

2025 Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



The Educational Employees' Supplementary Retirement System of Fairfax County
A component unit of Fairfax County Public Schools
Fairfax, Virginia



Enter Retirement Feeling Confident

MISSION STATEMENT AND PRINCIPLES

MISSION

The mission of the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is to enhance the financial security of our members through prudent financial stewardship of a defined benefit plan while providing outstanding retirement services and education.

VISION

To be the leader among peers providing professional and personalized service to our members and beneficiaries to support their efforts to achieve financial independence.

VALUES

ACCOUNTABILITY

We always operate with transparency and a commitment to think strategically while fulfilling fiduciary obligations.

CUSTOMER SERVICE

We always respond promptly with quality as we strive to exceed the expectations of our members and their beneficiaries.

OPEN COMMUNICATION

We always provide timely and pertinent information that improves processes, removes barriers and establishes accountabilities.

INTEGRITY

We conduct operations by adhering to the highest standards of ethical conduct, striving for accuracy, efficiency and effectiveness.

CONTINUOUS EDUCATION

Through ongoing education efforts, we enable ERFC employees to continuously improve the service and value they provide to our members; Board of Trustees to more effectively guide and inform ERFC strategy; and our members to better understand and make the most of their ERFC benefits.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

This report was prepared by:

The Educational Employees' Supplementary Retirement System of Fairfax County
A Component Unit of Fairfax County Public Schools, Fairfax, Virginia

3110 Fairview Park Drive, Suite 300
Falls Church, Virginia 22042
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Executive Director

Melissa O'Neal

Deputy Executive Directors

Srikumar Bala
Mangala Murthy

ACFR Project Team

Wendy Zhi, CPA, MBA
Senior Manager, Finance

Allison Kelly, CPA
Kevin McCarty
Basil AlQudwa, Ph. D.

Designed by

ERFC Communications

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Introduction

Unaudited

- Letter of Transmittal

- Letter from the Chairperson

- Board of Trustees

- Administrative Organization

- GFOA Certificate of Achievement

- Public Pension Standards Award

- Professional Services

LETTER OF TRANSMITTAL



3110 Fairview Park Dr, Suite 300
Falls Church, Virginia 22042

October 24, 2025

The Board of Trustees
Educational Employees' Supplementary Retirement System of Fairfax County
Falls Church, VA

Dear ERFC Members and the Board of Trustees of ERFC:

It is our privilege to submit the Annual Comprehensive Financial Report ("ACFR") of the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC" or "System") for the fiscal year ended June 30, 2025. The financial statements included in this report are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), as applicable to governmental units. This report consists of management's representations concerning the finances of ERFC. Accordingly, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with ERFC's management. The report reflects the careful stewardship of the System's assets and dedicated service provided by the Board and staff.

The following provides a summary of the System's historical background and outlines significant achievements for the Board and management during the fiscal year. A management discussion and analysis ("MD&A") narrative is also provided in the Financial Section immediately following the report of the independent auditor.

Plan History

ERFC was established 52 years ago on July 1, 1973, through negotiations conducted between the Fairfax County School Board and the Fairfax Education Association ("FEA"). The terms under which ERFC operates were later incorporated in a Fairfax County ordinance and the ERFC Plan Document. Historically, ERFC benefits have been designed specifically to supplement the benefits of two primary retirement plans: the Virginia Retirement System ("VRS") and the federal Social Security System. In 1987, VRS introduced major increases to the state's early retirement benefits, which required ERFC to thoroughly re-examine the complementary structure of its supplemental benefits plan. Effective July 1, 1988, ERFC significantly altered the ERFC Legacy Plan benefit structure to rebalance the benefit amounts payable to future ERFC members, while also maintaining and protecting the rights of current members. Thirteen years later, the Fairfax County School Board approved further refinements to the ERFC supplemental retirement program with the introduction of a second retirement plan, ERFC 2001 Tier 1 Plan, a streamlined and stand-alone retirement plan structure provided for all eligible FCPS employees hired on or after July 1, 2001. On April 27, 2017, the School Board voted to modify the ERFC 2001 Tier 1 Plan effective July 1, 2017. For ERFC members hired on or after July 1, 2017, the ERFC 2001 Tier 2 Plan raised retirement eligibility, increased the period for calculating a member's final average salary, and based the cost-of-living adjustment on the Consumer Price Index.

LETTER OF TRANSMITTAL

For all members, the annual interest rate credited on member accounts was reduced. These modifications helped to mitigate the increase in the employer contribution rate due to actuarial assumption changes.

Effective July 1, 2024, the School Board approved additional changes:

- They created the Deferred Retirement Option Program (DROP) for Legacy Plan members who are eligible for an unreduced retirement. DROP allows these members the option to retire from their ERFC pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years.
- Unused sick leave for ERFC 2001 Tier 1 Plan and Tier 2 Plan members will now be converted to years of credited service at retirement.
- Retirees who return to work in a critical shortage position, as approved annually by the state, are no longer required to suspend their ERFC benefit payments.

Strategic Plan Updates

ERFC is in the first year of the Board-adopted fiscal year 2025-2027 Strategic Plan, which emphasizes four key strategic objectives: excellent governance, impactful member experience, effective operations, and purposeful education. This fiscal year, ERFC implemented numerous improvements in pension processes and member services, enhancing efficiency for staff and providing clearer, more concise educational resources for members.

During fiscal year 2025, we continued to raise awareness and educate members through several initiatives. Our targeted ERFC Ambassador recruitment campaigns increased engagement across the county, with approximately 200 onsite Ambassadors serving our members. We continued efforts to simplify our communications and create targeted messaging and media content that's accessible 24/7. Our recorded retirement information sessions were viewed over 900 times during the fiscal year, and videos tailored to different stages of a member's retirement journey further improved our outreach efforts. ERFC continued to promote ERFCDirect, our secure web portal that allows members to access their retirement plan account. During the fiscal year, over 38,000 active and retired members used the portal to run estimates, update beneficiaries, access their annual member statement, and more.

These initiatives have led to increased efficiencies, cost savings, and better member service. Continued quality and efficiency improvements over the next decade will enable us focus on serving and educating all segments of our membership.

Internal Controls

ERFC maintains an internal control system designed to provide reasonable, but not absolute, assurance about the achievement of ERFC's objectives regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with the applicable laws and regulations.

LETTER OF TRANSMITTAL

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. A sound internal control system should ensure that if any material error or fraud occurs, they would be detected in a timely manner by employees in the normal course of performing their duties.

Plan Financial Condition

ERFC's actuary reported that the System's funded ratio decreased from 78.5 percent to 77.5 percent for the valuation period ending December 31, 2024. This decrease was due to market volatility and an increase in retirees and beneficiaries collecting retirement benefits. The recommended employer contribution rate was 6.48 percent of payroll, which was consistent with fiscal year 2024.

The Financial, Actuarial, and Statistical sections of this report provide detailed information regarding the Fund's overall financial condition. In addition, the Required Supplementary Information included in the Financial Section presents historical data to help in assessment of the System's funding status.

Investment Activity

ERFC's return of 9.0 percent net of fees for fiscal year 2025 underperformed the benchmark index return of 9.4 percent. The Fund's longer-term performance dropped; the 10-year return of 6.7 percent exceeded the policy index return of 6.1 percent but remains lower than the Fund's long-term target return of 7.0 percent.

Professional Services

The ERFC Board of Trustees appoints professional services to provide aid in the efficient management of the System. Segal Marco Advisors provides general investment consulting services, Meketa Investment Group provides discretionary private markets consulting services, and Arthur J. Gallagher & Company provides actuarial services. In accordance with the County Code, the Fairfax County Board of Supervisors appointed Cherry Bekaert LLP, Raleigh, North Carolina, to audit the System's financial statements.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to ERFC for its ACFR for the fiscal year ended June 30, 2024. This is the 28th consecutive year ERFC has earned the award. To be awarded a GFOA Certificate of Achievement, certain requirements must be met, including the issuance of an easily readable and efficiently organized ACFR. The report must also satisfy both GAAP and applicable legal requirements.

In addition, the Public Pension Coordinating Council honored ERFC with the Public Pension Standards' Award for Funding and Administration 2025. ERFC earned the award in recognition for meeting or exceeding professional standards for funding and administration, as set forth in the Public Pension Standards.

LETTER OF TRANSMITTAL

Conclusion

This report is produced through the combined efforts of ERFC staff and advisors functioning under the leadership of the ERFC Board of Trustees. It is intended to provide complete and reliable information that will advance the management decision process, serve as a means for determining compliance with legal requirements, and allow for an assessment of the stewardship of the System's funds. We extend our sincere appreciation to all those who contributed to the production of this document.

ERFC distributes this annual report to the members of the Fairfax County School Board, the Fairfax County Public Schools' Leadership Team, its Government Finance Offices, and other interested parties. The full report is posted on the ERFC website at erfcension.org. We hope that all recipients find the report informative and useful.

Respectfully submitted,

A handwritten signature in black ink that reads "Melissa O'Neal". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Melissa O'Neal, CSM, NAF
Executive Director

LETTER FROM THE CHAIRPERSON



3110 Fairview Park Dr, Suite 300
Falls Church, Virginia 22042

October 24, 2025

Dear ERFC Members:

On behalf of the Board of Trustees of ERFC, it is a privilege to present the ACFR for the fiscal year ending June 30, 2025. The ERFC Board and staff continue to commit themselves to ERFC's mission of financial security of our members through prudent financial stewardship of the System's assets, while providing outstanding retirement services and education to the members of ERFC.

ERFC's defined benefit plan provides a valuable supplement to Fairfax County Public Schools ("FCPS") employee members. ERFC was designed specifically to reward educational professionals with a pension to supplement the primary benefits they earn and receive separately from VRS and Social Security. As participants and stakeholders in ERFC, you can be assured that the Board of Trustees works collectively on your behalf to provide the supplemental retirement benefits promised to you by FCPS.

During the year, the ERFC Board and staff completed action items included in the fiscal year 2025-2027 Strategic Plan focused on four key strategic objectives: excellent governance, impactful member experience, effective operations, and purposeful education. Throughout the year, several Board members participated in certified retirement fund Trustee trainings. The Board continued its focus around strong governance practices and updated Board Procedures, ERFC Regulations, ERFC Board Education Policy, the Trustee Succession Plan Policy, Standards of Conduct for ERFC Staff, the Investment Policy Statement, and made amendments to the ERFC Legacy and ERFC 2001 Plan Documents.

During fiscal year 2025, global capital markets posted positive returns but with a wide dispersion, driven by geopolitical uncertainty, trade tensions, and the softening of the U.S. Dollar. Inflation remains somewhat elevated during the period, prompting the Federal Reserve to maintain a restrictive policy, though interest rate cuts are expected later this year. ERFC experienced the impact of the economic upturn, posting a 9.0% net-of-fees return for the 2025 fiscal year period. The Board will continue to analyze investment strategies in conjunction with ERFC staff and its investment advisors to ensure a well-diversified asset mix with a risk-balanced approach. The Board will also continue to focus on managing the plan assets with the disciplined oversight required to meet the System's long-term investment goals.

FCPS' employer contribution rate for the 2025 fiscal year remained at 6.48%. The combined employee and employer contributions provide significant revenue for ERFC. However, it is the System's investment earnings that provide the essential factor necessary to fulfill the guarantee of retirement benefits to members. The Board believes ERFC will continue to prosper by prudently rebalancing and diversifying the investment portfolio.

LETTER FROM THE CHAIRPERSON

The ERFC Board values your opinions and welcomes your feedback. We encourage you to visit the website at erfcension.org or contact the Trustees directly with any questions regarding your pension fund or payable retirement benefits.

Yours sincerely,

A handwritten signature in black ink that reads "Kimberly Adams". The script is cursive and fluid.

Kimberly Adams
FY 2025 Chairperson
ERFC Board of Trustees

BOARD OF TRUSTEES

The Board of Trustees is the governing body of ERFC. The ERFC Board comprises seven members: three appointed by the School Board, three elected by the System's active membership, and one Trustee who is neither affiliated with, nor employed by Fairfax County, the Fairfax County School Board, nor by any union or similar organization representing teachers or other Fairfax County employees. The initial six Trustees annually select and recommend a seventh ERFC Board member, or "individual Trustee," for approval by the Fairfax County School Board. The ERFC executive committee comprises the chairperson and treasurer. The Board meets regularly throughout the year. ERFC Trustees receive no compensation, but are reimbursed for business-related expenses.



Kimberly Adams
Chairperson
Elected Member



Kathie Pfeffer-Hahn
Vice Chairperson
Elected Member



Leigh Burden
Treasurer
Appointed Member



Marty K. Smith
Trustee
Appointed Member



William Solomon
Trustee
Appointed Member

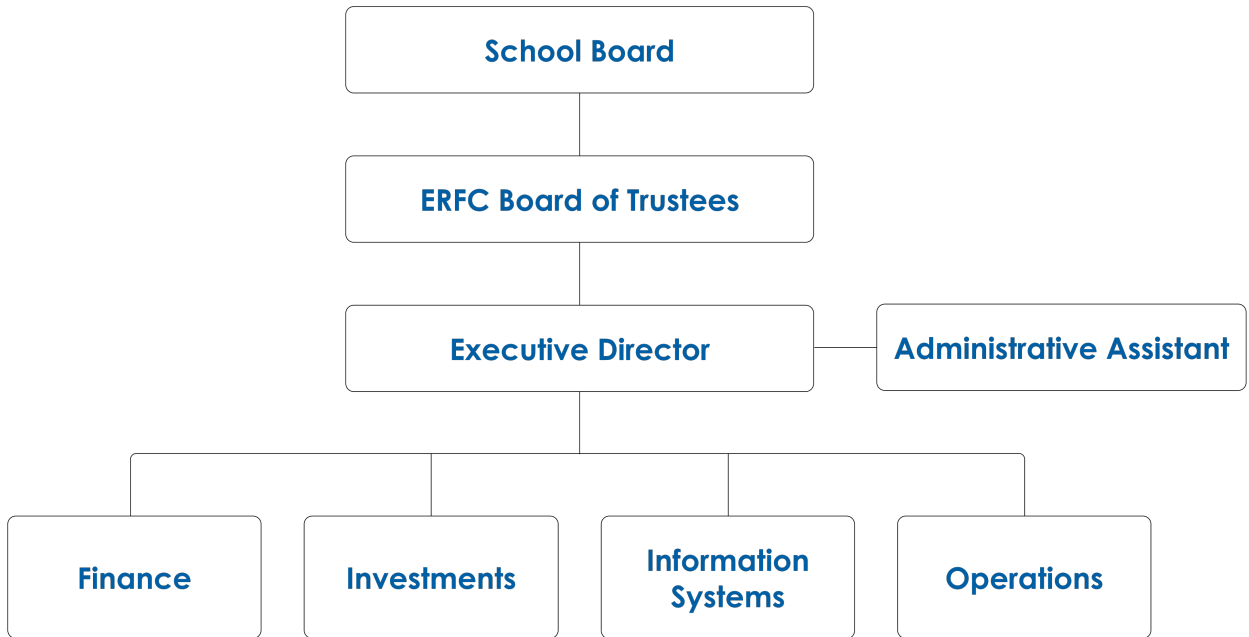


Ducchi Quan
Trustee
Elected Member



Adam McConagha
Trustee
Appointed Member

ORGANIZATIONAL CHART



As of June 30, 2025

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to ERFC for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 28th consecutive year that ERFC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Educational Employees' Supplementary Retirement
System of Fairfax County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrell

Executive Director/CEO

PUBLIC PENSION STANDARDS AWARD

This award has been presented to ERFC in recognition of instituting professional standards for public employee retirement systems as established by the Public Pension Coordinating Council. This award represents an exceptionally high level of administration and reporting in the public pension industry.



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2025***

Presented to

***The Educational Employees' Supplementary
Retirement System of Fairfax County***

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink, reading 'Robert A. Wylie', is positioned above the printed name of the Program Administrator.

Robert A. Wylie
Program Administrator

PROFESSIONAL SERVICES

ACTUARY

Arthur J. Gallagher & Co.

AUDITOR

Cherry Bekaert LLP

INVESTMENT CONSULTANT

Meketa Investment Group

Segal Marco Advisors

MASTER CUSTODIAN

BNY Mellon

LEGAL COUNSEL

Bredhoff & Kaiser, PLLC

Reed Smith LLP

INVESTMENT MANAGERS

Details are found on page [59](#). The schedules of commissions and management fees can be found on pages [72](#) and [74](#).

Financial

- Report of Independent Auditor

- Management's Discussion and Analysis

- Statement of Fiduciary Net Position

- Statement of Changes in Fiduciary Net Position

- Notes to the Financial Statements

- Required Supplementary Information

- Other Supplementary Information

REPORT OF INDEPENDENT AUDITOR



Report of Independent Auditor

To the Board of Trustees
Educational Employees' Supplementary Retirement System of Fairfax County
Fairfax, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Educational Employees' Supplementary Retirement System of Fairfax County (the "System"), a component unit and pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System'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 fiduciary net position of the System as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the System 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

REPORT OF INDEPENDENT AUDITOR

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 System'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 System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

REPORT OF INDEPENDENT AUDITOR

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introduction, Investment, Actuarial, and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the System'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 System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
October 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

This discussion and analysis of the Educational Employees' Supplemental Retirement System of Fairfax County's ("ERFC" or the "System") financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2025. The information contained in this section should be reviewed in conjunction with the letter of transmittal provided in the Introduction Section of this document.

FINANCIAL OVERVIEW

For fiscal year 2025, the net-of-fees return on ERFC's assets was 9.0 percent¹. This resulted in a total net position value of \$3.4 billion, which reflects an increase of \$225.7 million over the prior fiscal year (as reflected in the accompanying chart). Additional detail on this net increase in Fiduciary Net Position is outlined in the Summary of Changes in Fiduciary Net Position table contained within Management's Discussion and Analysis. As shown, it is comprised of four major components. They include a net investment gain of \$268.6 million, \$188.3 million in employee and employer contributions, \$224.7 million in retiree benefit payments and member refunds, and \$6.5 million in administrative and amortization expenses.

ERFC NET POSITION

(\$ IN MILLIONS)

FISCAL YEAR	NET POSITION	NET CHANGE (\$)	NET CHANGE (%)
2025	\$ 3,439.1	\$ 225.7	7.0 %
2024	3,213.4	136.7	4.4
2023	3,076.7	78.8	2.6
2022	2,997.9	(274.2)	(8.4)
2021	3,272.1	678.8	26.2

ERFC's time-weighted 9.0 percent net-of-fees return trailed the policy benchmark return of 9.4 percent². Three, five, and ten year returns are 6.9 percent, 7.5 percent, and 6.7 percent, respectively. The time-weighted rate of return measures the compound growth rate of the System's investments, net of investment expense. This method eliminates the distortion caused by cash inflows and outflows and is the industry standard for comparing investment returns to a benchmark. The time-weighted rate of return differs from the money-weighted rate of return described in the Notes to the Financial Statements.

The System's investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Additional detail regarding investment results can be found in the Investment Section of this report.

¹ Time-weighted rate of return as calculated by Segal Marco.

² 13.0% Russell 1000 Index, 2.0% Russell 2000 Growth Index, 2.0% Russell 2000 Value Index, 2.0% Russell 2000 Index, 5.0% International Equity Index, 3.0% MSCI EAFE Small Cap (Net), 3.0% MSCI Emerging Markets IMI (Net), 3.0% MSCI AC World Index (Net), 22.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S., Gov't/Credit, 1.3% MSCI AC World Index (Net), 0.7% Blmbg. U.S. Aggregate, 8.0% HFRI Fund of Funds Composite Index, 3.0% FTSE 10 Year Treasury OTR, 7.0% NCREIF - ODCE NET, 9.0% ThomsonOne All Regions PE, 4.0% Morningstar LSTA US Leveraged Loan, 1.0% Blmbg. U.S. Aggregate, 2.0% 90 Day, U.S. Treasury Bill

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

At December 31, 2024, the actuarial value of assets totaled \$3.5 billion while liabilities totaled \$4.5 billion. This resulted in a funded ratio of 77.5%, a measure used by the Board of Trustees to assess funding progress. ERFC's funding level is consistent with the funding levels of similar plans nationwide and as addressed in the Actuary's Certification Letter contained within this report, ERFC remains in sound financial condition. Detailed information regarding actuarial assumptions and methods can be found in the Actuarial Section of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of ERFC's ACFR comprises five sections: 1) report of independent auditor, 2) management's discussion and analysis, 3) basic financial statements, 4) required supplementary information, and 5) other supplementary information.

ERFC's basic financial statements are comprised of the Statement of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position, and Notes to the Financial Statements. The Statement of Fiduciary Net Position provides information on all of the System assets and liabilities, with the difference between the assets and liabilities shown as fiduciary net position. Ultimately, increases or decreases in fiduciary net position may be used to measure the financial condition of ERFC over time.

The Statement of Changes in Fiduciary Net Position describes how ERFC's fiduciary net position changed during the current fiscal year. Additions and deductions represent revenues and expenses, respectively. Additions minus deductions represent the change in fiduciary net position. The total expenses, or deductions, which consisted of benefit payments, refunds, administrative and amortization expenses were slightly higher this fiscal year.

The Notes to the Financial Statements provide additional data, which is crucial in understanding the information included in the financial statements. The Notes to the Financial Statements immediately follow the basic financial statements.

In addition to the basic financial statements, the annual report also provides required supplementary information regarding the System's changes in net pension liability and schedule of employer contributions, which is intended to assess ERFC's ability to accumulate assets to pay retirement benefits when due.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

FINANCIAL STATEMENTS

As indicated in the Summary of Fiduciary Net Position table below, the System net position value increased \$225.7 million or 7.0% percent in fiscal year 2025. The changes in assets and liabilities underlying this change consist of an increase of \$175.4 million in the value of cash and investments, a decrease in receivables and other assets of \$39.8 million, a \$0.2 million decrease in right-to-use liabilities, an increase of \$0.3 million in accounts payable, a decrease of \$59.3 million in securities purchased, and a decrease of \$30.9 million in securities lending collateral liabilities.

SUMMARY OF FIDUCIARY NET POSITION

	JUNE 30, 2025	JUNE 30, 2024	VARIANCE
ASSETS			
Total cash and investments	\$ 3,561,653,968	\$ 3,386,276,644	\$ 175,377,324
Total receivables	20,993,236	60,461,710	(39,468,474)
Other assets	2,141,753	2,357,728	(215,975)
TOTAL ASSETS	3,584,788,957	3,449,096,082	135,692,875
LIABILITIES			
Lease liability	2,696,227	2,888,910	(192,683)
Accounts payable	1,938,337	1,610,960	327,377
Securities purchased	21,812,930	81,080,056	(59,267,126)
Securities lending collateral	119,201,065	150,091,528	(30,890,463)
TOTAL LIABILITIES	145,648,559	235,671,454	(90,022,895)
NET POSITION RESTRICTED FOR PENSIONS	\$ 3,439,140,398	\$ 3,213,424,628	\$ 225,715,770

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

As reflected in the Summary of Changes in Fiduciary Net Position table below, the net change in fiscal year 2025 is due to \$188.3 million in contributions and \$268.6 million in net investment gain, which is offset by \$219.6 million in benefits, \$5.1 million in refunds, and \$6.5 million in administrative and amortization expenses.

Also presented in the Summary of Changes in Fiduciary Net Position, additional information is provided regarding the differences between the fiscal years 2024 and 2025 results. These differing results are mainly due to an increase in investment income of \$88.3 million, an increase in contributions of \$10.2 million, and an increase in retiree benefit payments and member refunds of \$8.6 million.

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

	JUNE 30, 2025	JUNE 30, 2024	VARIANCE
ADDITIONS			
Contributions			
Employer	\$ 129,278,658	\$ 121,645,811	\$ 7,632,847
Member	59,011,733	56,450,447	2,561,286
Net investment income	268,646,641	180,365,641	88,281,000
TOTAL ADDITIONS	456,937,032	358,461,899	98,475,133
DEDUCTIONS			
Benefits	219,607,894	210,636,405	8,971,489
Refunds	5,070,399	5,448,543	(378,144)
Administrative expenses	6,326,994	5,459,646	867,348
Amortization expense	215,975	225,779	(9,804)
TOTAL DEDUCTIONS	231,221,262	221,770,373	9,450,889
NET INCREASE IN NET POSITION	225,715,770	136,691,526	89,024,244
NET POSITION RESTRICTED FOR PENSIONS			
BEGINNING OF YEAR	3,213,424,628	3,076,733,102	136,691,526
END OF YEAR	\$ 3,439,140,398	\$ 3,213,424,628	\$ 225,715,770

REQUESTS FOR INFORMATION

This financial information is intended to provide a general overview of the System finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Executive Director, Educational Employees' Supplementary Retirement System of Fairfax County, 3110 Fairview Park Drive, Suite 300, Falls Church, Virginia 22042. This ACFR can also be found on ERFC's website at: <https://www.erfcension.org/resources/financials>.

