2026 Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2026



ERFC

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
(844)758-3793
https://www.erfcpension.org

Executive Director

Melissa O'Neal

Deputy Executive Directors

Michelle Andrews
Srikumar Bala
Mangala Murthy

ACFR Project Team

Wendy Zhi, CPA, MBA
Senior Manager, Finance

Hui Bao, CPA
Kevin McCarty

Designed by

ERFC Communications

TABLE OF CONTENTS

INTRODUCTION SECTION (UNAUDITED)

Letter of Transmittal ... 2
Letter from the Chairperson ... 6
Board of Trustees ... 8
Organizational Chart ... 9
Award for Excellence in Financial Reporting ... 10
Public Pension Standards Award ... 11
Professional Services ... 12

FINANCIAL SECTION

Report of Independent Auditor ... 14
Management's Discussion and Analysis (Unaudited) ... 17

BASIC FINANCIAL STATEMENTS:

Statement of Fiduciary Net Position ... 21
Statement of Changes in Fiduciary Net Position ... 22
Notes to the Financial Statements ... 23

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):

Schedule of Contributions ... 41
Schedule of Changes in Net Pension Liability and Related Ratios ... 42
Schedule of Money-Weighted Rate of Return ... 44

OTHER SUPPLEMENTARY INFORMATION (UNAUDITED):

Summary of Significant Changes to the Pension System ... 45
Schedule of Administrative and Amortization Expenses ... 46
Schedule of Investment Expenses ... 47
Schedule of Professional Service Fees ... 48
Independent Auditor's Report on Internal Control and Compliance ... 49

INVESTMENT SECTION (UNAUDITED)

Consultant Report on Investment Activity ... 52
Strategic Review and Investment Policy ... 58
Investment Managers ... 59
Assets Under Management ... 63
Asset Structure ... 67
Investment Results ... 68
Schedules of Ten Largest Equity & Fixed Income Holdings ... 72
Schedule of Brokerage Commissions ... 73
Investment Summary ... 74
Schedule of Investment Management Fees ... 75

ACTUARIAL SECTION (UNAUDITED)

Actuary's Certification Letter ... 78
Summary of Actuarial Assumptions and Methods ... 81
Employer Schedule of Funding Progress ... 88
Summary of Member Data ... 89
Schedule of Active Member Valuation Data ... 94
Schedule of Retirants and Beneficiaries Added and Removed ... 94
Short-Term Solvency Test ... 95
Analysis of Financial Experience ... 96
Summary of Benefit Provisions ... 97
ERFC Contribution Rates ... 104
Summary of Plan Changes ... 105

STATISTICAL SECTION (UNAUDITED)

Net Position ... 109
Changes in Net Position ... 110
Assets and Liabilities Comparative Statement ... 112
Benefit Deductions from Net Position by Type ... 113
Benefit Refunds by Type ... 114
Retired Members by Type of Benefit ... 115
Average Benefit Payments by Years of Service ... 116
Average Composite Monthly Benefit Payments for Retirees ... 117
Retirees and Beneficiaries Current Annual Benefits Tabulated by Attained Ages ... 118
Inactive Vested Members Deferred Benefits by Attained Ages ... 119

This page is intentionally left blank.



Enter Retirement Feeling Confident

Introduction

Unaudited

- Letter of Transmittal
- Letter from the Chairperson
- Board of Trustees
- Organizational Chart
- Award for Excellence in Financial Reporting
- Public Pension Standards Award
- Professional Services

LETTER OF TRANSMITTAL

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

October 23, 2026

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, 2026. 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 53 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 (CSP), as approved annually by the state, are no longer required to suspend their ERFC benefit payments.

Strategic Plan Updates

ERFC is in the second 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 2026, we continued to raise awareness and educate members through several initiatives. Our targeted ERFC Ambassador recruitment campaigns increased engagement across the county, with approximately 185 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. ERFC also integrated its phone system with the Pension Administration System (PAS), enhancing both security and operational efficiency. The integration enables incoming calls to be matched with the corresponding member record in the PAS, providing staff with timely access to member information while strengthening the verification process and supporting more efficient member service.

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 to focus on serving and educating all segments of our membership.

LETTER OF TRANSMITTAL

Pension Administration System (PAS) Modernization

During fiscal year 2026, ERFC also began a significant initiative to modernize its PAS, the first comprehensive upgrade of ERFC's core pension administration technology in more than 20 years. ERFC initiated a Request for Proposals (RFP) process to identify a modern solution that will enhance the administration of retirement benefits, improve operational efficiency, and strengthen the services and resources available to our members. This multi-year initiative will provide an opportunity to modernize business processes, reduce reliance on manual processes, strengthen data and reporting capabilities, and provide staff with more effective tools to support ERFC's operations. The modernization of the PAS represents an important investment in ERFC's technology infrastructure and will help the organization continue providing efficient, reliable, and responsive service to our members for years to come.

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.

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 will 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 77.5 percent to 76.1 percent for the valuation period ending December 31, 2025. This decrease was due to market volatility and an increase in retirees and beneficiaries collecting retirement benefits. The recommended employer contribution rate was 6.61 percent of payroll, which was an increase from fiscal year 2025.

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 13.2 percent net of fees for fiscal year 2026 outperformed the benchmark index return of 11.8 percent. The Fund's longer-term performance increased; the 10-year return of 8.1 percent exceeded the policy index return of 7.4 percent outperforming the Fund's long-term target return of 7.0 percent.

LETTER OF TRANSMITTAL

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, 2025. This is the 29th 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 2026. ERFC earned the award in recognition for meeting or exceeding professional standards for funding and administration, as set forth in the Public Pension Standards.

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 available on ERFC's website at erfcpension.org/resources/financials. We hope that all recipients find the report informative and useful. Questions concerning any of the information presented in this report or requests for additional financial information may be addressed to the Executive Director.

Respectfully submitted,



Melissa O'Neal
Executive Director

LETTER FROM THE CHAIRPERSON

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

October 23, 2026

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, 2026. 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 who qualify for ERFC. 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 on strong governance practices and updated ERFC Regulations, the Investment Consultant Oversight Policy, Guidelines for the Independent Actuarial Review of the System's Actuarial Valuation, and the Investment Policy Statement.

The ERFC Board and staff also began an important initiative to modernize ERFC's Pension Administration System (PAS), marking ERFC's first comprehensive PAS upgrade in more than 20 years. During the fiscal year, ERFC initiated the Request for Proposals (RFP) process to identify a modern pension administration solution that will support ERFC's long-term operational and member service needs. The ERFC Board recognizes the significance of this investment and remains committed to ensuring that ERFC has the technology and resources necessary to administer retirement benefits effectively, strengthen the member experience, and support its operations for years to come.

During fiscal year 2026, global capital markets posted strong positive returns despite geopolitical and economic uncertainty. Inflation continues to remain elevated during the period, prompting the Federal Reserve to maintain a moderately restrictive policy, though interest rate cuts are not expected this year. ERFC experienced the impact of the economic upturn, posting a 13.2% net-of-fees return for the 2026 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.

LETTER FROM THE CHAIRPERSON

FCPS' employer contribution rate for the 2026 fiscal year increased to 6.61%. 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.

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

Yours sincerely,



Kimberly Adams
FY 2026 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

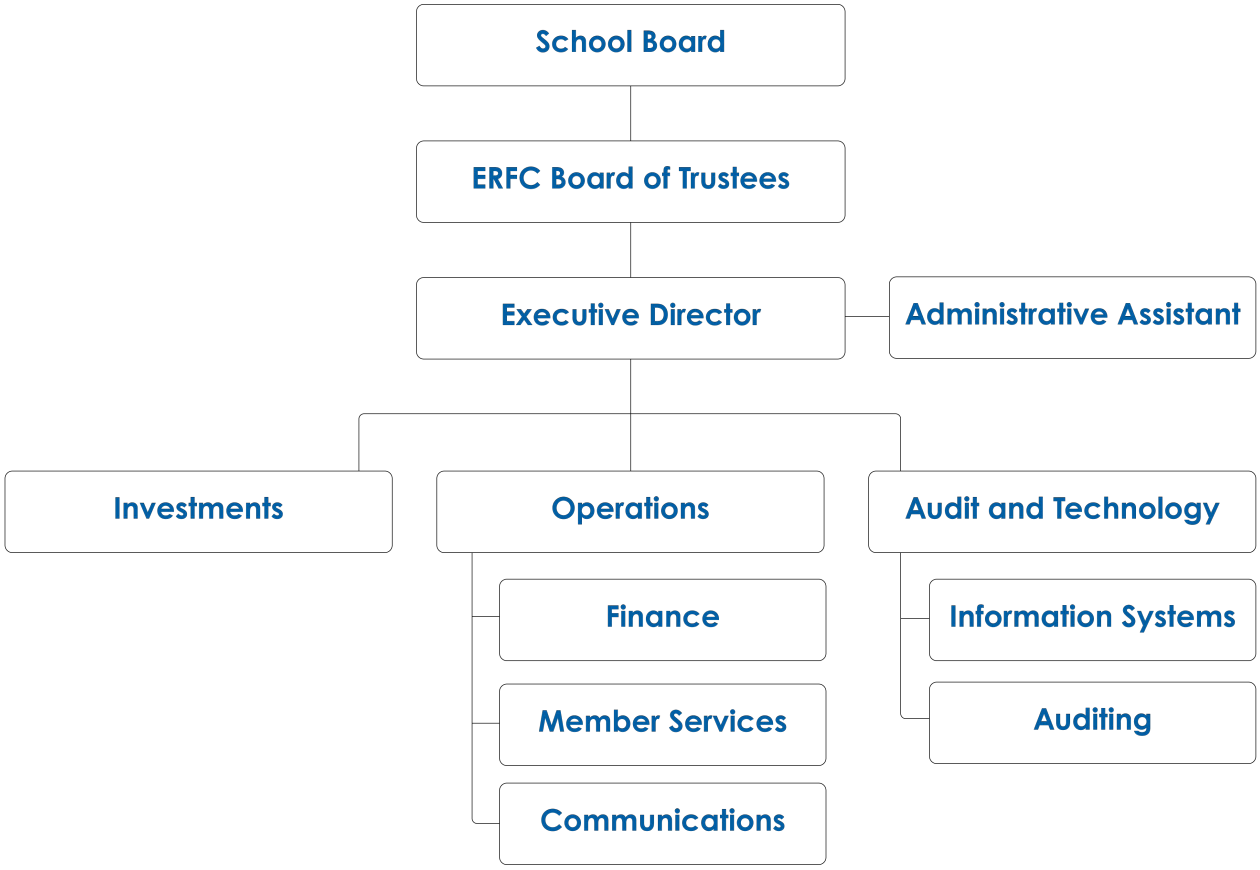


Ducchi Quan
Trustee
Elected Member



Adam McConagha
Trustee
Appointed Member

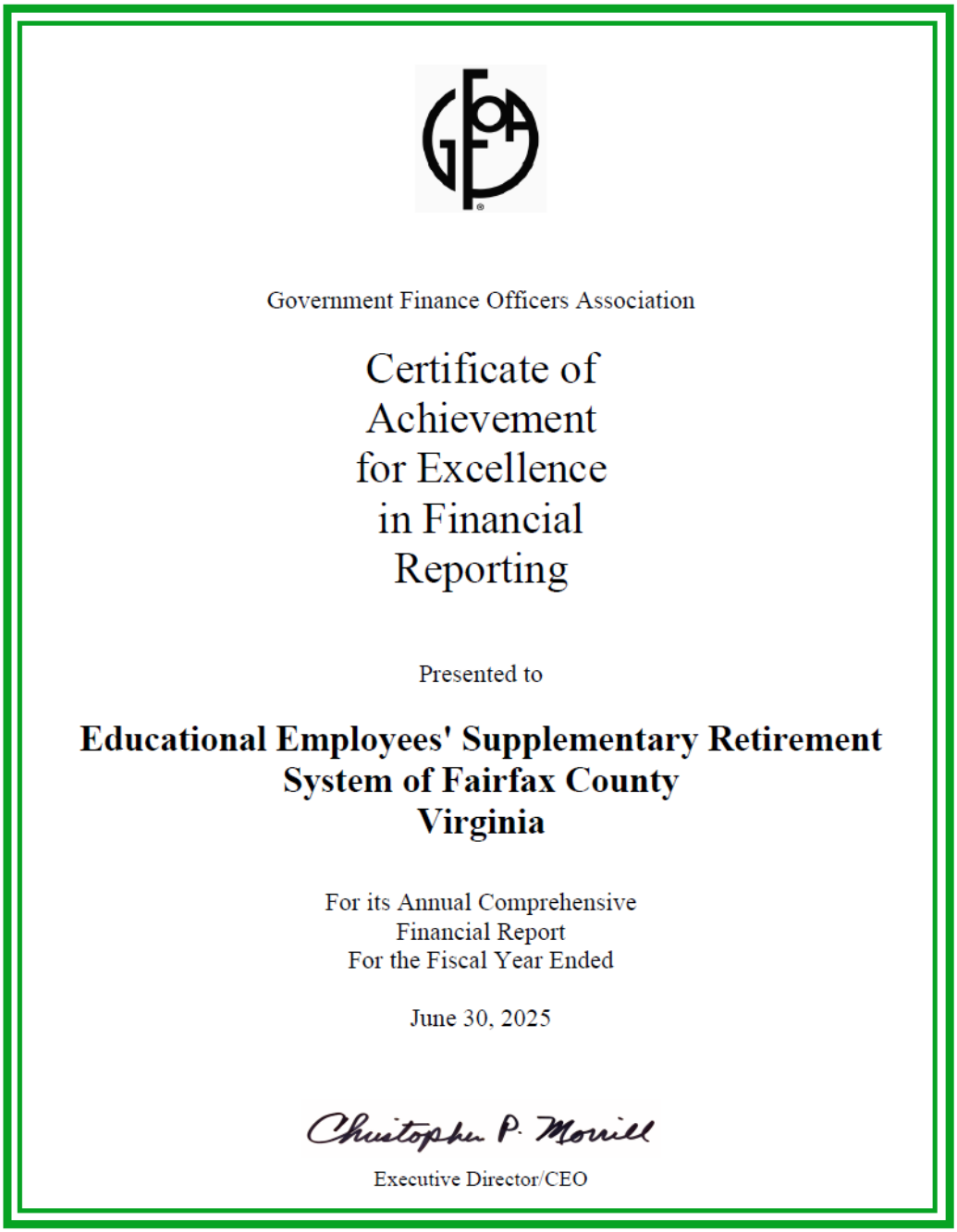
ORGANIZATIONAL CHART



As of June 30, 2026

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, 2025. This was the 29th 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

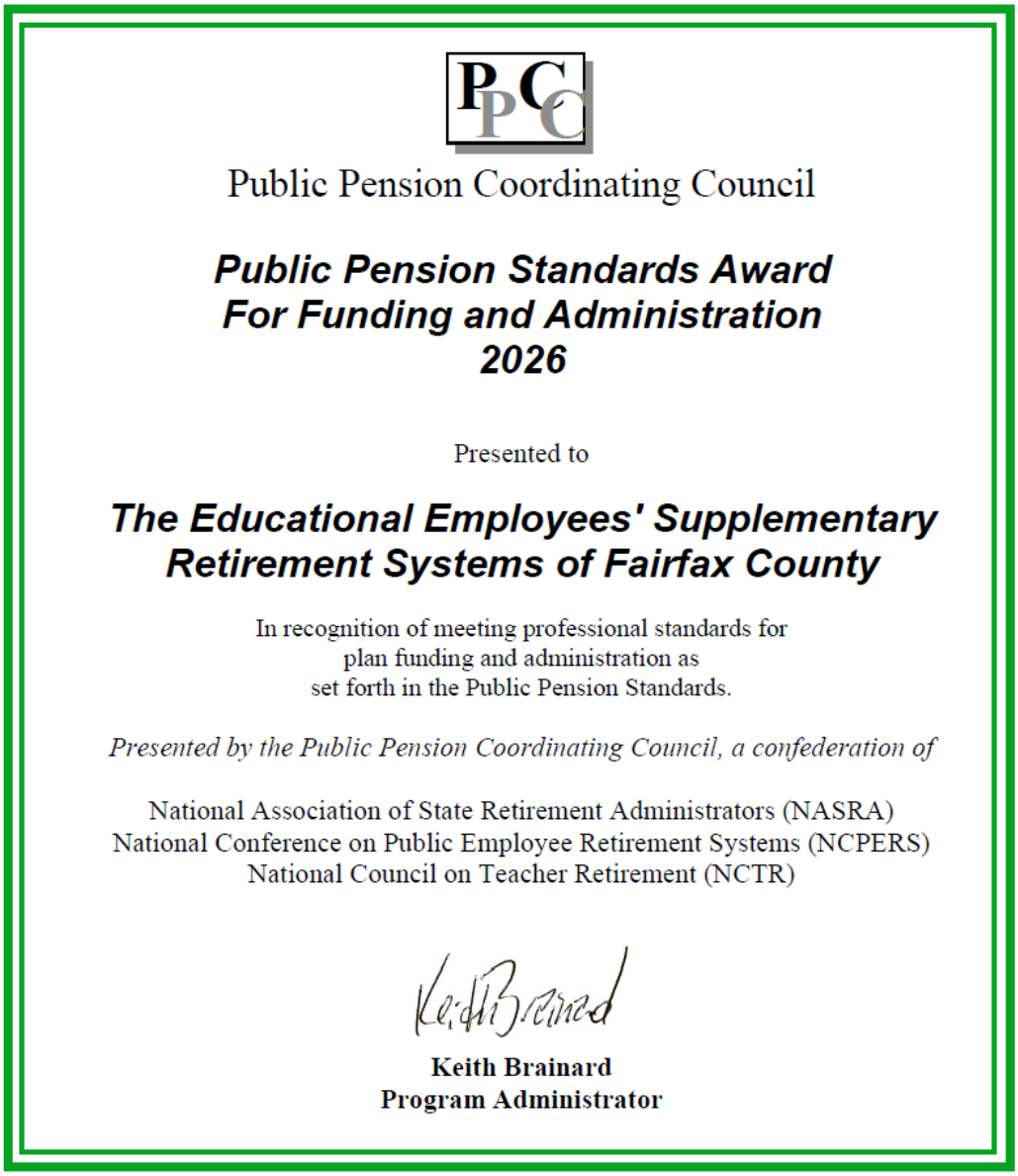
June 30, 2025

Christopher P. Morrill

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
2026

Presented to

The Educational Employees' Supplementary Retirement Systems 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)

Keith Brainard
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 73 and 75.

