OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

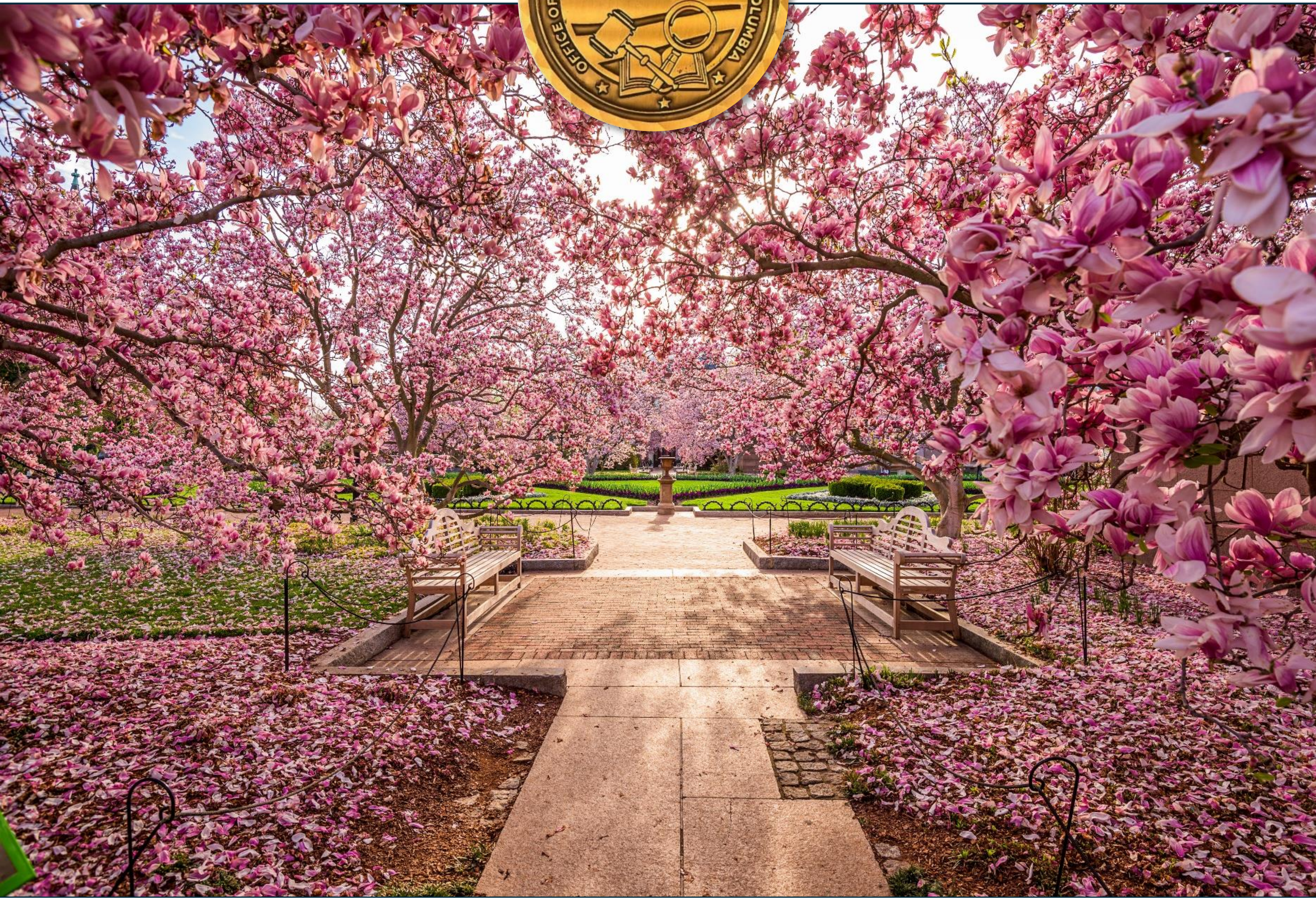
AUDIT REPORT

Teachers' Retirement Fund and Police Officers and Firefighters Retirement Fund

Annual Financial Statements and Independent Auditor's Reports
Fiscal Year 2025

OIG No. 25-1-13MA

January 30, 2026



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.

MEMORANDUM

To: The Honorable Muriel Bowser
Mayor of the District of Columbia

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

From: Daniel W. Lucas
Inspector General

Date: January 30, 2026

Subject: **Teachers' Retirement Fund and Police Officers and Firefighters Retirement Fund Annual Financial Statements | OIG No. 25-1-13MA**

This memorandum transmits the final *Teachers' Retirement Fund and Police Officers and Firefighters Retirement Fund Financial Statements and Independent Auditor's Reports* for fiscal year 2025. CliftonLarsonAllen LLP (CLA) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025. As part of their contract, CLA reviewed the work papers of Watson Rice LLP (WR), which audited the financial statements of the Teachers' Retirement Fund and Police Officers and Firefighters Retirement Fund to independently determine whether the financial statements are fairly presented.

On December 12, 2025, WR issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. WR found no material weaknesses in internal control over financial reporting. CLA concurred with WR's opinion and conclusions.

Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at (202) 792-5684.

Annual Comprehensive Financial Report

For fiscal years ended
September 30, 2025 and 2024

Teachers' Retirement Fund and Police Officers and Fire Fighters' Retirement Fund

of the

District of Columbia Government

as managed by

District of Columbia Retirement Board

a fiduciary component unit of the DC Government

FINANCIAL SECTION

FINANCIAL STATEMENTS

FINANCIAL SECTION - REQUIRED SUPPLEMENTARY INFORMATION

FINANCIAL SECTION - SUPPLEMENTARY INFORMATION

WatsonRice
Accountants & Advisors

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Washington, DC 20036 www.watsonrice.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees, District of Columbia Retirement Board for
District of Columbia Teachers' Retirement Fund and
District of Columbia Police Officers and Firefighters' Retirement Fund

Report on the Funds' Financial Statements

Opinions

We have audited the accompanying combining financial statements of District of Columbia Teachers' Retirement Fund and District of Columbia Police Officers and Firefighters' Retirement Fund (the Funds), Pension Trust Funds of the Government of the District of Columbia (the District), which comprise the Combining Statements of Fiduciary Net Position as of September 30, 2025 and 2024, and the related Combining Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the Funds combining financial statements, which collectively comprise the Funds' basic financial statements.

In our opinion, the Funds' basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds, as of September 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, these financial statements are intended to present the financial position and changes in financial position of the Funds, and do not purport to, and do not present fairly the financial position of the District of Columbia, as of September 30, 2025 and 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Funds' ability to continue as a going concern for one year from the date of the financial statements, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. GAAP require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns, as listed in the table of contents, be presented to supplement the Funds' basic financial statements. Such information, although not a part of the Funds' 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 Funds' 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 Funds' basic financial statements, and other knowledge we obtained during our audit of the Funds' 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 Funds' basic financial statements. The supplementary information, such as schedules of administrative expenses, schedules of investment expenses and schedules of payments to consultants, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the Funds' basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of the Funds' management and was derived from and relate directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' 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 Funds' basic financial statements or to the Funds' 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 schedules of administrative expenses, schedules of investment expenses and schedules of payments to consultants are fairly stated, in all material respects, in relation to the Funds' basic financial statements as a whole.

The introductory, investment, actuarial, statistical, and additional disclosures sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements, and accordingly, we do not express an opinion, or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the Funds' 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 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 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 Funds' internal control over financial reporting and compliance.

Watson Rice LLP

Washington, D.C.
December 12, 2025

INTRODUCTION

This discussion and analysis provides an overview of the financial activities of the District of Columbia Teachers' Retirement Fund (TRF) and Police Officers and Firefighters' Retirement Fund (POFRF), for the years ended September 30, 2025 and 2024, which collectively will be referred to as the "District Retirement Funds" or the "Fund." This discussion and analysis should be read in conjunction with the financial statements, the notes to the financial statements, the required supplementary information and the supplementary information provided in this Report.

The District of Columbia Retirement Board (the Board or DCRB) is an independent agency of the District of Columbia (the District or D.C.) Government. The Board is responsible for managing the assets of the District Retirement Funds. As authorized by D.C. Code, the Board pools the assets of the TRF and the POFRF into a single investment portfolio. The Board allocates the investment returns and expenses, and the administrative expenses of the Board, between the two District Retirement Funds in proportion to their respective net position. The Board maintains financial records of contributions, purchases of service, benefit payments, refunds, investment earnings, investment expenses, and administrative expenses.

Effective September 26, 2005, the Board entered a Memorandum of Understanding (MOU) with the District of Columbia and the United States Department of the Treasury (the U.S. Treasury) to administer the pension benefits under the TRF and the POFRF for all retirees, survivors and beneficiaries that are the financial responsibility of the District of Columbia (service earned on and after July 1, 1997) and the Federal Government (service through June 30, 1997). In addition to the Board's administrative duties, the U.S. Treasury also provides certain administrative services related to the administration of pension benefits under the District of Columbia Teachers' Retirement Plan and the District of Columbia Police Officers and Firefighters' Retirement Plan (the Plans). The administrative costs incurred while administering the pension benefits are shared by DCRB and the U.S. Treasury in accordance with an MOU that is agreed to annually between the two parties.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SCHEDULES

The following discussion and analysis are intended to serve as an introduction to DCRB's financial statements. The basic financial statements include:

The Combining Statements of Fiduciary Net Position are a point-in-time snapshot of plan fund balances at fiscal year-end. It reports the assets available to pay future benefits to retirees, and any liabilities that are owed as of the statement date. The resulting Net Position (Assets – Liabilities = Net Position) represents the value of assets restricted for pensions net of liabilities owed as of the financial statement date.

The Combining Statements of Changes in Fiduciary Net Position display the effect of financial transactions that occurred during the fiscal year, where Additions – Deductions = Change in Net Position. This increase (or decrease) in Net Position reflects the change in the value of Net Position Restricted for Pensions.

The Notes to Financial Statements contain disclosures and discussions which support the data presented in the financial statements. The notes present information about the creation and administration of the Fund, significant accounting policies, and investments. The notes are an integral part of the financial statements and should be considered in conjunction with any review of the financial statements.

The Required Supplementary Information consists of schedules of changes of employers' net pension liability and related ratios, employer contributions, and the money-weighted rate of investment returns.

The Supplementary Information includes additional information on the District Retirement Funds including schedules of administrative expenses, investment expenses, and payments to consultants. These schedules include more detailed information pertaining to the Plans.

