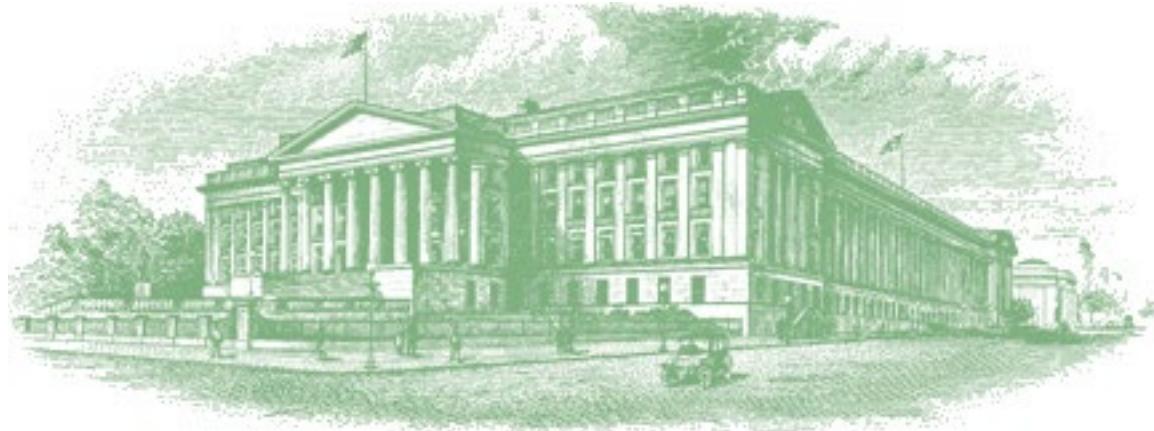




Audit Report



OIG-26-008

FINANCIAL MANAGEMENT

Audit of the Office of D.C. Pensions' Financial Statements for Fiscal Year 2025

January 14, 2026

**Office of Inspector General
Department of the Treasury**

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

January 14, 2026

**MEMORANDUM FOR KANDE R. HOOTEN, DIRECTOR
OFFICE OF D.C. PENSIONS**

FROM: Sheila Michel /s/
Acting Director, Financial Statement Audits

SUBJECT: Audit of the Office of D.C. Pensions' Financial
Statements for Fiscal Year 2025

We hereby transmit the attached subject report. Under a contract monitored by our office, KPMG LLP (KPMG), a certified independent public accounting firm, audited the financial statements of the Office of D.C. Pensions (ODCP) as of September 30, 2025, and for the year then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

In its audit of the ODCP, KPMG found

- the consolidated financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no deficiencies in internal control over financial reporting that are considered material weaknesses; and
- no instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the ODCP's consolidated financial statements, conclusions about the effectiveness of internal control, and compliance with laws and regulations. KPMG is responsible for the attached auditors' report dated January 13, 2026, and the conclusions expressed in the report. However, our

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review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

If you wish to discuss this report, please contact me at (202) 486-1415, or a member of your staff may contact Catherine Yi, Manager, Financial Statement Audits, at (202) 553-7412.

Attachment

Office of D.C. Pensions Department of the Treasury

FISCAL YEAR **2025** ANNUAL REPORT



District of Columbia Pensions Program



MESSAGE FROM THE DIRECTOR

January 2026

On behalf of the Office of D.C. Pensions, I am pleased to present the Fiscal Year (FY) 2025 Annual Report. Throughout FY 2025, the Office of D.C. Pensions continued to work collaboratively with all entities associated with the District of Columbia Pensions Program to provide high quality service to the annuitants and to carry out the Department of the Treasury's responsibilities under the Balanced Budget Act of 1997, as amended (the Act). The Office of D.C. Pensions demonstrated successful stewardship of its pension funds, effective use of program resources, and the ability to adapt to changing requirements.



Pursuant to the Act, the Office of D.C. Pensions is responsible for carrying out the Secretary of the Treasury's responsibility to fund and administer the District of Columbia Judges' Retirement Plan and the federal portion of the District of Columbia Police Officers and Firefighters', and Teachers' Retirement Plans. As of September 30, 2025, the District of Columbia Judicial Retirement and Survivors Annuity Fund, and the District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund held assets totaling \$4.8 billion. During FY 2025, \$939.5 million in benefit payments were processed for annuitants and beneficiaries. Additionally, refunds of employee contributions were made upon request to former active employees or their beneficiaries.

The Office of D.C. Pensions continued to efficiently manage finances while making all benefit payments to annuitants on time. A certified independent public accounting firm rendered an unmodified opinion on the FY 2025 financial statements of the Office of D.C. Pensions. This was accomplished through partnership with the District of Columbia Retirement Board, the Bureau of the Fiscal Service, and other Department of the Treasury and District of Columbia entities. The Office of D.C. Pensions continues to assess the systems and processes for capturing and consolidating the financial and performance data presented within this Annual Report as reliable and complete.

With support from our service providers and business partners, the Office of D.C. Pensions made accurate and timely benefit payments, managed finances and the investment portfolio, provided oversight and program management, modernized operations, executed an effective quality assurance program, and ensured funding will be available for future payments. The Office of D.C. Pensions will continue to strive to obtain management and organizational excellence which will only be achieved by collaborating with Department of the Treasury and District of Columbia entities.

Kande R. Hooten
Kande R. Hooten, Director
Office of D.C. Pensions
Department of the Treasury

The **Office of D.C. Pensions** contact information is:

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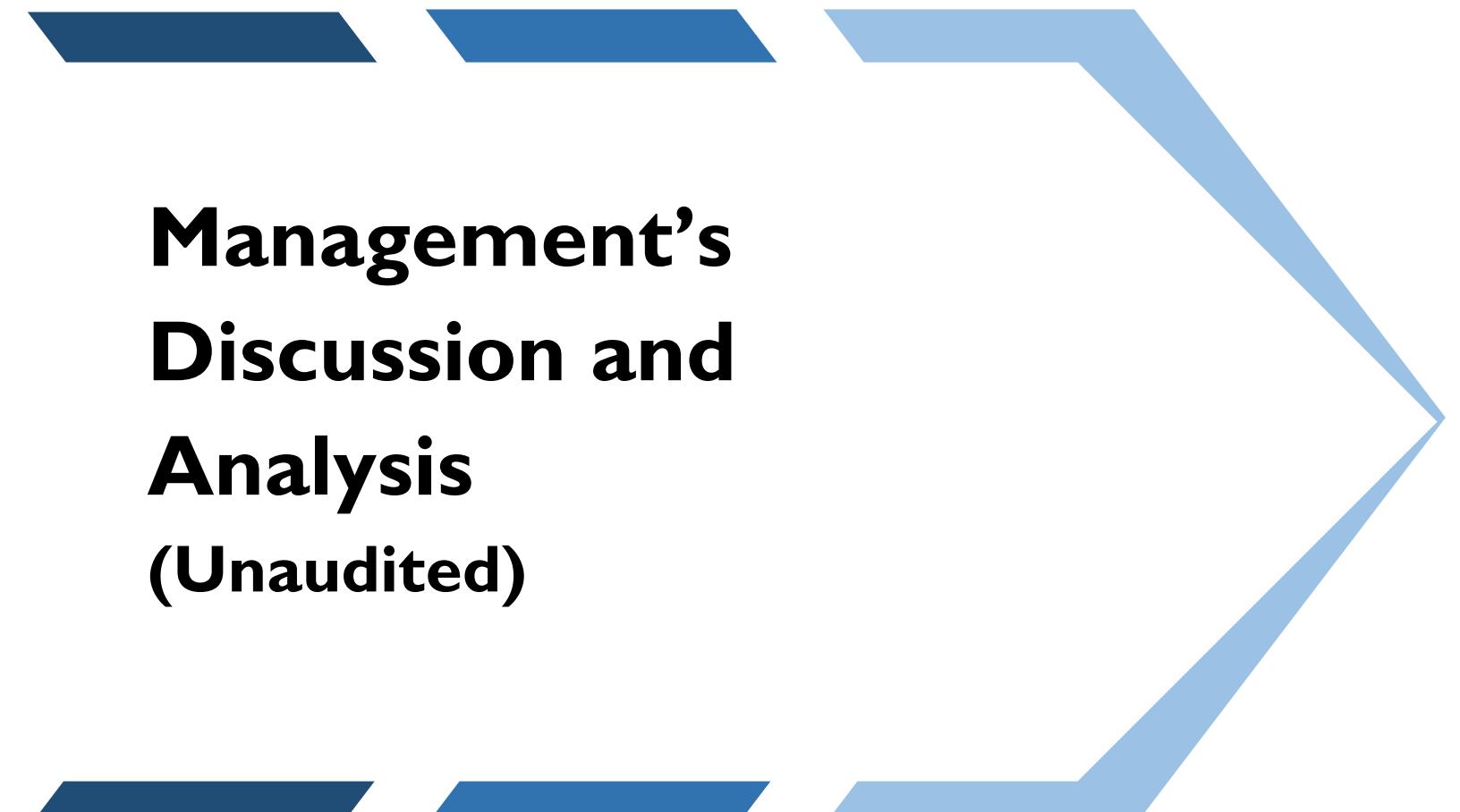
Website: <https://home.treasury.gov/about/offices/management/human-resources-and-chief-human-capital-officer/dc-pensions>

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PART 1



Management's Discussion and Analysis (Unaudited)



MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR 2025 (Unaudited)

The mission of the Office of D.C. Pensions is to implement the Secretary's responsibilities under Title XI of the Balanced Budget Act of 1997, Public Law 105-33 (111 Stat. 251, 712), as amended.

I. Introduction

A. *Statutory Basis and Responsibilities*

Under provisions in Title XI of the Balanced Budget Act of 1997, as amended¹ (the Act), the Secretary of the Treasury (the Secretary) assumed certain responsibilities for a specific population of annuitants under the following District of Columbia (District) retirement plans: the Police Officers and Firefighters' Retirement Plan, the Teachers' Retirement Plan, and the Judges' Retirement Plan. Specifically, the Secretary is responsible for administering the retirement benefits earned by District police officers, firefighters, and teachers based upon service accrued on or before June 30, 1997, and administering the retirement benefits earned by District judges, regardless of when service accrued. These benefits are referred to as Federal benefit payments. Benefit payments to which an individual is entitled under the District of Columbia Replacement Plan (pertaining to police officers, firefighters, and teachers based upon service accrued after June 30, 1997) are referred to as District benefit payments. Police officers, firefighters, and teachers' benefit payments based upon service accrued before and after June 30, 1997 are the financial responsibility of both the Department of the Treasury (Treasury) and the District. Payments resulting from such service are referred to as split benefit payments.

¹There have been six amendments to the Balanced Budget Act of 1997. These include the District of Columbia Courts and Justice Technical Corrections Act of 1998, Pub. L. 105-274, 112 Stat. 2419 (Oct. 21, 1998); the Technical and Clarifying Amendments Relating to District of Columbia Retirement Funds, Title VIII of Pub. L. 105-277, 112 Stat. 2681-530 (Oct. 21, 1998); the Law Enforcement Pay Equity Act of 2000, Title IX of Pub. L. 106-554, 114 Stat. 2763A-303 (Dec. 21, 2000); an Act to Amend the District of Columbia Retirement Protection Act of 1997, Pub. L. 107-290, 116 Stat. 2051 (Nov. 7, 2002); the District of Columbia Military Retirement Equity Act of 2003, Pub. L. 108-133, 117 Stat. 1386 (Nov. 22, 2003); and the District of Columbia Retirement Protection Improvement Act of 2004, Pub. L. 108-489, 118 Stat. 3966 (Dec. 23, 2004).

The Secretary's responsibilities include: (1) making accurate and timely benefit payments; (2) investing fund assets; and (3) funding pension benefits. To carry out these responsibilities, Treasury's Office of D.C. Pensions (the Office) engages in a wide range of legal, policy, and operational activities in the areas of benefits administration, information technology, financial management, office administration, and program management. The Office coordinates with many District entities and business partners to administer its responsibilities.

Since September 26, 2005, the District of Columbia Retirement Board (DCRB) has served as the interim benefits administrator for the Police Officers and Firefighters', and Teachers' Retirement Plans. The Office reimburses DCRB for expenses associated with administering the Federal benefit payments and the Federal portion of the split benefit payments. Also, as of that date, the Office assumed benefit administration responsibility for the Judges' Retirement Plan.

B. Mission and Organizational Structure

The mission of the Office is to implement the Secretary's responsibilities under Title XI of the Balanced Budget Act of 1997, Public Law 105-33 (111 Stat. 251, 712), as amended. This includes making accurate and timely benefit payments associated with the District of Columbia retirement plans for police officers and firefighters, teachers, and judges by managing investments, providing oversight and program management, and ensuring funding is available for future payments.