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

Cherry Bekaert LLP
Your Guide Forward

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 Fairfax County Public Schools, Fairfax, Virginia, as of and for the year ended June 30, 2026, 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, 2026, 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 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 23, 2026, 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 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

The purpose of management's discussion and analysis(MD&A) is to help readers understand what the financial statements and notes in this financial report say about the results of operation the Educational Employees' Supplementary Retirement System of Fairfax County ("ERFC") as of and for fiscal year ended June 30, 2026 and why it changed since last year. We encourage readers to consider the information presented here in conjunction with additional information in the Letter of Transmittal, located in the Introduction Section of the ACFR.

OVERVIEW OF THE FINANCIAL STATEMENTS

ERFC's financial report contains basic financial statements. The *Statement of Fiduciary Net Position* provides information about assets, liabilities, and fiduciary net position as of the end of the ERFC's reporting period. 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, consist of benefit payments, refunds, administrative expenses, and depreciation and amortization expenses.

The next section of this financial report contains notes on financial statements, which delve deeper into ERFC's finances as reported in the financial statements. The information in the notes is as important to understanding ERFC's finances as the information in the financial statements. ERFC uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

ERFC's financial statements use the economic resources measurement focus and accrual basis of accounting. They comprehensively report all types of financial statement elements such as assets, liabilities, additions, and deductions.

	Fiduciary Fund Statements
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term.
Types of additions	All types of additions that flow into ERFC during the year that relate to that year, regardless of when is received.
Types of deductions	All types of deductions that flow out of ERFC during the year that relate to that year, regardless of when cash is paid.

More detail about the measurement focus and base of accounting can be found in the Note 1 to the financial statements, the summary of significant accounting and other policies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

FINANCIAL SUMMARY

SUMMARY OF FIDUCIARY NET POSITION

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE	% CHANGE
ASSETS				
Total cash and investments	$ 3,997,447,305	$ 3,561,653,968	$ 435,793,337	12.2
Total receivables	7,953,571	20,993,236	(13,039,665)	(62.1)
Right-to-use leased asset, net	1,939,203	2,141,753	(202,550)	(9.5)
TOTAL ASSETS	**4,007,340,079**	**3,584,788,957**	**422,551,122**	**11.8**
LIABILITIES				
Lease liability	2,505,239	2,696,227	(190,988)	(7.1)
Accounts payable	1,726,365	1,938,337	(211,972)	(10.9)
Securities purchased	23,363,328	21,812,930	1,550,398	7.1
Securities lending collateral	105,445,134	119,201,065	(13,755,931)	(11.5)
TOTAL LIABILITIES	**133,040,066**	**145,648,559**	**(12,608,493)**	**(8.7)**
NET POSITION RESTRICTED FOR PENSIONS	**$ 3,874,300,013**	**$ 3,439,140,398**	**$ 435,159,615**	**12.7**

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE	% CHANGE
ADDITIONS				
Contributions				
Employer	$ 138,536,133	$ 129,278,658	$ 9,257,475	7.2
Member	61,359,539	59,011,733	2,347,806	4.0
Net investment income	476,149,059	268,646,641	207,502,418	77.2
TOTAL ADDITIONS	**676,044,731**	**456,937,032**	**219,107,699**	**48.0**
DEDUCTIONS				
Benefits	228,035,688	219,607,894	8,427,794	3.8
Refunds	5,522,247	5,070,399	451,848	8.9
Administrative expenses	7,106,324	6,326,994	779,330	12.3
Amortization expense	220,857	215,975	4,882	2.3
TOTAL DEDUCTIONS	**240,885,116**	**231,221,262**	**9,663,854**	**4.2**
NET INCREASE IN NET POSITION	**435,159,615**	**225,715,770**	**209,443,845**	**92.8**
NET POSITION RESTRICTED FOR PENSIONS BEGINNING OF YEAR	**3,439,140,398**	**3,213,424,628**	**225,715,770**	**7.0**
END OF YEAR	**$ 3,874,300,013**	**$ 3,439,140,398**	**$ 435,159,615**	**12.7**

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

DETAILED ANALYSES

Net position over time may serve as a useful indicator to measure the financial condition of a pension plan. As shown in the Summary of Fiduciary Net Position table, the ERFC's net position increased $435.2 million or 12.7 percent in fiscal year 2026, compared with 2025. Cash and investments increased $435.8 million, reflecting strong investment performance. This increase was partially offset by a $13.0 million decrease in receivables, primarily due to the timing of investment-related receivables and settlements at year-end, and a $0.2 million decrease in net right-to-use lease assets from accumulated amortization. Total liabilities decreased $12.6 million, or 8.7 percent. The decrease was primarily driven by a $13.8 million reduction in securities lending collateral liabilities, reflecting a lower volume of securities on loan at fiscal year-end. Accounts payable and the lease liability each decreased by $0.2 million. These decreases were partially offset by a $1.6 million increase in the payable for securities purchased. Overall, the increase in fiduciary net position reflects the combined impact of strong investment performance, favorable net cash inflows, and lower investment-related liabilities at fiscal year-end.

As shown in the Summary of Changes in Fiduciary Net Position table, fiduciary net position increased $209.4 million in fiscal year 2026. Employer contributions increased $9.3 million, or 7.2 percent, and member contributions increased $2.3 million, or 4.0 percent. The increase in contributions reflects the FCPS employer contribution rate rising to 6.61percent for fiscal year 2026 and growth in covered payroll. Net investment income increased by $207.5 million, or 77.2 percent, representing the primary driver of the year-over-year increase in fiduciary net position. ERFC's net-of-fees time-weighted rate of return for fiscal year 2026 was 13.2 percent, exceeding the interim policy benchmark return of 12.5 percent. This increase was largely attributable to stronger performance in private markets, specifically within private equities, private natural resources, and infrastructure. The portfolio also benefited from emerging market equity, as well as positions within the core fixed income portfolio. Additional detail regarding investment performance is presented in the Investment Section of this report.

Pension benefit payments and refunds increased $ 8.9 million, or 4.0 percent. Higher benefit payments reflected growth in the retiree population, cost of living adjustments, and the plan's ongoing maturation.

Administrative expenses increased 0.8 million, or 12.3 percent in fiscal year 2026. The increase was primarily due to higher personal costs, including salaries and employee benefits . See Schedule of administrative and amortization expenses located within other supplementary information regarding personal services.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

ERFC's capital assets consist of a right-to-use leased building for its office space and two leased copiers which were entered into during fiscal year 2026. On June 30, 2026, the assets had a carrying value of $1.9 million, net of accumulated amortization of $0.8 million, a decrease of $0.2 million, or 9.5 percent, from fiscal year 2025. There were no significant additions or disposals of capital assets during fiscal year 2026.

CAPITAL ASSETS — RIGHT-TO-USE LEASE ASSET

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE	% CHANGE
Right-to-use lease asset, at cost	$ 2,773,209	$ 2,753,682	$ 19,527	0.7
Less accumulated amortization	(834,006)	(611,929)	(222,077)	36.3
Right-to-use lease asset, net	**$ 1,939,203**	**$ 2,141,753**	**$ (202,550)**	**(9.5)**

ERFC's long-term financing obligations consist of the lease liabilities. On June 30, 2026, the lease liability totaled $2.5 million, a decrease of $0.2 million, or 7.1 percent, from fiscal year 2025. Additional information about the lease, including the maturity schedule of future minimum payments, is presented in Note 6 to the financial statements.

LONG-TERM FINANCING — LEASE LIABILITY

	JUNE 30, 2026	JUNE 30, 2025	VARIANCE	% CHANGE
Lease liability, beginning of year	$ 2,696,227	$ 2,888,910	$ (192,683)	(6.7)
Reduction during the year	(190,988)	(192,683)	1,695	(0.8)
Lease liability, ending of year	**$ 2,505,239**	**$ 2,696,227**	**$ (190,988)**	**(7.1)**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The ERFC Board of Trustees has approved an initiative to modernize the pension administration system, and the procurement and contracting process is currently underway. The total project cost is not yet available; however, funding has been set aside for fiscal years 2027 and 2028 based on cost proposals received through the Request for Proposals (RFP) process and an assessment of the resources required for implementation. Based on the anticipated structure of the arrangement, management expects that certain components of the agreement may meet the definition of a subscription-based information technology arrangement (SBITA) under GASB Statement No. 96. Once the contracting process is complete, ERFC will evaluate the final contractual terms and determine the appropriate accounting treatment, including the recognition and measurement of any subscription asset and related subscription liability.

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2026

ASSETS		
CASH AND SHORT-TERM INVESTMENTS		
Cash	$	2,064,469
Cash with fiscal agent		37,844,813
Cash collateral for securities on loan		105,445,134
Short-term investments		22,542,724
TOTAL CASH AND SHORT-TERM INVESTMENTS		**167,897,140**
RECEIVABLES		
Interest and dividends		2,227,759
Securities sold		5,713,809
Miscellaneous accounts receivable		12,003
TOTAL RECEIVABLES		**7,953,571**
INVESTMENTS		
Stocks		257,298,436
Fixed income		
Asset and mortgage backed		269,295,306
Corporate bonds		425,644,152
International bonds		22,884,516
Convertible securities		5,367,857
U.S. Government obligations		303,864,275
Real estate		311,720,221
Hedge funds - opportunistic		300,279,645
Private equity		357,849,909
Private debt		133,994,165
Infrastructure		89,014,030
Natural resources		99,940,699
Commingled fixed income funds		104,519,819
Commingled equity funds		1,147,877,135
TOTAL INVESTMENTS		**3,829,550,165**
OTHER ASSETS		
Right-to-use asset		2,773,209
Accumulated amortization: Right-to-use asset		(834,006)
TOTAL OTHER ASSETS		**1,939,203**
TOTAL ASSETS		**4,007,340,079**
LIABILITIES		
Lease liability		2,505,239
Accounts payable		1,726,365
Securities purchased		23,363,328
Securities lending collateral		105,445,134
TOTAL LIABILITIES		**133,040,066**
NET POSITION RESTRICTED FOR PENSIONS	**$**	**3,874,300,013**

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2026

ADDITIONS		
Contributions		
Employer	$	138,536,133
Plan members		61,359,539
TOTAL CONTRIBUTIONS		**199,895,672**
Investment income		
Net appreciation in fair value of investments		431,983,113
Interest and dividends		51,059,210
TOTAL INVESTMENT INCOME		**483,042,323**
Less investment expenses		
Investment management fees[1]		5,447,628
Investment consulting fees		1,102,689
Investment custodial fees		300,641
Investment salaries		474,616
TOTAL INVESTMENT EXPENSES		**7,325,574**
Income from securities lending activities		
Securities lending income		4,308,148
Securities lending management fees		(3,875,838)
NET SECURITIES LENDING INCOME		**432,310**
NET INVESTMENT INCOME		**476,149,059**
TOTAL ADDITIONS		**676,044,731**
DEDUCTIONS		
Benefits		228,035,688
Refunds		5,522,247
Administrative expense		7,106,324
Amortization expense		220,857
TOTAL DEDUCTIONS		**240,885,116**
Net Increase		435,159,615
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year		3,439,140,398
END OF YEAR	**$**	**3,874,300,013**

[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, 2026

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

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 Virginia Retirement System ("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, 2025, the date of the most recent actuarial valuation, the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,711
Active DROP members	401
Terminated employees entitled to, but not yet receiving benefits	9,835
Active plan members	23,180
Total Number of Plan Members	48,127

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 POLICIES 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 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, 2026, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL

		FAIR VALUE MEASURES USING		
	June 30, 2026	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	$ 22,542,724	$ 22,542,724	$ —	$ —
Debt securities				
Asset and mortgage backed	269,295,306	—	269,295,306	—
Corporate bonds	425,644,152	—	419,391,629	6,252,523
International bonds	22,884,516	—	22,884,516	—
Convertible securities	5,367,857	1,103,821	4,264,036	—
US Government obligations	303,864,275	303,864,275	—	—
Total Debt Securities	1,027,056,106	304,968,096	715,835,487	6,252,523
Global bond fund	12,688,788	12,688,788	—	—
Equity investments	257,298,436	257,298,436	—	—
TOTAL INVESTMENT AND SHORT-TERM SECURITIES MEASURED BY FAIR VALUE HIERARCHY LEVEL	**$ 1,319,586,054**	**$ 597,498,044**	**$ 715,835,487**	**$ 6,252,523**

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

	June 30, 2026	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Equity investments				
Commingled large cap equity funds	$ 546,862,517	$ —	Daily	None
Commingled global equity funds	446,202,058	—	Daily	None
Commingled emerging markets equity fund	154,812,560	—	Daily	3 days
TOTAL EQUITY INVESTMENTS	**1,147,877,135**	**—**		
Fixed income investments				
Commingled core plus bond fund	91,831,031	—	Daily	None
TOTAL FIXED INCOME INVESTMENTS	**91,831,031**	**—**		
Other investments				
Private markets	680,798,803	389,834,075	Not eligible	N/A
Hedge Funds - Opportunistic	300,279,645	3,607,247	Monthly	30 days
Real estate - core open-end funds	147,985,633	5,798,839	Quarterly	1-90 days
Real estate - private commingled funds	163,734,588	90,792,805	Not eligible	N/A
TOTAL OTHER INVESTMENTS	**1,292,798,669**	**490,032,966**		
TOTAL INVESTMENTS MEASURED AT NAV	**2,532,506,835**			
TOTAL INVESTMENTS	**$ 3,852,092,889**			

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 6.61 percent for fiscal year 2026.

3. NET PENSION LIABILITY DISCLOSURES

The components of the System's net pension liability as of June 30, 2026 were as follows:

Total Pension Liability	$	4,918,959,958
Plan Fiduciary Net Position		3,874,300,013
Net Pension Liability	$	1,044,659,945
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		78.76%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2025, 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 2026 TOTAL PENSION LIABILITY

Actuarial Cost Method	Entry Age Normal
IRS Limit Increases	2.50%
Salary Increases	2.75% to 7.5% 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 104.48% of the male rates and 97.19% of the female rates of the PUB-2016 Teachers' Amount-Weighted Above Median mortality table projected generationally using Scale MP-2021. 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 experience study in 2025. The long-term assumption of 7.0 percent was set based on advice from the plan's investment advisors and was in-line with the plan's actuaries' future return expectations for public pension funds with similar asset allocations based on their internal capital market assumptions. The plan's long-term inflation assumption is 2.5 percent.

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)	5.7 %
Domestic Equity (Small Cap)	6.8
International Equity (Large Cap)	6.0
International Equity (Small Cap)	7.2
Emerging Market Equity	7.3
Global Equity	5.9
US Core Fixed Income	1.9
Hedge Funds Opportunistic	4.5
Infrastructure	8.1
Real Estate	5.5
Private Equity	10.5
Private Debt	6.8
Natural Resources	8.0

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 6.0%	Assumption 7.0%	1% Increase 8.0%
Net pension liability	$ 1,753,819,610	$ 1,044,659,945	$ 468,373,220

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, 2026
Domestic Equity (Large Cap)	15.0 %
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
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, 2026, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.99 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 2026, the System's fair value of CMO's was $1,990,478, and the fair value of futures was $91,849,048.

