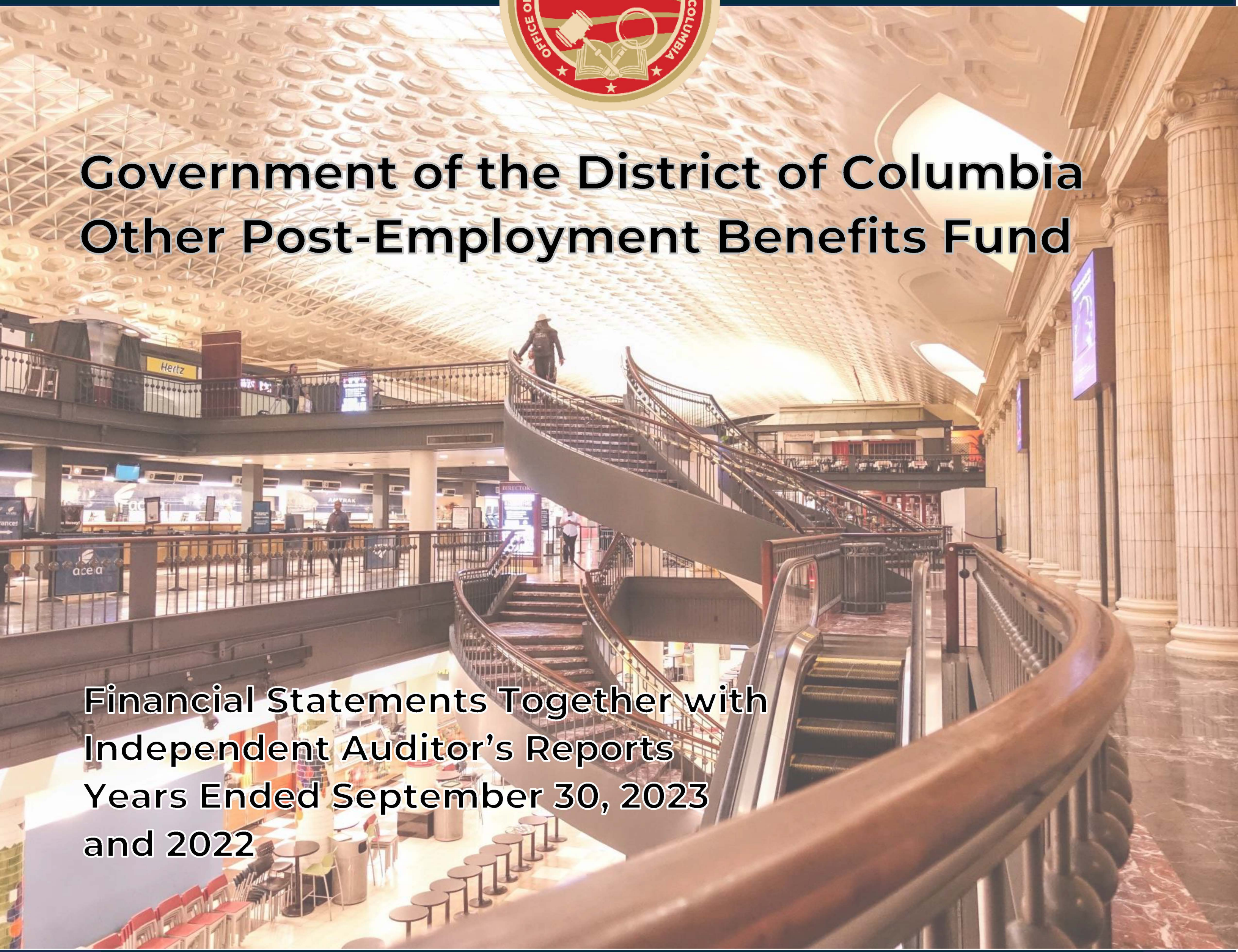
DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 23-1-13MA

January 31, 2024



Government of the District of Columbia Other Post-Employment Benefits Fund

Financial Statements Together with Independent Auditor's Reports Years Ended September 30, 2023 and 2022

GUIDING PRINCIPLES

*ACCOUNTABILITY * INTEGRITY * PROFESSIONALISM*

*TRANSPARENCY * CONTINUOUS IMPROVEMENT * EXCELLENCE*

OUR MISSION

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

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

OUR GUIDING PRINCIPLES

- Accountability
- Continuous Improvement
- Excellence
- Integrity
- Professionalism
- Transparency

January 31, 2024

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

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue NW, Suite 504
Washington, DC 20004

Subject: **Government of the District of Columbia Other Post-Employment Benefits Fund| 23-1-13MA**

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report *Government of the District of Columbia Other Post-Employment Benefits Fund Financial Statements Together with Independent Auditor's Reports) Years Ended September 30, 2023, and 2022* (OIG No. 23-1-13MA). McConnell Jones, LLP (MJ) conducted the audit and submitted this fiduciary fund report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2023.

On January 4, 2024, MJ 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. MJ identified no material weaknesses in internal control over financial reporting.

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

Sincerely,

Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

DISTRIBUTION LIST

Ms. Betsy Cavendish, General Counsel, Executive Office of the Mayor

Mr. Kevin Donahue, City Administrator for the District of Columbia, Office of the City Administrator

Mr. Barry Kreiswirth, General Counsel, Office of the City Administrator, District of Columbia

Mr. Eugene Adams, Director, Mayor's Office of Legal Counsel

Ms. Lindsey V. Parker, Chief of Staff, Executive Office of the Mayor

The Honorable Anita Bonds, Chairperson, Committee on Executive Administration and Labor, Council of the District of Columbia

Ms. Susana Castillo, Director of Communications, Office of Communications, Executive Office of the Mayor

Ms. Jennifer Reed, Director, Office of Budget and Performance Management, Office of the City Administrator

Ms. Nyasha Smith, Secretary to the Council, Council of the District of Columbia

The Honorable Brian L. Schwalb, Attorney General for the District of Columbia

Mr. Glen Lee, Chief Financial Officer, Office of the Chief Financial Officer

Mr. Timothy Barry, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer

The Honorable Kathy Patterson, D.C. Auditor, Office of the D.C. Auditor

Mr. Jed Ross, Director and Chief Risk Officer, Office of Risk Management

Mr. Charles Hall, Jr., Director, Department of Human Resources

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

OTHER POST-EMPLOYMENT BENEFITS FUND

FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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

OTHER POST–EMPLOYMENT BENEFITS FUND

SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

McConnell
Jones

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Government of the District of Columbia Other Post-Employment Benefits Fund (the Fund), a fiduciary fund of the Government of the District of Columbia, which comprise the Statements of Fiduciary Net Position as of September 30, 2023, and 2022, and the related Statements of Changes in Fiduciary Net Position for the years then ended, and the related notes to the Fund's financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying basic financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2023, and 2022, and the changes in its financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

The Fund's 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 Fund'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

5101 Wisconsin Ave., NW
Suite 210
Washington, DC 20016
Phone: 202.207.3570
Fax: 202.968.1601

WWW.MCCONNELLJONES.COM

is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund'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, located as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedules of net position by fund and revenues, expenses, and changes in net position by fund, located as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

McConnell
Jones

The schedules of net position by fund and revenues, expenses, and changes in net position by fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of net position by fund and revenues, expenses, and changes in net position by fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024, on our consideration of the Fund'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 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 Fund's internal control over financial reporting and compliance.

McConnell Jones LLP

Washington, D.C.
January 4, 2024

The following presents our discussion and analysis of the financial performance of the Government of the District of Columbia's (the "District") Other Post-Employment Benefits Fund ("OPEB" or the "Fund"), a fiduciary fund of the District, for the fiscal years ended September 30, 2023 and 2022. This discussion and analysis should be read in conjunction with the financial statements and notes to financial statements.

All employees hired after September 30, 1987, who retired under the Teacher Retirement System or Police and Fire Retirement System, or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Fund.

Overview of the Financial Statements

The Fund is required to follow U.S. Generally Accepted Accounting Principles and, as such, the Fund's financial statements consist of two basic financial statements: (a) Statement of Fiduciary Net Position, and (b) Statement of Changes in Fiduciary Net Position.

- The Statement of Fiduciary Net Position presents the Fund's assets, liabilities, and net position available for post-employment benefits.
- The Statement of Changes in Fiduciary Net Position presents the additions to, and deductions from, the Fund's net position.
- The Notes to Financial Statements provide additional information that is essential for a full understanding of the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements, such as accounting policies, plan membership and benefits, and summary disclosures of selected financial data.
- The Required Supplementary Schedules immediately following the Notes to Financial Statements provide information illustrating the Schedule of Changes in Net OPEB Liability (Asset), Schedule of Contributions and Related Ratios, and Schedule of Investment Returns.

The financial statements reflect the requirements of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* which addresses accounting and financial reporting issues related to measurement of the total and net OPEB liability, as well as financial reporting by plans that administer OPEB benefits on behalf of governments.

Financial Highlights

	Fiscal Year Ended September 30,		
	2023	**2022**	**2021**
The Fund's Investment	$1,783,466,996	$1,604,832,701	$1,977,832,527
District's Contributions	$ 41,500,000	$ 53,000,000	$ 53,600,000

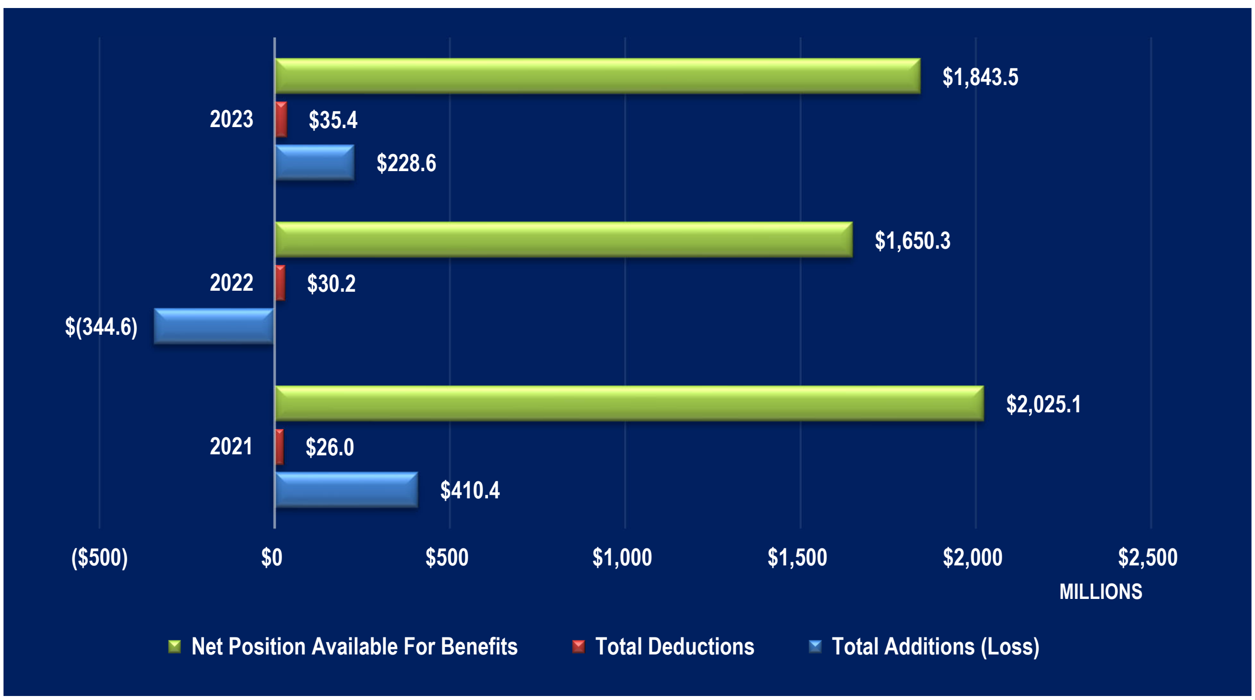
Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2023, 2022, and 2021