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2025

ASSETS

CASH AND SHORT-TERM INVESTMENTS	
Cash	\$ 2,622,257
Cash with fiscal agent	23,710,557
Cash collateral for securities on loan	119,201,065
Short-term investments	59,387,722
TOTAL CASH AND SHORT-TERM INVESTMENTS	204,921,601
RECEIVABLES	
Interest and dividends	2,336,901
Securities sold	18,642,817
Miscellaneous accounts receivable	13,518
TOTAL RECEIVABLES	20,993,236
INVESTMENTS	
Stocks	191,503,176
Fixed income	
Asset and mortgage backed	228,672,358
Corporate bonds	394,136,423
International bonds	24,123,063
Convertible securities	3,388,211
U.S. Government obligations	260,967,495
Real estate	291,587,674
Multi asset class solutions (MACS)	69,848,848
Hedge funds - opportunistic	285,582,462
Private equity	347,488,368
Private debt	106,358,603
Infrastructure	78,724,684
Natural resources	58,921,801
Commingled fixed income funds	73,972,062
Commingled equity funds	941,457,139
TOTAL INVESTMENTS	3,356,732,367
OTHER ASSETS	
Right-to-use asset	2,753,682
Accumulated amortization: Right-to-use asset	(611,929)
TOTAL OTHER ASSETS	2,141,753
TOTAL ASSETS	3,584,788,957
LIABILITIES	
Lease liability	2,696,227
Accounts payable	1,938,337
Securities purchased	21,812,930
Securities lending collateral	119,201,065
TOTAL LIABILITIES	145,648,559
NET POSITION RESTRICTED FOR PENSIONS	\$ 3,439,140,398

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2025

ADDITIONS

Contributions	
Employer	\$ 129,278,658
Plan members	59,011,733
TOTAL CONTRIBUTIONS	188,290,391
Investment income	
Net appreciation in fair value of investments	228,319,435
Interest and dividends	47,152,402
TOTAL INVESTMENT INCOME	275,471,837
Less investment expenses	
Investment management fees ¹	5,387,433
Investment consulting fees	1,085,164
Investment custodial fees	325,633
Investment salaries	476,873
TOTAL INVESTMENT EXPENSES	7,275,103
Income from securities lending activities	
Securities lending income	6,942,714
Securities lending management fees	(6,492,807)
NET SECURITIES LENDING INCOME	449,907
NET INVESTMENT INCOME	268,646,641
TOTAL ADDITIONS	456,937,032

DEDUCTIONS

Benefits	219,607,894
Refunds	5,070,399
Administrative expense	6,326,994
Amortization expense	215,975
TOTAL DEDUCTIONS	231,221,262
Net Increase	225,715,770
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	3,213,424,628
END OF YEAR	\$ 3,439,140,398

¹ Certain investment fees are netted directly against assets under management. See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2025

The Educational Employees' Supplemental Retirement System of Fairfax County ("ERFC" or the "System") is a legally separate single-employer retirement system and fund established under Virginia code to provide pension benefits to all full-time educational and administrative support employees who are employed by Fairfax County Public Schools ("FCPS" or the "School Board") and who are not covered by other retirement plans of Fairfax County. The School Board appoints the majority of the trustees and, together with its employees, provides funding for ERFC. Therefore, the System's financial statements are included in FCPS' basic financial statements as a pension trust fund.

The System contains two primary benefit structures, ERFC Legacy and ERFC 2001, and both are defined benefit structures. The original structure, ERFC Legacy, became effective July 1, 1973, and is coordinated with the benefits members expect to receive from VRS and Social Security. It remains in effect; however, it was closed to new members employed after June 30, 2001. A simplified Plan of benefits was developed effective July 1, 2001 with an exclusive level lifetime benefit structure. Eligible newly hired full-time educational and administrative support employees were enrolled in ERFC 2001, hereinafter referred to as ERFC 2001 Tier 1. It was closed to new members employed after June 30, 2017.

On April 27, 2017, the School Board voted to modify the ERFC 2001 Tier 1 Plan effective July 1, 2017. ERFC 2001 Tier 2 Plan was developed for full-time educational and administrative employees hired on or after July 1, 2017. The retirement eligibility was raised, the period for calculating a member's final average salary was increased, and the cost-of-living adjustment was changed to be based on the Consumer Price Index. For all members, the annual interest rate credited on member accounts was reduced.

The Board of Trustees is the governing body of ERFC. The ERFC Board comprises seven members: three appointed by the School Board, three elected by the System's active membership, and one trustee who is neither affiliated with, nor employed by Fairfax County, the Fairfax County School Board, nor by any union or similar organization representing teachers or other Fairfax County employees. The initial six trustees annually select and recommend a seventh ERFC Board member, or "individual Trustee," for approval by the Fairfax County School Board. The ERFC executive committee comprises the Chairperson and Treasurer.

Benefit provisions for ERFC Legacy and ERFC 2001 are established and may be amended by the System's Board of Trustees subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988, following changes to the VRS, which the ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement. ERFC 2001 Tier 1 and Tier 2 have a stand-alone structure. Member contributions for ERFC Legacy and ERFC 2001 are made through an arrangement that results in a deferral of taxes on the contributions. Further details of member contributions may be found in Article III of both Benefit Plan Structure documents.

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2024, the date of the most recent actuarial valuation, the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,427
Active DROP members	235
Terminated employees entitled to, but not yet receiving benefits	8,819
Active plan members	23,381
Total Number of Plan Members	46,862

ERFC Legacy and ERFC 2001 provide for a variety of benefit payment types. ERFC Legacy's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. Effective July 1, 2024, the School Board approved the Deferred Retirement Option Program (DROP) for ERFC Legacy members who are eligible for an unreduced retirement. DROP allows them the option to retire from their ERFC Legacy pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years. Once they enter DROP, their monthly ERFC pension benefits go to an interest-bearing DROP account that's payable to them at the end of the DROP period. When they exit DROP, they'll receive the funds in their DROP account and their monthly ERFC pension will commence. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement.

Minimum eligibility requirements for full service benefits for ERFC Legacy is either (a) age 65 with 5 years of service or (b) age 55 with 25 years of service. Minimum eligibility requirements for full service benefits for ERFC 2001 Tier 1 is either (a) age 60 with 5 years of service or (b) any age with 30 years of service. Minimum eligibility requirements for full service benefits from ERFC 2001 Tier 2 is either (a) age and service equal 90 (the rule of 90) or (b) full Social Security age with five years of service. Annual post-retirement cost-of-living ("COLA") increases of 3 percent are effective each March 31 for ERFC Legacy and ERFC 2001 Tier 1 members. Participants in their first full year of retirement from ERFC Legacy and ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no COLA increase that first March. Under ERFC 2001 Tier 2, the first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C. metropolitan area for the period ending in November of each year, capped at 4 percent. Additional detail regarding all benefit payment types can be found in the actuarial valuation and/or the System Plan Document.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND OTHER POLICIES

Basis of Accounting

The System's financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. ERFC is a fiduciary pension trust fund of FCPS. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The costs of administering the System are paid for by the use of investment income and employer and employee contributions.

NOTES TO THE FINANCIAL STATEMENTS

Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give 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).

- 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.

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. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The tables of investments measured at fair value as well as at NAV can be found on pages 27 & 28.

Short-term securities are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique or a bid evaluation.

Debt securities classified in Level 3 of the fair value hierarchy are valued by a third party.

Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Bid evaluations may include reported trades, broker/dealer quotes, issuer spreads, two-sided markets, bids, offers, and reference data including market research publications.

- **Commingled Large Cap Equity Funds**

The objective of these index funds is to invest in securities and collective funds that together are designed to track the performance of the Russell 1000®.

NOTES TO THE FINANCIAL STATEMENTS

- **Commingled Global Equity Funds**

These funds are both actively and passively managed, multi-capitalization funds focused on attractively priced companies with strong and/or improving financial productivity. The funds invest in listed global equity securities located in both developed and emerging markets.

- **Commingled Emerging Markets Equity Fund**

This fund invests in common stocks and other forms of equity investments issued by emerging market companies of all sizes to obtain long-term capital appreciation.

- **Commingled Core Plus Bond Funds**

These funds are actively managed investment vehicles that aim to deliver strong total returns by investing in a diversified portfolio of U.S. investment-grade bonds. They focus on intermediate and long term high quality bonds and provide broad exposure across all sectors of the U.S. investment grade market including securities not included in the benchmark. The strategy emphasizes selecting bonds with attractive valuations in countries that have stable or improving economic conditions. The objective is to generate strong, risk adjusted returns from the global bond markets.

- **Private Equity and Debt Partnerships**

This type includes investments in limited partnerships, which generally include the following strategies: buyouts, venture capital, mezzanine, distressed debt, growth equity and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of June 30, 2025, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the plan's ownership interest in partners' capital.

- **Infrastructure**

This type invests in assets which provide essential services or facilities to a community such as schools, hospitals, transportation, distribution, communication, power generation, water and waste management. These investments can include limited partnerships and commingled funds and are considered illiquid. The investment seeks to provide long-term risk-adjusted returns, a stable income stream and inflation protection.

- **Natural Resources**

This type includes earth-related extractions in four distinct sub-sector categories: energy, mining, agriculture-timber and sustainability. Opportunities in energy are traditional oil and gas activities across the value chain. Mining is the exploration and extraction of metals and minerals through surface or underground. Agriculture and timber are opportunities in ownership of regenerating assets, and investments in companies through-out the value chain. Sustainability is opportunities related to sectors with strong tailwinds from government climate policy, industry commitments, and consumer preferences to mitigate the effects of climate change.

- **Commingled Multi-Asset Class Solutions**

These funds typically have an unconstrained, non-benchmark oriented investment approach with investments across various asset classes. They may invest in, but are not limited to, equities, fixed income, inflation-linked bonds, currencies and commodities. The objective is to provide attractive returns in any type of economic environments.

NOTES TO THE FINANCIAL STATEMENTS

- **Commingled Real Estate Equity Funds**

This type of fund provides diversified exposure to a core portfolio of U.S. real estate investments across different sectors. The investment is primarily focused on income with some value-add properties seeking higher returns from potential appreciation.

- **Private Real Estate**

This type of fund is a limited partnership that makes direct or secondary investments in various types of real estate and real estate related entities, such as commingled real estate funds, limited partnerships, joint ventures, real estate operating companies and non-traded REIT vehicles.

- **Hedge Funds - Opportunistic**

This is an alternative type of strategy with a typical return objective of cash plus a premium. It invests across different asset classes.

INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL

	June 30, 2025	FAIR VALUE MEASURES USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS
INVESTMENTS BY FAIR VALUE LEVEL		LEVEL 1	LEVEL 2	LEVEL 3
Short-term securities	\$ 59,387,722	\$ 3,225,972	\$ —	\$ 56,161,750
Debt securities				
Asset and mortgage backed	228,672,358	—	228,672,358	—
Corporate bonds	394,136,423	—	388,248,787	5,887,636
International bonds	24,123,063	—	24,123,063	—
Convertible securities	3,388,211	417,533	2,970,678	—
US Government obligations	260,967,495	260,967,495	—	—
Total Debt Securities	911,287,550	261,385,028	644,014,886	5,887,636
Global bond fund	3,170,819	3,170,819	—	—
Equity investments	191,503,176	191,503,176	—	—
TOTAL INVESTMENT AND SHORT-TERM SECURITIES MEASURED BY FAIR VALUE HIERARCHY LEVEL	\$ 1,165,349,267	\$ 459,284,995	\$ 644,014,886	\$ 62,049,386

NOTES TO THE FINANCIAL STATEMENTS

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

	June 30, 2025	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Equity investments				
Commingled large cap equity funds	\$ 455,319,423	\$ —	Daily	None
Commingled global equity funds	385,365,431	—	Daily	None
Commingled emerging markets equity fund	100,772,285	—	Daily	3 days
TOTAL EQUITY INVESTMENTS	941,457,139	—		
Fixed income investments				
Commingled core plus bond fund	70,801,243	—	Daily	None
TOTAL FIXED INCOME INVESTMENTS	70,801,243	—		
Other investments				
Private markets	591,493,456	328,920,290	Not eligible	N/A
MACS	69,848,848	—	Monthly	5 days
Hedge Funds - Opportunistic	285,582,462	27,600,000	Monthly	30 days
Real estate - core open-end funds	155,773,743	—	Quarterly	1-90 days
Real estate - private commingled funds	135,813,931	101,754,771	Not eligible	N/A
TOTAL OTHER INVESTMENTS	1,238,512,440	458,275,061		
TOTAL INVESTMENTS MEASURED AT NAV	2,250,770,822			
TOTAL INVESTMENTS	\$ 3,416,120,089			

NOTES TO THE FINANCIAL STATEMENTS

2. CONTRIBUTION REQUIREMENTS

The contribution requirements for ERFC Legacy and ERFC 2001 members are established and may be amended by the System's Board of Trustees with the approval of the School Board. The requirements are based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation of employees. To determine the appropriate employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the System has actuarial valuations prepared annually.

Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.48 percent for fiscal year 2025.

3. NET PENSION LIABILITY DISCLOSURES

The components of the System's net pension liability as of June 30, 2025 were as follows:

Total Pension Liability	\$ 4,637,806,410
Plan Fiduciary Net Position	3,439,140,398
Net Pension Liability	<u>\$ 1,198,666,012</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.15%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2024, using update procedures to roll forward the total pension liability to the plan's fiscal year end. The actuarial assumptions applied to all periods in the measurement.

METHODS AND ASSUMPTIONS USED TO DETERMINE FY 2025 TOTAL PENSION LIABILITY

Actuarial Cost Method	Entry Age Normal
IRS Limit Increases	2.50%
Salary Increases	2.75% to 7.25% including inflation
Discount Rate	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The mortality table used to measure retired life mortality was 102% of the male rates and 99% of the female rates of the PUB-2010 Teachers mortality table projected generationally using Scale MP-2020. The corresponding Disabled and Employee tables were used for disability and pre-retirement mortality, respectively.

NOTES TO THE FINANCIAL STATEMENTS

Single Discount Rate

A single discount rate of 7.0 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarial determined contribution rates and the member rate. Based on these 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.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined in conjunction with a formal study of experience in 2020. The amortization period for the assumption is set at 20 years, aligning with best actuarial practices.

Segal Marco Advisors supplied best estimates of arithmetic real rates of return table as of the measurement date. The investment consultant's inflation expectation is 2.4 percent.

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Equity (Large Cap)	5.9 %
Domestic Equity (Small Cap)	6.7
International Equity (Large Cap)	6.2
International Equity (Small Cap)	7.3
Emerging Market Equity	7.4
Global Equity	6.1
US Core Fixed Income	1.9
MACS	2.6
Hedge Funds Opportunistic	5.1
Infrastructure	8.2
Real Estate	5.6
Private Equity	11.3
Private Debt	7.7
Natural Resources	8.8

NOTES TO THE FINANCIAL STATEMENTS

Pension Liability Sensitivity

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the table below presents the plan's net pension liability, calculated using a single discount rate of 7.0 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage-point lower (6.0 percent) or one percentage-point higher (8.0 percent). Sensitivity results at 6.0 percent interest were based upon computer runs. Results at 8.0 percent were based upon the 6.0 percent results and estimation techniques.

	1% Decrease	Assumption	1% Increase
	6.0%	7.0%	8.0%
Net pension liability	\$ 1,868,575,672	\$ 1,198,666,012	\$ 654,753,911

The Schedule of Changes in Net Pension Liability and Related Ratios, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the plan's net position is increasing or decreasing over time relative to the total pension liability.

4. INVESTMENTS

The authority to establish pension funds is set forth in sections 51.1-800 of the Code of Virginia ("Code"), which provides that the County may purchase investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in Section 51.1-124 of the Code.

The System does not have investments (other than U.S. government and U.S. government guaranteed obligations) in any one organization that represents 5 percent or more of net position restricted for pensions.

Investment Policy

The System's investment policy is established by the Board of Trustees based on information and/or recommendations provided by ERFC's investment consultant and ERFC staff. The policy may be amended as necessary by the Board of Trustees and is reviewed at least annually. There were no significant investment policy changes during the fiscal year. The Fund's asset structure is enumerated in the investment policy and reflects a proper balance of the Fund's needs for liquidity, growth of assets and the risk tolerance of the Trustees. The target asset mix, consistent with the achievement of the long-term objective of the Fund, is presented on the following page.

NOTES TO THE FINANCIAL STATEMENTS

SECURITY CLASS	STRATEGIC TARGETS AS OF JUNE 30, 2025
Domestic Equity (Large Cap)	13.0 %
Domestic Equity (Small Cap)	6.0
International Equity (Large Cap)	7.0
International Equity (Small Cap)	3.0
Emerging Market Equity	3.0
Global Equity	3.0
US Core Fixed Income	37.0
MACS	2.0
Hedge Funds Opportunistic	0.0
Infrastructure	3.0
Real Estate	7.0
Private Equity	7.0
Private Debt	4.0
Natural Resources	5.0
TOTAL	100.0 %

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. This method differs from the time-weighted rate of return calculation referenced at the beginning of the Management Discussion and Analysis, which is performed on a gross basis.

Derivative Financial Instruments

As permitted by the Code, ERFC invests in derivative instruments on a limited basis in accordance with the Board of Trustees' investment policy. Investment in derivatives allows the System to increase earnings and/or hedge against potential losses. The risks associated with derivative investments include market risk resulting from fluctuations in interest and currency rates, the credit worthiness of counter parties to any contracts entered into, and the credit worthiness of mortgages related to collateralized mortgage obligations ("CMO"s). Specific authorization by the Trustees is required should investment managers seek to purchase securities on margin or leverage. During fiscal year 2025, the System's fair value of CMO's was \$2,005,107 and the fair value of futures was \$159,281,974.

NOTES TO THE FINANCIAL STATEMENTS

Regarding certain risk factors, GAAP requires that governments report their exposure to investment risks in four categories: interest rate risk, credit risk, concentration of credit risk, and foreign currency risk.

Interest Rate Risk

ERFC's fixed income managers use the effective duration method to control interest rate risk. Regarding maturity, ERFC does not place limits on these fixed income managers. However, it does expect the average duration to be within 30 percent of their respective benchmarks. One of the managers is expected to be within 50 percent of the Bloomberg Barclays Capital Government/Credit Index.

As of June 30, 2025, the System had the following fixed income investments, none of which are highly sensitive to changes in interest rates:

INVESTMENT CATEGORY	AMOUNT	EFFECTIVE DURATION*	PERCENTAGE OF FIXED
Asset and Mortgage Backed	\$ 228,672,358	1.89	25.1 %
Corporate Bonds	394,136,423	5.43	43.3
International Bonds	24,123,063	0.93	2.6
Convertible Securities	3,388,211	0.01	0.4
US Government Obligations	260,967,495	2.92	28.6
TOTAL	\$ 911,287,550	11.18	100.0 %
* Weighted Duration in years			
Short-term Investment Funds	\$ 59,387,722	—	
TOTAL SHORT-TERM	\$ 59,387,722	—	

Credit Risk

The System's policy on credit quality states that the average credit quality of the portfolio must have a rate of A or better. Up to 20 percent of the portfolio may be invested in below investment grade (that is, Moody's Baa or Standard & Poor's BBB ratings). If a security has a split rating, the lower rating will be considered in meeting the minimum quality standard. One of ERFC's fixed income managers may invest up to 35 percent in below investment grade securities. For this manager, if a security has a split rating, the higher rating shall be considered.

The Credit Quality Summary presented on the following page lists the ratings of all of ERFC's fixed income investments as of June 30, 2025, excluding pooled funds and U.S. government obligations, according to Moody's Investment Services and Standard & Poor's.

NOTES TO THE FINANCIAL STATEMENTS

INVESTMENT TYPE	AMOUNT	RATING	PERCENT OF FIXED
Asset and Mortgage Backed	\$ 47,829,096	AAA	7.5 %
	109,276,629	AA	16.8
	19,929,673	A	3.1
	31,847,229	BBB	4.9
	2,344,552	BB	0.4
	444,686	B	0.1
	4,344,920	CCC	0.7
	1,185,764	CC	0.2
	305,371	C	0.0
	11,164,438	Not Rated	1.7
Convertible Securities	415,855	BBB	0.1
	248,480	BB	0.0
	681,438	B	0.1
	2,042,438	Not Rated	0.3
Corporate Bonds	2,227,345	AA	0.3
	63,838,361	A	9.8
	249,271,954	BBB	38.3
	52,118,535	BB	8.0
	18,524,315	B	2.8
	6,737,840	CCC	1.0
	15,852	CC	0.0
	20,314	C	0.0
	26,814	Below C	0.0
International Bonds	1,355,093	Not Rated	0.2
	810,128	AAA	0.1
	4,064,419	AA	0.6
	10,368,964	BBB	1.6
	8,879,552	BB	1.4
TOTAL	\$ 650,320,055		100.0 %

Concentration of Credit Risk

The System's policy limits the securities of any one issuer to 10 percent at cost and 15 percent at market of each fixed income portfolio. The policy allows an exception for government securities and its agencies.

At June 30, 2025, and as addressed previously, the System had four active fixed income managers. The portfolios had values of \$243.4 million, \$232.4 million, \$326.4 million and \$197.9 million. The fair value of the largest issue other than the U.S. government obligations in the portfolios of the active managers, excluding pooled funds, was 1.33 percent of that portfolio.

Deposits

At June 30, 2025, short-term investments with the custodial bank totaled \$59,387,722. These investments consist of U.S. Treasury bills, are collateralized with securities held by the agent in the System's name or are in a short-term investment pool.

NOTES TO THE FINANCIAL STATEMENTS

Cash

ERFC maintains its cash with the County, which invests cash and allocates interest earned net of a management fee, on a daily basis to the System based on the System's average daily balance of equity in pooled cash. For the fiscal year ended June 30, 2025, the cash balance of \$2,622,257 represents funds that could not be invested in the County's enhanced cash fund until July 1, 2025.

The bank balance of the County's public deposits was either insured by the Federal Deposit Insurance Corporation or through the State Treasury Board pursuant to the provisions of the Security for Public Deposit Act. As of June 30, 2025, cash with the fiscal agent totaled \$23,710,557. This cash is insured and represents receipts from investment sales occurring on the last day of the month.

Cash received as collateral on securities lending transactions and investments with such cash are reported as assets along with the related liability for collateral received.

Securities Lending

The System's Board of Trustees' policy permits the fund to participate in a securities lending program. The securities lending program is administered by the System's custodian. Certain securities of the System are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or Government Agency Securities, letters of credit issued by approved banks, or other securities of a quality specified in the securities lending agreement. Collateral must be provided in the amount of 102 percent of fair value for domestic securities and 105 percent for international securities. The System did not impose any restrictions during the period on the number of loans the custodian made on its behalf. The custodian provides for full indemnification to the System for any losses that might occur in the program due to the failure of a broker/dealer to return a borrowed security or failure to pay the System for income of the securities while on loan. The fair value of collateral is monitored daily by the custodian.

Cash collateral is invested in a fund maintained by the custodian or its affiliate. Per stated custodian policy, the maximum weighted average maturity of the fund is 60 days. Investment income from the securities lending program is shared 75/25 by ERFC and the custodian, respectively. At year-end, the System had no overall credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System.

Cash received as collateral and related liability of \$119,201,065 as of June 30, 2025, are shown on the Statement of Fiduciary Net Position. As of June 30, 2025, the fair value of securities on loan for cash collateral was \$116,358,563. Securities received as collateral are not reported as assets and liabilities since ERFC does not have the ability to pledge or sell the collateral securities absent borrower default.

NOTES TO THE FINANCIAL STATEMENTS

On June 30, 2025, the array of securities the System had on loan for cash collateral took this form:

SECURITIES	FAIR VALUE	CASH COLLATERAL
Domestic Corporate Bonds	\$ 54,797,240	\$ 56,207,007
International Bonds	3,589,715	3,766,477
Domestic Stock	55,030,138	56,223,831
US Government Securities	2,941,470	3,003,750
TOTAL	\$ 116,358,563	\$ 119,201,065

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the system's funds will be lost. However, the System investments and deposits are not exposed to custodial credit risk since they are held by the agent in the System name. Other investments such as mutual funds, a short-term investment pool, and a cash collateral investment pool which invests cash collateral for securities on loan, are not exposed to custodial risk due to their non-physical form. As such, the System does not have a custodial credit risk policy.

The mix of investments held by the custodian on June 30, 2025, was as follows:

INVESTMENT TYPE	FAIR VALUE
Stocks	\$ 191,503,176
Bonds and Mortgage Securities	650,320,055
US Government Obligations	260,967,495
Real Estate	291,587,674
MACS	69,848,848
Hedge Funds - Opportunistic	285,582,462
Private Equity	347,488,368
Private Debt	106,358,603
Infrastructure	78,724,684
Natural Resources	58,921,801
Commingled Fixed Income Funds	73,972,062
Commingled Equity Funds	941,457,139
SUBTOTAL INVESTMENTS	3,356,732,367
Cash collateral for securities on loan	119,201,065
TOTAL	\$ 3,475,933,432

NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The System currency risk exposures primarily exist in the active fixed income and private markets holdings. At the present time, there are no specific foreign currency guidelines for equities or active fixed income investments; however, equity and fixed income managers are all measured against specific performance standards and risk guidelines identified in ERFC's investment policy.

