THE EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM OF FAIRFAX COUNTY

A COMPONENT UNIT OF FAIRFAX COUNTY PUBLIC SCHOOLS

FAIRFAX, VIRGINIA

ERFC
Enter Retirement Feeling Confident

ANNUAL COMPREHENSIVE FINANCIAL REPORT

2023

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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
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Executive Director

Vacant

Deputy Executive Directors

Srikumar Bala
Wendy Zhi, CPA

ACFR Project Team

Allison Kelly, CPA
Kevin McCarty
Basil AlQudwa

Designed by

ERFC Communications

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INTRODUCTION

UNAUDITED

LETTER OF TRANSMITTAL

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

November 8, 2023

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

Dear Chairperson and Members of the Board of Trustees:

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, 2023. The financial statements included in this report are prepared in conformity with accounting principles generally accepted in the United States of America (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 Finance Section immediately following the report of the independent auditor.

Plan History

ERFC was established 50 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*

LETTER OF TRANSMITTAL

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. 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 that revolves around sustainability, engagement, education, and operational excellence.

During fiscal year 2023, we continued to raise awareness and educate our membership. ERFC was able to effectively reach, educate, and improve services to its membership by continuing to simplify communications, create messaging targeted to specific audiences, and create media content that's available to members 24/7. Our virtual and recorded retirement information sessions, paperwork tutorials, and videos designed for each stage of a member's retirement journey helped us reach ten times as many members as we reached with in-person-only offerings. We also carried out ERFC Ambassador recruitment campaigns targeted to specific member groups, increasing engagement and involvement. ERFC currently has over 200 Ambassadors serving our members.

The implementation of process enhancements has resulted in improved efficiencies, cost savings, and member service. ERFC remained focused on improving operational excellence with a Lean Six Sigma mindset which gives our staff the framework to pursue peer leadership in providing professional and personalized service to our members. Quality and efficiency improvements over the next decade will allow us to focus on servicing and educating all segments of our population. ERFC continues to outperform its peers, receiving a Customer Experience Management (CEM) Benchmarking score that was 7.4 percent higher than our peers on the administration of the Fund – this includes comparisons to peers on criteria like quality of service to membership, costs to administer the Fund, and types of services provided. To further help us achieve operational excellence, we've put forth a multi-year effort to attain two operational excellence awards—the United States Senate Productivity and Quality Award (SPQA) and to work toward the Malcolm Baldrige National Quality Award. Both awards align with ERFC's mission, vision, and values and will help us promote continual improvement strategies in pursuit of top tier member service, efficiency, and quality.

ERFC continued to promote ERFC*Direct*, a web portal that allows users to access their retirement plan account in a secure environment. During the fiscal year, over 33,000 active and retired members used the online service. ERFC regularly enhances the web portal to optimize user experience.

Plan Financial Condition

Fiscal year 2023 remained a challenging year for the market. Nonetheless, the ERFC Fund (Fund) earned a 5.1 percent net of fees on investments—placing the Fund at about the middle of the pack among public pension funds within the Investment Metrics Public Plan Universe >$1B in assets. ERFC underperformed its policy index by 1.3 percent, largely driven by underperformance in emerging market equity, global equity, and multi-asset class solutions investments.

LETTER OF TRANSMITTAL

ERFC's actuary reported that the System's funding ratio decreased from 78.0 percent to 77.2 percent for the valuation period ending December 31, 2022. This decrease was due to the market volatility and an increase in retirees and beneficiaries collecting retirement benefits. The recommended employer contribution rate was 6.7 percent of payroll, which was consistent with fiscal year 2022.

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 5.1 percent net of fees for fiscal year 2023 underperformed the benchmark index return of 6.4 percent. On an intermediate basis, the Fund ranked in the 88th percentile of public pension funds within the Investment Metrics Public Plan Universe >$1B in assets over the last 3-year period ending fiscal year 2023. The Fund's longer-term performance remained solid; the 10-year return of 6.6 percent exceeded the policy index return of 6.0 percent but was 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 AON/Retirement and Investment 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 System is proud to announce that we have continued our SPQA journey by submitting a comprehensive award report and hosting a site visit for the examiners. As a result of our efforts, ERFC received the SPQA award for *Progress in Performance Excellence*.

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, 2022. This is the 26th 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 2023*. 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 your leadership. 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 **www.fcps.edu/erfc**. We hope that all recipients find the report informative and useful.

Respectfully submitted,

Wendy Zhi

Wendy Zhi
Acting Deputy Executive Director
Finance and Investment

Srikumar Bala

Srikumar Bala
Deputy Executive Director
IT, Member Services and Communications

LETTER FROM THE CHAIRPERSON

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

November 8, 2023

Dear ERFC Members:

On behalf of the Board of Trustees of the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC), it is a privilege to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023. 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 the Virginia Retirement System (VRS) and Social Security. As participants and stakeholders in ERFC, you can be assured that the Board of Trustees works collectively on your behalf to provide the supplemental retirement benefits promised to you by FCPS.

During the year, the ERFC Board and staff completed action items included in the 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.

Like many of our peers, ERFC experienced the effects of the economic downturn caused primarily by high inflation pressure which remains above target of 2%, and global conflicts. Despite the downturn, ERFC's asset allocation protected the Fund from higher market losses, and the net-of-fees return on ERFC's assets was 5.1% for the 2023 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 2023 fiscal year remained at 6.70%. 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 **www.fcps.edu/erfc** or contact the Trustees directly with any questions regarding your pension fund or payable retirement benefits.

Yours sincerely,

Kimberly Adams

Kimberly Adams
FY 2023 Chairperson
ERFC Board of Trustees

BOARD OF TRUSTEES

The Board of Trustees is the governing body of the Educational Employees' Supplementary Retirement System of Fairfax County (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 Wilson
Trustee
Appointed Member

Ducchi Quan
Trustee
Elected Member

Adam McConagha
Trustee
Appointed Member

ERFC ORGANIZATIONAL CHART

As of June 30, 2023

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, 2022. This was the 26th consecutive year that ERFC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Educational Employees' Supplementary Retirement System of Fairfax County Virginia

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

PUBLIC PENSION STANDARDS AWARD

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

PPCC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2023

Presented to

The Educational Employees' Supplementary Retirement System of Fairfax County

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

PROFESSIONAL SERVICES

ACTUARY

AON Retirement & Investment

AUDITOR

Cherry Bekaert LLP

INVESTMENT CONSULTANT

Meketa Investment Group
Segal Marco Advisors

MASTER CUSTODIAN

BNY Mellon

LEGAL COUNSEL

Bredhoff & Kaiser, P.L.L.C.
Groom Law Group, Chartered
Reed Smith LLC

INVESTMENT MANAGERS

Details are found on page 58, 71 and 73 of the *Investment Section*

FINANCIAL

REPORT OF INDEPENDENT AUDITOR

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Educational Employees' Supplemental 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, 2023, 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, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

REPORT OF INDEPENDENT AUDITOR

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

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

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

Required Supplementary Information

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

Supplementary Information

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

REPORT OF INDEPENDENT AUDITOR

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the 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 November 8, 2023, 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
November 8, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

This discussion and analysis of the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC or the System) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2023. 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 2023, the net-of-fees return on ERFC's assets was 5.1 percent[1]. This resulted in a total net position value of $3.1 billion, which reflects an increase of $78.8 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 gains of $120.8 million, $169.7 million in employee and employer contributions, $206.0 million in retiree benefit payments and member refunds, and $5.6 million in administrative, depreciation and amortization expenses.

ERFC NET POSITION

($ IN MILLIONS)

FISCAL YEAR	NET POSITION	NET CHANGE ($)	NET CHANGE (%)
2019	2,521.4	75.2	3.1
2020	2,593.3	71.9	2.9
2021	3,272.1	678.8	26.2
2022	2,997.9	(274.2)	(8.4)
2023	3,076.7	78.8	2.6

ERFC's time-weighted 5.1 percent net-of-fees return trailed the policy benchmark return of 6.4 percent[2]. Three, five, and ten year returns are 6.9 percent, 6.0 percent, and 6.6 percent, respectively. The time-weighted rate of return measures the compound growth rate of the System's investments, net of investment expense. This method eliminates the distortion caused by cash inflows and outflows and is the industry standard for comparing investment returns to a benchmark. The time-weighted rate of return differs from the money-weighted rate of return described in the Notes to the Financial Statements.

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

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

[2] 13.0% Russell 1000 Index, 8.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 5.0% MSCI AC World Index (Net), 13.0% Blmbg. U.S. Aggregate, 8.0% 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, 2.0% 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, 2022, the actuarial value of assets totaled $3.2 billion while liabilities totaled $4.1 billion. This resulted in a funding ratio of 77.2 percent, 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. Expenses, or deductions, which consisted of benefit payments, refunds, administrative, depreciation and amortization costs 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 $78.8 million or 2.6 percent in fiscal year 2023. The changes in assets and liabilities underlying this change consist of an increase of $124.5 million in the value of cash and investments, an increase in receivables and other assets of $11.7 million, a $2.5 million increase in securities purchased, a $2.4 million increase in right-to-use liabilities, and an increase of $52.7 million in securities lending collateral liabilities.

SUMMARY OF FIDUCIARY NET POSITION

	JUNE 30, 2023	JUNE 30, 2022	DIFFERENCE
ASSETS			
Total cash and investments	$ 3,237,285,222	$ 3,112,776,168	$ 124,509,054
Total receivables	19,994,116	10,576,455	9,417,661
Other assets	2,603,176	336,023	2,267,153
TOTAL ASSETS	**3,259,882,514**	**3,123,688,646**	**136,193,868**
LIABILITIES			
Right-to-use lease liability	2,761,361	334,590	2,426,771
Accounts payable	1,928,358	2,159,020	(230,662)
Securities purchased	25,402,687	22,923,839	2,478,848
Securities lending collateral	153,057,006	100,361,317	52,695,689
TOTAL LIABILITIES	**183,149,412**	**125,778,766**	**57,370,646**
NET POSITION RESTRICTED FOR PENSIONS	**$ 3,076,733,102**	**$ 2,997,909,880**	**$ 78,823,222**

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

As reflected in the Summary of Changes in Fiduciary Net Position table below, the net change in fiscal year 2023 is due to $169.7 million in contributions and $120.8 million in net investment gains, which is offset by $202.0 million in benefits, $4.0 million in refunds and $5.6 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 2022 and 2023 results. These differing results are mainly due to an increase in investment income of $353.0 million, an increase in contributions of $8.6 million and an increase in benefits of $7.8 million.

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

	JUNE 30, 2023	JUNE 30, 2022	DIFFERENCE
ADDITIONS			
Contributions			
Employer	$ 117,155,967	$ 111,119,456	$ 6,036,511
Member	52,542,598	50,017,839	2,524,759
Net investment income (loss)	120,795,408	(232,237,621)	353,033,029
TOTAL ADDITIONS (REDUCTIONS)	**290,493,973**	**(71,100,326)**	**361,594,299**
DEDUCTIONS			
Benefits	202,023,360	194,239,563	7,783,797
Refunds	4,021,605	4,415,933	(394,328)
Administrative expenses	5,119,588	4,155,162	964,426
Depreciation and amortization expenses	506,198	326,219	179,979
TOTAL DEDUCTIONS	**211,670,751**	**203,136,877**	**8,533,874**
NET INCREASE (DECREASE) IN NET POSITION	**78,823,222**	**(274,237,203)**	**353,060,425**
NET POSITION RESTRICTED FOR PENSIONS BEGINNING OF YEAR	**2,997,909,880**	**3,272,147,083**	**(274,237,203)**
END OF YEAR	**$ 3,076,733,102**	**$ 2,997,909,880**	**$ 78,823,222**

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 Deputy Executive Director of Finance, 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.fcps.edu/ERFC-Financials

STATEMENT OF FIDUCIARY NET POSITION

(As of June 30, 2023)

ASSETS	
CASH AND SHORT-TERM INVESTMENTS	
Cash	$ 2,268,451
Cash with fiscal agent	2,379,882
Cash collateral for securities on loan	153,057,006
Short-term investments	50,763,024
TOTAL CASH AND SHORT-TERM INVESTMENTS	**208,468,363**
RECEIVABLES	
Interest and dividends	2,530,231
Securities sold	17,449,687
Miscellaneous accounts receivable	14,198
TOTAL RECEIVABLES	**19,994,116**
INVESTMENTS	
Stocks	314,666,906
Fixed income	
Asset and mortgage backed	151,874,330
Corporate bonds	267,355,914
International bonds	586,765
Convertible securities	6,329,630
Municipal bonds	525,748
U.S. Government obligations	160,214,589
Real estate	271,172,886
Multi asset class solutions (MACS)	126,407,441
Hedge funds - opportunistic	225,645,325
Private equity	316,852,573
Private debt	61,387,456
Infrastructure	53,947,972
Natural resources	13,554,618
Commingled fixed income funds	169,316,809
Commingled equity funds	888,977,897
TOTAL INVESTMENTS	**3,028,816,859**
OTHER ASSETS	
Furniture and equipment	73,070
Accumulated depreciation	(70,691)
Right-to-use asset	2,778,489
Accumulated amortization: Right-to-use asset	(177,692)
TOTAL OTHER ASSETS	**2,603,176**
TOTAL ASSETS	**3,259,882,514**
LIABILITIES	
Right-to-use lease liability	2,761,361
Accounts payable	1,928,358
Securities purchased	25,402,687
Securities lending collateral	153,057,006
TOTAL LIABILITIES	**183,149,412**
NET POSITION RESTRICTED FOR PENSIONS	**$ 3,076,733,102**

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(For the Fiscal Year Ended June 30, 2023)

ADDITIONS		
Contributions		
Employer	$	117,155,967
Plan members		52,542,598
TOTAL CONTRIBUTIONS		**169,698,565**
Investment income		
Net appreciation in fair value of investments		95,289,778
Interest and dividends		31,876,806
TOTAL INVESTMENT INCOME		**127,166,584**
Less investment expenses		
Investment management fees[1]		5,230,148
Investment consulting fees		1,071,809
Investment custodial fees		329,751
Investment salaries		374,465
TOTAL INVESTMENT EXPENSES		**7,006,173**
Income from securities lending activities		
Securities lending income		7,693,751
Securities lending management fees		(7,058,754)
NET SECURITIES LENDING INCOME		**634,997**
NET INVESTMENT INCOME		**120,795,408**
TOTAL ADDITIONS		**290,493,973**
DEDUCTIONS		
Benefits		202,023,360
Refunds		4,021,605
Administrative expense		5,119,588
Depreciation and amortization expense		506,198
TOTAL DEDUCTIONS		**211,670,751**
NET INCREASE		**78,823,222**
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year		**2,997,909,880**
END OF YEAR	**$**	**3,076,733,102**

[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 Ending June 30, 2023)

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC or the System) is a legally separate single-employer retirement system and fund established under Virginia code to provide pension benefits to all full-time educational and administrative support employees who are employed by the Fairfax County Public Schools (Schools) 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 the Schools' 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 the Virginia Retirement System (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, 2022, the date of the most recent actuarial valuation, the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits	13,747
Terminated employees entitled to benefits but not yet receiving them	6,067
Active plan members	22,916
TOTAL	**42,730**

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 (CPI-U) 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 (GAAP). ERFC is a fiduciary pension trust fund of Fairfax County Public Schools. 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, 2023, 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

		FAIR VALUE MEASURES USING		
	June 30, 2023	**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	$ 50,763,024	$ 6,995,251	$ —	$ 43,767,773
Debt securities				
Asset and mortgage backed	151,874,330	—	151,874,330	—
Corporate bonds	267,355,914	574,341	262,153,350	4,628,223
International bonds	586,765	—	586,765	—
Convertible securities	6,329,630	—	6,329,630	—
Municipal bonds	525,748	—	525,748	—
US Government obligations	160,214,589	156,033,602	4,180,987	—
Total Debt Securities	586,886,976	156,607,943	425,650,810	4,628,223
Equity investments	314,666,906	314,666,906	—	—
TOTAL INVESTMENT AND SHORT-TERM SECURITIES MEASURED BY FAIR VALUE HIERARCHY LEVEL	**$ 952,316,906**	**$ 478,270,100**	**$ 425,650,810**	**$ 48,395,996**

NOTES TO THE FINANCIAL STATEMENTS

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

	June 30, 2023	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Equity investments				
Commingled large cap equity funds	$ 371,475,360	—	Daily	None
Commingled global equity funds	374,815,414	—	Daily	None
Commingled emerging markets equity fund	142,687,123	—	Daily	3 days
TOTAL EQUITY INVESTMENTS	**888,977,897**	**—**		
Fixed income investments				
Commingled TIPS fund	100,751,812	—	Daily	None
Commingled global fixed income fund	2,462,003	—	Daily	None
Commingled emerging markets debt fund	66,102,994	—	Monthly	30 days
TOTAL FIXED INCOME INVESTMENTS	**169,316,809**	**—**		
Private markets	445,742,619	292,539,494	Not eligible	N/A
Multi Asset Class Solutions	126,407,441	—	Monthly	5 days
Hedge Funds - Opportunistic	225,645,325	—	Monthly	30 days
Real estate - core open-end funds	197,464,625	—	Quarterly	1-90 days
Real estate - private commingled real estate funds	73,708,261	107,426,190	Not eligible	N/A
TOTAL OTHER INVESTMENTS	**2,127,262,977**	**399,965,684**		
TOTAL INVESTMENTS AND SHORT-TERM SECURITIES	**$ 3,079,579,883**			

NOTES TO THE FINANCIAL STATEMENTS

2. CONTRIBUTION REQUIREMENTS

The contribution requirements for *ERFC* and E*RFC 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 6.7 percent for fiscal year 2023.