			FY 2023 – FY 2022			FY 2022 – FY 2021	
	2023	2022	Variance	Variance %	2021	Variance	Variance %
Assets							
Cash and Cash Equivalents	$ 79,213,345	$ 56,649,863	$ 22,563,482	39.8%	$ 57,133,502	$ (483,639)	(0.8%)
Receivables	65,888,909	15,766,963	50,121,946	317.9%	11,942,263	3,824,700	32.0%
Investments, at fair value	1,783,466,996	1,604,832,700	178,634,296	11.1%	1,977,832,527	(372,999,827)	(18.9%)
Total Assets	1,928,569,250	1,677,249,526	251,319,724	15.0%	2,046,908,292	(369,658,766)	(18.1%)
Liabilities							
Investments and Other Payable	85,087,248	26,962,373	58,124,875	215.6%	21,846,384	5,115,989	23.4%
Net Position	$1,843,482,002	$1,650,287,153	$ 193,194,849	11.7%	$2,025,061,908	$ (374,774,755)	(18.5%)

Table 2 – Condensed Statements of Changes in Fiduciary Net Position for Fiscal Years Ended September 30, 2023, 2022 and 2021

			FY 2023 – FY 2022			FY 2022 – FY 2021	
	2023	2022	Variance	Variance %	2021	Variance	Variance %
Additions/Reductions							
Contributions	$ 43,038,875	$ 54,280,033	$ (11,241,158)	(20.7%)	$ 54,516,183	$ (236,150)	(0.4%)
Net Investment Income (Loss)	185,519,982	(398,892,806)	584,412,788	146.5%	355,888,055	(754,780,861)	(212.1%)
Total Additions/Reduction	228,558,857	(344,612,773)	573,171,630	166.3%	410,404,238	(755,017,011)	(184.0%)
Deductions							
Insurance Premiums	34,017,345	29,287,583	4,729,762	16.1%	25,352,804	3,934,779	15.5%
Administrative Expenses	1,346,663	874,399	472,264	54.0%	671,033	203,366	30.3%
Total Deductions	35,364,008	30,161,982	5,202,026	17.2%	26,023,837	4,138,145	15.9%
Net Increase/Decrease	193,194,849	(374,774,755)	567,969,604	151.5%	384,380,401	(759,155,156)	(197.5%)
Beginning Net Position	1,650,287,153	2,025,061,908			1,640,681,507		
Ending Net Position	$ 1,843,482,002	$ 1,650,287,153			$2,025,061,908		

A summary of the statements' key financial highlights is shown below.



Financial Analysis – Fiduciary Net Position

Fiscal Year 2023

The Fund's investments increased by $178.6 million or 11.1%, from the prior fiscal year. Cash and cash equivalents increased by $22.6 million or 39.8% from the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment gain of $185.5 million during fiscal year 2023. Market conditions were more favorable during fiscal year 2023 compared to 2022; and as a result, twelve (12) of seventeen (17) investment funds had positive rates of return. As of September 30, 2023, the funds were invested in equities, (63.78%); debt securities, (33.07%); and commodities, (3.15%).

Receivables increased by $50.1 million or 317.9% over the prior fiscal year primarily due to an increase in receivables from investment sales at the end of the year.

Investments and other payables increased by $58.1 million or 215.6% over the prior fiscal year primarily because of increases in trades payable at the end of the year. Management and other fees payable also increased over the prior fiscal year.

Fiscal Year 2022

The Fund's investments decreased by $373.0 million or 18.9%, from the prior fiscal year. Cash and cash equivalents decreased by $0.5 million or 0.8% from the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment loss of $398.9 million during fiscal year 2022. Market conditions were less favorable during fiscal year 2022 compared to 2021; and as a result, twelve (12) of fourteen (14) investment funds had negative rates of return. As of September 30, 2022, the funds were invested in equities, (60.12%); debt securities, (36.26%); and commodities, (3.62%).

Receivables increased by $3.8 million or 32.0% over the prior fiscal year primarily due to an increase in receivables from investment sales at the end of the year.

Investments and other payables increased by $5.1 million or 23.4% over the prior fiscal year primarily because of increases in trades payable at the end of the year. Management and other fees payable also increased over the prior fiscal year.

Fiscal Year 2021

The Fund's investments increased by $423.9 million or 27.3%, over the prior fiscal year. Cash and cash equivalents decreased by $32.4 million or 36.2% over the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment income of $355.9 million and the excess of contributions over deductions of $28.5 million during fiscal year 2021. Market conditions were more favorable during fiscal year 2021 compared to 2020; and as a result, twelve (12) of fourteen (14) investment funds had positive rates of return. As of September 30, 2021, the funds were invested in equities, (61.73%); debt securities, (32.93%); and commodities, (2.53%).

Receivables decreased by $1.8 million or 13.1% over the prior fiscal year primarily due to a decrease in receivables from investment sales at the end of the year.

Investments and other payables increased by $5.4 million or 32.6% over the prior fiscal year primarily because of increases in trades payable at the end of the year. Management and other fees payable also increased over the prior fiscal year.

Financial Analysis – Changes in Fiduciary Net Position

Fiscal Year 2023

Additions to the Fund increased by $573.1 million or 166.3%, from the prior fiscal year because of a decrease in contributions of $11.2 million and an increase in net investment gain of $584.4 million. Deductions from the Fund increased by $5.2 million or 17.2%, over the prior fiscal year, primarily because of an increase in insurance premiums and administrative expenses. A detailed analysis of the major components of additions and deductions are provided below.

Fiscal Year 2022

Reductions to the Fund increased by $755.0 million or 184.0%, from the prior fiscal year because of a decrease in contributions of $0.2 million and net investment loss of $754.8 million. Deductions from the Fund increased by $4.1 million or 15.9%, over the prior fiscal year, primarily because of an increase in insurance premiums and administrative expenses. A detailed analysis of the major components of additions and deductions are provided below.

Fiscal Year 2021

Additions to the Fund increased by $254.8 million or 163.8%, over the prior fiscal year because of an increase in contributions of $6.3 million and net investment income of $248.5 million. Deductions from the Fund increased by $2.0 million or 8.3%, over the prior fiscal year, primarily because of an increase in insurance premiums and administrative expenses. A detailed analysis of the major components of additions and deductions are provided below.

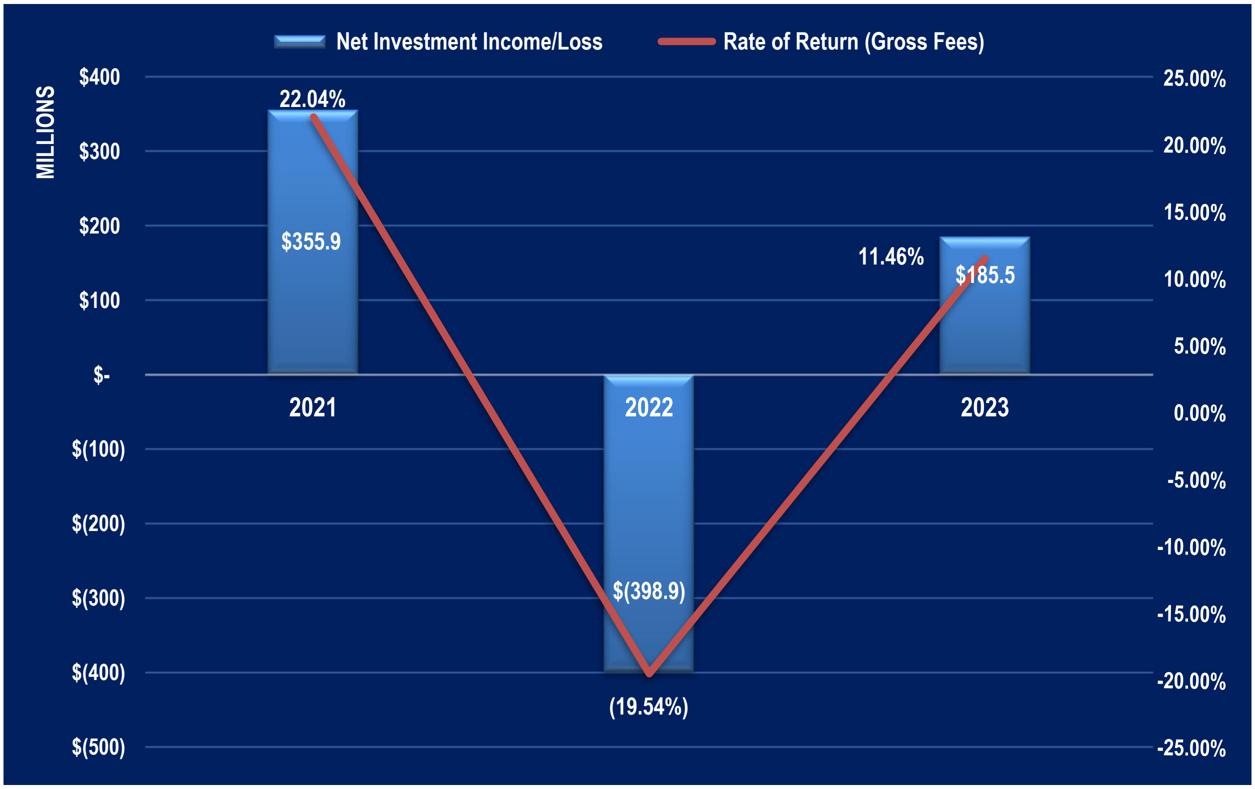
Fund Contributions

For fiscal years ended September 30, 2023, 2022 and 2021, the District made actuarially based contributions in the amounts of $41,500,000, $53,000,00, and $53,600,000, respectively; which were based on congressionally approved budget authority. The District made contributions to the Fund that covered current and future Fund benefits. Annuitant contributions for years ended September 30, 2023, 2022 and 2021, amounted to $1,538,875, $1,280,033, and $916,183, respectively.

Investment Income

For fiscal years ended September 30, 2023, 2022 and 2021, the Fund had a rate of return (gross of fees) of 11.46%, (19.54%), and 22.04%, respectively, and net investment income or (loss) of $185,519,982, $(398,892,806), and $355,888,055, respectively. The Fund's net investment income for fiscal year 2023 was a result of positive rates of returns on all funds except Access Capital ETI and Gresham Strategic Commodities Fund.

