

# DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 22-1-20AT

January 2022



## DISTRICT OF COLUMBIA 529 COLLEGE SAVINGS PROGRAM TRUST PARTICIPANT AND ADMINISTRATIVE FUNDS

Financial Statements and Management's Discussion and Analysis  
For Years Ended September 30, 2021 and 2020



### *Guiding Principles*

*Workforce Engagement \* Stakeholders Engagement \* Process-oriented \* Innovation  
\* Accountability \* Professionalism \* Objectivity and Independence \* Communication \* Collaboration  
\* Diversity \* Measurement \* Continuous Improvement*

## **Mission**

Our mission is to 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.

## **Vision**

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

## **Core Values**

Excellence \* Integrity \* Respect \* Creativity \* Ownership  
\* Transparency \* Empowerment \* Courage \* Passion  
\* Leadership



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

**Inspector General**



January 31, 2022

The Honorable Muriel Bowser  
Mayor of the District of Columbia Mayor's  
Correspondence Unit  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite  
316 Washington, D.C. 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *District of Columbia 529 College Savings Program Trust Participant and Administrative Funds Financial Statements and Management's Discussion and Analysis for the Years Ended September 30, 2021 and 2020* (OIG No. 22-1-20AT). McConnell Jones, LLP (MJ) submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2021. MJ is contractually required to review the work papers of BCA Watson Rice LLP (BCAWR) who audited the financial statements of District of Columbia 529 College Savings Program Trust Participant and Administrative Funds to independently determine whether the financial statements are fairly presented.

On December 17, 2021, BCAWR 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. BCAWR identified no material weaknesses in internal control over financial reporting. MJ concurred with BCAWR's opinion and conclusions.

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas  
Inspector General

DWL/wms

Enclosure

cc: See Distribution List

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Mr. Wayne McConnell, Managing Partner, McConnell & Jones LLP

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF FINANCE AND TREASURY**

**REPORT ON**

**THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT AND ADMINISTRATIVE FUNDS**

**FINANCIAL STATEMENTS  
AND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT AND ADMINISTRATIVE FUNDS**

**FINANCIAL STATEMENTS  
AND  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Trustee of  
The District of Columbia 529 College Savings Program Trust

### **Report on the Financial Statements**

We have audited the accompanying statement of fiduciary net position of the Participant Fund and Administrative Fund of the District of Columbia 529 College Savings Program Trust (the "Trust") as of September 30, 2021 and 2020, and the related statement of changes in fiduciary net position of the Participant Fund and Administrative Fund for the years then ended and the related notes to the financial statements, which collectively comprise the Trust's financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of September 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Trust'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trust's internal control over financial reporting and compliance.

Washington, D.C. *BCA Watson Rre LLP*  
December 17, 2021



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

The following presents management's discussion and analysis of the financial performance of the Government of the District of Columbia's (the "District") 529 College Savings Program (the "Program") for the fiscal year ended September 30, 2021 and 2020. This discussion and analysis should be read in conjunction with the financial statements and notes disclosures.

**Basic Financial Statements**

The Program is accounted for as a private purpose trust fund of the District. The District has overall fiduciary responsibility to program participants to administer the operations of the Program. The Program's basic financial statements, which are reported on the accrual basis of accounting, are the: (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 which are an integral part of the financial statements.

- The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program.
- The Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Program's net position.
- The notes provide more detailed data and explanations for some of the information in the financial statements.

**2021 Financial Highlights**

- Investments increased by \$197,768,098 or 24.55%
- Participant contributions increased by \$26,637,558 or 25.66%
- Net investment income increased by \$72,985,763 or 119.65%
- Distributions to participants increased by \$16,889,173 or 42.14%

**2020 Financial Highlights**

- Investments increased by \$121,729,176 or 17.80%
- Participant contributions increased by \$14,683,316 or 16.48%
- Net investment income increased by \$35,218,161 or 136.59%
- Distributions to participants decreased by \$559,950 or 1.38%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**Financial Analysis – Fiduciary Net Position**

**Table 1 - Condensed Statements of Fiduciary Net Position as of September 30, 2021, 2020 and 2019**

				<b>2021 - 2020</b>		<b>2020 - 2019</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
<b>ASSETS</b>							
<b>Cash and Cash Equivalents</b>	\$ 13,225,723	\$ 7,434,268	\$ 7,515,672	\$ 5,791,455	77.90%	\$ (81,404)	-1.08%
<b>Investments</b>	1,003,452,667	805,684,569	683,955,393	197,768,098	24.55%	121,729,176	17.80%
<b>Receivables</b>	2,525,825	1,744,406	1,046,535	781,419	44.80%	697,871	66.68%
<b>Total Assets</b>	<u>1,019,204,215</u>	<u>814,863,243</u>	<u>692,517,600</u>	<u>204,340,972</u>	25.08%	<u>122,345,643</u>	17.67%
<b>LIABILITIES</b>							
<b>Total Liabilities</b>	<u>383,017</u>	<u>549,854</u>	<u>583,804</u>	<u>(166,837)</u>	-30.34%	<u>(33,950)</u>	-5.82%
<b>Net Position Held in Trust for Program Participants</b>	<u>\$1,018,821,198</u>	<u>\$ 814,313,389</u>	<u>\$ 691,933,796</u>	<u>\$ 204,507,809</u>	25.11%	<u>\$ 122,379,593</u>	17.69%

