds' 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Funds' internal control over financial reporting and compliance.

Washington, D.C. BCA Watson Rice LLP
January 15, 2021

Management's Discussion and Analysis

INTRODUCTION

This discussion and analysis provides an overview of the financial activities of the District of Columbia Teachers' Retirement Fund (TRF) and Police Officers and Fire Fighters' Retirement Fund (POFRF), for the years ended September 30, 2020, 2019, and 2018, which collectively will be referred to as the "District Retirement Funds" or the "Fund." This discussion and analysis should be read in conjunction with the financial statements, the notes to the financial statements, the required supplementary information and the supplementary information provided in this Report.

The District of Columbia Retirement Board (the Board or DCRB) is an independent agency of the District of Columbia (the District or D.C.) Government. The Board is responsible for managing the assets of the District Retirement Funds. As authorized by D.C. Code, the Board pools the assets of the TRF and the POFRF into a single investment portfolio. The Board allocates the investment returns and expenses, and the administrative expenses of the Board, between the two District Retirement Funds in proportion to their respective net position. The Board maintains financial records of contributions, purchases of service, benefit payments, refunds, investment earnings, investment expenses, and administrative expenses.

Effective September 26, 2005, the Board entered into a Memorandum of Understanding (MOU) with the District of Columbia and the United States Department of the Treasury (the U.S. Treasury) to administer the pension benefits under the TRF and the POFRF for all retirees, survivors and beneficiaries that are the financial responsibility of the District of Columbia (service earned on and after July 1, 1997) and the Federal Government (service through June 30, 1997). In addition to the Board's administrative duties, the U.S. Treasury also provides certain administrative services related to the administration of pension benefits under the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (the Plans). The administrative costs incurred while administering the pension benefits are shared by DCRB and the U.S. Treasury in accordance with an MOU that is agreed to annually between the two parties.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SCHEDULES

The following discussion and analysis are intended to serve as an introduction to DCRB's financial statements. The basic financial statements include:

The Combining Statements of Fiduciary Net Position are a point-in-time snapshot of plan fund balances at fiscal year-end. It reports the assets available to pay future benefits to retirees, and any liabilities that are owed as of the statement date. The resulting Net Position (Assets – Liabilities = Net Position) represents the value of assets restricted for pensions net of liabilities owed as of the financial statement date.

The Combining Statements of Changes in Fiduciary Net Position display the effect of financial transactions that occurred during the fiscal year, where Additions – Deductions = Change in Net Position. This increase (or decrease) in Net Position reflects the change in the value of Net Position Restricted for Pensions.

The Notes to Financial Statements contain disclosures and discussions which support the data presented in the financial statements. The notes present information about the creation and administration of the Fund, significant accounting policies, and investments. The notes are an integral part of the financial statements and should be considered in conjunction with any review of the financial statements.

The Required Supplementary Information consists of schedules of changes of employers' net pension liability and related ratios, employer contributions, and the money-weighted rate of investment returns.

The Supplementary Information includes additional information on the District Retirement Funds including schedules of administrative expenses, investment expenses, and payments to consultants. These schedules include more detailed information pertaining to the Plans.

ANALYSIS OF FINANCIAL INFORMATION

DCRB's funding objective is to meet long-term benefit obligations with net investment income and employer and member contributions. The discussion below provides an analysis of the current year's financial activities in relation to the current member population and relevant economic conditions for the combined Funds.

Management's Discussion and Analysis

The following Condensed and Combining Statements of Fiduciary Net Position present financial information for the combined Funds and compare fiscal years 2020, 2019, and 2018.

(Dollars in thousands)

	2020	2019	2018	2020 Percent Change	2019 Percent Change
Assets					
Cash and Short-Term Investments	$ 33,041	$ 76,434	$ 59,334	(56.8) %	28.8 %
Receivables	51,495	8,620	8,657	497.4	(0.4)
Prepaid Expenses	157	151	-	4.0	0.0
Investments at Fair Value	8,986,818	8,453,602	8,144,235	6.3	3.8
Net Capital Assets	75	-	-	100.0	0.0
Total Assets	9,071,586	8,538,807	8,212,226	6.2	4.0
Liabilities					
Accounts Payable and Other Liabilities	7,011	6,437	7,518	8.9	(14.4)
Due to Federal Government	1,198	540	455	121.9	18.7
Due to District of Columbia Government	174	-	-	100.0	0.0
Investments Payables	31,623	10,985	4,377	187.9	151.0
Total Liabilities	40,006	17,962	12,350	122.7	45.4
Net Position Restricted for Pensions	$ 9,031,580	$ 8,520,845	$ 8,199,876	6.0 %	3.9 %

Assets

For fiscal year 2020, cash and short-term investments decreased by $43.4 million (56.8%) while receivables increased by $42.9 million (497.4%) over the fiscal year 2019. The net effect was an increase of $0.5 million. 80.3% of the receivables in fiscal year 2020 was for investment sales proceeds receivable of $41.4 million and 13.9% for employee contributions receivable of $7.2 million. Cash and short-term investments increased by 28.8% in fiscal year 2019 compared to fiscal year 2018.

Prepaid expenses include payments for insurance premiums and IT related licenses and remained at the same level as the fiscal year 2019. No prepaid expense was made in fiscal year 2018.

Investment asset grew $533.2 million (6.3%) over the fiscal year 2019. The highest growth was from private equity (28.0%) followed by fixed income (8.3%). The growth in the last quarter of fiscal year 2020 contributed to the high increase in private equity. In fiscal year 2019, the highest growth was from international equity (8.4%) followed by fixed income (5.5%) compared to the fiscal year 2018.

DCRB purchased IT equipment during the fiscal year 2020 that was capitalized based on the DCRB's capitalization policy. No capital assets were purchased during the fiscal year 2019 and 2018.

Liabilities

Accounts payable and other liabilities include accrued manager fees, accrued payroll, deferred rent, and other accrued administrative expenses. In fiscal year 2020, the account payable and other liabilities increased by $0.6 million, and 64.8% of it was for accrued investment manager fees of $4.5 million. 79.0% of total liability was from investments payable, which was 187.9% higher than the fiscal year 2019. Pending transactions at fiscal year end of 2020 contributed to the increase. All pending transactions posted were confirmed to be completed in the following month. For fiscal year 2019, accounts payable and other liabilities decreased by 14.4% over fiscal year 2018. Investments payable in fiscal year 2019 was 151.0% higher than in fiscal year 2018.

Management's Discussion and Analysis

The following Condensed and Combining Statements of Changes in Fiduciary Net Position present financial information for the combined Funds and compare fiscal years 2020, 2019, and 2018.

(Dollars in thousands)

	2020	2019	2018	2020 Percent Change	2019 Percent Change
Additions					
Employer Contributions	$ 151,949	$ 144,627	$ 164,642	5.1 %	(12.2) %
Plan Member Contributions	80,236	78,675	74,802	2.0	5.2
Net Investment Income	520,531	318,034	410,971	63.7	(22.6)
Other Income	3,010	3,318	3,394	(9.3)	(2.2)
Total Additions	755,726	544,654	653,809	38.8	(16.7)
Deductions					
Benefit Payments	225,723	202,813	185,224	11.3	9.5
Refunds	6,109	7,951	7,706	(23.2)	3.2
Administrative Expenses	13,159	12,921	16,044	1.8	(19.5)
Total Deductions	244,991	223,685	208,974	9.5	7.0
Changes in Net Position	$ 510,735	$ 320,969	$ 444,835	59.1 %	(27.8) %

Additions

Additions net position are comprised of employer contributions, employee contributions, net investment income, and other income. For fiscal year 2020, these additions totaled $755.7 million, an increase of $211.1 million (38.8%) from the fiscal year 2019 amount of $544.7 million. This increase was primarily due to the higher investment returns experienced in fiscal year 2020. Net investment income increased by 63.7% in fiscal year 2020 over 2019. Net investment income makes up about 68.9% of the total additions to net position figure. As a result, the higher net investment income has a significant impact.