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, 2026, 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	$	269,295,306	0.92	26.2 %
Corporate Bonds		425,644,152	3.21	41.5
International Bonds		22,884,516	0.43	2.2
Convertible Securities		5,367,857	—	0.5
US Government Obligations		303,864,275	2.74	29.6
TOTAL	**$**	**1,027,056,106**	—	**100.0 %**
			* Weighted Duration in years	
Short-term Investment Funds	$	22,542,724	—	
TOTAL SHORT-TERM	**$**	**22,542,724**	**—**	

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, 2026, 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	$ 61,969,440	AAA	8.7 %
	115,409,836	AA	16.0
	29,512,852	A	4.1
	33,916,673	BBB	4.7
	1,961,005	BB	0.3
	362,499	B	0.1
	4,914,375	CCC	0.7
	1,112,628	CC	0.2
	278,863	C	0.0
	19,857,135	Not Rated	2.7
Convertible Securities	447,577	A	0.1
	358,267	BBB	0.0
	299,099	B	0.0
	4,262,914	Not Rated	0.6
Corporate Bonds	4,288,465	AA	0.6
	64,953,170	A	9.0
	240,376,642	BBB	33.0
	76,952,752	BB	10.6
	31,473,112	B	4.4
	6,766,696	CCC	0.9
	616,884	CC	0.1
	216,431	Not Rated	0.0
International Bonds	2,265,212	AAA	0.3
	5,692,801	AA	0.8
	10,729,684	BBB	1.5
	4,196,819	BB	0.6
TOTAL	**$ 723,191,831**		**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, 2026, and as addressed previously, the System had four active fixed income managers. The portfolios had values of $267.1 million, $255.0 million, $342.6 million and $286.0 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 1.80 percent of that portfolio.

Deposits

At June 30, 2026, short-term investments with the custodial bank totaled $22,542,724. 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, 2026, the cash balance of $2,064,469 represents funds that could not be invested in the County's enhanced cash fund until July 1, 2026.

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, 2026, cash with the fiscal agent totaled $37,844,813. 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 $105,445,134 as of June 30, 2026, are shown on the Statement of Fiduciary Net Position. As of June 30, 2026, the fair value of securities on loan for cash collateral was $102,915,589. 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, 2026, the array of securities the System had on loan for cash collateral took this form:

SECURITIES	FAIR VALUE	CASH COLLATERAL
Domestic Corporate Bonds	$ 40,172,967	$ 41,255,864
International Bonds	224,198	228,779
Domestic Stock	59,146,583	60,520,512
US Government Securities	3,371,841	3,439,979
TOTAL	**$ 102,915,589**	**$ 105,445,134**

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, 2026, was as follows:

INVESTMENT TYPE	FAIR VALUE
Stocks	$ 257,298,436
Bonds and Mortgage Securities	723,191,831
US Government Obligations	303,864,275
Real Estate	311,720,221
Hedge Funds - Opportunistic	300,279,645
Private Equity	357,849,909
Private Debt	133,994,165
Infrastructure	89,014,030
Natural Resources	99,940,699
Commingled Fixed Income Funds	104,519,819
Commingled Equity Funds	1,147,877,135
SUBTOTAL INVESTMENTS	**3,829,550,165**
Cash collateral for securities on loan	105,445,134
TOTAL	**$ 3,934,995,299**

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, 2026:

CURRENCY	CASH & CASH EQUIVALENTS	EQUITY	FIXED INCOME SECURITIES	PRIVATE MARKETS	TOTAL U.S. DOLLARS
BRAZIL REAL	—	—	1,778,711	—	1,778,711
EURO CURRENCY UNIT	719,451	—	—	31,285,281	32,004,732
HUNGARIAN FORINT	—	—	4,955,518	—	4,955,518
JAPANESE YEN	4,579	1,013	—	—	5,592
KAZAKHSTAN TENGE	—	—	2,265,212	—	2,265,212
MEXICAN PESO	—	—	3,297,917	—	3,297,917
NEW TURKISH LIRA	—	—	5,368,924	—	5,368,924
NORWEGIAN KRONE	1,810	—	—	—	1,810
SOUTH AFRICAN RAND	—	—	2,041,204	—	2,041,204
SOUTH KOREAN WON	—	226	—	—	226
URUGUAY PESO	—	—	2,476,249	—	2,476,249
UZBEKISTANI SOUM	—	—	795,325	—	795,325
TOTAL FAIR VALUE	**$ 725,840**	**$ 1,239**	**$ 22,979,060**	**$ 31,285,281**	**$ 54,991,420**

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.

NOTES TO THE FINANCIAL STATEMENTS

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. As of June 30,2026, the value of the lease liability was $2,491,202. The base lease payment is $22,019 per month. The lease has an interest rate of 2.79 percent. 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 30,2026 was $2,753,682 with accumulated amortization of $827,904. ERFC has an option to extend the lease for 60 months.

On April 1, 2025, ERFC entered into a 48 month lease as Lessee for the use of two copiers. An initial lease liability was recorded in the amount of $19,527. As of June 30,2026, the value of the lease liability was $14,037. The base lease payment is $480 per month. The lease has an interest rate of 8.76 percent. The value of the right-to-use asset as of June 30, 2026 was $19,527 with accumulated amortization of $6,102.

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

ASSET CLASS	LEASE ASSET VALUE	ACCUMULATED AMORTIZATION
Copiers	$ 19,527	$ 6,102
Building	2,753,682	827,904
Total Leases	$ 2,773,209	$ 834,006

The System's consolidated lease liability schedule as of June 30, 2026 is shown below:

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2027	$ 222,616	$ 67,799	$ 290,415
2028	236,374	61,118	297,492
2029	249,278	54,028	303,306
2030	259,569	46,850	306,419
2031	274,710	39,412	314,122
2032-2035	1,262,692	74,409	1,337,101
Total	**$ 2,505,239**	**$ 343,616**	**$ 2,848,855**

NOTES TO THE FINANCIAL STATEMENTS

7. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2026, the System implemented the following new accounting standards as issued by GASB.

GASB Statement No. 103, Financial Reporting Model Improvements. The Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This implementation primarily resulted in changes to MD&A and did not have a material impact on ERFC's financial statements.

GASB Statement No. 104, Disclosures of Certain Assets. This Statement requires separate, detailed note disclosures for specific intangible assets and any capital assets held for resale. The implementation of the new standard did not have a material impact on ERFC's financial statements.

GASB Statement No. 105, Subsequent Events. This Statement improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Subsequent events are events or transactions that occur after the fiscal year end but before the financial statements are available to be issued. Such events are evaluated to determine whether they require recognition or disclosure in the financial statements. ERFC elected to early implement this Statement in fiscal year 2026. The implementation of the new standard did not have a material impact on ERFC's financial statements for fiscal year 2026. Consistent with GASB Statement No. 105, management evaluated subsequent events through October 23, 2026, the date the financial statements were available to be issued.

This page is intentionally left blank.

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, 2023 valuation were used to set the employer contribution rate of 6.61% for fiscal year 2026 and 2027, respectively.

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 42 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, 2025. 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, 2026.

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
2026	$ 138,536,133	$ 138,536,133	$ —	$ 2,095,856,778	6.61 %
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

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	2026	2025	2024	2023	2022
TOTAL PENSION LIABILITY					
Service Cost	$ 112,582,393	$ 107,817,361	$ 102,289,996	$ 97,264,457	$ 92,063,438
Interest on the Total Pension Liability	324,352,688	306,314,247	293,865,503	279,596,095	268,463,381
Changes of benefit terms		—	161,937,951	—	—
Difference between expected and actual experience of the Total Pension Liability	81,707,894	67,913,491	(165,399,993)	33,027,559	(5,133,211)
Changes of assumptions	(3,931,492)	—	—	—	133,042,334
Benefit payments, including refunds of employee contributions	(233,557,935)	(224,678,293)	(216,084,948)	(206,044,965)	(198,655,496)
Net Change in Total Pension Liability	281,153,548	257,366,806	176,608,509	203,843,146	289,780,446
Total Pension Liability - Beginning	4,637,806,410	4,380,439,604	4,203,831,095	3,999,987,949	3,710,207,503
Total Pension Liability - Ending	4,918,959,958	4,637,806,410	4,380,439,604	4,203,831,095	3,999,987,949
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	138,536,133	129,278,658	121,645,811	117,155,967	111,119,456
Contributions - Member	61,359,539	59,011,733	56,450,447	52,542,598	50,017,839
Net Investment Income	476,149,059	268,646,641	180,365,641	120,795,408	(232,237,621)
Benefit Payments, including refunds of employee contributions	(233,557,935)	(224,678,293)	(216,084,948)	(206,044,965)	(198,655,496)
Pension Plan Administrative, Depreciation and Amortization Expense	(7,327,181)	(6,542,969)	(5,685,425)	(5,625,786)	(4,481,381)
Net Change in Plan Fiduciary Net Position	435,159,615	225,715,770	136,691,526	78,823,222	(274,237,203)
Plan Fiduciary Net Position - Beginning, as previously reported	3,439,140,398	3,213,424,628	3,076,733,102	2,997,909,880	3,272,151,084
Prior Period Adjustment	—	—	—	—	(4,001)
Plan Fiduciary Net Position - Beginning	3,439,140,398	3,213,424,628	3,076,733,102	2,997,909,880	3,272,147,083
Plan Fiduciary Net Position - Ending	3,874,300,013	3,439,140,398	3,213,424,628	3,076,733,102	2,997,909,880
Net Pension Liability - Ending	$ 1,044,659,945	$ 1,198,666,012	$ 1,167,014,976	$ 1,127,097,993	$ 1,002,078,069
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.76 %	74.15 %	73.36 %	73.19 %	74.95 %
Covered Payroll	$ 2,095,856,778	$ 1,995,041,019	$ 1,877,250,170	$ 1,748,596,522	$ 1,658,499,343
Net Pension Liability as a Percentage of Covered Payroll	49.84 %	60.08 %	62.17 %	64.46 %	60.42 %

continued

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

2021	2020	2019	2018	2017	FISCAL YEAR ENDED JUNE 30
					TOTAL PENSION LIABILITY
$ 91,770,647	$ 92,719,549	$ 90,633,074	$ 88,599,697	$ 78,925,763	Service Cost
253,330,122	243,578,788	231,477,042	221,106,804	209,515,636	Interest on the Total Pension Liability
—	—	—	—	(1,038,793)	Changes of benefit terms
29,758,913	(12,696,483)	27,726,555	12,140,768	19,857,344	Difference between expected and actual experience of the Total Pension Liability
(17,342,443)	—	—	—	23,334,195	Changes of assumptions
(191,265,982)	(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	Benefit payments, including refunds of employee contributions
166,251,257	137,615,358	167,904,598	144,126,973	157,208,562	**Net Change in Total Pension Liability**
3,543,956,246	3,406,340,888	3,238,436,290	3,094,309,317	2,937,100,755	**Total Pension Liability - Beginning**
3,710,207,503	3,543,956,246	3,406,340,888	3,238,436,290	3,094,309,317	**Total Pension Liability - Ending**
					PLAN FIDUCIARY NET POSITION
104,784,310	104,741,255	96,982,911	91,704,877	80,094,538	Contributions - Employer
48,934,340	49,095,601	46,645,396	44,169,100	43,062,632	Contributions - Member
720,738,680	108,472,534	117,727,500	188,145,489	250,981,777	Net Investment Income
(191,265,982)	(185,986,496)	(181,932,073)	(177,720,296)	(173,385,583)	Benefit Payments, including refunds of employee contributions
(4,423,439)	(4,381,191)	(4,262,159)	(4,300,927)	(4,059,408)	Pension Plan Administrative, Depreciation and Amortization Expense
678,767,909	71,941,703	75,161,575	141,998,243	196,693,956	**Net Change in Plan Fiduciary Net Position**
2,593,383,175	2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	Plan Fiduciary Net Position - Beginning, as previously reported
—	—	—	—	—	Prior Period Adjustment
2,593,383,175	2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	Plan Fiduciary Net Position - Beginning
3,272,151,084	2,593,383,175	2,521,441,472	2,446,279,897	2,304,281,654	**Plan Fiduciary Net Position - Ending**
$ 438,056,419	$ 950,573,071	$ 884,899,416	$ 792,156,393	$ 790,027,663	**Net Pension Liability - Ending**
88.19 %	73.18 %	74.02 %	75.54 %	74.47 %	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
$ 1,627,085,559	$ 1,626,417,003	$ 1,549,247,780	$ 1,469,629,439	$ 1,430,259,607	Covered Payroll
26.93 %	58.45 %	57.12 %	53.90 %	55.24 %	**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
2026	13.99 %
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

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
2026	6.61 %	3.00 %	9.61 %
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

- 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.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF ADMINISTRATIVE AND AMORTIZATION EXPENSES

Fiscal Year Ended June 30, 2026

PERSONNEL SERVICES		
Salaries and wages	$	3,768,250
Retirement contributions		957,278
Insurance		559,408
Social security		295,542
TOTAL PERSONNEL SERVICES		**5,580,478**
PROFESSIONAL SERVICES		
Plan automation support		417,773
Legal		289,825
Actuarial		150,401
Pension payroll service		129,427
Audit		66,906
TOTAL PROFESSIONAL SERVICES		**1,054,332**
OTHER SERVICES AND CHARGES		
Office supplies		4,813
Postage		270
Communications		35,733
Dues and subscriptions		16,260
Board travel and staff development		108,415
Equipment		81,881
Software		68,488
Amortization expense		220,857
Miscellaneous		155,654
TOTAL OTHER SERVICES AND CHARGES		**692,371**
TOTAL ADMINISTRATIVE AND AMORTIZATION EXPENSES	**$**	**7,327,181**

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF INVESTMENT EXPENSES

Fiscal Year Ended June 30, 2026

INVESTMENT MANAGEMENT FEES		
Fixed income managers		
DoubleLine Capital, L.P.	$	529,592
Fidelity Institutional Asset Management		303,739
J.P. Morgan Investment Management Inc.		1,148,925
Loomis-Sayles and Company, L.P.		1,026,024
Equity managers		
Cramer Rosenthal McGlynn, LLC		450,370
Mellon Capital Management Corporation		96,489
Schroder Investment Management North America, Ltd.		438,737
Westfield Capital Management		468,698
International managers		
William Blair & Company		878,986
MACS		
Wellington Management Company LLP		106,068
TOTAL INVESTMENT MANAGEMENT FEES		**5,447,628**
OTHER INVESTMENT SERVICE FEES		
Custodial fees - Mellon Trust		300,641
Investment fees - Meketa Investment Group		800,000
Investment consultant fees - Segal Marco Advisors		296,200
Foreign tax consulting - Pricewaterhousecoopers		6,489
Investment salaries		474,616
TOTAL OTHER INVESTMENT SERVICE FEES		**1,877,946**
TOTAL INVESTMENT EXPENSES (1)	**$**	**7,325,574**

(1) Some investment fees are netted directly against assets under management. See Schedule of Investment Manager Fees located within the Investment Section on page 75.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF PROFESSIONAL SERVICE FEES

Fiscal Year Ended June 30, 2026

SERVICE PROVIDER	NATURE OF SERVICE	AMOUNT
Levi, Ray & Shoup, Inc.	Plan automation support	$ 258,789
Bredhoff & Kaiser PLLC	Legal counsel	253,130
Arthur J. Gallagher & Co.	Actuary	150,401
The Segal company(Estern States),INC	Plan automation support	137,335
ADP Payroll Services	Pension payroll service	81,247
Cherry Bekaert LLP	Audit	66,906
PBI Research Services and others	Pension payroll service	48,180
Reed Smith LLC	Legal counsel	36,695
Carahsoft Technology Corporation	Plan automation support	21,649
TOTAL PROFESSIONAL SERVICE FEES		**$ 1,054,332**

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 Fairfax County Public Schools, Fairfax, Virginia, as of and for the year ended June 30, 2026, 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 23, 2026.

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 23, 2026

Investment

Unaudited

- Consultant Report on Investment Activity
- Strategic Review and Investment Policy
- Investment Managers
- Assets Under Management
- Asset Structure
- Investment Results
- Schedules of Ten Largest Equity & Fixed Income Holdings
- Schedule of Brokerage Commissions
- Investment Summary
- Schedule of Investment Mangement Fees

CONSULTANT REPORT ON INVESTMENT ACTIVITY

Segal Marco Advisors

66 Hudson Blvd, E
20th floor
New York, NY 10001-2192
segalmarco.com

August 31, 2026

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 2026

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, 2026. This letter also highlights changes to the Plan and its investment program during fiscal year 2026.

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.

During fiscal year 2026, the Trustees continued to review the Fund's asset allocation in the context of the Plan's long-term objectives, expected benefit obligations, and market conditions. The long-term policy allocation remained diversified across equities, fixed income, real estate, private equity, private debt, infrastructure, natural resources, hedge fund strategies, and cash. The long term target allocation of the Plan is 37.0% in equities, 7.0% in real estate, 37.0% in fixed income, 11.0% in private equity/debt, 3.0% in infrastructure, and 5.0% in natural resources, with hedge fund strategies included in the interim implementation structure. 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 June 30, 2026, the Fund was in compliance with the established policy target ranges across all asset classes. The overall asset allocation percentages included 21.0% in domestic equity, 6.5% in international developed equity, 1.6% in international small cap equity, 4.0% in emerging market equity, 3.4% in global equity, 29.7% in domestic fixed income, 8.1% in real estate, 7.7% in hedge fund strategies, 2.3% in infrastructure, 9.2% in private equity, 3.5% in private debt, 2.6% in natural resources, and 0.4% in cash. Over the long term, which is the framework for considering the term

CONSULTANT REPORT ON INVESTMENT ACTIVITY

structure of the Plan's liabilities, the asset allocation is expected to continue to meet benefit needs while providing growth and appropriate diversification.

Economic and Market Commentary

During the second half of fiscal year 2026, global equity markets remained resilient despite geopolitical and economic uncertainty. Second quarter performance was supported by easing tensions in the U.S.–Iran conflict, lower oil prices following the reopening of the Strait of Hormuz, and continued corporate earnings growth. Emerging markets led global equity performance during the quarter, followed by U.S. equities and international developed markets.

