GOVERNMENT OF THE DISTRICT OF COLUMBIA

401(a) & 457(b) Retirement Plans

ANNUAL REPORT - FISCAL YEAR 2023

DCRetire.com

DC

401(a) AND 457(b) PLANS

Muriel Bowser
MAYOR

Glen Lee
CHIEF FINANCIAL OFFICER

Carmen Pigler
TREASURER AND DEPUTY CFO

Charles Hall, Jr.
DIRECTOR

DCRETIRE.COM

Executive Summary

Fiscal year 2023 was an up year for investors as both equity and fixed income markets produced positive results. U.S. equities, as measured by the S&P 500 Index, returned a staggering 21.6%. The technology sector remains the key driver of results this year, helped by artificial intelligence optimism. Within international equity markets, developed markets outpaced emerging markets returning 25.7% and 11.7%, respectively. Despite several headwinds the bond market faced (the Federal Reserve raising rates six times during fiscal year 2023 in their continued effort to combat inflation, the downgrade of US government debt from AAA to AA+ by Fitch in August of 2023 and the higher rates for longer narrative) the Bloomberg Aggregate Index rose 0.6%. Non-U.S. fixed income was up 3.4% as measured by the Bloomberg Global Aggregate Ex USD Index.

Assets in the 401(a) Defined Contribution Plan ("401(a) Plan") increased by 15.2% from $1.241 billion to $1.430 billion as assets appreciated. The plan had 31,924 participants and the average account balance was $44,785. The District contributed $91.3 million in fiscal year 2023 compared to $83.8 million for the prior year.

Assets in the 457(b) Deferred Compensation Plan ("457(b) Plan") increased 17.6% from $1.081 billion to $1.270 billion. The plan had 35,275 participants and the average account balance was $36,014. Participants contributed $134.9 million in fiscal year 2023 compared to $126.6 million for the prior year. The employee participation rate for the 457(b) Plan in 2023 was 72% vs. 69% in 2022, representing an increase of 3 percentage points. We encourage and educate employees about the benefits of saving for retirement with a goal of 100% participation in the program.

We continued a robust educational program for participants that included monthly financial literacy seminars and individual account reviews. During the fiscal year 2,106 employees attended 150 seminars held by MissionSquare (recordkeeper) and 4,255 employees met one-on-one (in person or virtually) with a MissionSquare representative. There were a few key campaigns to engage employees in their retirement plans: Simplify Your Retirement; Smart Money Moves; Summer Passport; Turning Your 457(b) Savings into Income; Start Your Journey; and Financially Fit DC at Work.

This report also provides more detailed information regarding the plans' investment funds and investment performance; reviews of our financial educational programs; lists relevant plan statistics; and outlines the administrative work performed by our partners in the District government and at MissionSquare.

The Office of Finance and Treasury regularly reviews the performance of the funds with our independent investment management consulting firm, Segal Marco Advisors. The operations of the plans and their assets are examined each year by an independent accounting firm. The plans received an unqualified (clean) opinion from the auditor, F.S. Taylor & Associates, P.C. The audited financial statements are included in this report as an appendix.

We hope you find the information in this report helps you gain a better understanding of the District's retirement plans, as well as the oversight performed on an ongoing basis by the Office of Finance and Treasury and the DC Department of Human Resources.

Table of Contents

Appendix

MissionSquare Retirement Fund Information and Benchmark Descriptions

The following is a summary of the investment options in the 401(a) and 457(b) Retirement Plans, organized by asset class. There are 30 investment options, ranging from conservative funds that focus on stability of principal to more aggressive funds such as a global/ international fund and a brokerage option. This summary includes a description of the benchmark for each fund. More detailed information on each investment option, including fund fact sheets, can be found online at DCRetire.com. On an ongoing basis, the District monitors all investment options, evaluating investment performance, fund manager performance and other factors.

Stable Value/Cash Management

MISSIONSQUARE PLUS FUND R11

MissionSquare Investments employs a structured, multi-product, multi-manager approach in managing this fund. The fund invests primarily in a diversified and tiered portfolio of stable value investment contracts and fixed income securities, fixed income mutual funds and fixed income commingled trust funds (“fixed income assets”) that back certain stable value investment contracts. In addition, the fund invests in money market mutual funds, as well as cash and cash equivalents. The fund’s portfolio may include different types of investments with a wide variety of negotiated terms and maturities and is diversified across sectors and issuers. The composition of the fund’s portfolio and its allocations to various stable value investments and fixed income investment sectors, across the fund’s multiple tiers, is determined based on prevailing economic and capital market conditions, relative value analysis, liquidity needs and other factors.

The fund invests in stable value investment contracts to seek to achieve, over the long run, returns higher than those of money market funds and short-term bank rates and relatively stable returns compared to short-to-intermediate term fixed income funds. The fund generally will not track shorter-term interest rates as closely as money market mutual funds because of its longer maturity, potential adverse market changes and provisions in stable value contracts held by the fund. In addition, while the fund’s returns are generally expected to follow interest rate trends over time, they typically will do so on a lagged basis.

BENCHMARK: *The ICE BofA US 1-3 Year Treasury Index is an unmanaged index consisting of all public U.S. Treasury securities with remaining terms to maturity of 1-3 years. Returns are annualized for all periods.*

VANGUARD FEDERAL MONEY MARKET FUND

The investment seeks to provide current income while maintaining liquidity and a stable share price of $1. The fund invests primarily in high quality, short-term money market instruments. Under normal circumstances, at least 80% of the fund’s assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. It maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The fund generally invests 100% of its assets in U.S. government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

BENCHMARK: *The ICE BofA US Treasury Bill 3-Month Index is comprised of a single U.S. Treasury Bill issue purchased at the beginning of each month and held for a full month, at which time that issue is sold and rolled into a newly selected issue. The issue selected each month is that having a maturity date closest to, but not beyond, 90 days from the rebalance date.*

Bond

DC PLUS FIXED INCOME FUND

The portfolio invests 50% of its assets in the Vanguard® Total Bond Market Index Fund and 50% of its assets in the Touchstone Impact Bond Y Fund and derives its objectives and strategies from these underlying mutual funds. The Vanguard fund seeks to track the performance of a broad, market weighted bond index by employing an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Index. Investments are selected using a sampling process and at least 80% of its assets will be invested in bonds held by that index. The Touchstone fund seeks current income; capital appreciation is a secondary goal. It invests at least 80% of its assets in investment grade fixed income securities. It may invest up to 20% of its total assets in non investment-grade debt securities ("junk bonds").

BENCHMARK: *The Bloomberg U.S. Aggregate Bond Index consists of investment-grade U.S. fixed income securities.*

PIMCO REAL RETURN COLLECTIVE TRUST II

The objective of the PIMCO Real Return Fund is to seek maximum real return (total return less inflation). The fund's investment strategy is to invest for both current income (bond coupons and dividends) and capital appreciation (bond price movements), consistent with preservation of capital and prudent investment management.

BENCHMARK: *The Bloomberg U.S. Treasury Inflation-Linked Bond Index (Series-L) consists of all U.S. Treasury inflation protected securities rated investment grade or better, having at least one year to final maturity and at least $250 million par amount outstanding. The Series-L reference identifies this index as the former Lehman Brothers U.S. TIPS Index.*

Guaranteed Lifetime Income

MISSIONSQUARE RETIREMENT INCOMEADVANTAGE FUND

The objective of the fund is to seek both moderate capital growth and current income while providing a guaranteed lifetime income feature that protects retirement income against market downturns. The fund invests in a Separate Account under a group variable annuity issued by Empower Annuity Insurance Company (EAIC).

The Separate Account, in turn, invests in collective trust funds with an asset allocation of approximately 60% equities (both domestic and foreign) and 40% fixed income. MissionSquare is responsible for managing the assets of the Separate Account. The Separate Account's target allocation to each collective trust fund is as follows:

- **Equity Funds** – MissionSquare Broad Market Index Fund: 25%; MissionSquare Growth & Income Fund: 20%; MissionSquare International Fund: 15%
- **Fixed Income Funds** – Prudential Core Conservative Intermediate Bond Fund: 30%; MissionSquare Inflation Focused Fund: 10%

BENCHMARK: *The MissionSquare Retirement IncomeAdvantage Fund's custom benchmark is comprised of the market indexes of the funds in which the MissionSquare Retirement IncomeAdvantage Fund invests, in weighted percentages that correspond to the historical target allocation to those funds and the historical market indexes. Should the target allocations for the MissionSquare Retirement IncomeAdvantage Fund or the market indexes of the funds change, the percentage allocations to the corresponding indexes or the market indexes will also change.*

Target Date/Lifecycle/Allocation

The trusts seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of the following Vanguard funds: Total Stock Market Index Fund Institutional Plus Shares, Total Bond Market II Index Fund Institutional Shares, Total International Bond II Index Fund Institutional Shares, Short-Term Inflation-Protected Securities Index Fund Institutional Shares and Total International Stock Index Fund Institutional Shares.

VANGUARD TARGET RETIREMENT INCOME TRUST I

Vanguard Target Retirement Income Trust uses an asset allocation strategy designed for investors currently in retirement. As of 9/30/2023, the fund's top holdings are as follows: 37.05% in the Total Bond Market II Index Fund, 17.45% in Total Stock Market Index Fund Institutional Plus Shares, 16.86% in Short-Term Inflation-Protected Securities Index Fund Institutional Shares, 16.09% in Total International Bond II Index Fund Institutional Shares, 11.92% in Total International Stock Index Fund Institutional Shares and 0.63% in Cash Currency.

BENCHMARK: *Target Income Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2020 TRUST I

Vanguard Target Retirement 2020 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2018 and 2022. As of 9/30/2023, the fund's top holdings are as follows: 32.85% in the Total Bond Market II Index Fund, 23.87% in Total Stock Market Index Fund Institutional Plus Shares, 16.23% in Total International Stock Index Fund Institutional Shares, 14.27% in Total International Bond II Index Fund Institutional Shares, 12.14% in Short-Term Inflation-Protected Securities Index Fund Institutional Shares and 0.64% in Cash Currency.

BENCHMARK: *Target 2020 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2025 TRUST I

Vanguard Target Retirement 2025 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2023 and 2027. As of 9/30/2023, the fund's top holdings are as follows: 31.66% in Total Stock Market Index Fund Institutional Plus Shares, 28.34% in the Total Bond Market II Index Fund, 21.41% in Institutional Total International Stock Market Index Fund Institutional Shares, 12.55% in Total International Stock Index Fund Institutional Shares, 5.07% in Short-Term Inflation-Protected Securities Index Fund Institutional Shares and 0.97% in Cash Currency.

BENCHMARK: *Target 2025 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2030 TRUST I

Vanguard Target Retirement 2030 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2028 and 2032. As of 9/30/2023, the fund's top holdings are as follows: 37.37% in Total Stock Market Index Fund Institutional Plus Shares, 25.56% in the Total Bond Market II Index Fund, 24.79% in Institutional Total International Stock Market Index Fund Institutional Shares, 11.15% in Total International Bond II Index Fund Institutional Shares and 1.13% in Cash Currency.

BENCHMARK: *Target 2030 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2035 TRUST I

Vanguard Target Retirement 2035 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2033 and 2037. As of 9/30/2023, the fund's top holdings are as follows: 42.17% in Total Stock Market Index Fund Institutional Plus Shares, 27.32% in Institutional Total International Stock Market Index Fund Institutional Shares, 20.63% in the Total Bond Market II Index Fund, 8.84% in Total International Bond II Index Fund Institutional Shares and 1.04% in Cash Currency.

BENCHMARK: *Target 2035 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2040 TRUST I

Vanguard Target Retirement 2040 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2038 and 2042. As of 9/30/2023, the fund's top holdings are as follows: 46.68% in Total Stock Market Index Fund Institutional Plus Shares, 30.26% in Institutional Total International Stock Market Index Fund Institutional Shares, 15.45% in the Total Bond Market II Index Fund, 6.50% in Total International Bond II Index Fund Institutional Shares and 1.11% in Cash Currency.

BENCHMARK: *Target 2040 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2045 TRUST I

Vanguard Target Retirement 2045 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2043 and 2047. As of 9/30/2023, the fund's top holdings are as follows: 50.96% in Total Stock Market Index Fund Institutional Plus Shares, 33.48% in Institutional Total International Stock Market Index Fund Institutional Shares, 10.46% in the Total Bond Market II Index Fund, 4.15% in Total International Bond II Index Fund Institutional Shares and 0.95% in Cash Currency.

BENCHMARK: *Target 2045 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2050 TRUST I

Vanguard Target Retirement 2050 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2048 and 2052. As of 9/30/2023, the fund's top holdings are as follows: 53.50% in Total Stock Market Index Fund Institutional Plus Shares, 35.75% in Institutional Total International Stock Market Index Fund Institutional Shares, 6.95% in the Total Bond Market II Index Fund, 2.75% in Total International Bond II Index Fund Institutional Shares and 1.05% in Cash Currency.

BENCHMARK: *Target 2050 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2055 TRUST I

Vanguard Target Retirement 2055 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2053 and 2057. As of 9/30/2023, the fund's top holdings are as follows: 53.34% in Total Stock Market Index Fund Institutional Plus Shares, 35.78% in Institutional Total International Stock Market Index Fund Institutional Shares, 7.01% in the Total Bond Market II Index Fund, 2.68% in Total International Bond II Index Fund Institutional Shares and 1.19% in Cash Currency.

BENCHMARK: *Target 2055 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2060 TRUST I

Vanguard Target Retirement 2060 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2058 and 2062. As of 9/30/2023, the fund's top holdings are as follows: 53.30% in Total Stock Market Index Fund Institutional Plus Shares, 35.61% in Institutional Total International Stock Market Index Fund Institutional Shares, 6.97% in the Total Bond Market II Index Fund, 2.67% in Total International Bond II Index Fund Institutional Shares and 1.45% in Cash Currency.

BENCHMARK: *Target 2060 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2065 TRUST I

Vanguard Target Retirement 2065 Trust uses an asset-allocation strategy designed for investors with planned retirements between 2063 and 2067. As of 9/30/2023, the fund's top holdings are as follows: 53.21% in Total Stock Market Index Fund Institutional Plus Shares, 35.63% in Institutional Total International Stock Market Index Fund Institutional Shares, 6.80% in the Total Bond Market II Index Fund, 2.73% in Total International Bond II Index Fund Institutional Shares and 1.63% in Cash Currency.

BENCHMARK: *Target 2065 Composite Index: The Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

PIMCO ALL ASSET FUND

This investment seeks maximum real return, consistent with preservation of real capital and prudent investment management. The fund is a "fund of funds," which is a term used to describe mutual funds that pursue their investment objective by investing in other funds.

It seeks to achieve its investment objective by investing substantially all of its assets in the least expensive class of shares of any actively managed or smart beta funds (including mutual funds or exchange-traded funds) of the Trust, or PIMCO ETF Trust or PIMCO Equity Series, each of which is an affiliated open-end investment company, except other funds of funds.

BENCHMARK: *The Bloomberg U.S. 1-10 Year Treasury Inflation Notes Index is the 1-10 Year maturity component of the unmanaged U.S. Treasury Inflation Notes Index and consists of Inflation-Protection securities issued by the U.S. Treasury.*

U.S. Stock

DC PLUS LARGE CAP VALUE

The portfolio invests 85% of its assets in the T. Rowe Price Equity Income Portfolio, collective investment fund and 15% of its assets in the Edgar Lomax Value Fund and derives its objectives and strategies from these underlying investments. The T. Rowe Price Equity Income Portfolio seeks a high level of dividend income and long-term growth of capital primarily through investments in stocks. Under normal market conditions, it invests at least 80% of its net assets (plus borrowings for investment purposes) in common stocks, with an emphasis on large-cap stocks that have a strong track record of paying dividends or that are believed to be undervalued. The Edgar Lomax Value Fund seeks long-term capital growth while providing some income by investing primarily in large, well-recognized companies which the fund's adviser believes are undervalued. It invests at least 85% of its total assets in equity securities.

BENCHMARK: *The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values.*

AMERICAN FUNDS FUNDAMENTAL INVESTORS

The investment seeks long-term growth of capital and income. The fund invests primarily in common stocks of companies that appear to offer superior opportunities for capital growth and most of which have a history of paying dividends. It may invest significantly in securities of issuers domiciled outside the United States. The investment adviser uses a system of multiple portfolio managers in managing the fund's assets.

BENCHMARK: *The S&P 500 Index consists of 500 companies representing larger capitalization stocks traded in the U.S.*

VANGUARD INSTITUTIONAL INDEX INSTITUTIONAL PLUS

The investment seeks to track the performance of the S&P 500 Index that measures the investment return of large-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the S&P 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The S&P 500 Index consists of 500 companies representing larger capitalization stocks traded in the U.S.*

DFA U.S. CORE EQUITY I PORTFOLIO

The investment seeks to achieve long-term capital appreciation. The fund purchases a broad and diverse group of securities of U.S. companies. It invests in companies of all sizes, with increased exposure to smaller capitalization, lower relative price and higher profitability companies as compared to their representation in the U.S. universe. The Advisor generally defines the U.S. universe as a market capitalization weighted set of U.S. operating companies listed on a securities exchange in the U.S. that is deemed appropriate by the Advisor.

BENCHMARK: *The Russell 3000® Index includes and measures the performance of the largest 3,000 U.S. publicly traded companies based on market capitalization, representing a substantial portion of the investable U.S. equity market.*

DC PLUS LARGE CAP GROWTH

The portfolio invests 70% of its assets in the American Funds The Growth Fund of America® and 30% of its assets in the Vanguard Growth Index Fund and derives its objectives and strategies from these underlying mutual funds. The Growth Fund of America® seeks growth of capital by primarily investing in common stocks and seeks to invest in companies that appear to offer superior opportunities for growth of capital. It may invest up to 25% of its assets in securities of issuers domiciled outside the U.S. The Vanguard Growth Index Fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.*

ARIEL INSTITUTIONAL

The investment seeks long-term capital appreciation. The fund invests in small/mid-cap undervalued companies that show strong potential for growth. It invests primarily in equity securities of U.S. companies that have market capitalizations within the range of the companies in the Russell 2500™ Index, measured at the time of initial purchase.

BENCHMARK: *The Russell 2500® Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.*

VANGUARD SMALL-CAP INDEX INSTITUTIONAL

The investment seeks to track the performance of the CRSP US Small Cap Index that measures the investment return of small-cap stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The Spliced Small Cap Index represents the performance of stocks of small U.S. companies. It tracks the performance of the MSCI US Small Cap 1750 Index through January 30, 2013 and the CRSP US Small Cap Index thereafter.*

BROWN CAPITAL MANAGEMENT SMALL COMPANY INSTITUTIONAL

The investment seeks long-term capital appreciation. The fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in the equity securities of those companies with total operating revenues of $500 million or less at the time of the initial investment. It typically invests in common stocks. The advisor seeks to build a portfolio of exceptional small companies with the wherewithal to become exceptional large companies. The fund typically holds a portfolio of between 40–65 securities which the advisor believes have the potential for growth.

BENCHMARK: *The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values.*

International/Global Stock

AMERICAN FUNDS NEW PERSPECTIVE FUND®

The investment seeks long-term growth of capital. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around the world. In pursuing its investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth.

