

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED
DECEMBER 31, 2025



EMPLOYEES' RETIREMENT FUND
OF THE CITY OF DALLAS

A COMPONENT UNIT OF THE CITY OF DALLAS, TX

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MESSAGE FROM EXECUTIVE DIRECTOR



David K. Etheridge
Executive Director

The Employees' Retirement Fund (ERF) is pleased to provide the Board of Trustees and our membership with an update on the Fund's investment performance and service outcomes as we conclude calendar year 2025 and begin 2026.

Based on the most recent weekly investment performance update from Northern Trust for the period ending Friday, January 23, 2026, the Fund's total market value stands at \$4.06 billion. As of that date, ERF has achieved a 1.71% year-to-date return and a strong one-year return of 11.78%, net of all investment manager fees and expenses.

These results reflect ERF's disciplined, long-term investment strategy and the continued oversight provided by the Board of Trustees and the Investment Committee. Throughout 2025, the Fund navigated a complex economic environment marked by market volatility, inflationary pressures, and global uncertainty. ERF's diversified portfolio structure and prudent risk management approach helped position the Fund to deliver solid results while maintaining focus on long-term sustainability.

As always, the investment returns cited above are approximate and unaudited, derived from preliminary reporting provided by Northern Trust Bank. In keeping with ERF's commitment to transparency and fiduciary best practices, finalized and fully audited Fund performance results will be available in mid-January 2027, following completion of the annual audit.

In addition to strong investment performance, ERF continues to prioritize exceptional service to our members and retirees. Customer service ratings for Membership Services remain high at 93.70%, reflecting the dedication of ERF staff to delivering timely, accurate, and respectful support. Member service remains the highest operational priority of the organization, and staff continue to focus on responsiveness, clarity, and accountability in every interaction.

The ERF Board, leadership, and staff remain steadfast in their fiduciary responsibility to protect the Fund and serve the best interests of our members. Every investment decision and operational improvement is guided by a single objective: ensuring the long-term retirement security of those we serve.

We thank our members, retirees, and stakeholders for their continued trust and confidence in ERF. We look forward to sharing audited investment results and additional updates in the year ahead.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Employees' Retirement Fund of the City of Dallas
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Movill

Executive Director/CEO

BOARD OF TRUSTEES

As of December 31, 2025

T. Dupree Scovell (Chair)
Council Appointed Member

Tina B. Richardson (Vice Chair)
Employee Elected Member

Henry Talavera
Council Appointed Member

Dr. John W. Peavy III
Council Appointed Member

Sunil King
Employee Elected Member

John Jenkins
Employee Elected Member

Mark S. Swann
City Auditor, Ex Officio

ADMINISTRATIVE STAFF

As of December 31, 2025

EXECUTIVE

David K. Etheridge
Executive Director

ACCOUNTING AND FINANCE

Edward R. Scott, CPA, CGMA
Chief Financial Officer

Micaela Galicia
Pension System Specialist

Naveed Khan
Senior Accounting Specialist

Calvin Nguyen
Senior Accounting Specialist

Diann Salone
Pension Payroll Manager

Nicole Spencer-Berry
Pension Officer

Saki Vimal
Financial Planning & Analysis Manager

INVESTMENT

Natalie Jenkins Sorrell
Chief Investment Officer

Joshua Berman
Investment Officer

Jaladhi Shukla
Senior Investment Officer

STRATEGIC PLANNING, LEARNING & DEVELOPMENT

Tammy Bunting
Strategic Planning Manager

Kate Shaw
Learning & Development Manager

PLAN SUMMARY

Summary of Key Provisions

Employees' Retirement Fund of the City of Dallas
As of December 31, 2025

Membership An employee becomes a member upon permanent employment and contributes to the Plan. Tier A members were hired prior to January 1, 2017. An amendment to the governing documents passed by voters on November 8, 2016 created a new tier of benefits, Tier B, for members hired on or after January 1, 2017.

Contributions **Member:** 36% of the current adjusted total obligation rate. New rates effective October 1 after the valuation date.
City: 64% of the current adjusted total obligation rate. New rates effective October 1 after the valuation date.

