FAIRFAX COUNTY
Retirement
SYSTEMS
EMPLOYEES'

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A Pension Trust Fund of Fairfax County, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Three systems...
one team.

FAIRFAX COUNTY Retirement SYSTEMS EMPLOYEES' POLICE Officers UNIFORMED

A Pension Trust Fund of Fairfax County, Virginia

This report was prepared by the financial, administrative and investment staff of the Fairfax County Employees' Retirement System.

Table of Contents

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County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

November 13, 2020

Dear Members of the Board of Trustees:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Fairfax County Employees' Retirement System (System) for the fiscal year ended June 30, 2020. This CAFR is provided as an aid to understanding the structure and evaluating the status of the System. The System's management is responsible for the accuracy of financial information contained herein. The Management's Discussion and Analysis provides further detail to the financial statements.

History

The Fairfax County Supplemental Retirement System was established on July 1, 1955. On February 26, 2001, the name of the System was changed to the Fairfax County Employees' Retirement System. In previous years, Fairfax County Employees' Retirement System reported the plan as a cost-sharing multiple employer defined benefit plan. The System is considered as a single employer public employee retirement system providing defined benefit pension plan coverage to full- time and certain part-time Fairfax County, and its component units, employees who are not covered by the Fairfax County Police Officers Retirement System, the Fairfax County Uniformed Retirement System, the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) or the Virginia Retirement System (VRS). There were 14,204 active members, 785 in the Deferred Retirement Option Program (DROP), 2,349 terminated vested, and 9,824 retirees participating in the System as of June 30, 2020. For calculations surrounding the Total Pension Liability and its components, Cheiron, the System's actuary, used June 30, 2020, as the measurement date which coincides with the actuarial valuation date.

Provisions

The benefit provisions of the System are established by County Ordinance. The System provides normal service retirement and early service retirement benefits for members who attain age or service requirements. Coverage for service-connected disability benefits is immediate upon membership in the System. Ordinary (non- service-related) disability benefits are provided after the attainment of five years of service. Members are vested after five years of service and are eligible for benefits at the early or normal service retirement date.

Capital Markets and Economic Conditions

In fiscal year 2020, the System's investment returns were impacted by significant volatility in the markets due to the novel coronavirus (COVID-19) pandemic. The System's portfolio investment return for the year was 3.66 percent (2.85 percent, net of fees), dipping below the long term return target of 7.25 percent. This return placed in the 38th percentile of the BNY Mellon Universe of public funds. Over the long term, returns compared more favorably, with investment returns for the ten-year period at 8.15 percent per year, ranking the fund in the 55th percentile of all other public funds in the BNY Mellon Universe. Additional details on the markets and the System's investments are provided in the Investment Section.

FAIRFAX COUNTY Retirement SYSTEMS
EMPLOYEES' POLICE Officers UNIFORMED

Fairfax County Retirement Systems
12015 Lee Jackson Memorial Hwy, Suite 350, Fairfax, VA 22033
Phone: 703-279-8200 * 1-800-333-1633 * Fax: 703-273-3185
www.fairfaxcounty.gov/retirement/

Internal and Budgetary Controls

The System's management is responsible for the financial information presented in this report in accordance with U.S. Generally Accepted Accounting Principles. Proper internal accounting controls exist to provide reasonable, but not absolute, assurance for both the safekeeping of assets and the fair presentation of the financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy Statement

The Board of Trustees (Board) has adopted the Employees' Retirement System Investment Policy Statement. This Statement establishes the investment goals, guidelines, constraints and performance standards that the Board of Trustees uses when exercising its fiduciary duties to manage the investment assets of the System. The Board operates in conformity with the standard of care required in making investments as stated in the Code of Virginia §51.1-803. Please see Note 3 in the Financial Section of this report for a description of this standard of care and details on the System's investment policies and strategies.

The Board receives quarterly reporting from staff to ensure compliance with its stated objectives and policy. Staff also monitors the performance of the System and its investment managers and updates the Board on a monthly basis throughout the year. Rate of return information is included in the Investment Section prepared internally by staff using data from the System and investment managers.

Securities of the System, except for the pooled funds and the County's pooled cash and temporary investments, are held in safekeeping, on the System's behalf, by BNY Mellon Asset Servicing as agent. The BNY Mellon Financial Corporation, the parent company, carries Financial Institution bond insurance coverage including a Computer Crime Policy. An additional Excess Securities policy covers all risk of physical loss to securities.

Funded Status

An actuarial valuation of the System to determine funding requirements is performed annually. The System's funding policy provides for periodic employer contributions at actuarially determined rates, which are calculated as a percentage of covered payroll, and are adjusted as necessary to accumulate sufficient assets to meet the costs of benefit payments when due. As of the latest annual valuation, performed as of June 30, 2020, the ratio of the market value of assets to total pension liabilities for benefits decreased from 70.82 percent to 69.49 percent. The actuarial section contains further information on the results of the June 30, 2020, valuation.

Based on the June 30, 2018, actuarial valuation, the employer contribution rate for 2020 following the adopted corridor-based funding policy was 28.35 percent, an increase of 1.21 percent from the 2019 rate of 27.14 percent. Working in concert with the County's Chief Financial Officer, the System's actuary (Cheiron) and other County staff, efforts continue to improve the funded status of the Plan. As a result of this work, and as referenced above, the County has increased the employer contribution rate above what was required by the adopted corridor-based funding policy for four consecutive years.

Major Initiatives

As a result of the COVID-19 pandemic, beginning in March of 2020, staff successfully implemented a temporary transition to teleworking. Of the 191 unique interactions and transactions handled by staff in the course of daily operations, virtually all can be and have been completed with staff working remotely. This includes:

- Retirement counseling
- Monthly retiree benefits payments
- Investment portfolio management
- Investment-related transactions
- Investment manager screening and due diligence
- Actuarial valuations and data analysis
- Processing and reconciliation of financial transactions
- Preparation of annual financial reports

Along with this major transition, staff accelerated and completed the rollout of a number of new methods for serving members. These include delivering training virtually, making all forms PDF-fillable, and creating a range of online how-to videos.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Fairfax County Employees' Retirement System for its CAFR for the fiscal year ended June 30, 2019. This was the tenth consecutive year that the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Fairfax County Retirement Systems received the Public Pension Standards for Funding and Administration Award for the fiscal year ended June 30, 2020, from the Public Pension Coordinating Council (PPCC), in recognition of meeting the professional standards for plan funding as set forth in the Public Pensions Standards. The PPCC is a confederation of the National Association of the State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement.

Other Information

Independent Audit and Actuarial Certifications

Cherry Bekaert LLP performed an annual audit of the financial statements of the System to obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. Additionally, Cheiron performed an annual actuarial valuation to assess the plan's ability to meet future obligations. The report of independent auditor and certification from the actuary are included in this report.

Acknowledgments

This report is intended to provide complete and reliable information for determining the financial status of the System. It is being submitted to the Board of Supervisors and other interested parties and is available to the public via the County's website located at www.fairfaxcounty.gov/retirement/.

This annual report for the Employees' Retirement System is the result of the hard work of the System's Accounting team, as assisted by other members of the Retirement Systems team.

As always, I am very thankful and feel privileged to lead the Retirement Systems team. These fine people work every day to provide the best-possible service and stewardship for the employees, retirees and citizens of Fairfax County. This year, however, I am particularly appreciative of their flexibility and diligence in adapting to a significant change in how we do business. That, along with the support of County technology and administrative resources, allowed us to continue to serve our members during the COVID-19 pandemic.

Finally, I must express my deep appreciation, on behalf of the 27,162 members and beneficiaries of the Employees' Retirement System, for your dedicated service as trustees.

Respectfully submitted,

Jeffery K. Weiler
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairfax County Employees' Retirement System
Virginia

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

PPCC

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
_2020_

Presented to

Fairfax County Employees' Retirement System

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

Board of Trustees

Ten members serve on the Fairfax County Employees' Retirement System Board of Trustees. Four of the members are citizens appointed by the Fairfax County Board of Supervisors. Three of the members are elected by Fairfax County Government employees, Fairfax County Public Schools employees, and Fairfax County retirees respectively. The Director of Human Resources, the Director of Finance, and the Coordinator from the Office of Benefit Services, Fairfax County Public Schools serve as Ex Officio members.

Robert C. Carlson - *Chairman*
Board of Supervisors Appointee
Term Expires: July 31, 2020

John M. Yeatman - *Vice Chairman*
Elected Retiree Trustee
Term Expires: December 31, 2022

Christopher J. Pietsch - *Treasurer*
Ex Officio Trustee
Fairfax County Director of Finance

Ricky Brown - Elected Member Trustee
Fairfax County Government
Term Expires: June 30, 2021

Terry Kellogg - Ex officio Trustee
Office of Benefit Services
Fairfax County Public Schools

Jon A. Miskell, Jr.
Board of Supervisors Appointee
Term Expires: July 31, 2022

Kevin North
Board of Supervisors Appointee
Term Expires: July 31, 2021

Catherine Spage
Ex Officio Trustee
Fairfax County Director of Human Resources

David Swan - Elected Member Trustee
Fairfax County Public Schools
Term Expires: July 1, 2024

Gordon R. Trapnell, FSA
Board of Supervisors Appointee
Term Expires: June 30, 2023

Administrative Organization

Administrative Staff

Jeffrey K. Weiler
Executive Director

Andrew J. Spellar
Chief Investment Officer

Investment Managers

Aberdeen Asset Management, Inc
London, UK

AlphaSimplex Group, LLC
Cambridge, MA

AQR Capital Management, LLC
Greenwich, CT

Aspect Capital Ltd
London, UK

Axiom International Investors, LLC
Greenwich, CT

BlackRock, Inc
San Francisco, CA

Brandywine Global Invest. Management, LLC
Philadelphia, PA

Bridgewater Associates, LP
Westport, CT

Capstone Investment Advisors, LLC
New York, NY

Cohen & Steers Capital Management, Inc
New York, NY

Crabel Capital Management, Inc
Los Angeles, CA

Credit Suisse Asset Management, LLC
New York, NY

Crestline Management
Fort Worth, TX

Czech Asset Management, LP
Old Greenwich, CT

DePrince, Race & Zollo, Inc
Winter Park, FL

DoubleLine Capital, LP
Los Angeles, CA

DWS
Chicago, IL

EJF Capital, LLC
Arlington, VA

Fairfax County Retirement
Fairfax, VA

Hoisington Invest. Management, Co
Austin, TX

Investcorp, LLC
New York, NY

JPMorgan Investment Management, Inc
New York, NY

Investment Managers

Kirkoswald Asset Management, LLC New York, NY	Landmark Partners Simsbury, CT
Lazard Asset Management, LLC New York, NY	Lombard Odier Asset Management, Co New York, NY
Man Asset Management, Ltd London, UK	Marathon Asset Management, LP New York, NY
Marathon Asset Management, LLP London, UK	Maverick Fundamental Quant Neutral, LP New York, NY
Millennium Management, LLC New York, NY	Morgan Creek Capital Management, LLC Chapel Hill, NC
Neuberger Berman Group, LLC New York, NY	Parametric Portfolio Associates, LLC Minneapolis, MN
Prudential Global Investment Management Newark, NJ	PIMCO Newport Beach, CA
Pinnacle Associates GP, LLC New York, NY	QMS Capital Management, LP Durham, NC
Sands Capital Management, LLC Arlington, VA	Shenkman Capital Management, Inc New York, NY
Solus Alternative Asset Management New York, NY	Standish Mellon Asset Management Company, LLC Pittsburgh, PA
Vanguard King of Prussia, PA	WCM Investment Management Laguna Beach, CA

Professional Services

Actuary Cheiron Actuaries McLean, VA	Independent Auditor Cherry Bekaert LLP Certified Public Accountants Tysons Corner, VA
Custodian Bank BNY Mellon Asset Servicing Pittsburgh, PA	Legal Counsel Morgan, Lewis & Bockius LLP Washington, DC

Schedule of fees and schedule of commissions are located in the Investment Section, pages 57-58.

Organization Chart

Board of Supervisors
Kathy L. Smith, Penelope A. Gross, Dalia A. Palchik, James R. Walkinshaw
Walter L. Alcorn, Pat Herrity, Jeffrey C. McKay, John W. Foust, Rodney L. Lusk
Daniel G. Storck

Board of Trustees
(Ten Members – see page 7)
Ricky Brown, Robert C. Carlson, Terry Kellogg, Jon A. Miskell,
Kevin L. North, Christopher J. Pietsch, Catherine Spage, David T. Swan,
Gordon R. Trapnell, John M. Yeatman

Executive Director
Jeff Weiler

Investment Analyst
Anthony Vu

Chief Investment Officer
Andrew J. Spellar

Investment Operations Manager
Jennifer Snyder

Retirement Systems Management Team
Vicky Panlaqui - Accounting and Financial Reporting
Carol Patterson - Communications
Pamela Pettross - Technology
John Prather - Membership Services
Meir Zupovitz - Retiree Services

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Supervisors
County of Fairfax, Virginia

To the Board of Trustees
Fairfax County Employees' Retirement System

Report on the Financial Statements
We have audited the accompanying financial statements of the Fairfax County Employees' Retirement System (the "System"), a pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
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, 2020, and the changes in fiduciary net position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
During 2020, an outbreak of a novel coronavirus ("COVID-19") emerged globally. The United States and the global markets experienced significant declines in value resulting from uncertainty caused by the worldwide coronavirus pandemic that could

negatively impact the System's additions and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of net pension liability, schedule of money-weighted rate of return, schedule of employer contributions and summary of significant changes to the pension system be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introduction section, schedule of administrative expenses, schedule of investment expenses, schedule of consultant expenses, investment section, actuarial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of administrative expenses, schedule of investment expenses, and schedule of consultant expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedule of administrative expenses, schedule of investment expenses, and schedule of consultant expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction section, investment section, actuarial section, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2020, 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

Tysons Corner, Virginia
November 13, 2020

Management's Discussion and Analysis
(Unaudited)

This section presents management's discussion and analysis of the Fairfax County Employees' Retirement System's ("System" or "Plan") financial performance and provides an overview of the financial activities for the fiscal year ended June 30, 2020. The information in this section should be reviewed in conjunction with the Letter of Transmittal located in the Introductory Section.

Overview of Financial Statements and Accompanying Information

The financial presentation is composed of four parts: (1) the financial statements; (2) notes to the financial statements; (3) required supplementary information and (4) other supplementary information. Below is the summary of the information provided in each of these sections.

Financial Statements

The System presents the Statement of Fiduciary Net Position as of June 30, 2020 and Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2020. The Statement of Fiduciary Net Position provides a snapshot of the financial position. It reports the assets, liabilities and resulting net position restricted for pension benefits. The Statement of Changes in Fiduciary Net Position presents the Plan's transactions under the categories of Additions and Deductions. Additions include contributions from the County and by participating employees, net appreciation in the fair value of investments, dividend and interest income. Investment income is reduced by investment-related expenses such as asset management fees, custody charges and consulting fees. Deductions include outlays for monthly pension benefits, death benefits, refunds of contributions to employees and fees paid for professional services and administrative expenses.

Notes to the Financial Statements

The Notes to the Financial Statements are an integral part of the financial statements and include additional information and schedules to provide a better understanding of the fiduciary fund financial statements. The Notes to the Financial Statements include detailed information that is not readily evident in the financial statements such as the accounting policies, plan membership and benefits, and summary disclosures. Specifically:

Note 1	Describes significant accounting policies.
Note 2	Provides a description of the System, the funding policy, and member contributions and benefits.
Note 3	Describes investments and disclosures on fair value hierarchy, interest rate, credit quality, foreign currency risk, derivatives disclosures, and security lending.
Note 4	Describes the net pension liability, actuarial method and assumptions.
Note 5	Explains the System's tax status.

Required Supplementary Information

This section consists of historical trend exhibits such as the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Net Pension Liability, Schedule of Employer Contributions accompanied by the Notes to Schedule of Employer Contributions and Schedule of Money-Weighted Rate of Return. These schedules will be presented over 10 years as information becomes available. A Summary of Significant Changes to the Pension System is also included.

Other Supplementary Information

This section includes the Schedule of Administrative Expenses and the Schedule of Investment and Consultant Expenses.

The Required Supplementary Information and Other Supplementary notes are immediately following the Notes to the Financial Statements.

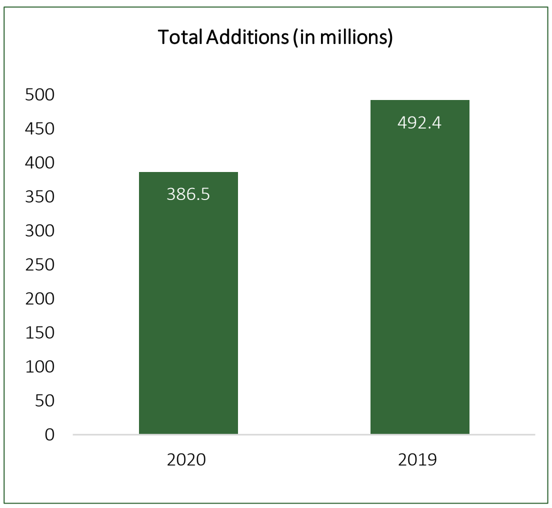
Management's Discussion and Analysis
(continued)

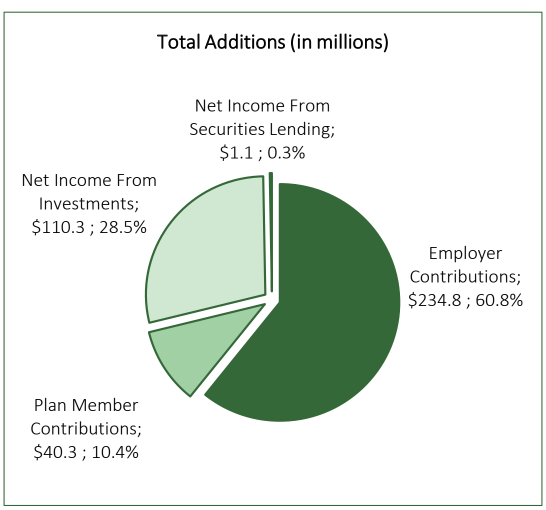
Financial Highlights

During 2020, an outbreak of a novel coronavirus ("COVID-19") emerged globally. This pandemic, coupled with the current stock market volatility, has created an economic environment likely to have a significant accounting consequences. Financial impacts could occur that are unknown at this time.

The net position restricted for pension benefits as of June 30, 2020, and June 30, 2019, was $4,142.1 million and $4,101.6 million, respectively. The net position restricted for pension benefits representing assets available to pay for current and future member pension benefits, increased by $40.4 million or 1.0 percent.

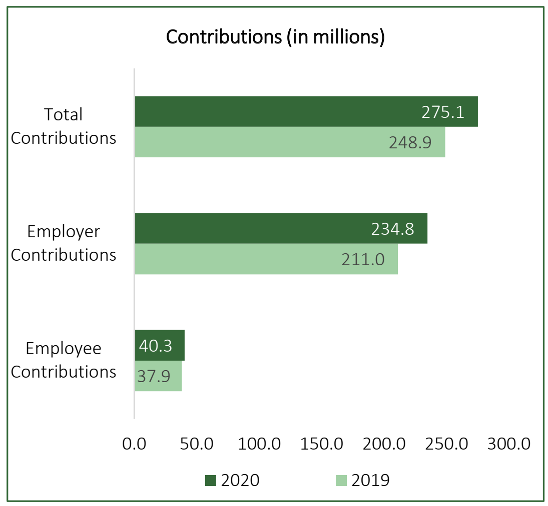
Total additions to fiduciary net position took a downturn by 21.5 percent from $492.4 million in 2019 to $386.5 million in 2020.

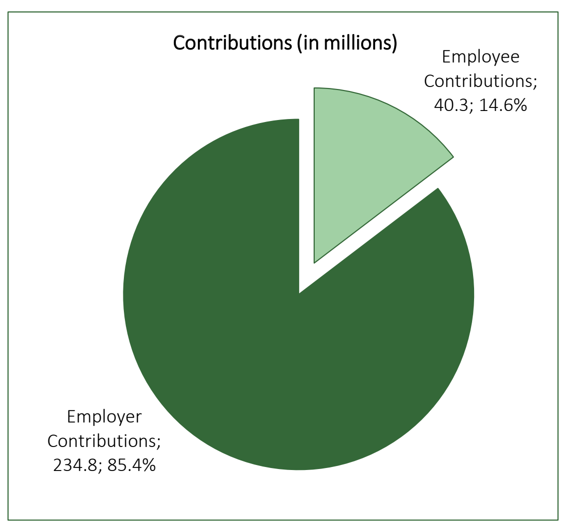




Net income from investments (excluding securities lending) decreased by 54.5 percent from $242.6 million in 2019 to $110.3 million in 2020. The net money-weighted rate of return on investments on a fair value basis was 2.84 percent in fiscal year 2020, and has decreased from 6.27 percent in fiscal year 2019.

