

2024 Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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.erfcension.org>

Executive Director

Ryk Tierney, CEBS

Deputy Executive Director

Srikumar Bala

ACFR Project Team

Wendy Zhi, CPA, MBA
Senior Manager II, Finance

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

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
GFOA Certificate of Achievement	10
Public Pension Standards Award	11
Professional Services	12

FINANCIAL SECTION

Report of Independent Auditor	14
Management 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	39
Schedule of Changes in Net Pension Liability and Related Ratios	40
Schedule of Money-Weighted Rate of Return	42

OTHER SUPPLEMENTARY INFORMATION (UNAUDITED):

Summary of Significant Changes to the Pension System	43
Schedule of Administrative, Depreciation and Amortization Expenses	44
Schedule of Investment Expenses	45
Schedule of Professional Service Fees	46

INVESTMENT SECTION (UNAUDITED)

Consultant Report on Investment Activity ..	48
Strategic Review and Investment Policy	55
Investment Managers	56
Assets Under Management	59
Asset Structure	62
Investment Results	63
Schedules of Ten Largest Equity & Fixed Income Holdings	68

Schedule of Brokerage Commissions	69
Investment Summary	70
Schedule of Investment Management Fees	71

ACTUARIAL SECTION (UNAUDITED)

Actuary's Certification Letter	74
Summary of Actuarial Assumptions and Methods	77
Employer Schedule of Funding Progress	82
Summary of Member Data	83
Short-Term Solvency Test	89
Analysis of Financial Experience	90
Summary of Benefit Provisions	91
ERFC Contribution Rates	97
Summary of Plan Changes	98

STATISTICAL SECTION (UNAUDITED)

Net Position	100
Changes in Net Position	101
Assets and Liabilities Comparative Statement	102
Benefit Deductions from Net Position by Type	103
Benefit Refunds by Type	104
Retired Members by Type of Benefit	105
Average Benefit Payments by Years of Service	106
Average Composite Monthly Benefit Payments for Retirees	107
Retirees and Beneficiaries Current Annual Benefits Tabulated by Attained Ages	108
Inactive Vested Members Deferred Benefits by Attained Ages	109

This page is intentionally left blank.



Enter Retirement Feeling Confident

Introduction

Unaudited

- Letter of Transmittal

- Letter from the Chairperson

- Board of Trustees

- Administrative Organization

- GFOA Certificate of Achievement

- Public Pension Standards Award

- Professional Services

LETTER OF TRANSMITTAL



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

October 25, 2024

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, 2024. 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 51 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.

Strategic Plan Updates

ERFC is in the final year of the Board-adopted 2022-2024 Strategic Plan, which emphasizes sustainability, engagement, education, and operational excellence. 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 2024, we continued to raise awareness and educate members through several initiatives. Our targeted ERFC Ambassador recruitment campaigns increased engagement across the county, with approximately 197 onsite Ambassadors serving our members. We launched our first standalone website, which included a fresh design, updated and new content, and improved navigation. We continued efforts to simplify our communications and create targeted messaging and media content that's accessible 24/7. Our virtual and recorded retirement information sessions were viewed over 2,000 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 36,000 active and retired members used the portal to run estimates, update beneficiaries, access their annual member statement, and more.

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

Internal Controls

ERFC maintains a system of internal control designed to provide reasonable, but not absolute, assurance about the achievement of ERFC's objectives with regard to 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 would be detected in a timely manner by employees in the normal course of performing their duties.

Plan Financial Condition

The ERFC Fund ("Fund") earned a 6.2 percent net of fees on investments. Additionally, ERFC has performed better than its five, seven, and 10-year policy index by 0.9, 0.6, and 0.4 percent, respectively.

LETTER OF TRANSMITTAL

ERFC's actuary reported that the System's funded ratio increased from 77.2 percent to 78.5 percent for the valuation period ending December 31, 2023. Liabilities were higher than expected largely due to salary increases and losses related to retirements, but the increase in liabilities due to demographic experience was offset as a result of better-than-expected asset performance which increased the asset value more than expected and coding refinements which lowered liabilities as a result of transitioning to a new actuary. The recommended employer contribution rate was 6.48 percent of payroll, a decrease from 6.70 percent in fiscal year 2023.

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 6.2 percent net of fees for fiscal year 2024 underperformed the benchmark index return of 7.7 percent. The Fund's longer-term performance dropped; the 10-year return of 5.7 percent exceeded the policy index return of 5.3 percent but remains lower than the Fund's long-term target return of 7.0 percent.

Professional Services

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

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to ERFC for its ACFR for the fiscal year ended June 30, 2023. This is the 27th 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 2024*. ERFC earned the award in recognition for meeting or exceeding professional standards for funding and administration, as set forth in the Public Pension Standards.

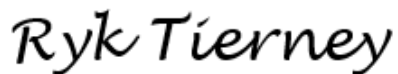
LETTER OF TRANSMITTAL

Conclusion

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

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

Respectfully submitted,



Ryk Tierney, CEBS
Executive Director



Srikumar Bala
Deputy Executive Director, Finance and IT

LETTER FROM THE CHAIRPERSON



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

October 25, 2024

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, 2024. The ERFC Board and staff continue to commit themselves to ERFC's mission of financial security of our members through prudent financial stewardship of the System's assets, while providing outstanding retirement services and education to the members of ERFC.

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

New Executive Director Ryk Tierney was appointed in 2024, bringing a wealth of experience and expertise to ERFC. We look forward to his vision and leadership in the years to come.

During the year, the ERFC Board and staff completed action items included in the 2022-2024 Strategic Plan focused on continued sustainability efforts, membership engagement, education, and operational excellence. Throughout the year, several Board members participated in certified retirement fund Trustee trainings. The Board continued its focus around strong governance practices and updated Board Procedures, ERFC Regulations, Private Market Investment Guidelines, the Investment Policy Statement, and made amendments to the ERFC Legacy and ERFC 2001 Plan Documents.

During fiscal year 2024, equity and fixed income markets posted positive returns based on strong economic data and central bank interest rate movement expectations. Anticipated interest rate cuts have been reduced as economic conditions remain strong and inflation elevated. ERFC experienced the impact of the economic upturn, posting a 6.2% net-of-fees return for the 2024 fiscal year period. The Board will continue to analyze investment strategies in conjunction with ERFC staff and its investment advisors to ensure a well-diversified asset mix with a risk-balanced approach. The Board will also continue to focus on managing the plan assets with the disciplined oversight required to meet the System's long-term investment goals.

FCPS' employer contribution rate for the 2024 fiscal year decreased to 6.48%. The combined employee and employer contributions provide significant revenue for ERFC. However, it is the System's investment earnings that provide the essential factor necessary to fulfill the guarantee of retirement benefits to members. The Board believes ERFC will continue to prosper by prudently rebalancing and diversifying the investment portfolio.

LETTER FROM THE CHAIRPERSON

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

Yours sincerely,

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

Kimberly Adams
FY 2024 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



Dr. Sherry Agnew-Scott
Trustee
Appointed Member



Ducchi Quan
Trustee
Elected Member



Adam McConagha
Trustee
Appointed Member

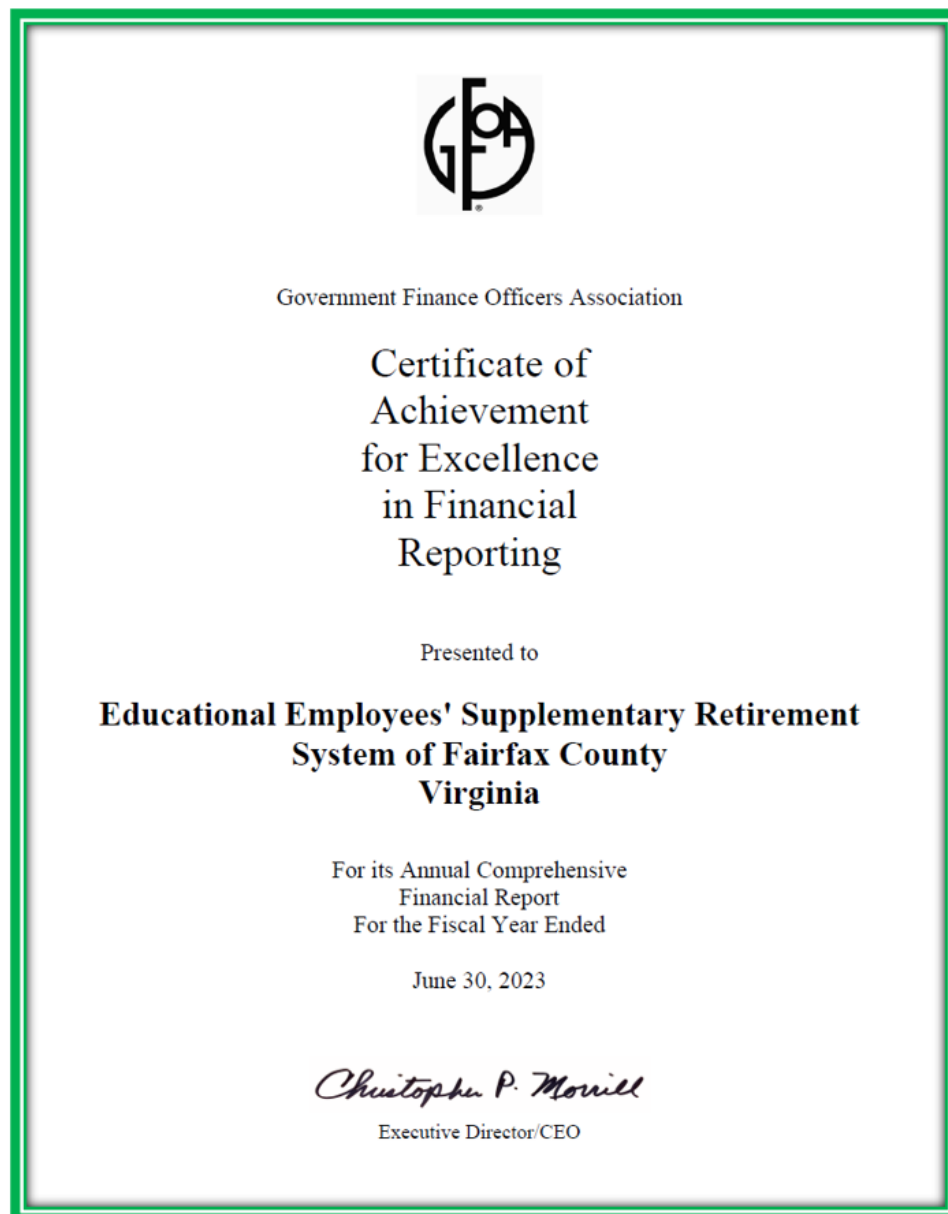
ERFC ORGANIZATIONAL CHART



As of June 30, 2024

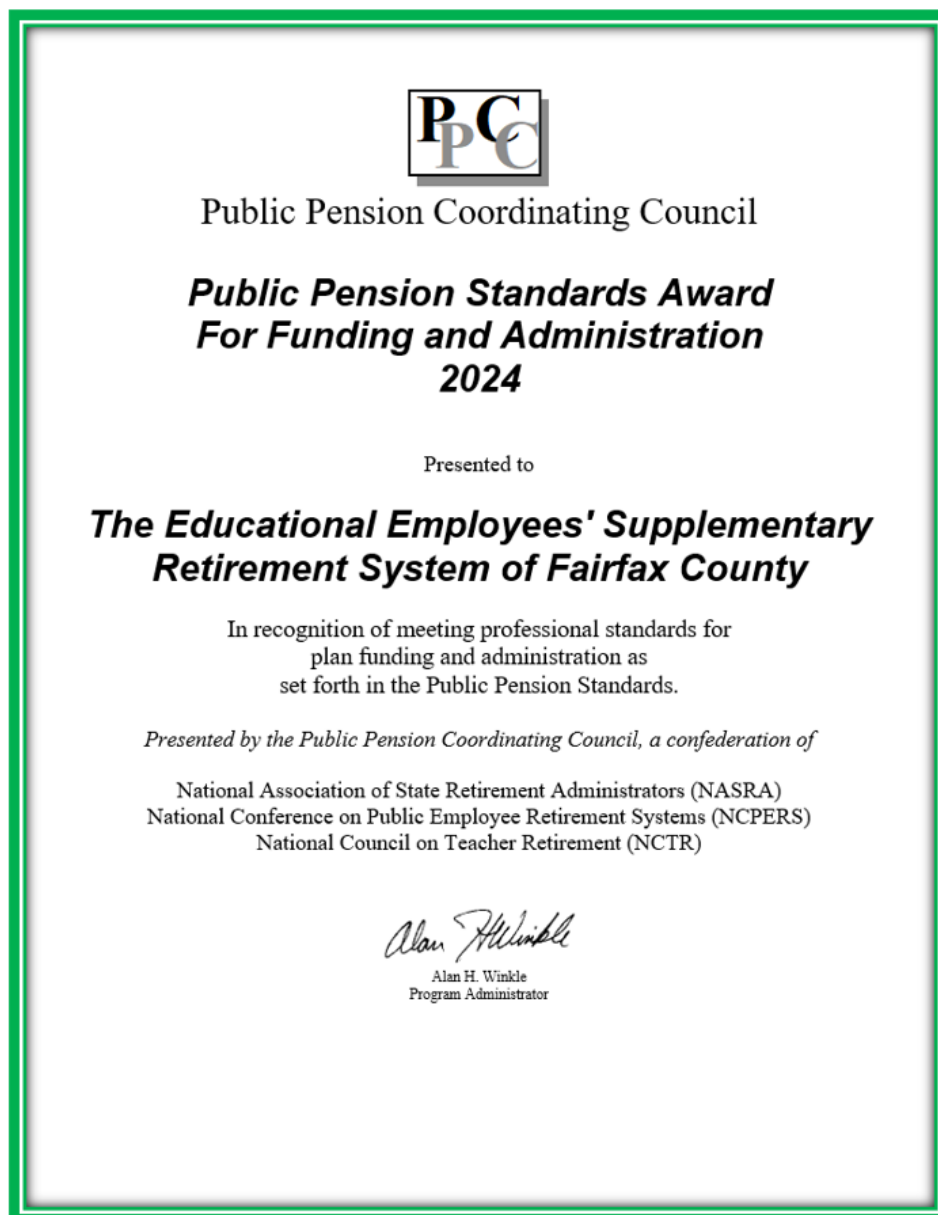
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2023. This was the 27th 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.



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.



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, P.L.L.C.

Reed Smith LLC

INVESTMENT MANAGERS

Details are found on page 56, 69 and 71
of the *Investment Section*

Financial

- Report of Independent Auditor

- Management's Discussion and Analysis

- Statement of Fiduciary Net Position

- Statement of Changes in Fiduciary Net Position

- Notes to the Financial Statements

- Required Supplementary Information

- Other Supplementary Information

REPORT OF INDEPENDENT AUDITOR



Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Educational Employees' Supplementary Retirement System of Fairfax County (the "System"), a component unit and pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2024, 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, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

REPORT OF INDEPENDENT AUDITOR

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other 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 Introductory, 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 25, 2024, 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 25, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

This discussion and analysis of ERFC's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2024. The information contained in this section should be reviewed in conjunction with the letter of transmittal provided in the Introduction Section of this document.

FINANCIAL OVERVIEW

For fiscal year 2024, the net-of-fees return on ERFC's assets was 6.2 percent¹. This resulted in a total net position value of \$3.2 billion, which reflects an increase of \$136.7 million over the prior fiscal year (as reflected in the accompanying chart). Additional detail on this net increase in Fiduciary Net Position is outlined in the Summary of Changes in Fiduciary Net Position table contained within Management's Discussion and Analysis. As shown, it is comprised of four major components. They include a net investment gain of \$180.4 million, \$178.1 million in employee and employer contributions, \$216.1 million in retiree benefit payments and member refunds, and \$5.7 million in administrative, depreciation and amortization expenses.

ERFC NET POSITION

(\$ IN MILLIONS)

FISCAL YEAR	NET POSITION	NET CHANGE (\$)	NET CHANGE (%)
2024	\$ 3,213.4	\$ 136.7	4.4 %
2023	3,076.7	78.8	2.6
2022	2,997.9	(274.2)	(8.4)
2021	3,272.1	678.8	26.2
2020	2,593.3	71.9	2.9

ERFC's time-weighted 6.2 percent net-of-fees return trailed the policy benchmark return of 7.8 percent². Three, five, and ten year returns are 0.4 percent, 6.3 percent, and 5.7 percent, respectively. The time-weighted rate of return measures the compound growth rate of the System's investments, net of investment expense. This method eliminates the distortion caused by cash inflows and outflows and is the industry standard for comparing investment returns to a benchmark. The time-weighted rate of return differs from the money-weighted rate of return described in the Notes to the Financial Statements.

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

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

² 12.0% Russell 1000 Index, 7.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 3.0% MSCI AC World Index (Net), 15.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 4.0% Blmbg. U.S. TIPS, 2.0% JPM GBI-EM Global Diversified TR, 2.6% MSCI AC World Index (Net), 1.4% Blmbg. U.S. Aggregate, 5.0% HFRI Fund of Funds Composite Index, 3.0% CPI + 4 %, 7.0% NCREIF - ODCE NET, 7.0% ThomsonOne All Regions PE , 4.0% Bloomberg Barclays U.S. Corp High Yield + 150 bps, 1.0% CPI + 4 %, 2.0% 90 Day U.S. Treasury Bill

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

At December 31, 2023, the actuarial value of assets totaled \$3.4 billion while liabilities totaled \$4.3 billion. This resulted in a funded ratio of 78.5%, a measure used by the Board of Trustees to assess funding progress. ERFC's funding level is consistent with the funding levels of similar plans nationwide and as addressed in the Actuary's Certification Letter contained within this report, ERFC remains in sound financial condition. Detailed information regarding actuarial assumptions and methods can be found in the Actuarial Section of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

FINANCIAL STATEMENTS

As indicated in the Summary of Fiduciary Net Position table below, the System net position value increased \$136.7 million or 4.4 percent in fiscal year 2024. The changes in assets and liabilities underlying this change consist of an increase of \$149.0 million in the value of cash and investments, an increase in receivables and other assets of \$40.2 million, a \$0.1 million increase in right-to-use liabilities, a decrease of \$0.3 million in accounts payable, an increase of \$55.7 million in securities purchased, and a decrease of \$3.0 million in securities lending collateral liabilities.

SUMMARY OF FIDUCIARY NET POSITION

	JUNE 30, 2024	JUNE 30, 2023	VARIANCE
ASSETS			
Total cash and investments	\$ 3,386,276,644	\$ 3,237,285,222	\$ 148,991,422
Total receivables	60,461,710	19,994,116	40,467,594
Other assets	2,357,728	2,603,176	(245,448)
TOTAL ASSETS	3,449,096,082	3,259,882,514	189,213,568
LIABILITIES			
Right-to-use lease liability	2,888,910	2,761,361	127,549
Accounts payable	1,610,960	1,928,358	(317,398)
Securities purchased	81,080,056	25,402,687	55,677,369
Securities lending collateral	150,091,528	153,057,006	(2,965,478)
TOTAL LIABILITIES	235,671,454	183,149,412	52,522,042
NET POSITION RESTRICTED FOR PENSIONS	\$ 3,213,424,628	\$ 3,076,733,102	\$ 136,691,526

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

As reflected in the Summary of Changes in Fiduciary Net Position table below, the net change in fiscal year 2024 is due to \$178.1 million in contributions and \$180.4 million in net investment gain, which is offset by \$210.6 million in benefits, \$5.4 million in refunds and \$5.7 million in administrative, depreciation and amortization expenses.

