

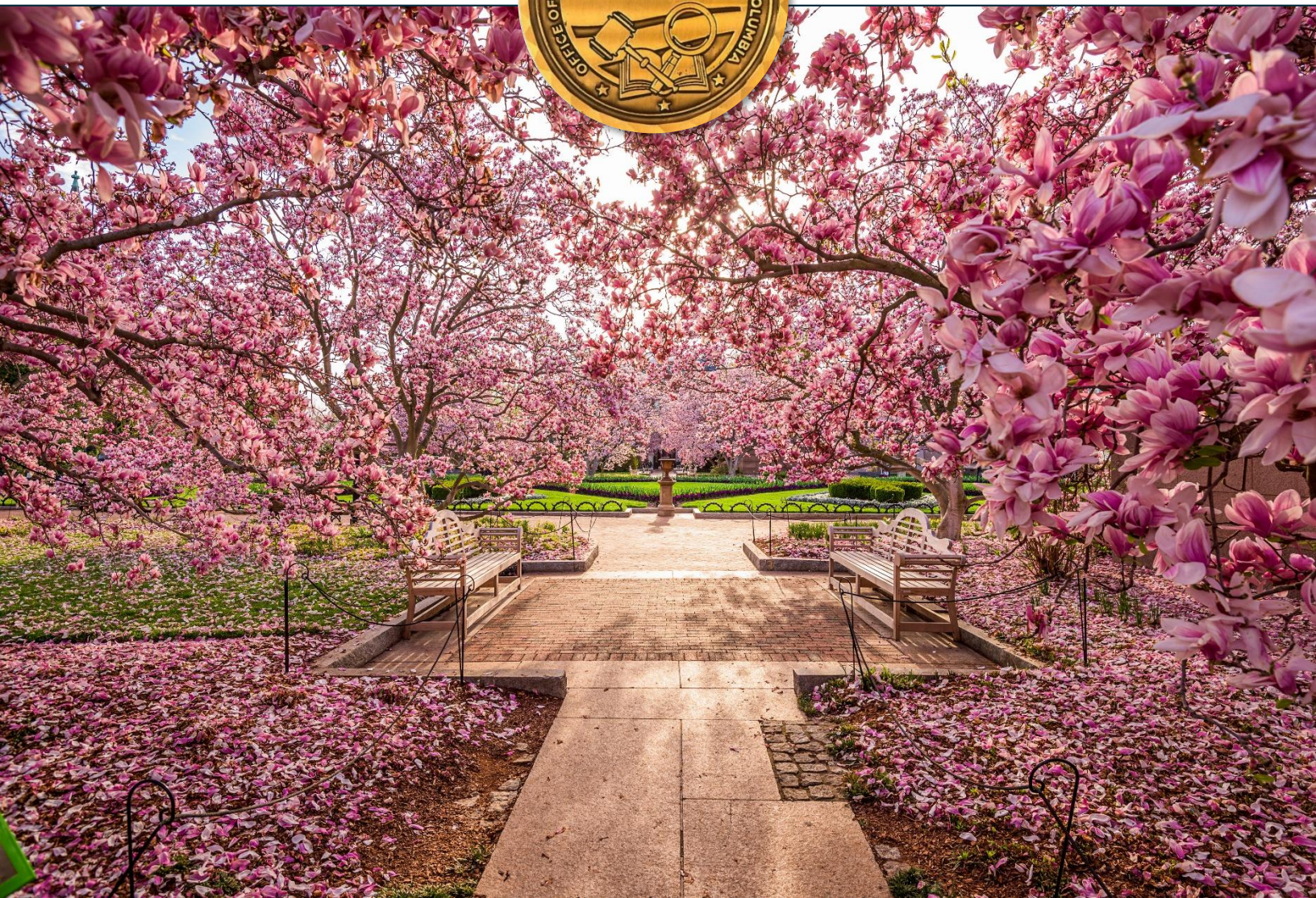
AUDIT REPORT

401(a) Defined Contribution Plan

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

OIG No. 25-1-15AT

January 30, 2026



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

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

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



OUR VISION

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

OUR VALUES

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

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

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

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

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

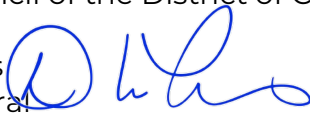
Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.



MEMORANDUM

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

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

From: Daniel W. Lucas 
Inspector General

Date: January 30, 2026

Subject: **401(a) Defined Contribution Plan Annual Financial Statements | OIG**
No. 25-1-15AT

This memorandum transmits the final *401(a) Defined Contribution Plan Financial Statements and Independent Auditor's Reports* for fiscal year 2025.

CliftonLarsonAllen LLP (CLA) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2025. As part of their contract, CLA reviewed the work papers of F.S. TAYLOR & ASSOCIATES, P.C. (FSTA), which audited the financial statements of the 401(a) Defined Contribution Plan to independently determine whether the financial statements are fairly presented.

On December 15, 2025, FSTA issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. FSTA found no material weaknesses in internal control over financial reporting. CLA concurred with FSTA's opinion and conclusions.