3. NET PENSION LIABILITY DISCLOSURES

The components of the System's net pension liability as of June 30, 2023 were as follows:

Total Pension Liability	$ 4,203,831,095
Plan Fiduciary Net Position	3,076,733,102
Net Pension Liability	$ 1,127,097,993
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.19%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, 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 2023 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 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. Based on the recent analysis of expected investment return, asset allocation and relevant Actuarial Standards of Practice, the rate was lowered from 7.25 percent to 7.0 percent. In addition, in consultation with the actuary, ERFC changed the amortization period for assumption changes from 10 years to 20 years in order to continue adopting 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)	6.7%
Domestic Equity (Small Cap)	7.6%
International Equity	7.2%
International Equity (Small Cap)	8.4%
Emerging International Equity	8.7%
Global Equity	7.0%
Emerging Market Debt	3.7%
US Fixed Income	1.6%
MACS	4.3%
Hedge Funds Opportunistic	5.6%
Infrastructure	6.9%
Real Estate	4.7%
Private Equity	11.5%
Private Debt	7.6%
Natural Resources	9.8%

NOTES TO THE FINANCIAL STATEMENTS

Pension Liability Sensitivity

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the table below presents the plan's net pension liability, calculated using a single discount rate of 7.0 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 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 6.00%	Assumption 7.00%	1% Increase 8.00%
Net pension liability	$ 1,720,714,984	$ 1,127,097,933	$ 643,057,063

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 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, 2023
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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.00 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 (CMOs). Specific authorization by the Trustees is required should investment managers seek to purchase securities on margin or leverage. During fiscal year 2023, the System's fair value of CMO's was $2,320,236.

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, 2023, 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	$	151,874,330	1.26	25.9 %
Corporate Bonds		267,355,914	2.32	45.5
International Bonds		586,765	0.02	0.1
Convertible Securities		6,329,630	0.12	1.1
Municipal Bonds		525,748	—	0.1
US Government		160,214,589	2.93	27.3
TOTAL	**$**	**586,886,976**	**6.65**	**100.0 %**
			* Weighted Duration in years	
Short-term Investment Funds	$	50,763,024	—	
TOTAL SHORT-TERM	**$**	**50,763,024**	**—**	

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, 2023, 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	$ 63,859,839	AAA	15.0 %
	37,303,140	AA	8.7
	12,282,686	A	2.9
	21,650,978	BBB	5.1
	3,695,830	BB	0.9
	669,610	B	0.2
	1,961,843	CCC	0.5
	4,547,045	CC	1.1
	1,208,085	C	0.3
	4,695,274	Not Rated	1.1
Convertible Securities	3,837,416	BBB	0.9
	2,492,214	B	0.6
Corporate Bonds	3,612,277	AA	0.8
	44,854,304	A	10.5
	156,463,095	BBB	36.6
	37,027,409	BB	8.7
	21,566,795	B	5.1
	3,625,606	CCC	0.8
	65,351	C	0.0
	141,077	Not Rated	0.0
International Bonds	586,765	BB	0.1
Municipal Bonds	525,748	A	0.1
TOTAL	**$ 426,672,387**		**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, 2023, and as addressed previously, the System had three active fixed income managers. The portfolios had values of $168.4 million, $184.9 million and $248.1 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 1.74 percent of that portfolio.

Deposits

At June 30, 2023, short-term investments with the custodial bank totaled $50.8 million. These investments consist of U.S. Treasury bills, are collateralized with securities held by the agent in the System's name or are in a short-term investment pool.

NOTES TO THE FINANCIAL STATEMENTS

Cash

ERFC maintains its cash with the County, which invests cash and allocates interest earned net of a management fee, on a daily basis to the System based on the System's average daily balance of equity in pooled cash. For the fiscal year ended June 30, 2023, the cash balance of $2,268,451 represents funds that could not be invested in the County's enhanced cash fund until July 1, 2023.

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, 2023, cash with the fiscal agent totaled $2,379,882. 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 $153,057,006 as of June 30, 2023, are shown on the Statement of Fiduciary Net Position. As of June 30, 2023, the fair value of securities on loan for cash collateral was $149,574,094. 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, 2023, the array of securities the System had on loan for cash collateral took this form:

SECURITIES		FAIR VALUE		CASH COLLATERAL
Domestic Corporate Bonds	$	38,411,452	$	39,413,537
International Bonds		4,580		4,809
Domestic Stock		108,490,725		110,901,122
US Government Securities		2,667,337		2,737,538
TOTAL	**$**	**149,574,094**	**$**	**153,057,006**

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, 2023, was as follows:

INVESTMENT TYPE		FAIR VALUE
Stocks	$	314,666,906
Bonds and Mortgage Securities		426,672,387
US Government Obligations		160,214,589
Real Estate		271,172,886
Multi Asset Class Solutions (MACS)		126,407,441
Hedge Funds - Opportunistic		225,645,325
Private Equity		316,852,573
Private Debt		61,387,456
Infrastructure		53,947,972
Natural Resources		13,554,618
Commingled Fixed Income Funds		169,316,809
Commingled Equity Funds		888,977,897
SUBTOTAL INVESTMENTS		**3,028,816,859**
Cash collateral for securities on loan		153,057,006
TOTAL	**$**	**3,181,873,865**

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, 2023:

CURRENCY	CASH & CASH EQUIVALENTS	EQUITY	FIXED INCOME SECURITIES	PRIVATE MARKETS	GRAND TOTAL
AUSTRALIAN DOLLAR	$ 2,105	$ 1,277,510	$ —	$ —	$ 1,279,615
BRAZIL REAL	40,916	—	—	—	40,916
CANADIAN DOLLAR	47,027	1,582,992	—		1,630,019
CHILEAN PESO	12,922	—	—	—	12,922
DANISH KRONE	177,135	2,437,728	—	—	2,614,863
EURO CURRENCY UNIT	400,021	18,878,180	—	32,021,949	51,300,150
HONG KONG DOLLAR	43,387	3,463,813	—	—	3,507,200
INDONESIAN RUPIAH	12,504	1,462	—	—	13,966
ISRAELI SHEKEL	11,041	4	—	—	11,045
JAPANESE YEN	153,570	2,723,329	—	—	2,876,899
MALAYSIAN RINGGIT	9,131	—	—	—	9,131
NEW TAIWAN DOLLAR	22,503	2,441,266	—	—	2,463,769
NORWEGIAN KRONE	1,672	—	—	—	1,672
PHILIPPINES PESO	1,344	—	—	—	1,344
POLISH ZLOTY	1,409	—	—	—	1,409
POUND STERLING	49,690	5,647,524	—	—	5,697,214
SOUTH AFRICAN RAND	1,681	—	586,765	—	588,446
SOUTH KOREAN WON	372	266	—	—	638
SWEDISH KRONA	15,380	3,969,144	—	—	3,984,524
SWISS FRANC	502,307	4,897,470	—	—	5,399,777
THAILAND BAHT	1,833	—	—	—	1,833
GRAND TOTAL	**$ 1,507,950**	**$ 47,320,688**	**$ 586,765**	**$ 32,021,949**	**$ 81,437,352**

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 on June 30, 2023, the rent commencement date. 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, and ERFC has an option to extend the lease for 60 months.

On July 1, 2021, ERFC entered into two leases as Lessee for the use of two copiers. The lease terms are 31 months and 35 months, respectively. An initial lease liability was recorded in the amount of $4,196 for the lease with the 31 month lease term and $20,611 for the other copier with the 35 month lease term. ERFC is required to make monthly fixed payments of $149 and $654, respectively. Both leases have an interest rate of 7.18%. The value of the right-to-use-asset as of June 30, 2023 was $4,196 with accumulated amortization of $3,258 for the copier with the 31 month lease term, while the value of the right to use asset as of June 30, 2023 was $20,611 with accumulated amortization of $14,176 for the copier with the 35 month lease term.

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

ASSET CLASS	LEASE ASSET VALUE	ACCUMULATED AMORTIZATION
Copiers	$ 24,807	$ 17,434
Buildings	2,753,682	160,258
Total Leases	$ 2,778,489	$ 177,692

The System's lease liability schedule as of June 30, 2023 is shown below:

FISCAL YEAR	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2024	$ 7,679	$ 135,504	$ 143,183
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
2029-2033	1,368,720	194,912	1,563,632
2034-2036	538,133	19,635	557,768
Total	$ 2,761,361	$ 628,131	$ 3,389,492

NOTES TO THE FINANCIAL STATEMENTS

7. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2023, the System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The implementation of this standard did not have a material impact on ERFC's financial statements.

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Enter Retirement Feeling Confident

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. Actuarially determined employer contribution rates are calculated as of December 31 of odd numbered years, and determine the contribution rate for the two-year period beginning 18 months after the valuation date. In particular, the December 31, 2019 valuation determined the contribution rates for fiscal years 2022 and 2023.

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

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

The Schedule of Changes in Net Pension Liability and Related Ratios on page 42 illustrates whether the plan's net position is increasing or decreasing over time relative to the total pension liability, and the net pension liability as it relates to covered payroll. As addressed previously, the most recent actuarial valuation was effective December 31, 2022. 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, 2023.

SCHEDULE OF CONTRIBUTIONS

(Last 10 Fiscal Years)

FISCAL YEAR ENDING JUNE 30	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2014	72,748,999	74,174,082	(1,425,083)	1,324,537,175	5.60%
2015	74,791,177	74,324,396	466,781	1,328,419,881	5.59%
2016	76,069,503	76,599,695	(530,192)	1,374,735,094	5.57%
2017	80,305,269	80,094,538	210,731	1,430,259,607	5.60%
2018	93,543,467	91,704,877	1,838,590	1,469,629,439	6.24%
2019	96,982,911	96,982,911	—	1,549,247,780	6.26%
2020	104,741,255	104,741,255	—	1,626,417,003	6.44%
2021	104,784,310	104,784,310	—	1,627,085,559	6.44%
2022	111,119,456	111,119,456	—	1,658,499,343	6.70%
2023	117,155,967	117,155,967	—	1,748,596,522	6.70%

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 10 Fiscal Years)

FISCAL YEAR ENDING JUNE 30	2023	2022	2021	2020	2019
TOTAL PENSION LIABILITY					
Service Cost	$ 97,264,457	$ 92,063,438	$ 91,770,647	$ 92,719,549	$ 90,633,074
Interest on the Total Pension Liability	279,596,095	268,463,381	253,330,122	243,578,788	231,477,042
Changes of benefit terms	—	—	—	—	—
Difference between expected and actual experience of the Total Pension Liability	33,027,559	(5,133,211)	29,758,913	(12,696,483)	27,726,555
Changes of assumptions	—	133,042,334	(17,342,443)	—	—
Benefit payments, including refunds of employee contributions	(206,044,965)	(198,655,496)	(191,265,982)	(185,986,496)	(181,932,073)
Net Change in Total Pension Liability	$ 203,843,146	$ 289,780,446	$ 166,251,257	$ 137,615,358	$ 167,904,598
Total Pension Liability - Beginning	3,999,987,949	3,710,207,503	3,543,956,246	3,406,340,888	3,238,436,290
Total Pension Liability - Ending	$ 4,203,831,095	$ 3,999,987,949	$ 3,710,207,503	$ 3,543,956,246	$ 3,406,340,888
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	$ 117,155,967	$ 111,119,456	$ 104,784,310	$ 104,741,255	$ 96,982,911
Contributions - Member	52,542,598	50,017,839	48,934,340	49,095,601	46,645,396
Net Investment Income	120,795,408	(232,237,621)	720,738,680	108,472,534	117,727,500
Benefit Payments, including refunds of employee contributions	(206,044,965)	(198,655,496)	(191,265,982)	(185,986,496)	(181,932,073)
Pension Plan Administrative, Depreciation and Amortization Expense	(5,625,786)	(4,481,381)	(4,423,439)	(4,381,191)	(4,262,159)
Net Change in Plan Fiduciary Net Position	78,823,222	(274,237,203)	678,767,909	71,941,703	75,161,575
Plan Fiduciary Net Position - Beginning, as previously reported	2,997,909,880	3,272,151,084	2,593,383,175	2,521,441,472	2,446,279,897
Prior Period Adjustment	—	(4,001)	—	—	—
Plan Fiduciary Net Position - Beginning	2,997,909,880	3,272,147,083	2,593,383,175	2,521,441,472	2,446,279,897
Plan Fiduciary Net Position - Ending	3,076,733,102	2,997,909,880	3,272,151,084	2,593,383,175	2,521,441,472
Net Pension Liability - Ending	$ 1,127,097,993	$ 1,002,078,069	$ 438,056,419	$ 950,573,071	$ 884,899,416
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	73.19 %	74.95 %	88.19 %	73.18 %	74.02 %
Covered Payroll	$ 1,748,596,522	$ 1,658,499,343	$ 1,627,085,559	$ 1,626,417,003	$ 1,549,247,780
Net Pension Liability as a Percentage of Covered Payroll	64.46 %	60.42 %	26.93 %	58.45 %	57.12 %

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

FISCAL YEAR ENDING JUNE 30	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service Cost	$ 88,599,697	$ 78,925,763	$ 77,760,915	$ 77,493,999	$ 75,787,752
Interest on the Total Pension Liability	221,106,804	209,515,636	205,720,047	198,938,575	192,723,577
Changes of benefit terms	—	(1,038,793)	—	—	—
Difference between expected and actual experience of the Total Pension Liability	12,140,768	19,857,344	(11,011,883)	(17,051,192)	(19,051,630)
Changes of assumptions	—	23,334,195	45,752,095	—	—
Benefit payments, including refunds of employee contributions	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	(167,049,790)
Net Change in Total Pension Liability	144,126,973	157,208,562	147,873,327	91,538,806	82,409,909
Total Pension Liability - Beginning	3,094,309,317	2,937,100,755	2,789,227,428	2,697,688,622	2,615,278,713
Total Pension Liability - Ending	$ 3,238,436,290	$ 3,094,309,317	$ 2,937,100,755	$ 2,789,227,428	$ 2,697,688,622
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	91,704,877	80,094,538	76,599,695	74,324,396	74,174,082
Contributions - Member	44,169,100	43,062,632	41,383,642	39,982,963	40,018,590
Net Investment Income	188,145,489	250,981,777	(15,766,967)	32,083,908	304,640,803
Benefit Payments, including refunds of employee contributions	(177,720,296)	(173,385,583)	(170,347,847)	(167,842,576)	(167,049,790)
Pension Plan Administrative, Depreciation and Amortization Expense	(4,300,927)	(4,059,408)	(4,004,882)	(3,751,825)	(3,629,320)
Net Change in Plan Fiduciary Net Position	141,998,243	196,693,956	(72,136,359)	(25,203,134)	248,154,365
Plan Fiduciary Net Position - Beginning, as previously reported	2,304,281,654	2,107,587,698	2,179,724,057	2,204,927,191	1,956,772,826
Prior Period Adjustment	—	—	—	—	—
Plan Fiduciary Net Position - Beginning	2,304,281,654	2,107,587,698	2,179,724,057	2,204,927,191	1,956,772,826
Plan Fiduciary Net Position - Ending	2,446,279,897	2,304,281,654	2,107,587,698	2,179,724,057	2,204,927,191
Net Pension Liability - Ending	$ 792,156,393	$ 790,027,663	$ 829,513,057	$ 609,503,371	$ 492,761,431
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.54 %	74.47 %	71.76 %	78.15 %	81.73 %
Covered Payroll	$ 1,469,629,439	$ 1,430,259,607	$ 1,374,735,094	$ 1,366,029,848	$ 1,324,537,175
Net Pension Liability as a Percentage of Covered Payroll	53.90 %	55.24 %	60.34 %	44.62 %	37.20 %

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN

(Last 10 Fiscal Years)

FISCAL YEAR ENDING JUNE 30	Annual Money-weighted Rate of Return, Net of Investment Expense
2014	15.91 %
2015	1.49 %
2016	(0.63)%
2017	12.14 %
2018	8.29 %
2019	4.88 %
2020	4.49 %
2021	27.82 %
2022	(7.29)%
2023	4.00 %

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 Ended	Composite Employer	Employee	Total
2014	5.60 %	3.00 %	8.60 %
2015	5.60	3.00	8.60
2016	5.60	3.00	8.60
2017	5.60	3.00	8.60
2018	6.24	3.00	9.24
2019	6.26	3.00	9.26
2020	6.44	3.00	9.44
2021	6.44	3.00	9.44
2022	6.70	3.00	9.70
2023	6.70	3.00	9.70

- 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, 2023

PERSONNEL SERVICES	
Salaries and wages	$ 2,624,643
Retirement contributions	654,831
Insurance	343,522
Social security	202,443
TOTAL PERSONNEL SERVICES	**3,825,439**
PROFESSIONAL SERVICES	
Legal	362,452
Plan automation support	117,213
Actuarial	109,159
Pension payroll service	97,488
Audit	60,291
TOTAL PROFESSIONAL SERVICES	**746,603**
COMMUNICATIONS	
Printing	5,406
Postage	1,419
TOTAL COMMUNICATIONS	**6,825**
SUPPLIES	
Office supplies	4,655
Dues and subscriptions	12,555
TOTAL SUPPLIES	**17,210**
OTHER SERVICES AND CHARGES	
Board travel and staff development	177,850
Equipment	255,597
Building rent	30,560
Depreciation and amortization expense	506,198
Miscellaneous	59,504
TOTAL OTHER SERVICES AND CHARGES	**1,029,709**
TOTAL ADMINISTRATIVE, DEPRECIATION AND AMORTIZATION EXPENSES	**$ 5,625,786**

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF INVESTMENT EXPENSES

FIscal Year Ended June 30, 2023

INVESTMENT MANAGEMENT FEES		
Fixed income managers		
DoubleLine Capital, L.P.	$	399,548
Fidelity Institutional Asset Management		359,769
Loomis-Sayles and Company, L.P.		730,125
Mellon Capital Management Corporation		24,900
Mondrian Investment Partners (US), Inc.		405,395
Equity managers		
Cramer Rosenthal McGlynn, LLC		553,731
Mellon Capital Management Corporation		47,630
Schroder Investment Management North America, Ltd.		552,268
Westfield Capital Management		482,237
International managers		
William Blair & Company		1,165,656
Multi Asset Class Solutions (MACS)		
Wellington Management Company LLP		508,889
TOTAL INVESTMENT MANAGEMENT FEES		**5,230,148**
OTHER INVESTMENT SERVICE FEES		
Custodial fees - Mellon Trust		329,751
Investment consultant fees - Meketa Investment Group		775,000
Investment consultant fees - Segal Marco Advisors		293,050
Foreign tax consulting - Pricewaterhousecoopers		3,759
Investment salaries		374,465
TOTAL OTHER INVESTMENT SERVICE FEES		**1,776,025**
TOTAL INVESTMENT EXPENSES[1]	**$**	**7,006,173**

[1] Some investment fees are netted directly against assets under management. See Schedule of Investment Manager Fees located within the Investment Section on page 73.