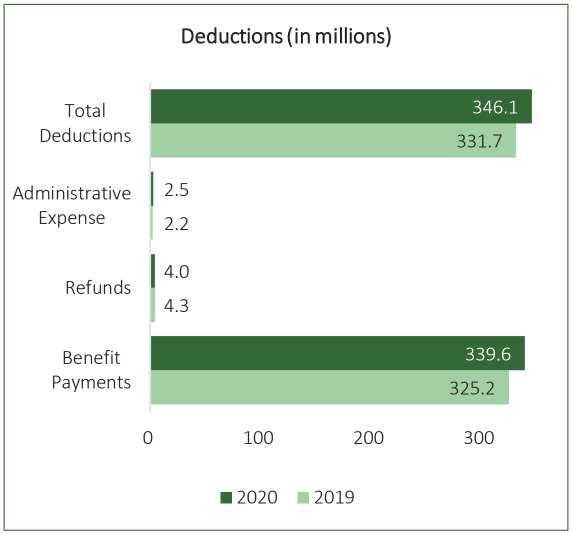
Employer and employee contributions received totaled $275.1 million, an increase of 10.5 percent or $26.2 million compared to 2019 received contributions of $248.9 million. The employer contributions increased by 11.3 percent from $211.0 million in fiscal year 2019 to $234.8 million in fiscal year 2020.

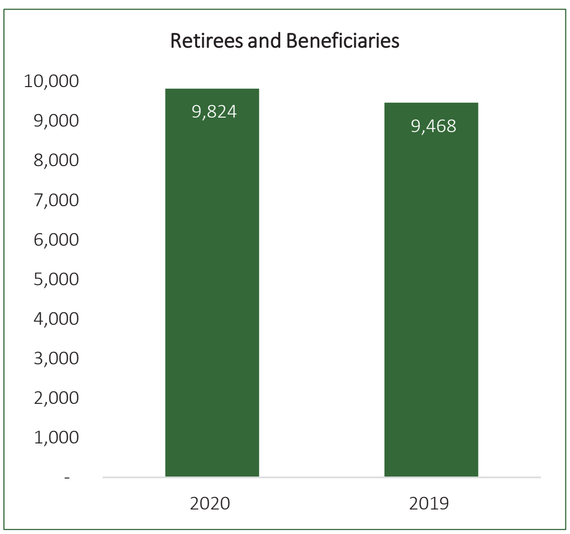




Management's Discussion and Analysis
(continued)

Total deductions from fiduciary net position increased by $14.4 million from $331.7 million in 2019 to $346.1 million in 2020. Member retirement benefit payments of $339.6 million in 2020 make up the majority of total deduction and increased by $14.4 million or 4.4 percent from $325.2 million in 2019. The number of retired members and beneficiaries receiving a benefit payment increased 3.8 percent from 9,468 to 9,824 payees as of June 30, 2020.





The net pension liability as calculated per Generally Accepted Accounting Principles in the United States of America (GAAP) as of June 30, 2020, and June 30, 2019, was $1,819.0 million and $1,690.0 million, respectively. The plan fiduciary net position as a percentage of total pension liability as of June 30, 2020, and June 30, 2019, was 69.49 percent and 70.82 percent, respectively. The net pension liability as a percentage of covered payroll has increased from 217.42 percent in fiscal year 2019 to 219.68 percent in fiscal year 2020. The covered payroll increased from $777.3 million in fiscal year 2019 to $828.0 million in fiscal year 2020.

	2020	2019
Net Pension Liability (in millions)	$1,819.0	$1,690.0
Net Position as Percentage of TPL	69.49%	70.82%
Covered Payroll (in millions)	$828.0	$777.3
Net Pension Liability as Percentage of Covered Payroll	219.68%	217.42%

Financial Analysis

Plan Fiduciary Net Position

When viewed over time, increases or decreases in plan fiduciary net position can be used to measure the financial condition of a pension plan.

For fiscal year 2020, the fiduciary net position of the Employees' Retirement System increased 1.0 percent, resulting in a total fiduciary net position value of $4,142.1 million, reflecting an increase of $40.4 million over fiscal year 2019.

Total assets as of June 30, 2020, were $4,413.1 million, representing an increase of $100.3 million, or 2.3 percent over the previous fiscal year. The main component of the increase was due to the rise of receivables from $100.7 million in fiscal year 2019 to $189.7 million in fiscal year 2020, and due to the increase in securities lending from $90.9 million in fiscal year 2019 to $109.3 million in fiscal year 2020. Cash and investment decreased from $4,121.1 million in fiscal year 2019 to $4,114.0 million in fiscal year 2020.

Management's Discussion and Analysis
(continued)

The table below details the Employees' Retirement System's net position for the current and prior fiscal year.

Net Position for Current and Prior Fiscal Year			
Fiscal Year	Ending Balances (millions)	Net Change in Dollars (millions)	Net Change in Percent
2020	$4,142.1	$40.4	1.0%
2019	4,101.6	160.7	4.1%

Summary of Plan Fiduciary Net Position				
Assets	**2020**	**2019**	**Difference**	**Percentage of Change**
Total Cash and Investments	$4,114,018,596	$4,121,088,472	($7,069,876)	-0.2%
Cash Collateral, Securities Lending	109,323,253	90,947,924	18,375,329	20.2%
Capital Assets, net	44,736	49,056	(4,320)	-8.8%
Total Receivables	189,666,399	100,699,503	88,966,896	88.3%
Total Assets	4,413,052,984	4,312,784,955	100,268,029	2.3%
Liabilities				
Purchase of Investments	($154,074,634)	($110,851,008)	($43,223,626)	39.0%
Cash Collateral, Securities Lending	(109,323,253)	(90,947,924)	(18,375,329)	20.2%
Accounts Payable and Others	(7,591,888)	(9,348,677)	1,756,789	-18.8%
Total Liabilities	(270,989,775)	(211,147,609)	(59,842,166)	28.3%
Net Position Restricted for Pension Benefits	**$4,142,063,209**	**$4,101,637,346**	**$40,425,863**	**1.0%**

Summary of Additions and Deductions				
Additions	**2020**	**2019**	**Difference**	**Percentage of Change**
Employer Contributions	$234,743,643	$210,964,436	$23,779,207	11.3%
Plan Member Contributions	40,327,359	37,915,769	2,411,590	6.4%
Net Income from Investments	110,340,094	242,581,953	(132,241,859)	-54.5%
Net Income from Securities Lending	1,102,067	963,592	138,475	14.4%
Total Additions	386,513,163	492,425,750	(105,912,587)	-21.5%
Deductions				
Benefit Payments	$339,610,116	$325,167,739	$14,442,377	4.4%
Refunds	4,005,739	4,349,488	(343,749)	-7.9%
Administrative Expense	2,471,445	2,197,893	273,552	12.4%
Total Deductions	346,087,300	331,715,120	14,372,180	4.3%
Net Increase/(Decrease)	**$40,425,863**	**$160,710,630**	**($120,284,767)**	**-74.8%**

Total liabilities as of June 30, 2020, were $271.0 million, representing an increase of $59.8 million, or 28.3 percent, over the previous year. The increase in total liabilities was the result of an increase in purchase of investments from $110.9 million as of fiscal year 2019 to $154.1 million as of fiscal year 2020. There was a 38.3 percent increase in the accrued liability, including the year-end accrual for management fees. In addition, the increase in the liability is brought by the increase in the securities lending cash collateral by $18.4 million or 20.2 percent.

	2020	2019	Difference	Percentage of Change
Accrued Liabilities (in thousands)	$5,491.3	$3,970.3	$1,521.0	38.3%

The total assets of $4,413.1 million exceeded its liabilities of $271.0 million at the close of the Plan year ended June 30, 2020, with $4,142.1 million in fiduciary net position restricted for pension benefits.

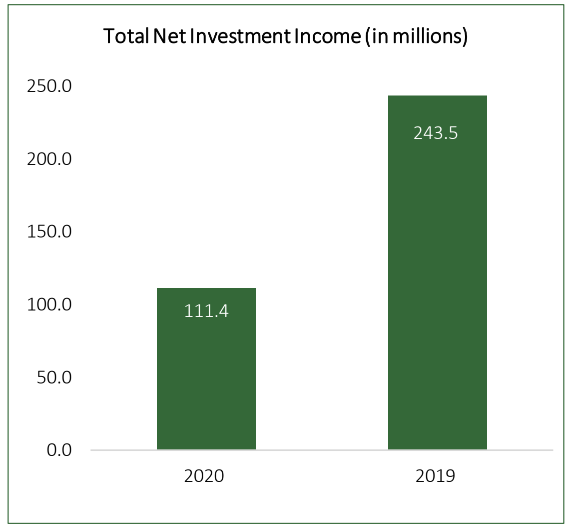
The Plan's investments are exposed to various risks including interest rate, market and credit risks. These risks may be influenced by changes in economic conditions and market conditions. Therefore, it is reasonable to assume that there will be changes in the values of the investments held in trust which could materially affect the amounts reported in the financial statements. Detailed information on investment results are in the Investment Section of this report.

Additions and Deductions

Total additions to the retirement fund consist of contributions from employers and active members and changes in the value of assets. Total additions decreased by $105.9 million or 21.5 percent, attributed primarily due to the decline of investment gains in fiscal year 2020 versus fiscal year 2019. The interest and dividend income also experienced a decrease of 10.2 percent. This lower return compared to the previous year's investment performance was due to the unfavorable and fluctuating market environment in fiscal year 2020.

Total contributions for the fiscal year ended June 30, 2020, amounted to $275.1 million. This was an increase of $26.2 million when compared with the activity of fiscal year 2019. The employer contributions for fiscal year 2020 increased by 11.3 percent which was consistent with the employer contribution rate rising from 27.14 percent to 28.35 percent of salary. Employee contributions increased by 6.4 percent, due to merit and 1.6 percent COLA increase.

Investment returns had a huge downfall for fiscal year 2020, reflecting unfavorable returns in the capital markets. Total net investment income (including securities lending) declined from $243.5 million in fiscal year 2019 to $111.4 million in fiscal year 2020, as a result of declined investment performance in a fluctuating market.

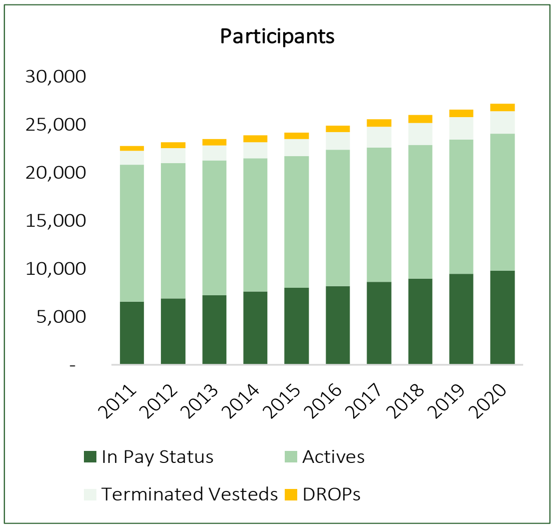


Total deductions of the System consist of the payments of benefits to retirees and beneficiaries, the refund of contributions to former members and the cost of administering the System. The total deductions for fiscal year 2020 were $346.1 million, an increase of $14.4 million, or 4.3 percent, over fiscal year 2019.

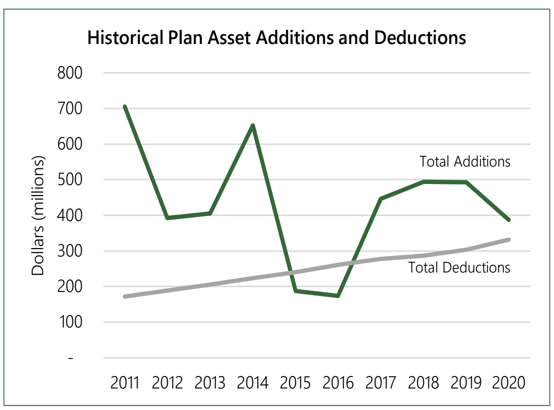
Regular pension benefit payments increased as the number of retirees and beneficiaries receiving benefit payments rose to 9,824 in fiscal year 2020 from 9,468 in fiscal year 2019. Benefit payments also increased due to a cost-of-living increase of 1.6 percent and higher average benefits for new retirees. Refunds reflected a 7.9 percent decrease due to lesser employee turnover, separation in the current fiscal year, less employees asking for refunds or lower balance of refunded amount.

Management's Discussion and Analysis
(continued)

Participant Count	2020	2019
Actives	14,204	14,000
DROP Members	785	806
Terminated Vesteds	2,349	2,293
Retirees in Payment Status	9,824	9,468
Total	**27,162**	**26,567**



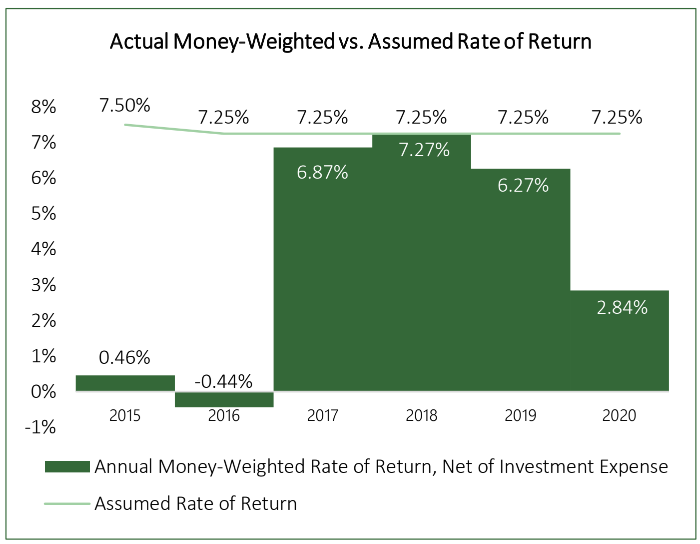
Historical additions to and deductions from fiduciary net position indicate a pattern of steadily increasing deductions as compared to fluctuating additions as a result of the unpredictable market environment.



The System utilizes two methodologies when analyzing investment returns. They may vary from each other in any given period. For GAAP accounting valuation purposes, a money-weighted return is used. A money-weighted rate of return calculates the investment performance accounting for all cash flows (contributions and withdrawals) occurring during the performance measurement period. The System's investment returns, net of fees, on a money-weighted rate of return declined from 6.27 percent in fiscal year 2019 to 2.84 percent in fiscal year 2020.

For investment performance reporting purposes, the System relies on a time-weighted approach. A time-weighted rate of return minimizes the impact of cash flows occurring throughout the measurement period. This methodology allows the System to compare its investment performance with relevant benchmark returns, as well as its performance with other pension plans. The System's investment returns, net of fees, on a time-weighted rate of return declined from 6.33 percent to 2.85 percent in fiscal year 2020.

The annual money-weighted rate of return of 2.84 percent was below the assumed 7.25 percent rate of return, net of fees, for the year ended June 30, 2020.



An actuarial valuation is performed annually by Cheiron. The actuarial value of the assets as of the last valuation on June 30, 2020, was $4,349.3 million, while actuarial liabilities as of the same period was $5,961.1 million. As of June 30, 2020, the date of the most recent actuarial valuation, the funded ratio of the System was 72.96 percent. This was an increase of 0.09 percent from the June 30, 2019, valuation funded ratio of 72.87 percent.

Under GAAP calculation, using the December 31, 2019, data rolled forward to June 30, 2020, the plan fiduciary net position as a percentage of the total pension liability was 69.49 percent. It decreased from 70.82 percent in fiscal year 2019, primarily as a result of the rise in Plan Fiduciary Net Position. The Total Pension Liability as of June 30, 2020, and June 30, 2019, was $5,961.1 million and $5,791.7 million, respectively.

(Dollars in millions)	**2020**	**2019**
Actuarial Accrued Liability	$5,961.1	$5,791.7
Actuarial Value of Assets	4,349.3	4,220.4
Unfunded Actuarial Liability	$1,611.8	$1,571.3
Funding Ratio	72.96%	72.87%
Total Pension Liability	$5,961.1	$5,791.7
Plan Fiduciary Net Position	4,142.1	4,101.7
Net Pension Liability	$1,819.0	$1,690.0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%	70.82%

Investment Management Fees

In an effort to provide a greater level of transparency, investment managers for commingled funds were requested to provide the management fees, rather than netting the management fees against investment activities. The fees have not suddenly and significantly increased. This reclassification did not affect the net investment performance.

Contacting the System's Financial Management

This financial report is designed to provide our membership, the Board of Trustees and the County's Board of Supervisors with a general overview of the System's financial condition. If you have any questions about this report or need additional information, contact the Fairfax County Retirement System, 12015 Lee Jackson Memorial Highway, Fairfax, VA 22033. This report can also be found on the County's internet site at www.fairfaxcounty.gov/retirement/.

Basic Financial Statements

Statement of Fiduciary Net Position

as of June 30, 2020

Assets		
Cash and Short-Term Investments		
Equity in County's Pooled Cash and Temporary Investments	$7,401,207	
Cash Collateral Received for Securities on Loan	109,323,253	
Short-Term Investments	259,692,003	
Total Cash and Short-Term Investments		$376,416,463
Capital Assets		
Building Improvements, net	19,550	
Equipment, net	25,186	
Total Capital Assets		44,736
Receivables		
Accounts Receivable	13,055,648	
Accrued Interest and Dividends	6,307,737	
Investment Proceeds and Other Receivables	170,303,014	
Total Receivables		189,666,399
Investments, at Fair Value		
Common Stock	789,819,166	
Preferred Securities	1,601,435	
Fixed Income		
Asset-Backed Securities	124,131,724	
Corporate Bonds	260,052,754	
International Bonds	53,545,716	
U.S. Government Obligations	171,532,652	
Pooled and Mutual Funds	2,446,241,939	
Total Investments		3,846,925,386
Total Assets		4,413,052,984
Current Liabilities		
Investment Purchases and Other Liabilities	154,074,634	
Cash Collateral Received for Securities on Loan	109,323,253	
Accounts Payable and Accrued Expenses	7,256,781	
Compensated Absences, Short-Term	106,097	
Noncurrent Liabilities		
Compensated Absences, Long-Term	229,010	
Total Liabilities		270,989,775
Net Position Restricted for Pension Benefits		**$4,142,063,209**

See accompanying notes to financial statements.

Basic Financial Statements

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2020

Additions		
Contributions		
Employer	$234,743,643	
Plan Members	40,327,359	
Total Contributions		$275,071,002
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	101,340,085	
Interest and Other Investment Income	30,425,274	
Dividends	16,522,700	
Total Investment Income	148,288,059	
Investment Activity Expense		
Management Fees	(35,666,960)	
Custodial Fees	(136,776)	
Consulting Fees	(113,578)	
Allocated Administration Expense	(2,030,651)	
Total Investment Expense	(37,947,965)	
Net Income from Investment Activities		110,340,094
Securities Lending Activities		
Securities Lending Income	2,286,654	
Securities Lending Expenses	(1,184,587)	
Net Income from Securities Lending Activities		1,102,067
Total Net Investment Income		111,442,161
Total Additions		386,513,163
Deductions		
Annuity Benefits	323,782,787	
Disability Benefits	7,938,497	
Survivor Benefits	7,888,832	
Refunds of Employee Contributions	4,005,739	
Administrative Expense	2,471,445	
Total Deductions		346,087,300
Net Increase		40,425,863
Net Position Restricted for Pension Benefits		
Beginning of Fiscal Year		4,101,637,346
End of Fiscal Year		**$4,142,063,209**

See accompanying notes to financial statements.

Notes to the Financial Statements

The Fairfax County Employees' Retirement System ("System" or "Plan") is a single employer defined benefit pension plan considered part of the County of Fairfax, Virginia's ("County") reporting entity and its financial statements are included in the County's basic financial statements as a pension trust fund.

Note 1. Summary of Significant Accounting Policies

A. Basis of Accounting

The System's basic financial statements have been prepared under the accrual basis of accounting in accordance with accounting principles applicable to governmental units in the United States of America (GAAP). Member and employer contributions to the Plan are recognized in the period in which the contributions are due pursuant to legal requirements. Benefits and refunds are recognized when due in accordance with the terms of the Plan. The cost of administering the Plan is paid by the System.

For financial reporting purposes, the System adheres to GAAP. The System applies all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

B. Method Used to Value Investments

Short-term investments are reported at fair value when published market prices and quotations are available, or at a cost plus accrued interest, which approximates market or fair value. All other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Because of the inherent uncertainty in valuing these securities, the fair value may differ from the values that would have been used had a ready market for such securities existed. Accordingly, the realized value received upon the sale of the assets may differ from the fair value. The System records investment purchases and sales as of the trade date. These transactions are not finalized until the settlement date, which occurs approximately three business days after the trade date. The amounts of trade receivables and payables are shown as receivables and payables on the Statement of Fiduciary Net Position. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets along with a related liability for collateral received. The fair values of private investments and private real estate are generally lagged by at least one quarter due to the timing of receipt of private market valuations and information.

C. Equity in County's Pooled Cash and Temporary Investments

The System maintains 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. As of June 30, 2020, 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. The County'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 at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

D. Compensated Absences

Employees are granted vacation and sick leave based on their length of service. Unused annual and compensatory leave is payable to employees upon termination based on the employees' current rate of pay, up to certain limits. Sick leave does not vest with the employees; however, it is converted to years of service upon retirement. In addition, employees may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours is forfeited at the end of the calendar year.

Compensated Absences	
FY 2020 Beginning Balance	$265,278
Leave Earned	152,850
Leave Used	83,021
FY 2020 Ending Balance	$335,107
Due Within One Year	$106,097

Note 2. Summary of Plan Provision

A. Plan Description and Provision

The Employees' Retirement System is a single employer defined benefit pension plan which covers employees of the County and its component units. Benefit provisions are established and may be amended by County ordinance. All benefits vest at five years of service. The general provisions of the Employees' Retirement System are as follows:

Membership.

The Plan covers full-time and certain part-time County, Public Schools, Economic Development Authority, Park Authority and Fairfax County Redevelopment and Housing Authority employees who are not covered by other plans of the County or the Virginia Retirement System.

Normal Retirement.