Also presented in the Summary of Changes in Fiduciary Net Position, additional information is provided regarding the differences between the fiscal years 2023 and 2024 results. These differing results are mainly due to an increase in investment income of \$59.6 million, an increase in contributions of \$8.4 million, and an increase in retiree benefit payments and member refunds of \$10.0 million.

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

	JUNE 30, 2024	JUNE 30, 2023	VARIANCE
ADDITIONS			
Contributions			
Employer	\$ 121,645,811	\$ 117,155,967	\$ 4,489,844
Member	56,450,447	52,542,598	3,907,849
Net investment income	180,365,641	120,795,408	59,570,233
TOTAL ADDITIONS	358,461,899	290,493,973	67,967,926
DEDUCTIONS			
Benefits	210,636,405	202,023,360	8,613,045
Refunds	5,448,543	4,021,605	1,426,938
Administrative expenses	5,459,646	5,119,588	340,058
Depreciation and amortization expenses	225,779	506,198	(280,419)
TOTAL DEDUCTIONS	221,770,373	211,670,751	10,099,622
NET INCREASE IN NET POSITION	136,691,526	78,823,222	57,868,304
NET POSITION RESTRICTED FOR PENSIONS			
BEGINNING OF YEAR	3,076,733,102	2,997,909,880	78,823,222
END OF YEAR	\$ 3,213,424,628	\$ 3,076,733,102	\$ 136,691,526

REQUESTS FOR INFORMATION

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

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2024

ASSETS

CASH AND SHORT-TERM INVESTMENTS	
Cash	\$ 3,757,918
Cash with fiscal agent	59,439,687
Cash collateral for securities on loan	150,091,528
Short-term investments	44,868,852
TOTAL CASH AND SHORT-TERM INVESTMENTS	258,157,985
RECEIVABLES	
Interest and dividends	2,426,596
Securities sold	57,988,110
Miscellaneous accounts receivable	47,004
TOTAL RECEIVABLES	60,461,710
INVESTMENTS	
Stocks	242,393,289
Fixed income	
Asset and mortgage backed	198,143,172
Corporate bonds	344,546,247
International bonds	10,697,178
Convertible securities	4,204,914
U.S. Government obligations	176,910,401
Real estate	272,834,792
Multi asset class solutions (MACS)	128,865,750
Hedge funds - opportunistic	263,926,035
Private equity	337,958,279
Private debt	86,546,300
Infrastructure	66,051,827
Natural resources	23,445,055
Commingled fixed income funds	163,116,095
Commingled equity funds	808,479,325
TOTAL INVESTMENTS	3,128,118,659
OTHER ASSETS	
Right-to-use asset	2,753,682
Accumulated amortization: Right-to-use asset	(395,954)
TOTAL OTHER ASSETS	2,357,728
TOTAL ASSETS	3,449,096,082
LIABILITIES	
Right-to-use lease liability	2,888,910
Accounts payable	1,610,960
Securities purchased	81,080,056
Securities lending collateral	150,091,528
TOTAL LIABILITIES	235,671,454
NET POSITION RESTRICTED FOR PENSIONS	\$ 3,213,424,628

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2024

ADDITIONS

Contributions	
Employer	\$ 121,645,811
Plan members	56,450,447
TOTAL CONTRIBUTIONS	178,096,258
Investment income	
Net appreciation in fair value of investments	146,964,353
Interest and dividends	39,825,878
TOTAL INVESTMENT INCOME	186,790,231
Less investment expenses	
Investment management fees ¹	5,240,530
Investment consulting fees	1,072,313
Investment custodial fees	325,525
Investment salaries	358,925
TOTAL INVESTMENT EXPENSES	6,997,293
Income from securities lending activities	
Securities lending income	9,212,115
Securities lending management fees	(8,639,412)
NET SECURITIES LENDING INCOME	572,703
NET INVESTMENT INCOME	180,365,641
TOTAL ADDITIONS	358,461,899

DEDUCTIONS

Benefits	210,636,405
Refunds	5,448,543
Administrative expense	5,459,646
Depreciation and amortization expense	225,779
TOTAL DEDUCTIONS	221,770,373
Net Increase	136,691,526
NET POSITION RESTRICTED FOR PENSIONS	
Beginning of year	3,076,733,102
END OF YEAR	\$ 3,213,424,628

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

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2024

ERFC is a legally separate single-employer retirement system and fund established under Virginia code to provide pension benefits to all full-time educational and administrative support employees who are employed by FCPS and who are not covered by other retirement plans of Fairfax County. As a fund under the financial control of the School Board, the System's financial statements are included in FCPS' basic financial statements as a pension trust fund.

The System contains two primary benefit structures, ERFC and ERFC 2001, and both are defined benefit structures. The original structure, ERFC, 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 and ERFC 2001 are established and may be amended by the System's Board of Trustees subject to approval by the School Board. All members are vested for benefits after five years of service. The ERFC benefit formula was revised effective July 1, 1988, following changes to the VRS, which the ERFC has historically supplemented. The benefit structure is designed to supplement VRS and Social Security benefits to provide a level retirement benefit throughout retirement. ERFC 2001 Tier 1 and Tier 2 have a stand-alone structure. Member contributions for ERFC 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 Structure Documents.

NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2023, the date of the most recent actuarial valuation, the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,098
Terminated employees entitled to, but not yet receiving benefits	7,588
Active plan members	23,093
Total Number of Plan Members	44,779

ERFC and ERFC 2001 provide for a variety of benefit payment types. ERFC's payment types include Service Retirement, Reduced Service, Disability, Death-in-Service, and Deferred Retirement. ERFC 2001's payment types include Service Retirement, Death-in-Service, and Deferred Retirement. Minimum eligibility requirements for full service benefits for ERFC 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 and ERFC 2001 Tier 1 members. Participants in their first full year of retirement from ERFC and ERFC 2001 Tier 1 receive a 1.49 percent increase. Participants who retire on or after January 1 receive no COLA increase that first March. Under ERFC 2001 Tier 2, the first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers for the Washington, D.C. metropolitan area for the period ending in November of each year, capped at 4 percent. Additional detail regarding all benefit payment types can be found in the actuarial valuation and/or the System Plan Document.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND OTHER POLICIES

Basis of Accounting

The System's financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. ERFC is a fiduciary pension trust fund of FCPS. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, pursuant to GAAP. 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.

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).

NOTES TO THE FINANCIAL STATEMENTS

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The tables of investments measured at fair value as well as at NAV can be found on pages 27 & 28.

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

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

Debt and equity 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[®].

- **Commingled Global Equity Funds**

These funds are actively 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.

NOTES TO THE FINANCIAL STATEMENTS

- **Commingled TIPS Fund**

The Fund's investment objective is to track the performance of the Bloomberg U.S. Treasury Inflation-Linked Index (the "Index"). The Fund is constructed to mirror the Index to provide income and preservation of capital. The assets of the Fund may be invested in securities, including those issued through private placements, exchange-traded and mutual funds, and a combination of other collective funds (each an affiliate of the Fund and collectively referred to herein as the "Collective Investment Funds") that together are designed to track the performance of the Index. The Fund may also invest in the EB Temporary Investment Fund, an affiliate of the Fund.

- **Commingled Global Fixed Income Fund**

This fund seeks to generate strong risk-adjusted returns from the global bond markets. The strategy focuses on selecting securities with attractive valuations in countries with stable to improving structural outlooks and growth trajectories.

- **Commingled Emerging Markets Debt Fund**

This fund invests in fixed income securities of "emerging" or developing countries to achieve high current income and long-term capital growth.

- **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, 2024, 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 Multi-Asset Class Solutions**

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

- **Commingled Real Estate Equity Funds**

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

- **Private Real Estate**

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

- **Hedge Funds - Opportunistic**

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

INVESTMENTS MEASURED BY FAIR VALUE HIERARCHY LEVEL

	June 30, 2024	FAIR VALUE MEASURES USING		
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS
INVESTMENTS BY FAIR VALUE LEVEL		LEVEL 1	LEVEL 2	LEVEL 3
Short-term securities	\$ 44,868,852	\$ —	\$ —	\$ 44,868,852
Debt securities				
Asset and mortgage backed	198,143,172	—	198,143,172	—
Corporate bonds	344,546,247	—	337,070,066	7,476,181
International bonds	10,697,178	—	10,697,178	—
Convertible securities	4,204,914	548,768	3,656,146	—
US Government obligations	176,910,401	176,910,401	—	—
Total Debt Securities	734,501,912	177,459,169	549,566,562	7,476,181
Equity investments	242,393,289	242,393,289	—	—
TOTAL INVESTMENT AND SHORT-TERM SECURITIES MEASURED BY FAIR VALUE HIERARCHY LEVEL	\$ 1,021,764,053	\$ 419,852,458	\$ 549,566,562	\$ 52,345,033

NOTES TO THE FINANCIAL STATEMENTS

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

	June 30, 2024	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Equity investments				
Commingled large cap equity funds	\$ 364,945,995	\$ —	Daily	None
Commingled global equity funds	303,896,301	—	Daily	None
Commingled emerging markets equity fund	139,637,029	—	Daily	3 days
TOTAL EQUITY INVESTMENTS	808,479,325	—		
Fixed income investments				
Commingled TIPS fund	98,483,280	—	Daily	None
Commingled global fixed income fund	2,959,191	—	Daily	None
Commingled emerging markets debt fund	61,673,624	—	Monthly	30 days
TOTAL FIXED INCOME INVESTMENTS	163,116,095	—		
Other investments				
Private markets	514,001,461	328,945,600	Not eligible	N/A
MACS	128,865,750	—	Monthly	5 days
Hedge Funds - Opportunistic	263,926,035	—	Monthly	30 days
Real estate - core open-end funds	169,776,170	—	Quarterly	1-90 days
Real estate - private commingled funds	103,058,622	103,555,857	Not eligible	N/A
TOTAL OTHER INVESTMENTS	1,179,628,038	432,501,457		
TOTAL INVESTMENTS MEASURED AT NAV	2,151,223,458	\$ 432,501,457		
TOTAL INVESTMENTS	\$ 3,172,987,511			

NOTES TO THE FINANCIAL STATEMENTS

2. CONTRIBUTION REQUIREMENTS

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

Members are required to contribute 3 percent of annual salary. The employer is required to contribute at an actuarially determined rate which was 6.48 percent for fiscal year 2024.

3. NET PENSION LIABILITY DISCLOSURES

The components of the System's net pension liability as of June 30, 2024 were as follows:

Total Pension Liability	\$ 4,380,439,604
Plan Fiduciary Net Position	3,213,424,628
Net Pension Liability	<u>\$ 1,167,014,976</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.36%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2023, 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 2024 TOTAL PENSION LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS

Single Discount Rate

A single discount rate of 7.0 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0 percent. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarial determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Return on Plan Assets

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

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

ASSET CLASS	LONG-TERM EXPECTED REAL RATE OF RETURN
Domestic Equity (Large Cap)	6.4 %
Domestic Equity (Small Cap)	7.3
International Equity	6.7
International Equity (Small Cap)	8.1
Emerging International Equity	8.0
Global Equity	6.8
Emerging Market Debt	3.7
US Fixed Income	1.8
MACS	2.8
Hedge Funds Opportunistic	5.5
Infrastructure	8.0
Real Estate	5.1
Private Equity	11.3
Private Debt	7.8
Natural Resources	8.9

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 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent). Sensitivity results at 6.0 percent interest were based upon computer runs. Results at 8.0 percent were based upon the 6.0 percent results and estimation techniques.

	1% Decrease	Assumption	1% Increase
	6.0%	7.0%	8.0%
Net pension liability	\$ 1,795,987,962	\$ 1,167,014,976	\$ 655,985,961

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, 2024
Domestic Equity (Large Cap)	11.0 %
Domestic Equity (Small Cap)	6.0
International Equity	5.0
International Equity (Small Cap)	5.0
Emerging International Equity	5.0
Global Equity	3.0
Emerging Market Debt	2.0
US Fixed Income	28.0
MACS	4.0
Hedge Funds Opportunistic	5.0
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, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.68 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 2024, the System's fair value of CMO's was \$2,038,812.

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, 2024, 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	\$ 198,143,172	1.93	27.0 %
Corporate Bonds	344,546,247	2.77	46.8
International Bonds	10,697,178	0.12	1.5
Convertible Securities	4,204,914	0.02	0.6
US Government Obligations	176,910,401	2.95	24.1
TOTAL	\$ 734,501,912	7.79	100.0 %
* Weighted Duration in years			
Short-term Investment Funds	\$ 44,868,852	—	
TOTAL SHORT-TERM	\$ 44,868,852	—	

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, 2024, excluding pooled funds, 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	\$ 38,546,968	AAA	6.9 %
	99,991,294	AA	17.9
	14,884,083	A	2.7
	32,282,288	BBB	5.8
	3,189,395	BB	0.6
	988,232	B	0.2
	1,024,306	CCC	0.2
	3,522,481	CC	0.6
	329,332	C	0.1
	711,210	Below C	0.1
	2,673,583	Not Rated	0.5
	168,349	A	0.0
	2,504,801	BBB	0.4
Convertible Securities	1,527,825	CCC	0.3
	3,939	Not Rated	0.0
	4,206,869	AA	0.8
Corporate Bonds	41,835,070	A	7.5
	213,466,352	BBB	38.3
	59,646,742	BB	10.7
	18,600,903	B	3.3
	6,509,193	CCC	1.2
	775	CC	0.0
	65,151	C	0.0
	215,192	Not Rated	0.0
	2,973,513	AAA	0.5
International Bonds	2,119,233	AA	0.4
	1,137,968	BBB	0.2
	3,353,935	BB	0.6
	1,112,529	B	0.2
TOTAL	\$ 557,591,511		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, 2024, and as addressed previously, the System had three active fixed income managers. The portfolios had values of \$213.3 million, \$228.5 million and \$300.9 million. The fair value of the largest issue other than the U.S. Government in the portfolios of the active managers, excluding pooled funds, was 2.91 percent of that portfolio.

NOTES TO THE FINANCIAL STATEMENTS

Deposits

At June 30, 2024, short-term investments with the custodial bank totaled \$44,868,852. 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.

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, 2024, the cash balance of \$3,757,918 represents funds that could not be invested in the County's enhanced cash fund until July 1, 2024.

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, 2024, cash with the fiscal agent totaled \$59,439,687. 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 \$150,091,528 as of June 30, 2024, are shown on the Statement of Fiduciary Net Position. As of June 30, 2024, the fair value of securities on loan for cash collateral was \$146,626,260. 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, 2024, the array of securities the System had on loan for cash collateral took this form:

SECURITIES	FAIR VALUE	CASH COLLATERAL
Domestic Corporate Bonds	\$ 67,368,891	\$ 69,053,423
International Bonds	641,347	656,239
Domestic Stock	67,297,870	68,823,730
International Stock	241,314	253,448
US Government Securities	11,076,838	11,304,688
TOTAL	\$ 146,626,260	\$ 150,091,528

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, 2024, was as follows:

INVESTMENT TYPE	FAIR VALUE
Stocks	\$ 242,393,289
Bonds and Mortgage Securities	557,591,511
US Government Obligations	176,910,401
Real Estate	272,834,792
MACS	128,865,750
Hedge Funds - Opportunistic	263,926,035
Private Equity	337,958,279
Private Debt	86,546,300
Infrastructure	66,051,827
Natural Resources	23,445,055
Commingled Fixed Income Funds	163,116,095
Commingled Equity Funds	808,479,325
SUBTOTAL INVESTMENTS	3,128,118,659
Cash collateral for securities on loan	150,091,528
TOTAL	\$ 3,278,210,187

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 international equity and active fixed income 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.

NOTES TO THE FINANCIAL STATEMENTS

The following chart provides a summary of System's fair value of foreign currency risk as of June 30, 2024:

CURRENCY	CASH & CASH EQUIVALENTS	EQUITY	FIXED INCOME SECURITIES	PRIVATE MARKETS	TOTAL U.S. DOLLARS
AUSTRALIAN DOLLAR	\$ 2,112	\$ —	\$ —	\$ —	\$ 2,112
BRAZIL REAL	126,300	—	1,727,314	—	1,853,614
CANADIAN DOLLAR	43,652	3,112,280	—	—	3,155,932
CHILEAN PESO	10,982	—	—	—	10,982
DANISH KRONE	106,651	5,457,642	—	—	5,564,293
EURO CURRENCY UNIT	382,067	19,903,907	1,638,990	31,983,921	53,908,885
HONG KONG DOLLAR	37,697	—	—	—	37,697
INDONESIAN RUPIAH	11,448	—	—	—	11,448
ISRAELI SHEKEL	10,876	—	—	—	10,876
JAPANESE YEN	109,029	4,974,378	—	—	5,083,407
MALAYSIAN RINGGIT	9,034	—	—	—	9,034
MEXICAN PESO	—	—	1,137,968	—	1,137,968
NEW TAIWAN DOLLAR	24,016	6,735,570	—	—	6,759,586
NEW ZEALAND DOLLAR	—	—	1,499,761	—	1,499,761
NORWEGIAN KRONE	1,682	—	1,473,752	—	1,475,434
PHILIPPINES PESO	1,266	—	—	—	1,266
POLISH ZLOTY	1,424	—	—	—	1,424
POUND STERLING	54,649	6,433,664	2,119,233	—	8,607,546
SOUTH AFRICAN RAND	1,739	—	1,100,160	—	1,101,899
SOUTH KOREAN WON	356	—	—	—	356
SWEDISH KRONA	10,299	2,938,017	—	—	2,948,316
SWISS FRANC	481,940	1,275,389	—	—	1,757,329
THAILAND BAHT	3,643	—	—	—	3,643
TOTAL FAIR VALUE	\$ 1,430,862	\$ 50,830,847	\$ 10,697,178	\$ 31,983,921	\$ 94,942,808

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAXES

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

6. LEASES

On September 9, 2022, ERFC entered into a 153 month lease as Lessee for the use of an office building. An initial lease liability was recorded in the amount of \$2,753,682. The base lease payment is \$22,019 per month. The lease has an interest rate of 2.79%. The Building's estimated useful life was 276 months as of the contract commencement. The value of the right-to-use asset as of June 30, 2024 was \$2,753,682 with accumulated amortization of \$395,954. ERFC has an option to extend the lease for 60 months.

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

ASSET CLASS	LEASE ASSET VALUE	ACCUMULATED AMORTIZATION
Building	\$ 2,753,682	\$ 395,954

The System's lease liability schedule as of June 30, 2024 is shown below:

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2025	\$ 192,683	\$ 78,177	\$ 270,860
2026	205,025	72,642	277,667
2027	217,897	66,756	284,653
2028	231,224	60,505	291,729
2029	245,110	53,875	298,985
2030-3034	1,455,431	155,487	1,610,918
3035	341,540	5,185	346,725
Total	\$ 2,888,910	\$ 492,627	\$ 3,381,537

7. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2024, the System implemented GASB Statement No. 99 *Omnibus 2022* and GASB Statement No. 100 *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The implementation of the new standards did not have a material impact on ERFC's financial statements for fiscal year 2024.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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

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

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

The Schedule of Changes in Net Pension Liability and Related Ratios on page 40 illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered payroll. As addressed previously, the most recent actuarial valuation was effective December 31, 2023. 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, 2024.