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

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED SEPTEMBER 30, 2025 AND 2024

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR’S REPORT**

YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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F.S. TAYLOR & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

1420 N Street, N.W., Suite 100 / Washington, D.C. 20005 / 202/898-0008 Fax 202/898-0208

INDEPENDENT AUDITOR'S REPORT

Office of Finance and Treasury
Office of the Chief Financial Officer
Government of the District of Columbia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2025, and 2024, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

J. S. Taylor & Associates, P.C.

Washington, D.C.
December 15, 2025

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

The following presents our discussion and analysis of the financial performance of the Government of District of Columbia 401(a) Defined Contribution Plan (the “Plan”) for the fiscal years ended September 30, 2025 and 2024. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

The Plan was established under Government of the District of Columbia (the “District” or D.C.) Code 1-626.05(3). All District employees who were first hired on or after October 1, 1987 and have been employed a minimum of one-year creditable service are eligible to participate in the Plan. The District contributes 5% of eligible employees’ base salaries, except for detention officers, who receive a 5.5% contribution. Employees do not make any contributions to the Plan. The District’s Office of the Chief Financial Officer, Office of Finance and Treasury and the D.C. Department of Human Resources jointly perform the duties of the Plan Administrator.

Overview of Financial Statements

The Plan’s financial statements consist of two basic financial statements: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position. In addition to the basic financial statements are the notes to the financial statements.

- Statement of Fiduciary Net Position presents the Plan’s assets, liabilities, and net position available for participant benefits.
- Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Plan’s net position.
- The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2025 Financial Highlights

- Investments increased by \$228,191,943 or 12.76%
- Due to District Government decreased by \$586,830 or (11.07%)
- Net investment income was \$220,029,434, a decrease in net investment income of \$116,885,219 or (34.69%)
- District contributions increased by \$3,599,497 or 3.71%
- Benefits paid to participants increased by \$17,532,665 or 23.53%

2024 Financial Highlights

- Investments increased by \$359,139,146 or 25.12%
- Due to District Government increased by \$2,352,486 or 79.75%
- Net investment income was \$336,914,653, an increase in net investment income of \$171,329,412 or 103.47%
- District contributions increased by \$5,685,300 or 6.23%
- Benefits paid to participants increased by \$6,611,170 or 9.74%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Financial Analysis – Fiduciary Net Position

Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2025, 2024 and 2023

	2025	2024	2023	2025-2024		2024-2023	
				\$ Variance	% Variance	\$ Variance	% Variance
ASSETS							
Investments	\$ 2,017,055,409	\$ 1,788,863,466	\$ 1,429,724,320	\$ 228,191,943	12.76%	\$ 359,139,146	25.12%
Employer Contributions Receivable	1,785,754	3,805,294	3,519,754	(2,019,540)	(53.07%)	285,540	8.11%
Due from Program Manager	114,404	81,652	70,030	32,752	40.11%	11,622	16.60%
Other Receivables	58,400	-	-	58,400	100.00%	-	-
Total Assets	2,019,013,967	1,792,750,412	1,433,314,104	226,263,555	12.62%	359,436,308	25.08%
LIABILITIES							
Due to District Government	4,715,460	5,302,290	2,949,804	(586,830)	(11.07%)	2,352,486	79.75%
Total Liabilities	4,715,460	5,302,290	2,949,804	(586,830)	(11.07%)	2,352,486	79.75%
Fiduciary Net Position Available for Plan Benefits	\$ 2,014,298,507	\$ 1,787,448,122	\$ 1,430,364,300	\$ 226,850,385	12.69%	\$ 357,083,822	24.96%

Fiscal Year 2025

In fiscal year 2025, the Plan's investments increased by \$228,191,943 or 12.76%, compared to the prior fiscal year balance; in addition, net investment income decreased by \$116,885,219 or (34.69%). Market conditions continued to be favorable during fiscal year 2025 although not as favorable as fiscal year 2024, resulting in 27 of 29 investment funds generating positive rates of return.

Employer contribution receivables decreased by \$2,019,540 or (53.07%) from the prior fiscal year due to the timing of payroll contribution collections near the end of the fiscal year.

The amount "Due to District Government" represents funds owed to the Plan Administrator to be used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator monthly. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily net asset value. The amount also includes payments owed the District for contributions made on behalf of erroneously enrolled participants. This portion of the liability decreases as funds owed are remitted to the District.

As shown in **Table 2a - Investment by Fund with Rates of Return as of September 30, 2025**, a significant portion of the Plan's investments were in Vanguard Target Retirement 2035 (14.6%), Vanguard Target Retirement 2030 Fund (13.4%), Vanguard Target Retirement 2040 Fund (11.7%), Vanguard Target Retirement 2045 Fund (10.5%), Vanguard Target Retirement 2025 Fund (8.9%), Vanguard Target Retirement 2050 Fund (7.6%), MissionSquare PLUS Fund (5.4%), and Vanguard Institutional Index Fund (5.2%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Table 2a - Investment by Fund with 1-Year Rates of Returns as of September 30, 2025