To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, (b) for Plan A and B, attain the age of 50 plus years of eligibility service being greater than or equal to 80, or (c) for Plans C, D, and E, attain the age of 55 plus years of eligibility service being greater than or equal to 85.

For Plan A and C, the benefit is the sum of 1.8 percent average final compensation (i.e., the highest consecutive three years) up to the Social Security breakpoint plus 2 percent of average final compensation in excess of the breakpoint, all multiplied by benefit service, and increased by 3 percent.

For Plan B and D, the benefit is 2 percent of average final compensation multiplied by benefit service, increased by 3 percent.

For Plan E, the benefit is 2 percent of average final compensation multiplied by creditable service.

Pre-Social Security Supplement for Plans A, B, C, and D is 1 percent of average final compensation up to the Social Security breakpoint times benefit service, and increased by 3 percent. This benefit is payable from normal retirement age until the participant is eligible to receive the unreduced Social Security benefits.

Early Retirement.

For all plans, a member is eligible for early retirement at age 50 or older when the member's age plus eligibility service totals 75 or more. Reduction factors are applied to the basic formula for early retirement based on how far from age 65 the member is at early retirement and no Pre-Social Security Benefit is payable.

Deferred Retirement Option Program (DROP).

Members who are eligible for normal retirement may participate in DROP for up to three years. While in DROP, the member continues to work and receive a salary. In lieu of continuing to earn service credit, DROP participants accumulate a lump sum, including interest, payable at retirement. For those in Plan C, D, or E, the member does not receive the Pre-Social Security Benefit while in DROP.

Deferred Vested Retirement.

Deferred vested retirement is available for vested members (vesting is at 5 years of service) who leave their contributions in the System when they terminate. These members are entitled to their normal retirement benefit, at age 65, based on service with the County or a reduced benefit earlier when they reach age 50 and age plus years of creditable service equal 75. The member also has the option to request a refund of member contributions and interest at any time prior to reaching age 65 or receiving retirement benefits.

Service-Connected Disability Retirement.

Service-connected disability retirement is available for members, regardless of their length of service, who become disabled as a result of a job-related illness or injury. Benefits are 66.67 percent of average final compensation, less an offset for a workers' compensation award.

Ordinary Disability Retirement.

Ordinary disability retirement is available for vested members who become disabled due to an injury or illness that is not job-related. For Plans A, B, C, and D, benefits are 2.0 percent of average final compensation (highest consecutive three years) times the benefit service. The total benefit is then increased by 3.0 percent. For Plan E, the benefit is 2.0 percent of final average salary times the benefit service, but there is no 3.0 percent increase.

Notes to the Financial Statements
(continued)

Contribution Rates		
Member	Plan A & C	The contribution rate for Plan A and C is 4.0% of creditable compensation up to the Social Security taxable wage base, plus 5.33% of creditable compensation in excess of the Social Security taxable wage base.
	Plan B, D, and E	The contribution rate for Plan B, D, and E is 5.33% of creditable compensation.
Employer	Plan A, B, C, D, and E	The contribution rate for all five plans for Fiscal Year 2020 was 28.35%.

Death Benefits.

If death occurs prior to retirement:

If the member is vested and the spouse is the listed beneficiary, the spouse may elect to receive 50.0 percent of the normal retirement benefit earned as of the date of the member's death. If the 50.0 percent of normal retirement benefit is not payable, a refund of the member's contribution plus interest will be paid to the named beneficiary or member's estate.

If death occurs after retirement:

A refund of any of the member's contributions and interest not already paid in benefits will be payable to the named beneficiary(ies) unless the member has elected the irrevocable Joint and Last Survivor Option which provides a benefit to the member's spouse for life. At retirement, the member may choose to have his or her spouse receive 50.0 percent, 66.67 percent, 75.0 percent or 100.0 percent of the member's reduced annuity upon the member's death. The member's annuity is reduced by a percentage based on the difference in age between the member and his or her spouse. If the spouse pre-deceases the member, the annuity is restored to what it would have been if this option had not been elected.

If death occurs because of a job-related illness or injury:

A $10,000 lump-sum payment is made to the beneficiary if the member's death is due to a job-related illness or injury.

Cost of Living Benefit.

Annual cost of living adjustments (COLAs) are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Metropolitan Statistical Area that includes Fairfax County.

Benefit Limits.

Benefits are limited to the maximum amounts for qualified plans as set forth in Section 415 of the Internal Revenue Code. A separate, nonqualified benefit restoration plan has been established for the payment of any benefit formula amounts in excess of the Section 415 limit.

Note: Detailed provisions may be found in the Retirement Handbook for Active Employees.

B. Board of Trustees

Ten members serve on the Fairfax County Employees' Retirement System Board of Trustees (Board). Four of the members are citizens appointed by the Fairfax County Board of Supervisors. Three of the members are elected by Fairfax County Government Employees, Fairfax County Public Schools Employees, and Fairfax County Retirees respectively. The Director of Human Resources, the Director of Finance, and the Assistant Superintendent of Human Resources at the Fairfax County Public Schools also serve as Ex Officio members.

C. Membership

At June 30, 2020, the date of the latest actuarial valuation, membership in the System consisted of:

Retirees and Beneficiaries Receiving Benefits	9,824
Terminated Vesteds	2,349
Deferred Retirement Option Program (DROP) Participants	785
Active Plan Members	14,204
Total	**27,162**

D. Deferred Retirement Option Program

Members eligible for normal retirement may elect to enter the DROP. As a DROP member, he or she will continue to work and receive a salary for a maximum period of three years while an amount equal to what could have been received as a retirement benefit is credited to his or her DROP account. (No pre-Social Security Supplements are paid into DROP accounts for Plans C, D, and E). The monthly benefit that will be credited to the DROP account is determined by the years of service and Average Final Compensation at the DROP entry date. During the DROP period, the retirement plan accumulates his or her accrued monthly benefit which is payable at the end of the DROP period. The DROP account balance is credited at an annual interest rate of 5 percent, compounded monthly. At the end of the DROP period, the DROP member must terminate employment with the Fairfax County Government and will begin receiving his or her monthly retirement benefit. Upon DROP exit, the retiree can elect to receive the balance of the DROP account in the form of a lump sum distribution, a rollover to another qualified plan (or IRA), or as an addition to the monthly retirement annuity. The DROP balance as of June 30, 2020, was $58.4 million.

E. Contributions

The contribution requirements of the System members are established and may be amended by County ordinances. Employees hired prior to January 1, 2013 are members of Plan A or Plan B. All eligible employees whose County or School Board employment commenced by reporting to work on or after January 1, 2013, were enrolled in Plan C or Plan D. As of July 1, 2019, new hires are automatically enrolled in Plan E. Plan A and C require member contributions of 4 percent of compensation up to the social security wage base and 5.33 percent of compensation in excess of the wage base. Plan B, D and E require member contributions of 5.33 percent of compensation. The County is required to contribute at an actuarially determined rate; the rates for the year ended June 30, 2020, was 28.35 percent of annual covered payroll. Total contributions for the fiscal year ended June 30, 2020, amounted to $275.1 million.

F. Deductions

The deductions from the System included the payment of retiree and beneficiary payments, the refund of employee contributions to former members and administrative expenses. The total deductions for the fiscal year ended June 30, 2020, amounted to $346.1 million.

Note 3. Investments

A. Investment Policy

The authority to establish the System is set forth in Section 51.1-800 Code of Virginia (Code). Section 51.1-803 of the Code authorizes fiduciaries of the *System to purchase investments with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with the same aims. The Board shall also diversify such investments as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.*

The System's Board of Trustees has adopted the Employees' Retirement System Investment Policy Statement to provide a well-managed investment program to meet the long-term needs of the System. The Board of Trustees has the authority to amend the investment policy. Investment decisions for these assets are made by the Board of Trustees or investment managers selected by the Board. The overall investment policy does not address specific levels of credit risk, interest rate risk or foreign currency risk. The Board of Trustees believes that risks can be managed, but not eliminated, by establishing constraints on the investment portfolio and by properly monitoring the investment markets, the System's asset allocation and the investment managers hired by the System. Each individual investment portfolio is managed by an investment management firm selected by the Board. Each investment manager has a specific benchmark and investment guidelines appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund.

The following was the System's adopted asset allocation policy as of June 30, 2020. The asset allocation policy commonly exceeds 100 percent because of target exposures to both direct investments in asset classes plus notional exposure to asset classes through derivative positions such as Futures held at the portfolio level. Also, the System commonly includes notional exposures for select Investment Managers that have a mandate from the Board to provide the System with additional asset class exposure using leverage or derivatives.

Notes to the Financial Statements
(continued)

Asset Class	Target Exposure
Absolute Return	20.0%
Global Equity	27.5%
Global Fixed Income	52.5%
Global Multi-Asset	20.0%
Global Real Assets*	15.0%

* Includes 2.5% gold futures

B. Concentrations

At June 30, 2020, the System does not hold investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one issuer that represents 5.0 percent or more of net position available for benefits. All investments, except for the pooled and mutual funds, short-term investment fund and a short-term collateral investment pool are held by an unaffiliated custodian. There is no custodial credit risk since the custodian's records establish the System's interest in the securities and the custodian provides insurance for all custody assets.

C. Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 2.84 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Fair Value Hierarchy

The System measures and records its investments using fair value hierarchy measurement guidelines established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest level to unobservable inputs (Level 3 measurements).

Level 1	Unadjusted quoted prices for identical instruments in active markets.
Level 2	Observable inputs other than quoted market prices.
Level 3	Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient 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 table on the following page shows the fair value levels of the investments.

Equities and fixed income securities classified in Level 1 are valued using prices quoted in the active markets for those securities. Securities in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationships to benchmark quoted prices. Level 3 securities use proprietary information or single source pricing.

Notes to the Financial Statements
(continued)

Fair Value Hierarchy

Investments by Fair Value Level	6/30/2020	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Asset-Backed Securities	$124,131,724	$ -	$124,131,724	$ -
Equity	789,819,166	789,819,166	-	-
Futures Contracts	28,452,142	28,452,142	-	-
Convertible or Exchangeable Securities	2,183,230	-	2,183,230	-
Corporate Bonds	229,417,382	44,222,063	185,195,319	-
International Bonds	53,545,716	-	53,545,716	-
Preferred Securities	1,601,435	91	1,573,698	27,646
Short-Term Investments	259,692,003	19,600,000	36,279,432	203,812,571
U.S. Government Obligations	171,532,652	-	171,532,652	-
Total Investment by Fair Value Level	**$1,660,375,450**	**$882,093,462**	**$574,441,771**	**$203,840,217**
Investment Measured at Net Asset Value (NAV)				
Absolute Return	$681,928,893			
Global Equity	367,841,959			
Global Fixed Income	812,131,277			
Global Multi-Asset	382,023,313			
Global Real Assets	202,316,497			
Total Investments Measured at NAV	**$2,446,241,939**			
Total Investments	**$4,106,617,389**			

Investment Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Absolute Return	$681,928,893	$40,537,856	Monthly, Quarterly	3 - 90 days
Global Equity	367,841,959	86,979,560	Daily, Monthly, None	3 - 15 days
Global Fixed Income	812,131,277	259,541,781	Daily, Semi-Annually, None	5 - 90 days
Global Multi-Asset	382,023,313	-	Daily, Monthly, Quarterly	1 - 30 days
Global Real Assets	202,316,497	682,971	Daily, None	5 - 20 days
Total Investment Measured at NAV	**$2,446,241,939**	**$387,742,168**		

Notes to the Financial Statements
(continued)

Absolute Return.

Relative Value:

This type includes four hedge funds which implement long and short relative value strategies to capture these structural returns across multiple asset classes including: equity sectors, equity indices, fixed income, currency, and commodities. The fair values of each of these hedge funds has been determined monthly using NAV per share (or its equivalent) of the investments.

Global Macro:

This type includes seven hedge funds that invest long and short across fixed income, currency, equity, and commodity markets. The process is equally driven by analysis of the macro environment, flows of capital, the expected reaction to changes in interest rates, trend following and other drivers. The fair values of the investments in this type have been determined monthly using NAV per share (or its equivalent) of the investments.

Global Equity.

Domestic Equity:

This type includes a fund that uses derivative instruments to replace long equity exposure.

International Equity:

This type includes three funds providing traditional long-only international equity exposure. The fair values of the investments in this type have been determined monthly using NAV per share (or its equivalent) of the investments.

Private Equity:

This type includes seven private funds. This first and second fund purchases private equity stakes in investment management firms and thus a share of the firm's revenues and capital appreciation. The third and fourth private fund invests in blockchain technology, its many other industry uses, and the infrastructure for crypto currency markets (index rights, wallet, settlement, and custody platforms, etc.). The fifth fund targets highly innovative life sciences businesses that are leaders in their spaces and present attractive return opportunities with downside protection. The strategy will target companies operating in specific areas of innovation such as therapeutics, medical devices, diagnostics, and life sciences tools. The sixth fund targets highly innovative private hyper growth businesses that can become substantial public franchises. These businesses have a high prospect of sustainable earnings growth, financial strength with attractive downside protection rights and rational valuation relative to business prospect. The seventh fund focuses on acquiring minority interests in alternative asset managers, particularly GPs who manage longer-duration private capital strategies (e.g. private equity, private credit, real estate).

Global Fixed Income.

Fixed Income:

This type includes two funds providing leveraged exposure to US and international government issued inflation-linked bonds as a capital efficient way to gain the exposure. This type also includes two emerging market debt funds. The fair values of the investments in this type have been determined monthly using NAV per share (or its equivalent) of the investments.

Direct Lending:

This type includes two private debt funds conducting middle market corporate direct lending with negotiated senior secured loans to borrowers that are too small to attract the attention of conventional banks and lenders. These investments cannot be redeemed. Instead, the nature of the investments in these private debt funds are that distributions are received through the liquidation of underlying assets of the funds over a period of years as per the terms of the fund. Loan payments are also distributed on a monthly or quarterly basis. The loans are held at book value unless a payment default has occurred at which time a third-party appraisal value is determined.

Opportunistic Credit:

This type includes sixteen opportunistic /distressed funds investing in public and private debt, equity and real estate as opportunities present themselves. All but one of these investments cannot be redeemed. Instead, the nature of the investments in these private debt funds are that distributions are received through the liquidation of underlying assets of the funds over a period of years as per the terms of the fund. The fair values of the investments in this type have been determined monthly or quarterly using NAV per share (or its equivalent) of the investments.

Global Multi-Asset.

This type includes four funds that invest in a relatively passive manner across multiple asset classes using a risk balanced approach in their asset allocation and one fund that is active in its approach. The main goal is to construct a portfolio that achieves the best risk adjusted return at a given expected level of volatility which varies by fund. This is achieved through the use of derivatives and liquid long positions across multiple asset classes. The fair values of the investments in this type have been determined monthly using NAV per share (or its equivalent) of the investments.

Global Real Assets.

This type includes six funds. The first fund owns and operates a fleet of commercial bulk container and tanker vessels. A second fund purchases interests in other private real estate funds on the secondary market. The third fund owns and operates the real estate, infrastructure and inventory of a cattle feeding operation. These investments cannot be redeemed. Instead, the nature of the investments in these private debt funds are that distributions are received through the liquidation of underlying assets of the funds over a period of years as per the terms of the fund. The fair values of the investments in this type have been determined quarterly using NAV per share (or its equivalent) of the investments. The fourth fund focuses on publicly traded REITs, listed infrastructure, commodities, MLPs, natural resource equities (including timber and agriculture), precious metals, TIPS, and floating rate/bank loans. The strategy will set long term strategic allocations to those asset classes with broad ranges and the portfolio will be tactically reviewed on a quarterly basis. The fifth fund seeks to capture value in the commodity supply chain through hedged physical trading/arbitrage as well as merchanting activities. The sixth fund owns two bands of wireless spectrum. The valuations of scarce spectrum assets have risen substantially in the face of exploding demand for data and increased connectivity, and they expect that this trend will continue.

E. Quality Ratings

The System's investment quality ratings at June 30, 2020, for the separately managed fixed income accounts, were as follows:

Type of Investment	Fair Value	Ratings	Percentage of Fixed
U.S. Government Obligations	$171,532,652		28.2%
Asset-Backed Securities	23,810,650	AA	3.9%
	1,096,095	A	0.2%
	2,614,530	BBB	0.4%
	8,265,831	BB	1.4%
	3,430,587	B	0.6%
	830,590	CCC	0.1%
	1,384,686	CC	0.2%
	6,174,084	D	1.0%
	76,524,671	Unrated	12.6%
Corporate Bonds	8,407,127	AA	1.4%
	17,464,426	A	2.9%
	35,303,848	BBB	5.8%
	75,055,300	BB	12.3%
	37,932,485	B	6.2%
	7,652,093	CCC	1.3%
	246,960	D	0.0%
	77,990,515	Unrated	12.7%
International Bonds	594,870	AAA	0.1%
	2,470,027	AA	0.4%
	2,420,034	A	0.4%
	16,367,961	BBB	2.7%
	8,356,776	BB	1.4%
	23,336,048	Unrated	3.8%
Total Fixed Income	**$609,262,846**		**100.0%**
Short-Term Investments			
Cash and Cash Equivalents	$50,660,928	Unrated	
Employees' STIF*	189,431,075	Unrated	
U.S. Treasury Bill	19,600,000	AA	
Total Short-Term Investments	**$259,692,003**		

*Short-Term Investment Funds

As of June 30, 2020, the fixed income portfolio, excluding pooled funds, consisted of 46.4 percent invested in investment grade securities, 24.5 percent invested in below-investment- grade securities and 29.1 percent invested in unrated securities.

The Barclays Capital Aggregate Bond Index (BCAG) is the standard benchmark against which the industry and the System's Board measures its fixed income portfolio performance and volatility. The System's fixed income managers have discretion, within circumscribed limits, to extend the duration of their portfolios beyond that of the BCAG if they forecast falling interest rates (and thus higher bond prices). Conversely, if managers anticipate that the general level of interest rates will rise, they have the ability to shorten the duration of their portfolio and thus reduce the portfolio's sensitivity to rising rates.

Notes to the Financial Statements
(continued)

F. Sensitivity to Interest Rate Risk

The System's investments' sensitivity to interest rates at June 30, 2020, were as follows:

Investment Type	Fair Value	Option Adjusted Duration (yrs)	Percentage of Fixed
Asset-Backed Securities	$124,131,724	2.8	20.4%
Corporate Bonds	260,052,754	5.1	42.6%
International Bonds	53,545,716	6.4	8.8%
U.S. Government Obligations	171,532,652	18.4	28.2%
Total Fixed Income	**$609,262,846**	8.5	**100.0%**
Short-Term Investments			
Cash and Cash Equivalents	$50,660,928	0.0	
Employees' STIF*	189,431,075	0.1	
U.S. Treasury Bill	19,600,000	0.0	
Total Short-Term Investments	**$259,692,003**		

*Short-Term Investment Funds

The duration of the System's overall fixed income portfolio excluding the pooled funds was 8.5 years for the separately managed accounts. BCAG's years of duration is 5.9 years.

G. Short-term Investment

The Short-Term Investments of $259.7 million includes a position of $189.4 million of commingled cash held by our investment managers and cash held by the System in an enhanced short term investment fund managed by our custodian.

H. Foreign Currency Risk

The Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of the international investments. The System's investments at June 30, 2020, held in currencies other than U.S. dollars, were as follows:

International Securities	Short-Term Investments & Other	Convertible & Fixed Income	Equity	Total
Australian Dollar	($4,206)	$6,008,000	$10,720,925	$16,724,719
Brazil Real	909	4,664,750	3,208,168	7,873,827
Canadian Dollar	196,688	38,238	5,001,606	5,236,532
Colombian Peso	94	5,519,662	-	5,519,756
Danish Krone	-	-	5,683,155	5,683,155
Euro Currency Unit	295,112	4,252,371	50,052,213	54,599,696
Hong Kong Dollar	9,879	-	23,920,058	23,929,937
Indonesian Rupiah	-	4,087,762	1,067,234	5,154,996
Japanese Yen	155,836	-	49,707,128	49,862,964
Malaysian Ringgit	-	5,790,776	-	5,790,776
Mexican Peso	-	13,407,524	1,834,435	15,241,959
New Taiwan Dollar	15,080	-	5,089,563	5,104,643
Polish Zloty	-	2,933,070	-	2,933,070
Pound Sterling	1	1,002,914	23,971,232	24,974,147
Singapore Dollar	-	1,090,922	4,475,787	5,566,709
South African Rand	5	4,321,905	-	4,321,910
South Korean Won	-	137,599	4,123,920	4,261,519
Swedish Krona	1,232	-	14,970,885	14,972,117
Swiss Franc	-	-	12,272,074	12,272,074
Thailand Baht	-	-	3,273,056	3,273,056
Other	14,952	1,822,445	3,602,384	5,439,781
Grand Total	**$685,582**	**$55,077,938**	**$222,973,823**	**$278,737,343**

Notes to the Financial Statements
(continued)

I. Derivative Financial Instruments

In accordance with the Board's investment policies, the System regularly invests in derivative financial instruments in the normal course of its investing activities to enhance return on investment and manage exposure to certain risks within the System. The System also enters into derivative transactions to gain exposure to currencies and markets where derivatives are the most cost-effective instrument. Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indices. The System had exposure to various derivatives including asset-backed securities, collateralized mortgage obligations (CMOs), exchange-traded futures contracts, forward currency contracts, options, swaps and floating rate securities. Some securities, such as structured notes, can have derivative-like characteristics where the return may be linked to one or more indexes. Asset-backed securities, such as CMOs, are sensitive to changes in interest rates and pre-payments. It should also be noted that the System also has exposure to derivatives indirectly through its ownership interests in certain hedge funds, mutual funds and commingled funds which may use, hold, or write derivative financial instruments.