The U.S. stock market, as measured by the Russell 3000 Index, returned 22.8% for the one-year period ending June 30, 2026. Large cap stocks, as measured by the Russell 1000 Index, returned 22.0%, while small cap stocks, as measured by the Russell 2000 Index, returned 40.8%. U.S. equity performance was strong during the second quarter, with broader market participation beyond the Magnificent Seven and particularly strong results from small capitalization stocks. The top three performing sectors during the fiscal year were Industrials (20.2%), Information Technology (19.8%), and Energy (19.7%).

International developed equities also posted strong results. The MSCI EAFE Index returned 20.2% for the one-year period ending June 30, 2026. Within developed international markets, Japan was the largest contributor to second quarter returns, followed by Europe and Pacific ex-Japan. Information technology was the strongest-performing sector during the second quarter (55.1%), supported by continued artificial intelligence-related capital spending, while energy lagged (-17.0%) as oil prices declined.

Emerging markets delivered the strongest global equity results during the second quarter of 2026. The MSCI Emerging Markets Index returned 24.1% for the quarter and 43.5% for the one-year period ending June 30, 2026. Performance was led by information technology for the year (92.8%), particularly semiconductor-related companies, while results across countries were mixed, with Korea and Taiwan leading and China and India lagging. Consumer Discretionary lagged for the year (-20.5%) on weak demand and increased competition. During the second quarter of 2026, Energy experienced a sharp drop in oil prices amid easing tensions in the U.S.–Iran conflict.

Within fixed income markets, the U.S. Treasury yield curve shifted during the quarter, with a bear steepening as yields rose across the middle of the curve. The 10-year Treasury yield rose 12 basis points to 4.44% at quarter-end, while the 2-year Treasury yield closed at 4.15%. Credit spreads remained historically tight, supported by strong corporate fundamentals, robust earnings, and continued demand for income-producing assets. The Federal Reserve held interest rates steady at 3.50%–3.75% on a YTD basis for 2026, while the European Central Bank and Bank of Japan each raised policy rates. U.S. fixed income returns were positive but modest, with the Bloomberg U.S. Aggregate Index returning 0.7% for the quarter and 3.8% over the one-year period. Global and emerging market fixed income also posted positive quarterly returns, reflecting diverging central bank policies, changing inflation expectations, currency movements and robust issuance.

CONSULTANT REPORT ON INVESTMENT ACTIVITY

Fund Summary of Investment Performance

On a net of fee basis, the Fund earned a return of 13.2% for the one-year period ending June 30, 2026. The Fund outperformed its Interim Policy Index[1] return of 12.5% and its Long-Term Policy Index[2] return of 11.8% for the one-year period. The Fund also 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 approximately $3.5 billion as of fiscal year-end 2025 to approximately $3.9 billion as of fiscal year-end 2026. Over the 5-, 7-, and 10-year periods ending June 30, 2026, the Fund outpaced its Interim Policy benchmark and returned 4.7%, 8.0%, and 8.1%, respectively. It is important to note that a pension fund is a long-term investment vehicle established to pay for participants' benefits.

The Fund's outperformance relative to the Interim Policy and Long-Term Policy benchmarks over the fiscal year was helped by strong performance from emerging market equity, global equity, public and private fixed income managers, as well as private real estate core managers, while domestic small cap equity, international small cap equity and certain private market exposures lagged their respective benchmarks. During this most recent fiscal year, the Fund's asset allocation contributed to overall relative performance versus the Policy benchmark.

Equities

During fiscal year 2026, equity markets produced strong positive returns. U.S. equities returned 15.4% for the quarter and 22.8% for the one-year period, as measured by the Russell 3000 Index. Large cap equity returned 22.0% for the one-year period, while small cap equity returned 40.8%, reflecting a strong rebound and broader market participation. In the U.S. equity market, the poorest performing sectors were Financials and Consumer Discretionary for the year. The Industrials sector performed well and led the way within the U.S. equity market. In addition, Information Technology, Energy, and Materials were among the top performing sectors.

Similarly, Non-U.S. developed equities posted positive returns in the first half of 2026, as well as fiscal year 2026. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 20.2% for fiscal year 2026. Overall, MSCI EAFE Index sector returns were mostly positive for the fiscal year. Information Technology, Energy, and Materials were the largest contributors. Consumer Discretionary and Communication Services were the poorest performing sectors during the period.

[1] The Interim Policy Index as of 6/30 consisted of: Russell 1000 Index: 14.00%, Russell 2000 Growth Index: 2.00%, Russell 2000 Value Index: 2.00%, Russell 2000 Index: 2.00%, International Equity Index: 6.00%, 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: 23.00%, Blmbg. U.S. Gov't/Credit: 9.00%, HFRI Fund of Funds Composite Index: 7.00%, 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%, 90 Day U.S. Treasury Bill: 3.00%

[2] 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: 15.00%, 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%, 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%, 90 Day U.S. Treasury Bill: 5.00%

CONSULTANT REPORT ON INVESTMENT ACTIVITY

Emerging markets stocks, as measured by the benchmark MSCI Emerging Markets Index, were the best performing of the equity markets during the quarter and remained strong for the fiscal year, returning 24.1% and 43.5% respectively. Taiwan posted the strongest quarter-end return. Sector performance was mixed during fiscal year 2026. Consumer Discretionary, Communication Services and Consumer Staples were the poorest performing sectors for the year while Information Technology, Industrials and Utilities were among the top performing sectors.

The Fund's equity composites participated in the market advance. Domestic equity returned 26.0% for the fiscal year, international developed equity returned 20.5%, emerging market equity returned 52.6%, and global equity returned 26.4%. International small cap equity returned 4.5% and lagged its benchmark during the fiscal year.

Across public equity portfolios, indexed large cap and international developed equity exposures closely tracked their benchmarks. Active emerging market and global equity managers added value over the one-year period, while small cap and international small cap results were mixed relative to benchmarks.

Domestic Equity Portfolio:
For fiscal year 2026, the domestic equity composite held $815 million, representing 21.0% of total Fund assets. The domestic equity composite returned 26.0% for the fiscal year. The large cap equity composite returned 22.0% and the small cap equity composite returned 35.2%.

International Developed Equity Portfolio:
For fiscal year 2026, the international developed equity composite held $253 million, representing 6.5% of total Fund assets. The total international equity portfolio returned 20.5%.

International Small Cap Equity Portfolio:
The international small cap equity composite held $63 million, representing 1.6% of total Fund assets. The total international small cap equity composite returned 4.5%.

Emerging Market Equity Portfolio:
The emerging market equity composite held $155 million, representing 4.0% of total Fund assets. The total emerging market equity composite returned 52.6%.

Global Equity Portfolio:
For fiscal year 2026, the global equity composite held $130 million, representing 3.4% of total Fund assets. The total global equity composite returned 26.4%.

Fixed Income
Domestic fixed income markets generated modest positive returns during fiscal year 2026. The Bloomberg U.S. Aggregate Index returned 0.7% for the quarter and 3.8% for the one-year period. Credit spreads remained historically tight, supported by strong corporate fundamentals and robust demand for income-producing assets, while higher yields continued to create pressure on prices but improved longer-term income prospects. The 10- year Treasury yield rose 12 bps to reach 4.44% at quarter-end. The 2- year Treasury yield closed at 4.15%, compressing the 2s/10s spread from +47 bps to +35 bps.

CONSULTANT REPORT ON INVESTMENT ACTIVITY

International fixed income markets also posted positive quarterly returns amid diverging central bank policies, elevated global bond yields, and currency movements. Emerging market debt outperformed due to higher starting yields and central banks that were generally further along in their rate cycle management. The European Central Bank ("ECB") raised their policy rate by 25 basis points (bps) to 2.25% in June. The ECB again raised its 2026 inflation forecast to 3.0% from lower prior levels, citing energy price pressures that could spill over into broader consumer prices. The Bank of Japan ("BoJ") also raised their policy rate by 25 bps to 1.00%, which is the highest level since 1995 given progress made on sustainable inflation and wage growth.

Domestic Fixed Income Portfolio:
For fiscal year 2026, the total domestic fixed income composite held approximately $1.2 billion, representing 29.7% of total Fund assets. The composite returned 4.1%.

Real Estate:
Real estate showed signs of stabilization during fiscal year 2026 after a challenging period for the asset class. The NCREIF ODCE Net Index returned 3.6% for the one-year period ending June 30, 2026. The Fund's private real estate composite returned 3.8% for the fiscal year, modestly ahead of its benchmark.

Real Estate Portfolio:
For fiscal year 2026, the total real estate composite held $312 million, representing 8.1% of total Fund assets. The composite returned 3.8%.

Hedge Funds:
Hedge fund strategies produced positive results during fiscal year 2026. The HFRI Fund Weighted Composite Index returned 7.8% during the second quarter of 2026, reflecting an improvement from its 0.7% return in the first quarter of 2026. The Fund's hedge fund opportunistic composite, consisting of GCM Grosvenor MAC funds, returned 16.4% for the one-year period ending June 30, 2026

Hedge Fund Portfolio:
For fiscal year 2026, the total hedge fund opportunistic composite held $300 million, representing 7.7% of total Fund assets.

In fiscal year 2026, Segal Marco Advisors helped the Fund continue implementation of the asset allocation and investment structure approved in prior periods. During the year, the Trustees approved the termination of the international small cap equity manager (Barings International Small Cap Equity Fund) and the rebalancing of the assets to the Mellon DB SL International Stock Index Fund. The transition took place during Q3 2025. The Trustees also approved the effective elimination of the MACS allocation and the rebalancing of assets from the MACS manager (Wellington Opportunistic) to the JPM Core Bond Fund, which took place during Q3 2025. In addition, the Trustees approved the addition of the domestic equity small cap manager (Schroders U.S. Small Cap) to and the removal of the emerging market equity manager (William Blair) from the watchlist. Segal also reviewed the Fund's asset allocation mix and presented a few new mixes for Trustee consideration. The Trustees approved moving to a new mix, which would result in the elimination of the international small cap equity allocation. The investment program continued to

CONSULTANT REPORT ON INVESTMENT ACTIVITY

emphasize diversified exposure across public markets, private markets, real assets, and opportunistic strategies.

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

Meketa continued to work with the Trustees on the real estate, infrastructure, private equity, private debt, and natural resources portfolios. As of June 30, 2026, these private market allocations represented meaningful components of the Fund's diversified investment program, including 9.2% in private equity, 3.5% in private debt, 2.6% in natural resources, 2.3% in infrastructure, and 8.1% in real estate.

Market conditions and Fund performance will continue to be monitored closely to ensure the Fund remains on track to deliver the benefits 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 2.5 percent constitutes an assumed rate of inflation and 4.5 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, 2026

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		
	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
Real Estate		
	Atlas Capital Group	Value-Added
	Berkeley Partners	Value-Added
	Berkeley Partners Credit	Debt
	Berkshire Partners	Value-Added
	Berkshire Credit	Debt
	Blue Owl Capital	Value-Added
	Broadview Partners	Value-Added
	Carlyle	Core-Plus
	CBRE Investment Management	Core-Plus
	Centerbridge Partners	Opportunistic
	Clarion	Core-Plus
	DivcoWest	Value-Added
	DRA Advisors	Value-Added
	Focus Healthcare Partners	Opportunistic
	FPA Multifamily	Value-Added
	Hammes Partners	Core-Plus
	Hines Rialto	Debt
	IDR investment Management	Core
	JP Morgan Asset Management	Core-Plus
	Landmark Partners	Secondary
	PGIM Real Estate	Core

continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Real Estate (continued)		
	Sabal Investment	Debt
	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
	Basalt Partners	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
	SDC 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
	Freeman Spogli	Buyout
	Gauge Capital	Buyout
	Glouston	Secondary
	Greenbriar	Buyout
	HarbourVest Partners	Fund of Funds
	Hidden Harbor	Buyout
	JMI	Growth Equity
	K1 Investment Management	Buyout
	KPS Partners	Buyout

continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Private Equity (continued)	Lakestar	Venture Capital
	Lexington Capital Partners	Secondary
	Lightspeed	Venture Capital
	Linden Capital Partners	Buyout
	L Squared Capital Partners	Buyout
	Meketa Co-Investment	Buyout
	Mountaingate Capital	Buyout
	Oakley	Buyout
	Pacific Avenue	Buyout
	Percheron	Buyout
	Private Advisors	Fund of Funds
	Ridgemont	Buyout
	Searchlight Capital	Special Situations
	Seidler Equity Partners	Buyout
	Sentinel	Buyout
	SK Capital	Buyout
	Sole Source Capital	Buyout
	Stellex Capital Partners	Special Situations
	Sterling Group Partners	Buyout
	STG	Buyout
	TA	Buyout
	Updata Partners	Growth Equity
	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
	Evolution Credit Partners	Total Return
	FP Credit Partners	Yield-Oriented
	HarbourVest Partners	Yield-Oriented
	Newstone Capital	Yield-Oriented
	OHA	Yield-Oriented
	OHA Tactical	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

continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Natural Resources		
	Ara Partners	Sustainability
	Bernhard Capital	Sustainability
	BP Energy Partners	Sustainability
	EnCap	Energy
	Kimmeridge	Energy
	Kinterra Capital	Mining
	Orion Resource Partners	Mining
	Paine Schwartz Partners	Agriculture & Timber
	Quantum Partners	Energy
	Ridgewood	Energy
	Tiverton	Agriculture & Timber

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT

As of June 30, 2026

SECTOR	INVESTMENT MANAGER	AMOUNT
Large Capitalization Equity		
	Mellon Capital Management Corp.	$ 553,031,911
Small Capitalization Equity		
	Cramer Rosenthal McGlynn, LLC	97,027,513
	Schroder Investment Management NA, Ltd.	83,861,255
	Westfield Capital Management	87,688,830
International Equity		
	Acadian Asset Management	49,454
	Causeway Capital	111,481
	Mellon Capital Management Corp.	253,344,587
	William Blair & Company	32,150
International Small Capitalization Equity		
	Global Alpha	62,832,735
Emerging Market Equity		
	William Blair & Company	154,812,560
Global Equity		
	Lazard Asset Management	130,024,736
U.S. Fixed Income		
	DoubleLine Capital, L.P.	255,032,195
	Fidelity Institutional Asset Management	267,142,634
	JP Morgan Asset Management	286,029,735
	Loomis Sayles & Company	342,559,584
MACS		
	Wellington Management Co.	21,523
Real Estate		
	Atlas Capital Group	9,519,915
	Berkeley Partners	4,922,235
	Berkeley Partners Credit	1,110,816
	Berkshire Partners	17,215,069
	Berkshire Credit	941,126
	Blue Owl Capital	25,484,298
	Broadview Partners	332,159
	Carlyle	32,229,280
	CBRE Investment Management	5,653,000
	Centerbridge Partners	9,836,718
	DivcoWest	6,968,900
	DRA Advisors	7,685,044
	Focus Healthcare Partners	13,098,454
	FPA Multifamily	17,192,675
	Hammes Partners	6,194,652
	IDR investment Management	29,321,544
	JP Morgan Asset Management	37,490,810

continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Real Estate (continued)		
	Landmark Partners	16,324,956
	PGIM Real Estate	37,096,349
	Sabal Investment	7,621,027
	Sculptor Capital Management	719,007
	Silver Creek Capital Management	1,953,398
	SROA Capital	7,822,415
	Sterling Organization	3,969,996
	Torchlight investors	11,016,378
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	300,279,645
Infrastructure		
	Actis	2,512,000
	Ara Partners	923,740
	Ares Management	1,796,475
	BlackRock	3,397,132
	Climate Adaptive	2,794,897
	Global Infrastructure Partners	1,175,477
	Grain Communications	3,726,114
	ISQ Global	3,123,466
	JPMorgan	22,539,337
	KKR	32,060,898
	LS Power Group	2,095,280
	Peppertree Capital	5,824,469
	Stonepeak	3,359,325
	Tiger	3,685,420
Private Equity		
	Accomplice	14,998,899
	Charlesbank	8,513,270
	GCM	10,301,053
	Falfurrias Capital Partners	4,122,806
	Flagship	7,135,253
	Foundation Capital	8,765,130
	Freeman Spogli	658,424
	Gauge Capital	1,108,001
	Glouston	1,272,534
	Greenbriar	3,712,625
	HarbourVest Partners	60,124,888
	Hidden Harbor	4,169,884
	JMI	11,216,943
	K1 Investment Management	8,626,689
	Lakestar	16,049,630
	Lexington Capital Partners	21,796,070

continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Private Equity (continued)		
	Lightspeed	43,529,539
	Linden Capital Partners	7,779,998
	Mountaingate Capital	1,911,433
	Oakley	3,205,648
	Pacific Avenue [1]	(38,415)
	Private Advisors	18,853,125
	Ridgemont	7,760,349
	Searchlight Capital	18,663,186
	Sentinel	1,183,876
	SK Capital	4,445,428
	Sole Source Capital	154,768
	Stellex Capital Partners	5,409,094
	Sterling Group Partners	6,835,809
	STG	6,121,091
	TA	5,928,963
	Vitruvian Investment Partnership	11,240,133
	Wynnchurch Capital	1,887,679
	KPS Partners	1,047,269
	L Squared Capital Partners	20,000
Private Debt		
	Ares Management	18,210,904
	Audax Group	126,560
	Blue Owl Capital	10,809,608
	Davidson Kempner	9,842,062
	Evolution Credit Partners	5,227,088
	FP Credit Partners	3,414,186
	HarbourVest Partners	29,686,493
	Newstone Capital	2,022
	OHA	4,117,073
	OHA Tactical	10,546,276
	Pemberton Asset Management	6,638,675
	Silver Point Capital	20,207,485
	Silver Rock Capital Partners	16,151,932
	Sixth Street Partners	9,855,166
	Strategic Value Partners	18,497,472
Natural Resources		
	Ara Partners	5,252,020
	Bernhard Capital	9,054,350
	BP Energy Partners	9,712,142
	EnCap	11,109,091
	Kimmeridge	17,554,670
	Kinterra Capital	17,056,314

continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Natural Resources (continued)		
	Orion Resource Partners	6,258,222
	Paine Schwartz Partners	11,382,638
	Quantum Partners	3,187,274
	Ridgewood	4,838,738
	Tiverton	4,535,240
Cash (Temporary Cash) and other assets		7,898,461
Total		$ 3,874,300,013