BENCHMARK: *The MSCI All Country World Index (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large and mid-cap segments of developed and emerging markets. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

HARBOR INTERNATIONAL INSTITUTIONAL

The investment seeks long-term total return, principally from growth of capital. The fund invests primarily (no less than 65% of its total assets under normal market conditions) in common and preferred stocks of foreign companies located principally in developed markets across Europe, Japan and Asia Pacific ex Japan.

The Subadviser's investment strategy focuses on identifying attractive long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions.

BENCHMARK: *The MSCI Europe Australasia Far East (EAFE) Index (Net) is a free float-adjusted market capitalization index of equity securities that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

VIRTUS VONTOBEL EMERGING MARKETS OPPORTUNITIES FUND

The investment seeks capital appreciation. The fund offers investors exposure to emerging economies through well-established companies. Under normal circumstances, it invests at least 80% of its assets in equity securities or equity-linked instruments of issuers located in emerging markets countries; such issuers may be of any capitalization. Emerging markets countries generally include every nation in the world except the U.S., Canada, Japan, Australia, New Zealand and most nations in Western Europe.

BENCHMARK: *The MSCI Emerging Markets Index (Net) is a free float-adjusted market capitalization index of equity securities that is designed to measure the equity market performance of emerging markets. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

Specialty

NUVEEN REAL ESTATE SECURITIES FUND

The investment seeks to provide above average current income and long-term capital appreciation. The fund normally invests at least 80% of the sum of its net assets and the amount of any borrowings for investment purposes in income-producing common stocks of publicly traded companies engaged in the real estate industry.

The advisor expects to emphasize investments in equity REITs, although it may invest in all three kinds of REITs. It may invest up to 15% of its total assets in non-dollar denominated equity securities of non-U.S. issuers. Up to 15% of the fund's total assets may be invested in equity securities of emerging market issuers.

BENCHMARK: *The MSCI US REIT Index reflects the aggregate common stock performance of REITs (Real Estate Investment Trusts) that own, develop and manage properties.*

MissionSquare Retirement Fund Performance Summary

(as of September 30, 2023)

Mutual funds and collective investment trusts are long-term investment vehicles designed for retirement purposes. They allow you to allocate contributions among a variety of investment options that have the potential to grow tax-deferred until withdrawal upon retirement. Early withdrawals from your 401(a) Defined Contribution Plan will reduce your account value and if taken prior to age 59 ½, a 10% IRS penalty may apply.

The performance data quoted represents past performance. Past performance does not guarantee future results. For month-end performance, which may be lower or higher than the performance data shown, call 800-669-7400 or click on the "Investing" tab of DCRetire.com. The value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

There is a plan administration fee of 2 to 22 basis points (0.02 percent to 0.22 percent), which is assessed to participant accounts. The investment expense ratio and revenue sharing component of the calculation are subject to change at the discretion of each mutual fund's manager. The administration fee of 2 to 22 basis points is based on the contract between the District of Columbia and MissionSquare.

You should consider the investment objectives, risks, charges and expenses of the variable product and its underlying fund options carefully before investing. The disclosure booklet contains this and other information.

Before investing, please read the applicable Fund Fact Sheet(s), the Fund's Disclosure Memorandum and/or the fund prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies and risks. This information is available when you log in at DCRetire.com, or upon request by calling 800-669-7400.

Returns for less than one year are not annualized. The fund inception date is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

The chart on pages 12 and 13 shows the performance of each fund over short-term (1 year), mid-term (3 and 5 years) and long-term (10 years) periods, or for as long as the fund has been in operation ("Since Fund Inception").

MissionSquare Retirement Fund Performance *(as of September 30, 2023)*

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Stable Value/Cash Management								
MissionSquare PLUS Fund R11	0.75%	2.07%	2.65%	2.20%	2.29%	2.21%	N/A	10/19/18
ICE BofA US 1-3 YR Treasury Index	*0.74%*	*1.72%*	*2.47%*	*-0.84%*	*1.06%*	*0.81%*	*N/A*	
Vanguard Federal Money Market	1.32%	3.70%	4.61%	1.75%	1.67%	1.07%	3.90%	7/13/81
ICE BofA US 3 Month Treasury Bill Index	*1.31%*	*3.60%*	*4.47%*	*1.70%*	*1.72%*	*1.11%*	*N/A*	
Bond								
PIMCO Real Return CIT II	-2.47%	-0.91%	1.43%	-1.92%	2.19%	1.54%	1.21%	3/30/12
Bloomberg U.S. Treasury Inflation-Linked Bond Index	*-2.60%*	*-0.78%*	*1.25%*	*-1.98%*	*2.12%*	*1.74%*	*N/A*	
DC Plus Fixed Income – 401	-3.00%	-1.10%	0.40%	-5.16%	0.00%	1.06%	N/A	5/5/09
Bloomberg U.S. Aggregate Bond Index	*-3.23%*	-1.21%	0.64%	*-5.21%*	*0.10%*	*1.13%*	*N/A*	
DC Plus Fixed Income – 457	-3.00%	-1.10%	0.40%	-5.17%	0.00%	1.06%	N/A	5/5/09
Bloomberg U.S. Aggregate Bond Index	*-3.23%*	-1.21%	0.64%	*-5.21%*	*0.10%*	*1.13%*	*N/A*	
Guaranteed Lifetime Income								
MissionSquare Retirement IncomeAdvantage	-3.42%	5.41%	11.73%	2.27%	3.81%	4.87%	N/A	8/23/10
Custom Benchmark	*-2.87%*	*6.68%*	*13.83%*	*4.25%*	*5.71%*	*6.65%*	*N/A*	
Target Date/Lifecycle/Allocation								
Vanguard Target Retire Inc Tr	-2.40%	3.14%	7.07%	-0.11%	2.73%	3.66%	4.29%	6/22/07
Target Income Composite Index	*-2.26%*	*3.23%*	*7.31%*	*0.10%*	*2.97%*	*3.84%*	*N/A*	
Vanguard Target Retire 2020 Tr	-2.64%	4.20%	9.41%	1.47%	3.63%	5.31%	4.86%	6/22/07
Target 2020 Composite Index	*-2.47%*	*4.34%*	*9.68%*	*1.73%*	*3.95%*	*5.54%*	*N/A*	
Vanguard Target Retire 2025 Tr	-2.98%	5.22%	11.59%	2.27%	4.15%	5.90%	5.10%	6/28/07
Target 2025 Composite Index	*-2.77%*	*5.41%*	*11.91%*	*2.58%*	*4.50%*	*6.13%*	*N/A*	
Vanguard Target Retire 2030 Tr	-3.22%	5.94%	13.15%	3.06%	4.55%	6.38%	5.30%	6/28/07
Target 2030 Composite Index	*-2.98%*	*6.16%*	*13.51%*	*3.39%*	*4.91%*	*6.62%*	*N/A*	
Vanguard Target Retire 2035 Tr	-3.29%	6.67%	14.68%	3.99%	5.03%	6.89%	5.60%	6/28/07
Target 2035 Composite Index	*-3.04%*	*6.89%*	*14.99%*	*4.31%*	*5.37%*	*7.14%*	*N/A*	
Vanguard Target Retire 2040 Tr	-3.35%	7.41%	16.21%	4.89%	5.46%	7.35%	5.97%	6/28/07
Target 2040 Composite Index	*-3.10%*	*7.62%*	*16.48%*	*5.23%*	*5.82%*	*7.62%*	*N/A*	
Vanguard Target Retire 2045 Tr	-3.42%	8.12%	17.74%	5.80%	5.94%	7.69%	6.16%	6/28/07
Target 2045 Composite Index	*-3.15%*	*8.35%*	*17.97%*	*6.14%*	*6.30%*	*7.96%*	*N/A*	
Vanguard Target Retire 2050 Tr	-3.47%	8.51%	18.54%	5.99%	6.07%	7.75%	6.23%	6/28/07
Target 2050 Composite Index	*-3.20%*	*8.75%*	*18.74%*	*6.34%*	*6.43%*	*8.03%*	*N/A*	
Vanguard Target Retire 2055 Tr	-3.48%	8.50%	18.54%	5.99%	6.06%	7.74%	8.76%	10/5/10
Target 2055 Composite Index	*-3.20%*	*8.75%*	*18.74%*	*6.34%*	*6.43%*	*8.03%*	*N/A*	
Vanguard Target Retire 2060 Tr	-3.48%	8.49%	18.56%	5.99%	6.08%	7.75%	8.49%	3/1/12
Target 2060 Composite Index	*-3.20%*	*8.75%*	*18.74%*	*6.34%*	*6.43%*	*8.03%*	*N/A*	
Vanguard Target Retire 2065 Tr	-3.45%	8.51%	18.57%	6.00%	6.10%	N/A	7.64%	7/21/17
Target 2065 Composite Index	*-3.20%*	*8.75%*	*18.74%*	*6.34%*	*6.43%*	*N/A*	*N/A*	
PIMCO All Asset Instl	-2.20%	1.68%	9.09%	5.25%	4.11%	3.76%	6.18%	7/31/02
Bloomberg U.S. 1-10 Year Treasury Inflation Notes Index	*-1.00%*	*0.46%*	*2.11%*	*-0.02%*	*2.63%*	*1.78%*	*N/A*	

MissionSquare Retirement Fund Performance *(as of September 30, 2023)*

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Large-Cap Stock								
DC Plus Large Cap Value – 401	-2.81%	-0.99%	12.09%	13.32%	6.18%	7.93%	N/A	5/5/09
Russell 1000 Value Index	*-3.16%*	*1.79%*	*14.44%*	*11.05%*	*6.23%*	*8.45%*	*N/A*	
DC Plus Large Cap Value – 457	-2.79%	-1.01%	12.08%	13.31%	6.17%	7.92%	N/A	5/5/09
Russell 1000 Value Index	*-3.16%*	*1.79%*	*14.44%*	*11.05%*	*6.23%*	*8.45%*	*N/A*	
American Funds Fundamental Inv	-2.70%	11.34%	23.49%	9.27%	8.14%	10.66%	12.78%	5/1/09
S&P 500 Index	*-3.27%*	*13.07%*	*21.62%*	*10.15%*	*9.92%*	*11.91%*	*N/A*	
Vanguard Institutional Index Inst'l Plus	-3.27%	13.05%	21.60%	10.13%	9.90%	11.90%	8.09%	7/7/97
S&P 500 Index	*-3.27%*	*13.07%*	*21.62%*	*10.15%*	*9.92%*	*11.91%*	*N/A*	
DFA US Core Equity I	-2.73%	10.31%	20.53%	11.68%	8.78%	10.81%	9.12%	9/15/05
Russell 3000 Index	*-3.25%*	*12.39%*	*20.46%*	*9.38%*	*9.14%*	*11.28%*	*N/A*	
DC Plus Large Cap Growth – 401	-2.78%	22.79%	24.66%	5.66%	9.62%	11.76%	N/A	5/5/09
Russell 1000 Growth Index	*-3.13%*	*24.98%*	*27.72%*	*7.97%*	*12.42%*	*14.48%*	*N/A*	
DC Plus Large Cap Growth – 457	-2.78%	22.81%	24.68%	5.66%	9.63%	11.76%	N/A	5/5/09
Russell 1000 Growth Index	*-3.13%*	*24.98%*	*27.72%*	*7.97%*	*12.42%*	*14.48%*	*N/A*	
U.S. Mid-Cap Stock								
Ariel Institutional	-7.08%	2.36%	14.91%	12.80%	4.05%	7.83%	10.67%	12/30/11
Russell 2500 Value Index	*-3.66%*	*1.95%*	*11.34%*	*13.32%*	*3.99%*	*6.95%*	*N/A*	
U.S. Small-Cap Stock								
Vanguard Small-Cap Index Instl	-4.61%	4.24%	12.54%	8.72%	4.62%	8.00%	8.45%	7/7/97
Spliced Small Cap Index	*-4.64%*	*4.12%*	*12.40%*	*8.66%*	*4.57%*	*7.96%*	*N/A*	
Brown Cap Mgmt Small Co Instl	-6.09%	9.70%	6.45%	-7.85%	-1.37%	7.56%	10.99%	12/15/11
Russell 2000 Growth Index	*-7.32%*	*5.24%*	*9.59%*	*1.09%*	*1.55%*	*6.72%*		
International/Global Stock								
American Funds New Perspective	-4.36%	12.17%	21.70%	4.92%	8.36%	9.82%	12.00%	5/1/09
MSCI ACWI Index (Net)	*-3.40%*	*10.06%*	*20.80%*	*6.89%*	*6.46%*	*7.56%*	*N/A*	
Harbor International Retirement	-4.37%	5.97%	26.55%	5.88%	3.39%	N/A	4.92%	3/1/16
MSCI EAFE Index (Net)	*-4.11%*	*7.08%*	*25.65%*	*5.75%*	*3.24%*	*N/A*	*N/A*	
Virtus SGA Emerging Markets Equity Fund	-6.06%	-4.37%	-0.13%	-6.82%	-1.90%	N/A	-0.31%	11/12/14
MSCI Emerging Markets Index (Net)	*-2.93%*	*1.82%*	*11.70%*	*-1.73%*	*0.55%*	*N/A*	*N/A*	
Specialty								
Nuveen Real Estate Securities	-7.77%	-3.62%	0.53%	3.50%	2.62%	5.80%	4.50%	4/30/13
MSCI US REIT Index	*-7.02%*	*-1.95%*	*3.18%*	*5.70%*	*2.82%*	*5.94%*	*N/A*	

Education Summary

The education strategy for the District of Columbia ("District") employees incorporated a wide range of communications to ensure that plan messages would reach participants regardless of their individual learning styles and preferences. These outreach methods included in-person one-on-one sessions; virtual group educational seminars and individual meetings with dedicated, local MissionSquare Retirement Plans Specialists; messages and information shared on the DCRetire.com website; monthly e-blasts and quarterly newsletters available via email.

In 2023, the local team focused on enhancing its services for participants in the District's office. They reinstated a robust onsite schedule, allowing District participants to schedule appointments with a Retirement Plans Specialist (RPS) Monday through Friday, from 9:00 a.m. to 4:30 p.m. Additionally, they maintained a strategy of sending weekly email campaigns to HR Advisors, which contributed to the success of the Retirement Plans Specialists throughout the year.

Educational materials were developed to support various plan goals, such as increasing awareness and understanding of the District's 401(a) Defined Contribution Plan, updating account information across both plans, boosting enrollment in the District's 457(b) Deferred Compensation Plan, encouraging higher contributions to participants' 457(b) accounts, and promoting overall financial wellness and literacy.

Ensuring that District employees are well-prepared and confident in their retirement planning remained a top priority for the local service team, the DC Office of the Chief Financial Officer (OCFO)/Office of Finance and Treasury (OFT), and the DC Department of Human Resources (DCHR). While collaborating closely with these entities, our dedicated Retirement Plans Specialists devised and executed a robust local service strategy for all District employees during fiscal year 2023.

The team's commitment to enhancing the financial literacy of District employees was further bolstered by maintaining a virtual presence and availability, conducting onsite group education seminars, and holding meetings at various departments including Fire and Emergency Medical Services (FEMS), Office of Unified Communications (OUC), and United Medical Center (UMC).

Virtual Services: Group Meetings

In 2023, the local team was able to deliver education seminars on site and Virtually. These virtual meetings allowed employees to conveniently meet with their RPS in a setting that was most efficient for them. Leveraging both Microsoft Teams and Zoom, we were able to provide the seminars listed below to increase financial literacy. Similar to previous years, we were able to deliver seminars covering the following topics:

- Social Security Income Maximization
- Bridging Your Income Gap In Retirement
- Reading/Understanding your Quarterly Statement
- Women and Investing
- Guided Pathways® Advisory Services
- Get to Know Your Roth Option
- Get to Know Your 401(a)
- Get to Know Your 457(b)
- Investing in Retirement Basics
- Investing in Volatile Markets
- Juggling Financial Goals
- Questions to Guide Your Retirement
- Retirement Income Solutions
- MissionSquare Retirement IncomeAdvantage Fund (RIA): Making Your Money Last in Retirement
- Your Savings and Investing Goals
- Your Retirement Plans Work Together
- Why Start Now?

Virtual Services: Individual Meetings

In 2023, DC employees would again have access to all services and resources. Eligible employees, participants and retirees were able to visit the DC Retirement Service Center, located at 777 North Capitol Street, NE, Washington, DC, to meet with a Retirement Plans Specialist on Monday through Thursday, with a scheduled appointment. Employees could talk about everything relating to retirement readiness, from enrolling in the 401(a) Defined Contribution Plan or 457(b) Deferred Compensation Plan, to planning their retirement. We also continued with the virtual one-on-one interactions which, like in-person visits, gave participants the opportunity to receive the direct attention they need while discussing their financial well-being. Across all retirement plan events, in 2023, MissionSquare Retirement Plans Specialists met with 6,289 individuals (virtually and in person).

Virtual Services: New Employee Orientation

MissionSquare Retirement Plans Specialists actively participate in the "New Employee Orientation" process during the year to encourage employees to consider their retirement options when they are hired. Our goal is to educate new employees on the benefits of their 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan and encourage these employees to enroll and contribute into the 457(b) Deferred Compensation Plan immediately, as they are eligible to participate starting on their first day of employment. During orientation, new and rehired employees have the opportunity to learn about auto enrollment plan features, including the 5% default contribution rate, the 30-day opt-out period and how to make changes to their contribution amount. Employees will also sign a DCHR Auto-Enrollment Acknowledgment form.

The DCHR, DC Housing Authority, DC Public Schools, OCFO and Office of the Attorney General conduct new employee orientations often (dates vary by agency). Agencies such as the Fire and Emergency Medical Services Department, the Metropolitan Police Department and the Department of Health conduct new employee orientations as needed. Bi-weekly orientation meetings are conducted virtually for all agencies under the control of the Mayor.

Virtual Services: Agency Meetings

In 2023, the Retirement Plans Specialists engaged regularly with 85 agencies across the District. Regularly scheduled virtual meetings and seminars were held with the following agencies:

- Office of the Chief Financial Officer (1101 4th Street, SW)
- Department of Human Resources (1015 Half Street, SE)
- Department of Employment Services (4058 Minnesota Avenue, NE)
- Department of Disability Rights (1125 15th Street, NW)
- Department of Behavioral Health (64 New York Avenue, NE)
- Department of Human Services (64 New York Avenue, NE)
- DC Metropolitan Police Department (Various Locations)
- Reeves Center (2000 14th Street, NW)
- Department of Insurance, Securities and Banking (1050 First Street, NE)
- DC Public Schools (1200 First Street, NE)
- Office of United Communications (2720 MLK Ave, SE)
- United Medical Center (1310 Southern Ave, SE)
- DC Housing Authority (1133 North Capitol Street, NE)
- Department of Public Works (1725 West Virginia Avenue, NE)
- Department of Child and Family Services (200 I Street, SW)
- Department of Transportation (250 M Street, SE)
- DC Fire and Emergency Medical Services (33 Locations)

The local service team continues to proactively meet with participants and eligible employees virtually and they take pride in providing excellent service throughout the District.

ONSITE VISITS

As the District returns to work, so has our local team with onsite visits. During 2023, we maintained an open local office located at 777 N. Capitol Street NE and averaged five DC employee visits per day. During these meetings we broached topics regarding investment strategies, contribution discussions, beneficiary updates and other financial wellness topics. We partnered with DCHR to hold a "Financial Education Meeting" and a "District Wide HR Advisors meeting." In addition, we visited several agencies that were opening to the public during 2023. These agencies include DC Housing Authority, DHS, MPD, DCPL, DC Fire and EMS, OUC, DPW and Parks and Rec. We partnered with the following agencies to facilitate in person education through the following events.

