

Employee Retirement Systems Overview

Overview

Fairfax County employee retirement systems include the Fairfax County Employees' Retirement System (Fund 73000), the Uniformed Retirement System (Fund 73010), and the Police Officers Retirement System (Fund 73020). Each of these systems is funded from employee contributions based on a fixed percentage of pay, and County contributions based on a variable percentage of employee pay as determined by actuarial analysis and return on investments. County contributions are paid from multiple sources, including the General Fund, General Fund-Supported and Other Funds, and Fairfax County Public Schools.

In order to assure the continued soundness of each fund, an actuarial valuation is conducted annually and, if appropriate, an adjustment is made to the employer contribution rate. In addition, an experience study – which compares actual experience to actuarial assumptions, both economic and demographic – is conducted once every five years to ensure that the plan is being valued appropriately. Experience studies of each system were conducted in FY 2021. The assumption changes adopted by the Boards of Trustees as a result of those studies were incorporated in the actuarial valuations for FY 2021 and their impacts were included in the employer contribution rates beginning in FY 2023. The next experience study will take place in FY 2026 and any impact to the employer contribution rates will be included in FY 2028.

Funding Policy

The County is committed to strengthening the financial position of its retirement systems. In order to improve the funded status of the plans, the Board of Supervisors approved, as part of the adoption of the FY 2016 Adopted Budget Plan, the following multi-year strategy:

- The employer contribution rates will be increased so that the County will include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for all systems by FY 2020. The County will continue to use a conservative 15-year amortization period.
- Until each system reaches 100 percent funded status, employer contributions to that system will not be reduced. Various factors, such as the historical trend of the County's investment returns exceeding the assumed rate of return, could allow employer contribution rates to be reduced from current levels. However, the County is committed to maintaining the rates and redirecting any potential savings into further improvement in the systems' funded positions.
- Any additional unfunded liability created as a result of approved benefit enhancements, such as ad-hoc Cost-of-Living Adjustments (COLAs), will be fully funded. It is the intent that no adjustments to benefit levels will reduce the funded status of any of the systems.

In keeping with this strategy, the FY 2020 Adopted Budget Plan included the amortization of 100 percent of the unfunded liability in the actuarially determined contributions for all systems. In addition, the employer contribution rates to all three systems have been maintained or increased each year, and benefit enhancements, when approved by the Board, have been accompanied by one-time contributions to fully fund any associated increase in liability in the year that the benefit enhancement is approved.

Employee Retirement Systems Overview

The County has also taken multiple steps to limit increases in liabilities:

- In FY 2010, the requirements regarding the award of ad-hoc COLAs were tightened. Retirees are eligible to receive an annual base COLA which is the lesser of the Consumer Price Index (CPI) for the 12 months ending on the previous year's March 31, or 4.0 percent. If certain conditions are met, an additional 1.0 percent ad-hoc COLA can be awarded at the discretion of each retirement system's Board of Trustees. After a staff review at the Board of Supervisors' direction, the Fairfax County Code was changed to require that the retirement system must have an actuarial surplus, demonstrated by having a funding ratio exceeding 100 percent, before an ad-hoc COLA can be considered.
- In FY 2012, the Board of Supervisors adopted modifications to the retirement systems, which apply only to new employees who are hired on or after January 1, 2013. These changes include increasing the minimum retirement age for normal service retirement from 50 to 55 in the Employees' system; increasing the rule of 80 (age plus years of service) to the rule of 85 in the Employees' system; placing a cap on the use of sick leave for purposes of determining retirement eligibility and benefits at 2,080 hours for all three retirement systems; and, for the Deferred Retirement Option Plan (DROP), removing the pre-Social Security supplement from balances accumulated during the DROP period in the Employees' and Uniformed systems. No changes were made to benefits for existing employees.
- In FY 2019, the Board of Supervisors adopted modifications to the retirement benefits provided to new employees hired on or after July 1, 2019. These changes include eliminating the pre-Social Security supplement for employees in the Employees' and Uniformed systems and repealing the additional retirement allowance that increases the calculated retirement annuity by 3 percent for all three retirement systems. No changes were made to benefits for existing employees.