	Investment Value	Percent of Total Investments	Rate of Return %
American Funds Fundamental Investors	\$ 16,946,554	0.8%	21.41%
American Funds New Perspective Fund	15,571,448	0.8%	17.64%
Ariel Institutional	11,123,975	0.6%	10.21%
Brown Capital Management Small	6,865,105	0.3%	(3.40%)
DCPLUS Fixed Income Portfolio	18,283,958	0.9%	2.77%
DCPLUS Large Cap Growth Portfolio	35,131,390	1.7%	24.23%
DCPLUS Large Cap Value Portfolio	10,384,634	0.5%	7.26%
DFA US Core Equity 1 Portfolio	7,899,745	0.4%	14.53%
Harbor International Fund	15,638,343	0.8%	15.38%
MissionSquare PLUS Fund	108,715,608	5.4%	3.16%
MissionSquare Retirement Income Advantage	5,381,417	0.3%	9.82%
Nuveen Real Estate Securities Fund	4,583,996	0.2%	(3.43%)
PIMCO All Asset Fund Institutional Class	998,831	0.0%	7.69%
PIMCO Real Return Collective Trust II	5,259,406	0.3%	4.21%
Vanguard Federal Money Market	15,661,484	0.8%	4.41%
Vanguard Institutional Index Fund	104,056,294	5.2%	17.57%
Vanguard Small Cap Index Fund	19,756,013	1.0%	8.67%
Vanguard Target Retirement 2020 Fund	86,809,640	4.3%	8.63%
Vanguard Target Retirement 2025 Fund	178,740,203	8.9%	10.56%
Vanguard Target Retirement 2030 Fund	271,286,949	13.4%	11.75%
Vanguard Target Retirement 2035 Fund	294,310,159	14.6%	12.85%
Vanguard Target Retirement 2040 Fund	236,553,409	11.7%	13.93%
Vanguard Target Retirement 2045 Fund	212,757,408	10.5%	14.96%
Vanguard Target Retirement 2050 Fund	153,297,482	7.6%	16.14%
Vanguard Target Retirement 2055 Fund	92,161,631	4.6%	16.13%
Vanguard Target Retirement 2060 Fund	28,494,106	1.4%	16.15%
Vanguard Target Retirement 2065 Fund	8,283,731	0.4%	16.09%
Vanguard Target Retirement Inc.	48,811,143	2.4%	7.95%
Virtus Emerging Markets Fund Class 1	3,291,347	0.2%	8.45%
	<u><u>\$ 2,017,055,409</u></u>	<u><u>100%</u></u>	

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Fiscal Year 2024

In fiscal year 2024, the Plan’s investments increased by \$359,139,146 or 25.12%, compared to the prior fiscal year balance; in addition, net investment income increased by \$171,329,412 or 103.47%. Market conditions continued to be favorable during fiscal year 2024 resulting in all 29 investment funds generating positive rates of return.

Employer contribution receivables increased by \$285,540 or 8.11% from the prior fiscal year due to the timing of payroll contribution collections near the end of the fiscal year.

The amount “Due to District Government” represents funds owed to the Plan Administrator to be used towards paying the Plan’s administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator monthly. The funding is equal to 5.5 basis points (0.055%) of the Plan’s daily net asset value. The amount also includes payments owed by the District for contributions made on behalf of erroneously enrolled participants.

As shown in **Table 2b - Investment by Fund with Rates of Return as of September 30, 2024**, a significant portion of the Plan’s investments were in Vanguard Target Retirement 2035 (14.6%), Vanguard Target Retirement 2030 Fund (13.5%), Vanguard Target Retirement 2040 Fund (11.4%), Vanguard Target Retirement 2045 Fund (10.1%), Vanguard Target Retirement 2025 Fund (9.7%), Vanguard Target Retirement 2050 Fund (7.0%), MissionSquare PLUS Fund (5.7%), and Vanguard Institutional Index Fund (5.1%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Table 2b - Investment by Fund with 1-Year Rates of Returns as of September 30, 2024

	Investment Value	Percent of Total Investments	Rate of Return %
American Funds Fundamental Investors	\$ 10,138,791	0.6%	37.59%
American Funds New Perspective Fund	13,236,418	0.7%	31.71%
Ariel Institutional	12,242,814	0.7%	28.01%
Brown Capital Management Small	8,627,569	0.5%	10.94%
DCPLUS Fixed Income Portfolio	16,852,904	0.9%	11.71%
DCPLUS Large Cap Growth Portfolio	30,272,047	1.7%	41.24%
DCPLUS Large Cap Value Portfolio	10,759,806	0.6%	27.04%
DFA US Core Equity 1 Portfolio	9,608,605	0.5%	33.46%
Harbor International Fund	13,999,840	0.8%	24.62%
MissionSquare PLUS Fund	101,173,647	5.7%	3.04%
MissionSquare Retirement Income Advantage	6,246,499	0.3%	21.78%
Nuveen Real Estate Securities Fund	5,196,021	0.3%	31.76%
PIMCO All Asset Fund Institutional Class	641,335	0.0%	15.13%
PIMCO Real Return Collective Trust II	4,386,810	0.2%	10.20%
Vanguard Federal Money Market	9,797,021	0.5%	5.41%
Vanguard Institutional Index Fund	90,699,107	5.1%	36.32%
Vanguard Small Cap Index Fund	16,988,378	0.9%	27.45%
Vanguard Target Retirement 2020 Fund	90,701,576	5.1%	18.29%
Vanguard Target Retirement 2025 Fund	172,662,517	9.7%	21.19%
Vanguard Target Retirement 2030 Fund	241,635,509	13.5%	23.29%
Vanguard Target Retirement 2035 Fund	262,054,596	14.6%	24.82%
Vanguard Target Retirement 2040 Fund	204,123,336	11.4%	26.34%
Vanguard Target Retirement 2045 Fund	180,997,449	10.1%	27.81%
Vanguard Target Retirement 2050 Fund	125,183,965	7.0%	28.98%
Vanguard Target Retirement 2055 Fund	72,051,500	4.1%	28.98%
Vanguard Target Retirement 2060 Fund	19,517,739	1.1%	28.99%
Vanguard Target Retirement 2065 Fund	4,854,661	0.3%	28.98%
Vanguard Target Retirement Inc.	50,123,347	2.9%	16.27%
Virtus Emerging Markets Fund Class 1	4,089,659	0.2%	8.20%
	<u>\$ 1,788,863,466</u>	<u>100%</u>	

