

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

REPORT ON

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

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016



GOVERNMENT OF THE DISTRICT OF COLUMBIA
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OFFICE OF FINANCE AND TREASURY

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

FINANCIAL STATEMENTS
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the respective Participant Fund Fiduciary Net Position, and the Administrative Fund Fiduciary Net Position of the District of Columbia 529 College Savings Program Trust Funds (the Program) as of September 30, 2016; the respective changes in Participant Fund and Administrative Fund, Net Position for the year then ended; and the related notes to the financial statements, which collectively comprise the Program's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with U.S. Generally Accepted Accounting Principles. 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 misstatements, whether due to fraud or error.

Auditors' 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 of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective Participant Fund Fiduciary Net Position, and the Administrative Fund Fiduciary Net Position as of September 30, 2016, and the respective changes in Participant Fund and Administrative Fund Net Position for the year then ended, in accordance with accounting principles, generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Generally, Accepted Accounting Principles require that Management's Discussion on pages 3 and 4, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting, for placing the financial statements in an appropriate, operational, economic, or historic context. We have applied certain limited procedures to the required supplemental information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information; and comparing the information for consistency with management's responses to our inquiries; the financial statements; and knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated December 19, 2016, on our consideration of the Participant and Administrative Funds' internal control over financial reporting; and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Fund's internal control over financial reporting and compliance.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
December 19, 2016

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
SEPTEMBER 30, 2016**

The following presents management's discussion and analysis of the financial performance of the Government of the District of Columbia's (the District) College Savings Program (Program) for the fiscal year ended September 30, 2016. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

Basic Financial Statements

The Program is accounted for as a private purpose trust fund of the District. The District has overall fiduciary responsibility to program participants to administer the operations of the Program. In accordance with GASB 34, the Program's basic financial statements, which are reported on the accrual basis of accounting, are the: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position.

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program.

The Statement of Changes in Fiduciary Net Position presents the additions to and deductions from, the Program's net position.

Financial Highlights

- Investments increased by \$73,718,575 or 19.12%
- Participant Contributions increased by \$8,476,309 or 15.06%
- Net Investment income increased by \$31,697,594 or 881.02%
- Distributions to participants increased by \$3,446,825 or 15.76%

Financial Analysis

Table 1-Statement of Fiduciary Net Position (IN DOLLARS)

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Cash and Receivables	\$ 181,119	\$ 361,633	\$ (180,514)	-49.92%
Investments	459,317,648	385,599,073	73,718,575	19.12%
Total Assets	<u>459,498,767</u>	<u>385,960,706</u>	<u>73,538,061</u>	<u>19.05%</u>
Liabilities				
Total Liabilities	<u>233,617</u>	<u>404,467</u>	<u>(170,850)</u>	<u>-42.24%</u>
Net Assets				
Net Position held in Trust for Program participants	<u>\$ 459,265,150</u>	<u>\$ 385,556,239</u>	<u>\$ 73,708,911</u>	<u>19.12%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Program's primary asset was investments, which totaled \$459,318,270. Investments increased by 19.12% from 2015 because of a net increase in plan participants and overall positive performance in the market. The top three Program investments were: Calvert US Large Cap Core Responsibility \$91,587,761, State Street Equity 500 Index Fund \$90,407,532, and Acacia Principal Plus \$76,810,294.

A significant portion of the Program's liabilities represents amounts owed to portfolio management firms for investment activities during the fiscal year. As of year ended September 30, 2016, the payables totaled \$233,617.

Table 2-Statement of Changes in Fiduciary Net Position (IN DOLLARS)

	<u>2016</u>	<u>2015</u>	<u>Variance</u>	<u>% Variance</u>
Additions				
Contributions	\$ 64,752,683	\$ 56,276,374	\$ 8,476,309	15.06%
Net Investments Income	<u>35,295,436</u>	<u>3,597,842</u>	<u>31,697,594</u>	881.02%
Total Additions	<u>100,048,119</u>	<u>59,874,216</u>	<u>40,173,903</u>	67.10%
Deductions				
Distributions to participants	25,319,893	21,873,068	3,446,825	15.76%
Other Expenses	<u>1,019,315</u>	<u>917,782</u>	<u>101,533</u>	11.06%
Total Deductions	<u>26,339,208</u>	<u>22,790,850</u>	<u>3,548,358</u>	15.57%
Net Increase	<u>\$ 73,708,911</u>	<u>\$ 37,083,366</u>	<u>\$ 36,625,545</u>	98.77%

The Program's contributions increased by \$8,476,309 or 15.06%. The Program had an increase in participants from 19,624 in 2015 to 21,671 in 2016.