**Fiscal Year 2021**

The Program's primary asset was investments, which totaled \$1,003,452,667. Investments increased by 24.55% over fiscal year 2020 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in fiscal year 2021, and as a result, fifteen (15) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2021**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio (\$224,499,026 or 22.3%); DC College Savings 2028 Portfolio (\$95,235,024 or 9.5%); DC College Savings 2031 Portfolio (\$93,263,680 or 9.3%) and DC College Savings 2034 Portfolio (\$93,114,403 or 9.3%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**Table 2a - Investment by Fund with Rates of Returns as of September 30, 2021**

	<b>Investment Value</b>	<b>Percent of Total Assets</b>	<b>Rate of Return %</b>
DC College Savings 2022 Portfolio	\$ 85,738,200	8.5	4.72
DC College Savings 2025 Portfolio	89,858,803	9.0	6.28
DC College Savings 2028 Portfolio	95,157,207	9.5	9.29
DC College Savings 2031 Portfolio	92,791,845	9.2	13.25
DC College Savings 2034 Portfolio	92,358,302	9.2	17.32
DC College Savings 2037 Portfolio	29,667,065	3.0	21.56
DC College Savings Income College Portfolio	72,776,866	7.3	3.86
Intermediate-Term Bond Portfolio	15,535,489	1.5	0.58
Non-U.S. Socially Responsible Equity Portfolio	9,572,975	1.0	26.76
Non-U.S. Total Stock Market Index Portfolio	12,883,305	1.3	23.37
Principal Protected Portfolio	61,543,263	6.1	2.13
U.S. Intermediate-Term Bond Index Portfolio	8,173,485	0.8	(1.20)
U.S. Large Cap Equity Portfolio	72,451,456	7.2	30.28
U.S. Small Cap Equity Portfolio	21,727,973	2.2	55.58
U.S. Socially Responsible Equity Portfolio	18,717,405	1.9	35.13
U.S. Total Stock Market Index Portfolio	224,499,028	22.3	30.80
<b>TOTAL</b>	<b>\$ 1,003,452,667</b>	<b>100.0</b>	

Receivables increased by \$781,419 or 44.80% over the prior fiscal year primarily because of an increase in accounts receivable for investments sold and related interest and dividend receivables at the end of the year.

Total liabilities decreased by \$166,837 or 30.34% over the prior fiscal year primarily because of a decrease in accounts payable for investments purchased at the end of the year.

**Fiscal Year 2020**

The Program's primary asset was investments, which totaled \$805,684,569. Investments increased by 17.80% over fiscal year 2019 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in fiscal year 2020, and as a result, fifteen (15) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2b - Investment by Fund with Rates of Returns as of September 30, 2020**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio (\$164,865,404 or 20.5%); DC College Savings Income College Portfolio (\$83,334,529 or 10.3%); DC College Savings 2028 Portfolio (\$79,283,134 or 9.8%); and DC College Savings 2022 Portfolio (\$78,067,965 or 9.7%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**Table 2b - Investment by Fund with Rates of Returns as of September 30, 2020**

	<b>Investment Value</b>	<b>Percent of Total Assets</b>	<b>Rate of Return %</b>
DC College Savings 2022 Portfolio	\$ 78,067,965	9.7	4.10
DC College Savings 2025 Portfolio	76,071,305	9.4	5.47
DC College Savings 2028 Portfolio	79,283,134	9.8	6.94
DC College Savings 2031 Portfolio	73,060,448	9.1	7.54
DC College Savings 2034 Portfolio	64,999,790	8.1	7.64
DC College Savings 2037 Portfolio	8,918,937	1.1	7.39
DC College Savings Income College Portfolio	83,334,529	10.3	3.63
Intermediate-Term Bond Portfolio	15,453,427	1.9	8.65
Non-U.S. Socially Responsible Equity Portfolio	6,864,403	0.9	4.62
Non-U.S. Total Stock Market Index Portfolio	7,808,517	1.0	3.23
Principal Protected Portfolio	63,783,826	7.9	2.18
U.S. Intermediate-Term Bond Index Portfolio	8,335,976	1.0	6.19
U.S. Large Cap Equity Portfolio	51,955,230	6.5	22.73
U.S. Small Cap Equity Portfolio	12,399,143	1.5	(5.81)
U.S. Socially Responsible Equity Portfolio	10,482,535	1.3	13.64
U.S. Total Stock Market Index Portfolio	164,865,404	20.5	14.30
<b>TOTAL</b>	<b>\$ 805,684,569</b>	<b>100.0</b>	

Receivables increased by \$697,871 or 66.68% over the prior fiscal year primarily because of an increase in accounts receivable for investments sold and related interest and dividend receivables at the end of the year.

Total liabilities decreased by \$33,950 or 5.82% over the prior fiscal year primarily because of a decrease in accounts payable for investments purchased at the end of the year.

**Financial Analysis – Changes in Fiduciary Net Position**

**Table 3 - Condensed Statements of Changes in Fiduciary Net Position as of September 30, 2021, 2020 and 2019**

	2021	2020	2019	<b>2021-2020</b>		<b>2020-2019</b>	
				Variance (\$)	Variance (%)	Variance (\$)	Variance (%)
<b>ADDITIONS</b>							
<b>Contributions</b>	\$ 130,441,513	\$ 103,803,955	\$ 89,120,639	\$ 26,637,558	25.66%	\$ 14,683,316	16.48%
<b>Net Investment Income</b>	133,987,339	61,001,576	25,783,415	72,985,763	119.65%	35,218,161	136.59%
<b>Total Additions</b>	264,428,852	164,805,531	114,904,054	99,623,321	60.45%	49,901,477	43.43%
<b>DEDUCTIONS</b>							
<b>Distributions to Participants</b>	56,963,195	40,074,022	40,633,972	16,889,173	42.14%	(559,950)	- 1.38%
<b>Other Expenses</b>	2,957,848	2,351,916	2,039,191	605,932	25.76%	312,725	15.34%
<b>Total Deductions</b>	59,921,043	42,425,938	42,673,163	17,495,105	41.24%	(247,225)	- 0.58%
<b>Increase in Net Position</b>	\$ 204,507,809	\$ 122,379,593	\$ 72,230,891	\$ 81,128,216	67.11%	\$ 50,148,702	69.43%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**Fiscal Year 2021**

