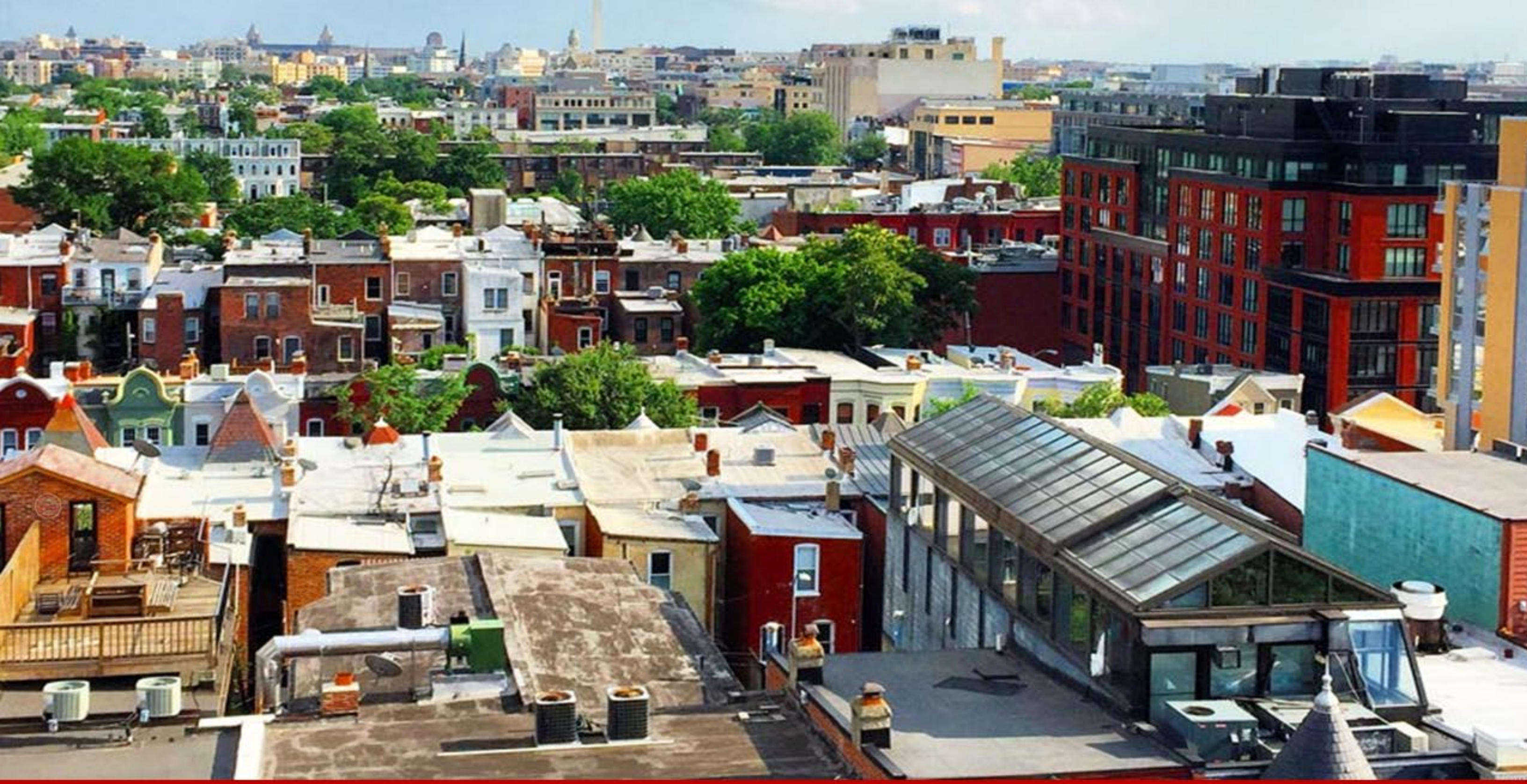
DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 21-1-12MA

January 2021

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND

Financial Statements (Together With Independent Auditors' Reports)
For Fiscal Years Ended September 30, 2020 and 2019



Guiding Principles

_Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement_

Mission

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

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;

- promote economy, efficiency, effectiveness, and accountability;

- inform stakeholders about issues relating to District programs and operations; and

- recommend and track the implementation of corrective actions.

Vision

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

Core Values

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

OIG

January 29, 2021

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

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

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Government of the District of Columbia Other Post-Employment Benefits Fund Financial Statements (Together With Independent Auditors' Reports) for the Fiscal Years Ended September 30, 2020 and 2019* (OIG No. 21-1-12MA). McConnell Jones, LLP (MJ) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2020.

On January 4, 2021, 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 Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

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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 Auditors' Reports

For The Years Ended September 30, 2020 and 2019

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND

SEPTEMBER 30, 2020 AND 2019

<u>CONTENTS</u>

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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Phone: 202.207.3570
Fax: 202.846.6310

WWW.MCCONNELLJONES.COM

Emphasis of Matter

As discussed in Note 2 to the financial statements, the financial statements of the Fund are intended to present only the financial position of the Fund and do not purport to, and do not present fairly the financial position of the Government of the District of Columbia as of September 30, 2020, and the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Financial Statements

The financial statements of the Fund as of and for the year ended September 30, 2019 were audited by other auditors. Those auditors expressed an unmodified opinion on those statements in their report dated January 6, 2020.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, schedule of changes in the net OPEB asset (liability) on page 37, schedule of contributions and related ratios on page 38, schedule of investment returns on page 38, and notes to the required supplementary information on page 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2021, 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

Washington, D.C.
January 4, 2021

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OTHER POST-EMPLOYMENT BENEFITS FUND

Management's Discussion and Analysis
September 30, 2020 and 2019

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 Government of the District of Columbia, for the fiscal years ended September 30, 2020 and 2019. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

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 postretirement 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 Government 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,		
	2020	**2019**	**2018**
The Fund's Investments	**$1,553,924,348**	$1,404,403,946	$1,400,747,331
District's Contributions	**47,300,000**	46,000,000	44,500,000

Management's Discussion and Analysis *(continued)*
September 30, 2020 and 2019

Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2020, 2019, and 2018

			FY2020 - FY2019			FY2019 - FY2018	
	2020	**2019**	**Variance**	**Variance %**	**2018**	**Variance**	**Variance %**
Assets							
Cash and cash equivalents	**$ 89,494,072**	$ 111,234,143	$ (21,740,071)	-19.5%	$ 64,918,000	$ 46,316,143	71.3%
Receivables	**13,738,085**	5,089,173	8,648,912	169.9%	4,516,294	572,879	12.7%
Investments, at fair value	**1,553,924,348**	1,404,403,946	149,520,402	10.6%	1,400,747,331	3,656,615	0.3%
Total assets	**1,657,156,505**	1,520,727,262	136,429,243	9.0%	1,470,181,625	50,545,637	3.4%
Liabilities							
Investments and other payable	**16,474,998**	11,624,991	4,850,007	41.7%	8,151,766	3,473,225	42.6%
Net Position Restricted for Other Post-Employment Benefits	**$ 1,640,681,507**	$ 1,509,102,271	$ 131,579,236	8.7%	$ 1,462,029,859	$ 47,072,412	3.2%