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
2024	\$ 121,645,811	\$ 121,645,811	\$ —	\$ 1,877,250,170	6.48 %
2023	117,155,967	117,155,967	—	1,748,596,522	6.70
2022	111,119,456	111,119,456	—	1,658,499,343	6.70
2021	104,784,310	104,784,310	—	1,627,085,559	6.44
2020	104,741,255	104,741,255	—	1,626,417,003	6.44
2019	96,982,911	96,982,911	—	1,549,247,780	6.26
2018	93,543,467	91,704,877	1,838,590	1,469,629,439	6.24
2017	80,305,269	80,094,538	210,731	1,430,259,607	5.60
2016	76,069,503	76,599,695	(530,192)	1,374,735,094	5.57
2015	74,791,177	74,324,396	466,781	1,328,419,881	5.59

Covered payroll in 2016 and later is reported in accordance with GASB 82. The ratio in the last row cannot always be compared to contributions required by the ERFC Board's funding policy.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years

FISCAL YEAR ENDED JUNE 30	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service Cost	\$ 102,289,996	\$ 97,264,457	\$ 92,063,438	\$ 91,770,647	\$ 92,719,549
Interest on the Total Pension Liability	293,865,503	279,596,095	268,463,381	253,330,122	243,578,788
Changes of benefit terms	161,937,951	—	—	—	—
Difference between expected and actual experience of the Total Pension Liability	(165,399,993)	33,027,559	(5,133,211)	29,758,913	(12,696,483)
Changes of assumptions	—	—	133,042,334	(17,342,443)	—
Benefit payments, including refunds of employee contributions	(216,084,948)	(206,044,965)	(198,655,496)	(191,265,982)	(185,986,496)
Net Change in Total Pension Liability	176,608,509	203,843,146	289,780,446	166,251,257	137,615,358
Total Pension Liability - Beginning	4,203,831,095	3,999,987,949	3,710,207,503	3,543,956,246	3,406,340,888
Total Pension Liability - Ending	4,380,439,604	4,203,831,095	3,999,987,949	3,710,207,503	3,543,956,246
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	121,645,811	117,155,967	111,119,456	104,784,310	104,741,255
Contributions - Member	56,450,447	52,542,598	50,017,839	48,934,340	49,095,601
Net Investment Income	180,365,641	120,795,408	(232,237,621)	720,738,680	108,472,534
Benefit Payments, including refunds of employee contributions	(216,084,948)	(206,044,965)	(198,655,496)	(191,265,982)	(185,986,496)
Pension Plan Administrative, Depreciation and Amortization Expense	(5,685,425)	(5,625,786)	(4,481,381)	(4,423,439)	(4,381,191)
Net Change in Plan Fiduciary Net Position	136,691,526	78,823,222	(274,237,203)	678,767,909	71,941,703
Plan Fiduciary Net Position - Beginning, as previously reported	3,076,733,102	2,997,909,880	3,272,151,084	2,593,383,175	2,521,441,472
Prior Period Adjustment	—	—	(4,001)	—	—
Plan Fiduciary Net Position - Beginning	3,076,733,102	2,997,909,880	3,272,147,083	2,593,383,175	2,521,441,472
Plan Fiduciary Net Position - Ending	3,213,424,628	3,076,733,102	2,997,909,880	3,272,151,084	2,593,383,175
Net Pension Liability - Ending	\$ 1,167,014,976	\$ 1,127,097,993	\$ 1,002,078,069	\$ 438,056,419	\$ 950,573,071
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.36 %	73.19 %	74.95 %	88.19 %	73.18 %
Covered Payroll	\$ 1,877,250,170	\$ 1,748,596,522	\$ 1,658,499,343	\$ 1,627,085,559	\$ 1,626,417,003
Net Pension Liability as a Percentage of Covered Payroll	62.17 %	64.46 %	60.42 %	26.93 %	58.45 %

continued

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

2019	2018	2017	2016	2015	FISCAL YEAR ENDED JUNE 30
					TOTAL PENSION LIABILITY
\$ 90,633,074	\$ 88,599,697	\$ 78,925,763	\$ 77,760,915	\$ 77,493,999	Service Cost
231,477,042	221,106,804	209,515,636	205,720,047	198,938,575	Interest on the Total Pension Liability
—	—	(1,038,793)	—	—	Changes of benefit terms
27,726,555	12,140,768	19,857,344	(11,011,883)	(17,051,192)	Difference between expected and actual experience of the Total Pension Liability
—	—	23,334,195	45,752,095	—	Changes of assumptions
(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	Benefit payments, including refunds of employee contributions
167,904,598	144,126,973	157,208,562	147,873,327	91,538,806	Net Change in Total Pension Liability
3,238,436,290	3,094,309,317	2,937,100,755	2,789,227,428	2,697,688,622	Total Pension Liability - Beginning
3,406,340,888	3,238,436,290	3,094,309,317	2,937,100,755	2,789,227,428	Total Pension Liability - Ending
					PLAN FIDUCIARY NET POSITION
96,982,911	91,704,877	80,094,538	76,599,695	74,324,396	Contributions - Employer
46,645,396	44,169,100	43,062,632	41,383,642	39,982,963	Contributions - Member
117,727,500	188,145,489	250,981,777	(15,766,967)	32,083,908	Net Investment Income
(181,932,073)	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	Benefit Payments, including refunds of employee contributions
(4,262,159)	(4,300,927)	(4,059,408)	(4,004,882)	(3,751,825)	Pension Plan Administrative, Depreciation and Amortization Expense
75,161,575	141,998,243	196,693,956	(72,136,359)	(25,203,134)	Net Change in Plan Fiduciary Net Position
2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	2,204,927,191	Plan Fiduciary Net Position - Beginning, as previously reported
—	—	—	—	—	Prior Period Adjustment
2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	2,204,927,191	Plan Fiduciary Net Position - Beginning
2,521,441,472	2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	Plan Fiduciary Net Position - Ending
\$ 884,899,416	\$ 792,156,393	\$ 790,027,663	\$ 829,513,057	\$ 609,503,371	Net Pension Liability - Ending
74.02 %	75.54 %	74.47 %	71.76 %	78.15 %	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
\$ 1,549,247,780	\$ 1,469,629,439	\$ 1,430,259,607	\$ 1,374,735,094	\$ 1,366,029,848	Covered Payroll
57.12 %	53.90 %	55.24 %	60.34 %	44.62 %	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
2024	5.68 %
2023	4.00
2022	(7.29)
2021	27.82
2020	4.49
2019	4.88
2018	8.29
2017	12.14
2016	(0.63)
2015	1.49

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
2024	6.48 %	3.00 %	9.48 %
2023	6.70	3.00	9.70
2022	6.70	3.00	9.70
2021	6.44	3.00	9.44
2020	6.44	3.00	9.44
2019	6.26	3.00	9.26
2018	6.24	3.00	9.24
2017	5.60	3.00	8.60
2016	5.60	3.00	8.60
2015	5.60	3.00	8.60

- April 27, 2017 — ERFC members hired on or after July 1, 2017 are members of *ERFC 2001 Tier 2*. For all members, the annual interest rate credited on member accounts was reduced.
- July 1, 2006 — The implementation of a Benefit Restoration Plan in order to make benefit payments in excess of the limits established by Section 415 of the Internal Revenue Code.
- April 29, 2004 — The Board of Trustees agreed to transition to calendar year actuarial valuations.
- December 18, 2003 — Effective July 1, 2004, members hired prior to July 1, 2001 (*ERFC Benefit Structure*), are eligible for a Level Lifetime Benefit ("LLB") that is calculated by determining the annuitized value of the greater of their accumulated contribution balance or the present value of the currently provided defined benefit. The following changes apply to members hired on or after July 1, 2001 (*ERFC 2001 Benefit Structure*):
 - The defined contribution component of the benefit structure that was to be offered as an option to members on July 1, 2006, was eliminated.
 - The matching contribution provisions of the benefit structure were eliminated effective July 1, 2004. Members who met the requirements for a contribution match as of June 30, 2004, had the match credited to their accounts on June 30, 2004.
 - Beginning July 1, 2004, members who retire are eligible for a minimum benefit that is calculated by determining the annuitized value of their accumulated contribution balance.
- July 24, 2003 — The Working After Retirement ("WAR") program is closed to new entrants, effective June 30, 2004, which is two years earlier than originally planned.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF ADMINISTRATIVE, DEPRECIATION AND AMORTIZATION EXPENSES**Fiscal Year Ended June 30, 2024**

PERSONNEL SERVICES	
Salaries and wages	\$ 2,706,258
Retirement contributions	654,403
Insurance	351,560
Social security	208,663
TOTAL PERSONNEL SERVICES	3,920,884
PROFESSIONAL SERVICES	
Legal	250,761
Plan automation support	419,570
Actuarial	130,120
Pension payroll service	97,123
Audit	62,944
TOTAL PROFESSIONAL SERVICES	960,518
COMMUNICATIONS	
Printing	15,567
Postage	911
TOTAL COMMUNICATIONS	16,478
SUPPLIES	
Office supplies	3,464
Dues and subscriptions	14,703
TOTAL SUPPLIES	18,167
OTHER SERVICES AND CHARGES	
Board travel and staff development	52,819
Equipment	151,547
Building rent	6,813
Depreciation and amortization expense	225,779
Miscellaneous	332,420
TOTAL OTHER SERVICES AND CHARGES	769,378
TOTAL ADMINISTRATIVE, DEPRECIATION AND AMORTIZATION EXPENSES	\$ 5,685,425

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF INVESTMENT EXPENSES

Fiscal Year Ended June 30, 2024

INVESTMENT MANAGEMENT FEES

Fixed income managers

DoubleLine Capital, L.P.	\$	477,012
Fidelity Institutional Asset Management		393,742
Loomis-Sayles and Company, L.P.		866,508
Mellon Capital Management Corporation		24,530
Mondrian Investment Partners (US), Inc.		375,887

Equity managers

Cramer Rosenthal McGlynn, LLC		445,277
Mellon Capital Management Corporation		44,447
Schroder Investment Management North America, Ltd.		391,808
Westfield Capital Management		423,095

International managers

William Blair & Company		1,446,549
-------------------------	--	-----------

MACS

Wellington Management Company LLP		351,675
-----------------------------------	--	---------

TOTAL INVESTMENT MANAGEMENT FEES 5,240,530

OTHER INVESTMENT SERVICE FEES

Custodial fees - Mellon Trust		325,525
Investment consultant fees - Meketa Investment Group		770,000
Investment consultant fees - Segal Marco Advisors		299,583
Foreign tax consulting - Pricewaterhousecoopers		2,730
Investment salaries		358,925

TOTAL OTHER INVESTMENT SERVICE FEES 1,756,763**TOTAL INVESTMENT EXPENSES¹ \$ 6,997,293**

¹ Some investment fees are netted directly against assets under management. See Schedule of Investment Manager Fees located within the Investment Section on page 71.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF PROFESSIONAL SERVICE FEES**Fiscal Year Ended June 30, 2024**

SERVICE PROVIDER	NATURE OF SERVICE	AMOUNT
Levi, Ray & Shoup, Inc.	Plan automation support	\$ 388,895
Bredhoff & Kaiser PLLC	Legal counsel	254,806
Arthur J. Gallagher & Co.	Actuary	91,370
ADP Payroll Services	Pension payroll service	74,337
Cherry Bekaert LLP	Audit	62,944
Aon Consulting, Inc.	Actuary	38,750
Carahsoft Technology Corporation	Plan automation support	30,675
PBI Research Services and others	Pension payroll service	18,741
TOTAL PROFESSIONAL SERVICE FEES		\$ 960,518

Investment

Unaudited

- Consultant Report on Investment Activity

- Strategic Review and Investment Policy

- Investment Managers

- Asset Structure

- Investment Results

- Schedules of Ten Largest Equity & Fixed Income Holdings

- Schedule of Brokerage Commissions

- Investment Summary

- Schedule of Investment Management Fees

CONSULTANT REPORT ON INVESTMENT ACTIVITY



333 West 34th Street New York, NY 10001-2402
212.251.5061 www.segalmarco.com

September 27, 2024

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 2024

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, 2024. This letter will also highlight any changes to the plan in fiscal year 2024.

ERFC Asset Allocation

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

At the end of the 2024 fiscal year, the Trustees reviewed a new asset allocation study and voted to make changes to the target allocations across the Plan. The new allocation is 35.0% in equities, 7.0% in real estate, 37.0% in fixed income, 11.0% in private equity/debt, 2.0% in multi asset class strategies, 3.0% in infrastructure, and 5.0% in natural resources. The TIPS, emerging market debt, and opportunistic hedge funds asset class targets were eliminated from the Plan structure, with the core fixed income managers maintaining the ability to opportunistically invest in TIPS and emerging market debt. The review of- and decision to change the asset allocation mix are a part of the continual and evolving process to help the Plan achieve the optimal mix over time to meet its obligations.

As of the June 30 fiscal year-end, the Fund was in compliance with the established policy target ranges, with the exception of opportunistic hedge funds and private equity, which were just outside of their allowable ranges due to the growth in market value of these asset classes from positive returns. Allocating assets to private markets (infrastructure, private credit and natural resources)

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 Founding Member of the Global Investment Research Alliance

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 2

takes time and some asset classes may be periodically out of range as these other asset classes are funded. The overall asset allocation percentages included 33.1% in equities, 8.4% in real estate, 28.1% in fixed income, 8.2% in hedge fund strategies, 14.2% in private equity/debt, 4.0% in multi asset class strategies, 2.1% in infrastructure, 0.7% in natural resources and 2.0% in cash. Over the long-term, which is the framework for considering the term structure of the Plans' liabilities, we expect the asset allocation will continue to meet the benefit needs while providing growth and adequate diversification.

Economic and Market Commentary

In the second half of the 2024 fiscal year, riskier fixed income assets performed better in the second quarter of 2024 than their defensively oriented counterparts, which suggested a higher appetite for risk. The global equity markets remained positive based on resilient economic data and diverging central bank interest rate movement expectations. Equity markets were positively impacted by the emerging markets asset class, which led global markets for the first time since the second quarter of 2020.

The U.S. stock market, as measured by the benchmark, Russell 3000 Index, returned 23.1% for fiscal year 2024. Large cap stocks (+23.9%) led the way during the fiscal year, followed by mid cap stocks (+12.9%) and small cap (+10.1%) stocks. All sectors in the Russell 3000 Index saw positive returns for the fiscal year period, primarily due to strong economic expansion. The "Magnificent Seven", a group of large tech companies (Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta, and Tesla) accounted for 60% of the S&P 500 Index's 15.3% return in the first half of 2024. The strongest performing sectors during the fiscal year were Communications Services, which includes Alphabet and Meta (+44.9%), and IT, which includes Apple, Microsoft, Nvidia (+41.8%).

Non-U.S. developed equities trailed the U.S. equity market during the second quarter of 2024, posting a -0.4% return. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 11.6% for the fiscal year 2024. The United Kingdom drove developed international returns over the quarter and fiscal year due to its resilient economy post-Brexit, favorable commodity prices, and strong corporate earnings. Japan, while performing positively over the fiscal year (+13.2%), had the weakest returns in the second quarter of 2024 (-4.3%) as deflationary pressures and slower consumer spending persisted. All sectors in the MSCI EAFE, except for consumer staples and utilities, posted positive returns for the fiscal year. Specifically, financials (+24.2%) and information technology (+24.1%) were the best performers.

Emerging markets stocks experienced their strongest quarter since 2020 but continued to lag U.S. stocks over the fiscal year period. Despite the underperformance from China, Asia posted the strongest fiscal year return (+15.1%), led by India's post-election optimism in equities and Taiwan's enthusiasm in artificial intelligence. In contrast, Latin America posted negative returns over the quarter (-12.2%) as well as the fiscal year (-5.6%) periods. Brazil's expansionary fiscal policy, which has primary expenditures growing at double-digit rates, and the potential of rate hikes on the horizon hindered investor confidence. The emerging markets asset class, as measured by the benchmark MSCI Emerging Markets Index, returned 12.6% for fiscal year 2024, with information technology (+34.2%) and energy (+25.2%) being the best performing sectors.

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 Founding Member of the Global Investment Research Alliance

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 3

Within the fixed income market, the yield curve remained inverted in the second half of 2024, with yields rising slightly in the intermediate to long end of the curve. At the end of the fiscal year, the yield curve had been inverted for seven consecutive quarters. With the Federal Reserve expected to cut rates as early as September of 2024, a “soft landing” scenario is increasingly becoming a likely outcome. Shorter maturity yields remained mostly unchanged while the 5-, 10-, and 30-year yields all increased in the second quarter of 2024. Fiscal year 2024 returns were positive across all fixed income sectors.

Fund Summary of Investment Performance

On a net of fee basis, the Fund earned a return of 6.5% for the one-year period ending June 30, 2024. The Fund lagged its policy index for the one-year period, as well as ERFC's assumed actuarial return target of 7.00%. The Fund is not expected to outperform the actuarial return target every year, as this is a long-term return target and actual experience will fluctuate in any given year. The Fund's assets increased from \$3.1 billion as of fiscal year-end 2023 to approximately \$3.2 billion as of fiscal year-end 2024. Over the 5-, 10-, and 15-year time periods ending June 2024, the Fund outpaced its Interim Policy benchmark, averaging a 6.4% vs. 5.4%, 5.7% vs. 5.3%, and 8.0% vs. 7.5% respectively. It is important to note that a pension fund is a long-term investment vehicle established to pay for participants' benefits.

During this most recent fiscal year, the Fund's asset allocation detracted from overall relative performance versus the Policy benchmark. Manager selection, which is the component contributed by actively managed investments, added to the allocation effect. The Long-Term Policy Index¹ return, which assumes that the Fund's asset allocation was invested primarily in passive index funds, was higher at 7.7%.

Equities

The ERFC Fund is diversified across U.S. and non-U.S. markets. During fiscal year end 2024, equity markets exhibited positive returns, with U.S. equities returning 3.2% for the quarter and 23.1% for the one-year period, reflecting stronger than expected growth in an economy with

¹ The ERFC Policy Index is a custom index representing the weighted average return of the benchmarks for each major investment program in the Fund. The Policy Benchmark as of 6/30 consisted of: 11% Russell 1000 / 6% Russell 2000 / 5% MSCI ACWI ex USA / 5% MSCI Emerging Markets / 5.6% MSCI AC World Index / 4% Bloomberg U.S. TIPS / 2% JPM GBI-EM Global Diversified TR / 7% NCREIF - ODCE NET / 17.4% Bloomberg U.S. Aggregate TR / 8% Bloomberg U.S. Gov't/Credit / 4% BBg Barc U.S. Corporate High Yield +150 bps / 5% HFRI Fund of Funds Composite Index / 7% ThomsonOne All Regions Private Equity Index / 8% CPI – All Urban Consumers (Unadjusted) +4% / 5.0% MSCI EAFE Small Cap

² The Interim Policy Index as of 6/30 consisted of: 12% Russell 1000 / 7% Russell 2000 / 5% MSCI AC World ex USA / 5% MSCI EAFE Small Cap / 5% MSCI Emerging Markets / 3% MSCI AC World Index / 16.4% Bloomberg U.S. Aggregate / 9% Bloomberg U.S. Gov't/Credit / 4% Bloomberg U.S. TIPS / 2% JPM GBI-EM Global Diversified / 2.6% MSCI AC World Index / 5% HFRI Fund of Funds Composite / 4% CPI – All Urban Consumers (Unadjusted) +4% / 7% NCREIF – ODCE NET / 7% ThomsonOne All Regions PE / 4% BBg Barc U.S. Corp High Yield +150bps / 2% 90 Day U.S. Treasury Bill

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 4

increasing interest rates. Calendar year to date through June 30, 2024, U.S. equities remained in positive territory. The U.S. stock market, as measured by the benchmark Russell 3000 Index, returned 23.1% for fiscal year 2024. In the U.S., the poorest performing sectors were real estate, utilities, and consumer staples. The communication services sector performed well and led the way within the U.S. equity markets for the year. In addition, information technology, financials, and industrials were among the top performing sectors.

