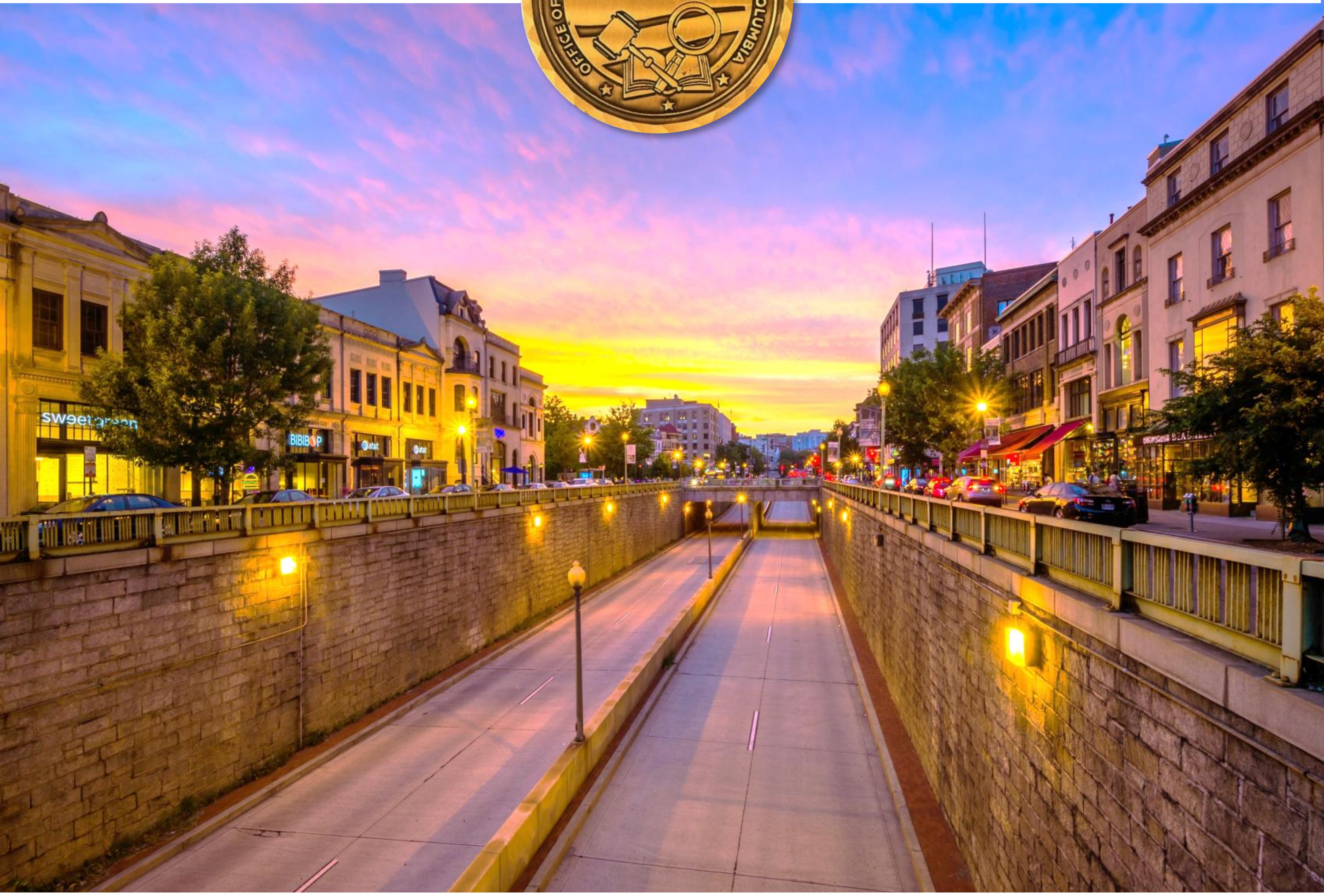
OFFICE OF THE
INSPECTOR GENERAL
DISTRICT OF COLUMBIA GOVERNMENT

AUDIT REPORT

401(a) Defined Contribution Plan

Financial Statements and Independent Auditor's Reports
Fiscal Year 2024
OIG No. 24-1-21AT