Employer contributions in fiscal year 2020 totaled $151.9 million, an increase of $7.3 million (5.1%) from the fiscal year 2019 amount of $144.6 million. The most recent Experience Study was completed in fiscal year 2017, covering the years 2012 through 2015. DCRB plans to conduct a new actuarial Experience Study in fiscal year 2021. The results of this study may require a change in some assumptions in the future. The fiscal year 2020 employer contribution was derived from the contribution rate calculated in the actuarial valuation report for the period ended October 1, 2018, multiplied by covered payroll and adjusted for timing differences caused by the contribution being calculated 2 years in arrears. This adjustment is required by the D.C. Code.

Plan member contributions in fiscal year 2020 totaled $80.2 million, an increase of $1.6 million (2.0%) over the fiscal year 2019 amount of $78.7 million. Member contributions consist of amounts paid by members for future retirement benefits and increased for two reasons: salary increases and an increase in active, contributing participants. According to the October 1, 2020 actuarial valuation report, the total number of active participants (post June 30, 1997 participants) increased by 276, an increase of 2.6%.

Investment income, net of investment fees, for fiscal year 2020 totaled $520.5 million, an increase of 63.7%. Net investment income for fiscal year 2019 totaled $318.0 million. The fiscal year 2019 had a return of 3.8% due to a volatile market. Net investment income for fiscal year 2018 totaled $411.0 million and had a return of 5.4%. Other income in fiscal year 2020 totaled $3.0 million, which was a decrease of $0.3 million from the fiscal year 2019 amount of $3.3 million. Other income in fiscal year 2019 was a decrease of $0.1 million from the fiscal year 2018 amount of $3.4 million. Other income consists mainly of reimbursements of administrative expenses from the U.S. Treasury, and the numbers do not fluctuate much from year to year.

Management's Discussion and Analysis

Deductions

The statutory mandate of DCRB is to provide retirement, survivor, and disability benefits to eligible members and their survivors. The costs of such programs include recurring benefit payments, elective refunds of contributions to employees who terminate employment, and the cost of administering the District Retirement Plans.

Deductions from net position are comprised of benefit payments, refunds, and administrative expenses. During fiscal year 2020, these deductions totaled $245.0 million, an increase of $21.3 million (9.5%) over the fiscal year 2019 amount of $223.7 million.

Benefit payments for fiscal year 2020 totaled $225.7 million, an increase of $22.9 million (11.3%) over the fiscal year 2019 amount of $202.8 million. This increase is due to the demographic change of retirees and survivors receiving benefits. The benefit payments for members who retired after June 30, 1997 are paid by the District only and the number of these post 1997 retirees increased by 242 members although the total number of retirees decreased by 69 members in fiscal year 2020. In fiscal years 2020 and 2019, benefit payments made on behalf of current retirees, survivors and beneficiaries comprised approximately 92.1% and 90.7% of the funds' expenses, respectively. Benefit payments for fiscal year 2019 totaled $202.8 million, an increase of $17.6 million (9.5%) over the fiscal year 2018. The increase was due to the combination of a net growth in the number of retirees and survivors receiving benefits, COLA adjustments and an overall increase in the final average salary for new retirees.

Refunds of member contributions in fiscal year 2020 totaled $6.1 million, a decrease of $1.8 million (23.2%) over the fiscal year 2019 amount of $8.0 million. Refunds are typically much higher in the Teachers' Fund than in the Police Officer and Fire Fighters' Retirement Fund, because more teachers enter and leave the plan annually, than do the active participants in the Police Officer and Fire Fighters' Retirement Plan. These refunds of member contributions are at the discretion of the member and vary from year to year. Refunds for fiscal year 2019 increased by $0.3 million (3.2%) over the fiscal year 2018.

Administrative expenses in fiscal year 2020 totaled $13.2 million, an increase of $0.2 million (1.8%) from the fiscal year 2019 amount of $12.9 million. Although the payments to the U.S. Treasury for processing monthly retiree benefit payment services increased during the year, the administrative expenses remained at the same level as 2019 due to lower operational activities resulted from the pandemic. Administrative expenses in fiscal year 2019 decreased $3.1 million (19.5%) from the fiscal year 2018 due to lower professional services fess and personal services costs.

Funding Status

As of September 30, 2020 (the date of the most recent actuarial valuation), the funding status was 91.3% for the Teachers' Retirement Fund (TRF) and 109.9% for Police Officer and Fire Fighters' Retirement Fund (POFRF). DCRB is a well-funded yet immature system as a result of the 1999 asset split with the U.S. Treasury, in which the U.S. Treasury assumed responsibility for all benefit obligations prior to July 1, 1997. As the system continues to mature, investment income is beginning to provide a greater percentage of the funds necessary to pay retirement benefits. Therefore, the long-term rate of investment return is critical to DCRB's long-term funding status.

At September 30, 2020, the actuarial value of assets set aside to pay pension benefits was about $2.4 billion for the TRF and about $6.6 billion for the POFRF for a total of $9.0 billion. The fair value of these assets as of September 30, 2020, included on the financial statements of DCRB, was $2.4 billion for the TRF and $6.6 billion for the POFRF for a total of $9.0 billion. Therefore, when viewing the actuarial funding status in this case, the market value of assets would provide a similar funding position to the actuarial value of assets as of the September 30, 2020 valuation.

ADDITIONAL INFORMATION

These financial statements of the District Retirement Funds are presented in accordance with accounting principles generally accepted in the United States of America. Questions about these financial statements or other inquiries should be addressed to the Executive Director, District of Columbia Retirement Board, 900 7th Street, NW, 2nd Floor, Washington, D.C. 20001.

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FINANCIAL STATEMENTS

Combining Statements of Fiduciary Net Position

As of September 30, 2020 and 2019
(Dollars in thousands)

	2020 Teachers' Retirement Fund	2020 Police Officers and Fire Fighters' Retirement Fund	2020 Total	2019 Teachers' Retirement Fund	2019 Police Officers and Fire Fighters' Retirement Fund	2019 Total
Assets						
Cash and Short-Term Investments	$ 8,814	$ 24,227	$ 33,041	$ 20,298	$ 56,136	$ 76,434
Receivables:						
Federal Government	789	2,168	2,957	437	1,161	1,598
Investment Receivables	11,037	30,335	41,372	252	695	947
Interest and Dividends	2	6	8	2	6	8
Employee Contributions	3,951	3,204	7,155	3,227	2,840	6,067
Other Receivables	1	2	3	-	-	-
Total Receivables	15,780	35,715	51,495	3,918	4,702	8,620
Prepaid Expenses	42	115	157	41	110	151
Investments at Fair Value:						
Domestic Equity	629,553	1,730,373	2,359,926	606,643	1,677,696	2,284,339
International Equity	646,113	1,775,890	2,422,003	618,471	1,710,408	2,328,879
Fixed Income	776,837	2,135,197	2,912,034	714,375	1,975,633	2,690,008
Real Assets	186,075	511,441	697,516	181,943	503,170	685,113
Private Equity	158,817	436,522	595,339	123,558	341,705	465,263
Total Investments at Fair Value	2,397,395	6,589,423	8,986,818	2,244,990	6,208,612	8,453,602
Capital Assets	23	64	87	-	-	-
Less Depreciation	3	9	12	-	-	-
Net Capital Assets	20	55	75	-	-	-
Total Assets	2,422,051	6,649,535	9,071,586	2,269,247	6,269,560	8,538,807
Liabilities						
Accounts Payable and Other Liabilities	1,859	5,152	7,011	1,704	4,733	6,437
Due to Federal Government	320	878	1,198	144	396	540
Due to District of Columbia Government	46	128	174	-	-	-
Investment Payables	8,436	23,187	31,623	2,917	8,068	10,985
Total Liabilities	10,661	29,345	40,006	4,765	13,197	17,962
Net Position Restricted for Pensions	$ 2,411,390	$ 6,620,190	$ 9,031,580	$ 2,264,482	$ 6,256,363	$ 8,520,845

See accompanying Notes to Basic Combing Financial Statements.