Funding Status

All three systems' returns were less than the 6.75 percent assumed rate of investment return in FY 2022. The Employees' system was down 3.65 percent, the Uniformed system was down 9.04 percent, and the Police Officers system was up 0.89 percent, all net of fees. The combination of liability and investment experience, together with County plus member contributions over FY 2022, resulted in the decreased funding ratios as of June 30, 2022, as demonstrated in the table below. The table displays the market value of each system's assets as a percentage of the total plan liability as published in the County's Annual Comprehensive Financial Report (ACFR) and as required under new Governmental Accounting Standards Board (GASB) requirements. It should be noted that since these calculations utilize asset figures as of a point in time (not smoothed as under previous methodologies), the funding ratios calculated are subject to volatility based on market returns.

	June 30, 2020	June 30, 2021	June 30, 2022*
Employees'	69.5%	81.3%	72.1%
Uniformed	76.8%	88.7%	72.3%
Police Officers	75.6%	90.2%	81.8%

* The June 30, 2022 funding ratios will be included in the County's FY 2023 ACFR.

Employee Retirement Systems Overview

Employer Contribution Rates

Following the County's policy, contribution rates are only adjusted to maintain amortization of 100 percent of the unfunded liability, to fund approved benefit enhancements, or to acknowledge changes in actuarial assumptions. Resulting from FY 2022 experience, the required contribution rates are increased over the FY 2023 adopted contribution rates. The FY 2024 employer contribution rates for each of the three retirement systems are as follows:

	FY 2023 Rates (%)	FY 2024 Rates (%)	Percentage Point Change (%)	Net General Fund Impact* (in millions)
Employees'	28.88	30.07	1.19	\$5.3
Uniformed	39.31	46.79	7.48	\$13.4
Police Officers	46.04	50.87	4.83	\$6.2
Total				\$24.9

* The General Fund impact reflected in the table is based solely on rate changes and does not include other adjustments, including the impact of new positions, employee pay increases, or year-to-date experience.

For more information on the General Fund impact of these employer contribution rate changes, please refer to the Agency 89, Employee Benefits, narrative in the Nondepartmental program area section of Volume 1.

Employee Retirement Systems Overview

The following table displays relevant information about each retirement system:

EMPLOYEES COVERED							
Police Officers Retirement		Uniformed Retirement			Employees' Retirement		
Fairfax County Police Officers.		Fire and Rescue Personnel; Uniformed Sheriff's Office employees; Animal Protection Police Officers; Helicopter Pilots; Non-administrative staff in the Department of Public Safety Communications.			County employees not covered under Uniformed or Police Officers system; certain FCPS employees including food service, custodial, bus drivers, part-time and substitute teachers, maintenance staff.		
CONDITIONS OF COVERAGE							
Police Officers Retirement		Uniformed Retirement			Employees' Retirement		
At age 55 or after 20 years of police service if hired before July 1, 1981; or 25 years of service if hired on or after July 1, 1981.		At age 55 with 6 years of service or after 25 years of service.			At age 65 with 5 years of service or earlier when age and years of service combined equal 80 if hired before January 1, 2013; or 85 if hired on or after January 1, 2013. Not before age 50 if hired before January 1, 2013; or age 55 if hired on or after January 1, 2013. For reduced "early retirement" benefits, when age and years of service combined equal 75.		
EMPLOYEE CONTRIBUTIONS ¹ (% of Pay)							
	Police Officers Retirement	Uniformed Retirement				Employees' Retirement	
	Plans A/B/C	Plan A	Plan B	Plan C	Plans D/E/F	Plans A/C	Plans B/D/E
Up to Wage Base	8.65%	4.00%	7.08%	4.00%	7.08%	4.00%	5.33%
Above Wage Base		5.75%	8.83%			5.33%	
FY 2024 EMPLOYER CONTRIBUTIONS (% of Pay)							
Police Officers Retirement		Uniformed Retirement			Employees' Retirement		
50.87%		46.79%			30.07%		

¹ As of July 1, 2019, new hires in the Uniformed Retirement System are automatically enrolled in Plan F, new hires in the Fairfax County Employees' Retirement System are automatically enrolled in Plan E, and new hires in the Police Officers Retirement System are automatically enrolled in Plan C. Additional plans listed above are earlier plan designs that apply to employees hired prior to July 1, 2019. For additional information regarding the County's retirement plans, please refer to the Retirement Administration Agency website at <https://www.fairfaxcounty.gov/retirement/>.