Table 2 – Condensed Statements of Changes in Fiduciary Net Position for Fiscal Years Ended September 30, 2020, 2019 and 2018

			FY2020 - FY2019			FY2019 - FY2018	
	2020	**2019**	**Variance**	**Variance %**	**2018**	**Variance**	**Variance %**
Additions							
Contributions	**$ 48,189,387**	$ 46,834,228	$ 1,355,159	2.9%	$ 45,206,225	$ 1,628,003	3.6%
Net investment income	**107,411,644**	20,646,604	86,765,040	420.2%	67,385,188	(46,738,584)	-69.4%
Total additions	**155,601,031**	67,480,832	88,120,199	130.6%	112,591,413	(45,110,581)	-40.1%
Deductions							
Insurance premiums	**23,436,697**	19,678,332	3,758,365	19.1%	16,446,608	3,231,724	19.6%
Administrative expenses	**585,098**	730,088	(144,990)	-19.9%	397,007	333,081	83.9%
Total deductions	**24,021,795**	20,408,420	3,613,375	17.7%	16,843,615	3,564,805	21.2%
Net Increase	**131,579,236**	47,072,412	$ 84,506,824	179.5%	95,747,798	$ (48,675,386)	-50.8%
Beginning Net Position	**1,509,102,271**	1,462,029,859			1,366,282,061		
Ending Net Position	**$ 1,640,681,507**	$ 1,509,102,271			$ 1,462,029,859		

Financial Analysis – Fiduciary Net Position

Fiscal Year 2020

The Fund's investments increased by $149.5 million or 10.6%, over the prior fiscal year. Cash and cash equivalents decreased by $21.7 million or 19.5% over the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment income of $107.4 million and the excess of contributions over deductions of $24.2 million during fiscal year 2020. Market conditions were more favorable during fiscal year 2020 compared to 2019; and as a result, ten (10) of fifteen (15) investment funds had positive rates of return. As of September 30, 2020, the funds were invested in equities, (61.55%); debt securities, (30.78%); and commodities, (2.23%).

Receivables increased by $8.6 million or 169.9% over the prior fiscal year due primarily to an increase in receivables from investment sales at the end of the year. There was a marginal increase in interest and dividends receivable over the prior fiscal year.

Investments and other payables increased by $4.9 million or 41.7% over the prior fiscal year primarily because of increases in trades payable at the end of the year, which was reduced by decreases in management and other fees payable over the prior fiscal year.

Fiscal Year 2019

The Fund's investments increased by $3.7 million or 0.3%, over the prior fiscal year. Cash and cash equivalents increased by $46.3 million or 71.3% over the prior fiscal year. The overall change in investments and cash and cash equivalents is primarily due to net investment income of $20.6 million and the excess of contributions over deductions of $26.4 million during fiscal year 2019. Market conditions were marginally less favorable during fiscal year 2019 compared to 2018; and as a result, eight (8) of fourteen (14) investment funds had positive rates of return. As of September 30, 2019, the funds were invested in equities, (58.82%); debt securities, (31.17%); and commodities, (2.67%).

Receivables increased by $0.6 million or 12.7% over the prior fiscal year due to an increase in interest and dividends receivable and trades receivable at the end of the year.

Investments and other payables increased by $3.5 million or 42.6% over the prior fiscal year primarily because of increases in trades and administrative fees payable at the end of the year.

Financial Analysis – Changes in Fiduciary Net Position

Fiscal Year 2020

Additions to the Fund increased by $88.1 million or 130.6%, over the prior fiscal year because of an increase in contributions of $1.4 million and net investment income of $86.8 million. Deductions from the Fund increased by $3.6 million or 17.7%, over the prior fiscal year, primarily because of an increase in insurance premiums. A detailed analysis of the major components of additions and deductions are provided below.

Fiscal Year 2019

Additions to the Fund decreased by $45.1 million or 40.1%, over the prior fiscal year because of an increase in contributions of $1.6 million and a decrease in net investment income of $46.7 million. Deductions from the Fund increased by $3.6 million or 21.2%, 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.

Fund Contributions

For fiscal years ended September 30, 2020, 2019 and 2018, the District made actuarially based contributions in the amounts of $47,300,000, $46,000,000, and $44,500,000, 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, 2020, 2019 and 2018, amounted to $889,387, $834,228, and $706,225, respectively.

Investment Income

For fiscal years ended September 30, 2020, 2019 and 2018, the Fund had a rate of return (gross of fees) of 7.03%, 1.70%, and 5.22%, respectively, and net investment income of $107,411,644, $20,646,604, and $67,385,188, respectively. The net investment income for the Fund for the fiscal year 2020 was a result of positive rates of returns on domestic and international equity and fixed income, which was reduced by negative returns on domestic and international equities, fixed income and commodities. The rate of return, by investment fund manager, is listed in the table below.

Investment	Rate of Return 2020	Benchmark 2020	Rate of Return 2019	Benchmark 2019	Rate of Return 2018	Benchmark 2018
Access Capital ETI	**4.13%**	**4.52%**	7.27%	7.93%	-1.80%	-0.87%
Artisan International Value Equity	**-3.90%**	**-11.45%**	-0.17%	-4.31%	-2.09%	0.24%
Baillie Gifford International Growth Equity	**54.05%**	**13.81%**	-4.44%	2.64%	4.64%	6.27%
Bernstein Global Plus	**5.03%**	**5.48%**	5.01%	5.34%	-2.21%	-1.45%
Bernstein Strategic Core - Plus	**7.16%**	**6.98%**	10.58%	10.30%	-0.56%	-1.22%
BlueBay Emerging Market Bond	**-1.40%**	**-0.02%**	8.26%	10.91%	-7.40%	-4.60%
Brandywine Large Cap Value	**-0.01%**	**-5.03%**	-3.28%	4.00%	9.02%	9.45%
ClearBridge Mid Cap Core	**6.35%**	**4.55%**	3.67%	3.19%	9.26%	13.98%
Farr, Miller Washington Large Cap Growth**	**3.20%**	**23.28%**	3.59%	3.71%	16.70%	26.30%
Gresham Strategic Commodities Fund	**-9.44%**	**-8.20%**	-11.10%	-6.57%	6.68%	2.59%
Northern Trust Company Cash Fund	**0.77%**	**1.10%**	2.19%	2.39%	1.38%	1.59%
SSgA U.S. Aggregate Bond Index Fund	**7.03%**	**6.98%**	10.35%	10.30%	-1.20%	-1.22%
SSgA Emerging Market Index Fund	**10.51%**	**10.54%**	-2.01%	-2.02%	-0.95%	-0.81%
SSgA Russell 1000 Growth Fund**	**-3.57%**	**-3.56%**	N/A**	N/A**	N/A**	N/A**
SSgA Russell 2000 Index Fund	**0.41%**	**0.39%**	-8.85%	-8.89%	15.27%	15.24%