The Office reports to the Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer (DASHR/CHCO), who reports to the Assistant Secretary for Management (ASM). The ASM reports through Treasury's Deputy Secretary to Treasury's Secretary. The Office is led by the Director and supported by 15 filled positions. The Office funds three additional positions in other Treasury offices that perform critical functions to further accomplish the Office's mission. All the positions are funded by the District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund (D.C. Federal Pension Fund) and the District of Columbia Judicial Retirement and Survivors Annuity Fund (Judicial Retirement Fund).

The Office fulfills its mission through five key functional areas as described below:

- Benefits Administration – Provides oversight of the benefit administration functions performed by DCRB for the Police Officers and Firefighters', and Teachers' Retirement Plans. The Office is the benefits administrator for the Judges' Retirement Plan.
- Finance and Resource Administration – Provides oversight for financial statement reporting and investments in Government Account Series (GAS) securities in the federal pension funds. The Office contracts with a third-party enrolled actuary to perform an annual actuarial valuation to determine the pension liability of the retirement plans and the annual contributions from the Treasury General Fund to the D.C. Federal Pension Fund and the Judicial Retirement Fund.

- Information Technology Systems Administration – Operates and maintains the System to Administer Retirement (STAR), an automated pension/payroll system, in support of benefits administration and annuitant payroll. The Office utilizes the STAR Change Control Board (CCB) to act as the approving authority for all STAR requirement changes.
- Office Administration – Provides management and administrative support to ensure operations are effective and efficient.
- Program Management – Provides structure and oversight to ensure that projects and initiatives align with the organization's strategy and are delivered effectively.

In addition to the above functional areas, the Office has a leadership team which is comprised of the Director, Assistant Director for Benefits Administration, Assistant Director for Finance and Resource Administration, Assistant Director for Information Technology Systems Administration, Assistant Director for Office Administration, and Senior Program Managers. The Office Leadership Team sets the overall strategy, shapes the office culture, and establishes the governance that guides each functional area.

The Office closely coordinates with various District of Columbia entities, including DCRB and District of Columbia Courts, to timely process benefits, make benefit payments, perform other benefits administration tasks, and resolve inquiries from members and others related to the retirement plans.

The Office further collaborates with the District of Columbia government, Treasury bureaus, and service providers to obtain additional services necessary to perform the Secretary's responsibilities, deliver high-quality pension services, and maintain compliance to federal mandates.

II. Strategic Goals, Objectives, Outcomes, Performance Measures, and Results

The Office of D.C. Pensions (the Office) has three Strategic Goals that contribute to one of the five Department of the Treasury (Treasury) Fiscal Year (FY) 2022-2026 Strategic Goals and Objectives.

The table on the following pages display the Office's Strategic Goals, Objectives, and Outcomes linked to the specific Treasury FY 2022-2026 Strategic Goal. It also outlines the Office's Performance Measures and Results.

Additional information about the Office's FY 2025 results and plans for future years can be found in the remaining sections of the Management's Discussion and Analysis.

Office of D.C. Pensions Strategic Goals, Objectives, Outcomes, Performance Measures, and Results

Fiscal Years 2022 – 2026			Fiscal Year 2025		
Treasury Goals and Objectives		Office Strategic Goals, Objectives, and Outcomes			Office Performance Measures and Results
Treasury Strategic Goal	Treasury Strategic Objective	Office Strategic Goals	Office Strategic Objectives	Office Outcomes	
Modernize Treasury Operations	Better Use of Data	Effectively Managed Finances	Skilled staff and technology are available to administer benefits	Benefit payments are accurate and timely	FY 2025 projected monetary error rate for benefit calculations Target: 5% or less Actual: 6.2% (See Footnote 1)
					STAR is available to users Target: 99% or more Actual: 99.7%
					FY 2026 investment strategy developed timely Target: September 25, 2025 Actual: September 19, 2025
				Pension funds are effectively managed	FY 2025 minimum daily cash balance exceeds the minimum balance as defined in the FY 2025 investment strategy Target: 100% Actual: 100%
					FY 2025 annual contribution from General Fund received timely into pension funds Target: September 29, 2025 Actual: September 25, 2025

Fiscal Years 2022 – 2026					Fiscal Year 2025
Treasury Goals and Objectives		Office Strategic Goals, Objectives, and Outcomes			Office Performance Measures and Results
Treasury Strategic Goal	Treasury Strategic Objective	Office Strategic Goals	Office Strategic Objectives	Office Outcomes	
Modernize Treasury Operations (continued)	Better Use of Data (continued)	Effectively Managed Finances (continued)	Skilled staff and funds are available to manage financial activities (continued)	Pension funds are effectively managed (continued)	Monthly benefit payments made to annuitants by the first business day of the month Target: 100% Actual: 100%
					Electronic benefit payments made to annuitants as of September 2025 Target: 98.8% Actual: 99.6%
				Pension funds meet future needs	FY 2025 request for annual contribution from General Fund prepared timely Target: September 23, 2025 Actual: September 19, 2025
	Customer Experience Practices	Management and Organizational Excellence	Skilled staff and management tools are available	Program is effectively managed	Risks are reviewed in accordance with the schedule outlined in the Risk Management Plan Target: Quarterly Meetings Actual: Quarterly Meetings
					FY 2025 financial statement audit opinion received from a certified independent public accounting firm Target: Unmodified opinion Actual: Unmodified opinion

Fiscal Years 2022 – 2026					Fiscal Year 2025
Treasury Goals and Objectives		Office Strategic Goals, Objectives, and Outcomes			Office Performance Measures and Results
Treasury Strategic Goal	Treasury Strategic Objective	Office Strategic Goals	Office Strategic Objectives	Office Outcomes	
Modernize Treasury Operations (continued)	Customer Experience Practices (continued)	Management and Organizational Excellence (continued)	Skilled staff and management tools are available (continued)	Program is effectively managed (continued)	FY 2025 Annual Report and Financial Statements finalized Target: December 16, 2025 Anticipated: January 13, 2026 (See Footnote 2)
					FY 2025 Actuarial Valuation Report delivered timely Target: September 19, 2025 Actual: September 17, 2025
		Effective Quality Assurance Program	Quality plans are operational in each area	Program creates continuous improvement	FY 2026 Quality Assurance Plans approved by September 30, 2025 Target: 100% Actual: 100%

Footnotes:

- 1) The monetary error rate increased from 4.4% in FY 2024 to 6.2% for FY 2025 due to DCRB staff turnover. The Office will conduct targeted training in FY 2026 to address findings.
- 2) FY 2025 Annual Report and Financial Statements were postponed due to the delayed passing of the federal appropriation bill.

A. Benefit payments are accurate and timely

Program Results and Future Focus

a. Benefits Administration

Background and Operations

Benefits administration services are provided by the District of Columbia Retirement Board (DCRB), with oversight and support by the Office, to annuitants and beneficiaries in the Police Officers and Firefighters' Retirement Plan and the Teachers' Retirement Plan. The Office provides benefits administration services to annuitants in the Judges' Retirement Plan.

Benefit administration operations are focused largely on transaction processing and customer service activities. On a monthly basis, benefit administration activities include processing new retirements and survivor benefits, identifying individuals no longer eligible for benefits, and updating annuitants' personal and benefits information. In addition to focusing on the accuracy and timeliness of transaction processing, the Office and its business partners strive to deliver high quality customer service.

The total annuitant and beneficiary population as of September 30, 2025 is 13,838, which includes 5,096 teachers, 8,633 police officers and firefighters, and 109 judges.

In FY 2025, all annuitant payroll files were submitted on time, ensuring timely payment of annuitant benefits on the first business day of the month. A variety of outreach efforts continue to ensure that accurate and timely information is provided to annuitants, including important messages on earning statements, letters promoting open season for health benefits, and other communications about benefit changes and retirement plan information.

Annuitant Payroll Operations

Monthly benefit payment processing and reconciliation of payroll reports are performed by the Bureau of the Fiscal Service (Fiscal Service), Administrative Resource Center (ARC) Pension Payroll. ARC Pension Payroll reports the share of Federal and District benefit payments as calculated by the Office's System to Administer Retirement (STAR), which supports the monthly reimbursement to the Office from DCRB for District benefit payments. Additionally, ARC Pension Payroll provides mail management support to ensure that monthly earnings statements and other annuitant communications are distributed in an efficient and timely manner.

Benefits Administration Quality Program

During FY 2025, the Office continued to review benefit administration and annuitant payroll activities. The staff focuses benefit payment reviews on payment types and data

points that impact the actuarial liability and on calculations that have had historically high error rates. The Office conducts targeted training and engages DCRB in discussions to improve the quality of work performed by DCRB.

For annuitant payroll processing functions, the Office reviews preliminary and final payroll statistics, off-cycle payment requests, and third-party payroll reporting. In addition to other reports, each month the Office conducts death audit verifications by monitoring checks which have not been cashed for an extended period, payment reclamations, and returned mail.

Benefit Administration Activities and Projects

During FY 2025, the Office continued to collaborate with DCRB to focus on key benefit activities and data integrity.

Summary Plan Descriptions

The Summary Plan Descriptions (SPD) are designed to provide retirement plan members with accurate and easy to understand information about the retirement plans. The SPDs are updated quinquennially. The Judges' Retirement Plan SPD was updated and distributed at the end of calendar year 2024.

Former District Employees Retirement Contributions

Former District employees who have not requested a refund or retirement benefits and have retirement contributions remaining in the retirement funds are entitled to a deferred retirement benefit or a refund of the contributions. Former employees with service totaling less than five years are entitled to a refund. Former employees with service totaling five years or greater are entitled to a deferred retirement benefit. In FY 2025, the Office and DCRB collaborated to determine the necessary next steps to identify former District employees who may be entitled to a deferred retirement benefit or refund of contributions. The Office will begin outreach efforts in FY 2026 to contact the former District employees to confirm entitlement.

Executive Order 14247-Modernizing Payments To and From America's Bank Account

In FY 2025, Executive Order 14247 mandated the transition from paper-based payments to electronic payments for all Federal disbursements and receipts by September 30, 2025. The Office collaborated with Fiscal Service and DCRB to notify annuitants of the mandate and requirements for the transition to electronic payments. As of September 30, 2025, the paper check population has decreased from 129 annuitants to eight annuitants who have not converted to electronic payments. In FY 2026, unless a valid response is received, the Office plans to move forward with suspending distribution of paper checks to those who have not responded.

Training and Resources

In FY 2025, the Office decided not to replace the Oracle User Productivity Kit (UPK), used to maintain functional training documentation. The decision was made because the selected replacement has pending security certifications awaiting approval.

b. System to Administer Retirement

Background and Operations

STAR is a pension/payroll system developed by the Office in cooperation with the District. STAR supports the end-to-end business processes for retirement, streamlines the administration and payment of pension benefits to annuitants, and enhances customer service. STAR enables retirement analysts to quickly access information and provide annuitants with real-time customer service. In addition to processing retirements, STAR calculates the Federal and District share of benefit payments.

STAR is based on Oracle/PeopleSoft's "commercial off-the-shelf" (COTS) software for human resources, benefits administration, pensions, and payroll administration. STAR was initially deployed in December 2002 and fully functional in November 2007. Since that time, the COTS software has continually been updated with the latest versions and many new features have been added to support the benefits administration and pension payroll teams.

STAR Technical Production Support and Hosting

In FY 2025, the Office successfully transitioned STAR from Fiscal Service on-premise computing services to the Treasury's Cloud computing services (TCloud) provided by Treasury's Office of the Chief Information Officer (OCIO). TCloud computing offers a scalable and flexible approach to Information Technology (IT) infrastructure management, providing access to services including servers, storage, databases, networking, software, analytics, and intelligence over the Internet ("the cloud"). This approach fosters faster innovation, optimizes resources, and is more cost effective compared to traditional on-premise computing services. A supplemental support contract is also in place to provide STAR application support for operations and maintenance activities.

STAR System Security

The Security Assessment and Accreditation (SA&A) is a tri-annual process that is made up of a full assessment and two annual assessments that are conducted to ensure federal systems adhere to established security requirements. The SA&A is described in the National Institute of Standards and Technology (NIST) Special Publication 800-37, Guide for Applying the Risk Management Framework to Federal Information Systems. The guiding principle of an SA&A is continuous risk management in which security measures are continuously evaluated and addressed to meet evolving security threats.

This continuous monitoring strategy helps with the continual evaluation and re-authorization of systems by using increased security automation resources.