Similarly, Non-U.S. developed equities posted positive returns in the first half of 2024, as well as fiscal year 2024. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 11.6% for fiscal year 2024. Within non-U.S. developed countries, Eurozone GDP rose +0.3% in the second quarter of 2024, and 0.6% year-over-year. China's GDP grew at a rate of 4.7% in the second quarter of 2024. U.S. GDP grew 2.8% in the quarter ending June 30, 2024. The poorest performing sectors were consumer staples and utilities. Financials, information technology, and energy were among the top performing sectors.

Emerging markets stocks were the best performing of the equity markets during the quarter and remained strong for the fiscal year, returning 5.0% and 12.6% respectively. Emerging market equities rose during the year despite China's underperformance. Asia posted the strongest quarter end return as its economic outlook improved. The emerging market asset class as measured by the benchmark, MSCI Emerging Markets Index, returned 12.6% for fiscal year 2024. Sector performance was mostly positive during the second quarter of 2024. Consumer staples, real estate, and materials were the poorest performing sectors for the year, posting negative returns, while information technology, energy, and utilities were among the top performing sectors.

Domestic Equity Portfolio:

For the fiscal year 2024 period, the domestic equity composite held \$550 million (17.1% of total Fund assets). The large cap equity composite returned 23.9% versus the Russell 1000 Index return of 23.9%, and the small cap equity composite returned 10.4% versus the Russell 2000 Index return of 10.1%. The passive managers matched their benchmarks, while active manager selection posted mixed results.

International Developed Equity Portfolio:

For the fiscal year 2024 period, the international developed equity composite held \$148 million (4.6% of total Fund assets). The total international equity portfolio returned 9.5%, trailing the MSCI ACWI ex USA return of 11.6%. The active managers posted mixed results.

International Small Cap Equity Portfolio:

The international small cap equity composite held \$136 million (4.2% of total Fund assets). The total international small cap equity composite returned 1.3%, lagging the MSCI EAFE Small Cap Index return of 7.8% for the fiscal year. Both active managers trailed the index.

Emerging Market Equity Portfolio:

The emerging market equity composite held \$140 million (4.4% of total Fund assets). The total emerging market equity composite returned 18.5%, outperforming the MSCI Emerging Market Index return of 12.5%.

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 **GIRA** Founding Member of the Global Investment Research Alliance

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 5

Global Equity Portfolio:

For the fiscal year 2024 period, the global equity composite held \$91 million (2.8% of total Fund assets). The total global equity composite returned 18.4%, lagging the MSCI AC World Index return of 19.4%.

Fixed Income

Domestic fixed income spreads slightly widened across the ABS, Investment Grade Credit, and High Yield sectors, but narrowed across the Agency and MBS sectors during the second quarter of 2024. The U.S. Treasury Yield Curve remained inverted in the second quarter of 2024 and yields in the intermediate to long end of the curve rose slightly. Shorter term maturity yields remained largely unchanged from the first quarter of 2024. The 5-, 10-, and 30-year Treasury yields increased by 12 bps, 17 bps, and 20 bps respectively, ending the quarter at 4.34%, 4.37%, and 4.54%.

Global Central bank deposit rates remained unchanged in Japan and the UK during the second quarter of 2024, while the European Central bank cut its interest rate by 0.25%, easing ahead of the Fed and the BOE as Global central banks considered lowering borrowing costs. The U.S. policy rate remained above those of the Eurozone, the UK, and Japan. Government yields rose in the quarter across most developed markets. The U.S. dollar appreciated relative to the yen and Euro but depreciated relative to British pound. Global returns were negative for the second quarter of 2024, with non-U.S. sovereign bonds posting the lowest returns.

Domestic Fixed Income Portfolio:

For fiscal year 2024, the total domestic fixed income composite held \$744 million (23.2% of total Fund assets). The composite returned 4.4%, versus the Bloomberg U.S. Aggregate return of 2.6%.

TIPS Portfolio:

For fiscal year 2024, the total TIPS composite held \$98 million (3.1% of total Fund assets). The composite returned 2.7%, versus the Bloomberg U.S. TIPS index return of 2.7%.

Emerging Market Debt Portfolio:

For fiscal year 2024, the total emerging market debt composite held \$62 million (1.9% of total Fund assets). The composite returned 0.9%, versus the JP Morgan GBI-EM index return of 0.7%.

MACS Portfolio: (Better Beta/Global Asset Allocation)

For fiscal year 2024, the MACS composite held \$129 million (4.0% of total Fund assets). The composite returned 9.0%, versus the custom Index return of 13.3%.

Real Estate:

The real estate market was among the negative performing asset classes for the fiscal year 2024. In the U.S., retail sector appreciation was -0.43%, apartment sector appreciation was -0.95%, office sector appreciation was -3.85%, and industrial sector appreciation was -0.78% during the second quarter of 2024. For the same time period, retail sector income was 1.33%, apartment sector income was 1.10%, office sector income was 1.48%, and industrial sector income was

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 Founding Member of the Global Investment Research Alliance

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024

Page 6

0.98%. Additionally, in the U.S., the returns by region for the second quarter of 2024 was as follows: South (0.83%), Midwest (-0.79%), East (-0.39%), and West (-0.94%).

Real Estate Portfolio:

For fiscal year 2024, the total real estate composite held \$270 million (8.4% of total Fund assets). The composite returned -10.0%, versus the ERFC's blended real estate (custom) index return of -10.0%. The Real Estate sector experienced losses for the 2024 fiscal period.

Hedge Funds:

The HFRI Funds Weighted Composite Index returned 0.67% during the second quarter of 2024. Emerging Markets (2.02%) and Relative Value (1.41%) strategies experienced the strongest results, while Macro (-0.80%) and Event-Driven (0.50%) strategies trailed the broader hedge fund peers. Emerging Markets performance was driven by strategies focused on India, delivering 10.52% gain in the period, while funds that focused on Latin America and Russia/Eastern Europe experienced losses. Relative Value performance was driven by strategies focused on fixed income, with gains in the range of 1.57% to 2.07%. Macro ended the second quarter of 2024 in negative territory, primarily driven by Systematic Diversified and Commodity-focused funds.

Hedge Fund Portfolio:

For fiscal year 2024, the total hedge fund opportunistic composite held \$264 million (8.2% of total Fund assets).

Infrastructure:

In the first quarter of 2024, Global private infrastructure funds returned 5.00%, followed by North American private infrastructure funds (1.94%) and European private infrastructure funds (-1.89%). Fundraising weakened in the second quarter of 2024 with larger fund closes dominating the market. 90% of the capital raised was split between the developed markets of North America and Europe. Public infrastructure, as measured by the FTSE Global Core Infrastructure 50/50 Index, returned 1.00% in Q2 2024, and 5.3% over the trailing one-year time period.

Infrastructure Portfolio:

For fiscal year 2024, the total infrastructure composite held \$67 million (2.1% of the total Fund).

In fiscal year 2024, Segal Marco Advisors helped the Fund implement several changes within the asset class structures. During the year, the Trustees approved the addition of a new Domestic Fixed Income manager – JPM Core Bond Fund. Segal also reviewed the Fund's asset allocation mix and presented a few new mixes for Trustee consideration. The Trustees voted to move to a new asset allocation mix in June of 2024 and the process of funding the new JPM Core Bond Fund investment and rebalancing the portfolio in order to move to the newly approved asset allocation mix will take place towards the end of 2024. The Trustees, along with their investment consultants, continue to look for ways to optimize the investing program.

Meketa implemented several changes within the asset class structure and investment managers during 2024 within the real estate, infrastructure, private equity, private debt, and natural resources portfolios.

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 GIRA Founding Member of the Global Investment Research Alliance

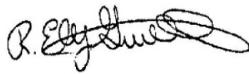
CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 27, 2024
Page 7

Segal continued its education sessions with Trustees in fiscal year 2024, including education on alternatives investing.

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

Sincerely,



Rosemary Guillette
Senior Vice President & Senior Consultant

Investment Solutions. Offices in the United States, Canada and Europe. Member of The Segal Group

 **GIRA** Founding Member of the Global Investment Research Alliance

STRATEGIC REVIEW AND INVESTMENT POLICY

INTRODUCTION

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

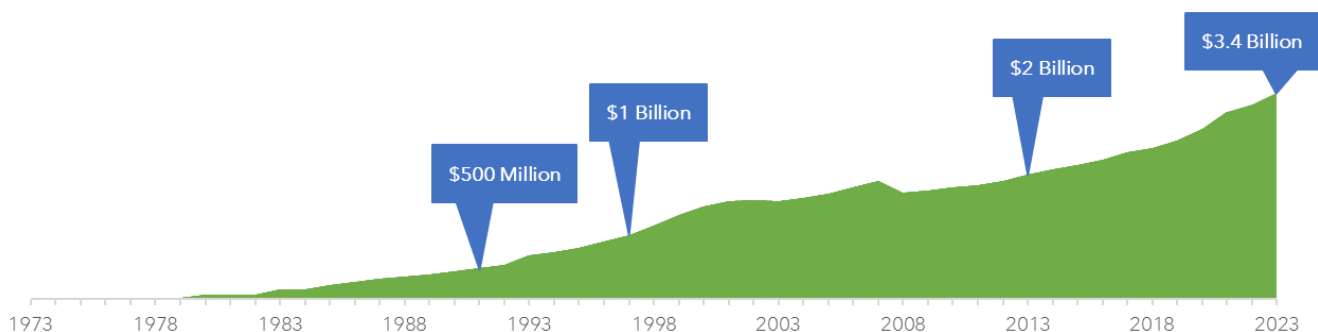
- the anticipated financial needs of the ERFC
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines and standards to the investment managers.

INVESTMENT OBJECTIVES

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

ERFC TOTAL FUND GROWTH — VALUATION ASSETS SINCE INCEPTION

(As reflected in the December 31, 2023 actuarial valuation)



INVESTMENT MANAGERS

INVESTMENT MANAGERS

As of June 30, 2024

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

continued

INVESTMENT MANAGERS

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Real Estate (continued)		
	IPI Partners	Value-Added
	JP Morgan Asset Management	Core-Plus
	Landmark Partners	Secondary
	PGIM Real Estate	Core
	Sabal Investment	Debt
	Sterling Organization	Value-Added
	Torchlight investors	Opportunistic
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	Multi-Asset Class
Infrastructure		
	Actis	Opportunistic
	BlackRock	Value-Added
	Climate Adaptive	Value-Added
	Global Infrastructure Partners	Value-Added
	Grain Communications	Opportunistic
	ISQ Global	Value-Added
	JPMorgan	Core
	KKR	Core
	Peppertree Capital	Value-Added
	Stonepeak	Value-Added
	Tiger	Opportunistic
Private Equity		
	Accomplice	Venture Capital
	Charlesbank	Buyout
	GCM	Buyout
	Falfurrias Capital Partners	Buyout
	Flagship	Venture Capital
	Foundation Capital	Venture Capital
	Gauge Capital	Buyout
	Glouston	Secondary
	Greenbriar	Buyout
	HarbourVest Partners	Fund of Funds
	Hidden Harbor	Buyout
	JMI	Growth Equity
	K5	Buyout
	Lakestar	Venture Capital
	Lexington Capital Partners	Secondary
	Lightspeed	Venture Capital
	Linden Capital Partners	Buyout
	Oakley	Buyout
	Private Advisors	Fund of Funds
continued		

INVESTMENT MANAGERS

concluded

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

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT

As of June 30, 2024

SECTOR	INVESTMENT MANAGER	AMOUNT
Large Capitalization Equity		
	Mellon Capital Management Corp.	\$ 380,770,819
Small Capitalization Equity		
	Cramer Rosenthal McGlynn, LLC	65,773,345
	Schroder Investment Management NA, Ltd.	59,343,534
	Westfield Capital Management	60,269,881
International Equity		
	Acadian Asset Management	1,088,205
	Causeway Capital	127,772
	Mellon Capital Management Corp.	76,637,349
	William Blair & Company	69,765,687
International Small Capitalization Equity		
	Barings Investment	69,753,761
	Global Alpha	66,398,555
Emerging Market Equity		
	William Blair & Company	164,637,029
Global Equity		
	Lazard Asset Management	91,131,042
U.S. Fixed Income		
	DoubleLine Capital, L.P.	213,280,276
	Fidelity Institutional Asset Management	228,537,836
	Loomis Sayles & Company	300,869,719
	Mellon Capital Management Corp.	103,483,280
Emerging Market Debt		
	Mondrian Investments	61,673,623
MACS		
	Bridgewater Associates, Inc.	61,568,056
	Wellington Management Co.	67,297,694
Real Estate		
	Atlas Capital Group	4,207,053
	Berkeley Partners	1,193,650
	Berkshire Partners	17,624,422
	Carlyle	40,594,936
	Centerbridge Partners	4,843,088
	DivcoWest	7,656,458
	DRA Advisors	1,365,442
	Focus Healthcare Partners	1,019,843
	FPA Multifamily	7,387,901
	Hammes Partners	6,721,408
	IDR investment Management	29,797,721
	IPI Partners	18,719,943
	JP Morgan Asset Management	47,226,847
	Landmark Partners	22,032,590

continued

ASSETS UNDER MANAGEMENT

SECTOR	INVESTMENT MANAGER	AMOUNT
Real Estate (continued)		
	PGIM Real Estate	\$ 45,435,259
	Sabal Investment	7,559,666
	Sterling Organization	406,693
	Torchlight investors	9,041,872
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	264,006,361
Infrastructure		
	Actis	1,176,938
	BlackRock	2,287,679
	Climate Adaptive	2,172,703
	Global Infrastructure Partners	423,000
	Grain Communications	3,544,861
	ISQ Global	1,588,327
	JPMorgan	18,374,732
	KKR	27,426,969
	Peppertree Capital	4,071,277
	Stonepeak	2,242,479
	Tiger	2,742,862
Private Equity		
	Accomplice	15,096,696
	Charlesbank	6,030,504
	GCM	6,198,726
	Falfurrias Capital Partners	675,390
	Flagship	3,690,413
	Foundation Capital	4,813,848
	Gauge Capital	43,596
	Glouston	2,127,848
	Greenbriar	1,285,151
	HarbourVest Partners	113,091,960
	Hidden Harbor	4,858,874
	JMI	7,227,034
	K5	5,531,123
	Lakestar	21,839,619
	Lexington Capital Partners	29,230,240
	Lightspeed	23,498,306
	Linden Capital Partners	4,650,615
	Oakley	2,093,676
	Private Advisors	33,311,571
	Ridgemont	3,185,393
	Searchlight Capital	16,068,814
	Sentinel	973,682
	SK Capital	1,580,357
		continued

ASSETS UNDER MANAGEMENT

		concluded
SECTOR	INVESTMENT MANAGER	AMOUNT
Private Equity (continued)		
	Stellex Capital Partners	\$ 3,936,274
	Sterling Group Partners	7,012,444
	STG	6,036,567
	TA	5,818,932
	Vitruvian Investment Partnership	8,050,626
Private Debt		
	Ares Management	2,013,977
	Atalaya Capital Management	8,090,806
	Audax	419,124
	Davidson Kempner	10,888,431
	FP Credit Partners	8,788,568
	HarbourVest Partners	2,211,477
	Newstone Capital	370,130
	OHA	11,436,554
	Silver Point	16,657,319
	Silver Rock	11,317,216
	Sixth Street	3,487,153
	Strategic Value	10,865,545
Natural Resources		
	Ara Partners	2,193,473
	Bernhard Capital*	(115,822)
	Kimmeridge	9,011,980
	Kinterra Capital	4,508,891
	Paine Schwartz Partners	7,896,232
	Tiverton*	(49,699)
Cash (Temporary Cash) and other assets		20,174,551
Total		\$ 3,213,424,628

* 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

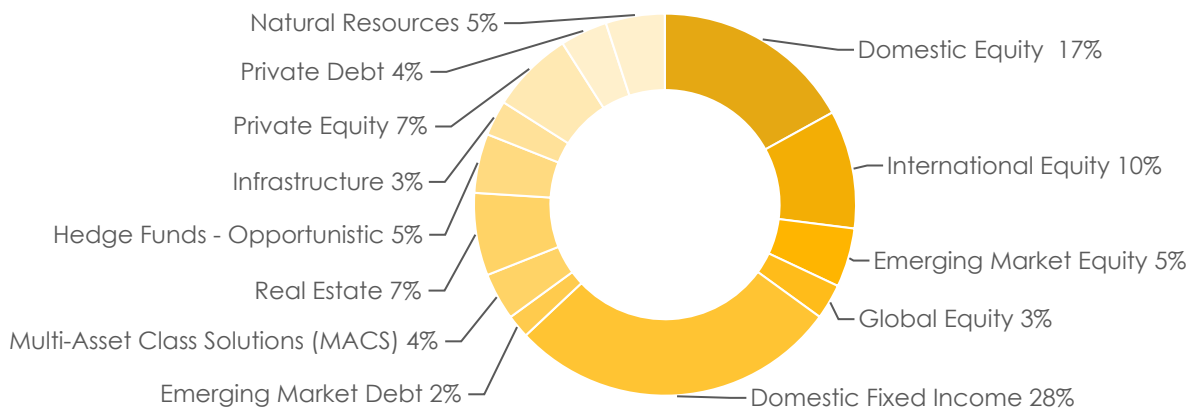
INTERIM STRATEGIC TARGET ALLOCATION AS OF JUNE 30, 2024

The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2024. 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, 2024.