OTHER SUPPLEMENTARY INFORMATION

(Unaudited)

SCHEDULE OF PROFESSIONAL SERVICE FEES

Fiscal Year Ended June 30, 2023

SERVICE PROVIDER	NATURE OF SERVICE	AMOUNT
Bredhoff & Kaiser PLLC	Legal counsel	$ 216,200
Reed Smith LLP	Legal counsel	146,252
Aon Consulting, Inc.	Actuary	109,159
Levi, Ray & Shoup, Inc.	Plan automation support	87,413
Cherry Bekaert LLP	Audit	60,291
ADP Payroll Services	Pension payroll service	55,488
PBI Research Services	Pension payroll service	42,000
Carahsoft Technology Corporation	Plan automation support	29,800
TOTAL PROFESSIONAL SERVICE FEES		**$ 746,603**

INVESTMENT

UNAUDITED

CONSULTANT REPORT ON INVESTMENT ACTIVITY

Segal Marco Advisors

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212.251.5061 www.segalmarco.com

September 15, 2023

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 2023

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, 2023. This letter will also highlight any changes to the plan in fiscal year 2023.

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 2023 fiscal year, the Trustees reviewed a new asset allocation study and did not make changes to the target allocations for each asset class. This review of the asset allocation mix is a 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 policy target ranges, with the exception of domestic fixed income, which was just outside of the allowable range. This was due to a timing issue and is expected to be resolved in short order as funds are raised for cash flow needs. Allocating assets to private markets also 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 39.7% in equities, 8.7% in real estate, 25.0% in fixed income, 7.3% in hedge fund strategies, 12.3% in private equity/debt, 4.4% in multi asset class strategies, 1.8% in infrastructure, 0.4% in natural resources, and 0.3% in cash. Over the long-term, which is the framework for considering the term structure of the Plans' liabilities, we expect the asset allocation will continue to meet the benefit needs while providing growth and adequate diversification.

CONSULTANT REPORT ON INVESTMENT ACTIVITY

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Economic and Market Commentary

In the second half of the 2023 fiscal year, all equities were in positive territory as investor sentiment rose during the second quarter of 2023. Riskier assets demonstrated stronger performance for the quarter than defensively oriented fixed income assets, suggesting that investors' appetite for risk has generally been high. Equity markets were positively impacted by investors' optimism that inflation has peaked and the belief that rate hikes would begin to slow down.

The U.S. stock market, as measured by the benchmark, Russell 3000 Index, returned 18.95% for fiscal year 2023. Inflation continued to dominate headlines over the course of the year, and consumer sentiment rose at the end of the fiscal year as inflation began to moderate and the Fed paused further interest rate hikes in June. All sectors in the Russell 3000 Index, except for real estate and utilities, saw positive returns for the fiscal year period, primarily due to slowing inflation and the fact that initial concern around the U.S. debt ceiling declined after Congress approved legislation to suspend the debt ceiling in June. The IT sector (+40.26%) came out the strongest, followed by industrials (+25.16%). Equity performance was driven by the significant bounce back of technology stocks in calendar year 2023, which posted strong returns as enthusiasm increased around artificial intelligence.

Non-U.S. developed equities also produced gains during the fiscal period, as well as during the first half of 2023. The non-U.S. equity market, as measured by the benchmark MSCI EAFE Index, returned 18.77% for fiscal year 2023. Japan drove developed international equity market returns as expectations of governance reforms boosted investor sentiment and foreign investment interest grew over the second quarter of 2023. The pressures of inflation decreased in most countries, and Europe posted positive returns during the year as inflation declined from 6.1% in May to 5.5% in June. The U.K. market underperformed broad international developed indices due to high inflation and ow growth expectations throughout the year. All sectors in the MSCI EAFE, except for real estate, posted positive results during the fiscal year period with IT (+32.66%) and consumer discretionary (+30.58%) being the best performing.

Emerging markets stocks demonstrated positive returns but lagged U.S. stocks and developed international stocks over the fiscal year period as tensions continued between the U.S. and China. China demonstrated slower economic growth as the Shanghai Composite Index was positive for the first half of 2023, and the positive sentiment behind artificial intelligence within the IT sector resulted in the outperformance of Korea and Taiwan compared to other countries. India also saw a rebound in performance for the year as the country's economic outlook continues to improve and is projected to outpace China's economic growth by the end of 2023. Latin America posted the highest return for the year (+29.84%) due to fiscal policy optimism, while Asian markets were among the weakest on a fiscal year basis given the slowing growth of the Chinese economy. The emerging market asset class, as measured by the benchmark MSCI Emerging Markets Index, returned 1.75% for fiscal year 2023 and valuations remain well above their long-term median.

Within the fixed income market, the yield curve further inverted during the second half of 2023, with short-term rates rising faster than long-term rates. The Federal Reserve hiked rates by 25 bps in May, but paused rate increases in June after 10 consecutive rate hikes. Shorter-maturity yields rose, with the 2-year Treasury note rising by 81 basis points over the second quarter of 2023. The 10- and 30-year Treasury yields increased during the quarter as well. Fiscal year returns from fixed

CONSULTANT REPORT ON INVESTMENT ACTIVITY

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income were all in positive territory, except for the U.S. Aggregate, Government/ Credit, Government, and Investment Grade CMBS, which posted slight losses.

Fund Summary of Investment Performance

On a net of fee basis, the Fund earned a return of 5.1% for the one-year period ending June 30, 2023. 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 that will fluctuate in any given year. The Fund's assets increased from $3.0 billion as of fiscal year-end 2022 to approximately $3.1 billion as of fiscal year-end 2023. Over the 5-year time period ending June 2023, the Fund outpaced its benchmark averaging a 6.0% annual return versus 5.2% for the Interim Policy Benchmark. It is important to note that a pension fund is a long-term investment vehicle established to pay for participants' benefits. Over the 10-year time period, the Fund outpaced its benchmark returning 6.6% versus 6.0% for the Interim Policy Index. The Fund has also outpaced its benchmark over the 7- year and since inception time periods, returning 7.2% vs. 6.1% over the 7- year period.

During this most recent fiscal year, the Fund's asset allocation contributed to relative performance versus the Policy benchmark. Manager selection, that is the component contributed by actively managed investments, added to the allocation effect. The Long-Term Policy Index[1] return, which assumes that the Fund's asset allocation was invested primarily in passive index funds, was higher at 6.0%.

The one-year performance was strong on an absolute basis. The diversified holdings of the ERFC Fund have been a contributor to its long-term success. The Fund is slightly overweight to U.S. investments, coupled with an underweight to international developed investments, while still maintaining a diversified geographic and asset class investment structure. This diversification was an important factor in the total fund performance during this most recent period. The Fund has investments across the major public and private equity, fixed income, and real estate capital markets. Large cap equity, international equity, and domestic fixed income added the most value to the Fund's attribution versus the Long-Term Policy. Pension investors such as the ERFC Fund have long-term horizons over which benefits will be paid. Therefore, ERFC and its peers diversify a portion of assets to less liquid, private investments with higher expected returns where the

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[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 / 2.6% MSCI World / 3% MSCI AC World Index / 4% BBgBarc US TIPS TR / 2% JPM GBI-EM Global Diversified TR / 7% NCREIF - ODCE NET / 17.4% BBg Barc US Aggregate TR / 8% BBg Barc US Credit TR / 4% BBg Barc US 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: 13% Russell 1000 / 8% Russell 2000 / 5% MSCI ACWI ex USA / 5% MSCI Emerging Markets / 5% MSCI World / 2.6% MSCI AC World / 3% CPI +4% / 4% BBgBarc US TIPS TR / 2% JPM GBI-EM Global Diversified TR / 7% NCREIF - ODCE NET / 13% BBg Barc US Aggregate TR / 8% BBg Barc US Credit / 4% BBg Barc US Corporate High Yield +150 bps / 5% HFRI Fund of Funds Composite Index / 7% ThomsonOne All Regions Private Equity Index / 1.4% BBg Barc US Aggregate TR / 2% 90 Day US Treasury Bill / 5.0% MSCI EAFE Small Cap

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invested capital is not needed for benefit payments over a 5 to 7-year period. These private market investments are typically not similarly affected by short-term moves in stocks, interest rates and inflation. These investments have added value to the Fund over longer periods and continue to be an important allocation.

Equities

The ERFC Fund is diversified across U.S. and non-U.S. markets. During fiscal year end 2023, equity markets exhibited positive returns, with U.S. equities returning 8.4% for the quarter and 19.0% for the one-year period, reflecting a slowdown in inflation and a pause in interest rate hikes. Calendar year to date through June 30, 2023, U.S. equities remained in positive territory. The U.S. stock market, as measured by the benchmark, Russell 3000 Index, returned 19.0% for fiscal year 2023. Positive performance in the U.S. was a result of slowing interest rates, moderating inflation, and a decrease in recession fears. In the U.S., the poorest performing sectors were real estate, utilities, and healthcare. The IT sector performed well and led the way within the U.S. equity markets for the year. In addition, industrials, consumer discretionary, and energy were among the top performing sectors.

Similarly, Non-U.S. developed equities were largely positive in the first half of 2023, as well as fiscal year 2023. The non-U.S. equity market, as measured by the benchmark MSCI AC World ex USA Index, returned 17.4% for fiscal year 2023. Within non-U.S. developed countries, energy supply concerns faded, and optimism grew around the idea that inflation had peaked, both of which caused international equities to surge. Eurozone GDP rose +0.1% quarter over quarter, but the economy was hit during the second quarter of 2023 due to high inflation and rising interest rates. China's GDP grew at a rate of 6.3% in the first half of 2023 and Japan's GDP rose 0.7% in the first quarter of 2023. U.S. GDP grew 2.4% in the quarter ending June 30, 2023. The poorest performing sectors were real estate and communication services. IT, consumer discretionary, and industrials were among the top performing sectors.

Emerging markets stocks were the worst performing of the equity markets during the quarter as well as the fiscal year, returning 0.9% and 1.8% respectively. Emerging market equities rose during the year with the U.S. dollar weakening and investor optimism growing around slower interest rate increases. The growing tensions between the U.S. and China however hindered emerging markets performance, as did China's lower than expected economic recovery. The U.S. dollar weakened during the first half of 2023, and India and Brazil were two areas that posted strong quarter end returns as their economic outlooks improved. The emerging market asset class as measured by the benchmark, MSCI Emerging Markets Index, returned 1.8% for fiscal year 2023. Sector performance was split during the second quarter of 2023. Real estate, consumer discretionary, and healthcare were the poorest performing sectors for the year, posting negative returns, while IT, energy, and financials were among the top performing sectors.

Domestic Equity Portfolio:

For the fiscal year 2023 period, the domestic equity composite held $637 million (20.7% of total Fund assets). The Total Domestic Equity Portfolio returned 18.2%, versus the Russell 3000 Index return of 19.0%, for the fiscal year. The passive managers matched their benchmarks, while active manager selection in U.S. stocks posted mixed results.

CONSULTANT REPORT ON INVESTMENT ACTIVITY

September 15, 2023
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International Developed Equity Portfolio:
For the fiscal year 2023 period, the international developed equity composite held $150 million (4.9% of total Fund assets). The total international equity portfolio returned 17.7%, outperforming the MSCI ACWI ex USA return of 12.7%. Both active managers outpaced the index.

International Small Cap Equity Portfolio:
The international small cap equity composite held $144 million (4.7% of total Fund assets). The total international small cap equity composite returned 9.6%, lagging the MSCI EAFE Small Cap Index return of 10.2% for the fiscal year. The active manager selection in the portfolio posted mixed results.

Emerging Market Equity Portfolio:
The emerging market equity composite held $143 million (4.6% of total Fund assets). The total emerging market equity composite returned -2.0%, lagging the MSCI Emerging Market Index return of 1.7%.

Global Equity Portfolio:
For the fiscal year 2023 period, the global equity composite held $147 million (4.8% of total Fund assets). The total global equity composite returned 14.0%, lagging the MSCI AC World Index return of 16.5%.

Fixed Income
Domestic fixed income spreads narrowed across all sectors during the second quarter of 2023, with high yield bonds and ABS experiencing the largest decrease over the prior quarter. Shorter-maturity yields rose, resulting in improved liquidity in the short Treasury market. Two-year Treasuries rose by 81 basis points over the prior quarter. Longer-maturity yields increased as well, with the 10- and 30-year Treasury yields increasing 32 basis points and 16 basis points over the prior quarter, ending the quarter at 3.81% and 3.85%, respectively.

Global Central bank deposit rates remained negative in Japan, while rates in Europe and the UK ended in positive territory. 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, and central banks in the U.S., Europe, and the UK continued to raise rates. The U.S. dollar depreciated relative to the yen, British pound, and Euro. Global returns were negative for the second quarter of 2023, while emerging markets debt returns were positive and posted the highest returns.

Domestic Fixed Income Portfolio:
For fiscal year 2023, the total domestic fixed income composite held $601 million (19.6% of total Fund assets). The composite returned 1.1%, versus the Bloomberg U.S. Aggregate return of -0.9%.

TIPS Portfolio:
For fiscal year 2023, the total TIPS composite held $101 million (3.3% of total Fund assets). The composite returned -1.4%, versus the Bloomberg U.S. TIPS index return of -1.4%.

CONSULTANT REPORT ON INVESTMENT ACTIVITY

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Emerging Market Debt Portfolio:
For fiscal year 2023, the total emerging market debt composite held $66 million (2.2% of total Fund assets). The composite returned 12.4%, versus the JP Morgan GBI-EM index return of 11.4%.

MACS Portfolio: (Better Beta/Global Asset Allocation)
For fiscal year 2023, the MACS composite held $135 million (4.4% of total Fund assets). The composite returned 7.5%, versus the custom Index return of 10.3%.

Real Estate:
The real estate market was among the negative performing asset classes for fiscal year 2023. In the U.S., retail sector appreciation was -1.44%, apartment sector appreciation was -2.02%, office sector appreciation was -7.00%, and industrial sector appreciation was -1.60% during the second quarter of 2023. For the same time period, retail sector income was 1.27%, apartment sector income was 0.98%, office sector income was 1.21% and industrial sector income was 0.85%. In the U.S., the returns by region for the second quarter of 2023 was as follows: East (-2.70%), Midwest (-1.29%), South (-0.80%) and West (-2.23%).

Real Estate Portfolio:
For fiscal year 2023, the total real estate composite held $268 million (8.7% of total Fund assets). The composite returned -9.0%, versus the ERFC's blended real estate (custom) index return of -10.6%. The Real Estate sector experienced double digit losses for the 2023 fiscal period.

Hedge Funds:
The HFRI Fund Weighted Composite Index returned 2.15% during the second quarter of 2023. Emerging markets funds (2.97%) outperformed the rest of the hedge fund landscape, while relative value (1.21%) and event driven (1.28%) trailed broader hedge fund peers. Relative Value performance was driven by funds that focused on sovereign and asset-backed investments, while volatility and multi-strategy funds were muted. Equity Hedge funds generated the highest returns (7.39%) for the fiscal year, as quantitative directional and fundamental growth managers outperformed their peers.

Hedge Fund Portfolio:
For fiscal year 2023, the total hedge fund opportunistic composite held $226 million (7.3% of total Fund assets).

Infrastructure:
European infrastructure funds returned 3.4% in Q1 2023, followed by global infrastructure funds (2.0%), and North American funds (1.0%). Core and core plus strategies represented most of the infrastructure funds in the market. Public infrastructure, as measured by the FTSE Global Core Infrastructure 50/50 Index, returned 0.6% in Q1 2023, and -7.8% over the trailing one-year time period.

Infrastructure Portfolio:
For fiscal year 2023, the total infrastructure composite held $54 million (1.8% of the total Fund).

CONSULTANT REPORT ON INVESTMENT ACTIVITY

In fiscal year 2023, Segal Marco Advisors helped the Fund implement several changes within the asset class structures. Segal also reviewed the Fund's asset allocation mix and presented a few new mixes for Trustee consideration. The Trustees voted to remain with the existing asset allocation mix in June of 2023 and the process of rebalancing in order to move the overall fixed income allocation closer to the long-term target will take place in the last quarter of 2023. 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 2023 within the real estate, infrastructure, private equity, private debt, and natural resources portfolios.

Segal continued its education sessions with Trustees in 2023. We provided education on recession, inflation, real estate, public equity investing, fixed income investing, and 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

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:

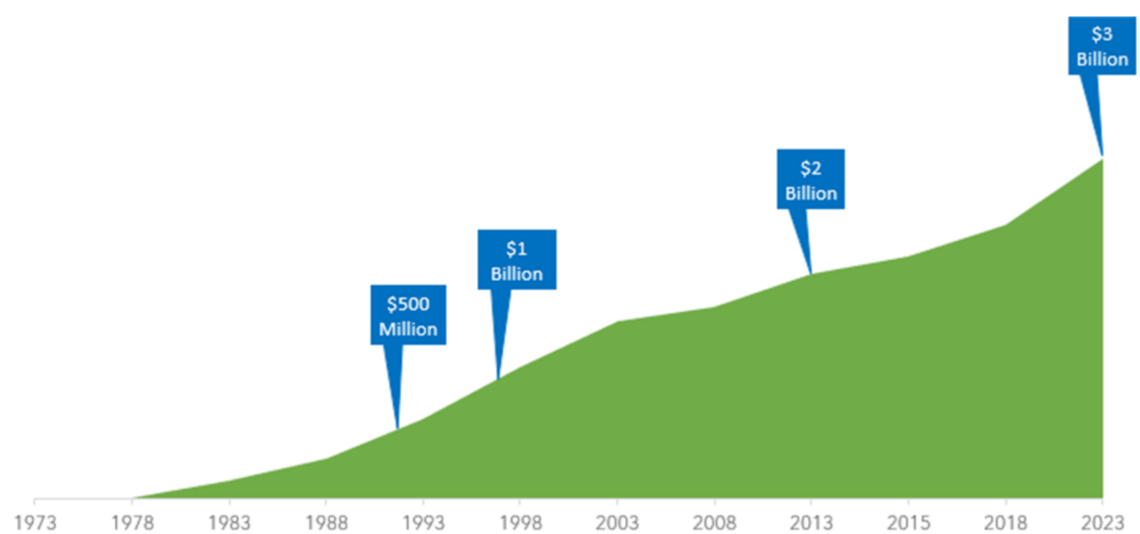
- the anticipated financial needs of the ERFC
- consideration of risk tolerance; and
- the need to document and communicate objectives, guidelines and standards to the investment managers.