[1] 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

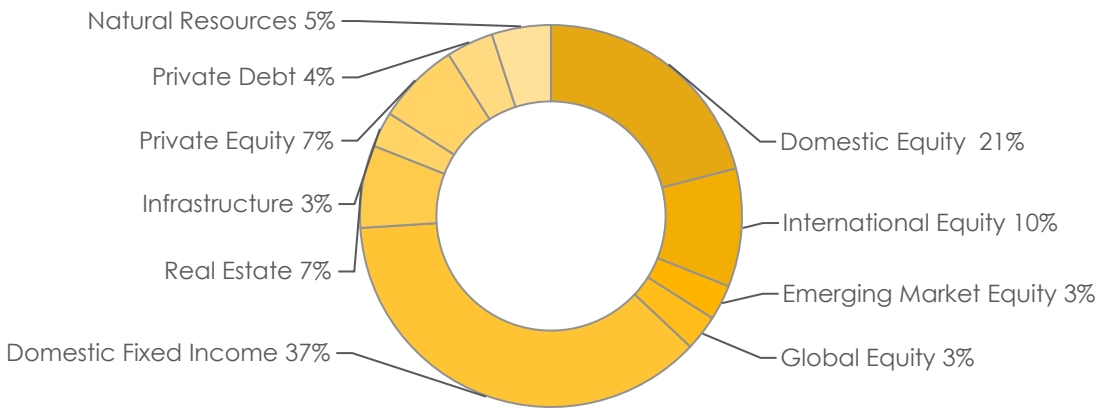
INTERIM STRATEGIC TARGET ALLOCATION AS OF JUNE 30, 2026

The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2026. 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, 2026.

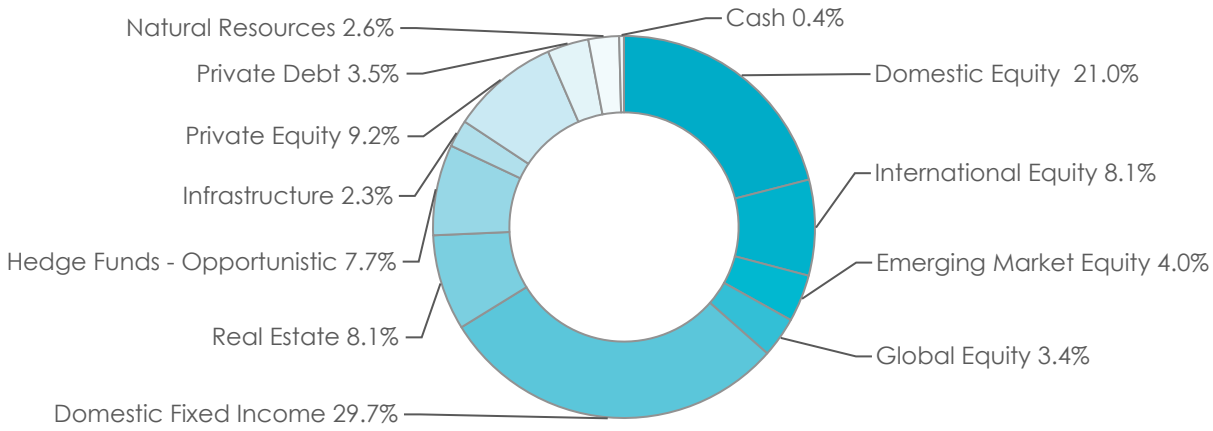
ACTUAL ASSET ALLOCATION AS OF JUNE 30, 2026

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

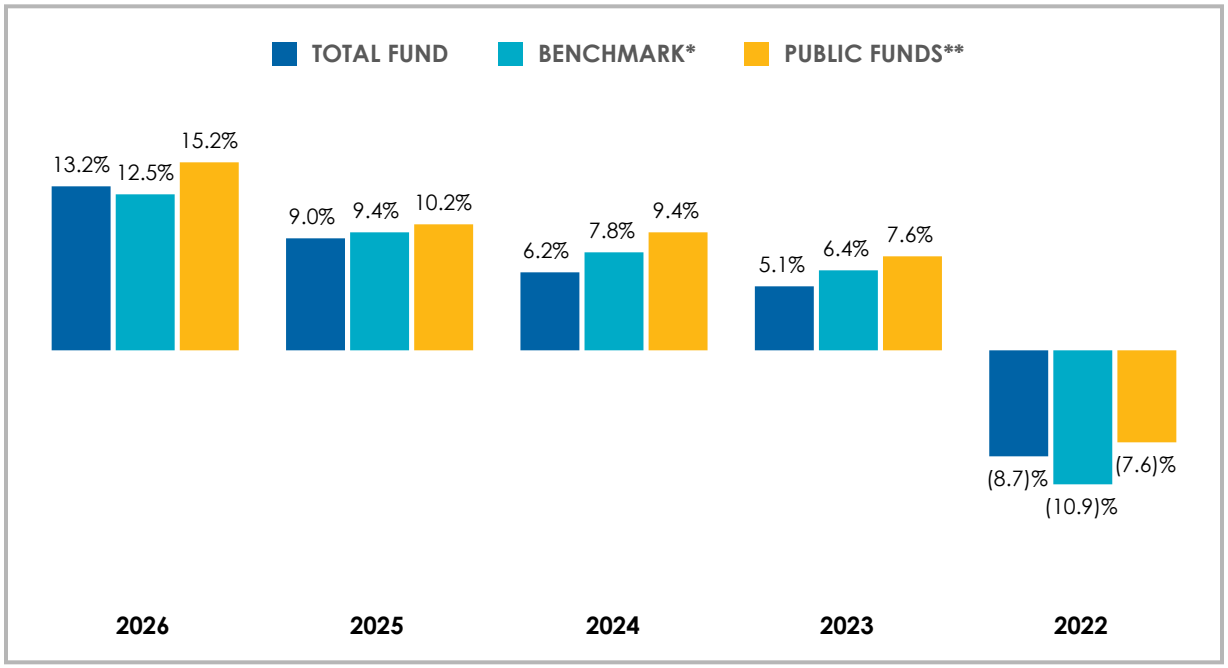


INVESTMENT RESULTS

TOTAL FUND RETURNS

FISCAL YEARS ENDED JUNE 30

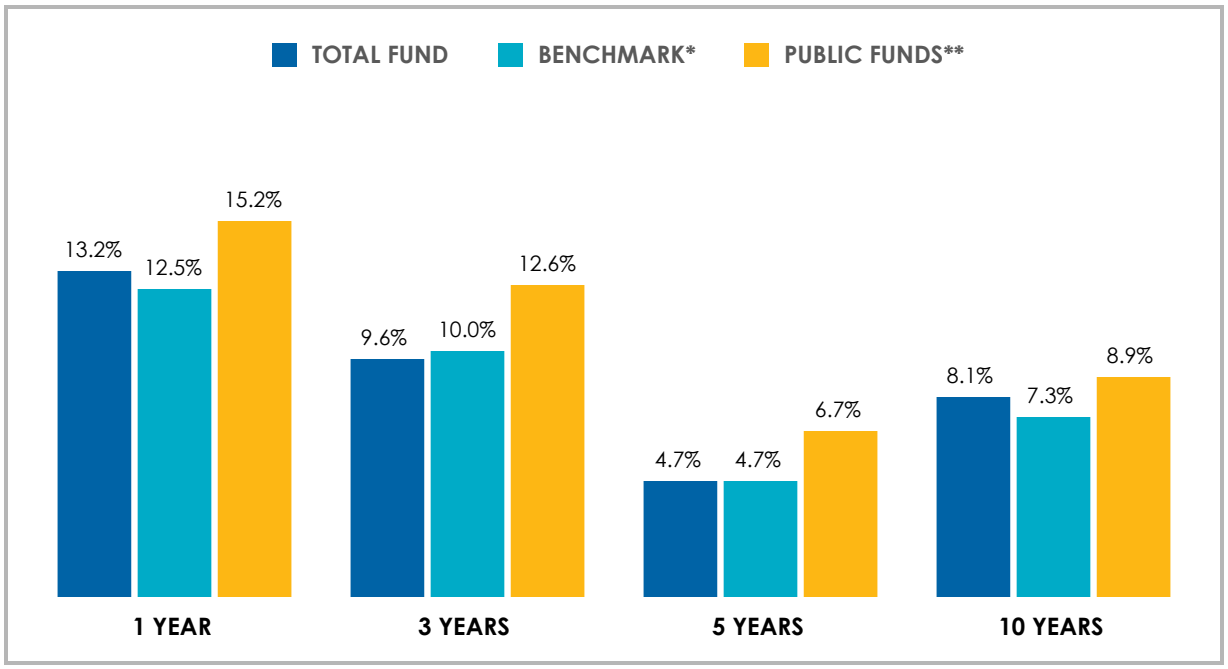
(NET OF FEES)



TOTAL FUND RETURNS

TRAILING YEARS ENDED JUNE 30, 2026

(NET OF FEES)



* 14.0% Russell 1000 Index, 2.0% Russell 2000 Growth Index, 2.0% Russell 2000 Value Index, 2.0% Russell 2000 Index, 6.0% International Equity Index, 3.0% MSCI EAFE Small Cap (Net), 3.0% MSCI Emerging Markets IMI (Net), 3.0% MSCI AC World Index (Net), 23.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 7.0% 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, 3.0% 90 Day U.S. Treasury Bill

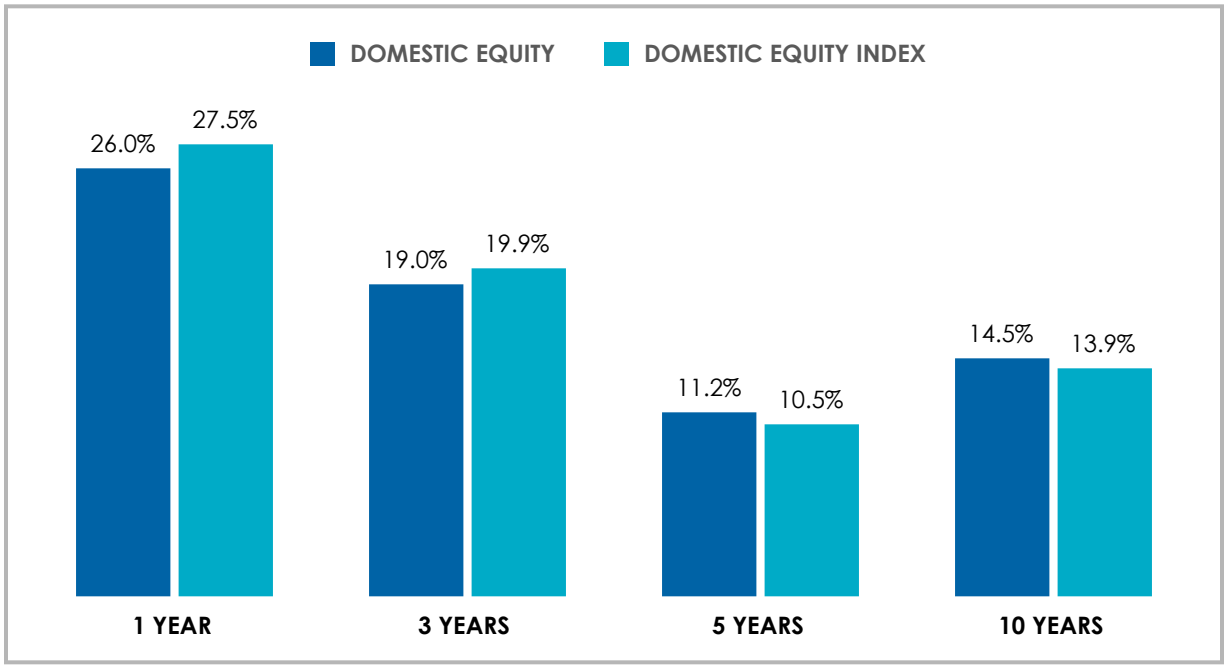
** All U.S. based public pension plans

INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2026

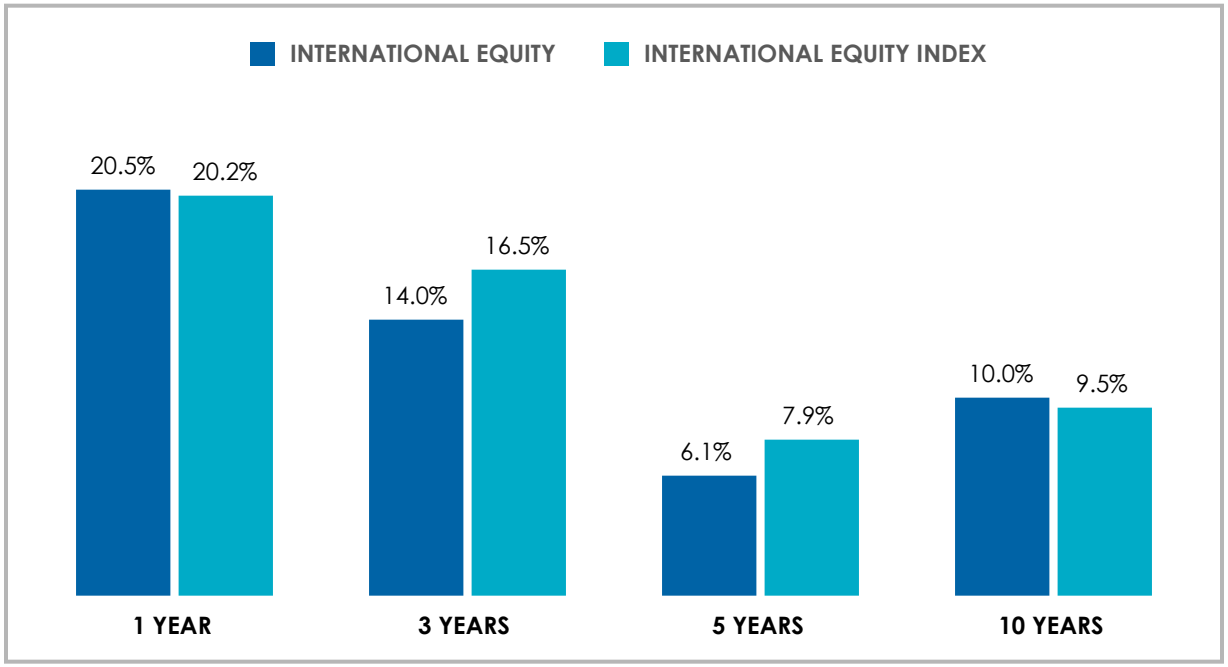
DOMESTIC EQUITY

(NET OF FEES)



INTERNATIONAL EQUITY

(NET OF FEES)