- Department of General Service (DGS) with a table setup during their Employee Appreciation Day at Ft. Lincoln Park
- D.C. Bike Ride Event
- Annual golf outing for The DCFD Emerald Society
- Two Part Financial Retirement workshop at DOES

Campaigns and Mailings

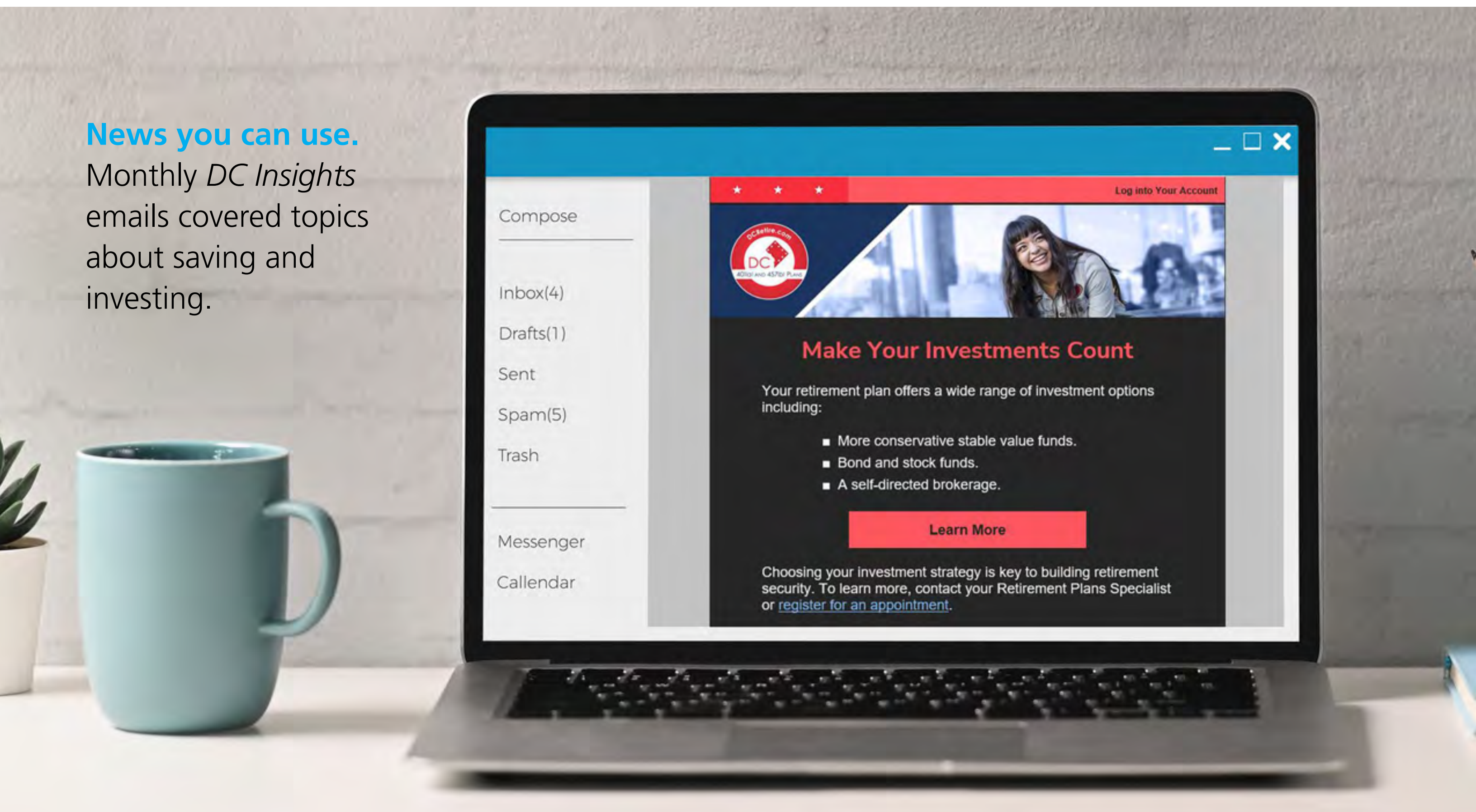
Multiple communications campaigns were developed throughout the year to address various goals of the District and the financial education needs of employees. Campaigns are designed to motivate employees to enroll in the 457(b) and 401(a) Plans, save more for retirement, manage their investments, and take steps to improve their financial wellness and retirement security.

DC INSIGHTS MONTHLY EMAIL

A primary objective for the District is to ensure all employees are aware and engaged in their retirement savings plans. The DC Insights monthly email campaign encouraged employees to stay focused on their retirement savings plans by understanding and managing their 401(a) Defined Contribution Plan account and actively enrolling in the 457(b) Deferred Compensation Plan.

The email campaign gave insights on the necessity of saving early and saving more, investing wisely, practicing effective money management habits, and overall financial wellness. The emails provided quick messages with calls to action encouraging the use of resources such as calculators, videos, articles, and other educational tools. The emails highlighted many key features of the plans and employees were encouraged to take the next step in their financial wellness by enrolling or scheduling a meeting with a retirement representative for a one-on-one consultation.

News you can use. Monthly *DC Insights* emails covered topics about saving and investing.



Go online anytime. The District's digital newsletter and mobile app were two ways for participants to stay informed 24/7.

LET'S MEET CAMPAIGN

The Let's Meet campaign encouraged participants to get back to meeting with MissionSquare Retirement representatives in a post-COVID world. With the reopening of our local service office, we were able to remind employees that their local service team was regularly available to meet with them face-to-face or virtually, if they preferred. The campaign included a flyer, email, and website banner that linked to an online calendar for scheduling an appointment with their retirement representatives.

DCRETIRE.COM

The DCRetire.com website continues to serve as a resource for eligible employees and participants who need information about retirement planning. Monthly, the website is updated and includes the addition of new dynamic banners and sliders relevant to the enrollment and education campaigns. The DC Insights Newsletter is also posted to the website for ongoing and updated access to articles and financial wellness education. Participants can visit the website to view their accounts and investments, conduct transactions, and access educational resources. In addition, participants can register online for one-on-one appointments and group education seminars with local retirement representatives and webinars with CFP® professionals. Descriptions of upcoming group seminars and schedules are available online at www.dcretire.com.

DISTRICT MOBILE APP

District employees can access their 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan accounts with convenience and flexibility using the custom District mobile app. The mobile app features facial and touch recognition, a simplified app layout and enhanced design. Participants can manage their accounts and boost their investing knowledge directly from their smartphone or tablet. The mobile app can be downloaded from the App Store® and Google Play™ and can be used on any compatible smartphone or tablet. With the mobile app, participants can:

- View account balances, year-to-date account activity, retirement income projection and fund performance
- Change fund selections and update personal information
- Review messages within their retirement savings account to stay current on plan services and features

TEXTACCESS TEXTING FEATURE

MissionSquare offers TextAccess, a feature that allows participants to send a text to MissionSquare and have certain account information sent directly to their mobile phones. There were 6,173 District participants using TextAccess. The top three requests or actions among District users of TextAccess were BAL to find out their account balance, ROR to find out their investments' rate of return and LOAN to find out their most recent loan amount.

- 70,967 times for code BAL
- 7,183 times for code ROR
- 2,926 time for code LOAN

PARTICIPANT SERVICES AND VOICE RESPONSE UNIT (VRU)

Participants can reach plan representatives by dialing into the VRU. Participants may use the system to obtain account information 24 hours a day in addition to using the plan's dedicated website. During the past fiscal year, 42,731 District participants called into the toll-free phone line to obtain account information. Of those calls, 33,314 were answered by Participant Services.

401(a) Defined Contribution Plan

401(a) Defined Contribution Plan

The 401(a) Defined Contribution Plan is a retirement program created in 1987 as the basic retirement plan for general employees of the District, hired for the first time on or after October 1, 1987.

Performance Summary

Fiscal year 2023 was a positive year for investment markets and plan participants. We had positive returns as of September 30, 2023, for 28 of 29 funds. Vanguard Target Retirement Trusts provided returns in line with their respective benchmarks:

- Vanguard Target Retire Income Trust gained 7.07%
- Vanguard Target Retire 2020 Trust gained 9.41%
- Vanguard Target Retire 2025 Trust gained 11.59%
- Vanguard Target Retire 2030 Trust gained 13.15%
- Vanguard Target Retire 2035 Trust gained 14.68%
- Vanguard Target Retire 2040 Trust gained 16.21%
- Vanguard Target Retire 2045 Trust gained 17.74%
- Vanguard Target Retire 2050 Trust gained 18.54%
- Vanguard Target Retire 2055 Trust gained 18.54%
- Vanguard Target Retire 2060 Trust gained 18.56%
- Vanguard Target Retire 2065 Trust gained 18.57%

For comparison purposes, the S&P 500 Index gained 21.62% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 0.64%.

Plan assets increased from $1.241 billion to $1.430 billion or 15.2%. The Plan had 31,924 participants with an average account balance of $44,785.

Eligibility

District government employees (except for police officers, firefighters, teachers and civil service employees) serving in covered employment and hired for the first time on or after October 1, 1987, are eligible for participation in the 401(a) Plan. Eligible employees automatically become participants in the Plan in the first pay period following completion of one year of creditable service.

Contributions

The District contributes an annual amount equal to 5% of base salary (5.5% for detention officers) to an account in the employee's name. Contributions are made each pay period based on the employee's pre-tax base salary (excluding overtime, holiday and Sunday compensation). Employee contributions under the Plan are not permitted.

Benefits

Participants' benefits are determined by the value of their account balances, specifically, District contributions plus (or minus) investment earnings (or losses). Each calendar quarter, participants will receive a detailed statement showing the District's contributions made during the quarter, any interest and investment gains or losses and the current account balance.

Participants become fully vested (entitled to the full value of their account) upon:

- Attainment of normal retirement age (age 65)
- Prior to December 8, 2009, completion of five years of creditable service in covered employment
- Effective December 8, 2009, graded vesting is based on the following schedule:

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

- Permanent disability
- Death

Distributions

Benefits under the Plan can be distributed at termination of employment (if vested), death or permanent disability. The employee may choose from various payment options:

- Lump-sum cash payment
- Installment payments
- Rollovers
- Annuity payments

All payments distributed (excluding rollover amounts) are subject to federal and state taxes. In addition, participants will incur a 10% federal tax penalty on distributions received prior to age 59 ½.

The IRS requires that participants begin receiving payments by April 1st of the calendar year following the calendar year the employee attains age 73 or retires, whichever is later. Failure to receive the Required Minimum Distribution (RMD) for any tax year may result in a 25% excise tax being imposed on the participant for the amount required that was not distributed, or 10% if corrected within a defined correction window.

401(a) Plan Statistics

The charts in this section illustrate the allocation of assets and deferrals by asset class and investment option. In addition, this section includes charts that display total distributions.

Asset Allocation by Asset Class/Fund *(as of September 30, 2023)*

Asset Class/Fund Name		Assets as of September 30, 2023	Percentage of Total Assets	Number of Participants Invested
Stable Value/Cash Management				
MissionSquare PLUS Fund R11	$	96,367,673	6.74	2,290
Vanguard Federal Money Market		10,042,915	0.70	522
	$	**106,410,588**	**7.44**	**2,812**
Bond				
DC Plus Fixed Income	$	16,011,948	1.12	1,083
PIMCO Real Return CIT II		5,840,019	0.41	673
	$	**21,851,967**	**1.53**	**1,756**
Guaranteed Lifetime Income				
MissionSquare Retirement IncomeAdvantage	$	5,324,573	0.37	226
	$	**5,324,573**	**0.37**	**226**
Balanced/Asset Allocation				
Vanguard Target Retirement Income Trust	$	46,345,766	3.24	1,151
Vanguard Target Retirement 2020 Trust		84,506,674	5.91	1,490
Vanguard Target Retirement 2025 Trust		148,841,082	10.41	2,563
Vanguard Target Retirement 2030 Trust		193,262,355	13.52	3,344
Vanguard Target Retirement 2035 Trust		207,742,028	14.53	3,939
Vanguard Target Retirement 2040 Trust		157,821,829	11.04	3,659
Vanguard Target Retirement 2045 Trust		136,675,303	9.56	4,280
Vanguard Target Retirement 2050 Trust		91,672,307	6.41	4,431
Vanguard Target Retirement 2055 Trust		49,383,498	3.45	3,956
Vanguard Target Retirement 2060 Trust		11,769,768	0.82	1,828
Vanguard Target Retirement 2065 Trust		2,489,158	0.17	589
PIMCO All Asset Instl		526,275	0.04	59
	$	**1,131,036,043**	**79.10**	**31,289**
U.S. Stock				
American Funds Fundamental Inv	$	6,818,836	0.48	472
Ariel Institutional		10,305,700	0.72	667
Brown Cap Mgmt Small Co Instl		9,098,040	0.64	582
DC Plus Large Cap Growth		20,820,986	1.46	831
DC Plus Large Cap Value		9,176,885	0.64	1,112
DFA US Core Equity 1		9,040,355	0.63	831
Vanguard Institutional Index		59,563,917	4.17	1,909
Vanguard Small-Cap Index Instl		11,598,800	0.81	1,129
	$	**136,423,519**	**9.55**	**7,533**

Asset Class/Fund Name		Assets as of September 30, 2023	Percentage of Total Assets	Number of Participants Invested
International/Global Stock				
American Funds New Perspective	$	9,550,984	0.67	1,055
Harbor International Instl		11,641,472	0.82	1,207
Virtus Vontobel Emerg Mkts Ops		2,899,839	0.20	827
	$	**24,092,295**	**1.69**	**3,089**
Specialty				
Nuveen Real Estate Securities	$	4,585,335	0.32	1,057
		4,585,335	**0.32**	**1,057**
401(a) PLAN ASSETS	**$**	**1,429,724,320**	**100.00**	**47,762**

Contributions by Investment Option *(as of September 30, 2023)*

MissionSquare Retirement Fund Name		October 1, 2022 through September 30, 2023	Percent of Total Contributions
Stable Value/Cash Management			
MissionSquare PLUS Fund R11	$	3,672,365	4.08
Vanguard Federal Money Market		400,132	0.44
	$	**4,072,497**	**4.52**
Bond			
DC Plus Fixed Income	$	627,572	0.70
PIMCO Real Return CIT II		315,875	0.35
	$	**943,447**	**1.05**
Guaranteed Lifetime Income			
MissionSquare Retirement IncomeAdvantage	$	64,745	0.07
	$	**64,745**	**0.07**
Balanced/Asset Allocation			
Vanguard Target Retirement Income Trust	$	1,751,822	1.95
Vanguard Target Retirement 2020 Trust		3,150,007	3.50
Vanguard Target Retirement 2025 Trust		6,489,007	7.20
Vanguard Target Retirement 2030 Trust		9,248,932	10.27
Vanguard Target Retirement 2035 Trust		10,990,277	12.20
Vanguard Target Retirement 2040 Trust		10,469,921	11.62
Vanguard Target Retirement 2045 Trust		11,251,205	12.49
Vanguard Target Retirement 2050 Trust		11,121,538	12.35
Vanguard Target Retirement 2055 Trust		8,887,566	9.87
Vanguard Target Retirement 2060 Trust		3,379,060	3.75
Vanguard Target Retirement 2065 Trust		714,018	0.79
PIMCO All Asset Instl		28,278	0.03
	$	**77,481,631**	**86.02**

MissionSquare Retirement Fund Name		October 1, 2022 through September 30, 2023	Percent of Total Contributions
U.S. Stock			
American Funds Fundamental Inv	$	340,526	0.38
Ariel Institutional		438,058	0.49
Brown Cap Mgmt Small Co Instl		470,802	0.52
DC Plus Large Cap Growth		728,192	0.81
DC Plus Large Cap Value		490,429	0.54
DFA US Core Equity 1		470,992	0.52
Vanguard Institutional Index		2,253,110	2.50
Vanguard Small-Cap Index Instl		629,759	0.70
	$	**5,821,868**	**6.46**
International/Global Stock			
American Funds New Perspective	$	542,543	0.60
Harbor International Instl		673,500	0.75
Virtus Vontobel Emerg Mkts Ops		211,089	0.23
	$	**1,427,132**	**1.58**
Specialty			
Nuveen Real Estate Securities	$	273,349	0.30
	$	**273,349**	**0.30**
401(a) PLAN CONTRIBUTIONS	**$**	**90,084,669**	**100.00**

Contributions by Asset Class

MissionSquare Retirement Asset Class		October 1, 2022 through September 30, 2023	Percent of Total Contributions
Stable Value/Cash Management	$	4,072,497	4.46
Bond		943,447	1.04
Guaranteed Lifetime Income		64,745	0.07
Balanced/Asset Allocation		77,481,631	84.89
U.S. Stock		5,821,868	6.38
International/Global Stock		1,427,132	1.56
Specialty		273,349	0.30
Contributions Subtotal	**$**	**90,084,669**	**98.70**
401(a) Plan Rollover Contributions	**$**	**848,488**	0.93
Subtotal	**$**	**90,933,157**	**99.63**
Net Change in Employer Contribution Receivable*	**$**	**(47,307)**	(0.05)
Activity Adjustment	**$**	**385,846**	0.42
Total Contributions	**$**	**91,271,696**	**100.00**

* *See page 11 of 401(a) Plan Audit Report*

FIGURE 1 Investment Assets

Reporting Period	Fixed Assets	Variable Assets	Total Assets
As of 9/30/2019	$72,182,789	$1,015,718,653	$1,087,901,442
As of 9/30/2020	89,781,233	1,133,042,693	1,222,823,926
As of 9/30/2021	91,977,198	1,390,012,931	1,481,990,129
As of 9/30/2022	99,756,442	1,141,462,676	1,241,219,118
As of 9/30/2023	106,410,588	1,323,313,732	1,429,724,320

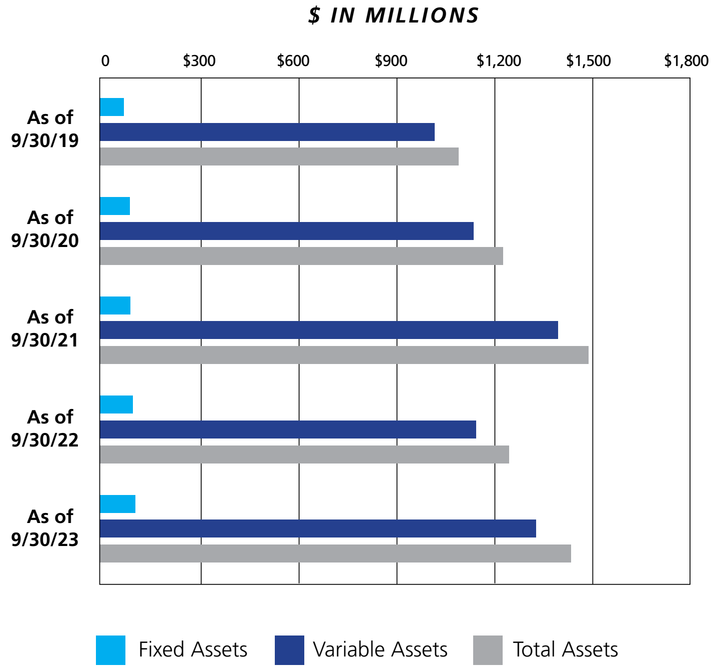


FIGURE 2 Historical Contributions

Reporting Period	Total Contributions*
As of 9/30/2019	$ 77,687,087
As of 9/30/2020	82,119,951
As of 9/30/2021	86,235,768
As of 9/30/2022	83,808,223
As of 9/30/2023	91,271,696

**Includes incoming rollovers and changes in receivables/activity adjustments.*

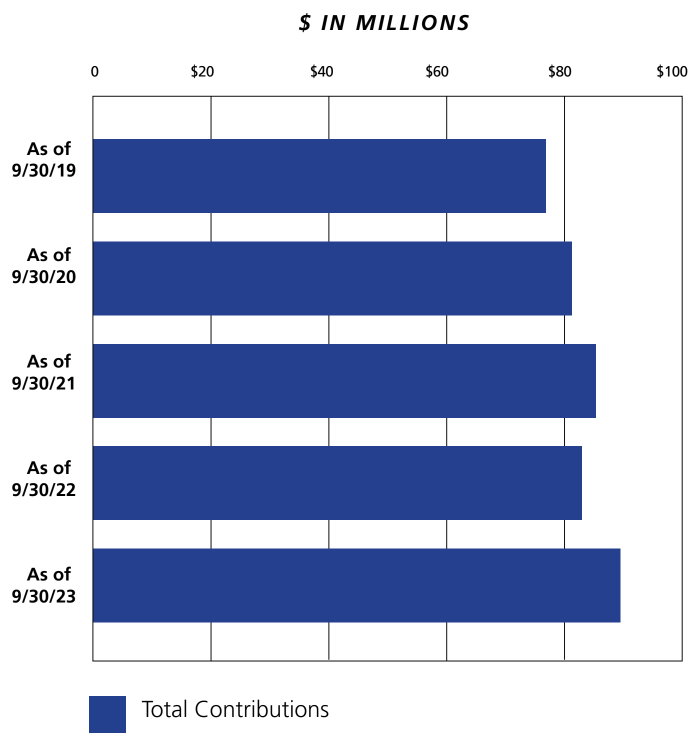


FIGURE 3 Historical Distributions

Reporting Period	Total Distributions
As of 9/30/2019	$ 42,667,017
As of 9/30/2020*	41,075,920
As of 9/30/2021	50,376,513
As of 9/30/2022	61,481,262
As of 9/30/2023	67,896,586

Includes Coronavirus-related distributions.