Derivative investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the financial statements. Market risk results from the fluctuations in interest rates and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The System could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. Holders of futures contracts look to the exchange for performance under the contract and not to the other party holding the offsetting futures position. Accordingly, the amount at risk due to nonperformance of counterparties to futures contracts is minimal. For counterparties involving over the counter derivatives, the Board seeks to control this risk through counterparty credit evaluations, counterparty credit limits and exposure monitoring procedures conducted by investment managers and staff.

At June 30, 2020, the System held the following four types of derivative financial instruments: futures, currency forwards, options and swaps. These four types of derivatives provide the System with the opportunity to build passive benchmark positions, enhance returns, and gain market exposure to various indices in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange-traded or exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates.

Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. Derivative instruments are reported at fair value. The changes in fair value of derivative instruments that are used for investment purposes are reported within the investment revenue classification. Gains and losses on derivative securities are determined based upon fair values as determined by our custodian and recorded in the Statement of Changes in Fiduciary Net Position.

Futures.

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and typically require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the System's financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal.

The notional value of the System's investment in futures contracts at June 30, 2020, were as follows:

Types of Futures	Base Exposure	Notional Cost
Cash and Cash Equivalents		
Short	($168,995,563)	($171,140,853)
Commodity		
Long	190,628,088	181,198,850
Equity		
Long	190,028,060	184,380,797
Short	(156,017,340)	(155,080,320)
Fixed Income Securities		
Long	557,984,990	545,050,420
Total	**$613,628,235**	**$584,408,894**

Swaps.

The System enters into several types of swap contracts, in which two counterparties agree to exchange one stream of payments for another over some agreed to period of time. Swaps are used to manage risk and enhance returns. All counterparties are rated A or better. The following is the information on the System's swap contracts outstanding at June 30, 2020:

Fixed Income Securities Swaps	Fair Value	Base Exposure
Cleared Interest Rate Swaps	$3,483,403	$3,674,175
Cleared Credit Default Swaps	222,689	182,336
Cleared Zero Coupon Swaps	488,619	315,357
Total	**$4,194,711**	**$4,171,868**

Currency Forwards.

Currency forwards represent foreign exchange contracts. They are used to affect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies, or to gain exposure to the change in fair value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit

Notes to the Financial Statements
(continued)

risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. All counterparties are rated A or better. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The following is the summary information on the System's currency forward contracts at June 30, 2020:

Foreign Currency Contracts Purchased	**Notional (Local Currency)**	**Cost**	**Fair Value Payable in U.S. Dollars**	**Unrealized Gain/(Loss)**
Australian Dollar	(8,360,000)	($5,440,158)	($5,756,978)	($316,820)
Brazil Real	(6,830,000)	(1,199,129)	(1,243,504)	(44,375)
Euro Currency Unit	(3,180,000)	(3,614,992)	(3,576,451)	38,541
Indonesian Rupiah	(77,600,000,000)	(5,402,392)	(5,290,809)	111,583
Japanese Yen	(503,000,000)	(4,671,995)	(4,664,659)	7,336
Mexican Peso	(62,700,000)	(2,738,837)	(2,698,345)	40,492
New Zealand Dollar	(11,620,000)	(7,117,141)	(7,480,798)	(363,657)
Norwegian Krone	(68,900,000)	(7,313,770)	(7,143,584)	170,186
Pound Sterling	(4,970,000)	(6,162,801)	(6,142,285)	20,516
South African Rand	(110,420,000)	(6,131,963)	(6,325,957)	(193,994)
South Korean Won	(2,840,000,000)	(2,306,427)	(2,367,694)	(61,267)
Thailand Baht	(97,600,000)	(3,040,025)	(3,157,476)	(117,451)
		($55,139,630)	($55,848,540)	($708,910)
Foreign Currency Contracts Sold	**Notional (Local Currency)**	**Cost**	**Fair Value Receivable in U.S. Dollars**	**Unrealized Gain/(Loss)**
Brazil Real	6,830,000	$1,348,630	$1,243,504	($105,126)
Chilean Peso	4,975,000,000	6,172,680	6,069,690	(102,990)
Czech Koruna	115,900,000	4,715,412	4,887,130	171,718
Euro Currency Unit	11,310,000	12,598,305	12,724,429	126,124
Hungarian Forint	1,550,000,000	4,839,869	4,909,653	69,784
Indonesian Rupiah	19,800,000,000	1,232,570	1,360,062	127,492
Japanese Yen	503,000,000	4,715,212	4,664,659	(50,553)
Mexican Peso	86,000,000	3,707,687	3,701,079	(6,608)
New Zealand Dollar	13,390,000	8,141,425	8,620,304	478,879
Norwegian Krone	68,900,000	6,982,300	7,143,584	161,284
Polish Zloty	16,120,000	3,843,017	4,075,477	232,460
Pound Sterling	10,450,000	13,170,189	12,915,988	(254,201)
Russian Ruble	53,000,000	703,608	741,688	38,080
South African Rand	42,400,000	2,377,015	2,429,094	52,079
South Korean Won	10,320,000,000	8,520,903	8,605,505	84,602
Thailand Baht	97,600,000	3,072,081	3,157,476	85,395
		$86,140,903	$87,249,322	$1,108,419
Net Unrealized Gain/(Loss) on Foreign Currency Spot and Forward Contracts				**$399,509**

Notes to the Financial Statements
(continued)

Options.
Option contracts may be exchanged traded or negotiated directly in over the counter transaction between two counterparties. Options holders have the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a future price and time. The System can both purchase and write options.

Exchange traded options rely on the exchange for performance and the risk to non-performance of counterparties is minimal. All counterparties for over the counter options are rated A or better. The following table provides information on the System's option contracts at June 30, 2020:

Option Types	Position	Call/Put	Cost	Fair Value	Total Unrealized Gain/(Loss)
Equity	Purchased	Call	$499,454	$684,341	$184,887
Fixed Income	Written	Call	(13,684)	(640)	13,044
Total Options			**$485,770**	**$683,701**	**$197,931**

J. Securities Lending
The Board of Trustee policies permit the System to lend its securities to broker/dealer and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodian is the agent in lending the plan's domestic securities for collateral of 102.0 percent and international securities of 105.0 percent of fair value. The custodian receives cash or securities as collateral from the borrower. All securities loans can be terminated on demand by either the System or the borrower. Securities received as collateral are not reported as assets and liabilities on the balance sheet since the Retirement System does not have the ability to pledge or sell the collateral securities absent borrower default.

The System did not impose any restrictions during fiscal year 2020 on the amounts of loans the lending agent made on its behalf. At June 30, 2020, the System had no credit risk exposure to borrowers because the amounts the System owed the borrowers exceeded the amounts the borrowers owed the System. The custodian provides 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 income earned on the securities while on loan. Cash collateral is invested in a separate account with the lending agent which includes a larger allocation to equity repurchase securities.

At June 30, 2020, cash collateral had a weighted-average maturity of one day. The maturities of the resulting investments generally match the maturities of the securities lending arrangements. While the System bears no credit risk from the failure of a borrower to return a borrowed security, it does bear risk from investing the collateral.

Notes to the Financial Statements
(continued)

The following represents the balances relating to the securities lending transactions at June 30, 2020:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
Lent for Cash Collateral			
U.S. Government Securities	$662,671	$676,250	
Corporate and Other Bonds	20,990,945	21,514,497	
Common and Preferred Stock	84,763,131	87,132,506	
Lent for Securities Collateral			
U.S. Government Securities	105,400,551	-	$115,142,136
Common and Preferred Stock	111,610,597	-	120,820,129
Total Securities Lent	**$323,427,895**	**$109,323,253**	**$235,962,265**

K. Reclassifications

During the fiscal year 2020, the System requested that investment managers for commingled funds provide the management fees associated with commingled funds. Previously, such management fees had been netted against investment income. Accordingly, the System revised the classification to report these management fees as an investment activity expense on the Statement of Changes in Fiduciary Net Position, rather than netting the management fees against investment income. This change in classification has no net effect on the financial statements for any period.

L. Commitments and Contingencies

During 2020, an outbreak of a novel coronavirus ("COVID-19") emerged globally. The United States and the global markets experienced significant declines in value resulting from uncertainty caused by the worldwide coronavirus pandemic that could negatively impact the System's additions and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

Note 4. Net Pension Liability, Actuarial Methods and Assumptions

A. Net Pension Liability

The components of the net pension liability at June 30, 2020, were as follows:

Total Pension Liability	$5,961,066,083
Plan Fiduciary Net Position	4,142,063,209
Net Pension Liability	$1,819,002,874
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%

B. Actuarial Methods and Assumptions

The Total Pension Liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Entry Age Normal, Level Percent of Payroll	
Discount Rate, Net of Plan Investment Expenses	7.25%
Inflation	2.75%
Salary Increase; Including Inflation	2.75% + merit
Investment Rate of Return, Net of Plan Investment Expenses	7.25%
Municipal Bond Rate	N/A
Projected Period of Unfunded Benefit Payments	None

The actuarial assumptions used have been recommended by the actuary and adopted by the System's Board of Trustees based on the most recent review of the System's experience presented at a Board meeting on April 20, 2016.

The rate of employer contributions to the System is composed of normal cost, amortization of the unfunded actuarial accrued liability and an allowance for administrative expenses. The normal cost is a level percent of payroll cost which, along with the member contributions, will pay for projected benefits at retirement for each plan participant. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future normal employer costs or member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial accrued liability. The allowance for administrative costs is based upon the System's actual administrative expenses.

The County is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2020, was 28.35 percent of annual covered payroll.

Mortality rates with adjustments for mortality improvements were based on 110% and 100% of the RP-2014 Healthy Annuitant Mortality Table for males and females respectively, projected using the RPEC- 2015 model, with an ultimate rate of 0.65% for ages 20-85 grading down to an ultimate rate of 0% for ages 115-120 and convergence to the ultimate rate in the year 2015. Five percent of pre-retirement deaths are assumed to be service-connected.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015.

C. Long Term Expected Rate of Return

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic excess rates of return (over cash) for each major asset class included in the System's target asset allocation as of June 30, 2020, are summarized below:

Asset Class	Long Term Expected Real Rate of Return
Absolute Return	7.00%
Core Fixed Income	1.80%
U.S. High Yield	4.25%
International Developed Mkt. Equities	4.35%
International Emerging Mkt. Equities	7.05%
Diversified Real Assets	4.55%
Diversified Multi-Asset	6.00%
U.S. Equity	4.65%
Gold	0.00%

D. Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

In making this determination, we assumed the outflows would equal the anticipated benefit payments from the 2020 actuarial valuation. The administrative expenses attributable to current actives were assumed to equal 0.25 percent of covered payroll. The inflows to the plan were assumed to reflect the average aggregate member rate for the 2020 active population of 4.82 percent of payroll and County contributions were projected at 28.35 percent for fiscal year 2021, with continued increases to 31.16 percent contributed through fiscal year 2029. After that time the County contribution is assumed to decrease to the normal cost plus expenses (7.27 percent) and amortization of any remaining experience gains and losses.

E. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.25 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate.

Sensitivity of Net Pension Liability

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	$6,668,774,136	$5,961,066,083	$5,367,950,742
Plan Fiduciary Net Position	4,142,063,209	4,142,063,209	4,142,063,209
Net Pension Liability	$2,526,710,927	$1,819,002,874	$1,225,887,533
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.11%	69.49%	77.16%

Note 5. Income Taxes

The Internal Revenue Service issued the System a determination letter 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.

Required Supplementary Information
(Unaudited)

Schedule of Net Pension Liability						
Year Ended June 30	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
2020	$5,961,066,083	$4,142,063,209	$1,819,002,874	69.49%	$828,019,905	219.68%
2019	5,791,680,570	4,101,637,346	1,690,043,224	70.82%	777,319,219	217.42%
2018	5,591,223,791	3,940,926,716	1,650,297,075	70.48%	745,663,954	221.32%
2017	5,367,731,521	3,749,384,616	1,618,346,905	69.85%	730,618,376	221.50%
2016	5,116,417,171	3,590,082,229	1,526,334,942	70.17%	708,414,611	215.46%
2015	4,979,660,749	3,693,357,619	1,286,303,130	74.17%	686,288,895	187.43%
2014	4,807,873,661	3,766,059,665	1,041,813,996	78.33%	671,597,456	155.12%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Money-Weighted Rate of Return	
Fiscal Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	2.84%
2019	6.27%
2018	7.27%
2017	6.87%
2016	-0.44%
2015	0.46%
2014	14.85%
2013	7.60%
2012	8.53%
2011	23.60%

Required Supplementary Information
(Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios

Year Ended June 30

	2020	2019	2018	2017
Total Pension Liability				
Service Cost	$103,313,271	$99,758,925	$96,662,966	$93,128,267
Interest	415,148,914	400,860,241	385,504,765	367,586,251
Changes in Benefit Terms	-	-	603,265	582,418
Differences Between Expected and Actual Experience	(5,460,817)	29,354,840	41,362,698	74,947,987
Changes in Assumptions	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(343,615,855)	(329,517,227)	(300,641,424)	(284,930,573)
Net Change in Total Pension Liability	$169,385,513	$200,456,779	$223,492,270	$251,314,350
Total Pension Liability - Beginning	5,791,680,570	5,591,223,791	5,367,731,521	5,116,417,171
Total Pension Liability - Ending (a)	$5,961,066,083	$5,791,680,570	$5,591,223,791	$5,367,731,521
Plan Fiduciary Net Position				
Contributions - Employer	$234,743,643	$210,964,436	$188,578,414	$167,311,608
Contributions - Member	40,327,359	37,915,769	36,357,591	35,476,023
Net Investment Income	111,442,161	243,545,545	269,418,157	243,496,177
Benefit Payments, Including Refunds of Member Contributions	(343,615,855)	(329,517,227)	(300,641,424)	(284,930,573)
Administrative Expenses	(2,471,445)	(2,197,893)	(2,170,638)	(2,050,848)
Net Change in Plan Fiduciary Net Position	$40,425,863	$160,710,630	$191,542,100	$159,302,387
Plan Fiduciary Net Position - Beginning	4,101,637,346	3,940,926,716	3,749,384,616	3,590,082,229
Plan Fiduciary Net Position - Ending (b)	$4,142,063,209	$4,101,637,346	$3,940,926,716	$3,749,384,616
Net Pension Liability - Ending (a)-(b)	$1,819,002,874	$1,690,043,224	$1,650,297,075	$1,618,346,905
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%	70.82%	70.48%	69.85%
Covered Payroll	$828,019,905	$777,319,219	$745,663,954	$730,618,376
Net Pension Liability as a Percentage of Covered Payroll	219.68%	217.42%	221.32%	221.50%

See next page for the continuation of the 10 year report.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The total pension liability contained in this schedule was calculated by Cheiron, the System's Actuary. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position of the Employees' Retirement System.

Required Supplementary Information
(continued)

Schedule of Changes in the Net Pension Liability and Related Ratios

Year Ended June 30

	2016	2015	2014
Total Pension Liability			
Service Cost	$85,498,714	$84,153,689	$84,074,831
Interest	361,073,638	353,621,871	340,919,519
Changes in Benefit Terms	773,066	1,462,698	-
Differences Between Expected and Actual Experience	(104,260,427)	(8,616,589)	-
Changes in Assumptions	68,573,373	-	-
Benefit Payments, Including Refunds of Member Contributions	(274,901,942)	(258,834,581)	(238,560,893)
Net Change in Total Pension Liability	$136,756,422	$171,787,088	$186,433,457
Total Pension Liability - Beginning	4,979,660,749	4,807,873,661	4,621,440,204
Total Pension Liability - Ending (a)	$5,116,417,171	$4,979,660,749	$4,807,873,661
Plan Fiduciary Net Position			
Contributions - Employer	$155,780,373	$138,493,099	$129,618,309
Contributions - Member	34,627,061	33,193,593	32,758,587
Net Investment Income	(16,668,287)	16,342,457	490,196,386
Benefit Payments, Including Refunds of Member Contributions	(274,901,942)	(258,834,581)	(238,560,893)
Administrative Expenses	(2,112,595)	(1,896,614)	(1,884,827)
Net Change in Plan Fiduciary Net Position	($103,275,390)	($72,702,046)	$412,127,562
Plan Fiduciary Net Position - Beginning	3,693,357,619	3,766,059,665	3,353,932,103
Plan Fiduciary Net Position - Ending (b)	$3,590,082,229	$3,693,357,619	$3,766,059,665
Net Pension Liability - Ending (a)-(b)	$1,526,334,942	$1,286,303,130	$1,041,813,996
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.17%	74.17%	78.33%
Covered Payroll	$708,414,611	$686,288,895	$671,597,456
Net Pension Liability as a Percentage of Covered Payroll	215.46%	187.43%	155.12%

Continued from previous page.
This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information
(continued)

Schedule of Employer Contributions

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2020	$234,743,643	$234,743,643	$ -	$828,019,905	28.35%
2019	210,964,436	210,964,436	-	777,319,219	27.14%
2018	188,578,414	188,578,414	-	745,663,954	25.29%
2017	167,311,608	167,311,608	-	730,618,376	22.90%
2016	155,780,373	155,780,373	-	708,414,611	21.99%
2015	138,493,099	138,493,099	-	686,288,895	20.18%
2014	129,618,309	129,618,309	-	671,597,456	19.30%
2013	127,448,018	127,448,018	-	669,018,467	19.05%
2012	114,682,538	114,682,538	-	666,758,942	17.20%
2011	96,607,535	96,607,535	-	657,194,116	14.70%

Notes to the Required Supplementary Information

Valuation Date	6/30/2018
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the fiscal year

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal, Level Percent of Payroll
Asset valuation method	33% of Aggregate Gain/Loss is recognized
Amortization method	Closed 15-year layers, with level % of payroll
Discount rate	7.25%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service
Mortality	110% and 100% of the RP-2014 Healthy Annuitant Mortality Table for males and females respectively projected using the RPEC-2015 model, with an ultimate rate of 0.75% for ages 20-85 grading down to an ultimate rate of 0% for ages 115-120 and convergence to the ultimate rate in the year 2015

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

Required Supplementary Information

Summary of Significant Changes to the Pension System

The summary of employer and employee contribution rates during the past five years and other significant changes in the pension system are as follows:

	Contribution Rates	
Fiscal Year	**Employer**	**Employee**
2020	28.35%	4%, 5.33%
2019	27.14%	4%, 5.33%
2018	25.29%	4%, 5.33%
2017	22.90%	4%, 5.33%
2016	21.99%	4%, 5.33%

July 2019	New hires on or after July 1, 2019, are enrolled in Plan E.
December 2018	Retirement Board of Trustees approved a new plan for all employees hired on or after July 1, 2019.
July 2017	Social Security offset reduced from 10 percent to 5 percent.
July 2016	Social Security offset reduced from 15 percent to 10 percent.
January 2014	Service-Connected Disability Social Security offset was reduced from 25.0 percent to 15.0 percent.

Other Supplementary Information

Schedule of Investment & Consultant Expenses For the Year Ended June 30, 2020	
Investment Manager Fees	
Absolute Return	$8,484,804
Global Equity	9,650,767
Global Fixed Income	8,298,252
Global Multi-Asset	3,501,793
Global Real Assets	4,791,703
Short Term and Others	939,641
Fees Related to Securities Lending	1,184,587
Custodial Fees	136,776
Consultant Expenses	113,578
Investment Related Legal Fees	528,664
Allocated Administration Expense	1,501,987
Total Investment and Consultant Expenses	**$39,132,552**

Schedule of Administrative Expenses For the Year Ended June 30, 2020		
Personnel services		
Salaries and Wages	$1,238,163	
Fringe Benefits	527,128	
Total Personnel Services		$1,765,291
Professional services		
Actuarial	60,149	
Audit	30,992	
Legal	14,937	
Total Professional Services		106,078
Communications		
Phone Charges	19,017	
Printing, Binding and Copying	8,812	
Postage	14,344	
Total Communications		42,173
Supplies		
Office Supplies	6,806	
Total Supplies		6,806
Other Services and Charges		
Staff Travel and Development	1,994	
Professional Membership	4,891	
Professional Subscriptions	7,417	
Insurance	52,349	
Building rent	157,235	
Depreciation Expense	2,880	
Computer System	230,766	
Other Operating	93,565	
Total Other Services and Charges		551,097
Total Administrative Expenses		**$2,471,445**

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with Government Auditing Standards

To the Board of Supervisors
County of Fairfax, Virginia

To the Board of Trustees
Fairfax County Employees' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fairfax County Employees' Retirement System (the "System"), a pension trust fund of the County of Fairfax, Virginia, as of and for the year ended June 30, 2020 and the related notes to the financial statements, and have issued our report thereon dated November 13, 2020.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Tysons Corner, Virginia
November 13, 2020

County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

October 2, 2020

Dear Members of the Board of Trustees:

The fiscal year ended June 2020 saw the end of the longest economic expansion on record. Economies around the world were disrupted because of the novel coronavirus (COVID-19) and markets reacted with historically fast-paced declines. Governments and central banks from around the world took extraordinary measures to stimulate shuttered economies. In the U.S., fiscal stimulus reached over 12% of GDP while Germany, Japan, France, and the U.K. had materially larger stimulus packages. The Federal Reserve provided additional support to the U.S. economy by reducing the Fed Funds Rate to a targeted range of 0.00% to 0.25%, resumed quantitative easing, and flooded markets with liquidity. Similar actions were taken by central banks globally. These stimulus measures, along with optimism around a potential vaccine for COVID-19 and easing of lockdown restrictions resulted in a historically dramatic reversal in risk assets in the fourth fiscal quarter. U.S. stocks posted their eleventh consecutive year of positive returns and outperformed international equities, returning 7.5% as measured by the S&P 500 Index. International developed-markets equities (-5.1% for the year) lagged domestic equities by 12.6%. U.S. equity outperformance was driven in large part by big technology stocks that benefitted from a demand surge in the wake of the pandemic. Emerging markets equities returned -3.4%, underperforming U.S. equities and outperforming international-developed markets equities. Driven by declining interest rates and demand for safe-haven assets, U.S. high quality fixed income investments generated a positive 8.7% return in the fiscal year as measured by the Bloomberg Barclays U.S. Aggregate Bond Index.