Combining Statements of Changes in Fiduciary Net Position

For the years ended September 30, 2020 and 2019
(Dollars in thousands)

	2020 Teachers' Retirement Fund	2020 Police Officers and Fire Fighters' Retirement Fund	2020 Total	2019 Teachers' Retirement Fund	2019 Police Officers and Fire Fighters' Retirement Fund	2019 Total
Additions						
Contributions:						
District Government	$ 58,888	$ 93,061	$ 151,949	$ 53,343	$ 91,284	$ 144,627
Plan Members	42,356	37,880	80,236	40,432	38,243	78,675
Total Contributions	101,244	130,941	232,185	93,775	129,527	223,302
Investment Income						
Net Appreciation in Fair Value of Investments	130,757	359,227	489,984	74,878	204,976	279,854
Interest and Dividends	13,123	35,957	49,080	14,908	41,072	55,980
Total Gross Investment Income	143,880	395,184	539,064	89,786	246,048	335,834
Less:						
Investment Expenses	4,944	13,589	18,533	4,739	13,061	17,800
Net Investment Income	138,936	381,595	520,531	85,047	232,987	318,034
Other Income	803	2,207	3,010	883	2,435	3,318
Total Additions	240,983	514,743	755,726	179,705	364,949	544,654
Deductions						
Annuitant Benefit Payments	85,679	140,044	225,723	81,471	121,342	202,813
Refunds	4,873	1,236	6,109	6,418	1,533	7,951
Administrative Expenses	3,511	9,648	13,159	3,440	9,481	12,921
Total Deductions	94,063	150,928	244,991	91,329	132,356	223,685
Change in Fiduciary Net Position	146,920	363,815	510,735	88,376	232,593	320,969
Allocation Adjustments	(12)	12	-	-	-	-
Net Position Restricted for Pensions:						
Beginning of Year	2,264,482	6,256,363	8,520,845	2,176,106	6,023,770	8,199,876
End of Year	$ 2,411,390	$ 6,620,190	$ 9,031,580	$ 2,264,482	$ 6,256,363	$ 8,520,845

See accompanying Notes to Basic Combining Financial statements.

Notes to Financial Statements

NOTE 1: ORGANIZATION

The District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers and Fire Fighters Retirement Fund (POFRF), collectively referred to as the Fund or the District Retirement Funds, are two separate single- employer defined benefit pension plans that were established in 1979 by the District of Columbia Retirement Reform Act (the Reform Act, Pub. L. 96- 122, D. C. Code § 1-701 et seq.). The Fund holds in trust the assets available to pay pension benefits to teachers, police officers, and firefighters of the District of Columbia Government. The Reform Act also established the District of Columbia Retirement Board.

The National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act, Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33) transferred significant assets and liabilities of the District Retirement Funds to the Federal Government. The Revitalization Act transferred to the Federal Government the liability for retirement benefits for employee service credit earned prior to July 1, 1997, by participants of the District Retirement Funds. The assets transferred to the Federal Government were intended to partially fund this liability.

On September 18, 1998, the Council of the District of Columbia (the Council) enacted the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 (the Replacement Act). The Replacement Act established the District Retirement Funds for employee service earned after June 30, 1997 and provided for full funding of these benefits on an actuarially sound basis.

The Board is an independent agency of the District of Columbia government that is responsible for managing the assets of the TRF and the POFRF. Although the assets of these funds are commingled for investment purposes, each fund's assets may only be used for the payment of benefits to the participants of that fund and certain administrative expenses.

The District Retirement Funds are included in the District's Comprehensive Annual Financial Report as a pension trust fund.

NOTE 2: FUND ADMINISTRATION AND DESCRIPTION

District of Columbia Retirement Board

The Board consists of 12 trustees, three appointed by the Mayor of the District, three appointed by the Council of the District, and six elected by the active and retired participants. Included are one active and one retired representative each, from the police officers, firefighters, and teachers. Each of the six representatives of the Plans' participants is elected by the respective groups of active and retired employees. In addition, the District's Chief Financial Officer or his designee serves as a nonvoting, ex-officio trustee.

Since its inception, the Board has operated under a committee system which provides a two-tiered process for fiduciary review and analysis. In this manner, the Board, consistent with its fiduciary duties, reviews all issues brought before it. The Board has six standing committees: Benefits, Audit, Fiduciary, Investments, Legislative, and Operations. To implement its policies, the Board retains an executive director and other staff who are responsible for the day-to-day management of the District Retirement Funds and the administration of the benefits paid from the Funds.

Teachers' Retirement Fund

Other Entities involved in Plan Administration – The District of Columbia Public School's (the DCPS) Office of Human Resources makes decisions regarding voluntary and involuntary retirement, survivor benefits, and annual medical and income reviews.

Notes to Financial Statements

Teachers' Retirement Fund (Continued)

Benefits Calculation – DCRB's Benefits Department receives the approved retirement applications for all active Plan members found eligible for retirement by the DCPS Office of Human Resources and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions and purchases of service.

Eligibility – Permanent, temporary, part-time and probationary teachers and certain other employees of the District of Columbia public day schools are automatically enrolled in the Teachers' Retirement Fund on their date of employment.

Certain D.C. Public Charter School employees are also eligible to be participants. However, substitute teachers and employees of the Department of School Attendance and Work Permits are not covered.

Title 38, Chapter 20 of the D.C. Official Code (D.C. Code § 38-2021.01 et seq. (2001 Ed.)) establishes benefit provisions which may be amended by the District City Council. For employees hired before November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 1.5% for each of the first five years of service, plus 1.75% for each of the second five years; plus 2% for each additional year over 10 years. For employees hired on or after November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 2% for each year of service. The average salary is the highest average consecutive 36 months of pay.

The annuity may be further increased by crediting unused sick leave as of the date of retirement. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the annual increase may not exceed 3% for participants hired on or after November 1, 1996. Participants may select from among several survivor options.

Participants who have 5 years of school service (by working for the District of Columbia public school system), and who become disabled and can no longer perform their jobs satisfactorily, may be eligible for disability retirement. Such disability retirement benefits are calculated in the same manner as a retirement benefit, however, a minimum disability benefit applies.

Voluntary retirement is available for teachers who have a minimum of 5 years of school service and who achieve the following age and length of service requirements:

- at age 62 with 5 years of service;
- at age 60 with 20 years of service; and
- at age 55 with 30 years of service; if hired before November 1, 1996; or
- at any age with 30 years of service, if hired by the school system on or after November 1, 1996.

Employees who are involuntarily separated other than for cause and who have 5 years of school service, may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service.

An involuntary retirement benefit is reduced if, at the time of its commencement, the participant is under the age of 55.

Police Officers and Fire Fighters' Retirement Fund

Other Entities involved in Plan Administration – The District of Columbia Police Officers and Fire Fighters Retirement and Relief Board makes findings of fact, conclusions of law, and decisions regarding eligibility for retirement and survivor benefits, determines the extent of disability, and conducts annual medical reviews. The Police and Fire Clinic determines medical eligibility for disability retirement.