The following chart provides a summary of System's fair value of foreign currency risk as of June 30, 2025:

CURRENCY	CASH & CASH EQUIVALENTS	EQUITY	FIXED INCOME SECURITIES	PRIVATE MARKETS	TOTAL U.S. DOLLARS
BRAZIL REAL	136,111	—	2,445,569	—	2,581,680
CANADIAN DOLLAR	27,052	—	—	—	27,052
CHILEAN PESO	11,105	—	—	—	11,105
DANISH KRONE	78,369	—	—	—	78,369
EURO CURRENCY UNIT	191,816	—	8,024,678	32,728,757	40,945,251
ISRAELI SHEKEL	103	—	—	—	103
JAPANESE YEN	38,669	615	—	—	39,284
MEXICAN PESO	—	—	2,776,368	—	2,776,368
NORWEGIAN KRONE	1,770	—	—	—	1,770
POUND STERLING	22,111	—	4,064,419	—	4,086,530
SINGAPORE DOLLAR	649	—	—	—	649
SOUTH AFRICAN RAND	—	—	5,022,904	—	5,022,904
SOUTH KOREAN WON	—	260	—	—	260
URUGUAY PESO	—	—	1,789,125	—	1,789,125
TOTAL FAIR VALUE	\$ 507,755	\$ 875	\$ 24,123,063	\$ 32,728,757	\$ 57,360,450

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAXES

The Internal Revenue Service ("IRS") issued a determination letter on December 15, 2016, which stated that the System and its underlying trust qualify under the applicable provisions of the Internal Revenue Code and, therefore, are exempt from federal income taxes. In the opinion of the plan administrator, the System and its underlying trust have operated within the terms of the IRS regulations and are qualified under the applicable provisions of the Internal Revenue Code.

6. LEASES

On September 9, 2022, ERFC entered into a 153 month lease as Lessee for the use of an office building. An initial lease liability was recorded in the amount of \$2,753,682. The base lease payment is \$22,019 per month. The lease has an interest rate of 2.79%. The Building's estimated useful life was 276 months as of the contract commencement. The value of the right-to-use asset as of June 30, 2025 was \$2,753,682 with accumulated amortization of \$611,929. ERFC has an option to extend the lease for 60 months.

The System's lease assets and accumulated amortization by asset class are summarized in the table below:

ASSET CLASS	LEASE ASSET VALUE	ACCUMULATED AMORTIZATION
Building	\$ 2,753,682	\$ 611,929

The System's lease liability schedule as of June 30, 2025 is shown below:

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2026	\$ 205,025	\$ 72,642	\$ 277,667
2027	217,897	66,756	284,653
2028	231,224	60,505	291,729
2029	245,110	53,875	298,985
2030	259,569	46,850	306,419
2031-2035	1,537,402	113,822	1,651,224
Total	\$ 2,696,227	\$ 414,450	\$ 3,110,677

7. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2025, the System implemented GASB Statement No. 101 *Compensated Absences* and GASB Statement No. 102 *Certain Risk Disclosures*. The implementation of the new standards did not have a material impact on ERFC's financial statements for fiscal year 2025.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Historical contribution information is presented herein for the last ten fiscal years. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. Actuarial funding valuations as of odd-numbered years are used to develop the appropriate employer contribution rate for the two-year period beginning 18 months after the valuation date. As such, the results from the December 31, 2021 valuation were used to set the employer contribution rate of 6.48% for fiscal year 2024 and 2025.

Analysis of the dollar amounts of plan net position, total pension liability, and net pension liability in isolation can be misleading. Expressing plan net position as a percentage of the total pension liability provides one indication of the System's funding status. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system.

Trends in the net pension liability and covered payroll are both affected by inflation. Expressing the net pension liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids in the analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the system.

The Schedule of Changes in Net Pension Liability and Related Ratios on page 40 illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered payroll. As addressed previously, the most recent actuarial valuation was effective December 31, 2024. The Schedule of Changes in Net Pension Liability and Related Ratios was prepared using procedures to roll forward the results of the most recent actuarial valuation to the fiscal year ending June 30, 2025.

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years

FISCAL YEAR ENDING JUNE 30	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2025	\$ 129,278,658	\$ 129,278,658	\$ —	\$ 1,995,041,019	6.48 %
2024	121,645,811	121,645,811	—	1,877,250,170	6.48
2023	117,155,967	117,155,967	—	1,748,596,522	6.70
2022	111,119,456	111,119,456	—	1,658,499,343	6.70
2021	104,784,310	104,784,310	—	1,627,085,559	6.44
2020	104,741,255	104,741,255	—	1,626,417,003	6.44
2019	96,982,911	96,982,911	—	1,549,247,780	6.26
2018	93,543,467	91,704,877	1,838,590	1,469,629,439	6.24
2017	80,305,269	80,094,538	210,731	1,430,259,607	5.60
2016	76,069,503	76,599,695	(530,192)	1,374,735,094	5.57

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	2025	2024	2023	2022	2021
TOTAL PENSION LIABILITY					
Service Cost	\$ 107,817,361	\$ 102,289,996	\$ 97,264,457	\$ 92,063,438	\$ 91,770,647
Interest on the Total Pension Liability	306,314,247	293,865,503	279,596,095	268,463,381	253,330,122
Changes of benefit terms	—	161,937,951	—	—	—
Difference between expected and actual experience of the Total Pension Liability	67,913,491	(165,399,993)	33,027,559	(5,133,211)	29,758,913
Changes of assumptions	—	—	—	133,042,334	(17,342,443)
Benefit payments, including refunds of employee contributions	(224,678,293)	(216,084,948)	(206,044,965)	(198,655,496)	(191,265,982)
Net Change in Total Pension Liability	257,366,806	176,608,509	203,843,146	289,780,446	166,251,257
Total Pension Liability - Beginning	4,380,439,604	4,203,831,095	3,999,987,949	3,710,207,503	3,543,956,246
Total Pension Liability - Ending	4,637,806,410	4,380,439,604	4,203,831,095	3,999,987,949	3,710,207,503
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	129,278,658	121,645,811	117,155,967	111,119,456	104,784,310
Contributions - Member	59,011,733	56,450,447	52,542,598	50,017,839	48,934,340
Net Investment Income	268,646,641	180,365,641	120,795,408	(232,237,621)	720,738,680
Benefit Payments, including refunds of employee contributions	(224,678,293)	(216,084,948)	(206,044,965)	(198,655,496)	(191,265,982)
Pension Plan Administrative, Depreciation and Amortization Expense	(6,542,969)	(5,685,425)	(5,625,786)	(4,481,381)	(4,423,439)
Net Change in Plan Fiduciary Net Position	225,715,770	136,691,526	78,823,222	(274,237,203)	678,767,909
Plan Fiduciary Net Position - Beginning, as previously reported	3,213,424,628	3,076,733,102	2,997,909,880	3,272,151,084	2,593,383,175
Prior Period Adjustment	—	—	—	(4,001)	—
Plan Fiduciary Net Position - Beginning	3,213,424,628	3,076,733,102	2,997,909,880	3,272,147,083	2,593,383,175
Plan Fiduciary Net Position - Ending	3,439,140,398	3,213,424,628	3,076,733,102	2,997,909,880	3,272,151,084
Net Pension Liability - Ending	\$ 1,198,666,012	\$ 1,167,014,976	\$ 1,127,097,993	\$ 1,002,078,069	\$ 438,056,419
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.15 %	73.36 %	73.19 %	74.95 %	88.19 %
Covered Payroll	\$ 1,995,041,019	\$ 1,877,250,170	\$ 1,748,596,522	\$ 1,658,499,343	\$ 1,627,085,559
Net Pension Liability as a Percentage of Covered Payroll	60.08 %	62.17 %	64.46 %	60.42 %	26.93 %

continued

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

2020	2019	2018	2017	2016	FISCAL YEAR ENDED JUNE 30
					TOTAL PENSION LIABILITY
\$ 92,719,549	\$ 90,633,074	\$ 88,599,697	\$ 78,925,763	\$ 77,760,915	Service Cost
243,578,788	231,477,042	221,106,804	209,515,636	205,720,047	Interest on the Total Pension Liability
—	—	—	(1,038,793)	—	Changes of benefit terms
(12,696,483)	27,726,555	12,140,768	19,857,344	(11,011,883)	Difference between expected and actual experience of the Total Pension Liability
—	—	—	23,334,195	45,752,095	Changes of assumptions
(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	Benefit payments, including refunds of employee contributions
137,615,358	167,904,598	144,126,973	157,208,562	147,873,327	Net Change in Total Pension Liability
3,406,340,888	3,238,436,290	3,094,309,317	2,937,100,755	2,789,227,428	Total Pension Liability - Beginning
3,543,956,246	3,406,340,888	3,238,436,290	3,094,309,317	2,937,100,755	Total Pension Liability - Ending
					PLAN FIDUCIARY NET POSITION
104,741,255	96,982,911	91,704,877	80,094,538	76,599,695	Contributions - Employer
49,095,601	46,645,396	44,169,100	43,062,632	41,383,642	Contributions - Member
108,472,534	117,727,500	188,145,489	250,981,777	(15,766,967)	Net Investment Income
(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	Benefit Payments, including refunds of employee contributions
(4,381,191)	(4,262,159)	(4,300,927)	(4,059,408)	(4,004,882)	Pension Plan Administrative, Depreciation and Amortization Expense
71,941,703	75,161,575	141,998,243	196,693,956	(72,136,359)	Net Change in Plan Fiduciary Net Position
2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	Plan Fiduciary Net Position - Beginning, as previously reported
—	—	—	—	—	Prior Period Adjustment
2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	Plan Fiduciary Net Position - Beginning
2,593,383,175	2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	Plan Fiduciary Net Position - Ending
\$ 950,573,071	\$ 884,899,416	\$ 792,156,393	\$ 790,027,663	\$ 829,513,057	Net Pension Liability - Ending
73.18 %	74.02 %	75.54 %	74.47 %	71.76 %	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
\$ 1,626,417,003	\$ 1,549,247,780	\$ 1,469,629,439	\$ 1,430,259,607	\$ 1,374,735,094	Covered Payroll
58.45 %	57.12 %	53.90 %	55.24 %	60.34 %	Net Pension Liability as a Percentage of Covered Payroll

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	Annual Money-weighted Rate of Return, Net of Investment Expense
2025	8.51 %
2024	5.68
2023	4.00
2022	(7.29)
2021	27.82
2020	4.49
2019	4.88
2018	8.29
2017	12.14
2016	(0.63)

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SUMMARY OF SIGNIFICANT CHANGES TO THE PENSION SYSTEM

The following provides a summary of the composite employer and employee contribution rates for the last ten fiscal years as a percent of salary and other significant changes to the pension system during the past fiscal years.

Fiscal Year	Composite Employer Contribution Rate	Employee Contribution Rate	Total Contribution Rate
2025	6.48 %	3.00 %	9.48 %
2024	6.48	3.00	9.48
2023	6.70	3.00	9.70
2022	6.70	3.00	9.70
2021	6.44	3.00	9.44
2020	6.44	3.00	9.44
2019	6.26	3.00	9.26
2018	6.24	3.00	9.24
2017	5.60	3.00	8.60
2016	5.60	3.00	8.60

- July 1, 2024 — Members of the ERFC Legacy Plan who are eligible for an unreduced retirement may participate in the Deferred Retirement Option Program (DROP). DROP allows eligible members the option to retire from their ERFC pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years.
- July 1, 2024 — Unused sick leave for ERFC 2001 Tier 1 Plan and Tier 2 Plan members will now be converted to years of credited service at retirement.
- July 1, 2024 — Retirees who return to work in a critical shortage position are no longer required to suspend their ERFC benefit payments.
- April 27, 2017 — ERFC members hired on or after July 1, 2017 are members of ERFC 2001 Tier 2. For all members, the annual interest rate credited on member accounts was reduced.
- July 1, 2006 — The implementation of a Benefit Restoration Plan in order to make benefit payments in excess of the limits established by Section 415 of the Internal Revenue Code.
- April 29, 2004 — The Board of Trustees agreed to transition to calendar year actuarial valuations.
- December 18, 2003 — Effective July 1, 2004, members hired prior to July 1, 2001 (ERFC Benefit Structure), are eligible for a Level Lifetime Benefit ("LLB") that is calculated by determining the annuitized value of the greater of their accumulated contribution balance or the present value of the currently provided defined benefit. The following changes apply to members hired on or after July 1, 2001 (ERFC 2001 Benefit Structure):
 - The defined contribution component of the benefit structure that was to be offered as an option to members on July 1, 2006, was eliminated.
 - The matching contribution provisions of the benefit structure were eliminated effective July 1, 2004. Members who met the requirements for a contribution match as of June 30, 2004, had the match credited to their accounts on June 30, 2004.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

- Beginning July 1, 2004, members who retire are eligible for a minimum benefit that is calculated by determining the annuitized value of their accumulated contribution balance.
- July 24, 2003 — The Working After Retirement ("WAR") program is closed to new entrants, effective June 30, 2004, which is two years earlier than originally planned.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF ADMINISTRATIVE AND AMORTIZATION EXPENSES

Fiscal Year Ended June 30, 2025

PERSONNEL SERVICES	
Salaries and wages	\$ 3,356,518
Retirement contributions	832,106
Insurance	449,372
Social security	268,305
TOTAL PERSONNEL SERVICES	4,906,301
PROFESSIONAL SERVICES	
Plan automation support	512,504
Legal	307,867
Actuarial	97,124
Pension payroll service	122,235
Audit	65,210
TOTAL PROFESSIONAL SERVICES	1,104,940
OTHER SERVICES AND CHARGES	
Office supplies	3,035
Postage	838
Communications	24,214
Dues and subscriptions	17,235
Board travel and staff development	105,592
Equipment	65,324
Software	40,156
Amortization expense	215,975
Miscellaneous	59,359
TOTAL OTHER SERVICES AND CHARGES	531,728
TOTAL ADMINISTRATIVE AND AMORTIZATION EXPENSES	\$ 6,542,969

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF INVESTMENT EXPENSES**Fiscal Year Ended June 30, 2025****INVESTMENT MANAGEMENT FEES**

Fixed income managers

DoubleLine Capital, L.P.	\$	536,245
Fidelity Institutional Asset Management		430,312
J.P. Morgan Investment Management Inc.		218,341
Loomis-Sayles and Company, L.P.		965,933
Mellon Capital Management Corporation		13,323
Mondrian Investment Partners (US), Inc.		153,712

Equity managers

Cramer Rosenthal McGlynn, LLC		457,682
Mellon Capital Management Corporation		112,204
Schroder Investment Management North America, Ltd.		413,654
Westfield Capital Management		402,973

International managers

William Blair & Company		1,286,437
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MACS

Wellington Management Company LLP		396,617
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TOTAL INVESTMENT MANAGEMENT FEES 5,387,433**OTHER INVESTMENT SERVICE FEES**

Custodial fees - Mellon Trust		325,633
Investment fees - Meketa Investment Group		783,332
Investment consultant fees - Segal Marco Advisors		298,650
Foreign tax consulting - Pricewaterhousecoopers		3,182
Investment salaries		476,873

TOTAL OTHER INVESTMENT SERVICE FEES 1,887,670**TOTAL INVESTMENT EXPENSES \$ 7,275,103**

¹ Some investment fees are netted directly against assets under management. See Schedule of Investment Manager Fees located within the Investment Section on page 74.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF PROFESSIONAL SERVICE FEES**Fiscal Year Ended June 30, 2025**

SERVICE PROVIDER	NATURE OF SERVICE	AMOUNT
Levi, Ray & Shoup, Inc.	Plan automation support	\$ 480,904
Bredhoff & Kaiser PLLC	Legal counsel	288,340
Arthur J. Gallagher & Co.	Actuary	97,124
ADP Payroll Services	Pension payroll service	74,235
Cherry Bekaert LLP	Audit	65,210
Carahsoft Technology Corporation	Plan automation support	31,600
Reed Smith LLC	Legal counsel	19,527
PBI Research Services and others	Pension payroll service	48,000
TOTAL PROFESSIONAL SERVICE FEES		\$ 1,104,940

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)



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

To the Board of Trustees
Educational Employees' Supplementary Retirement System of Fairfax County
Fairfax, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Educational Employees' Supplementary Retirement System of Fairfax County (the "System"), a component unit and pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated, October 24, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

Purpose of this Report

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

Cherry Bekaert LLP

Orlando, Florida
October 24, 2025

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

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Enter Retirement Feeling Confident

Investment

Unaudited

- Consultant Report on Investment Activity

- Strategic Review and Investment Policy

- Investment Managers

- Asset Structure

- Investment Results

- Schedules of Ten Largest Equity & Fixed Income Holdings

- Schedule of Brokerage Commissions

- Investment Summary

- Schedule of Investment Management Fees

CONSULTANT REPORT ON INVESTMENT ACTIVITY



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September 25, 2025

Board of Trustees

The Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC")
3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042

Re: Report of Investment Activity for Fiscal Year 2025

Dear Trustees:

This letter summarizes the structure and performance of the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC") Fund through the fiscal year ending June 30, 2025. This letter will also highlight any changes to the plan in fiscal year 2025.

ERFC Asset Allocation

The Trustees establish Investment Policy asset allocation targets after considering the long-term growth prospects of a diversified portfolio of investments and the expected costs of the Plan participants' benefits. Asset allocation refers to the percentages of the ERFC Fund assets that are invested in stocks, bonds, and alternative investments. In order to participate in the broad market performance, while keeping Fund expenses low, the Fund invests in passive, indexed strategies for the majority of its U.S. and Non-U.S. large capitalization public equity allocation. For ERFC, diversification is very important to long-term planning.

At the end of the 2025 fiscal year, the Trustees reviewed a new asset allocation study and voted to not make changes to the target allocations across the Plan. The allocation of the Plan is 35.0% in equities, 7.0% in real estate, 37.0% in fixed income, 11.0% in private equity/debt, 2.0% in multi asset class strategies, 3.0% in infrastructure, and 5.0% in natural resources. The review of and decision to change the asset allocation mix are a part of the continual and evolving process to help the Plan achieve the optimal mix over time to meet its obligations.

As of the June 30 fiscal year end, the Fund was in compliance with the established policy target ranges, with the exception of domestic fixed income, which was just slightly outside of its allowable range due to the growth in market value of the private market asset classes from positive returns. Allocating assets to private markets (infrastructure, private equity, private credit and natural resources) takes time and some asset classes may be periodically out of range as these other asset classes are funded. The overall asset allocation percentages included 33.0% in equities, 8.5% in real estate, 28.9% in fixed income, 8.3% in hedge fund strategies, 13.5% in private equity/debt, 2.3% in multi asset class strategies, 2.3% in infrastructure, 1.9% in natural resources and 1.3% in cash. Over the long-term, which is the framework for considering the term structure of the Plans' liabilities, we expect the asset allocation will continue to meet the benefit needs while providing growth and adequate diversification.

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CONSULTANT REPORT ON INVESTMENT ACTIVITY

Board of Trustees
The Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC")
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Economic and Market Commentary

In the second half of the 2025 fiscal year, riskier fixed income assets performed better in the second quarter of 2025 than their defensively oriented counterparts, which suggested a higher appetite for risk. Equities and fixed income indices were positive. Global equity indices were led by the MSCI EAFE Index for the first six months of 2025. The S&P 500 index showed resiliency, ending the fiscal year positively following a period of high volatility. The Federal Reserve kept interest rates steady, reflecting an elevated risk perspective for inflation resurgence and potentially higher unemployment.

The U.S. stock market, as measured by the benchmark, Russell 3000 Index, returned 15.3% for fiscal year 2025. Large cap stocks (+15.7%) led the way during the fiscal year, followed by mid cap stocks (+15.2%) and small cap (+7.7%) stocks. Most sectors in the Russell 3000 Index saw positive returns for the fiscal year period, primarily due to strong economic expansion. The "Magnificent Seven", a group of large tech companies (Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta, and Tesla) accounted for over half of the S&P 500 Index's 6.2% return in the first half of 2025. The top three performing sectors during the fiscal year were financials (+29.5), communication services (+23.0), and industrials (+22.9).

Non-U.S. developed equities outpaced the U.S. equity market during the second quarter of 2025, posting an (+11.8%) return. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned (+17.7%) for the fiscal year 2025. Europe (+11.4%) and Japan (+11.4%) were the largest index contributors during the second quarter of 2025. The European Central Bank (ECB) continued to cut rates in the second quarter with two reductions of 25 basis points each. Eurozone annual inflation decreased to 1.9% from 2.3% in February. Japanese growth stocks outperformed amid positive developments in trade negotiations with the U.S. The U.K. (+8.7%) posted the weakest returns for the international developed markets but were still positive for the quarter. Despite the Bank of England (BoE) cutting interest rates in May, inflation remained above the BoE's 2% target at 3.4%. All sectors in the MSCI EAFE, except for energy and healthcare, posted positive returns for the fiscal year. Specifically, communication services (+41.9%) and financials (+41.2%) were the best performers.

Emerging Markets (+12.0%) led the global markets for the second quarter of 2025 as international markets were helped by continued weakness in the U.S. dollar. Korea posted strong positive returns (in U.S. dollar terms) as political instability subsided following the election of Lee Jaemyung, the Democratic Party Candidate. Continued positive investor sentiment about artificial intelligence (AI) benefited Taiwan. India continued to underperform amid growth concerns and elevated valuations. Saudi Arabia was the only EM market to decline as geopolitical tensions continued in the Middle East. The emerging markets asset class, as measured by the benchmark MSCI Emerging Markets Index, returned (+15.3%) for fiscal year 2025, with communication services (+30.7%) and financials (+25.8%) being the best performing sectors. Energy, which returned (-7.2%) was the only sector to post a negative return for the fiscal year.

Within the fixed income market, the Treasury yield curve steepened further in the second quarter of 2025, with short-term yields falling and long-term yields increasing. At the end of the fiscal year, the Federal Reserve kept interest rates steady, reflecting an elevated risk perspective

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for inflation resurgence and potentially higher unemployment. 2-, 3- and 5-year Treasury yields decreased the most by 18 bps, 20 bps and 16 bps respectively, ending the second quarter of 2025 at 3.71%, 3.68% and 3.79%. The 30-year yield rose by 21 bps to 4.79%. Fiscal year 2025 returns were positive across all fixed income sectors.

Fund Summary of Investment Performance

On a net of fee basis, the Fund earned a return of 9.0% for the one-year period ending June 30, 2025. While the Fund lagged its policy index for the one-year period, the Fund outperformed ERFC's assumed actuarial return target of 7.00%. The Fund is not expected to outperform the actuarial return target every year, as this is a long-term return target and actual experience will fluctuate in any given year. The Fund's assets increased from \$3.2 billion as of fiscal year-end 2024 to approximately \$3.5 billion as of fiscal year-end 2025. Over the 5-, 10-, and 15- year time periods ending June 2025, the Fund outpaced its Interim Policy² benchmark, averaging a 7.5% vs. 6.5%, 6.7% vs. 6.1%, and 7.6% vs. 7.2% return respectively. It is important to note that a pension fund is a long-term investment vehicle established to pay for participants' benefits.

During this most recent fiscal year, the Fund's asset allocation detracted from overall relative performance versus the Policy benchmark. Manager selection, which is the component contributed by actively managed investments, added to the allocation effect. The Long-Term Policy Index¹ return, which assumes that the Fund's asset allocation was invested primarily in passive index funds, was slightly higher at 9.1%.

Equities

During fiscal year end 2025, equity markets exhibited positive returns, with U.S. equities returning (+11.0%) for the quarter and (+15.3%) for the one-year period, reflecting stronger than expected growth during a volatile period for U.S. markets. Calendar year to date through June 30, 2025, U.S. equities remained in positive territory. The U.S. stock market, as measured by the benchmark Russell 3000 Index, returned 15.3% for fiscal year 2025. In the U.S. equity market, the poorest performing sectors were energy and healthcare. The financials sector performed well and led the way within the U.S. equity markets for the year. In addition, industrials, communication services, and utilities were among the top performing sectors.