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, 2022 actuarial valuation)



INVESTMENT MANAGERS

INVESTMENT MANAGERS
As of June 30, 2023

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Large Capitalization Equity		
	Mellon Capital Management Corp.	Core Index (Russell 1000)
Small Capitalization Equity		
	Cramer Rosenthal McGlynn, LLC	Value
	Schroder Investment Management NA, Ltd.	Core
	Westfield Capital Management	Growth
International Equity		
	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
Multi-Asset Class Solutions (MACS)		
	Bridgewater Associates, Inc.	Better Beta
	Wellington Management Co.	Global Asset Allocation
Real Estate		
	Atlas Capital Group	Value-Added
	Berkshire	Value-Added
	Carlyle	Core-Plus
	Centerbridge Partners	Opportunistic
	DivcoWest	Value-Added
	DRA Advisors	Value-Added
	FPA Multifamily	Value-Added
	Hammes Partners	Core-Plus
	Investors Diversified Realty	Value-Added
	IPI Partners	Value-Added
	JP Morgan Asset Management	Core-Plus
	Landmark Partners	Secondary
	PGIM Real Estate	Core
	Torchlight investors	Opportunistic

INVESTMENT MANAGERS

INVESTMENT MANAGERS
As of June 30, 2023

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	Multi-Asset Class
Infrastructure		
	Actis	Opportunistic
	BlackRock	Value-Added
	Climate Adaptive	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
	Flagship	Venture Capital
	Foundation Capital	Venture Capital
	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
	Ridgemont	Buyout
	Searchlight Capital	Special Situations
	Sentinel	Buyout
	Stellex Capital Partners	Special Situations
	Sterling Group Partners	Buyout
	STG	Buyout
	TA	Buyout
	Vitruvian Investment Partnership	Buyout

INVESTMENT MANAGERS

INVESTMENT MANAGERS

As of June 30, 2023

SECTOR	INVESTMENT MANAGER	INVESTMENT TYPE
Private Debt		
	Audax	Mezzanine
	Davidson Kempner	Distressed
	FP Credit Partners	Special Situations
	HarbourVest Partners	Fund of Funds
	Newstone Capital	Direct Lending
	OHA	Distressed
	Silver Point	Opportunistic
	Silver Rock	Opportunistic
	Strategic Value	Distressed
Natural Resources		
	Ara Partners	Sustainability
	Kimmeridge	Energy
	Paine Schwartz Partners	Agriculture & Timber

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT
As of June 30, 2023

SECTOR	INVESTMENT MANAGER	AMOUNT
Large Capitalization Equity		
	Mellon Capital Management Corp.	$ 375,610,314
Small Capitalization Equity		
	Cramer Rosenthal McGlynn, LLC	86,444,152
	Schroder Investment Management NA, Ltd.	85,493,289
	Westfield Capital Management	90,529,584
International Equity		
	Acadian Asset Management	1,128,507
	Causeway Capital	132,142
	Mellon Capital Management Corp.	83,430,711
	William Blair & Company	64,993,838
International Small Capitalization Equity		
	Barings Investment	69,047,288
	Global Alpha	75,236,581
Emerging Market Equity		
	William Blair & Company	142,687,123
Global Equity		
	Lazard Asset Management	147,085,113
U.S. Fixed Income		
	DoubleLine Capital, L.P.	168,432,929
	Fidelity Institutional Asset Management	184,940,454
	Loomis Sayles & Company	248,091,871
	Mellon Capital Management Corp.	100,751,812
Emerging Market Debt		
	Mondrian Investments	66,102,994
Multi-Asset Class Solutions (MACS)		
	Bridgewater Associates, Inc.	64,848,898
	Wellington Management Co.	70,058,542
Real Estate		
	Atlas Capital Group	2,015,470
	Berkshire	18,457,864
	Carlyle	43,383,078
	Centerbridge Partners	3,725,735
	DivcoWest	7,196,657
	DRA Advisors*	(59,444)
	FPA Multifamily	1,961,397
	Hammes Partners	2,997,037
	Investors Diversified Realty	34,960,017
	IPI Partners	9,035,204
	JP Morgan Asset Management	62,631,768
	Landmark Partners	21,343,763
	PGIM Real Estate	56,489,762
	Torchlight investors	7,034,578

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT
As of June 30, 2023

SECTOR	INVESTMENT MANAGER	AMOUNT
Hedge Funds-Opportunistic		
	Grosvenor Institutional Partners	$ 226,318,416
Infrastructure		
	Actis	760,778
	BlackRock	585,454
	Climate Adaptive	1,718,183
	Grain Communications	1,975,781
	ISQ Global	869,893
	JPMorgan	16,599,458
	KKR	25,793,102
	Peppertree Capital	2,344,475
	Stonepeak	1,628,757
	Tiger	1,672,091
Private Equity		
	Accomplice	16,105,299
	Charlesbank	3,686,927
	GCM	2,904,155
	Flagship	1,977,750
	Foundation Capital	3,775,568
	Glouston	2,783,142
	Greenbriar*	(25,314)
	HarbourVest Partners	119,843,441
	Hidden Harbor	2,108,302
	JMI	5,409,086
	K5	4,413,670
	Lakestar	24,450,710
	Lexington Capital Partners	29,036,981
	Lightspeed	26,580,801
	Linden Capital Partners	2,661,601
	Oakley	674,500
	Private Advisors	33,011,726
	Ridgemont	644,123
	Searchlight Capital	13,897,348
	Sentinel*	(10,709)
	Stellex Capital Partners	2,856,665
	Sterling Group Partners	4,579,615
	STG	4,632,709
	TA	3,957,738
	Vitruvian Investment Partnership	6,896,739
Private Debt		
	Audax	409,336
	Davidson Kempner	10,487,761
	FP Credit Partners	12,119,220
	HarbourVest Partners	2,769,211

ASSETS UNDER MANAGEMENT

ASSETS UNDER MANAGEMENT
As of June 30, 2023

SECTOR	INVESTMENT MANAGER		AMOUNT
	Newstone Capital	$	770,840
	OHA		9,336,240
	Silver Point		11,741,597
	Silver Rock		6,010,667
	Strategic Value		7,742,584
Natural Resources			
	Ara Partners*		(3,959)
	Kimmeridge		10,146,330
	Paine Schwartz Partners		3,412,247
Cash (Temporary Cash)			8,453,039
Total		$	3,076,733,102

* 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

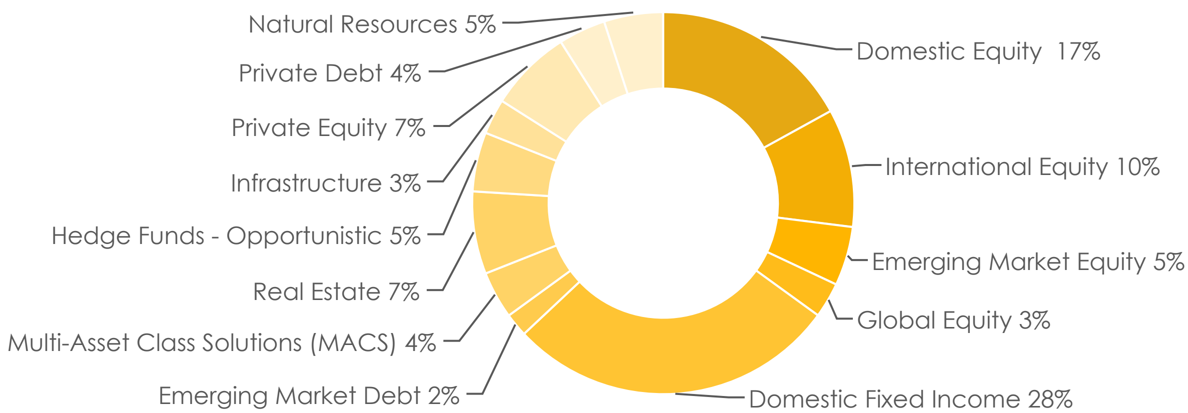
INTERIM STRATEGIC TARGET ALLOCATION AS OF JUNE 30, 2023

The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2023. 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, 2023.

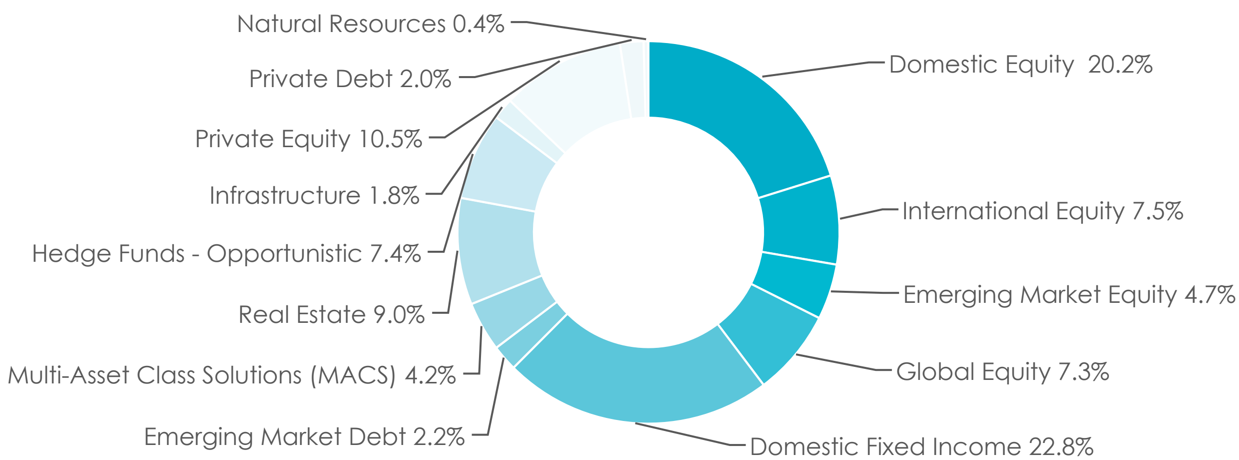
ACTUAL ASSET ALLOCATION AS OF JUNE 30, 2023

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

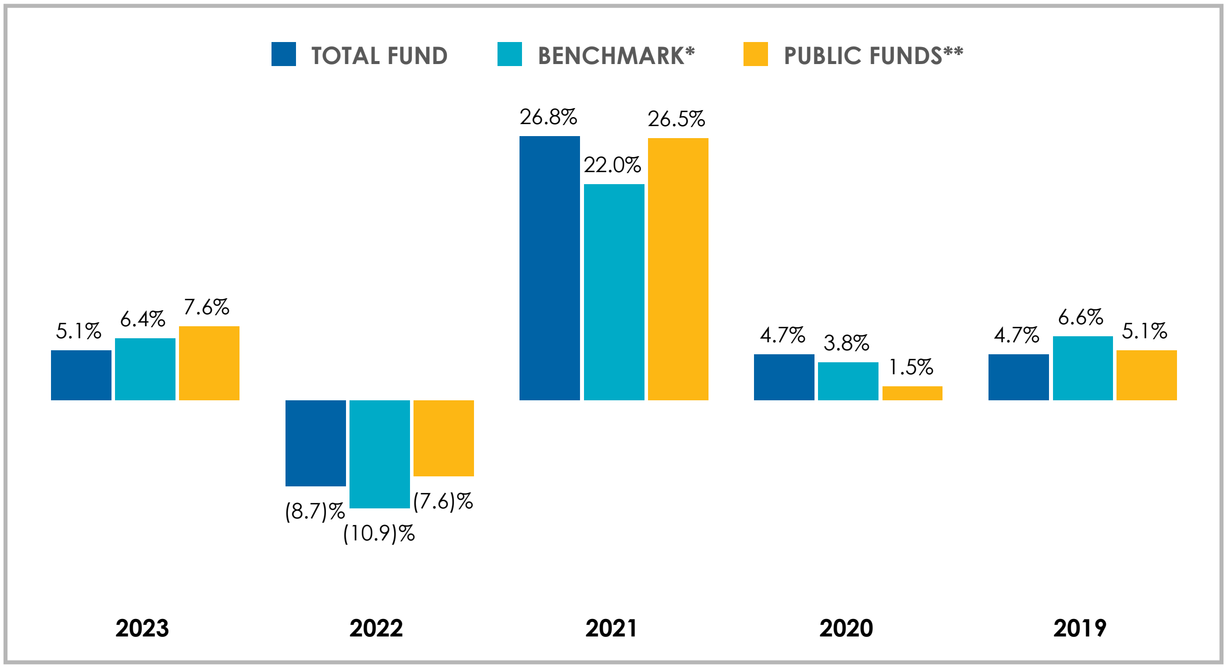


INVESTMENT RESULTS

TOTAL FUND RETURNS

FISCAL YEARS ENDING JUNE 30

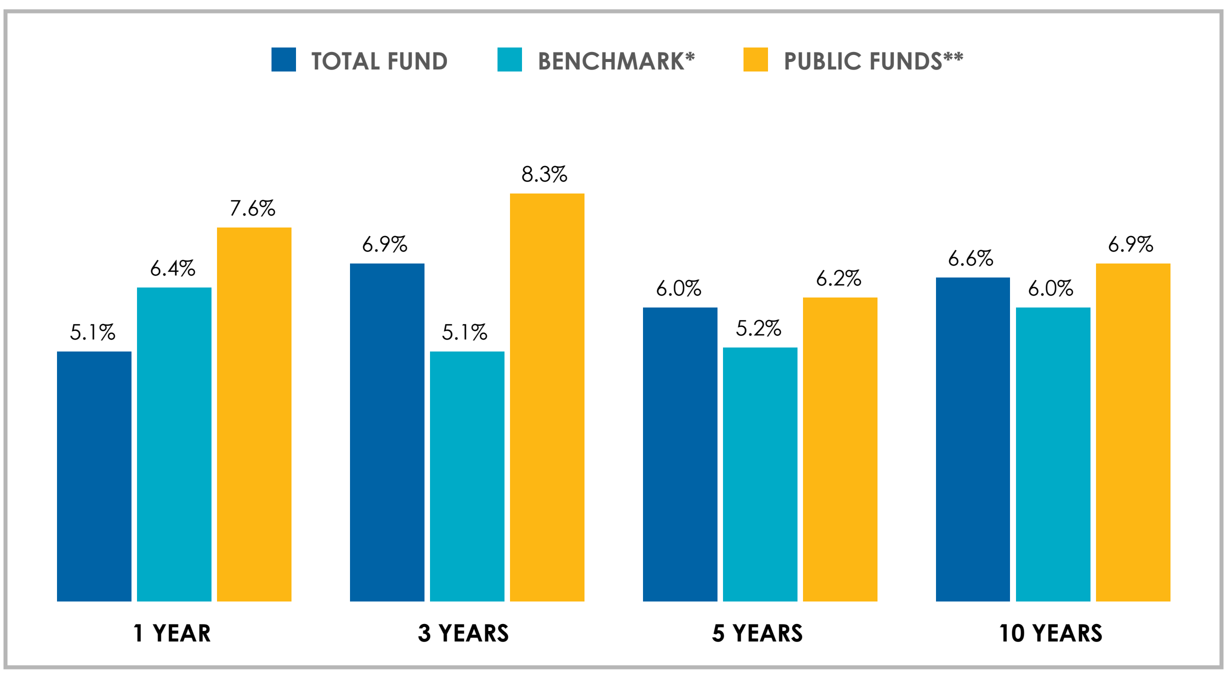
(NET OF FEES)



TOTAL FUND RETURNS

TRAILING YEARS ENDING JUNE 30, 2023

(NET OF FEES)

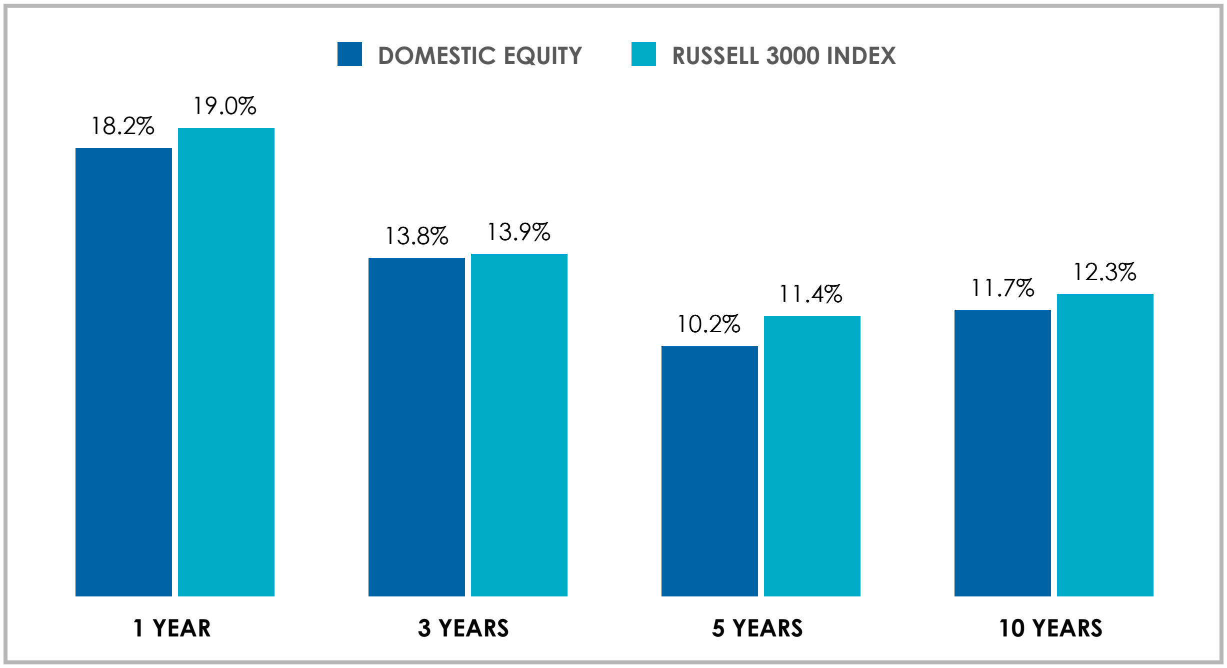


* 13.0% Russell 1000 Index, 8.0% Russell 2000 Index, 5.0% MSCI AC World ex USA (Net), 5.0% MSCI EAFE Small Cap (Net), 5.0% MSCI EM (net), 5.0% MSCI AC World Index (Net), 13.0% Blmbg. U.S. Aggregate, 8.0% Blmbg. U.S. Gov't/Credit, 4.0% Blmbg. U.S. TIPS, 2.0% JPM GBI-EM Global Diversified TR, 2.6% MSCI AC World Index (Net), 1.4% Blmbg. U.S. Aggregate, 5.0% HFRI Fund of Funds Composite Index, 2.0% 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