Definitions **Credited Service:**
Length of time as an employee of the City of Dallas and while making contributions to the Plan.

Retirement Pension Eligibility

Tier A

- a) Attainment of age 60; or
- b) Attainment of age 55 (if credited service began before May 9, 1972); or
- c) At any age after completion of 30 years of credited service with a reduced benefit before age 50; or
- d) Attainment of age 50, if the sum of an active member's age and credited service is at least equal to 78.

Tier B

- a) Attainment of age 65 and 5 years of service; or
- b) At any age after completion of 40 years of credited service; or
- c) At any age if the sum of an active member's age and credited service is at least equal to 80. Under this eligibility rule, the member's pension will be actuarially reduced for each year prior to the age of 65 that the member retires.

Cost-of-Living Adjustment

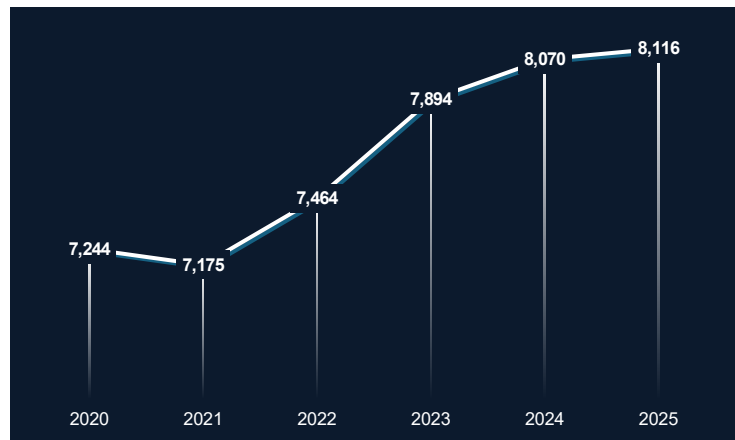
An annual cost-of-living adjustment to the base pension benefit shall be made based on the greater of:

- a) The percentage of change in the price index for October of the current year over October of the previous year, up to 5% for Tier A and 3% for Tier B or
- b) The percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment, up to 5% for Tier A and 3% for Tier B.

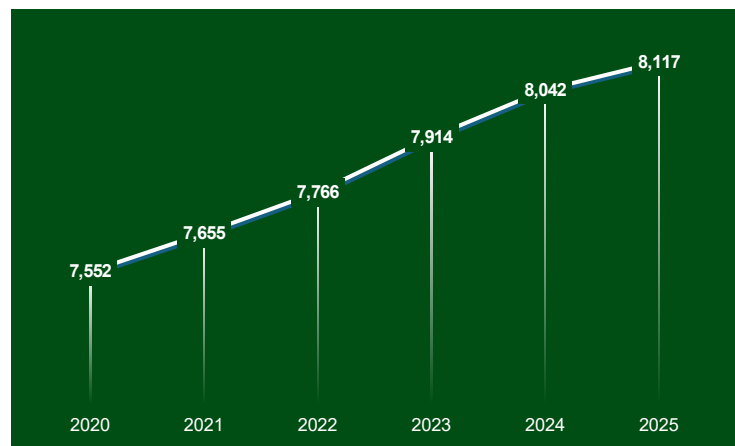
MEMBERSHIP INFORMATION

A City of Dallas employee becomes a member upon permanent employment and contributes to the Plan. Tier A members were hired prior to January 1, 2017. An amendment to the governing documents passed by voters on November 8, 2016 created a new tier of benefits, Tier B, for members hired on or after January 1, 2017.

Active Members	
2020	7,244
2021	7,175
2022	7,464
2023	7,894
2024	8,070
2025	8,116



Retirees & Beneficiaries	
2020	7,522
2021	7,655
2022	7,766
2023	7,914
2024	8,042
2025	8,117



	December 31, 2024	December 31, 2025
Member Type		
- Actives	8,070	8,116
- Benefit recipients	8,042	8,117
- Deferred Vested ¹	1,154	1,178
- Other Terminated ¹	895	900
Total	18,161	18,311

¹ Deferred vested are members who have applied for a deferred pension. Other terminations are other members who have terminated and still have contribution balances in the Fund.