Similarly, Non-U.S. developed equities posted positive returns in the first half of 2025, as well as fiscal year 2025. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index,

¹ The ERFC Policy Index is a custom index representing the time weighted average return of the benchmarks for each major investment program in the Fund. The Policy Benchmark as of 6/30 consisted of: Russell 1000 Index: 13.00%, Russell 2000 Growth Index: 2.00%, Russell 2000 Value Index: 2.00%, Russell 2000 Index: 2.00%, International Equity Index: 7.00%, MSCI EAFE Small Cap (Net): 3.00%, MSCI Emerging Markets IMI (Net): 3.00%, MSCI AC World Index (Net): 3.00%, Blmbg. U.S. Aggregate: 29.00%, Blmbg. U.S. Gov't/Credit: 8.00%, MSCI AC World Index (Net): 1.30%, Blmbg. U.S. Aggregate: 0.70%, FTSE 10 Year Treasury OTR: 3.00%, NCREIF - ODCE NET: 7.00%, ThomsonOne All Regions PE: 7.00%, Morningstar LSTA US Leveraged Loan: 4.00%, Blmbg. U.S. Aggregate: 5.00%

² The Interim Policy Index as of 6/30 consisted of: Russell 1000 Index: 13.00%, Russell 2000 Growth Index: 2.00%, Russell 2000 Value Index: 2.00%, Russell 2000 Index: 2.00%, International Equity Index: 5.00%, MSCI EAFE Small Cap (Net): 3.00%, MSCI Emerging Markets IMI (Net): 3.00%, MSCI AC World Index (Net): 3.00%, Blmbg. U.S. Aggregate: 22.00%, Blmbg. U.S. Gov't/Credit: 9.00%, MSCI AC World Index (Net): 1.30%, Blmbg. U.S. Aggregate: 0.70%, HFRI Fund of Funds Composite Index: 8.00%, FTSE 10 Year Treasury OTR: 3.00%, NCREIF - ODCE NET: 7.00%, ThomsonOne All Regions PE: 9.00%, Morningstar LSTA US Leveraged Loan: 4.00%, Blmbg. U.S. Aggregate: 1.00%, 90 Day U.S. Treasury Bill: 2.00%

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returned (+17.7%) for fiscal year 2025. Overall, MSCI EAFE Index sector returns were mostly positive for the fiscal year. Communication services, financials, and utilities were the largest contributors. Healthcare and energy were the only sectors to post negative returns during the period.

Emerging markets stocks were the best performing of the equity markets during the quarter and remained strong for the fiscal year, returning (+12.0%) and (+15.3%) respectively. Latin America posted the strongest quarter-end return as its economic outlook improved. The emerging market asset class, as measured by the benchmark MSCI Emerging Markets Index, returned 15.3% for fiscal year 2025. Sector performance was mostly positive during fiscal year 2025. Energy, utilities, and materials were the poorest performing sectors for the year while communication services, financials, and healthcare were among the top performing sectors.

Domestic Equity Portfolio:

For the fiscal year 2025 period, the domestic equity composite held \$653 million (18.9% of total Fund assets). The large cap equity composite returned 15.6% and the small cap equity composite returned 5.8%.

International Developed Equity Portfolio:

For the fiscal year 2025 period, the international developed equity composite held \$166 million (4.8% of total Fund assets). The total international equity portfolio returned 12.3%.

International Small Cap Equity Portfolio:

The international small cap equity composite held \$118 million (3.4% of total Fund assets). The total international small cap equity composite returned 15.7%.

Emerging Market Equity Portfolio:

The emerging market equity composite held \$101 million (2.9% of total Fund assets). The total emerging market equity composite returned 7.2%.

Global Equity Portfolio:

For the fiscal year 2025 period, the global equity composite held \$102 million (3.0% of total Fund assets). The total global equity composite returned 12.0%.

Fixed Income

Domestic fixed income spreads narrowed across the U.S. Aggregate, ABS, CMBS, Investment Grade Credit, and High Yield sectors, but widened across the MBS sector during the second quarter of 2025. The largest change was in the High Yield sector, as spreads narrowed by 57 basis points. The U.S. Treasury Yield Curve steepened further during the second quarter of 2025, with short-term yields falling and long-term yields increasing. 2-, 3- and 5-year Treasury yields decreased the most by 18 bps, 20 bps and 16 bps respectively, ending the quarter at 3.71%, 3.68% and 3.79%.

Yields decreased in the UK, Germany and Japan, while they increased in Canada and the U.S. during the second quarter of 2025. Except for Japan, Canada and the U.S., all major developed country central banks cut interest rates in the second quarter of 2025. The Bank of Japan kept its interest rate unchanged at 0.50% due to uncertainty over U.S. trade policy. The European Central

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Bank (ECB) cut its interest rate by 0.25% in both May and June, based on the progress made towards lowering the inflation rate. The ECB interest rate is currently set at 2.15%. The Bank of England decreased its policy rate by 25 bps in May of 2025 to 4.25%. The U.S. policy rate remains above those of the Eurozone, the United Kingdom and Japan. The U.S. dollar depreciated relative to the yen, euro, and British pound. The US dollar was down 10.7% for the first half of 2025 and off to its worst start in over 50 years as measured by the US Dollar Index (DXY). Global government bond returns were positive for the second quarter of 2025, and emerging markets bonds exhibited the strongest performance (+7.62%).

Domestic Fixed Income Portfolio:

For fiscal year 2025, the total domestic fixed income composite held approximately \$1 billion (28.9% of total Fund assets). The composite returned 7.4%.

MACS Portfolio: (Better Beta/Global Asset Allocation)

For fiscal year 2025, the MACS composite held \$80 million (2.3% of total Fund assets). The composite returned 17.3%.

Real Estate:

The real estate market as an asset class showed signs of stabilizing during the fiscal year 2025. This follows a period of negative performance in the real estate sector in general. In the U.S., the returns by region for the second quarter of 2025 was as follows: South (1.62%), Midwest (1.63%), East (1.24%), West (0.85%). Overall regional returns are up when compared to U.S. regional returns during same period last year: South (0.83%), Midwest (0.59%), East (-0.39%), West (-0.94%).

Real Estate Portfolio:

For fiscal year 2025, the total real estate composite held \$293 million (8.5% of total Fund assets). The composite returned 1.2%.

Hedge Funds:

The HFRI Fund Weighted Composite Index returned 4.32% during the second quarter of 2025, reflecting an improvement from its 0.67% return in the second quarter of 2024. Emerging Markets also delivered stronger performance, returning 5.36% compared to 2.02% during the same period last year.

Hedge Fund Portfolio:

For fiscal year 2025, the total hedge fund opportunistic composite held \$286 million (8.3% of total Fund assets).

Infrastructure:

Public Infrastructure, as measured by the FTSE Global Core Infrastructure 50/50 Index, returned 4.55% during the second quarter of 2025 and 18.01% over the trailing one-year period. This marks an improvement from the second quarter of 2024, when the index returned 1.00% for the quarter and 5.29% over the trailing one-year period.

Infrastructure Portfolio:

For fiscal year 2025, the total infrastructure composite held \$80 million (2.3% of the total Fund).

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CONSULTANT REPORT ON INVESTMENT ACTIVITY

Board of Trustees
The Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC")
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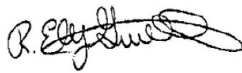
In fiscal year 2025, Segal Marco Advisors helped the Fund implement several changes within the asset class structures. During the year, the Trustees approved the termination of the international equity manager (William Blair International Leaders Concentrated) and the rebalancing of the assets to the Mellon DB SL International Stock Index Fund. The transition took place during the second half of Q2 2025. The Trustees also approved the termination of the MACS managers (Bridgewater), as well as the elimination of the TIPS allocation (Mellon TIPS Index Fund) and emerging market debt allocation (Mondrian), all of which took place during the first half of fiscal year 2025. In addition, the Trustees approved the addition of the international small cap manager (Barings) and emerging market equity manager (William Blair) to the watchlist. Segal also reviewed the Fund's asset allocation mix and presented a few new mixes for Trustee consideration. The Trustees voted not to move to a new asset allocation mix.

The Trustees, along with their investment consultants, continue to look for ways to optimize the investing program.

Meketa implemented several changes within the asset class structure and investment managers during 2025 within the real estate, infrastructure, private equity, private debt, and natural resources portfolios.

Market conditions and Fund performance will continue to be monitored closely to accomplish the goal of providing the benefits as promised to participants.

Sincerely,



Rosemary Guillette

Senior Vice President & Senior Consultant

STRATEGIC REVIEW AND INVESTMENT POLICY

INTRODUCTION

The members of the ERFC Board of Trustees have jurisdiction over and ultimate fiduciary responsibility for the investment of the System's assets. In carrying out their responsibilities, they must adhere to applicable laws, regulations, and rulings with respect to the duties of investment fiduciaries. Accordingly, they are required to "discharge their duties in the interest of plan participants" and "act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims." The Board of Trustees has established a Statement of Investment Policy that identifies a set of investment objectives, guidelines, and performance standards for the assets of the fund. The objectives are formulated in response to the following:

- the anticipated financial needs of the ERFC
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines and standards to the investment managers.

INVESTMENT OBJECTIVES

The investment objective of the ERFC is to ensure, over the long-term life of the fund, an adequate level of assets to fund the benefits for ERFC members and their beneficiaries at the time they are payable. The Trustees seek to achieve a high level of total investment return consistent with a prudent level of portfolio risk. The fund's actuary uses an investment return assumption of 7.0 percent, compounded annually, of which 2.75 percent constitutes an assumed rate of inflation and 4.25 percent reflects an assumed real rate of return on investments. The fund's objective is to meet or exceed the assumed real rate of return over time, while preserving the fund's principal.

INVESTMENT MANAGERS

INVESTMENT MANAGERS

As of June 30, 2025

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Large Capitalization Equity	Mellon Capital Management Corp.	Core Index (Russell 1000)
Small Capitalization Equity	Cramer Rosenthal McGlynn, LLC	Value
	Schroder Investment Management NA, Ltd.	Core
	Westfield Capital Management	Growth
International Equity	Mellon Capital Management Corp.	Core
International Small Capitalization Equity	Barings Investment	Core
	Global Alpha	Core
Emerging Market Equity	William Blair & Company	Emerging Market
Global Equity	Lazard Asset Management	All Cap
U.S. Fixed Income	DoubleLine Capital, L.P.	Core Plus
	Fidelity Institutional Asset Management	Core
	JP Morgan Asset Management	Core
	Loomis Sayles & Company	Core
Emerging Market Debt	Mondrian Investments	Emerging Market
MACS	Wellington Management Co.	Multi-Asset Class
Real Estate	Atlas Capital Group	Value-Added
	Berkeley Partners	Value-Added
	Berkshire Partners	Value-Added
	Blue Owl Capital	Value-Added
	Carlyle	Core-Plus
	CBRE Investment Management	Core-Plus
	Centerbridge Partners	Opportunistic
	DivcoWest	Value-Added
	DRA Advisors	Value-Added
	Focus Healthcare Partners	Opportunistic
	FPA Multifamily	Value-Added
	Hammes Partners	Core-Plus
	IDR investment Management	Core
	JP Morgan Asset Management	Core-Plus
	Landmark Partners	Secondary
	PGIM Real Estate	Core
	Sabal Investment	Debt

continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Real Estate (continued)		
	Sculptor Capital Management	Opportunistic
	Silver Creek Capital Management	Value-Added
	SROA Capital	Value-Added
	Sterling Organization	Value-Added
	Torchlight investors	Opportunistic
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	Opportunistic
Infrastructure		
	Actis	Opportunistic
	Ara Partners	Value-Added
	Ares Management	Value-Added
	BlackRock	Value-Added
	Climate Adaptive	Value-Added
	Global Infrastructure Partners	Value-Added
	Grain Communications	Opportunistic
	ISQ Global	Value-Added
	JPMorgan	Core
	KKR	Core
	LS Power Group	Value-Added
	Peppertree Capital	Value-Added
	Stonepeak	Value-Added
	Tiger	Opportunistic
Private Equity		
	Accomplice	Venture Capital
	Charlesbank	Buyout
	GCM	Buyout
	Falfurrias Capital Partners	Buyout
	Flagship	Venture Capital
	Foundation Capital	Venture Capital
	Gauge Capital	Buyout
	Glouston	Secondary
	Greenbriar	Buyout
	HarbourVest Partners	Fund of Funds
	Hidden Harbor	Buyout
	JMI	Growth Equity
	K5	Buyout
	KPS	Buyout
	Lakestar	Venture Capital
	Lexington Capital Partners	Secondary
	Lightspeed	Venture Capital
	Linden Capital Partners	Buyout
		continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Private Equity (continued)	Oakley	Buyout
	Private Advisors	Fund of Funds
	Ridgemont	Buyout
	Searchlight Capital	Special Situations
	Sentinel	Buyout
	SK Capital	Buyout
	Stellex Capital Partners	Special Situations
	Sterling Group Partners	Buyout
	STG	Buyout
	TA	Buyout
	Vitruvian Investment Partnership	Buyout
	Wynnchurch Capital	Buyout
Private Debt	Ares Management	Yield-Oriented
	Audax Group	Yield-Oriented
	Blue Owl Capital	Yield-Oriented
	Davidson Kempner	Total Return
	FP Credit Partners	Yield-Oriented
	HarbourVest Partners	Yield-Oriented
	Newstone Capital	Yield-Oriented
	OHA	Total Return
	Pemberton Asset Management	Yield-Oriented
	Silver Point Capital	Yield-Oriented
	Silver Rock Capital Partners	Total Return
	Sixth Street Partners	Total Return
	Strategic Value Partners	Total Return
Natural Resources	Ara Partners	Sustainability
	Bernhard Capital	Sustainability
	EnCap	Energy
	Kimmeridge	Energy
	Kinterra Capital	Mining
	Orion Resource Partners	Mining
	Paine Schwartz Partners	Agriculture & Timber
	Ridgewood	Energy
	Tiverton	Agriculture & Timber

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT

As of June 30, 2025

SECTOR	INVESTMENT MANAGER	AMOUNT
Large Capitalization Equity		
	Mellon Capital Management Corp.	\$ 459,714,700
Small Capitalization Equity		
	Cramer Rosenthal McGlynn, LLC	70,036,396
	Schroder Investment Management NA, Ltd.	62,615,632
	Westfield Capital Management	64,872,129
International Equity		
	Acadian Asset Management	952,572
	Causeway Capital	114,493
	Mellon Capital Management Corp.	164,894,657
	William Blair & Company	158,168
International Small Capitalization Equity		
	Barings Investment	56,644,996
	Global Alpha	61,341,465
Emerging Market Equity		
	William Blair & Company	100,772,285
Global Equity		
	Lazard Asset Management	102,508,721
U.S. Fixed Income		
	DoubleLine Capital, L.P.	232,358,341
	Fidelity Institutional Asset Management	243,410,438
	JP Morgan Asset Management	197,874,489
	Loomis Sayles & Company	326,431,214
MACS		
	Wellington Management Co.	79,848,848
Real Estate		
	Atlas Capital Group	7,032,274
	Berkeley Partners	2,265,229
	Berkshire Partners	17,953,440
	Blue Owl Capital	20,947,003
	Carlyle	31,120,268
	CBRE Investment Management	6,115,006
	Centerbridge Partners	6,100,944
	DivcoWest	6,747,631
	DRA Advisors	3,957,792
	Focus Healthcare Partners	5,733,826
	FPA Multifamily	12,102,990
	Hammes Partners	7,056,405
	IDR investment Management	29,268,615
	JP Morgan Asset Management	44,429,760
	Landmark Partners	20,722,809
	PGIM Real Estate	37,783,689

continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Real Estate (continued)		
	Sabal Investment	7,612,943
	Sculptor Capital Management*	(549)
	Silver Creek Capital Management	4,453,214
	SROA Capital	6,749,939
	Sterling Organization	1,702,084
	Torchlight investors	11,732,362
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	285,582,462
Infrastructure		
	Actis	1,823,935
	Ara Partners	425,260
	Ares Management	1,115,161
	BlackRock	3,514,554
	Climate Adaptive	3,043,238
	Global Infrastructure Partners	579,195
	Grain Communications	3,178,399
	ISQ Global	2,487,513
	JPMorgan	20,228,424
	KKR	29,907,434
	LS Power Group	1,406,845
	Peppertree Capital	4,783,981
	Stonepeak	2,631,575
	Tiger	3,599,170
Private Equity		
	Accomplice	14,948,273
	Charlesbank	7,667,050
	GCM	7,226,292
	Falfurrias Capital Partners	2,389,762
	Flagship	5,366,970
	Foundation Capital	6,706,912
	Freeman Spogli	216,294
	Gauge Capital	660,679
	Glouston	1,729,207
	Greenbriar	2,546,707
	HarbourVest Partners	102,533,719
	Hidden Harbor	6,068,025
	JMI	9,864,058
	K5	7,149,368
	KPS	489,606
	Lakestar	17,560,216
	Lexington Capital Partners	26,267,373
	Lightspeed	29,754,885
		continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Private Equity (continued)		
	Linden Capital Partners	\$ 6,808,351
	Oakley	2,772,105
	Private Advisors	23,145,380
	Ridgemont	6,254,143
	Searchlight Capital	18,743,892
	Sentinel	1,841,581
	SK Capital	3,551,710
	Stellex Capital Partners	4,762,763
	Sterling Group Partners	7,187,393
	STG	5,805,383
	TA	6,671,021
	Vitruvian Investment Partnership	9,850,278
	Wynnchurch Capital	948,972
Private Debt		
	Ares Management	4,774,984
	Audax Group	336,909
	Blue Owl Capital	9,024,950
	Davidson Kempner	11,236,309
	FP Credit Partners	7,842,054
	HarbourVest Partners	997,069
	Newstone Capital	3,458
	OHA	11,029,174
	Pemberton Asset Management	3,742,133
	Silver Point Capital	17,776,776
	Silver Rock Capital Partners	16,453,733
	Sixth Street Partners	7,053,946
	Strategic Value Partners	16,087,108
Natural Resources		
	Ara Partners	4,559,183
	Bernhard Capital	5,706,158
	EnCap	5,251,469
	Kimmeridge	13,756,922
	Kinterra Capital	9,961,670
	Orion Resource Partners	5,618,138
	Paine Schwartz Partners	9,263,091
	Ridgewood	1,909,891
	Tiverton	2,895,279
Cash (Temporary Cash) and other assets		45,927,262
Total		\$ 3,439,140,398

* Certain Private Market investments require payment of fees up front. These investments will reflect a negative capital balance until the fund's first investment.

ASSET STRUCTURE

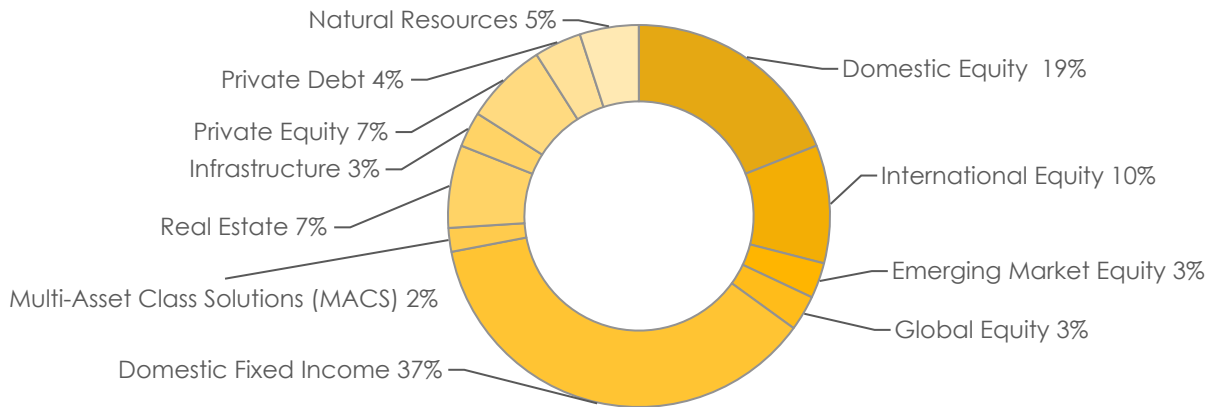
INTERIM STRATEGIC TARGET ALLOCATION AS OF JUNE 30, 2025

The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2025. This interim strategic allocation provides a reasonable expectation that the fund's investment objective can be achieved based on historic relationships of asset class performance. The charts below provide a comparison between the target asset mix, consistent with the achievement of the long-term objective of the fund, and the actual asset allocation as of June 30, 2025.

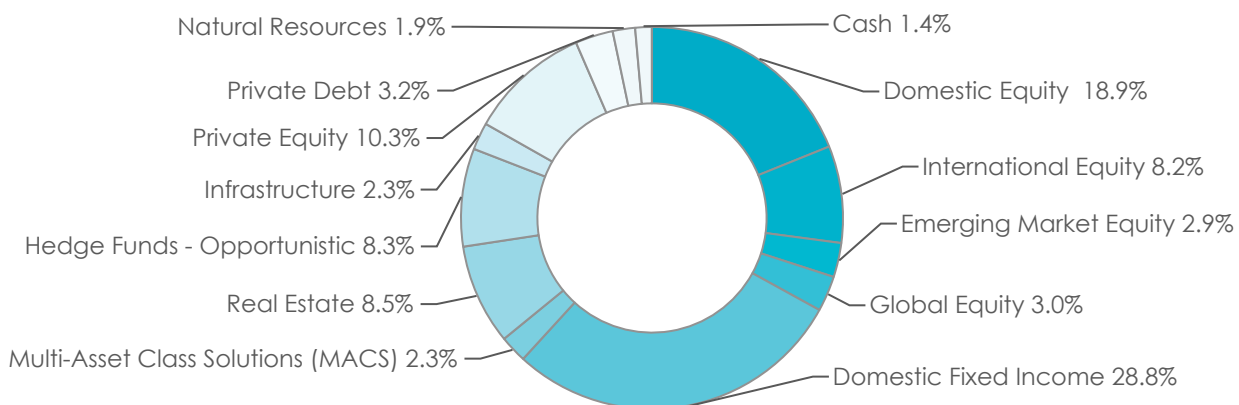
ACTUAL ASSET ALLOCATION AS OF JUNE 30, 2025

The asset structure of ERFC has historically reflected a proper balance of the fund's needs for liquidity, growth of assets, and risk tolerance. The fund's investment policy is designed to continue to meet its long-term investment objectives while, at the same time, provide increased flexibility to meet short-term funding requirements.