Employee Retirement Systems Overview

INVESTMENT MANAGERS AS OF JUNE 30, 2022		
Police Officers Retirement	Uniformed Retirement	Employees' Retirement
<ul style="list-style-type: none"> Acadian Asset Management Alpha Simplex AQR Capital Management Aspect Capital Ltd. BlackRock, Inc. Blockchain Capital Blue Owl Capital Inc Bridgewater Associates Citadel Advisors LLC Cohen & Steers Capital Management Coatue Management LLC Crabel Capital Management Inc Crestline Investors Czech Asset Management DoubleLine Capital DWS EJF Capital LLC First Eagle Investment Management Frazier Healthcare Partners Hoisington Investment Management Co Kirkoswald Asset Management LLC Landmark Partners Lavrock Ventures Loomis Sayles & Company Man Asset Management Ltd. Marathon Asset Management Morgan Creek Capital Management Onyxpoint Global Management LP Pacific Investment Management Company Parametric Portfolio Advisors Parataxis Pinnacle Associates GL, LLC Prudential Global Investment Management 	<ul style="list-style-type: none"> Acadian Asset Management Activum SG Capital Management Ltd Alcentra Ltd Apollo Financial Ashmore Investment Management Aspect Capital Ltd. Blackrock Enhanced STIF Blue Bay Asset Management BNY Fallen Angels BNY US TIPS CarlyleProperty Investors LP Cohen & Steers Capital Management Czech Asset Management Davidson Kempner Institutional Partners, LP DoubleLine Capital EQT Group Garcia Hamilton Goldentree Asset Management Granahan Investment Management Harbourvest Partners HG-Vora Capital Management I Squared Capital JP Morgan Investment Mgmt. Kabouter Management Kayne Anderson Capital Advisors LP Kirkoswald Asset Management LLC Landmark Partners Levine Leichtman Capital Partners Manulife Asset Management Marathon Asset Management Millenium Management LLC Monroe Capital LLC Orbimed Healthcare Fund Mgmt. Pacific Investment Management Company Pantheon Ventures Parametric Portfolio Advisors 	<ul style="list-style-type: none"> Aberdeen Asset Management Alpha Simplex Apollo Financial Credit Investment, LLC AQR Capital Management Aspect Capital Ltd. Axiom International Small Cap BlackRock, Inc. Blockchain Capital Blue Owl Capital Inc Brandywine Global Investment Management Bridgewater Associates Capstone Investment Advisors Cohen & Steers Capital Management Crabel Capital Management Inc Credit Suisse Asset Management LLC Crestline Investors Czech Asset Management DePrince, Race & Zollo DoubleLine Capital DWS EJF Alternative Asset Mgmt. Fairfax County Retirement Florin Court Capital LLP Frazier Healthcare Partners Hoisington Management Investcorp LLC JP Morgan Investment Mgmt. Kirkoswald Asset Management LLC Landmark Partners Lavrock Ventures Lazard Asset Management Lombard Odier Asset Management Co Man Asset Management Ltd Marathon Asset Management LLP

Employee Retirement Systems Overview

INVESTMENT MANAGERS AS OF JUNE 30, 2022		
Police Officers Retirement	Uniformed Retirement	Employees' Retirement
<ul style="list-style-type: none"> • Red Tree Venture Capital • Sands Capital Management • Section Partners • Solus Alternative Asset Management • Starboard Value, LP • The Hive • Two Sigma • Van Neck Securities Corporation • Verition • WCM Asset Management 	<ul style="list-style-type: none"> • Pontifax AG Tech • Sands Capital Management • Siguler Guff & Company, LP • SoMa Equity Partners • Starboard Value, LP • Taurus Funds Management • Thoma Bravo, LLC • Two Sigma • UBS Realty • Varde Partners • Voya Investment Management • Walter Scott • Wasatch Global Investors • Wellington Management, LLP 	<ul style="list-style-type: none"> • Marathon Asset Management LP • Millennium Management, LLC • Morgan Creek Capital Management • Onyxpoint Global Management LP • Pacific Investment Management Company • Parametric Portfolio Advisors • Parataxis • Pinnacle Arcadia Cattle Partners • Polychain Capital • Prudential Global Investment Management • Red Tree Venture Capital • Roundhill Music Royalty Partners • Sands Capital Management • Section Partners • Shenkman Capital • Solus Alternative Asset Management • The Hive • Two Sigma • Van Eck Securities Corporation • Vanguard • Verition • WCM Asset Management