FINANCIAL HIGHLIGHTS

DCRB's combined total net position increased by $1.2 billion, or 9.79% during fiscal year 2025.

DCRB's rate of return on investments, net of fees, for fiscal year 2025 was 10.3% compared with 17.5% in fiscal year 2024. This was due to the Investment Policy and Asset Allocation Strategy implemented by DCRB. This policy allowed DCRB to withstand volatile market conditions in the second quarter and exceed the internal benchmark return of 6.25%. These returns were benefited from changes in the Fund's asset allocation which included reducing volatility, modestly increasing the market allocation, introducing short-term TIPS as an inflation hedge, rebalancing public equity in line with the broad market, and replacing investment grade bonds with intermediate government bonds.

DCRB had a net pension asset of $(72.1) million for TRF and a net pension asset of $(1.3) billion for POFRF. As a percentage of covered payroll, the net pension asset was (7.8)% for TRF and the net pension asset was (242.6)% for POFRF as of September 30, 2025. The Funding status for TRF and POFRF were 102.0% and 116.4%, respectively.

ANALYSIS OF FINANCIAL INFORMATION

The objective of DCRB's funding strategy is to fulfill long-term benefit obligations through a combination of net investment income, employer contributions, and member contributions. The following discussion offers an analysis of the financial activities for the current year, considering the existing member population and pertinent economic conditions for the combined Funds.

The following Condensed and Combining Statements of Fiduciary Net Position present financial information for the combined Funds and compare fiscal years 2025, 2024, and 2023.

(Dollars in thousands)

	2025	2024 as Restated	FY 2025 - FY 2024 Variance in $	Variance %	2023	FY 2024 - FY 2023 Variance in Dollars	Variance %
Assets							
Cash and Short-Term Investments	$ 88,833	$ 89,887	$ (1,054)	(1.17)%	$ 118,689	$ (28,802)	(24.27)%
Receivables	20,091	1,146,970	(1,126,879)	(98.25)%	20,741	1,126,229	5429.96%
Investments at Fair Value	13,389,944	11,684,276	1,705,668	14.60%	10,427,680	1,256,596	12.05%
Net Capital Assets	-	-	-	0.00%	322	(322)	(100.00)%
Net Right to Use Asset	6,264	7,427	(1,163)	(15.66)%	8,924	(1,497)	(16.77)%
Total Assets	13,505,132	12,928,560	576,572	4.46%	10,576,356	2,352,204	22.24%
Liabilities							
Accounts Payable and Other Liabilities	8,571	9,010	(439)	(4.87)%	7,635	1,375	18.01%
Due to Federal Government	644	800	(156)	(19.50)%	750	50	6.67%
Compensated Absences	1,636	1,434	202	14.09%	865	569	65.78%
Investment Payables	23,418	645,486	(622,068)	(96.37)%	18,923	626,563	3311.12%
Right to Use Obligation	6,938	8,454	(1,516)	(17.93)%	10,103	(1,649)	(16.32)%
Total Liabilities	41,208	665,183	(623,977)	(93.81)%	38,276	626,908	1637.86%
Net Position Restricted for Pensions	$ 13,463,925	$ 12,263,377	$ 1,200,548	9.79%	$ 10,538,080	$ 1,725,297	16.37%

Assets

In fiscal year 2025, cash and short-term investments decreased by $1.1 million and receivables decreased by $ 1,126.9 million or 98.3% over fiscal year 2024. The decrease in cash and short-term investments was the result of DCRB's investment strategy. In 2025, receivables declined due to a reduced investment receivable balance at year-end. This shift was driven by the rebalancing of the investment portfolio as compared to at the end of the year during 2024 .

In fiscal year 2024, cash and short term investments decreased by $28.8 million or 24.3% and receivables increased by $1,126.2 million or 5,430.0% over fiscal year 2023. The decrease in cash and short term investments was the result of

DCRB's investment strategy and favorable market conditions. The increase in receivables was due to several factors. These factors included rebalancing of our investment portfolio during the fourth quarter of 2024, and increase in employee contributions receivable at the end of the fiscal year and an increase in the amount of unsettled trades at the end of fiscal year 2024.

In fiscal year 2025, investment assets increased by $1.7 billion or 14.6% over fiscal year 2024. This was due to DCRB's investment strategy that allowed DCRB to sustain and weather volatile market conditions. In fiscal year 2024, investment assets increased by $1.2 million or 12.0% over fiscal year 2023. This increase was also due to higher than expected returns coming out of Covid.

During fiscal years 2025 and 2024 the right-to-use assets decreased by $1.2 million or 15.7% and $1.5 million or 16.8% respectively because of the annually required amortization.

Liabilities

Accounts payable and other liabilities, which includes accrued administrative expenses decreased by $ 0.4 million or 5.0% from fiscal year 2024. In fiscal year 2024, accounts payable and other liabilities increased by $1.4 million or 18.1% from fiscal year 2023.

Investment and administrative assets and liabilities are commingled and allocated between TRF and POFRF Funds based on their proportionate net position in the pool. Please see the “Allocation” section in the Notes to Financial Statements section for details. Investment payables decreased in fiscal year 2025 due to reduction in pending trades that had not been setlled at year end.

The following Condensed and Combining Statements of Changes in Fiduciary Net Position present financial information for the combined Funds and compare fiscal years 2025, 2024, and 2023.

(Dollars in thousands)

	2025	2024 as Restated	FY 2025 - FY 2024 Variance in $	Variance %	2023	FY 2024 - FY 2023 Variance in $	Variance %
Additions							
Contributions:							
District Government	$ 224,435	$ 130,107	$ 94,328	72.50%	$ 125,343	$ 4,764	3.80%
Plan Members	111,410	99,372	12,038	12.11%	102,940	(3,568)	(3.47)%
Net Investment Income	1,252,032	1,858,250	(606,218)	(32.62)%	1,171,317	686,933	58.65%
Other Income	3,603	3,513	90	2.57%	3,528	(15)	(0.43)%
Total Additions	1,591,479	2,091,242	(499,762)	(23.90)%	1,403,128	688,114	49.04%
Deductions							
Annuitant Benefit Payments	363,825	337,226	26,599	7.89%	311,183	26,044	8.37%
Refunds	6,562	8,202	(1,640)	(20.00)%	7,838	364	4.65%
Administrative Expenses	20,544	20,166	378	1.87%	19,428	738	3.80%
Total Deductions	390,931	365,594	25,337	6.93%	338,449	27,146	8.02%
Changes in Fiduciary Net Position	1,200,548	1,725,648	(525,101)	(30.43)%	1,064,679	660,969	62.08%
Beginning Balance	12,263,377	10,538,080	1,725,297	16.37%	9,473,401	1,064,679	11.24%
Restatement for GASB 101	-	351	(351)	(100.00)%	-	(351)	100.00%
Net Position Restricted for Pensions	$ 13,463,925	$ 12,263,377	$ 1,200,548	9.79%	$ 10,538,080	$ 1,725,297	16.37%

Additions

Additions to net position are comprised of employer contributions, employee contributions, other income and net investment income. For fiscal year 2025, these additions totaled $1,591.5 billion, a decrease of $ 500.0 million or 23.9% from the fiscal year 2024 amount of $2,091.2 billion. The decline in 2025 was mainly attributed to reduced investment income caused by market volatility.

In fiscal year 2024, additions totaled $2.091.2 million, an increase of $688.1 million from the fiscal year 2023 amount of $1,403.1 million. The increase was because of steady improvements in market conditions, leading to better than expected returns for the fiscal year.

Employer contributions in fiscal year 2025 totaled $224 million, an increase of $94 million or 72.5% from the fiscal year 2024 amount of $130 million. The employer contributions for TRF and POFRF were determined separately based on actuarial valuations conducted following the experience study completed in 2021. In 2025, 36.1% of the employer contribution was for TRF and 63.9% was for POFRF. The employer contributions for TRF and POFRF were 38.6% and 61.4% in 2024, and 38.2% and 61.8% in 2023, respectively.

Plan member contributions in fiscal year 2025 totaled $111.4 million, an increase of $12.0 million or 12.1%, compared with the fiscal year 2024 amount of $99.4 million. The fiscal year 2024 contribution amount was an $4 million decrease over the fiscal year 2023 amount of $102.9 million. Member contributions refer to the payments made by members towards their future retirement benefits. The contributions for the fiscal year 2025 encompass bi-weekly employee contributions, and purchase of service (POS).

In fiscal year 2025, net investment income totaled $1,252.0 million, which represents a decrease of $606 million compared to the $1,858.2 million earned in fiscal year 2024. The investment returns net of fees was 10.3% in 2025, 17.5% in fiscal year 2024, and 11.9% in fiscal year 2023. Investment management fees reflected in the statement of changes in fiduciary net position were $45.3 million and $38.8 million for fiscal years 2025 and 2024, respectively. The increase is consistent with market conditions and investment performance in 2025 compared to 2024. The fees represent only amounts billed by public and certain private managers during the year. The fees do not include amounts earned by certain managers, who report investment performance net of fees.

Other income in fiscal year 2025 increased slightly to $3.6 million in fiscal year 2025 from $3.5 million in fiscal year 2024. This change represented a 2.6% year-over-year increase in other income. The fiscal year 2024 amount was a 0.4% decrease over the fiscal year 2023 amount of $3.5 million. Other income primarily consists of reimbursements from the U.S. Treasury for administrative expenses, which tend to remain stable from year to year.

Deductions

The statutory mandate of the District of Columbia Retirement Board (DCRB) is to deliver retirement, survivor, and disability benefits to eligible members and their beneficiaries. The associated costs of these programs encompass regular benefit payment disbursements, elective refunds of contributions for employees who cease employment, and the expenses related to the administration of the District Retirement Plans.

Deductions are comprised of benefit payments, refunds, and administrative expenses. During fiscal year 2025, these deductions totaled $391 million, an increase of $25 million or 6.9% over the fiscal year 2024 amount of $366 million.

Benefit payments for 2025 totaled $364 million, an increase of $27 million or 7.9% over the fiscal year 2024 amount of $337 million. The rise is attributed to demographic changes, with more retirees and survivors receiving benefits, and an adjustment in the payment percentages between DCRB and the US Treasury as the plan continues to grow. Additionally labor contracts and retroactive payments were implemented simultaneously, contributing to the increase. The benefit payments for members who retired after June 30, 1997, are paid by the District only and the number of these post 1997 retirees increased by 238 members in fiscal year 2025, 212 members in fiscal year 2024, and 173 members in fiscal year 2023. Benefit payments made on behalf of retirees, disabled, and other beneficiaries comprised 93.1% and 92.2% of the funds' expenses in fiscal years 2025 and 2024, respectively.