The result of a successful SA&A is an Authorization to Operate (ATO) for the information system being reviewed. By law, each authorization can be valid for up to three years depending upon whether significant changes occur to the system following an ATO. In FY 2025, as a part of the SA&A process, the Office conducted a full assessment of the new STAR instance in the TCloud environment. All identified vulnerabilities were remediated in preparation for the system to go live in TCloud.

In accordance with new policies issued by OCIO, the Office will shift to an Information Security Continuous Monitoring (ISCM) process which will include ongoing annual authorizations of STAR. This change will allow for continuous situational awareness of the security and privacy posture of the system. This new process will begin July 1, 2026, at the start of the Federal Information Security Modernization Act of 2014 (FISMA) calendar year.

Information Technology Systems Administration Quality Program

During FY 2025, the Office continued to review system administration activities and user accounts. The quality plan tracks system availability, number and type of open production trouble tickets, and completion time of trouble tickets. As part of the quality review, user accounts are reviewed semi-annually to ensure users have the least amount of access privileges necessary to perform their duties. The semi-annual reviews are used by the Office to manage resources, maintain system security, and track the quality of STAR production support and hosting services. Additionally, the Office conducts monthly active account verification reviews to ensure departing employee accounts are locked/terminated in a timely manner. All these quality efforts will continue to be conducted in FY 2026.

STAR Highlights and Projects

The Office has continued to maintain the system's operational integrity and looked for opportunities to make positive system and customer experience enhancements.

In FY 2025, the Office made the following enhancements to STAR:

- Transitioned STAR to TCloud computing services.
- Implemented the mailing address correction process to align with the USPS National Change of Address (NCOA) system, to reduce the volume of return mailings.

B. Pension funds are effectively invested, managed, and meet future needs

Program Results and Future Focus

a. Pension Funds

Pursuant to the Balanced Budget Act of 1997, as amended (the Act), the Office administers Federal benefit payments through two funds:

- **The District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund (D.C. Federal Pension Fund)** makes Federal benefit payments and pays necessary administrative expenses for the Police Officers and Firefighters', and Teachers' Retirement Plans. The D.C. Federal Pension Fund is not a typical pension fund in that it does not receive employee and employer contributions. The sources of funding for the D.C. Federal Pension Fund are:
 - An annual federal payment from the Treasury General Fund which amortizes the original unfunded liability, and any additional liabilities identified in annual actuarial valuations.
 - Interest earned on investments.

Total assets for the D.C. Federal Pension Fund as of September 30, 2025 are \$4.5 billion.

- **The District of Columbia Judicial Retirement and Survivors Annuity Fund (Judicial Retirement Fund)** accumulates funds to finance Federal benefit payments and necessary administrative expenses of the Judges' Retirement Plan. The sources of funding for the Judicial Retirement Fund are:
 - An annual federal payment from the Treasury General Fund which amortizes the original unfunded liability, and any additional liabilities identified in annual actuarial valuations.
 - Interest earned on investments.
 - Judges' employee contributions.

Total assets for the Judicial Retirement Fund as of September 30, 2025 are \$233.3 million.

b. Fund Deposits

Warrants

As authorized by the Act, the D.C. Federal Pension Fund and the Judicial Retirement Fund receive annual payments from the Treasury General Fund to cover administrative expenses for the year and amortize the unfunded liabilities of the retirement programs assumed by the Federal Government over 30 years, the annual net experience gains or losses over 10 years, and any annual changes in actuarial liabilities over 20 years. The

annual payment to the Judicial Retirement Fund also includes amounts necessary to fund the normal cost of the retirement program.

In accordance with the Act, annual payments to the D.C. Federal Pension Fund and the Judicial Retirement Fund are calculated by an enrolled actuary. The annual payments are requested in September each year and invested upon receipt in Government Account Series (GAS) non-marketable Treasury securities and bonds, with maturities and par amounts consistent with the expected payment dates and payout amounts of the pension liabilities.

A key component of the annual payments is the 30-year payment established in 1997 to amortize the unfunded liabilities of the retirement programs assumed by the Federal Government. There are two years remaining of these 30-year payments of \$348.6 million for the D.C. Federal Pension Fund and \$2.1 million for the Judicial Retirement Fund after which the original unfunded liabilities will be fully amortized.

Interest

The amount of Interest Payments (deposits) in the table below reflects three sources of interest: interest earned on GAS long-term securities, interest earned on overnight securities, and interest earned through the amortization of discounts. In the table below, the Interest Earned (recognized) reflects the Interest Payments collected less the amortization of premiums and discounts from GAS securities where the Rate of Return is calculated by dividing interest earned from GAS securities by the average par value of investments in GAS securities.

The FY 2025 annual interest as of September 30, 2025 from the pension funds are summarized in the following table:

Office of D.C. Pensions' Funds	FY 2025 Annual Interest (in Millions)		
	Interest Payments (deposits)	Interest Earned (recognized)	Rate of Return
<i>D.C. Federal Pension Fund</i>	\$83.1	\$109.0	2.55%
<i>Judicial Retirement Fund</i>	\$5.5	\$5.7	2.67%
Totals	\$88.6	\$114.7	

Interest Earned (recognized) and Rates of Return are driven primarily by the interest rates for available GAS non-marketable Treasury securities available at the time investments are placed.

Judges' Employee Contributions

Active judges are required to contribute 3.5 percent of salary to the Judicial Retirement Fund to pay for part of the cost of their retirement benefits. Active judges who elect a survivor annuity contribute an additional 3.5 percent of salary.

District Benefit Payments (Advances)

Treasury pays District benefit payments under the Police Officers and Firefighters' and Teachers' Retirement Plans from the D.C. Federal Pension Fund. DCRB makes an advance payment to the D.C. Federal Pension Fund prior to the last business day of the month for benefit payments made by Treasury on behalf of the District.

The District's share of benefit payments continues to increase, driven by the growing number of annuitants with service after June 30, 1997.

Post-1987 D.C. Health & Life Insurance Premium Payments (Advances)

Treasury pays the employer share of Post-1987 D.C. health and life insurance premiums on behalf of the District from the D.C. Federal Pension Fund. The District makes an advanced payment to the D.C. Federal Pension Fund prior to the last business day of the month for the premiums that are paid by Treasury on behalf of the District.

The District's employer share of Post-1987 D.C. health and life insurance premiums continues to rise as the number of retirees hired on or after October 1, 1987 grows.

STAR Administrative Expense Reimbursements

The Office and DCRB have developed a methodology for allocating STAR administrative costs incurred by the Office when administering Federal and District benefit payments. The methodology takes into consideration the number of 100 percent Federal annuitants, 100 percent District annuitants, and split annuitants. On a quarterly basis, the Office requests reimbursement for STAR administrative expenses from DCRB.

Summary of Fund Deposits

The table below reflects the fund deposits to the D.C. Federal Pension Fund and the Judicial Retirement Fund as of September 30, 2025:

Office of D.C. Pensions' Funds (in Millions)		
Fund	Type of Deposit	FY 2025
<i>D.C. Federal Pension Fund</i>	Warrant	\$683.5
	Interest	\$83.1
	District Benefit Payments (Advances)	\$363.8
	Post-1987 D.C. Health & Life Insurance Employer Premium Payments (Advances)	\$38.8
	STAR Administrative Expense Reimbursements	\$3.1
<i>Judicial Retirement Fund</i>	Warrant	\$25.1
	Interest	\$5.5
	Judges' Employee Contributions	\$0.8
Totals	Warrant	\$708.6
	Interest	\$88.6
	Judges' Employee Contributions	\$0.8
	Advances and Reimbursements	\$405.7

c. Debt Collection

The ARC Pension Payroll manages the debt collection and prevention activities for the Office. During FY 2025, the Office collaborated with ARC Pension Payroll, Office of General Counsel, and DCRB to pursue debt prevention and collection efforts. The Office recovered approximately \$1.4 million after notification of annuitant deaths. In addition, the Office also collected \$77 thousand through offsets, lump sum payments, and installment payments.

d. Intragovernmental Investments

The Office's investment policy establishes a balance of availability of funds between short-term and long-term obligations. As required by the Act, amounts received in the D.C. Federal Pension Fund and the Judicial Retirement Fund which are not needed for short-term obligations are invested in non-marketable securities. The Fiscal Service invests funds based on investment guidance issued by the Office. The Office follows a "ladder approach" in investing securities sufficient to meet the long-term obligations for benefit payments and administrative expenses projected by annual actuarial valuations.

By the end of FY 2025, the Office held securities with maturity dates extended 9 to 13 years. The Office's excess cash will be invested in one-day certificates.

Intragovernmental investments are valued at cost and, if applicable, adjusted for unamortized premiums and discounts. The premiums and discounts are recognized as adjustments to interest income, utilizing the effective interest method.

Intragovernmental investments as of September 30, 2025 for the D.C. Federal Pension Fund and the Judicial Retirement Fund were \$4,518.6 million, and \$232.4 million, respectively.

e. Payments

Federal Benefit Payments

Treasury pays all federal benefit payments under the Police Officers and Firefighters' Retirement Plan, Teachers' Retirement Plan, and Judges' Retirement Plan. Federal Benefit Payments as of September 30, 2025 for the D.C. Federal Pension Fund and the Judicial Retirement Fund were \$560.3 million, and \$18.3 million, respectively.

Refunds of Employee Contributions

DCRB processes refunds of contributions for active police officers, firefighters, and teachers, and later requests reimbursement from the Office for the Federal portion of those refund payments. The Office also processes refunds of contributions for judges when requested. Refunds for the fiscal year ending September 30, 2025 from the D.C. Federal Pension Fund and the Judicial Retirement Fund were \$39.8 thousand and \$62.4 thousand, respectively.

Benefit Administration Expense Reimbursements to DCRB

The Office reimburses DCRB quarterly for administrative expenses incurred in administering Federal benefit payments. The Office and DCRB have developed a methodology for allocating between the Office and DCRB the costs incurred by DCRB while administering Federal and District benefit payments and entered into a cost sharing agreement for reimbursement of FY 2025 actual expenses. The methodology takes into consideration: (1) the number of active employees, 100 percent Federal annuitants, 100 percent District annuitants, and split annuitants; (2) the estimated DCRB resources needed to support these populations; (3) the number of employees throughout DCRB who are dedicated to support the benefits administration; and (4) the level of effort associated with processing Federal benefit payments. Treasury reimbursed DCRB approximately \$3.4 million for FY 2025 expenses associated with administering Federal benefit payments, which included amounts estimated for fourth quarter expenses. The Office and DCRB collaborated on development of a new reimbursement methodology to implement beginning in FY 2026.

Administrative Expenses

The Office funds administrative expenses from the D.C. Federal Pension Fund and the Judicial Retirement Fund. When administrative expenses related to activities that benefit all the retirement programs occur, expenses are usually allocated 99 percent to the D.C. Federal Pension Fund and one percent to the Judicial Retirement Fund for most contracts and interagency agreements. The remaining administrative expenses, such as Office staff salaries and benefits, are allocated at 95 percent to the D.C. Federal Pension Fund and five percent to the Judicial Retirement Fund. The allocation percentages are based on the number of annuitants covered by each fund. When expenses benefit only annuitants in the D.C. Federal Pension Fund or the Judicial Retirement Fund, or when a different allocation is clearly appropriate, expenses are charged accordingly.

The Office's major administrative expenses consisted of DCRB benefit administration (discussed above), the Office's staff salaries, and contractors engaged to provide IT system support. Administrative expenses for the D.C. Federal Pension Fund were \$23.2 million for the fiscal year ending September 30, 2025. Administrative expenses for the Judicial Retirement Fund were \$0.5 million for the fiscal year ending September 30, 2025.

In FY 2025, the Office was again subject to the Sequestration under the Bipartisan Budget Act of 2015 (Public Law 114-74) which modified the caps on defense and nondefense funding for Fiscal Year 2018 that were established by the Budget Control Act of 2011. The Office of Management and Budget (OMB) issued a report to the Congress on the Joint Committee Reductions for Fiscal Year 2018. OMB prepared the report consistent with the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended.

The report provided calculations of the amounts by which FY 2018 direct spending is required by section 251A of BBEDCA to be reduced and listed the required reductions for each non-exempt budget account with direct spending.

Based on the reports, the Office identified the D.C. Federal Pension Fund and the Judicial Retirement Fund as budget authority subject to sequestration. Although sequestration reductions had no impact on annuitants' payments, the Office absorbed these reductions in FY 2025 in administrative expenses by managing the timing of approved hiring actions, monitoring the funding of contract actions, and planned projects.

Sequestration impact on administrative expenses for the D.C. Federal Pension Fund was \$1.6 million for the fiscal year ending September 30, 2025. Sequestration impact on administrative expenses for the Judicial Retirement Fund was \$0.1 million for the fiscal year ending September 30, 2025.