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2025, 2024 and 2023

	2025-2024					2024-2023	
	2025	2024	2023	\$ Variance	% Variance	\$ Variance	% Variance
ADDITIONS							
District Government Contributions	\$ 100,556,493	\$ 96,956,996	\$ 91,271,696	\$ 3,599,497	3.71%	\$ 5,685,300	6.23%
Net Investment Income	220,029,434	336,914,653	165,585,241	(116,885,219)	(34.69%)	171,329,412	103.47%
Total Additions	320,585,927	433,871,649	256,856,937	(113,285,722)	(26.11%)	177,014,712	68.92%
DEDUCTIONS							
Benefits Paid to Participants	92,040,421	74,507,756	67,896,586	17,532,665	23.53%	6,611,170	9.74%
Administrative Expenses	1,054,352	926,635	827,243	127,717	13.78%	99,392	12.01%
Other Deductions	640,769	1,353,436	232,757	(712,667)	(52.66%)	1,120,679	481.48%
Total Deductions	93,735,542	76,787,827	68,956,586	16,947,715	22.07%	7,831,241	11.36%
Change in Net Position	226,850,385	357,083,822	187,900,351	(130,233,437)	(36.47%)	169,183,471	90.04%
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,787,448,122	1,430,364,300	1,242,463,949	357,083,822	24.96%	187,900,351	15.12%
Fiduciary Net Position Available for Plan Benefits, End of Year	\$ 2,014,298,507	\$ 1,787,448,122	\$ 1,430,364,300	\$ 226,850,385	12.69%	\$ 357,083,822	24.96%

Fiscal Year 2025

The District contributed \$100,556,493 to the Plan in fiscal 2025, an increase of 3.71% over the \$96,956,996 contributed in fiscal 2024.

The Plan's net investment income was \$220,029,434 in fiscal year 2025, compared to a net investment income of \$336,914,653 for fiscal year 2024. The decrease in net investment income was primarily due to market conditions which were less favorable during fiscal year 2025 as compared to fiscal year 2024. Overall, 27 of 29 funds of the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's weighted average rate of return was 12.53% in fiscal year 2025 compared to a return of 16.69% for fiscal year 2024.

Benefits paid to participants increased by \$17,532,665 due to an increase in the average amount paid out per participant for fiscal year 2025 of \$13,476 from \$11,784 for fiscal year 2024, while the number of participants receiving distributions also increased. The total number of participants receiving distributions from the Plan for fiscal year 2025 was 6,830 compared to 6,334 in fiscal year 2024.

The administrative expenses for fiscal year 2025 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily net asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily net asset value or \$1,054,352 for the fiscal year.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Fiscal Year 2024

The District was required to contribute cash of \$96,685,252 to the Plan during the fiscal year, which was a 10.55% increase from \$87,456,451 in the prior fiscal year. The actual amount contributed by the District was \$96,956,996, an increase of 6.23% over the \$91,271,696 contributed in fiscal 2023.

The Plan's net investment income was \$336,914,653 in fiscal year 2024, compared to a net investment income of \$165,585,241 for fiscal year 2023. The increase in net investment income was primarily due to continuing favorable market conditions during fiscal year 2024. Overall, all 29 funds of the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's weighted average rate of return was 16.69% in fiscal year 2024 compared to a return of 13.61% for fiscal year 2023.

Benefits paid to participants increased by \$6,611,170 due to an increase in the average amount paid out per participant for fiscal 2024 of \$11,784 from \$11,127 for fiscal 2023, while the number of participants receiving distributions also increased. The total number of participants receiving distributions from the Plan for fiscal year 2024 was 6,334 compared to 6,102 in fiscal year 2023.

The administrative expenses for fiscal year 2024 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or \$926,635 for the fiscal year.

Contact Information

The above discussion and analysis are presented to provide additional information regarding the activities of the Plan and to meet the disclosure requirements of the Government Accounting Standards Board. If you have any questions about the report or need additional financial information, contact Rodney Dickerson, Program Director, Government of the District of Columbia, Office of the Chief Financial Officer, Office of Finance and Treasury, 1101 4th Street, SW, 8th floor, Washington, DC 20024, (Email: Rodney.Dickerson@dc.gov; Phone: (202) 727-0107).