US equities were a mixed bag in the third quarter of 2019 with the S&P 500 Index gaining 1.7% and the small cap Russell 2000 Index losing 2.4%. There was a sharp reversal of growth and value strategies across the capital spectrum in the final month of the quarter with value outperforming growth by 3.6% and 5.9% across large and small caps, respectively. International stocks were increasingly volatile for the three months ended September 30, 2019 amid concerns around the global fallout from the ongoing trade war between the United States and China. The MSCI EAFE Index posted a modest loss of 1.1% as gains from defensive sectors, such as utilities and consumer staples, offset losses from cyclical sectors such as energy and materials. Japanese equities recorded gains of 3.1%, while European stocks were in the red at 1.8%; emerging market equities and China were harder hit, losing 4.2% and 4.7%, respectively. In this late stage of the US economic cycle, investors are favoring higher-quality credit and safe-haven fixed income assets. As a result, US bond markets were in the black for the quarter with the Bloomberg Barclays Aggregate posting gains of 2.3%, the Bloomberg Barclays High Yield up 1.3%, and S&P LSTA Leveraged Loan Index returning 1.3%; the Bloomberg Barclays US Long Treasury gained 7.9% in the third quarter of 2019 underscoring the demand for safe-haven investments. Outside the US, emerging market debt (EMD) posted mixed results in the third quarter. Local currency denominated debt posted losses related to currency weakness but was positive for the trailing twelve-month period. External EMD sovereign debt and corporate bonds were up during the quarter. The fundamentals for emerging markets are still favorable, but volatility remains elevated.

Equities ended 2019 in a blaze of glory with emerging markets leading the way with fourth-quarter 2019 returns of 11.8%, bolstered by a trade pact between the United States and China; non-US developed market stocks were up 8.2% and US small-cap equities gained 9.9% during the same period. In the US, growth outperformed value by 3.2%, in line with a trend

FAIRFAX COUNTY Retirement SYSTEMS
EMPLOYEES' POLICE Officers UNIFORMED

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www.fairfaxcounty.gov/retirement/

established in the aftermath of the financial crisis, with the annualized difference totaling 3.6% over the last 10 years. While small caps edged out large caps for the three months ended December 31, 2019, large caps carried the year with returns of 31.5%, according to the S&P 500 Index, trouncing the Russell 2000 Index's gains of 25.4%. Outside the US, developed market small caps outperformed large caps by 3% with returns of 24.9%. Fixed-income securities ended 2019 in the black, reversing declines from the year earlier. Spreads on high-yield credit narrowed for most part of the year, but segments in the high-yield and bank loan market showed signs of stress towards the end of 2019. On a risk adjusted basis, high-yield and bank loan CCC-bonds posted their worst performance since the financial crisis. US credit ended the year up 13.7%, according to the Bloomberg Barclays Aggregate Index, while the Bloomberg Barclays High Yield Index gained 14.3% in 2019; the S&P LSTA Leveraged Loan Index returned 10.6% during the same period. Outside the US, emerging market debt performed robustly but concerns were elevated due to heightened geo-political risks and an overall slowdown in global growth. The JPM EMBI Index was up 15%, while the JPM GBI Index was in the black, gaining 13.4% last year.

Equities nosedived in the first quarter of 2020 as volatility tore through markets. The S&P 500 Index plunged 29.5% over 18 trading days between February and March, ending the quarter down 19.6%. The MSCI EAFE and Emerging Markets indexes also recorded steep losses of 22.8% and 23.6%, respectively. Growth and large-cap companies outperformed value and small caps; the gap was the widest in the US with the Russell 1000 Growth Index declining 14.1% compared to losses of 35.7% for the Russell 2000 Value Index. Energy companies, particularly in the exploration and production sector, were the hardest hit with the S&P 500 Energy Sector Index down 50.5% for the three months ended March 31, 2020. Fixed income experienced significant spread widening across the credit spectrum in the first quarter amid market illiquidity, rapid deleveraging, and fire sales in March. Government bond yields fell as investors took refuge in safe-haven securities. The Bloomberg Barclays Aggregate Index was up 3.1% as gains in Treasuries were offset by negative returns from investment-grade credit. Debt rated below investment grade suffered larger losses with the Bloomberg Barclays High Yield Index down 12.7% and the S&P LSTA Leveraged Loan Index declining 9.9%. Credit hedge funds were not immune to the market dislocation, with the HFRI Relative Value index down 4.1%. Emerging market debt was also in the red with the JPM EMBI Index declining 13.4% and the JPM GBIEM Index losing 15.2% for the quarter.

Equities surged in the second quarter of 2020, substantially erasing losses from the prior quarter. US stocks led the rally with the S&P 500 Index returning 20.5%; emerging market equities and non-US developed market stocks followed with gains of 18.1% and 14.9%, respectively, during the same period. In domestic stocks, growth trumped value, with the Russell 1000 Growth Index up 27.8% compared to returns of 14.3% for its value counterpart. Small-cap companies outperformed large-cap with the Russell 2000 Index up 25.4% for the three months ended June 30, 2020. Technology shares maintained their lead with the NASDAQ Composite hitting new highs; the S&P 500 technology sector was up 30.5% in the second quarter of 2020 and 15.0% for the year. Corporate bond spreads compressed significantly in the second quarter of 2020 amid the Fed's massive intervention in fixed income markets. The central bank held benchmark rates at a range of 0% to 0.25%. Issuance of corporate investment-grade and high-yield bonds during this period outpaced the prior quarter. US corporate credit benefitted from improved market liquidity with the Bloomberg Barclays US Aggregate Index returning 2.9% in the second quarter, bringing year-to-date gains to 6.1%; the Bloomberg Barclays US Corporate High Yield Index was up 10.2% for the three months ended June 30,2020 while the S&P/LSTA Leveraged Loan Index rose 6.6% in the same period.

Ending June 30, 2020, U.S. stocks posted their eleventh consecutive year of positive returns and outperformed international equities, returning +7.5% as measured by the S&P 500 Index. U.S. equities outperformance was primarily driven by a few large technology stocks which benefitted from a demand surge in the wake of the pandemic. Although technology companies began the fiscal year detracting from domestic equity portfolio, the sector was a significant driver of performance rounding out the fiscal year up 15% (as measured by the S&P Technology index). Growth ended the fiscal year outpacing value, driven in part by the markets increasing risk appetite, ending the fiscal year with the widest margin for a 6-month period since 1998. Large cap names outpaced their small cap peer, returning +7.5% (as measured by the S&P 500) versus the Russell 2000 return which returned -6.6% for the one-year period ending June 30, 2020.

Driven by declining interest rates and demand for safe-haven assets, U.S. high quality fixed income investments generated a positive 8.7% return in the fiscal year as measured by the Bloomberg Barclays U.S. Aggregate Bond Index. Credit markets ended the fiscal year with Corporate bond spreads compressed significantly in the second quarter of 2020 amid the Fed's massive intervention in fixed income markets. The central bank held benchmark rates at a range of 0% to 0.25%. US corporate credit benefitted from improved market liquidity with the Bloomberg Barclays US Aggregate Index returning bringing fiscal year end gains to +6.1%; the Bloomberg Barclays US Corporate High Yield Index was flat, while the S&P/LSTA Leveraged Loan Index returned -0.5% in the same period.

International stock saw a volatile fiscal year, beginning with negative returns driven by increased volatility amid concerns around the global fallout from the ongoing trade war between the United States and China. International names were a part of the equity blaze of glory during the last quarter of 2019, driven by strong emerging market returns as the trade pact between the US and China was used to inject confidence into the international markets. The positive returns from quarter end of 2019 were disintegrated as the equity markets took a nosedive as markets entered a global pandemic. For the fiscal year end, developed markets underperformed emerging markets, although both ended the one-year period with negative returns. One bright spot within international markets was Japan, which was helped during Q2 2020 when the Japanese government approved a record stimulus package equaling almost 40% of GDP to prevent COVID-19. For the one-year period ending June 30, 2020, developed markets, measured by MSCI EAFE, posted a return of -5.1% and emerging markets (measured by MSCI Emerging Markets Index) posted a return of -3.4%.

Employees' Retirement System

The Employees' Retirement System continued to focus on optimizing and diversifying the portfolio and implementing a diversified investment program to achieve the System's strategic long-term goals. This disciplined investment process has been effective in achieving a long-term record of consistent asset growth.

As of June 30, 2020, the Fairfax County Employees' Retirement System stood at $4.142 billion, up from $4.102 billion at the end of fiscal year 2019. Calculating performance using a time-weighted rate of return for the year ending June 30, 2020, the system returned +3.66%, gross of fees (+2.85% net of fees), ranking in the 38th percentile of all public funds in the BNY Mellon Total Public Fund Universe. For the three, five, and ten-year periods (annualized), the system returned gross of fees, +6.26% (+5.47% net of fees), ranking in the 39th percentile, +5.22% gross of fees (+4.55% net of fees) ranking in the 82nd percentile, and +8.15% gross of fees (+7.35% net of fees) ranking in the 55th percentile respectively.

During the past twelve months, the System continued to focus on further diversifying risk and implementing the previously adopted changes to long term asset allocation targets. Crabel Capital Management and Kirkoswald Capital Partners were added to the Absolute Return lineup; Man AHL TargetRisk and Lombard Odier were added to the Global Multi-Asset lineup, while Bridgewater Optimal Portfolio was terminated at the portfolio level; Solus TerreStar and Pinnacle Physical & Financing were added to the Global Real Assets lineup; Morgan Creek Blockchain Opportunity II, Sands Life Science Pulse, Sands Global Innovation, and InvestCorp Strategic Capital were added to the Global Equity lineup; PGIM EMD was added to the Global Fixed Income lineup, while Post High Yield was terminated at the portfolio level; Credit Suisse ILS Fund II, Crestline Opportunity IV, EJF Tactical Opportunities, Marathon Distressed Credit, and PIMCO DiSCO III, and Section Partners IV were added to the Credit Fixed Income lineup.

Sincerely,

Andrew J. Spellar
Chief Investment Officer
Fairfax County Employees' Retirement System

Investments by Category and Investment Manager**

For Year Ended June 30, 2020

Asset Class Manager	Investment Style	Fair Value	% of Total Portfolio
Absolute Return			
AlphaSimplex Group	Global Macro	$54,763,066	1.3%
AQR Style Premia	Relative Value	1,994,560	0.0%
Aspect Systematic GM	Global Macro	57,029,198	1.4%
BlackRock GlobalAlpha Fund	Relative Value	85,429,802	2.1%
Bridgewater Pure Alpha Major Markets	Global Macro	5,752,944	0.1%
Bridgewater Pure Alpha	Global Macro	112,143,378	2.7%
Crabel Capital Management	Systematic Global Macro	55,884,842	1.4%
Kirkoswald Asset Management	Global Macro	54,643,042	1.3%
Maverick MFQ	Relative Value	38,026,498	0.9%
Millennium Management	Relative Value	96,984,220	2.3%
PIMCO Commodity Alpha Fund	Relative Value	32,081,255	0.8%
PIMCO Global Credit Opportunity	Relative Value	80,988,595	2.0%
QMS Global Macro	Global Macro	48,288,748	1.2%
Global Equity			
Aberdeen Asset Management	Int'l Emerging Markets	59,991,033	1.5%
Axiom International Investors *	Int'l Developed Small Cap	120,568,602	2.9%
Capstone Investment Advisors	U.S. Large Cap Value	92,254,650	2.2%
DePrince, Race & Zollo*	U.S. Large Cap Value	93,874,288	2.3%
Dyal Capital Partners	Private Markets Equity	34,704,694	0.8%
First Eagle Investment Management	Int'l Developed Markets Value	22,651	0.0%
International Equity ETF Portfolio*	Int'l Developed Markets Value	53,745,305	1.3%
InvestCorp	Private Markets Equity	16,270,245	0.4%
LSV	Int'l Developed Markets Value	8,467	0.0%
Marathon Asset Management*	Int'l Developed Markets	134,732,953	3.3%
Morgan Creek	Private Markets Equity	33,191,065	0.8%
Sands Capital Management *	U.S. Large Cap Growth	101,686,918	2.5%
Sands Capital Management PE	Private Markets Equity	11,697,318	0.3%
US Equity ETF Portfolio*	U.S. Large Cap Value	66,943,938	1.6%
Vanguard Emerging Markets ETF*	Int'l Emerging Markets	46,964,456	1.1%
WCM Investment Management*	Int'l Developed Markets Growth	111,028,184	2.7%
Global Fixed Income			
BlackRock Multi-Alternative Opportunities Fund	Private Markets Credit	15,862,359	0.4%
Brandywine Asset Management*	Global Bonds	125,722,225	3.0%
Bridgewater Associates	Inflation-Linked	160,376,780	3.9%
Credit Suisse	Private Markets Credit	8,303,002	0.2%
Crestline Management, L.P.	Private Markets Credit	69,750,712	1.7%
Czech Asset Management	Private Markets Credit	47,068,344	1.1%
Double Line Capital CMBS/CRE	Private Markets Credit	16,849,417	0.4%
Double Line Capital DMO	Private Markets Credit	54,012,853	1.3%
DoubleLine Capital SMBS*	Mortgage-Backed Securities	133,844,500	3.2%
EJF Debt Opportunities	Opportunistic	102,292,131	2.5%
EJF Tactical Opportunities*	Opportunistic	27,635,126	0.7%
Hoisington Investment Management Company *	U.S. Treasuries	109,941,705	2.7%
Lazard Asset Management	Emerging Markets Debt	84,757,855	2.0%
Marathon Asset Management	Private Markets Credit	60,542,580	1.5%
PGIM Emerging Market	Emerging Markets Debt	44,632,181	1.1%
PIMCO BRAVO III	Private Markets Credit	54,229,340	1.3%
PIMCO BRAVO	Private Markets Credit	18,891,887	0.5%
PIMCO DISCO III	Private Markets Credit	8,000,000	0.2%
PIMCO Tactical Opportunities	Opportunistic	66,561,937	1.6%
Shenkman Capital Management *	High Yield Bonds	140,092,300	3.4%
Global Multi-Asset			
AQR Global Risk Premium	Core Risk Parity	67,827,216	1.6%
BlackRock Market Advantage	Core Risk Parity	106,362,725	2.6%
Lombard Odier	Active Risk Parity	87,718,091	2.1%
Man AHL TargetRisk	Active Risk Parity	120,115,281	2.9%
Parametric & FCERS Dynamic Balanced Risk *	Active Risk Parity	113,443,466	2.7%
Global Real Assets			
Cohen & Steers Capital Management *	U.S. Real Estate Securities	112,165,013	2.7%
Cohen & Steers Capital Management*	Int'l Real Estate Securities	56,368,631	1.4%
Deutsche Asset Management	Multi-Real Asset	84,536,570	2.0%
JPMorgan Global Maritime Fund	Private Markets Real Assets	13,404,613	0.3%
Landmark Partners	Private Markets Real Estate	18,238,912	0.4%
Pinnacle Associates GP, LLC	Private Markets Real Assets	77,136,525	1.9%
Solus Alternative Asset Management	Private Markets Credit	8,999,878	0.2%
Short Term and Others			
BNY Mellon Cash Management	Plan Level Cash Account	17,141,041	0.4%
BNY Mellon Cash Investment Strategies STIF*	Plan Level Cash Account	8,351,308	0.2%
Cash Held at County Treasurer	Operating Cash Account	7,430,705	0.2%
FCERS Orphan Securities Account	Operating Cash Account	242,004	0.0%
Parametric Portfolio Associates LLC*	Overlay	186,010,584	4.5%
Total Investments		$4,136,554,712	100.0%

* Separately Managed Accounts

** See pages 8-9 for complete listing of investment professionals

Employees' Retirement System – Allocation of Market Exposures

Target Market Exposures

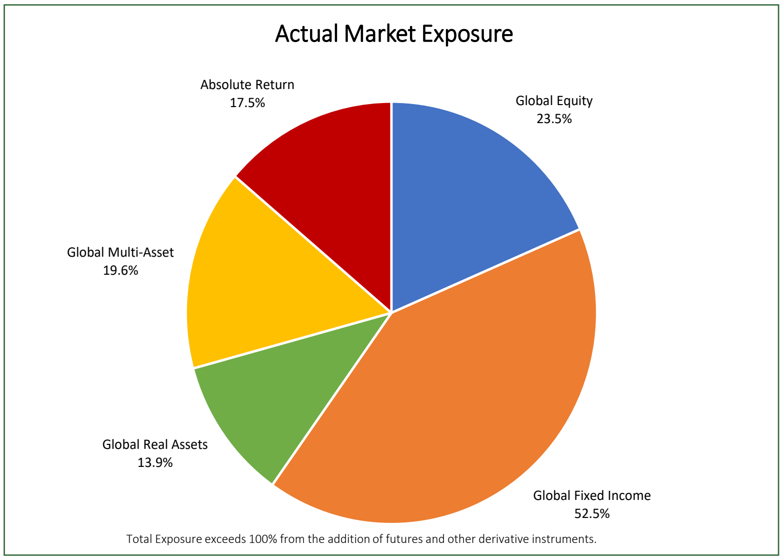
The asset structure shown below represents the Trustees' assessment of their optimal asset allocation as of June 30, 2020. The target asset allocation provides a reasonable expectation that the System's investment objectives can be achieved based on historical relationships of asset class performance.

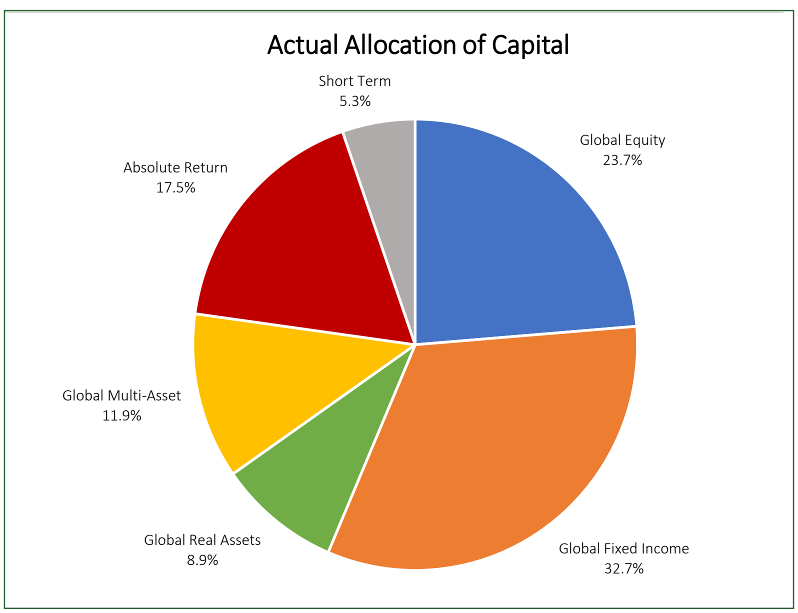
The pie chart below details the target asset mix, consistent with the achievement of the long-term objectives of the System, as of June 30, 2020.

Actual Allocations as of June 30, 2020

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

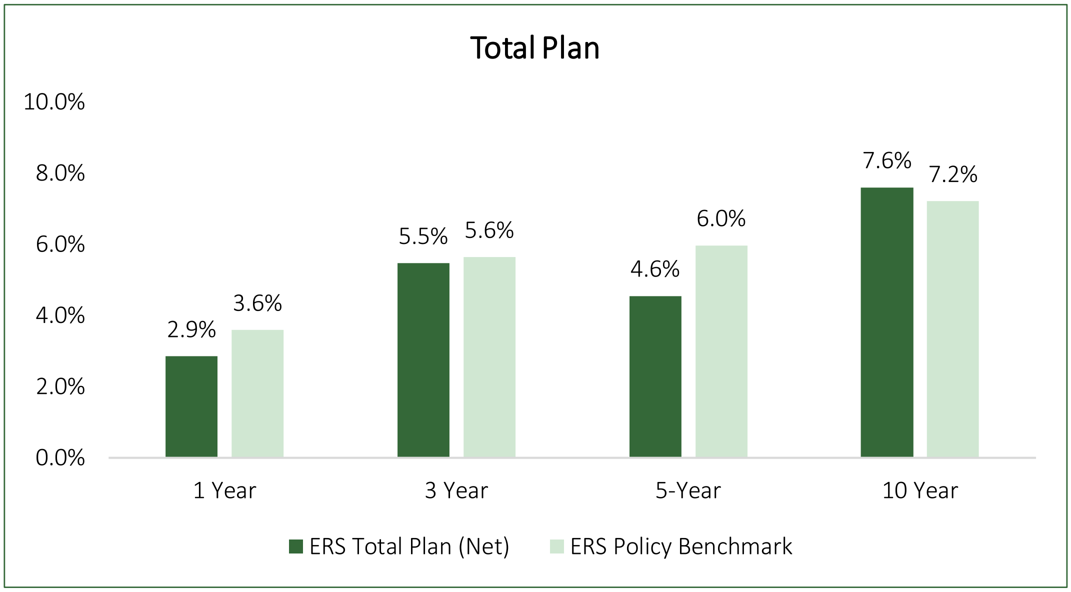
The pie chart below details the actual asset allocations as of June 30, 2020.