Unless language within the Sequestration Transparency Act of 2012 is changed by Congress, the Office will continue to be subject to sequestration reductions until 2032 per the Further Consolidated Appropriations Act of 2024 (Public Law 118-47) and will

comply with implementation guidance issued by OMB and the Department of the Treasury.

Prompt Payment Act and Electronic Invoice Payments

The Prompt Payment Act was enacted to ensure that suppliers doing business with the Federal Government are paid by the government in a timely manner. The Office paid 100 percent of the 78 invoice payments by electronic funds transfer and incurred no Prompt Pay Act interest expense.

f. Financial Operations

Accounting and Financial Reporting Support

Accounting and financial reporting processes are performed by Fiscal Service ARC. ARC Accounting uses Oracle Federal Financial (Oracle) as a core financial management system to record and process financial transaction. Transaction processing consists of a full range of accounting transactions necessary to maintain a complete general ledger, including budgetary transactions. The Office's transactions are entered into Oracle, both manually and via custom interfaces, from ancillary systems. Accounting entries that are recorded in the Oracle accounting system are supported by Treasury Financial Manual (TFM) to ensure compliance with standard general ledger reporting requirements. ARC Accounting uses OneStream to prepare the Office's financial statements and provide data analytics functionality improving management's visibility and controls. ARC Accounting provides a report writer package called Oracle Business Intelligence (OBI), which allows the Office to generate accounting reports.

g. Actuarial Valuation

In FY 2025, the Office's actuarial contractor performed the annual actuarial valuation for the Office, as required by the Act. The annual actuarial valuation is used to determine the pension liability and FY 2026 funding requirement of the retirement plans administered by the Office. The actuarial valuation was based on assets and liabilities as of the end of FY 2025. The actuarial accrued liability was determined using the demographic assumptions from the FY 2019 Actuarial Experience Study and economic assumptions in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.

The actuarial accrued liability as of September 30, 2025, for the D.C. Federal Pension Fund and the Judicial Retirement Fund was \$7,920.1 million, and \$341.7 million, respectively.

During FY 2026, the Office will prepare an actuarial experience study to analyze annuitant demographic experience (e.g., mortality) since the last experience study

performed in 2019. The experience study will determine the annuitant demographic assumptions to be used for the actuarial valuation beginning with FY 2026 until the next experience study is performed.

Other key results from the Actuarial Valuation Report can be found on page 59 of this Annual Report.

C. Program is effectively managed and creates continuous improvement

Program Results and Future Focus

a. Program Planning

The Office strives to achieve greater efficiency, effectiveness, and quality for continuous improvement of the D.C. Pensions Program. In FY 2025, the Office Leadership Team focused on planning and executing the Office's responses to major Treasury initiatives and Federal mandates. Additionally, meetings between the Office, DCRB, and other service providers were held to ensure alignment of major operational activities and timely creation of and adherence to Memoranda of Understanding (MOU), Service Level Agreements (SLA), and quality plans.

In FY 2025, DCRB issued a request for proposal to solicit support in the development and implementation of a Benefits Administration Pension System (BAPS) to replace STAR for the Police Officers and Firefighters' Retirement Plan and the Teachers' Retirement Plan. DCRB anticipates commencing work on the BAPS in FY 2026. The Office will collaborate with DCRB on development and implementation efforts that affect Federal benefit payments.

b. Multi-Year Planning

In FY 2025, the Office Leadership Team continued to focus attention on functional areas and major activities that have been assessed to have a multi-entity or long-term impact to the Office. The Office Leadership Team tracked the performance indicators to ensure that the Office made progress toward achieving the results contemplated in the Office's FY 2023-2025 Multi-Year Plan. Additionally, the Office Leadership Team developed a new FY 2026-2030 Multi-Year Plan to align future initiatives with long-term goals and objectives to ensure consistency with the revised Treasury Department Strategic Plan for FY 2026-2030.

c. Knowledge Management

In FY 2025, the Office transferred knowledge among staff through one-on-one meetings, recurring meetings, and sharing of information via written correspondence. Additionally, the Office promoted various trainings for staff, participated in webinars presented by Treasury, and participated in external training presented by private vendors. The Office

also collaborated with the Office of Strategy, Planning, and Performance Improvement for guidance on enhancing the Standard Operating Procedure (SOP) process.

d. Service Level Agreements

In FY 2025, the Office had SLAs in place with Fiscal Service ARC for the STAR administration and hosting, and annuitant payroll operations. In FY 2026, the SLA for STAR administration and hosting will be reviewed and revised to more accurately define responsibilities, required services and reporting requirements for service providers, and to ensure high quality service to annuitants in the TCloud environment.

In FY 2025, the Office collaborated with DCRB to review and update the SLA to ensure a comprehensive view of service requirements for benefit administration. The updated SLA will cover FY 2026 through FY 2028.

e. Office of D.C. Pensions Program Performance Reporting

In FY 2025, the Office tracked, collected, and reported performance data to continue to promote transparency and improve decision making using the performance measurement reporting tool. The performance measures were reported and reviewed during the Office's monthly status meeting. The performance data was utilized to make improvements in program management areas, such as operational planning and resource needs assessments.

During FY 2026, the Office will evaluate and restructure the performance measures to align with the new Multi-Year Plan.

f. Records Management Project

In FY 2025, the Office continued its effort to implement an electronic records management program that complies with Treasury Directive 80-05, Department of the Treasury Records Management, OMB, and National Archives and Records Administration (NARA) jointly issued memorandum M-23-07: Update to Transition to Electronic Records (M-23-07). In FY 2025, the Office completed its electronic records inventory, developed administrative guidance, and drafted record schedules for records not aligned with existing NARA general records schedules and Treasury agency-specific records schedules.

In response to Treasury's compliance with the Department of Government Efficiency (DOGE) Cost Efficiency Initiative to streamline operations and reduce costs, the Office re-evaluated the necessity and timing of various support services, including contracted records management support. The Office determined that the records activities completed thus far have brought the Office into compliance with M-23-07. Based on that determination, the Office decided to not pursue the implementation of technology which would automate some of the records management process. The Office also decided to

delay digitizing inactive records until a more viable in-house scanning solution is available.

g. Risk Management Program

The Office emphasizes risk management through its Risk Management Program that adheres closely to the Treasury's Enterprise Risk Management (ERM) Playbook. The Office has taken a proactive approach of developing and nurturing a risk-aware culture as well as incorporating ERM into decision-making to support the responsibilities of making accurate and timely benefit payments, investing fund assets, and funding pension benefits. The Office also maintains a Fraud Mitigation Activities list that identifies internal control activities in place to mitigate fraud risks specifically. In FY 2025, the Office re-assessed its risk appetite and tolerance level to determine if the opportunities pursued and threats mitigated still fell within acceptable risk levels. Additionally, the Office Leadership Team reviewed active risks to validate their contingency and mitigation plans as well as ensure their response aligns with the Office's strategic goals.

The Office meets its strategic goals of 1) Effectively Managed Finances, 2) Management and Organizational Excellence, and 3) Effective Quality Assurance Program partly by utilizing the Risk Management Program to measure and control decisions that the Office Leadership Team makes in pursuit of strategic goals. The impacts of their decisions include the outcomes listed below:

- Benefit payments are accurate and timely.
- Pension funds are effectively managed.
- Pension funds meet future needs.
- Program is effectively managed.
- Program creates continuous improvement.

h. Internal Control Program

In FY 2025, in accordance with requirements outlined in OMB Circular A-123, the Office's Senior Assessment Team (SAT), with the support of a contractor, tested, documented, and reported on the Office's internal controls. The Office used various guidance documents published by Treasury's Office of the Deputy Chief Financial Officer (ODCFO) to execute the OMB Circular A-123 requirements. The results of the OMB Circular A-123 activities supported management's assessment that the Office's internal controls are operating effectively and as intended. The Office submitted an unmodified statement of assurance for FY 2025.

i. Financial Statement Audit Opinion

KPMG LLP (KPMG), an independent public accounting firm, rendered an unmodified opinion on the Office's FY 2025 consolidated financial statements. KPMG noted no material weakness in the Office internal controls over financial reporting. Also, results of KPMG's tests of compliance with laws and regulations disclosed no instances of

noncompliance or other matters that require reporting under Government Auditing Standards or OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*.

III. Analysis of Systems, Controls, and Legal Compliance

The Office of D.C. Pensions (the Office) is responsible for establishing and maintaining effective internal control over financial reporting and has made a conscious effort to meet the internal controls requirements of the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, and the Government Accountability Office's Standards for Internal Control in the Federal Government. The Office is operating in accordance with the procedures and standards prescribed by the Comptroller General and OMB guidelines.

The systems of management control for the Office are designed to ensure the objectives listed below:

- Programs achieve their intended results.
- Resources are used consistent with overall mission.
- Programs and resources are free from waste, fraud, and mismanagement.
- Laws and regulations are followed.
- Controls are sufficient to minimize any improper or erroneous payments.
- Performance information is reliable.
- System security is in compliance with all relevant requirements.
- Continuity of operations planning in critical areas is sufficient to reduce risk to reasonable levels.
- Financial management systems are in compliance with Federal financial systems requirements, (i.e., FMFIA Section 4 and FFMIA).
- Complete and accurate data is reported on USASpending.gov.
- Controls and policies are in place to prevent fraud and inappropriate use of government charge cards.

For all the Office's responsibilities, unmodified assurance is provided herein that the above listed management control objectives, taken as a whole, were achieved by our organization during FY 2025. In addition, the Office provided reasonable assurance that, as of September 30, 2025, the Office is in substantial conformance with the federal financial management systems requirements of Section 4 of the FMFIA.

The Office's management is responsible for establishing and maintaining adequate internal control over financial reporting, which includes safeguarding of assets and compliance with laws and regulations. The Office conducted the required Treasury assessment of the effectiveness of its internal controls over financial reporting in accordance with OMB Circular A-123. Based on the results of this assessment, the

Office can provide unmodified assurance that its internal control over financial reporting as of September 30, 2025 was operating effectively. No material weaknesses were found in the design or operation of the internal control over financial reporting. In addition, the Office is committed to maintaining effective internal control, as demonstrated by the following actions:

- Although the Office is not a Chief Financial Officer Act Agency, the Office's financial statements are pursuant to the Chief Financial Officers Act of 1990, as amended, including a) information revealed in preparing the financial statements, b) auditors reports on the financial statements, and c) internal controls and compliance with laws and regulations and other materials related to preparing financial statements.
- Annual performance plans, reviews, and reports pursuant to the Government Performance Results Act, which include analysis and evaluation of performance measures.
- The development, tracking, and closure of corrective actions identified in the Financial Statement Audit and OMB Circular A-123 Assessment.
- Internal management and program reviews conducted for the purpose of assessing management controls.
- Reviews of financial systems for requirements compliance in conjunction with OMB Circular A-123 and FFMIA.
- Reviews of systems, applications, and contingency plans conducted pursuant to the Computer Security Act of 1987 and OMB Circular A-130, Management of Federal Information Resources.
- Annual assessments, reviews, and reporting performed in compliance with the Payment Integrity Information Act (PIIA).
- Reviews and reporting in compliance with the Federal Information Security Management Act (FISMA).

The Office continues to make improvement in maintaining effective internal control over financial reporting and is committed to monitoring and improving its internal controls throughout the entire office.