Retirement Administration Agency

Mission

As an agent of the Boards of Trustees of the Employees', Uniformed, and Police Officers Retirement Systems, the mission of the Retirement Administration Agency is to administer the systems according to the terms established by the County of Fairfax and to do so in a manner that:

- Safeguards and invests the assets of the systems;
- Maximizes cost effectiveness of the retirement programs by optimizing long-term investment returns within an acceptable level of variation in required funding and by maintaining efficient administrative operations;
- Maximizes the value of retirement plans in retaining County personnel through communications, education, and counseling programs and by providing quality service;
- Fulfills the obligations of the systems to retirees by providing timely and accurate payments and by providing quality service; and
- Provides technical support and advice to County management and the Board of Supervisors regarding retirement benefits.

Focus

The Retirement Administration Agency contributes to the County's corporate stewardship through sound management of County resources and assets. To accomplish its specific mission, the Retirement Administration Agency will focus on:

- Support for the Boards of Trustees;
- Services to active employees and retirees;
- Accurate accounting and control of plan assets;
- Accuracy of data;
- Cost efficiency of processes; and
- Investment return and risk control.

Under the direction of the Boards of Trustees for the Fairfax County Employees', Police Officers, and Uniformed Retirement Systems, the Retirement Administration Agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy and provides counseling and comprehensive information pertaining to benefits to active and retired County employees.

The agency receives revenues from various sources, including employee and employer contributions to the various retirement systems, employee payback, and return on investments, to finance the three employee retirement systems. Employee contributions are based on a fixed percentage of pay. Employer contributions come from Agency 89, Employee Benefits, for County employees in General Fund agencies, the employee's agency for County employees in non-General Fund agencies, and Fairfax County Public Schools (FCPS) for school employees.

Some revenues are also generated through employee payback, a process by which employees who have left the County can make a "payback" contribution and return to their previous standing in the retirement system upon their return to County employment. Additionally, significant revenues are achieved through returns on fund investments. Revenue projections are based on an assumed actuarial rate of return of 6.75 percent. It should be noted that as part of the July 1, 2022 actuarial valuation, the 15-year amortization period for amortization bases was measured from the valuation date rather than from the date of first payment, and the change was applied retroactively.

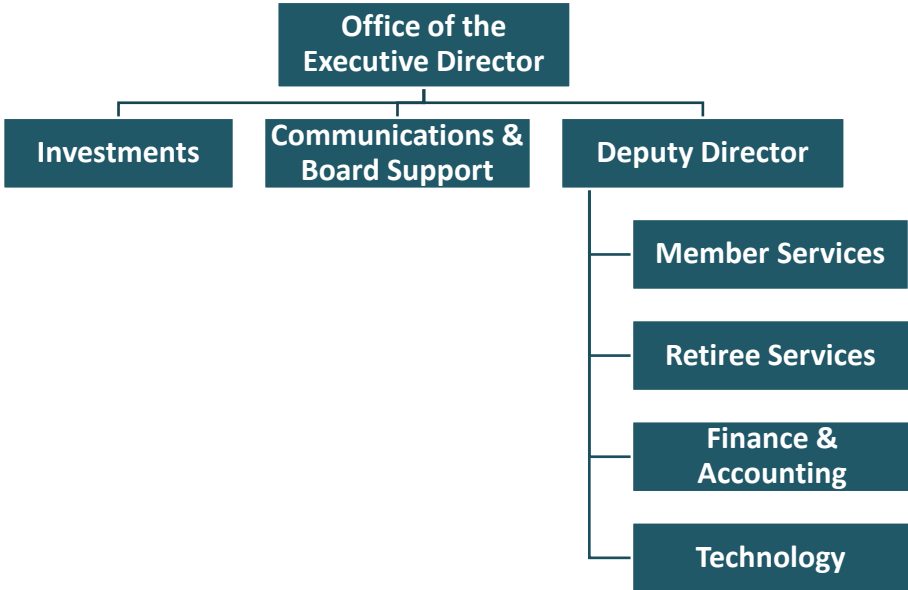
**Connection
to the
Countywide
Strategic Plan**

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. In February of 2023, the first Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the proposed plan strategies, plus a sample data dashboard and data story that is being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Two Implementation Model, which focuses on identifying the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. The Retirement Administration Agency primarily supports the following Community Outcome Area:



Community Outcome Area	Vision Statement
Effective and Efficient Government	<i>All people trust that their government responsibly manages resources, is responsible to their needs, provides exceptional services and equitably represents them.</i>

**Organizational
Chart**



Budget and Staff Resources

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,250,282	\$5,014,434	\$5,014,434	\$5,270,920	\$5,432,742
Operating Expenses	705,240,748	693,063,760	741,563,760	749,499,739	749,499,739
Total Expenditures	\$709,491,030	\$698,078,194	\$746,578,194	\$754,770,659	\$754,932,481
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	29 / 29	29 / 29	32 / 32	30 / 30	32 / 32

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.