January 31, 2025



DANIEL W. LUCAS
INSPECTOR GENERAL

OUR MISSION

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

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

OUR VISION

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

OUR VALUES

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

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

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

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

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

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

MEMORANDUM

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

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

From: Daniel W. Lucas
Inspector General

Date: January 31, 2025

Subject: **401(a) Defined Contribution Plan Annual Financial Statements**
OIG No. 24-1-21AT

This memorandum transmits the final *401(a) Defined Contribution Plan Financial Statements and Independent Auditor's Reports* for fiscal year 2024. McConnell Jones, LLP (MJ) provided these reports to the Office of the Inspector General as part of the annual audit of the District of Columbia's general-purpose financial statements for fiscal year 2024. As part of their contract, MJ reviewed the work papers of FS Taylor & Associates, PC (FST), which audited the financial statements of the 401(a) Defined Contribution Plan to independently determine whether the financial statements are fairly presented.

On December 13, 2024, FST 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. FST found no material weaknesses in internal control over financial reporting. MJ concurred with FST's opinion and conclusions.

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

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

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2024, and 2023, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Plan as of September 30, 2024 and 2023, and the changes in the fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

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

Washington, DC
December 13, 2024

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

The following presents our discussion and analysis of the financial performance of the Government of District of Columbia 401(a) Defined Contribution Plan (the "Plan") for the fiscal years ended September 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

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

Overview of Financial Statements

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

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

2024 Financial Highlights

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

2023 Financial Highlights

- Investments increased by $188,505,201 or 15.19%
- Net investment income was $165,585,241, an increase in net investment income of $428,586,965 or 162.96%
- District contributions increased by $7,463,473 or 8.91%
- Benefits paid to participants increased by $6,415,324 or 10.43%

Financial Analysis – Fiduciary Net Position

Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2024, 2023 and 2022

				2024-2023		2023-2022	
ASSETS	**2024**	**2023**	**2022**	**$ Variance**	**%Variance**	**$ Variance**	**% Variance**
Investments	$ 1,788,863,466	$ 1,429,724,320	$ 1,241,219,119	$ 359,139,146	25.12%	$ 188,505,201	15.19%
Employer Contributions Receivable	3,805,294	3,519,754	3,567,061	285,540	8.11%	(47,307)	(1.32%)
Due from Program Manager	81,652	70,030	64,253	11,622	16.60%	5,777	8.99%
Total Assets	1,792,750,412	1,433,314,104	1,244,850,433	359,436,308	25.08%	188,463,671	15.14%
LIABILITIES							
Due to District Government	5,302,290	2,949,804	2,386,484	2,352,486	79.75%	563,320	23.60%
Total Liabilities	5,302,290	2,949,804	2,386,484	2,352,486	79.75%	563,320	23.60%
Fiduciary Net Position Available for Plan Benefits	$ 1,787,448,122	$ 1,430,364,300	$ 1,242,463,949	$ 357,083,822	24.96%	$ 187,900,351	15.12%

Fiscal Year 2024

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

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

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

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

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

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

Fiscal Year 2023

In fiscal year 2023, the Plan's investments increased by $188,505,201 or 15.19%, compared to the prior fiscal year balance; in addition, net investment income increased by $428,586,965. Market conditions were much more favorable during fiscal year 2023 compared to 2022 and, as a result, 28 out of 29 investment funds had positive rates of return.

Employer contribution receivables decreased by $47,307 or 1.32% from the prior fiscal year due to the timing of payroll contribution collections during the year.

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

As shown in **Table 2b - Investment by Fund with Rates of Return as of September 30, 2023**, a significant portion of the Plan's investments were in Vanguard Target Retirement 2035 (14.6%), Vanguard Target Retirement 2030 Fund (13.5%), Vanguard Target Retirement 2040 Fund (11.0%), Vanguard Target Retirement 2025 Fund (10.4%), Vanguard Target Retirement 2045 Fund (9.6%), MissionSquare PLUS Fund (6.7%), Vanguard Target Retirement 2050 Fund (6.4%) and Vanguard Target Retirement 2020 (6.0%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

Table 2b - Investment by Fund with 1-Year Rates of Return as of September 30, 2023