STRATEGIC TARGET ALLOCATION



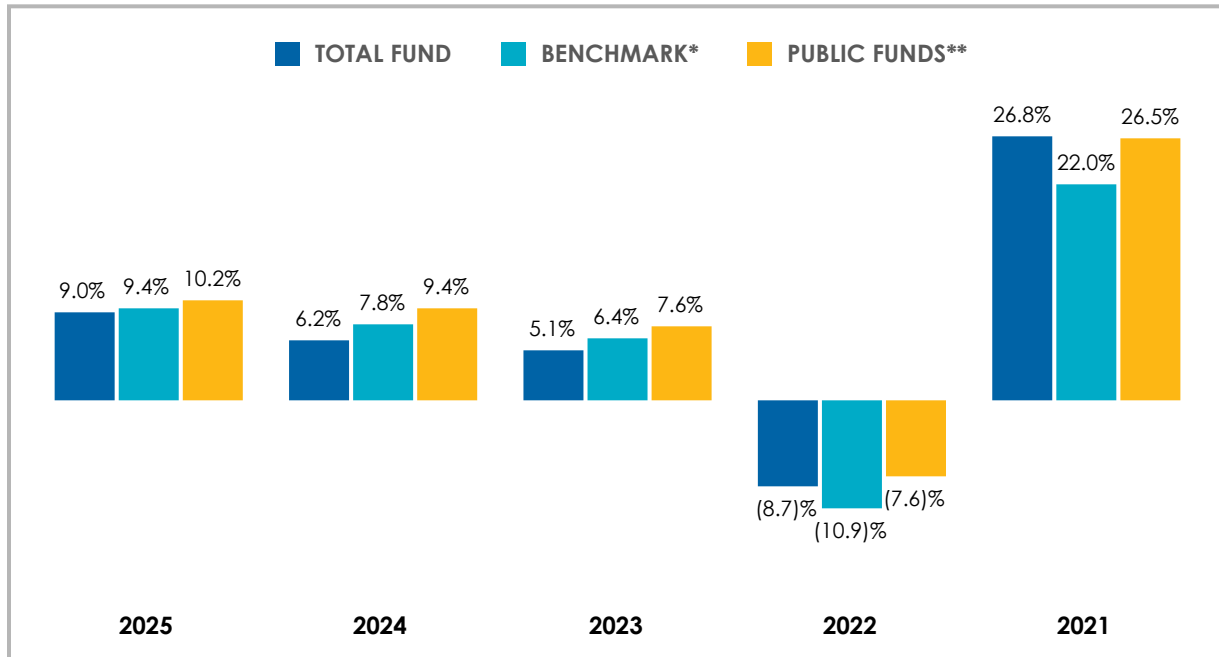
ACTUAL ASSET ALLOCATION



INVESTMENT RESULTS

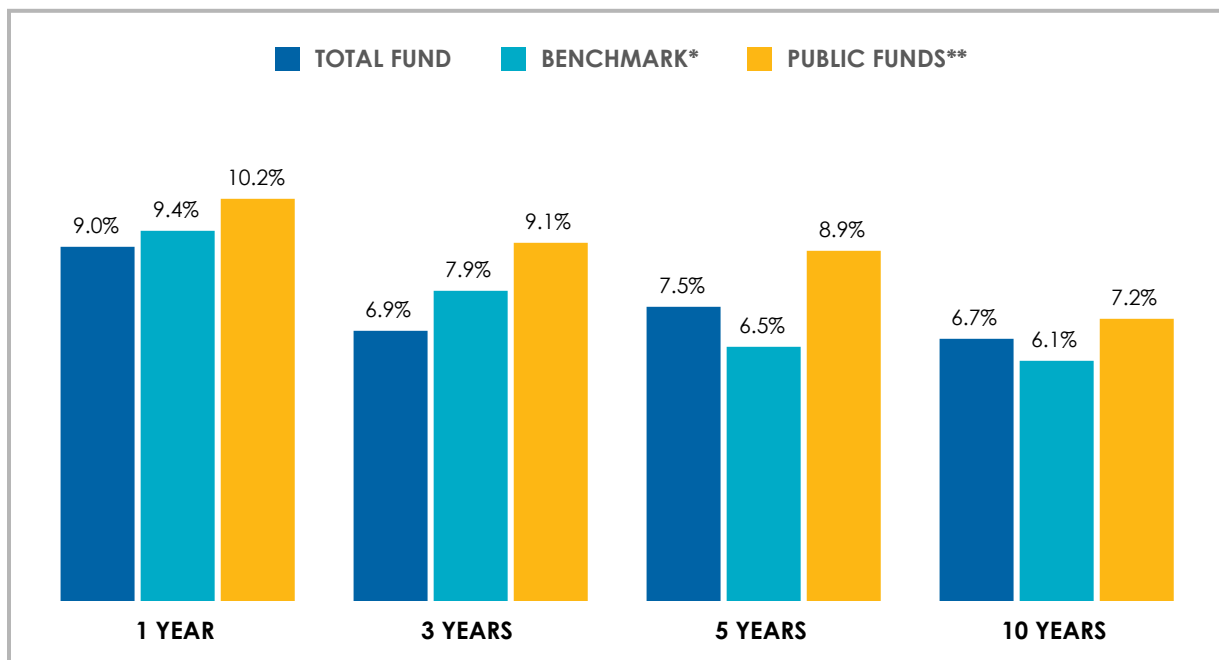
TOTAL FUND RETURNS

FISCAL YEARS ENDED JUNE 30
(NET OF FEES)



TOTAL FUND RETURNS

TRAILING YEARS ENDED JUNE 30, 2025
(NET OF FEES)



* 13.0% Russell 1000 Index, 2.0% Russell 2000 Growth Index, 2.0% Russell 2000 Value Index, 2.0% Russell 2000 Index, 5.0% International Equity Index, 3.0% MSCI EAFE Small Cap (Net), 3.0% MSCI Emerging Markets IMI (Net), 3.0% MSCI AC World Index (Net), 22.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 1.3% MSCI AC World Index (Net), 0.7% Blmbg. U.S. Aggregate, 8.0% HFRI Fund of Funds Composite Index, 3.0% FTSE 10 Year Treasury OTR, 7.0% NCREIF - ODCE NET, 9.0% ThomsonOne All Regions PE, 4.0% Morningstar LSTA US Leveraged Loan, 1.0% Blmbg. U.S. Aggregate, 2.0% 90 Day, U.S. Treasury Bill

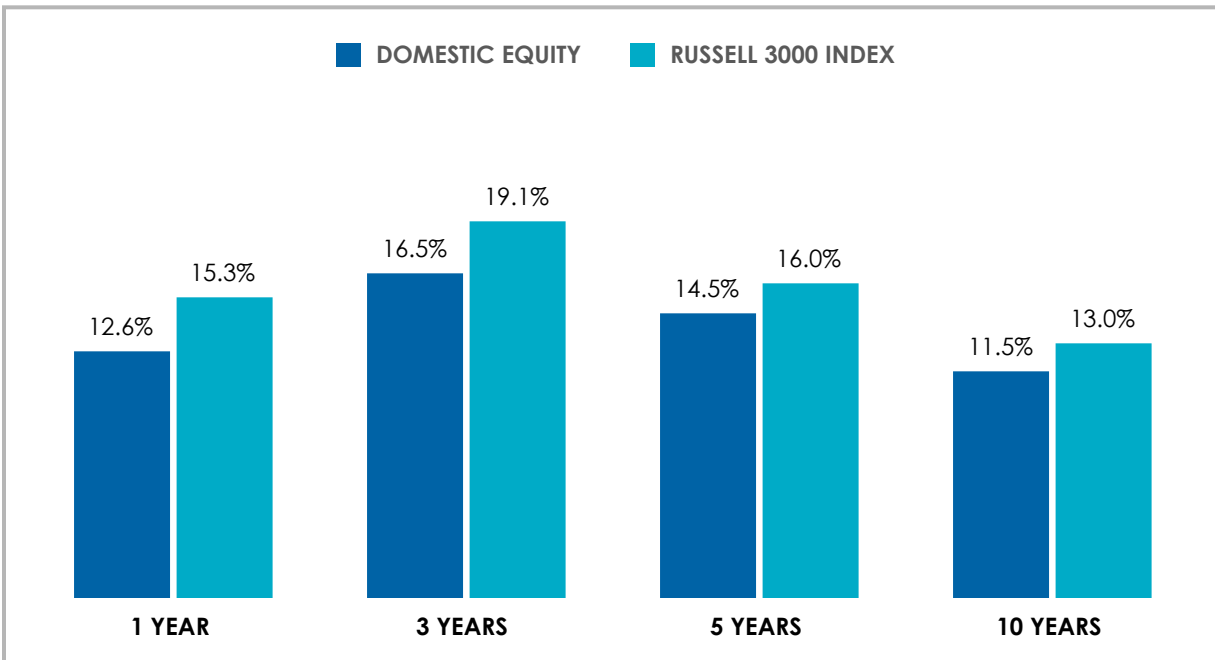
** Investment Metrics Public Plan Universe > \$1B

INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2025

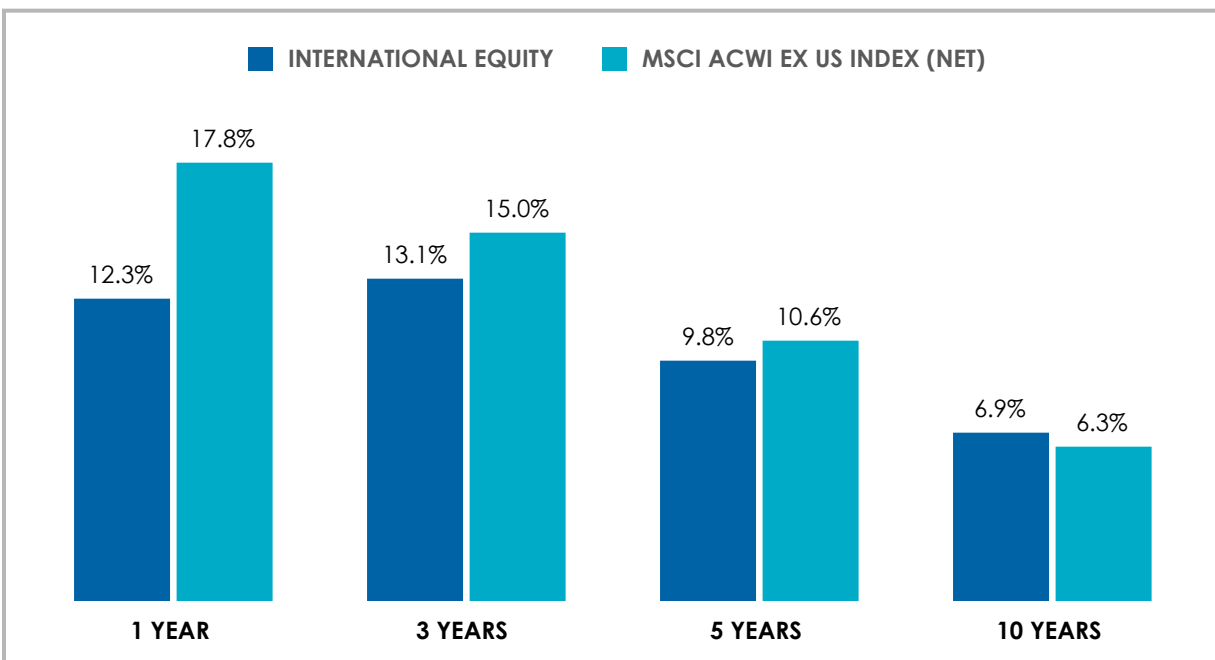
DOMESTIC EQUITY

(NET OF FEES)



INTERNATIONAL EQUITY

(NET OF FEES)

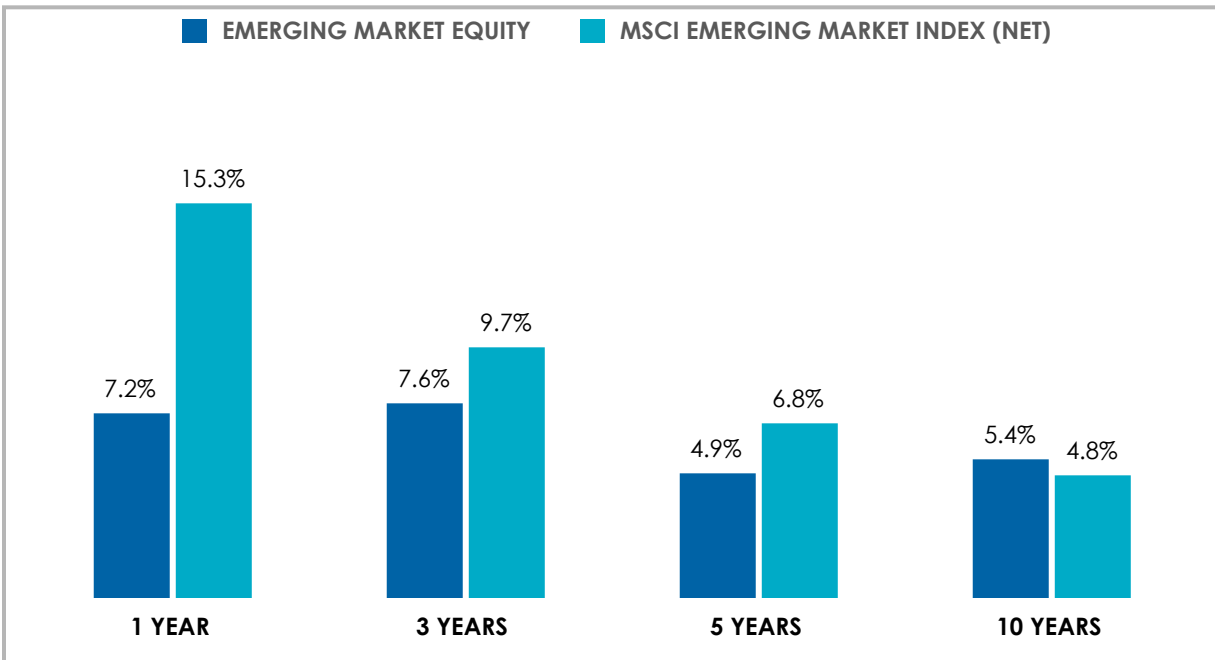


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2025

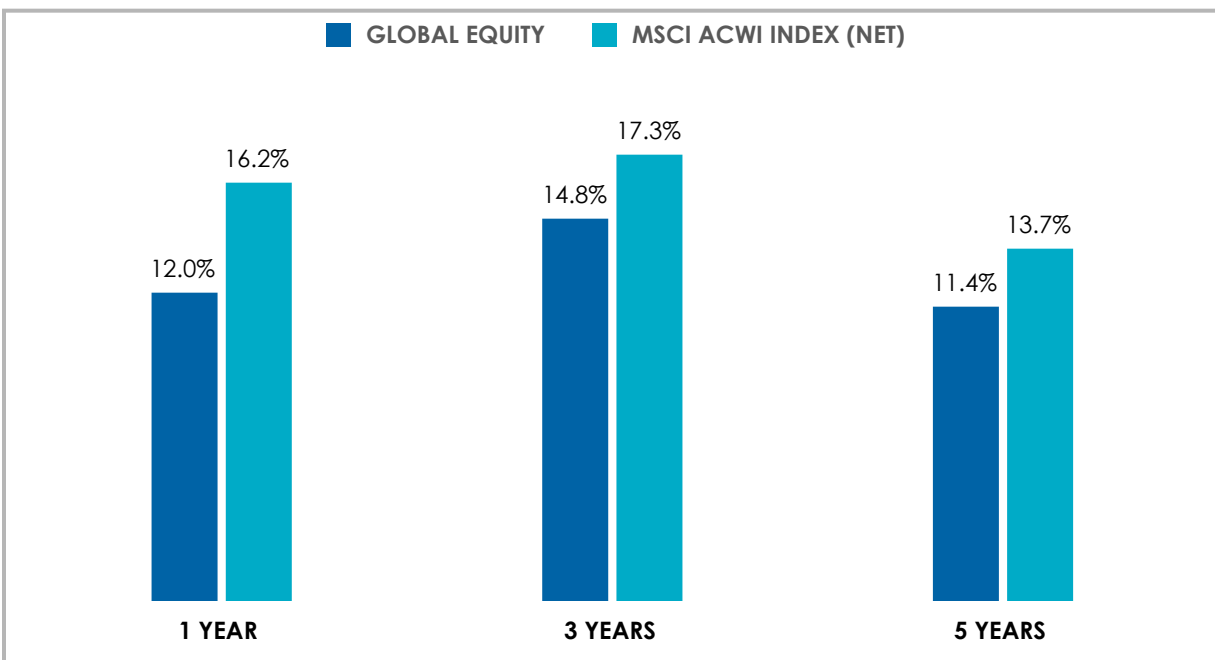
EMERGING MARKET EQUITY

(NET OF FEES)



GLOBAL EQUITY

(NET OF FEES)

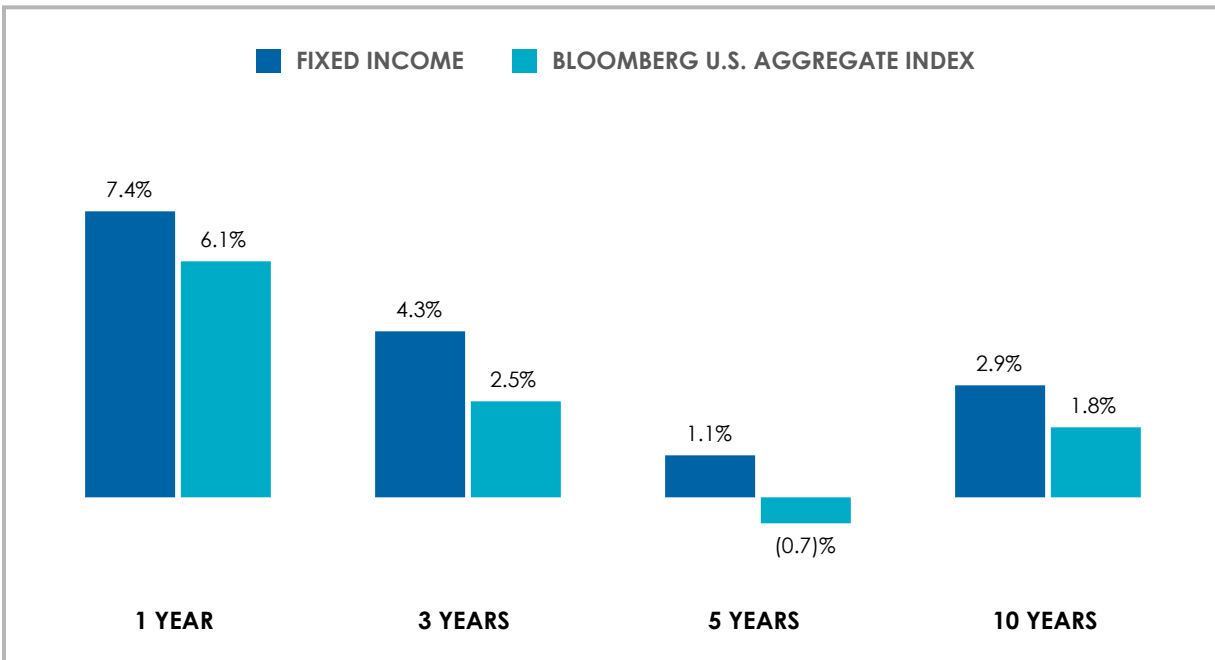


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2025

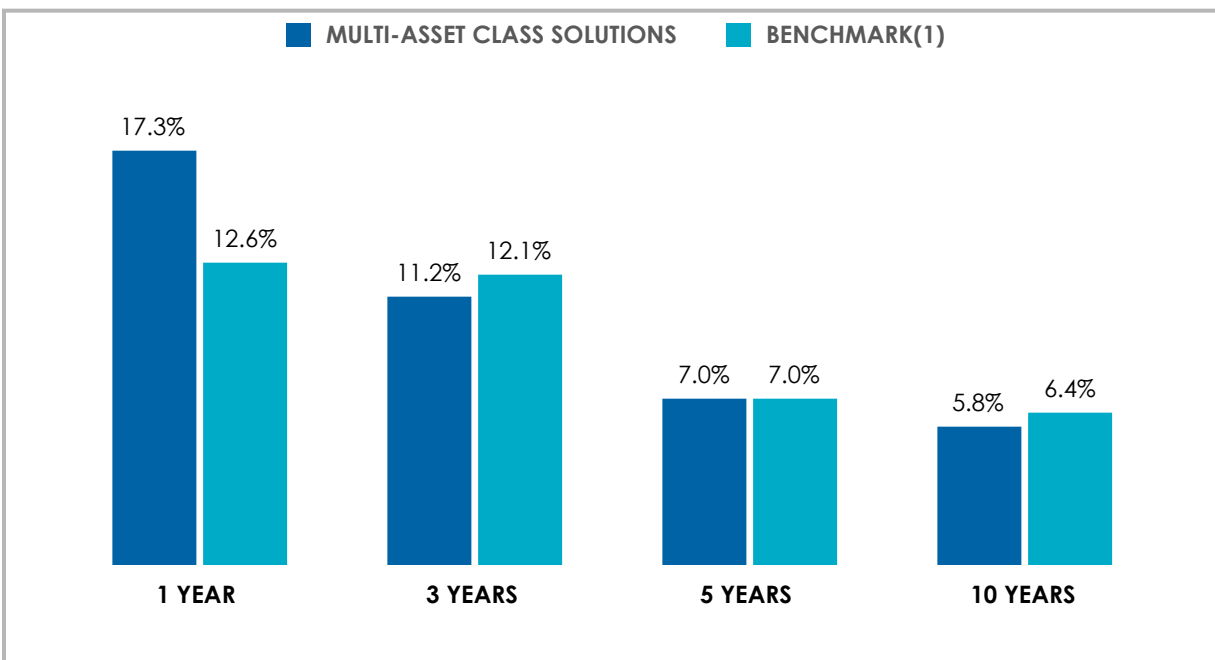
DOMESTIC FIXED INCOME

(NET OF FEES)



MACS

(NET OF FEES)

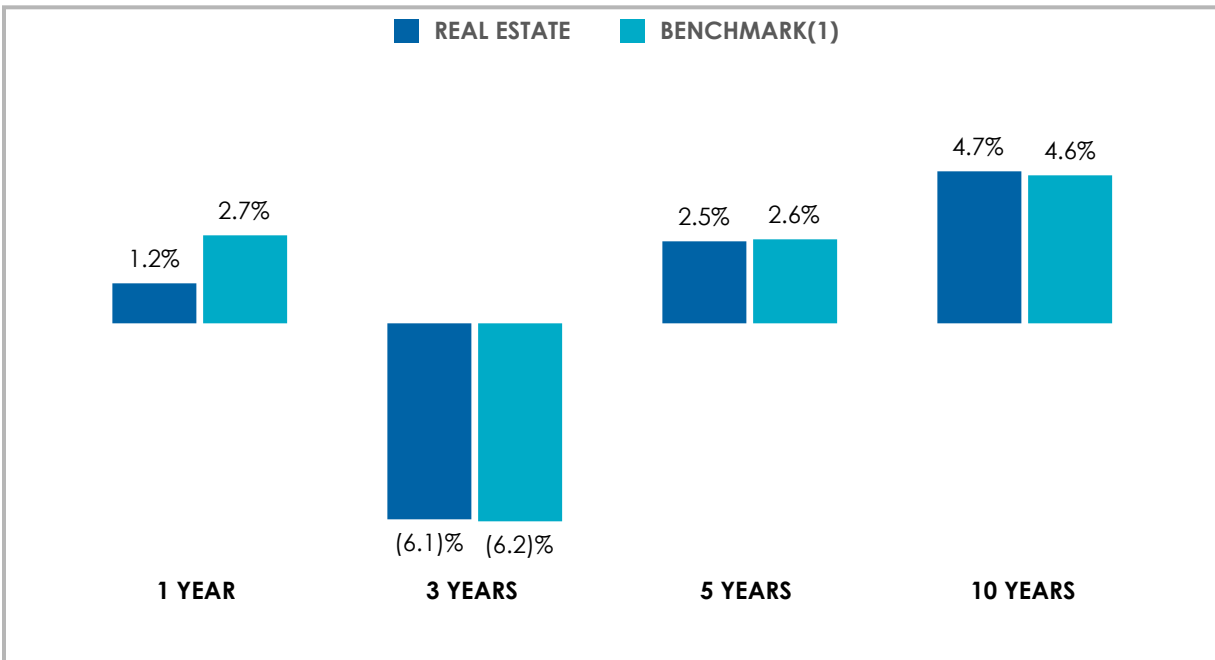


(1) 65% MSCI ACWI (NET) / 35% BB U.S. Aggregate

INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2025

REAL ESTATE (NET OF FEES)



Note: All investment performance figures were calculated using time-weighted rate of return based on fair values. Custom benchmark members have changed over time.

(1) 100% NCREIF ODCE

SCHEDULES OF TEN LARGEST EQUITY & FIXED INCOME HOLDINGS

As of June 30, 2025

TEN LARGEST EQUITY HOLDINGS (1)

NO. SHARES	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
5,844	COMFORT SYSTEMS USA INC	\$ 1,313,254	\$ 3,133,611	0.09 %
17,786	ASCENDIS PHARMA A/S	1,838,444	3,069,864	0.09
437,409	CAPITOL FEDERAL FINANCIAL INC	2,715,889	2,668,195	0.08
94,450	CENTRAL PACIFIC FINANCIAL CORP	2,247,999	2,647,434	0.08
69,589	BANKUNITED INC	2,762,269	2,476,673	0.07
111,134	CONCENTRA GROUP HOLDINGS	2,611,649	2,286,026	0.07
80,071	I3 VERTICALS INC	1,777,622	2,200,351	0.06
121,978	KNOWLES CORP	2,037,387	2,149,252	0.06
30,608	BANK OF HAWAII CORP	1,796,228	2,066,958	0.06
33,120	MOELIS & CO	1,590,200	2,064,038	0.06
TOTAL		\$ 20,690,941	\$ 24,762,402	0.72 %

TEN LARGEST FIXED INCOME HOLDINGS (1)

PAR VALUE	SECURITY	COUPON	MATURITY	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
15,410,000	U S TREASURY NOTE	4.000 %	3/31/2030	\$ 15,347,975	\$ 15,708,207	0.46 %
14,135,000	U S TREASURY NOTE	3.875	4/30/2030	14,101,871	14,282,496	0.42
15,000,000	U S TREASURY NOTE	1.250	9/30/2028	13,398,359	13,925,061	0.40
12,000,000	U S TREASURY NOTE	3.875	8/15/2034	11,714,531	11,720,156	0.34
10,550,000	U S TREASURY NOTE	0.875	11/15/2030	8,586,326	9,051,982	0.26
9,902,000	U S TREASURY BOND	4.125	8/15/2053	9,390,678	8,998,338	0.26
8,425,000	U S TREASURY NOTE	4.625	9/30/2028	8,681,699	8,756,279	0.25
8,130,000	U S TREASURY NOTE	3.875	8/15/2034	8,047,958	8,055,546	0.23
8,300,000	U S TREASURY BOND	4.250	8/15/2054	8,181,668	7,582,180	0.22
7,000,000	U S TREASURY NOTE	3.500	2/15/2033	6,805,771	6,839,935	0.20
TOTAL				\$ 104,256,836	\$ 104,920,180	3.04 %

(1) A detailed list of the portfolio's equity and fixed income holdings are available upon request.