PART 2



Independent Auditors' Report



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Deputy Inspector General, U.S. Department of the Treasury
Director, Office of D.C. Pensions:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Department of the Treasury's Office of D.C. Pensions (ODCP), which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ODCP as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of ODCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Annual Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Consolidated Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, *Government Auditing Standards*, and OMB Bulletin No. 24-02 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 consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 ODCP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ODCP's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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

Management is responsible for the other information included in the Annual Report. The other information comprises the *Message from the Director*, *Table of Contents*, and the *Other Information* section but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated

financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2025, we considered ODCP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of ODCP's internal control. Accordingly, we do not express an opinion on the effectiveness of ODCP's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ODCP's consolidated financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ODCP's internal control or compliance. This communication is an integral part of an audit performed in

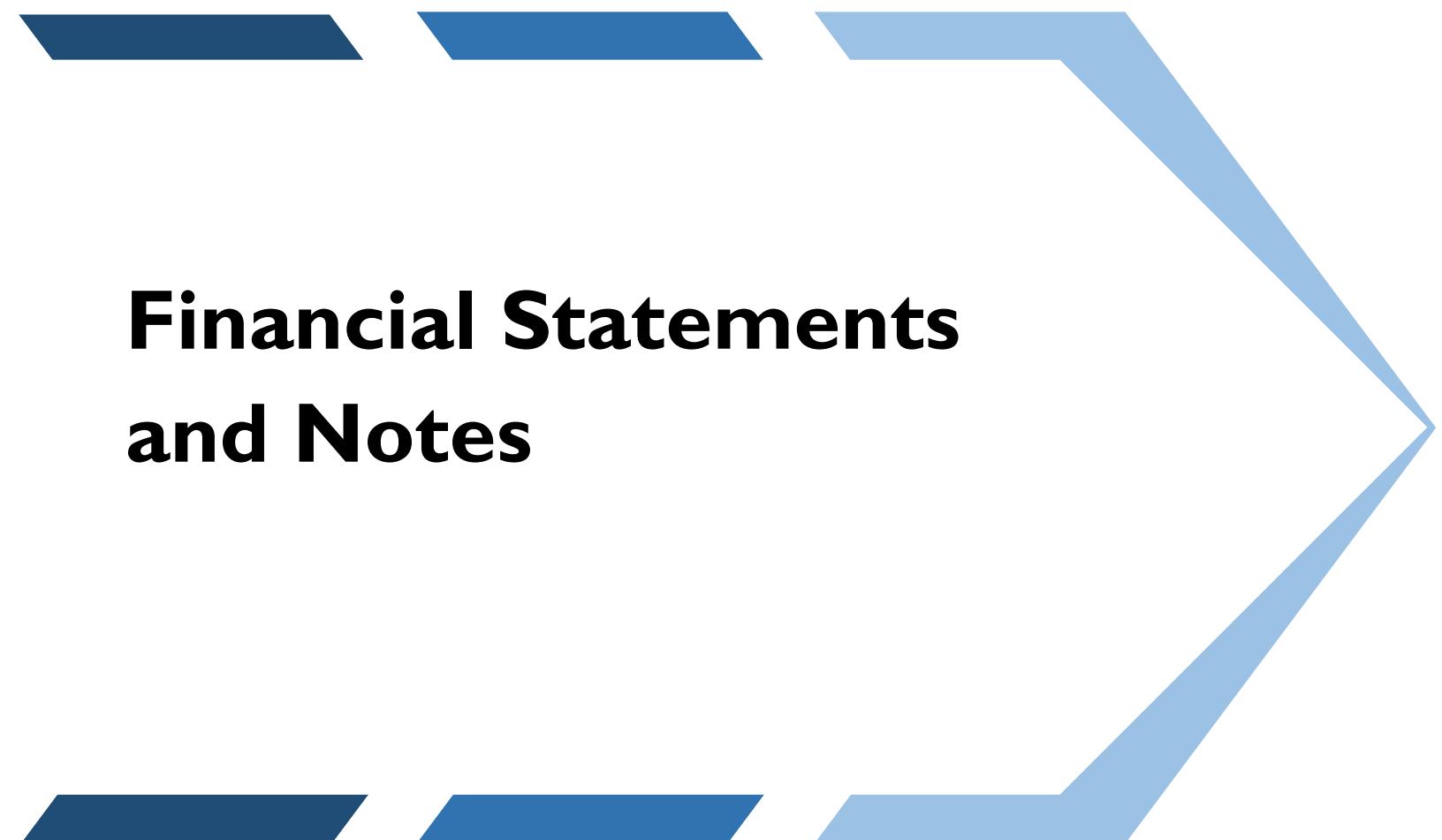


accordance with *Government Auditing Standards* in considering ODCP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
January 13, 2026

PART 3

A decorative graphic consisting of several blue chevrons pointing to the right. There are three chevrons at the top level, three at the middle level, and one large chevron at the bottom level, all in a light blue shade.

Financial Statements and Notes

**Department of the Treasury
Office of D.C. Pensions
Consolidated Balance Sheet
As of September 30, 2025
(in thousands)**

	2025
Assets:	
<i>Intragovernmental</i>	
Fund Balance with Treasury (Note 2)	\$ 516
Investments, Net	
<i>Intragovernmental Investments (Note 3)</i>	4,750,969
Interest Receivable	26,665
Total Intragovernmental	4,778,150
<i>Other than Intragovernmental</i>	
Accounts Receivable, Net (Note 4)	3,360
Total Other than Intragovernmental	3,360
Total Assets	\$ 4,781,510
Liabilities:	
<i>Intragovernmental</i>	
Accounts Payable	\$ 3
Other Liabilities	31
Total Intragovernmental	34
<i>Other than Intragovernmental</i>	
Accounts Payable	1,525
Advances from Others	34,662
Other Liabilities	
Accrued Pension Benefits Payable	47,745
Actuarial Pension Liability (Note 6)	8,213,972
Accrued Payroll and Benefits	449
Total Other than Intragovernmental	8,298,353
Total Liabilities	\$ 8,298,387
Net Position:	
<i>Cumulative Results of Operations – Funds from Other than Dedicated Collections</i>	\$ (3,516,877)
Total Net Position	\$ (3,516,877)
Total Liabilities and Net Position	\$ 4,781,510

The accompanying notes are an integral part of these financial statements.

Department of the Treasury
Office of D.C. Pensions
Consolidated Statement of Net Cost
For the Year Ended September 30, 2025
(in thousands)

	2025
<i>Program Costs</i>	
<i>Administrative Expenses (Note 5)</i>	\$ 23,717
<i>District Benefit Payments and Employer Share of DC Health and Life Plans</i>	399,811
<i>Pension Expense before Actuarial Assumption Changes (Note 6)</i>	161,159
<i>Total Program Costs</i>	<u>584,687</u>
<i>Less: Earned Revenues</i>	
<i>Reimbursable Income</i>	402,891
<i>Interest Earned</i>	114,670
<i>Employee Contributions</i>	751
<i>Total Earned Revenues</i>	<u>518,312</u>
<i>Net Program Costs Before Loss from Actuarial Assumption Changes</i>	66,375
<i>Loss on Actuarial Assumption Changes, Net (Note 6)</i>	<u>88,384</u>
<i>Net Cost of Operations</i>	<u>\$ 154,759</u>

The accompanying notes are an integral part of these financial statements.

Department of the Treasury
Office of D.C. Pensions
Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2025
(in thousands)

	<u>2025</u>
<i>Unexpended Appropriations:</i>	
<i>Beginning Balance</i>	\$ -
<i>Appropriations Received</i>	708,603
<i>Appropriations Used</i>	<u>(708,603)</u>
<i>Net Change in Unexpended Appropriations</i>	-
<i>Total Unexpended Appropriations –</i>	
<i>Ending Balance</i>	<u>-</u>
<i>Cumulative Results of Operations:</i>	
<i>Beginning Balance</i>	\$ (4,071,170)
<i>Appropriations Used</i>	708,603
<i>Imputed Financing</i>	449
<i>Net Cost of Operations</i>	<u>(154,759)</u>
<i>Net Change in Cumulative Results of Operations</i>	554,293
<i>Total Cumulative Results of Operations –</i>	
<i>Ending Balance</i>	<u>\$ (3,516,877)</u>
<i>Net Position</i>	<u><u>\$ (3,516,877)</u></u>

The accompanying notes are an integral part of these financial statements.

Department of the Treasury
Office of D.C. Pensions
Combined Statement of Budgetary Resources
For the Year Ended September 30, 2025
(in thousands)

		2025
<i>Budgetary Resources:</i>		
<i>Unobligated Balance from Prior Year Budget Authority, Net</i>		
<i>(Discretionary and Mandatory) (Note 8)</i>	\$ 34,862	
<i>Appropriations (Discretionary and Mandatory)</i>	1,305,537	
<i>Spending Authority from Offsetting Collections</i>		
<i>(Discretionary and Mandatory)</i>	405,687	
<i>Total Budgetary Resources</i>	<u>\$ 1,746,086</u>	
<i>Status of Budgetary Resources:</i>		
<i>New Obligations and Upward Adjustments (Total)</i>	\$ 1,711,424	
<i>Exempt from Apportionment, Unexpired Accounts</i>	<u>34,662</u>	
<i>Unobligated Balance Exempt from Apportionment,</i>		
<i>End of Year</i>	34,662	
<i>Total Status of Budgetary Resources</i>	<u>\$ 1,746,086</u>	
<i>Outlays, Net:</i>		
<i>Outlays, Net (Total) (Discretionary and Mandatory)</i>	\$ 1,304,404	
<i>Distributed Offsetting Receipts</i>	(796,370)	
<i>Agency Outlays, Net (Discretionary and Mandatory)</i>	<u>\$ 508,034</u>	

The accompanying notes are an integral part of these financial statements.

Department of the Treasury
Office of D.C. Pensions
Notes to Financial Statements
September 30, 2025

1) Summary of Significant Accounting Policies

a. Reporting Entity

Under provisions in Title XI of the Balanced Budget Act of 1997, Public Law 105-33 (111 Stat. 251, 712), as amended (the Act), the Secretary of the Treasury (the Secretary) assumed certain responsibilities for a specific population of annuitants under the following District of Columbia (District) retirement plans: the Police Officers and Firefighters' Retirement Plan, the Teachers' Retirement Plan and the Judges' Retirement Plan. Specifically, the Secretary is responsible for administering the retirement benefits earned by District teachers, police officers and firefighters based upon service accrued prior to July 1, 1997, and retirement benefits earned by District judges, regardless of when service accrued.

The Office of D.C. Pensions (the Office) is responsible for and maintains two pension funds, which are the District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund (the D.C. Federal Pension Fund – 20X5511) and the District of Columbia Judicial Retirement and Survivors Annuity Fund (the Judicial Retirement Fund – 20X8212). The Office has permanent and indefinite appropriations to cover the Accrued Pension Benefits Payable, the Actuarial Pension Liability, and costs to administer the retirement plans.

District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund

Pursuant to the District of Columbia Retirement Protection Improvement Act of 2004, Public Law 108-489, Treasury established the District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund (the D.C. Federal Pension Fund – 20X5511). Effective October 1, 2004, the assets and liabilities of the District of Columbia Federal Pension Liability Trust Fund (the Trust Fund - 20X8230) and the Federal Supplemental District of Columbia Pension Fund (the Supplemental Fund – 20X5500) were transferred to the D.C. Federal Pension Fund. The D.C. Federal Pension Fund is used for the accumulation of funds to finance obligations of the Federal Government for benefits and necessary administrative expenses for the Police Officers and Firefighters', and Teachers' Retirement Plans under the provisions of the Act.

The D.C. Federal Pension Fund consists of the following:

- Amounts deposited from the proceeds of assets transferred from the Trust Fund and the Supplemental Fund, which included the proceeds of assets transferred to the

Department of the Treasury (Treasury) from the District of Columbia Retirement Board (DCRB) pursuant to the Act;

- Amounts deposited from the General Fund of the Treasury;
- Income earned on the investments held in the D.C. Federal Pension Fund;
- Reimbursement from DCRB for the District's share of annuitant benefits paid from the D.C. Federal Pension Fund;
- Reimbursement from the District for the District's employer share of Post-1987 D.C. health and life insurance premiums; and
- Reimbursement from DCRB for the Office's actual expenses incurred in support of administering District benefit payments.

The portion of the D.C. Federal Pension Fund that is not needed to meet the level of current Federal benefit payments, refunds, and net administrative expenses is invested in non-marketable Government Account Series (GAS) securities issued by the Bureau of the Fiscal Service (Fiscal Service). Investments are made in securities with maturities suitable to the needs of the D.C. Federal Pension Fund.

By the end of each fiscal year, the Act requires the Secretary to pay into the D.C. Federal Pension Fund (from the General Fund of the Treasury) an annual amortization amount and, beginning in FY 2009, the covered administrative expenses for the year. The annual amortization amount, as determined by an enrolled actuary, is the amount necessary to amortize the original unfunded liabilities of the retirement programs assumed by the Federal Government over 30 years, the net experience gains or losses over 10 years, and any other changes in actuarial liability over 20 years. The amount paid into the D.C. Federal Pension Fund during FY 2025 was \$683.5 million, which is included in Appropriations Received on the Consolidated Statement of Changes in Net Position and Appropriations in the Combined Statement of Budgetary Resources.

District of Columbia Judicial Retirement and Survivors Annuity Fund

Pursuant to the Act, Treasury established the District of Columbia Judicial Retirement and Survivors Annuity Fund (the Judicial Retirement Fund – 20X8212).

The Judicial Retirement Fund is used for the accumulation of funds to finance obligations of the Federal Government for benefits and necessary administrative expenses of the Judges' Retirement Plan under the provisions of the Act.

The Judicial Retirement Fund consists of the following:

- Amounts deposited from the proceeds of assets transferred to Treasury from DCRB pursuant to the Act;
- Amounts deposited from the General Fund of the Treasury;
- Income earned on the investments held in the Judicial Retirement Fund; and
- Employee contributions to the Judicial Retirement Fund.