The Program's contributions increased by \$26,637,558 or 25.66% over the prior fiscal year. The year-over-year changes reflect the savings decision made by the participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 31,445 in fiscal year 2020 to 34,518 in fiscal year 2021.

The Program had a net investment income of \$133,987,339 in fiscal year 2021, which is a 119.65% increase over fiscal year 2020. The increase in net investment income was primarily due to an increase in the net appreciation in the fair value of investments from \$51,357,272 in fiscal year 2020 to \$128,612,693 in fiscal year 2021. Conversely, interest and dividends decreased from \$10,208,710 in fiscal year 2020 to \$6,134,682 in fiscal year 2021. Overall, fifteen (15) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For fiscal year 2021, the Program's investments collectively had a weighted average rate of return of 15.94%, an increase of 792 basis points from the weighted average rate of return of 8.02% in fiscal year 2020.

Distributions to participants in 2021 were \$56,963,195 or 42.14% increase over fiscal year 2020. This increase is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from \$1,785,664 in fiscal year 2020 to \$2,288,268 in fiscal year 2021. For fiscal year 2021, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for the various investment options.

**Fiscal Year 2020**

The Program's contributions increased by \$14,683,316 or 16.48% over the prior fiscal year. The year-over-year changes reflect the investment decision made by the participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 28,504 in fiscal year 2019 to 31,445 in fiscal year 2020.

The Program had a net investment income of \$61,001,576 in fiscal year 2020, which is a 136.59% increase over fiscal year 2019. The increase in net investment income was primarily due to an increase in the net appreciation in the fair value of investments from \$15,315,841 in fiscal year 2019 to \$51,357,272 in fiscal year 2020. Conversely, interest and dividends decreased from \$10,961,147 in fiscal year 2019 to \$10,208,710 in fiscal year 2020. Overall, fifteen (15) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For fiscal year 2020, the Program's investments collectively had a weighted average rate of return of 8.02%, an increase of 471 basis points from the weighted average rate of return of 3.31% in fiscal year 2019.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

Distributions to participants in 2020 were \$40,074,022 or 1.38% decrease over fiscal year 2019. This decrease is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from \$1,542,440 in fiscal year 2019 to \$1,785,664 in fiscal year 2020. For fiscal year 2020, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for the various investment option.

**Contact Information**

This financial report is designed to provide a general overview of the Program's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer (Office of Finance and Treasury); Government of the District of Columbia; 1101 4th Street SW, 8th Floor, Washington, DC 20024.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 13,225,723	\$ 7,434,268
Receivables:		
Due from D.C. Government Administrative Fund	-	161,355
Interest and Dividends	1,577,708	567,851
Accounts Receivable for Investments Sold	948,117	1,015,200
Total Receivables	<u>2,525,825</u>	<u>1,744,406</u>
Investments:		
Equity Mutual Funds	525,673,294	398,704,812
Fixed Income Mutual Funds	258,171,616	210,140,358
Guaranteed Investment Contracts	219,607,757	196,839,399
Total Investments	<u>1,003,452,667</u>	<u>805,684,569</u>
<b>Total Assets</b>	<u>1,019,204,215</u>	<u>814,863,243</u>
 <b>LIABILITIES</b>		
Accounts Payable for Investments Purchased	135,187	357,931
Program Management Fees Payable	205,261	158,624
Due to D.C. Government Administrative Fund	42,569	33,299
<b>Total Liabilities</b>	<u>383,017</u>	<u>549,854</u>
<b>Net Position Held in Trust for Program Participants</b>	<u>\$ 1,018,821,198</u>	<u>\$ 814,313,389</u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
PARTICIPANT FUND**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Contributions	\$ 130,441,513	\$ 103,803,955
Investment Income:		
Net Appreciation in Fair Value of Investments	128,612,693	51,357,272
Interest and Dividends	6,134,682	10,208,710
Less: Investment Expenses	<u>(760,036)</u>	<u>(564,406)</u>
Net Investment Income	<u>133,987,339</u>	<u>61,001,576</u>
<b>Total Additions</b>	<u>264,428,852</u>	<u>164,805,531</u>
 <b>DEDUCTIONS</b>		
Distributions to Participants	56,963,195	40,074,022
Program Management Fees	2,288,268	1,785,664
Administrative Expenses	476,648	374,729
Maintenance Expenses and Enrollment Fees	<u>192,932</u>	<u>191,523</u>
<b>Total Deductions</b>	<u>59,921,043</u>	<u>42,425,938</u>
Increase in Net Position	204,507,809	122,379,593
<b>Net Position Held in Trust for Program Participants</b>		
Beginning of Year	<u>814,313,389</u>	<u>691,933,796</u>
<b>End of Year</b>	<u>\$ 1,018,821,198</u>	<u>\$ 814,313,389</u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
ADMINISTRATIVE FUND**

**STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Investment		
Fixed Income	<u>\$ 874,126</u>	<u>\$ 844,337</u>
Receivables:		
Due from Program Manager	386	5,634
Due from Participant Fund	<u>42,569</u>	<u>33,299</u>
Total Receivables	<u>42,955</u>	<u>38,933</u>
<b>Total Assets</b>	<u>917,081</u>	<u>883,270</u>
 <b>LIABILITIES</b>		
Accrued Expenses	8,734	26,234
Due to Participant Fund	<u>-</u>	<u>161,335</u>
<b>Total Liabilities</b>	<u>8,734</u>	<u>187,569</u>
<b>Net Position Held in Trust for Administrative Expenses</b>	<u><u>\$ 908,347</u></u>	<u><u>\$ 695,701</u></u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
529 COLLEGE SAVINGS PROGRAM TRUST  
ADMINISTRATIVE FUND**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ADDITIONS</b>		
Administrative Fees	\$ 476,648	\$ 374,729
Maintenance Fees and Enrollment Fees	17,092	17,651
Net Investment Income	<u>729</u>	<u>6,357</u>
<b>Total Additions</b>	<u>494,469</u>	<u>398,737</u>
 <b>DEDUCTIONS</b>		
Administrative Services	257,823	259,164
Donations (Scholarships)	<u>24,000</u>	<u>36,500</u>
<b>Total Deductions</b>	<u>281,823</u>	<u>295,664</u>
Increase in Net Position	212,646	103,073
<b>Net Position Held in Trust for Administrative Expenses</b>		
Beginning of Year	<u>695,701</u>	<u>592,628</u>
<b>End of Year</b>	<u><u>\$ 908,347</u></u>	<u><u>\$ 695,701</u></u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND PURPOSE**

The District of Columbia (DC) College Savings Program (the Program) was created by D.C. Law 47- 4501 et seq., as amended and pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002 made final at D.C. Mun. Regs, title 9 sec. 155 (2004), as a Trust of the District of Columbia Government (the District). The Program enables participants to save for qualified higher education expenses. On December 22, 2017, federal tax bill H.R.1 was signed into law and expanded the definition of “qualified higher education expenses” to include qualified K-12 tuition expenses at a private, public or parochial school up to specified expense limitations per student. On December 20, 2019, the Setting Every Community Up for Retirement Enhancement Act (SECURE Act), H.R.1865, P.L. 116-94 was signed into law and expanded eligible expenses to include Apprenticeship Programs and Loan Repayments, which will not be subject to federal income tax. The Chief Financial Officer of the District of Columbia or his/her designee is the Trustee of the Plan. The current designee is the D.C. Treasurer. The Trustee is responsible for entering into contracts for program management services, adopting program administration rules and regulations, and establishing investment policies. The Program is managed by Ascensus College Savings Recordkeeping Services, LLC (ACSR) and its affiliates (collectively, Ascensus College Savings) and they have the overall responsibility for the day-to-day operation of the Program including recordkeeping, investment management, administrative services, and marketing. The initial term of the management agreement between Ascensus College Savings and the D.C. Treasurer expired on November 15, 2021. However, the District exercised their option to extend the management agreement for a year by exercising one of two one-year extension periods.

The Program is available to both District of Columbia and non-District of Columbia residents. It is a qualified tuition program that allows participants to make contributions into sixteen (16) different investment options. The account balance limit is \$500,000 per beneficiary. Accounts are subject to market investment risk, except for those that are invested in the Principal Protected Portfolio, which focuses on protecting the invested principal. As of September 30, 2021, and 2020, the Plan had 34,931 and 31,455 participants with a net asset value of \$1,018,821,198 and \$814,313,389, respectively. Fees and expenses of the program are paid by each account owner and vary according to the Portfolio, in which they are invested.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

**Reporting Entity**

The accompanying financial statements report the fiduciary net position and the changes in fiduciary net position as of and for the fiscal years ended September 30, 2021 and 2020. For financial reporting purposes, the Program includes all funds over which the Program exercises or can exercise oversight authority.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Program reports the activity of the District of Columbia College Savings Program as a private-purpose trust fund, which is a type of fiduciary fund. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or governments. The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

**Investment Valuation and Income Recognition**

Portfolio investments in the underlying funds are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. The stability of principal portfolio is valued in accordance with the terms of the funding agreement, inclusive of accrued interest.

Security transactions, normally in shares of the underlying funds, are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded on the ex-dividend date. Expenses included in the accompanying financial statements reflect the expenses of each portfolio and do not include any expenses associated with the underlying funds.

Units represent the beneficial interest of each participant in the net assets of a Portfolio. Contributions to and distributions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Trust. Contributions and distributions are recorded upon receipt of the participant's instructions in good order, based on the next determined net asset value per unit. Net investment income and realized and unrealized gains and losses accumulate in the net asset value of each Portfolio and are not separately distributed to participants.

**Fair Value Measurements**

Governmental Accounting Standards Board Statement number 72 (GASB 72), *Fair Value Measurement and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 - that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).

Level 3 – unobservable inputs (including the District's own assumptions in determining the fair value of investments).



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

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

**Cash and Cash Equivalents**

The balance includes cash on deposit and short-term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) so near their maturities that they present insignificant risk of changes in value because of changes in interest rates.

**Receivables and Payables for Investments Purchased and Sold**

The receivables and payables represent transactions related to the purchase and sale of investments that have not settled at the end of the fiscal year.