Employee Compensation \$357,164

An increase of \$357,164 in Personnel Services includes \$255,904 for a 5.44 percent market rate adjustment (MRA) for all employees and \$66,266 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023. The remaining increase of \$34,994 is included to support employee retention and recruitment efforts and align the County's pay structures with the market based on benchmark data.

Personnel Services \$66,559

An increase of \$66,559 in Personnel Services reflects adjustments necessary to align the Personnel Services budget with actual expenditure levels.

Other Post-Employment Benefits (\$5,415)

A decrease of \$5,415 in Other Post-Employment Benefits reflects required adjustments associated with providing Other Post-Employment Benefits (OPEBs) to retirees, including the Retiree Health Benefits Subsidy. For more information on Other Post-Employment Benefits, please refer to Fund 73030, OPEB Trust, in Volume 2 of the FY 2024 Adopted Budget Plan.

Benefit Payments \$36,193,585

A net increase of \$36,193,585 in Benefit Payments reflects increased payments of \$32,944,001 to retirees based on actual experience, an increase in payments of \$1,837,201 to beneficiaries, and an increase in refunds of \$1,412,383. Since benefits are pre-funded during an employee's active career, the employer contribution rates as calculated through the actuarial valuation process already reflect this level of benefit payments.

Investment Management Fees \$17,676,525

An increase of \$17,676,525 in Operating Expenses reflects an increase in investment management fees based on actual experience.

IT Software Upgrade \$2,296,000

An increase of \$2,296,000 in Operating Expenses reflects the first phase of implementation of current pension administration software system upgrade. The system upgrade will improve the quality and availability of data for actuarial and analytical purposes, and self-service capabilities for active and retired members, and provide a better customer experience for both staff and customers.

Other Operating Expenses **\$269,869**

A net increase of \$269,869 in all other Operating Expenses reflects the net impact of several adjustments based on actual experience.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Position Adjustments **\$0**

The County Executive approved the redirection of 3/3.0 FTE positions to the Retirement Administration Agency to support workload requirements.

Third Quarter Adjustments **\$48,500,000**

As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved funding of \$48,500,000 in Operating Expenses associated with projected expenditures related to retirement benefit payments and investment management fees based on year-to-date trends.

Position Detail

The FY 2024 Adopted Budget Plan includes the following positions:

RETIREMENT ADMINISTRATION AGENCY - 32 Positions ¹			
Office of the Director			
1	Executive Director	1	Administrative Assistant IV
1	Deputy Director		
Retirement Administration			
1	Business Analyst IV	1	Communications Specialist II
1	Programmer Analyst II	1	Administrative Assistant V
1	Information Technology Technician I	3	Administrative Assistants III
Retiree Services			
1	Management Analyst II	4	Administrative Assistants V
Membership Services			
1	Management Analyst III	4	Retirement Counselors
1	Financial Specialist II		
Finance/Accounting			
1	Financial Specialist IV	1	Accountant I
Investments			
3	Senior Investment Managers	1	Investment Operations Manager
2	Investment Officers	2	Investment Analysts

¹ 1/1.0 FTE Accountant III position resides in the Retirement Administration Agency, but is accounted for and financed by Fund 73030, OPEB Trust. The 32/32.0 FTE positions shown above are financed jointly by the three retirement trust funds (Fund 73000, Fund 73010, and Fund 73020).

Performance Measurement Results by Community Outcome Area

Effective and Efficient Government

Overall, FY 2022 was a challenging year for investment performance with the Employees' system down 3.7 percent, the Uniformed system down 9.0 percent, and the Police Officers system up 0.9 percent. Major global equity indexes declined for the fiscal year that ended June 2022, posting negative returns in domestic, international, and emerging markets. U.S. equity markets (as measured by the S&P 500 Index) ended with negative returns, with the S&P 500 Index ending the fiscal year with a one-year return of -10.6 percent. Within the U.S. stock market, small cap stocks (as measured by the Russell 2000 Index) underperformed large cap stocks, posting a one-year return of -23.4 percent. Developed international equity markets (as measured by the MSCI EAFE Index) ended FY 2022 with a 12-month return of -17.8 percent. The MSCI Emerging Markets Index ended the fiscal year with a one-year return of -25.3 percent.