** Farr, Miller Washington Large Cap Growth was terminated, and SSgA Russell 1000 Growth Fund commenced, in August 2020.

In 2020, ten (10) of fifteen (15) investment funds had positive rates of return: led by Baillie Gifford International Growth Equity, 54.05%; SSgA Emerging Market Index Fund, 10.51%; Bernstein Strategic Core - Plus, 7.16%; SSgA U.S. Aggregate Bond Index Fund, 7.03%; and ClearBridge Mid Cap Core, 6.35%. The Fund had dividend and interest income in the amount of $22,242,582, a net appreciation of $90,596,004, and a currency loss on FX contracts and settlements of $(1,712,999) for the year ended September 30, 2020.

In 2019, eight (8) of fourteen (14) investment funds had positive rates of return: led by Bernstein Strategic Core - Plus, 10.58%; SSgA U.S. Aggregate Bond Index Fund, 10.35%; BlueBay Emerging Market Bond, 8.26%; and Access Capital ETI, 7.27%. The Fund had dividend and interest income in the amount of $22,577,571, a net appreciation of $5,327,431, and a currency loss on FX contracts and settlements of $(3,405,111) for the year ended September 30, 2019.

In 2018, seven (7) of fourteen (14) investment funds had positive rates of return: led by Farr, Miller Washington Large Cap Growth, 16.70%; SSgA Russell 2000 Index Fund, 15.27%; ClearBridge Mid Cap Core, 9.26%; and Brandywine Large Cap Value, 9.02%. The Fund had dividend and interest income in the amount of $20,140,281, a net appreciation of $51,998,762, and a currency loss on FX contracts and settlements of $(897,146) for the year ended September 30, 2018.

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, 2020, 2019 and 2018 totaled $23,436,697, $19,678,332, and $16,446,608, respectively. The Defined Benefit Fund insurance premiums for the years ended September 30, 2020, 2019 and 2018 totaled $21,198,871, $17,556,642, and $14,590,936, respectively. All remaining insurance premiums are attributable to general employee retirees. The insurance premiums increased in fiscal year 2020, when compared to 2019, and 2018, due to rising national health care costs. The rising costs resulted in an increase in coverage cost for District employees as well as the number of annuitants receiving benefits. As of September 30, 2020, 2019 and 2018, the Fund had 2,551, 1,939, and 1,683 annuitants receiving benefits, respectively.

Administrative Expenses

Administrative expenses decreased by $0.1 million or 19.9% over the prior fiscal year because of a reduction 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, 2020. The purpose of the valuation was to provide an estimate of the total OPEB liability and the Fund's fiduciary net position.

Summary of Actuarial Analysis *(continued)*

The results of the actuarial analysis are summarized below:

		September 30, 2020		September 30, 2019
Total OPEB Liability	**$**	**1,621,634,069**	$	1,464,701,414
Fund Fiduciary Net Position		**1,640,681,507**		1,509,102,271
Net OPEB Liability (Asset)	**$**	**(19,047,438)**	$	(44,400,857)
Fund Fiduciary Net Position as a percentage of the Total OPEB Liability		**101.17%**		103.03%

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 the 2018 and 2017 fiscal years. 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 year 2020 and 2019, were based on annuitant data as of September 30, 2019 and 2018, and were as follows:

	September 30,	
	2019	**2018**
Retired Annuitants *(included those who received benefits):*		
Firefighters, Police Officers and Teachers	1,499	1,344
General Employees	179	170
	1,678	1,514
Potential Annuitants *(in active employment with the District)*	26,087	25,419

Investment Management and Custody Fees

Investment management and custody fees for the years ended September 30, 2020, 2019 and 2018, are detailed in the table below. Investments increased to $1,553,924,348 as of September 30, 2020, from $1,404,403,946 as of September 30, 2019, which is an increase of 10.6% over the prior year, and an increase of 10.9% over the past two years.

	September 30,		
Investment Firm ***(In dollars)***	**2020**	**2019**	**2018**
Farr, Miller Washington Large Cap Growth**	**$ 1,155,592**	$ 1,258,291	$ 1,177,810
Brandywine Large Cap Value	**853,531**	850,844	885,358
ClearBridge Mid Cap Core	**788,677**	761,025	752,925
Bernstein Global Plus	**420,607**	414,955	413,643
Bernstein Strategic Core - Plus	**409,128**	385,735	350,905
SSgA Emerging Market Index Fund	**117,157**	131,063	141,544
SSgA Russell 1000 Growth Fund**	**7,311**	-	-
SSgA Russell 2000 Index Fund	**38,352**	52,070	53,544
SSgA U.S. Aggregate Bond Index Fund	**32,634**	38,657	37,188
Subtotal Management Fees from Investment Managers	**3,822,989**	3,892,640	3,812,917
Northern Trust Company Custody Fees	**261,173**	240,204	241,389
Subtotal Management and Custody Fees	**4,084,162**	4,132,844	4,054,306
Management Fees from Net Asset Valuation			
Access Capital ETI	**169,253**	165,059	153,874
BlueBay Emerging Market Bond	**208,833**	404,983	374,087
Gresham Strategic Commodities Fund	**275,415**	303,173	341,008
Baillie Gifford International Growth Equity	**950,581**	820,675	858,795
Artisan International Value Equity	**709,445**	737,895	739,156
Subtotal Management Fees from Net Asset Valuation	**2,313,527**	2,431,785	2,466,920
Total Investment Management and Custody Fees	**$ 6,397,689**	$ 6,564,629	$ 6,521,226