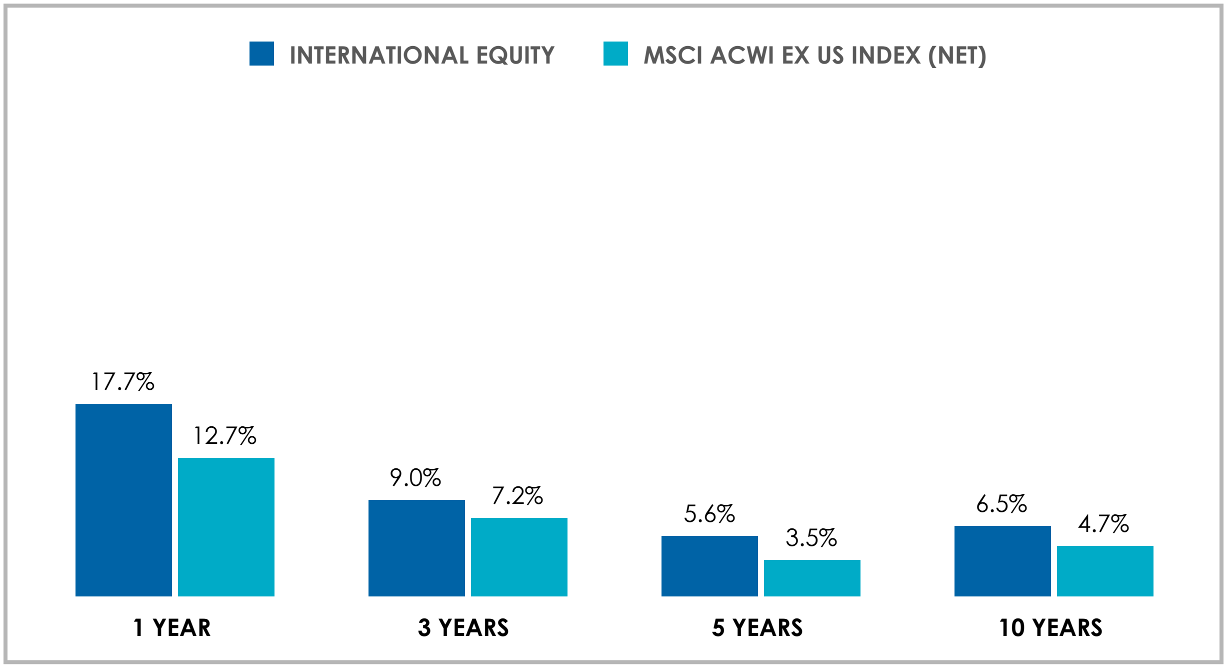
** Investment Metrics Public Plan Universe > $1B

INVESTMENT RESULTS

DOMESTIC EQUITY
(NET OF FEES)

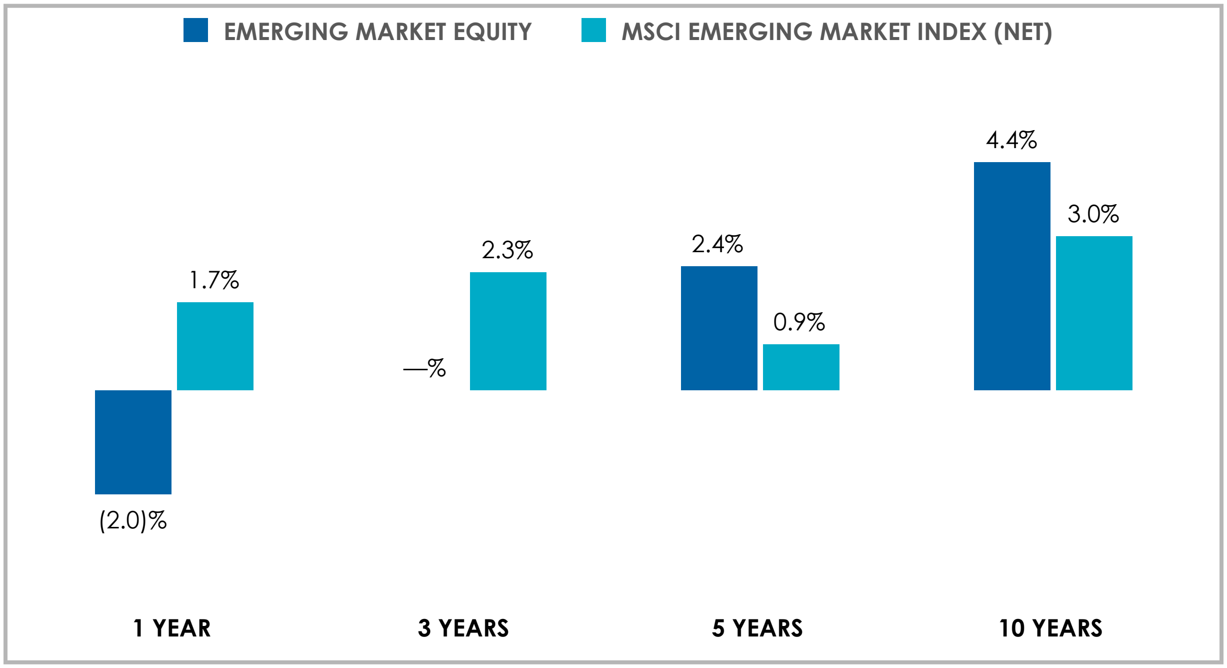


INTERNATIONAL EQUITY
(NET OF FEES)

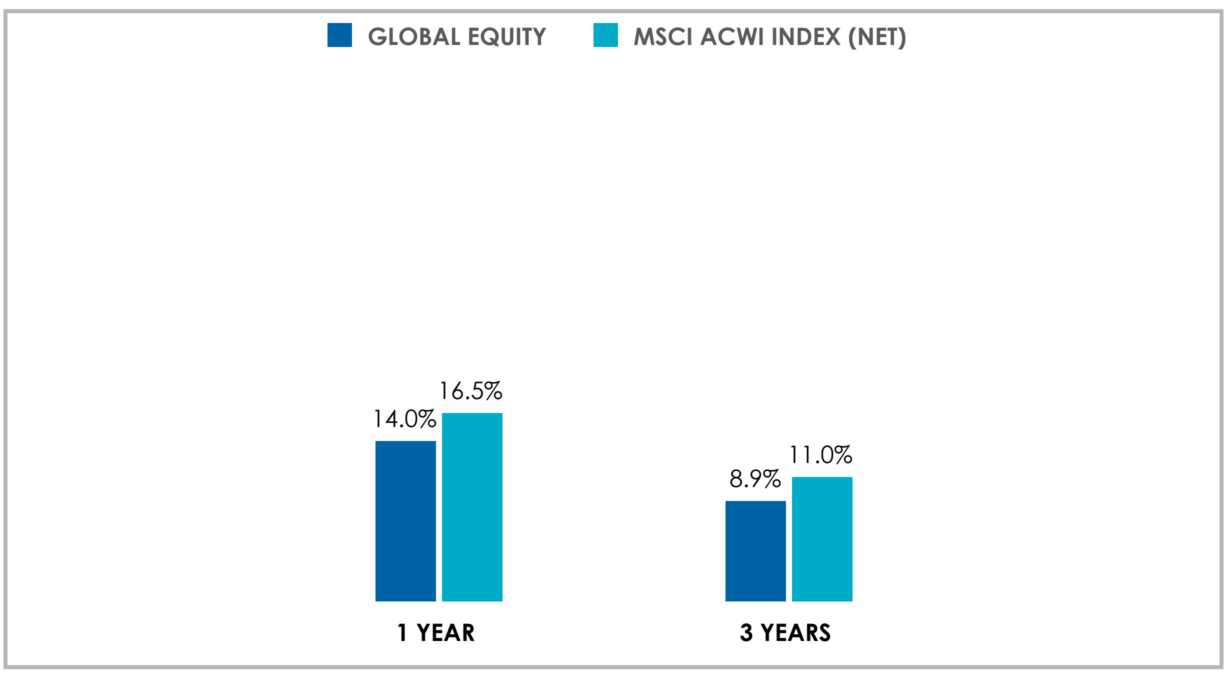


INVESTMENT RESULTS

EMERGING MARKET EQUITY
(NET OF FEES)



GLOBAL EQUITY
(NET OF FEES)

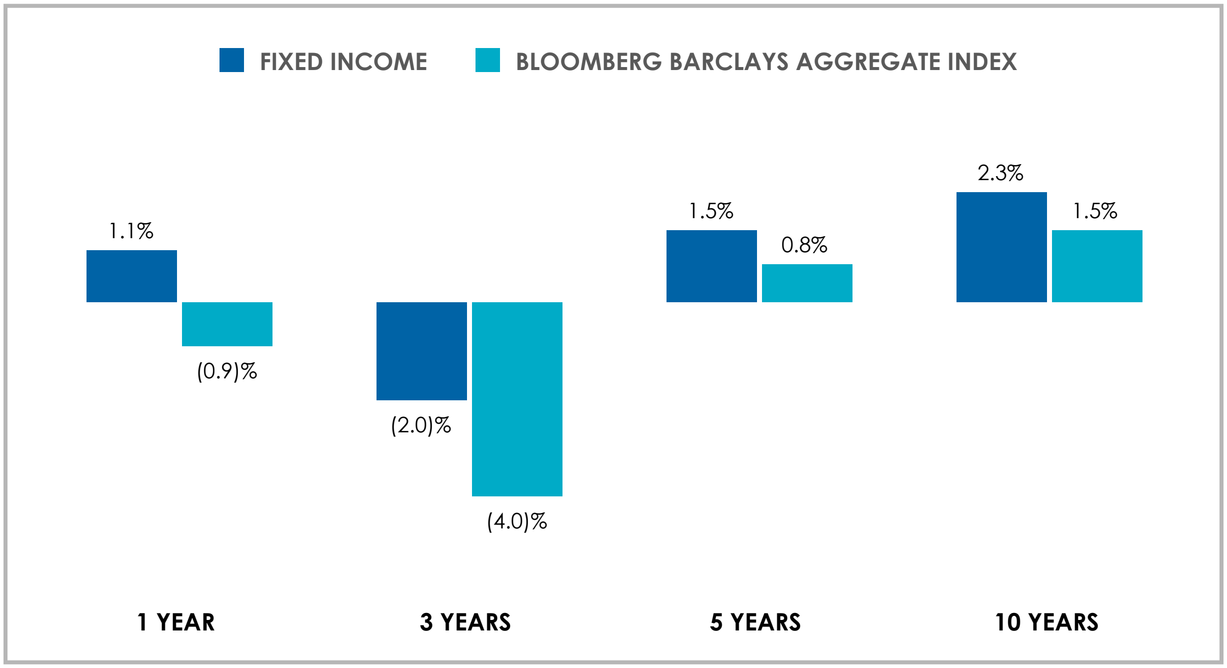


INVESTMENT RESULTS

DOMESTIC FIXED INCOME

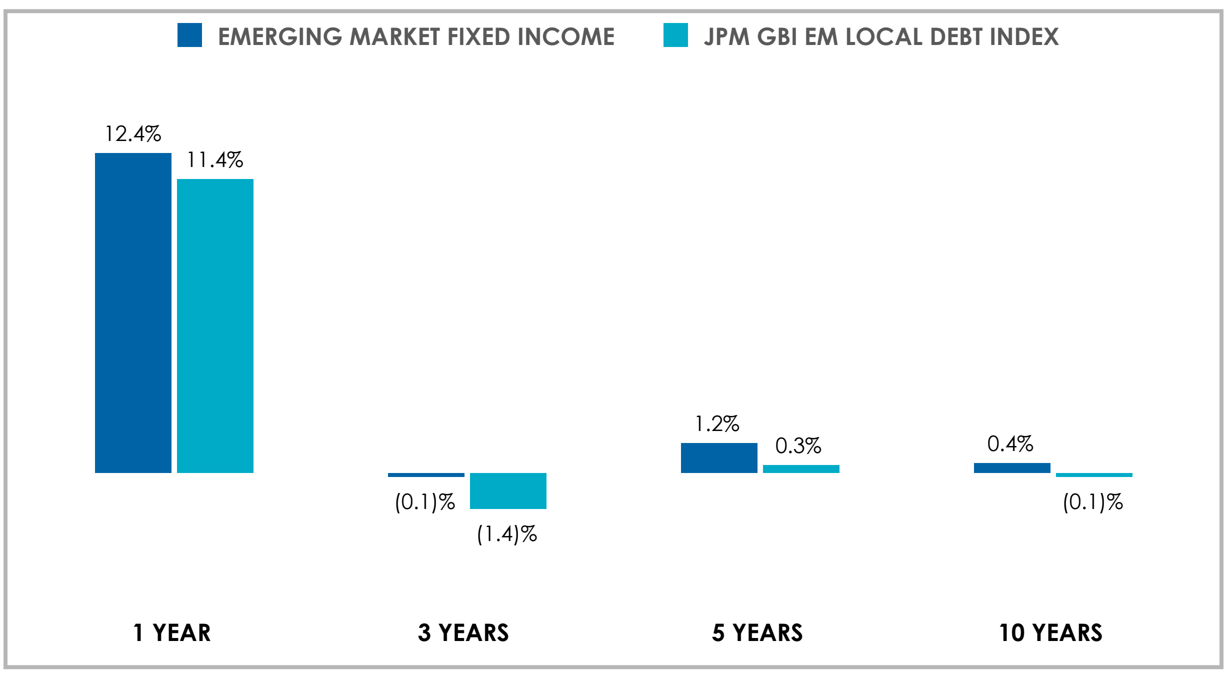
FOR THE PERIODS ENDING JUNE 30, 2023

(NET OF FEES)



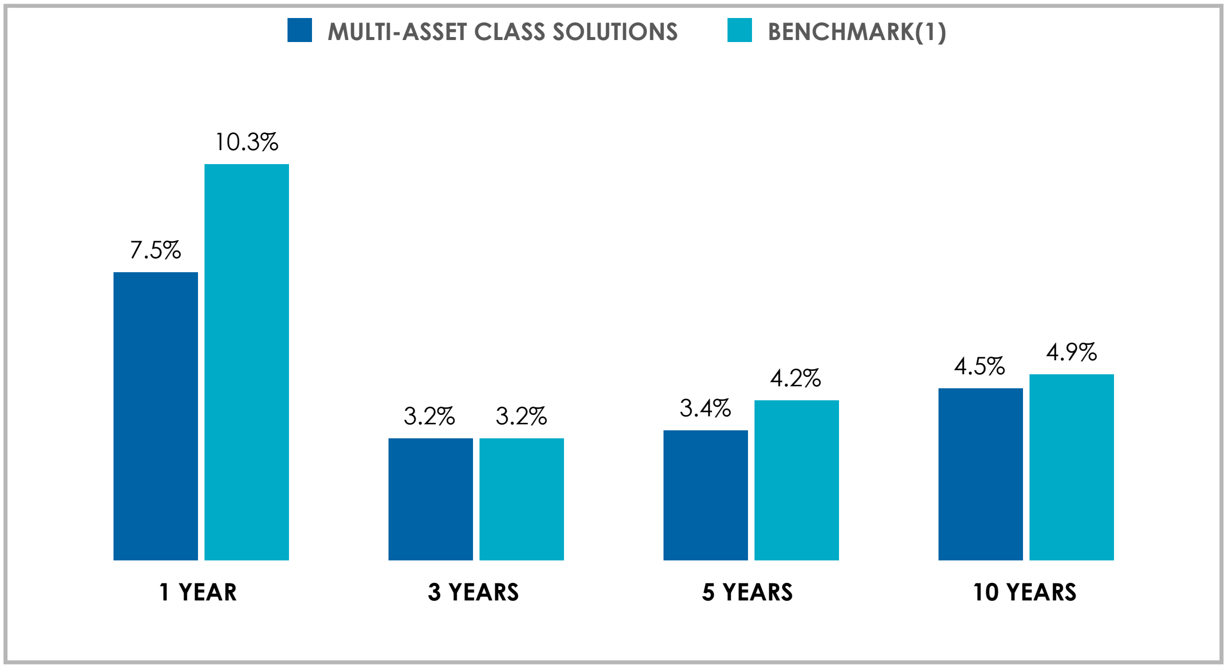
EMERGING MARKET FIXED INCOME

(NET OF FEES)