Refunds of member contributions in fiscal year 2025 totaled $6.6 million, a decrease of $1.6 million or 20.0% over the fiscal year 2024 amount of $8.2 million. The 2024 amount was an increase of $0.4 million or 4.6% over the fiscal year

2023 amount of $7.8 million. Refunds tend to be greater in the TRF compared to the POFRF because teachers have a higher yearly turnover rate than public safety employees. The refunds of member contributions are up to the discretion of the member and can differ annually.

Administrative expenses in fiscal year 2025 totaled $20.5 million, an increase of $0.4 million or 1.9% from the fiscal year 2024 amount of $20.2 million. Administrative expenses consist of administrative personnel costs, payments to the U.S. Treasury for processing monthly retiree benefit payment services, professional fees, rent expenses, and other miscellaneous operational expenses. The primary drivers of the administrative expense increase were personnel services and professional fees.

Funding Status

As of September 30, 2025 (the date of the most recent actuarial valuation), the funding status was 102.0% for TRF and 116.4% for POFRF. The District of Columbia Retirement Board (DCRB) is currently well-funded, although it remains relatively immature due to the 1999 asset split with U.S. Treasury. In this agreement, the U.S. Treasury took on responsibility for all benefit obligations prior to July 1, 1997. As the system continues to mature, investment income is increasingly contributing to the funds required to pay retirement benefits. Consequently, the long-term rate of investment return is critical to DCRB's long-term funding status.

As of September 30, 2025, the net pension liability was $72.1 million for the TRF and $1,365.1 million for the POFRF for a total net pension asset of $1,437.2 million. The net assets used in the determination of the net pension liability (assets) as of September 30, 2025, included in the financial statements of DCRB, was $3.8 billion for the TRF and $9.7 billion for the POFRF for a total of $13.5 billion.

As of September 30, 2024 the net pension liability was $22.8 million for the TRF and $1.2 billion for the POFRF for a total of $1.2 billion. The net assets used in the determination of the net position liability (assets) as of September 30, 2024, included in the financial statements of DCRB was $3.4 billion for the TRF and $8.9 billion for the POFRF for a total of $12.3 billion.

ADDITIONAL INFORMATION

The financial statements of the District Retirement Funds are presented in compliance with accounting principles generally accepted in the United States of America. Direct any questions about these financial statements to the Executive Director at the District of Columbia Retirement Board, 900 7th Street, NW, 2nd Floor, Washington, D.C. 20001.

As of September 30, 2025 and 2024
(Dollars in thousands)

	2025 Teachers' Retirement Fund	2025 Police Officers and Firefighters' Retirement Fund	2025 Total	2024 Restated Teachers' Retirement Fund	2024 Restated Police Officers and Firefighters' Retirement Fund	2024 Restated Total
ASSETS						
Cash and Short-Term Investments	$ 24,749	$ 64,084	$ 88,833	$ 24,809	$ 65,078	$ 89,887
Receivables:						
Federal Government	302	781	1,083	245	643	888
Investment Receivables	952	2,464	3,416	312,101	818,700	1,130,801
Interest and Dividends Receivable	2,428	6,287	8,715	2,501	6,561	9,062
Employee Contributions	4,099	2,777	6,876	3,665	2,532	6,197
Other Receivables	-	1	1	22	-	22
Total Receivables	7,781	12,310	20,091	318,534	828,436	1,146,970
Investments at Fair Value:						
Domestic Equity	1,011,250	2,618,494	3,629,744	819,257	2,149,362	2,968,619
International Equity	655,637	1,697,685	2,353,322	703,224	1,844,939	2,548,163
Fixed Income	946,327	2,450,387	3,396,714	714,753	1,875,184	2,589,937
Real Assets	598,818	1,550,557	2,149,375	490,627	1,287,007	1,777,634
Private Equity	518,417	1,342,372	1,860,789	496,779	1,303,144	1,799,923
Total Investments at Fair Value	3,730,449	9,659,495	13,389,944	3,224,640	8,459,636	11,684,276
Capital Assets	84	216	300	91	240	331
Less Accumulated Depreciation	(84)	(216)	(300)	(91)	(240)	(331)
Net Capital Assets	-	-	-	-	-	-
Right-to-Use Asset	3,598	9,318	12,916	3,389	8,890	12,279
Less Accumulated Amortization	(1,853)	(4,799)	(6,652)	(1,339)	(3,513)	(4,852)
Net Right to Use Asset	1,745	4,519	6,264	2,050	5,377	7,427
Total Assets	3,764,724	9,740,408	13,505,132	3,570,033	9,358,527	12,928,560
LIABILITIES						
Accounts Payable and Other Liabilities	2,388	6,183	8,571	2,487	6,523	9,010
Due to Federal Government	180	464	644	221	579	800
Compensated Absences	456	1,180	1,636	396	1,038	1,434
Investment Payables	6,524	16,894	23,418	178,154	467,332	645,486
Right-to-Use Obligation	1,933	5,005	6,938	2,333	6,121	8,454
Total Liabilities	11,482	29,726	41,208	183,591	481,593	665,184
Net Position Restricted for Pensions	$ 3,753,242	$ 9,710,683	$ 13,463,925	$ 3,386,442	$ 8,876,934	$ 12,263,377

See accompanying Notes to Combining Financial Statements

For the Years Ended September 30, 2025 and 2024
(Dollars in thousands)

	2025 Teachers' Retirement Fund	2025 Police Officers and Firefighters' Retirement Fund	2025 Total	2024 Restated Teachers' Retirement Fund	2024 Restated Police Officers and Firefighters' Retirement Fund	2024 Restated Total
Additions						
Contributions:						
District Government	$ 80,981	$ 143,454	$ 224,435	$ 50,224	$ 79,883	$ 130,107
Plan Members	61,044	50,365	111,410	58,497	40,875	99,372
Total Contributions	142,025	193,819	335,845	108,721	120,758	229,479
Investment Income						
Net Appreciation in Fair Value of Investments	328,744	851,122	1,179,866	486,592	1,276,421	1,763,013
Interest	17,947	46,582	64,529	19,227	50,580	69,807
Dividends	5,033	13,058	18,091	6,194	16,279	22,473
Other Investment Income	9,712	25,198	34,910	11,506	30,256	41,762
Total Investment Income	361,436	935,960	1,297,396	523,519	1,373,536	1,897,055
Less:						
Investment Expenses	12,639	32,725	45,364	10,710	28,095	38,805
Net Investment Income	348,797	903,235	1,252,032	512,809	1,345,441	1,858,250
Other Income	1,004	2,599	3,603	969	2,544	3,513
Total Additions	491,826	1,099,653	1,591,479	622,499	1,468,743	2,091,242
Deductions						
Annuitant Benefit Payments	114,526	249,299	363,825	108,764	228,462	337,226
Refunds	4,660	1,902	6,562	5,520	2,682	8,202
Administrative Expenses	5,840	14,704	20,544	5,571	14,595	20,166
Total Deductions	125,026	265,905	390,931	119,855	245,739	365,594
Change in Fiduciary Net Position	366,800	833,748	1,200,548	502,644	1,223,004	1,725,648
Net Position Restricted for Pensions:						
Beginning of Year	3,386,442	8,876,934	12,263,377	2,883,895	7,654,185	10,538,080
Restatement For Implementation of GASB 101	-	-	-	97	254	351
Net Position Beginning as Restated	3,386,442	8,876,934	12,263,377	2,883,798	7,653,931	10,537,729
End of Year	$ 3,753,242	$ 9,710,683	$ 13,463,925	$ 3,386,442	$ 8,876,934	$ 12,263,377

See accompanying Notes to Combining Financial Statements

NOTE 1: ORGANIZATION

The District of Columbia Teachers' Retirement Fund (TRF) and the District of Columbia Police Officers and Firefighters Retirement Fund (POFRF), collectively referred to as the Fund or the District Retirement Funds, are two separate single-employer defined benefit pension plans that were established in 1979 by the District of Columbia Retirement Reform Act (the Reform Act, Pub. L. 96- 122, D.C. Code § 1-701 et seq.). The Fund holds in trust the assets available to pay pension benefits to teachers, police officers, and firefighters of the District of Columbia Government. The Reform Act also established the District of Columbia Retirement Board (DCRB).

The National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act, Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33) transferred significant assets and liabilities of the District Retirement Funds to the Federal Government. The Revitalization Act transferred to the Federal Government the liability for retirement benefits for employee service credit earned prior to July 1, 1997, by participants of the District Retirement Funds. The assets transferred to the Federal Government were intended to fund this liability partially.

On September 18, 1998, the Council of the District of Columbia (the Council) enacted the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 (the Replacement Act). The Replacement Act established the District Retirement Plans for employee service earned after June 30, 1997 and provided for full funding of these benefits on an actuarially sound basis.

The Board is an independent agency of the District of Columbia Government responsible for managing the assets of the TRF and the POFRF. Although the assets of these Funds are commingled for investment purposes, each Fund's assets may only be used to pay benefits to the participants of that Fund and certain administrative expenses.

The District Retirement Funds are included in the District's Annual Comprehensive Financial Report as a pension trust fund.

NOTE 2: FUND ADMINISTRATION AND DESCRIPTION

District of Columbia Retirement Board

The Board of Trustees of The District of Columbia Retirement Board (DCRB) comprises 12 voting members. Six of these members are elected by the participant groups, three are appointed by the Mayor, and three are appointed by the District Council. Additionally the D.C. Treasurer, representing the District's Chief Financial Officer serves as an ex-officio (non-voting) member. As of September 30, 2025, there were two vacancies on the Board: one for the retired Teacher Trustee and one for the active Teacher Trustee. The Trustees, as fiduciaries, are obligated to act exclusively in the best interest of all Plan members.

Since its inception, the Board has adhered to a committee system which provides a comprehensive two-tier process for fiduciary review and analysis. This structure ensures that the Board, in alignment with its fiduciary responsibilities, throughly examines all matters presented to it. The Board comprises five standing committees: Benefits, Audit, Investments, Legislative, and Operations. To execute its policies effectively, the Board employs an Executive Director and additional staff tasked with the day-to-day management of the District Retirement Funds and the administration of benefits disbursed from these Funds.