The portion of the Fund that is not needed to meet the level of current benefit payments, refunds and administrative expenses is invested in GAS securities. Investments are made in securities with maturities suitable to the needs of the Judicial Retirement Fund.

By the end of each fiscal year, the Act requires the Secretary to pay into the Judicial Retirement Fund (from the General Fund of the Treasury) an amount equal to the normal cost for the year, an annual amortization amount, and the covered administrative expenses for the year. The annual amortization amount, as determined by an enrolled actuary, is the amount necessary to amortize the original unfunded liability of the retirement program assumed by the Federal Government over 30 years, the net experience gains or losses over 10 years, and any other changes in actuarial liability over 20 years. The annual payment to the Judicial Retirement Fund also includes an amount necessary to fund the normal cost of the retirement program not covered by employee contributions. The amount paid into the Judicial Retirement Fund during FY 2025 was \$25.1 million, which is included in Appropriations Received on the Consolidated Statement of Changes in Net Position and Appropriations in the Combined Statement of Budgetary Resources.

b. Basis of Accounting and Presentation

The Office is presenting Financial Statements that consist of the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, the Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources, and the related notes. The Notes to the Financial Statements consist of a summary of significant accounting policies and other relevant explanatory information. The Consolidated Financial Statements have been prepared from the accounting records of the Office in accordance with United States generally accepted accounting principles for federal entities. Accounting principles generally accepted for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). FASAB is designated by the American Institute of Certified Public Accountants as the official accounting standards-setting body for the Federal Government.

The Consolidated Financial Statements present balances and activities of the D.C. Federal Pension Fund and the Judicial Retirement Fund. There were no transactions between the Funds that require elimination during consolidation. In accordance with the Office of Management and Budget's (OMB) Circular A-136, the statements and the related notes are prepared in a single-year format to present FY 2025 information.

c. Fund Balance with Treasury

Fund Balance with Treasury represents appropriated funds from which the Office is authorized to make expenditures and pay liabilities resulting from operational activity.

d. Intragovernmental Investments, Net

Pursuant to the Act and Section 130 of Division A of Public Law 105-277 (1998), the Secretary invests the assets of the D.C. Federal Pension Fund and the Judicial Retirement

Fund in GAS, market-based (“MK”) securities — special non-marketable Treasury securities that mirror the prices of marketable securities with similar terms, issued and redeemed by Fiscal Service. The Office follows Treasury's investment policy guidelines and determines whether the investments should be made in MK bills, MK notes, or MK bonds. The maturities on investments typically range from less than one year to approximately 10 years, except for three investments in the Judicial Retirement Fund with maturities of February 15, 2036, February 15, 2037, and February 15, 2038.

Amounts that are not necessary to meet current obligations are invested in MK securities. Amounts needed to meet current obligations are invested overnight in one-day MK securities, which are redeemed at face value plus accrued interest. If amounts held in cash, overnight securities and maturing securities are inadequate to meet required outlays, investments would be selected for redemption based on a review of the advantages of each of the alternatives and an assessment of the appropriateness of the securities in the portfolio under current investment policy. The Office intends to hold investments until maturity.

Investments are valued at cost, adjusted for unamortized premiums and discounts, if applicable. The premiums and discounts are recognized as adjustments to interest income, utilizing the effective interest method. Investments held in one-day securities are shown in the Note 3 as Non-Marketable Par Value Securities.

e. Accounts Receivable, Net

Accounts receivable consists primarily of:

- The amount due from DCRB for the District's share of benefits paid by the Office to which the recipients became entitled during the reporting period, but which, by law, are paid on the first business day of the subsequent period;
- Pending amounts due from annuitants as a result of benefit overpayments that have not completed collection due process; and
- Amounts due from annuitants as the result of benefit overpayments.

f. Advances from Others

The Office is authorized to disburse funds for the District's share of monthly benefits, and the employer share of Post-1987 health and life insurance premiums. Under a memorandum of understanding with DCRB, the Office is to receive an advance of these monies prior to the actual disbursements.

g. Accrued Pension Benefits Payable

Accrued pension benefits payable relates primarily to retirement benefits to which the recipients became entitled during the reporting period, but which, by law, are paid on the first business day of the subsequent period. This accrual may also include amounts for

refund claims for which processing was not completed during the reporting period but will be paid in the subsequent period.

h. Actuarial Pension Liability

The actuarial cost method used to determine costs for the Police Officers and Firefighters' Retirement Plan and Teachers' Retirement Plan is the Projected Unit Credit Cost Method. Under this funding method, the accrued liability is determined based on service earned to the valuation date. Because the benefits under the Police Officers and Firefighters' Retirement Plan and the Teachers' Retirement Plan were fully accrued on June 30, 1997, the accrued liability is calculated as the present value of future benefits expected to be paid and there is no normal cost.

The actuarial cost method used to determine costs for the Judges' Retirement Plan is the Individual Entry Age Normal Cost Method. Under this funding method, the normal cost is a level percent of covered salary, which, along with the member contributions, will pay for projected benefits at retirement for the active plan participants. The level percent developed is called the normal cost rate and the product of that rate and payroll is the normal cost. The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future normal costs or member contributions. The difference between this liability and the funds accumulated at the same date is referred to as the unfunded actuarial pension liability.

The economic assumptions (rate of return, inflation, and salary increases) are based upon the requirements of Statement of Federal Financial Accounting Standards (SFFAS) No. 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.

To calculate the actuarial pension liabilities for FY 2025, the Office used a 100-year yield curve of spot rates developed by Treasury's Office of Economic Policy. The yield curve is based on a 10-year average of quarterly rates, consistent with the requirements of SFFAS No. 33. The assumptions for inflation and salary increases were also the average of 10-year historical values, with the exception of the salary increase assumption for teachers. The salary increase assumption for teachers was set to the negotiated salary increase of 3.0 percent for FY 2026, 3.0 percent for FY 2027, 4.0 percent for FY 2028, and a 13-year average that includes the 10-year historical values plus the negotiated pay increase for FY 2026-2028 for subsequent years.

For FY 2025, the assumptions used to calculate the pension liabilities were spot rates gradually increasing from 2.20 percent to discount FY 2026 payments, to a maximum of 3.45 percent to discount longer term payments; annual inflation and cost-of-living adjustments of 2.83 percent for judges, 3.03 percent for teachers, and 3.03 percent for police officers and firefighters; and salary increases at an annual rate of 2.10 percent for judges, 2.54 percent for teachers, 2.75 percent for police officers, and 2.45 percent for firefighters.

The economic assumptions used by the Office for the Police Officers and Firefighters', Teachers', and Judges' Retirement Plans differ from those used by Office of Personnel Management (OPM) for the following reasons: (1) the annual rate of salary increase assumptions are based on different plan member experience; (2) the annual rate of inflation and cost-of-living adjustment assumptions are based on different statutory requirements (applicable Consumer Price Index and period of calculation); and (3) for the discount rate assumption, OPM and the Office use Treasury spot rate yield curves, but the averaging periods differ and OPM converts the yield curve to a single equivalent rate while for teachers, police officers, and firefighters, the Office uses the individual yield curve rates.

i. Appropriations Received and Used

Treasury is required to make annual payments from the General Fund of the Treasury to the D.C. Federal Pension Fund and Judicial Retirement Fund and to amortize the original unfunded liabilities assumed by the Federal Government and any subsequent changes in liabilities over a period of time and to fund the normal cost and necessary administrative expenses of the D.C. Federal Pension Fund and the Judicial Retirement Fund. The appropriations are received into the Office's appropriation funds and are transferred out to the D.C. Federal Pension Fund and the Judicial Retirement Fund to be invested in non-marketable GAS securities. The Office has permanent and indefinite appropriations to cover the Accrued Pension Benefits Payable, the Actuarial Pension Liability, and costs to administer the retirement plans. Congress has appropriated funds, or funding is otherwise available to pay amounts due. In accordance with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*, the payment from the Office's appropriation funds results in an appropriation used, as reported in the accompanying Consolidated Statement of Changes in Net Position.

j. Treasury Employee Retirement Plans

The D.C. Federal Pension Fund and Judicial Retirement Fund pay the salaries and benefits of Treasury employees who support the Office as reasonable and necessary expenses incurred in carrying out the Secretary's responsibilities under the Act. In FY 2025, Office staff salaries and benefits were split 95 percent and five percent between the D.C. Federal Pension Fund and the Judicial Retirement Fund, respectively. This split represents the level of effort required to manage the administrative activities for each fund.

The Office's employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). FERS was established by Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984 elected to either transfer to FERS or remain in CSRS.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For employees participating in FERS, TSP accounts are automatically established, and the D.C. Federal Pension Fund and the Judicial Retirement Fund make mandatory contributions of one percent of the Treasury employees' base pay to the accounts. In addition, the D.C. Federal Pension Fund and the Judicial Retirement Fund make matching contributions, ranging from one percent to four percent of base pay, for FERS eligible employees who contribute to their TSP accounts. Pursuant to law, mandatory and matching contributions are not made to the TSP accounts established for CSRS employees.

FERS employees and certain CSRS reinstatement employees participate in the Social Security program. The D.C. Federal Pension Fund and Judicial Retirement Fund remit the employer's share of the required contributions for eligible employees.

The D.C. Federal Pension Fund and Judicial Retirement Fund do not report information pertaining to the CSRS and FERS retirement plans covering Treasury employees. OPM is responsible for reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any.

k. President's Budget

The President's Budget for 2027, which includes actuals for FY 2025, has not yet been published as of the date of these financial statements. The President's Budget is currently expected to be published and delivered to Congress in early February 2026.

The President's Budget for 2026, which includes the Office's budget within the Other Independent Agencies' budget appendix, is available at the OMB website.

l. Revenue and Financing Sources

All proceeds received and deposited by the Office are used for the purpose of providing annuity payments for retired District of Columbia teachers, police officers and firefighters for services earned prior to July 1, 1997, and for retirement benefits earned by District of Columbia judges, regardless of when services were earned.

Funding for the Judicial Retirement Fund is authorized by 111 Stat. 757, Sec. 11251, Public Law 105-33 as amended by 112 Stat. 2681-534, Sec. 804(a)(4), Public Law 105-277. Funding for the D.C. Federal Pension Fund is authorized by 118 Stat. 3967, Sec. 11084, Public Law 108-489. Sources of revenue or other financing sources for the year ended September 30, 2025 were annual federal payments into the funds, reimbursable income, employee contributions, and interest earnings from investments.

m. Income Taxes

The Office, a component of an agency of the Federal Government, is not subject to Federal, state, or local income taxes and accordingly, no provisions for income taxes have been recorded in the accompanying consolidated financial statements.

n. Classified Activities

Accounting standards require all reporting entities to disclose that the accounting standards allow certain statements and disclosures to be modified if needed to prevent the disclosure of classified information.

o. Intragovernmental Costs

The Office reports intragovernmental costs resulting from the receipt of services provided on a reimbursable basis from other federal entities.

In certain instances, other federal entities incur costs that are directly identifiable to the Office's operations. In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, as amended, the Office recognizes identified costs paid on behalf of the Office by other federal entities. The imputed intragovernmental financing sources the Office currently recognizes include the actual cost of future benefits for the CSRS and FERS retirement plans, the Federal Employees Health Benefits Program, and Federal Employees Group Life Insurance Program that other federal entities pay on the Office's behalf. Such costs appear on the Consolidated Statement of Net Cost and related funding appears as imputed financing sources on the Consolidated Statement of Changes in Net Position.

p. Overall Estimates Disclosures

The use of estimates in the preparation of financial statements requires management to make certain estimates and assumptions that effect the recorded amounts of assets and liabilities and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

q. Entity Assets

Entity assets are assets which the Office has authority to use in its operations. The Office reports entity assets on the Consolidated Balance Sheet. The Office does not have non-entity assets.

r. Custodial Collections

Custodial collections were \$22.0 thousand for the year ended September 30, 2025, and are related to interest and penalties on certain debts owed to the Office. Custodial collection activities are considered immaterial and incidental to the mission of the Office.

s. Intragovernmental Other Liabilities

Intragovernmental Other Liabilities were \$31.2 thousand for the year ended September 30, 2025, and is related to employer contributions and payroll taxes payable.

Intragovernmental Other Liabilities activities are considered immaterial to the mission of the Office.