** Farr, Miller Washington Large Cap Growth was terminated, and SSgA Russell 1000 Growth Fund commenced, in August 2020.

Note: Management fees paid from the net asset valuation are shown as part of the net 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
As of September 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	**$ 89,494,072**	$ 111,234,143
Receivables:		
Investment sales and other	**10,789,746**	2,256,828
Interest and dividends	**2,948,339**	2,832,345
Total receivables	**13,738,085**	5,089,173
Investments:		
Equities	**1,011,454,452**	891,542,527
Debt securities	**505,863,699**	472,438,360
Commodities	**36,606,197**	40,423,059
Total investments	**1,553,924,348**	1,404,403,946
Total Assets	**1,657,156,505**	1,520,727,262
LIABILITIES		
Investment purchases and other	**15,760,033**	10,502,908
Investment management and administrative fees	**714,965**	1,122,083
Total liabilities	**16,474,998**	11,624,991
Net Position Restricted for Other Post Employment Benefits	**$ 1,640,681,507**	**$ 1,509,102,271**

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, 2020 and 2019

	2020	2019
ADDITIONS		
Contributions:		
District contributions	$ 47,300,000	$ 46,000,000
Annuitant contributions	889,387	834,228
Total contributions	48,189,387	46,834,228
Investment income:		
Net appreciation in fair value of investments	90,596,004	5,327,431
Interest	10,524,939	11,425,284
Dividends	11,717,643	11,152,287
Currency loss on FX contracts and settlements	(1,712,999)	(3,405,111)
Other income	370,219	279,557
Total income from investment activities	111,495,806	24,779,448
Less: Investment management fees	4,084,162	4,132,844
Net investment income	107,411,644	20,646,604
Total Additions	155,601,031	67,480,832
DEDUCTIONS		
Insurance carrier premiums	23,436,697	19,678,332
Administrative expenses	585,098	730,088
Total Deductions	24,021,795	20,408,420
Changes in Fund Net Position	131,579,236	47,072,412
Net Position Restricted for Other Post Employment Benefits		
Beginning of the year	1,509,102,271	1,462,029,859
End of the Year	$ 1,640,681,507	$ 1,509,102,271

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 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)*

Fund Description *(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 elects family coverage.

As of September 30, 2020 and 2019, the Fund had 2,551 and 1,939 annuitants (inactive plan members) currently receiving benefits, respectively. The 2020 annuitants were comprised of 2,166 Firefighters, Police, and Teachers; and 385 General Employees. The 2019 annuitants were comprised of 1,505 Firefighters, Police, and Teachers; and 434 General Employees. The premium expenses for the fiscal years ended September 30, 2020 and 2019, totaled $23,436,697 and $19,678,332, respectively. The insurance premiums attributable to Police, Firefighter, and Teacher retirees for the fiscal years 2020 and 2019 totaled $21,198,871 and $17,556,642, respectively. All remaining insurance premiums are attributable to General Employee retirees.

The actuarial valuation for the fiscal year ended September 30, 2020, was based on the actuarial valuation performed as of September 30, 2019. The actuarial report showed that there was a total of 1,678 retired participants. They consisted of 1,499 Firefighters, Police, and Teachers; and 179 General Employees.

The actuarial valuation for the fiscal year ended September 30, 2019 was based on the actuarial valuation performed as of September 30, 2018. The actuarial report showed that there was a total of 1,514 retired participants. They consisted of 1,344 Firefighters, Police, and Teachers; and 170 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.

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

Contributions (*continued)*

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 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).

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

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.

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.

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

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. 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.

Accounting principles generally accepted in the United States requires a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

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

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

Level 3 – 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).

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

Recent Accounting Pronouncements

Pronouncements Adopted

GASB issued Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61* effective for the periods beginning after December 15, 2019 (year ending September 30, 2021). It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The Fund implemented the standard in fiscal year 2020 to be consistent with the primary government. The adopted did not have a material effect on the financial statements.

GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective for fiscal year 2020, delayed the implementation requirements for certain Statements and Implementation Guides in order to provide temporary relief to governments and other stakeholders because of the COVID-19 pandemic.

Pronouncement to be Adopted

GASB issued Statement No. 84, *Fiduciary Activities* effective for periods beginning after December 15, 2019 (year ending September 30, 2021). The Fund is evaluating the impact that will result from adopting the GASB statement, but does not expect that the GASB statement will have a material effect on the financial statements. The Fund will adopt the GASB statement, as applicable, by their effective date.

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). The Fund is evaluating the impact that will result from adopting the GASB statement, but does not expect that the GASB statement will have a material effect on the financial statements. The Fund will adopt the GASB statement, as applicable, by their effective date.

GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Except for the requirements in paragraph 4 of this Statement, which were effective immediately upon issuance, the other requirements are effective for fiscal years beginning after June 15, 2021. The Fund is evaluating the impact of this statement and will adopt the other remaining requirements by the 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, 2020 and 2019:

	September 30,			
Funds by Investment Firm	**2020**	**Percentage***	**2019**	**Percentage***
Cash Account	**$ 68,119,203**	**4.14%**	$ 47,249,475	3.12%
Bernstein Strategic Core - Plus	**2,539,633**	**0.15%**	9,458,749	0.62%
Brandywine Large Cap Value	**5,250,762**	**0.32%**	16,538,230	1.09%
Farr, Miller Washington Large Cap Growth**	**-**	**0.00%**	19,977,304	1.32%
ClearBridge Mid Cap Core	**4,430,919**	**0.27%**	4,411,065	0.29%
Bernstein Global Plus	**9,153,555**	**0.56%**	13,599,320	0.90%
Total Cash and Cash Equivalents	**$ 89,494,072**	**5.45%**	$ 111,234,143	7.34%

* Includes cash and investments.
** Farr, Miller Washington Fund was terminated in August 2020.

NOTE 5 – INVESTMENTS

The majority of the Fund's assets as of September 30, 2020 and 2019 were investments, which totaled $1,553,924,348 and $1,404,403,946, respectively. As of September 30, 2020 and 2019, the funds were invested in equities (61.55% and 58.82%); debt securities (30.78% and 31.17%); and commodities (2.23% and 2.67%). The fair values of each investment firm's assets, as of September 30, 2020 and 2019, were as follows:

	September 30,			
	2020		2019	
Equity Funds by Investment Firm	**Amount**	**Percentage***	**Amount**	**Percentage***
Brandywine Large Cap Value	**$ 211,362,512**	**12.86%**	$ 198,081,654	13.07%
Farr, Miller Washington Large Cap Growth**	**-**	**0.00%**	205,819,618	13.58%
ClearBridge Mid Cap Core	**161,615,128**	**9.83%**	152,042,939	10.03%
Baillie Gifford International Growth Equity	**133,080,373**	**8.10%**	86,386,848	5.70%
Artisan International Value Equity	**67,536,425**	**4.11%**	70,275,713	4.64%
SSgA Russell 1000 Growth**	**248,700,786**	**15.13%**	-	-
SSgA Russell 2000 Index Fund	**85,347,043**	**5.19%**	84,997,115	5.61%
SSgA Emerging Market Index Fund	**103,812,185**	**6.32%**	93,938,640	6.20%
Total Equity	**$ 1,011,454,452**	**61.55%**	$ 891,542,527	58.82%
Debt Securities Funds by Investment Firm	**Amount**	**Percentage***	**Amount**	**Percentage***
Bernstein Strategic Core - Plus	**$ 186,762,219**	**11.36%**	$ 169,188,442	11.16%
Bernstein Global Plus	**155,599,672**	**9.47%**	146,842,679	9.69%
SSgA U.S. Aggregate Bond Index Fund	**94,703,202**	**5.76%**	88,483,088	5.84%
Access Capital ETI	**34,375,193**	**2.09%**	33,011,841	2.18%
BlueBay Emerging Market Bond	**34,423,413**	**2.09%**	34,912,310	2.30%
Total Debt Securities	**$ 505,863,699**	**30.78%**	$ 472,438,360	31.17%
Commodities Funds by Investment Firm	**Amount**	**Percentage***	**Amount**	**Percentage***
Gresham Strategic Commodities Fund	**$ 36,606,197**	**2.23%**	$ 40,423,059	2.67%

* Includes cash and investments.
** Farr, Miller Washington Fund was terminated, and SSgA Russell 1000 Growth Fund commenced, in August 2020.

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, 2020 and 2019, 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.

NOTE 5 – INVESTMENTS (*continued*)

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, standard 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 3 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, which is the lowest level of input that is significant to the fair value measurement.

NOTE 5 – INVESTMENTS *(continued)*

As of September 30, 2020 and 2019, the Fund had the following recurring fair value measurements:

		Fair Value Measurements Using		
As of September 30, 2020	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Investments by fair value level				
Equity Securities				
U.S. Equities (*by Industry*)				
Industrials	$ 104,802,905	$ 104,802,905	$ -	$ -
Consumer Retail	58,703,790	58,703,790	-	-
Information Technology	69,809,162	69,809,162	-	-
Financial Institutions	59,070,694	59,070,694	-	-
Healthcare	47,739,476	47,739,476	-	-
International Equities (*by Industry*)				
Industrials	1,750,935	1,750,935	-	-
Consumer Retail	6,664,690	6,664,690	-	-
Financial Institutions	1,770,635	1,770,635	-	-
Healthcare	4,921,066	4,921,066	-	-
Real Estate Investment Trust Securities	17,744,532	17,744,532	-	-
Total equity securities	372,977,885	372,977,885	-	-
Debt Securities				
U.S Debt Securities				
U.S. Government Issues	90,332,538	-	90,332,538	-
Corporate Bonds	75,720,591	-	75,720,591	-
Credit Card/Automotive Receivables	7,746,918	-	7,746,918	-
U.S. State and Local Government Bonds	5,393,201	-	5,393,201	-
International Debt Securities				
International Government Issues	98,774,862	-	97,323,219	1,451,643
Corporate Bonds	60,422,886	-	60,422,886	-
Credit Card/Automotive Receivables	1,226,956	-	1,226,956	-
Other Government Bonds	2,743,694	-	2,743,694	-
Mutual Funds	34,375,193	34,375,193	-	-
Total debt securities	376,736,839	34,375,193	340,910,003	1,451,643
Commodity Investments				
Gresham Commodities Fund	36,606,197	-	-	36,606,197
Total Investments by Fair Value Level	786,320,921	$ 407,353,078	$ 340,910,003	$ 38,057,840
Investments measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	103,812,185			
SSgA Russell 1000 Growth Fund	248,700,786			
SSgA Russell 2000 Index Fund	85,347,043			
SSgA U.S. Aggregate Bond Index Fund	94,703,202			
Ballie Gifford International Growth Equity	133,080,373			
Artisan International Value Equity	67,536,425			
BlueBay Emerging Market Bond	34,423,413			
Total investments measured at the NAV	767,603,427			
Total investments measured at fair value	$ 1,553,924,348			
Investment derivative instruments				
Interest Rate Swaps	$ (302,855)	$ -	$ (302,855)	$ -
Credit Defaults Swaps	323,511	-	323,511	-
Foreign Exchange Forwards	425,274	-	425,274	-
Total investment derivative instruments	$ 445,930	$ -	$ 445,930	$ -

NOTE 5 – INVESTMENTS *(continued)*

As of September 30, 2019	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity Securities				
U.S. Equities (*by Industry*)				
Industrials	$ 117,984,116	$ 117,984,116	$ -	$ -
Consumer Retail	105,643,361	105,643,361	-	-
Information Technology	105,130,263	105,130,263	-	-
Financial Institutions	78,336,300	78,336,300	-	-
Healthcare	94,863,243	94,863,243	-	-
International Equities (*by Industry*)				
Industrials	4,660,087	4,660,087	-	-
Consumer Retail	21,847,232	21,847,232	-	-
Financial Institutions	2,520,942	2,520,942	-	-
Healthcare	4,444,788	4,444,788	-	-
Real Estate Investment Trust Securities	20,513,881	20,513,881	-	-
Total equity securities	555,944,213	555,944,213	-	-
Debt Securities				
U.S Debt Securities				
U.S. Government Issues	94,070,603	-	94,070,603	-
Corporate Bonds	63,705,995	-	63,705,995	-
Mortgage-backed Securities	183,864	-	183,864	-
Credit Card/Automotive Receivables	11,440,753	-	11,440,753	-
U.S. State and Local Government Bonds	6,522,940	-	6,522,940	-
International Debt Securities				
International Government Issues	93,025,129	-	83,701,680	9,323,449
Corporate Bonds	41,931,954	-	41,931,954	-
Credit Card/Automotive Receivables	254,895	-	254,895	-
Other Government Bonds	4,894,987	-	4,894,987	-
Mutual Funds	33,011,841	33,011,841	-	-
Total debt securities	349,042,961	33,011,841	306,707,671	9,323,449
Commodity Investments				
Gresham Commodities Fund	40,423,059	-	-	40,423,059
Total Investments by Fair Value Level	945,410,233	$ 588,956,054	$ 306,707,671	$ 49,746,508
Investments measured at the Net Asset Value (NAV)				
SSgA Emerging Market Index Fund	93,938,640			
SSgA Russell 2000 Index Fund	84,997,115			
SSgA U.S. Aggregate Bond Index Fund	88,483,088			
Ballie Gifford International Growth Equity	86,386,848			
Artisan International Value Equity	70,275,713			
BlueBay Emerging Market Bond	34,912,309			
Total investments measured at the NAV	458,993,713			
Total investments measured at fair value	$ 1,404,403,946			
Investment derivative instruments				
Interest Rate Swaps	$ 64,030	$ -	$ 64,030	$ -
Credit Defaults Swaps	(630,121)	-	(630,121)	-
Foreign Exchange Forwards	(538,315)	-	(538,315)	-
Total investment derivative instruments	$ (1,104,406)	$ -	$ (1,104,406)	$ -