Teachers' Retirement Fund

Other Entities Involved in Plan Administration – The District of Columbia Public School's (DCPS) Office of Human Resources makes decisions regarding voluntary and involuntary retirement, disability retirement, and annual medical and income reviews.

Teachers' Retirement Fund (Continued)

Benefits Calculation – DCRB's Benefits Department receives the approved retirement applications and supporting documentation for all active Plan members found eligible for retirement by the DCPS Office of Human Resources and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions and purchases of service.

Eligibility – Permanent, temporary, part-time, and probationary teachers and certain other employees of the District of Columbia public day schools are automatically enrolled in the Teachers' Retirement Plan on their date of employment. Certain conditions apply to part-time teachers. Substitute teachers and employees of the Department of School Attendance and Work Permits are not covered.

Certain former DCPS Teachers Retirement Plan members employed by a D.C. Public Charter School are also eligible to participate if they elect to continue Plan participation within 60 days of their last day of service with DCPS.

Title 38, Chapter 20 of the D.C. Official Code (D.C. Code § 38-2021.01 et seq.) establishes benefit provisions which the District Council may amend. For employees hired before November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 1.5% for each of the first years of service, plus 1.75% for each of the second 5 years, plus 2% for each additional year over 10 years. For employees hired on or after November 1, 1996, the annual retirement benefit is the average salary, as defined, multiplied by 2% for each year of service. The average salary is the highest average consecutive 36 months of pay.

The annuity may be further increased by crediting unused sick leave as of the participant's retirement date. Participants receiving retirement benefits receive an annual benefit increase proportional to changes in the Consumer Price Index; however, the annual increase may not exceed 3% for participants hired on or after November 1, 1996. Participants may select from among several survivor options.

Participants who have 5 years of school service (by working for the DCPS system), and who become disabled and can no longer perform their jobs satisfactorily, may be eligible for disability retirement. Such disability retirement benefits are calculated in the same manner as a retirement benefit; however, a minimum disability benefit applies.

Voluntary retirement is available for teachers who have a minimum of 5 years of school service and who achieve the following age and length of service requirements:

- at age 62 with 5 years of service;
- at age 60 with 20 years of service; and
- at age 55 with 30 years of service; if hired before November 1, 1996; or
- at any age with 30 years of service, if hired by DCPS on or after November 1, 1996.

Employees who are involuntarily separated other than for cause and who have 5 years of school service, may be eligible for retirement at any age with 25 years of service or at age 50 with 20 years of service.

An involuntary retirement benefit is reduced if, at the time of its commencement, the participant is under the age of 55.

Police Officers and Firefighters' Retirement Fund

Other Entities Involved in Plan Administration – The District of Columbia Police Officers and Firefighters' Retirement and Relief Board makes findings of fact, conclusions of law, and decisions regarding eligibility for retirement and survivor benefits, determines the extent of disability, and conducts annual medical reviews. The Police and Fire Clinic determines medical eligibility for disability retirement.

Police Officers and Firefighters' Retirement Fund (Continued)

Benefits Calculation – DCRB's Benefits Department receives the retirement orders for retirement benefit calculations for all active Plan members found eligible for retirement by the District of Columbia Police Officers and Firefighters' Retirement and Relief Board and carries out the day-to-day processing of retirement benefits. DCRB also processes employee requests for refunds of contributions and purchases of service. Effective 2013, DCRB began conducting annual disability income reviews.

Eligibility – A participant becomes a member when he or she begins work as a police officer or firefighter in the District. Cadets are not eligible to join the Plan.

Retirement and disability benefit provisions for District of Columbia police officers and firefighters are established by the "Policemen and Firemen's Retirement and Disability Act" (D.C. Code § 5-701 et seq).

Members Hired Before February 15, 1980 – Members are eligible for optional retirement with full benefits at any age after 20 years of departmental service, or for deferred retirement at age 55 after 5 years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest average consecutive 12 months of base pay, multiplied by departmental service through 20 years; plus 3% of average base pay multiplied by average base pay times departmental service over 20 years; plus 2.5% of average base pay multiplied by years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members terminated after 5 years of police or fire service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Retirement benefits are increased by the same percentage in base pay granted to active participants.

Members with a service-related disability receive a disability retirement benefit of 2.5% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 66⅔% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay applies.

Members with a nonservice-related disability and at least 5 years of departmental service receive a disability retirement benefit of 2% of average base pay multiplied by the number of years of creditable service. A minimum annual disability retirement benefit of 40% of average base pay and a maximum annual disability retirement benefit of 70% of average base pay apply.

Members Hired on or After February 15, 1980 and Before November 10, 1996 – Members are eligible for optional retirement with full benefits at age 50 with at least 25 years of departmental service, or after age 55 with 5 years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, which is defined as the highest average consecutive 36 months of base pay, multiplied by the number of years of creditable service through 25 years; plus 3% of average base pay multiplied by the number of years of departmental service over 25 years; plus 2.5% of average base pay multiplied by the number of years of other creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the member's average base pay. Members separated from the Police or Fire Department after 5 years of departmental service are entitled to a deferred pension beginning at age 55.

Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies.

Members with a nonservice-related disability and at least 5 years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Police Officers and Firefighters' Retirement Fund (Continued)

Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members who retired after February 15, 1980 receive annual benefit increases proportional to changes in the Consumer Price Index.

Members Hired on or After November 10, 1996 – Members are eligible for retirement at any age, with at least 25 years of departmental service or after age 55 with 5 years of departmental service. The annual basic retirement benefit equals 2.5% of average base pay, defined as the highest average consecutive 36 months of base pay, multiplied by creditable service; however, the aggregate annual basic retirement benefit may not exceed 80% of the average base pay. Members separated after 5 years of departmental service are entitled to a deferred pension beginning at age 55. Benefits are also provided to certain survivors of active, retired, or terminated vested members. Members receive annual benefit increases proportional to changes in the Consumer Price Index, however, the increase is capped at 3%.

Members with a service-related disability receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 40% of base pay applies.

Members with a non service-related disability and at least 5 years of departmental service receive a disability retirement benefit of 70% of base pay multiplied by the percentage of disability. A minimum annual disability retirement benefit of 30% of base pay applies.

Prior to reaching age 50, a disability retirement benefit will be reduced or terminated if outside earnings exceed a certain limit.

Participant Data

The number of participants used in the actuarial valuation as of September 30, 2025 and 2024 were as follows:

Teachers' Retirement Fund	2025	2024
Service Retired, Disabled and Beneficiaries (Post June 30, 1997)	4,044	4,040
Active Plan Members	6,583	6,259
Vested Terminations	2,013	2,007
Nonvested Terminations	1,664	1,589
Total Participants	14,304	13,895

Police Officers and Firefighters' Retirement Fund	2025	2024
Service Retired, Disabled and Beneficiaries (Post June 30, 1997)	4,853	4,712
Active Plan Members	5,041	5,074
Vested Terminations	437	399
Nonvested Terminations	304	292
Total Participants	10,635	10,477

Total	2025	2024
Service Retired, Disabled and Beneficiaries (Post June 30, 1997)	8,897	8,752
Active Plan Members	11,624	11,333
Vested Terminations	2,450	2,406
Nonvested Terminations	1,968	1,881
Total Participants	24,939	24,372

Contributions

As a condition of participation, members must contribute certain percentages of salaries as authorized by statute. Plan members contribute by salary deductions at rates established by D.C. Code § 5-706 (for police officers and firefighters) and D.C. Code 38-2021.01 (for teachers). Members contribute 7% (or 8% for Teachers and Police Officers and Firefighters hired on or after November 1, 1996 and November 10, 1996, respectively) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay.

The District is required to contribute the amounts necessary to finance the Plan benefits of its members through annual contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. District contributions for fiscal years 2025 and 2024 were equal to the amounts computed by the Board's independent actuary.

Statutory employee and employer contribution requirements to the Fund may be amended by the City Council.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

DCRB's financial statements were prepared in accordance with United States generally accepted accounting principles (GAAP) using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Employee contributions are recognized at the time compensation is paid to Plan members. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement Plans commitment.

Method Used to Value Investments

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. The fair value of private investment funds, including private equity and private real assets, is determined using unit values supplied by the fund managers, based on the fund managers' appraisals of the funds' underlying holdings. Such values involve subjective judgement and may differ from amounts which would be realized if such holdings were sold. The fair value of limited partnership investments is based on valuations of the underlying assets of the limited partnerships as reported by the general partner. A significant number of investment managers provide account valuations net of management expenses. Those expenses are netted against investment income.

Use of Estimates

Preparing financial statements in conformity with GAAP requires the Board to make estimates and assumptions that affect the reported amounts of assets, and liabilities, at the date of the financial statements and additions and deductions during the reporting period. Significant estimates include the pension obligations and useful lives of capital assets. Actual results could differ from those estimates.

Allocation

District and employee contributions are deposited in the respective Retirement Fund for which the contribution was made, and benefit payments and employee contribution refunds are withdrawn from the Fund of the Plan in which the recipient participates. Investment performance and administrative expenditures are allocated between the two Funds based upon their proportionate net position in the pool.

The allocation percentages fluctuate slightly between the TRF and POFRF every month. The allocation percentages were 27.86% for TRF and 72.14% for POFRF as of September 30, 2025 compared to 27.60% for TRF and 72.40% for POFRF as of September 30, 2024.

Recent Accounting Pronouncements

GASB Statement No.101 *Compensated Absences,* was issued in June 2022. This statement objective aims to improve the information available to users of financial statements by updating how compensated absences are recognized and measured. DCRB implemented the requirement for the fiscal year ended September 30, 2025.

GASB Statement No.102, *Certain Risk Disclosures* was issued in December 2023. This GASB requires entities to disclose critical information about their exposure to risks due to certain concentrations or constraints and related events that may have a substantial impact or negatively affect the level of service a government provides. GASB 102 requires state and local governments to disclose material concentrations and constraints in the notes of the financial statements. DCRB has evaluated the impact and determine no additional disclosures are needed.

GASB Statement No. 103, *Financial Reporting Model Improvements* was issued in April 2024. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. DCRB will evaluate the impact of the Statement and will adopt it, if applicable.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* was issued in September 2024. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. State and local governments are required to provide detailed information about capital assets in the notes to financial statements. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. DCRB will evaluate the impact of the Statement and will adopt it, if applicable.