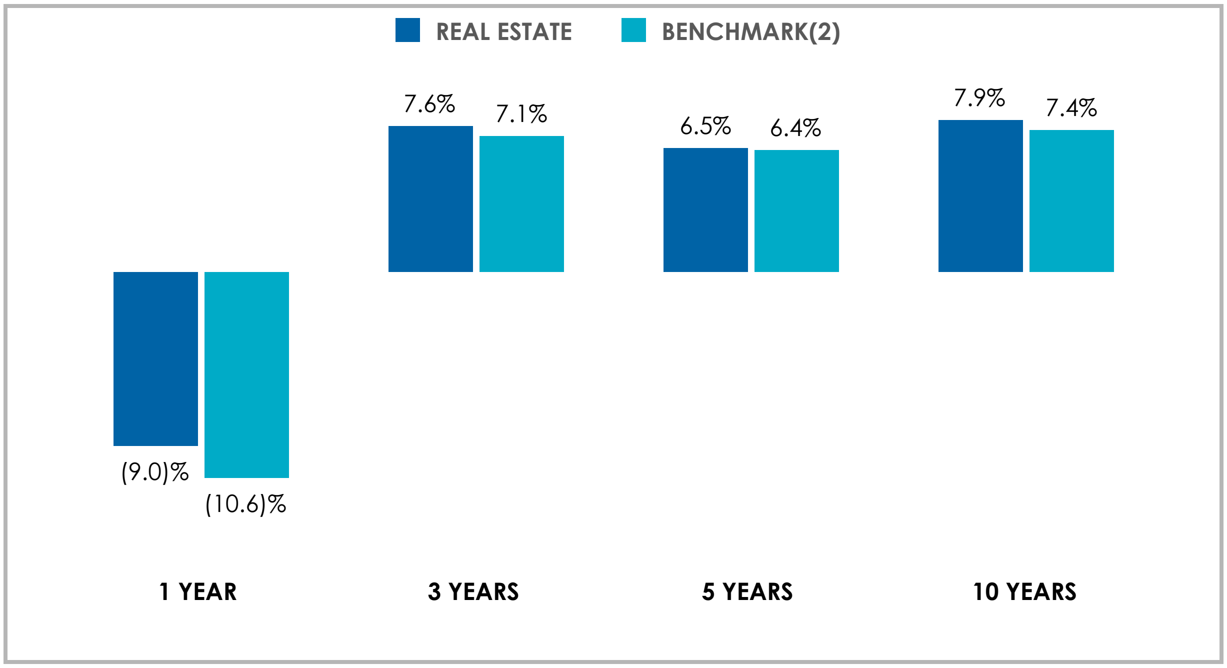


INVESTMENT RESULTS

MULTI-ASSET CLASS SOLUTIONS
(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% MSC (NET) / 35% BB Aggregate

(2) 100% NCREIF ODCE

SCHEDULES OF TEN LARGEST EQUITY & FIXED INCOME HOLDINGS

(As of June 30, 2023)

TEN LARGEST EQUITY HOLDINGS*

NO. SHARES	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
107,488	HOSTESS BRANDS INC	$ 1,918,582	$ 2,721,596	0.09 %
5,800	KEYENCE CORP	2,587,530	2,722,731	0.09
84,440	OPTION CARE HEALTH INC	1,995,653	2,743,456	0.09 %
54,469	MATADOR RESOURCES CO	2,852,982	2,849,818	0.09 %
123,684	ABCAM PLC	1,814,184	3,026,547	0.10 %
8,857	LULULEMON ATHLETICA INC	2,626,278	3,352,375	0.11 %
44,302	ARCOSA INC	2,510,130	3,356,763	0.11 %
108,297	CHAMPIONX CORP	1,412,534	3,361,539	0.11 %
54,185	RELIANCE INDUSTRIES LTD	3,393,666	3,368,882	0.11 %
4,997	LVMH MOET HENNESSY LOUIS VUITT	2,990,061	4,704,840	0.15 %
TOTAL		**$ 24,101,600**	**$ 32,208,547**	**1.05 %**

TEN LARGEST FIXED INCOME

PAR VALUE	SECURITY	COUPON	MATURITY	COST	FAIR VALUE	% OF TOTAL PORTFOLIO
4,361,000	US TREASURY NOTE	2.880 %	5/15/2032	$ 4,338,576	$ 4,043,465	0.13 %
6,353,000	US TREASURY BOND	1.750 %	8/15/2041	6,140,750	4,463,231	0.14 %
5,700,000	US TREASURY NOTE	3.750 %	5/31/2030	5,620,687	5,620,734	0.18 %
7,000,000	US TREASURY NOTE	3.500 %	2/15/2033	6,811,154	6,818,438	0.22 %
10,245,000	US TREASURY NOTE	1.130 %	2/29/2028	9,130,856	8,966,881	0.29 %
13,807,000	US TREASURY BOND	2.000 %	8/15/2051	14,017,535	9,411,951	0.31 %
10,185,000	US TREASURY NOTE	3.380 %	5/15/2033	10,126,734	9,823,751	0.32 %
12,955,000	US TREASURY BOND	3.000 %	8/15/2052	10,718,853	11,160,799	0.36 %
20,245,000	US TREASURY NOTE	3.630 %	5/15/2053	19,697,511	19,460,506	0.63 %
23,515,000	US TREASURY BOND	4.000 %	11/15/2042	24,221,750	23,484,488	0.76 %
TOTAL				**$ 110,824,406**	**$ 103,254,244**	**3.34 %**

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

SCHEDULE OF BROKERAGE COMMISSIONS

(Year Ended June 30, 2023)

BROKER NAME	BASE VOLUME	TOTAL SHARES	BASE COMMISSION	COMMISSION PERCENTAGE
JEFFERIES & CO INC, NEW YORK	$ 28,593,358	876,720	$ 22,986	2.62 %
UBS SECURITIES LLC, STAMFORD	22,815,807	546,648	19,058	3.49
NATIONAL FINL SVCS CORP, NEW YORK	20,996,921	989,843	25,346	2.56
INSTINET CLEARING SER INC, NEW YORK	19,947,368	716,470	17,656	2.46
LIQUIDNET INC, NEW YORK	18,251,247	511,350	15,305	2.99
J.P MORGAN SECURITIES INC, NEW YORK	17,292,965	472,728	13,219	2.80
GOLDMAN SACHS & CO, NY	12,173,570	499,379	18,390	3.68
CREDIT SUISSE, NEW YORK (CSUS)	10,843,099	215,718	5,216	2.42
BARCLAYS CAPITAL LE, NEW YORK	9,242,221	301,691	9,215	3.05
WELLS FARGO SECURITIES, LLC, NEW YORK	8,653,221	171,125	6,566	3.84
BERNSTEIN SANFORD C & CO, NEW YORK	8,155,393	265,104	3,355	1.27
BAIRD, ROBERT W & CO INC, MILWAUKEE	8,008,570	184,643	7,350	3.98
MERRILL LYNCH PIERCE FENNER SMITH INC NY	6,970,856	250,244	6,363	2.54
SUNTRUST CAPITAL MARKETS INC, NEW YORK	6,638,417	209,231	8,369	4.00
ISI GROUP INC, NEW YORK	6,445,962	193,770	6,133	3.17
VIRTU AMERICAS LLC, NEW YORK	5,485,865	134,133	3,186	2.38
CITIGROUP GLOBAL MARKETS, INC., NEW YORK	5,432,128	112,725	3,426	3.04
MORGAN STANLEY AND CO., LLC, NEW YORK	5,246,713	52,202	3,701	7.09
UBS EQUITIES, LONDON	5,139,409	52,714	1,540	2.92
KEEFE BRUYETTE + WOODS INC, NEW YORK	5,015,518	203,270	8,131	4.00
KEYBANC CAPITAL MARKETS INC, NEW YORK	4,868,154	127,212	5,088	4.00
LUMINEX TRADING AND ANALYTICS, BOSTON	4,727,927	105,222	2,834	2.69
RBC CAPITAL MARKETS LLC, NEW YORK	4,646,483	163,979	6,212	3.79
STIFEL NICOLAUS	3,874,393	89,297	3,572	4.00
BERENBERG GOSSLER & CIE, HAMBURG	3,499,876	53,125	1,049	1.97
BMO CAPITAL MARKETS CORP, NEW YORK	3,437,813	116,323	4,245	3.65
JONESTRADING INST SVCS LLC, NEW YORK	3,420,134	123,112	3,566	2.90
ABEL NOSER, NEW YORK	3,398,164	126,507	5,060	4.00
COWEN AND CO LLC, NEW YORK	2,982,376	58,086	2,314	3.98
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	2,930,103	93,179	3,677	3.95
LOOP CAPITAL MARKETS, JERSEY CITY	2,284,506	87,550	3,502	4.00
PIPER JAFFRAY & CO., JERSEY CITY	2,162,455	80,286	3,211	4.00
WEDBUSH SECURITIES INC./P3, LOS ANGELES	2,128,360	27,330	1,093	4.00
NEEDHAM AND CO LLC, NEW YORK	2,087,362	49,305	1,972	4.00
UBS WARBURG ASIA LTD, HONG KONG	1,901,435	61,561	1,521	2.47
BANQUE PARIBAS, PARIS	1,807,934	96,758	543	0.56
INSTINET EUROPE LIMITED, LONDON	1,754,622	108,200	702	0.65
LEERINK SWANN AND COMPANY, NEW YORK	1,723,278	39,580	1,583	4.00
J P MORGAN SECS LTD, LONDON	1,679,138	136,597	687	0.50
UBS SECURITIES CANADA, TORONTO (BWIT)	1,529,619	10,241	139	1.36
SANFORD C BERNSTEIN & CO INC, LONDON	1,387,256	4,165	416	9.99
PAREL, PUTEAUX	1,270,308	8,401	508	6.05
LONDON	1,208,937	13,324	928	6.96
UBS AG LONDON BRANCH, LONDON	1,187,686	35,611	356	1.00
LONDON	1,110,091	4,746	774	16.31
OTHER BROKERS	8,892,421	243,581	8,796	0.50
TOTAL	**$ 303,249,439**	**9,022,986**	**$ 268,859**	**0.50**

INVESTMENT SUMMARY

	June 30, 2023		June 30, 2022	
	FAIR VALUE	**% FAIR VALUE**	**FAIR VALUE**	**% FAIR VALUE**
FIXED INCOME				
U.S. Government obligations	$ 160,214,589	5.2 %	$ 140,353,981	4.7 %
Asset-backed securities	151,874,330	4.9 %	147,774,908	4.9 %
Domestic corporate bonds	267,355,914	8.7 %	274,702,007	9.1 %
Convertible bonds	6,329,630	0.2 %	5,650,314	0.2 %
International bonds	586,765	— %	2,403,350	0.1 %
Municipal bonds	525,748	— %	538,258	— %
Index / Commingled fund	169,316,809	5.5 %	181,214,664	6.0 %
Total fixed income	**756,203,785**	**24.5 %**	**752,637,482**	**25.0 %**
DOMESTIC EQUITY				
Stocks	239,004,188	7.8 %	224,531,173	7.5 %
Index / Commingled fund	371,475,360	12.1 %	452,347,683	15.0 %
Total domestic equity	**610,479,548**	**19.9 %**	**676,878,856**	**22.5 %**
INTERNATIONAL EQUITY				
Stocks	75,662,718	2.5 %	64,366,821	2.1 %
Index / Commingled fund	517,502,537	16.8 %	390,598,945	13.0 %
Total international equity	**593,165,255**	**19.3 %**	**454,965,766**	**15.1 %**
REAL ESTATE				
Core	197,464,625	6.4 %	174,568,128	5.8 %
Private	73,708,261	2.4 %	48,287,492	1.6 %
Total real estate	**271,172,886**	**8.8 %**	**222,855,620**	**7.4 %**
ALTERNATIVE INVESTMENTS				
Multi Asset Class Solutions (MACS)	126,407,441	4.1 %	192,343,465	6.4 %
Hedge Funds - Opportunistic	225,645,325	7.3 %	263,871,419	8.8 %
Private Markets	445,742,619	14.5 %	389,632,067	13.0 %
Total alternative investments	**797,795,385**	**25.9 %**	**845,846,951**	**28.2 %**
Subtotal investments at fair value	**3,028,816,859**	**98.4 %**	**2,953,184,675**	**98.2 %**
SHORT-TERM INVESTMENTS				
Money Market	50,763,024	1.6 %	55,357,186	1.8 %
Total short-term investments	**50,763,024**	**1.6 %**	**55,357,186**	**1.8 %**
Total	**$ 3,079,579,883**	**100.0 %**	**$ 3,008,541,861**	**100.0 %**

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

SCHEDULE OF INVESTMENT MANAGEMENT FEES

(Year Ended June 30, 2023)

INVESTMENT CATEGORY	ASSETS UNDER MANAGEMENT	EXPENSE
Fixed income managers	$ 768,320,060	$ 1,919,737
Equity managers	721,508,050	1,635,866
International managers	208,809,468	1,165,656
Multi Asset Class Solutions (MACS)	70,058,542	508,889
Total	**$ 1,768,696,120**	**$ 5,230,148**

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ACTUARIAL

UNAUDITED

ACTUARY'S CERTIFICATION LETTERS

AON

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Suite 625 North
Washington, DC 20006

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www.aon.com

November 6, 2023

Board of Trustees
Educational Employees' Supplementary Retirement System of Fairfax County (ERFC)
8001 Forbes Place, Suite 300
Springfield, VA 22151

Dear Board Members,

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

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

During the annual actuarial funding valuation process, the actuary develops the contribution rates that are necessary to fund the plan's current cost, that is the costs associated with the year of service about to be performed, and to also fund the unfunded actuarial accrued liabilities as a level percent of active member payroll over a specified, and finite, period. The latest funding valuation was completed based on population data, asset data and plan provisions as of December 31, 2022. The plan's administrative staff provides Aon 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, Aon prepared a separate accounting valuation report based on a measurement date of June 30, 2023 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, 2022 and the accounting valuation report that was prepared as of June 30, 2022. In addition to these reports, the plan's administrative staff provided Aon with supplementary data that was needed for the GASB financial reporting information, including asset performance information. Aon relied on the data after reviewing it for internal consistency and after comparing it with information that was previously reported.

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

AON

Board of Trustees
November 6, 2023

Statement No. 67 parameters and reported in the June 30, 2023 Actuarial Report, the Single Discount Rate for purposes of discounting pension liabilities for pension financial reporting purposes is also 7.00%.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among 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, 2022 valuation was conducted using assumptions that are based on an experience study conducted by Aon in 2020. The revised assumptions were approved by the Board of Trustees at the December 11, 2020 meeting. 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 Aon was used by ERFC for the following schedules in their fiscal year 2023 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 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, 2022
  - Historical Information for All Members (last 9 years)
  - All Active Members in Valuation on December 31, 2022 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.

Based on the information provided, we believe that the ERFC is meeting its basic financial reporting requirements and that the information presented by Aon in the December 31, 2022 funding report and the June 30, 2023 accounting report meets all applicable Actuarial Standards of Practice.

ACTUARY'S CERTIFICATION LETTERS

Please let us know if you have any questions.

Sincerely,

Aon

Al-Karim Alidina, FSA, EA

AKA:mct
Enclosures
cc: Mr. Wil Ocasio, Aon

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, with further adjustments to the mortality and salary assumptions adopted by the Board for the December 31, 2016 valuation.

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

	PAY INCREASE ASSUMPTION		
Service Index	**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

	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					Age Based Rule of 90 Met	
AGE	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 %	40.0 %	—	30	17.5 %	—	—
56	12.5 %	25.0 %	—	31	17.5 %	35.0 %	0.0 %
57	12.5 %	25.0 %	—	32	12.5 %	35.0 %	0.0 %
58	12.5 %	15.0 %	—	33	12.5 %	35.0 %	0.0 %
59	12.5 %	25.0 %	—	34	12.5 %	35.0 %	0.0 %
60	12.5 %	25.0 %	10.0 %	35	10.0 %	35.0%*	0.0 %
61	17.5 %	20.0 %	10.0 %	36	10.0 %	35.0 %	0.0 %
62	20.0 %	30.0 %	10.0 %	37	10.0 %	35.0 %	0.0 %
63	20.0 %	25.0 %	15.0 %	38	25.0 %	35.0 %	0.0 %
64	25.0 %	25.0 %	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 %

* 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 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 2022	MALE	FEMALE
55	32.41	34.82
60	27.46	29.88
65	22.71	25.06
70	18.21	20.37
75	14.03	15.92
80	10.33	11.93

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

SAMPLE RATES OF SEPARATION FROM ACTIVE EMPLOYMENT BEFORE RETIREMENT

	PERCENT OF ACTIVE MEMBERS SEPARATING WITHIN NEXT YEAR					
	DEATH		DISABILITY			
	Ordinary and Duty		Ordinary		Duty	
SAMPLE AGES	Male	Female	Male	Female	Male	Female
25	0.0194 %	0.0109 %	0.0146 %	0.0082 %	0.0036 %	0.0020 %
30	0.0310	0.0189	0.0158	0.0122	0.0040	0.0031
35	0.0440	0.0267	0.0234	0.0214	0.0059	0.0054
40	0.0541	0.0354	0.0339	0.0308	0.0085	0.0077
45	0.0705	0.0463	0.0520	0.0456	0.0130	0.0114
50	0.1064	0.0684	0.0842	0.0726	0.0210	0.0181
55	0.2222	0.1976	0.1469	0.1228	0.0367	0.0307
60	0.3805	0.3009	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%. The table below does not apply to individuals who are eligible for retirement at the time of termination.