Notes to Financial Statements

Police Officers and Fire Fighters' Retirement Fund (Continued)

Benefits Calculation – DCRB's Benefits Department receives the retirement orders for retirement benefit calculations for all active Plan members found eligible for retirement by the District of Columbia Police Officers and Fire Fighters Retirement and Relief Board and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions and purchases of service. Effective 2013, DCRB began conducting annual disability income reviews.

Eligibility – A participant becomes a member when he/she begins work as a police officer or firefighter in the District. Cadets are not eligible to join the Fund.

Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5 701 et seq. (2001 Ed.)).

Members Hired Before February 15, 1980 – Members are eligible for optional retirement with full benefits at any age after 20 years of departmental service, or for deferred retirement at age 55 after five years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest average consecutive 12 months of base pay, multiplied by departmental service through 20 years; plus 3% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.5% of average base pay multiplied by years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members terminated after five years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retirement benefits are increased by the same percentage in base pay granted to active participants.

Members with a service-related disability receive a disability retirement benefit of 2.5% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 66⅔% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply.

Members with a nonservice related disability and at least five years of departmental service receive a disability retirement benefit of 2% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 40% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply.

Members Hired On or After February 15, 1980 and Before November 10, 1996 – Members are eligible for optional retirement with full benefits at age 50 with at least 25 years of departmental service, or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by the number of years of creditable service through 25 years; plus 3% of average base pay multiplied by the number of years of departmental service over 25 years; plus 2.5% of average base pay multiplied by the number of years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members separated from the Police or Fire Department after five years of departmental service are entitled to a deferred pension beginning at age 55.

Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies.

Members with a nonservice related disability and at least five years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

Notes to Financial Statements

Members Hired on or After November 10, 1996 – Members are eligible for retirement at any age, with at least 25 years of departmental service or after age 55 with five years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the average base pay. Members separated after five years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index, however, the increase is capped at 3%.

Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies.

Members with a nonservice related disability and at least five years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Prior to reaching age 50, a disability retirement benefit will be reduced or terminated if outside earnings exceed a certain limit.

Participant Data

The number of participants used in the actuarial valuation as of September 30 was as follows:

Teachers' Retirement Fund	2020	2019
Retirees and Survivors Receiving Benefits		
(Post June 30, 1997)	4,071	4,059
Active Plan Members	5,531	5,226
Vested Terminations	1,510	1,446
Total Participants	11,112	10,731

Police Officers and Fire Fighters' Retirement Fund	2020	2019
Retirees and Survivors Receiving Benefits		
(Post June 30, 1997)	3,929	3,699
Active Plan Members	5,377	5,406
Vested Terminations	303	261
Total Participants	9,609	9,366

Total	2020	2019
Retirees and Survivors Receiving Benefits		
(Post June 30, 1997)	8,000	7,758
Active Plan Members	10,908	10,632
Vested Terminations	1,813	1,707
Total Participants	20,721	20,097

Notes to Financial Statements

Contributions

As a condition of participation, members are required to contribute certain percentages of salaries as authorized by statute. Fund members contribute by salary deductions at rates established by D.C. Code § 5-706 (2001 Ed.). Members contribute 7% (or 8% for Teachers and Police Officers and Firefighters hired on or after November 1, 1996 and November 10, 1996, respectively) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay.

The District is required to contribute the amounts necessary to finance the Plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The amount of the District contributions for fiscal years 2020 and 2019 were equal to the amounts computed, if any, by the Board's independent actuary.

Contribution requirements of members are established by D.C. Code §5-706 and requirements for District of Columbia government contributions to the Fund are established at D.C. Code §1-907.02 (2001 Ed.), which may be amended by the City Council.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

DCRB's financial statements were prepared in accordance with accounting principles generally accepted in the United States (GAAP) using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Employee contributions are recognized at the time compensation is paid to Plan members. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement Plan's commitment.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of private investments funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, which are based upon the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgement and may differ from amounts which would be realized if such holdings were sold. The fair value of limited partnership investments is based on valuations of the underlying assets of the limited partnerships as reported by the general partner. A significant number of investment managers provide account valuations net of management expenses. Those expenses are netted against investment income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Board to make estimates and assumptions that affect the reported amounts of assets, liabilities, at the date of the financial statements and additions and deductions during the reporting period. Significant estimates include the pension obligations and useful lives of capital assets. Actual results could differ from those estimates.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Notes to Financial Statements

Allocation

District and employee contributions are deposited in the respective Retirement Fund for which the contribution was made, and benefit payments and employee contribution refunds are withdrawn from the Fund in which the recipient participates. Investment performance and administrative expenditures are allocated between the two Funds based upon their proportionate net position in the pool.

The allocation percentages fluctuate slightly between the TRF and POFRF every month. Annualized allocation percentages were 26.68% for TRF and 73.32% for POFRF as of September 30, 2020.

Capital Assets

During the fiscal year 2020, DCRB purchased IT equipment that was depreciated using a straight-line method over five years based on DCRB's capitalization policy.

Recent Accounting Pronouncements

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, was issued in May 2020. The Statement provides temporary relief to governments and other stakeholders due to the COVID-19 pandemic. Eight Statements and four Implementation Guides scheduled to become effective for periods beginning after June 15, 2018, and later were postponed by one year. GASB 87, Leases, and its Implementation Guide were postponed by eighteen months. DCRB will keep evaluating the impact of some of the postponed Statements and will adopt the statements if applicable.

Federal Income Tax Status

The District Retirement Funds are qualified plans under section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under section 501(a).

NOTE 4: INVESTMENTS

The Board is authorized to manage and control the investment of the District Retirement Funds' assets. The Board broadly diversifies the investments of the District Retirement Funds to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, as required by D.C. Code § 1-741(a)(2)(C), (2001 Ed.).

Master Trust – The Board has pooled all assets under its management (the Investment Pool), as is authorized by D.C. Code § 1-903(b), (2001 Ed.), with a master custodian under a master trust arrangement (the Master Trust). Using an investment pool, each Fund owns an undivided proportionate share of the pool.

Notes to Financial Statements

The following is the Board's approved asset allocation policy.

	Target Allocation	Allowable Ranges
Public Equities	46 %	34-56 %
U.S. Equities	20	15-25
International Developed Market Equities	16	12-20
Emerging Market Equities	10	7-13
Fixed Income	30	17-43
U.S. Core Fixed Income	11	7-15
TIPS	6	4-8
Bank Loan	3	1-5
Emerging Market Debt	4	2-6
High Yield	4	2-6
Foreign Bond	2	1-3
Alternatives	24	14-36
Absolute Return	4	4-6
Private Equity	9	4-14
Real Assets	11	6-16
Real Estate	6	4-8
Infrastructure/Opportunistic	3	1-5
Natural Resources	2	1-3
Cash	0	0-5

***Custodial Credit Risk* –** Custodial credit risk is the risk that, in the event of the failure of the counterparty, DCRB will not be able to recover the value of its investments that are in the possession of an outside party. Investments held by the custodian on behalf of DCRB were held in an account in the name of DCRB. Funds not invested at the end of a given day were placed in overnight instruments in the name of DCRB.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity will have a greater sensitivity to fair value changes that are related to market interest rates. The Board monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Generally, the risk and return of the Board's fixed income segment of the portfolio is compared to the Barclays Capital U.S. Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 years of the duration of this Index.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Unless specifically authorized otherwise in writing by the Board, fixed income managers invest in investment grade instruments rated in the top four rating categories by a recognized statistical rating service.