**Estimates**

The preparation of the financial statements in accordance 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 at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The Program is exempt from federal taxes in accordance with Section 529 of the Internal Revenue Code. D.C. resident participants are exempt from state and local taxes when earnings from the Program are used for qualified expenses. Non-D.C. residents may be subject to state and local taxes in their jurisdiction.

**NOTE 3 INVESTMENTS**

**Investment Policy and Guidelines**

The Program offers account owners several Investment Portfolios that provide a range of risk and return characteristics, each unique to aid in proper diversification. Three different types of Investment Portfolios are offered to account owners: 1) Year of College Enrollment Portfolios, 2) Individual Portfolios, and 3) Principal Protected Portfolio. Once an account owner's Investment Portfolio(s) is selected for a particular contribution, IRS guidance dictates the rules through which an account owner can move money or transfer from one Investment Portfolio to another; for fiscal year 2021 it is twice per year.

*Year of College Enrollment Portfolio:* The Portfolios offer account owners pre-diversified Investment Portfolios that become more conservative as the beneficiary nears his/her intended year of high school graduation. The Year of College Enrollment Portfolios represent a weighted allocation among a predetermined number and type of investment strategies, as follows:

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 INVESTMENTS (Continued)**

Underlying Investments	Year of College Enrollment Portfolios						
	DC College Savings Portfolios						
	In College	2022	2025	2028	2031	2034	2037
iShares Core S&P Total U.S. Stock Market ETF	5.20%	6.83%	10.73%	17.88%	27.63%	37.38%	47.13%
iShares Core MSCI Total International Stock ETF	2.00%	2.63%	4.13%	6.88%	10.63%	14.38%	18.13%
Schwab U.S. REIT ETF	0.80%	1.05%	1.65%	2.75%	4.25%	5.75%	7.25%
Vanguard Intermediate-Term Bond Index Fund	6.00%	7.50%	12.75%	18.00%	17.25%	12.75%	8.25%
Vanguard Short-Term Corporate Bond Index Fund	5.00%	6.25%	10.63%	15.00%	14.38%	10.63%	6.88%
Vanguard Short-Term Inflation Protected Securities Index Fund	7.00%	8.75%	14.88%	21.00%	20.13%	14.88%	9.63%
iShares Core International Aggregate Bond ETF	2.00%	2.50%	4.25%	6.00%	5.75%	4.25%	2.75%
Principal Protected Portfolio	72.00%	64.50%	41.00%	12.50%	0.00%	0.00%	0.00%

The Program Manager monitors and rebalances the underlying asset allocation of the Year of College Enrollment Portfolios on a quarterly basis. The Program Manager has discretion to rebalance the Year of College Enrollment Portfolios when the Investment Portfolios fall outside the strategic targets by more than one percentage point.

*Individual Portfolios:* The Individual Portfolios are stand-alone options, which allow account owners to allocate their account into one or more Investment Portfolios. The goal in offering the Individual Portfolios is to provide account owners with the ability to construct diversified portfolios by asset class and investment style that match their risk tolerance, asset class preferences, time horizons and expected returns. Each portfolio invests (100%) in a single underlying mutual fund or exchange-traded fund (ETF), as follows:

Individual Portfolios	Underlying Investments	Asset Class
U.S. Intermediate-Term Bond Index Portfolio	iShares Core U.S. Aggregate Bond ETF	Fixed Income
Intermediate-Term Bond Portfolio	Loomis Sayles Core Plus Bond Fund	Fixed Income
U.S. Total Stock Market Index Portfolio	iShares Core S&P Total U.S. Stock Market ETF	Domestic Equity
U.S. Socially Responsible Equity Portfolio	DFA U.S. Sustainability Core 1 Portfolio	Domestic Equity
U.S. Large-Cap Equity Portfolio	JP Morgan U.S. Equity Fund	Domestic Equity
Non-U.S. Socially Responsible Equity Portfolio	DFA International Sustainability Core 1 Portfolio	International Equity
Non-U.S. Total Stock Market Index Portfolio	iShares Core MSCI Total International Stock ETF	International Equity
U.S. Small-Cap Equity Portfolio	Vanguard Strategic Small-Cap Equity Fund	Domestic Equity

The Trustee reserves the right to add or replace Individual Portfolios based upon market conditions, Program Manager and Investment Consultant input, account owner response, or other factors.

*Principal Protected Portfolio:* The Principal Protected Portfolio focuses on protecting the principal account owners' investment by allocating account owner contributions and earnings to a funding agreement issued by an insurance company that provides a guaranteed return of principal plus a minimum annualized rate of interest to the Trust. As of September 30, 2021, and 2020, this portfolio was maintained in a stable value fund.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 INVESTMENTS (Continued)**