RATES OF FORFEITURE FOLLOWING VESTED SEPARATION

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

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

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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

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

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

EMPLOYER SCHEDULE OF FUNDING PROGRESS

(Last Ten Years)

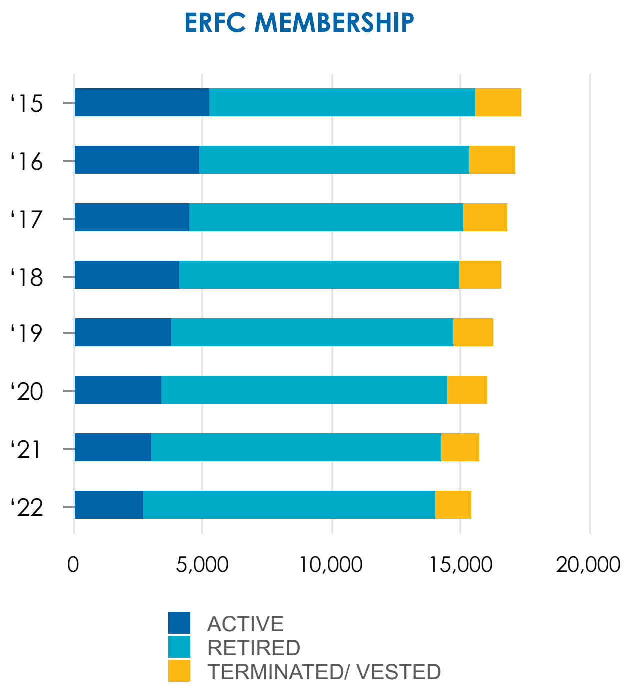
EMPLOYER SCHEDULE OF FUNDING PROGRESS

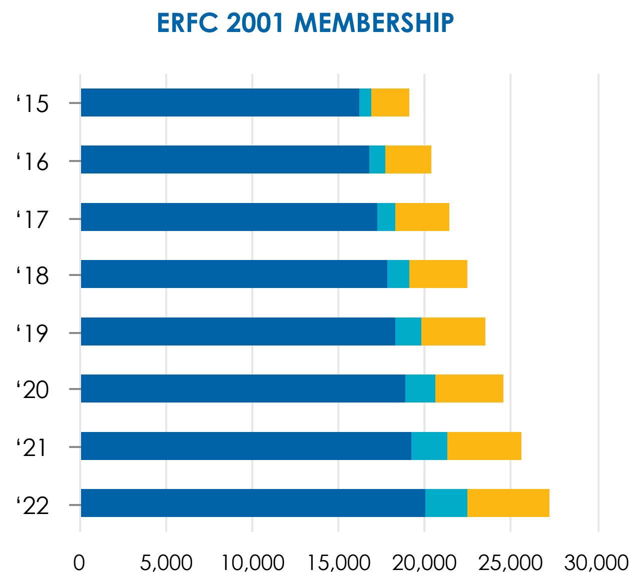
(Dollars in Thousands)

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Annual Covered Payroll (C)	Percent Funded (A/B)	UAAL Percentage of Covered Payroll [(B-A)/C]
2013	$ 2,029,005	$ 2,645,500	$ 616,495	$ 1,320,309	76.7 %	46.7 %
2014	2,123,910	2,733,845	609,935	1,340,344	77.7 %	45.5 %
2015	2,188,037	2,880,703	692,666	1,373,096	76.0 %	50.4 %
2016	2,279,741	3,032,503	752,762	1,436,588	75.2 %	52.4 %
2017	2,398,668	3,167,941	769,273	1,475,449	75.7 %	52.1 %
2018	2,466,004	3,334,114	868,110	1,554,614	74.0 %	55.8 %
2019	2,582,582	3,468,150	885,568	1,632,427	74.5 %	54.2 %
2020	2,786,297	3,635,244	848,947	1,633,458	76.6 %	52.0 %
2021	3,058,883	3,921,052	862,169	1,662,801	78.0 %	51.9 %
2022	$ 3,180,604	$ 4,119,031	$ 938,427	$ 1,790,601	77.2 %	52.4 %

SUMMARY OF MEMBER DATA

(Last Eight Years)





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

SUMMARY OF MEMBER DATA

(As of December 31, 2022)

ACTIVE ERFC MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE							TOTALS		
	0-4	5-9	10-14	15-19	20-24	25-29	30 & UP	NO.	SALARY	AVERAGE
35-39	—	—	—	—	—	—	—	—	$ —	$ —
40-44	—	1	3	5	50	—	—	59	5,825,344	98,735
45-49	1	14	48	58	374	60	—	555	61,001,917	109,913
50-54	5	25	49	78	412	372	40	981	108,035,736	110,128
55-59	—	16	42	40	280	147	53	578	59,332,792	102,652
60	1	4	2	7	47	23	6	90	8,481,840	94,243
61	—	—	1	4	48	24	12	89	8,104,318	91,060
62	—	1	1	2	30	30	12	76	7,130,467	93,822
63	—	—	4	5	42	17	3	71	6,583,369	92,724
64	—	1	—	1	24	17	5	48	4,502,940	93,811
65	—	1	—	4	24	10	4	43	3,994,508	92,896
66	—	—	—	3	14	7	7	31	2,815,469	90,822
67	—	—	—	2	15	9	8	34	3,293,205	96,859
68	—	—	—	—	15	5	3	23	2,121,361	92,233
69	—	1	—	—	10	2	1	14	1,148,432	82,031
70	—	—	—	—	10	4	3	17	1,335,788	78,576
71	—	—	—	—	1	1	3	5	376,097	75,219
72	—	—	—	—	3	3	3	9	865,247	96,139
73	—	—	—	1	2	—	2	5	487,646	97,529
74	—	1	—	1	5	—	2	9	903,143	100,349
75 & over	—	1	—	—	6	3	5	15	1,448,176	96,545
TOTAL	**7**	**66**	**150**	**211**	**1,412**	**734**	**172**	**2,752**	**$ 287,787,795**	**$ 104,574**

SUMMARY OF MEMBER DATA

(As of December 31, 2022)

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

AGE GROUP	YEARS OF SERVICE TO VALUATION DATE					TOTALS		
	0-4	5-9	10-14	15-19	20 & UP	NO.	SALARY	AVERAGE
20-24	—	—	—	—	—	—	$ —	$ —
25-29	5	165	—	—	—	170	11,442,465	67,309
30-34	31	1,106	272	—	—	1,409	105,336,360	74,760
35-39	26	671	947	212	1	1,857	154,831,083	83,377
40-44	31	506	583	833	133	2,086	194,177,213	93,086
45-49	26	496	332	474	182	1,510	137,714,255	91,201
50-54	33	504	453	444	141	1,575	136,297,472	86,538
55-59	19	450	407	432	103	1,411	113,271,393	80,277
60	2	67	77	69	26	241	18,937,208	78,578
61	1	55	53	75	26	210	15,976,546	76,079
62	4	39	44	75	17	179	14,023,503	78,344
63	1	34	43	67	29	174	14,309,026	82,236
64	—	34	47	44	17	142	11,066,033	77,930
65	—	18	26	37	15	96	7,969,198	83,012
66	—	13	19	29	9	70	5,470,394	78,148
67	2	8	14	19	4	47	3,238,262	68,899
68	—	4	15	19	4	42	2,912,730	69,351
69	—	7	7	15	5	34	2,475,195	72,800
70	—	5	5	9	—	19	1,494,547	78,660
71	1	3	3	3	1	11	808,857	73,532
72	2	3	6	5	2	18	1,289,035	71,613
73	—	1	2	4	3	10	597,451	59,745
74	—	2	3	1	1	7	354,050	50,579
75 & over	—	5	2	5	1	13	874,279	67,252
TOTAL	**184**	**4,196**	**3,360**	**2,871**	**720**	**11,331**	**$ 954,866,555**	**$ 84,270**

SUMMARY OF MEMBER DATA

(As of December 31, 2022)

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

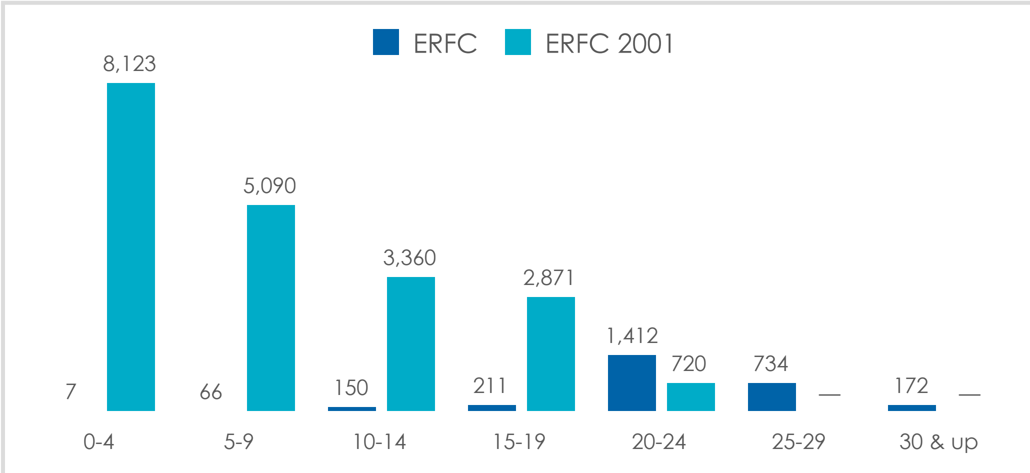
AGE GROUP	YEARS OF SERVICE TO VALUATION DATE				TOTALS		
	0-4	5-9	10-14	15 & UP	NO.	SALARY	AVERAGE
15-19	11	—	—	—	11	$ 294,426	$ 26,766
20-24	691	—	—	—	691	34,743,535	50,280
25-29	1,822	176	—	—	1,998	116,058,096	58,087
30-34	1,087	189	—	—	1,276	79,695,464	62,457
35-39	928	114	—	—	1,042	68,554,496	65,791
40-44	919	96	—	—	1,015	67,919,849	66,916
45-49	895	107	—	—	1,002	65,146,712	65,017
50-54	745	99	—	—	844	54,283,681	64,317
55-59	500	65	—	—	565	36,326,505	64,295
60	72	11	—	—	83	5,363,461	64,620
61	63	10	—	—	73	4,543,328	62,237
62	42	5	—	—	47	3,110,368	66,178
63	44	8	—	—	52	3,508,433	67,470
64	30	2	—	—	32	2,033,918	63,560
65	26	2	—	—	28	1,883,865	67,281
66	16	3	—	—	19	1,060,109	55,795
67	10	4	—	—	14	904,430	64,602
68	8	—	—	—	8	380,145	47,518
69	7	—	—	—	7	402,956	57,565
70	8	1	—	—	9	554,291	61,588
71	6	—	—	—	6	437,150	72,858
72	3	—	—	—	3	205,725	68,575
74	1	—	—	—	1	62,820	62,820
75 & over	5	2	—	—	7	473,112	67,587
TOTAL	**7,939**	**894**	**—**	**—**	**8,833**	**$ 547,946,875**	**$ 62,034**

SUMMARY OF MEMBER DATA

(As of December 31, 2022)

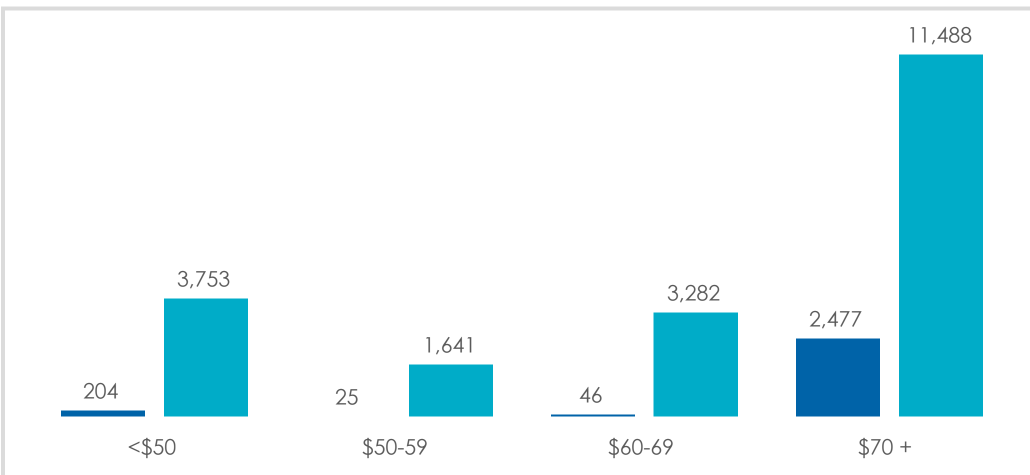
ACTIVE MEMBER YEARS OF SERVICE

Average Service = 9.8 years



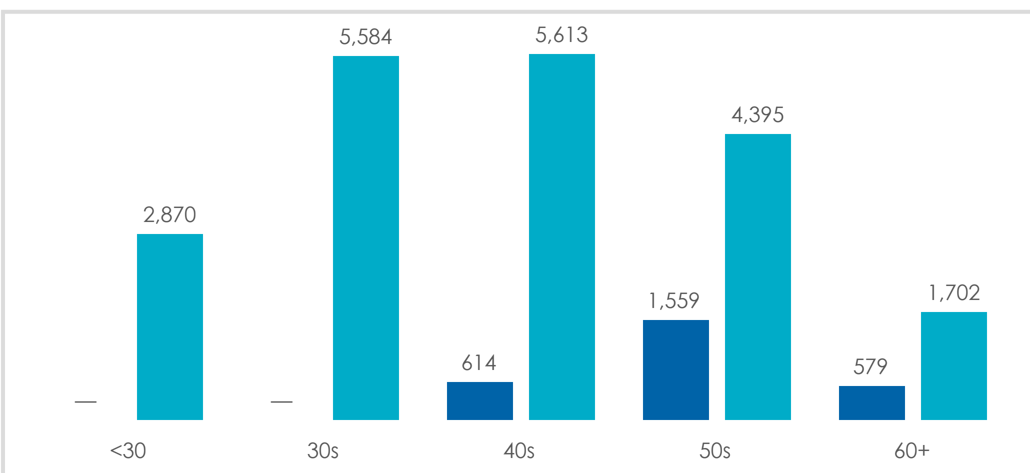
ACTIVE MEMBER SALARIES ($ IN THOUSANDS)

Average Annual Pay = $78,138



ACTIVE MEMBER AGES

Average Age = 44.7 years | Total Active Members = 22,916



SUMMARY OF MEMBER DATA

(Last 10 Years)

ACTIVE MEMBER VALUATION DATA

ANNUAL VALUATION DATE	ANNUAL NUMBER	ANNUAL PAYROLL	AVERAGE ANNUAL PAY	% INCREASE IN AVERAGE PAY
December 31, 2013	21,643	$ 1,320,308,508	$ 61,004	1.2 %
December 31, 2014	21,352	1,340,343,666	62,774	2.9
December 31, 2015	21,585	1,373,095,719	63,613	1.3
December 31, 2016	21,748	1,436,587,994	66,056	3.8
December 31, 2017	21,841	1,475,449,186	67,554	2.3
December 31, 2018	22,048	1,554,614,462	70,510	4.4
December 31, 2019	22,176	1,632,427,309	73,612	4.4
December 31, 2020	22,360	1,633,457,804	73,053	—
December 31, 2021	22,329	1,662,801,220	74,468	1.9
December 31, 2022	22,916	$ 1,790,601,219	$ 78,138	4.9

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
2013	653	$ 773,322	285	$ 230,145	10,156	$ 13,065,714	$ 1,287	1.54 %
2014	629	738,766	261	213,231	10,524	13,206,280	1,255	1.08
2015	677	798,525	264	230,255	10,937	13,439,526	1,229	1.77
2016	672	715,048	242	228,976	11,367	13,682,009	1,204	1.80
2017	646	825,458	284	268,684	11,729	14,008,708	1,194	2.39
2018	666	776,099	294	280,925	12,101	14,320,306	1,183	2.22
2019	634	763,576	253	264,402	12,482	14,709,284	1,178	2.72
2020	637	840,599	277	267,780	12,842	15,142,804	1,179	2.95
2021	760	642,949	264	229,477	13,338	15,640,380	1,173	3.29
2022	807	$ 818,733	398	$ 208,879	13,747	$ 16,253,631	$ 1,182	3.92

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)

VALUATION DATE	MEMBER CONTRIBUTIONS (A)	RETIREES AND BENEFICIARIES (B)	MEMBERS (EMPLOYER FINANCED PORTION) (C)	VALUATION ASSETS	PORTION OF ACCRUED LIABILITIES COVERED BY ASSETS (A')	(B')	(C')
6/30/2003 (1)	$ 176,648	$ 903,963	$ 691,807	$ 1,597,459	100 %	100 %	75 %
12/31/2004 (2)	227,725	1,083,988	623,869	1,643,020	100	100	53
12/31/2005	257,142	1,130,378	635,442	1,718,399	100	100	52
12/31/2006	239,780	1,176,979	688,793	1,818,930	100	100	58
12/31/2007	269,404	1,221,969	695,428	1,924,886	100	100	62
12/31/2008 (3)	302,910	1,237,613	714,775	1,733,946	100	100	27
12/31/2009	342,663	1,264,675	706,944	1,769,540	100	100	23
12/31/2009 (2)	342,663	1,314,885	682,321	1,769,540	100	100	16
12/31/2010 (3)	374,086	1,355,093	654,882	1,822,603	100	100	14
12/31/2011 (1)	402,847	1,401,877	666,240	1,866,952	100	100	9
12/31/2012	426,609	1,448,291	691,228	1,935,292	100	100	9
12/31/2013	439,310	1,482,770	723,420	2,029,005	100	100	15
12/31/2014	457,591	1,510,717	765,537	2,123,910	100	100	20
12/31/2015 (2)	472,933	1,590,489	817,281	2,188,037	100	100	15
12/31/2016 (1)(2)	491,333	1,668,485	872,685	2,279,741	100	100	14
12/31/2017	510,583	1,733,431	923,927	2,398,668	100	100	17
12/31/2018	528,500	1,791,189	1,014,425	2,466,004	100	100	14
12/31/2019	550,487	1,841,322	1,076,341	2,582,582	100	100	18
12/31/2020	574,541	1,903,321	1,157,382	2,786,297	100	100	27
12/31/2021	589,959	2,013,044	1,318,050	3,058,883	100	100	35
12/31/2022	609,654	2,082,086	1,427,291	3,180,604	100	100	34

(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	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
For Periods Ending June 30								
2002–03	18.5	(92.5)	11.0	(0.3)	4.0	(23.3)	(82.6)	(4.9)
For Periods Ending December 31								
2003–04 (2)	NA	NA	NA	NA	NA	NA	NA	NA
2005 (3)	(7.1)	1.9	1.0	0.1	0.0	(3.2)	(7.3)	(0.4)
2006	(4.7)	23.6	2.0	0.0	(0.8)	2.6	22.7	1.1
2007	10.0	25.1	1.9	(0.2)	(2.2)	(7.2)	27.4	1.4
2008	4.1	(277.5)	5.2	(0.4)	(4.0)	13.5	(259.1)	(11.8)
2009	45.0	(34.6)	8.8	(0.8)	(10.0)	(11.6)	(3.2)	(0.1)
2010 (3)	53.1	(16.9)	5.2	0.2	(5.3)	(4.2)	32.1	1.4
2011	18.8	(30.6)	5.3	(0.2)	(4.2)	(4.8)	(15.7)	(0.7)
2012	12.3	(10.8)	4.6	(0.3)	(3.4)	(10.2)	(7.8)	(0.3)
2013	16.6	7.6	5.7	0.0	2.9	(5.1)	27.7	1.1
2014	8.5	(2.8)	5.8	(0.1)	0.6	2.8	14.8	0.6
2015 (3)	17.7	(40.2)	5.9	(0.4)	1.0	(12.4)	(28.4)	(1.0)
2016	(14.2)	(13.9)	5.1	0.2	6.6	(5.6)	(21.8)	(0.8)
2017	8.8	2.7	3.3	0.0	2.6	(19.6)	(2.2)	(0.1)
2018	(16.1)	(77.7)	(6.0)	(1.8)	4.3	(6.0)	(103.3)	(3.3)
2019	(12.0)	(26.5)	(4.1)	(2.7)	6.3	(1.7)	(40.7)	(1.2)
2020 (3)	(10.5)	51.6	1.9	(4.7)	1.9	(7.6)	32.6	0.9
2021	14.9	110.6	(14.6)	3.0	4.2	(1.8)	116.3	3.2
2022	(23.0)	(67.5)	(3.5)	3.3	1.6	(1.6)	(90.7)	(2.3)

(1) Includes post-retirement mortality
(2) Due to transition to calendar year valuations, a gain/loss analysis was not conducted for this valuation period.
(3) Experience Study

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 (½ of a year's increase).