	Investment Value	Percent of Total Investments	Rate of Return %
American Funds Fundamental Investors	$ 6,818,836	0.5%	23.49%
American Funds New Perspective Fund	9,550,984	0.7%	21.70%
Ariel Institutional	10,305,700	0.7%	14.91%
Brown Capital Management Small	9,098,040	0.6%	6.45%
DCPLUS Fixed Income Portfolio	16,011,948	1.1%	0.40%
DCPLUS Large Cap Growth Portfolio	20,820,986	1.5%	24.66%
DCPLUS Large Cap Value Portfolio	9,176,885	0.6%	12.09%
DFA US Core Equity 1 Portfolio	9,040,355	0.6%	20.53%
Harbor International Institutional	11,641,472	0.8%	26.55%
MissionSquare PLUS Fund	96,367,673	6.7%	2.65%
MissionSquare Retirement Income Advantage	5,324,573	0.4%	11.73%
Nuveen Real Estate Securities Fund	4,585,335	0.3%	0.53%
PIMCO All Asset Fund Institutional Class	526,275	0.0%	9.09%
PIMCO Real Return Collective Trust II	5,840,019	0.4%	1.43%
Vanguard Federal Money Market	10,042,915	0.7%	4.61%
Vanguard Institutional Index Fund	59,563,917	4.2%	21.60%
Vanguard Small Cap Index Fund	11,598,800	0.8%	12.54%
Vanguard Target Retirement 2020 Fund	84,506,674	6.0%	9.41%
Vanguard Target Retirement 2025 Fund	148,841,082	10.4%	11.59%
Vanguard Target Retirement 2030 Fund	193,262,355	13.5%	13.15%
Vanguard Target Retirement 2035 Fund	207,742,028	14.6%	14.68%
Vanguard Target Retirement 2040 Fund	157,821,829	11.0%	16.21%
Vanguard Target Retirement 2045 Fund	136,675,303	9.6%	17.74%
Vanguard Target Retirement 2050 Fund	91,672,307	6.4%	18.54%
Vanguard Target Retirement 2055 Fund	49,383,498	3.5%	18.54%
Vanguard Target Retirement 2060 Fund	11,769,768	0.8%	18.56%
Vanguard Target Retirement 2065 Fund	2,489,158	0.2%	18.57%
Vanguard Target Retirement Inc.	46,345,766	3.2%	7.07%
Virtus Emerging Markets Fund Class 1	2,899,839	0.2%	(0.13%)
	$ 1,429,724,320	100%	

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2024, 2023 and 2022

				2024-2023		2023-2022	
	2024	2023	2022	$ Variance	% Variance	$ Variance	% Variance
ADDITIONS							
District Government Contributions	$ 96,956,996	$ 91,271,696	$ 83,808,223	$ 5,685,300	6.23%	$ 7,463,473	8.91%
Net Investment Income (Loss)	336,914,653	165,585,241	(263,001,724)	171,329,412	103.47%	428,586,965	162.96%
Total Additions	433,871,649	256,856,937	(179,193,501)	177,014,712	68.92%	436,050,438	243.34%
DEDUCTIONS							
Benefits Paid to Participants	74,507,756	67,896,586	61,481,262	6,611,170	9.74%	6,415,324	10.43%
Administrative Expenses	926,635	827,243	869,912	99,392	12.01%	(42,669)	(4.90%)
Other Deductions	1,353,436	232,757	600,390	1,120,679	481.48%	(367,633)	(61.23%)
Total Deductions	76,787,827	68,956,586	62,951,564	7,831,241	11.36%	6,005,022	9.54%
Net Change	357,083,822	187,900,351	(242,145,065)	169,183,471	90.04%	430,045,416	177.60%
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,430,364,300	1,242,463,949	1,484,609,014	187,900,351	15.12%	(242,145,065)	(16.31%)
Fiduciary Net Position Available for Plan Benefits, End of Year	$ 1,787,448,122	$ 1,430,364,300	$ 1,242,463,949	$ 357,083,822	24.96%	$ 187,900,351	15.12%

Fiscal Year 2024

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

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

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

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

Fiscal Year 2023

The District was required to contribute cash of $87,456,451 to the Plan during the fiscal year, which was a 14.70% increase from $76,247,407 in the prior fiscal year. The actual amount contributed by the District was $91,271,696, an increase of 8.91% over the $83,808,223 contributed in fiscal 2022. The District used the Plan's forfeiture funds to pay $3,815,245 of the contributed amount. Under the Plan's laws and regulations, the District can use the forfeiture funds to either reduce its contributions or to pay the Plan's administrative expenses.