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<i>ASSETS</i>		
Investments:		
Registered Investment Companies	\$ 1,908,339,801	\$ 1,687,689,819
Stable Value Fund	<u>108,715,608</u>	<u>101,173,647</u>
Total Investments	<u>2,017,055,409</u>	<u>1,788,863,466</u>
Receivables:		
Employer Contributions	1,785,754	3,805,294
Due from Program Manager	114,404	81,652
Other Receivables	<u>58,400</u>	<u>-</u>
Total Receivables	<u>1,958,558</u>	<u>3,886,946</u>
Total Assets	<u>2,019,013,967</u>	<u>1,792,750,412</u>
<i>LIABILITIES</i>		
Due to District Government	<u>4,715,460</u>	<u>5,302,290</u>
Total Liabilities	<u>4,715,460</u>	<u>5,302,290</u>
Fiduciary Net Position Available for Plan Benefits	<u><u>\$ 2,014,298,507</u></u>	<u><u>\$ 1,787,448,122</u></u>

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<i>ADDITIONS</i>		
District Government Contribution	\$ 100,556,493	\$ 96,956,996
Investment Income:		
Net Appreciation in Fair Value of Investments	215,217,889	334,903,287
Interest and Dividends	9,942,037	6,635,778
Less: Investment Management Fees	(2,382,462)	(2,298,529)
Program Manager Fees	<u>(2,748,030)</u>	<u>(2,325,883)</u>
Net Investment Income	<u>220,029,434</u>	<u>336,914,653</u>
Total Additions	320,585,927	433,871,649
<i>DEDUCTIONS</i>		
Benefits Paid to Participants	92,040,421	74,507,756
Administrative Expenses	1,054,352	926,635
Other Deductions	<u>640,769</u>	<u>1,353,436</u>
Total Deductions	<u>93,735,542</u>	<u>76,787,827</u>
Change in Net Position	226,850,385	357,083,822
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	<u>1,787,448,122</u>	<u>1,430,364,300</u>
Fiduciary Net Position Available for Plan Benefits, End of Year	<u><u>\$ 2,014,298,507</u></u>	<u><u>\$ 1,787,448,122</u></u>

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - DESCRIPTION OF THE PLAN

The Government of the District of Columbia (the “District”) offers a 401(a) Defined Contribution Plan (the “Plan”) that was established under D.C. Code §1-626.05(3). All District employees who were first hired on or after October 1, 1987 and have been employed a minimum of one year are eligible to participate in the Plan. The District contributes 5% of eligible employees’ base salary for all employees, except detention officers. Detention officers receive a 5.5% contribution of their base salary. Participants do not make any contributions to the Plan.

The District’s Office of the Chief Financial Officer, Office of Finance and Treasury (“OCFO-OFT”) and D.C. Department of Human Resources are joint Plan Administrators. They are jointly responsible for adopting the Plan’s administration rules and regulations, investment policies and overseeing the duties of the Plan’s Program Manager. In 2015, the OCFO-OFT, contracted with MissionSquare (formerly ICMA Retirement Corporation (“ICMA-RC”)) to be the Plan’s Program Manager. The Program Manager performs the Plan’s investment management, marketing and enrollment duties and is also the Trustee of the Plan. As the Trustee, the Program Manager has custody of the Plan’s assets and is responsible for recordkeeping and reporting.

Effective October 1, 2017, under the Fiscal Year 2018 Budget Support Act of 2017 which amended the District of Columbia Government Comprehensive Merit Personnel Act of 1978, D.C. Code §1-626.09(e) establishes that the District, on behalf of employees of the Council, the Office of the District of Columbia Auditor and the Office of Advisory Neighborhood Commissions participating in the District’s 457(b) deferred compensation plan as established by D.C. Code §1-626.05(2) shall contribute to the District’s 401(a) defined contribution plan. For these employees, the District shall contribute each pay period an amount equal to that employee’s contribution made to the 457(b) deferred compensation plan for that pay period provided that the District’s contribution on behalf of an employee in any pay period shall not exceed 3% of the employee’s base salary during that pay period. Matching contributions vest immediately.

The Plan’s Program Manager maintains an account for each participant that is adjusted for contributions, withdrawals, investment earnings and losses and Plan fees. Prior to December 8, 2009, a participant is 100% vested once the participant (1) attains five years of creditable service, (2) becomes disabled, or (3) dies. After that date, a participant is vested at certain percentages based on the years of creditable service, which are as follows:

Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%

Upon separation from service, death, or disability, a vested participant or the participant’s beneficiary can receive cash payment, installment payments, annuity payments or rollover to another eligible retirement plan or traditional IRA. The installment payments can be monthly or annually for designated periods of three, five, or ten years, but may not exceed the life expectancy of the participant or beneficiary.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 1 - DESCRIPTION OF THE PLAN *(Continued)*

Effective January 1, 2023, the SECURE Act 2.0 increased the threshold age that determines when participants must begin taking a required minimum distribution (RMD) from the plan from age 72 to 73. However, persons who turned 72 in calendar year 2022 must continue to make RMD payments no later than April 1, 2023. Persons who turn 72 in calendar year 2023, do not have to begin taking a RMD until they attain age 73 in 2024, which must be distributed by April 1, 2025. Any person born on June 30, 1949 or earlier, must take a RMD (1) at age 70 ½, or (2) the calendar year in which the participant retires, the participant must annually take a required minimum distribution (RMD).