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Debt Instruments – As of September 30, 2020, the Investment Pool held the following debt instruments: (Dollars in thousands)

Investment Type	Rating*	Fair Value	Duration (Years)	Percentage of Portfolio
Bank Loans	B+	$ 3,985	0.06	0.14 %
	B	17,498	0.19	0.60
	B-	24,537	0.26	0.84
	CCC+	27,092	0.34	0.93
	CCC	7,749	0.11	0.27
	CCC-	3,906	0.05	0.13
	CC	6,421	0.07	0.22
	NR	54,268	(0.07)	1.86
Corporate Bonds - US	BB+	9,172	0.29	0.31
(including Convertible Bonds)	BB	1,547	0.01	0.05
	BB-	3,053	0.07	0.11
	B+	1,513	0.02	0.05
	B	34,590	0.75	1.19
	B-	30,346	0.48	1.04
	CCC+	44,280	0.78	1.52
	CCC	14,114	0.20	0.49
	CCC-	8,483	0.09	0.29
	CC	5,699	0.11	0.20
	NR	36,328	1.30	1.25
Corporate Bonds - Foreign	B+	2,032	0.59	0.07
	B	1,302	0.56	0.05
	B-	7,947	1.92	0.27
	CCC	3,597	0.87	0.12
U.S Treasury	AA+	711,837	7.88	24.44
Fixed Income Pooled Funds	NR	1,850,738	N/A	63.56
Total Fixed Income		$ 2,912,034		100.00 %

* Using quality ratings provided by Standard & Poor’s

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Debt Instruments – As of September 30, 2019, the Investment Pool held the following debt instruments: (Dollars in thousands)

Investment Type	Rating*	Fair Value	Duration (Years)	Percentage of Portfolio
Bank Loans	B+	$ 614	-	0.02 %
	B	2,431	-	0.09
	B-	18,627	0.01	0.69
	CCC+	12,337	0.02	0.46
	CCC	11,551	(0.25)	0.43
	CCC-	11,256	(0.03)	0.42
	CC	3,738	0.01	0.14
	C	876	(0.01)	0.03
	NR	57,102	0.01	2.12
Corporate Bonds - US	BB	785	0.02	0.03
(including Convertible Bonds)	BB-	2,023	0.03	0.08
	B+	6,563	0.07	0.25
	B	14,010	0.25	0.52
	B-	30,957	0.48	1.15
	CCC+	45,355	0.79	1.69
	CCC	23,164	0.38	0.86
	CCC-	1,455	0.01	0.05
	C	9,016	0.15	0.34
	NR	29,761	0.01	1.11
Corporate Bonds - Foreign	BB-	8,962	1.39	0.33
	B-	7,047	1.44	0.26
	CCC+	4,010	0.93	0.15
U.S Treasury	AA+	613,541	7.75	22.80
Fixed Income Pooled Funds	NR	1,774,827	7.34	65.98
Total Fixed Income		$ 2,690,008		100.00 %

* Using quality ratings provided by Standard & Poor’s

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As a general policy, investment managers with authority to invest in issuers denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the forward currency markets. Since the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise. For the years ended September 30, 2020 and 2019, the Investment Pool held amounts in commingled funds which invested in foreign currencies totaling approximately $2.6 billion and $2.4 billion, respectively.

As of September 30, 2020, the Investment Pool held investments that were in a currency other than the United States Dollar, as summarized below:

(Dollars in thousands)

International Securities	Equity	Fixed Income	Private Equity	Real Estate	Short-term and Other	Total Non-U.S. Dollar
Euro	$ -	$ -	$ 54,245	$ 38,885	$ 711	$ 93,841
Canadian Dollar	-	-	28,216	-	-	28,216
British Pound Sterling	-	-	14,620	-	-	14,620
Swiss Franc	-	-	-	-	116	116
Japanese Yen	-	-	-	-	2	2
	$ -	$ -	$ 97,081	$ 38,885	$ 829	$ 136,795

As of September 30, 2019, the Investment Pool held investments that were denominated in a currency other than the United States Dollar, as summarized below:

(Dollars in thousands)

International Securities	Equity	Fixed Income	Private Equity	Real Estate	Short-term and Other	Total Non-U.S. Dollar
Canadian Dollar	$ -	$ -	$ 18,057	$ -	$ -	$ 18,057
British Pound Sterling	-	-	13,808	-	-	13,808
Euro	-	-	40,961	-	-	40,961
	$ -	$ -	$ 72,826	$ -	$ -	$ 72,826

Securities Lending Transactions – The Board's policies permit the District Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Board's securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

The Board may participate in securities lending through its custodian in the future; however, it did not do so in fiscal years 2020 and 2019.

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Derivative Investments – Derivatives are generally defined as contracts in which the value depends on, or derives from, the value of an underlying asset, reference rate, or index. Derivative investments generally contain exposure to credit risk, market risk, and/or legal risk. Credit risk is the exposure to the default of another party to the transaction (counterparty). Market risk is the exposure to changes in the market, such as a change in interest rates, currency exchange rates, or a change in the price or principal value of a security. The Board believes that all contracts are legally permissible in accordance with approved investment policies.

In accordance with the aforementioned investment policies of the Board, the Funds' investment managers used various derivative instruments to increase potential earnings and/or to hedge against potential losses during fiscal year 2020.

TBAs ("to-be-announced", sometimes referred to as "dollar rolls") are used by the Funds' investment managers as an alternative to hold mortgage-backed securities outright to raise the potential yield and to reduce transaction costs. TBAs are used because they are expected to behave similarly to mortgage-backed securities with identical credit, coupon, and maturity features. Credit risk is managed by limiting these transactions to primary dealers. Market risk for TBAs is not significantly different from the market risk for mortgage-backed securities.

Foreign currency forwards, futures, and options are generally used for defensive purposes. These contracts can reduce the Funds' exposure to particular currencies when adverse movements in exchange rates are expected. Foreign currency forwards and futures can introduce market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the underlying foreign exchange rates. Credit risk is managed by limiting derivative transactions to counterparties with short-term credit ratings of AI or PI or by trading on organized exchanges. Currency options can increase or decrease the Funds' exposure to foreign currencies.

Equity index futures were also used by Funds to gain exposure to equity markets. Equity index futures are more efficient and cheaper than investing in all underlying equity securities. Equity index futures may pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the equities markets underlying the contracts used by the Funds. The notional amounts of the contracts are not included in the derivatives holdings disclosed. Credit risk is managed by dealing with member firms of organized futures exchanges.

Liquid exchange-traded and over-the-counter bond futures and options were used by the Funds to gain exposure to fixed income markets in a more efficiently than purchasing the underlying bonds. Market risk for these derivatives may be larger or smaller than the risk of the underlying fixed income market itself. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading with member firms of organized exchanges.

Warrants were used by the Funds to gain equity exposure and to enhance performance. Warrants are often distributed by issuers of common stocks and bonds and are held for the same fundamental reasons as the original common stock and/or bonds. Stock rights are a security that give the holder the entitlement to purchase new shares issued by a corporation at a predetermined price in proportion to the number of shares already owned. Market risk for warrants and rights is limited to the purchase cost. Credit risk for warrants and rights is similar to the underlying equity and/or bond holdings. Again, all such risks are monitored and managed by the Funds' external investment managers, who have full discretion over such investment decisions within a contractual set of investment guidelines .

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. The Funds utilize swaps for several different reasons: to manage interest rate fluctuations, to protect against a borrower default, and/or to gain market exposure without having to own the asset.

The Funds may manage credit exposure using credit default swaps. A credit default swap (CDS) is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate and currency risk.

The Funds may hold derivative instruments directly via separately managed accounts or indirectly via pooled, commingled, or short-term funds. Information regarding risks associated with indirect holdings may not be disclosed. The following is a list of the Funds' derivatives exposure as reported by the Board's custodian bank as of September 30, 2020 and 2019.