The Program had a net investment income of \$35,295,436 in 2016, which is an 881.02% increase from 2015.

Distributions to participants in 2016 were \$25,319,893, a 15.76% increase from 2015.

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

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016
(IN DOLLARS)**

Assets	
Cash	<u>\$ 622</u>
Receivables	
Accrued Interest and Dividends Receivable	6,217
Receivable for Investments Sold	16,864
Receivables for Fund Shares Sold	<u>157,416</u>
Total Receivables	<u>180,497</u>
Investments	
Equity Mutual Funds	308,852,162
Fixed Income Mutual Funds	73,655,192
Guaranteed Investment Contracts	<u>76,810,294</u>
Total Investments	<u>459,317,648</u>
Total Assets	<u>459,498,767</u>
Liabilities	
Accounts payable for Investments purchased	174,309
Accrued expenses	40,592
Due to D.C. Government-Administrative Fund	<u>18,716</u>
Total Liabilities	<u>233,617</u>
Net Position held in Trust for Program Participants	<u><u>\$ 459,265,150</u></u>

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

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(IN DOLLARS)**

Additions	
Contributions	<u>\$ 64,752,683</u>
Investment Income	
Net appreciation in fair value of investments	31,486,109
Interest and dividends	7,592,791
Less Investment Expenses	<u>(3,783,464)</u>
Net Investment Income	<u>35,295,436</u>
Total Additions	<u>100,048,119</u>
Deductions	
Distributions to participants	25,319,893
Administrative expenses	637,750
Maintenance expenses	<u>381,565</u>
Total Deductions	<u>26,339,208</u>
Net Increase	73,708,911
Net Position held in Trust for Program Participants	
Beginning of year	<u>385,556,239</u>
End of year	<u><u>\$ 459,265,150</u></u>

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

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

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016
(IN DOLLARS)**

ASSETS

Investment

Fixed Income	\$ 750,391
Due from Program Manager	130
Due from Participant Fund	<u>18,716</u>
Total Assets	<u>769,237</u>
Net position held in trust for administrative expenses	<u>\$ 769,237</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(IN DOLLARS)**

ADDITIONS

Administrative Fees	\$ 212,804
Maintenance Fees	100,930
Net Investments Income	<u>27,868</u>
Total Additions	341,602

DEDUCTIONS

Professional Fees	<u>228,742</u>
Net Increase	112,860
Net position held in trust for administrative expense	
Beginning of year	<u>656,377</u>
End of year	<u><u>\$ 769,237</u></u>

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1 ORGANIZATION AND PURPOSE

The District of Columbia College Savings Program (the Program) was created by D.C. Law 47-4501 et seq., as amended and pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002 made final at D.C. Mun. Regs, title 9 sec. 155 (2004), as a Trust of the District of Columbia government (District). The Program enables participants to save for qualified higher education expenses. The Chief Financial Officer of the District of Columbia or his/her designee is the Trustee of the Plan. The current designee is the D.C. Treasurer. The Trustee is responsible for entering into contracts for program management services, adopting program administration rules and regulations, and establishing investment policies. Since the Program's inception, the Trustee contracted Calvert Investment Management Inc. (Calvert) to perform recordkeeping, administrative and custodial services, investment management, marketing, and customer services. Calvert subcontracted the responsibility of the recordkeeping and related services of the Program to National Financial Data Services, a subsidiary of State Street Bank and Trust Company.

The Program is available to both District of Columbia and non-District of Columbia residents. It is a qualified tuition program that allows participants to make contributions into twelve different investment options. The account balance limit is \$260,000 per beneficiary. Accounts are subject to market investment risk, except for those that are invested in the Acacia Principal Plus product, which focuses on protecting the invested principal. As of September 30, 2016, the Plan had 21,671 participants with a net asset value of, approximately, \$459,265,150. Fees and expenses of the program are paid by each account owner and vary according to the Fund, in which they are invested.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

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

Reporting Entity:

The accompanying financial statements report the fiduciary assets and the changes in fiduciary net assets of and for the fiscal year ended September 30, 2016. For financial reporting purposes, the Program includes all funds over which the Program exercises, or has the ability to exercise oversight authority.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition:

Portfolio investments in the Underlying Funds are valued at the closing net asset value per share (unit) of each Underlying Fund on the day of valuation. The Stability of Principal Portfolio is valued in accordance with the terms of the funding agreement, inclusive of accrued interest.

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

Units represent the beneficial interest of each participant in the net assets of a Portfolio. Contributions to and distributions from the Portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Trust. Contributions and distributions are recorded upon receipt of the participant's instructions in good order, based on the next determined net asset value per unit. Net investment income and net realized gains accumulate in the net asset value of each Portfolio (with the exception of Acacia Principal Plus product) are not separately distributed to participants. To maintain a stable value, dividends from net investment income are accrued daily and paid monthly by Acacia Principal Plus product.