Plan Membership

The Plan's membership consisted of the following at September 30, 2025 and 2024.

	2025	2024
Active Members	22,138	21,465
Inactive Members	12,955	12,429
Total Members	<u>35,093</u>	<u>33,894</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan's financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB") which requires two basic financial statements: statement of fiduciary net position and statement of changes in fiduciary net position. For financial reporting purposes, the Plan is considered a pension trust fund.

Basis of Accounting

The Plan's financial statements are prepared under the accrual basis of accounting. District contributions are recognized by the Plan when the payments become due from the District government. Investment income is recognized when earned. Deductions are recognized when due in accordance with the terms of the Plan.

Investment Valuation

At September 30, 2025 and 2024, the Plan's investments were in mutual funds and a stable value fund. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the stable value fund are presented at contract value, which approximates fair value.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation and depreciation include the Plan's gains and losses on investments bought and sold as well as held during the year.

Fair Value Measurement

The Plan categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment.

The fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Payment of Benefits

Benefit payments are recorded as deductions when due for payment.

District Contributions

Contributions are recognized as revenue to the Plan when payments become due from the District government on its specified payroll pay dates.

Tax Status

The Plan is an eligible employer defined Contribution Plan under Section 401(a) of the Internal Revenue Code.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impact of New Accounting Standards

Statement No. 101 of the Governmental Accounting Standards Board, *Compensated Absences*, updates the accounting and financial reporting guidance for employee leave benefits such as vacation and sick leave. It replaces GASB Statement No. 16, *Accounting for Compensated Absences* and requires governments to recognize a liability for leave that is attributable to past service, can be carried forward, and is more likely than not to be used or paid. The liability should be measured based on the employee's current pay rate, including related payroll costs. The new "more likely than not" threshold lowers the bar for recognition compared to the old "probable" standard, meaning some governments may record larger liabilities than before—especially for sick leave. The standard simplifies certain disclosures, removing the requirement to identify the funds used to liquidate the liability, and instead focuses on policies and balances. GASB 101 is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. Management has assessed the impact of GASB Statement 101 and determined it is not applicable to the Plan's standalone financial statements. Because the 401(a) Plan does not have employees, there are no compensated absences—such as vacation, sick, or other paid leave—to recognize or measure under GASB 101. All employer obligations for compensated absences are addressed at the District-wide government level, not within fiduciary fund reporting.

Statement No. 102 of the Governmental Accounting Standards Board, *Certain Risk Disclosures*, enhances transparency by requiring governments to disclose significant concentrations or constraints that make them vulnerable to substantial financial impacts. Concentration refers to reliance on limited revenue sources, employers, or suppliers, while constraints include statutory limits or externally imposed restrictions on resources. A disclosure is required only if the concentration or constraint is known, creates vulnerability to a substantial impact, and is associated with an event that has occurred or is more likely than not to occur within 12 months of the financial statement's issuance. The disclosures must describe the nature of the risk and any mitigating actions taken but do not affect measurement or recognition of amounts in the statements. GASB 102 is effective for fiscal years beginning after June 15, 2024, and early implementation is encouraged. Management has assessed the impact of the implementation of GASB Statement No. 102 on the financial statements and determined that there are no identifiable vulnerabilities that exist that meet the disclosure criteria outlined in GASB 102. The 401(a) Plan's investment portfolio is broadly diversified across multiple asset classes, reducing exposure to concentration risk. Employer contributions are fixed by law and not subject to funding volatility. Additionally, there are no significant contractual, regulatory, or operational constraints that threaten the Plan's ability to meet its obligations.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2025 and 2024 consist of the following:

	Investments	
	2025	2024
Stock and Bond Funds	\$ 1,908,339,801	\$ 1,687,689,819
Stable Value Fund	108,715,608	101,173,647
Total Investments	\$ 2,017,055,409	\$ 1,788,863,466

The Plan's investments in Registered Investment Companies are stated at fair market value. The stable value fund is valued at contract value, which approximates fair value. The contract value is guaranteed through a related contract with a separate provider. The credited interest rates are reset periodically according to terms set forth in the contract and are actuarially determined.

The Plan's investments are subject to the following risks common to investments:

- *Custodial credit risk* is the risk that the Plan will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction.

Investments are exposed if they are uninsured, are not registered in the name of the Plan and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal year 2025 and 2024 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds, which are not generally exposed to custodial credit risks. The Plan Administrator performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.

- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plan manages its exposure to declines in fair market values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2025.