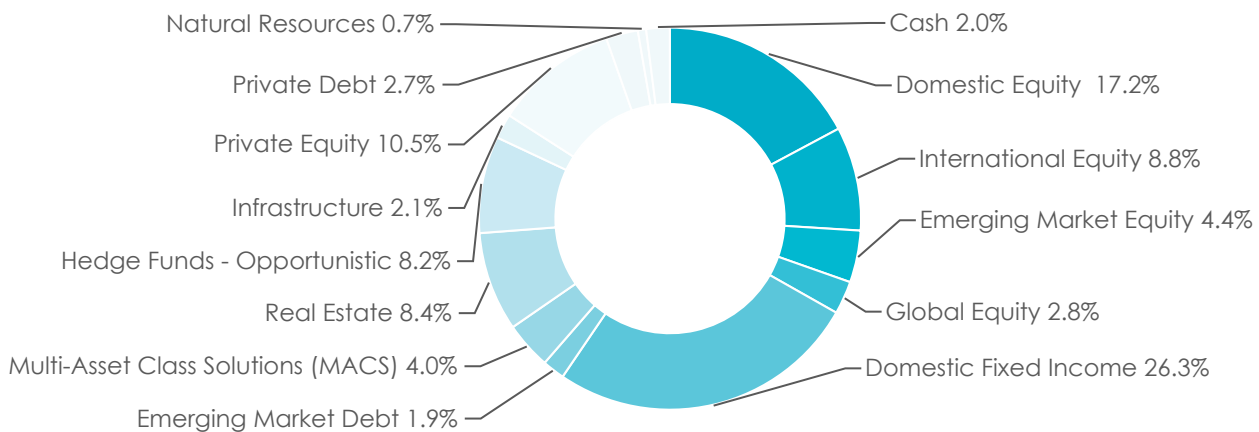
ACTUAL ASSET ALLOCATION AS OF JUNE 30, 2024

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



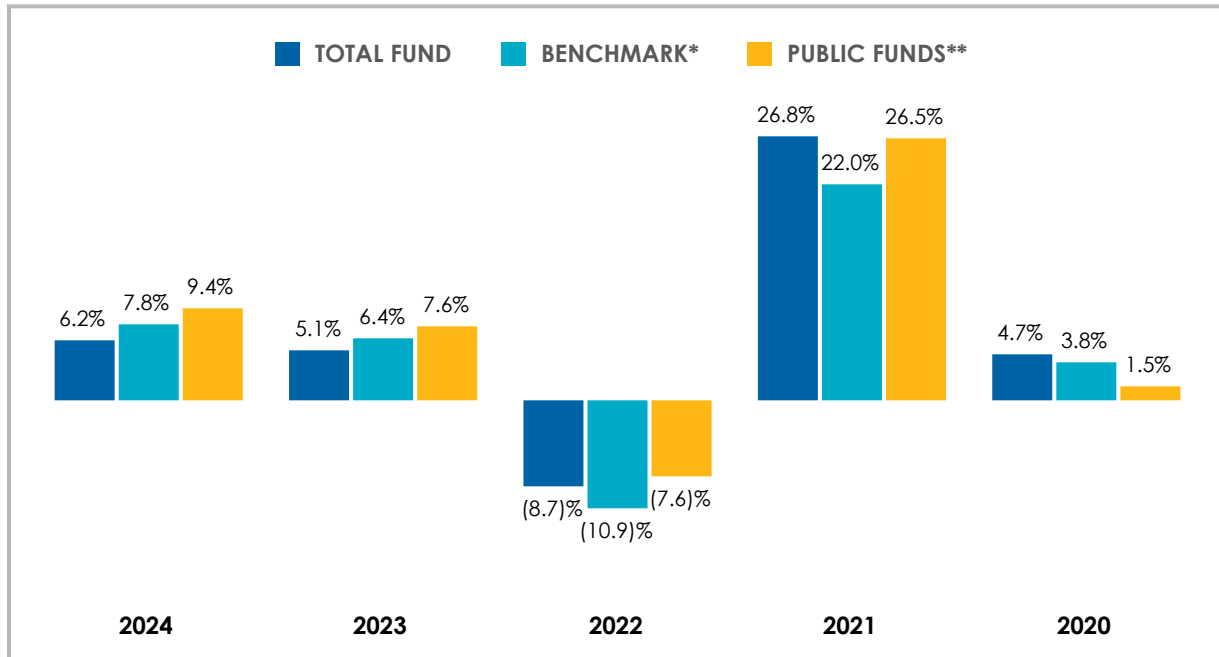
ACTUAL ASSET ALLOCATION



INVESTMENT RESULTS

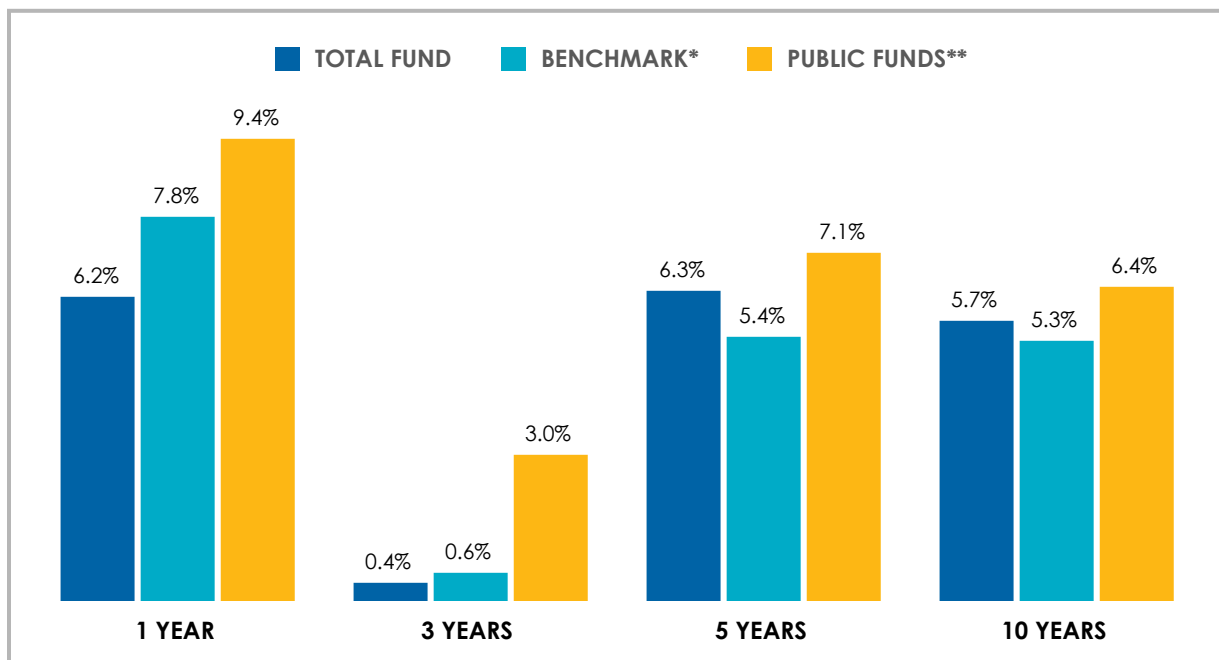
TOTAL FUND RETURNS

FISCAL YEARS ENDED JUNE 30
(NET OF FEES)



TOTAL FUND RETURNS

TRAILING YEARS ENDED JUNE 30, 2024
(NET OF FEES)



* 12.0% Russell 1000 Index, 7.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 3.0% MSCI AC World Index (Net), 15.0% Blmbg. U.S. Aggregate, 9.0% Blmbg. U.S. Gov't/Credit, 4.0% Blmbg. U.S. TIPS, 2.0% JPM GBI-EM Global Diversified TR, 2.6% MSCI AC World Index (Net), 1.4% Blmbg. U.S. Aggregate, 5.0% HFRI Fund of Funds Composite Index, 3.0% CPI + 4 %, 7.0% NCREIF - ODCE NET, 7.0% ThomsonOne All Regions PE , 4.0% Bloomberg Barclays U.S. Corp High Yield + 150 bps, 1.0% CPI + 4 %, 2.0% 90 Day U.S. Treasury Bill

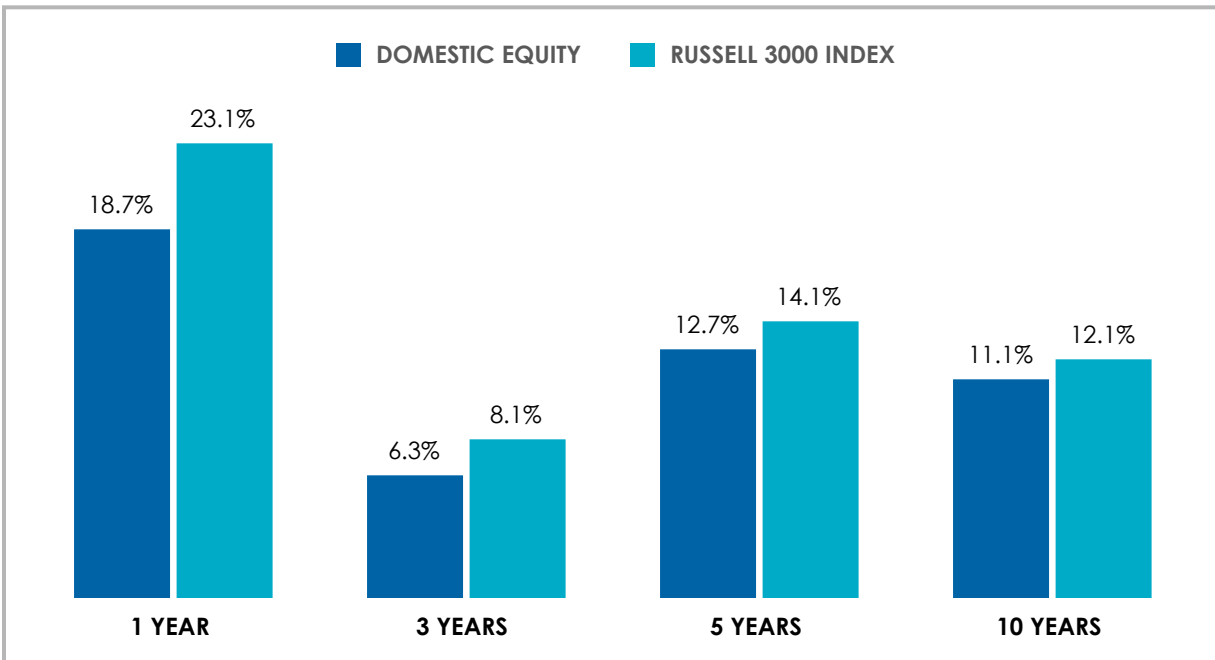
** Investment Metrics Public Plan Universe > \$1B

INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

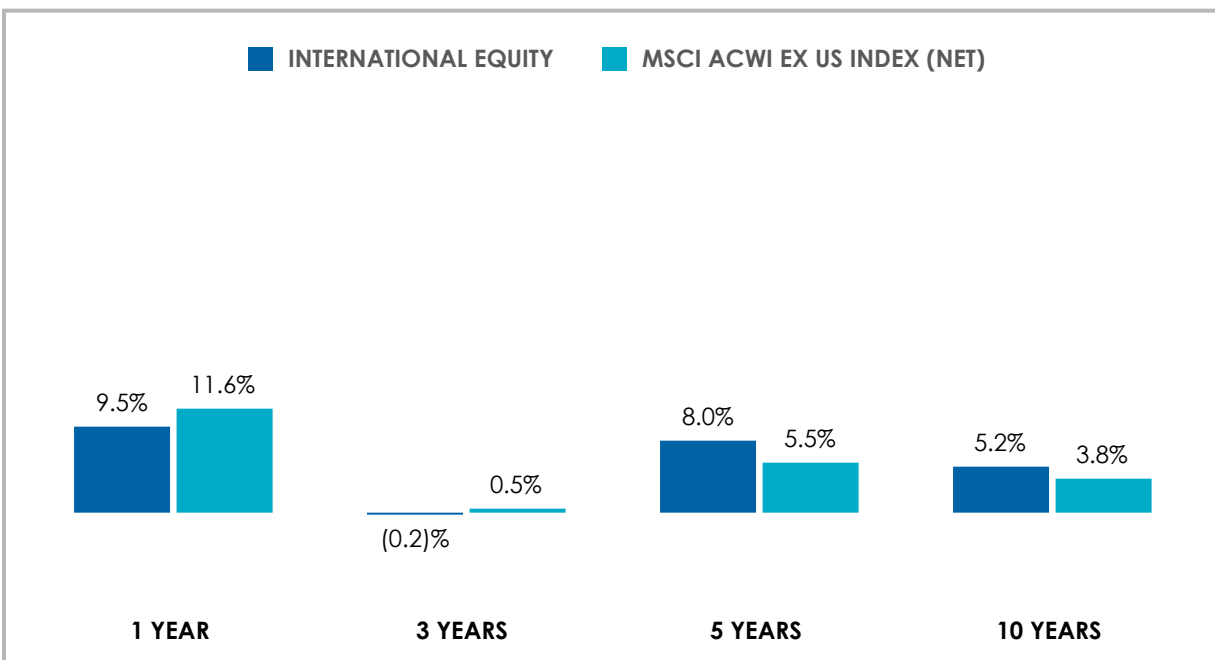
DOMESTIC EQUITY

(NET OF FEES)



INTERNATIONAL EQUITY

(NET OF FEES)

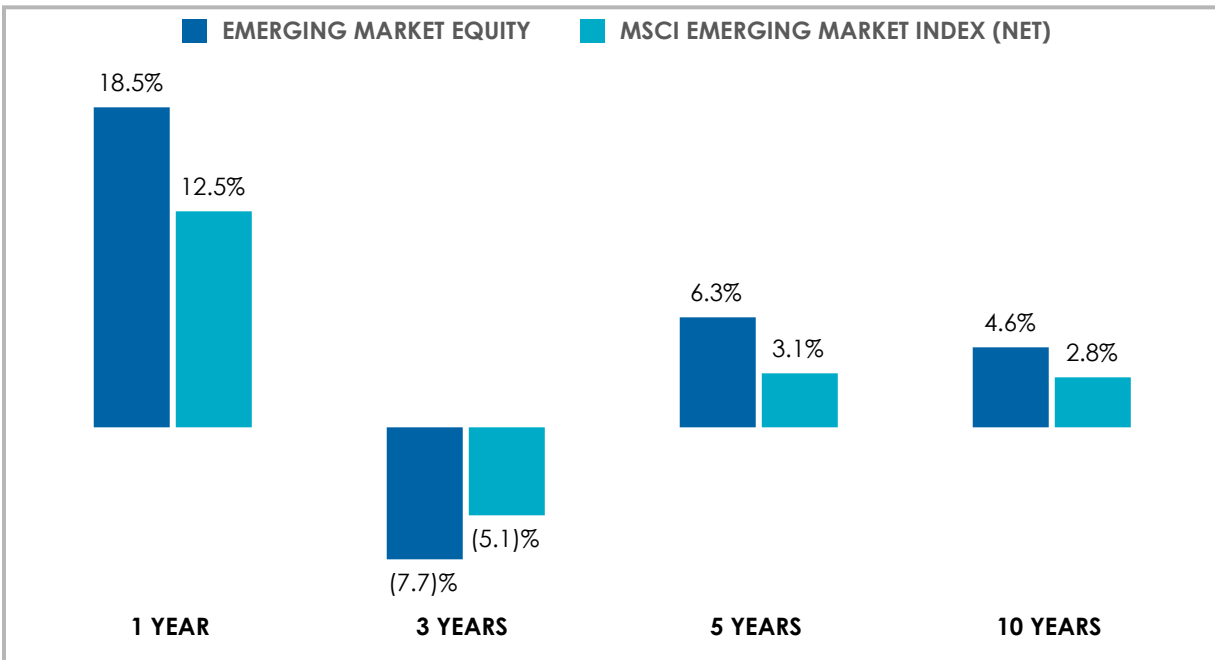


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

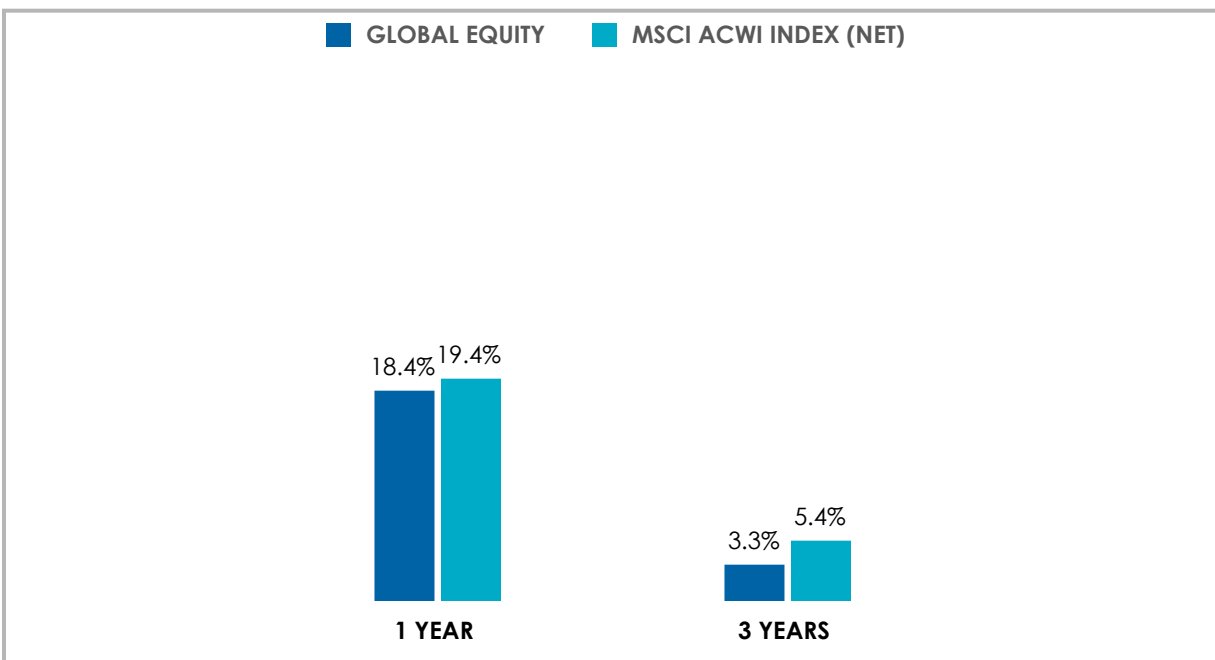
EMERGING MARKET EQUITY

(NET OF FEES)



GLOBAL EQUITY

(NET OF FEES)

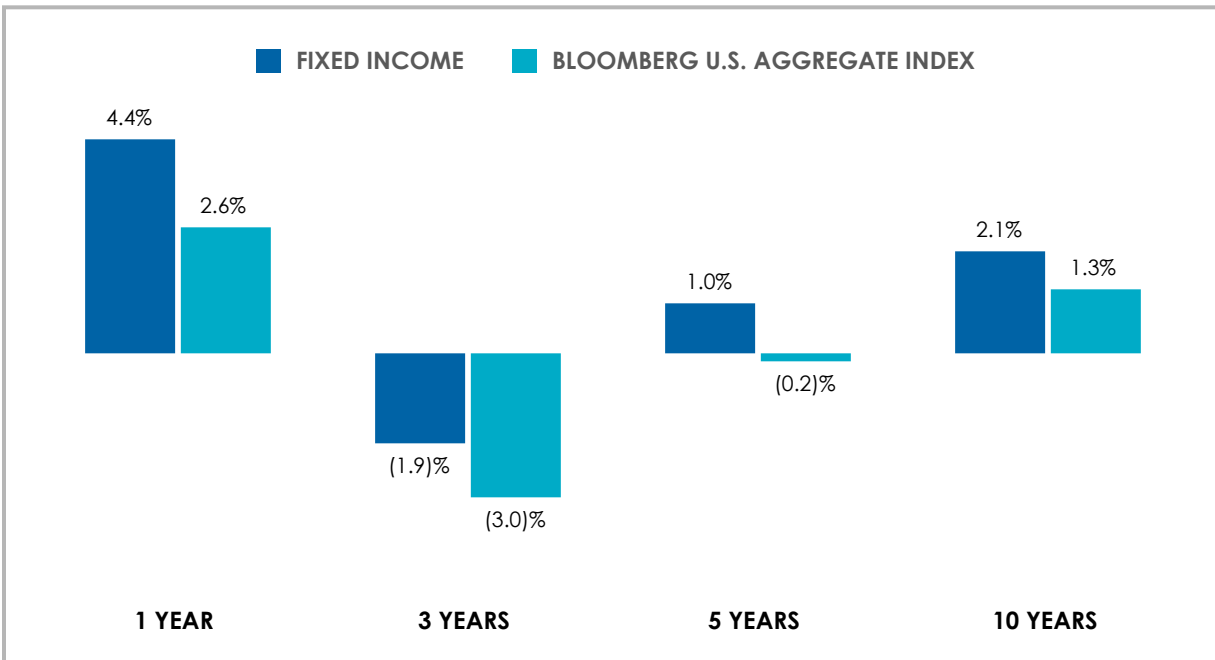


INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

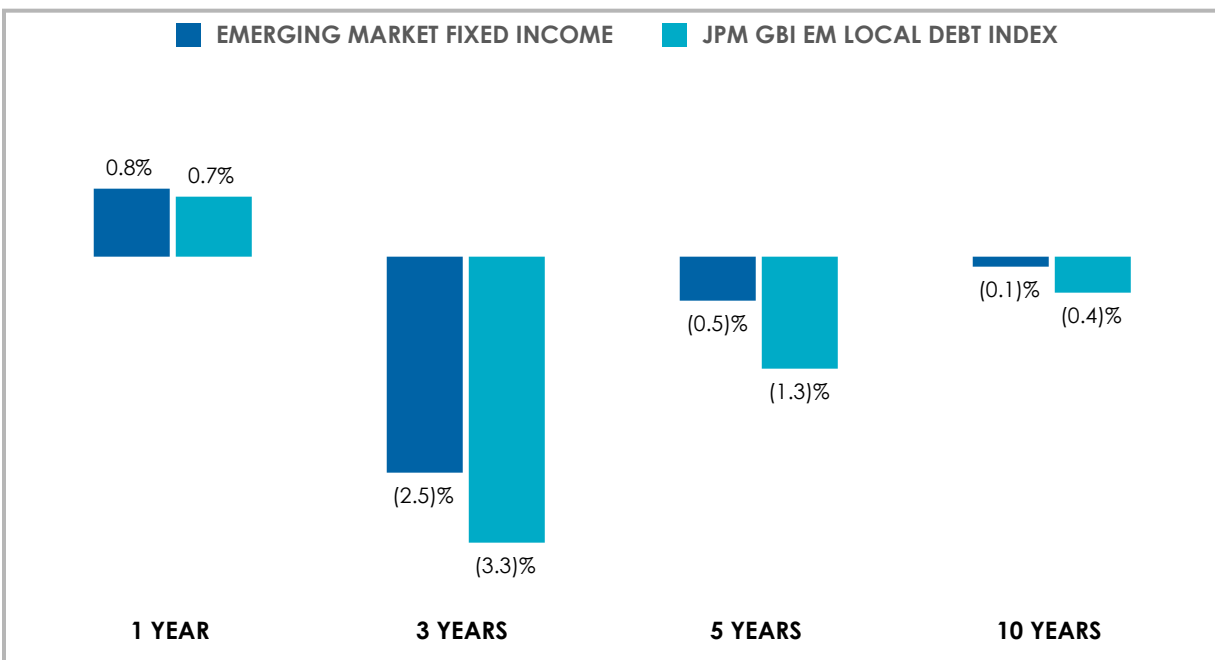
DOMESTIC FIXED INCOME

(NET OF FEES)