**Unrealized Appreciated / (Depreciated) Value of the Program's Investments**

At September 30, 2021, the Program held the following investments, which are stated at fair value based on fair market prices:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Domestic Equity Mutual Funds and ETFs</b>			
iShares Core S&P Total U.S. Stock Market ETF	\$ 192,679,875	\$ 332,242,935	\$139,563,060
Schwab U.S. REIT ETF	13,829,476	16,597,554	2,768,078
DFA U.S. Sustainability Core 1 Portfolio	13,499,155	18,717,405	5,218,250
JP Morgan U.S. Equity	53,544,410	72,451,456	18,907,046
Vanguard Strategic Small Cap Equity	16,979,237	21,727,973	4,748,736
<b>International Equity Mutual Funds and ETFs</b>			
DFA International Sustainability Core 1	7,659,507	9,572,975	1,913,468
iShares Core MSCI Total International Stock ETF	44,529,838	54,362,996	9,833,158
<b>Fixed Income Mutual Funds and ETFs</b>			
Vanguard Intermediate-Term Bond Index Fund	67,998,052	70,680,984	2,682,932
Vanguard Short-Term Corporate Bond Fund	57,801,664	59,169,966	1,368,302
Vanguard Short-Term Inflation Protected Securities	78,592,717	81,804,526	3,211,809
Loomis Sayles Core Plus Bond Fund	14,907,165	15,535,489	628,324
iShares Core U.S. Aggregate Bond ETF	22,044,879	22,807,166	762,287
iShares Core International Aggregate Bond	8,016,217	8,173,485	157,268
<b>Guaranteed Investment Contracts</b>			
Ameritas Stable Value Fund	<u>219,607,757</u>	<u>219,607,757</u>	<u>-</u>
Total Investments	<u>\$ 811,689,949</u>	<u>\$ 1,003,452,667</u>	<u>\$ 191,762,718</u>

The net unrealized gain on investments as of September 30, 2021 was \$191,762,718. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2021:

Unrealized gain as of September 30, 2021	\$ 191,762,718
Less: Unrealized gain as of September 30, 2020	<u>87,081,985</u>
Net change in unrealized gain during the year	104,680,733
Net realized gain during the year	<u>23,931,960</u>
Net Appreciation in Fair Value of Investments	<u><u>\$ 128,612,693</u></u>

The net appreciation or depreciation in the fair value of investments consists of net realized and net unrealized gains or losses during the period.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 3 INVESTMENTS (Continued)**

At September 30, 2020, the Program held the following investments, which are stated at fair value based on fair market prices:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
<b>Domestic Equity Mutual Funds and ETFs</b>			
iShares Core S&P Total U.S. Stock Market ETF	\$ 191,248,484	\$ 259,406,815	\$ 68,158,331
Schwab U.S. REIT ETF	14,656,947	13,606,167	(1,050,780)
DFA U.S. Sustainability Core 1 Portfolio	8,918,488	10,482,535	1,564,047
JP Morgan U.S. Equity	45,136,732	51,955,230	6,818,498
Vanguard Strategic Small Cap Equity	14,482,308	12,399,143	(2,083,165)
<b>International Equity Mutual Funds and ETFs</b>			
DFA International Sustainability Core 1	6,583,067	6,864,403	281,336
iShares Core MSCI Total International Stock ETF	42,184,258	43,990,519	1,806,261
<b>Fixed Income Mutual Funds and ETFs</b>			
Vanguard Intermediate-Term Bond Index Fund	51,013,775	56,403,906	5,390,131
Vanguard Short-Term Corporate Bond Fund	45,111,675	46,720,270	1,608,595
Vanguard Short-Term Inflation Protected Securities	63,875,939	65,759,780	1,883,841
Loomis Sayles Core Plus Bond Fund	14,196,258	15,453,427	1,257,169
iShares Core U.S. Aggregate Bond ETF	16,448,141	17,466,999	1,018,858
iShares Core International Aggregate Bond	7,907,112	8,335,976	428,864
<b>Guaranteed Investment Contracts</b>			
Ameritas Stable Value Fund	196,839,399	196,839,399	-
Total Investments	<u>\$ 718,602,583</u>	<u>\$ 805,684,569</u>	<u>\$ 87,081,986</u>

The net unrealized gain on investments as of September 30, 2020 was \$87,081,986. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2020:

Unrealized gain as of September 30, 2020	\$ 87,081,985
Less: Unrealized gain as of September 30, 2019	<u>47,639,439</u>
Net change in unrealized gain during the year	39,442,546
Net realized gain during the year	<u>11,914,726</u>
Net Appreciation in Fair Value of Investments	<u>\$ 51,357,272</u>

The net appreciation or depreciation in the fair value of investments consists of net realized and net unrealized gains or losses during the period.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 INVESTMENTS (Continued)**

**Investment Risks**

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

*Custodial Credit Risk* is the risk that the Program 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 Program, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Program's name. The Program's investments for fiscal Year 2021 and 2020 are uninsured and unregistered, but are held by the counterparty in the Program'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 funds and exchange traded funds (ETF), which are not generally exposed to custodial credit risks.

*Credit Risk* is the risk that an issuer to an investment will not fulfill its obligations. The Program does not invest in debt securities that have an overall quality, which is less than the BBB as rated by Moody's or S&P Global. The primary credit ratings of the Program's debt securities are as follows:

<b>Fund</b>	<b>Credit Rating</b>	
	<b>2021</b>	<b>2020</b>
iShare Core International Aggregate Bond ETF	A, AA, BBB, AAA,	A, AA, AAA, BBB
iShare Core U.S. Aggregate Bond ETF	-AA, BBB, A, AAA	A, AA, AAA, BBB
Loomis Sayles Core Plus Bond Fund	AAA, BBB, BB, A	AAA, BBB, A, AA
Principal Protected Plus	BBB, A, AA, AAA	BBB, A, AAA, AA
Vanguard Intermediate -Term Bond Index I	AAA, BBB, A, AA	AAA, BBB, A, AA
Vanguard Short -Term Corp Bd Index I	BBB, A, AA, AAA	A, BBB, AA, AAA
Vanguard Short -Term Inflation-Protection Sec Index Ins	AAA	AAA

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Program does not invest in any investment account that has an average maturity exceeding ten years for its Bond Mutual Funds. The interest rate sensitivity, defined as duration, for each fund is as follows:

<b>Fund</b>	<b>Average Duration</b>	
	<b>2021</b>	<b>2020</b>
iShare Core International Aggregate Bond ETF	8.08	7.89
iShare Core U.S. Aggregate Bond ETF	6.87	5.91
Loomis Sayles Core Plus Bond Fund	5.32	6.59
Principal Protected Plus	7.80	7.06
Vanguard Intermediate -Term Bond Index I	6.54	6.52
Vanguard Short-Term Corp Bond Index I	2.78	2.79
Vanguard Short-Term Inflation-Protection Sec Index	2.63	2.80

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
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**NOTE 3 INVESTMENTS (*Continued*)**

*Foreign currency risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Program does not have a formal policy for limiting its exposure to changes in exchange rates.