As headline inflation rose to a 40-year high of 9.1 percent, the U.S. Federal Reserve raised its benchmark interest rate from a range of 0.00 percent to 0.25 percent at the end of FY 2021 to a range of 1.5 percent to 1.75 percent by the end of FY 2022, with an additional 0.75 percent rate hike in both July and September 2022. In addition, the U.S. central bank began a quantitative tightening program in June 2022, with the intention of reducing its \$9 trillion in balance sheet assets. In response, the 10-year U.S. Treasury yield rose from 1.45 percent to 2.98 percent over fiscal year, which was a headwind for the U.S. investment grade bond market. The Bloomberg U.S. Aggregate Index ended the fiscal year down -10.3 percent, with the Bloomberg U.S. Treasury Index down -8.9 percent for the trailing 12-month period ending June 30, 2022. The U.S. high yield bond market (as measured by the Bloomberg US High Yield Index) posted a return of -12.8 percent over the same period. In real assets, commodities continued their rebound off calendar year 2020 lows with the Bloomberg Commodities Index posting one-year gains of +24.3 percent and WTI crude oil prices rising 43.9 percent since June 30, 2021.

Compared to their peers across the country in the BNY Mellon public fund universe for FY 2022, the Employees' system gross return for the year was -1.95 percent (-3.65 percent, net of fees), placing it in the 23rd percentile; the Police Officers system gross return for the year was 3.90 percent (0.89 percent, net of fees), placing it in the 3rd percentile; and the Uniformed system gross return for the year was -8.04 percent (-9.04 percent, net of fees), placing it in the 52nd percentile. In addition to comparing one-year returns to general market results, the long-term investments of the retirement systems should also be considered over multi-year periods relative to the returns achieved by other public pension plans. For the last ten-year period, all three systems had favorable results relative to their peers. The Employees' system placed in the 72nd percentile and returned a gross 7.5 percent per year; the Police Officers system placed in the 26th percentile returning 8.6 percent per year; and the Uniformed system placed in the 85th percentile returning 6.8 percent per year.

Employer contribution rates are calculated based on a number of actuarial assumptions, including an actuarially determined rate of return. The actuarial rate of return uses a smoothing methodology to phase in total recognition of a given year's returns above or below the long-term expected rate of 6.75 percent. This smoothing is done to mitigate volatility in funding requirements, recognizing the cyclical nature of capital market returns. However, this smoothing process does not include the impact of any liability gains or losses, which are determined by comparing actual experience, such as rates of retirement and death, against actuarial assumptions. Funding policy and calculations include an average compound return of 6.75 percent over the long-term. Including the results through FY 2022, the actual compound annual returns achieved since 1981, the earliest date for which data is available, have been 8.3 percent for the Employees' system, 7.1 percent for the Uniformed system, and 8.0 percent for the Police Officers system.

Retirement Administration Agency

Indicator	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Effective and Efficient Government						
Customer Satisfaction with County Services						
Number of training classes offered	75	64	60	70	65	70
Number of training class attendees	1,933	1,634	1,600	1,436	1,800	1,700
Number of employee outreach sessions	44	2	15	3	7	10
Number of outreach session participants	1,661	75	500	100	350	500
Percent of retiree payments processed on time: Fairfax County Employees	100%	100%	100%	100%	100%	100%
Percent of retiree payments processed on time: Uniformed	100%	100%	100%	100%	100%	100%
Percent of retiree payments processed on time: Police Officers	100%	100%	100%	100%	100%	100%
Financial Sustainability and Trustworthiness						
Employees' Retirement System funded status	69.5%	81.3%	71.0%	72.1%	73.0%	75.0%
Uniformed Retirement System funded status	76.8%	88.7%	79.0%	72.3%	82.0%	84.0%
Police Officers Retirement System funded status	75.6%	90.2%	78.0%	81.8%	73.0%	75.0%
Deviation from actuarial rate of return (total plan): Fairfax County Employees	(4.4%)	19.7%	0.0%	(10.0%)	0.0%	0.0%
Deviation from actuarial rate of return (total plan): Uniformed	(8.5%)	18.2%	0.0%	(15.8%)	0.0%	0.0%
Deviation from actuarial rate of return (total plan): Police Officers	(11.1%)	24.0%	0.0%	(5.9%)	0.0%	0.0%