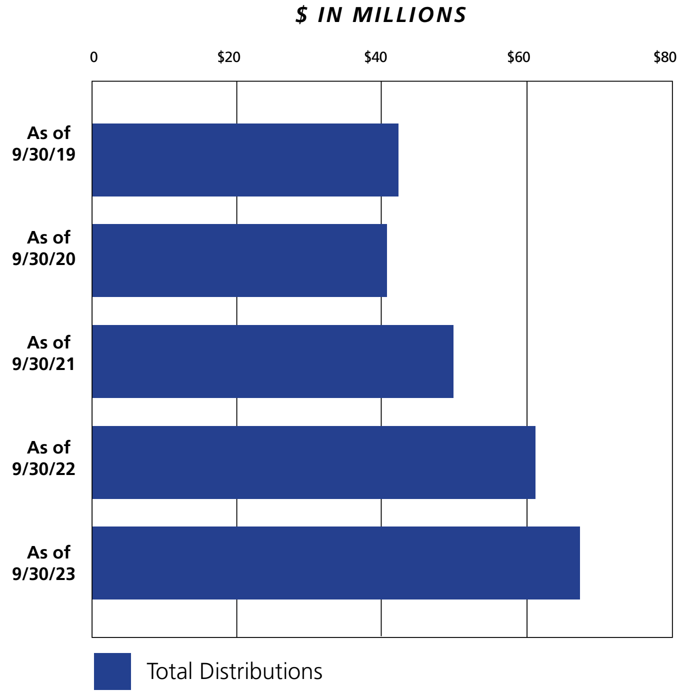


FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets

Reporting Period	Dividends	Appreciation/ Depreciation	Total Earnings
As of 9/30/2019	$ 5,626,458	$ 30,519,240	$ 36,145,698
As of 9/30/2020	4,256,545	93,591,314	97,847,859
As of 9/30/2021	4,820,449	228,039,842	232,860,291
As of 9/30/2022	9,198,309	(272,200,033)	(263,001,724)
As of 9/30/2023	6,643,599	158,941,642	165,585,241

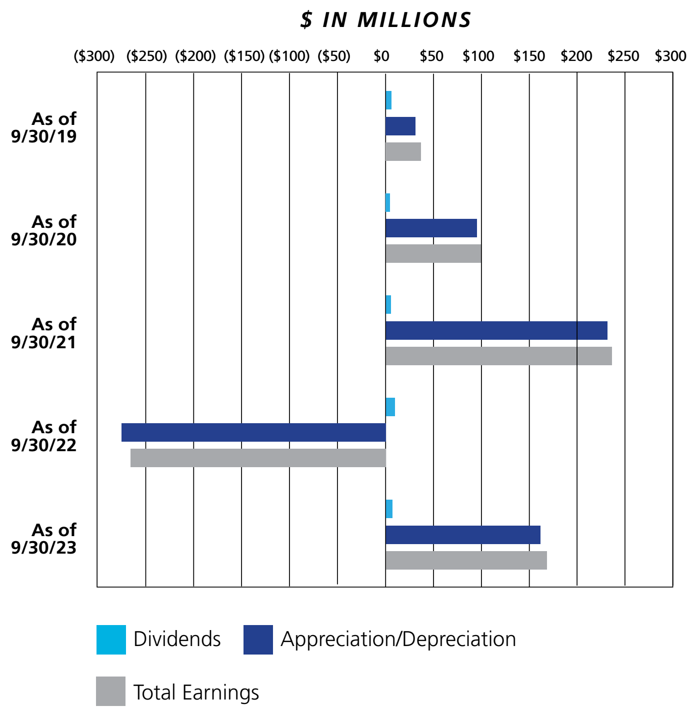
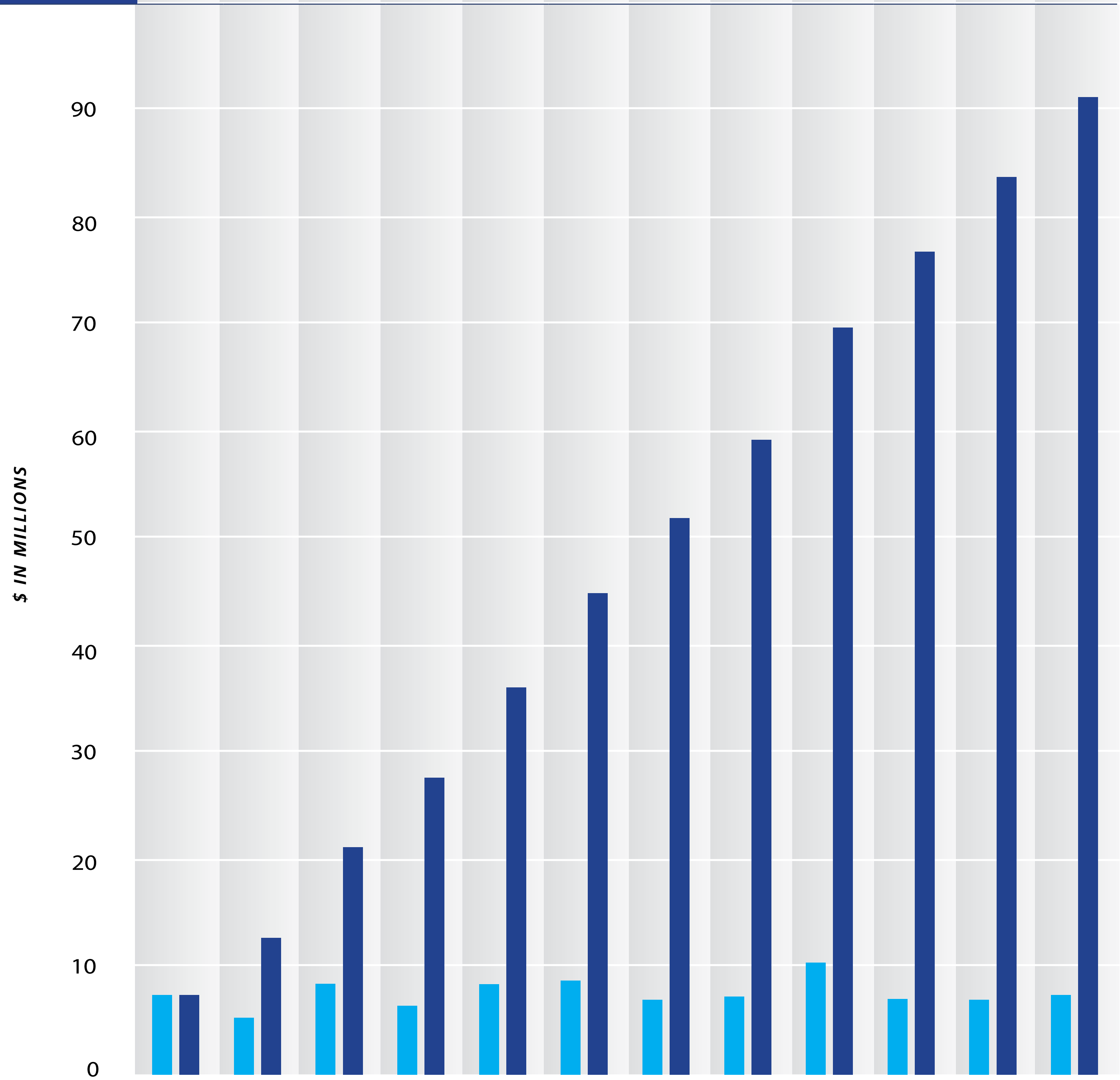


FIGURE 5 Monthly Contributions *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Contributions ($)	7,459,351	5,316,208	8,483,645	6,458,396	8,451,642	8,795,947	7,011,923	7,291,976	10,471,639	7,084,601	7,003,430	7,442,940
Aggregate Contributions YTD ($)	7,459,351	12,775,558	21,259,203	27,717,599	36,169,240	44,965,188	51,977,110	59,269,087	69,740,726	76,825,326	83,828,756	91,271,696

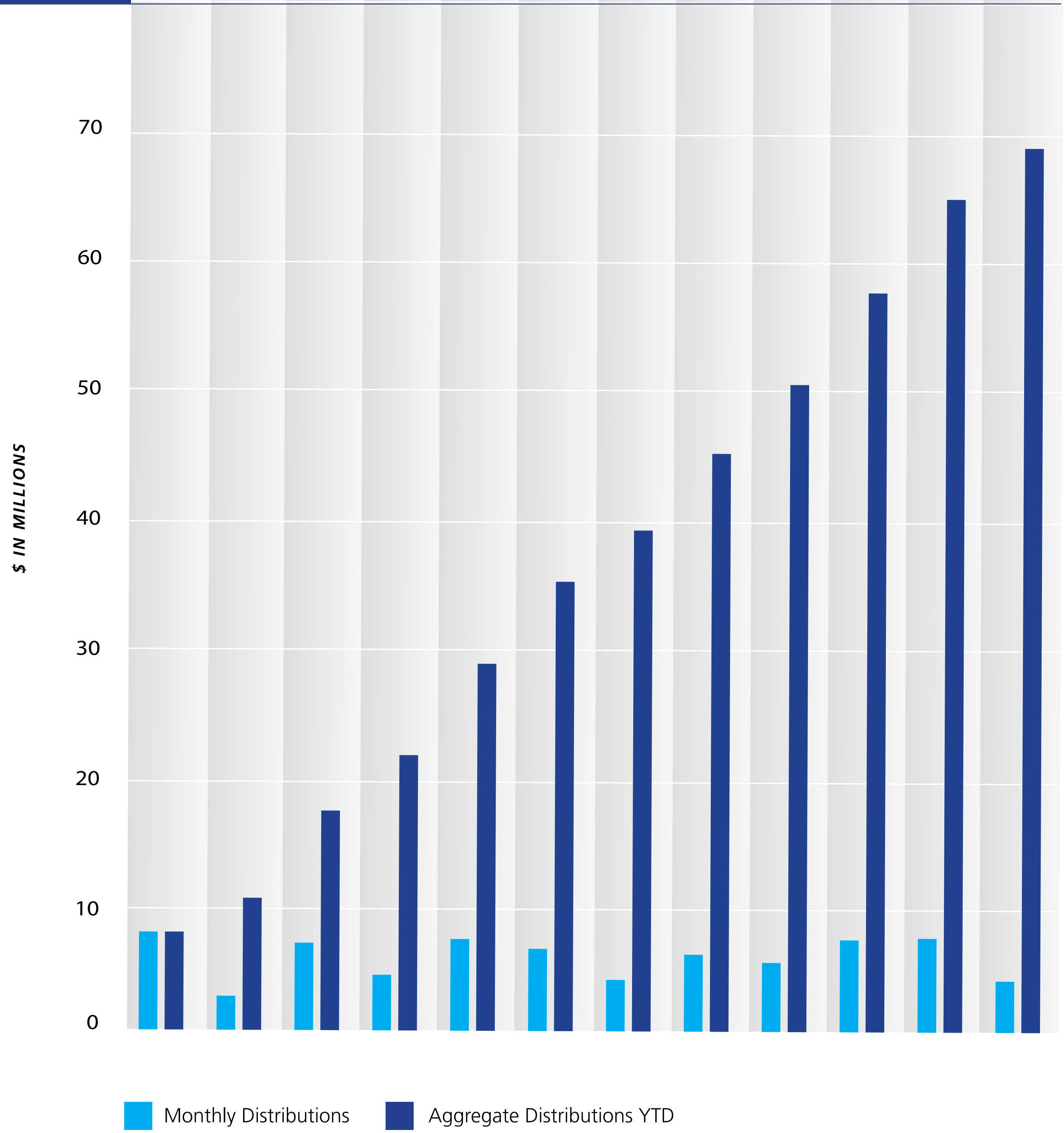


**This chart includes rollovers, receivables and activity adjustments to the plan.*

Monthly Contributions   Aggregate Contributions YTD

FIGURE 6 Monthly Distributions *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Distributions ($)	7,529,328	2,614,652	6,719,827	4,278,418	7,046,395	6,318,358	3,955,682	5,912,507	5,307,383	7,067,151	7,204,718	3,942,168
Aggregate Distributions YTD ($)	7,529,328	10,143,980	16,863,807	21,142,225	28,188,621	34,506,978	38,462,660	44,375,167	49,682,550	56,749,701	63,954,419	67,896,586



Participant Demographics

The charts included in this section highlight participation by age group and new and terminated participants.

FIGURE 7 Age Stratification

This table illustrates participation and asset levels by age group as of September 30, 2023.

Age Ranges	Number of Participants	Total Investments	Average Balance
Under 30	1,707	$ 14,297,243	$ 8,376
30–39	7,766	128,675,189	16,569
40–49	8,065	328,836,594	40,773
50–59	7,664	486,106,269	63,427
60–69	5,082	371,728,323	73,146
Over 69	1,640	100,080,702	61,025
Total	**31,924**	**$ 1,429,724,320**	**$ 44,785**

FIGURE 8 New vs. Terminated Plan Participants *(Reporting Period October 1, 2022 through September 30, 2023)*

This graph shows the number of new and terminated participants by month.

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
New Participants	215	218	126	178	221	345	190	476	127	394	259	148
Terminated Participants	16	131	144	12	3	4	4	103	8	10	14	9

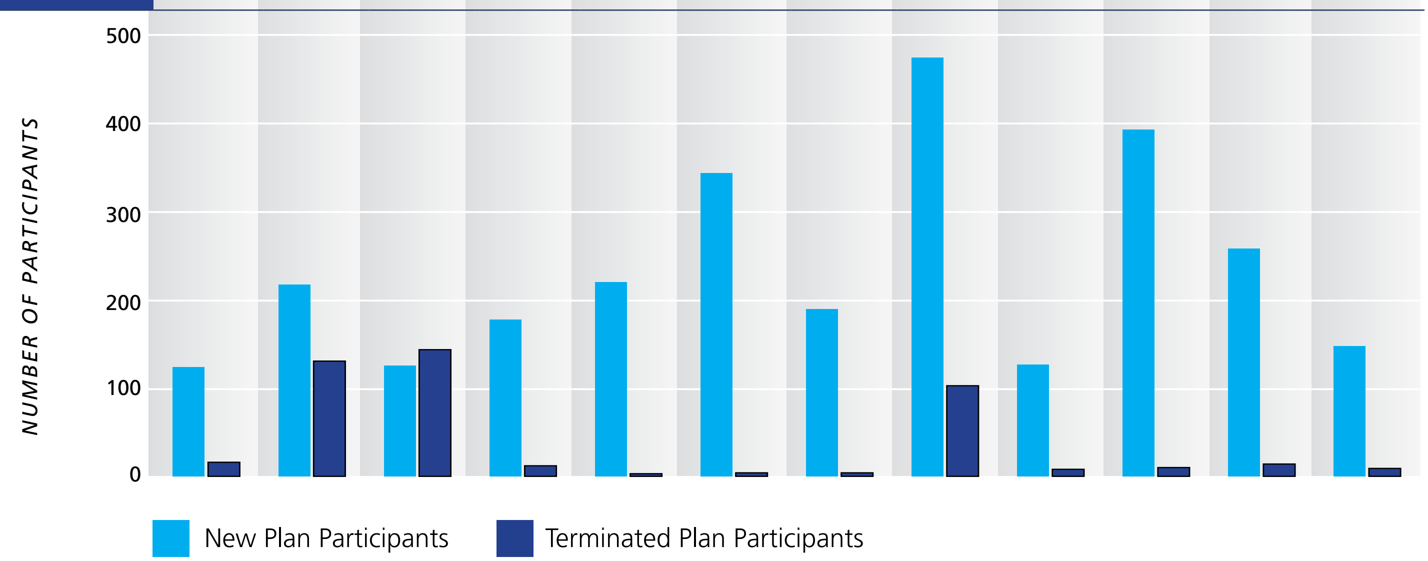
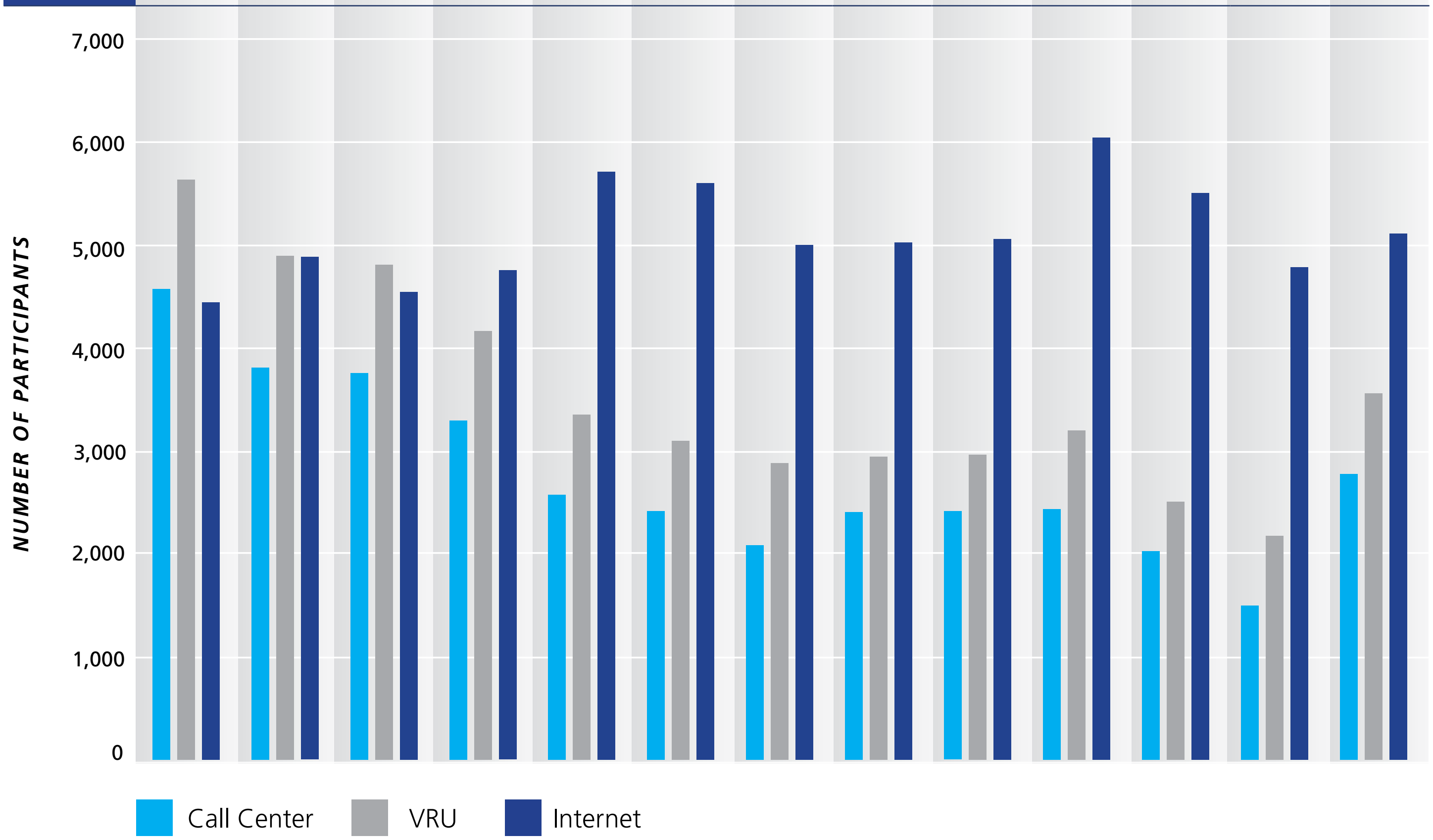