SCHEDULE OF BROKERAGE COMMISSIONS

Fiscal Year Ended June 30, 2025

BROKER NAME	BASE VOLUME	TOTAL SHARES	BASE COMMISSION	COMMISSION PERCENTAGE
PERSHING LLC, JERSEY CITY	\$ 100,841,982	2,781,542	\$ 24,486	0.88 %
UBS SECURITIES LLC, STAMFORD	36,209,793	956,138	33,928	3.55
JEFFERIES & CO INC, NEW YORK	36,013,293	973,272	24,100	2.48
MERRILL LYNCH INTL LONDON EQUITIES	23,727,305	422,119	9,880	2.34
MORGAN STANLEY AND CO., LLC, NEW YORK	20,145,328	317,711	7,286	2.29
J.P MORGAN SECURITIES INC, NEW YORK	15,407,660	286,833	7,313	2.55
LIQUIDNET INC, NEW YORK	14,821,606	346,228	9,134	2.64
GOLDMAN SACHS & CO, NY	13,405,788	407,122	15,791	3.88
INSTINET CLEARING SER INC, NEW YORK	12,420,141	351,252	9,230	2.63
BAIRD, ROBERT W & CO INC, MILWAUKEE	11,695,536	411,770	12,642	3.07
BANK OF AMERICA CORP, CHARLOTTE	11,382,942	242,984	7,706	3.17
J P MORGAN SECS LTD, LONDON	10,590,937	136,255	3,508	2.57
BNY CAPITAL MARKETS INC, NEW YORK	10,480,452	88,321	2,096	2.37
LUMINEX TRADING AND ANALYTICS, BOSTON	8,889,494	180,455	4,872	2.70
RBC CAPITAL MARKETS LLC, NEW YORK	7,804,794	209,208	7,793	3.73
KEEFE BRUYETTE + WOODS INC, NEW YORK	7,450,476	293,784	11,751	4.00
BARCLAYS CAPITAL LE, NEW YORK	7,362,194	124,414	4,067	3.27
SUNTRUST CAPITAL MARKETS INC, NEW YORK	6,075,089	197,422	7,756	3.93
NATIONAL FINL SVCS CORP, NEW YORK	5,952,460	226,818	4,960	2.19
SG AMERICAS SECURITIES LLC, NEW YORK	5,806,276	84,252	2,038	2.42
KEYBANC CAPITAL MARKETS INC, NEW YORK	5,642,239	137,467	5,499	4.00
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	5,350,150	106,974	3,534	3.30
ISI GROUP INC, NEW YORK	5,097,710	133,038	4,082	3.07
BNY CONVERGEX, NEW YORK	3,826,415	18,779	397	2.12
CITIGROUP GBL MKTS INC, TAIPEI	3,629,892	115,000	728	0.63
STIFEL NICOLAUS	3,408,548	68,305	2,615	3.83
COWEN AND CO LLC, NEW YORK	3,355,432	68,977	1,960	2.84
OPPENHEIMER & CO INC, NEW YORK	3,199,253	48,154	1,926	4.00
CANTOR FITZGERALD & CO INC, NEW YORK	3,166,334	62,826	1,671	2.66
WELLS FARGO SECURITIES, LLC, NEW YORK	2,922,364	83,329	3,333	4.00
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	2,867,079	77,644	2,855	3.68
ABEL NOSER, NEW YORK	2,645,019	111,123	4,445	4.00
JONESTRADING INST SVCS LLC, NEW YORK	2,534,713	61,788	1,595	2.58
VIRTU AMERICAS LLC, NEW YORK	2,193,001	98,368	2,365	2.40
PIPER JAFFRAY & CO., JERSEY CITY	2,136,394	103,278	4,131	4.00
J P MORGAN SEC LTD/STOCK LENDING, LONDON	1,977,202	11,610	593	5.11
J.P. MORGAN SECURITIES, HONG KONG	1,898,996	33,300	815	2.45
JEFFERIES & CO LTD, LONDON	1,733,291	36,011	517	1.44
SOCIETE GENERALE, PARIS	1,691,131	23,091	508	2.20
JEFFERIES HONG KONG LIMITED, HONG KONG	1,650,579	25,550	659	2.58
LOOP CAPITAL MARKETS, JERSEY CITY	1,632,713	35,769	1,431	4.00
INSTINET EUROPE LIMITED, LONDON	1,482,115	8,500	593	6.98
BMO CAPITAL MARKETS CORP, NEW YORK	1,355,606	22,547	893	3.96
BARCLAYS CAPITAL INC, WHIPPANY	1,178,417	17,780	533	3.00
MORGAN STANLEY & CO INTL LTD, TAIPEI	1,170,583	34,000	587	1.73
OTHER BROKERS	11,996,273	267,122	22,530	—
TOTAL	\$ 446,224,995	10,848,230	\$ 281,132	—

INVESTMENT SUMMARY

	June 30, 2025		June 30, 2024	
	FAIR VALUE	% FAIR VALUE	FAIR VALUE	% FAIR VALUE
FIXED INCOME				
U.S. Government obligations	\$ 260,967,495	7.6 %	\$ 176,910,401	5.6 %
Asset-backed securities	228,672,358	6.7 %	198,143,172	6.2 %
Domestic corporate bonds	394,136,423	11.5 %	344,546,247	10.9 %
Convertible bonds	3,388,211	0.1 %	4,204,914	0.1 %
International bonds	24,123,063	0.7 %	10,697,178	0.3 %
Index / Commingled fund	73,972,062	2.2 %	163,116,095	5.1 %
Total fixed income	985,259,612	28.8 %	897,618,007	28.2 %
DOMESTIC EQUITY				
Stocks	191,502,301	5.6 %	191,562,442	6.0 %
Index / Commingled fund	455,319,423	13.3 %	364,945,995	11.5 %
Total domestic equity	646,821,724	18.9 %	556,508,437	17.5 %
INTERNATIONAL EQUITY				
Stocks	875	— %	50,830,847	1.6 %
Index / Commingled fund	486,137,716	14.2 %	443,533,330	14.0 %
Total international equity	486,138,591	14.2 %	494,364,177	15.6 %
REAL ESTATE				
Core	135,813,931	4.0 %	169,776,169	5.4 %
Private	155,773,743	4.6 %	103,058,623	3.2 %
Total real estate	291,587,674	8.6 %	272,834,792	8.6 %
ALTERNATIVE INVESTMENTS				
MACS	69,848,848	2.0 %	128,865,750	4.1 %
Hedge Funds - Opportunistic	285,582,462	8.4 %	263,926,035	8.3 %
Private Markets	591,493,456	17.4 %	514,001,461	16.3 %
Total alternative investments	946,924,766	27.8 %	906,793,246	28.7 %
Subtotal investments at fair value	3,356,732,367	98.3 %	3,128,118,659	98.6 %
SHORT-TERM INVESTMENTS				
Money Market	59,387,722	1.7 %	44,868,852	1.4 %
Total short-term investments	59,387,722	1.7 %	44,868,852	1.4 %
Total	\$ 3,416,120,089	100.0 %	\$ 3,172,987,511	100.0 %

Note: This summary is comprised of investments at fair value and short-term investments.

SCHEDULE OF INVESTMENT MANAGEMENT FEES

Fiscal Year Ended June 30, 2025

INVESTMENT CATEGORY	ASSETS UNDER MANAGEMENT	EXPENSE
Fixed income managers	\$ 1,000,074,482	\$ 2,317,866
Equity managers	822,133,514	1,386,513
International managers	100,930,453	1,286,437
MACS	79,848,848	396,617
Total	\$ 2,002,987,297	\$ 5,387,433

Actuarial

Unaudited

- Actuary's Certification Letter

- Summary of Actuarial Assumptions and Methods

- Employer Schedule of Funding Progress

- Summary of Member Data

- Short-Term Solvency Test

- Analysis of Financial Experience

- Summary of Benefit Provisions

- Contribution Rates

- Summary of Plan Changes

ACTUARY'S CERTIFICATION LETTER



100 Galleria Parkway, SE
Suite 1060
Atlanta, GA 30339

October 7, 2025

Board of Trustees
Educational Employees Supplementary Retirement System of Fairfax County (ERFC)
3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042

Dear Board Members,

To meet the financial obligations attributable to current and future retirees and beneficiaries, the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC") is required to determine and receive contributions which meet the following objectives:

- Contributions would remain approximately level from generation to generation when expressed as a percent of active member payroll; and
- When combined with the current fair value of assets and future investment return will be sufficient to meet the current and future financial obligations of ERFC.

During the annual actuarial funding valuation process, the actuary develops the contribution rates that are necessary to fund the plan's current cost, that is the costs associated with the year of service about to be performed, and to also fund the unfunded actuarial accrued liabilities as a level percent of active member payroll over a specified, and finite period. The latest funding valuation was completed based on population data, asset data and plan provisions as of December 31, 2024. The plan's administrative staff provides Gallagher with the data for the valuation. This data is reviewed for internal and year to year consistency before use, and the plan's external auditor audits the actuarial data annually.

All calculations were performed according to generally accepted actuarial principles and practices and were also in accordance with all applicable Actuarial Standards of Practice issued by the Actuarial Standards Board.

As part of its regular financial reporting requirements, ERFC is required to disclose certain financial information under Governmental Accounting Standards Board ("GASB") Statement Numbers 67 and 68. To assist with these requirements, Gallagher prepared a separate accounting valuation report based on a measurement date of June 30, 2025 for GASB Statement Numbers 67 and 68.

The accounting report was based on information previously reported in the funding valuation report that was prepared as of December 31, 2024 and the accounting valuation report that was prepared as of June 30, 2024. In addition to these reports, the plan's administrative staff provided Gallagher with supplementary data that was needed for the GASB financial reporting information, including the financial statements for the year ending June 30, 2025. Gallagher relied on the data after reviewing it for internal consistency and after comparing it with information that was previously reported.

For funding purposes, assets are valued on a smoothed basis that recognizes each year's difference between actual and assumed investment return over a closed five-year period, subject to a 75% to 125% corridor when compared to the fair value of assets. When determining the Net Pension Liability under GASB Statement No. 67, assets are valued on a market basis. The long term assumed rate of investment return on pension fund assets is 7.00%. Based upon the results of a projection performed in accordance

ACTUARY'S CERTIFICATION LETTER

October 7, 2025

with GASB Statement No. 67 parameters and reported in the June 30, 2025 Actuarial Report, the Single Discount Rate for purposes of discounting pension liabilities for pension financial reporting purposes is also 7.00%.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity amount retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2024 valuation was conducted using assumptions that are based on an experience study performed by the prior actuary in 2020. The assumptions and methods used in the valuation for funding purposes meet the parameters set by the Actuarial Standards of Practice.

It is our understanding that the information prepared by Gallagher was used by ERFC for the following schedules in their fiscal year 2025 Annual Comprehensive Financial Report.

Actuarial Section:

- Summary of Actuarial Assumptions and Methods
 - Sample Pay Increase Assumptions for an Individual Member
 - Sample Rates of Separation From Active Employment to Before Retirement
 - Probabilities of Retirement for Members Eligible to Retire
 - Single Life Retirement Values
- Summary of Member Data Included in Valuation as of December 31, 2024
 - Historical Information for All Members (last 9 years)
 - All Active Members in Valuation on December 31, 2024 by Attained Age and Years of Service
 - Active Members by Years of Service, Salaries and Ages
 - Retirees and Beneficiaries Added and Removed
 - Short-Term Solvency Test
 - Analysis of Financial Experience Including Experience Gains and Losses by Risk Area
 - ERFC Contribution Rates
- Financial Section
 - Notes to the Schedule of Contributions;
 - Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption;
 - Schedule of Contributions; and
 - Schedule of Changes in Net Pension Liability and Related Ratios.

ACTUARY'S CERTIFICATION LETTER

October 7, 2025

Based on the information provided, we believe the ERFC is meeting its basic financial reporting requirements and the information presented by Gallagher in the December 31, 2024 funding report and the June 30, 2025 accounting report meets all applicable Actuarial Standards of Practice.

Sincerely,



Elizabeth A. Wiley, FSA, EA, MAAA, FCA
Director, Gallagher



Kevin S. Spanier, ASA, EA, MAAA, FCA
Principal, Public Sector Retirement Operations Leader

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The actuarial assumptions and methods used in making the annual actuarial valuation are summarized in this section. The assumptions were adopted by the Trustees following a study of experience covering the five-year period ending December 31, 2020.

ECONOMIC ASSUMPTIONS

The assumed **investment return rate** used for the annual valuation was 7.0 percent per year, compounded annually (net of investment expenses). Based upon an assumed inflation rate of 2.75 percent, the real rate of return is 4.25 percent.

Pay increase assumptions for individual active members are shown by years of service below. Part of the assumption is for merit and/or seniority increase, and the other part recognizes price inflation and real wage growth.

SAMPLE PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER

Service Index	PAY INCREASE ASSUMPTION		
	Merit & Seniority	Base (Economy)	Increase Next Year
0-1	4.50%	2.75%	7.25%
1-7	4.00%	2.75%	6.75%
7-10	3.50%	2.75%	6.25%
10-12	3.00%	2.75%	5.75%
12-14	2.50%	2.75%	5.25%
14-16	2.00%	2.75%	4.75%
16-19	1.50%	2.75%	4.25%
19-21	1.00%	2.75%	3.75%
21-25	0.50%	2.75%	3.25%
25+	0.00%	2.75%	2.75%

The number of active members is assumed to continue at the present number.

Total active member payroll is assumed to increase 2.75 percent annually, which is the portion of the individual pay increase assumptions attributable to wage inflation. This assumed increase is recognized in the funding of unfunded actuarial accrued liabilities.

NON-ECONOMIC ASSUMPTIONS

The probabilities of retirement for members eligible to retire are shown on the following page.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

AGE	ERFC Legacy (Hired before 7/1/2001)		ERFC 2001 TIER 1 (Hired 7/1/2001-6/30/2017)			ERFC 2001 TIER 2 (Hired On/After 7/1/2017)	
	Type of Retirement		Type of Retirement			Age Based Rule of 90 Met	
	Age Based	25+ Years of Service	Age Based	Service	Service Based	Yes	No
45	—	2.0 %	—	—	—	—	—
46	—	2.0 %	—	—	—	—	—
47	—	2.0 %	—	—	—	—	—
48	—	2.0 %	—	—	—	—	—
49	—	2.0 %	—	—	—	—	—
50	—	2.0 %	—	—	—	—	—
51	—	2.0 %	—	—	—	—	—
52	—	7.0 %	—	—	—	—	—
53	—	7.0 %	—	—	—	—	—
54	—	15.0 %	—	—	—	—	—
55	12.5 %	80.0 % (1)	—	30	17.5 %	—	—
56	12.5 %	80.0 % (1)	—	31	17.5 %	35.0 %	0.0 %
57	12.5 %	80.0 % (1)	—	32	12.5 %	35.0 %	0.0 %
58	12.5 %	80.0 % (1)	—	33	12.5 %	35.0 %	0.0 %
59	12.5 %	80.0 % (1)	—	34	12.5 %	35.0 %	0.0 %
60	12.5 %	80.0 % (1)	10.0 %	35	10.0 %	35.0 % (2)	0.0 %
61	17.5 %	80.0 % (1)	10.0 %	36	10.0 %	35.0 %	0.0 %
62	20.0 %	80.0 % (1)	10.0 %	37	10.0 %	35.0 %	0.0 %
63	20.0 %	80.0 % (1)	15.0 %	38	25.0 %	35.0 %	0.0 %
64	25.0 %	80.0 % (1)	15.0 %	39	40.0 %	35.0 %	0.0 %
65	40.0 %	35.0 %	25.0 %	40 & up	100.0 %	35.0 %	0.0 %
66	40.0 %	45.0 %	30.0 %	—	—	35.0 %	0.0 %
67	35.0 %	35.0 %	25.0 %	—	—	35.0 %	30.0 %
68	30.0 %	35.0 %	20.0 %	—	—	35.0 %	15.0 %
69	30.0 %	35.0 %	20.0 %	—	—	35.0 %	15.0 %
70	40.0 %	35.0 %	45.0 %	—	—	35.0 %	15.0 %
71	25.0 %	35.0 %	30.0 %	—	—	35.0 %	15.0 %
72	35.0 %	35.0 %	30.0 %	—	—	35.0 %	15.0 %
73	35.0 %	35.0 %	30.0 %	—	—	35.0 %	15.0 %
74	35.0 %	35.0 %	30.0 %	—	—	35.0 %	15.0 %
75 & Over	100.0 %	100.0 %	100.0 %	—	—	100.0%	100.0 %

(1) 87.5% of participants are assumed to enter the Deferred Retirement Option Program (DROP), while 12.5% are assumed to retire immediately.

(2) The probability is 60% at age 60 for people who first meet the Rule of 90 at age 60.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The **mortality table** used to measure retired life mortality was based upon a 20% unisex blend of 102% of the male rates and 99% of the female rates of the PUB-2010 Teachers mortality table projected generationally with Scale MP-2020. Mortality rates for a particular calendar year are determined by applying the fully generational MP-2020 Mortality Improvement scale. The rationale for the mortality assumption is based on the 2015-2020 Experience Study issued October 15, 2020 and further analysis done in December 2021. Related values are shown below.

SAMPLE FUTURE LIFE EXPECTANCY IN YEARS

Ages in 2024	Male	Female
55	32.70	35.10
60	27.74	30.14
65	22.97	25.29
70	18.42	20.57
75	14.21	16.11
80	10.47	12.08

The **probabilities of withdrawal** from service, death-in-service, and disability are shown below.

SAMPLE RATES OF SEPARATION FROM ACTIVE EMPLOYMENT BEFORE RETIREMENT

SAMPLE AGES	PERCENT OF ACTIVE MEMBERS SEPARATING WITHIN NEXT YEAR					
	DEATH		DISABILITY			
	Ordinary and Duty		Ordinary		Duty	
	Male	Female	Male	Female	Male	Female
20	0.4336 %	0.2602 %	0.0117 %	0.0048 %	0.0029 %	0.0012 %
25	0.3379	0.2069	0.0146	0.0082	0.0036	0.0020
30	0.5119	0.3665	0.0158	0.0122	0.0040	0.0031
35	0.7090	0.5759	0.0234	0.0214	0.0059	0.0054
40	0.8813	0.7657	0.0339	0.0308	0.0085	0.0077
45	1.0918	0.9760	0.0520	0.0456	0.0130	0.0114
50	1.5127	1.3744	0.0842	0.0726	0.0210	0.0181
55	2.0102	1.7431	0.1469	0.1228	0.0367	0.0307
60	2.5487	2.0309	0.2447	0.1770	0.0621	0.0443

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Forfeiture occurs when a vested person separates from service and withdraws contributions thereby forfeiting future rights to an employer financed benefit. The total probability of forfeiture is obtained by multiplying the probability of withdrawal by 10.0%. Forfeiture rates do not apply to individuals who are eligible for retirement at the time of termination.

RATES OF FORFEITURE FOLLOWING VESTED SEPARATION

Service	% OF ACTIVE PARTICIPANTS WITHDRAWING	
	Male	Female
0-1	17%	16%
1-2	12%	14%
2-3	12%	13%
3-4	11%	12%
4-5	11%	12%
5-6	9%	11%
6-7	7%	10%
7-8	7%	10%
8-9	7%	8%
9-10	7%	8%
10-11	6%	7%
11-12	5%	7%
12-13	4%	6%
13-14	4%	5%
14-15	3%	5%
15-16	3%	4%
16-17	3%	3%
17-18	2%	2%
18-19	2%	2%
19-20	2%	2%
20-21	2%	2%
21-22	2%	2%
22-23	2%	2%
23-24	2%	2%
24-25	2%	2%

The **individual entry age normal actuarial cost method of valuation** was used for determining actuarial accrued liabilities and normal cost. Actuarial gains and losses reduce or increase the unfunded liability. The unfunded actuarial accrued liabilities are amortized to produce contribution amounts (principal and interest) which are level percent of payroll contributions.

Present assets (cash and investments) are valued on a market-related basis effective June 30, 1986. The asset valuation method has been adjusted at various times in the past to reduce volatility (set to market, corridor implementation/adjustment, etc.).

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

EMPLOYER SCHEDULE OF FUNDING PROGRESS

Last Ten Years

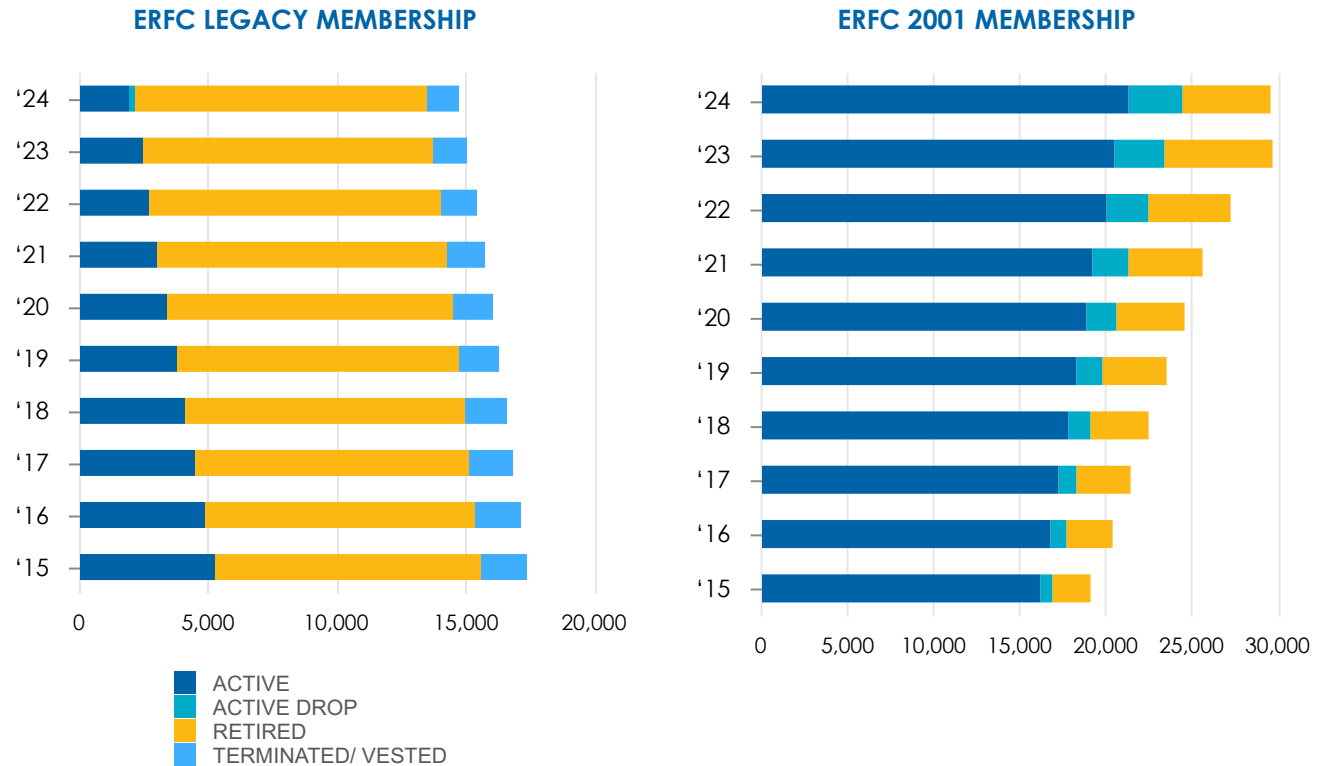
EMPLOYER SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Annual Covered Payroll (C)	Percent Funded (A/B)	UAAL Percentage of Covered Payroll [(B-A)/C]
2024	\$ 3,516,359	\$ 4,538,459	\$ 1,022,100	\$ 2,011,508	77.5 %	50.8 %
2023	3,364,375	4,287,779	923,404	1,881,144	78.5	49.1
2022	3,180,604	4,119,031	938,427	1,790,601	77.2	52.4
2021	3,058,883	3,921,052	862,169	1,662,801	78.0	51.9
2020	2,786,297	3,635,244	848,947	1,633,458	76.6	52.0
2019	2,582,582	3,468,150	885,568	1,632,427	74.5	54.2
2018	2,466,004	3,334,114	868,110	1,554,614	74.0	55.8
2017	2,398,668	3,167,941	769,273	1,475,449	75.7	52.1
2016	2,279,741	3,032,503	752,762	1,436,588	75.2	52.4
2015	2,188,037	2,880,703	692,666	1,373,096	76.0	50.4

SUMMARY OF MEMBER DATA

Last Ten Years



Calendar Year	ERFC Legacy				ERFC 2001			Total
	Active	Active Drop	Retired	Terminated/Vested	Active	Retired	Terminated/Vested	
2024	1,950	235	11,294	1,275	21,431	3,133	7,544	46,862
2023	2,457	—	11,262	1,329	20,636	2,836	6,259	44,779
2022	2,752	—	11,296	1,399	20,164	2,451	4,668	42,730
2021	3,019	—	11,263	1,455	19,310	2,075	4,328	41,450
2020	3,408	—	11,092	1,523	18,952	1,750	3,892	40,617
2019	3,761	—	10,998	1,555	18,415	1,499	3,670	39,898
2018	4,115	—	10,815	1,636	17,933	1,286	3,360	39,145
2017	4,488	—	10,657	1,705	17,353	1,072	3,054	38,329
2016	4,892	—	10,476	1,778	16,856	891	2,668	37,561
2015	5,292	—	10,253	1,845	16,293	684	2,254	36,621