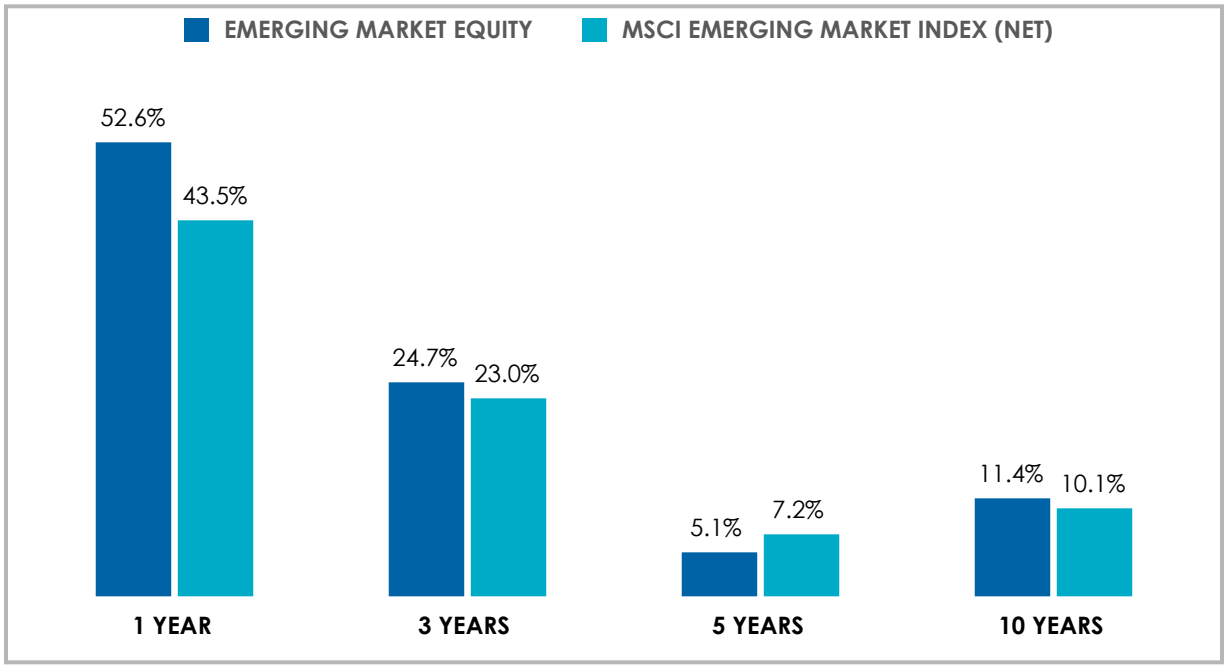


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2026

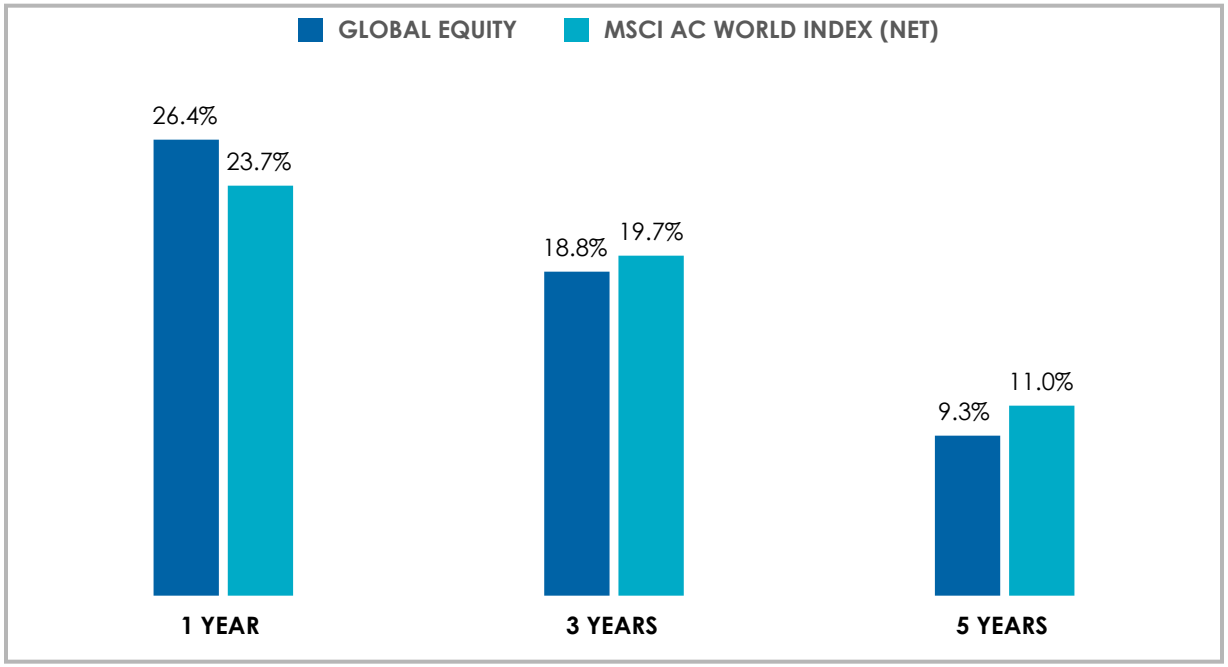
EMERGING MARKET EQUITY

(NET OF FEES)



GLOBAL EQUITY

(NET OF FEES)

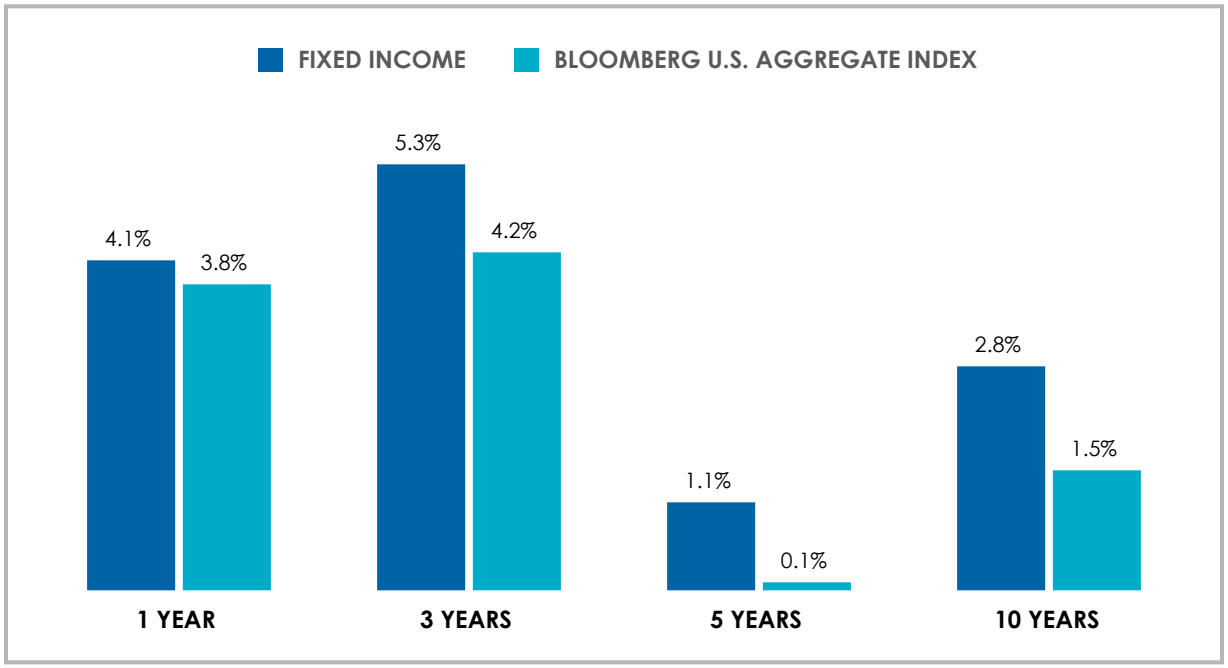


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2026

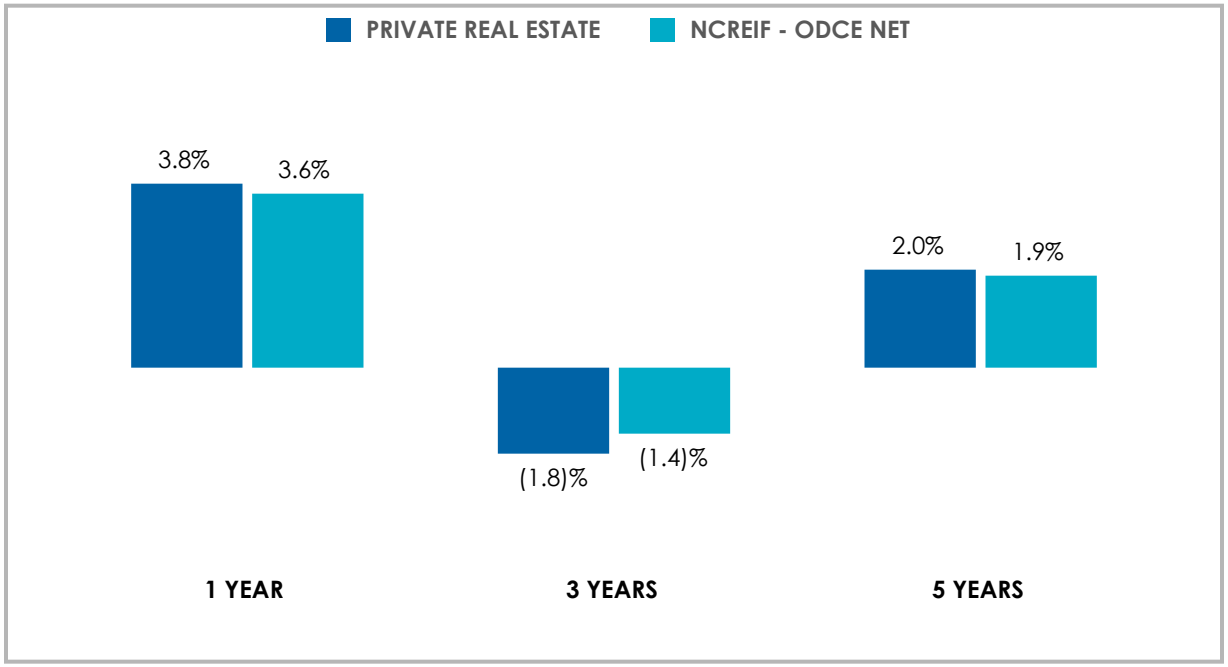
DOMESTIC FIXED INCOME

(NET OF FEES)



PRIVATE 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.

SCHEDULES OF TEN LARGEST EQUITY & FIXED INCOME HOLDINGS

As of June 30, 2026

TEN LARGEST EQUITY HOLDINGS (1)

NO. SHARES	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
15,146	ASCENDIS PHARMA A/S	$ 1,578,610	$ 4,039,741	0.10 %
437,409	CAPITOL FEDERAL FINANCIAL INC	2,715,889	3,722,351	0.10
42,208	CHAMPION HOMES INC	2,651,693	3,719,369	0.10
13,569	FTAI AVIATION LTD	1,732,535	3,670,822	0.09
69,589	BANKUNITED INC	2,762,269	3,371,587	0.09
292,110	TETRA TECHNOLOGIES INC	2,424,508	3,309,606	0.09
107,797	WILLSCOT HOLDINGS CORP	2,244,316	3,111,021	0.08
71,189	KNOWLES CORP	1,189,063	2,952,920	0.08
64,841	STEVEN MADDEN LTD	2,180,684	2,729,806	0.07
149,844	TFS FINANCIAL CORP	1,997,362	2,655,236	0.07
TOTAL		**$ 21,476,929**	**$ 33,282,459**	**0.87 %**

TEN LARGEST FIXED INCOME HOLDINGS (1)

PAR VALUE	SECURITY	COUPON	MATURITY	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
20,500,000	U S TREASURY NOTE	3.875 %	8/15/2034	$ 19,925,716	$ 19,803,320	0.51 %
14,697,000	U S TREASURY NOTE	4.000	3/31/2030	14,637,845	14,751,195	0.38
15,000,000	U S TREASURY NOTE	1.250	9/30/2028	13,398,359	14,115,490	0.36
14,135,000	U S TREASURY NOTE	3.875	4/30/2030	14,101,871	14,074,336	0.36
14,000,000	U S TREASURY NOTE	1.250	3/31/2028	13,304,375	13,361,489	0.34
15,000,000	U S TREASURY NOTE	1.875	2/15/2032	13,074,292	13,337,890	0.34
11,295,000	U S TREASURY NOTE	4.125	2/15/2036	11,102,003	11,194,726	0.29
11,604,000	U S TREASURY BOND	3.625	8/15/2043	10,197,854	10,041,377	0.26
9,902,000	U S TREASURY BOND	4.125	8/15/2053	9,390,678	8,803,005	0.23
8,130,000	U S TREASURY NOTE	3.875	8/15/2034	8,047,958	7,970,158	0.21
TOTAL				**$ 127,180,951**	**$ 127,452,986**	**3.28 %**

(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, 2026

BROKER NAME	BASE VOLUME	TOTAL SHARES	BASE COMMISSION	BASE COMMISSION PER SHARE
GOLDMAN SACHS & CO, NY	$ 32,983,600	1,172,413	$ 44,774	0.038
UBS SECURITIES LLC, STAMFORD	30,261,485	815,811	27,939	0.034
INSTINET CLEARING SER INC, NEW YORK	28,807,229	549,935	13,842	0.025
BAIRD, ROBERT W & CO INC, MILWAUKEE	27,196,602	689,128	22,424	0.033
MORGAN J P SECS INC, NEW YORK (1)	25,084,029	3,852,800	73,820	0.019
PERSHING LLC, JERSEY CITY	25,029,789	579,120	15,162	0.026
BANK OF AMERICA CORP, CHARLOTTE	20,791,658	483,049	14,156	0.029
J.P MORGAN SECURITIES INC, NEW YORK	18,467,739	448,785	15,183	0.034
LIQUIDNET INC, NEW YORK	15,769,803	409,837	11,269	0.028
JEFFERIES & CO INC, NEW YORK	13,847,854	363,323	10,212	0.028
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	12,730,871	266,080	9,174	0.034
PIPER JAFFRAY & CO., JERSEY CITY	11,578,173	355,209	12,399	0.035
STIFEL NICOLAUS	10,459,028	211,418	7,872	0.037
RBC CAPITAL MARKETS LLC, NEW YORK	9,851,555	345,463	11,839	0.034
LUMINEX TRADING AND ANALYTICS, BOSTON	9,413,818	173,869	4,694	0.027
KEEFE BRUYETTE + WOODS INC, NEW YORK	9,246,513	274,457	10,978	0.040
SUNTRUST CAPITAL MARKETS INC, NEW YORK	7,657,618	331,751	13,270	0.040
WELLS FARGO SECURITIES LLC, CHARLOTTE	7,244,208	227,124	6,054	0.027
BNY CONVERGEX, NEW YORK	6,883,546	147,981	3,411	0.023
NATIONAL FINL SVCS CORP, NEW YORK	6,848,829	221,561	5,972	0.027
ISI GROUP INC, NEW YORK	6,808,004	97,687	2,535	0.026
BARCLAYS CAPITAL LE, NEW YORK	6,795,454	230,010	8,422	0.037
SG AMERICAS SECURITIES LLC, NEW YORK	6,304,164	75,067	1,599	0.021
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	5,740,929	102,016	3,141	0.031
ABEL NOSER, NEW YORK	4,944,985	237,974	9,519	0.040
MORGAN STANLEY AND CO., LLC, NEW YORK	4,655,615	109,940	3,567	0.032
OPPENHEIMER & CO INC, NEW YORK	4,177,929	103,463	4,115	0.040
VIRTU AMERICAS LLC, NEW YORK	4,091,002	186,332	4,626	0.025
BARCLAYS CAPITAL INC, WHIPPANY	3,097,189	121,266	4,998	0.041
CANTOR FITZGERALD & CO INC, NEW YORK	2,934,834	159,437	4,466	0.028
LEERINK SWANN AND COMPANY, NEW YORK	2,929,151	34,660	1,386	0.040
KEYBANC CAPITAL MARKETS INC, NEW YORK	2,424,518	45,044	1,802	0.040
INSTINET CORP, NEW YORK	2,149,833	70,465	2,592	0.037
NEEDHAM AND CO LLC, NEW YORK	2,093,873	29,630	1,185	0.040
WELLS FARGO SECURITIES, LLC, NEW YORK	1,831,090	118,044	4,722	0.040
GUGGENHEIM CAPITAL MARKETS LLC, NEW YORK	1,601,080	44,673	1,787	0.040
JONESTRADING INST SVCS LLC, NEW YORK	1,457,949	39,450	1,184	0.030
MERRILL LYNCH PROFESSIONAL CLRG, PURCHAS	1,396,867	21,760	870	0.040
DEUTSCHE BK SECS INC, NY (NWSCUS33)	1,213,052	22,840	914	0.040
BMO CAPITAL MARKETS CORP, NEW YORK	1,191,972	25,016	1,030	0.041
JMP SECURITIES, SAN FRANCISCO	909,128	19,150	766	0.040
LOOP CAPITAL MARKETS, JERSEY CITY	902,766	15,111	604	0.040
MIZUHO SECURITIES USA, INC., NEW YORK	864,263	20,510	820	0.040
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	747,027	37,609	903	0.024
WEDBUSH SECURITIES INC./P3, LOS ANGELES	643,214	16,820	673	0.040
OTHER BROKERS	3,367,973	172,056	4,637	0.027
TOTAL	**$ 405,427,808**	**14,075,144**	**$ 407,307**	**0.029**

(1)Contract based.