EMERGING MARKET FIXED INCOME

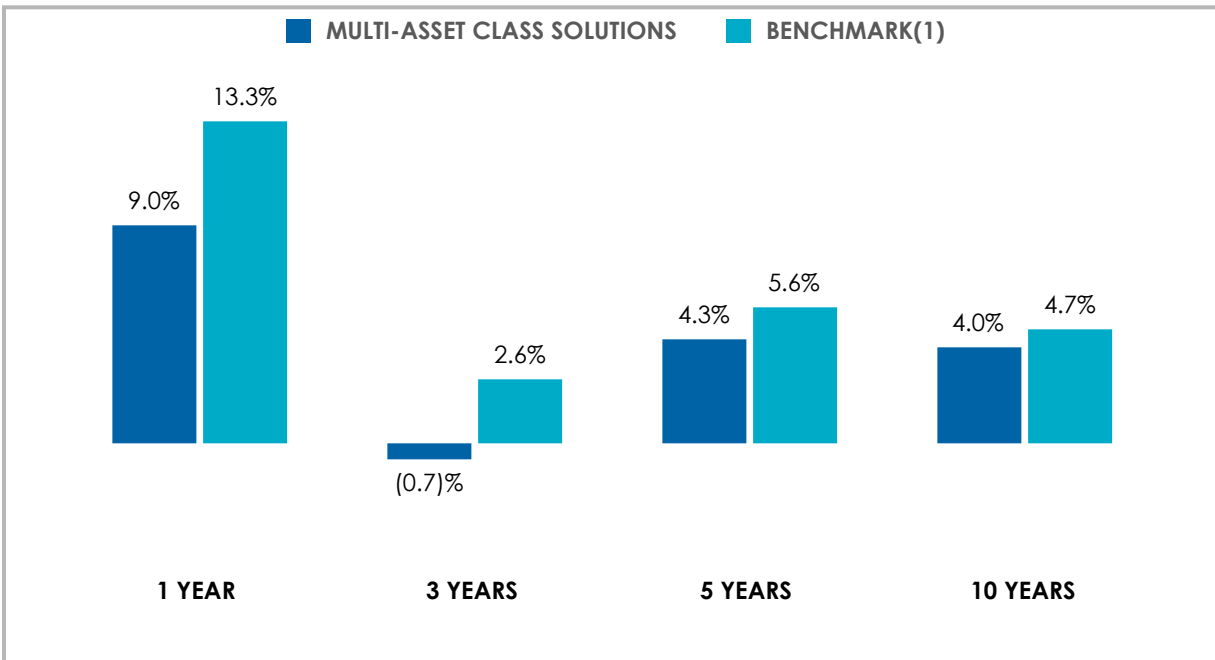
(NET OF FEES)



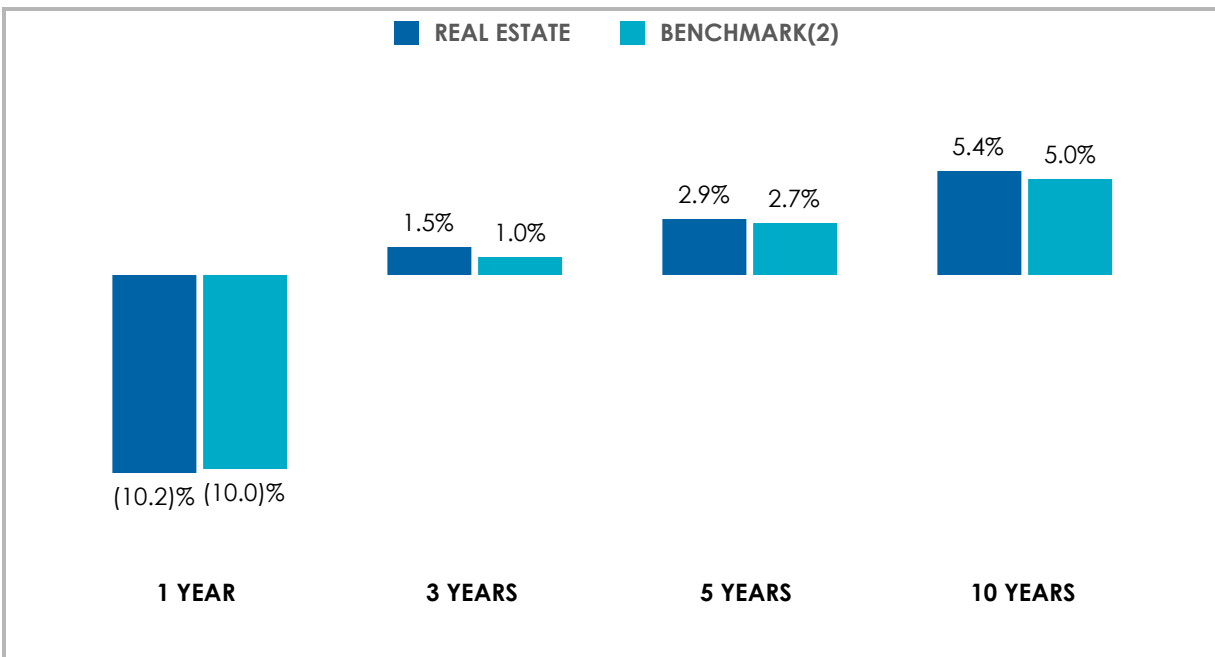
INVESTMENT RESULTS

For the Fiscal Year Ended June 30, 2024

MACS (NET OF FEES)



REAL ESTATE (NET OF FEES)



Note: All investment performance figures were calculated using time-weighted rate of return based on fair values.

Custom benchmark members have changed over time.

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

(2) 100% NCREIF ODCE

SCHEDULES OF TEN LARGEST EQUITY & FIXED INCOME HOLDINGS

As of June 30, 2024

TEN LARGEST EQUITY HOLDINGS (1)

NO. SHARES	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
132,000	TAIWAN SEMICONDUCTOR MANUF	\$ 2,618,466	\$ 3,930,521	0.12 %
49,386	RELIANCE INDUSTRIES LTD	3,093,100	3,708,414	0.12
25,445	NOVO NORDISK A/S	2,498,709	3,677,315	0.11
3,518	ASML HOLDING NV	1,978,406	3,635,436	0.11
15,157	SAFRAN SA	1,573,687	3,206,667	0.10
60,348	EXPERIAN PLC	2,140,967	2,811,899	0.09
65,000	MEDIATEK INC	1,630,674	2,805,049	0.09
1,675	MERCADOLIBRE INC	1,532,257	2,752,695	0.09
8,431	ICON PLC	1,820,870	2,642,866	0.08
5,800	KEYENCE CORP	2,587,530	2,543,765	0.08
TOTAL		\$ 21,474,666	\$ 31,714,627	0.99 %

TEN LARGEST FIXED INCOME HOLDINGS (1)

PAR VALUE	SECURITY	COUPON	MATURITY	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
38,195,000	US TREASURY NOTE	2.250 %	8/15/2046	\$ 26,379,291	\$ 25,460,847	0.79 %
17,100,000	US TREASURY NOTE	0.625	8/15/2030	13,731,195	13,748,280	0.43
14,600,000	US TREASURY BOND	1.125	8/15/2040	8,916,411	8,956,983	0.28
11,450,000	US TREASURY BOND	1.375	8/15/2050	5,709,638	5,920,895	0.18
9,902,000	US TREASURY BOND	4.125	8/15/2053	9,396,470	9,220,851	0.29
8,000,000	US TREASURY BOND	1.875	2/15/2041	5,546,923	5,533,487	0.17
7,550,000	US TREASURY NOTE	0.875	11/15/2030	6,105,175	6,117,007	0.19
7,000,000	US TREASURY NOTE	3.500	2/15/2033	6,827,673	6,560,859	0.20
6,000,000	US TREASURY NOTE	3.375	5/15/2033	5,809,933	5,560,547	0.17
5,400,000	US TREASURY NOTE	4.625	9/30/2028	5,362,529	5,445,773	0.17
TOTAL				\$ 93,785,238	\$ 92,525,529	2.87 %

(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, 2024

BROKER NAME	BASE VOLUME	TOTAL SHARES	BASE COMMISSION	COMMISSION PERCENTAGE
INSTINET CLEARING SER INC, NEW YORK	\$ 50,037,995	1,395,667	\$ 31,506	2.26 %
JEFFERIES & CO INC, NEW YORK	39,883,516	1,410,044	34,741	2.46
UBS SECURITIES LLC, STAMFORD	21,536,970	585,914	20,987	3.58
NATIONAL FINL SVCS CORP, NEW YORK	19,056,345	758,180	17,533	2.31
MORGAN STANLEY AND CO., LLC, NEW YORK	17,650,105	338,011	5,333	1.58
BAIRD, ROBERT W & CO INC, MILWAUKEE	13,739,930	553,264	20,648	3.73
MERRILL LYNCH PIERCE FENNER SMITH INC NY	12,930,963	508,227	10,624	2.09
J.P MORGAN SECURITIES INC, NEW YORK	12,495,050	301,523	9,054	3.00
RBC CAPITAL MARKETS LLC, NEW YORK	12,268,381	331,697	11,997	3.62
LIQUIDNET INC, NEW YORK	10,971,220	295,347	7,989	2.71
BARCLAYS CAPITAL LE, NEW YORK	9,907,172	272,502	7,061	2.59
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	8,622,173	304,288	10,899	3.58
PERSHING LLC, JERSEY CITY	7,433,762	224,807	7,527	3.35
ISI GROUP INC, NEW YORK	6,927,573	167,154	4,883	2.92
GOLDMAN SACHS & CO, NY	6,763,077	204,637	7,967	3.89
LUMINEX TRADING AND ANALYTICS, BOSTON	5,711,164	112,900	3,048	2.70
BERNSTEIN SANFORD C & CO, NEW YORK	4,557,389	55,192	926	1.68
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	4,402,834	154,914	5,040	3.25
KEEFE BRUYETTE + WOODS INC, NEW YORK	4,345,883	305,284	12,211	4.00
OPPENHEIMER & CO INC, NEW YORK	3,877,050	84,232	3,369	4.00
J P MORGAN SECS LTD, LONDON	3,581,168	21,954	1,905	8.68
ABEL NOSER, NEW YORK	3,454,955	234,066	9,363	4.00
PERSHING SECURITIES LTD, LONDON	3,358,382	252,533	1,342	0.53
SUNTRUST CAPITAL MARKETS INC, NEW YORK	2,963,679	86,745	3,470	4.00
PIPER JAFFRAY & CO., JERSEY CITY	2,839,905	119,818	4,793	4.00
KEYBANC CAPITAL MARKETS INC, NEW YORK	2,670,597	61,754	2,450	3.97
LOOP CAPITAL MARKETS, JERSEY CITY	2,354,920	63,587	2,543	4.00
WELLS FARGO SECURITIES, LLC, NEW YORK	2,332,076	84,874	2,475	2.92
JONESTRADING INST SVCS LLC, NEW YORK	2,327,758	27,149	790	2.91
VIRTU AMERICAS LLC, NEW YORK	2,216,334	50,869	1,117	2.20
STIFEL NICOLAUS	2,104,478	76,469	3,059	4.00
COWEN AND CO LLC, NEW YORK	2,083,675	96,112	3,602	3.75
J.P. MORGAN SECURITIES, HONG KONG	1,630,674	65,000	815	1.25
CANTOR FITZGERALD & CO INC, NEW YORK	1,608,664	79,207	2,136	2.70
CITIGROUP GBL MKTS INC, NEW YORK	1,565,638	213,800	1,255	0.59
UBS EQUITIES, LONDON	1,428,166	4,192	1,000	4.04
WEDBUSH SECURITIES INC./P3, LOS ANGELES	1,260,391	19,550	782	4.00
SG AMERICAS SECURITIES LLC, NEW YORK	1,236,607	50,339	584	1.16
UBS WARBURG ASIA LTD, HONG KONG	1,203,118	174,919	963	0.55
DAVIDSON(D A) & CO INC, NEW YORK	1,183,607	8,040	322	4.00
LEERINK SWANN AND COMPANY, NEW YORK	1,169,779	35,670	1,427	4.00
BERENBERG GOSSLER & CIE, HAMBURG	1,067,824	9,121	320	3.51
FIDELITY CAPITAL MARKETS, NEW YORK	1,021,330	45,380	1,815	4.00
LIQUIDNET EUROPE LIMITED, LONDON	929,195	7,547	372	4.93
MIZUHO SECURITIES USA, INC., NEW YORK	880,270	22,600	904	4.00
OTHER BROKERS	8,871,024	261,507	8,302	0.55
TOTAL	\$ 330,462,766	10,536,586	\$ 291,249	0.55

INVESTMENT SUMMARY

	June 30, 2024		June 30, 2023	
	FAIR VALUE	% FAIR VALUE	FAIR VALUE	% FAIR VALUE
FIXED INCOME				
U.S. Government obligations	\$ 176,910,401	5.6 %	\$ 160,214,589	5.2 %
Asset-backed securities	198,143,172	6.2 %	151,874,330	4.9 %
Domestic corporate bonds	344,546,247	10.9 %	267,355,914	8.7 %
Convertible bonds	4,204,914	0.1 %	6,329,630	0.2 %
International bonds	10,697,178	0.3 %	586,765	— %
Municipal bonds	—	— %	525,748	— %
Index / Commingled fund	163,116,095	5.1 %	169,316,809	5.5 %
Total fixed income	897,618,007	28.2 %	756,203,785	24.5 %
DOMESTIC EQUITY				
Stocks	191,562,442	6.0 %	239,004,188	7.8 %
Index / Commingled fund	364,945,995	11.5 %	371,475,360	12.1 %
Total domestic equity	556,508,437	17.5 %	610,479,548	19.9 %
INTERNATIONAL EQUITY				
Stocks	50,830,847	1.6 %	75,662,718	2.5 %
Index / Commingled fund	443,533,330	14.0 %	517,502,537	16.8 %
Total international equity	494,364,177	15.6 %	593,165,255	19.3 %
REAL ESTATE				
Core	169,776,169	5.4 %	197,464,625	6.4 %
Private	103,058,623	3.2 %	73,708,261	2.4 %
Total real estate	272,834,792	8.6 %	271,172,886	8.8 %
ALTERNATIVE INVESTMENTS				
MACS	128,865,750	4.1 %	126,407,441	4.1 %
Hedge Funds - Opportunistic	263,926,035	8.3 %	225,645,325	7.3 %
Private Markets	514,001,461	16.3 %	445,742,619	14.5 %
Total alternative investments	906,793,246	28.7 %	797,795,385	25.9 %
Subtotal investments at fair value	3,128,118,659	98.6 %	3,028,816,859	98.4 %
SHORT-TERM INVESTMENTS				
Money Market	44,868,852	1.4 %	50,763,024	1.6 %
Total short-term investments	44,868,852	1.4 %	50,763,024	1.6 %
Total	\$ 3,172,987,511	100.0 %	\$ 3,079,579,883	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, 2024

INVESTMENT CATEGORY	ASSETS UNDER MANAGEMENT	EXPENSE
Fixed income managers	\$ 907,844,735	\$ 2,137,679
Equity managers	627,811,301	1,304,627
International managers	234,402,716	1,446,549
MACS	67,297,694	351,675
Total	\$ 1,837,356,446	\$ 5,240,530

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

- Short-Term Solvency Test

- Analysis of Financial Experience

- Summary of Benefit Provisions

- Contribution Rates

- Summary of Plan Changes

ACTUARY'S CERTIFICATION LETTER



100 Galleria Parkway, SE
Suite 1060
Atlanta, GA 30339

September 27, 2024

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, contributions 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 the unfunded actuarial accrued liabilities as a level percent of active member payroll over a specified, finite period. The latest funding valuation was completed based on population data, asset information and plan provisions as of December 31, 2023. 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, 2024 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, 2023, and the accounting valuation report that was prepared by the previous actuary as of June 30, 2023. 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, 2024. 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

ACTUARY'S CERTIFICATION LETTER

September 27, 2024

return on pension fund assets is 7.00%. Based upon the results of a projection performed in accordance with GASB Statement No. 67 parameters and reported in the June 30, 2024 Actuarial Report, the 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, 2023 valuation was conducted using assumptions that are based on an experience study performed by the prior actuary in 2020. In addition, assumptions with regard to the DROP program for Legacy members and additional accrual of unused sick leave for participants hired after July 1, 2001 were developed based on information supplied by the Board. 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 will be used by ERFC for the following schedules in their fiscal year 2024 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, 2023
 - Historical Information for All Members (last 9 years)
 - All Active Members in Valuation on December 31, 2023 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

September 27, 2024

Based on the information provided, we believe the ERFC is meeting its basic financial reporting requirements. The information presented by Gallagher in the December 31, 2023 funding report and the June 30, 2024 accounting report meets all applicable Actuarial Standards of Practice.

Sincerely,



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



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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

ECONOMIC ASSUMPTIONS

The **investment return rate** used in making the valuation was 7.0 percent per year, compounded annually (net of investment expenses). The real rate of return is the portion of total investment return, which is more than the wage inflation rate. Based upon an assumed wage inflation rate of 4.00 percent, the 7.0 percent investment return rate translates to an assumed real rate of return over wages of 3.00 percent.

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

SAMPLE PAY INCREASE ASSUMPTIONS FOR AN INDIVIDUAL MEMBER

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

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

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

NON-ECONOMIC ASSUMPTIONS

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

PROBABILITY OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

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

(1) 80% of participants are assumed to enter the Deferred Retirement Option Program while 20% are assumed to retire immediately.