The rate of return (gross of fees) and net investment income of the Fund for the past three years, are listed in the table below.



The rate of return (ROR), by investment fund manager, is listed in the table below.

Investment	ROR 2023	Benchmark 2023	ROR 2022	Benchmark 2022	ROR 2021	Benchmark 2021
Access Capital ETI	(0.86%)	(0.04%)	(13.43%)	(13.79%)	(0.37%)	(0.35%)
Artisan International Value Equity	31.90%	32.46%	(17.75%)	(19.62%)	35.50%	31.43%
Baillie Gifford International Growth Equity	13.13%	20.41%	(46.30%)	(30.06%)	13.43%	21.25%
Bernstein Global Plus	2.92%	3.39%	(25.67%)	(24.77%)	0.52%	(1.15%)
Bernstein Strategic Core - Plus	1.13%	0.64%	(14.91%)	(14.60%)	0.64%	(0.90%)
BlueBay Emerging Market Bond Fund	16.18%	11.58%	(22.82%)	(22.45%)	2.20%	3.52%
Brandywine Large Cap Value	17.06%	14.44%	(9.79%)	(11.36%)	45.93%	35.01%
ClearBridge Mid Cap Core	11.42%	13.45%	(23.34%)	(19.39%)	42.81%	38.11%
Gresham Strategic Commodities Fund	(3.26%)	(1.30%)	12.66%	(11.80%)	40.92%	42.29%
Northern Trust Company Cash Fund	4.42%	4.47%	0.58%	0.62%	0.01%	0.07%
SSgA U.S. Aggregate Bond Index Fund	0.69%	0.64%	(14.61)	(14.60%)	(0.85%)	(0.90%)
SSgA Emerging Market Index Fund	11.53%	11.70%	(28.02%)	(28.11%)	17.98%	18.20%
SSgA Russell 1000 Growth Fund	27.69%	27.72%	(22.57%)	(22.59%)	27.32%	27.32%
SSgA Russell 2000 Index Fund	9.08%	8.93%	(23.38%)	(23.50%)	47.74%	47.68%
SSgA S&P 500 Index NL*	N/A	N/A				
Arrowstreet Global Equity ACWI*	N/A	N/A				
SSgA US Treasury 500 Index NL*	N/A	N/A				

* New investment funds were added to OPEB on September 29, 2023.

In 2023, twelve (12) of seventeen (17) investment funds had positive rates of return: led by Artisan International Value Equity, 31.90%; SSgA Russell 1000 Growth Fund, 27.69%; Brandywine Large Cap Value, 17.06%; BlueBay Emerging Market Bond Fund, 16.18%; and Baillie Gifford International Growth Equity, 13.13%. The Fund had dividend and interest income in the amount of $21,347,090, a net appreciation of $162,918,830, and a currency gain on FX contracts and settlements of $4,664,245 for the year ended September 30, 2023.

In 2022, twelve (12) of fourteen (14) investment funds had negative rates of return: led by Ballie Gifford International Growth Equity, (46.30%); SSgA Emerging Market Index Fund, (28.02%); Bernstein Global Plus, (25.67%); SSgA Russell 2000 Index Fund, (23.38%); ClearBridge Mid Cap Core, (23.34%); and BlueBay Emerging Market Bond Fund, (22.82%). The Fund had dividend and interest income in the amount of $17,314,287, a net depreciation in fair value of investments for $(413,322,162), and a currency gain on FX contracts and settlements of $1,244,902 for the year ended September 30, 2022.

In 2021, twelve (12) of fourteen (14) investment funds had positive rates of return: led by SSgA Russell 2000 Index Fund, 47.74%; Brandywine Large Cap Value, 45.93%; ClearBridge Mid Cap Core, 42.81%; Gresham Strategic Commodities Fund, 40.92%; and Artisan International Value Equity, 35.50%. The Fund had dividend and interest income in the amount of $16,977,189, a net appreciation in fair value of investments for $341,417,106, and a currency gain on FX contracts and settlements of $1,582,182 for the year ended September 30, 2021.

Insurance Carrier Premiums

Insurance carrier premiums represent amounts paid to the Fund's health and life insurance carriers. The premium expenses for the years ended September 30, 2023, 2022, and 2021 totaled $34,017,345, $29,287,583 and $25,352,804, respectively. The Defined Benefit Fund insurance premiums for the years ended September 30, 2023, 2022 and 2021 totaled $30,095,133, $26,321,208 and $22,970,490, respectively. All remaining insurance premiums are attributable to general employee retirees. The insurance premiums increased in fiscal year 2023, when compared to 2022, and 2021, due to rising national health care costs. The rising costs resulted in an increase in coverage cost for District employees. As of September 30, 2023, 2022 and 2021, the Fund had 3,567, 3,172, and 2,805 annuitants receiving benefits, respectively.

Administrative Expenses

Administrative expenses increased by $0.5 million or 54% over the prior fiscal year because of an increase in general administrative expenses incurred by the Fund. Administrative expenses include the cost of certain administrative services the District provides to the Trust as well as annual actuarial, accounting, audit and certain investment services fees.

Summary of Actuarial Analysis

An independent actuary was retained by the District, to perform an actuarial valuation of the District of Columbia Annuitants' Post Retirement Life and Health Plan (the Plan) as of September 30, 2023. The purpose of the valuation was to provide an estimate of the total OPEB liability and the Fund's fiduciary net position.

The results of the actuarial analysis are summarized below:

	September 30, 2023	**September 30, 2022**
Total OPEB Liability	$2,016,357,659	$1,823,480,465
Fund Fiduciary Net Position	1,843,482,002	1,650,287,153
Net OPEB Liability	$ 172,875,657	$ 173,193,312
Fund Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.43%	90.50%

Actuarial valuations of an ongoing Fund involve estimates of the value of reported amounts, and assumptions about the probability of occurrence of events far into the future. An example includes assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations, and new assumptions are made about the future.

The District executed an experience study during fiscal year 2021. The study examined participation assumptions for the Fund. The number of current retirees under the Fund is quite small because the benefit is only available to retirees who were hired by the District after September 30, 1987. Since there is currently not substantial participation experience, the participation assumption chosen for valuations prior to the 2014 valuation purposely contained a large to scale margin when compared to current actual rates of participation. The District will continue to track actual rates of participation in the future, and will continue to compile participation data so that updated analyses of participation rates can be made as part of future valuations. The District will plan to maintain a funding ratio between 90% and 120% indicating that the plan is fully funded.

The actuarial calculations included actual retired annuitants and potential annuitants employed with the District. The actuarial valuations for fiscal years 2023 and 2022, were based on annuitant data as of September 30, 2022 and 2021, and were as follows:

	September 30,	
	2022	**2021**
Retired Annuitants *(included those who received benefits):*		
Firefighters, Police Officers and Teachers	2,078	1,849
General Employees	266	264
Total	2,344	2,113
Potential Annuitants *(in active employment with the District)*	26,905	27,529

Investment Management and Custody Fees

Investment management and custody fees for the years ended September 30, 2023, 2022 and 2021, are detailed in the table below. Investments increased to $1,783,466,996 as of September 30, 2023 from $1,604,832,700 as of September 30, 2022, which is an increase of 11.1% over the prior year. Investments decreased to $1,604,832,700 as of September 2022 from $1,977,832,527 as of September 2021, which a decrease of 18.9% over the prior year.

Investment Firm ***(In dollars)***	**2023**	**2022**	**2021**
Brandywine Large Cap Value	$ 1,110,581	$ 1,115,452	$ 1,092,606
ClearBridge Mid Cap Core	981,710	1,043,161	1,066,677
Bernstein Global Plus	361,944	401,879	445,596
Bernstein Strategic Core – Plus	381,112	389,905	421,499
SSgA Emerging Market Index Fund	15,738	-	113,157
SSgA Russell 1000 Growth Fund	26,845	-	74,591
SSgA Russell 2000 Index Fund	26,533	-	38,771
SSgA U.S. Aggregate Bond Index Fund	25,098	-	35,892
Subtotal Management Fees from Investment Managers	2,929,562	2,950,397	3,288,789
AON Outsourced Chief Investment Officer (CIO) Fees*	332,959	1,181,450	801,739
NEPC Fees	273,054	-	-
Northern Trust Company Custody Fees	267,007	260,608	279,888
Subtotal Management and Custody Fees	3,802,582	4,392,455	4,370,416
Management Fees from Net Asset Valuation			
Access Capital ETI	121,349	129,704	182,089
BlueBay Emerging Market Bond Fund	241,000	247,261	282,535
Gresham Strategic Commodities Fund	422,005	444,556	336,042
Baillie Gifford International Growth Equity	687,244	796,547	1,409,573
Artisan International Value Equity	851,182	787,907	907,536
Subtotal Management Fees from Net Asset Valuation	2,322,780	2,405,975	3,117,775
Total Investment Management and Custody Fees	$ 6,125,362	$ 6,798,430	$ 7,488,191

*AON outsourced CIO services commenced in January 2021. NEPC replaced AON effective January 2023.

Note: Management fees paid from the net asset valuation are shown as part of the net (depreciation) appreciation in fair value of investments in the Statement of Changes in Fiduciary Net Position.

Contact Information

This financial report is designed to provide a general overview of the Fund'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
OTHER POST-EMPLOYMENT BENEFITS FUND
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	**2022**
ASSETS		
Cash and Cash Equivalents	$ 79,213,345	$ 56,649,863
Receivables		
Investment Sales and Other	62,990,973	13,198,413
Interest and Dividends	2,897,936	2,568,550
Total Receivable	65,888,909	15,766,963
Investments		
Equities	1,137,502,622	964,758,775
Debt Securities	589,742,813	581,958,291
Commodities	56,221,561	58,115,634
Total Investments	1,783,466,996	1,604,832,700
Total Assets	1,928,569,250	1,677,249,526
LIABILITIES		
Investment Purchases and Other	82,751,485	25,967,222
Investment Management and Administrative Fees	2,335,763	995,151
Total Liabilities	85,087,248	26,962,373
Net Position Restricted for Other Post-Employment Benefits	$1,843,482,002	$1,650,287,153

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
ADDITIONS/(REDUCTIONS)		
Contributions		
District Contributions	$ 41,500,000	$ 53,000,000
Annuitant Contributions	1,538,875	1,280,033
Total Contributions	43,038,875	54,280,033
Investment Income (Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments	162,918,830	(413,322,162)
Interest	12,344,306	7,790,208
Dividends	9,002,784	9,524,079
Net Currency Gain on FX Contracts and Settlements	4,664,245	1,244,902
Other Income	392,399	262,622
Total Income (Loss) from Investment Activities	189,322,564	(394,500,351)
Less: Investment Management Fees	3,802,582	4,392,455
Net Investment (Loss) Income	185,519,982	(398,892,806)
Total Additions (Reductions)	228,558,857	(344,612,773)
DEDUCTIONS		
Insurance Carrier Premiums	34,017,345	29,287,583
Administrative Expenses	1,346,663	874,399
Total Deductions	35,364,008	30,161,982
Changes in Fund Net Position	193,194,849	(374,774,755)
Net Position Restricted for Other Post-Employment Benefits		
Beginning of the Year	1,650,287,153	2,025,061,908
End of the Year	$1,843,482,002	$1,650,287,153

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

NOTE 1: FUND DESCRIPTION AND CONTRIBUTIONS

The Government of the District of Columbia (the District) established the Other Post-Employment Benefits fund ("OPEB" or the "Fund") on October 1, 1999, under the Annuitants' Health and Life Insurance Employer Contribution Amendment Act of 1999 (the "Act"). The Fund was established to receive the District's contributions for health and life insurance premiums, from which the District's contributions would be paid. The Fund is managed and administered jointly by the District's Office of Finance and Treasury (OFT), within the District's Office of the Chief Financial Officer; and the District's Office of Human Resources, pursuant to the terms of the Plan. The Fund is a fiduciary fund of the District.