Federal Income Tax Status

The District Retirement Funds are qualified plans under section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under section 501(a).

Change in Accounting Principle

This Statement mandates the recognition of liabilities for compensated absences in two scenarios: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through non-cash means. The liability should be recognized for unused leave if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. Leave is considered attributable to services rendered when an employee has fulfilled the necessary services to earn the leave. Accumulated leave can be carried forward from the reporting period in which it is earned to a future period during which it may be used for time off or otherwise paid or settled.

In estimating the likelihood of leave being used or otherwise paid or settled, relevant factors such as employment policies related to compensated absences and historical data on the usage of compensated absences were considered by DCRB. However, leave that is expected to be converted into defined benefit post-employment benefits were not included in the liability for compensated absences

The effect of the adoption of GASB Statement No. 101 on the DCRB's previously reported financial statements is summarized as follows:

Combined- September 30, 2023	As Previously Reported	Adjustment	As Restated
Compensated Absences Liability	$ 351	$ 278	$ 629
Net Position	10,538,000	(351)	10,537,729
Adminstrative Expenses	19,888	278	20,166

Teachers - September 30, 2023	As Previously Reported	Adjustment	As Restated
Compensated Absences Liability	$ 97	$ 77	$ 174
Net Position	2,883,895	(97)	2,883,798
Adminstrative Expenses	5,495	77	5,572

Police & Fire - September 30, 2023	As Previously Reported	Adjustment	As Restated
Compensated Absences Liability	$ 254	$ 210	$ 455
Net Position	7,654,185	(254)	7,653,931
Adminstrative Expenses	14,393	201	14,594

NOTE 4: LEASES

The Board is a lessee for a building lease entered on September 1, 2005, including the term of the First Amendment to the lease, which extended the lease to February 28, 2029. Effective September 1, 2021, the Board recognized a right-to-use asset and liability of $14.3 million related to this agreement. The Board used the District's incremental borrowing rate of 1.57478% to recompute the initial leased asset and liability amounts recognized.

The Board is also a lessee for a copier lease entered on September 1, 2024 which extends to July of 2029. Effective September 1, 2024, the Board recognized a right-to-use asset liability of $173 thousand related to the Copier Lease agreement. The Board used the District's incremental borrowing rate of 4.65979% to calculate the initial copier leased asset and liability amounts recognized.

Right-to-use leased asset

Right-to-use leased asset activity for the years ended September 30, 2025 and 2024, is as follows (in thousands):

	30-Sep-24	Additions	Deductions	30-Sep-25
Right-to-use leased asset				
Building	$ 14,259	$ -	$ -	$ 14,259
Copier	173	-	-	173
Less: accumulated amortization	7,371	1,602	-	8,973
	$ 7,061	$ (1,602)	$ -	$ 5,459

	30-Sep-23	Additions	Deductions	30-Sep-24
Right-to-use leased asset				
Building	$ 14,259	$ -	$ -	$ 14,259
Copier	-	173	-	173
Less: accumulated amortization	5,768	1,603	-	7,371
	$ 8,491	$ (1,430)	$ -	$ 7,061

Lease Liabilities

The net present value of the Board's minimum future lease payments for non-cancelable leases, as of September 30, 2025 is as follows (in thousands):

Fiscal Year	Principal	Interest	Total	Lease Liability
2026	$ 1,814	$ 92	$ 1,906	$ 4,684
2027	1,891	62	1,953	2,793
2028	1,970	31	2,001	823
2029	823	3	826	-
	$ 6,498	$ 188	$ 6,686	

NOTE 5: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Board has 9 SBITA contracts for the year ended September 30, 2025. Since the interest rate is not readily determinable, DCRB utilizes the Districts' incremental borrowing rate at the time of inception to discount the subscription payments. The Board ended the year with subscription assets valued at $804,876 and subscription liabilities of $439,380.

Right-to-use subscription asset activity for the years ended September 30, 2025 and 2024 is as follows (in thousands):

	30-Sep-24	Additions	Deductions	30-Sept-25
Right-to-use SBITA Asset				
SBITA Asset	$ 481	$ 705	$ 68	$ 1,118
Less: accumulated amortization	115	199	1	313
	$ 366	$ 506	$ 67	$ 805

	30-Sep-23	Additions	Deductions	30-Sept-24
Right-to-use SBITA Asset				
SBITA Asset	$ 494	$ 210	$ 223	$ 481
Less: accumulated amortization	61	114	60	115
	$ 433	$ 96	$ 163	$ 366

As of September 30, 2025, the Board had minimum principal and interest payment requirements for SBITA activities with remaining term in excess of one year as follows (in thousands):

Fiscal Year	Principal	Interest	Total	SBITA liability
2026	$ 125	$ 16	$ 141	$ 314
2027	90	12	102	224
2028	75	9	84	150
2029	41	7	48	109
2030	20	4	24	88
2031-2034	89	10	99	0
	$ 440	$ 58	$ 498	

NOTE 6: INVESTMENTS

The Board is authorized to manage and control the investment of the District Retirement Funds' assets. The Board broadly diversifies the investments of the District Retirement Funds to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, as required by D.C. Code § 1-741(a)(2)(C).

Master Trust – The Board has pooled all assets under its management (the Investment Pool), as is authorized by D.C. Code § 1-903(b), with a master custodian under a master trust arrangement (the Master Trust). Using an investment pool, each Fund owns an undivided proportionate share of the pool.

The following is the Board's approved asset allocation policy.

Asset Class	Target Allocation		Allowable Ranges	
	2025	2024	2025	2024
Public Equities	***41 %***	***46 %***	***28-54%***	***34 - 58%***
U.S. Equities	25	20	19-31	15 - 25
International Developed Market Equities	11	16	7-15	12 - 20
Emerging Market Equities	5	10	2-8	7 - 13
Fixed Income	***23***	***25***	***3-52***	***11 - 37***
U.S. Core Fixed Income	7	7	3-11	3 - 11
U.S. Long-Term Government Bonds	3	3	0-10	0 - 10
Treasury Inflation-Protected Securities	5	5	0-10	0 - 10
Bank Loans	1.5	2	0-4	0 - 4
Emerging Market Debt	2	4	0-4	0 - 8
High Yield Bonds	1.5	2	0-4	0 - 4
Foreign Bonds	2	2	0-4	0 - 4
Alternatives	***36***	***28***	***14-57***	***15 - 45***
Private Equity	13	9	6-20	4 - 14
Private Credit	7	3	2-12	0 - 8
Real Assets	16	16	10-20	10 - 20
Real Estate	8	8	6-10	6 - 10
Infrastructure/Opportunistic	6	6	0-10	4 - 8
Natural Resources	2	2	0-5	1 - 3
Cash	***1***	***1***	***0-5***	***0 - 5***

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, DCRB will not be able to recover the value of its investments that are in the possession of an outside party. Investments held by the custodian on behalf of DCRB are held in an account in the name of DCRB. Funds not invested at the end of a given day are placed in overnight instruments in the name of DCRB.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity will have a greater sensitivity to fair value changes that are related to market interest rates. The Board monitors the interest rate risk inherent in its portfolio by measuring the weighted average duration of its portfolio. Duration measures a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. Generally, the risk and return of the Board's fixed income segment of the portfolio is compared to the Barclays Capital U.S. Universal Index. To mitigate interest rate risk, the fixed income segment is expected to maintain a weighted average duration (sensitivity to interest rate changes) within +/-2 years of the duration of this Index.

NOTE 6: INVESTMENTS (continued)

Credit Risk – Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Unless specifically authorized otherwise in writing by the Board, fixed-income managers invest in investment grade instruments rated in the top 4 rating categories by a recognized statistical rating service.

As of September 30, 2025, the Investment Pool held the following debt instruments:

(Dollars in thousands)

Investment Type	Rating*	Fair Value	Duration (Years)	Percentage of Portfolio
Bank Loans	B+	$ 964	0.00	0.03 %
	B	14,385	0.01	0.42
	B-	12,418	0.01	0.37
	CCC+	38,331	(0.01)	1.13
	CCC	9,908	0.00	0.29
	CCC-	64	0.00	0.00
	NR	16,584	(0.05)	0.50
Corporate Bonds - US	BB+	3,219	0.04	0.10
(including convertible bonds)	BB	2,695	0.05	0.08
	BB-	28,387	0.54	0.85
	B+	17,397	0.27	0.51
	B	79,792	1.20	2.37
	B-	22,301	0.25	0.67
	CCC+	49,316	0.51	1.48
	CCC	35,437	0.42	1.07
	NR	31,062	0.25	0.93
Corporate Bonds - Foreign	BB	130	0.03	0.00
	B-	1,282	0.17	0.04
	CCC-	14,614	0.40	0.44
	NR	11,943	1.51	0.36
U.S. Treasury	AA+	2,054,577		60.36
Fixed Income Pooled Funds	NR	951,908		28.01
Total Fixed Income		$ 3,396,714		100.00 %

* Using credit quality ratings provided by Standard & Poor’s

NOTE 6: INVESTMENTS (continued)

As of September 30, 2024, the Investment Pool held the following debt instruments:

(Dollars in thousands)

Investment Type	Rating*	Fair Value	Duration (Years)	Percentage of Portfolio
Bank Loans	B	$ 6,633	-	0.26 %
	B-	10,682	(0.01)	0.41
	CCC+	18,008	(0.02)	0.70
	CCC	11,477	-	0.44
	CCC-	1,275	(0.04)	0.05
	NR	21,874	(0.01)	0.84
Corporate Bonds - US	BBB-	932	0.04	0.04
(including convertible bonds)	BB	3,632	0.12	0.14
	BB-	14,805	0.50	0.57
	B+	4,710	0.12	0.18
	B	29,944	0.71	1.16
	B-	16,600	0.34	0.64
	CCC+	30,091	0.78	1.16
	CCC	13,154	0.40	0.51
	NR	22,167	-	0.86
Corporate Bonds - Foreign	B-	4,107	0.32	0.16
	CCC+	785	-	0.03
	CCC	8,913	1.06	0.34
U.S. Treasury	AA+	1,833,848	-	70.81
Fixed Income Pooled Funds	NR	536,300	N/A	20.71
Total Fixed Income		$ 2,589,937		100 %

* Using credit quality ratings provided by Standard & Poor’s

NOTE 6: INVESTMENTS (continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As a general policy, investment managers with authority to invest in issuers denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the forward currency markets. Since the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise. For the years ended September 30, 2025 and 2024, total investments in foreign currencies were approximately $409 million and $364 million, respectively.