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2024-adopted-performance-measures-pm>

Fund 73000: Fairfax County Employees' Retirement

FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$5,146,200,648	\$5,309,722,533	\$4,857,084,923	\$5,223,231,794	\$4,969,060,219
Revenue:					
County Employer Contributions	\$168,747,137	\$181,671,084	\$181,671,084	\$201,647,965	\$201,647,965
County Employee Contributions	29,399,688	33,528,632	33,528,632	36,992,865	36,992,865
School Employer Contributions	60,366,922	68,229,000	68,229,000	67,806,200	67,806,200
School Employee Contributions	9,955,846	12,592,125	12,592,125	12,898,600	12,898,600
Employee Payback	913,473	357,210	357,210	987,921	987,921
Return on Investments ¹	320,784,610	276,501,339	276,501,339	330,353,001	330,353,001
Total Realized Revenue	\$590,167,676	\$572,879,390	\$572,879,390	\$650,686,552	\$650,686,552
Unrealized Gain/(Loss) ^{1,2}	(\$443,568,066)	\$0	\$0	\$0	\$0
Total Revenue	\$146,599,610	\$572,879,390	\$572,879,390	\$650,686,552	\$650,686,552
Total Available	\$5,292,800,258	\$5,882,601,923	\$5,429,964,313	\$5,873,918,346	\$5,619,746,771
Expenditures:					
Administrative Expenses ¹	\$4,307,940	\$5,426,463	\$5,426,463	\$7,186,811	\$7,296,172
Investment Services ¹	59,600,513	54,130,482	54,130,482	62,691,611	62,691,611
Payments to Retirees	356,938,580	362,439,345	388,439,345	378,890,496	378,890,496
Beneficiaries	9,173,691	8,872,716	8,872,716	9,724,112	9,724,112
Refunds	5,694,611	4,035,088	4,035,088	5,979,333	5,979,333
Total Expenditures	\$435,715,335	\$434,904,094	\$460,904,094	\$464,472,363	\$464,581,724
Total Disbursements	\$435,715,335	\$434,904,094	\$460,904,094	\$464,472,363	\$464,581,724
Ending Balance³	\$4,857,084,923	\$5,447,697,829	\$4,969,060,219	\$5,409,445,983	\$5,155,165,047

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$222,396,351.71 have been reflected as a decrease to FY 2022 revenues, primarily associated with adjustments necessary to record a net loss from the unrealized depreciation and sale of investments, as well as adjustments to record interest and dividend revenue in the proper fiscal period. In addition, audit adjustments in the amount of \$5,775,223.37 have been reflected as an increase to FY 2022 expenditures primarily to appropriately account for investment management fees and securities lending expenses. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2022. Details of the audit adjustments were included in Attachment VI of the FY 2023 *Third Quarter Review*.

² Unrealized gain/(loss) is reflected as an actual revenue at the end of each fiscal year.

³ The Employees' Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

Fund 73010: Uniformed Retirement

FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$2,165,012,552	\$2,236,300,876	\$1,924,523,064	\$2,082,232,431	\$1,970,655,517
Revenue:					
Employer Contributions	\$65,793,238	\$78,748,288	\$78,748,288	\$74,998,370	\$74,998,370
Employee Contributions	11,879,088	14,062,468	14,062,468	14,858,492	14,858,492
Employee Payback	192,300	76,545	76,545	207,972	207,972
Return on Investments ¹	88,184,931	112,471,573	112,471,573	130,152,959	130,152,959
Total Realized Revenue	\$166,049,557	\$205,358,874	\$205,358,874	\$220,217,793	\$220,217,793
Unrealized Gain/(Loss) ^{1,2}	(\$259,733,809)	\$0	\$0	\$0	\$0
Total Revenue	(\$93,684,252)	\$205,358,874	\$205,358,874	\$220,217,793	\$220,217,793
Total Available	\$2,071,328,300	\$2,441,659,750	\$2,129,881,938	\$2,302,450,224	\$2,190,873,310
Expenditures:					
Administrative Expenses ¹	\$1,926,451	\$1,445,385	\$1,445,385	\$2,233,521	\$2,261,542
Investment Services ¹	20,261,476	22,055,878	22,055,878	22,781,012	22,781,012
Payments to Retirees	121,754,716	122,306,449	133,306,449	129,801,503	129,801,503
Beneficiaries	2,160,000	1,554,047	1,554,047	2,289,600	2,289,600
Refunds	702,593	864,662	864,662	737,723	737,723
Total Expenditures	\$146,805,236	\$148,226,421	\$159,226,421	\$157,843,359	\$157,871,380
Total Disbursements	\$146,805,236	\$148,226,421	\$159,226,421	\$157,843,359	\$157,871,380
Ending Balance³	\$1,924,523,064	\$2,293,433,329	\$1,970,655,517	\$2,144,606,865	\$2,033,001,930