2) Fund Balance with Treasury

The Status of Fund Balance with Treasury as of September 30, 2025 consisted of the following (in thousands):

		<u>2025</u>
<i>Status of Fund Balance with Treasury:</i>		
<i>Unobligated Balance - Available</i>		\$ <u>516</u>
<i>Total</i>		<u>\$ 516</u>

Fund Balance with Treasury represents uninvested funds to cover disbursements at the end of the period. This amount does not agree with Unobligated Balances on the Combined Statement of Budgetary Resources because those amounts are in one-day certificates, which are intragovernmental investments.

3) Intragovernmental Investments

Intragovernmental Investments as of September 30, 2025 consisted of the following (in thousands)

		<u>2025</u>		
		<u>Cost / Acquisition Value</u>	<u>Amortized (Premium)</u>	<u>Investments</u>
<i>Treasury Securities</i>				
<i>Non-Marketable Par Value</i>	\$ 245,535		-	245,535
<i>Non-Marketable Market-based</i>	<u>4,512,511</u>		<u>(7,077)</u>	<u>4,505,434</u>
<i>Total</i>	<u>\$ 4,758,046</u>		<u>(7,077)</u>	<u>4,750,969</u>
				<u>4,712,519</u>

The amortization method utilized by the Office is the effective interest method. The market value for notes and bonds is calculated using rates as of September 30, 2025, as published in the Treasury Quote Sheets prepared by Treasury's Office of Market Finance. Included in these figures are net unrealized losses of \$38.5 million for the year ended September 30, 2025.

The amortized cost of Intragovernmental Investments (*including par value securities invested overnight*) as of September 30, 2025 by maturity date is as follows (in thousands):

	2025
<i>Less than or Equal to 1 Year</i>	\$ 806,070
<i>More than 1 Year and Less than or Equal to 5 Years</i>	2,128,260
<i>More than 5 Years and Less than or Equal to 10 Years</i>	1,789,551
<i>More than 10 Years</i>	<u>27,088</u>
<i>Total</i>	<u><u>\$ 4,750,969</u></u>

4) Accounts Receivable, Net

The components of Accounts Receivable, Net as of September 30, 2025 are as follows (in thousands):

	2025
<i>Accounts Receivable, Gross</i>	\$ 3,746
<i>Allowance for Loss on Accounts Receivable</i>	(394)
<i>Taxes Receivable</i>	<u>8</u>
<i>Accounts Receivable, Net</i>	<u><u>\$ 3,360</u></u>

The Allowance for Loss on Accounts Receivable are attributed to debts resulting from benefit overpayments using historical averages.

5) Administrative Expenses

Administrative expenses for the year ended September 30, 2025 are as follows (in thousands):

	2025
<i>Intragovernmental Expenses</i>	
<i>Employee Benefits</i>	\$ 1,608
<i>Contractual Services</i>	6,698
<i>Rent</i>	<u>505</u>
<i>Total Intragovernmental Expenses</i>	<u><u>\$ 8,811</u></u>
<i>Public Expenses</i>	
<i>Employee Salaries</i>	3,888
<i>Contractual Services</i>	11,260
<i>Noncapitalized Equipment</i>	2
<i>Other</i>	<u>(244)</u>
<i>Total Public Expenses</i>	<u><u>\$ 14,906</u></u>
<i>Total Administrative Expenses</i>	<u><u>\$ 23,717</u></u>

6) Pension Expense and Actuarial Pension Liability

Pension Expense and Actuarial Pension Liability for the year ended September 30, 2025 includes the following components (in thousands):

	2025
<i>Beginning Liability Balance</i>	\$ 8,541,385
<i>Pension Expense:</i>	
<i>Normal Cost</i>	9,500
<i>Interest on Pension Liability During the Period</i>	152,784
<i>Actuarial Losses During the Period:</i>	
<i>From Experience</i>	(1,125)
<i>From Discount Rate Assumption Change</i>	(83,792)
<i>From Other Economic Assumption Changes</i>	172,176
<i>Pension Expense before Other / Non-Actuarial Adjustments</i>	<hr/> 249,543
<i>Less Amounts Paid and Accrued:</i>	<hr/> (576,956)
<i>Ending Liability Balance</i>	<hr/> \$ 8,213,972

Reconciliation to amounts reported for the year ended September 30, 2025 in the Consolidated Statement of Net Cost (in thousands):

	2025
<i>Pension Expense before Actuarial Assumption Changes:</i>	
<i>Normal Cost</i>	\$ 9,500
<i>Interest on Pension Liability During the Period</i>	152,784
<i>Actuarial Loss During the Period from Experience</i>	(1,125)
<i>Total Pension Expense before Actuarial Assumption Changes</i>	<hr/> 161,159
<i>Loss on Actuarial Assumption Changes, Net</i>	
<i>Actuarial Losses During the Period:</i>	
<i>From Discount Rate Assumption Change</i>	(83,792)
<i>From Other Economic Assumption Changes</i>	172,176
<i>Total Loss on Actuarial Assumption Changes, Net</i>	<hr/> 88,384
<i>Total Pension Expense</i>	<hr/> \$ 249,543

Federal Benefit Payments

Federal pension benefits paid and accrued were \$558.1 million and \$18.9 million from the D.C. Federal Pension Fund and Judicial Retirement Fund, respectively, for FY 2025. For FY 2025, approximately \$102.3 thousand represent contribution refunds to plan participants of the D.C. Federal Pension Fund and the Judicial Retirement Fund.

Actuarial Gains and Losses

In FY 2025, the Office reported a net liability actuarial loss in the D.C. Federal Pension Fund and the Judicial Retirement Fund. The liability actuarial gains were \$83.8 million due to the new discount rate assumptions, \$1.1 million from experience, for total actuarial gains of \$84.9 million, offset by liability actuarial losses of \$172.2 million due to changes in pay and cost-of-living assumptions. The net result was a total liability actuarial loss of \$87.3 million for the D.C. Federal Pension Fund and Judicial Retirement Fund.

7) Reconciliation of Net Cost of Operations to Agency Outlays, Net

The Reconciliation of Net Cost of Operations to Agency Outlays, Net depicts the differences between proprietary financial accounting information and budgetary accounting information. Proprietary financial accounting information is intended to provide a picture of the government's financial operations and financial position and is presented on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. Budgetary accounting information is used for planning and control purposes and relates to both the receipt and use of cash. The reconciliation of net cost, presented on an accrual basis, and the net outlays, presented on a budgetary basis, provides an explanation of the relationship between financial accounting and budgetary information. The reconciliation serves to identify costs paid for in the past, those that will be paid in the future, and to assure integrity between financial and budgetary information.

For the fiscal year ended September 30, 2025, the Reconciliation of Net Cost of Operations to Agency Outlays, Net consisted of the following (in thousands):

	2025
Net Cost of Operations	\$ 154,759
Components of Net Cost of Operations Not Part of Outlays:	
Increase in Assets Not Affecting Outlays:	
Accounts Receivable	119
<i>Total Increase in Assets Not Affecting Outlays:</i>	<u>119</u>
(Increase)/Decrease in Liabilities Not Affecting Outlays:	
Accounts Payable and Advances from Others	(1,866)
Other Liabilities - Accrued Payroll and Benefits, and Other	(13)
Other Liabilities - Actuarial Pension Liability	327,413
Other Liabilities - Accrued Pension Benefits Payable	416
<i>Total (Increase)/Decrease in Liabilities Not Affecting Outlays:</i>	<u>325,950</u>
Other Financing Sources:	
Imputed Financing Sources	(449)
Employee Contributions	751
<i>Total Other Financing Sources:</i>	<u>302</u>
Other	<u>5,692</u>
<i>Total Components of Net Cost of Operations Not Part of Outlays</i>	<u>332,063</u>
Components of the Outlays That Are Not Part of Net Cost of Operations:	
Changes in Premiums and Amortization of Premiums	16,639
Changes in Interest Receivable & Other	<u>4,573</u>
<i>Total Components of Outlays That Are Not Part of Net Cost of Operations</i>	<u>21,212</u>
Agency Outlays, Net	<u>\$ 508,034</u>

8) Additional Information Related to the Combined Statement of Budgetary Resources

Net Adjustments to Unobligated Balance Brought Forward October 1

During the year ended September 30, 2025, adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2024. These adjustments primarily include Recoveries of Prior Year Unpaid Obligations that were obligated in prior years.

The adjustments during the year ended September 30, 2025 are as follows (in thousands):

	2025
<i>Unobligated Balance Brought Forward, October 1</i>	\$ 31,865
<i>Recoveries of Prior Year Unpaid Obligations</i>	650
<i>Other Changes in Unobligated Balances</i>	<u>2,347</u>
<i>Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)</i>	<u>\$ 34,862</u>

Undelivered Orders

Undelivered orders for the Office represent goods and services ordered and obligated which have not been received or paid. Undelivered orders as of September 30, 2025 consisted of the following (in thousands):

	2025		
	<i>Federal</i>	<i>Non-Federal</i>	<i>Total</i>
<i>Unpaid undelivered orders at the end of the year</i>	\$ 354	\$ 4,246	\$ 4,600

PART 4



Required Supplementary Information (Unaudited)



Department of the Treasury
Office of D.C. Pensions
Combining Statement of Budgetary Resources
By Fund (Unaudited)
For the Year Ended September 30, 2025
(In Thousands)

	2025		
	<i>D.C. Judicial Retirement and Survivors Annuity Fund</i>	<i>D.C. Federal Pension Fund</i>	<i>Combined D.C. Pension Funds Total</i>
<i>Budgetary Resources:</i>			
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 3	\$ 34,859	\$ 34,862
Appropriations (Discretionary and Mandatory)	44,567	1,260,970	1,305,537
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	-	405,687	405,687
<i>Total Budgetary Resources:</i>	<u>\$ 44,570</u>	<u>\$ 1,701,516</u>	<u>\$ 1,746,086</u>
<i>Status of Budgetary Resources:</i>			
New Obligations and Upward Adjustments (Total)	\$ 44,570	\$ 1,666,854	\$ 1,711,424
Exempt from Apportionment, Unexpired Accounts	-	34,662	34,662
Unobligated Balance Exempt from Apportionment, End of Year	-	34,662	34,662
<i>Total Status of Budgetary Resources:</i>	<u>\$ 44,570</u>	<u>\$ 1,701,516</u>	<u>\$ 1,746,086</u>
<i>Outlays, Net:</i>			
Outlays, Net (Discretionary and Mandatory)	\$ 44,517	\$ 1,259,887	\$ 1,304,404
Distributed Offsetting Receipts	(25,090)	(771,280)	(796,370)
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 19,427</u>	<u>\$ 488,607</u>	<u>\$ 508,034</u>

See accompanying independent auditors' report.

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PART 5



Other Information (Unaudited)



Department of the Treasury
Office of D.C. Pensions
Consolidating Balance Sheet
By Fund (Unaudited)
As of September 30, 2025
(In Thousands)

	2025		
	<i>D.C. Judicial Retirement and Survivors Annuity Fund</i>	<i>D.C. Federal Pension Fund</i>	<i>Consolidated D.C. Pension Funds Total</i>
Assets:			
<i>Intragovernmental</i>			
Fund Balance with Treasury Investments, Net	\$ 116	\$ 400	\$ 516
<i>Intragovernmental Investments</i>	232,416	4,518,553	4,750,969
Interest Receivable	782	25,883	26,665
<i>Total Intragovernmental</i>	233,314	4,544,836	4,778,150
<i>Other than Intragovernmental</i>			
Accounts Receivable, Net	-	3,360	3,360
<i>Total Other than Intragovernmental</i>	-	3,360	3,360
Total Assets	\$ 233,314	\$ 4,548,196	\$ 4,781,510
Liabilities:			
<i>Intragovernmental</i>			
Accounts Payable	\$ -	\$ 3	\$ 3
Other Liabilities	2	29	31
<i>Total Intragovernmental</i>	2	32	34
<i>Other than Intragovernmental</i>			
Accounts Payable	5	1,520	1,525
Advances from Others	-	34,662	34,662
Other Liabilities			
Accrued Pension Benefits Payable	1,512	46,233	47,745
Actuarial Pension Liability	340,149	7,873,823	8,213,972
Accrued Payroll and Benefits	22	427	449
<i>Total Other than Intragovernmental</i>	341,688	7,956,665	8,298,353
Total Liabilities	\$ 341,690	\$ 7,956,697	\$ 8,298,387
Net Position:			
<i>Cumulative Results of Operations - Funds from Other than Dedicated Collections</i>	\$ (108,376)	\$ (3,408,501)	\$ (3,516,877)
Total Net Position	\$ (108,376)	\$ (3,408,501)	\$ (3,516,877)
Total Liabilities and Net Position	\$ 233,314	\$ 4,548,196	\$ 4,781,510

See accompanying independent auditors' report.