FIGURE 9 Participant Service Utilization *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Avg/ Month
Call Center	4,577	3,811	3,762	3,299	2,577	2,418	2,086	2,406	2,415	2,437	2,026	1,500	2,776
VRU	5,643	4,898	4,814	4,168	3,356	3,100	2,883	2,945	2,964	3,201	2,580	2,179	3,561
Internet	4,447	4,888	4,550	4,758	5,720	5,605	5,004	5,029	5,063	6,051	5,512	4,788	5,118



Participant Phone Calls

* *Statistics are for all District of Columbia (401(a) and 457(b)) Retirement Plans combined.*

457(b) Deferred Compensation Plan

457(b) Defined Contribution Plan

As of July 7, 2019, all eligible new District government employees are automatically enrolled into the 457(b) Deferred Compensation Plan. The retirement program allows all eligible District government employees to make tax-deferred and after-tax contributions (Roth) into investment options offered under the Plan. Taxes are due upon withdrawal for tax-deferred contributions only.

Performance Summary

Fiscal year 2023 was a positive year for investment markets and plan participants. We had positive returns as of September 30, 2023, for 28 of 29 funds. Vanguard Target Retirement Trusts provided returns in line with their respective benchmarks:

- Vanguard Target Retire Income Trust gained 7.07%
- Vanguard Target Retire 2020 Trust gained 9.41%
- Vanguard Target Retire 2025 Trust gained 11.59%
- Vanguard Target Retire 2030 Trust gained 13.15%
- Vanguard Target Retire 2035 Trust gained 14.68%
- Vanguard Target Retire 2040 Trust gained 16.21%
- Vanguard Target Retire 2045 Trust gained 17.74%
- Vanguard Target Retire 2050 Trust gained 18.54%
- Vanguard Target Retire 2055 Trust gained 18.54%
- Vanguard Target Retire 2060 Trust gained 18.56%
- Vanguard Target Retire 2065 Trust gained 18.57%

For comparison purposes, the S&P 500 Index gained 21.62% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 0.64%.

Plan assets increased from $1.081 billion to $1.270 billion or 17.6%. The Plan had 35,275 participants with an average account balance of $36,014.

Eligibility

Employees eligible to participate in the Plan are employees of:

- An agency under the personnel authority of the mayor
- A subordinate agency as defined in the Comprehensive Merit Personnel Act of 1978
- If approved by the mayor, an agency not under the personnel authority of the mayor or an independent agency

Contributions

The District does not make contributions into the 457(b) Plan for employees; contributions are made solely by employees on a pre-tax and/or after-tax basis. The automatic deferral rate is 5% of employee's compensation as Pre-Tax Deferrals for newly enrolled employees. Within the first 30 days of employment an employee may elect to opt-out and request a withdraw of any default deferral (adjusted for gains and losses to the date of distribution). Employees who elect to remain in the plan may also elect to increase or decrease their contribution as well as employees enrolled in the plan prior to automatic enrollment. District employees employed prior to July 7, 2019, are required to contribute a minimum of $20 per biweekly payroll period or $43 per monthly payroll period, if they elect to participate in the Plan.

The maximum amount an employee could contribute for the 2023 calendar year was $22,500, unless a higher amount was available under IRS catch-up provisions.

The 2023 calendar year age 50+ catch-up contribution limit was $30,000, while the 457(b) Plan special catch-up contribution limit was a maximum of $45,000, subject to certain limitations.

There are no age or length of service requirements to participate in the Plan and participants are immediately 100% vested (the participants' right to receive the account balance) upon enrollment.

Roth Contributions

Roth contributions can be made to the 457(b) Plan on an after-tax basis. Participants pay taxes on contributions now, rather than later. (Participants may make Roth and pre-tax contributions for a combined total of no more than $22,500 for calendar year 2023.)

Roth contributions may be most appropriate for participants who expect to be in a higher tax bracket in retirement. (If income is higher when a participant retires and they wait to pay taxes – they could wind up paying more in taxes.)

Roth contributions are tax-free withdrawals. Qualified withdrawal of Roth assets are not subject to taxes.

Withdrawals of Roth assets (contributions and associated earnings) are qualified if:

- A period of five years has passed since January 1 of the year in which the first contribution (including rollovers) was made to the Roth account; and
- The participant is at least 59 ½ years old (or disabled or deceased).

If the requirements for a qualified distribution are not met and the assets are not rolled-over to another eligible plan, the earnings portion of the distribution will be taxable.

Having pre-tax and Roth options allows employees to choose the option that best fits their lifestyle.

Compared to Roth IRAs, 457(b) Plan participants have higher contribution limits; all income levels are eligible.

Benefits

Participants' benefits are determined by the value of their account balances; specifically, their contributions, plus (or minus) investment earnings (or losses). Each calendar quarter, participants will receive a detailed statement showing the timing of the deferrals made during the quarter, the share/unit price, the number of shares or units purchased, any interest and investment gains or losses and the current account balance. Statements are mailed within 15 business days after the end of each calendar quarter.

Loans

The Plan offers two types of loans: a personal loan or a residential loan. Participants can borrow up to 50 percent of their account balance or $50,000, whichever is lower. Employees are only allowed to have one outstanding loan at a time.

Distributions

Benefits under the Plan can be distributed upon severance from employment, attainment of age 70 ½, death, or incurring of an unforeseeable emergency. The employee may choose from various payment options: lump sum, installment, annuity and direct rollover to another employer-sponsored eligible retirement plan or traditional IRA. All of the payments that a participant receives are subject to federal and state income taxes when distributed. Plan benefits must be applied for in writing.

The IRS requires that participants under a 457(b) Plan begin receiving payments by April 1st of the calendar year following the calendar year the employee reaches age 73, or retires, whichever is later. Failure to receive the Required Minimum Distribution (RMD) for any tax year will result in a 25% excise tax being imposed on the participant for the amount required that was not distributed.

457(b) Plan Statistics

The charts in this section illustrate the allocation of assets and deferrals by asset class and investment option. In addition, this section includes charts that display total distributions.

Asset Allocation by Asset Class/Fund *(as of September 30, 2023)*

Asset Class/Fund Name		Assets as of September 30, 2023	Percentage of Total Assets	Number of Participants Invested
Stable Value/Cash Management				
MissionSquare PLUS Fund R11	$	278,137,946	21.89	9,000
Vanguard Federal Money Market		19,046,752	1.50	872
Insurance Premium		0	0.00	0
	$	**297,184,698**	**23.39**	**9,872**
Bond				
DC Plus Fixed Income	$	31,933,758	2.51	2,902
PIMCO Real Return CIT II		11,295,325	0.89	1,179
	$	**43,229,083**	**3.40**	**4,081**
Guaranteed Lifetime Income				
MissionSquare Retirement IncomeAdvantage	$	6,395,008	0.50	280
	$	**6,395,008**	**0.50**	**280**
Balanced/Asset Allocation				
Vanguard Target Retirement Income Trust	$	9,874,840	0.78	350
Vanguard Target Retirement 2020 Trust		12,060,890	0.95	565
Vanguard Target Retirement 2025 Trust		30,410,834	2.39	1,191
Vanguard Target Retirement 2030 Trust		42,251,923	3.33	1,809
Vanguard Target Retirement 2035 Trust		47,019,072	3.70	2,325
Vanguard Target Retirement 2040 Trust		43,283,376	3.41	2,554
Vanguard Target Retirement 2045 Trust		49,496,969	3.90	3,370
Vanguard Target Retirement 2050 Trust		51,977,758	4.09	3,918
Vanguard Target Retirement 2055 Trust		37,563,422	2.96	4,337
Vanguard Target Retirement 2060 Trust		17,699,273	1.39	3,410
Vanguard Target Retirement 2065 Trust		6,422,488	0.51	1,800
PIMCO All Asset Instl		696,823	0.05	109
	$	**348,757,668**	**27.46**	**25,738**
U.S. Stock				
American Funds Fundamental Inv	$	29,281,650	2.30	1,861
Ariel Institutional		74,704,508	5.88	4,186
Brown Cap Mgmt Small Co Instl		24,061,654	1.89	1,964
DC Plus Large Cap Growth		55,609,366	4.38	2,934
DC Plus Large Cap Value		96,571,454	7.60	4,574
DFA US Core Equity 1		11,889,849	0.94	1,440
Vanguard Institutional Index		159,134,163	12.53	4,875
Vanguard Small-Cap Index Instl		35,310,458	2.78	2,793
	$	**486,563,102**	**38.30**	**24,627**

Asset Class/Fund Name		Assets as of September 30, 2023	Percentage of Total Assets	Number of Participants Invested
International/Global Stock				
American Funds New Perspective	$	19,312,877	1.52	1,975
Harbor International Retirement		37,216,767	2.93	4,207
Virtus Vontobel Emerg Mkts Ops		4,672,247	0.37	1,479
	$	**61,201,891**	**4.82**	**7,661**
Specialty				
Nuveen Real Estate Securities	$	11,552,407	0.91	2,484
MissionSquare Brokerage		15,148,942	1.19	226
MissionSquare Roth Brokerage		348,974	0.03	35
		27,050,323	**2.13**	**2,745**
457(b) PLAN ASSETS	**$**	**1,270,381,773**	**100.00**	**75,004**

Contributions by Investment Option *(as of September 30, 2023)*

MissionSquare Retirement Fund Name		October 1, 2022 through September 30, 2023	Percent of Total Contributions
Stable Value/Cash Management			
MissionSquare PLUS Fund R11	$	17,618,216	13.75
Vanguard Federal Money Market		1,068,937	0.83
Insurance Premium		15,732	0.01
	$	**18,702,885**	**14.59**
Bond			
DC Plus Fixed Income	$	2,567,903	2.00
PIMCO Real Return CIT II		853,383	0.67
	$	**3,421,286**	**2.67**
Guaranteed Lifetime Income			
MissionSquare Retirement IncomeAdvantage	$	114,961	0.09
	$	**114,961**	**0.09**
Balanced/Asset Allocation			
Vanguard Target Retirement Income Trust	$	646,549	0.50
Vanguard Target Retirement 2020 Trust		1,561,739	1.22
Vanguard Target Retirement 2025 Trust		3,875,498	3.03
Vanguard Target Retirement 2030 Trust		6,069,629	4.74
Vanguard Target Retirement 2035 Trust		7,659,124	5.98
Vanguard Target Retirement 2040 Trust		8,196,356	6.40
Vanguard Target Retirement 2045 Trust		10,158,199	7.93
Vanguard Target Retirement 2050 Trust		11,586,662	9.05
Vanguard Target Retirement 2055 Trust		10,520,621	8.21
Vanguard Target Retirement 2060 Trust		6,277,470	4.90
Vanguard Target Retirement 2065 Trust		2,718,704	2.12
PIMCO All Asset Instl		59,504	0.05
	$	**69,330,055**	**54.13**

MissionSquare Retirement Fund Name		October 1, 2022 through September 30, 2023	Percent of Total Contributions
U.S. Stock			
American Funds Fundamental Inv	$	1,715,573	1.34
Ariel Institutional		4,198,318	3.28
Brown Cap Mgmt Small Co Instl		1,981,813	1.55
DC Plus Large Cap Growth		3,584,666	2.80
DC Plus Large Cap Value		4,630,942	3.62
DFA US Core Equity 1		1,200,069	0.94
Vanguard Institutional Index		9,354,324	7.30
Vanguard Small-Cap Index Instl		2,781,111	2.17
	$	**29,446,816**	**23.00**
International/Global Stock			
American Funds New Perspective	$	1,766,956	1.38
Harbor International Retirement		3,403,737	2.66
Virtus Vontobel Emerg Mkts Ops		644,721	0.50
	$	**5,815,414**	**4.54**
Specialty			
Nuveen Real Estate Securities	$	1,116,703	0.87
MissionSquare Brokerage		131,395	0.10
MissionSquare Roth Brokerage		19,066	0.01
	$	**1,267,164**	**0.98**
457(b) PLAN CONTRIBUTIONS	**$**	**128,098,581**	**100.00**

Contributions by Asset Class

MissionSquare Retirement Asset Class		October 1, 2022 through September 30, 2023	Percent of Total Contributions
Stable Value/Cash Management	$	18,702,885	13.87
Bond		3,421,286	2.54
Guaranteed Lifetime Income		$114,961	0.08
Balanced/Asset Allocation		69,330,055	51.40
U.S. Stock		29,446,816	21.83
International/Global Stock		5,815,414	4.31
Specialty		1,267,164	0.94
Contributions Subtotal	**$**	**128,098,581**	**94.97**
457(b) Plan Rollover Contributions	**$**	**4,940,509**	**3.66**
Subtotal	**$**	**133,039,090**	**98.63**
Net Change in Employee Contribution Receivable*	**$**	**(2,918,206)**	**(2.16)**
Activity Adjustment	**$**	**4,755,088**	**3.53**
Total Contributions	**$**	**134,875,972**	**100.00**

**See page 12 of 457(b) Plan Audit Report*

FIGURE 1 Investment Assets

Reporting Period	Fixed Assets	Variable Assets	Total Assets
As of 9/30/2019	$ 254,310,763	$ 618,357,483	$ 872,668,246
As of 9/30/2020	271,531,327	681,913,496	953,444,823
As of 9/30/2021	278,914,067	929,972,079	1,208,886,146
As of 9/30/2022	283,042,739	797,682,323	1,080,725,062
As of 9/30/2023	297,184,698	973,197,075	1,270,381,773

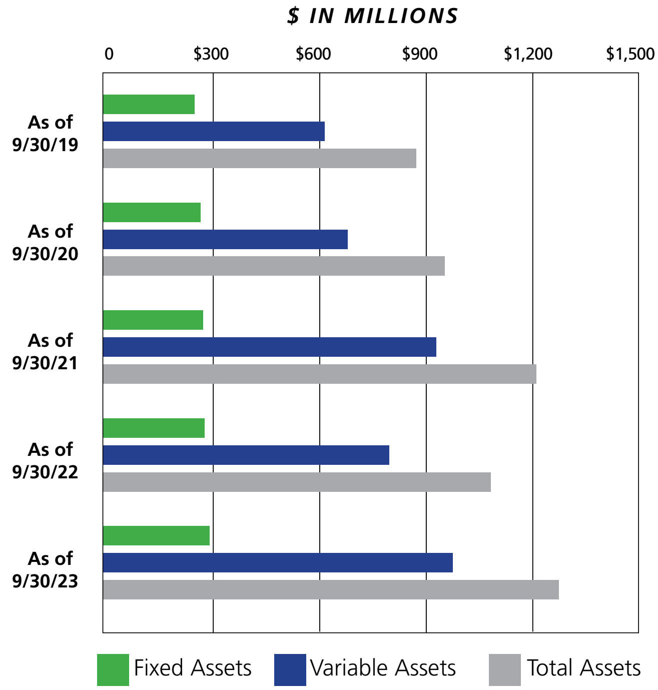


FIGURE 2 Historical Contributions

Reporting Period	Total Contributions*
As of 9/30/2019	$ 87,153,299
As of 9/30/2020	100,008,009
As of 9/30/2021	117,258,123
As of 9/30/2022	126,565,807
As of 9/30/2023	134,875,972

**Includes incoming rollovers and changes in receivables/activity adjustments.*

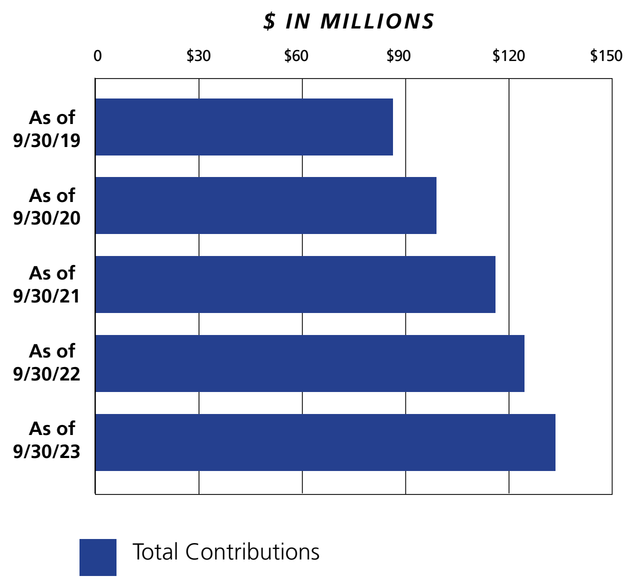


FIGURE 3 Historical Distributions

Reporting Period	Employee Distributions[†]	Deemed Distributions and Offset Loans	Total Distributions
As of 9/30/2019	$ 47,133,348	$ 1,850,059	$ 48,983,407
As of 9/30/2020*	61,702,819	1,420,120	63,122,939
As of 9/30/2021	61,474,449	2,049,573	63,524,022
As of 9/30/2022	67,870,817	2,456,257	70,327,074
As of 9/30/2023	72,514,715	2,283,567	74,798,282

† Includes Cash Surrenders from Life Insurance Policies that were applied to participants accounts and later distributed.