Fair Value Measurements - DCRB categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) are not classified in the fair value hierarchy as they do not have a readily determinable fair value.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. DCRB's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Changes in Fair Value Levels
The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Plan management has evaluated the significance of transfers between levels based upon the nature of the investments and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2020, investments in private equity securities were placed under Level 3 as compared to the previous year based on management's reevaluation of its valuation methodology.

The tables on pages 41 and 42 show the fair value leveling of the investments for the Investment Pool.

Equity securities classified in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades.

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

Equity securities classified in Level 3 are valued with last trade data having limited trading volume. Real assets classified in Level 3 are real estate investments generally valued using the income approach by internal manager reviews or independent external appraisers.

Investments measured at the Net Asset Value (NAV) – The unfunded commitment and redemption frequency and notice period for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the tables on pages 41 and 42.

Real Estate – DCRB has made commitments to purchase partnership interests in real estate funds as part of its long-term asset allocation plan for private markets. As shown in the table on page 41, it is fully funded as of September 30, 2020. This represents global investments in 37 real estate funds. As of September 30, 2019, the table on page 42 represents global investments in 39 real estate funds.

In general, investments in the private markets program are illiquid and redemptions are structurally limited over the life of the investment. The private equity program spans a range of underlying strategies including buyouts, growth equity/venture, private debt, secondaries, and fund-of-funds. The real asset program includes investments in a broad range of real estate strategies (i.e., core, value-added, opportunistic), infrastructure, and natural resources funds.

Domestic and International Equities – DCRB has investments in 3 funds with a domestic focus and 5 funds with an international focus, in which the equity securities maintain some level of market exposure; however, the level of market exposure may vary through time.

Fixed income – DCRB has investments in 6 funds, including corporate bonds, and U.S. Treasury obligations, with redemption notifications not greater than 30 days.

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Investments Measured at Fair Value (Dollars in thousands)

	September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equity	$ 336,694	$ 328,224	$ 1,128	$ 7,342
International Equity	202,171	14,391	-	187,780
Fixed Income	664,833		322,853	341,980
Real Estate	393,376			393,376
Private Equity	595,339			595,339
Total Investments by Fair Value Level	2,192,413	$ 342,615	$ 323,981	$ 1,525,817
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	2,023,232			
International Equity	2,219,832			
Fixed Income	2,247,201			
Real Estate	304,140			
Total Investments Measured at NAV	6,794,405			
Total Investments	**$ 8,986,818**			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table below:
(Dollars in thousands)

	September 30, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice
Domestic Equity	$ 2,023,232	$ -	Daily	None
International Equity	2,219,832	-	Monthly	2-5 days
Fixed Income	2,247,201	-	Daily, Monthly	3-30 days
Real Estate	304,140	-	None	N/A
Total Investments Measured at NAV	$ 6,794,405	$ -		

Investments derivative instruments (Dollars in thousands)

	Market Value September 30, 2020
Forwards	$ 92,236
Liabilities - Forwards	(90,897)
Liabilities - Swaps	(32,966)
Rights/Warrants	9,417
Swaps	19,215
Total	$ (2,995)

Notes to Financial Statements

NOTE 4: INVESTMENTS (continued)

Investments measured at Fair Value (Dollars in thousands)

	September 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equity	$ 288,973	$ 278,237	$ 10,736	$ -
International Equity	206,937	206,937	-	-
Fixed Income	623,222	-	623,222	-
Real Estate	421,396			421,396
Private Equity	465,263			465,263
Total Investments by Fair Value Level	2,005,791	$ 485,174	$ 633,958	$ 886,659
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	1,995,366			
International Equity	2,121,942			
Fixed Income	2,066,786			
Real Estate	263,717			
Total Investments Measured at NAV	6,447,811			
Total Investments	**$ 8,453,602**			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table below:

	September 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice
Domestic Equity	$ 1,995,366	$ -	Daily, 3 times per month	None
International Equity	2,121,942	-	Monthly	2-5 days
Fixed Income	2,066,786	-	Daily, Monthly	3-30 days
Real Estate	263,717	365,899	None	N/A
Total Investments Measured at NAV	**$ 6,447,811**	**$ 365,899**		

Investments derivative instruments

	Market Value September 30, 2019
Forwards	$ 155,131
Liabilities - Forwards	(148,900)
Liabilities - Swaps	(33,127)
Rights/Warrants	6,755
Swaps	15,392
Total	$ (4,749)

Notes to Financial Statements

NOTE 5: NET PENSION LIABILITY/(ASSET)

The components of the net pension liability (asset) of the District Retirement Funds at September 30, 2020 and 2019 were as follows:

(Dollars in thousands)

	2020		2019	
	TRF	POFRF	TRF	POFRF
Total Pension Liability	$ 2,640,803	$ 6,023,843	$ 2,494,291	$ 5,604,573
Plan Fiduciary Net Position	2,411,390	6,620,190	2,264,482	6,256,363
Net Pension Liability/(Asset)	$ 229,413	$ (596,347)	$ 229,809	$ (651,790)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.31%	109.90%	90.79%	111.63%

Actuarial Assumptions - The total pension liability was determined based on an actuarial valuation as of September 30, 2020 and 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement Fund	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	5.50% - 8.63%; includes 4.25% wage inflation
Investment rate of return	6.50% net of pension plan investment expense
Mortality (Healthy)	RPH-2014 Blue Collar Mortality with generational projection using Scale BB (1 year setback for males)
Mortality (Disabled)	RPH-2014 Disabled Mortality (6 year setback for males, set forward 7 years for females)
Cost of Living Adjustments	3.00% for those hired on or after 11/1/1996, 3.50% for those hired before 11/1/1996

Police and Fire Fighters' Retirement Fund	
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary Increases	4.25% - 7.38%; includes 4.25% wage inflation
Investment Rate of Return	6.50% net of pension plan investment expense
Mortality (Healthy)	RPH-2014 Blue Collar Mortality with generational projection using Scale BB (1 year setback for males)
Mortality (Disabled)	RPH-2014 Disabled Mortality (6 year setback for males, set forward 7 years for females)
Cost of Living Adjustments	3.00% for those hired on or after 11/1/1996, 3.50% for those hired before 11/1/1996

Notes to Financial Statements

NOTE 5: NET PENSION LIABILITY/(ASSET) (continued)

All assets and liabilities are computed as of September 30, 2020. Demographic information was collected as of June 30, 2020. The actuarial assumptions used were based on the results of the most recent actuarial experience investigation for the period October 1, 2011 to September 30, 2015, dated July 18, 2017.

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the District contributions will be made in accordance with the Board's funding policy adopted in 2012 and revised in 2017. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 and 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	20.0 %	7.2 %
International Developed Equity	16.0	7.8
Emerging Market Equity	10.0	8.8
U.S. Core Fixed Income	11.0	2.1
Treasury Inflation-Protected Securities	6.0	2.1
Bank Loans	3.0	4.5
Emerging Market Debt	4.0	4.3
High Yield Bonds	4.0	4.9
Foreign Bonds	2.0	2.3
Absolute Return	4.0	4.0
Private Equity	9.0	9.1
Real Estate	6.0	7.0
Infrastructure	3.0	6.4
Natural Resources	2.0	7.7
Total Portfolio	100,0 %	

Notes to Financial Statements

NOTE 5: NET PENSION LIABILITY/(ASSET) (continued)

Disclosure of the sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Teachers' Retirement Fund and the Police Officers and Fire Fighters' Retirement Fund, calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

(Dollars in thousands)

FY2020	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Teachers' Retirement Fund Net Pension Liability / (Asset)	$ 697,957	$ 229,413	$ (140,586)
Police Officers and Fire Fighters' Retirement Fund Net Pension Liability / (Asset)	$ 494,053	$ (596,347)	$ (1,457,860)

FY2019	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Teachers' Retirement Fund Net Pension Liability / (Asset)	$ 669,520	$ 229,809	$ (117,925)
Police Officers and Fire Fighters' Retirement Fund Net Pension Liability / (Asset)	$ 372,957	$ (651,790)	$ (1,460,879)

NOTE 6: CONTINGENCIES

DCRB is party to various legal proceedings, many of which occur in the normal course of its operations. These legal proceedings are not likely to have a material adverse impact on the Funds' financial position as of September 30, 2020 and 2019.