The Plan's net investment income was $165,585,241 in fiscal year 2023, compared to a net investment loss of $263,001,724 for fiscal year 2022. The net investment income was primarily due to favorable market conditions in fiscal year 2023 compared to 2022. Overall, 28 out of 29 funds of the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's weighted average rate of return was 13.61% in fiscal year 2023 compared to a return of (18.01%) for fiscal year 2022.

Benefits paid to participants increased by $6,415,324 due to a decrease in the average amount paid out per participant for fiscal 2023 of $11,127 from $11,576 for fiscal 2022, while the number of participants receiving distributions increased. The total number of participants receiving distributions from the Plan for fiscal year 2023 was 6,102 compared to 5,311 in fiscal year 2022.

The administrative expenses for fiscal year 2023 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or $827,243 for the fiscal year.

Contact Information

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Investments:		
Registered Investment Companies	$ 1,687,689,819	$ 1,333,356,647
Stable Value Fund	101,173,647	96,367,673
Total Investments	1,788,863,466	1,429,724,320
Receivables:		
Employer Contributions	3,805,294	3,519,754
Due from Program Manager	81,652	70,030
Total Receivables	3,886,946	3,589,784
Total Assets	1,792,750,412	1,433,314,104
LIABILITIES		
Due to District Government	5,302,290	2,949,804
Total Liabilities	5,302,290	2,949,804
Fiduciary Net Position Available for Plan Benefits	$1,787,448,122	$ 1,430,364,300

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
ADDITIONS		
District Government Contribution	$96,956,996	$ 91,271,696
Investment Income:		
Net Appreciation in Fair Value of Investments	334,903,287	162,924,800
Interest and Dividends	6,635,778	6,643,599
Less: Investment Management Fees	(2,298,529)	(2,174,838)
Program Manager Fees	(2,325,883)	(1,808,320)
Net Investment Income	336,914,653	165,585,241
Total Additions	433,871,649	256,856,937
DEDUCTIONS		
Benefits Paid to Participants	74,507,756	67,896,586
Administrative Expenses	926,635	827,243
Other Deductions	1,353,436	232,757
Total Deductions	76,787,827	68,956,586
Net Change	357,083,822	187,900,351
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,430,364,300	1,242,463,949
Fiduciary Net Position Available for Plan Benefits, End of Year	$1,787,448,122	$1,430,364,300

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

NOTE 1 - DESCRIPTION OF THE PLAN

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

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

Effective October 1, 2017, the District of Columbia Government Comprehensive Merit Personnel Act of 1978, Section 2609(b), made by the Fiscal Year 2018 Budget Support Act of 2017 was amended for employees of the Council, the Office of the District of Columbia Auditor and the Office of Advisory Neighborhood Commissions participating in the deferred compensation plan established by section 2605(2); the District shall contribute each pay period an amount equal to that employee's contribution pursuant to paragraph (1) of this subsection for that pay period; provided, that the District's contribution pursuant to this paragraph on behalf of an employee in any pay period shall not exceed 3% of the employee's base salary during that pay period. Matching contributions vest immediately.

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

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

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

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

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

Plan Membership

The Plan's membership consisted of the following at September 30, 2024 and 2023.

	2024	2023
Active Members	21,465	21,320
Inactive Members	12,429	10,604
Total Members	33,894	31,924

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Basis of Accounting

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

Investment Valuation

At September 30, 2024 and 2023, the Plan's investments were in mutual funds and a stable value fund. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the stable value fund are presented at contract value, which approximates fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Payment of Benefits
Benefit payments are recorded as deductions when due for payment.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Impact of New Accounting Standards

Statement No. 100 of the Governmental Accounting Standards Board, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* Effective for reporting periods beginning after June 15, 2023, the standard provides enhanced guidance on accounting for and reporting changes in accounting principles, changes in accounting estimates, and corrections of errors. The adoption of GASB Statement No. 100 requires restatement of prior periods, where practicable, for retroactive adjustments resulting from changes in accounting principles or error corrections. This standard also introduces refined disclosure requirements aimed at increasing transparency regarding the nature and financial impact of such changes. The implementation of GASB Statement No. 100 did not have a material effect on the current financial statements; however, the required disclosures have been incorporated to ensure compliance with the updated standards.