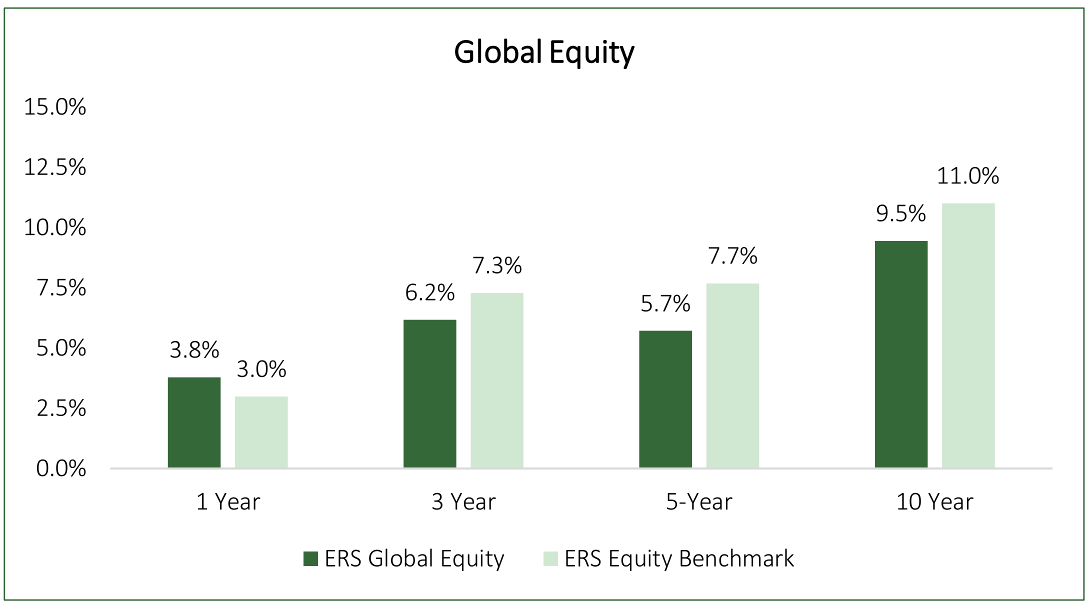


Investment Results

(Time-Weighted Return, net of Fees)

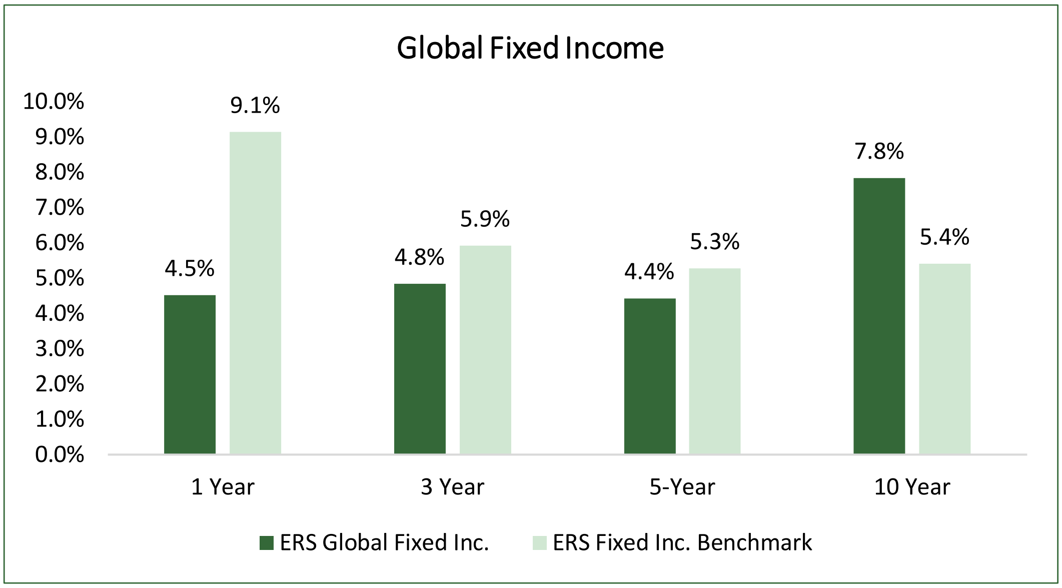


*Current Benchmark: Russell 3000 – 16.5%; MSCI World ex-US – 8.25%; MSCI EM – 2.75%; U.S. Agg Bond. x1.33 minus ICE 3-Mo. LIBOR x0.33 – 27.5%; High Yield– 12.5%; Real Asset Blended Benchmark – 12.5%; Risk Parity 10% Vol. Benchmark – 20.0% (Benchmark has been revised through time)

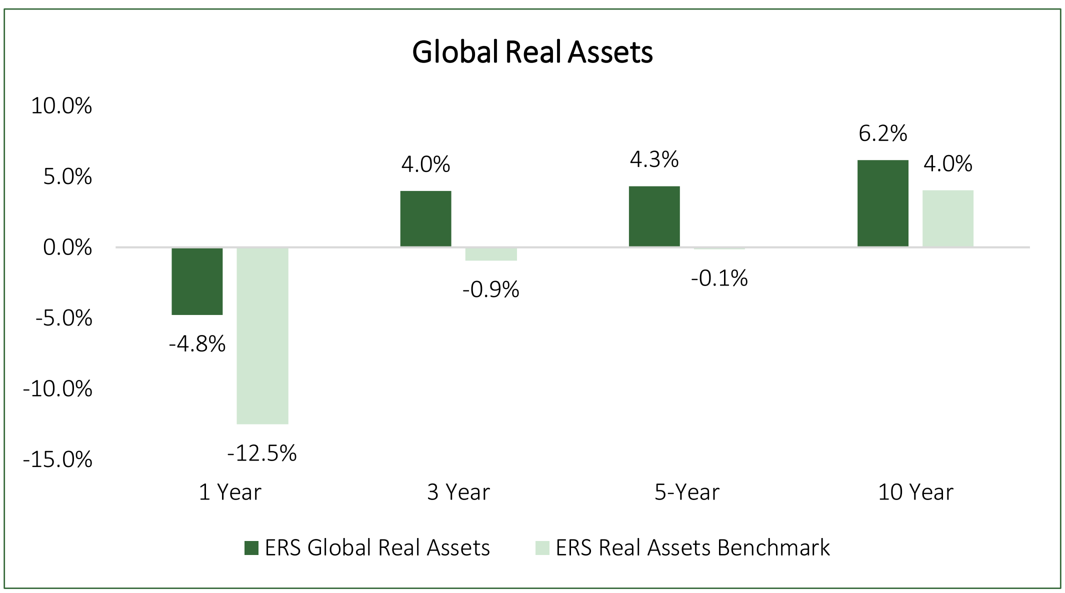


*Current Benchmark: Russell 3000 – 60.0%; MSCI World ex-US – 30.0%; MSCI EM – 10.0; ($Gross) (Benchmark has been revised through time)

Investment Results
(Time-Weighted Return, net of Fees)



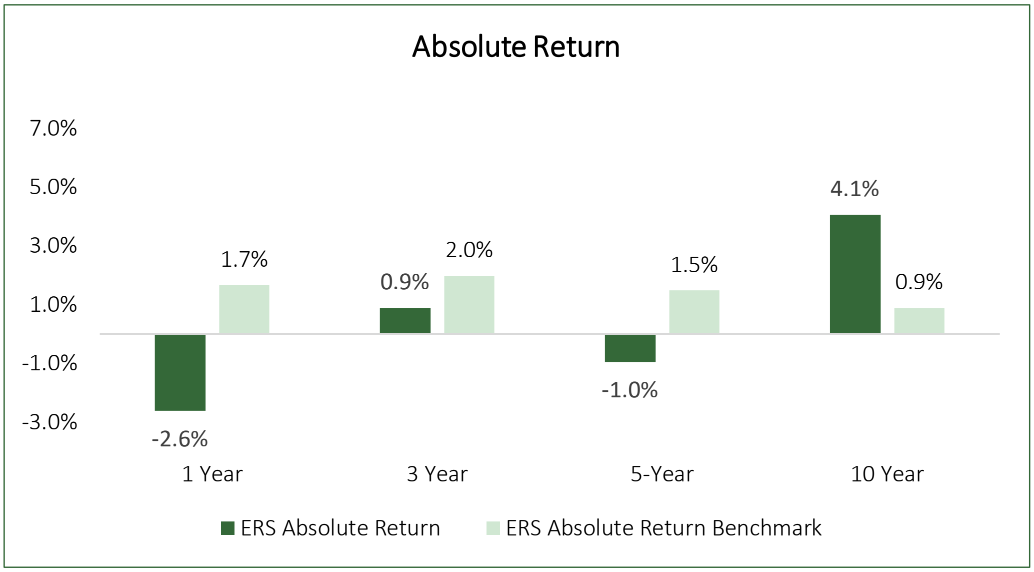
*Current Benchmark: U.S. Agg Bond. x1.33 minus ICE 3-Mo. LIBOR x0.33 – 68.75%; High Yield – 31.25% (Benchmark has been revised through time)



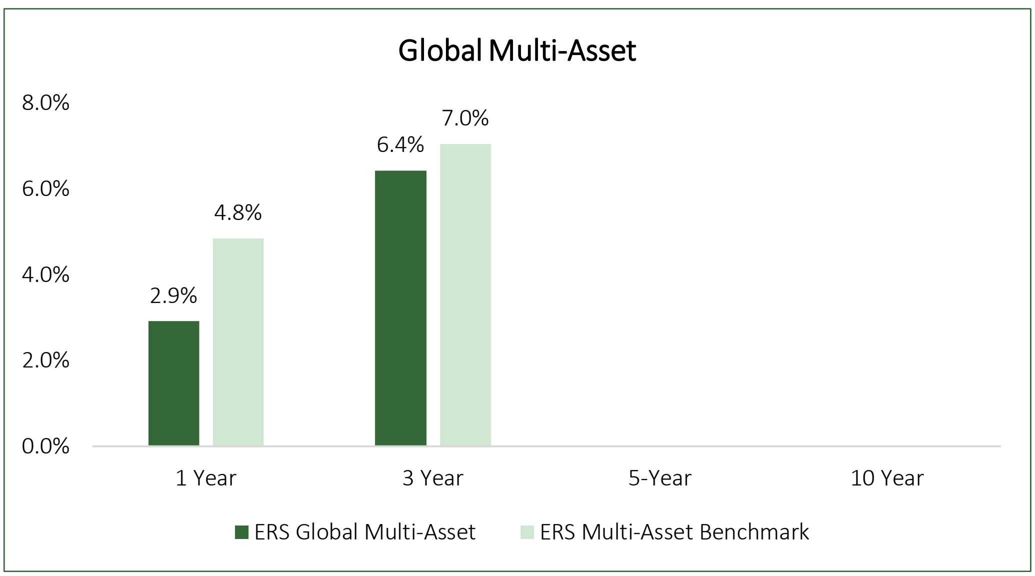
*Current Benchmark: FTSE/NAREIT Developed – 33.3%; DJ Brookfield Infrastructure – 33.3%; Commodity 33.3% (Benchmark has been revised through time)

Investment Results

(Time-Weighted Return, net of Fees)



*Current Benchmark: ICE 3-Mo. LIBOR (Benchmark has been revised through time)



*Current Benchmark: MSCI ACWI Index (Local) – 25.0%; Commodity – 25.0%; World I/L Bonds – 75.0%; Gbl TSY 7-10yr (H) – 75.0%; ICE 3-Month LIBOR – -100%; (Benchmark has been revised through time)

Schedule of Ten Largest Equity & Fixed Income Holdings

Ten Largest Equity Holdings*				
No. Shares	Description	Cost	Fair Value	% of Total Portfolio
54,750	American Tower Corp	$11,045,392	$14,155,065	0.34%
13,612	Equinix Inc	5,131,091	9,559,708	0.23%
3,310	Amazon.Com Inc	2,377,182	9,131,694	0.22%
17,625	Netflix Inc	3,665,098	8,020,080	0.19%
7,545	Shopify Inc	936,574	7,161,714	0.17%
15,900	Servicenow Inc	1,648,064	6,440,454	0.16%
58,562	Sea Ltd	2,866,461	6,280,189	0.15%
20,045	Lululemon Athletica Inc	3,990,555	6,254,240	0.15%
32,375	Visa Inc	879,184	6,253,879	0.15%
113,080	Welltower Inc	6,288,139	5,851,890	0.14%
	Total	**$38,827,740**	**$79,108,913**	**1.90%**

*Full disclosure of holdings is available upon request.

Ten Largest Fixed Income Holdings*				
Par Value (in local values)	Description	Cost	Fair Value	% of Total Portfolio
31,990,000	U.S. Treasury Bond 2.500% 05/15/2046 Dd 05/15/16	$31,138,222	$39,676,237	0.96%
23,400,000	U.S. Treasury Bond 2.500% 02/15/2046 Dd 02/15/16	21,729,314	28,980,432	0.70%
38,900,000	U.S. Treasury Bd Prin Strip 0.000% 11/15/2045 Dd 11/16/15	18,747,514	26,730,524	0.65%
9,802,474	U.S. Treas-Cpi Inflat 1.000% 02/15/2048 Dd 02/15/18	11,648,058	12,945,638	0.31%
8,458,868	U.S. Treas-Cpi Inflat 0.625% 02/15/2043 Dd 02/15/13	8,297,314	9,947,459	0.24%
5,615,657	U.S. Treas-Cpi Inflat 2.125% 02/15/2040 Dd 02/15/10	8,199,334	8,273,211	0.20%
7,960,000	U.S. Treasury Notevar Rt 01/31/2022 Dd 01/31/20	7,968,676	7,970,428	0.19%
11,400,000	U.S. Treasury Bd Prin Strip 0.000% 05/15/2045 Dd 05/15/15	5,443,854	7,894,386	0.19%
7,250,000	U.S. Treasury Notevar Rt 10/31/2021 Dd 10/31/19	7,261,124	7,272,983	0.18%
6,835,000	U.S. Treasury Notevar Rt 04/30/2022 Dd 04/30/20	6,838,936	6,838,964	0.17%
	Total	**$127,272,346**	**$156,530,262**	**3.79%**

*Full disclosure of holdings is available upon request.

Schedule of Brokerage Commissions
For Year Ended June 30, 2020

Broker Name	Base Volume	Total Shares	Base Commission	Commission Percentage
MORGAN STANLEY & CO, LONDON (MSLNGB2X)	$505,245	233,200	$4,306	0.85%
DAIWA SECS SMBC CATHAY CO, TAIPEI	2,824,530	510,000	7,061	0.25%
KIM ENG SEC, BANGKOK	168,977	374,300	421	0.25%
CIMB SECURITIES (USA), INC, NEW YORK	41,584	644,000	104	0.25%
DAIWA SEC SMBC INDIA PRIV LTD,MUMBIA	146,678	6,953	294	0.20%
BANCO BTG PACTUAL SA, RIO DE JANEIRO	753,414	128,000	1,508	0.20%
AMBIT CAPITAL PRIVATE LTD, MUMBAI	1,746,366	262,608	3,494	0.20%
CITIBANK, NY	51,064	8,300	102	0.20%
INSTINET PACIFIC LTD, HONG KONG	1,572,671	112,298	3,009	0.19%
GOLDMAN SACHS DO BRASIL, SAO PAULO	1,484,724	129,500	2,836	0.19%
BANCO SANTANDER, NEW YORK	907,806	91,800	1,729	0.19%
BOFA SECURITIES, INC, NEW YORK	2,983,798	554,445	5,467	0.18%
BANCO ITAU, SAO PAULO	2,128,779	383,600	3,838	0.18%
SAMSUNG SECS, SEOUL	1,172,416	31,219	2,077	0.18%
HYUNDAI SECURITIES, SEOUL	2,197,340	107,122	3,676	0.17%
J P MORGAN SEC LTD/STOCK LENDING, LONDON	99,623	1,199	160	0.16%
CITIGROUP GBL MKTS INDIA, MUMBAI	1,625,409	207,262	2,576	0.16%
BARCLAYS CAPITAL, LONDON (BARCGB33)	964,503	76,310	1,523	0.16%
J.P. MORGAN SECURITIES, HONG KONG	1,970,973	855,353	3,057	0.16%
S G WARBURG, SEOUL	1,956,840	51,370	3,012	0.15%
SANFORD C. BERNSTEIN (INDIA) PRI, MUMBAI	402,903	223,134	606	0.15%
CARNEGIE SECS LTD, HELSINKI (CASFFIH1)	258,645	6,528	389	0.15%
DAVY STOCKBROKERS, DUBLIN	1,360,835	167,916	2,044	0.15%
J P MORGAN SEC, SYDNEY	331,752	75,832	498	0.15%
CREDIT SUISSE AUSTRALIA EQ, MELBOURNE	276,925	115,029	416	0.15%
SKANDINAVISKA ENSKILDA BANKEN, LONDON	510,881	13,302	767	0.15%
CREDIT SUISSE (EUROPE), LONDON	113,575	826	170	0.15%
CHINA INTL CAP CORP HK SECS, HONG KONG	1,219,712	1,187,000	1,827	0.15%
MIRAE ASSET SECURITIES, SEOUL	86,916	756	130	0.15%
SVENSKA HANDELSBANKEN, STOCKHOLM	744,363	37,653	1,115	0.15%
BNP PARIBAS PEREGRINE SEC LTD, HONG KONG	1,038,790	31,600	1,556	0.15%
CREDIT MUTUEL-CIC BANQUES, PARIS	402,018	3,217	602	0.15%
REDBURN PARTNERS LLP, LONDON	1,993,046	162,899	2,979	0.15%
BERENBERG GOSSLER & CIE, HAMBURG	5,152,278	140,549	7,640	0.15%
JP MORGAN SECS, SINGAPORE	248,522	56,200	367	0.15%
CREDIT INDUSTRIEL ET COMMERCIAL, PARIS	2,378,064	116,886	3,458	0.15%
RAYMOND JAMES & ASSOC INC, ST PETERSBURG	198,580	13,501	288	0.15%
D CARNEGIE AB, STOCKHOLM	5,846,672	246,419	8,222	0.14%
OKASAN INTERNATIONAL (ASIA), HONG KONG	12,033,489	435,900	16,912	0.14%
J P MORGAN SECS LTD, LONDON	5,113,739	234,194	7,149	0.14%
HAITONG INTL SEC CO LTD, HONG KONG	2,276,842	163,800	3,178	0.14%
DAIWA SECS AMER INC, NEW YORK	8,696,003	609,283	12,007	0.14%
CARNEGIE ASA, OSLO	524,396	23,642	717	0.14%
MAINFIRST BANK AG,FRANKFURT AM MAIN	3,570,190	86,682	4,816	0.13%
SKANDINAVISKA ENSKILDA BANKEN, STOCKHOLM	3,376,378	171,824	4,376	0.13%
SHENYIN WANGUO SECS LTD, HONG KONG	844,834	295,500	1,091	0.13%
CITIBANK LTD, MELBOURNE	258,987	81,998	334	0.13%
CITIGROUP GLOBAL MARKETS LTD, LONDON	1,607,805	101,667	2,068	0.13%
PEEL HUNT LLP, LONDON	388,672	92,851	499	0.13%
MITSUBISHI UFJ SECURITIES, NEW YORK	10,480,520	322,975	13,380	0.13%
Other Brokers	1,480,459,531	64,965,780	930,211	0.06%
Total	$1,577,498,603	74,954,182	$1,080,063	0.07%

Schedule of Management Fees by Asset Class

For Year Ended June 30, 2020

Asset Class	Fair Value	Management Fees
Absolute Return	$724,010,148	$8,484,804
Global Equity	977,684,767	9,650,767
Global Fixed Income	1,349,367,234	8,298,252
Global Multi-Asset	495,466,779	3,501,793
Global Real Assets	370,850,142	4,791,703
Short Term and Others	219,175,642	939,641
Total	**$4,136,554,712**	**$35,666,960**

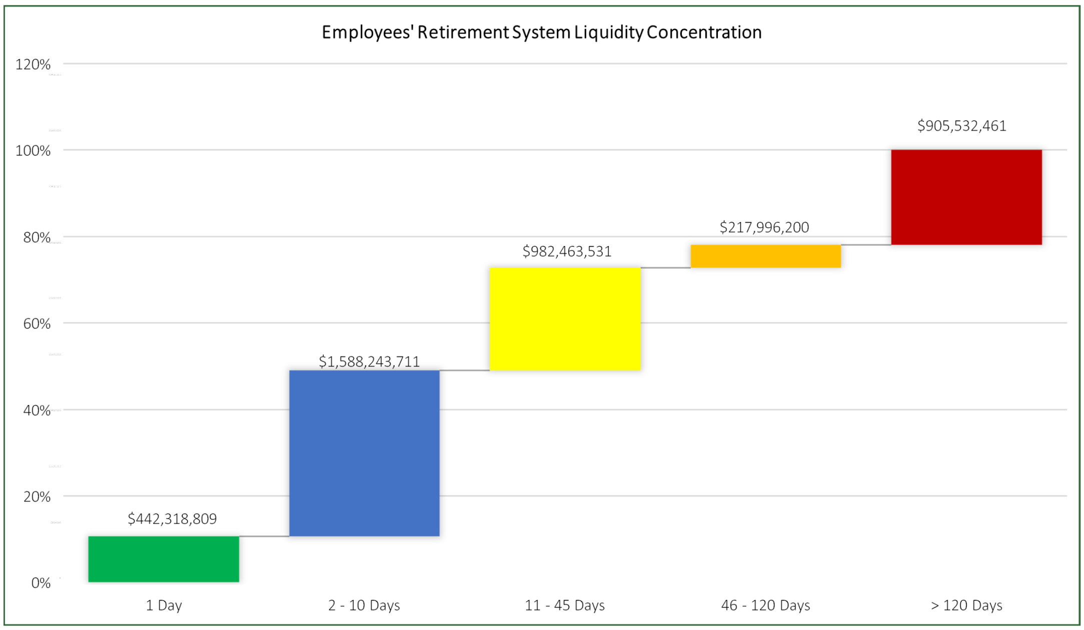
Investment Summary

(Based on Capital Allocation)

	As of June 30, 2020		As of June 30, 2019	
	Fair Value	**% Fair Value**	**Fair Value**	**% Fair Value**
Absolute Return	$724,010,148	17.5%	$752,738,190	18.3%
Global Equity	977,684,767	23.7%	955,031,184	23.3%
Global Fixed Income	1,349,367,234	32.7%	1,144,810,443	27.9%
Global Multi-Asset	495,466,779	11.9%	659,332,382	16.1%
Global Real Assets	370,850,142	8.9%	421,058,780	10.3%
Short Term and Others	219,175,642	5.3%	167,407,720	4.1%
Total	**$4,136,554,712**	**100.0%**	**$4,100,378,699**	**100.0%**

Liquidity Snap Shot on June 30, 2020

The below liquidity chart for the Employees' Retirement System demonstrates how the pension fund's capital has been allocated to ensure sufficient liquidity to support short term uses of cash, such as retirement distributions, capital calls, potential daily margin calls and coverage ratio requirements on derivative notional balances. It details the liquidity concentration of the System's total capital allocated to investments by their redemption schedule (monthly, quarterly, annually or none), including the number of calendar days' notice that must be provided before the redemption of funds can be made.