INVESTMENT SUMMARY

	June 30, 2026		June 30, 2025	
	FAIR VALUE	**% FAIR VALUE**	**FAIR VALUE**	**% FAIR VALUE**
FIXED INCOME				
U.S. Government obligations	$ 303,864,275	7.9 %	$ 260,967,495	7.6 %
Asset-backed securities	269,295,306	7.0 %	228,672,358	6.7 %
Domestic corporate bonds	425,644,152	11.0 %	394,136,423	11.5 %
Convertible bonds	5,367,857	0.1 %	3,388,211	0.1 %
International bonds	22,884,516	0.6 %	24,123,063	0.7 %
Index / Commingled fund	104,519,819	2.7 %	73,972,062	2.2 %
Total fixed income	**1,131,575,925**	**29.3 %**	**985,259,612**	**28.8 %**
DOMESTIC EQUITY				
Stocks	257,297,197	6.7 %	191,502,301	5.6 %
Index / Commingled fund	546,862,517	14.2 %	455,319,423	13.3 %
Total domestic equity	**804,159,714**	**20.9 %**	**646,821,724**	**18.9 %**
INTERNATIONAL EQUITY				
Stocks	1,239	— %	875	— %
Index / Commingled fund	601,014,618	15.6 %	486,137,716	14.2 %
Total international equity	**601,015,857**	**15.6 %**	**486,138,591**	**14.2 %**
REAL ESTATE				
Core	147,985,633	3.8 %	135,813,931	4.0 %
Private	163,734,588	4.3 %	155,773,743	4.6 %
Total real estate	**311,720,221**	**8.1 %**	**291,587,674**	**8.6 %**
ALTERNATIVE INVESTMENTS				
MACS	—	— %	69,848,848	2.0 %
Hedge Funds - Opportunistic	300,279,645	7.8 %	285,582,462	8.4 %
Private Markets	680,798,803	17.7 %	591,493,456	17.4 %
Total alternative investments	**981,078,448**	**25.5 %**	**946,924,766**	**27.8 %**
Subtotal investments at fair value	**3,829,550,165**	**99.4 %**	**3,356,732,367**	**98.3 %**
SHORT-TERM INVESTMENTS				
Money Market	22,542,724	0.6 %	59,387,722	1.7 %
Total short-term investments	**22,542,724**	**0.6 %**	**59,387,722**	**1.7 %**
Total	**$ 3,852,092,889**	**100.0 %**	**$ 3,416,120,089**	**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, 2026

INVESTMENT CATEGORY	ASSETS UNDER MANAGEMENT	EXPENSE
Fixed income managers	$ 1,150,764,148	$ 3,008,280
Equity managers	1,074,954,096	1,454,294
International managers	154,844,710	878,986
MACS	21,523	106,068
Total	**$ 2,380,584,477**	**$ 5,447,628**

This page is intentionally left blank.



Enter Retirement Feeling Confident

Actuarial

Unaudited

- Actuary's Certification Letter
- Summary of Actuarial Assumptions and Methods
- Employer Schedule of Funding Progress
- Summary of Member Data
- Schedule of Active Member Valuation Data
- Schedule of Retirants and Beneficiaries Added and Removed
- Short-Term Solvency Test
- Analysis of Financial Experience
- Summary of Benefit Provisions
- ERFC Contribution Rates
- Summary of Plan Changes

ACTUARY'S CERTIFICATION LETTER

Gallagher

100 Galleria Parkway, SE
Suite 1060
Atlanta, GA 30339

October 1, 2026

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, 2025. 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, 2026 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, 2025 and the accounting valuation report that was prepared as of June 30, 2025. 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, 2026. 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 1, 2026

with GASB Statement No. 67 parameters and reported in the June 30, 2026 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, 2025 valuation was conducted using assumptions that are based on the most recent experience study covering the period December 31, 2019 to December 31, 2024. The study was presented to and approved by the Board on December 12, 2025. 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 2026 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, 2025
  - Historical Information for All Members
  - All Active Members in Valuation on December 31, 2025 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

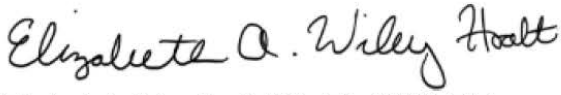
October 1, 2026

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, 2025 funding report and the June 30, 2026 accounting report meets all applicable Actuarial Standards of Practice.

Sincerely,



Kevin S. Spanier, ASA, EA, MAAA, FCA
Senior Vice President, Public Sector Retirement Operations Leader



Elizabeth A. Wiley Hoalt, FSA, EA, MAAA, FCA
Vice President, Retirement Actuary

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 2.5 percent, the real rate of return is 4.5 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

	PAY INCREASE ASSUMPTION		
Service Index	**Merit & Seniority**	**Base (Economy)**	**Increase Next Year**
0-1	5.00%	2.50%	7.50%
1-2	4.75%	2.50%	7.25%
2-3	4.50%	2.50%	7.00%
3-4	4.25%	2.50%	6.75%
4-5	4.10%	2.50%	6.60%
5-6	3.85%	2.50%	6.35%
6-7	3.50%	2.50%	6.00%
7-8	3.25%	2.50%	5.75%
8-10	3.00%	2.50%	5.50%
10-12	2.75%	2.50%	5.25%
12-14	2.50%	2.50%	5.00%
14-16	2.25%	2.50%	4.75%
16-19	2.00%	2.50%	4.50%
19-21	1.75%	2.50%	4.25%
21-22	1.50%	2.50%	4.00%
22-23	1.25%	2.50%	3.75%
23-24	1.00%	2.50%	3.50%
24-25	0.75%	2.50%	3.25%
25+	0.25%	2.50%	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. 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 pages.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

ERFC Legacy (Hired before 7/1/2001)

	Type of Retirement (%)	
AGE	Age Based	Service
45	—	2
46	—	2
47	—	2
48	—	2
49	—	2
50	—	2
51	—	2
52	—	7
53	—	7
54	—	15
55	14	50 (1)
56	14	50 (1)
57	14	50 (1)
58	16	50 (1)
59	15	50 (1)
60	16	50 (1)
61	20	50 (1)
62	22	50 (1)
63	21	50 (1)
64	24	50 (1)
65	40	35
66	40	45
67	35	35
68	30	35
69	30	35
70 & Over	100	100

(1) 80% are assumed to elect to enter the Deferred Retirement Option Program, 20% are assumed to retire immediately

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

ERFC 2001 TIER 1 (Hired 7/1/2001-6/30/2017)

	Years of Service (%)				
Ages	0-4	5	6-29	30	31+
45				15	15
46				15	15
47				15	15
48				15	15
49				15	15
50				15	15
51				15	10
52				15	10
53				15	10
54				15	12
55				23	16
56				23	16
57				23	16
58				23	16
59				23	17
60	13	13	13	29	19
61	13	22	13	31	25
62	13	23	15	35	30
63	13	23	15	35	27
64	13	24	19	35	27
65	27	34	34	34	39
66	27	30	39	39	39
67	27	30	32	32	32
68	27	30	32	32	32
69	27	30	32	32	32
70+	100	100	100	100	100

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

ERFC 2001 TIER 2 (Hired On/After 7/1/2017)

	Years of Service (%)																		
Ages	**0-4**	**5**	**6-24**	**25**	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40+**
50																			9
51																		9	9
52																	9	9	9
53																9	9	9	9
54															9	9	9	9	9
55														9	9	9	9	9	9
56													9	9	9	9	9	9	9
57												9	9	9	9	9	9	9	9
58											9	9	9	9	9	9	9	9	9
59										9	9	9	9	9	9	9	9	9	9
60	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
61	13	14	13	13	13	13	14	14	14	13	13	13	13	13	13	13	13	13	13
62	13	15	13	13	13	15	15	15	13	13	13	13	13	13	13	13	13	13	13
63	13	15	13	13	15	15	15	13	13	13	13	13	13	13	13	13	13	13	13
64	13	15	14	15	15	15	14	14	14	14	14	14	14	14	14	14	14	14	14
65	27	30	30	30	30	27	27	27	27	27	27	27	27	27	27	27	27	27	27
66	27	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
67	27	30	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
68	27	30	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
69	27	30	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
70+	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The **mortality table** used to measure retired life mortality was based upon a 20% unisex blend of 104.48% of the male rates and 97.19% of the female rates of the PUB-2016 Teachers mortality table projected generationally with Scale MP-2021. The rationale for the mortality assumption is based on the 2019-2024 Experience Study issued December 12, 2025 . Related values are shown below.

SAMPLE FUTURE LIFE EXPECTANCY IN YEARS

Ages in 2025	Male	Female
55	32.60	35.30
60	27.62	30.28
65	22.83	25.36
70	18.29	20.58
75	14.05	16.07
80	10.25	11.97

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	0.2289 %	0.0847 %	0.0117 %	0.0048 %	0.0029 %	0.0012 %
25	0.3660	0.1031	0.0146	0.0082	0.0036	0.0020
30	0.3497	0.1705	0.0158	0.0122	0.0040	0.0031
35	0.3834	0.2673	0.0234	0.0214	0.0059	0.0054
40	0.4912	0.3684	0.0339	0.0308	0.0085	0.0077
45	0.6544	0.4835	0.0520	0.0456	0.0130	0.0114
50	0.8650	0.6767	0.0842	0.0726	0.0210	0.0181
55	1.2503	1.0323	0.1469	0.1228	0.0367	0.0307
60	1.9612	1.6686	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

	% OF ACTIVE PARTICIPANTS WITHDRAWING	
Service	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	6%	8%
10-11	5%	7%
11-12	4%	7%
12-13	4%	6%
13-14	3%	5%
14-15	3%	5%
15-16	3%	4%
16-17	2%	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

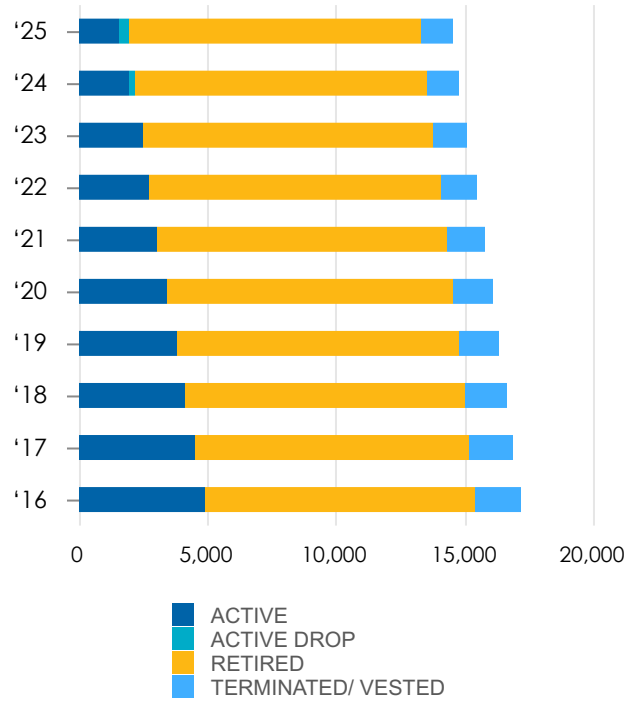
(Dollars in Thousands)

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]
2025	$ 3,664,448	$ 4,814,284	$ 1,149,836	$ 2,113,649	76.1 %	54.4 %
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

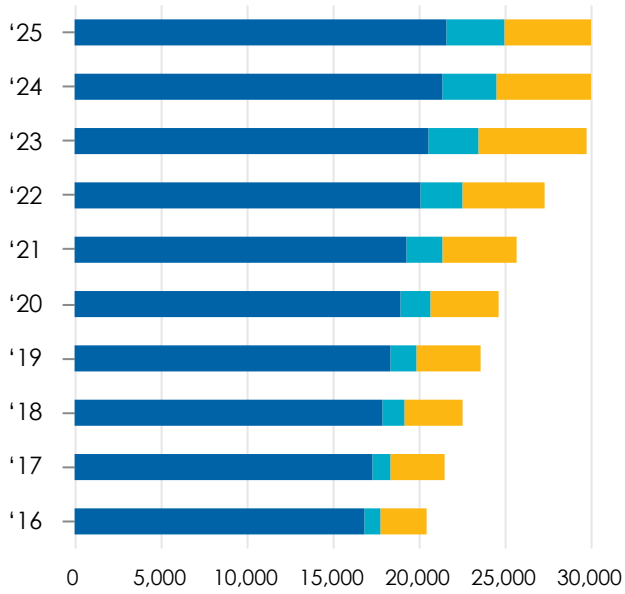
SUMMARY OF MEMBER DATA

Last Ten Years

ERFC LEGACY MEMBERSHIP



ERFC 2001 MEMBERSHIP



Calendar Year	ERFC Legacy				ERFC 2001			Total
	Active	Active DROP	Retired	Terminated/ Vested	Active	Retired	Terminated/ Vested	
2025	1,563	401	11,290	1,215	21,617	3,421	8,620	48,127
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

SUMMARY OF MEMBER DATA

As of December 31, 2025

ACTIVE ERFC LEGACY MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE							TOTALS		AVERAGE SALARY
	0-4	5-9	10-14	15-19	20-24	25-29	30 & UP	NO.	SALARY	
40-44	—	—	—	—	—	1	—	1	$ 127,028	$ 127,028
45-49	2	2	14	26	52	138	—	234	29,488,734	126,020
50-54	2	12	24	56	109	423	43	669	86,951,063	129,972
55-59	—	10	33	44	97	112	41	337	40,913,130	121,404
60	—	1	8	5	10	13	5	42	4,852,832	115,544
61	1	1	1	8	16	11	8	46	5,014,590	109,013
62	—	1	1	5	13	17	1	38	4,285,113	112,766
63	1	1	2	3	8	11	3	29	3,007,678	103,713
64	—	—	—	3	7	19	8	37	3,718,635	100,504
65	—	1	—	2	2	10	7	22	2,391,049	108,684
66	1	—	—	2	4	13	1	21	2,079,247	99,012
67	—	—	2	1	1	7	5	16	1,683,756	105,235
68	—	—	1	—	—	8	1	10	966,274	96,627
69	—	—	1	—	—	5	4	10	965,804	96,580
70	—	—	—	—	2	5	4	11	1,102,494	100,227
71	—	—	—	—	—	4	—	4	446,552	111,638
72	—	—	1	—	1	5	1	8	721,003	90,125
73	—	—	—	—	2	1	—	3	201,605	67,202
74	—	—	—	—	—	1	3	4	327,322	81,831
75 & over	—	2	—	1	2	9	7	21	2,462,195	117,247
TOTAL	**7**	**31**	**88**	**156**	**326**	**813**	**142**	**1,563**	**$ 191,706,104**	**$ 122,653**

SUMMARY OF MEMBER DATA

As of December 31, 2025

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

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE					TOTALS		AVERAGE SALARY
	0-4	5-9	10-14	15-19	20 & UP	NO.	SALARY	
25-29	—	2	—	—	—	2	$ 113,742	$ 56,871
30-34	3	235	189	—	—	427	36,961,690	86,561
35-39	14	258	1,024	143	—	1,439	138,000,762	95,900
40-44	17	193	675	754	198	1,837	196,523,914	106,981
45-49	20	197	486	474	633	1,810	204,205,841	112,821
50-54	12	177	464	318	426	1,397	151,459,312	108,418
55-59	12	146	452	360	359	1,329	135,477,803	101,940
60	1	25	80	62	51	219	20,399,182	93,147
61	3	28	77	69	55	232	21,928,872	94,521
62	2	23	78	62	52	217	19,725,067	90,899
63	1	15	54	55	45	170	15,436,848	90,805
64	2	10	40	48	42	142	13,262,833	93,400
65	1	11	28	39	26	105	9,433,183	89,840
66	1	4	31	24	29	89	8,619,203	96,845
67	—	6	19	19	20	64	5,833,698	91,152
68	—	5	7	17	14	43	4,234,918	98,486
69	—	3	3	9	10	25	2,441,747	97,670
70	—	3	2	6	8	19	1,478,980	77,841
71	—	—	3	7	8	18	1,549,011	86,056
72	—	2	3	4	9	18	1,561,173	86,732
73	—	2	4	2	4	12	1,086,961	90,580
74	—	1	2	—	1	4	337,931	84,483
75 & over	—	2	6	5	9	22	1,665,091	75,686
TOTAL	**89**	**1,348**	**3,727**	**2,477**	**1,999**	**9,640**	**$ 991,737,762**	**$ 102,877**

SUMMARY OF MEMBER DATA

As of December 31, 2025

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

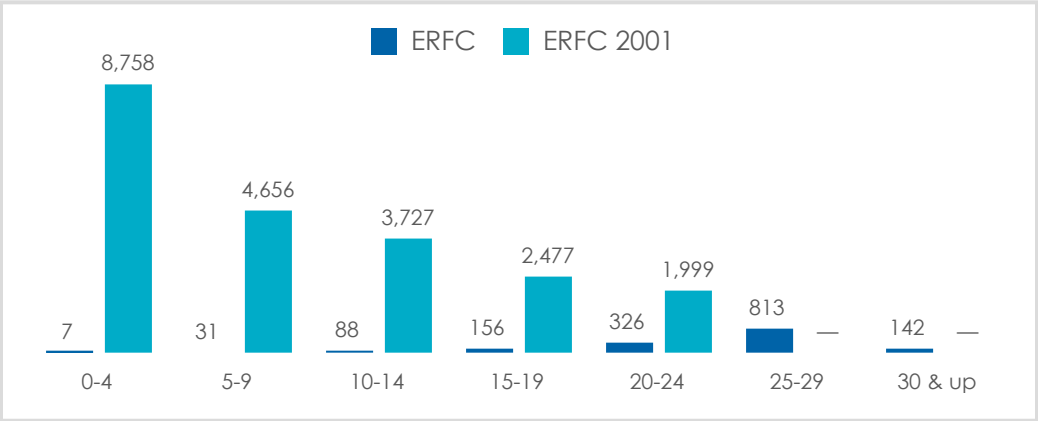
AGE GROUP	YEARS OF SERVICE TO VALUATION DATE				TOTALS		AVERAGE SALARY
	0-4	5-9	10-14	15 & UP	NO.	SALARY	
15-19	9	—	—	—	9	$ 282,418	$ 31,380
20-24	703	—	—	—	703	40,090,775	57,028
25-29	1,888	272	—	—	2,160	140,907,305	65,235
30-34	1,105	730	—	—	1,835	133,884,888	72,962
35-39	930	437	—	—	1,367	103,356,325	75,608
40-44	1,033	400	—	—	1,433	110,950,843	77,426
45-49	1,037	437	—	—	1,474	115,386,365	78,281
50-54	877	413	—	—	1,290	102,159,665	79,194
55-59	609	338	—	—	947	75,289,227	79,503
60	77	53	—	—	130	10,200,758	78,467
61	83	32	—	—	115	9,483,852	82,468
62	70	42	—	—	112	8,983,071	80,206
63	69	43	—	—	112	8,693,923	77,624
64	42	29	—	—	71	5,772,357	81,301
65	28	16	—	—	44	3,564,950	81,022
66	27	19	—	—	46	3,835,662	83,384
67	23	15	—	—	38	3,082,185	81,110
68	14	9	—	—	23	1,929,900	83,909
69	7	8	—	—	15	1,096,308	73,087
70	3	3	—	—	6	439,836	73,306
71	10	3	—	—	13	927,486	71,345
72	5	1	—	—	6	398,622	66,437
73	8	4	—	—	12	891,501	74,292
74	3	3	—	—	6	416,325	69,388
75 & over	9	1	—	—	10	740,755	74,076
TOTAL	**8,669**	**3,308**	**—**	**—**	**11,977**	**$ 882,765,302**	**$ 73,705**