Security Valuation:

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

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

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

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

Receivables and Payables for investments purchased and sold:

The receivables and payables represent transactions related to the purchase and sale of investments. However, the actual transfer of cash has not occurred until the subsequent period.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

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

NOTE 3 INVESTMENTS

The Program adopted GASB 72, *Fair Value Measurement and Application*, which requires it to use appropriate valuation techniques to measure fair value of its assets and liabilities within a hierarchy established by generally accepted accounting principles. The Program had the following recurring fair value measurements at September 30, 2016.

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
9/30/2016				
Equity Mutual Funds				
Domestic equity mutual funds				
Calvert Capital Accumulation	\$ 11,326,679	\$ 11,326,679	\$ -	\$ -
Calvert Social Balanced	14,322,018	-	14,322,018	-
Calvert Small Cap Value	22,049,261	22,049,261	-	-
Calvert Equity Portfolio	29,387,704	29,387,704	-	-
State Street Equity 500 Index	90,407,532	90,407,532	-	-
Calvert US Large Cap Core Responsibility	91,587,761	91,587,761	-	-
Total domestic equity mutual funds	259,080,955	244,758,937	14,322,018	-
International equity mutual funds				
Calvert International Opportunity	49,771,207	49,771,207	-	-
Total equity mutual funds	\$ 308,852,162	\$ 294,530,144	\$ 14,322,018	\$ -
Fixed Income Mutual Funds				
Calvert Income	\$ 6,345,389	\$ -	\$ 6,345,389	\$ -
Calvert Bond Portfolio	67,309,803	-	67,309,803	-
Total Fixed Income mutual funds	\$ 73,655,192	\$ -	\$ 73,655,192	\$ -
Guaranteed Investment Contracts				
Acacia Principal Plus	\$ 76,810,294	\$ -	\$ -	\$ 76,810,294
Total investment by fair valued level	\$ 459,317,648	\$ 294,530,144	\$ 87,977,210	\$ 76,810,294

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

NOTE 3 INVESTMENTS (Continued)

Fixed Income Mutual Funds: Mutual funds are a pool of money invested by an investment company in a variety of instruments such as emerging markets sovereigns, government related agencies, and emerging markets corporations. This investment category consists of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). The mutual funds are invested in high yield markets bonds that represent fixed income securities issued by corporations with credit ratings of AAA or lower. These fixed income mutual funds publish a daily NAV and transact at that price. The mutual funds held in bonds are deemed to be classified as Level 2 in the fair value hierarchy.

Guaranteed Investment Contracts: The Guaranteed investment contract (GIC) is valued at the sum of the net cash contributions to the deposit account plus interest credited minus withdrawals (the Contract Value). The GIC is measured at fair value and is a contractual investment rather than a security and is not deemed to be subject to custodial credit risk. The determination of fair value includes certain unobservable inputs as well as the assessment of the projected long-term duration of the Insurance and Annuity Company through review of contract terms, and substantiated utilizing available market data. However, there is a risk that an insurance company could fail to perform its obligations under a funding agreement for financial or other reasons. These fair value amounts are included as a Level 3 measurement in the hierarchy table above.

Unrealized and Appreciated Value of the Program's Investments

At September 30, 2016, the Program held the following aggregate investments which are stated at aggregate fair value based on fair market prices:

	Aggregate <u>Cost</u>	Aggregate Fair <u>Value</u>	Unrealized/ <u>Appreciation</u>
Domestic Mutual Funds			
Calvert Capital Accumulation Fund	\$ 11,485,006	\$ 11,326,679	\$ (158,327)
Calvert Balanced Fund	13,586,646	14,322,018	735,372
Calvert Small Cap Value Fund	20,249,903	22,049,261	1,799,358
Calvert Equity Portfolio	26,477,761	29,387,704	2,909,943
State Street Equity 500 Index Fund	63,473,136	90,407,532	26,934,396
Calvert Social Index Fund	74,465,076	91,587,761	17,122,685
International Mutual Fund			
Calvert International Equity Fund	51,304,181	49,771,207	(1,532,974)
Fixed Income Mutual Funds			
Calvert Income Fund	6,159,335	6,345,389	186,054
Calvert Bond Portfolio	64,986,586	67,309,803	2,323,217
Guaranteed Investment Contracts			
Acacia Principal Plus	76,810,294	76,810,294	-
Aggregate Investments	<u>\$408,997,924</u>	<u>\$459,317,648</u>	<u>\$ 50,319,724</u>

NOTE 3 INVESTMENTS (Continued)

The net appreciation in the fair value of the investments in the financial statements consists of the following at September 30, 2016:

Net Unrealized Gain	\$ 10,256,347
Net realized Gain	<u>21,229,762</u>
Appreciation in fair value of investments	<u>\$ 31,486,109</u>

The unrealized losses consist of losses in age base portfolio strategies and losses in the single portfolio investment strategies. The net realized gain consists primarily of gains in age base portfolio strategies. The net appreciation represents the change in the market value from the prior year.