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

Optional Forms of Payment:

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

SUMMARY OF BENEFIT PROVISIONS

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

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

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

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

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

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

an additional reduction of the smaller of

1) ½ of 1 percent for the first 60 months and 4/10 of 1 percent for each additional month between the member's age at the date of death and age 60, and
2) ½ of 1 percent for the first 60 months and 4/10 of 1 percent for each additional month between the member's service at the date of death and 30 years.

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)

	Contribution Rate		
Fiscal Year *	**Employee**	**Employer**	**Total**
2004	2.00 %	4.29 %	6.29 %
7/1 to 5/30	4.00	2.53	6.53
6/1 to 6/30	4.00	3.37	7.37
2005	4.00	3.37	7.37
2006	4.00	3.37	7.37
2007	4.00	3.37	7.37
2008	4.00	3.37	7.37
2009	4.00	3.37	7.37
2010	4.00	3.20	7.20
2011	4.00	4.04	8.04
2012	4.00	4.34	8.34
2013	3.00	5.34	8.34
2014	3.00	5.60	8.60
2015	3.00	5.60	8.60
2016	3.00	5.60	8.60
2017	3.00	5.60	8.60
2018	3.00	6.24	9.24
2019	3.00	6.26	9.26
2020	3.00	6.44	9.44
2021	3.00	6.44	9.44
2022	3.00	6.70	9.70
2023	3.00	6.70	9.70

*ERFC began using composite rates effective July 1, 1999.

SUMMARY OF PLAN CHANGES

There were no significant plan changes during the valuation period ending December 31, 2022.

STATISTICAL

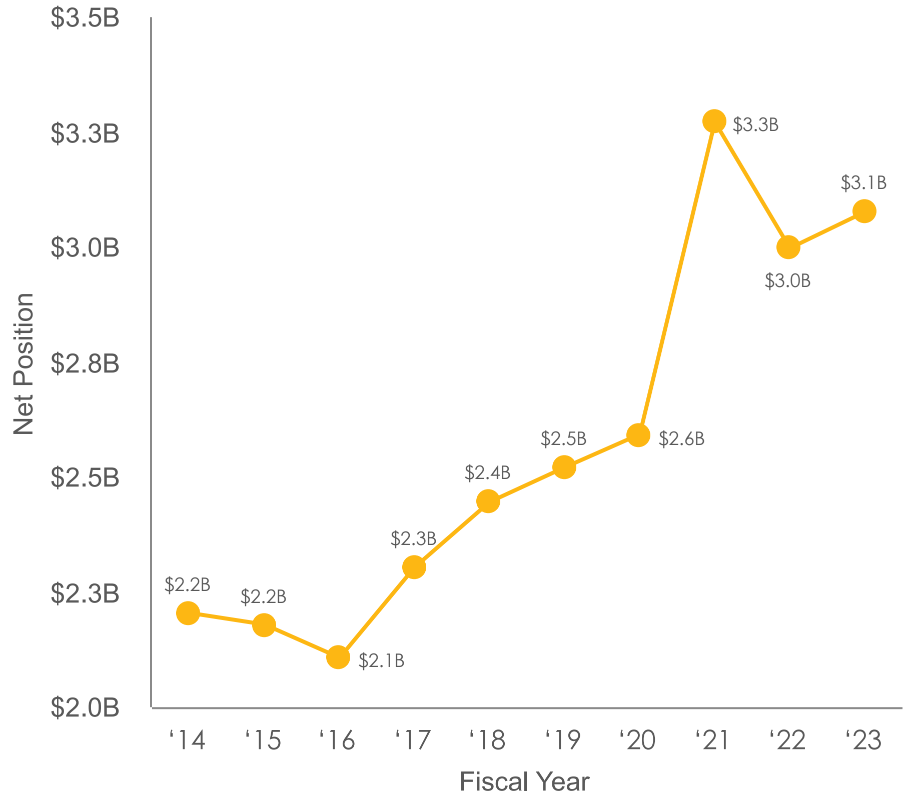
UNAUDITED

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 10 Fiscal Years



Fiscal Year	Net Position	
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	
2014	2,204,927,191	

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

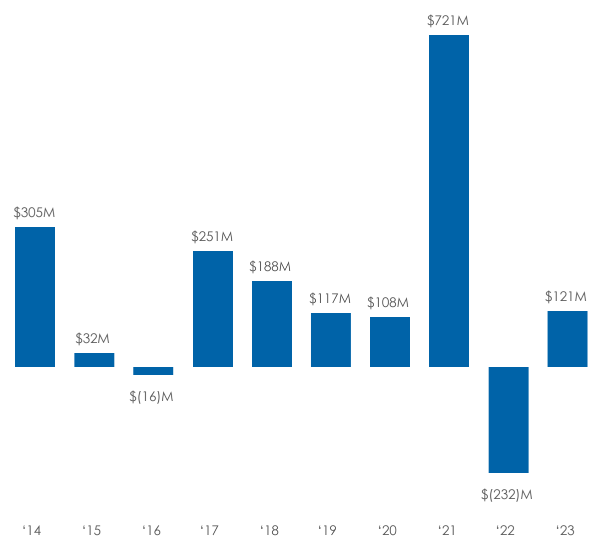
CHANGES IN NET POSITION

Last 10 Fiscal Years

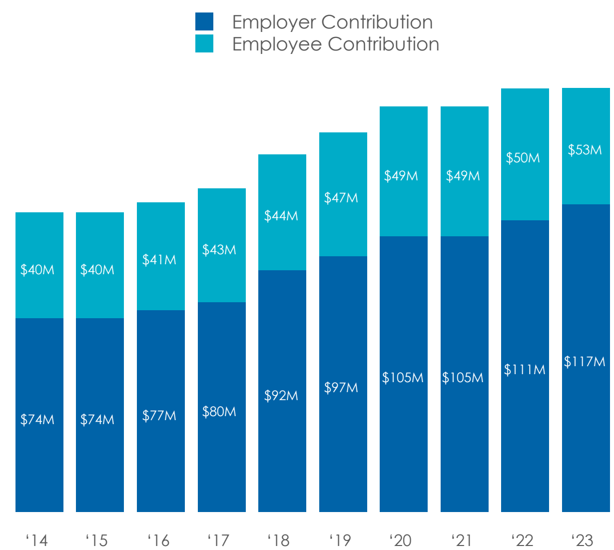
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
ADDITIONS										
Employee contributions	$ 40,018,590	$ 39,982,963	$ 41,383,642	$ 43,062,632	$ 44,169,100	$ 46,645,396	$ 49,095,601	$ 48,934,340	$ 50,017,839	$ 52,542,598
Employer contributions	74,174,082	74,324,396	76,599,695	80,094,538	91,704,877	96,982,911	104,741,255	104,784,310	111,119,456	117,155,967
Investment income (net of expenses)	304,640,803	32,083,908	(15,766,967)	250,981,777	188,145,489	117,727,500	108,472,534	720,738,680	(232,237,621)	120,795,408
TOTAL ADDITIONS TO PLAN NET POSITION	**418,833,475**	**146,391,267**	**102,216,370**	**374,138,947**	**324,019,466**	**261,355,807**	**262,309,390**	**874,457,330**	**(71,100,326)**	**290,493,973**
DEDUCTIONS										
Benefit payments	161,276,831	162,145,265	165,721,790	168,783,718	173,052,461	177,422,308	181,587,150	187,660,019	194,239,563	202,023,360
Contribution refunds	5,772,959	5,697,311	4,626,057	4,601,865	4,667,835	4,509,765	4,399,346	3,605,963	4,415,933	4,021,605
Admin. & depreciation expenses	3,629,320	3,751,825	4,004,882	4,059,408	4,300,927	4,262,159	4,381,191	4,423,439	4,481,381	5,625,786
TOTAL DEDUCTIONS TO PLAN NET POSITION	**170,679,110**	**171,594,401**	**174,352,729**	**177,444,991**	**182,021,223**	**186,194,232**	**190,367,687**	**195,689,421**	**203,136,877**	**211,670,751**
CHANGE IN NET POSITION	**$ 248,154,365**	**$ (25,203,134)**	**$ (72,136,359)**	**$ 196,693,956**	**$ 141,998,243**	**$ 75,161,575**	**$ 71,941,703**	**$ 678,767,909**	**$ (274,237,203)**	**$ 78,823,222**

ADDITIONS BY SOURCE

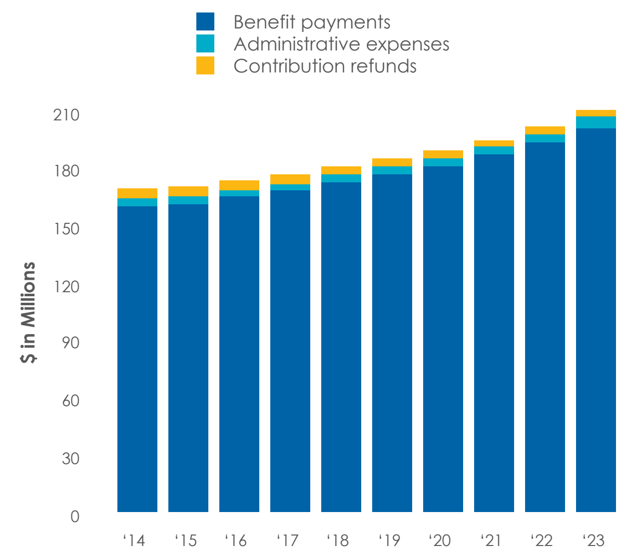
NET INVESTMENT INCOME



EMPLOYEE/EMPLOYER CONTRIBUTION



DEDUCTIONS BY TYPE



ASSETS AND LIABILITIES COMPARATIVE STATEMENT

Last 10 Years

Dollars in Thousands

Valuation Date	Active Member Payroll	Computed Liabilities			Actuarial Value of Assets	Unfunded Accrued Liabilities	Funded Ratio
		Retired	Members	Total			
12/31/2013	1,320,309	1,482,770	1,162,730	2,645,500	2,029,005	616,495	76.7
12/31/2014	1,340,344	1,510,717	1,223,128	2,733,845	2,123,910	609,935	77.7
12/31/2015 (1)	1,373,096	1,590,489	1,290,214	2,880,703	2,188,037	692,666	76.0
12/31/2016 (1)(2)	1,436,588	1,668,485	1,364,018	3,032,503	2,279,741	752,762	75.2
12/31/2017	1,475,449	1,733,431	1,434,510	3,167,941	2,398,668	769,273	75.7
12/31/2018	1,554,614	1,791,189	1,542,925	3,334,114	2,466,004	868,110	74.0
12/31/2019	1,632,427	1,841,322	1,626,828	3,468,150	2,582,582	885,568	74.5
12/31/2020	1,633,458	1,903,321	1,731,923	3,635,244	2,786,297	848,947	76.6
12/31/2021	1,662,801	2,013,044	1,908,008	3,921,052	3,058,883	862,169	78.0
12/31/2022	1,790,601	2,082,086	2,036,945	4,119,031	3,180,604	938,427	77.2

(1) After changes in actuarial assumptions.
(2) After change in benefits.

BENEFIT DEDUCTIONS FROM NET POSITION BY TYPE

Last 10 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
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
2014	5,354	111,429,145	4,422	47,263,400	176	1,357,852	20	272,888	170	953,108	10,142	161,276,393

BENEFIT REFUNDS BY TYPE

Last 10 Years

Fiscal	Separation		Death		Total	
Year	No.	Amount	No.	Amount	No.	Amount
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
2014	727	5,164,862	40	608,097	767	5,772,959

RETIRED MEMBERS BY TYPE OF BENEFIT

(As of December 31, 2022)

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	2,160	958	1,162	28	11	1	1,411	147	2	50	53	261
251–500	3,056	1,620	1,320	47	68	1	2,129	306	3	129	63	241
501–750	1,630	1,047	518	30	34	1	1,181	187	3	71	44	135
751–1,000	992	732	231	21	8	—	675	103	2	54	20	171
1,001–1,250	1,030	816	188	24	2	—	647	81	10	74	11	266
1,251–1,500	1,038	830	183	24	1	—	719	61	7	53	14	247
1,501–1,750	718	605	92	17	4	—	519	42	5	52	5	155
1,751–2,000	531	457	60	13	1	—	376	29	4	34	9	127
Over 2,000	2,592	2,083	448	60	—	1	1,752	166	15	187	28	611
TOTAL	**13,747**	**9,148**	**4,202**	**264**	**129**	**4**	**9,409**	**1,122**	**51**	**704**	**247**	**2,214**

*** TYPE OF RETIREMENT:**

1 Full Service
2 Reduced Service
3 Ordinary 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

Options
A Used to be 67% now 100%
B 50%
C 120 Payments
D Lump Sum

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

AVERAGE BENEFIT PAYMENTS BY YEARS OF SERVICE

RETIREMENT EFFECTIVE DATES	YEARS CREDITED SERVICE 5-10	10-15	15-20	20-25	25-30	30+
Period 1/1/17 to 12/31/17						
Avg Monthly Benefit	$ 276	$ 526	$ 701	$ 937	$ 2,299	$ 2,744
Avg Final Average Salary	4,749	5,461	5,940	6,913	7,778	8,328
No.of Retired Members	81	109	127	80	128	100
Period 1/1/18 to 12/31/18						
Avg Monthly Benefit	240	496	718	847	2,228	2,429
Avg Final Average Salary	4,595	5,505	6,068	6,606	7,649	8,131
No.of Retired Members	78	134	129	85	122	96
Period 1/1/19 to 12/31/19						
Avg Monthly Benefit	272	494	764	960	2,291	2,354
Avg Final Average Salary	4,886	5,435	6,261	6,742	7,773	8,194
No.of Retired Members	77	102	127	106	117	92
Period 1/1/20 to 12/31/20						
Avg Monthly Benefit	309	501	831	992	2,277	2,647
Avg Final Average Salary	5,247	5,412	6,615	7,099	8,110	8,311
No.of Retired Members	84	83	104	107	119	110
Period 1/1/21 to 12/31/21						
Avg Monthly Benefit	321	546	821	970	2,307	2,589
Avg Final Average Salary	5,728	5,754	6,475	6,785	7,974	8,351
No.of Retired Members	77	94	140	139	159	78
Period 1/1/22 to 12/31/22						
Avg Monthly Benefit	298	487	847	1,110	2,651	2,390
Avg Final Average Salary	5,144	5,244	6,476	7,168	8,455	7,937
No.of Retired Members	113	125	164	90	133	72

AVERAGE COMPOSITE MONTHLY BENEFIT PAYMENTS FOR RETIREES

Last 10 Years

BY TYPE OF BENEFIT BEING PAID

CALENDAR YEAR	Service Retirement	Reduced Service	Ordinary Disability
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
2013	1,626	815	575

RETIREES AND BENEFICIARIES CURRENT ANNUAL BENEFITS TABULATED BY ATTAINED AGES

(As of December 31, 2022)

Attained Ages	TOTAL	
	No.	Annual Amount
Under 40	2	$ 4,829
40 - 44	1	2,713
45	2	7,184
46	3	10,715
47	—	—
48	3	39,097
49	3	69,625
50	4	92,824
51	5	117,695
52	15	493,384
53	18	509,505
54	23	876,118
55	59	1,667,404
56	89	2,595,107
57	90	2,684,650
58	135	3,918,014
59	155	4,134,250
60	252	5,613,449
61	291	5,408,356
62	336	6,251,719
63	338	6,763,979
64	394	8,363,063
65	518	10,778,874
66	531	7,056,300
67	538	5,365,632
68	627	6,186,514
69	609	5,938,826
70 - 74	3,382	37,035,636
75 - 79	2,731	35,335,184
80 & Up	2,593	39,247,090
GRAND TOTAL	**13,747**	**$ 196,567,736**

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, 2022)

ATTAINED AGES	No.	Annual Amount
27	8	$ 20,479
28	—	—
29	45	121,224
30	61	167,752
31	83	247,302
32	147	468,284
33	171	547,401
34	175	584,034
35	208	750,073
36	220	769,295
37	206	775,233
38	215	831,843
39	245	1,011,528
40	236	962,311
41	257	1,010,652
42	251	1,117,994
43	258	1,160,926
44	238	1,022,030
45	203	798,667
46	183	720,394
47	192	831,408
48	198	766,368
49	189	766,421
50	171	676,943
51	213	851,614
52	195	701,192
53	176	719,299
54	172	980,042
55	159	727,026
56	139	620,520
57	137	729,886
58	137	620,361
59	130	713,152
60	85	346,105
61	61	317,325
62	58	270,301
63	41	226,907
64	33	136,443
65 & Over	97	259,324
GRAND TOTAL	**5,993**	**$ 24,348,059**

Note: The source of this information is from the most recent actuarial valuation report. It does not include 6 inactive vested members.

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