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 seven (7) 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:

Investment	Fair Value as of September 30, 2020	2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
SSgA Emerging Market Index Fund (1)	**$ 103,812,185**	$ 93,938,640	None	Monthly	5 days
SSgA Russell 1000 Growth Fund (2)	**248,700,786**	-	None	Daily	N/A
SSgA Russell 2000 Index Fund (3)	**85,347,043**	84,997,115	None	Daily	N/A
SSgA U.S. Aggregate Bond Index Fund (4)	**94,703,202**	88,483,088	None	Daily	N/A
Baillie Gifford International Growth Equity (5)	**133,080,373**	86,386,848	None	Monthly	5 days
Artisan International Value Equity (6)	**67,536,425**	70,275,713	None	Monthly	5 days
BlueBay Emerging Market Bond (7)	**34,423,413**	34,912,309	None	Monthly	30 days
Total Investments Measured at NAV	**$ 767,603,427**	$ 458,993,713			

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.

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 are 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 the ability to build value when attractive opportunities are available.

NOTE 5 – INVESTMENTS *(continued)*

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.

During the year ended September 30, 2020 and 2019, 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 7.05% and 1.40% for fiscal year 2020 and 2019, 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.

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, 2020 and 2019, held in currencies other than U.S. dollars, were as follows:

Notes to Financial Statements
September 30, 2020 and 2019

NOTE 5 – INVESTMENTS *(continued)*

As of September 30, 2020

International Securities	Short Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ (76,614)	$ 5,826,519	$ 5,749,905
BRAZILIAN REAL	19,601	(17,492)	2,109
BRITISH POUND STERLING	12,952	14,159,495	14,172,447
CANADIAN DOLLAR	(48,876)	11,407,939	11,359,063
COLOMBIAN PESO	(605)	230,214	229,609
CHINESE YUAN RENMINBI	(1,238)	(165,050)	(166,288)
EURO	(910,643)	59,962,146	59,051,503
INDIAN RUPEE	(4,310)	-	(4,310)
INDONESIAN RUPIAH	(16,247)	-	(16,247)
JAPANESE YEN	95,124	28,642,520	28,737,644
MALAYSIAN RINGGIT	23,462	1,551,163	1,574,625
MEXICAN PESO	36,318	309,374	345,692
NEW TAIWAN DOLLAR	(29,546)	-	(29,546)
NEW ZEALAND DOLLAR	(15,817)	-	(15,817)
NORWEGIAN KRONE	38,028	-	38,028
PERUVIAN NUEVO SOL	2,005	395,355	397,360
SOUTH AFRICAN RAND	17,527	5,563,126	5,580,653
SOUTH KOREAN WON	(6,499)	4,426,372	4,419,873
SWEDISH KRONA	39,742	1,159,650	1,199,392
Totals	$ (825,636)	$ 133,451,331	$ 132,625,695

NOTE 5 – INVESTMENTS *(continued)*

As of September 30, 2019

International Securities	Short Term and Cash	Convertible and Fixed Income	Total
AUSTRALIAN DOLLAR	$ (18,404)	$ -	$ (18,404)
BRAZILIAN REAL	(11,154)	-	(11,154)
BRITISH POUND STERLING	(172,469)	11,131,184	10,958,715
CANADIAN DOLLAR	(13,550)	12,299,918	12,286,368
CHILEAN PESO	33,811	-	33,811
EURO	799,140	51,665,159	52,464,299
INDIAN RUPEE	(17,230)	-	(17,230)
INDONESIAN RUPIAH	34,426	984,934	1,019,360
JAPANESE YEN	122,714	31,258,236	31,380,950
MALAYSIAN RINGGIT	207,213	4,540,292	4,747,505
MEXICAN PESO	(80,517)	1,576,259	1,495,742
NEW ISRAELI SHEKEL	(21,102)	-	(21,102)
NEW ZEALAND DOLLAR	19,777	-	19,777
NORWEGIAN KRONE	(121,636)	-	(121,636)
POLISH ZLOTY	87,610	-	87,610
RUSSIAN RUBLE	44,083	1,911,197	1,955,280
SINGAPORE DOLLAR	24,552	1,272,133	1,296,685
SOUTH AFRICAN RAND	9,419	377,136	386,555
SWEDISH KRONA	95,514	3,641,807	3,737,321
Totals	$ 1,022,197	$ 120,658,255	$ 121,680,452

NOTE 5 – INVESTMENTS *(continued)*

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. The average quality of the all the bond holdings in each investment manager's portfolio should be maintained at "A" or higher. For portfolios that were not individually managed as of September 30, 2020, the credit quality of "BBB" for the portfolios were higher than 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 30 and 31.

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.

As of September 30, 2020 and 2019, the average quality ratings by investment firm were as follows:

	September 30,	
Investment Firm	**2020**	**2019**
Bernstein Strategic Core - Plus	**AA-**	**AA-**
Bernstein Global Plus	**A**	**A**
Access Capital ETI	**AAA**	**AAA**
SSgA U.S. Aggregate Bond Index Fund	**Aa2**	**Aa2**
BlueBay Emerging Market Bond	**BBB**	**BBB-**

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.

NOTE 5 – INVESTMENTS *(continued)*

The average duration in years was as follows, by investment firm, for the years ended September 30, 2020 and 2019:

	September 30,	
Investment Firm	**2020**	2019
Bernstein Strategic Core - Plus	**7.12**	5.44
Bernstein Global Plus	**9.01**	8.55
Access Capital ETI	**2.09**	3.03
SSgA U.S. Aggregate Bond Index Fund	**6.16**	5.79
BlueBay Emerging Market Bond	**7.94**	6.65

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, 2020 and 2019, the Fund had two types of off-balance-sheet derivative financial instrument outstanding: swaps and currency 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. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates.