The Fund is a single employer defined benefit fund. As of September 30, 2009, the District finalized all the terms and provisions of the Fund. A trust agreement, dated September 30, 2006, designated the Chief Financial Officer of the District as the trustee of the Fund. The Trust became operational in 2007; and is administered as an irrevocable trust, through which assets are accumulated, and benefits are paid as they become due, in accordance with the Fund's plan document.

The District established an Advisory Committee to advise the Office of Finance and Treasury on the administration and investment management of the Fund. The Committee consists of the following members: four appointed by the Chief Financial Officer (CFO); one appointed by the Mayor; one appointed by the Council; and one member who is either a member of the District of Columbia Retirement Board (DCRB) or a member of DCRB's professional staff.

The current advisory committee consists of the following members:

- Director, District of Columbia Department of Human Resources
- Executive Director, District of Columbia Retirement Board
- Chief Education Officer, Municipal Securities Rulemaking Board
- Deputy Director, Division of Finance, Federal Deposit Insurance Corporation
- Director, Office of Revenue and Analysis
- President, BDB Investment Partnership
- Chief Financial Officer, District of Columbia Water and Sewer Authority

Fund Description

The Fund is a single employer defined benefit fund that provides health and life insurance benefits to retired eligible District employees. All employees hired after September 30, 1987, who retired under the Teachers' Retirement System or Police and Fire Retirement System, or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Fund. The Fund was established to hold and pay the District's contributions for health and life insurance for annuitants. The purpose of the Fund (as defined in Section 1.02 of the Plan) is to manage and administer the Fund for the benefit of annuitants, as provided in the Act.

NOTE 1: FUND DESCRIPTION AND CONTRIBUTIONS *(continued)*

To continue insurance benefits into retirement, employees must have been continuously enrolled (or covered as a family member) under the D.C. Employees Health Benefits (DCEHB) program, or the D.C. Employees Group Life Insurance (DCEGLI) program for five years prior to retirement. If the employee was employed less than five years, the employee must have been enrolled for his/her length of employment. Coverage under Medicare is not considered in determining continuous coverage. Dependents are also covered if the employee elect's family coverage.

As of September 30, 2023 and 2022, the Fund had 3,567 and 3,172 annuitants (inactive plan members), respectively, currently receiving benefits, respectively. The fiscal year 2023 annuitants were comprised of 2,828 Firefighters, Police, and Teachers; and 739 General Employees. The fiscal year 2022 annuitants were comprised of 2,642 Firefighters, Police, and Teachers; and 530 General Employees. The premium expenses for the fiscal years ended September 30, 2023 and 2022, totaled $34,017,345 and $29,287,583, respectively. The insurance premiums attributable to Police, Firefighter, and Teacher retirees for the fiscal years 2023 and 2022 totaled $30,095,133 and $26,321,208, respectively. All remaining insurance premiums are attributable to General Employee retirees.

The actuarial valuation for the fiscal year ended September 30, 2023 was based on the actuarial valuation performed as of September 30, 2022. The actuarial report showed that there was a total of 2,344 retired participants. They consisted of 2,078 Firefighters, Police, and Teachers; and 266 General Employees.

The actuarial valuation for the fiscal year ended September 30, 2022 was based on the actuarial valuation performed as of September 30, 2021. The actuarial report showed that there was a total of 2,344 retired participants. They consisted of 2,078 Firefighters, Police, and Teachers; and 266 General Employees.

Contributions

Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service, but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.50% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employees and Teacher annuitants with at least 10 years of creditable District service, but less than 30 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.00% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or less years of creditable District service; and the family members of an annuitant with 30 or more

NOTE 1: FUND DESCRIPTION AND CONTRIBUTIONS *(continued)*

years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service, but less than 25 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.00% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or Police Officer or Firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police Officers and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service, but less than 25 years of creditable District service pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.00% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40% and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan. Covered family members of Police Officers or Firefighters who were hired before November 10, 1996 pay 40% of the cost of the selected health benefit.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Basis of Presentation***
  The accompanying 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).

- ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***
  The Fund's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. The Fund's policy is to recognize member contributions in the period in which the contributions are due and paid. The District's (employer) contributions to the Fund are recognized when due, and when the District has made a formal commitment to provide the contributions. Benefit-related expenses and refunds are recognized when due and payable, in accordance with the terms of the Fund. Most administrative costs (employee salaries) of the Fund are paid by the District.

- ***Use of Estimates***
  The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and change therein, as of the date of the financial statements; as well as the actuarial present value of accumulated benefits during the reporting period. Actual results could differ from these estimates. Further actuarial valuations of an ongoing benefits fund involve estimates of the value of reported amounts, and assumptions about the probability of occurrence of events far into the future.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Examples include assumptions about future employment, mortality, interest rates, inflation rates, and healthcare cost trends. Amounts determined regarding the funded status of the Fund and the annual required contributions of the District are subject to continual revision, as actual results are compared with past expectations and new assumptions are made about the future.

- ***Investment Valuation and Income Recognition***

  Investments are reported at fair value, with realized and unrealized gains and losses included in the Statements of Changes in Fiduciary Net Position. GASB issued Statement 40, *Deposit and Investment Risk Disclosures,* provides disclosure guidance requirements on deposits and investments of state and local governments that are exposed to investment risks related to credit risk, concentration of credit risks, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

  In addition, deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's agent, but not in the depositor-government's name, are part of the requirements of this Statement.

  Also, investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty; or (b) the counterparty's trust department or agent, but not in the government's name, are also part of the requirements of Statement 40. See Note 5 for the related deposits and investment risk disclosures.

- ***Fair Value Measurements***

  OFT is responsible for the oversight of the investments of Fund assets, and has established the Plan to guide the administration and management of the Fund. The duties and responsibilities of the OFT also include, but are not limited to, the financial administration and management of the Fund, the establishment of investment objectives, the determination of investment policies, the establishment of management policies, and the management and control of Fund assets. Fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, inputs are observable for similar transactions or the inputs are unobservable. However, the objective of fair value measurement in all cases is to determine the price at which an orderly transaction to sell assets or to transfer liability would take place between market participants at the measurement date under current market conditions. The Trustee has delegated to each investment firm the responsibility to determine the fair value of an investment security when a price is not available from a pricing service or broker-dealer. NEPC, LLC ("NEPC") was hired as an Outsourced Chief Investment Officer ("OCIO") for the Fund as Aon Investment was replaced effective January 2023. NEPC provides investment consulting advice on asset allocation and policy-related decisions to the Deputy CFO and Treasurer of the District. As an OCIO, NEPC assumes responsibility for implementation of the investment portfolio within the guidelines approved in the Investment Policy Statement.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

These activities include, but are not limited to, rebalancing, investment manager structure, investment manager search, retention and monitoring, as well as performance reporting. Aon meets with the OFT on a regular basis to report on and review the OPEB Fund's performance and compliance with the Investment Policy Statement. The investment firm's Portfolio Management and Performance Committee (Valuation Committee) is responsible for determining whether the price provided by a pricing service or broker-dealer does not approximate fair value.

GASB 72 requires the fair value measurement in accordance with the three input levels. 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 – inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the District's own assumptions in determining the fair value of investments).

- ***Recent Accounting Pronouncements***

Pronouncements Adopted

GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The London Interbank Offered Rate (LIBOR) is the most commonly used reference rate in the global financial market. LIBOR is used as a reference rate in state and local government contracts, including interest rate swaps and other derivatives, floating rate bonds, loans, and other instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of Statement No. 93 is to address the accounting and financial reporting implications that will result from the replacement of an Interbank Offered Rate (IBOR). The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2021. The adopted pronouncement did not have a material effect on the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* effective for fiscal years beginning after June 15, 2022 (year ending September 30, 2023). This Statement provides guidance on financial reporting for public-private and public-public partnerships arrangements (PPP), as well as accounting and financial reporting for availability payment arrangements (APAs). Implementation of the standard had no effect on the OPEB Fund financial statements.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* effective for fiscal years beginning after June 15, 2022 (year ending September 30, 2023). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Implementation of the standard had no effect on the OPEB Fund financial statements.

GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements, and (2) accounting and financial reporting for financial guarantees. The GASB addresses several practice issues including:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument;
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt;
- Disclosures related to nonmonetary transactions;
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements;
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, disclosures of nonmonetary transactions, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, (year ending September 2023) and all reporting periods thereafter.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, (year ending September 2024) and all reporting periods thereafter. The Fund evaluated the applicable GASB statements and has adopted the applicable pronouncements by their effective date. The fund has adopted the requirements related to fiscal year 2023 and is evaluating the pronouncements that are not effective as of this fiscal year.

Pronouncements to be Adopted

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62,* effective for fiscal years beginning after June 15, 2023, (year ending September 30, 2024). The objective of this Statement is to provide guidance on the enhancement of accounting and financial reporting requirements relating to accounting changes to base them on qualitative characteristics, such as understandability, reliability, relevance, timeliness, consistency, and comparability; as well as corrections of errors in previously issued financial statements. The Fund is evaluating the impact that will result from adopting the GASB statement and will adopt the GASB statement, as applicable, by its effective date.

GASB issued Statement No. 101, *Compensated Absences,* effective for fiscal years beginning after December 15, 2023 (year ending September 30, 2025). This Statement's objective is to align the recognition and measurement guidelines under a unified model and amend certain previously required disclosures, thereby improving the information needs of financial statement users. The Fund is evaluating the impact that will result from adopting the GASB statement and will adopt the GASB statement, as applicable, by its effective date.

NOTE 3: MASTER CUSTODIAN CONTRACT

The Fund administrators have a Master Custodian Contract to reduce risk of loss and to improve security. Maintaining assets with the Master Custodian provides the additional advantage of tracking information provided by the investment managers, since the Master Custodian provides information on investment transactions from an independent source; as well as providing reporting capabilities for the Fund. The Master Custodian of the plan is the Northern Trust Company.