** Includes Coronavirus-Related Distributions.*

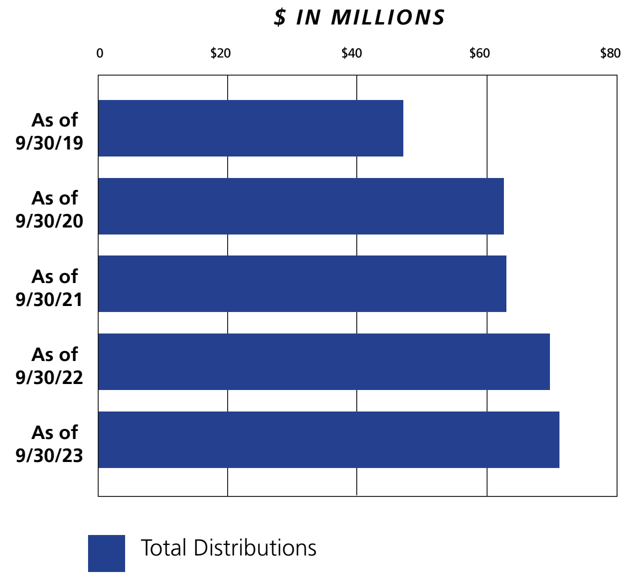


FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets

Reporting Period	Dividends	Appreciation/ Depreciation	Total Earnings
As of 9/30/2019	$ 22,758,858	$ (9,640,662)	$ 13,118,196
As of 9/30/2020	15,008,344	32,485,852	47,494,196
As of 9/30/2021	15,222,414	187,760,176	202,982,590
As of 9/30/2022	26,150,862	(209,573,629)	(183,422,767)
As of 9/30/2023	20,745,911	110,898,598	131,644,509

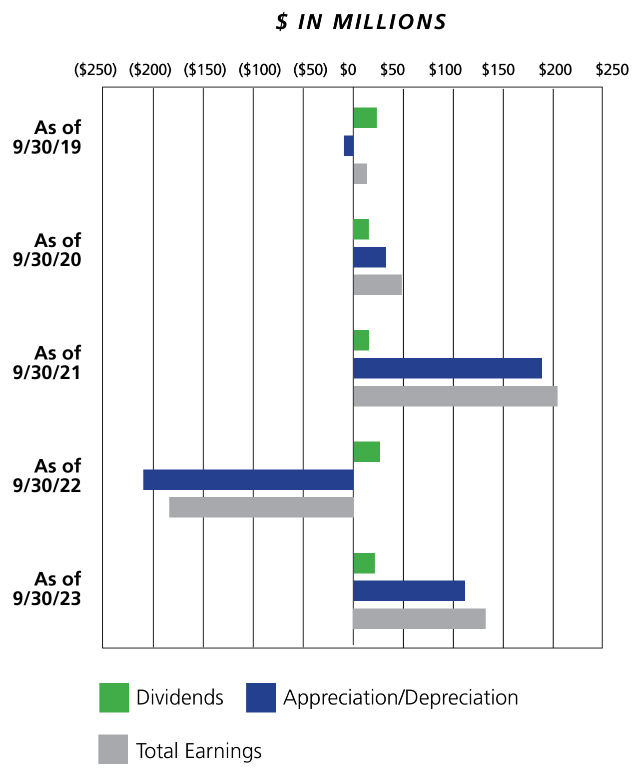
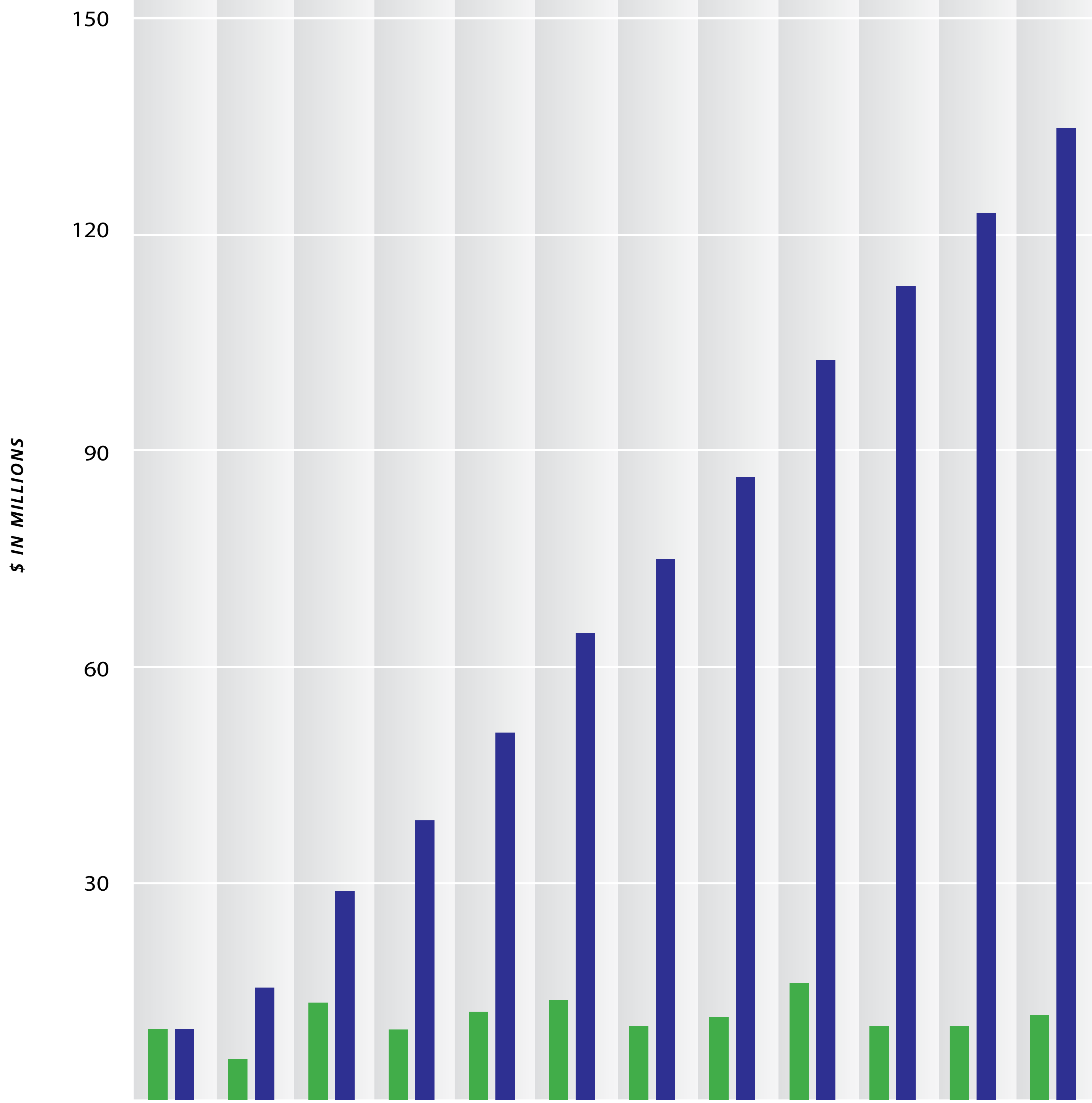


FIGURE 5 Monthly Contributions* *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Contributions ($)	9,821,943	5,708,502	13,465,178	9,760,347	12,205,772	13,834,042	10,204,387	11,451,821	16,244,343	10,208,209	10,207,207	11,764,220
Aggregate Contributions YTD ($)	9,821,943	15,530,446	28,995,624	38,755,970	50,961,743	64,795,785	75,000,172	86,451,993	102,696,336	112,904,545	123,111,752	134,875,972

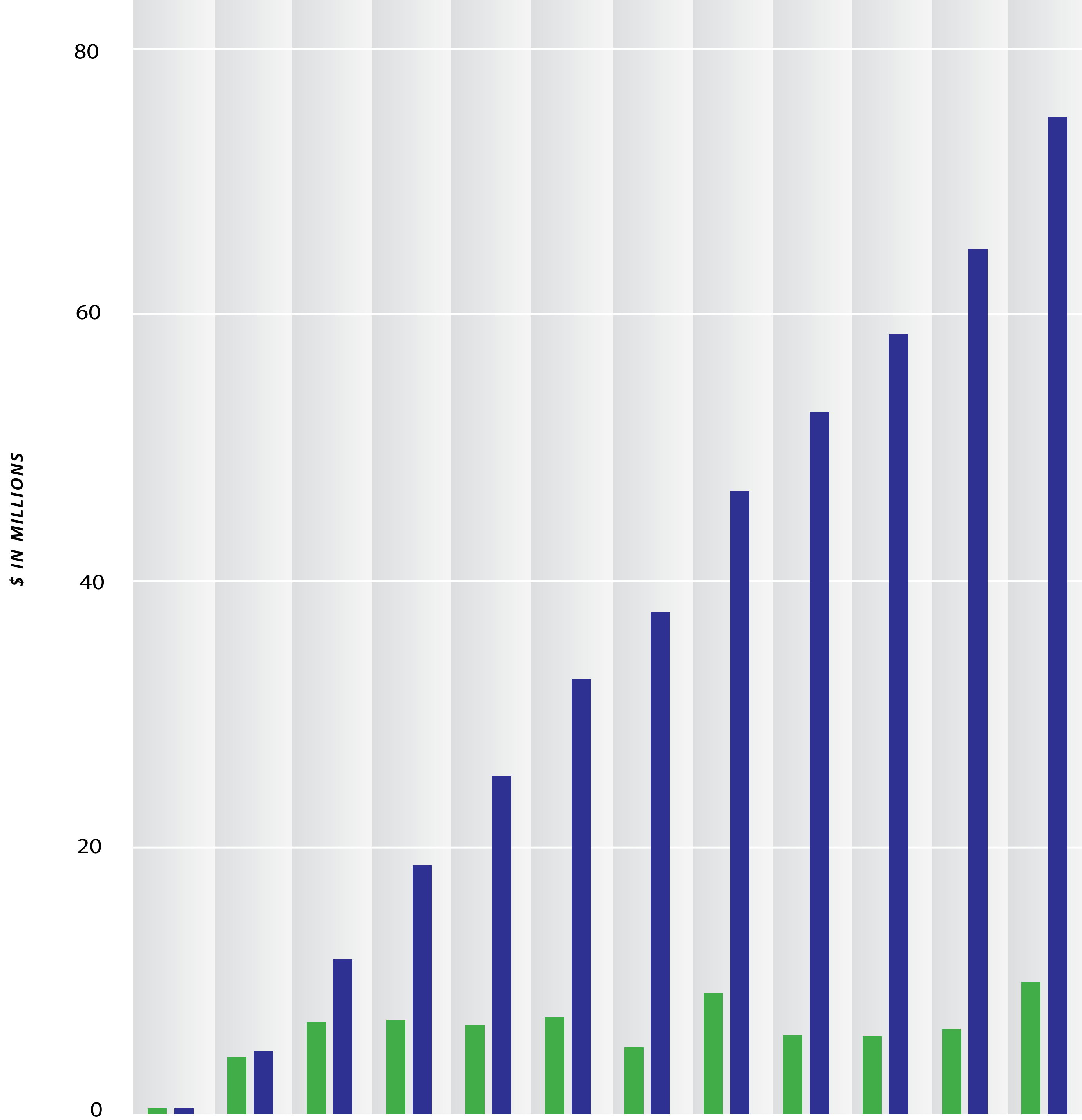


**This chart includes rollovers, receivables and activity adjustments to the plan.*

Monthly Contributions   Aggregate Contributions YTD

FIGURE 6 Monthly Distributions* *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Distributions ($)	426,562	4,298,105	6,880,524	7,060,064	6,700,917	7,290,509	5,017,461	9,046,870	5,967,520	5,829,078	6,364,194	9,916,479
Aggregate Distributions YTD ($)	426,562	4,724,667	11,605,190	18,665,254	25,366,171	32,656,680	37,674,141	46,721,011	52,688,532	58,517,610	64,881,803	74,798,282

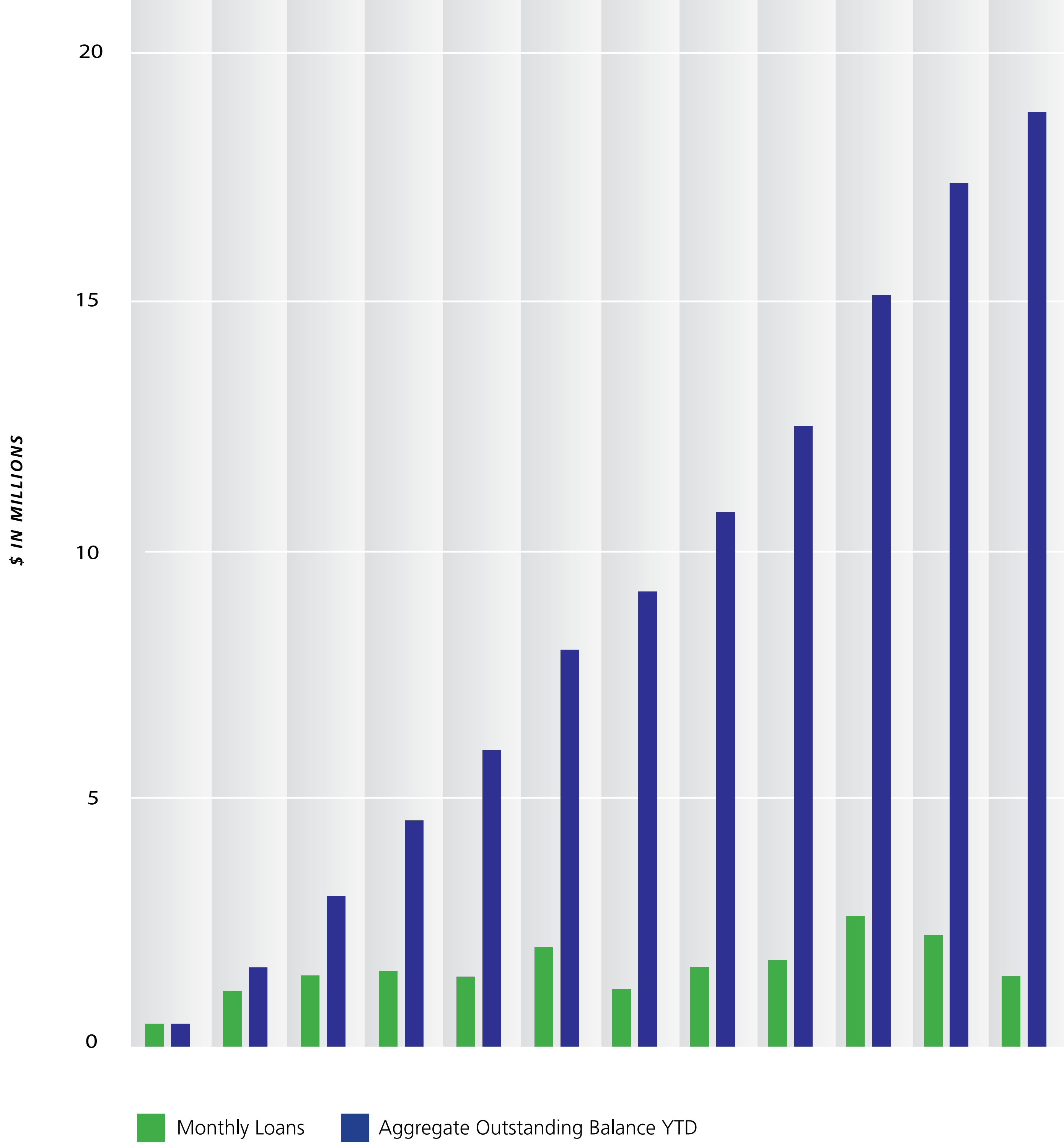


*Total includes deemed distributions and offset loans

Monthly Distributions   Aggregate Distributions YTD

FIGURE 7 New Loan Activity *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Loans ($)	462,894	1,128,812	1,439,192	1,525,889	1,418,902	2,018,051	1,168,376	1,605,863	1,740,966	2,633,968	2,252,235	1,428,485
Aggregate Outstanding Balance YTD ($)	462,894	1,591,707	3,030,898	4,556,788	5,975,690	7,993,741	9,162,117	10,767,980	12,508,946	15,142,914	17,395,149	18,823,635



Participant Demographics

The charts included in this section highlight participation by age group and new and terminated participants.

FIGURE 8 Age Stratification

This table illustrates participation and asset levels by age group as of September 30, 2023.

Age Ranges	Number of Participants	Total Investments	Average Balance
Under 30	4,282	$ 25,407,635	$ 5,934
30–39	9,719	139,741,995	14,378
40–49	8,150	266,780,172	32,735
50–59	6,982	343,003,079	49,124
60–69	4,361	330,299,261	75,735
Over 69	1,781	165,149,631	92,734
Total*	**35,275**	**$ 1,270,381,773**	**$ 36,014**

**Excludes Outstanding Loan Balance*

FIGURE 9 New vs. Terminated Plan Participants *(Reporting Period October 1, 2022 through September 30, 2023)*

This graph shows the number of new and terminated participants by month.