NOTE 5 – INVESTMENTS *(continued)*

Below is the list of derivatives aggregated by investment type, as of September 30, 2020 and 2019:

As of September 30, 2020

	Change in Fair Value		Fair Value as of September 30, 2020		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Bought	Investment Revenue	$ 435,170	Swaps	$ 505,622	$ 2,465,478
Credit Default Swaps Written	Investment Revenue	(1,653,124)	Swaps	(182,111)	2,853,000
Fixed Income Futures Long	Investment Revenue	405,242	Futures	-	99,915,897
Fixed Income Futures Short	Investment Revenue	(95,015)	Futures	-	(43,130,773)
Fixed Income Options Bought	Investment Revenue	86,801	Options	-	-
Foreign Exchange Forwards	Investment Revenue	(1,712,999)	Forwards	425,274	142,109,773
Pay Fixed Interest Rate Swaps	Investment Revenue	433,580	Swaps	122,900	25,731,191
Receive Fixed Interest Rate Swaps	Investment Revenue	(386,802)	Swaps	(425,755)	294,622,708
Total		**$ (2,487,147)**		**$ 445,930**	

As of September 30, 2019

	Change in Fair Value		Fair Value as of September 30, 2019		
Investment Derivatives	**Classification**	**Amount**	**Classification**	**Amount**	**Notional Amount**
Credit Default Swaps Bought	Investment Revenue	$ (43,903)	Swaps	$ 42,760	$ 709,000
Credit Default Swaps Written	Investment Revenue	216,739	Swaps	(672,881)	1,515,000
Fixed Income Futures Long	Investment Revenue	989,391	Futures	-	52,077,434
Fixed Income Futures Short	Investment Revenue	120,662	Futures	-	(33,542,043)
Fixed Income Options Bought	Investment Revenue	95	Options	-	-
Foreign Exchange Forwards	Investment Revenue	(3,405,111)	Forwards	(538,315)	150,441,545
Pay Fixed Interest Rate Swaps	Investment Revenue	(56,930)	Swaps	152,698	1,515,000
Receive Fixed Interest Rate Swaps	Investment Revenue	(88,668)	Swaps	(88,668)	73,250,000
Total		**$ (2,267,725)**		**$ (1,104,406)**	

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 ratings of "Aaa" and "Aa" for the fiscal years 2020 and 2019, respectively; therefore, no collateral was required to be posted for these fiscal years.

The net unrealized gain (loss) on foreign currency forward contracts for the years ended September 30, 2020 and 2019, were as follows:

NOTE 5 – INVESTMENTS *(continued)*

	2020		2019	
	Cost	**Unrealized Gain/(Loss)**	**Cost**	**Unrealized Gain/(Loss)**
Foreign Currency Contracts Purchased				
AUSTRALIAN DOLLAR	$ 730,125	$ 249	$ 3,428,546	$ (4,568)
BRAZILIAN REAL	3,149,325	(14,381)	7,132,922	10,135
CANADIAN DOLLAR	3,982,027	(27,454)	59,367	69
COLOMBIAN PESO	277,078	(10,400)	809,889	(27,811)
CHINESE YUAN	15,786,365	404,520	5,149,403	(31,272)
CZECH KORUNA	271,355	(10,133)	265,251	(10,425)
DANISH KRONE	787,394	26,264	771,880	(11,615)
EURO	24,178,649	(111,682)	26,645,032	(613,122)
BRISTISH POUND STERLING	299,079	2,771	9,617,428	41,394
HUNGARIAN FORINT	209,839	(11,289)	212,967	(12,670)
INDIAN RUPEE	1,915,022	55,127	1,538,363	(33,868)
INDONESIAN RUPIAH	2,417,606	(14,840)	-	-
NEW ISRAELI SHEKEL	367,988	(1,821)	1,618,759	(183)
JAPANESE YEN	16,526,814	2,536	25,925,573	(184,092)
SOUTH KOREAN WON	1,220,056	26,058	3,376,499	21,116
MEXICAN PESO	4,667,022	(17,375)	2,370,713	(5,573)
NEW ZEALAND DOLLAR	2,099,886	22,297	-	-
NORWEGIAN KRONE	1,585,665	(70,681)	270,161	(4,884)
POLISH ZLOTY	617,421	(22,067)	2,921,721	(153,867)
RUSSIAN RUBLE	455,850	(5,899)	965,917	(10,761)
SINGAPORE DOLLAR	544,647	1,292	-	-
SWEDISH KRONA	1,483,624	13,883	-	-
SWISS FRANC	1,552,938	(15,502)	1,607,504	(15,154)
THAI BAHT	881,952	(3,733)	903,483	6,869
NEW TAIWAN DOLLAR	2,206,704	(9,588)	-	-
SOUTH AFRICAN RAND	3,125,344	21,612	-	-
Total Contracts Purchased		**229,764**		**(1,040,282)**
Foreign Currency Contracts Sold				
AUSTRALIAN DOLLAR	2,793,144	3,525	-	-
BRAZILIAN REAL	3,154,545	19,601	4,754,385	(11,154)
BRITISH POUND STERLING	3,985,932	27,784	7,459,225	87,132
CANADIAN DOLLAR	7,739,875	84,100	7,790,427	(21,445)
COLOMBIAN PESO	239,650	(605)	-	-
CHILEAN PESO	-	-	1,389,488	33,811
CHINESE YUAN	251,600	(1,238)	-	-
EURO	8,626,010	57,322	12,818,503	322,622
INDIAN RUPEE	1,959,568	(4,310)	1,466,621	(17,230)
INDONESIAN RUPIAH	1,470,984	(16,247)	134,544	334
JAPANESE YEN	4,458,885	(16,075)	6,937,882	16,830
SOUTH KOREAN WON	2,429,792	(24,544)	-	-
MALAYSIAN RINGGIT	716,324	(10,479)	3,933,120	(5,773)
MEXICAN PESO	4,329,400	63,501	3,128,104	(50,123)
NEW ISRAELI SHEKEL	-	-	1,237,089	(21,102)
NEW ZEALAND DOLLAR	3,844,572	(15,817)	1,229,498	19,777
NORWEGIAN KRONE	1,293,059	38,028	-	-
PERUVIAN NUEVO SOL	286,346	2,005	-	-
POLISH ZLOTY	-	-	2,275,417	87,610
RUSSIAN RUBLE	-	-	1,296,378	8,016
SINGAPORE DOLLAR	-	-	2,305,984	8,507
NEW TAIWAN DOLLAR	2,146,687	(29,546)	-	-
SOUTH AFRICAN RAND	8,660,620	17,527	289,058	9,419
SWEDISH KRONA	-	-	2,298,868	35,993
Total Contracts Sold		**194,532**		**503,224**
Net Unrealized (Loss) Gain on Foreign Currency Forward Contracts		**$ 424,296**		**$ (537,058)**

NOTE 6 – NET OPEB LIABILITY

The components of the net OPEB liability for the District of Columbia as of September 30, 2020 and 2019 rolled forward, were as follows:

	2020	2019
Total OPEB Liability	**$ 1,621,634,069**	$ 1,464,701,414
Fund Fiduciary Net Position	**1,640,681,507**	1,509,102,271
Net OPEB Liability (Asset)	**$ (19,047,438)**	$ (44,400,857)
Fund Fiduciary Net Position as a percentage of the Total OPEB Liability	**101.17%**	103.03%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019 and 2018, using the following actuarial assumptions, applied to all periods in the measurement and rolled forward to the measurement date as of September 30, 2020 and 2019:

	2020	2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed
Remaining Amortization Period	16 years beginning with fiscal year end 2020	17 years beginning with fiscal year end 2019
Asset Valuation Method	Market Value	Market Value
Investment Rate of 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	5.3%, grading to 3.9% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2040.	5.4%, grading to 3.9% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2040.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2019 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.	The RP-2014 Healthy Employee Mortality Table with the MP-2018 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.