FUNDING PROCESS

In November 2024, the voters of the City of Dallas approved changes to Chapter 40-A (previously ratified by the ERF Board of Trustees and the Dallas City Council) which are intended to restore the financial soundness of the ERF by establishing a funding mechanism intended to eliminate the December 31, 2024 unfunded actuarial accrued liability (UAAL) over the next 30 years. The Current Total Obligation Rate is an actuarially determined contribution rate (ADC) that is the total level contribution rate (after the phase-in) needed to pay the normal cost of the ERF, pay any outstanding debt service payments from the pension obligation bonds, and amortize the UAAL over time-period(s) specified in Chapter 40-A. For fiscal years 2026 through 2029, the Current Adjusted Total Obligation Rate is the lesser of the Current Total Obligation Rate and the Total Contribution Rate Maximum in Chapter 40-A. For 2030 and beyond, the Current Adjusted Total Obligation Rate is equal to the Current Total Obligation Rate.

While the share of the member contributions remains at 37% of the Current Adjusted Total Obligation Rate, these member rates are now capped at 14.00% of pay for Group A members and 13.32% of pay for Group B members. The City is responsible for the difference between the projected contributions based on the Current Adjusted Total Obligation Rate total and the projected member contributions.

FUNDED STATUS

A Funded Ratio of 100% means that the funding of ERF is precisely on schedule as of the particular valuation date. In addition, an increasing funded ratio from year-to-year may also mean that the funding of ERF is on schedule. By monitoring changes in the Funded Ratio each year, we can determine whether or not funding progress is being made.

Based on the market value of assets, the Funded Ratio of ERF of 66.9% increased as of December 31, 2024 to 69.8% as of December 31, 2025. Based on the actuarial value of assets, the Funded Ratio of ERF increased from 66.9% as of December 31, 2024 to 67.4% as of December 31, 2025.

The UAAL decreased from \$1,857.0 million as of December 31, 2024 to \$1,851.8 million as of December 31, 2025. Since the UAAL is positive, this implies the actuarial accrued liabilities exceed the actuarial assets of the Fund as of December 31, 2025.

The actual \$5.2 million decrease in the UAAL was better than the expected increase of \$87.0 million (due to negative amortization) resulting in a net actuarial experience gain in total. The primary reason the UAAL decreased (instead of increasing as expected) were the favorable investment experience from 2025.

The funded status is one of many metrics used to show trends and develop future expectations about the health of a retirement system. The funded status measure itself is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations or assessing the need for or the amount of future contributions since it does not reflect normal cost contributions, the timing of amortization payments, or future experience other than expected.

FINANCIAL HIGHLIGHTS

Fiscal year 2025 experienced an increase in investments. The Plan's Financial Highlights for fiscal year ended December 31, 2025, are as follows:

- The Plan had a return of 11.77% for the year, a 5-year return of 7.36% and a 10-year return of 7.62%.
- As of December 31, 2025, the Net Position Restricted for Pension Benefits was \$3.97 billion, reflecting a \$213 million increase from the previous year due to higher investments.
- Total contributions for fiscal year 2025 were \$164.6 million, an increase of approximately \$8.95 million from the prior fiscal year. This increase is primarily attributable to merit pay increases for civilian employees, a higher contribution rate for Tier A employees, increases in the City's actuarially determined contribution rate, and growth in the number of full-time employees eligible to accrue retirement benefits.
- Pension benefits paid to retirees and beneficiaries increased \$10.5 million in 2025 compared to 2024, bringing the total benefit payments to \$359 million. Refunds of contributions paid to former members after termination of employment were \$16 million for 2025 and \$12 million for 2024.
- Net Investment Income (net appreciation/depreciation) in the fair value of investments, plus interest and dividend income, less investment expenses, excluding Other Income, increased \$110 million compared to last fiscal year.
- Administrative Expenses of \$10 million in 2025 were slightly lower than 2024 by \$14 thousand due to lower vendor payments.