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
New Participants	455	347	534	353	198	425	331	282	196	269	997	509
Terminated Participants	14	44	64	18	10	8	12	17	16	16	19	14

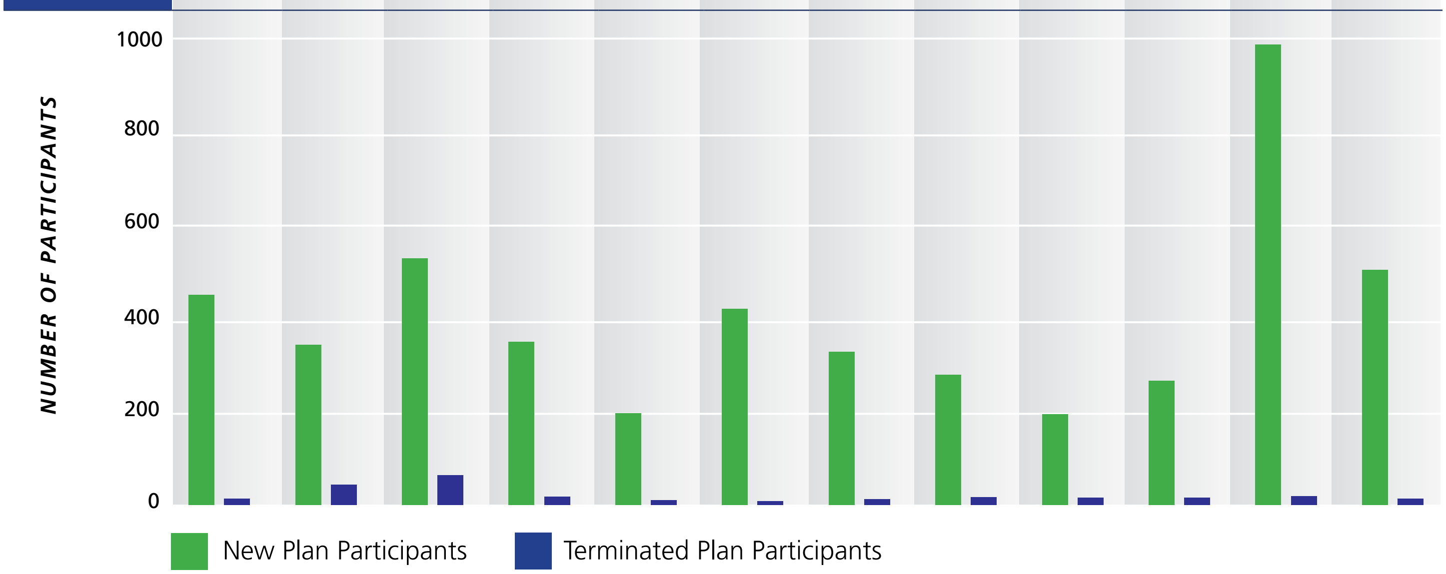


FIGURE 10 Monthly Meeting Attendance

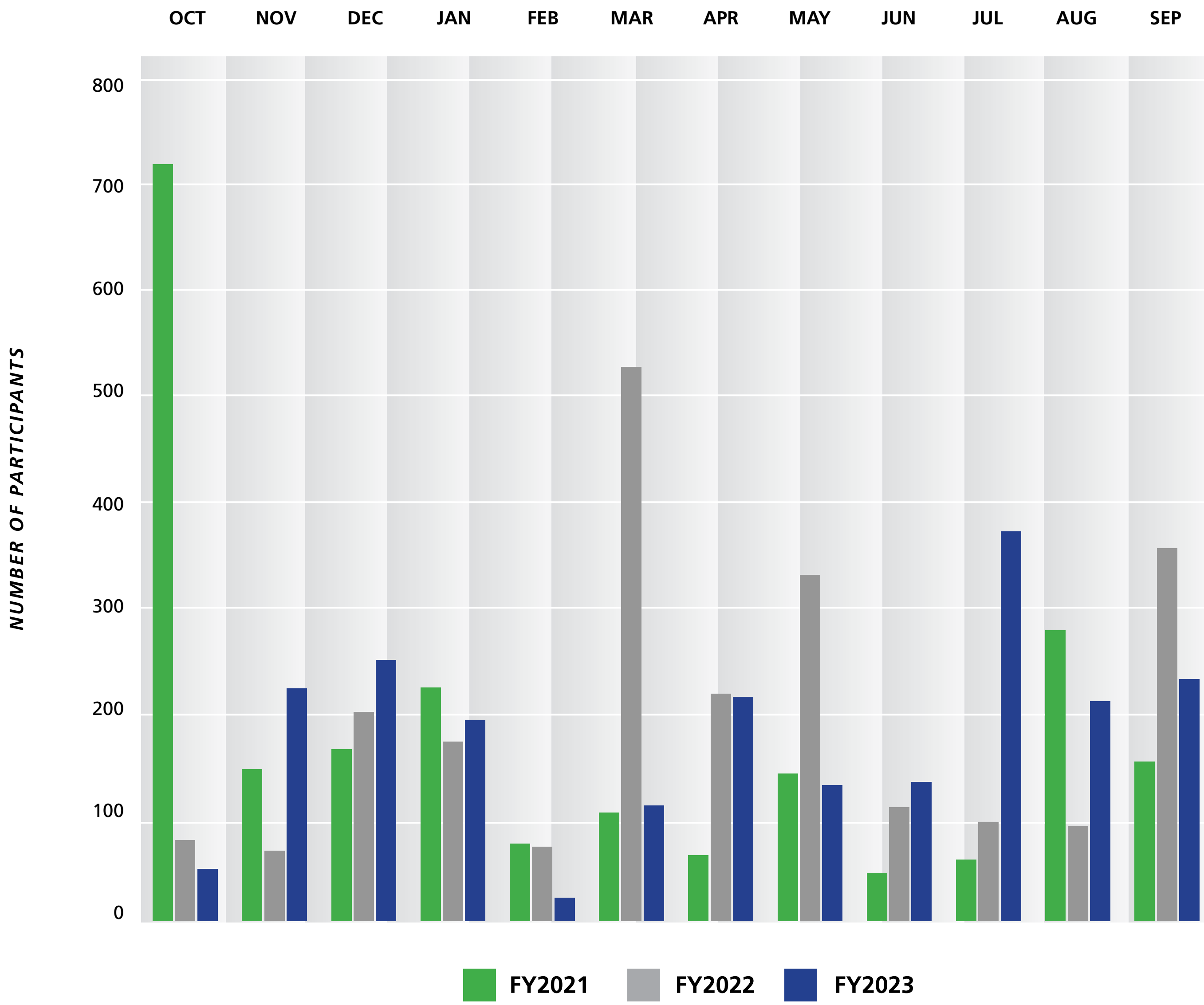


FIGURE 11 Overall Attendance by Meeting Type

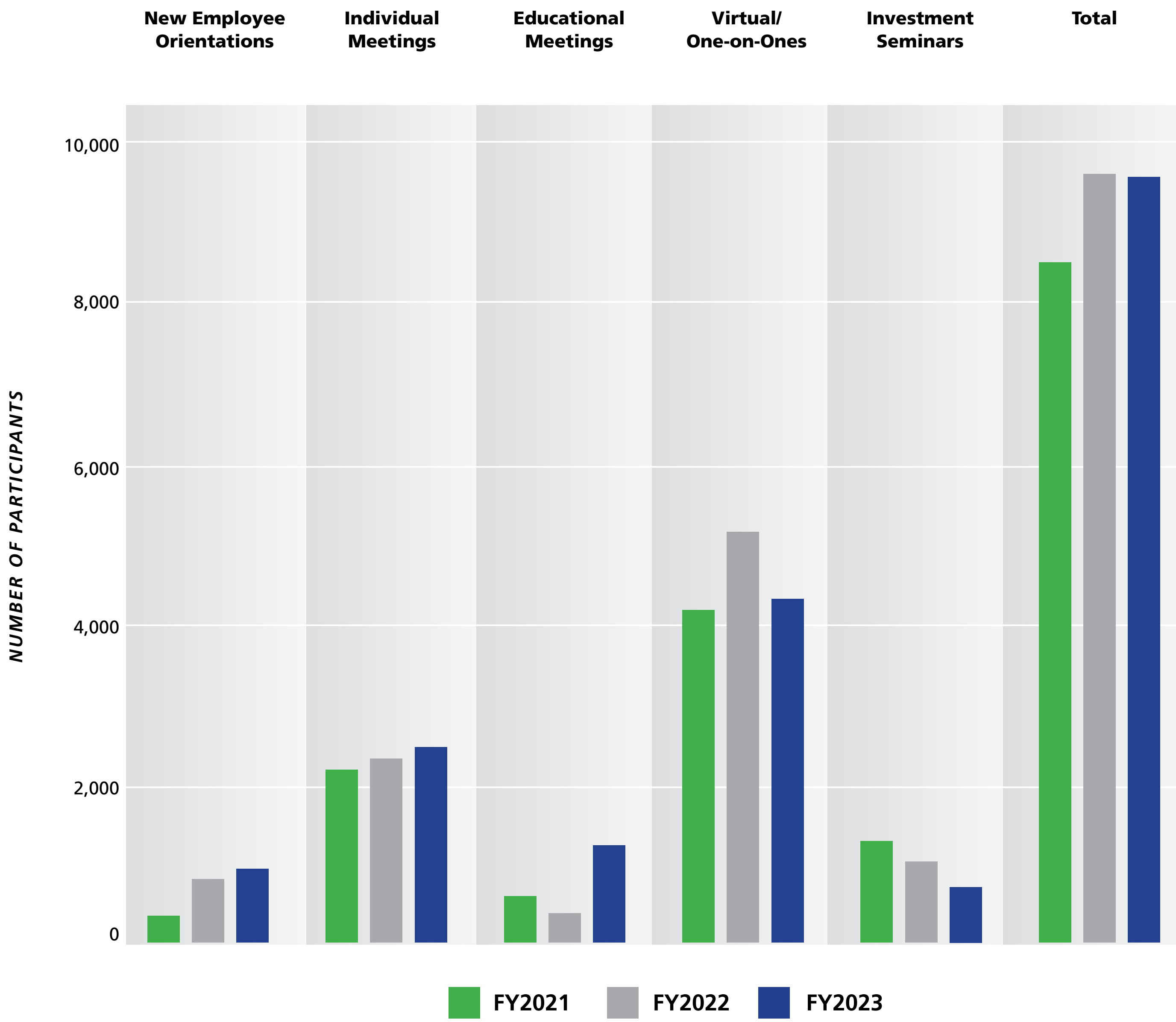
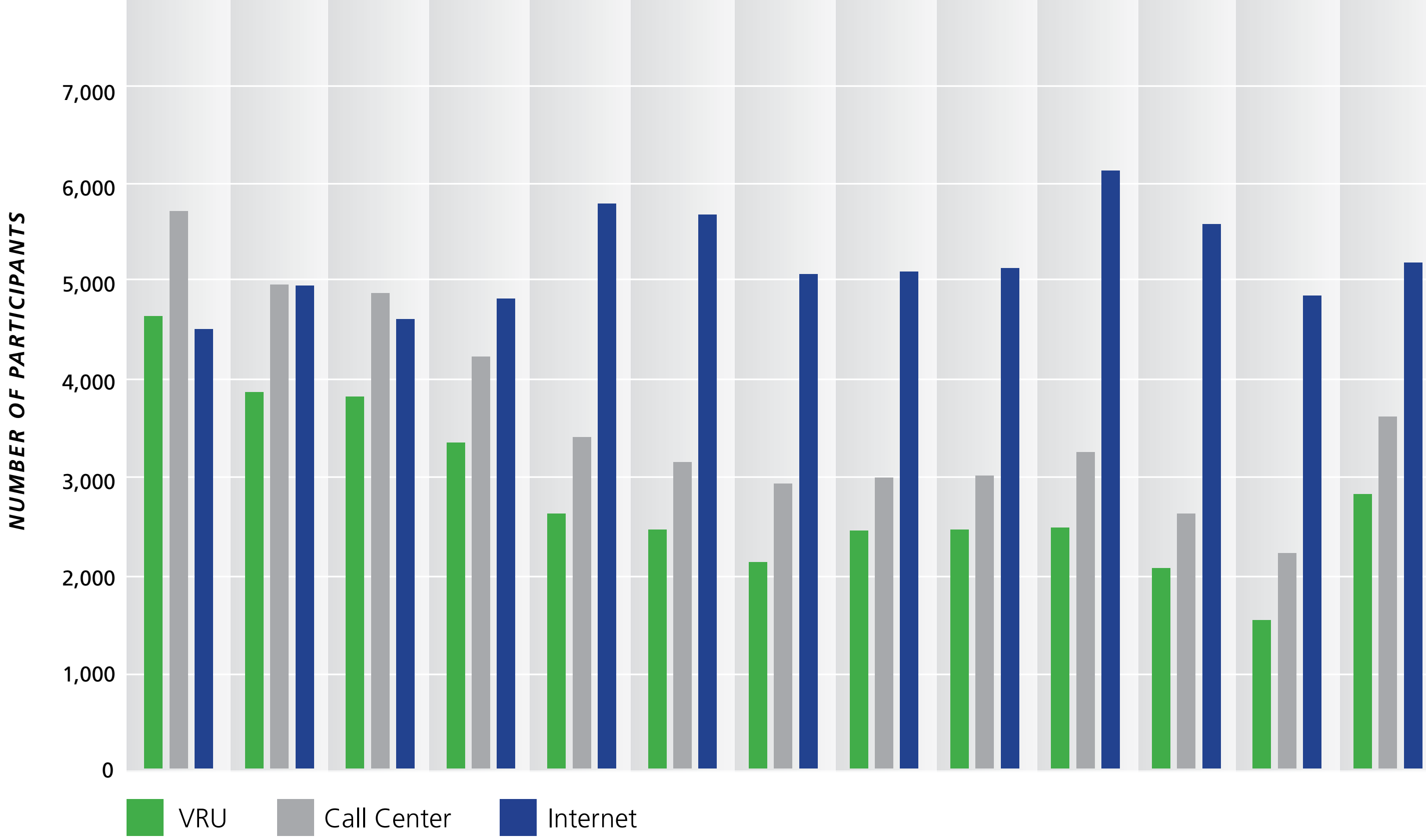


FIGURE 12 Participant Service Utilization *(Reporting Period October 1, 2022 through September 30, 2023)*

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Avg/ Month
Call Center	4,577	3,811	3,762	3,299	2,577	2,418	2,086	2,406	2,415	2,437	2,026	1,500	2,776
VRU	5,643	4,898	4,814	4,168	3,356	3,100	2,883	2,945	2,964	3,201	2,580	2,179	3,561
Internet	4,447	4,888	4,550	4,758	5,720	5,605	5,004	5,029	5,063	6,051	5,512	4,788	5,118



Participant Phone Calls

Handled by Voice Response Unit (VRU)

Remained in Voice Response Unit **9,417**

Transferred to Participant Services **33,314**

** Statistics are for all District of Columbia (401(a) and 457(b)) Retirement Plans combined.*

Life Insurance

The 457(b) Deferred Compensation Plan allows participants who had existing life insurance policies (under the Plan as of March 15, 2002) to continue to have their policies maintained under the Plan. These Universal Life Insurance policies are maintained by TransAmerica and Shenandoah Life Insurance Company. Purchasing life insurance is no longer an option for participants who did not have life insurance as of March 15, 2002.

FIGURE 13 Deferrals by Insurance Company

	Shenandoah	TransAmerica	Total
9/30/2019	$ 634	$ 115,319	$ 115,953
9/30/2020	588	93,401	93,989
9/30/2021	312	75,921	76,233
9/30/2022	312	63,268	63,580
9/30/2023	132	14,726	14,858

FIGURE 14 Number of Plan Participants with Insurance Policies

	Shenandoah	TransAmerica	Total
9/30/2019	18	701	719
9/30/2020	18	656	674
9/30/2021	18	595	613
9/30/2022	18	543	561
9/30/2023	8	515	523

FIGURE 15 Cash Surrender Value[1,2]

	Shenandoah	TransAmerica	Total
9/30/2019	$ 55,780	$ 3,841,556	$ 3,897,336
9/30/2020	48,187	3,657,540	3,705,727
9/30/2021	38,928	3,346,042	3,384,970
9/30/2022	28,071	3,052,367	3,080,438
9/30/2023	25,649	2,847,185	2,872,834

[1] Statistical information based on data provided by each respective insurance carrier.

[2] Cash Surrender Value – The amount you would receive if you surrendered your life insurance policy after any applicable surrender charges were assessed.

Retirement Plan Administration

District of Columbia Administration Teams

Office of Finance and Treasury

The Office of Finance and Treasury ("OFT") manages the assets and liabilities of the District government. In addition to overseeing the day-to-day administration of the 401(a) and 457(b) Plans, OFT manages the District's cash and liquid assets, all cash disbursements, banking relationships, the DC College Savings Program, the Other Post-Employment Benefits Fund ("OPEB"), DC ABLE program and several other Trusts.

Carmen Pigler is Deputy Chief Financial Officer and Treasurer. Ms. Pigler manages the District's treasury programs associated with its annual operating and capital budget. This includes management of the District's banking and investment activities, check and electronic receipts and disbursements and its debt issuance and repayment activities. She also oversees the District's 401(a) and 457(b) retirement plans, 529 college savings plan and the Unclaimed Property program.

Benedict Richardson, CFA, is the Associate Treasurer for asset management in the Office of Finance and Treasury (OFT). Mr. Richardson is charged with overseeing all of the District's investment programs, including the general fund, the District's 401(a) and 457(b) retirement programs, the 529 College Savings program and the District's OPEB Fund program. Mr. Richardson also has responsibility for cash forecasting, OFT accounting and the Unclaimed Property Division within OFT.

Rodney Dickerson, the Program Director for the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan, is responsible for monitoring the Plan's operations, including all communications and facilitates quarterly meetings with the program manager. Besides assessing and coordinating all 401(a) and 457(b) Plans education meetings and various other Plan events, as Program Director, he reconciles all Plan assets.

Mr. Dickerson serves as the liaison between the Office of Pay and Retirement Services (OPRS) and the DC Department of Human Resources (DCHR). He also manages the District's OPEB Fund, 529 College Savings program and DC ABLE program and several other Trusts.

Ken Alozie, CFA, CAIA, is the Program Manager responsible for managing operations and relationships with investment managers, record keepers, plan administrators and contractors for the District's 401(a) Defined Contribution Retirement Plan, the 457(b) Deferred Compensation Plan, the DC 529 College Savings Plan and OPEB Fund. Mr. Alozie is also responsible for developing goals, objectives and assigning responsibilities among programs, formulating improvement strategies and reporting on performance.

Merzie Davis is the Financial Manager for the 457(b) Deferred Compensation Plan, monitors the Plan's operations, including participant communications, facilitation of quarterly meetings with the program manager and monthly reconciles of all Plan assets. Mr. Davis also serves as the liaison between the OPRS and DCHR.

Joseph Nzioki, Financial Analyst, works closely with Rodney Dickerson, Program Director, on the 401(a) Defined Contribution Plan and OPEB Fund. He assists with the monthly asset reconciliation for the 401(a) Plan and OPEB Fund. He updates the OPEB billing system with changes to participants' data and research discrepancies of various records.

Office of Finance and Treasury (OFT): Merzie Davis, Financial Manager; Rodney Dickerson, Program Director; Ken Alozie, Program Manager; Carmen Pigler, Deputy Chief Financial Officer and Treasurer; Benedict Richardson, Associate Treasurer; and Joseph Nzioki, Financial Analyst

DC Department of Human Resources

The Office of Finance and Treasury (OFT) and the DC Department of Human Resources (DCHR) formed a joint partnership to manage the 401(a) Defined Contribution Plan and the 457(b) Deferred Compensation Plan. DCHR hosts new employee orientation meetings where MissionSquare Retirement educates new employees of the benefits on the District's Retirement Plans. When an employee requests a distribution after separation of employment, DCHR advisors must validate the employee's distribution eligibility and vesting percentages in the 401(a) Plan for their respective agencies.

HR meetings and agency site visits are conducted monthly to keep agency HR Advisors apprised of plan and personnel processing changes, to answer any questions regarding the Retirement Plans and related pension issues and to receive feedback on how to best serve the District's workforce.

Charles Hall, Jr., Director
Human Resources

Charles Hall, Jr. is appointed Director of the Department of Human Resources (DCHR). Director Charles Hall, Jr. has more than 15 years of leadership and focus on a vision-driven approach to decision making, strategic planning, and tactical implementation. In 2008, Director Hall began his human resources career as HR Administrator at Under Armour in Baltimore, MD. From 2012 to 2013, he served in the Baltimore City Department of Public Works, conducting a range of administrative actions to support continuity of operations and achievement of core mission. From 2013 to 2022, Director Hall served at the Baltimore City Schools, holding several leadership roles, including Human Capital Specialist, Manager of School Based Staffing, and Director of Employee Engagement. In 2022, Director Hall joined Baltimore City Community College as Assistant Vice President of Human Resources and Payroll, a cabinet-level role with oversight of personnel, federal and state employment laws, and employee relations, including labor management.