SUMMARY OF MEMBER DATA

As of December 31, 2024

ACTIVE ERFC LEGACY MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE							TOTALS		AVERAGE
	0-4	5-9	10-14	15-19	20-24	25-29	30 & UP	NO.	SALARY	
35-39	—	—	—	—	—	—	—	—	\$ —	\$ —
40-44	—	—	—	1	3	—	—	4	393,525	98,381
45-49	2	4	21	41	179	95	—	342	41,037,971	119,994
50-54	3	17	30	65	211	402	62	790	98,106,149	124,185
55-59	—	11	46	41	150	107	42	397	44,257,432	111,480
60	1	1	3	7	31	18	7	68	6,906,986	101,573
61	—	—	2	6	32	20	—	60	6,357,002	105,950
62	1	—	4	2	27	8	4	46	4,651,150	101,112
63	—	—	—	3	17	27	8	55	5,260,053	95,637
64	—	1	—	3	10	15	11	40	4,136,246	103,406
65	1	—	2	4	12	12	1	32	3,120,348	97,511
66	—	—	2	1	2	8	5	18	1,820,564	101,142
67	—	—	2	—	2	13	1	18	1,738,908	96,606
68	—	—	1	—	4	4	5	14	1,392,646	99,475
69	—	—	—	—	3	6	4	13	1,216,358	93,566
70	—	—	—	—	3	4	1	8	743,532	92,942
71	—	—	1	—	2	4	1	8	680,191	85,024
72	—	—	—	—	2	4	—	6	449,755	74,959
73	—	—	—	—	—	1	4	5	417,792	83,558
74	—	—	—	—	1	3	4	8	851,676	106,460
75 & over	—	2	—	1	4	6	5	18	1,954,286	108,571
TOTAL	8	36	114	175	695	757	165	1,950	\$ 225,492,570	\$ 115,637

SUMMARY OF MEMBER DATA

As of December 31, 2024

ACTIVE ERFC 2001 (TIER 1) MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE					TOTALS		AVERAGE
	0-4	5-9	10-14	15-19	20 & UP	NO.	SALARY	
20-24	—	—	—	—	—	—	\$ —	\$ —
25-29	—	3	—	—	—	3	179,381	59,794
30-34	10	469	220	1	—	700	58,101,616	83,002
35-39	16	432	969	155	1	1,573	143,806,014	91,421
40-44	26	311	651	778	185	1,951	199,464,168	102,237
45-49	14	313	429	453	477	1,686	178,209,517	105,700
50-54	15	295	441	367	342	1,460	147,980,044	101,356
55-59	11	261	390	385	243	1,290	120,620,498	93,504
60	1	42	80	89	45	257	23,003,218	89,507
61	2	39	85	65	45	236	20,319,270	86,099
62	1	35	54	60	38	188	16,254,902	86,462
63	2	21	43	56	39	161	14,082,852	87,471
64	2	19	31	57	29	138	11,976,495	86,786
65	1	12	33	30	35	111	10,169,728	91,619
66	—	13	29	27	22	91	8,101,206	89,024
67	—	9	11	20	14	54	5,000,895	92,609
68	—	6	6	13	7	32	2,901,549	90,673
69	—	4	4	8	8	24	1,759,058	73,294
70	—	—	3	12	4	19	1,522,283	80,120
71	—	5	3	7	8	23	1,857,314	80,753
72	—	2	5	4	3	14	1,202,842	85,917
73	1	2	2	1	1	7	569,639	81,377
74	—	2	4	3	4	13	1,079,938	83,072
75 & over	—	1	4	6	6	17	1,247,325	73,372
TOTAL	102	2,296	3,497	2,597	1,556	10,048	\$ 969,409,752	\$ 96,478

SUMMARY OF MEMBER DATA

As of December 31, 2024

ACTIVE ERFC 2001 (TIER 2) MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

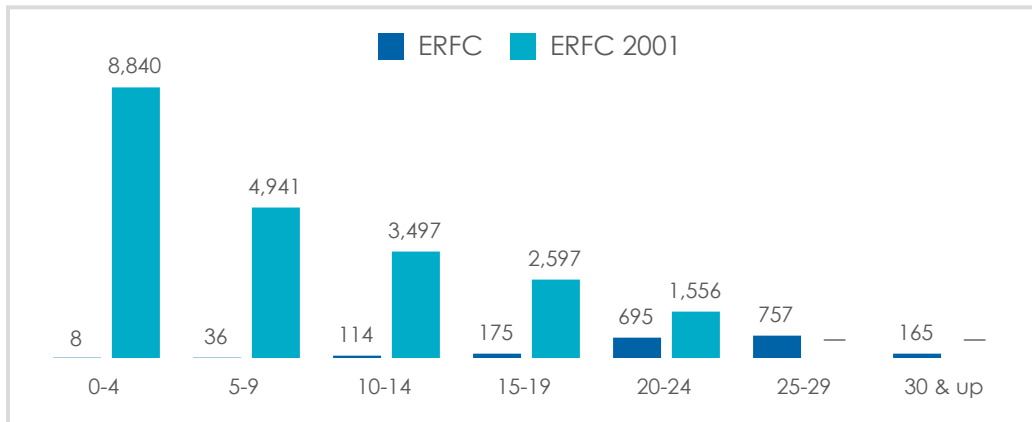
AGE GROUP	YEARS OF SERVICE TO VALUATION DATE				TOTALS		AVERAGE
	0-4	5-9	10-14	15 & UP	NO.	SALARY	
15-19	9	—	—	—	9	\$ 258,669	\$ 28,741
20-24	787	1	—	—	788	41,856,348	53,117
25-29	1,894	259	—	—	2,153	134,424,510	62,436
30-34	1,104	579	—	—	1,683	116,692,489	69,336
35-39	975	340	—	—	1,315	93,987,578	71,473
40-44	1,072	331	—	—	1,403	102,095,675	72,770
45-49	1,018	322	—	—	1,340	98,894,389	73,802
50-54	877	316	—	—	1,193	87,941,185	73,714
55-59	553	282	—	—	835	62,158,615	74,441
60	86	29	—	—	115	9,045,734	78,659
61	82	41	—	—	123	9,544,589	77,598
62	73	35	—	—	108	7,868,451	72,856
63	51	27	—	—	78	5,789,284	74,222
64	30	15	—	—	45	3,545,428	78,787
65	32	18	—	—	50	3,988,074	79,761
66	26	17	—	—	43	3,034,594	70,572
67	16	11	—	—	27	2,074,953	76,850
68	10	7	—	—	17	1,019,983	59,999
69	6	4	—	—	10	704,596	70,460
70	10	2	—	—	12	711,904	59,325
71	5	—	—	—	5	340,958	68,192
72	7	4	—	—	11	742,433	67,494
73	2	3	—	—	5	363,630	72,726
74	7	—	—	—	7	476,149	68,021
75 & over	6	2	—	—	8	609,937	76,242
TOTAL	8,738	2,645	—	—	11,383	\$ 788,170,155	\$ 69,241

SUMMARY OF MEMBER DATA

As of December 31, 2024

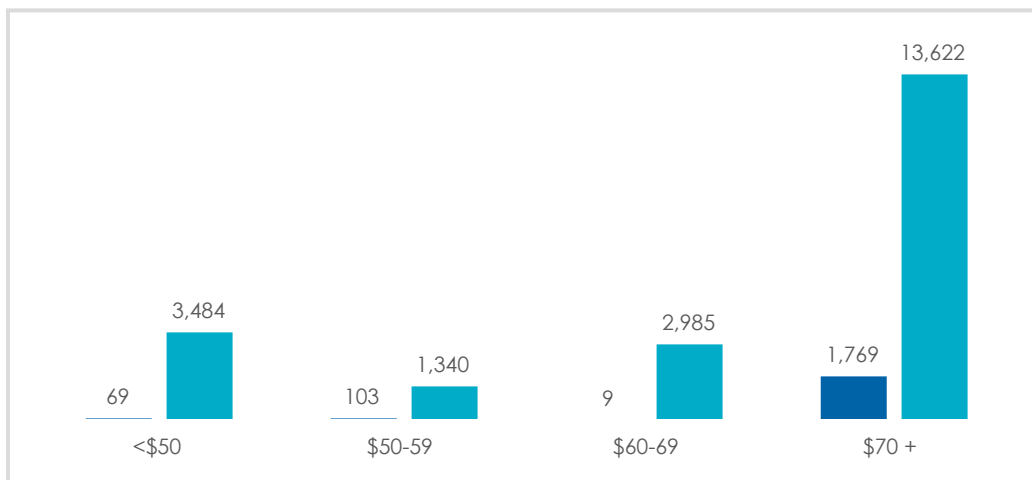
ACTIVE MEMBER BY YEARS OF SERVICE

Average Service = 9.6 years



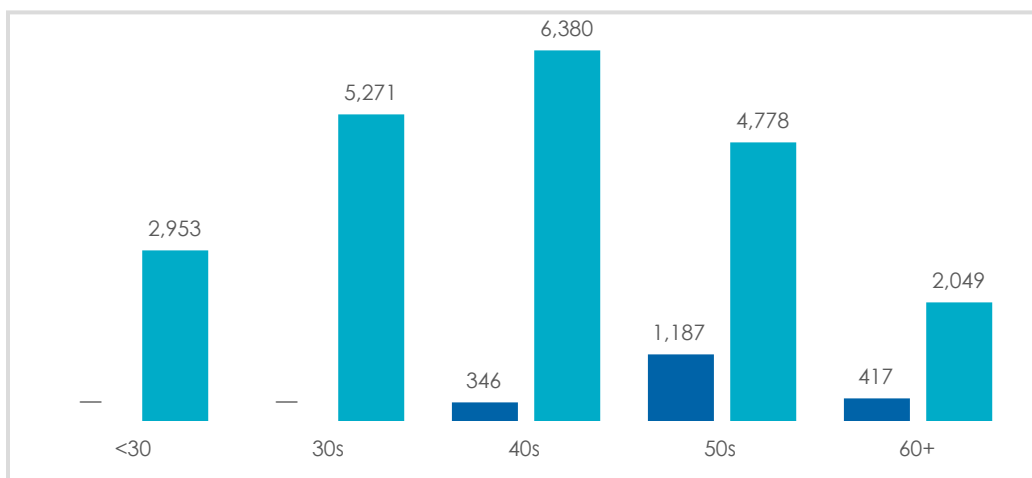
ACTIVE MEMBER SALARIES (\$ IN THOUSANDS)

Average Annual Pay = \$84,816



ACTIVE MEMBER BY AGES

Average Age = 44.9 years | Total Active Members = 23,381



SUMMARY OF MEMBER DATA

Last Ten Years

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Actuarial Valuation Date as of December 31	Number of Members	Annual Payroll	Average Annual Pay	% Increase in Average Pay
2024	23,381	\$ 1,983,072,478	\$ 84,816	4.1 %
2023	23,093	1,881,144,203	81,460	4.3
2022	22,916	1,790,601,219	78,138	4.9
2021	22,329	1,662,801,220	74,468	1.9
2020	22,360	1,633,457,804	73,053	—
2019	22,176	1,632,427,309	73,612	4.4
2018	22,048	1,554,614,462	70,510	4.4
2017	21,841	1,475,449,186	67,554	2.3
2016	21,748	1,436,587,994	66,056	3.8
2015	21,585	1,373,095,719	63,613	1.3

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED AND REMOVED (10 YEARS)

Calendar Year	ADDED TO PAYROLL		REMOVED FROM PAYROLL		PAYROLL AT END OF YEAR			
	No.	Annualized Monthly Benefit	No.	Annualized Monthly Benefit	No.	Annualized Monthly Benefit	Average Annualized Monthly Benefit	% Increase in Monthly Benefit
2024	674	\$ 684,555	345	\$ 226,074	14,427	\$ 17,544,681	\$ 1,216	3.75 %
2023	707	636,379	356	238,105	14,098	16,910,749	1,200	4.04
2022	807	818,733	398	208,879	13,747	16,253,631	1,182	3.92
2021	760	642,949	264	229,477	13,338	15,640,380	1,173	3.29
2020	637	840,599	277	267,780	12,842	15,142,804	1,179	2.95
2019	634	763,576	253	264,402	12,482	14,709,284	1,178	2.72
2018	666	776,099	294	280,925	12,101	14,320,306	1,183	2.22
2017	646	825,458	284	268,684	11,729	14,008,708	1,194	2.39
2016	672	715,048	242	228,976	11,367	13,682,009	1,204	1.80
2015	677	798,525	264	230,255	10,937	13,439,526	1,229	1.77

SHORT-TERM SOLVENCY TEST

If the contributions to ERFC are level in concept and soundly executed, the System will be able to pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long-term test. A short-condition test is one means of checking a system's progress under its funding program. In a short-condition test, the plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active members.

In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (A below) and the liabilities for future benefits to present retired lives (B) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (C) will be partially covered by the remainder of present assets, and the larger the funded portion of liability, the stronger the condition of the system.

AGGREGATE ACTUARIAL ACCRUED LIABILITIES

Last 20 years

(Dollar in thousands)

Actuarial Valuation Date as of December 31	Active Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members (Employer Financed Portion) (C)	Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
					(A)	(B)	(C)
2024	\$ 632,777	\$ 2,232,322	\$ 1,673,360	\$ 3,516,359	100 %	100 %	39 %
2023	628,800	2,148,638	1,510,341	3,364,375	100	100	39
2022	609,654	2,082,086	1,427,291	3,180,604	100	100	34
2021	589,959	2,013,044	1,318,050	3,058,883	100	100	35
2020	574,541	1,903,321	1,157,382	2,786,297	100	100	27
2019	550,487	1,841,322	1,076,341	2,582,582	100	100	18
2018	528,500	1,791,189	1,014,425	2,466,004	100	100	14
2017	510,583	1,733,431	923,927	2,398,668	100	100	17
2016 (1)(2)	491,333	1,668,485	872,685	2,279,741	100	100	14
2015 (2)	472,933	1,590,489	817,281	2,188,037	100	100	15
2014	457,591	1,510,717	765,537	2,123,910	100	100	20
2013	439,310	1,482,770	723,420	2,029,005	100	100	15
2012	426,609	1,448,291	691,228	1,935,292	100	100	9
2011 (1)	402,847	1,401,877	666,240	1,866,952	100	100	9
2010 (3)	374,086	1,355,093	654,882	1,822,603	100	100	14
2009	342,663	1,264,675	706,944	1,769,540	100	100	23
2009 (2)	342,663	1,314,885	682,321	1,769,540	100	100	16
2008 (3)	302,910	1,237,613	714,775	1,733,946	100	100	27
2007	269,404	1,221,969	695,428	1,924,886	100	100	62
2006	239,780	1,176,979	688,793	1,818,930	100	100	58
2005	257,142	1,130,378	635,442	1,718,399	100	100	52

(1) After change in benefits or contribution rates.

(2) After changes in actuarial assumptions.

(3) After change in asset valuation method.

ANALYSIS OF FINANCIAL EXPERIENCE

Pay Increases. If there are smaller pay increases than assumed, there is a gain. If there are greater increases, there is a loss.

Investment Return. If there is a greater investment return than assumed, there is a gain. If there is a smaller return, there is a loss.

Age & Service Retirement. If members retire at older ages than assumed, there is a gain. If members retired at younger ages, there is a loss.

Disability & Death in Service. If disability claims are less than assumed, there is a gain. If claims are more, there is a loss. If survivor claims are less than assumed, there is a gain. If claims are more, there is a loss.

Other Separations. If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, there is a loss.

EXPERIENCE GAINS AND LOSSES BY RISK AREA (Dollars in Millions)

Experience Period (Calendar Year)	Economic Risk		Demographic Risk				Total Gain (Loss)	
	Pay Increases	Investment Return	Age and Service Retirement	Disability and Death-in Service	Other Separations	Other ⁽¹⁾	Amount	Percent of Liabilities
2024	(37.0)	(40.8)	(6.1)	(2.7)	(6.6)	(17.0)	(110.2)	(2.4)
2023	(21.2)	7.4	(10.6)	(0.9)	(4.2)	22.8	(6.7)	(0.2)
2022	(23.0)	(67.5)	(3.5)	3.3	1.6	(1.6)	(90.7)	(2.3)
2021	14.9	110.6	(14.6)	3.0	4.2	(1.8)	116.3	3.2
2020 ⁽²⁾	(10.5)	51.6	1.9	(4.7)	1.9	(7.6)	32.6	0.9
2019	(12.0)	(26.5)	(4.1)	(2.7)	6.3	(1.7)	(40.7)	(1.2)
2018	(16.1)	(77.7)	(6.0)	(1.8)	4.3	(6.0)	(103.3)	(3.3)
2017	8.8	2.7	3.3	0.0	2.6	(19.6)	(2.2)	(0.1)
2016	(14.2)	(13.9)	5.1	0.2	6.6	(5.6)	(21.8)	(0.8)
2015 ⁽²⁾	17.7	(40.2)	5.9	(0.4)	1.0	(12.4)	(28.4)	(1.0)
2014	8.5	(2.8)	5.8	(0.1)	0.6	2.8	14.8	0.6
2013	16.6	7.6	5.7	0.0	2.9	(5.1)	27.7	1.1
2012	12.3	(10.8)	4.6	(0.3)	(3.4)	(10.2)	(7.8)	(0.3)
2011	18.8	(30.6)	5.3	(0.2)	(4.2)	(4.8)	(15.7)	(0.7)
2010 ⁽²⁾	53.1	(16.9)	5.2	0.2	(5.3)	(4.2)	32.1	1.4
2009	45.0	(34.6)	8.8	(0.8)	(10.0)	(11.6)	(3.2)	(0.1)
2008	4.1	(277.5)	5.2	(0.4)	(4.0)	13.5	(259.1)	(11.8)
2007	10.0	25.1	1.9	(0.2)	(2.2)	(7.2)	27.4	1.4
2006	(4.7)	23.6	2.0	0.0	(0.8)	2.6	22.7	1.1
2005 ⁽²⁾	(7.1)	1.9	1.0	0.1	0.0	(3.2)	(7.3)	(0.4)

(1) Includes post-retirement mortality

(2) Experience Study

SUMMARY OF BENEFIT PROVISIONS

Available to a Member Retiring with Some Service Before July 1, 1988 (ERFC Legacy Members)

Service Retirement: Alternate Amount After Social Security Normal Retirement Age. By election at time of retirement, a member with service before July 1, 1988, may elect to receive 1988 new benefits with a special alternate amount for payment periods after the age the member becomes eligible for full Social Security benefits. The alternate amount is 103 percent of the total of:

- 1) the amount payable under June 30, 1987 benefit provisions;
- 2) plus, if the retiring member is younger than age 65 and if creditable Virginia service is less than 30 years, 1.65 percent of VRS average final compensation in excess of \$1,200, multiplied by years of creditable Virginia service, and further multiplied by a certain percent based upon the number of months that retirement occurs before reaching the earlier of the above two conditions; such percent is half of one percent for each of the first 60 such months and 4/10 of one percent for each of the next 60 such months, if any.

Reduced Service Retirement: With 25 Years Service. By election at time of retirement, such a member may elect to receive 103 percent of the following combination of benefits:

- **To age 55**, 2.85 percent of the 3-year average annual salary multiplied by years of credited service, then actuarially reduced to reflect retirement age younger than age 55; and
- **From age 55 to Social Security Normal Retirement Age**, the amount to age 55 reduced by: 1.65 percent of the portion of VRS average final compensation in excess of \$1,200, multiplied by applicable years of creditable Virginia service; provided if creditable Virginia service is less than 30 years, the result of such multiplication shall be actuarially reduced for each month before the earlier of (1) attainment of age 65, and (2) the date when 30 years service would have been completed; and
- **From Social Security Normal Retirement Age for life**, the amount payable at age 65 according to June 30, 1987, provisions or the amount payable at age 65 according to July 1, 1988, provisions.

Deferred Retirement Option Program (DROP): Effective July 1, 2024, Legacy members who are eligible for an unreduced retirement may enter the DROP. DROP allows them the option to retire from their ERFC pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years.

SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001 (ERFC Legacy Members)

Final Average Compensation ("FAC"): A member's final average compensation is the average of the 3 highest consecutive years of salary during eligible employment.

Service Retirement Eligibility: A member may retire any time after reaching the service retirement date, which is either (i) age 65 with 5 years service or (ii) age 55 with 25 years of service.

Service Retirement Pension: For payment periods during the retired member's lifetime 103 percent times (I) minus (II) where:

- (I) means 1.85 percent of the FAC multiplied by years of credited service, and
- (II) means 1.65 percent of the portion of VRS FAC in excess of \$1,200, multiplied by applicable years of creditable Virginia service; provided if the member is younger than age 65 and if creditable Virginia service is less than 30 years, the result of such multiplication shall be reduced for each month before the earlier of:
 - 1) attainment of age 65, and
 - 2) the date when 30 years service would have been completed.

The reduction shall be one-half of 1% for each of the first 60 months and four-tenths of one percent for each month beyond 60 months, if any.

For payment periods, if any, before the age the member becomes eligible for full Social Security benefits, an additional temporary benefit equal to 1 percent of the FAC multiplied by years of credited service.

Reduced Service Retirement: A member with 25 years service but younger than age 55 may retire after age 45. A member with less than 25 years service and younger than age 65 may retire after age 55.

Reduced Service Retirement: Amount After 25 Years Service. Service Retirement amount reduced to reflect retirement age younger than age 55.

Reduced Service Retirement: Amount After 5-24 Years Service. For payment periods during the retired member's lifetime, the Service Retirement amount payable at age 65 reduced to reflect that the retirement age younger than age 65. For payment periods before the age the member becomes eligible for full Social Security benefits, an additional temporary benefit equal to the Service Retirement temporary benefit reduced to reflect that the retirement age is younger than age 65.

Deferred Retirement Option Program (DROP): Effective July 1, 2024, Legacy members who are eligible for an unreduced retirement may enter the DROP. DROP allows them the option to retire from their ERFC pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years.

Disability Retirement: An active member with 5 or more years of service who becomes totally and permanently disabled may be retired and receive a disability pension. The 5 year service requirement is waived if the disability is service-connected.

SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001 (*ERFC Legacy Members*)

The amount is 103 percent times a lifetime pension equal to 0.25 percent of the FAC multiplied by years of credited service. Credited service shall be increased by the time period from disability retirement to the date when member would have reached service retirement date. The minimum pension payable is 2.5 percent of FAC.

Death-in-Service Benefits: An active member with 5 or more years of service who dies will have benefits payable to the surviving spouse or other eligible beneficiary. The 5 year service requirement is waived if the death is service-connected.

Deferred Retirement: Calculated in the same manner as reduced service retirement.

Member Contributions: Members contribute 3 percent of their salaries. Interest credits of 5 percent are added annually through June 30, 2017, and 4 percent annually thereafter. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request. Members who receive a refund of contributions and are later rehired become members of *ERFC 2001 Tier 2*.

Post-Retirement Increases: On March 31, most pensions are increased by 3 percent. These increases are compounded each year. Pensions of members or beneficiaries who retired in the immediately preceding calendar year are increased by 1.489 percent ($\frac{1}{2}$ of a year's increase).

Lifetime Level Benefit: Members retiring after July 1, 2004, are eligible for a lifetime level benefit ("LLB") that is calculated by determining the annuitized value of the greater of their accumulated contribution balance or the present value of the currently provided benefit.

Optional Forms of Payment:

- Option A — 100 percent joint and survivor
- Option B — 50 percent joint and survivor
- Option C — 10 years certain and life
- Option D — Single sum payment not exceeding member's accumulated contribution balance, plus a single life annuity actuarially reduced from the pension amount otherwise payable

SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member July 1, 2001 but before July 1, 2017 (*ERFC 2001 Tier 1*)

Final Average Compensation ("FAC"): A member's final average compensation is the average of the 3 highest consecutive years of salary during eligible employment.

Service Retirement Eligibility: A member may retire at age 60 with 5 years service, or after 30 years of credited service, regardless of age.

Service Retirement Pension: The amount is a lifetime pension equal to 0.8 percent of the FAC multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the retirement effective date.

Death-in-Service Benefits: Any member with 5 or more years of credited service who dies before beginning to receive a pension will have benefits payable to the nominated beneficiary.

The amount is a pension equal to 0.8 percent of the 3-year average annual salary multiplied by years of credited service at date of death, reduced in accordance with an option A election and payable at age 60. Beneficiaries may elect to receive benefits before age 60 if benefits are further reduced as follows:

an additional reduction of the smaller of

- 1) $\frac{1}{2}$ of 1 percent for the first 60 months and $\frac{4}{10}$ of 1 percent for each additional month between the member's age at the date of death and age 60, and
- 2) $\frac{1}{2}$ of 1 percent for the first 60 months and $\frac{4}{10}$ of 1 percent for each additional month between the member's service at the date of death and 30 years.

Unused Sick Leave: Effective July 1, 2024, unused sick leave shall be converted to Credited Service for all ERFC 2001 Tier 1 Plan members who have at least five years of Vesting Service at the time they terminate their employment with the Employer. Unused Sick leave shall not be counted as Credited Service for the purpose of determining whether a member is eligible to retire, but only for the purpose of increasing the amount of the Member's benefit.

Deferred Retirement: Any member with 5 or more years of credited service who terminates employment prior to the service retirement date, will be entitled to a pension with payments beginning at age 60, provided accumulated contributions are left on deposit with the Plan.

The amount is equal to 0.8 percent of FAC at retirement multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the effective retirement date.