Investment	Average Maturity
MissionSquare PLUS Fund	3.71 years
DC PLUS Fixed Income Portfolio	8.10 years
PIMCO Real Return Collective Trust II	6.85 years

- *Foreign currency risk* is the risk that changes in exchange rates will adversely affect the fair market value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investment in any one country to no more than the greater of either 25% of the equity portion of the investment account or by the country's weight in the Europe, Australia, and Far East (EAFE) benchmark. In addition, a minimum of eight countries must be represented in each investment account. As a result, the Plan's currency denomination varies.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 – INVESTMENTS (Continued)

At September 30, 2025 and 2024, the investment with the largest foreign currency risk was the Harbor International Fund. The major currency denomination for the Harbor International Fund is the Yen.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global (“S&P”). There were 14 out of 29 investments that had credit ratings in fiscal year 2025 and in fiscal year 2024. At September 30, 2025 and 2024, those investments and their related credit ratings were as follows:

September 30, 2025	
Funds	Credit Ratings (Moody’s and S&P)
DCPLUS Fixed Income Portfolio	AAA/ AA/ A/ BBB
MissionSquare PLUS Fund	AAA/ AA/ A/ BBB
PIMCO Real Return Collective Trust II	AAA/ AA/ A/ BBB
Vanguard Target Retirement Income	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2020	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2025	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2030	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2035	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2040	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2045	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2050	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2055	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2060	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2065	AAA/ AA/ A/ BBB

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 3 - INVESTMENTS (Continued)

September 30, 2024

Funds	Credit Ratings (Moody's and S&P)
DCPLUS Fixed Income Portfolio	AAA/ AA/ A/ BBB
MissionSquare PLUS Fund	AAA/ AA/ A/ BBB
PIMCO Real Return Collective Trust II	AAA/ AA/ A/ BBB
Vanguard Target Retirement Income	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2020	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2025	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2030	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2035	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2040	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2045	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2050	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2055	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2060	AAA/ AA/ A/ BBB
Vanguard Target Retirement 2065	AAA/ AA/ A/ BBB

Investment concentrations - In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, the Plan is required to disclose investments in any one organization that represents 5% or more of the Plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

The funds that meet the 5% or more disclosure criteria at September 30, 2025, discussed above are: Vanguard Target Retirement 2035 Fund (14.6%), Vanguard Target Retirement 2030 Fund (13.4%), Vanguard Target Retirement 2040 Fund (11.7%), Vanguard Target Retirement 2045 Fund (10.5%), Vanguard Target Retirement 2025 Fund (8.9%), Vanguard Target Retirement 2050 Fund (7.6%), MissionSquare PLUS Fund (5.4%), and Vanguard Institutional Index Fund (5.2%).

The funds that meet the 5% or more disclosure criteria at September 30, 2024, discussed above are: Vanguard Target Retirement 2035 Fund (14.6%), Vanguard Target Retirement 2030 Fund (13.5%), Vanguard Target Retirement 2040 Fund (11.4%), Vanguard Target Retirement 2045 Fund (10.1%), Vanguard Target Retirement 2025 Fund (9.7%), Vanguard Target Retirement 2050 Fund (7.0%), MissionSquare PLUS Fund (5.7%), Vanguard Target Retirement 2020 Fund (5.1%) and Vanguard Institutional Index Fund (5.1%).

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2025:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments measured at fair value:				
Equities				
Materials	\$ 74,615,272	\$ 74,615,272	\$ -	\$ -
Consumer, Cyclical and Defensive	312,687,614	312,687,614	-	-
Financial Services	292,731,858	292,731,858	-	-
Real Estate	58,502,903	58,502,903	-	-
Communication Services	139,509,131	139,509,131	-	-
Energy	72,057,128	72,057,128	-	-
Industrials	208,749,452	208,749,452	-	-
Technology	455,148,980	455,148,980	-	-
Healthcare	201,005,885	201,005,885	-	-
Utilities	49,732,209	49,732,209	-	-
Debt securities				
Government	10,605,462	10,605,462	-	-
Corporate	4,630,825	4,630,825	-	-
Securitized	7,319,068	7,319,068	-	-
Municipal	632,625	632,625	-	-
Other	3,246,990	3,246,990	-	-
Other funds	17,164,399	17,164,399	-	-
Total investments measured at fair value	1,908,339,801	\$ 1,908,339,801	\$ -	\$ -
Investments measured at contract value:				
Stable Value Fund	108,715,608			
Total Investments	\$ 2,017,055,409			

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2024:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Investments measured at fair value:				
Equities				
Materials	\$ 67,182,940	\$ 67,182,940	\$ -	\$ -
Consumer, Cyclical and Defensive	274,237,256	274,237,256	-	-
Financial Services	255,609,704	255,609,704	-	-
Real Estate	52,089,919	52,089,919	-	-
Communication Services	121,283,157	121,283,157	-	-
Energy	66,452,209	66,452,209	-	-
Industrials	184,412,762	184,412,762	-	-
Technology	396,997,763	396,997,763	-	-
Healthcare	182,071,882	182,071,882	-	-
Utilities	45,220,792	45,220,792	-	-
Debt securities				
Government	8,914,185	8,914,185	-	-
Corporate	4,409,667	4,409,667	-	-
Securitized	6,823,741	6,823,741	-	-
Municipal	660,634	660,634	-	-
Other	2,005,960	2,005,960	-	-
Other funds	19,317,248	19,317,248	-	-
Total investments measured at fair value	1,687,689,819	<u>\$ 1,687,689,819</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at contract value:				
Stable Value Fund	<u>101,173,647</u>			
Total Investments	<u>\$ 1,788,863,466</u>			