Department of the Treasury
Office of D.C. Pensions
Consolidating Statement of Net Cost
By Fund (Unaudited)
For the Year Ended September 30, 2025
(In Thousands)

	2025		
	<i>D.C. Judicial Retirement and Survivors Annuity Fund</i>	<i>D.C. Federal Pension Fund</i>	<i>Consolidated D.C. Pension Funds Total</i>
<i>Program Costs</i>			
<i>Administrative Expenses</i>	\$ 545	\$ 23,172	\$ 23,717
<i>District Benefit Payments and Employer Share of DC Health and Life Plans</i>	-	399,811	399,811
<i>Pension Expense Before Actuarial Assumption Changes</i>	25,081	136,078	161,159
<i>Total Program Costs</i>	<u>25,626</u>	<u>559,061</u>	<u>584,687</u>
<i>Less: Earned Revenues</i>			
<i>Reimbursable Income</i>	-	402,891	402,891
<i>Interest Earned</i>	5,692	108,978	114,670
<i>Employee Contributions</i>	751	-	751
<i>Total Earned Revenues</i>	<u>6,443</u>	<u>511,869</u>	<u>518,312</u>
<i>Net Program Costs Before Loss from Actuarial Assumption Changes</i>	19,183	47,192	66,375
<i>Loss on Actuarial Assumption Changes, Net</i>	(3,718)	92,102	88,384
<i>Net Cost of Operations</i>	<u>\$ 15,465</u>	<u>\$ 139,294</u>	<u>\$ 154,759</u>

See accompanying independent auditors' report.

Department of the Treasury
Office of D.C. Pensions
Consolidating Statement of Changes in Net Position
By Fund (Unaudited)
For the Year Ended September 30, 2025
(In Thousands)

	2025		
	<i>D.C. Judicial Retirement and Survivors Annuity Fund</i>	<i>D.C. Federal Pension Fund</i>	<i>Consolidated D.C. Pension Funds Total</i>
<i>Unexpended Appropriations:</i>			
Beginning Balance	\$ -	\$ -	\$ -
Appropriations Received	25,090	683,513	708,603
Appropriations Used	(25,090)	(683,513)	(708,603)
Net Change in Unexpended Appropriations	-	-	-
<i>Total Unexpended Appropriations - Ending Balance</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cumulative Results of Operations:</i>			
Beginning Balance	\$ (118,023)	\$ (3,953,147)	\$ (4,071,170)
Appropriations Used	25,090	683,513	708,603
Imputed Financing	22	427	449
Net Cost of Operations	(15,465)	(139,294)	(154,759)
Net Change in Cumulative Results of Operations	9,647	544,646	554,293
<i>Total Cumulative Results of Operations - Ending Balance</i>	<u>\$ (108,376)</u>	<u>\$ (3,408,501)</u>	<u>\$ (3,516,877)</u>
<i>Net Position</i>	<u>\$ (108,376)</u>	<u>\$ (3,408,501)</u>	<u>\$ (3,516,877)</u>

See accompanying independent auditors' report.

Department of the Treasury

Office of D.C. Pensions

Schedule of Pension Expense - by Fund (Unaudited)

For the Year Ended September 30, 2025

(In Thousands)

	2025		
	<i>D.C. Judicial Retirement and Survivors Annuity Fund</i>	<i>D.C. Federal Pension Fund</i>	<i>Consolidated D.C. Pension Funds Total</i>
<i>Beginning Liability Balance</i>	\$ 337,662	\$ 8,203,723	\$ 8,541,385
<i>Pension Expense:</i>			
<i>Normal Cost</i>	9,500	-	9,500
<i>Interest on Pension Liability During the Period</i>	9,320	143,464	152,784
<i>Actuarial (Gains) Losses During the Period:</i>			
<i>From Experience</i>	6,261	(7,386)	(1,125)
<i>From Discount Rate Assumption Change</i>	(6,837)	(76,955)	(83,792)
<i>From Other Economic Assumption Changes</i>	3,119	169,057	172,176
<i>Pension Expense before Other / Non-Actuarial Adjustments</i>	21,363	228,180	249,543
<i>Less Amounts Paid and Accrued:</i>	(18,876)	(558,080)	(576,956)
<i>Ending Liability Balance</i>	<u>\$ 340,149</u>	<u>\$ 7,873,823</u>	<u>\$ 8,213,972</u>

See accompanying independent auditors' report.

Actuarial Valuation Report FY 2025 (unaudited)

Executive Summary

Highlights of the Actuarial Valuation

The actuarial valuation report has been completed for the following program for the most recent plan year:

United States Department of the Treasury District of Columbia Pensions Program (Program)

The Program refers to the federal responsibility for benefit payments under the following District of Columbia (D.C.) retirement plans: District of Columbia Police Officers and Firefighters' Retirement Plan, District of Columbia Teachers' Retirement Plan, and District of Columbia Judges' Retirement Plan. The designated assets for the federal administration of these plans are held in two separate funds. The District of Columbia Teachers, Police Officers and Firefighters Federal Pension Fund ("D.C. Federal Pension Fund") covers federal payments under the District of Columbia Police Officers and Firefighters' Retirement Plan and District of Columbia Teachers' Retirement Plan. The Judicial Retirement and Survivors Annuity Fund ("Judicial Retirement Fund") covers payments under the District of Columbia Judges' Retirement Plan.

The purpose of this report is to present the results of the actuarial valuation including:

- To illustrate the current assets and liabilities of each Plan as of the end of Fiscal Year (FY) 2025 (October 1, 2024 through September 30, 2025);
- To review the experience of the Program over the past year and to discuss reasons for changes in Program costs;
- To determine the appropriate contribution to be paid by the Department of the Treasury to the Funds in FY 2026 (October 1, 2025 through September 30, 2026); and
- To identify and discuss any emerging trends in Program costs.

This report also includes certain statement line items and footnote disclosures necessary to compute the annual pension expense in accordance with Statement of Federal Financial Accounting Standards No. 5, Accounting for Liabilities of the Federal Government, and No. 33, Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates (SFFAS 5 and SFFAS 33). Use of the valuation results for other purposes may not be appropriate.

Per Actuarial Standards of Practice 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions (ASOP 4), effective for measurement dates after February 15, 2023, when measuring pension obligations, the combined effect of assumptions is expected to have no significant bias (i.e., it is not significantly optimistic or pessimistic) for non-prescribed assumptions except when provisions for adverse deviation are included. In our opinion, the combined effect of non-prescribed assumptions used for measuring the pension obligations in this valuation does not have significant bias.

Summary of Results

As of October 1, 2025	Police Officers and Firefighters', and Teachers' Plans		Judges' Plan
Actuarial Accrued Liability	\$ 7,920,057,012	\$ 341,660,385	
Plan Assets	<u>(4,510,276,843)</u>		<u>(233,911,554)</u>
Unfunded Actuarial Accrued Liability	\$ 3,409,780,169	\$ 107,748,831	
Normal Cost with Interest (including expected employee contributions)	N/A	\$ 9,900,000	

Executive Summary

Summary of Results

Police Officers and Firefighters', and Teachers' Plans

	Valuation Date	
	October 1, 2025	October 1, 2024
Plan Member Counts		
Actives	265	334
Terminated Vested	217	233
Annuitants ¹	<u>12,221</u>	<u>12,502</u>
Total	12,703	13,069
Contributions		
Federal Required Contribution	\$ 678,900,000	\$ 663,000,000
Present Value of Benefits (PVB)		
Active Plan Members		
Retirement Decrement	\$ 93,708,198	\$ 122,175,740
Termination Decrement	-	-
Disability Decrement	209,781	323,861
Death Decrement	<u>81,399</u>	<u>120,851</u>
Total	\$ 93,999,378	\$ 122,620,452
Inactive Plan Members		
Normal Retirees	\$ 6,268,398,462	\$ 6,543,775,273
Terminated Vested	41,386,585	37,038,815
Disabled Retirees	580,724,748	617,419,732
Beneficiaries	<u>935,547,839</u>	<u>929,571,049</u>
Total	\$ 7,826,057,634	\$ 8,127,804,869
Total PVB (inactive and active)	\$ 7,920,057,012	\$ 8,250,425,321
Unfunded Actuarial Accrued Liability (AAL)		
Active AAL	\$ 93,999,378	\$ 122,620,452
Inactive AAL	<u>7,826,057,634</u>	<u>8,127,804,869</u>
Total AAL	\$ 7,920,057,012	\$ 8,250,425,321
Asset Value as of Valuation Date	\$ (4,510,276,843)	\$ (4,300,625,752)
Unfunded AAL	\$ 3,409,780,169	\$ 3,949,799,569
Funded Percentage	56.95%	52.13%

¹Throughout this report, former spouses receiving benefits under a qualified domestic relations order are not included in counts. Their benefit amounts are included with their associated retired plan member.

Executive Summary

Summary of Results

Judges' Plan

	Valuation Date	
	October 1, 2025	October 1, 2024
Plan Member Counts		
Actives	58	56
Terminated Vested	-	-
Annuitants ¹	<u>107</u>	<u>106</u>
Total	165	162
Contributions		
Government Contribution (excluding expenses)	\$ 25,100,000	\$ 24,500,000
Present Value of Benefits (PVB)		
Active Plan Members		
Retirement Decrement	\$ 189,498,518	\$ 184,188,538
Termination Decrement	-	-
Disability Decrement	-	-
Death Decrement	<u>1,209,191</u>	<u>1,146,840</u>
Total	\$ 190,707,709	\$ 185,335,378
Inactive Plan Members		
Normal Retirees	\$ 229,091,639	\$ 228,249,531
Terminated Vested	-	-
Disabled Retirees	7,228,877	4,844,727
Beneficiaries	<u>12,077,620</u>	<u>12,734,961</u>
Total	\$ 248,398,136	\$ 245,829,219
Total PVB (inactive and active)	\$ 439,105,845	\$ 431,164,597
Unfunded Actuarial Accrued Liability (AAL)		
Active AAL	\$ 93,262,249	\$ 93,291,053
Inactive AAL	<u>248,398,136</u>	<u>245,829,219</u>
Total AAL	\$ 341,660,385	\$ 339,120,272
Asset Value as of Valuation Date	\$ (233,911,554)	\$ (220,176,913)
Unfunded AAL	\$ 107,748,831	\$ 118,943,359
Funded Percentage	68.46%	64.93%
Total Normal Cost	\$ 9,900,000	\$ 9,500,000
Employee Contributions	<u>(700,000)</u>	<u>(600,000)</u>
Net Employer Normal Cost	\$ 9,200,000	\$ 8,900,000

¹Throughout this report, former spouses receiving benefits under a qualified domestic relations order are not included in counts. Their benefit amounts are included with their associated retired plan member.

Executive Summary

Actuarial Valuation Opinion

This report presents the results of the actuarial valuation of the Program as of October 1, 2025. In our opinion, this report is complete and accurate and represents fairly the actuarial position of the Program for the purposes stated herein.

This actuarial valuation has been prepared based upon plan member data and plan provisions provided by the Department of the Treasury as of May 1, 2025 (plan data was projected to September 30, 2025 by adjusting for expected mortality for inactive plan members) and the estimated asset information projected by the Department of the Treasury to September 30, 2025 (provided on August 6, 2025).

We have reviewed the data and other information provided for reasonableness, but have not independently audited the data or other information provided. We have no reason to believe the data and other information provided are not complete and accurate, and know of no further information that is essential to the preparation of the actuarial valuation.

In our opinion, all costs, liabilities, rates of interest, and other factors underlying these actuarial computations have been determined on the basis of actuarial assumptions and methods. Each are reasonable (or consistent with authoritative guidance) for the purposes described herein taking into account the experience of the plans and future expectations. Rates of interest used in this valuation are provided by ODCP and are consistent with authoritative guidance. All other assumptions are reasonable for the purposes described herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operations of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on each plan's funded status); and
- Changes in plan provisions or applicable law.

Our scope did not include analyzing the potential range of such future measurements; therefore, this analysis was not performed.

The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report was prepared solely for the benefit and internal use of the Department of the Treasury. This report is not intended for the benefit of any other party and may not be relied upon by any third party for any purpose, and Deloitte Consulting LLP accepts no responsibility or liability with respect to any party other than the Department of the Treasury.

To the best of our knowledge, no employee of the Deloitte U.S. Firms is an officer or director of ODCP. In addition, we are not aware of any relationship between the Deloitte U.S. Firms and ODCP that may impair or appear to impair the objectivity of the work detailed in this report.

DELOITTE CONSULTING LLP



Jeffrey Rees, FSA, MAAA, FCA
Enrolled Actuary No. 23-05941
December 3, 2025



Michael de Leon, ASA, MAAA, FCA
Enrolled Actuary No. 23-06450
December 3, 2025

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