NOTE 4: CASH AND CASH EQUIVALENTS

Custodial credit risk for cash and cash equivalents is the risk that, in the event of a financial institution failure, the Fund may not be able to recover the value of cash and cash equivalents. The Fund, through its investment firms, maintains certain cash and cash equivalent balances. These balances are not required to be collateralized by statute or policy. The Fund's cash and cash equivalents balances are uninsured and unregistered, and are held by the counterparty in the Fund's name. The Fund maintains cash and cash equivalents in investments accounts, as detailed below, as of September 30, 2023 and 2022:

Funds by Investment Firm	2023	Percentage*	2022	Percentage*
Cash Account	$ 38,473,967	2.07%	$ 20,791,279	1.25%
Bernstein Strategic Core – Plus	14,507,128	0.78%	11,672,917	0.70%
Brandywine Large Cap Value	15,071,107	0.81%	10,637,413	0.64%
ClearBridge Mid Cap Core	9,944,553	0.53%	9,940,911	0.60%
Bernstein Global Plus	1,216,590	0.07%	3,607,343	0.22%
Total Cash and Cash Equivalents	$ 79,213,345	4.26%	$ 56,649,863	3.41%

* Includes cash and investments.

NOTE 5: INVESTMENTS

The majority of the Fund's assets, as of September 30, 2023 and 2022, were investments, which totaled $1,783,466,996 and $1,604,832,700, respectively. As of September 30, 2023 and 2022, the funds were invested in equities (61.06% and 58.07%); debt securities (31.65% and 35.03%); and commodities (3.02% and 3.50%). The fair values of each investment firm's assets, as of September 30, 2023 and 2022, were as follows:

	2023		2022	
	Amount	**Percentage***	**Amount**	**Percentage***
Equity Funds by Investment Firm				
Brandywine Large Cap Value	$ 255,412,399	13.71%	$ 263,739,882	15.87%
ClearBridge Mid Cap Core	192,560,334	10.34%	172,501,223	10.38%
Baillie Gifford International Growth Equity	72,060,040	3.87%	63,694,344	3.83%
Artisan International Value Equity	83,621,592	4.49%	63,397,366	3.82%
SSgA Russell 1000 Growth	253,370,601	13.60%	237,604,174	14.30%
SSgA Russell 2000 Index Fund	105,343,021	5.66%	96,586,209	5.81%
SSgA Emerging Market Index Fund	74,968,756	4.02%	67,235,577	4.05%
SSgA S&P 500 Index NL	50,165,879	2.69%	-	0.00%
Arrowstreet Global Equity ACWI	50,000,000	2.68%	-	0.00%
Total Equity	$1,137,502,622	61.06%	$ 964,758,775	58.07%
Debt Securities Funds by Investment Firm				
Bernstein Strategic Core - Plus	$ 162,887,831	8.74%	$ 158,981,637	9.57%
Bernstein Global Plus	58,192,340	3.12%	120,114,064	7.23%
SSgA U.S. Aggregate Bond Index Fund	247,727,843	13.30%	246,060,708	14.81%
Access Capital ETI	29,395,954	1.58%	29,649,891	1.78%
BlueBay Emerging Market Bond Fund	31,544,762	1.69%	27,151,991	1.63%
SSgA U.S. Treasury Index NL	59,994,083	3.22%	-	0.00%
Total Debt Securities	$ 589,742,813	31.65%	$ 581,958,291	35.03%
Commodities Funds by Investment Firm				
Gresham Strategic Commodities Fund	$ 56,221,561	3.02%	$ 58,115,634	3.50%
Total Investments	$1,783,466,996	95.73%	$1,604,832,700	96.59%

* Includes cash and investments.

NOTE 5: INVESTMENTS *(continued)*

There is 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. An asset or a liability categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The summary of inputs used to determine the fair valuation of the Fund's investments as of September 30, 2023 and 2022, is as follows:

Equity Securities: These investments are primarily classified as Level 1 of the fair value hierarchy, and are valued using prices quoted in active markets for those securities. The mutual funds are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy. The real estate investment trust securities are classified as Level 1 because these are activity traded securities.

Debt Securities: These investments are primarily classified as Level 2 of the fair value hierarchy, and are valued using market pricing and other observable market inputs for similar securities from several data providers, standards in the industry; or a broker quote in a non-active market. International government issues include structured debt which are valued using inflation adjusted mid evaluation and are classified as Level 2 in the fair value hierarchy. Collateralized auto loan securities, which are included in Collateralized Debt Obligations, are classified in Level 2; and are valued using consensus pricing. The mutual funds are deemed to be actively traded, and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Commodities Fund: The investment objectives of the fund are to provide a partial price hedge with an attractive risk/return profile, as compared to other products using a commodity index or a pool of commodities. Partial or complete redemption may be made, upon five (5) days' prior written notice, on the last business day of each calendar month or at such times and on such terms as the General Partner of the fund may, in his/her sole discretion, allow. The valuation techniques and inputs categorization within the valuation hierarchy is based upon Level 3; and uses the income approach, where the advisor considers a list of factors to determine whether there has been significant decrease in the relation to normal market activity.

Investment Derivative Instruments: The Fund's derivative financial instruments are valued by a third-party investment fund's manager, based on prevailing market data derived from proprietary models, and are carried at fair value. The Fund had two types of off-balance sheet derivative financial instrument outstanding: swaps and currency forwards. These derivative instruments are financial contracts, whose values depend on the value of one or more underlying assets, or reference rates or financial indices, which dictate the rate of change of output with respect to the financial contracts. The financial instruments categorization within the valuation hierarchy is based upon Level 2.

NOTE 5: INVESTMENTS *(continued)*

As of September 30, 2023 and 2022, the Fund had the following recurring fair value measurements:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
As of September 30, 2023				
Investments by Fair Value Level	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity Securities				
U.S. Equities *(by Industry)*				
Industrials	$ 91,646,622	$ 91,646,622	$ -	$ -
Consumer Retail	87,490,384	87,490,384	-	-
Information Technology	70,212,607	70,212,607	-	-
Financial Institutions	36,944,124	36,944,124	-	-
Healthcare	33,694,229	33,694,229	-	-
International Equities *(by Industry)*				
Industrials	27,326,999	27,326,999	-	-
Consumer Retail	46,072,079	46,072,079	-	-
Financial Institutions	5,421,071	5,421,071	-	-
Real Estate Investment Trust Securities	49,164,618	49,164,618	-	-
Total Equity Securities	447,972,733	447,972,733	-	-
Debt Securities				
U.S. Debt Securities				
U.S. Government Issues	97,087,954	-	97,087,954	-
Corporate Bonds	38,469,839	-	38,469,839	-
Credit Card/Automotive Receivables	13,642,698	-	13,642,698	-
U.S. State and Local Government Bonds	2,659,461	-	2,659,461	-
International Debt Securities				
International Government Issues	36,810,195	-	36,810,195	-
Corporate Bonds	29,309,134	-	29,309,134	-
Credit Card/Automotive Receivables	1,270,714	-	1,270,714	-
Other Government Bonds	1,830,167	-	1,830,167	-
Mutual Funds	29,395,961	29,395,961	-	
Total Debt Securities	250,476,123	29,395,961	221,080,162	-
Commodity Investments				
Gresham Commodities Fund	56,221,561	-	-	56,221,561
Total Investments by Fair Value Level	$ 754,670,417	$ 477,368,694	$ 221,080,162	$ 56,221,561
Investments Measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	$ 74,968,756	$ -	$ -	$ -
SSgA Russell 1000 Growth Fund	253,370,601	-	-	-
SSgA Russell 2000 Index Fund	105,343,021	-	-	-
SSgA U.S. Aggregate Bond Index Fund	247,727,843	-	-	-
Ballie Gifford International Growth Equity	50,000,000	-	-	-
Artisan International Value Equity	50,165,879	-	-	-
BlueBay Emerging Market Bond Fund	59,994,084	-	-	-
Arrowstreet GL EQ ACWI TR	72,060,040	-	-	-
SSgA S&P 500 IDX NL	83,621,592	-	-	-
SSgA U.S. TREAS IDX NL	31,544,763	-	-	-
Total Investments Measured at the NAV	1,028,796,579	-	-	-
Total Investments Measured at Fair Value	$ 1,783,466,996	$ -	$ -	$ -
Investment Derivative Instruments				
Interest Rate Swaps	$ 1,575,652	$ -	$ 1,575,652	$ -
Credit Defaults Swaps	26,441	-	26,441	-
Foreign Exchange Forwards	367,704	-	367,704	-
Foreign Exchange Forwards	(1,505,794)	-	(1,505,794)	-
Total Investment Derivative Instruments	$ 464,003	$ -	$ 464,003	$ -

NOTE 5: INVESTMENTS *(continued)*

		Fair Value Measurements Using		
As of September 30, 2022		**Quoted Prices in Active Markets for Identical Assets**	**Significant Other Observable Inputs**	**Significant Unobservable Inputs**
Investments by Fair Value Level	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Equity Securities				
U.S. Equities *(by Industry)*				
Industrials	$ 107,918,712	$ 107,918,712	$ -	$ -
Consumer Retail	68,866,391	68,866,391	-	-
Information Technology	85,871,322	85,871,322	-	-
Financial Institutions	76,010,984	76,010,984	-	-
Healthcare	58,195,848	58,195,848	-	-
International Equities *(by Industry)*				
Industrials	4,402,320	4,402,320	-	-
Consumer Retail	18,287,388	18,287,388	-	-
Healthcare	4,480,309	4,480,309	-	-
Real Estate Investment Trust Securities	12,207,831	12,207,831	-	-
Total Equity Securities	436,241,105	436,241,105	-	-
Debt Securities				
U.S. Debt Securities				
U.S. Government Issues	104,219,975	-	104,219,975	-
Corporate Bonds	41,983,203	-	41,983,203	-
Credit Card/Automotive Receivables	11,851,810	-	11,851,810	-
U.S. State and Local Government Bonds	4,537,514	-	4,537,514	-
International Debt Securities				
International Government Issues	78,258,118	-	78,258,118	-
Corporate Bonds	34,863,242	-	34,863,242	-
Credit Card/Automotive Receivables	1,662,756	-	1,662,756	-
Other Government Bonds	1,719,082	-	1,719,082	-
Mutual Funds	29,649,892	29,649,892	-	-
Total Debt Securities	308,745,592	29,649,892	279,095,700	-
Commodity Investments				
Gresham Commodities Fund	58,115,634	-	-	58,115,634
Total Investments by Fair Value Level	$ 803,102,331	$ 465,889,997	$ 279,095,700	$ 58,115,634
Investments Measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	$ 67,235,577	$ -	$ -	$ -
SSgA Russell 1000 Growth Fund	237,604,174	-	-	-
SSgA Russell 2000 Index Fund	96,586,209	-	-	-
SSgA U.S. Aggregate Bond Index Fund	246,060,708	-	-	-
Ballie Gifford International Growth Equity	63,694,344	-	-	-
Artisan International Value Equity	63,397,366	-	-	-
BlueBay Emerging Market Bond Fund	27,151,991	-	-	-
Total Investments Measured at the NAV	801,730,369	-	-	-
Total Investments Measured at Fair Value	$ 1,604,832,700	$ -	$ -	$ -
Investment Derivative Instruments				
Interest Rate Swaps	$ (67,580)	$ -	$ (67,580)	$ -
Credit Defaults Swaps	(4,947)	-	(4,947)	-
Foreign Exchange Forwards	(966,171)	-	(966,171)	-
Total Investment Derivative Instruments	$ (1,038,698)	$ -	$ (1,038,698)	$ -