NOTE 7: SUBSEQUENT EVENTS

As result of the incidence of COVID-19, economic uncertainties may negatively impact the financial position and results of operations of the Funds. The duration of these uncertainties and the ultimate financial effects cannot be reasonable estimated at this time.

FINANCIAL SECTION - REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios
(Dollars in thousands)

Teachers' Retirement Fund	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 80,242	$ 72,429	$ 67,877	$ 65,911	$ 61,599	$ 53,297	$ 50,409
Interest	159,186	144,165	137,704	131,657	124,370	118,378	112,204
Difference Between Expected and Actual Experience	(2,364)	103,719	(19,505)	(37,230)	2,656	(7,246)	-
Changes in Assumptions	-	-	-	14,106	-	-	-
Benefit Payments	(85,679)	(81,471)	(78,430)	(72,069)	(69,093)	(64,076)	(59,832)
Refunds	(4,873)	(6,418)	(6,126)	(6,166)	(6,205)	(5,576)	(5,790)
Net Change in Total Pension Liability	146,512	232,424	101,520	96,209	113,327	94,777	96,991
Total Pension Liability - Beginning	2,494,291	2,261,867	2,160,347	2,064,138	1,950,811	1,856,034	1,759,043
Total Pension Liability - Ending (a)	2,640,803	2,494,291	2,261,867	2,160,347	2,064,138	1,950,811	1,856,034
Fund Fiduciary Net Position							
Contributions - District Government	58,888	53,343	59,046	56,781	44,469	39,513	31,636
Contributions - Plan Member	42,356	40,432	40,324	34,364	33,591	31,621	28,751
Net Investment Income (Loss)	138,924	85,047	94,129	239,554	152,262	(72,647)	132,086
Other Income	803	883	1,038	907	1,033	385	522
Benefit Payments	(85,679)	(81,471)	(78,430)	(72,069)	(69,093)	(64,076)	(59,832)
Administrative Expense	(3,511)	(3,440)	(4,474)	(4,721)	(4,746)	(4,543)	(3,787)
Refunds	(4,873)	(6,418)	(6,126)	(6,166)	(6,205)	(5,576)	(5,790)
Change in Fiduciary Net Position	146,908	88,376	105,507	248,650	151,311	(75,323)	123,586
Fund Fiduciary Net Position - Beginning	2,264,482	2,176,106	2,070,599	1,821,949	1,670,638	1,745,961	1,622,375
Fund Fiduciary Net Position - Ending (b)	2,411,390	2,264,482	2,176,106	2,070,599	1,821,949	1,670,638	1,745,961
Net Pension Liability (Asset) - Ending (a) - (b)	$ 229,413	$ 229,809	$ 85,761	$ 89,748	$ 242,189	$ 280,173	$ 110,073
Ratio of Fund Fiduciary Net Position to Total Pension Liability (Asset) - (b) / (a)	91.31%	90.79%	96.21%	95.85%	88.27%	85.64%	94.07%
Covered Payroll	$ 490,756	$ 466,792	$ 470,749	$ 447,762	$ 438,079	$ 417,090	$ 378,926
Net Pension Liability (Asset) as a Percentage of Covered Payroll	46.75%	49.23%	18.22%	20.04%	55.28%	67.17%	29.05%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Police and Firefighters' Retirement Fund	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	$ 209,411	$ 180,928	$ 182,641	$ 196,629	$ 198,020	$ 192,114	$ 176,102
Interest	359,706	338,288	318,719	300,626	282,285	257,943	235,097
Difference Between Expected and Actual Experience	(8,567)	(57,642)	(84,452)	(188,549)	(106,840)	(2,477)	-
Changes in Assumptions	-	-	-	67,256	-	-	-
Benefit Payments	(140,044)	(121,342)	(106,794)	(92,537)	(79,137)	(63,634)	(52,784)
Refunds	(1,236)	(1,533)	(1,580)	(1,647)	(2,179)	(1,396)	(1,637)
Net Change in Total Pension Liability	419,270	338,699	308,534	281,778	292,149	382,550	356,778
Total Pension Liability - Beginning	5,604,573	5,265,874	4,957,340	4,675,562	4,383,413	4,000,863	3,644,085
Total Pension Liability - Ending (a)	6,023,843	5,604,573	5,265,874	4,957,340	4,675,562	4,383,413	4,000,863
Fund Fiduciary Net Position							
Contributions - District Government	93,061	91,284	105,596	145,631	136,115	103,430	110,766
Contributions - Plan Member	37,880	38,243	34,478	33,424	32,785	33,679	32,821
Net Investment Income (Loss)	381,607	232,987	316,842	655,310	415,157	(187,283)	338,894
Other Income	2,207	2,435	2,356	2,468	2,810	1,012	1,342
Benefit Payments	(140,044)	(121,342)	(106,794)	(92,537)	(79,137)	(63,634)	(52,784)
Administrative Expense	(9,648)	(9,481)	(11,570)	(12,838)	(12,918)	(11,939)	(9,730)
Refunds	(1,236)	(1,533)	(1,580)	(1,647)	(2,179)	(1,396)	(1,637)
Change in Fiduciary Net Position	363,827	232,593	339,328	729,811	492,633	(126,131)	419,672
Fund Fiduciary Net Position - Beginning	6,256,363	6,023,770	5,684,442	4,954,631	4,461,998	4,588,129	4,168,457
Fund Fiduciary Net Position - Ending (b)	6,620,190	6,256,363	6,023,770	5,684,442	4,954,631	4,461,998	4,588,129
Net Pension Liability (Asset) - Ending (a) - (b)	$ (596,347)	$ (651,790)	$ (757,896)	$ (727,102)	$ (279,069)	$ (78,585)	$ (587,266)
Ratio of Fund Fiduciary Net Position to Total Pension Liability (Asset) - (b) / (a)	109.90%	111.63%	114.39%	114.67%	105.97%	101.79%	114.68%
Covered Payroll	$ 473,513	$ 460,686	$ 454,209	$ 441,904	$ 438,114	$ 446,201	$ 426,135
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(125.94)%	(141.48)%	(166.86)%	(164.54)%	(63.70)%	(17.61)%	(137.81)%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedules of Employer Contributions
(Dollars in thousands)

Teachers' Retirement Fund					
Fiscal Year Ended September 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2011	$ -	$ -	$ -	$ 384,455	0.00 %
2012	-	-	-	381,235	0.00
2013	6,407	6,407	-	369,071	1.74
2014	31,636	31,636	-	378,926	8.35
2015	39,513	39,513	-	417,090	9.47
2016	44,469	44,469	-	438,079	10.15
2017	56,781	56,781	-	447,762	12.68
2018	59,046	59,046	-	470,749	12.54
2019	53,343	53,343	-	466,792	11.43
2020	58,888	58,888	-	490,756	12.00

Notes to Schedule:

Valuation Date: For the fiscal year 2020 and prior, actuarially determined contributions amounts are calculated as of the beginning of the fiscal year. Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past may not have been the same.