The investment funds that invest primarily in foreign financial institutions are the DFA International Sustainability Core 1 Portfolio and iShare Core International Aggregate Bond ETF. The Fund has various currency denominations. The primary currency denominations are the Franc, the Yen, and the British Pound.

**Fair Value Measurements**

*Equity Mutual Funds:* Equity Mutual Funds consist of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). These mutual funds publish a daily NAV and transact at that price. The mutual funds held in equities are deemed to be actively traded and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

*Fixed Income Mutual Funds:* Mutual funds are a pool of money invested by an investment company in a variety of instruments such as emerging markets sovereigns, government related agencies, and emerging markets corporations. This investment category consists of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). The mutual funds are invested in high yield markets bonds that represent fixed income securities issued by corporations with credit ratings of AAA or lower. These fixed income mutual funds publish a daily NAV and transact at that price. The mutual funds held in bonds are deemed to be actively traded and support the classification as Level 1 in the fair value hierarchy.

*Guaranteed Investment Contracts:* The Guaranteed Investment Contract (GIC) is valued at the sum of the net cash contributions to the deposit account plus interest credited minus withdrawals (the Contract Value). The GIC is measured at fair value and is a contractual investment rather than a security and is not deemed to be subject to custodial credit risk. The determination of fair value includes certain unobservable inputs as well as the assessment of the projected long-term duration of the Insurance and Annuity Company through review of contract terms and substantiated utilizing available market data. However, there is a risk that an insurance company could fail to perform its obligations under a funding agreement for financial or other reasons. These contract value of the GIC is not leveled in the fair value hierarchy table below.



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**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 INVESTMENTS (Continued)**

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2021:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>INVESTMENTS MEASURED AT FAIR VALUE</b>				
<b>Domestic Equity Mutual Fund and ETFs</b>				
iShares Core S&P Total U.S. Stock Market ETF	\$ 332,242,935	\$ 332,242,935	\$ -	\$ -
Schwab U.S. REIT ETF	16,597,554	16,597,554	-	-
DFA U.S. Sustainability Core 1 Portfolio	18,717,405	18,717,405	-	-
JP Morgan U.S. Equity Fund	72,451,456	72,451,456	-	-
Vanguard Strategic Small Cap Equity Fund	21,727,973	21,727,973	-	-
<b>Total Domestic Equity Mutual Funds and ETFs</b>	<b>461,737,323</b>	<b>461,737,323</b>	<b>-</b>	<b>-</b>
<b>International Equity Mutual Funds and ETFs</b>				
DFA International Sustainability Core 1 Portfolio	9,572,975	9,572,975	-	-
iShares Core MSCI Total International Stock ETF	54,362,996	54,362,996	-	-
<b>Total International Equity Mutual Funds and ETFs</b>	<b>63,935,971</b>	<b>63,935,971</b>	<b>-</b>	<b>-</b>
<b>Fixed Income Mutual Funds and ETFs</b>				
Vanguard Intermediate-Term Bond Index Fund	70,680,984	70,680,984	-	-
Vanguard Short-Term Corporate Bond Fund	59,169,966	59,169,966	-	-
Vanguard Short-Term Inflation Protection Securities	81,804,526	81,804,526	-	-
Loomis Sayles Core Plus Bond ETF	15,535,489	15,535,489	-	-
iShares Core U.S. Aggregate Bond ETF	22,807,166	22,807,166	-	-
iShares Core International Aggregate Bond	8,173,485	8,173,485	-	-
<b>Total Fixed Income Mutual Funds and ETFs</b>	<b>258,171,616</b>	<b>258,171,616</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS MEASURED AT FAIR VALUE</b>	<b>783,844,910</b>	<b>\$ 783,844,910</b>	<b>\$ -</b>	<b>\$ -</b>
<b>INVESTMENT MEASURED AT CONTRACT VALUE</b>				
<b>Guaranteed Investment Contracts</b>				
Ameritas Stable Value Fund	219,607,757			
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,003,452,667</b>			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
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**NOTE 3 INVESTMENTS (Continued)**

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2020.