FINANCIAL INFORMATION

Statement of Fiduciary Net Position As of December 31, 2025 and 2024 (\$ in thousands)

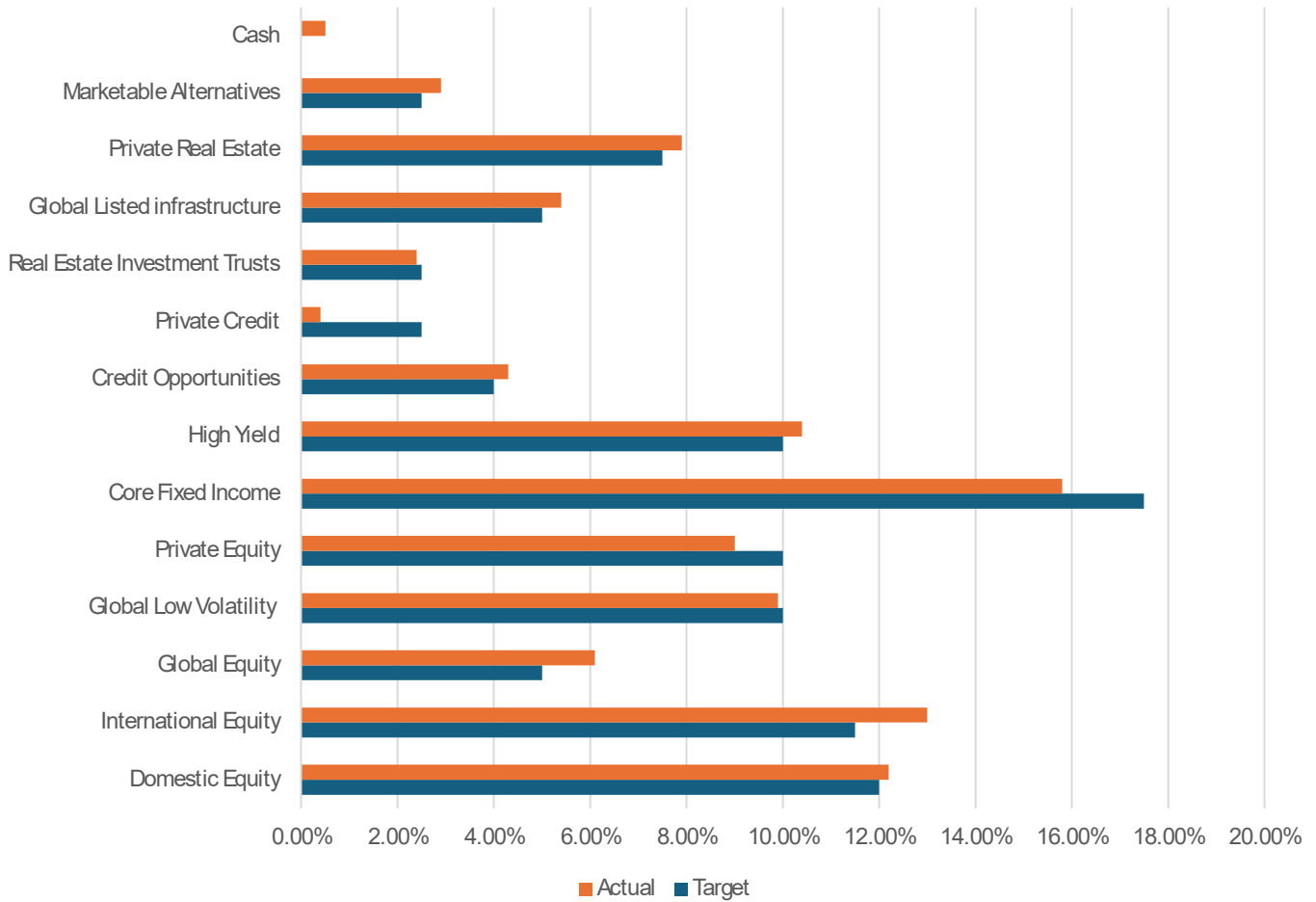
	2025	2024
Assets		
Cash & Other Assets	220,762	305,748
Capital Assets	4,003	4,746
Receivables	1,005,783	1,223,256
Investments, at Fair Value	3,891,722	3,648,436
Total Assets	5,122,270	5,082,186
Liabilities		
Payables & Other Liabilities		
Total Liabilities	1,151,637	1,324,704
Fiduciary Net Position	3,970,633	3,757,482