NOTE 5 - FORFEITURE ACCOUNT

Participants' account balances are transferred to a forfeitures account within the Plan when a participant separates from service prior to being vested and is not re-employed by the District within one year of the date of separation. The District uses the forfeited funds to reduce its contributions and to pay administrative expenses. At September 30, 2025 and 2024, the Plan's forfeiture account balance was \$4,065,866 and \$2,750,880, respectively. The District used \$151,235 and \$363,892 of forfeiture funds to reduce its contributions during 2025 and 2024, respectively.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 5 - FORFEITURE ACCOUNT *(Continued)*

The transactions that occurred within the account during 2025 and 2024 were as follows:

	2025	2024
Beginning Balance	\$ 2,750,880	\$ 1,973,348
Net Non-vested Transfers	1,259,150	829,739
Investment Income	207,071	311,685
District Payroll Contributions	(151,235)	(363,892)
Ending Balance	<u>\$4,065,866</u>	<u>\$ 2,750,880</u>

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. Investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2025 and 2024, investment management fees totaled \$2,382,462 and \$2,298,529, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2025 and 2024, Program Manager administrative fees totaled \$2,748,030 and \$2,325,883, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

According to the contract with the District, the Program Manager has a revenue sharing requirement whereby 5.5 basis points (0.055%) of the Plan's daily net asset value are paid to the Plan Administrator. The revenue sharing amount is deposited by the Program Manager into an administrative account maintained in the Plan. Additions to and deductions from the administrative account are not Plan transactions reflected in the Statements of Changes in Fiduciary Net Position.

The total amount of revenue sharing earned by the Plan Administrator for fiscal years 2025 and 2024 was \$1,054,352 and \$926,635, respectively. At September 30, 2025 and 2024, the amount Due from Program Manager was \$114,404 and \$81,652, respectively. As of September 30, 2025 and 2024, the Plan's revenue sharing fund balance was \$4,488,795 and \$3,913,282, respectively, and is reported as a portion of the amount Due to the District Government.

Additionally, certain District employees who were employed before September 30, 1987, were erroneously enrolled into the District's 401(a) Defined Contribution Plan in lieu of the Civil Service Retirement System for part of or the whole of their tenure with the District. As a result, the District erroneously made contributions to the 401(a) Defined Contribution Retirement Plan on the employees' behalf. Those erroneous contributions are due back to the District (See Note 9).

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan Administrator incurs and pays administrative expenses that are not paid by the Plan or recorded as plan expenses in the Statements of Changes in Fiduciary Net Position. The administrative expenses incurred by the Plan Administrator are paid by the District through the administrative account (See Note 7). Payments from the administrative account were used for direct expenses, other administrative expenses and as contributions toward salaries incurred by the District. The expenses for the years ended September 30, 2025 and 2024 totaled \$350,437 and \$354,151, respectively, and were as follows:

	<u>2025</u>	<u>2024</u>
Administrative Salaries	\$ 197,640	\$198,528
Financial Statement Compilation & Audit	66,686	111,297
Investment Consulting Services	<u>86,111</u>	<u>44,326</u>
Total Administrative Account Expenses	<u>\$ 350,437</u>	<u>\$ 354,151</u>

The Plan also incurs and pays certain administrative expenses through the forfeiture account (see Note 5). These plan-paid administrative expenses are reflected in the Statements of Changes in Fiduciary Net Position. For fiscal years 2025 and 2024, there were no administrative expenses paid by the Plan from the forfeiture account.

NOTE 9 - OTHER DEDUCTIONS

The Plan received contributions for certain participants who were later determined to have been enrolled in the Plan in error. Accordingly, contributions totaling \$640,769 and \$1,353,436 for fiscal years 2025 and 2024, respectively, were returned to the District for allocation to the appropriate retirement plan. In addition, the Plan identified contributions of \$699,169 and \$1,389,008 as of September 30, 2025 and 2024, respectively, that are owed to the District for employees hired prior to September 30, 1987 who were subsequently determined to have been incorrectly enrolled in the Plan (See Note 7).

NOTE 10 - TERMINATED PARTICIPANTS

As of September 30, 2025 and 2024, the Plan had 10,937 and 9,610 terminated vested participants, respectively, who had account balances in the Plan. These participants are no longer receiving contributions to their accounts, but their account balances are adjusted for fees and investment earnings. The value of the account balances at fiscal year-end September 30, 2025 and 2024 were approximately \$327,594,523 and \$299,879,001, respectively.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025 AND 2024

NOTE 11 - PLAN TERMINATION

The District may amend or terminate this Plan provided that such amendment or termination shall not impair the rights of a vested participant or beneficiary to receive any contributions and income earned thereon, allocated to his or her active or inactive account, as the case may be, prior to the date of the termination or amendment of the Plan.

NOTE 12 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of fiduciary net position.

NOTE 13 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through December 15, 2025, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2025, but prior to December 15, 2025, that provided additional evidence about conditions that existed as of September 30, 2025, have been recognized in the financial statements for the year ended September 30, 2025. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2025, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2025.

F.S. TAYLOR & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Office of Finance and Treasury
Office of the Chief Financial Officer
Government of the District of Columbia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

F. S. Taylor & Associates, P.C.

Washington, D.C.
December 15, 2025



REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT

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