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

SAMPLE FUTURE LIFE EXPECTANCY IN YEARS

Ages in 2023	Male	Female
55	32.56	34.96
60	27.60	30.00
65	22.84	25.17
70	18.31	20.47
75	14.12	16.02
80	10.40	12.00

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
25	0.3379 %	0.2067 %	0.0146 %	0.0082 %	0.0036 %	0.0020 %
30	0.5110	0.3656	0.0158	0.0122	0.0040	0.0031
35	0.7037	0.5721	0.0234	0.0214	0.0059	0.0054
40	0.8717	0.7597	0.0339	0.0308	0.0085	0.0077
45	1.0820	0.9730	0.0520	0.0456	0.0130	0.0114
50	1.5115	1.3811	0.0842	0.0726	0.0210	0.0181
55	2.0244	1.7603	0.1469	0.1228	0.0367	0.0307
60	2.5723	2.0494	0.2447	0.1770	0.0612	0.0443

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

RATES OF FORFEITURE FOLLOWING VESTED SEPARATION

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

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

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

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

EMPLOYER SCHEDULE OF FUNDING PROGRESS

Last Ten Years

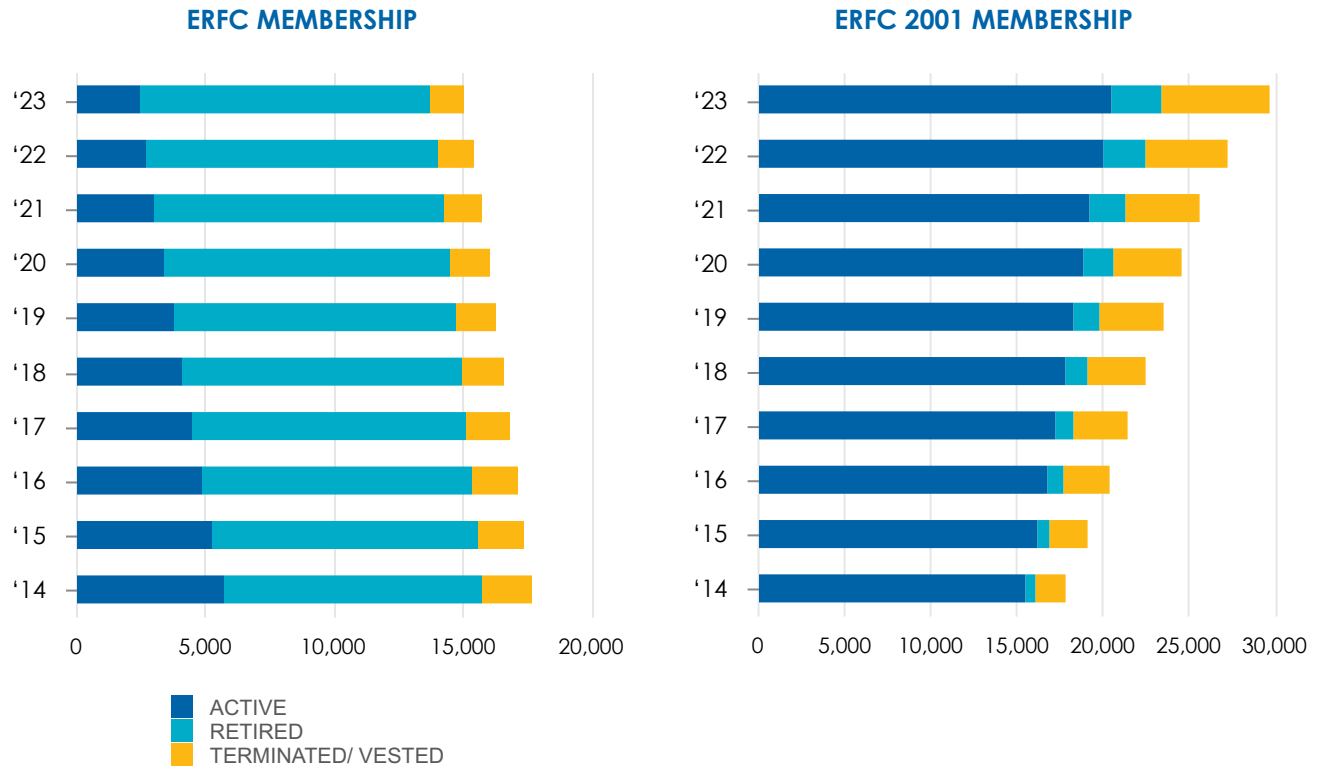
EMPLOYER SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Annual Covered Payroll (C)	Percent Funded (A/B)	UAAL Percentage of Covered Payroll [(B-A)/C]
2023	\$ 3,364,375	\$ 4,287,779	\$ 923,404	\$ 1,881,144	78.5 %	49.1 %
2022	3,180,604	4,119,031	938,427	1,790,601	77.2	52.4
2021	3,058,883	3,921,052	862,169	1,662,801	78.0	51.9
2020	2,786,297	3,635,244	848,947	1,633,458	76.6	52.0
2019	2,582,582	3,468,150	885,568	1,632,427	74.5	54.2
2018	2,466,004	3,334,114	868,110	1,554,614	74.0	55.8
2017	2,398,668	3,167,941	769,273	1,475,449	75.7	52.1
2016	2,279,741	3,032,503	752,762	1,436,588	75.2	52.4
2015	2,188,037	2,880,703	692,666	1,373,096	76.0	50.4
2014	2,123,910	2,733,845	609,935	1,340,344	77.7	45.5

SUMMARY OF MEMBER DATA

Last Ten Years



Calendar Year	ERFC			ERFC 2001			Total
	Active	Retired	Terminated/Vested	Active	Retired	Terminated/Vested	
2023	2,457	11,262	1,329	20,636	2,836	6,259	44,779
2022	2,752	11,296	1,399	20,164	2,451	4,668	42,730
2021	3,019	11,263	1,455	19,310	2,075	4,328	41,450
2020	3,408	11,092	1,523	18,952	1,750	3,892	40,617
2019	3,761	10,998	1,555	18,415	1,499	3,670	39,898
2018	4,115	10,815	1,636	17,933	1,286	3,360	39,145
2017	4,488	10,657	1,705	17,353	1,072	3,054	38,329
2016	4,892	10,476	1,778	16,856	891	2,668	37,561
2015	5,292	10,253	1,845	16,293	684	2,254	36,621
2014	5,754	10,006	1,917	15,598	518	1,844	35,637

SUMMARY OF MEMBER DATA

As of December 31, 2023

ACTIVE ERFC MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE							TOTALS		AVERAGE
	0-4	5-9	10-14	15-19	20-24	25-29	30 & UP	NO.	SALARY	
35-39	—	—	—	—	—	—	—	—	\$ —	\$ —
40-44	1	—	—	1	6	—	—	8	737,007	92,126
45-49	2	10	32	51	298	82	—	475	53,987,494	113,658
50-54	4	16	46	70	314	378	60	888	103,258,098	116,282
55-59	—	17	43	42	220	163	59	544	58,567,220	107,660
60	—	—	5	4	53	25	3	90	9,353,157	103,924
61	1	3	2	6	38	17	7	74	7,305,525	98,723
62	—	1	1	3	37	25	7	74	6,751,169	91,232
63	1	1	—	3	19	26	15	65	6,570,193	101,080
64	—	—	3	7	25	21	4	60	5,680,692	94,678
65	—	—	2	1	8	10	6	27	2,469,508	91,463
66	—	—	2	1	14	9	3	29	2,823,289	97,355
67	—	—	1	1	9	5	5	21	2,038,819	97,087
68	—	—	—	2	8	6	10	26	2,533,531	97,444
69	—	—	—	—	8	6	3	17	1,609,600	94,682
70	—	—	1	—	6	2	1	10	803,747	80,375
71	—	—	—	—	7	3	3	13	1,035,996	79,692
72	—	—	—	—	1	1	3	5	393,847	78,769
73	—	—	—	—	2	2	4	8	802,862	100,358
74	—	—	—	—	2	1	2	5	496,375	99,275
75 & over	—	2	1	1	6	2	6	18	1,780,792	98,933
TOTAL	9	50	139	193	1,081	784	201	2,457	\$ 268,998,921	\$ 109,483

SUMMARY OF MEMBER DATA

As of December 31, 2023

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

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE					TOTALS		AVERAGE
	0-4	5-9	10-14	15-19	20 & UP	NO.	SALARY	
20-24	—	—	—	—	—	—	\$ —	\$ —
25-29	—	32	1	—	—	33	2,273,890	68,906
30-34	18	762	273	—	—	1,053	83,283,162	79,091
35-39	19	495	971	193	1	1,679	146,907,363	87,497
40-44	38	404	625	830	147	2,044	198,538,465	97,132
45-49	19	419	357	480	332	1,607	158,110,552	98,389
50-54	20	397	443	416	240	1,516	141,429,046	93,291
55-59	14	327	399	434	160	1,334	114,592,171	85,901
60	2	67	79	78	31	257	20,782,443	80,866
61	—	49	64	67	30	210	17,272,772	82,251
62	2	32	50	61	35	180	14,664,216	81,468
63	3	29	33	73	20	158	13,028,764	82,461
64	1	23	38	54	38	154	13,209,907	85,779
65	—	22	37	38	21	118	9,757,297	82,689
66	—	14	18	21	17	70	6,282,667	89,752
67	—	9	12	18	6	45	3,731,602	82,924
68	—	7	7	13	5	32	2,195,304	68,603
69	—	3	9	18	6	36	2,666,202	74,061
70	—	7	2	12	7	28	2,102,182	75,078
71	—	3	4	8	—	15	1,185,590	79,039
72	1	2	3	2	1	9	691,134	76,793
73	—	3	4	4	3	14	1,119,187	79,942
74	—	1	2	3	2	8	505,354	63,169
75 & over	—	3	4	5	2	14	944,072	67,434
TOTAL	137	3,110	3,435	2,828	1,104	10,614	\$ 955,273,342	\$ 90,001

SUMMARY OF MEMBER DATA

As of December 31, 2023

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

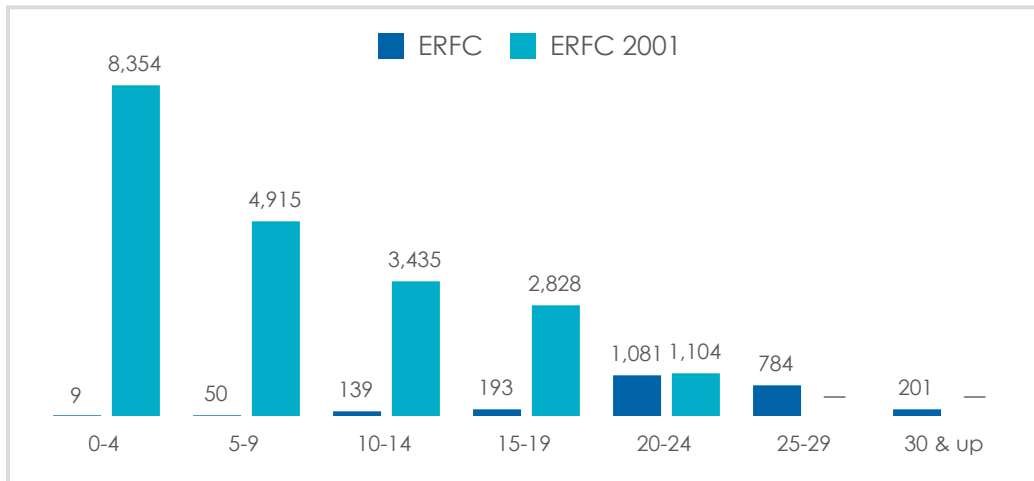
AGE GROUP	YEARS OF SERVICE TO VALUATION DATE				TOTALS		AVERAGE
	0-4	5-9	10-14	15 & UP	NO.	SALARY	
15-19	12	—	—	—	12	\$ 338,662	\$ 28,222
20-24	723	—	—	—	723	36,876,259	51,005
25-29	1,827	240	—	—	2,067	125,673,314	60,800
30-34	1,065	375	—	—	1,440	94,588,953	65,687
35-39	938	229	—	—	1,167	80,437,938	68,927
40-44	1,012	219	—	—	1,231	84,486,335	68,632
45-49	922	224	—	—	1,146	80,422,336	70,177
50-54	797	231	—	—	1,028	70,775,527	68,848
55-59	518	151	—	—	669	46,206,359	69,068
60	91	27	—	—	118	8,211,801	69,592
61	71	23	—	—	94	6,402,595	68,113
62	61	19	—	—	80	5,360,159	67,002
63	36	10	—	—	46	3,328,135	72,351
64	43	15	—	—	58	4,316,076	74,415
65	32	10	—	—	42	2,692,239	64,101
66	16	11	—	—	27	2,025,003	75,000
67	15	7	—	—	22	1,346,471	61,203
68	3	4	—	—	7	454,921	64,989
69	5	2	—	—	7	359,206	51,315
70	6	—	—	—	6	357,600	59,600
71	5	4	—	—	9	589,303	65,478
72	4	2	—	—	6	443,524	73,921
74	5	—	—	—	5	355,612	71,122
75 & over	4	2	—	—	6	411,034	68,506
TOTAL	8,217	1,805	—	—	10,022	\$ 656,871,942	\$ 65,543

SUMMARY OF MEMBER DATA

As of December 31, 2023

ACTIVE MEMBER BY YEARS OF SERVICE

Average Service = 9.8 years



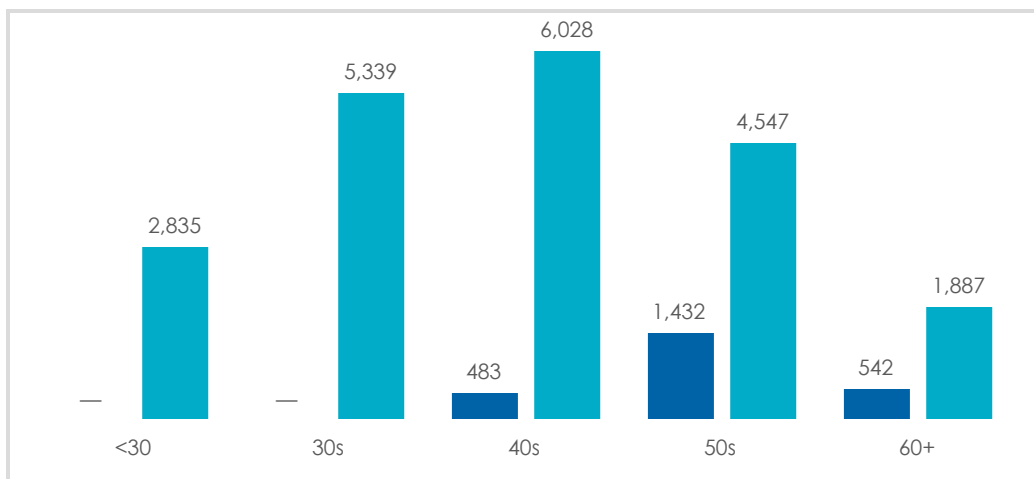
ACTIVE MEMBER SALARIES (\$ IN THOUSANDS)

Average Annual Pay = \$81,460



ACTIVE MEMBER BY AGES

Average Age = 45.0 years | Total Active Members = 23,093



SUMMARY OF MEMBER DATA

Last Ten Years

ACTIVE MEMBER VALUATION DATA

Actuarial Valuation Date as of December 31	Number of Members	Annual Payroll	Average Annual Pay	% Increase in Average Pay
2023	23,093	\$ 1,881,144,203	\$ 81,460	4.3 %
2022	22,916	1,790,601,219	78,138	4.9
2021	22,329	1,662,801,220	74,468	1.9
2020	22,360	1,633,457,804	73,053	—
2019	22,176	1,632,427,309	73,612	4.4
2018	22,048	1,554,614,462	70,510	4.4
2017	21,841	1,475,449,186	67,554	2.3
2016	21,748	1,436,587,994	66,056	3.8
2015	21,585	1,373,095,719	63,613	1.3
2014	21,352	1,340,343,666	62,774	2.9

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
2023	707	\$ 636,379	356	\$ 238,105	14,098	\$ 16,910,749	\$ 1,200	4.04 %
2022	807	818,733	398	208,879	13,747	16,253,631	1,182	3.92
2021	760	642,949	264	229,477	13,338	15,640,380	1,173	3.29
2020	637	840,599	277	267,780	12,842	15,142,804	1,179	2.95
2019	634	763,576	253	264,402	12,482	14,709,284	1,178	2.72
2018	666	776,099	294	280,925	12,101	14,320,306	1,183	2.22
2017	646	825,458	284	268,684	11,729	14,008,708	1,194	2.39
2016	672	715,048	242	228,976	11,367	13,682,009	1,204	1.80
2015	677	798,525	264	230,255	10,937	13,439,526	1,229	1.77
2014	629	738,766	261	213,231	10,524	13,206,280	1,255	1.08

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)
2023	\$ 628,800	\$ 2,148,638	\$ 1,510,341	\$ 3,364,375	100 %	100 %	39 %
2022	609,654	2,082,086	1,427,291	3,180,604	100	100	34
2021	589,959	2,013,044	1,318,050	3,058,883	100	100	35
2020	574,541	1,903,321	1,157,382	2,786,297	100	100	27
2019	550,487	1,841,322	1,076,341	2,582,582	100	100	18
2018	528,500	1,791,189	1,014,425	2,466,004	100	100	14
2017	510,583	1,733,431	923,927	2,398,668	100	100	17
2016 (1)(2)	491,333	1,668,485	872,685	2,279,741	100	100	14
2015 (2)	472,933	1,590,489	817,281	2,188,037	100	100	15
2014	457,591	1,510,717	765,537	2,123,910	100	100	20
2013	439,310	1,482,770	723,420	2,029,005	100	100	15
2012	426,609	1,448,291	691,228	1,935,292	100	100	9
2011 (1)	402,847	1,401,877	666,240	1,866,952	100	100	9
2010 (3)	374,086	1,355,093	654,882	1,822,603	100	100	14
2009	342,663	1,264,675	706,944	1,769,540	100	100	23
2009 (2)	342,663	1,314,885	682,321	1,769,540	100	100	16
2008 (3)	302,910	1,237,613	714,775	1,733,946	100	100	27
2007	269,404	1,221,969	695,428	1,924,886	100	100	62
2006	239,780	1,176,979	688,793	1,818,930	100	100	58
2005	257,142	1,130,378	635,442	1,718,399	100	100	52
2004 (2)	227,725	1,083,988	623,869	1,643,020	100	100	53

(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
2023	(21.2)	7.4	(10.6)	(0.9)	(4.2)	22.8	(6.7)	(0.2)
2022	(23.0)	(67.5)	(3.5)	3.3	1.6	(1.6)	(90.7)	(2.3)
2021	14.9	110.6	(14.6)	3.0	4.2	(1.8)	116.3	3.2
2020 (2)	(10.5)	51.6	1.9	(4.7)	1.9	(7.6)	32.6	0.9
2019	(12.0)	(26.5)	(4.1)	(2.7)	6.3	(1.7)	(40.7)	(1.2)
2018	(16.1)	(77.7)	(6.0)	(1.8)	4.3	(6.0)	(103.3)	(3.3)
2017	8.8	2.7	3.3	0.0	2.6	(19.6)	(2.2)	(0.1)
2016	(14.2)	(13.9)	5.1	0.2	6.6	(5.6)	(21.8)	(0.8)
2015 (2)	17.7	(40.2)	5.9	(0.4)	1.0	(12.4)	(28.4)	(1.0)
2014	8.5	(2.8)	5.8	(0.1)	0.6	2.8	14.8	0.6
2013	16.6	7.6	5.7	0.0	2.9	(5.1)	27.7	1.1
2012	12.3	(10.8)	4.6	(0.3)	(3.4)	(10.2)	(7.8)	(0.3)
2011	18.8	(30.6)	5.3	(0.2)	(4.2)	(4.8)	(15.7)	(0.7)
2010 (2)	53.1	(16.9)	5.2	0.2	(5.3)	(4.2)	32.1	1.4
2009	45.0	(34.6)	8.8	(0.8)	(10.0)	(11.6)	(3.2)	(0.1)
2008	4.1	(277.5)	5.2	(0.4)	(4.0)	13.5	(259.1)	(11.8)
2007	10.0	25.1	1.9	(0.2)	(2.2)	(7.2)	27.4	1.4
2006	(4.7)	23.6	2.0	0.0	(0.8)	2.6	22.7	1.1
2005 (2)	(7.1)	1.9	1.0	0.1	0.0	(3.2)	(7.3)	(0.4)
2003–2004 (3)	NA	NA	NA	NA	NA	NA	NA	NA

(1) Includes post-retirement mortality

(2) Experience Study

(3) Due to transition to calendar year valuations, a gain/loss analysis was not conducted for this valuation period.