As of September 30, 2025, the investments that were denominated in a currency other than the United States Dollar, are summarized below:

(Dollars in thousands)

International Securities	Equity	Private Equity	Real Assets	Short-term and Other	Total Non-U.S. Dollar
Euro	$ -	$ 164,511	$ 79,248	$ 1,598	$ 245,357
British pound sterling	-	98,820	-	-	98,820
Canadian dollar	-	64,735	-	-	64,735
Australian dollar	52	-	-	-	52
	$ 52	$ 328,066	$ 79,248	$ 1,598	$ 408,964

As of September 30, 2024, the investments that were denominated in a currency other than the United States Dollar, are summarized below:

(Dollars in thousands)

International Securities	Equity	Private Equity	Real Assets	Short-term and Other	Total Non-U.S. Dollar
Euro	$ -	$ 164,624	$ 47,875	$ -	$ 212,499
British pound sterling	-	81,074	-	-	81,074
Canadian dollar	-	69,704	-	-	69,704
Australian dollar	428	-	-	-	428
	$ 428	$ 315,402	$ 47,875	$ -	$ 363,705

Securities Lending Transactions – The Board's policies permit the District Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Board's securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

The Board may participate in securities lending through its custodian in the future; however, it did not do so in fiscal years 2025 and 2024.

NOTE 6: INVESTMENTS (continued)

Derivative Investments – Derivatives are generally defined as contracts in which the value depends on, or derives from, the value of an underlying asset, reference rate, or index. Derivative investments generally contain exposure to credit risk, market risk, and/or legal risk. Credit risk is the exposure to the default of another party to the transaction (counterparty). Market risk is the exposure to changes in the market, such as a change in interest rates, currency exchange rates, or a change in the price or principal value of a security. The Board believes that all contracts are legally permissible in accordance with approved investment policies.

In accordance with the investment policies of the Board, the Funds' investment managers used various derivative instruments to increase potential earnings and/or to hedge against potential losses during fiscal year 2025 and 2024.

TBAs ("to-be-announced", sometimes referred to as "dollar rolls") are used by the Funds' investment managers as an alternative to hold mortgage-backed securities outright to raise the potential yield and to reduce transaction costs. TBAs are used because they are expected to behave similarly to mortgage-backed securities with identical credit, coupon, and maturity features. Credit risk is managed by limiting these transactions to primary dealers. The market risk for TBAs is not significantly different from the market risk for mortgage-backed securities.

Foreign currency forwards, futures, and options are generally used for defensive purposes. These contracts can reduce the Funds' exposure to particular currencies when adverse movements in exchange rates are expected. Foreign currency forwards and futures can introduce market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the underlying foreign exchange rates. Credit risk is managed by limiting derivative transactions to counterparties with short-term credit ratings of AI or PI or by trading on organized exchanges. Currency options can increase or decrease the Funds' exposure to foreign currencies.

Equity index futures were also used by the Funds to gain exposure to equity markets. Equity index futures are more efficient and cheaper than investing in all underlying equity securities. Equity index futures may pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the equities markets underlying the contracts used by the Funds. The notional amounts of the contracts are not included in the derivatives holdings disclosed. Credit risk is managed by dealing with member firms of organized futures exchanges.

Liquid exchange-traded and over-the-counter bond futures and options were used by the Funds to gain exposure to fixed income markets more efficiently than purchasing the underlying bonds. Market risk for these derivatives may be larger or smaller than the risk of the underlying fixed-income market itself. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading with member firms of organized exchanges.

Warrants were used by the Funds to gain equity exposure and to enhance performance. Warrants are often distributed by issuers of common stocks and bonds and are held for the same fundamental reasons as the original common stock and/or bonds. Stock rights are a security that gives the holder the entitlement to purchase new shares issued by a corporation at a predetermined price in proportion to the number of shares already owned. Market risk for warrants and rights is limited to the purchase cost. Credit risk for warrants and rights is similar to the underlying equity and/or bond holdings. The Funds' external investment managers monitor and manage all such risk, who have full discretion over such investment decisions within a contractual set of investment guidelines.

NOTE 6: INVESTMENTS (continued)

Swaps represent an agreement between 2 or more parties to exchange a sequence of cash flows during a predetermined timeframe. The Funds utilize swaps for several different reasons: to manage interest rate fluctuations, to protect against a borrower default, and/or to gain market exposure without having to own the asset.

The Funds may manage credit exposure using credit default swaps. A credit default swap (CDS) is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate and currency risk.

The Funds may hold derivative instruments directly via separately managed accounts or indirectly via pooled, commingled, or short-term funds. Information regarding risks associated with indirect holdings may not be disclosed.

Fair Value Measurements - DCRB categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. It gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the Net Asset Value (NAV) per share (or its equivalent) are not classified in the fair value hierarchy as they do not have a readily determinable fair value.

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. DCRB's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Plan management evaluated the significance of transfers between levels based on the nature of the investments and size of the transfer relative to total net assets available for benefits. Investments in private funds have been placed under Level 3 based on management's reevaluation of its valuation methodology.

Equity securities classified in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades.

NOTE 6: INVESTMENTS (continued)

Equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

Equity and fixed income securities classified in Level 3 are valued with last trade data having limited trading volume. Real assets classified in Level 3 are real asset investments generally valued using the income approach by internal manager reviews or independent external appraisers. The private equity program spans a range of underlying strategies including buyouts, growth equity/venture, private debt, secondaries, and fund-of-funds. The real asset program includes investments in a broad range of real estate strategies (i.e., core, value-added, opportunistic), infrastructure, and natural resources funds.

Investments Measured at the Net Asset Value (NAV) – The unfunded commitment and redemption frequency and notice period for investments measured at the net asset value (NAV) per share (or its equivalent) are presented in the tables on pages 41 and 42.

Domestic and International Equities – DCRB has investments in 5 funds with a domestic focus and 4 funds with an international focus, in which the equity securities maintain some level of market exposure; however, the level of market exposure may vary through time.

Fixed Income – DCRB has investments in 6 funds, including corporate bonds, and U.S. Treasury obligations, with redemption notifications not greater than 30 days.

Real Assets – DCRB committed to purchase partnership interests in real asset funds as part of its long-term asset allocation plan for private markets.

NOTE 6: INVESTMENTS (continued)

Investments Measured at Fair Value (Dollars in thousands) - FY 2025

	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equity	$ 198,449	$ 184,824	$ 1,140	$ 12,485
International Equity	213	-	-	213
Fixed Income	811,964	-	357,575	454,389
Real Assets	1,765,755	-	-	1,765,755
Private Equity	1,860,789	-	-	1,860,789
Total Investments by Fair Value Level	4,637,170	$ 184,824	$ 358,715	$ 4,093,631
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	3,431,296			
International Equity	2,353,109			
Fixed Income	2,584,750			
Real Assets	383,619			
Total Investments Measured at NAV	8,752,774			
Total Investments	$ 13,389,944			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table below (Dollars in thousands):

	September 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	$ 3,431,296	$ -	Daily, Quarterly	0-5 days
International Equity	2,353,109	-	Daily, Monthly	1-10 days
Fixed Income	2,584,750	-	Daily, Monthly	0-5 days
Real Assets	383,619	-	Daily, Quarterly	0-45 days
Total Investments Measured at NAV	$ 8,752,774	$ -		

Investments derivative instruments (Dollars in thousands)

	Fair Value September 30, 2025
Assets - Forwards	$ 74,469
Liabilities - Forwards	(73,953)
Rights-Warrants	7
Swaps	37,712
Liabilities-Swaps	(35,291)
Total	$ 2,944

Investments Measured at Fair Value (Dollars in thousands) - FY 2024

	September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Domestic Equity	$ 384,361	$ 367,106	$ 1,913	$ 15,342
International Equity	307,345	428	-	306,917
Fixed Income	492,787	-	195,899	296,888
Real Assets	1,473,706	-	-	1,473,706
Private Equity	1,799,923	-	-	1,799,923
Total Investments by Fair Value Level	4,458,122	$ 367,534	$ 197,812	$ 3,892,776
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	2,584,258			
International Equity	2,240,818			
Fixed Income	2,097,150			
Real Assets	303,928			
Total Investments Measured at NAV	7,226,154			
Total Investments	$ 11,684,276			

Additional information for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table below (Dollars in thousands):

	September 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice
Investment Measured at the Net Asset Value (NAV)				
Domestic Equity	$ 2,584,258	$ -	Daily, Quarterly	0-5 days
International Equity	2,240,818	-	Daily, Monthly	1-10 days
Fixed Income	2,097,150	-	Daily, Monthly	0-5 days
Real Assets	303,928	-	Daily, Quarterly	0-45 days
Total Investments Measured at NAV	$ 7,226,154	$ -		

Investments derivative instruments (Dollars in thousands):

	Fair Value September 30, 2024
Assets - Forwards	$ 26,929
Liabilities - Forwards	(27,243)
Rights-Warrants	5
Total	$ (309)

NOTE 7: NET PENSION LIABILITY (ASSET)

The components of the net pension liability (asset) of the District Retirement Funds on September 30, 2025 and 2024 were as follows:

(Dollars in thousands)

	2025		2024	
	TRF	**POFRF**	**TRF**	**POFRF**
Total Pension Liability	$ 3,681,144	$ 8,345,555	$ 3,409,385	$ 7,708,727
Plan Fiduciary Net Position	3,753,242	9,710,683	3,386,616	8,877,390
Net Pension Liability (Asset)	$ (72,098)	$ (1,365,128)	$ 22,769	$ (1,168,663)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	101.96%	116.36%	99.33%	115.16%

Actuarial Assumptions - The total pension liability was determined based on an actuarial valuation as of September 30, 2025 and 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Fund	**2025**	**2024**
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Asset valuation method	5-year smoothed fair value	5-year smoothed fair value
Inflation	3.00%	3.00%
Salary increases	4.00%-7.10%	4.00%-7.10%
Investment rate of return	6.25%, net of pension plan investment expense	6.25%, net of pension plan investment expense
Mortality (Healthy)	Pub-2010 General Employee and Healthy Retiree Mortality with generational projection using MP-2021 improvement scale	Pub-2010 General Employee and Healthy Retiree Mortality with generational projection using MP - 2021 improvement scale
Mortality (Disabled)	Pub-2010 General Disabled Retiree Mortality with generational projection using MP-2021 improvement scale	Pub-2010 General Disabled Retiree Mortality with generational projection using MP-2021 improvement scale
Cost of living adjustments	3.25% for members hired before November 10, 1996 and 2.75% for members hired on or after November 10, 1996	3.25% for members hired before November 10, 1996 and 2.75% for members hired on or after November 10, 1996