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	Remaining amortization periods range from 11 to 20 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	5.50% to 8.63%; includes wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense
Mortality	Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.
Cost of living adjustments	3.50% for those hired before 11/1/1996 (Limited to 3.0% for those hired on or after 11/1/1996)

Schedules of Employer Contributions
(Dollar amounts in thousands)

Police Officers and Firefighters' Retirement Fund

Fiscal Year Ended September 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2011	$ 127,200	$ 127,200	$ -	$ 421,221	30.20 %
2012	116,700	116,700	-	414,877	28.13
2013	96,314	96,314	-	413,380	23.30
2014	110,766	110,766	-	426,135	25.99
2015	103,430	103,430	-	446,201	23.18
2016	136,115	136,115	-	438,114	31.07
2017	145,631	145,631	-	441,904	32.96
2018	105,596	105,596	-	454,209	23.25
2019	91,284	91,284	-	460,686	19.81
2020	93,061	93,061	-	473,513	19.65

Notes to Schedule:

Valuation Date: For the fiscal year 2020 and prior, actuarially determined contributions amounts are calculated as of the beginning of the fiscal year. Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past may not have been the same.

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	Remaining amortization periods range from 11 to 20 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.25% to 7.38%; includes wage inflation of 4.25%
Investment rate of return	6.50%, net of pension plan investment expense
Mortality	Pre-retirement and post-retirement mortality rates were based on the RPH 2014 Blue Collar Mortality Table projected generationally with Scale BB, set back 1 year for males. Post-disability mortality rates were based on the RPH-2014 Disabled Mortality Table set back 6 years for males and set forward 7 years for females.
Cost of living adjustments	3.50% for those hired before 11/1/1996 (Limited to 3.0% for those hired on or after 11/1/1996)

Schedule of Investment Returns

Annual Money-Weighted Rates of Return, Net of Fees

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Total Portfolio	5.270 %	3.840 %	5.340 %	12.970 %	9.346 %	(4.006)%	8.178 %

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FINANCIAL SECTION - SUPPLEMENTARY INFORMATION

Schedules of Administrative Expenses
For the years ended September 30, 2020 and 2019

	2020	2019
Personal Services		
Salaries	$ 6,130,728	$ 6,057,962
Fringe Benefits	1,602,527	1,481,507
Total personal services	**7,733,255**	**7,539,469**
Nonpersonal Services		
Office Supplies	43,854	70,296
Telephone	89,202	45,611
Rent	1,695,053	1,967,723
Travel	110,525	183,023
Professional Fees	892,099	1,148,521
Postage	12,685	14,239
Printing	12,712	8,846
Insurance	130,474	116,875
Dues and Memberships	42,273	41,038
Audit Costs	(10,005)	290,680
Actuarial Fees	177,532	137,533
Legal Fees	366,248	322,963
Investment Fees	17,908,934	16,807,130
Contractual Services (STAR)	2,386,721	1,967,689
Equipment and Rental	88,838	59,474
Depreciation	11,688	-
Total non-personal services	**23,958,833**	**23,181,641**
Total administrative expenses	**31,692,088**	**30,721,110**
Investment expenses	**(18,532,838)**	**(17,800,245)**
Net administrative expenses	**$ 13,159,250**	**$ 12,920,865**

Schedules of Investment Expenses
For the years ended September 30, 2020

	2020	2019
Investment Managers*	$ 16,881,482	$ 15,766,206
Investment Administrative Expense	582,237	879,187
Investment Consultants	596,133	751,428
Investment Custodian	472,986	403,424
Total Investment Expenses	$ 18,532,838	$ 17,800,245

*Investor managers fees include mainly traditional managers' fees as well as some non-traditional managers.

Schedules of Payments to Consultants
For the years ended September 30, 2020 and 2019

Professional/Consultant	Nature of Service	FY 2020	FY 2019
Administrative Consultants			
U.S. Treasury Office of D.C. Pensions	Benefit Payment Processing	$ 2,386,721	$ 1,967,689
Morgan, Lewis & Bockius	Legal Counsel	315,310	322,963
MVS Inc.	Information Technology Consulting	178,150	-
Software Information Resource Corp.	Information Technology Consulting	139,480	275,015
Softech & Associates, Inc.	Information Technology Consulting	132,503	142,000
Cavanaugh Macdonald Consulting	Actuarial Services	121,920	137,533
Bolton Partners, Inc.	Actuarial Services	115,404	-
Office of Contract and Procurement	Procurement Services	105,500	136,971
Polihire Strategy Corp.	Recruitment Consulting	78,960	-
McConnell & Jones LLP	Audit Costs	54,880	-
Equinix, Inc.	Information Technology Consulting	40,000	109,311
Mobomo, LLC	Information Technology Consulting	38,388	72,382
CliftonLarsonAllen LLC	Financial Audit	36,008	68,000
Convergence, Inc.	Investment Consulting	31,575	60,000
DC Net	Information Technology Consulting	27,057	56,082
ODGroup, Inc. dba Orion Development	Professional Services	26,599	53,556
NGEN LLC	IT Audit Costs	24,215	44,750
International Foundation of Employee	CAPPP Training for Trustees	22,743	44,000
Capitol Document Solutions	Information Technology Consulting	21,682	40,980
DLT Solutions, Inc.	Information Technology Consulting	21,217	40,289
Advent Software, Inc.	Investment Consulting	18,699	39,552
Diligent Corp	Information Technology Consulting	17,883	31,575
DC Office of the Secretary	Record Retention Project	12,831	-
XO Holdings	Information Technology Consulting	10,370	27,860
Election-America, Inc.	Trustee Elections	6,907	25,842
Kofax, Inc.	Information Technology Consulting	5,876	23,874
D.C. Office of the Chief Technology	Information Technology Consulting	5,000	22,507
eVestment Alliance	Online Investment Service	3,223	20,689
TW Telecom	Information Technology Consulting	2,574	20,203
vTech Solutions, Inc.	Benefits Staffing Services	1,938	-
SyDar of DC. LLC	Professional Services	1,450	-
RSM US LLP formerly RSM McGladrey,	Financial System Consulting	-	19,314
SecureAuth Corporation	IT Software Maintenance	-	18,585
Networking for Future, Inc.	Information Technology Consulting	-	14,155
Harris, Mackessy & Brennan, Inc.	Information Technology Consulting	-	13,685
D.C. Department of Human	Information Technology Consulting	-	11,882
The Newberry Group, Inc.	Information Technology Consulting	-	9,434
Incapsulate, LLC	IT Software Maintenance	-	8,725
Carahsoft Technology Corporation	Information Technology Consulting	-	-
Julia Ann Nicholson	Board Governance Training	-	-
HBP, Inc.	Graphic Design for Publications	-	5,906
Phoenix Graphics, Inc.	Professional Services	-	3,550
Groom Law Group	Legal Counsel	-	5,390
Treyniqua Dickey	Professional Services	-	2,840
Oquendo Computer Services	Professional Services	-	2,825

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Professional/Consultant	Nature of Service	FY 2020	FY 2019
Neal R. Gross & Co, Inc.	Professional Services	-	1,089
Corporate Investigations, Inc.	Professional Services	-	1,072
Midtown Personnel Inc.	Benefits Consulting	-	-
Emergent Systems Exchange, LLC	License Subscription	-	-
Total Administrative Consultants		$ 4,005,063	$ 3,902,075
Investment Consulting			
Meketa Investment Group	Traditional investment consulting	596,133	620,000
Insightful Pension Consulting Group,	Investment consultant	-	113,928
Abel Solutions	Traditional investment consulting	-	17,500
Total Investment Consultants		596,133	751,428
Total Payments to Consultants		$ 4,601,196	$ 4,653,503