SUMMARY OF BENEFIT PROVISIONS

Available to a Member Retiring with Some Service Before July 1, 1988 (ERFC 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.

SUMMARY OF BENEFIT PROVISIONS

For a Person Becoming a Member after July 1, 1988 but Before July 1, 2001 (ERFC 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.

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.

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.

SUMMARY OF BENEFIT PROVISIONS

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

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

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

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

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

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

Optional Forms of Payment:

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

SUMMARY OF BENEFIT PROVISIONS

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

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

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

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

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

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

an additional reduction of the smaller of

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

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*.

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

SUMMARY OF BENEFIT PROVISIONS

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

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

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

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

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

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

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

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

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.

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.

SUMMARY OF BENEFIT PROVISIONS

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

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

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

ERFC CONTRIBUTION RATES

Last 20 years

Fiscal Year	Contribution Rate		
	Employee	Employer	Total
2024	3.00	6.48 %	9.48 %
2023	3.00	6.70	9.70
2022	3.00	6.70	9.70
2021	3.00	6.44	9.44
2020	3.00	6.44	9.44
2019	3.00	6.26	9.26
2018	3.00	6.24	9.24
2017	3.00	5.60	8.60
2016	3.00	5.60	8.60
2015	3.00	5.60	8.60
2014	3.00	5.60	8.60
2013	3.00	5.34	8.34
2012	4.00	4.34	8.34
2011	4.00	4.04	8.04
2010	4.00	3.20	7.20
2009	4.00	3.37	7.37
2008	4.00	3.37	7.37
2007	4.00	3.37	7.37
2006	4.00	3.37	7.37
2005	4.00	3.37	7.37

SUMMARY OF PLAN CHANGES

There were no significant plan changes during the valuation period ending December 31, 2023.

Statistical

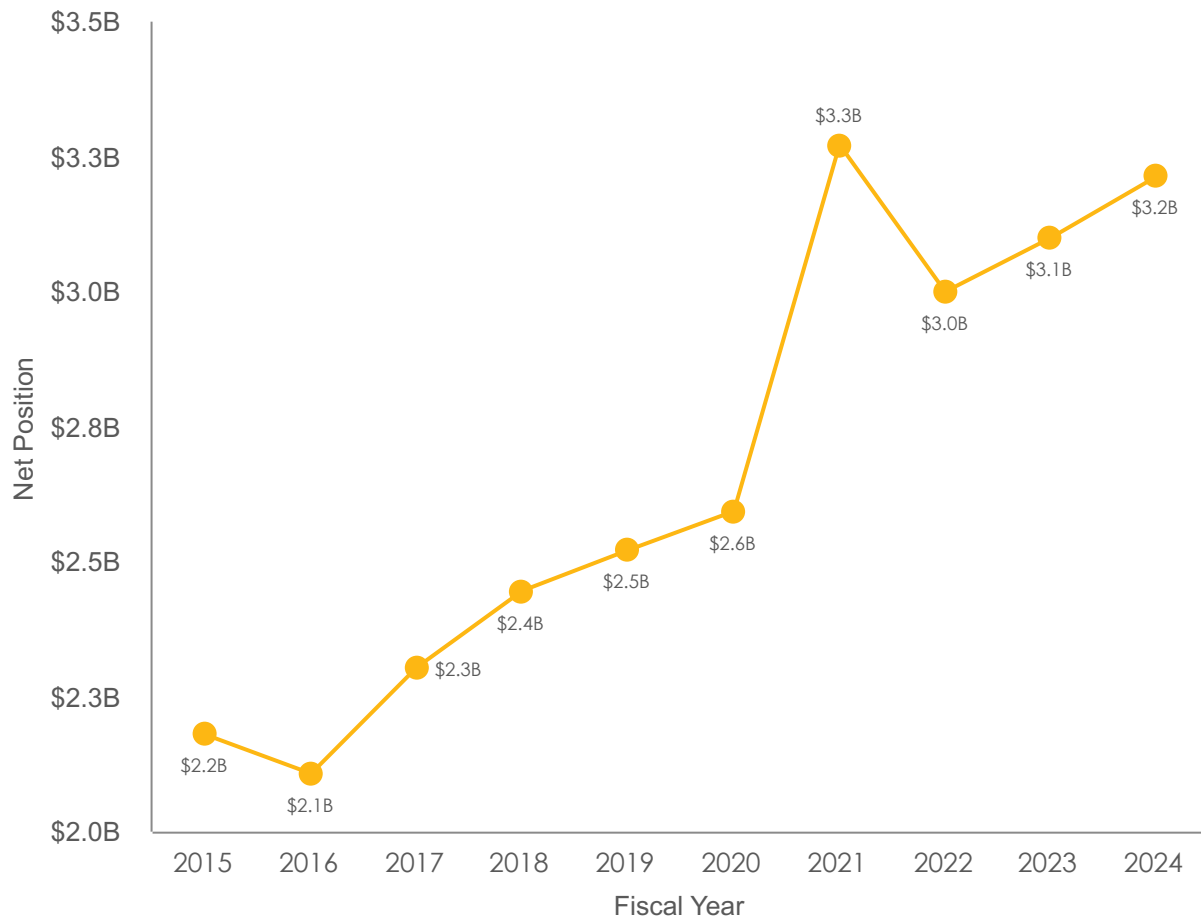
Unaudited

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

NET POSITION

Last Ten Fiscal Years



Fiscal Year	Net Position
2024	\$ 3,213,424,628
2023	3,076,733,102
2022	2,997,909,880
2021	3,272,147,083 (1)
2020	2,593,383,175
2019	2,521,441,472
2018	2,446,279,897
2017	2,304,281,654
2016	2,107,587,698
2015	2,179,724,057

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

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ADDITIONS										
Employee contributions	\$ 56,450,447	\$ 52,542,598	\$ 50,017,839	\$ 48,934,340	\$ 49,095,601	\$ 46,645,396	\$ 44,169,100	\$ 43,062,632	\$ 41,383,642	\$ 39,982,963
Employer contributions	121,645,811	117,155,967	111,119,456	104,784,310	104,741,255	96,982,911	91,704,877	80,094,538	76,599,695	74,324,396
Investment income (net of expenses)	180,365,641	120,795,408	(232,237,621)	720,738,680	108,472,534	117,727,500	188,145,489	250,981,777	(15,766,967)	32,083,908
TOTAL ADDITIONS	358,461,899	290,493,973	(71,100,326)	874,457,330	262,309,390	261,355,807	324,019,466	374,138,947	102,216,370	146,391,267
DEDUCTIONS										
Benefit payments	210,636,405	202,023,360	194,239,563	187,660,019	181,587,150	177,422,308	173,052,461	168,783,718	165,721,790	162,145,265
Contribution refunds	5,448,543	4,021,605	4,415,933	3,605,963	4,399,346	4,509,765	4,667,835	4,601,865	4,626,057	5,697,311
Admin. & depreciation expenses	5,685,425	5,625,786	4,481,381	4,423,439	4,381,191	4,262,159	4,300,927	4,059,408	4,004,882	3,751,825
TOTAL DEDUCTIONS	221,770,373	211,670,751	203,136,877	195,689,421	190,367,687	186,194,232	182,021,223	177,444,991	174,352,729	171,594,401
CHANGE IN NET POSITION	\$ 136,691,526	\$ 78,823,222	\$ (274,237,203)	\$ 678,767,909	\$ 71,941,703	\$ 75,161,575	\$ 141,998,243	\$ 196,693,956	\$ (72,136,359)	\$ (25,203,134)

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			
2023	\$ 1,881,144	\$ 2,148,638	\$ 2,139,141	\$ 4,287,779	\$ 3,364,375	\$ 923,404	78.5 %
2022	1,790,601	2,082,086	2,036,945	4,119,031	3,180,604	938,427	77.2
2021	1,662,801	2,013,044	1,908,008	3,921,052	3,058,883	862,169	78.0
2020	1,633,458	1,903,321	1,731,923	3,635,244	2,786,297	848,947	76.6
2019	1,632,427	1,841,322	1,626,828	3,468,150	2,582,582	885,568	74.5
2018	1,554,614	1,791,189	1,542,925	3,334,114	2,466,004	868,110	74.0
2017	1,475,449	1,733,431	1,434,510	3,167,941	2,398,668	769,273	75.7
2016 (1)(2)	1,436,588	1,668,485	1,364,018	3,032,503	2,279,741	752,762	75.2
2015 (1)	1,373,096	1,590,489	1,290,214	2,880,703	2,188,037	692,666	76.0
2014	1,340,344	1,510,717	1,223,128	2,733,845	2,123,910	609,935	77.7

(1) After changes in actuarial assumptions.

(2) After change in benefits.

BENEFIT DEDUCTIONS FROM NET POSITION BY TYPE

Last Ten Fiscal Years

Fiscal Year	Service Benefits				Death Benefits		Disability Benefits				Total	
	Normal		Early		Duty/Non-duty		Duty		Non-duty			
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	Participants	Benefits Payment
2024	10,802	\$ 178,611,985	2,850	\$ 28,979,722	260	\$ 2,108,600	13	\$ 127,617	118	\$ 808,481	14,043	\$ 210,636,405
2023	10,530	171,521,336	2,788	27,551,945	262	1,988,121	15	140,712	125	821,246	13,720	202,023,360
2022	10,144	165,022,785	2,701	26,212,874	256	1,974,642	17	235,826	131	793,436	13,249	194,239,563
2021	9,769	159,199,384	2,647	25,458,837	237	1,938,134	18	183,396	141	880,268	12,812	187,660,019
2020	9,487	153,486,361	2,600	25,118,981	230	1,903,177	18	178,054	147	900,576	12,482	181,587,149
2019	9,188	149,649,778	2,527	24,865,264	220	1,828,195	18	173,351	151	905,720	12,104	177,422,308
2018	7,572	133,158,976	3,769	37,084,034	216	1,733,802	17	165,189	154	910,459	11,728	173,052,460
2017	6,008	116,586,070	4,963	49,450,743	204	1,675,274	17	160,378	158	911,253	11,350	168,783,718
2016	5,803	114,503,622	4,793	48,567,459	191	1,516,843	17	212,462	161	921,404	10,965	165,721,790
2015	5,557	112,009,606	4,590	47,509,606	181	1,401,710	20	272,296	165	952,482	10,513	162,145,700

BENEFIT REFUNDS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Separation		Death		Total	
	No.	Amount	No.	Amount	No.	Amount
2024	409	\$ 4,694,978	34	\$ 753,565	443	\$ 5,448,543
2023	290	3,085,126	69	936,479	359	4,021,605
2022	330	3,231,180	38	1,184,753	368	4,415,933
2021	247	2,399,929	51	1,206,034	298	3,605,963
2020	373	3,738,364	42	660,981	415	4,399,345
2019	432	4,094,919	32	407,805	464	4,502,724
2018	427	4,089,420	39	578,415	466	4,667,835
2017	465	4,392,979	16	208,886	481	4,601,865
2016	521	4,271,678	27	354,379	548	4,626,057
2015	718	5,300,442	22	396,869	740	5,697,311

RETIRED MEMBERS BY TYPE OF BENEFIT

As of December 31, 2023

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	1,935	1,113	783	19	16	4	1,435	142	2	49	50	257
251–500	2,921	1,919	897	30	70	5	2,168	321	3	130	68	231
501–750	1,723	1,321	345	14	40	3	1,265	208	2	69	44	135
751–1,000	1,100	917	167	8	8	—	748	113	2	60	22	155
1,001–1,250	1,110	980	118	10	2	—	662	94	4	72	14	264
1,251–1,500	1,108	970	132	5	1	—	726	59	9	58	13	243
1,501–1,750	801	721	77	1	2	—	537	57	3	44	8	152
1,751–2,000	575	527	45	1	2	—	359	32	5	38	5	136
Over 2,000	2,825	2,506	314	2	1	2	1,769	178	12	191	33	642
TOTAL	14,098	10,974	2,878	90	142	14	9,669	1,204	42	711	257	2,215

*** 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 1/1/23 to 12/31/23						
Average Monthly Benefit	\$ 266	\$ 550	\$ 831	\$ 1,151	\$ 2,624	\$ 2,934
Average Final Average Salary	4,753	5,869	6,389	7,526	8,354	9,212
Number of Retired Members	110	104	120	83	144	108
Period 1/1/22 to 12/31/22						
Average Monthly Benefit	298	487	847	1,110	2,651	2,390
Average Final Average Salary	5,144	5,244	6,476	7,168	8,455	7,937
Number of Retired Members	113	125	164	90	133	72
Period 1/1/21 to 12/31/21						
Average Monthly Benefit	321	546	821	970	2,307	2,589
Average Final Average Salary	5,728	5,754	6,475	6,785	7,974	8,351
Number of Retired Members	77	94	140	139	159	78
Period 1/1/20 to 12/31/20						
Average Monthly Benefit	309	501	831	992	2,277	2,647
Average Final Average Salary	5,247	5,412	6,615	7,099	8,110	8,311
Number of Retired Members	84	83	104	107	119	110
Period 1/1/19 to 12/31/19						
Average Monthly Benefit	272	494	764	960	2,291	2,354
Average Final Average Salary	4,886	5,435	6,261	6,742	7,773	8,194
Number of Retired Members	77	102	127	106	117	92
Period 1/1/18 to 12/31/18						
Average Monthly Benefit	240	496	718	847	2,228	2,429
Average Final Average Salary	4,595	5,505	6,068	6,606	7,649	8,131
Number of Retired Members	78	134	129	85	122	96
Period 1/1/17 to 12/31/17						
Average Monthly Benefit	276	526	701	937	2,299	2,744
Average Final Average Salary	4,749	5,461	5,940	6,913	7,778	8,328
Number of Retired Members	81	109	127	80	128	100
Period 1/1/16 to 12/31/16						
Average Monthly Benefit	259	506	577	883	2,147	2,563
Average Final Average Salary	4,772	5,493	5,503	5,591	7,579	8,086
Number of Retired Members	105	146	128	77	120	77
Period 1/1/15 to 12/31/15						
Average Monthly Benefit	287	474	698	916	2,110	2,615
Average Final Average Salary	5,088	5,192	5,988	6,524	7,210	7,956
Number of Retired Members	89	123	151	79	127	100
Period 1/1/14 to 12/31/14						
Average Monthly Benefit	295	464	703	969	2,216	2,518
Average Final Average Salary	4,965	5,477	5,964	6,310	7,419	7,817
Number of Retired Members	86	137	118	64	124	82

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
2023	\$ 1,357	\$ 927	\$ 540
2022	1,381	833	528
2021	1,404	819	644
2020	1,407	789	665
2019	1,421	782	614
2018	1,436	784	606
2017	1,462	788	594
2016	1,478	794	595
2015	1,523	807	579
2014	1,557	799	583

RETIREES AND BENEFICIARIES CURRENT ANNUAL BENEFITS TABULATED BY ATTAINED AGES

As of December 31, 2023

Attained Ages	Number	Annual Amount
Under 40	1	\$ 3,697
40 - 44	2	4,072
45	1	3,382
46	2	7,400
47	4	16,484
48	1	29,455
49	6	137,496
50	5	124,878
51	6	169,494
52	9	258,642
53	21	745,230
54	35	1,171,492
55	77	2,498,625
56	96	2,649,439
57	115	3,585,383
58	112	3,540,260
59	152	4,693,322
60	243	5,076,891
61	313	6,509,399
62	340	6,317,123
63	366	6,697,819
64	374	7,487,208
65	449	9,448,258
66	540	8,598,634
67	554	5,453,726
68	566	5,674,502
69	638	6,405,079
70 - 74	3,280	35,378,000
75 - 79	2,987	38,475,263
80 & Up	2,803	42,845,250
TOTAL	14,098	\$ 204,005,903

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, 2023

ATTAINED AGES	Number	Annual Amount
28	1	2,491
29	14	38,616
30	64	194,356
31	75	219,518
32	118	391,510
33	163	551,834
34	191	653,758
35	202	731,728
36	235	909,560
37	230	849,565
38	218	877,493
39	234	954,518
40	266	1,144,583
41	245	1,047,735
42	262	1,089,862
43	258	1,200,732
44	271	1,267,658
45	243	1,094,505
46	208	843,925
47	187	813,937
48	196	953,516
49	199	789,829
50	197	891,659
51	182	803,635
52	224	973,628
53	198	812,469
54	191	879,615
55	162	845,887
56	162	801,016
57	145	704,502
58	149	844,986
59	144	725,282
60	80	388,793
61	70	287,987
62	54	286,504
63	56	263,500
64	35	195,613
65 & Over	107	300,090
TOTAL	6,236	\$ 26,626,395

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

This page is intentionally left blank.



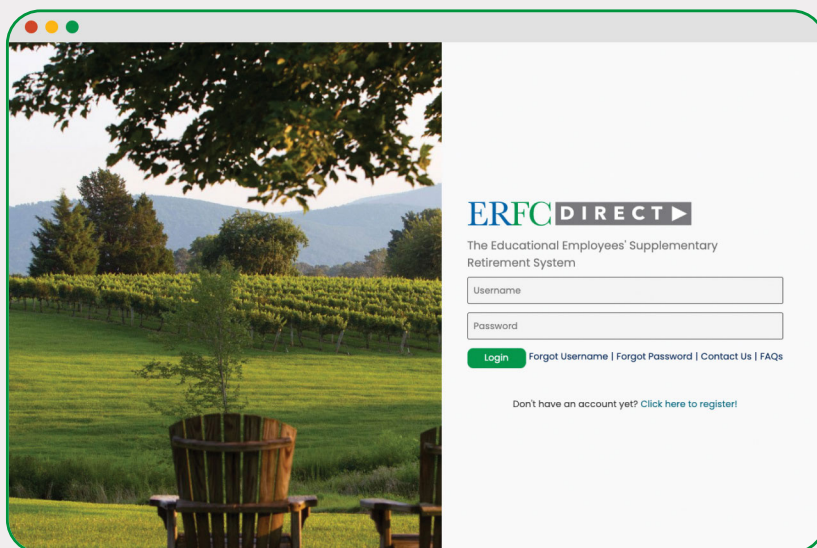
Enter Retirement Feeling Confident

KNOW YOUR PLAN

DO IT YOURSELF WITH **ERFCDIRECT** 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

QUESTIONS ABOUT 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

erfcension.org
www.erfc.direct

SOCIAL





The Educational Employees' Supplementary
Retirement System of Fairfax County

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