Member Contributions: Members contribute 3 percent of their salaries. Interest credits of 5 percent are added annually through June 30, 2017, and 4 percent annually thereafter. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request.

Members who receive a refund of contributions and are later rehired become members of *ERFC 2001 Tier 2*.

SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member July 1, 2001 but before July 1, 2017 (*ERFC 2001 Tier 1*)

Post-Retirement Increases: On March 31, most pensions are increased by 3 percent. These increases are compounded each year. Pensions of members or beneficiaries who retired in the immediately preceding calendar year are increased by 1.489 percent.

SUMMARY OF BENEFIT PROVISIONS

For a Person Hired On/After July 1, 2017 (ERFC 2001 Tier 2)

Final Average Compensation ("FAC"): A member's Final Average Compensation is the average of the 5 highest years of salary during eligible employment.

Service Retirement Eligibility: A member may retire at Full Social Security Age ("FSSA") with 5 or more years of credited service, or when the sum of age plus service is greater than or equal to 90 (i.e., Rule of 90).

Service Retirement Pension: The amount is a lifetime pension equal to 0.8 percent of FAC at retirement multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the retirement effective date.

Death-in-Service Benefits: Any member with 5 or more years of credited service who dies before beginning to receive a pension will have benefits payable to the named beneficiary.

The amount is a lifetime pension equal to 0.8 percent of FAC multiplied by years of credited service at the date of death. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the date of death.

The pension will be adjusted in accordance with an Option A (in the case of a spouse or an ex-spouse subject to a Domestic Relations Order (DRO)) or Option B (in case of another eligible beneficiary) election payable immediately unless the member did not reach the service retirement eligibility prior to death, in which case the pension is reduced for each month that the member was younger than service retirement eligibility on the date of death in the following manner:

- 1) one-half of 1% for each of the first 60 months and four-tenths of one percent for each month beyond 60 months (the number of months used for reduction is based on the lesser of FSSA or the age the member would have attained "Rule of 90."

Unused Sick Leave: Effective July 1, 2024, unused sick leave shall be converted to Credited Service for all ERFC 2001 Tier 2 Plan members who have at least five years of Vesting Service at the time they terminate their employment with the Employer. Unused Sick leave shall not be counted as Credited Service for the purpose of determining whether a member is eligible to retire, but only for the purpose of increasing the amount of the Member's benefit.

Deferred Retirement: Any member with 5 or more years of credited service who terminates employment prior to the service retirement date, will be eligible to receive a deferred vested pension commencing at FSSA, provided accumulated contributions are left on deposit with the Plan.

The amount is a lifetime pension equal to 0.8 percent of FAC at termination multiplied by years of credited service. If necessary, the pension will be increased to make the reserve value of the pension equal to the member's accumulated contributions as of the effective retirement date.

SUMMARY OF BENEFIT PROVISIONS

For a Person Hired On/After July 1, 2017 (ERFC 2001 Tier 2)

Members Contributions: Members contribute 3 percent of their salaries. Interest credits are 4 percent annually. If a member leaves covered employment before becoming eligible to retire, accumulated contributions are returned upon request.

Cost-of-Living Adjustments: The amount of the monthly benefit is adjusted each March 31, by 100 percent of the Consumer Price Index (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November (with a cap of 4 percent) compounded annually, beginning with the March 31 that is more than three full months after the members effective retirement date. Pensions of members that retire in the immediately preceding calendar year are increased by one-half a year's increase.

Optional Methods of Payment: Before the effective retirement date, a retiring member may elect one of the following options:

- Option A — 100 percent joint and survivor benefit. Benefit is 85 percent of the straight life amount adjusted for the difference in age between the retiree and beneficiary. The maximum benefit is 94 percent of the straight life amount.
- Option B — 50 percent joint and survivor benefit. Benefit is 91 percent of the straight life amount adjusted for the difference in age between the retiree and beneficiary. The maximum benefit is 97 percent of the straight life amount.
- Option C — 10 years certain and life. Benefit is 96 percent of the straight life amount.

ERFC CONTRIBUTION RATES

Last 20 years

Fiscal Year	Contribution Rate		
	Employee	Employer	Total
2025	3.00	6.48	9.48 %
2024	3.00	6.48	9.48
2023	3.00	6.70	9.70
2022	3.00	6.70	9.70
2021	3.00	6.44	9.44
2020	3.00	6.44	9.44
2019	3.00	6.26	9.26
2018	3.00	6.24	9.24
2017	3.00	5.60	8.60
2016	3.00	5.60	8.60
2015	3.00	5.60	8.60
2014	3.00	5.60	8.60
2013	3.00	5.34	8.34
2012	4.00	4.34	8.34
2011	4.00	4.04	8.04
2010	4.00	3.20	7.20
2009	4.00	3.37	7.37
2008	4.00	3.37	7.37
2007	4.00	3.37	7.37
2006	4.00	3.37	7.37

SUMMARY OF PLAN CHANGES

Effective July 1, 2024, the School Board approved the following plan changes:

- The Deferred Retirement Option Program (DROP) is created for Legacy Plan members who are eligible for an unreduced retirement. DROP allows these members the option to retire from their ERFC pension plan while continuing to work full time for FCPS and receive a salary for a maximum of five years.
- Unused sick leave for ERFC 2001 Tier 1 Plan and Tier 2 Plan members will now be converted to years of credited service at retirement.
- Retirees who return to work in a critical shortage position, as approved annually by the state, are no longer required to suspend their ERFC benefit payments.

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Statistical

Unaudited

The Statistical Section depicts historical information for the retirement plan. This information includes a 10-year analysis of the sources of change in fiduciary net position, benefit payments, number of retired members, and average monthly benefits. Sources of additions include employer and plan member contributions and net investment income; deductions include benefit payments to retirees and beneficiaries, refunded employee contributions, and administrative expenses. The amounts of benefits paid, the count of benefit recipients, and the average benefit payments are provided by type of benefit, including service retirement, service-connected and ordinary disability benefits, and survivor benefits.

- Net Position
- Changes in Net Position
- Assets and Liabilities Comparative Statement
- Benefit Deductions from Net Position by Type
- Benefit Refunds by Type
- Retired Members by Type of Benefit
- Average Benefit Payments by Years of Service
- Average Composite Monthly Benefit Payments for Retirees
- Retirees and Beneficiaries Current Annual Benefits Tabulated by Attained Ages
- Inactive Vested Members Deferred Benefits by Attained Ages

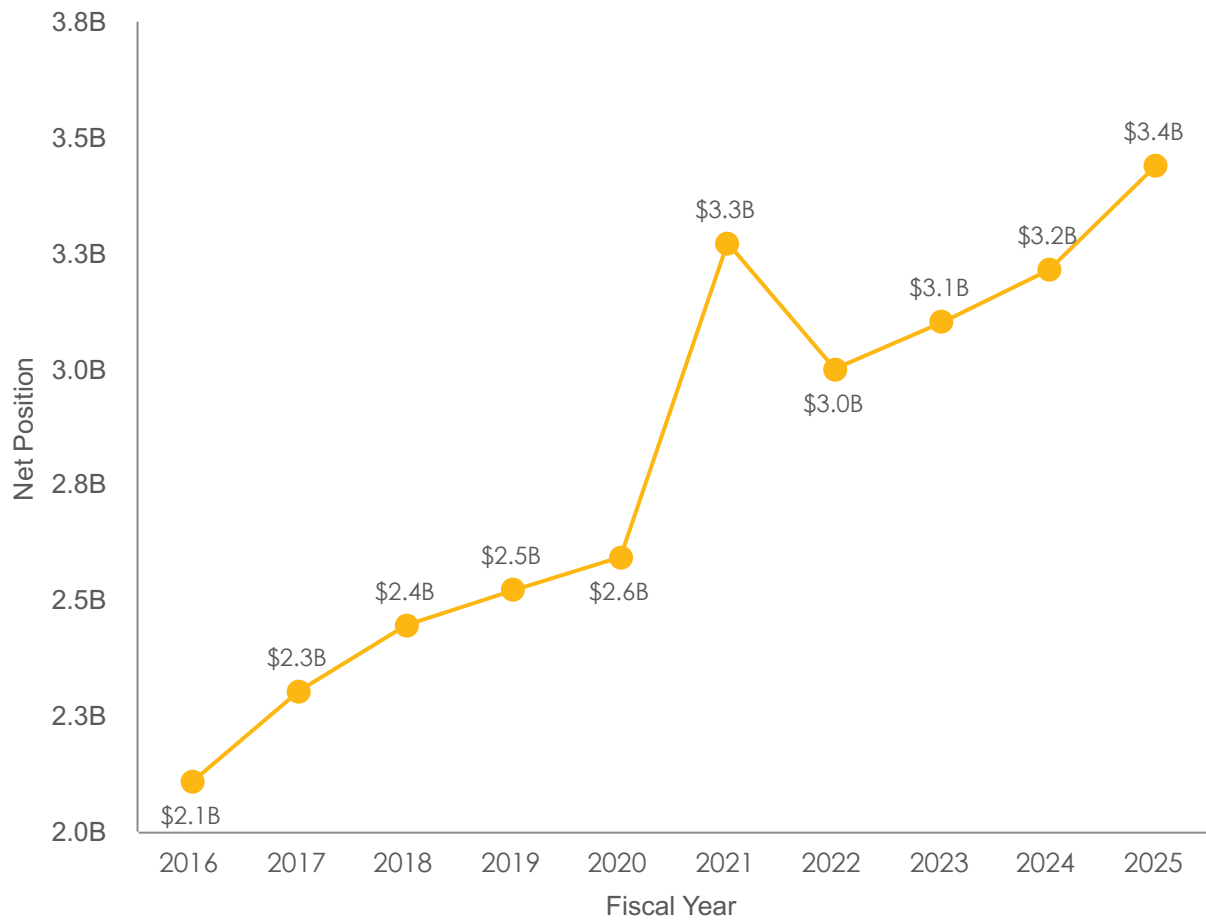
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NET POSITION

Last Ten Fiscal Years



Fiscal Year	Net Position
2025	\$ 3,439,140,398
2024	3,213,424,628
2023	3,076,733,102
2022	2,997,909,880
2021	3,272,147,083 (1)
2020	2,593,383,175
2019	2,521,441,472
2018	2,446,279,897
2017	2,304,281,654
2016	2,107,587,698

(1) Fiscal year 2021 net position restated due to the implementation of GASB statement 87.

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2025	2024	2023	2022	2021
ADDITIONS					
Employee contributions	\$ 59,011,733	\$ 56,450,447	\$ 52,542,598	\$ 50,017,839	\$ 48,934,340
Employer contributions	129,278,658	121,645,811	117,155,967	111,119,456	104,784,310
Investment income (net of expenses)	268,646,641	180,365,641	120,795,408	(232,237,621)	720,738,680
TOTAL ADDITIONS	456,937,032	358,461,899	290,493,973	(71,100,326)	874,457,330
DEDUCTIONS					
Benefit payments	219,607,894	210,636,405	202,023,360	194,239,563	187,660,019
Contribution refunds	5,070,399	5,448,543	4,021,605	4,415,933	3,605,963
Administrative and amortization expenses	6,542,969	5,685,425	5,625,786	4,481,381	4,423,439
TOTAL DEDUCTIONS	231,221,262	221,770,373	211,670,751	203,136,877	195,689,421
CHANGE IN NET POSITION	\$ 225,715,770	\$ 136,691,526	\$ 78,823,222	\$ (274,237,203)	\$ 678,767,909

CHANGES IN NET POSITION

Last Ten Fiscal Years

2020	2019	2018	2017	2016	
ADDITIONS					
\$ 49,095,601	\$ 46,645,396	\$ 44,169,100	\$ 43,062,632	\$ 41,383,642	Employee contributions
104,741,255	96,982,911	91,704,877	80,094,538	76,599,695	Employer contributions
108,472,534	117,727,500	188,145,489	250,981,777	(15,766,967)	Investment income (net of expenses)
262,309,390	261,355,807	324,019,466	374,138,947	102,216,370	TOTAL ADDITIONS
DEDUCTIONS					
181,587,150	177,422,308	173,052,461	168,783,718	165,721,790	Benefit payments
4,399,346	4,509,765	4,667,835	4,601,865	4,626,057	Contribution refunds
4,381,191	4,262,159	4,300,927	4,059,408	4,004,882	Administrative and amortization expenses
190,367,687	186,194,232	182,021,223	177,444,991	174,352,729	TOTAL DEDUCTIONS
\$ 71,941,703	\$ 75,161,575	\$ 141,998,243	\$ 196,693,956	\$ (72,136,359)	CHANGE IN NET POSITION

ASSETS AND LIABILITIES COMPARATIVE STATEMENT

Last Ten Calendar Years

Dollars in Thousands

Actuarial Valuation Date December 31	Active Member Payroll	Computed Liabilities			Actuarial Value of Assets	Unfunded Accrued Liabilities	Funded Ratio
		Retired	Members	Total			
2024	\$ 2,011,508	\$ 2,232,322	\$ 2,306,137	\$ 4,538,459	\$ 3,516,359	\$ 1,022,100	77.5 %
2023	1,881,144	2,148,638	2,139,141	4,287,779	3,364,375	923,404	78.5
2022	1,790,601	2,082,086	2,036,945	4,119,031	3,180,604	938,427	77.2
2021	1,662,801	2,013,044	1,908,008	3,921,052	3,058,883	862,169	78.0
2020	1,633,458	1,903,321	1,731,923	3,635,244	2,786,297	848,947	76.6
2019	1,632,427	1,841,322	1,626,828	3,468,150	2,582,582	885,568	74.5
2018	1,554,614	1,791,189	1,542,925	3,334,114	2,466,004	868,110	74.0
2017	1,475,449	1,733,431	1,434,510	3,167,941	2,398,668	769,273	75.7
2016 (1)(2)	1,436,588	1,668,485	1,364,018	3,032,503	2,279,741	752,762	75.2
2015 (1)	1,373,096	1,590,489	1,290,214	2,880,703	2,188,037	692,666	76.0

(1) After changes in actuarial assumptions.

(2) After change in benefits.

BENEFIT DEDUCTIONS FROM NET POSITION BY TYPE

Last Ten Fiscal Years

Fiscal Year	Service Benefits				Death Benefits		Disability Benefits				Total	
	Normal		Early		Duty/Non-duty		Duty		Non-duty			
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Participants	Benefits Payment
2025	11,102	\$ 186,073,850	2,907	\$ 30,396,216	264	\$ 2,239,808	13	\$ 127,218	114	\$ 770,802	14,400	\$ 219,607,894
2024	10,802	178,611,985	2,850	28,979,722	260	2,108,600	13	127,617	118	808,481	14,043	210,636,405
2023	10,530	171,521,336	2,788	27,551,945	262	1,988,121	15	140,712	125	821,246	13,720	202,023,360
2022	10,144	165,022,785	2,701	26,212,874	256	1,974,642	17	235,826	131	793,436	13,249	194,239,563
2021	9,769	159,199,384	2,647	25,458,837	237	1,938,134	18	183,396	141	880,268	12,812	187,660,019
2020	9,487	153,486,361	2,600	25,118,981	230	1,903,177	18	178,054	147	900,576	12,482	181,587,149
2019	9,188	149,649,778	2,527	24,865,264	220	1,828,195	18	173,351	151	905,720	12,104	177,422,308
2018	7,572	133,158,976	3,769	37,084,034	216	1,733,802	17	165,189	154	910,459	11,728	173,052,460
2017	6,008	116,586,070	4,963	49,450,743	204	1,675,274	17	160,378	158	911,253	11,350	168,783,718
2016	5,803	114,503,622	4,793	48,567,459	191	1,516,843	17	212,462	161	921,404	10,965	165,721,790

BENEFIT REFUNDS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Separation		Death		Total	
	No.	Amount	No.	Amount	No.	Amount
2025	365	\$ 4,166,318	37	\$ 904,081	402	\$ 5,070,399
2024	409	4,694,978	34	753,565	443	5,448,543
2023	290	3,085,126	69	936,479	359	4,021,605
2022	330	3,231,180	38	1,184,753	368	4,415,933
2021	247	2,399,929	51	1,206,034	298	3,605,963
2020	373	3,738,364	42	660,981	415	4,399,345
2019	432	4,094,919	32	407,805	464	4,502,724
2018	427	4,089,420	39	578,415	466	4,667,835
2017	465	4,392,979	16	208,886	481	4,601,865
2016	521	4,271,678	27	354,379	548	4,626,057

RETIRED MEMBERS BY TYPE OF BENEFIT

As of December 31, 2024

AMOUNT OF MONTHLY BENEFIT	NUMBER OF RETIRED MEMBERS	TYPE OF RETIREMENT*					OPTION SELECTED**					
		1	2	3	4	5	BASIC BENEFIT	1	2	3	4	5
\$ 1– \$ 250	1,844	1,056	756	17	11	4	1,366	132	2	47	47	250
251–500	2,996	1,975	915	32	69	5	2,207	334	3	127	79	246
501–750	1,810	1,398	357	15	40	—	1,335	217	1	76	45	136
751–1,000	1,155	958	179	9	7	2	796	125	2	63	24	145
1,001–1,250	1,101	980	113	6	2	—	652	104	1	72	16	256
1,251–1,500	1,121	982	134	4	1	—	728	60	12	68	12	241
1,501–1,750	860	767	89	3	1	—	577	64	3	46	13	157
1,751–2,000	590	537	49	1	3	—	390	30	3	36	4	127
Over 2,000	2,950	2,602	341	4	1	2	1,824	198	12	182	41	693
TOTAL	14,427	11,255	2,933	91	135	13	9,875	1,264	39	717	281	2,251

*** TYPE OF RETIREMENT:**

- 1 Full Service
- 2 Reduced Service
- 3 Ordinary and Service
Connected Death
- 4 Ordinary Disability
- 5 Service Connected Disability

**** OPTION SELECTED:**

Basic Benefit

- 1 Beneficiary receives 100% of member's reduced monthly benefit
- 2 Beneficiary receives 67% of member's reduced monthly benefit
- 3 Beneficiary receives 50% of member's reduced monthly benefit
- 4 Beneficiary receives a specified number of payments equal to 120
minus the number of payments the member has received.
- 5 Member receives partial lump sum and reduced monthly benefit

AVERAGE BENEFIT PAYMENTS BY YEARS OF SERVICE

Last Ten Calendar Years

RETIREMENT EFFECTIVE DATES	YEARS CREDITED SERVICE					
	5-10	10-15	15-20	20-25	25-30	30+
Period 1/1/24 to 12/31/24						
Average Monthly Benefit	\$ 325	\$ 543	\$ 884	\$ 1,229	\$ 2,988	\$ 3,011
Average Final Average Salary	5,557	5,942	6,603	7,337	9,016	9,325
Number of Retired Members	92	90	110	94	143	84
Period 1/1/23 to 12/31/23						
Average Monthly Benefit	266	550	831	1,151	2,624	2,934
Average Final Average Salary	4,753	5,869	6,389	7,526	8,354	9,212
Number of Retired Members	110	104	120	83	144	108
Period 1/1/22 to 12/31/22						
Average Monthly Benefit	298	487	847	1,110	2,651	2,390
Average Final Average Salary	5,144	5,244	6,476	7,168	8,455	7,937
Number of Retired Members	113	125	164	90	133	72
Period 1/1/21 to 12/31/21						
Average Monthly Benefit	321	546	821	970	2,307	2,589
Average Final Average Salary	5,728	5,754	6,475	6,785	7,974	8,351
Number of Retired Members	77	94	140	139	159	78
Period 1/1/20 to 12/31/20						
Average Monthly Benefit	309	501	831	992	2,277	2,647
Average Final Average Salary	5,247	5,412	6,615	7,099	8,110	8,311
Number of Retired Members	84	83	104	107	119	110
Period 1/1/19 to 12/31/19						
Average Monthly Benefit	272	494	764	960	2,291	2,354
Average Final Average Salary	4,886	5,435	6,261	6,742	7,773	8,194
Number of Retired Members	77	102	127	106	117	92
Period 1/1/18 to 12/31/18						
Average Monthly Benefit	240	496	718	847	2,228	2,429
Average Final Average Salary	4,595	5,505	6,068	6,606	7,649	8,131
Number of Retired Members	78	134	129	85	122	96
Period 1/1/17 to 12/31/17						
Average Monthly Benefit	276	526	701	937	2,299	2,744
Average Final Average Salary	4,749	5,461	5,940	6,913	7,778	8,328
Number of Retired Members	81	109	127	80	128	100
Period 1/1/16 to 12/31/16						
Average Monthly Benefit	259	506	577	883	2,147	2,563
Average Final Average Salary	4,772	5,493	5,503	5,591	7,579	8,086
Number of Retired Members	105	146	128	77	120	77
Period 1/1/15 to 12/31/15						
Average Monthly Benefit	287	474	698	916	2,110	2,615
Average Final Average Salary	5,088	5,192	5,988	6,524	7,210	7,956
Number of Retired Members	89	123	151	79	127	100

AVERAGE COMPOSITE MONTHLY BENEFIT PAYMENTS FOR RETIREES

Last Ten Calendar Years

BY TYPE OF BENEFIT BEING PAID

CALENDAR YEAR	SERVICE RETIREMENT	REDUCED SERVICE	ORDINARY DISABILITY
2024	\$ 1,403	\$ 967	\$ 562
2023	1,357	927	540
2022	1,381	833	528
2021	1,404	819	644
2020	1,407	789	665
2019	1,421	782	614
2018	1,436	784	606
2017	1,462	788	594
2016	1,478	794	595
2015	1,523	807	579

RETIREES AND BENEFICIARIES CURRENT ANNUAL BENEFITS TABULATED BY ATTAINED AGES

As of December 31, 2024

Attained Ages	Number	Annual Amount
Under 40	1	\$ 3,808
40 - 44	1	1,316
45	—	—
46	1	3,483
47	1	4,743
48	6	84,544
49	3	92,199
50	10	260,518
51	8	273,618
52	11	312,798
53	23	764,372
54	34	1,241,457
55	94	3,188,326
56	106	3,607,993
57	112	3,178,290
58	132	4,209,738
59	122	3,980,686
60	247	5,890,873
61	282	5,838,442
62	353	7,385,367
63	367	6,962,432
64	392	7,320,936
65	438	8,678,579
66	483	9,994,193
67	554	8,887,736
68	569	5,720,164
69	579	5,961,944
70 - 74	3,256	34,806,756
75 - 79	3,179	40,749,797
80 & Up	3,063	47,647,679
TOTAL	14,427	\$ 217,052,787

Note: This source of information presented is from the most recent actuarial valuation report.

INACTIVE VESTED MEMBERS DEFERRED BENEFITS BY ATTAINED AGES

As of December 31, 2024

ATTAINED AGES	Number	Annual Amount
29	1	2,491
30	18	56,802
31	77	250,985
32	88	277,990
33	128	454,713
34	178	648,177
35	193	679,054
36	226	892,515
37	243	980,831
38	238	921,783
39	227	976,032
40	239	1,028,963
41	280	1,279,395
42	259	1,181,665
43	262	1,171,300
44	264	1,309,472
45	269	1,271,564
46	248	1,178,124
47	212	916,425
48	186	816,040
49	204	1,052,222
50	207	856,097
51	199	922,349
52	189	856,801
53	234	1,086,031
54	207	873,881
55	181	907,253
56	170	843,241
57	176	928,802
58	148	751,032
59	153	924,043
60	87	361,475
61	75	340,906
62	61	252,440
63	55	263,746
64	56	236,134
65 & Over	122	328,106
TOTAL	6,360	\$ 28,078,880

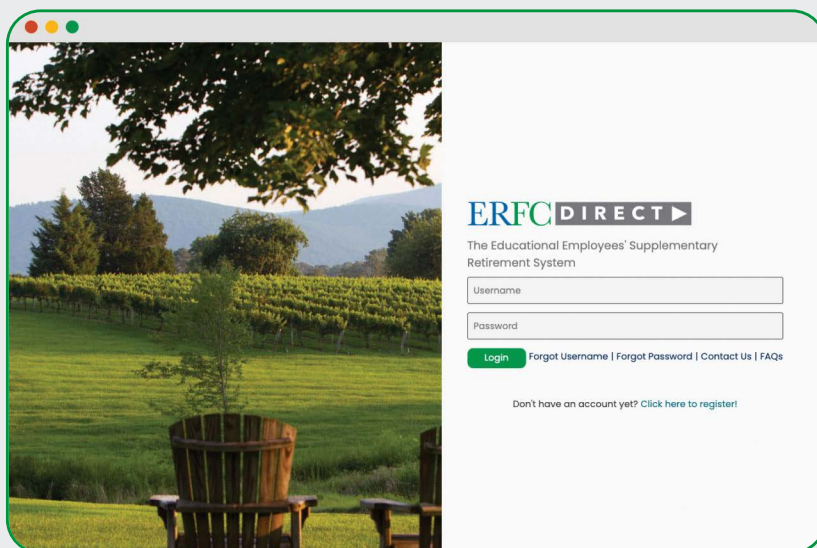
Note: The source of this information is from the most recent actuarial valuation report.

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