Statement No. 99 of the Governmental Accounting Standards Board, *Omnibus 2022*, addresses a variety of technical corrections, updates, and implementation issues related to prior GASB Statements. The Statement addressed cancellable periods in leases being excluded from the maximum lease term, required disclosure of financial guarantees, reclassification and reporting of derivative instruments, required disclosure of nonmonetary transactions, required disclosure of pledges of future revenues and technical changes to terminology in GASB Statements 53 and 63.

Management has assessed the impact of the implementation of GASB Statement No. 99 on the financial statements and determined that it does not have a material effect on the amounts reported or disclosures presented. The Statement's provisions were applied in accordance with its effective dates, and there were no significant changes to the Program's accounting policies or practices as a result of this implementation. The requirements of this Statement are primarily effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2024 and 2023 consist of the following:

	Investments	
	2024	2023
Stock and Bond Funds	$ 1,687,689,819	$ 1,333,356,647
Stable Value Fund	101,173,647	96,367,673
Total Investments	$ 1,788,863,466	$ 1,429,724,320

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

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

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

  Investments are exposed if they are uninsured, are not registered in the name of the Plan and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal year 2024 and 2023 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds, which are not generally exposed to custodial credit risks. The Plan Administrator performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.

- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plan manages its exposure to declines in fair market values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2024.

Investment	Average Maturity
MissionSquare PLUS Fund	3.28 years
DCPLUS Fixed Income Portfolio	5.93 years
PIMCO Real Return Collective Trust II	6.68 years

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

NOTE 3 – INVESTMENTS (Continued)

At September 30, 2024 and 2023, the investment with the largest foreign currency risk was the Harbor International Fund. The major currency denomination for the Harbor International Institution Fund is the Yen.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody's Investors Service, Inc. ("Moody's") and S&P Global ("S&P"). There were 14 out of 29 investments that had credit ratings in fiscal year 2024 and 14 out of 29 investments that had credit ratings in fiscal year 2023. At September 30, 2024 and 2023, those investments and their related credit ratings were as follows:

September 30, 2024

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

NOTE 3 - INVESTMENTS (Continued)

September 30, 2023

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

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

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

The funds that meet the 5% or more disclosure criteria at September 30, 2023, discussed above are: Vanguard Target Retirement 2035 Fund (14.6%), Vanguard Target Retirement 2030 Fund (13.5%), Vanguard Target Retirement 2040 Fund (11.0%), Vanguard Target Retirement 2025 Fund (10.4%), Vanguard Target Retirement 2045 Fund (9.6%), MissionSquare PLUS Fund (6.7%), Vanguard Target Retirement 2050 Fund (6.4%), and Vanguard Target Retirement 2020 Fund (6.0%).

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2024:

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

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2023:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	$ 58,261,247	$ 58,261,247	$ -	$ -
Consumer, Cyclical and Defensive	230,057,864	230,057,864	-	-
Financial Services	190,706,568	190,706,568	-	-
Real Estate	44,664,925	44,664,925	-	-
Communication Services	93,358,035	93,358,035	-	-
Energy	67,184,429	67,184,429	-	-
Industrials	145,907,619	145,907,619	-	-
Technology	277,694,999	277,694,999	-	-
Healthcare	153,739,103	153,739,103	-	-
Utilities	34,036,128	34,036,128	-	-
Debt securities				-
Government	8,994,587	8,994,587	-	-
Corporate	4,373,165	4,373,165	-	-
Securitized	6,166,201	6,166,201	-	-
Municipal	935,098	935,098	-	-
Other	148,336	148,336	-	-
Other funds	17,128,343	17,128,343	-	-
Total investments measured at fair value	1,333,356,647	$ 1,333,356,647	$ -	$ -
Investments measured at contract value:				
Stable Value Fund	96,367,673			
Total Investments	$ 1,429,724,320			

NOTE 5 - FORFEITURE ACCOUNT

Participants' account balances are transferred to a forfeitures account within the Plan when a participant separates from service prior to being vested and is not re-employed by the District within one year of the date of separation. The District uses the forfeited funds to reduce its contributions and to pay administrative expenses. At September 30, 2024 and 2023, the Plan's forfeiture account balance was $2,750,880 and $1,973,348, respectively. The District used $363,892 and $3,815,245 of forfeiture funds to reduce its contributions during 2024 and 2023, respectively.