Statements of Changes in Fiduciary Net Position For the Fiscal Year Ended of December 31, 2025 and 2024 (\$ in thousands)

	2025	2024
Additions		
Contributions	164,561	155,613
New Investment Income/(Loss)	454,137	344,637
Other Income	245	257
Total Additions	599,283	480,542
Deductions		
Benefit Payments	359,469	348,938
Refund of Contributions	15,821	12,369
Administrative Expenses	9,991	10,005
Depreciation Expense	851	850
Total Deductions	386,132	372,162
Change in Net Position	213,151	108,380
Net Position		
Beginning of Year	3,757,482	3,649,102
End of Year	3,970,633	3,757,482

ASSET ALLOCATION

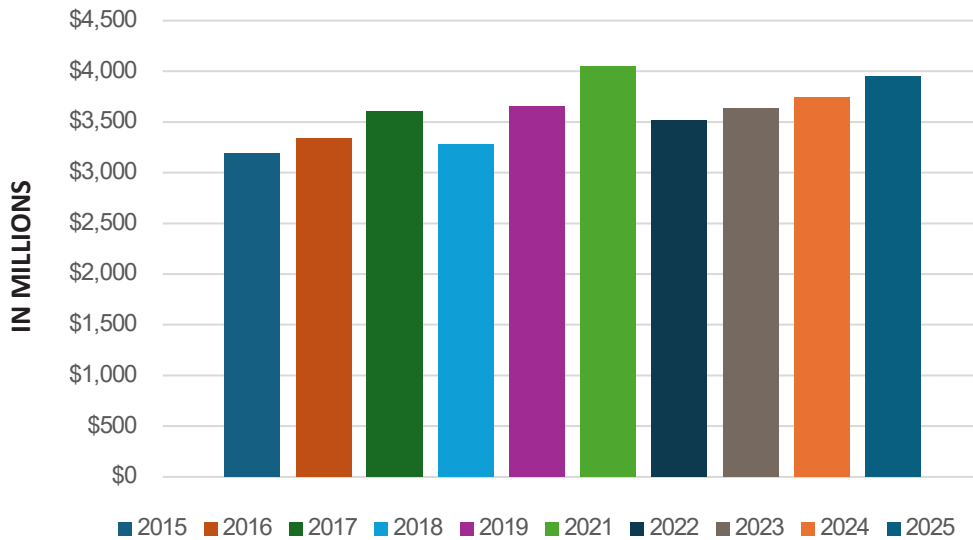
The Fund’s long-term strategic asset allocation policy sets the following targets: 66% in equity and 34% in fixed income. Although no specific allocation to cash and equivalents is targeted, cash must be available for the payment of benefits and other expenses of the Plan. To accommodate constantly changing fair values, the Board has approved ranges for each of the asset classes.



FAIR VALUE OF ASSETS

The Employees’ Retirement Fund of the City of Dallas investment portfolio generated a 11.77% return, net of fees, for calendar year 2025. ERF’s 5-year return was 7.36%, slightly below its policy index return of 7.69%.

As of December 31, 2025, the Fund’s total assets increased to \$3.952 billion, up from \$3.744 billion in 2024. This represents a \$208 million increase from last year. The graph below provides a visual summary of the Fund’s 10-year growth trajectory.



FOR MORE INFORMATION

The PAFR is intended to provide you with an overview of ERF’s financial performance during the past year. Unlike the financial data in the Annual Comprehensive Financial Report (ACFR), the data in this PAFR is unaudited and does not include all of the financial statements and note disclosures required by generally accepted accounting principles.

For more detailed financial information, please refer to the ACFR on the Employees’ Retirement Fund website at www.dallaserf.org/newslettersandpublications.



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OF THE CITY OF DALLAS**

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