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CHEIRON Classic Values, Innovative Advice.

September 24, 2020

Fairfax County Employees'
Retirement System
12015 Lee Jackson Memorial Hwy, Suite 350
Fairfax, Virginia 22033

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the Fairfax County Employees' Retirement System (System) as of June 30, 2020. The full results and analysis of that annual valuation will be presented in a full actuarial valuation report. The purpose of this actuarial section is to provide key information from that report and support the disclosure of Total Pension Liability that is presented in the Financial Section of this Comprehensive Annual Financial Report. For a more complete analysis, please see the full report.

Funding Objective
The funding objective of the System is to establish contribution rates that will remain level as a percentage of payroll over time. In order to achieve this, the County contribution rate is based on the normal cost rate and expense rate developed in the current valuation combined with an unfunded actuarial liability rate (UAL rate) based on 15 year layered amortization bases reflecting assumption changes, plan changes and annual gains and losses.

Assumptions
The actuarial assumptions used in performing the June 30, 2020 valuation were recommended by the actuary and adopted by the Board of Trustees based on our most recent review of the System's experience for the five-year period ending June 30, 2015. The assumptions and methods used for funding purposes were developed in compliance with the actuarial standards of practice as they relate to pension plans. The assumptions reflect our understanding of the likely future experience of the System and the assumptions both individually and as a whole represent our best estimate for the future experience of the System. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the underlying assumptions, the results would vary accordingly.

Reliance on Others
In preparing our valuation, we relied on information (some oral and some written) supplied by the System. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standards of Practice No. 23.

Supporting Schedules
As a part of the 2020 actuarial valuation, Cheiron prepared the Analysis of Financial Experience, Schedule of Retirees and Beneficiaries Added to and Removed from the Rolls and Liability by Type provided in this Actuarial Section.

We are also responsible for the disclosures of Net Pension Liability and its components in the Financial Section. The information provided in Note 4 of the Financial Section comes from the Actuarial Valuation as of June 30, 2020.

Compliance with Code of Virginia §51.1-800

Code of Virginia §51.1-800 requires that the benefits provided to a retiree at age 65 from a local retirement system equal or exceed two-thirds of the allowance to which the employee would be entitled under the provisions of the Virginia Retirement System (VRS).

Although there is no formal procedure for making this comparison, we compared the least valuable rate under the Employees' Retirement System to the most valuable accrual rate under the VRS, making adjustments for the fact that employee contributions are required in excess of the VRS 5% rate. We found that the employer-provided accrual rates do exceed two-thirds of the most valuable employer-provided accrual rates under the VRS plan.

We certify that, to the best of our knowledge and understanding, the Fairfax County Employees' Retirement System satisfies the requirements of the Code of Virginia §51.1-800.

Certification

This section and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices, and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board, as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this section. This section does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This section was prepared for the Fairfax County Employees' Retirement System for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this section are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

Sincerely,
Cheiron

Fiona E. Liston

Fiona E. Liston, FSA
Principal Consulting Actuary

Coralie Taylor

Coralie A. Taylor, FSA
Consulting Actuary

CHEIRON

Summary of Valuation Results

The Actuarially Determined Contribution rate for Fiscal Year (FY) 2020 was developed in the 2018 valuation report. For more information on the assumptions and methods used to develop that rate, please see the Funding Method section of that report.

Amounts disclosed in Note 4 of the Financial Section were developed in conjunction with the 2020 valuation.

Summary of Actuarial Assumptions and Methods

Funding Method

The entry age normal funding method is used to determine costs. Under this method, the County contribution has three components: the normal cost, the payment toward the unfunded actuarial liability, and the expense rate.

The normal cost is a level percent of pay cost which, along with the member contributions, will pay for projected benefits at retirement for each plan participant.

The actuarial liability is that portion of the present value of future benefits that will not be paid by future County normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability. The rate includes amortization layers which exhaust this unfunded liability amount over 15 year layers from the date first measured. The amortization is performed as a level percent of pay.

The expense rate is added to cover the System's administrative expenses.

The County's total contribution rate is equal to the sum of these three components.

Actuarial Value of Assets

For purposes of determining the County contribution to the System, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

In determining the actuarial value of assets, we calculate an expected actuarial value based on cash flow for the year and imputed returns at the actuarial assumption. This expected value is compared to the market value, and one-third of the difference is added to the preliminary actuarial value to arrive at the final actuarial value.

Changes Since Last Valuation

None

Long Term Assumptions Used to Determine System Costs and Liabilities

Demographic Assumptions
Healthy Mortality

Annual Deaths Per 10,000 Members		
Mortality Projected to 2020		
Age	Male	Female
20	4	2
25	5	2
30	5	2
35	6	3
40	7	4
45	11	7
50	45	27
55	63	36
60	85	53
65	122	82
70	187	131
75	303	214
80	511	362
85	890	642
90	1,586	1,162
95	2,520	1,934
100	3,577	2,869

Post-retirement mortality shown

110% and 100% of the RP-2014 Healthy Annuitant Mortality Table for males and females, respectively, backed down to 2006 then projected using the RPEC-2015 model, with an ultimate rate of 0.65% for ages 20-85 grading down to an ultimate rate of 0% for ages 115-120 and convergence to the ultimate rate in the year 2015. The valuation uses fully generational projection of mortality improvements. Sample rates shown are those projected through the valuation date.

5% of pre-retirement deaths are assumed to be service-connected.

Disabled Mortality

Annual Deaths Per 10,000 Disabled Members		
Mortality Projected to 2020		
Age	Male	Female
45	171	104
50	205	133
55	232	166
60	264	201
65	319	246
70	410	331
75	558	483
80	796	730

100% and 115% of the RP-2014 Disabled Annuitant Mortality Table for males and females, respectively, backed down to 2006 then projected using the RPEC-2015 model, with an ultimate rate of 0.65% for ages 20-85 grading down to an ultimate rate of 0% for ages 115-120 and convergence to the ultimate rate in the year 2015. The valuation uses fully generational projection of mortality improvements. Sample rates shown are projected through the valuation date.

Termination of Employment
(Prior to Normal Retirement Eligibility)

Annual Termination Rates Per 1,000 Members - County	
Service	Termination
0	176
5	72
10	39
15	19
20	10
25	4
30	0

Annual Termination Rates Per 1,000 Members - Schools	
Service	**Termination**
0	250
5	45
10	28
15	18
20	12
25	10
30	0

It is assumed that members who terminate before the earlier of age 45 or with age plus service equal to 60 elect to receive a refund of contributions instead of vested benefits.

Termination rates drop to zero three years prior to reaching Rule of 80 (or Rule of 85 for Plans C and D) retirement.

Disability

Annual Disabilities Per 10,000 Members*		
Age	**Male**	**Female**
25	2	1
30	2	1
35	2	1
40	3	2
45	7	6
50	14	11
55	21	17
60	27	21

*30% of disabilities are assumed to be service-connected. Of these, 5% are assumed to receive Social Security benefits and 31% are assumed to receive Workers' Compensation benefits.

No disability is assumed to occur once members reach eligibility for retirement.

Retirement/DROP

Annual Retirements/DROPs Per 1,000 Eligible Members* (Male and Female)	
Age	**Normal**
50	190
51	200
52	200
53	230
54	240
55	275
56	250
57	300
58	250
59	250
60	250
61	275
62	300
63	250
64	350
65	400
66	250
67	250
68	200
69	250
70	250
71	250
72	250
73	250
74	250
75	1,000

*Those who leave under this decrement are assumed to DROP in accordance with the percentages below. Those who do not take DROP are assumed to take immediate retirement. DROP participants are assumed to remain in DROP for three years and receive interest at 5% per annum on their DROP deferrals.

Percentage of Retirements/DROP who are assumed to be DROP	
Age	**DROP**
50	70%
55	68
60	63
65	30
70	30
75	30

Merit/Seniority Salary Increase
(in addition to across-the-board increase)

County

Service	Merit/ Seniority Increase
0	4.00%
5	1.55
10	1.30
15	1.05
20	0.80
25	0.55
30	0.50

Schools

Service	Merit/ Seniority Increase
0	5.20%
5	2.10
10	1.50
15	1.10
20	0.80
25	0.60
30	0.60

Family Composition

For purposes of valuing the pre-retirement death benefit, an assumption is made that 80% of employees are married at death while active and that the female spouse is three years younger than the male spouse.

Sick Leave Credit

Unused sick leave balances as reported for each active member are used as of the valuation date. Future sick leave accruals for members hired prior to 2013 are assumed to accrue at 100% of each participant's annual average but are capped at 124 hours per year.

Economic Assumptions

Investment Return:	7.25% compounded per annum.
Rate of General Wage Increase:	2.75% compounded per annum.*
Rate of Increase in Cost-of-Living:	2.50% compounded per annum.**
Total Payroll Increase (For amortization):	2.75% compounded per annum.
Administrative Expenses:	0.25% of payroll.

*General Wage Increase assumption applies for projecting contributions and developing Social Security benefits.

**Benefit increases are limited to 4% per year.

Changes Since Last Valuation

None

Analysis of Financial Experience
Gain and Loss in Accrued Liability during Years Ended June 30[1]
Resulting from Differences between Assumed Experience and Actual Experience

Type of Activity	Investment Income	Combined Liability Experience	Gain (or Loss) During Year from Financial Experience	Non-Recurring Items	Composite Gain (or Loss) During Year
2011	$71,698,746	($79,444,131)	($7,745,385)	($1,602,061)	($9,347,446)
2012	59,620,255	(74,547,089)	(14,926,834)	-	(14,926,834)
2013	46,004,262	(39,401,877)	6,602,385	(727,193)	5,875,192
2014	113,443,149	3,445,687	116,888,836	(1,462,698)	115,426,138
2015	(33,127,096)	73,129,057	40,001,961	-	40,001,961
2016	(120,548,533)	34,314,735	(86,233,798)	(69,346,439)	(155,580,237)
2017	(90,769,788)	(74,947,986)	(165,717,774)	(582,418)	(166,300,192)
2018	(64,779,936)	(41,362,698)	(106,142,634)	(603,265)	(106,745,899)
2019	(59,391,458)	(29,354,840)	(88,746,298)	-	(88,746,298)
2020	(103,597,308)	5,460,818	(98,136,490)	-	(98,136,490)

[1] Schedule comes from the Actuarial Valuation as of June 30, 2020.

Schedule of Retirees and Beneficiaries
Added To and Removed From Rolls[2]

Year	Added to Rolls		Removed From Rolls		On Rolls @ Yr. End		%	
Ended		Annual		Annual		Annual	Increase	Average
June 30,	No.	Allowance	No.	Allowance	No.	Allowance	Allowance	Allowance
2011	518	$18,345,093	168	$2,885,600	6,568	$172,326,906	9.86%	$26,237
2012	472	17,441,822	152	2,971,259	6,888	186,797,469	8.40%	27,119
2013	559	17,469,060	184	3,336,404	7,263	200,930,125	7.57%	27,665
2014	547	17,306,458	184	3,482,147	7,626	214,754,436	6.88%	28,161
2015	625	18,026,882	230	4,321,038	8,021	228,460,280	6.38%	28,483
2016	307	9,011,712	139	3,011,824	8,189	234,460,168	2.63%	28,631
2017	639	21,100,152	225	3,847,450	8,603	251,712,870	7.36%	29,259
2018	628	18,659,672	242	5,140,831	8,989	265,231,711	5.37%	29,506
2019	730	25,375,866	251	5,074,323	9,468	285,533,254	7.65%	30,158
2020	620	20,682,685	264	5,576,316	9,824	300,639,623	5.29%	30,603

[2] Prior to 2016, amounts are based on June 30 benefits adjusted for known COLA effective July 1. Post-2015, amounts reported are based on benefits on December 31 prior to the valuation date.

Schedule of Funded Liabilities by Type[1]

	Aggregate Accrued Liabilities For						
	(1)	(2)	(3)		(1)	(2)	(3)
Valuation Date June 30,	Active Member Contributions	Retirees, Vested Terms, Beneficiaries & DROP	Active Members (County Financed Portion)	Reported Assets	Portion of Accrued Liabilities by Reported Assets		
2011	$339,170,151	$2,177,027,867	$1,502,726,115	$2,841,466,151	100%	100%	22%
2012	332,723,684	2,411,862,623	1,519,589,131	3,053,412,085	100%	100%	20%
2013	355,254,873	2,587,007,980	1,531,567,801	3,261,923,577	100%	100%	21%
2014	363,335,228	2,769,188,984	1,668,195,558	3,614,067,515	100%	100%	29%
2015	372,037,954	2,884,906,681	1,649,587,057	3,759,611,811	100%	100%	30%
2016	396,434,811	2,987,100,852	1,732,881,508	3,831,179,295	100%	100%	26%
2017	380,179,076	3,216,480,052	1,771,072,393	3,930,924,191	100%	100%	26%
2018	397,692,499	3,444,004,357	1,749,526,935	4,070,486,587	100%	100%	13%
2019	404,341,900	3,624,784,344	1,762,554,326	4,220,420,263	100%	100%	11%
2020	419,154,588	3,719,369,617	1,822,541,878	4,349,257,826	100%	100%	12%

[1]Schedule uses actuarial value of assets. Results would be different if market value of assets were used. Despite the name of this exhibit, the liabilities presented in this schedule are not an appropriate measurement of the settlement value of the System.

Schedule of Funding Progress

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
2011	$2,841,466,151	$4,018,924,133	$1,177,457,982	71%	$642,073,198	183%
2012	3,053,412,085	4,264,175,438	1,210,763,353	72%	642,638,926	188%
2013	3,261,923,577	4,473,830,654	1,211,907,077	73%	655,612,800	185%
2014	3,614,067,515	4,800,719,770	1,186,652,255	75%	659,360,128	180%
2015	3,759,611,811	4,906,531,692	1,146,919,881	77%	663,896,916	173%
2016	3,831,179,295	5,116,417,171	1,285,237,876	75%	702,787,358	183%
2017	3,930,924,191	5,367,731,521	1,436,807,330	73%	728,022,176	197%
2018	4,070,486,587	5,591,223,791	1,520,737,204	73%	754,080,802	202%
2019	4,220,420,263	5,791,680,570	1,571,260,307	73%	789,790,124	199%
2020	4,349,257,826	5,961,066,083	1,611,808,257	73%	822,970,711	196%

Schedule of Active Member Valuation Data

	Valuation Date June 30,	Number of Active Members[1]	Covered Payroll	Average Annual Salary	Percentage Increase in Average Pay
School					
	2011	5,868	$176,955,893	$30,156	
	2012	5,855	169,890,909	29,016	-3.78%
	2013	5,901	181,728,377	30,796	6.13%
	2014	5,869	181,560,970	30,936	0.45%
	2015	5,692	179,763,202	31,582	2.09%
	2016	5,927	189,237,256	31,928	1.10%
	2017	5,836	194,881,548	33,393	4.59%
	2018	5,665	196,161,116	34,627	3.70%
	2019	5,731	213,750,342	37,297	7.71%
	2020	5,783	214,899,962	37,160	-0.37%
County					
	2011[2]	8,388	465,117,303	55,450	
	2012	8,252	472,748,020	57,289	3.32%
	2013	8,110	473,884,424	58,432	2.00%
	2014	7,993	477,799,159	59,777	2.30%
	2015	7,977	484,133,722	60,691	1.53%
	2016	8,244	513,551,736	62,294	2.64%
	2017	8,150	533,140,400	65,416	5.01%
	2018	8,239	557,919,686	67,717	3.52%
	2019	8,269	576,039,782	69,663	2.87%
	2020	8,421	608,070,749	72,209	3.66%

[1] Excludes DROP participants.

[2] Includes 410 New Entrants not classified as County or Schools at time of valuation.

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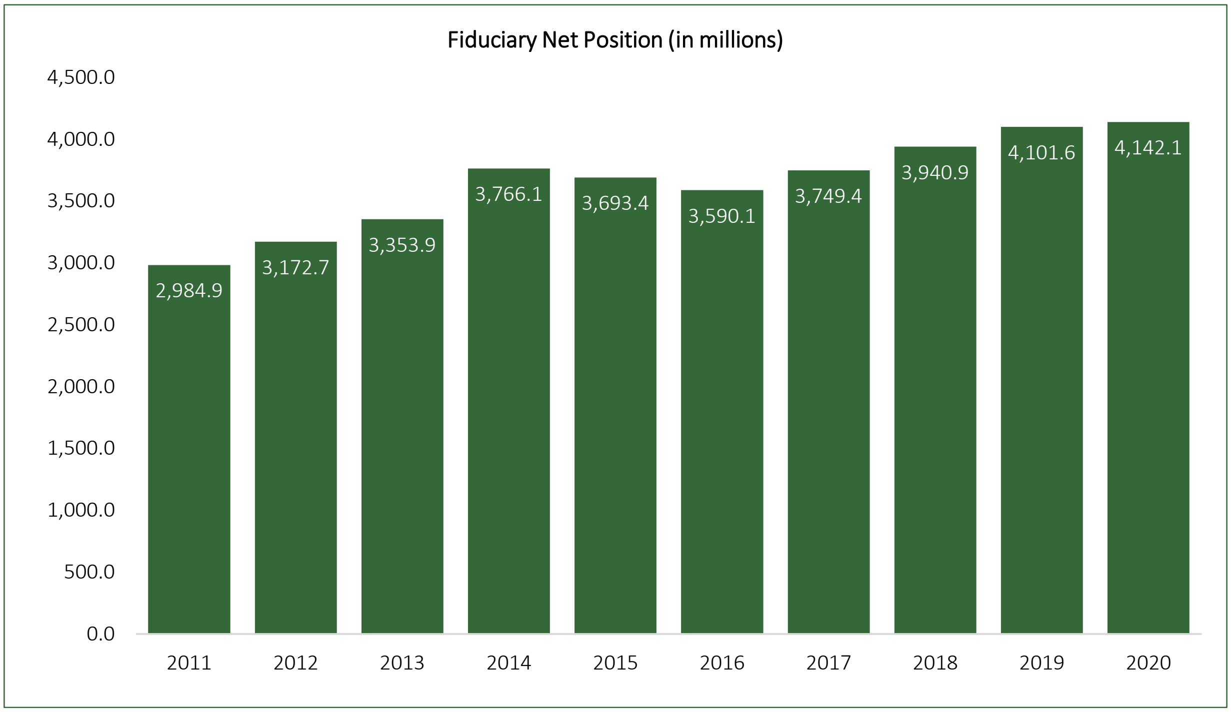
The Statistical Section presents historical information regarding the retirement plan. This information includes a ten-year analysis of the sources of change in fiduciary net position, benefit payments, the number of retired members and average monthly benefits. Sources of additions include employer and plan member contributions and net investment income; deductions include benefit payments to retirees and beneficiaries, refunds of 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 annuities, service-connected and ordinary disability benefits and survivor benefits.