NOTE 5: INVESTMENTS *(continued)*

Investments measured at the Net Asset Value (NAV): The NAV of an investment company is the company's total assets, minus its total liabilities. This investment category consists of ten (10) funds that include funds both relative return funds and absolute return type funds; the latter are funds that employ dynamic trading strategies aimed at achieving a positive return. Certain investment funds below do not redeem shares on a daily basis. The funds have varying restrictions on liquidity and transferability. The fair values of the investments in this type have been determined using the NAV per share of the investments. Additional information about the nature of investments measured at the Net Asset Value per share is presented in the tables below:

	Fair Value as of September 30,				
Investment	**2023**	**2022**	**Unfunded Commitments**	**Redemption Frequency *(If Currently Eligible)***	**Redemption Notice Period**
SSgA Emerging Market Index Fund (1)	$ 74,968,756	$ 67,235,577	None	Daily	5 Days
SSgA Russell 1000 Growth Fund (2)	253,370,601	237,604,174	None	Daily	N/A
SSgA Russell 2000 Index Fund (3)	105,343,021	96,586,209	None	Daily	N/A
SSgA U.S. Aggregate Bond Index Fund (4)	247,727,843	246,060,708	None	Daily	N/A
Baillie Gifford International Growth Equity (5)	72,060,040	63,694,344	None	Monthly	5 Days
Artisan International Value Equity (6)	83,621,592	63,397,366	None	Monthly	5 Days
BlueBay Emerging Market Bond Fund (7)	31,544,762	27,151,991	None	Daily	30 Days
Arrowstreet GL EQ ACWI TR (8)	50,000,000	-	None	Daily	5 Days
SSgA S&P 500 IDX NL (9)	50,165,879	-	None	Daily	5 Days
SSgA U.S. TREAS IDX NL (10)	59,994,084	-	None	Daily	2 Days
Total Investments Measured at NAV	$ 1,028,796,578	$ 801,730,369			

1) *SSgA Emerging Market Index Fund:* This fund is managed, using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. Equity securities held by the fund may be denominated in foreign currencies and may be held outside the United States. In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio.

2) *SSgA Russell 1000 Growth Fund:* The fund is managed using an "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Russell 1000 Growth Index over the long term. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings ("IPOs"). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. The strategy may at times purchase or sell index futures contracts, options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index.

NOTE 5: INVESTMENTS *(continued)*

3) *SSgA Russell 2000 Index Fund:* The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the Index. SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks, preferred stocks, depository receipts, or other securities convertible into common stock. The strategy may purchase securities in their initial public offerings ("IPOs"). In some cases, it may not be possible or practicable to purchase all the securities comprising the Index, or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question.

4) *SSgA U.S. Aggregate Bond Index Fund:* The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of the Barclays Capital U.S. Aggregate Bond Index (the "Index") over the long term. The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The fund may attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. However, due to the large number of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the fund to purchase some of the securities comprising the Index.

5) *Baillie Gifford International Growth Equity:* The fund is designed to pursue long-term capital appreciation by investing in high-quality, attractively valued, non-U.S. growth companies of all market capitalizations. Their investment process is based on a highly analytical research-driven process, and builds portfolios from the bottom-up. The strategy invests primarily in developed markets, but also may invest up to 20% of the Fund's net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes, and only used under certain conditions.

6) *Artisan International Value Equity:* This fund seeks to invest in undervalued companies that are generating high returns on capital, are financially strong and are managed by people who are working to build value over time. The investment team seeks to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries. This criteria helps rule out businesses that are statistically cheap, but whose values are deteriorating over time. The team believes that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management with the ability to build value when attractive opportunities are available.

7) *Blue Bay Emerging Market Bond:* This fund invests predominantly in fixed income securities issued by emerging market countries or issuers based in such countries. The fund seeks to generate excess returns via superior country and issue selection through an in-depth country and security selections process focusing on value in external credit spreads, local currencies and local interest rates. Particular emphasis is given to avoiding deteriorating credits and one-off currency devaluations. The fund has a focus on absolute returns, both their long-only and alternative strategies use short exposures (either directly or via credit derivatives) as one of a number of techniques designed to deliver absolute-style returns. There is a strong emphasis on capital preservation; the use of credit derivatives helps to maximize portfolio efficiency and potentially minimize risk.

NOTE 5: INVESTMENTS *(continued)*

8) *Arrowstreet:* The Arrowstreet fund utilizes a dynamic, quantitative, all-cap, core strategy that invests in emerging markets. The strategy is considered core and dynamic so it can react to market opportunities and generate alpha in both value and growth markets. The fund seeks to maximize alpha while minimizing transaction costs. The strategy has mostly protected in down markets and participated in strong markets. The fund's portfolio positioning is core, diversified with 300-800 securities and annual turnover around 200%; alpha and risk models allow for the portfolio to fluctuate slightly between over-weights to style factors, regions, and market caps.

9) *S&P 500 Index Fund:* The State Street S&P 500 Index Fund seeks to replicate the total return of the S&P 500® Index. The Fund seeks to achieve its investment objective by investing substantially all of its investable assets in a corresponding portfolio. Under normal market conditions, at least 80% of its total assets will be invested in stocks in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. The Fund is not managed according to traditional methods of "active" investment management, which involve the buying and selling of securities based upon economic, financial and market analysis and investment judgment. Instead, the Fund utilizes an "indexing" investment approach, attempting to replicate, before expenses, the investment performance of its benchmark (S&P 500 Index). The fund is non-lending.

10) *U.S. Treasury Index Fund:* The Strategy is managed using an "indexing" investment approach, by which SSGA attempts to approximate, before expenses, the performance of the Index over the long term. The Strategy will not necessarily own all of the securities included in the Index. The Strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (Bloomberg U.S. Treasury Index), over the long term. The fund is non-lending.

During the years ended September 30, 2023 and 2022, the Fund recognized no transfers to/from Level 1 or 2. The Fund's policy is to recognize transfers to/from Level 1, Level 2, and Level 3 at the end of the reporting period, utilizing fair value at the beginning of the period.

The annual money-weighted rate of return on OPEB plan investments is calculated as the internal rate of return on OPEB plan investments, net of OPEB plan investment expense. OPEB plan investment expense should be measured on the accrual basis of accounting. Inputs to the internal rate of return calculation should be determined at least monthly. However, the use of more frequently determined inputs is encouraged. The valuation of the weighted rate of return was 11.32% and (19.68%) for fiscal years 2023 and 2022, respectively.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty to a transaction, a government may not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The counterparty is the party that pledges collateral or repurchase agreement securities to the government; or that sells investments to, or buys them for, the government.

NOTE 5: INVESTMENTS *(continued)*

The Fund's investments are uninsured and unregistered and are held by the counterparty in the Fund's name. The Fund is also subject to certain credit, interest rate, and foreign currency risks.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign currency. The Fund does not have a formal policy for limiting its exposure to changes in exchange rates. The Fund's investments as of September 30, 2023 and 2022, held in currencies other than U.S. dollars, were as follows:

As of September 30, 2023:

International Securities	Short-Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ 112,095	$ 2,141,784	$ 2,253,879
BRITISH POUND STERLING	4,435,918	(6,500)	4,429,418
CANADIAN DOLLAR	2,326,926	(183,807)	2,143,119
CHINESE YUAN RENMINBI	91,655	-	91,655
COLOMBIAN PESO	-	(1,514)	(1,514)
DANISH KRONE	-	(2,250)	(2,250)
EURO	27,345,744	(23,434)	27,322,310
HK OFFSHORE CHINESE YUAN RENMINBI	-	(47,017)	(47,017)
HUNGARIAN FORINT	(15,892)	45,301	29,409
INDONESIAN RUPIAH	880,227	88,491	968,718
JAPANESE YEN	5,178,196	113,054	5,291,250
MALAYSIAN RINGGIT	589,872	1,426	591,298
MEXICAN PESO	1,257,593	(912)	1,256,681
NEW ISRAELI SHEKEL	-	(1,725)	(1,725)
NEW ZEALAND DOLLAR	(113,866)	(125,033)	(238,899)
POLISH ZLOTY	-	(1,843)	(1,843)
RUSSIAN RUBLE	-	36,202	36,202
SINGAPORE DOLLAR	-	(1,143)	(1,143)
SOUTH KOREAN WON	6,729,780	6,466,586	13,196,366
SWEDISH KRONA	-	(5,237)	(5,237)
SWISS FRANC	-	(3,091)	(3,091)
THAI BAHT	361,703	3,073	364,776
Totals	$ 49,179,951	$ 8,492,411	$ 57,672,362

NOTE 5: INVESTMENTS *(continued)*

As of September 30, 2022:

International Securities	Short-Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ 1,113,421	$ 5,992,495	$ 7,105,916
BRAZILIAN REAL	209,801	-	209,801
BRITISH POUND STERLING	(156,963)	5,164,385	5,007,422
CANADIAN DOLLAR	207,577	4,515,804	4,723,381
CHILEAN PESO	115,529	-	115,529
CHINESE YUAN RENMINBI	-	160,139	160,139
EURO	158,560	50,228,453	50,387,013
HK OFFSHORE CHINESE YUAN RENMINBI	(3)	-	(3)
INDIAN RUPEE	24,498	-	24,498
INDONESIAN RUPIAH	5,842	1,536,965	1,542,807
JAPANESE YEN	285,876	26,371,481	26,657,357
MALAYSIAN RINGGIT	12,198	872,993	885,191
MEXICAN PESO	(25,977)	-	(25,977)
NEW TAIWAN DOLLAR	230,677	-	230,677
NEW ZEALAND DOLLAR	213,651	305,311	518,962
POLISH ZLOTY	29,671	-	29,671
RUSSIAN RUBLE	57,804	-	57,804
SINGAPORE DOLLAR	(2,613)	-	(2,613)
SOUTH AFRICAN RAND	132,407	-	132,407
SOUTH KOREAN WON	751,570	8,265,297	9,016,867
SWISS FRANC	95,073	-	95,073
THAI BAHT	-	646,017	646,017
Totals	$ 3,458,599	$ 104,059,340	$ 107,517,939

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. The average quality of all bond holdings in each investment manager's portfolio should be maintained at "A" or higher. For portfolios that were not individually managed at September 30, 2023, the credit quality of "AA-" for the portfolios were par with the index value of "BBB-." Exchange-traded derivatives that are valued using quoted prices are classified within Level 1 of the valuation hierarchy. The Fund has not failed to access collateral, when required. Since these derivative products have been established for some time, the Fund uses models that are widely accepted in the financial services industry. These models reflect the contractual terms of the derivatives, including the period to maturity; and market-based parameters such as interest rates, volatility, and the credit quality of the counterparty. Further, many of these models do not contain a high level of subjectivity, as the methodologies used in the models do not require significant judgment, and inputs to the model are readily observable from actively quoted contracts and credit default swaps. Such instruments are generally classified within Level 2 on the valuation hierarchy. The aggregate fair value of derivatives in net asset positions, net of collateral posted by the counter party; and the effect of master netting arrangements are reflected in net unrealized gain (loss) on Foreign Currency Forward Contracts, in the tables on pages 31 and 32.