Police and Firefighters' Fund	2025	2024
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Asset valuation method	5-year smoothed fair value	5-year smoothed fair value
Inflation	3.00%	3.00%
Salary increases	4.24% - 7.80%	6.25%-7.25% for police, 4.50% to 6.05% for firefighters
Investment rate of return	6.25%, net of pension plan investment expense	6.25%, net of pension plan investment expense
Mortality (Healthy)	Pub-2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, generational projection using MP-2021 improvement scale	Pub-2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, generational projection using MP-2021 improvement scale
Mortality (Disabled)	Pub-2010 Public Safety Disabled Retiree Mortality with generational projection using MP-2021 improvement scale	Pub-2010 Public Safety Disabled Retiree Mortality with generational projection using MP-2021 improvement scale
Cost of living adjustments	3.25% for members hired before November 10, 1996 and 2.75% for members hired on or after November 10, 1996	3.25% for members hired before November 10, 1996 and 2.75% for members hired on or after November 10, 1996

All assets and liabilities are computed as of October 1, 2025. Demographic information was collected as of June 30, 2025. The actuarial assumptions used were based on the results of the most recent actuarial experience study for the period July 1, 2015 to June 30, 2020, dated October 12, 2021.

The discount rate used to measure the total pension liability was 6.25% for both 2025 and 2024. 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 the District contributions will be made in accordance with the Board’s funding policy adopted in 2012 and revised in 2021. 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.

NOTE 7: NET PENSION LIABILITY (ASSET) (continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025 and 2024 are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	2025	2024	2025	2024
Domestic Equity	25.0 %	20.0 %	5.6 %	5.5%
International Developed Equity	11.0	16.0	5.8	5.9
Emerging Market Equity	5.0	10.0	5.8	5.9
U.S. Core Fixed Income	7.0	7.0	2.5	1.9
U.S. Long-Term Government Bonds	3.0	3.0	2.9	2.1
Treasury Inflation - Protected Securities	5.0	5.0	2.0	1.8
Bank Loans	1.5	2.0	4.0	3.7
Emerging Market Debt	2.0	4.0	4.0	3.6
High Yield Bonds	1.5	2.0	4.3	3.9
Foreign Bonds	2.0	2.0	1.2	1.1
Private Equity	13.0	9.0	8.3	8.2
Private Credit	7.0	3.0	6.2	6.2
Real Estate	8.0	8.0	5.6	5.1
Infrastructure	6.0	6.0	6.3	6.0
Natural Resources	2.0	2.0	6.3	6.3
Cash	1.0	1.0	0.4	(0.3)
Total	100.0 %	100.0 %		

Disclosure of the Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Teachers' Retirement Fund and the Police Officers and Firefighters' Retirement Fund, calculated using the discount rate of 6.25% for both 2025 and 2024, as well as what the Fund's net pension liability calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

NOTE 7: NET PENSION LIABILITY (ASSET) (continued)

(Dollars in thousands)

2025	1% Decrease (5.25)%	Current Discount Rate (6.25%)	1% Increase (7.25)%
Teachers' Retirement Fund			
Net Pension Liability (Asset)	$ 617,325	$ (72,098)	$ (589,382)
Police Officers and Firefighters' Retirement Fund			
Net Pension Liability (Asset)	$ 57,229	$ (1,365,128)	$ (2,431,837)

2024	1% Decrease (5.25)%	Current Discount Rate (6.25%)	1% Increase (7.25)%
Teachers' Retirement Fund			
Net Pension Liability (Asset)	$ 640,880	$ 22,769	$ (465,857)
Police Officers and Firefighters' Retirement Fund			
Net Pension Liability (Asset)	$ 115,525	$ (1,168,663)	$ (2,195,935)

NOTE 8: CONTINGENCIES

DCRB is party to various legal proceedings, many of which occur in the normal course of its operations. These legal proceedings are not likely to have a material adverse impact on the Funds’ financial position as of September 30, 2025 and 2024.

NOTE 9: SUBSEQUENT EVENTS

DCRB has evaluated events subsequent to September 30, 2025 and through December 12, 2025, the date the financial statements were available to be issued and determined that there have not been any events that have occurred that would require adjustments to the financial statements.

Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios

Teachers Retirement Funds (Dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 96,794	$ 102,043	$ 90,372	$ 88,666	$ 87,984	$ 80,242	$ 72,429	$ 67,877	$ 65,911	$ 61,599
Interest	215,412	198,299	176,035	165,520	168,636	159,186	144,165	137,704	131,657	124,370
Difference Between Expected and Actual Experience	38,355	(6,601)	201,979	19,354	(16,580)	(2,364)	103,719	(19,505)	(37,230)	2,656
Changes in Assumptions	40,384			-	(89,404)	-	-	-	14,106	-
Benefit Payments	(114,526)	(108,764)	(104,339)	(95,352)	(89,404)	(85,679)	(81,471)	(78,430)	(72,069)	(69,093)
Refunds	(4,660)	(5,520)	(5,689)	(5,236)	(3,417)	(4,873)	(6,418)	(6,126)	(6,166)	(6,205)
Net Change in Total Pension Liability	271,759	179,457	358,358	172,952	57,815	146,512	232,424	101,520	96,209	113,327
Total Pension Liability - Beginning	3,409,385	3,229,928	2,871,570	2,698,618	2,640,803	2,494,291	2,261,867	2,160,347	2,064,138	1,950,811
Total Pension Liability - Ending (a)	$ 3,681,144	$ 3,409,385	$ 3,229,928	2,871,570	2,698,618	2,640,803	2,494,291	2,261,867	2,160,347	2,064,138
Fund Fiduciary Net Position										
Contributions - District Government	80,981	50,224	47,835	75,060	70,478	58,888	53,343	59,046	56,781	44,469
Contributions - Plan Member	61,044	58,497	58,691	46,914	45,689	42,356	40,432	40,324	34,364	33,591
Net Investment Income (Loss)	348,797	512,809	316,072	(389,391)	513,322	138,924	85,047	94,129	239,554	152,262
Other Income	1,004	969	965	871	953	803	883	1,038	907	1,033
Benefit Payments	(114,526)	(108,764)	(104,339)	(95,352)	(89,404)	(85,679)	(81,471)	(78,430)	(72,069)	(69,093)
Administrative Expense	(5,840)	(5,494)	(2,565)	(4,488)	(4,127)	(3,511)	(3,440)	(4,474)	(4,721)	(4,746)
Refunds	**(4,660)**	(5,520)	(5,689)	(5,236)	(3,417)	(4,873)	(6,418)	(6,126)	(6,166)	(6,205)
Change in Fiduciary Net Position	366,800	502,721	310,970	(371,622)	533,494	146,908	88,376	105,507	248,650	151,311
Fund Fiduciary Net Position - Beginning	3,386,616	2,883,895	2,573,262	2,944,884	2,411,390	2,264,482	2,176,106	2,070,599	1,821,949	1,670,638
Adjustment for final asset - Beginning	**(174)**		(337)							
Fund Fiduciary Net Position - Ending (b)	3,753,242	3,386,616	2,883,895	2,573,262	2,944,884	2,411,390	2,264,482	2,176,106	2,070,599	1,821,949
Net Pension Liability (Asset) - Ending (a) - (b)	$ (72,098)	$ 22,769	$ 346,033	$ 298,308	$ (246,266)	$ 229,413	$ 229,809	$ 85,761	$ 89,748	$ 242,189
Ratio of Fund Fiduciary Net Position to Total Pension Liability (Asset) - (b) / (a)	101.96%	99.33%	89.29%	89.61%	109.13%	91.31%	90.79%	96.21%	95.85%	88.27%
Covered Payroll	728,095	$ 636,961	$ 624,500	$ 575,288	$ 538,565	$ 490,756	$ 466,792	$ 470,749	$ 447,762	$ 438,079
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-9.90%	3.57%	55.41%	51.85%	(45.73)%	46.75%	49.23%	18.22%	20.04%	55.28%

Note: Schedule is intended to show information for 10 years.