Fiscal Year	Fiduciary Net Position
2011	$2,984,863,644
2012	3,172,652,596
2013	3,353,932,103
2014	3,766,059,665
2015	3,693,357,619
2016	3,590,082,229
2017	3,749,384,616
2018	3,940,926,716
2019	4,101,637,346
2020	4,142,063,209

Changes in Fiduciary Position					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Additions by Source					
Plan Member Contributions	$31,041,076	$31,702,075	$32,551,927	$32,758,587	$33,193,593
Employer Contributions	96,607,535	114,682,538	127,448,018	129,618,309	138,493,099
Net Investment Income (Loss)	577,459,169	246,376,212	245,374,617	490,196,386	16,342,457
Total Additions	705,107,780	392,760,825	405,374,562	652,573,282	188,029,149
Deductions by Type					
Benefit Payments	$183,800,128	$199,503,336	$219,229,038	$235,204,611	$254,875,795
Refunds of Contributions	3,884,082	3,781,497	2,988,397	3,356,282	3,958,786
Administrative Expenses	1,640,016	1,687,040	1,877,620	1,884,827	1,896,614
Total Deductions	189,324,226	204,971,873	224,095,055	240,445,720	260,731,195
Change in Fiduciary Net Position	**$515,783,554**	**$187,788,952**	**$181,279,507**	**$412,127,562**	**($72,702,046)**

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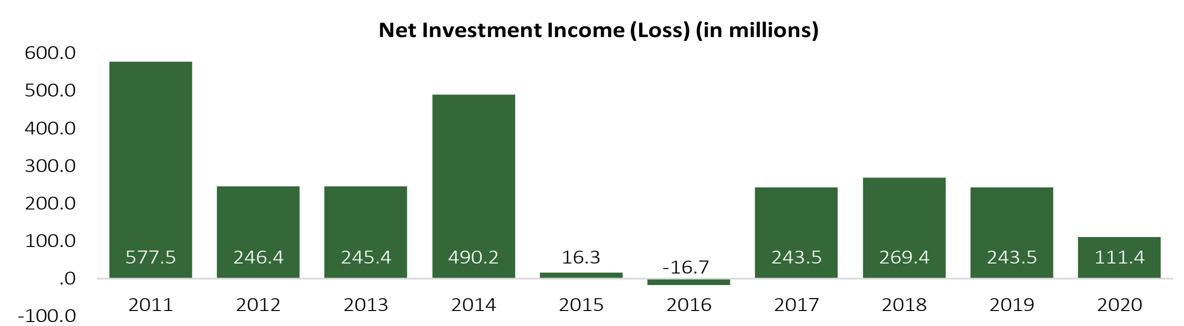

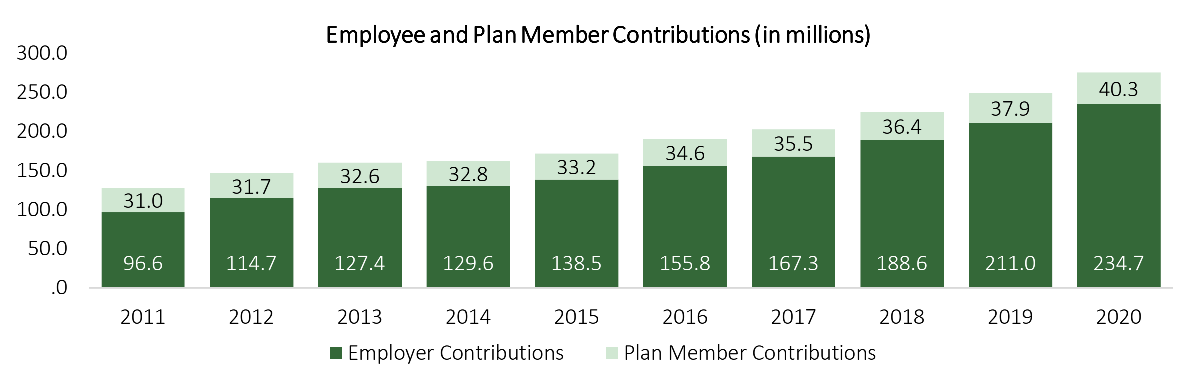

Changes in Fiduciary Position					
Fiscal Year	**2016**	**2017**	**2018**	**2019**	**2020**
Additions by Source					
Plan Member Contributions	$34,627,061	$35,476,023	$36,357,591	$37,915,769	$40,327,359
Employer Contributions	155,780,373	167,311,608	188,578,414	210,964,436	234,743,643
Net Investment Income (Loss)	(16,668,287)	243,496,177	269,418,157	243,545,545	111,442,161
Total Additions	173,739,147	446,283,808	494,354,162	492,425,750	386,513,163
Deductions by Type					
Benefit Payments	$270,800,631	$281,258,687	$296,255,029	$325,167,739	$339,610,116
Refunds of Contributions	4,101,311	3,671,886	4,386,395	4,349,488	4,005,739
Administrative Expenses	2,112,595	2,050,848	2,170,638	2,197,893	2,471,445
Total Deductions	277,014,537	286,981,421	302,812,062	331,715,630	346,087,300
Change in Fiduciary Net Position	**($103,275,390)**	**$159,302,387**	**$191,542,100**	**$160,710,120**	**$40,425,863**

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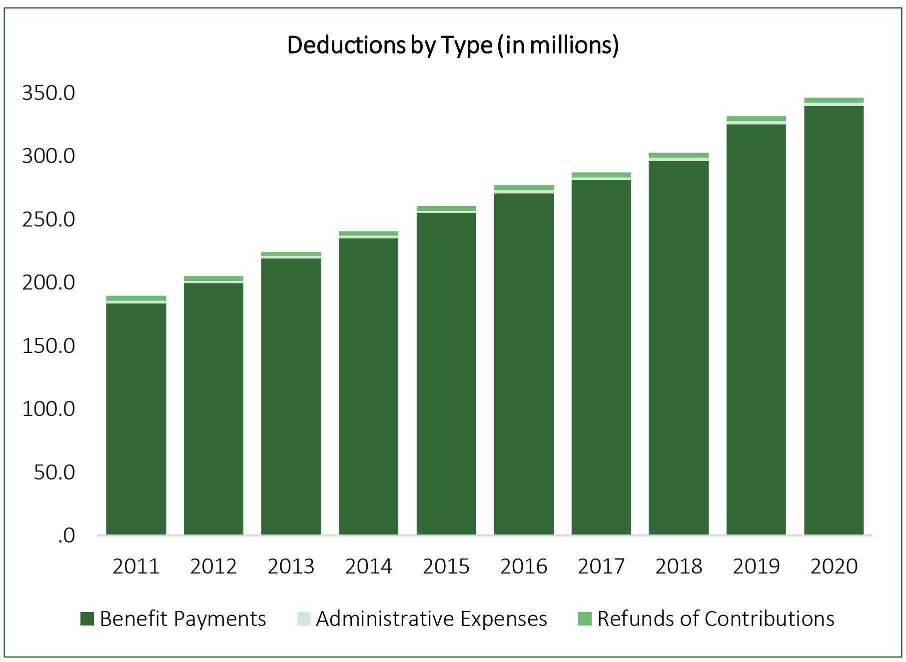


Schedule of Benefit Payments by Type

Fiscal Year	Service Annuity	Service-Connected Disability	Ordinary Disability	Survivor Benefit	Total
2011	$172,362,105	$3,176,876	$4,232,345	$4,028,802	$183,800,128
2012	187,702,064	3,187,892	4,353,983	4,259,397	199,503,336
2013	206,701,293	3,436,007	4,490,924	4,600,814	219,229,038
2014	222,547,552	3,416,714	4,412,110	4,828,235	235,204,611
2015	241,694,202	3,498,363	4,444,633	5,238,597	254,875,795
2016	257,182,159	3,482,679	4,371,713	5,764,080	270,800,631
2017	267,245,571	3,501,643	4,323,112	6,188,361	281,258,687
2018	281,675,071	3,467,455	4,413,607	6,698,896	296,255,029
2019	310,161,066	3,520,311	4,368,567	7,117,795	325,167,739
2020	323,782,787	3,383,157	4,555,340	7,888,832	339,610,116

Schedule of Retired Members by Benefit Type

Fiscal Year	Service Annuity	Service-Connected Disability	Ordinary Disability	Survivor Benefit	Total
2011	5,712	153	400	303	6,568
2012	6,030	152	396	310	6,888
2013	6,392	153	390	328	7,263
2014	6,757	149	374	346	7,626
2015	7,139	149	368	365	8,021
2016	7,300	149	359	381	8,189
2017	7,691	146	358	408	8,603
2018	8,058	139	354	438	8,989
2019	8,520	145	348	455	9,468
2020	8,841	140	351	492	9,824

Schedule of Average Monthly Benefit Amounts

Fiscal Year	Service Annuity	Service-Connected Disability	Ordinary Disability	Survivor Benefit	Average
2011	$2,339	$1,761	$896	$1,225	$2,186
2012	2,409	1,857	935	1,247	2,260
2013	2,450	1,913	941	1,274	2,305
2014	2,503	2,105	968	1,284	2,364
2015	2,506	2,148	988	1,323	2,376
2016	2,521	2,272	1,005	1,360	2,396
2017	2,568	2,103	995	1,344	2,436
2018	2,586	2,172	1,010	1,348	2,457
2019	2,630	2,200	1,034	1,383	2,505
2020	2,674	2,146	1,069	1,412	2,546

Schedule of Average Monthly Benefit Payments by Years of Service

	Years of Credited Service *						
	2-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 to 6/30/2010							
Average Monthly Benefit **	$196	$496	$928	$1,553	$2,205	$2,945	$3,880
Average of Final Monthly Salaries	$3,088	$3,451	$4,034	$4,678	$5,409	$5,646	$6,346
Number of Retirees	24	60	47	66	87	43	34
Period 7/1/2010 to 6/30/2011							
Average Monthly Benefit **	243	564	972	1,823	2,504	2,940	3,633
Average of Final Monthly Salaries	3,317	3,772	4,278	5,416	5,796	5,855	6,164
Number of Retirees	29	57	59	75	112	67	46
Period 7/1/2011 to 6/30/2012							
Average Monthly Benefit **	259	525	970	1,690	2,565	3,042	3,699
Average of Final Monthly Salaries	3,712	3,764	4,147	5,145	6,145	6,060	6,252
Number of Retirees	25	52	54	65	89	80	30
Period 7/1/2012 to 6/30/2013							
Average Monthly Benefit **	207	581	990	1,832	2,514	3,123	4,569
Average of Final Monthly Salaries	2,847	4,114	4,278	5,430	5,860	6,300	7,428
Number of Retirees	34	66	54	69	113	77	37
Period 7/1/2013 to 6/30/2014							
Average Monthly Benefit **	243	538	1,012	1,746	2,512	3,173	3,918
Average of Final Monthly Salaries	3,693	3,835	4,501	5,445	5,964	6,214	6,543
Number of Retirees	30	68	69	57	88	88	39
Period 7/1/2014 to 6/30/2015							
Average Monthly Benefit **	243	598	1,035	1,784	2,596	3,061	4,010
Average of Final Monthly Salaries	3,146	4,053	4,450	5,328	6,108	6,071	6,532
Number of Retirees	20	79	70	68	108	110	42
Period 7/1/2015 to 12/31/2015							
Average Monthly Benefit **	171	532	1,132	1,708	2,423	3,316	3,540
Average of Final Monthly Salaries	2,784	3,682	4,751	5,117	5,640	6,581	5,826
Number of Retirees	7	37	42	34	55	51	19
Period 1/1/2016 to 12/31/2016							
Average Monthly Benefit **	285	645	1,001	1,777	2,753	3,458	4,504
Average of Final Monthly Salaries	4,220	4,481	4,332	5,276	6,520	6,773	7,267
Number of Retirees	24	89	90	85	89	128	65
Period 1/1/2017 to 12/31/2017							
Average Monthly Benefit **	261	549	1,055	1,670	2,662	3,443	4,544
Average of Final Monthly Salaries	3,541	3,718	4,570	5,005	6,278	6,773	7,375
Number of Retirees	33	102	99	86	81	94	52
Period 1/1/2018 to 12/31/2018							
Average Monthly Benefit **	245	574	1,118	1,719	2,706	3,545	4,489
Average of Final Monthly Salaries	3,664	4,258	4,606	5,311	6,216	6,816	7,346
Number of Retirees	32	81	115	104	88	123	57
Period 1/1/2019 to 12/31/2019							
Average Monthly Benefit **	324	563	1,192	1,786	2,574	3,531	5,055
Average of Final Monthly Salaries	3,132	3,948	4,893	5,312	6,070	6,830	8,288
Number of Retirees	21	91	86	117	91	120	54

*The Years of Credited Service is the service used in the determination of benefits, which may be different than service for eligibility.

**Does not include supplements.

Active Participants Count by Age/Service

	Service								
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 & Up**	**Total**
Under 25	101	59	1	-	-	-	-	-	161
25 to 29	244	471	79	0	-	-	-	-	794
30 to 34	266	557	384	76	3	-	-	-	1,286
35 to 39	247	555	361	308	87	1	-	-	1,559
40 to 44	267	504	316	287	219	54	1	-	1,648
45 to 49	256	527	379	322	269	195	49	12	2,009
50 to 54	203	534	466	363	278	218	122	54	2,238
55 to 59	169	506	492	415	344	189	57	61	2,233
60 to 64	101	345	391	348	204	70	31	31	1,521
65 & up	48	185	205	150	85	38	21	23	755
Total	1,902	4,243	3,074	2,269	1,489	765	281	181	14,204

Active Participants Total Salary by Age/ Service

	Service								
Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 & Up**	**Total**
Under 25	$3,908,446	$2,415,077	$49,662	$-	$-	$-	$-	$-	$6,373,185
25 to 29	10,424,087	23,612,924	4,573,910	-	-	-	-	-	38,610,921
30 to 34	12,554,122	30,234,785	23,251,036	4,593,762	180,851	-	-	-	70,814,556
35 to 39	11,614,969	30,102,923	22,867,204	19,380,072	5,601,106	92,348	-	-	89,658,622
40 to 44	11,157,257	25,810,187	19,323,701	19,442,740	15,256,601	3,920,559	49,190	-	94,960,235
45 to 49	9,366,000	23,952,203	20,462,449	21,271,287	18,991,353	15,753,406	4,520,951	1,052,545	115,370,194
50 to 54	6,939,400	21,887,627	22,025,433	22,756,081	19,404,945	17,300,792	11,284,690	4,490,159	126,089,127
55 to 59	5,951,422	20,175,091	22,903,704	25,314,502	23,959,897	15,324,748	4,875,614	5,515,061	124,020,039
60 to 64	4,105,416	13,334,170	18,425,004	20,387,585	13,256,831	4,720,714	2,589,543	3,015,607	79,834,870
65 & up	1,386,087	5,957,293	8,988,932	7,893,023	5,583,293	2,763,094	1,628,881	2,157,622	36,358,225
Total	$77,407,206	$197,482,280	$162,871,035	$141,039,052	$102,234,877	$59,875,661	$24,948,869	$16,230,994	$782,089,974

Retirees by Location

Retirees By State

State	% of Total
Virginia	78.96%
Florida	3.92%
Maryland	3.62%
North Carolina	2.85%
South Carolina	1.92%
West Virginia	1.49%
Pennsylvania	0.79%
Texas	0.61%
Georgia	0.55%
California	0.49%
District of Columbia	0.47%
Tennessee	0.45%
Delaware	0.35%
Arizona	0.33%
Ohio	0.27%
Alabama	0.25%
Washington	0.24%
Massachusetts	0.23%
New York	0.18%
Michigan	0.17%
Colorado	0.14%
New Mexico	0.14%
Missouri	0.13%
Kentucky	0.12%
Oregon	0.12%
Illinois	0.11%
Indiana	0.11%
Maine	0.11%
Mississippi	0.10%
Nevada	0.10%
Minnesota	0.08%
New Hampshire	0.08%
New Jersey	0.08%
Connecticut	0.07%
Louisiana	0.07%
Wisconsin	0.07%
Utah	0.05%
Arkansas	0.04%
Hawaii	0.04%
Idaho	0.04%
Nebraska	0.02%
Oklahoma	0.02%
Alaska	0.01%
Kansas	0.01%
Kansas	0.01%

Retirees in Virginia

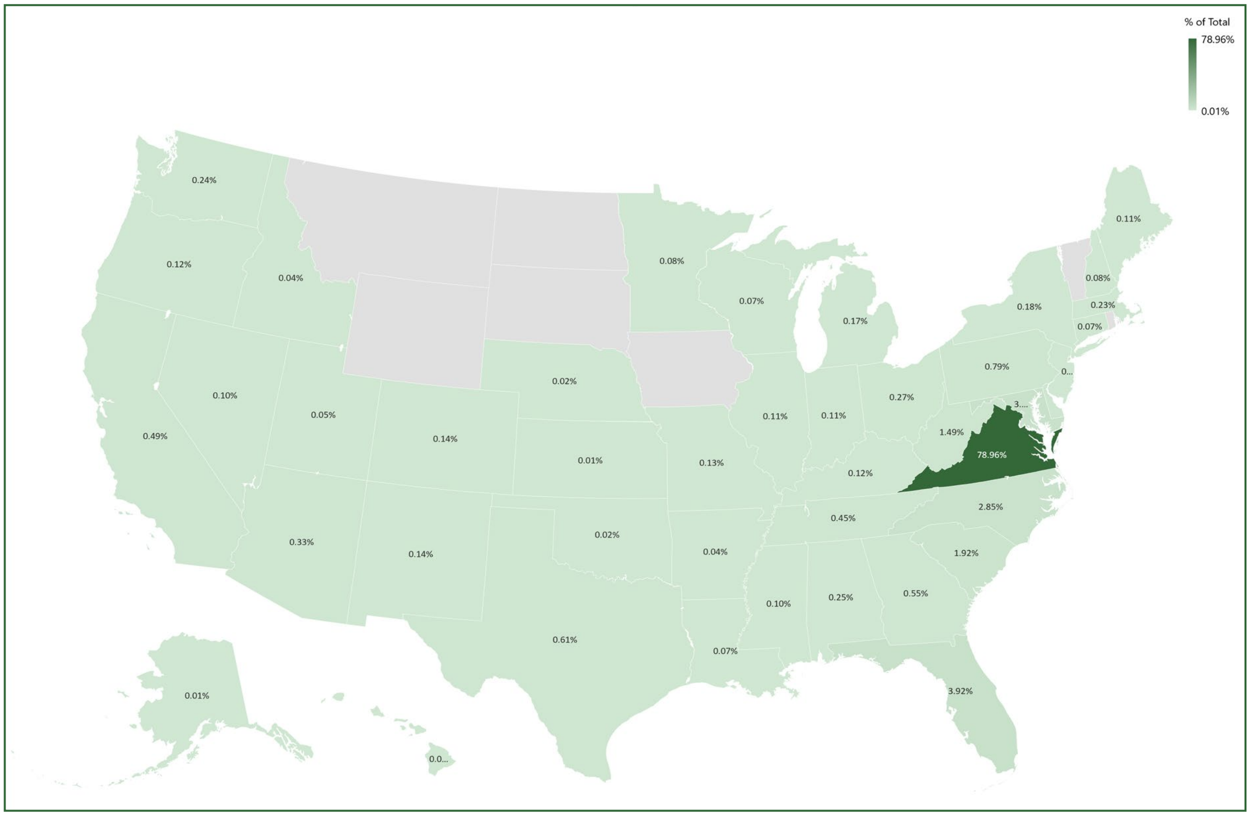
County	% of Total
Other Counties	86.60%
Fairfax County	13.40%
Total	**100.00%**

Retirees by Fairfax County/City

City	% of Total
Alexandria	1.79%
Springfield	1.47%
Fairfax	1.69%
Centreville	1.18%
Falls Church	0.97%
Herndon	0.98%
Burke	0.67%
Annandale	0.85%
Reston	0.75%
Vienna	0.74%
Lorton	0.54%
Chantilly	0.49%
Clifton	0.30%
McLean	0.39%
Fairfax Station	0.18%
Oakton	0.17%
Great Falls	0.12%
Fort Belvoir	0.04%
Dunn Loring	0.04%
Merrifield	0.04%

Retirees Outside of the United States

Country	Number of Retirees
Australia	1
Costa Rica	1
Cyprus	1
France	1
Mexico	2
Peru	2
Thailand	2
United Kingdom	1
Total	**11**


% of Total
78.96%
0.01%
0.24%
0.12%
0.04%
0.49%
0.10%
0.05%
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3.92%
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Check out Fairfax County Retirement Systems video library at:
www.fairfaxcounty.gov/retirement/retirement-videos

- **New Employee** – "Understanding Your Retirement System" for those after July 1, 2019.
- **New Public Safety Employees** – "Understanding Your Retirement System" for Police Officers and Uniformed employees hired after July 1, 2019.
- **How to Use the Online Retirement Benefit Estimator** – This video helps members walk through the process of creating their own Retirement Benefit Estimates.
- **Eligibility Service vs. Benefit Service** – What's the difference between Eligibility Service and Benefit Service?
- **Unused Sick Leave and Retirement** – How does unused sick leave benefit my retirement? Review the Unused Sick Leave video to find out the three ways sick leave can increase your retirement benefit.
- **Part Time School Employee** – A large portion of our school employees work part time. Review the Part Time Employee video to find out more about how part time employment impacts your retirement.
- **Joint & Last Survivor Option** – (Joint & Contingent Spouse and Handicapped Child Option) Can I leave my spouse my benefit if I die before them in retirement?
- **What is DROP?** – This brief video helps members understand what DROP means and how it works.
- **DROP Counseling** – Group counseling session, covering the Deferred Retirement Option Program (DROP), including information about how DROP works, eligibility, and benefits.
- **Plan Basics** – "Your Retirement System" for those hired PRIOR to July 1, 2019.

We have added new features for our member's convenience:

- **All our forms online are now fillable**
- **We have added How To videos to our video library**
- **Our classes are available virtually**
- **You can now meet with your retirement analyst virtually as well. Just email your analyst for more details.**

HOW TO VIDEOS
- **How to Use the Online Retirement Benefit Estimator**

HOW TO FILL OUT FORMS:
- **Employee Normal/Early Service Retirement Application**
- **Direct Deposit Form**
- **Payroll Deduction Form**

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