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, 2020 and 2019 are shown below. The 2020 and 2019 rates of return are geometric real rates of return.

	2020		2019	
Asset Class	**Long-Term Expected Real Rate**	**Target Allocation**	**Long-Term Expected Real Rate**	**Target Allocation**
U.S. Equity	**4.9%**	**45.0%**	**6.6%**	**45.0%**
International Equity	**5.3%**	**9.0%**	**6.9%**	**9.0%**
Emerging Market Equity	**6.3%**	**4.0%**	**8.9%**	**4.0%**
Core Fixed Income	**1.0%**	**24.0%**	**3.4%**	**24.0%**
Developed Markets Fixed Income	**0.4%**	**10.0%**	**2.4%**	**10.0%**
Emerging Market Debt	**3.5%**	**3.0%**	**5.7%**	**3.0%**
Commodities	**2.4%**	**5.0%**	**4.7%**	**5.0%**
Cash	**0.6%**	**0.0%**	**2.7%**	**0.0%**

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)*

	2020 Impact of Change in Discount Rate		
	1% Decrease 5.50%	**Discount Rate 6.50%**	**1% Increase 7.50%**
Net OPEB Liability (Asset)	**$ 239,624,985**	**$ (19,047,438)**	**$ (226,824,026)**

	2019 Impact of Change in Discount Rate		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability (Asset)	$ 193,568,679	$ (44,400,857)	$ (235,252,424)

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.

	2020 Impact of Change in Healthcare Cost Trend Rate		
	1% Decrease (4.3% to 2.9%)	**Trend Rates (5.3% to 3.9%)**	**1% Increase (6.3% to 4.9%)**
Net OPEB Liability (Asset)	**$ (255,371,602)**	**$ (19,047,438)**	**$ 283,871,223**

	2019 Impact of Change in Healthcare Cost Trend Rate		
	1% Decrease (4.4% to 2.9%)	Trend Rates (5.4% to 3.9%)	1% Increase (6.4% to 4.9%)
Net OPEB Liability (Asset)	$ (262,150,688)	$ (44,400,857)	$ 235,421,154

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. Consequently, the significant cash balances in the Fund as of September 30, 2020 and 2019, were due to the receipt of the contribution of $47,300,000 and $46,000,000, respectively. As of September 30, 2020 and 2019, the District contribution were invested in the following fund:

	September 30,	
FUND	**2020**	**2019**
Northern Trust Cash Fund	**$ 47,300,000**	$ 46,000,000

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, 2020 and 2019.

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

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

The Fund has evaluated events subsequent to September 30, 2020 and through January 4, 2021, the date the financial statements were available to be issued, and determined there have not been any events that have occurred that would require adjustments to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
September 30, 2020

Schedule of Changes in the Net OPEB Liability (Asset)

	2020	2019	2018	2017
Total OPEB Liability				
Total OPEB liability - beginning of year	$ 1,464,701,414	$ 1,391,000,862	$ 1,224,600,000	$ 1,115,776,087
Service cost	54,832,446	50,105,647	52,834,621	49,609,972
Interest	94,484,340	89,812,264	79,095,491	72,123,416
Difference between expected and actual experience	30,163,179	1,626,569	(728,816)	(539,321)
Changes in assumptions	-	(48,999,824)	50,939,949	-
Insurance carrier premiums net of retiree contributions	(22,547,310)	(18,844,104)	(15,740,383)	(12,370,154)
Net change in total OPEB liability	156,932,655	73,700,552	166,400,862	108,823,913
Total OPEB liability - end of year (a)	$ 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	$ 1,509,102,271	$ 1,462,029,859	$ 1,366,282,061	$ 1,197,441,214
Contributions - employer and annuitants	48,189,387	46,834,228	45,206,225	31,521,466
Net investment income	107,411,644	20,646,604	67,385,188	150,514,898
Insurance carrier premiums (benefit payments)	(23,436,697)	(19,678,332)	(16,446,608)	(12,891,620)
Administrative expense	(585,098)	(730,088)	(397,007)	(303,897)
Net change in plan fiduciary net position	131,579,236	47,072,412	95,747,798	168,840,847
Fund fiduciary net position - end of year (b)	$ 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))	$ (19,047,438)	$ (44,400,857)	$ (71,028,997)	$ (141,682,061)
Fund fiduciary net position as a percentage of total OPEB liability	101.17%	103.03%	105.11%	111.57%
Covered payroll	$ 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	-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

Required Supplementary Information
September 30, 2020

Schedule of Contributions and Related Ratios

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contributions	$ 47,300,000	$ 46,000,000	$ 44,500,000	$ 31,000,000	$ 29,000,000	$ 91,400,000	$ 86,600,000	$ 85,200,000	$ 95,500,000	$ 94,200,000
Contributions in relation to the actuarially determined contributions	(47,300,000)	(46,000,000)	(44,500,000)	(31,000,000)	(29,000,000)	(91,400,000)	(86,600,000)	(107,778,000)	(109,825,000)	(94,200,000)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (22,578,000)	$ (14,325,000)	$ -
Covered payroll	$ 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	$ 1,441,100,000	$ 1,399,100,000	$ 1,559,800,000
Contributions as a percentage of covered payroll	2.18%	2.26%	2.29%	1.70%	1.64%	5.68%	5.83%	5.91%	6.83%	6.04%

Schedule of Investment Returns *

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	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.

Notes to Required Supplementary Information
September 30, 2020

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, 2020, is an estimate based on a roll-forward of the 2019 valuation results for the Fund.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	16 years beginning with fiscal year end 2020
Asset Valuation Method	Market Value
Investment Rate of Return	6.50%
Discount Rate	6.50%
Salary Increase Rate	3.50% (plus merit scale)
Medical Inflation Rate	5.3%, grading to 3.9% Assumption utilizes the Society of Actuaries Getzen Medical Trend Model, and reaches the ultimate medical inflation rate in 2040.
Mortality	The RP-2014 Healthy Employee Mortality Table with the MP-2019 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.

McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*

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.

We have audited, 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, 2020, 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, 2021.

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 may exist that have not been identified.

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

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the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

McConnell & Jones

Washington, D.C.
January 4, 2021