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$102,281,479.49 have been reflected as a decrease to FY 2022 revenues, primarily associated with adjustments necessary to record a net loss from the unrealized depreciation and sale of investments, as well as adjustments to record interest and dividend revenue in the proper fiscal period. In addition, audit adjustments in the amount of \$1,704,565.47 have been reflected as a decrease to FY 2022 expenditures primarily to appropriately account for investment management fees and securities lending expenses. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2022. Details of the audit adjustments were included in Attachment VI of the *FY 2023 Third Quarter Review*.

² Unrealized gain/(loss) is reflected as an actual revenue at the end of each fiscal year.

³ The Uniformed Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to interest on investments.

Fund 73020: Police Officers Retirement

FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$1,808,176,588	\$1,861,155,285	\$1,786,724,546	\$1,913,917,339	\$1,831,790,923
Revenue:					
Employer Contributions	\$52,066,100	\$60,899,801	\$60,899,801	\$57,999,811	\$57,999,811
Employee Contributions	9,805,495	11,441,861	11,441,861	11,986,712	11,986,712
Employee Payback	435,968	76,545	76,545	471,499	471,499
Return on Investments ¹	78,823,882	99,095,849	99,095,849	120,688,615	120,688,615
Total Realized Revenue	\$141,131,445	\$171,514,056	\$171,514,056	\$191,146,637	\$191,146,637
Unrealized Gain/(Loss) ^{1,2}	(\$35,613,028)	\$0	\$0	\$0	\$0
Total Revenue	\$105,518,417	\$171,514,056	\$171,514,056	\$191,146,637	\$191,146,637
Total Available	\$1,913,695,005	\$2,032,669,341	\$1,958,238,602	\$2,105,063,976	\$2,022,937,560
Expenditures:					
Administrative Expenses ¹	\$1,509,681	\$1,303,597	\$1,303,597	\$1,577,468	\$1,601,908
Investment Services ¹	26,829,826	19,440,072	19,440,072	27,830,334	27,830,334
Payments to Retirees	92,206,596	87,150,478	98,650,478	96,148,274	96,148,274
Beneficiaries	5,986,510	6,188,870	6,188,870	6,439,122	6,439,122
Refunds	437,846	864,662	864,662	459,739	459,739
Total Expenditures	\$126,970,459	\$114,947,679	\$126,447,679	\$132,454,937	\$132,479,377
Total Disbursements	\$126,970,459	\$114,947,679	\$126,447,679	\$132,454,937	\$132,479,377
Ending Balance³	\$1,786,724,546	\$1,917,721,662	\$1,831,790,923	\$1,972,609,039	\$1,890,458,183

¹ In order to account for revenues and expenditures in the proper fiscal year, audit adjustments in the amount of \$66,766,426.04 have been reflected as a decrease to FY 2022 revenues, primarily associated with adjustments necessary to record a net loss from the unrealized depreciation and sale of investments, as well as adjustments to record interest and dividend revenue in the proper fiscal period. In addition, audit adjustments in the amount of \$3,859,989.67 have been reflected as an increase to FY 2022 expenditures primarily to appropriately account for investment management fees and securities lending expenses. The Annual Comprehensive Financial Report (ACFR) reflects all audit adjustments in FY 2022. Details of the audit adjustments were included in Attachment VI of the *FY 2023 Third Quarter Review*.

² Unrealized gain/(loss) is reflected as an actual revenue at the end of each fiscal year.

³ The Police Retirement Fund maintains fund balances at adequate levels relative to projected requirements. The fund balance fluctuates annually primarily due to return on investments.