NOTE 5 - FORFEITURE ACCOUNT (Continued)

The transactions that occurred within the account during 2024 and 2023 were as follows:

	2024	2023
Beginning Balance	$ 1,973,348	$ 4,876,410
Net Non-vested Transfers	829,739	998,480
Investment Income	311,685	(86,297)
District Payroll Contributions	(363,892)	(3,815,245)
Ending Balance	$2,750,880	$ 1,973,348

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. Investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2024 and 2023, investment management fees totaled $2,298,529 and $2,174,838, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2024 and 2023, Program Manager administrative fees totaled $2,325,883 and $1,808,320, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

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

The total amount of revenue sharing earned by the Plan Administrator for fiscal years 2024 and 2023 was $926,635 and $827,243, respectively. At September 30, 2024 and 2023, the amount Due from Program Manager was $81,652 and $70,030, respectively. As of September 30, 2024 and 2023, the Plan's revenue sharing fund balance was $3,913,282 and $2,853,556, respectively, and is reported as Due to the District Government.

Additionally, certain District employees who were employed before September 30, 1987, were erroneously enrolled into the District's 401(a) Defined Contribution Plan in lieu of the Civil Service Retirement System for part of or the whole of their tenure with the District. As a result, the District erroneously contributed $523,057 to the 401(a) Defined Contribution Retirement Plan on the employees' behalf. Those erroneous contributions are due back to the District (See Note 9).

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan Administrator incurs and pays administrative expenses that are not paid by the Plan or recorded as plan expenses in the Statements of Changes in Fiduciary Net Position. The administrative expenses incurred by the Plan Administrator are paid by the District through the administrative account (see Note 7). Payments from the administrative account were used for direct expenses, other administrative expenses and as contributions toward salaries incurred by the District. The expenses for the years ended September 30, 2024 and 2023 totaled $354,151 and $111,316, respectively, and were as follows:

	2024	2023
Administrative Salaries	$ 198,528	$ -
Financial Statement Compilation & Audit	111,297	101,779
Investment Consulting Services	44,326	9,537
Total Administrative Expenses	$ 354,151	$ 111,316

The Plan also incurs and pays certain administrative expenses through the forfeiture account (see Note 5). These plan-paid administrative expenses are reflected in the Statements of Changes in Fiduciary Net Position. For fiscal years 2024 and 2023, there were no administrative expenses paid by the Plan from the forfeiture account.

NOTE 9 - OTHER DEDUCTIONS

The Plan received contributions for some participants who were inappropriately assigned to the Plan by the District's Human Resources Department. Contributions totaling $1,353,436 and $232,757 during fiscal years 2024 and 2023, respectively, were returned to the District to be transferred to the participants' correct pension plan. The Plan also determined contributions in the amount of $1,389,008 and $166,278 at September 30, 2024 and 2023, respectively, are due to the District for certain employees who were employed before September 30, 1987 and erroneously enrolled in the Plan (See Note 7).

NOTE 10 - TERMINATED PARTICIPANTS

As of September 30, 2024 and 2023, the Plan had 9,610 and 7,133 terminated vested participants, respectively, who had account balances in the Plan. These participants are no longer receiving contributions to their accounts, but their account balances are adjusted for fees and investment earnings. The value of the account balances at fiscal year-end September 30, 2024 and 2023 were approximately $299,879,001 and $186,761,157, respectively.

NOTE 11 - PLAN TERMINATION

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

NOTE 12 - RISKS AND UNCERTAINTIES

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

NOTE 13 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through December 13, 2024, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2024, but prior to December 13, 2024, that provided additional evidence about conditions that existed as of September 30, 2024, have been recognized in the financial statements for the year ended September 30, 2024. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2024, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2024.

F.S. TAYLOR & ASSOCIATES, P.C.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2024, and the related notes to the financial statements, which collectively comprise Plan's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Washington, DC
December 13, 2024

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