Although the Fund executes hedging derivative instruments with various counterparties; eight contracts, comprising approximately 90 percent of the net exposure to credit risk, are based with two counterparties. There are no significant concentrations of net exposure to credit risk that has not been reduced by collateral and other off sets.

NOTE 5: INVESTMENTS *(continued)*

As of September 30, 2023 and 2022, the average quality ratings by investment firm, rated by Moody's and S&P Global were as follows:

Investment Firm	2023	2022
Bernstein Strategic Core – Plus	AA-	AA-
Bernstein Global Plus	A+	A+
Access Capital ETI	AAA	AAA
SSgA U.S. Aggregate Bond Index Fund	AA3	AA2
BlueBay Emerging Market Bond Fund	BBB	A+
SSgA U.S. TREAS IDX NL*	AA1	N/A

*2023 New Investment

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund addresses interest rate risk through a process that focuses on the review of investment managers and fund returns. The Fund also uses an independent consultant to examine how sensitive the fixed income portfolios' underlying assets are to movements in interest rates, and to recommend any appropriate investment manager changes.

For the years ended September 30, 2023 and 2022, the average duration in years by investment firm was as follows:

Investment Firm	2023	2022
Bernstein Strategic Core - Plus	6.43	5.69
Bernstein Global Plus	7.13	6.51
Access Capital ETI	5.75	5.82
SSgA U.S. Aggregate Bond Index Fund	6.14	6.19
BlueBay Emerging Market Bond Fund	6.39	5.48
SSgA U.S. TREAS IDX NL*	5.86	N/A

*2023 New Investment

Derivative Financial Instruments: In accordance with the Fund's investment policies, the Fund regularly invests in derivative financial instruments with off-balance-sheet risk in the normal course of its investing activities, in order to enhance return on investment and manage exposure to certain risks within the fund.

Derivative instruments are financial contracts whose values depend on the value of one or more underlying assets, reference rates, or financial indices. During fiscal year, the Fund invested directly in forward currency contracts.

As of September 30, 2023 and 2022, the Fund had three types of off-balance-sheet derivative financial instruments outstanding: swaps, forward foreign contracts, and forwards. The Swaps represents Interest Swaps and Credit Default Swaps, which are used to hedge interest rate and credit exposure risks. Currency forwards represent foreign exchange contracts and are used to effect settlements and to protect the base currency value of portfolio assets denominated in foreign currencies, against fluctuations in the exchange rates of those currencies or to gain exposure to the change in market value of a specific currency. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date and at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts.

NOTE 5: INVESTMENTS *(continued)*

The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

Below is the list of derivatives aggregated by investment type, as of September 30, 2023 and 2022:

As of September 30, 2023:

	Change in Fair Value		Fair Value at September 30, 2023		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Written	Interest Revenue	$ 4,758	Swaps	$ 26,441	$ -
Fixed Income Futures Long	Interest Revenue	(2,133,987)	Futures	-	$ -
Fixed Income Futures Short	Interest Revenue	106,090	Futures	-	$ -
Fixed Income Options Bought	Interest Revenue	25	Options	-	$ -
Foreign Exchange Contract Purchases	Interest Revenue	18,052,596	Forward Foreign Contracts	1,131,878	$ 96,539,078
Foreign Exchange Contract Sales	Interest Revenue	(21,578,801)	Forward Foreign Contracts	(764,174)	$ 77,170,323
Foreign Exchange Forwards	Interest Revenue	-	Forwards	(12,492)	$ -
Foreign Exchange Forwards	Interest Revenue	-	Forwards	(1,493,302)	$420,173,000
Pay Fixed Interest Rate Swaps	Interest Revenue	70,996	Swaps	-	$ -
Receive Fixed Interest Rate Swaps	Interest Revenue	-	Swaps	1,575,652	$149,891,000
Total		**$(5,478,323)**		**$ 464,003**	

As of September 30, 2022:

	Change in Fair Value		Fair Value at September 30, 2022		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Bought	Interest Revenue	$ -	Swaps	$ -	$ -
Credit Default Swaps Written	Interest Revenue	318,905	Swaps	(4,947)	$148,014,000
Fixed Income Futures Long	Interest Revenue	(768,396)	Futures	-	$ -
Fixed Income Futures Short	Interest Revenue	11,211	Futures	-	$ -
Fixed Income Options Bought	Interest Revenue	(13)	Options	-	$ -
Foreign Exchange Forwards	Interest Revenue	21,488,877	Forwards	3,351,561	$ 73,120,436
Foreign Exchange Forwards	Interest Revenue	(22,492,431)	Forwards	(4,317,732)	$107,521,107
Pay Fixed Interest Rate Swaps	Interest Revenue	753,972	Swaps	1,458,002	$ -
Receive Fixed Interest Rate Swaps	Interest Revenue	(1,057,011)	Swaps	(1,525,582)	$ -
Total		**$ (1,744,886)**		**$ (1,038,698)**	

NOTE 5: INVESTMENTS *(continued)*

Contingencies:

All the Fund’s derivative instruments include provisions that require the Fund to post collateral in the event its credit rating falls below “AA” as issued by Standard & Poor’s, or “Aa” as issued by Moody’s Investors Services. The collateral posted is to be in the form of U.S. Treasury funds in the amount of the fair value of hedging derivative instruments in liability positions, net of the effect of applicable netting arrangements. If the Fund does not post collateral, the hedging derivative instrument may be terminated by the counterparty. If the collateral posting requirements were triggered, the Fund would be required to post the aggregate fair value in collateral to its counterparties. The District had a rating of “Aaa” for both fiscal years 2023 and 2022; therefore, no collateral was required to be posted for these fiscal years.

NOTE 5: INVESTMENTS *(continued)*

The net unrealized gain (loss) on foreign currency forward contracts for the years ended September 30, 2023 and 2022, were as follows:

	2023		2022	
	Cost	Unrealized Gain/(Loss)	Cost	Unrealized Gain/(Loss)
Foreign Currency Contracts Purchased				
AUSTRALIAN DOLLAR (AUD)	$ 2,450,786	$ 33,962	$ 10,811,655	$ (708,995)
BRAZILIAN REAL (BRL)	-	-	7,687,599	(107,064)
CANADIAN DOLLAR (CAD)	4,721,574	(2,578)	5,518,423	(307,614)
SWISS FRANC (CHF)	1,276,706	(25,044)	-	-
CHILEAN PESO (CLP)	136,250	192	2,580,049	(103,444)
CHINESE YUAN (CNH)	21,041,628	31,142	21,101,031	(966,289)
COLOMBIAN PESO (COP)	260,093	(1,076)	198,271	(7,740)
CZECH KORUNA (CZK)	254,221	(4,489)	230,093	(1,833)
DANISH KRONE (DKK)	560,350	(387)	493,258	(9,713)
EURO (EUR)	29,388,299	12,105	4,046,531	58,822
BRISTISH POUND STERLING (GBP)	5,137,691	17,776	7,037,555	(385,768)
HUNGARIAN FORINT (HUF)	170,375	726	154,442	(10,029)
INDONESIAN RUPIAH (IDR)	626,210	307	-	-
NEW ISRAELI SHEKEL (ILS)	342,937	(13,910)	364,988	(12,622)
INDIAN RUPEE (INR)	-	-	2,465,530	(1,043)
JAPANESE YEN (JPY)	22,011,641	(146,151)	11,033,190	(133,929)
SOUTH KOREAN WON (KRW)	-	-	5,454,678	(369,077)
MEXICAN PESO (MXN)	63,865	(780)	-	-
MALAYSIAN RINGGIT (MYR)	289,473	962	-	-
NORWEGIAN KRONE (NOK)	174,520	1,914	1,419,845	(14,065)
NEW ZEALAND DOLLAR (NZD)	483,958	8,083	5,238,387	(341,712)
POLISH ZLOTY (PLN)	425,399	(15,300)	2,936,847	(121,781)
SWEDISH KRONA (SEK)	838,043	14,078	2,129,211	(4,190)
SINGAPORE DOLLAR (SGD)	513,812	(532)	1,773,932	(34,296)
NEW TAIWAN DOLLAR (TWD)	-	-	4,092,846	(258,124)
SOUTH AFRICAN RAND (ZAR)	-	-	5,155,015	(164,966)
Total Contracts Purchased		(89,000)		(4,020,978)
Foreign Currency Contracts Sold				
AUSTRALIAN DOLLAR (AUD)	(3,074,382)	(25,363)	(15,384,432)	1,113,415
BRAZILIAN REAL (BRL)	-	-	(10,265,710)	209,801
CANADIAN DOLLAR (CAD)	(3,659,296)	(339)	(4,596,418)	185,983
SWISS FRANC (CHF)	(610,883)	(3,091)	(4,074,687)	95,073
CHILEAN PESO (CLP)	-	-	(3,720,725)	115,529
CHINESE YUAN (CNH)	(10,243,512)	(47,017)	(414,465)	(3)
COLOMBIAN PESO (COP)	(128,997)	(1,514)	-	-
DANISH KRONE (DKK)	(322,543)	(2,250)	-	-
EURO (EUR)	(30,585,307)	12,479	(9,041,845)	(157,812)
BRISTISH POUND STERLING (GBP)	(4,900,860)	(14,604)	(3,345,867)	56,072
HUNGARIAN FORINT (HUF)	(101,838)	(1,944)	-	-
INDONESIAN RUPIAH (IDR)	(1,041,247)	7,676	(379,686)	5,842
NEW ISRAELI SHEKEL (ILS)	(196,744)	(1,725)	-	-
INDIAN RUPPEE (INR)	-	-	(1,272,847)	24,498
JAPANESE YEN (JPY)	(13,936,362)	6,335	(5,209,714)	70,965
SOUTH KOREAN WON (KRW)	(11,811,512)	532,377	(11,691,824)	751,570
MEXICAN PESO (MXN)	(903,605)	(912)	(1,808,914)	(25,977)
MALAYSIAN RINGGIT (MYR)	(447,173)	1,426	(239,456)	12,197
NEW ZEALAND DOLLAR (NZD)	-	-	(3,867,820)	207,512
POLISH ZLOTY (PLN)	(182,636)	(1,843)	(1,925,041)	29,671
SWEDISH KRONA (SEK)	(385,898)	(5,237)	-	-
SINGAPORE DOLLAR (SGD)	(245,869)	(1,143)	(1,272,274)	(2,613)
THAILAND (THB)	(60,225)	3,393	-	-
NEW TAIWAN DOLLAR (TWD)	-	-	(4,064,769)	230,677
SOUTH AFRICAN RAND (ZAR)	-	-	(3,911,658)	132,407
Total Contracts Sold		456,704		3,054,807
Net Unrealized (Loss) Gain on Foreign Currency Forward Contracts		$ 367,704		$ (966,171)

NOTE 6: NET OPEB LIABILITY

The components of the net OPEB liability for the District of Columbia as of September 30, 2023 and 2022, were as follows:

	2023	2022
Total OPEB Liability	$2,016,357,659	$1,823,480,465
Fund Fiduciary Net Position	1,843,482,002	1,650,287,153
Net OPEB Liability	$ 172,875,657	$ 173,193,312
Fund Fiduciary Net Position as a Percentage of the Total OPEB Liability	91.43%	90.50%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2023 and 2022, using the following actuarial assumptions, applied to all periods in the measurement and rolled forward to the measurement date as of September 30, 2023 and 2022:

	2023	2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed
Remaining Amortization Period	13 years beginning with fiscal year end 2023	14 years beginning with fiscal year end 2022
Asset Valuation Method	5-year smoothed Actuarial Value	5-year smoothed Actuarial Value
Investment Return	6.50%	6.50%
Discount Rate	6.50%	6.50%
Salary Increase Rate	3.50% (plus merit scale)	3.50% (plus merit scale)
Medical Inflation Rate	7.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.	7.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used. General employees use 120% of the Pub-G 2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.	The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational, was used for healthy lives both pre- and post-retirement. For disabled lives, the RP-2014 Disabled Life Mortality Table was used. General employees use 120% of the Pub-G 2010 General Headcount-Weighted tables for Employees, Healthy Retirees, and Disabled Retirees, projected fully generational with Scale MP-2020.