Schedules of Changes in the Net Pension Liability (Asset) and Related Ratios

Police and Firefighters Retirement Fund (Dollars in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 205,759	$ 211,027	$ 195,420	$ 203,080	$ 217,495	$ 209,411	$ 180,928	$ 182,641	$ 196,629	$ 198,020
Interest	486,805	452,695	408,414	380,658	386,386	359,706	338,288	318,719	300,626	282,285
Difference Between Expected and Actual Experience	8,835	(82,546)	324,730	55,933	(189,740)	(8,567)	(57,642)	(84,452)	(188,549)	(106,840)
Changes in Assumptions	186,630		-	-	(97,495)	-	-	-	67,256	-
Benefit Payments	(249,299)	(228,462)	(206,844)	(179,984)	(156,455)	(140,044)	(121,342)	(106,794)	(92,537)	(79,137)
Refunds	(1,902)	(2,682)	(2,149)	(2,177)	(2,420)	(1,236)	(1,533)	(1,580)	(1,647)	(2,179)
Net Change in Total Pension Liability	636,828	350,032	719,571	457,510	157,771	419,270	338,699	308,534	281,778	292,149
Total Pension Liability - Beginning	7,708,727	7,358,695	6,639,124	6,181,614	6,023,843	5,604,573	5,265,874	4,957,340	4,675,562	4,383,413
Total Pension Liability - Ending (a)	$ 8,345,555	$ 7,708,727	$ 7,358,695	6,639,124	6,181,614	6,023,843	5,604,573	5,265,874	4,957,340	4,675,562
Fund Fiduciary Net Position										
Contributions - District Government	143,454	79,883	77,508	108,965	109,933	93,061	91,284	105,596	145,631	136,115
Contributions - Plan Member	50,365	40,875	44,249	36,997	37,433	37,880	38,243	34,478	33,424	32,785
Net Investment Income (Loss)	903,235	1,345,441	855,245	(1,044,735)	1,391,936	381,607	232,987	316,842	655,310	415,157
Other Income	2,599	2,544	2,563	2,338	2,585	2,207	2,435	2,356	2,468	2,810
Benefit Payments	(249,299)	(228,462)	(206,844)	(179,984)	(156,455)	(140,044)	(121,342)	(106,794)	(92,537)	(79,137)
Administrative Expense	(14,704)	(14,394)	(16,832)	(12,047)	(11,208)	(9,648)	(9,481)	(11,570)	(12,838)	(12,918)
Refunds	(1,902)	(2,682)	(2,149)	(2,177)	(2,420)	(1,236)	(1,533)	(1,580)	(1,647)	(2,179)
Change in Fiduciary Net Position	833,748	1,223,205	753,740	(1,090,643)	1,371,804	363,827	232,593	339,328	729,811	492,633
Fund Fiduciary Net Position - Beginning	8,876,934	7,654,185	6,901,351	7,991,994	6,620,190	6,256,363	6,023,770	5,684,442	4,954,631	4,461,998
Adjustment for final assets		(455)	(906)							
Fund Fiduciary Net Position - Ending (b)	$ 9,710,683	$ 8,876,934	$ 7,654,185	6,901,351	7,991,994	6,620,190	6,256,363	6,023,770	5,684,442	4,954,631
Net Pension Liability (Asset) - Ending (a) - (b)	$ (1,365,128)	$ (1,168,207)	$ (295,490)	$ (262,227)	$(1,810,380)	$ (596,347)	$ (651,790)	$ (757,896)	$ (727,102)	$ (279,069)
Ratio of Fund Fiduciary Net Position to Total Pension Liability (Asset) - (b) / (a)	116.36%	115.15%	104.02%	103.95%	129.29%	109.90%	111.63%	114.39%	114.67%	105.97%
Covered Payroll	$ 546,226	$ 501,375	$ 512,498	$ 528,910	$ 516,881	$ 473,513	$ 460,686	$ 454,209	$ 441,904	$ 438,114
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(249.92)%	(233.00)%	(57.66)%	(49.58)%	(350.25)%	(125.94)%	(141.48)%	(166.86)%	(164.54)%	(63.70)%

Note: Schedule is intended to show information for 10 years.

Schedules of Employer Contributions
Teachers' Retirement Fund (Dollars in Thousands)

Fiscal Year Ended September 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Employer Contribution as a Percentage of Covered Payroll
2016	$ 44,469	$ 44,469	$ -	$ 438,079	10.15 %
2017	56,781	56,781	-	447,762	12.68
2018	59,046	59,046	-	470,749	12.54
2019	53,343	53,343	-	466,792	11.43
2020	58,888	58,888	-	490,756	12.00
2021	70,478	70,478	-	538,565	13.09
2022	75,060	75,060	-	575,288	13.05
2023	47,835	47,835	-	624,500	7.66
2024	50,224	50,224	-	636,961	7.88
2025	80,981	80,981	-	728,095	11.12

Notes to Schedule:

Valuation Date: For the fiscal year 2025 and prior, actuarially determined contribution amounts are calculated as of the beginning of the fiscal year. Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions, and the assumptions used to determine contributions in the past may not have been the same.

Actuarial cost method	Entry age normal
Amortization method	Layered Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	4.00% to 7.10%; includes wage inflation of 3.00%
Investment rate of return	6.25%, net of pension plan investment expense
Mortality	Pre-retirement and post-retirement mortality rates were based on the Pub - 2010 General Employee and Healthy Retiree Mortality Table. Post-disability mortality rates were based on the Pub - 2010 General Disabled Retiree Mortality Table.
Cost of living adjustments	Increases at the rate of 3.25% per year for members hired prior to November 10, 1996, and 2.75% per year for members hired after November 10, 1996.

Schedules of Employer Contributions

Police and Firefighters Fund (Dollar amounts in thousands)

Police Officers and Firefighters' Retirement Fund					
Fiscal Year Ended September 30	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Employer Contribution as a Percentage of Covered Payroll
2016	$ 136,115	$ 136,115	$ -	$ 438,114	31.07 %
2017	145,631	145,631	-	441,904	32.96
2018	105,596	105,596	-	454,209	23.25
2019	91,284	91,284	-	460,686	19.81
2020	93,061	93,061	-	473,513	19.65
2021	109,933	109,933	-	516,881	21.27
2022	108,965	108,965	-	528,910	20.60
2023	77,508	77,508	-	512,498	15.12
2024	79,883	79,883	-	501,375	15.93
2025	143,454	143,454	-	546,226	26.26

Notes to Schedule:

Valuation Date: For the fiscal year 2025 and prior, actuarially determined contribution amounts are calculated as of the beginning of the fiscal year. Actual contributions are based on valuations as of October 1, two years prior to the end of the fiscal year in which contributions are reported. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions, and the assumptions used to determine contributions in the past may not have been the same.

Actuarial cost method	Entry age normal
Amortization method	Layered Level dollar, closed
Remaining amortization period	Plan surplus is amortized over 30 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	4.25% to 7.80%; includes wage inflation of 3.00%
Investment rate of return	6.25%, net of pension plan investment expense
Mortality	Pre-retirement and post-retirement mortality rates were based on the Pub - 2010 Public Safety Employee and Healthy Retiree Mortality with males set forward 1 year, with generational projection using MP-2021 improvement scale. Post-disability mortality rates were based on the Pub - 2010 Public Safety Disabled Retiree Mortality with generational projections using MP-2021 improvement scale
Cost of living adjustments	Increases at the rate of 3.25% per year for members hired prior to November 10, 1996 and 2.75% for members hired on or after November 10, 1996.

Schedule of Investment Returns

Annual Money-Weighted Rates of Return, Net of Fees

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Total Portfolio	10.250%	17.500%	11.880%	(12.500)%	20.900%	5.270%	3.840%	5.340%	12.970%	9.346%

Note: This schedule is intended to show information for 10 years.

Schedule of Administrative Expenses

For the years ended September 30, 2025, and 2024

	2025	2024
Personal Services		
Salaries	$ 10,647,736	$ 10,187,287
Fringe Benefits	2,751,651	2,342,517
Total Personal Services	13,399,387	12,529,804
Nonpersonal Services		
Office Supplies	224,101	173,465
Telephone	19,414	41,520
Rent	179,398	154,722
Travel	171,465	212,772
Professional Fees	1,349,168	1,391,623
Postage	53,360	6,967
Printing	15,213	12,376
Insurance	392,360	485,300
Dues and Memberships	48,287	46,279
Audit Costs	79,000	83,796
Actuarial Fees	109,992	203,036
Legal Fees	928,412	746,207
Investment Fees	43,798,361	37,418,308
Contractual Services (STAR)	3,205,880	3,570,392
Equipment and Rental	3,358	87,940
Amortization	1,931,614	1,806,322
Total Nonpersonal Services	52,509,383	46,441,025
Total Administrative Expenses	65,908,770	58,970,829
Investment Expenses	(45,364,320)	(38,804,907)
Net Administrative Expenses	$ 20,544,450	$ 20,165,922

Schedule of Investment Expenses

For the years ended September 30, 2025 and 2024

	2025	2024
Investment Managers*	$ 42,486,945	$ 36,163,808
Investment Administrative Expense	1,565,958	1,387,016
Investment Consultants	956,000	904,083
Investment Custodian	355,417	350,000
Total Investment Expenses	$ 45,364,320	$ 38,804,907

*Investment managers' fees include mainly traditional managers' fees, as well as some non-traditional managers.

Schedule of Payments to Consultants

For the years ended September 30, 2025 and 2024

Professional/Consultant	Nature of Service	FY2025	FY 2024
Advent Software, Inc.	Investment Consulting	71,126	29,401
Bolton Partners, Inc.	Actuarial Services	109,947	184,280
Capitol Document Solutions	Information Technology Consulting	40,704	38,529
CDW LLC dba CDW Government LLC	Information Technology Consulting	40,121	4,804
Changing Technologies, Inc.	IT Software Maintenance	11,261	10,779
CJEN, Inc.	IT Software Purchase	9,539	-
Colmore, Inc.	Investment Consulting	218,750	154,000
Crowe LLP	Professional Services	306,750	27,500
D.C. Department of Human Resources	Professional Services	54,834	54,660
D.C. Office of the Chief Technology	Information Technology Consulting	605,673	533,281
DC Net	Information Technology Consulting	90,681	110,839
Diligent Corp	Information Technology Consulting	64,790	62,000
Document Systems, Inc	IT Software Maintenance	20,945	26,252
Election-America, Inc,	Trustee Elections	64,378	19,853
eVestment Alliance	Online Investment Service	28,634	-
Global Governance Advisors LLC	Professional Services	-	31,498
Groom Law Group	Legal Counsel	59,009	74,691
Hartford Casualty Insurance Company	Insurance Consulting	13,051	12,166
Institutional Shareholder Services, Inc.	Investment Consulting	12,923	18,760
Jones Day	Executive Consulting	360,323	381,716
Kastle Systems, LLC	Office Security	15,648	16,108
Midtown Personnel, Inc.	Benefits Staffing Services	-	67,779
Morgan, Lewis & Bockius	Legal Counsel	387,479	240,024
Office of Finance and Resource Management	Information Technology Consulting	4,914	30,389
Phaidon International US, Inc.	Professional Services	-	97,535
Preqin Limited	IT Software Maintenance	52,283	49,803
RSM US LLP formerly RSM McGladrey, Inc.	IT Software Maintenance/Financial System Consulting	47,882	73,588
Supretech, Inc	IT Equipment Purchase	-	76,044
The Seaprompt Corporation	IT Software Maintenance	86,799	80,612
U.S. Treasury Office of D.C. Pensions	Benefit Payment Processing	3,079,121	2,970,345
vTech Solutions, Inc.	Benefits Staffing Services	-	51,707
WatsonRice LLP	Audit Costs	83,796	82,805
Wilmer Cutler Pickering Hale and Dorr LLP	Legal Counsel	126,602	49,777
Total Administrative Consultants		6,067,961	5,661,525

(Continued on next page)

Schedule of Payments to Consultants

For the years ended September 30, 2025 and 2024

Professional/Consultant	Nature of Service	FY2025	FY 2024
Investment Consulting			
Abel Noser Solutions, LLC	Investment Consultant	38,000	-
CEM Benchmarking, Inc.	Investment Consultant	45,000	44,000
Meketa Investment Group	Investment Consultant	873,000	860,083
Total Investment Consultants		956,000	904,083
Total Payments to Consultants		7,023,961	6,565,608

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