SUMMARY OF MEMBER DATA

As of December 31, 2025

ACTIVE MEMBER BY YEARS OF SERVICE

Average Service = 9.7 years



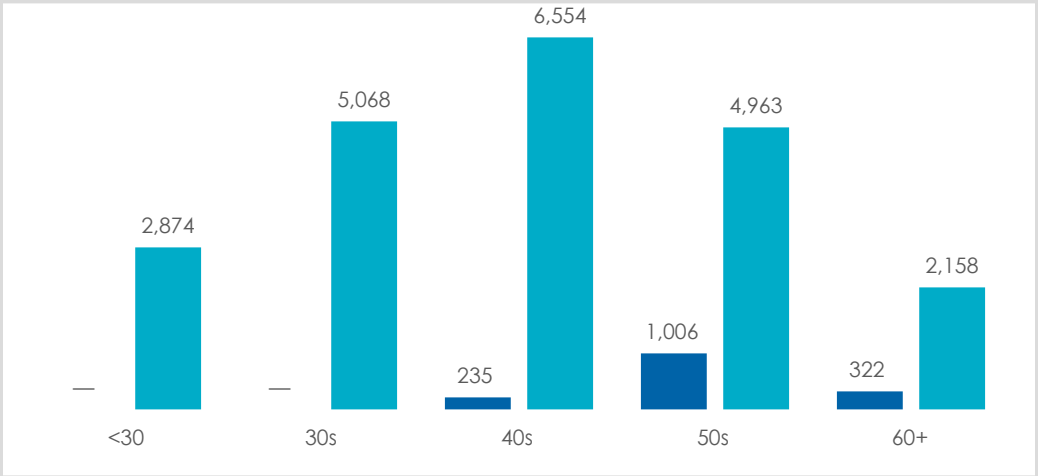
ACTIVE MEMBER SALARIES ($ IN THOUSANDS)

Average Annual Pay = $89,138



ACTIVE MEMBER BY AGES

Average Age = 45.2 years | Total Active Members = 23,180



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
2025	23,180	2,066,209,167	89,138	5.1 %
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

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
2025	640	$ 661,247	356	$ 222,099	14,711	$ 18,261,958	$ 1,241	4.09 %
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

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)
2025	$ 654,525	$ 2,286,563	$ 1,873,196	$ 3,664,448	100 %	100 %	39 %
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

(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
2025 [2]	$ (34.7)	$ (54.5)	$ (9.6)	$ (3.9)	$ (13.2)	$ (17.4)	$ (133.3)	(2.8)%
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

(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 (½ 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

Working After 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.

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) ½ of 1 percent for the first 60 months and 4/10 of 1 percent for each additional month between the member's age at the date of death and age 60, and
2) ½ of 1 percent for the first 60 months and 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.

Working After 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.

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.

Working After 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.

ERFC CONTRIBUTION RATES

Last 20 years

Fiscal Year	Contribution Rate		
	Employee	Employer	Total
2026	3.00 %	6.61 %	9.61 %
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

SUMMARY OF PLAN CHANGES

There were no significant plan changes during the valuation period ending December 31, 2025.

This page is intentionally left blank.



Enter Retirement Feeling Confident

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

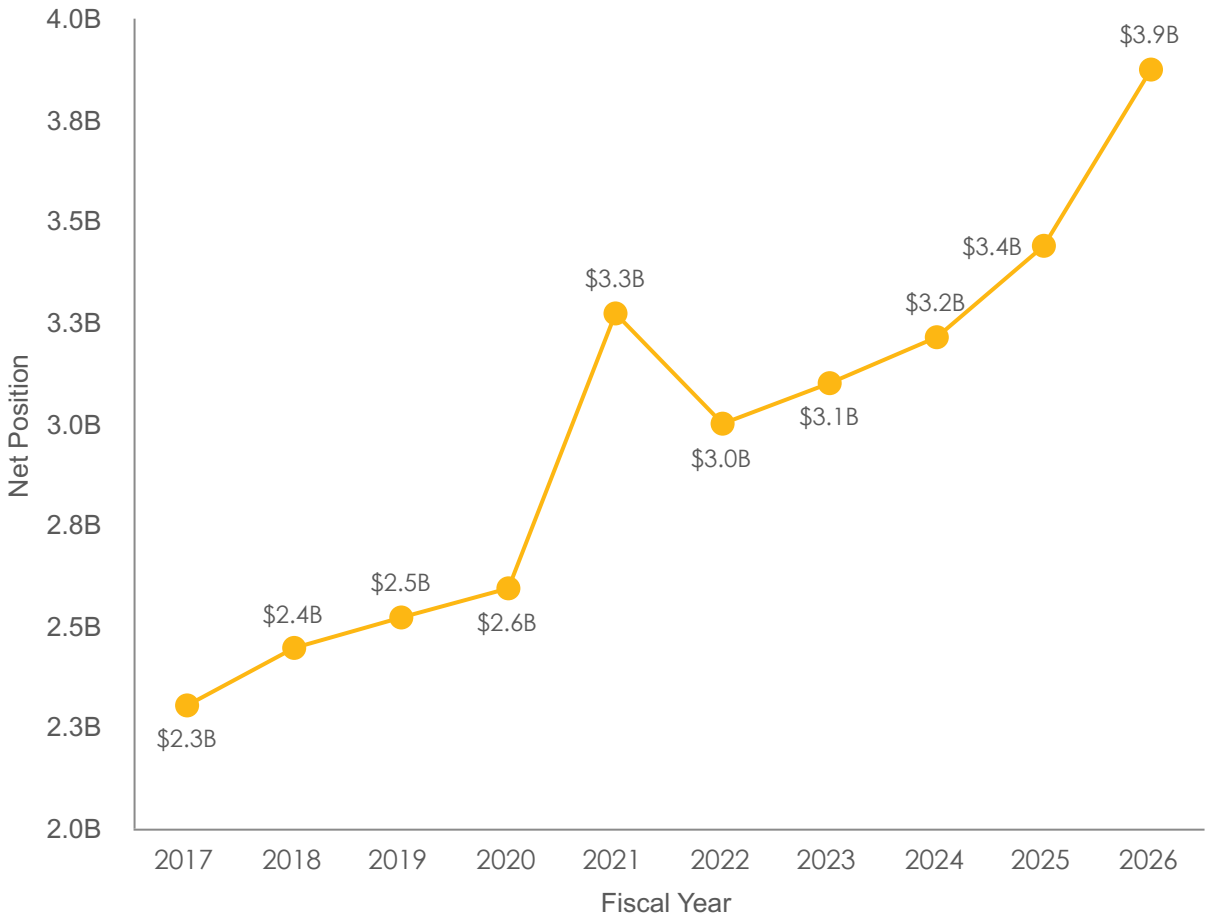
This page is intentionally left blank.



Enter Retirement Feeling Confident

NET POSITION

Last Ten Fiscal Years



Fiscal Year	Net Position	
2026	$ 3,874,300,013	
2025	3,439,140,398	
2024	3,213,424,628	
2023	3,076,733,102	
2022	2,997,909,880	(1)
2021	3,272,147,083	
2020	2,593,383,175	
2019	2,521,441,472	
2018	2,446,279,897	
2017	2,304,281,654	

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

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2026	2025	2024	2023	2022
ADDITIONS					
Employee contributions	$ 61,359,539	$ 59,011,733	$ 56,450,447	$ 52,542,598	$ 50,017,839
Employer contributions	138,536,133	129,278,658	121,645,811	117,155,967	111,119,456
Investment income (net of expenses)	476,149,059	268,646,641	180,365,641	120,795,408	(232,237,621)
TOTAL ADDITIONS	**676,044,731**	**456,937,032**	**358,461,899**	**290,493,973**	**(71,100,326)**
DEDUCTIONS					
Benefit payments	228,035,688	219,607,894	210,636,405	202,023,360	194,239,563
Contribution refunds	5,522,247	5,070,399	5,448,543	4,021,605	4,415,933
Administrative and amortization expenses	7,327,181	6,542,969	5,685,425	5,625,786	4,481,381
TOTAL DEDUCTIONS	**240,885,116**	**231,221,262**	**221,770,373**	**211,670,751**	**203,136,877**
CHANGE IN NET POSITION	**$ 435,159,615**	**$ 225,715,770**	**$ 136,691,526**	**$ 78,823,222**	**$ (274,237,203)**

continued

CHANGES IN NET POSITION

Last Ten Fiscal Years

2021	2020	2019	2018	2017	
					ADDITIONS
$ 48,934,340	$ 49,095,601	$ 46,645,396	$ 44,169,100	$ 43,062,632	Employee contributions
104,784,310	104,741,255	96,982,911	91,704,877	80,094,538	Employer contributions
720,738,680	108,472,534	117,727,500	188,145,489	250,981,777	Investment income (net of expenses)
874,457,330	**262,309,390**	**261,355,807**	**324,019,466**	**374,138,947**	**TOTAL ADDITIONS**
					DEDUCTIONS
187,660,019	181,587,150	177,422,308	173,052,461	168,783,718	Benefit payments
3,605,963	4,399,346	4,509,765	4,667,835	4,601,865	Contribution refunds
4,423,439	4,381,191	4,262,159	4,300,927	4,059,408	Administrative and amortization expenses
195,689,421	**190,367,687**	**186,194,232**	**182,021,223**	**177,444,991**	**TOTAL DEDUCTIONS**
$ 678,767,909	**$ 71,941,703**	**$ 75,161,575**	**$ 141,998,243**	**$ 196,693,956**	**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			
2025	$ 2,113,649	$ 2,286,563	$ 2,527,721	$ 4,814,284	$ 3,664,448	$ 1,149,836	76.1 %
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

(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	No.	Amount
2026	11,321	$193,384,350	2,930	$ 31,307,237	282	$2,469,106	13	$ 131,034	106	$ 743,961	14,652	$ 228,035,688
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

BENEFIT REFUNDS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Separation		Death		Total	
	No.	Amount	No.	Amount	No.	Amount
2026	392	$ 4,768,148	38	$ 754,099	430	$ 5,522,247
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

RETIRED MEMBERS BY TYPE OF BENEFIT

As of December 31, 2025

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	1,782	1,367	394	7	13	1	1,285	128	1	42	53	273
251–500	3,025	2,440	544	22	19	—	2,118	334	2	120	79	372
501–750	1,910	1,512	365	16	16	1	1,312	235	1	78	50	234
751–1,000	1,168	941	206	9	11	1	829	127	2	60	32	118
1,001–1,250	1,067	856	191	9	11	—	719	125	—	72	20	131
1,251–1,500	1,169	893	258	4	12	2	839	70	7	76	11	166
1,501–1,750	887	681	194	2	9	1	627	58	4	53	12	133
1,751–2,000	632	480	142	2	8	—	433	38	3	38	6	114
Over 2,000	3,071	2,346	670	19	29	7	2,148	202	11	191	45	474
TOTAL	14,711	11,516	2,964	90	128	13	10,310	1,317	31	730	308	2,015

*** 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 1/1/25 to 12/31/25						
Average Monthly Benefit	$ 274	$ 586	$ 962	$ 1,292	$ 2,849	$ 3,208
Average Final Average Salary	4,712	6,151	7,256	7,842	8,801	9,954
Number of Retired Members	78	94	80	101	125	72
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

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
2025	$ 1,397	$ 967	$ 571
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

RETIREES AND BENEFICIARIES CURRENT ANNUAL BENEFITS TABULATED BY ATTAINED AGES

As of December 31, 2025

Attained Ages	Number	Annual Amount
Under 40	1	$ 3,922
40 - 44	2	5,848
45	1	10,465
47	1	3,588
48	3	63,214
49	7	114,669
50	5	163,237
51	11	299,998
52	11	365,133
53	20	730,353
54	31	1,115,030
55	83	2,965,451
56	112	3,833,109
57	118	4,138,928
58	122	3,632,690
59	146	4,744,048
60	204	5,244,336
61	294	6,792,998
62	314	6,600,642
63	384	8,178,469
64	402	7,724,667
65	451	8,481,507
66	472	8,818,375
67	500	5,398,794
68	572	5,982,679
69	581	5,963,218
70 -79	6,514	77,293,768
80 & Up	3,349	52,619,435
TOTAL	**14,711**	**$ 221,288,571**

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, 2025

ATTAINED AGES	Number	Annual Amount
30	1	$ 2,491
31	20	66,950
32	77	261,786
33	98	332,398
34	133	482,612
35	188	727,132
36	204	769,839
37	233	967,089
38	245	1,063,175
39	250	1,037,099
40	228	1,002,266
41	236	1,018,894
42	289	1,398,051
43	270	1,300,037
44	260	1,183,594
45	255	1,228,173
46	264	1,267,965
47	251	1,224,583
48	209	923,092
49	187	859,740
50	201	987,120
51	210	866,765
52	198	935,369
53	195	913,955
54	238	1,148,270
55	204	854,220
56	183	946,981
57	173	885,132
58	180	972,932
59	151	872,367
60	100	475,599
61	78	316,417
62	71	341,465
63	56	246,418
64	43	205,032
65 & Over	147	450,864
TOTAL	**6,326**	**$ 28,535,872**

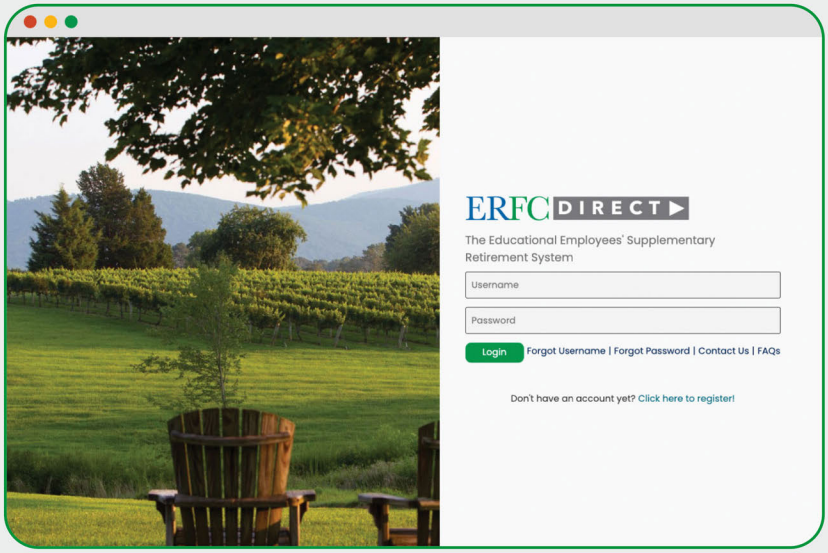
Note: The source of this information is from the most recent actuarial valuation report.

KNOW YOUR PLAN

DO IT YOURSELF WITH ERFC *DIRECT* 24/7

- Run retirement benefit estimates
- Keep your beneficiaries up-to-date
- Check your member statement annually

WWW.ERFC.DIRECT →



OTHER RESOURCES

FCPS HUMAN RESOURCES

Search Human Resources on fcps.edu
571-423-3000

FCPS EMPLOYEE ASSISTANCE PROGRAM (EAP)

Financial Specialist Services
Search EAP on fcps.edu
855-355-9097

VRS

www.varetire.org
888-827-3847 | 804-649-8059

SOCIAL SECURITY

www.ssa.gov
800-772-1213

MEDICARE

www.medicare.gov
800-633-4227

CONNECT WITH ERFC

LOCATION

3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042

Office Hours
M-F 8 AM–4:30 PM

CALL

703-426-3900
1-844-758-3793

FAX

703-426-3984

EMAIL

erfcoffice@fcps.edu

WEB

erfcpension.org
www.erfc.direct

SOCIAL

This page is intentionally left blank.



Enter Retirement Feeling Confident



The Educational Employees' Supplementary Retirement System of Fairfax County

3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042