NOTE 6: NET OPEB LIABILITY *(continued)*

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the target asset allocation as of September 30, 2023 and 2022 are shown below. The 2023 and 2022 rates of return are geometric real rates of return.

	2023	
Asset Class*	**Long-Term Expected Real Rate**	**Target Allocation**
Public Equity	4.90%	50%
Fixed Income	2.25%	32%
Private Equity	7.27%	5%
Private Debt	6.40%	5%
Real Assets	3.16%	8%

	2022	
Asset Class	**Long-Term Expected Real Rate**	**Target Allocation**
U.S. Equity	4.8%	45.0%
International Equity	5.2%	9.0%
Emerging Market Equity	5.7%	4.0%
Core Fixed Income	1.7%	24.0%
Developed Markets Fixed Income	1.1%	10.0%
Emerging Market Debt	3.8%	3.0%
Commodities	3.8%	5.0%
Cash	0.9%	0.0%

*NEPC has a new target allocation format.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District of Columbia, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

NOTE 6: NET OPEB LIABILITY *(continued)*

	2023		
	Impact of Change in Discount Rate		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$ 479,878,357	$ 172,875,657	$ (75,475,674)

	2022		
	Impact of Change in Discount Rate		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$ 454,437,556	$ (173,193,312)	$ (54,139,101)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District of Columbia, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	2023		
	Impact of Change in Healthcare Cost Trend Rates		
	1% Decrease (6.0% to 3.0%)	Trend Rates (7.0% to 4.0%)	1% Increase (8.0% to 5.0%)
Net OPEB Liability (Asset)	$ (108,760,173)	$ 172,875,657	$ 530,613,438

	2022		
	Impact of Change in Healthcare Cost Trend Rates		
	1% Decrease (6.0% to 3.0%)	Trend Rates (7.0% to 4.0%)	1% Increase (8.0% to 5.0%)
Net OPEB Liability (Asset)	$ (84,336,714)	$ 173,193,312	$ 500,819,065

NOTE 7: DISTRICT CONTRIBUTIONS

The District, historically, makes its contributions to the Fund near the completion of its fiscal year, and the contribution is distributed by the Fund to the investment managers within a month of receipt from the District. For the years ended September 30, 2023 and 2022, the District contributed $41,500,000 and $53,000,000, respectively, to the Fund. As of September 30, 2023 and 2022, the District contributions were invested in the following fund(s):

FUND	2023	2022
SSgA U.S. Aggregate Bond Index Fund	$ -	$ 28,000,000
Northern Trust Cash Fund	41,500,000	25,000,000
Total	$ 41,500,000	$ 53,000,000

NOTE 8: CONTINGENCIES

The Fund is party to various legal proceedings, many of which occur in the normal course of the Fund's operations. These legal proceedings are not, in the opinion of the Office of the Attorney General of the District of Columbia, likely to have a material adverse impact on the Fund's financial position as of September 30, 2023 and 2022.

The Fund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, and that such changes could materially affect the amounts reported in the accompanying statements of net position.

Fund contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE 9: SUBSEQUENT EVENTS

On December 4, 2023, management became aware of an error that may have impacted the payment contribution rates of retirees for the fiscal year ended September 30, 2023. Management is not currently aware of the extent or impact on accounts related to retiree payments and fund balances of which the outcome will be corrected and communicated, accordingly.

The Fund has evaluated events subsequent to September 30, 2023, and through January 4, 2024, the date the financial statements were available to be issued and noted that there are no additional events or transactions which would require adjustments or disclosures to the financial statements for the year ended September 30, 2023.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET)
LAST SEVEN FISCAL YEARS

September 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Total OPEB liability - beginning of year	$ 1,823,480,465	$ 1,711,707,372	$ 1,621,634,069	$ 1,464,701,414	$ 1,391,000,862	$ 1,224,600,000	$ 1,115,776,087
Service cost	59,504,856	60,548,250	58,067,089	54,832,446	50,105,647	52,834,621	49,609,972
Interest	117,487,297	110,365,063	104,624,527	94,484,340	89,812,264	79,095,491	72,123,416
Difference between expected and actual experience	(29,090,876)	35,531,450	12,737,103	30,163,179	1,626,569	(728,816)	(549,321)
Changes in assumptions	77,454,387	(66,664,119)	(60,918,795)	-	(48,999,824)	50,939,949	-
Insurance carrier premiums, net of retiree contributions	(32,478,470)	(28,007,551)	(24,436,621)	(22,547,310)	(18,844,104)	(15,740,383)	(12,370,154)
Net change in total OPEB liability	192,877,194	111,773,093	90,073,303	156,932,655	73,700,552	166,400,862	108,823,913
Total OPEB liability - end of year (a)	$ 2,016,357,659	$ 1,823,480,465	$ 1,711,707,372	$ 1,621,634,069	$ 1,464,701,414	$ 1,391,000,862	$ 1,224,600,000
Fund Fiduciary Net Position							
Fund Fiduciary net position - beginning of year	$ 1,650,287,153	$ 2,025,061,908	$ 1,640,681,507	$ 1,509,102,271	$ 1,462,029,859	$ 1,366,282,061	$ 1,197,441,214
Contributions - employer and annuitants	43,038,875	54,280,033	54,516,183	48,189,387	46,834,228	45,206,225	31,521,466
Net investment income	185,519,982	(398,892,806)	355,888,055	107,411,644	20,646,604	67,385,188	150,514,898
Insurance carrier premiums (benefit payments)	(34,017,345)	(29,287,583)	(25,352,804)	(23,436,697)	(19,678,332)	(16,446,608)	(12,891,620)
Administrative expense	(1,346,663)	(874,399)	(671,033)	(585,098)	(730,088)	(397,007)	(303,897)
Net change in plan fiduciary net position	193,194,849	(374,774,755)	384,380,401	131,579,236	47,072,412	95,747,798	168,840,847
Fund fiduciary net position - end of year (b)	$ 1,843,482,002	$ 1,650,287,153	$ 2,025,061,908	$ 1,640,681,507	$ 1,509,102,271	$ 1,462,029,859	$ 1,366,282,061
Net OPEB liability (asset) - end of year ((a) - (b))	$ 172,875,657	$ 173,193,312	$ (313,354,536)	$ (19,047,438)	$ (44,400,857)	$ (71,028,997)	$ (141,682,061)
Fund fiduciary net position as a percentage of total OPEB liability	91.43%	90.50%	118.31%	101.17%	103.03%	105.11%	111.57%
Covered payroll	$ 2,416,783,281	$ 2,439,212,232	$ 2,331,261,622	$ 2,173,453,518	$ 2,038,767,088	$ 1,940,801,248	$ 1,820,046,000
Fund net OPEB liability (asset) as a percentage of covered payroll	7.15%	7.10%	-13.44%	-0.88%	-2.18%	-3.66%	-7.78%

*These schedules are presented to illustrate the requirement to present information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which the information is available.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS
LAST TEN FISCAL YEARS

September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	$ 41,500,000	$ 53,000,000	$ 53,600,000	$ 47,300,000	$ 46,000,000	$ 44,500,000	$ 31,000,000	$ 29,000,000	$ 91,400,000	$ 86,600,000
Contributions in relation to the actuarially determined contributions	(41,500,000)	(53,000,000)	(53,600,000)	(47,300,000)	(46,000,000)	(44,500,000)	(31,000,000)	(29,000,000)	(91,400,000)	(86,600,000)
Excess contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$2,416,783,281	$2,439,212,232	$2,331,261,622	$2,173,453,518	$2,038,767,088	$1,940,801,248	$1,820,046,000	$1,771,334,730	$1,608,000,000	$1,484,300,000
Contributions as a percentage of covered payroll	1.72%	2.17%	2.30%	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%

*These schedules are presented to illustrate the requirement to present information for 10 years. 10 years are now presented.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND
SCHEDULE OF INVESTMENT RETURNS
LAST SEVEN FISCAL YEARS

September 30,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Annual money-weighted rate of return, net of investment expense	11.23%	(19.68%)	21.66%	7.05%	1.40%	4.88%	12.49%

*These schedules are presented to illustrate the requirement to present information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which the information is available.

The Schedules of Changes in the Net OPEB Liability (Asset) and related ratios presents multiyear trend information about whether the Fund's OPEB liability is increasing or decreasing over time, relative to the Fund's fiduciary net position. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or funding limitation on the pattern of cost sharing between the employer and Fund members in the future.

The Total OPEB Liability as of September 30, 2023, is an estimate based on a roll-forward of the 2022 valuation results for the Fund.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Valuation Date: Actuarially determined contribution rates are calculated based on the actuarial valuation performed one year prior to the start of the fiscal year.

Actuarial Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	13 years beginning with fiscal year end 2023
Asset Valuation Method	5-year smoothed Actuarial Value
Investment Rate of Return	6.50%
Discount Rate	6.50%
Salary Increase Rate	3.50% (plus merit scale)
Medical Inflation Rate	7.0% grading down to 4.0% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2041.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2020 Improvement Scale, fully generational RP-2014 Disabled Life Mortality Table for disabled lives.

McConnell Jones

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*

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

We were engaged to 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, the financial statements of the Government of the District of Columbia Other Post-Employment Benefits Fund (the Fund), a fiduciary fund of the Government of the District of Columbia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund'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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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.

5101 Wisconsin Ave., NW
Suite 210
Washington, DC 20016
Phone: 202.207.3570
Fax: 202.968.1601

WWW.MCCONNELLJONES.COM

McConnell Jones

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McConnell Jones LLP

Washington, D.C.
January 4, 2024

REPORT WASTE, FRAUD, ABUSE, AND MISMANAGEMENT.

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

https://oig.dc.gov

oig@dc.gov