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
<b>INVESTMENTS MEASURED AT FAIR VALUE</b>				
<b>Domestic Equity Mutual Fund and ETFs</b>				
iShares Core S&P Total U.S. Stock Market ETF	\$ 259,406,815	\$ 259,406,815	\$ -	\$ -
Schwab U.S. REIT ETF	13,606,167	13,606,167	-	-
DFA U.S. Sustainability Core 1 Portfolio	10,482,535	10,482,535	-	-
JP Morgan U.S. Equity Fund	51,955,230	51,955,230	-	-
Vanguard Strategic Small Cap Equity Fund	12,399,143	12,399,143	-	-
<b>Total Domestic Equity Mutual Funds and ETFs</b>	<b>347,849,890</b>	<b>347,849,890</b>	<b>-</b>	<b>-</b>
<b>International Equity Mutual Funds and ETFs</b>				
DFA International Sustainability Core 1 Portfolio	6,864,403	6,864,403	-	-
iShares Core MSCI Total International Stock ETF	43,990,519	43,990,519	-	-
<b>Total International Equity Mutual Funds and ETFs</b>	<b>50,854,922</b>	<b>50,854,922</b>	<b>-</b>	<b>-</b>
<b>Fixed Income Mutual Funds and ETFs</b>				
Vanguard Intermediate-Term Bond Index Fund	56,403,906	56,403,906	-	-
Vanguard Short-Term Corporate Bond Fund	46,720,270	46,720,270	-	-
Vanguard Short-Term Inflation Protection Securities	65,759,780	65,759,780	-	-
Loomis Sayles Core Plus Bond ETF	15,453,427	15,453,427	-	-
iShares Core U.S. Aggregate Bond ETF	17,466,999	17,466,999	-	-
iShares Core International Aggregate Bond	8,335,976	8,335,976	-	-
<b>Total Fixed Income Mutual Funds and ETFs</b>	<b>210,140,358</b>	<b>210,140,358</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS MEASURED AT FAIR VALUE</b>	<b>608,845,170</b>	<b>\$ 608,845,170</b>	<b>\$ -</b>	<b>\$ -</b>
<b>INVESTMENT MEASURED AT CONTRACT VALUE</b>				
<b>Guaranteed Investment Contracts</b>				
Ameritas Stable Value Fund	196,839,399			
<b>TOTAL INVESTMENTS</b>	<b>\$ 805,684,569</b>			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES**

The Program assessed underlying investment, program management, state fees and an annual maintenance fee. Program management and state fees (administrative fees) which totaled 0.15% on the principal protected portfolio and 0.30% on all other funds were assessed. The annual maintenance fee is generally charged during the month of the first anniversary in which the account was opened and annually thereafter. Account owners who are residents of the District are charged an annual maintenance fee of \$10.00, and non-District residents are charged an annual maintenance fee of \$15.00. The annual maintenance fees are charged on a pro rata basis upon closure of an account. The Program Manager receives the \$10.00 annual maintenance fee charged to District residents. Of the \$15.00 annual maintenance fee charged to non-District residents, the Program Manager receives \$10.00 and the District receives \$5.00.

For fiscal year 2021, total program management and administrative fees assessed to account owners were \$2,288,268 and \$476,648, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was \$476,648, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2021, the total amount earned during the fiscal year, but not remitted to the District was \$42,569.

For the fiscal year 2021, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled \$192,932. The District's portion was \$17,092, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2021, the total amount earned during the fiscal year, but not remitted to the District was \$386.

The District incurred administrative expenses of \$281,823 in fiscal year 2021, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses incurred were for professional fees and scholarship donations. As of September 30, 2021, the Administrative Fund position balance was \$908,347.

For fiscal year 2020, total program management and administrative fees assessed to account owners were \$1,785,664 and \$374,729, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was \$374,729, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2020, the total amount earned during the fiscal year, but not remitted to the District was \$33,299.

For the fiscal year 2020, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled \$191,523. The District's portion was \$17,651, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2020, the total amount earned during the fiscal year, but not remitted to the District was \$938.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**529 COLLEGE SAVINGS PROGRAM TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES (Continued)**

The District incurred administrative expenses of \$295,664 in fiscal year 2020, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses incurred were for professional fees and scholarship donations. As of September 30, 2020, the Administrative Fund position balance was \$695,701.

**NOTE 5 INVESTMENT EXPENSES**

Investment expenses represent the operating expenses and load fees paid to the broker dealers. Certain fees charged by the investment funds for operating expenses and load fees are reflected in the net appreciation in fair value of investments amount in the Statement of Changes in Fiduciary Net Position. Underlying investment fees, net of administrative and program management fees (see Note 4), ranged from 0.00% to 0.44% (gross of 0.15% to 0.74%) of the fund's average daily net asset value. Underlying investment management fees, net of administrative and program management fees, totaled \$760,036 and \$564,406 for fiscal year 2021 and 2020, respectively. The fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position.

**NOTE 6 RELATED PARTY TRANSACTIONS**

All the Program's individual portfolios invest in a single underlying mutual fund or ETF managed by a third-party investment manager. The year of enrollment portfolios have a set target allocation and are invested in multiple underlying mutual funds, ETFs as well as the Ameritas Funding Agreement.

Ascensus College Savings monitors and rebalances the underlying asset allocations of the Year of College Enrollment Portfolios on a quarterly basis. The principal protected portfolio invests in a funding agreement issued by Ameritas Life.

**NOTE 7 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 participants' account balances and the amounts reported in the Statement of Fiduciary Net Position.

**NOTE 8 SUBSEQUENT EVENTS**

As result of the incidence of COVID-19, economic uncertainties may negatively impact the financial position and results of operations of the Trust. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Trust has evaluated events subsequent to September 30, 2021, and through December 17, 2021, the date the financial statements were available to be issued and determined there have not been any events that have occurred that would require adjustments to the financial statements.

**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*.**

To the Trustee of  
The District of Columbia 529 College Savings Program Trust

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 District of Columbia 529 College Savings Program Participant and Administrative Funds (the “Trust”), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Trust’s basic financial statements, and have issued our report thereon dated December 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’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 Trust’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of 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 determination of financial statement amounts. 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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Washington, D.C.

December 17, 2021

*BCA Watson Rre LLP*



**To report fraud, waste, abuse, or mismanagement:**

(202) 724-TIPS (8477) and (800) 521-1639



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