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

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

Fund	Credit Ratings
Calvert Bond Portfolio	AAA, A, BBB, BB
Calvert Income Fund	AAA, A, BBB, BB
Acacia Principal Plus	AAA, AA, A, BBB

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

Fund	Average Duration
Calvert Bond Portfolio	5.05 years
Calvert Income Fund	7.19 years
Acacia Principal Plus	7.12 years

Calvert Income Fund actively manages duration so that it will differ from the benchmark. The Acacia product's duration is typically tied to the projected long-term duration of the Program. However, the respective Fund's prospectus provides greater detail about the investment strategies and practices of the fund, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940, which focuses on disclosure to the investing public of information about the fund and its investment objectives, as well as on investment company structure and operations.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Program does not have a formal policy for limiting its exposure to changes in exchange rates. The investment fund that invests primarily in foreign financial institutions is the Calvert International Opportunities Fund. The Fund has various currency denominations. The primary currency denominations are the Franc, the Yen, and the British pound.

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES

Account owners are charged certain fees that are used to pay reasonable and necessary operating and maintenance expenses incurred by the Program. The fees collected are still considered assets of the Program. The Program Manager remits a portion of the fees collected to the District who maintains the fees in a separate administrative fund account. In Fiscal Year 2016, total administrative fees assessed to account owners were \$637,750. The District's portion of the fees was \$212,674. As of September 30, 2016, the total amount not remitted to the District was \$18,716.

The Program also assesses an annual maintenance fee and a separate enrollment fee to new account owners. The maintenance fee is \$15 for District residents and \$30 for non-residents. The enrollment fee is \$25 for non District residents. The District receives \$5 per account for each assessed fee. During the fiscal year, the maintenance and enrollment fees totaled \$381,560. The District's portion of the maintenance fee and the enrollment fee was \$99,085 and \$1,845, respectively. As of September 30, 2016, the total amount not remitted to the District was \$130.

The District incurred administrative expenses of \$228,742 in Fiscal Year 2016. The expenses were for the compilation and audit of the Program's financial statements. At year-end, the Program had an administrative net position balance of \$750,391.

NOTE 5 INVESTMENT EXPENSES

Investment expenses represent the operating expenses and load fees paid to the broker dealers. The fees charged by the investment funds for operating expenses and load fees are reflected in the net appreciation in fair value of investments amount in the Statement of Changes in Fiduciary Net Position. Operating expenses ratios ranged from 0.15% to 1.66% of the fund's average daily net asset value.

NOTE 6 RELATED PARTY TRANSACTIONS

All of the Program's investments are invested in funds or portfolios that are managed either by the Program Manager, Calvert Investment, the Program Manager's parent company, Ameritas Holding Company, or State Street. The market value of those funds totaled \$459,317,648.

NOTE 7 RISKS AND UNCERTAINTIES

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

NOTE 8 Subsequent Events

On October, 21, 2106, Ameritas Holding Company, the parent company of Calvert Investment Management, Inc. (Calvert), entered into an asset purchase agreement with Eaton Vance Corp. and its newly formed subsidiary, Calvert Research and Management (“CRM”). Pursuant to the asset purchase agreement, CRM will acquire substantially all of the business assets of the Funds’ adviser subject to various conditions, including the approval by Fund shareholders of the proposals set forth in a proxy statement mailed on November 9, 2016. The proposals will be considered at a special meeting of shareholders called for Friday, December 16, 2016. The transaction is currently expected to occur by the end of 2016 or early 2017. The purchase by Eaton Vance Corp. will have minimal effect of the funds held by Calvert Investment on behalf of the Program.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE; AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING, BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the District of Columbia 529 College Savings Program's (the Program) Participant and Administrative Funds as of September 30, 2016, and have issued our report thereon dated December 18, 2016. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District of Columbia College Savings Program's Participant and Administrative Funds' internal control over financial reporting, as a basis for designing our auditing procedures 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 District of Columbia College Savings Program's Participant and Administrative Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program's Participant and Administrative Funds' internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District of Columbia College Savings Program's Participant and Administrative Funds financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Program'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 Program's internal control and compliance. Accordingly, this communication is not intended to be, and should not be used by anyone other than the specified party.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC

December 19, 2016