Paul Shaw, is the Associate Director of the Benefits and Retirement Administration and provides executive direction and oversight to the Plan for DCHR. He coordinates the delivery of Plan services through various District agencies and reviews Plan benefits to ensure that they meet the needs of our employees.

Melvin Burrell, Human Resources Benefits Specialist; Chad Clayton, Human Resources Benefits Specialist; Shannon Morris, Human Resources Benefits Specialist; Demetrius Patillo, Human Benefits Resources Specialist; and Maria Prescott, Supervisory Human Resources Specialist; coordinate the day-to- day service activity in the Plan. They work closely with District employees, MissionSquare Retirement, OFT and the Office of Pay and Retirement Services to ensure that participant issues and questions are resolved promptly.

Chad Clayton, Human Resources Benefits Specialists, Paul Shaw, Associate Director of the Benefits and Retirement Administration, Maria Prescott, Supervisory Human Resources Specialist; Melvin Burrell Human Resources Specialist and Demetrius Patillo, Human Resources Benefits Specialists

Office of the Chief Financial Officer/Office of Pay and Retirement Services

The Office of Pay and Retirement Services (OPRS) transmits participant payroll data to MissionSquare at least two days prior to the payroll date and researches payroll contribution file rejections. Funds are sent via wire transfer on the pay date plus one business day. Excess deferrals are processed by OPRS and the funds are returned to the individual participant.

Michelle Washington and Alvin Blunt of OPRS

District of Columbia Housing Authority

The District of Columbia Housing Authority (DCHA) is an independent agency of the District of Columbia Government. DCHA enrolls new employee participants and communicate the benefits of the Plan to its employees.

The office works closely with DCHA employees to resolve any issues their employees have about the plan, work in conjunction with the District of Columbia Department of Human Resources to process distributions on behalf of DCHA employees, research any contribution that is rejected and other issues related to the transfer of contribution.

The MissionSquare Retirement Teams

MissionSquare is committed to delivering outstanding service and education for employees of the District of Columbia Government.

Local On-site Team

The local D.C. team of MissionSquare, led by Regional Sales Director Donnell Williams, operates from the D.C. Service Center at 777 North Capitol Street NE, 4th Floor, Washington, D.C. 20002. The team maintains close relationships with key entities such as the Office of Finance and Treasury (OFT), D.C. Department of Human Resources (DCHR), DC Housing Authority (DCHA), United Medical Center (UMC), and DC Courts.

Each member of the local team is a seasoned financial professional, staying abreast of industry developments and holding various professional designations and certifications, including FINRA Series exams and insurance licenses. Here is a summary of their credentials:

- Donnell Williams: FINRA Series 6, 63, 65, and 26, Life and Health Certification
- Angela Macon: FINRA Series 6, 63, and 65, CRS (Certified Retirement Specialist)
- Andrew McFalls: FINRA Series 6, 63, 65, Life and Health Certification
- Ryan Myers: FINRA Series 7, 26, 66, Life and Health Certification, and CFP (Certified Financial Planner)
- Harold Michaels: FINRA Series 6, 63, and 65 Life and Health Certification
- Pilar Henderson: Field Sales Assistant

The responsibilities of MissionSquare's local team include:

- Managing enrollment in the Plan
- Scheduling and conducting education and investment meetings at various agencies
- Conducting orientation and retirement plan seminars
- Holding individual meetings with Plan participants
- Conducting on-site One-on-Ones and Seminars at local agencies locations
- Collaborating with the Department of Insurance, Securities and Banking (DISB) to enhance financial literacy throughout the District of Columbia
- Responding to employee and participant requests
- Facilitating retirement with dignity and respect for employees

District employees can access a range of services, including:

- On-site, individual appointments at 777 North Capitol Street, NE, 4th Floor and 1015 Half Street
- Orientation sessions held at various locations throughout the District
- Online access to Plan and participant account information via the custom website at www.DCRetire.com

Local on-site MissionSquare team members Andrew McFalls, Ryan Myers, Angela Macon, Pilar Henderson, Donnell Williams, and Harold Michael

Client Services Team

MissionSquare's Key Client Account Team is composed of Rod Alcazar, Senior Director, Key Client Relations; Michelle Russell, Client Account Manager, Key Client Relations, and Daniel Bronstein, Communications Consultant. They are responsible for the overall relationship and day-to-day administration of the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan, including:

- Plan Strategy
- Project Management
- Support Marketing and Communications efforts
- Providing quarterly participant statements and newsletters
- Developing and delivering monthly reports to the OFT
- Carrying out Plan audits and compliance assurance
- Instituting new Plan features with the approval of the OFT that may be made available based on legislative changes
- Monthly balancing of Plan assets
- Assembling monthly Plan reports
- Tracking and reporting Plan contributions
- Assisting with Plan level fund changes
- Maintaining and updating the Plan's website
- Coordinating the delivery of quarterly participant statements
- Processing participant adjustments/corrections based on OFT and DCHR direction.
- Providing ad-hoc reports as requested

In addition, the MissionSquare Contact Center handles toll-free telephone support to Plan participants Monday through Friday 8:00 a.m. to 9:00 p.m. Eastern Time.

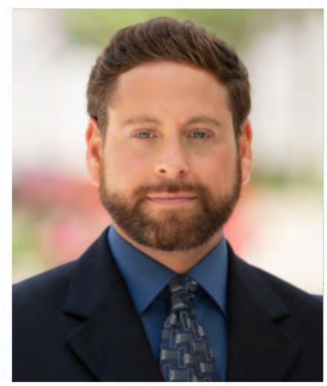
Participant Services Representatives can educate, and answer questions relating to investment options and distribution options or assist in processing changes to investment options within the participant's account.

The MissionSquare Plan Services team is responsible for the processing functions which include:

- Processing of participant deferrals
- Processing of rollover contributions into the Plans
- Processing distributions from the Plans
- Processing enrollments

Rod Alcazar
Senior Director
Key Client Relations

Michelle Russell
Client Account Manager



Dan Bronstein
Communications Consultant

MissionSquare Retirement: Invest in a Shared Sense of Service

For over 50 years, MissionSquare Retirement has partnered with public service employers to deliver on the financial wellness of their employees. We are proud of our mission and the opportunity to help these exceptional individuals every day — those who invest their time and energy in a shared sense of service.

Who We Are

MissionSquare Retirement is dedicated to helping public service employees — those who help others — realize a stronger and more confident financial future. We deliver retirement plans, education, investment options, and personalized advice to more than 1.8 million participant accounts in 9,200 plans across the U.S.

Our unique priority is to serve those who serve their communities, including the public, healthcare, education, and not-for-profit sectors. We are also the largest organization of its kind in the U.S. focused on the government market. Learn more at **www.missionsq.org**.

Our History

MissionSquare Retirement was founded in 1972 as ICMA-RC with the support of a Ford Foundation grant provided to the International City/County Management Association (ICMA) to help public workers build retirement security and improve their long-term financial wellbeing.

While the ICMA and MissionSquare Retirement have partnered on marketing activities from time to time, MissionSquare Retirement is a stand-alone organization that continues to have a singular focus and deep, abiding commitment: to better serve our public service participants in securing the retirement they so richly deserve.

New Name, Same Mission

In 2021, we changed our name to MissionSquare Retirement to reduce the confusion with ICMA and to better communicate our exclusive focus on retirement planning and our alignment with the mission and values of our clients who dedicate their lives to serving the public. And as we expand our reach to support the retirement planning needs of the employees of healthcare, education, and not-for-profit organizations, we believe the MissionSquare Retirement brand will better reflect the array of mission-focused workers and sectors we serve.

A Different Kind of Financial Services Company

The financial wellness of individuals who serve their communities — and their families — is at the core of MissionSquare Retirement. We are a mission-based financial services company committed to offering the highest level of service to those who serve their communities. We actively listen to our clients and their retirement and financial planning priorities.

In addition, MissionSquare Retirement has an advocacy focus, which centers around retirement policy to improve our clients' experience with us, as well as protections and access to retirement savings and income.

Long-standing Commitment to Diversity

It is important to us that our organization reflects the diverse individuals who serve our communities. Diversity, equity, and inclusion are long-standing core values at MissionSquare Retirement — and we are an organization that leads by example. As of 2023:

- Women and people of color represent more than 65% of our diverse workforce and hold key positions in leadership and management.
- Women make up 42% of our senior leaders and 43% of our employees.
- Minorities represent 50% of the MissionSquare Retirement Board of Directors, our executive leadership, and our employees.

Support for Our Customers and Communities

MissionSquare Retirement values investing in a shared sense of service. As a mission-driven business, we focus on reinvesting into our offerings to provide a better experience and help our plan participants improve their financial wellness. Like other retirement industry recordkeepers, we support a diverse number of organizations at the local, state, and national levels. We are also proud to have raised funds to provide support to the children and families of fallen police officers and firefighters for nearly 20 years through the MissionSquare Retirement Memorial Scholarship Fund (www.missionsq.org/scholarship).

As MissionSquare Retirement grows, we continue to expand our reinvestment in our offerings and into support for our communities and the people who serve them.

Contact Information

DC OFFICE OF FINANCE AND TREASURY

1101 4th Street, SW 8th Floor
Washington, DC 20024
(202) 727-6055

Carmen Pigler, Deputy Chief Financial Officer and Treasurer
Benedict Richardson, CFA, Associate Treasurer
Rodney Dickerson, Program Director
Ken Alozie, CFA, CAIA, Program Manager
Merzie Davis, Financial Manager
Joseph Nzioki, Financial Analyst

DC DEPARTMENT OF HUMAN RESOURCES

1015 Half Street, SE 9th Floor
Washington, DC 20003
(202) 442-9655

Paul Shaw, Associate Director, Benefits
Maria Prescott, Supervisory Human Resources Specialist

DC RETIREMENT SERVICE CENTER

777 North Capitol Street, NE 4th Floor
Washington, DC 20002
(202) 759-7190

1015 Half Street, SE 9th Floor
Washington, DC 20003
(202) 442-9749
(202) 442-9640

Donnell Williams, Regional Director
Pilar Henderson, Field Sales Assistant
Andrew McFalls, Retirement Plans Specialist
Angela Macon, Retirement Plans Specialist
Ryan Myers, Retirement Plans Specialist
Harold Michaels, Retirement Plans Specialist
Stephen Taylor, Certified Financial Planner™ Professional

MISSIONSQUARE RETIREMENT

777 North Capitol Street, NE
Washington, DC 20002
(800) 669-7400

Appendix

Financial Statements, Notes and Report of Independent Certified Public Accountants

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

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

PAGE

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2023, and 2022, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

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

Washington, D.C.
January 9, 2024

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

The following presents our discussion and analysis of the financial performance of the Government of District of Columbia 401(a) Defined Contribution Plan (the "Plan") for the fiscal years ended September 30, 2023 and 2022. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

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

Overview of Financial Statements

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

- Statement of Fiduciary Net Position presents the Plan's assets, liabilities, and net position available for participant benefits.

- Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Plan's net position.

- The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2023 Financial Highlights

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

2022 Financial Highlights

- Investments decreased by $240,771,010 or (16.25%)
- Net investment loss was $263,001,724, a decrease in net investment income of $493,227,574 or (214.24%)
- District contributions increased by $1,907,925 or 2.33%
- Benefits paid to participants increased by $11,104,749 or 22.04%

Financial Analysis – Fiduciary Net Position

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

				2023-2022		2022-2021	
ASSETS	**2023**	**2022**	**2021**	**$ Variance**	**%Variance**	**$ Variance**	**% Variance**
Investments	$ 1,429,724,320	$ 1,241,219,119	$ 1,481,990,129	$ 188,505,201	15.19%	$ (240,771,010)	(16.25%)
Employer Contributions Receivable	3,519,754	3,567,061	5,063,259	(47,307)	(1.32%)	(1,496,198)	(29.55%)
Due from Program Manager	70,030	64,253	76,294	5,777	8.99%	(12,041)	(15.78%)
Total Assets	1,433,314,104	1,244,850,433	1,487,129,682	188,463,671	15.14%	(242,279,249)	(16.29%)
LIABILITIES							
Due to District Government	2,949,804	2,386,484	2,520,668	563,320	23.60%	(134,184)	(5.32%)
Total Liabilities	2,949,804	2,386,484	2,520,668	563,320	23.60%	(134,184)	(5.32%)
Fiduciary Net Position Available for Plan Benefits	$ 1,430,364,300	$ 1,242,463,949	$ 1,484,609,014	$ 187,900,351	15.12%	$ (242,145,065)	(16.31%)

Fiscal Year 2023

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

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

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

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

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

	Investment Value	Percent of Total Assets	Rate of Return %
American Funds Fundamental Investors	$ 6,818,836	0.5	23.49%
American Funds New Perspective Fund	9,550,984	0.7	21.70%
Ariel Institutional	10,305,700	0.7	14.91%
Brown Capital Management Small	9,098,040	0.6	6.45%
DCPLUS Fixed Income Portfolio	16,011,948	1.1	0.40%
DCPLUS Large Cap Growth Portfolio	20,820,986	1.5	24.66%
DCPLUS Large Cap Value Portfolio	9,176,885	0.6	12.09%
DFA US Core Equity 1 Portfolio	9,040,355	0.6	20.53%
Harbor International Institutional	11,641,472	0.8	26.55%
MissionSquare PLUS Fund	96,367,673	6.7	2.65%
MissionSquare Retirement Income Advantage	5,324,573	0.4	11.73%
Nuveen Real Estate Securities Fund	4,585,335	0.3	0.53%
PIMCO All Asset Fund Institutional Class	526,275	0.0	9.09%
PIMCO Real Return Collective Trust II	5,840,019	0.4	1.43%
Vanguard Federal Money Market	10,042,915	0.7	4.61%
Vanguard Institutional Index Fund	59,563,917	4.2	21.60%
Vanguard Small Cap Index Fund	11,598,800	0.8	12.54%
Vanguard Target Retirement 2020 Fund	84,506,674	6.0	9.41%
Vanguard Target Retirement 2025 Fund	148,841,082	10.4	11.59%
Vanguard Target Retirement 2030 Fund	193,262,355	13.5	13.15%
Vanguard Target Retirement 2035 Fund	207,742,028	14.6	14.68%
Vanguard Target Retirement 2040 Fund	157,821,829	11.0	16.21%
Vanguard Target Retirement 2045 Fund	136,675,303	9.6	17.74%
Vanguard Target Retirement 2050 Fund	91,672,307	6.4	18.54%
Vanguard Target Retirement 2055 Fund	49,383,498	3.5	18.54%
Vanguard Target Retirement 2060 Fund	11,769,768	0.8	18.56%
Vanguard Target Retirement 2065 Fund	2,489,158	0.2	18.57%
Vanguard Target Retirement Inc.	46,345,766	3.2	7.07%
Virtus Emerging Markets Fund Class 1	2,899,839	0.2	(0.13%)
	$ 1,429,724,320	100.0	

Fiscal Year 2022

In fiscal year 2022, the Plan's investments decreased by $240,771,010 or 16.25%, compared to the prior fiscal year balance; in addition, there was a decrease in net investment income of $493,227,574. Market conditions were much less favorable during fiscal year 2022 compared to 2021 and as a result 27 out of 29 investment funds had negative rates of return.

As shown in **Table 2b - Investment by Fund with Rates of Return as of September 30, 2022**, a significant portion of the Plan's investments were in Vanguard Target Retirement 2035 (14.2%), Vanguard Target Retirement 2030 Fund (13.6%), Vanguard Target Retirement 2025 Fund (11.0%), Vanguard Target Retirement 2040 Fund (10.6%), Vanguard Target Retirement 2045 Fund (8.9%), MissionSquare PLUS Fund (7.4%), Vanguard Target Retirement 2020 Fund (6.6%) and Vanguard Target Retirement 2050 (5.8%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

Employer contribution receivables decreased by $1,496,198 or 29.55% from the prior fiscal year due to a decrease in the amount due from the District at the end of the year.

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

Table 2b - Investment by Fund with 1-Year Rates of Return as of September 30, 2022

	Investment Value	Percent of Total Assets	Rate of Return %
American Funds Fundamental Investors	$ 5,720,479	0.5	(18.01)
American Funds New Perspective Fund	8,129,770	0.7	(26.83)
Ariel Institutional	10,085,461	0.8	(24.82)
Brown Capital Management Small	9,078,848	0.7	(35.51)
DCPLUS Fixed Income Portfolio	19,577,261	1.6	(14.50)
DCPLUS Large Cap Growth Portfolio	16,927,438	1.4	(27.05)
DCPLUS Large Cap Value Portfolio	9,767,278	0.8	(7.71)
DFA US Core Equity 1 Portfolio	8,288,093	0.7	(14.72)
Harbor International Institutional	11,547,932	0.9	(27.34)
MissionSquare PLUS Fund	92,046,208	7.4	1.88
MissionSquare Retirement Income Advantage	5,363,726	0.4	(17.28)
Nuveen Real Estate Securities Fund	5,450,432	0.4	(15.75)
PIMCO All Asset Fund Institutional Class	417,505	0.0	(14.90)
PIMCO Real Return Collective Trust II	6,408,182	0.5	(11.49)
Vanguard Federal Money Market	7,710,234	0.6	0.67
Vanguard Institutional Index Fund	45,353,498	3.7	(15.49)
Vanguard Small Cap Index Fund	7,631,279	0.6	(20.73)
Vanguard Target Retirement 2020 Fund	82,535,603	6.6	(15.81)
Vanguard Target Retirement 2025 Fund	136,226,025	11.0	(17.39)
Vanguard Target Retirement 2030 Fund	169,371,078	13.6	(18.25)
Vanguard Target Retirement 2035 Fund	176,165,157	14.2	(18.78)
Vanguard Target Retirement 2040 Fund	131,045,416	10.6	(19.32)
Vanguard Target Retirement 2045 Fund	110,062,537	8.9	(19.84)
Vanguard Target Retirement 2050 Fund	71,573,614	5.8	(20.12)
Vanguard Target Retirement 2055 Fund	36,134,510	2.9	(20.11)
Vanguard Target Retirement 2060 Fund	7,197,924	0.6	(20.10)
Vanguard Target Retirement 2065 Fund	1,436,645	0.1	(20.11)
Vanguard Target Retirement Inc.	47,137,884	3.8	(14.20)
Virtus Emerging Markets Fund Class 1	2,829,102	0.2	(26.00)
	$ 1,241,219,119	100.0	

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2023, 2022 and 2021

	2023	2022	2021	2023 - 2022 $ Variance	2023 - 2022 % Variance	2022 - 2021 $ Variance	2022 - 2021 % Variance
ADDITIONS							
District Government Contributions	$ 91,271,696	$ 83,808,223	$ 81,900,298	$ 7,463,473	8.91%	$ 1,907,925	2.33%
Net Investment Income (Loss)	165,585,241	(263,001,724)	230,225,850	428,586,965	162.96%	(493,227,574)	(214.24%)
Total Additions	256,856,937	(179,193,501)	312,126,148	436,050,438	243.34%	(491,319,649)	(157.41%)
DEDUCTIONS							
Benefits Paid to Participants	67,896,586	61,481,262	50,376,513	6,415,324	10.43%	11,104,749	22.04%
Administrative Expenses	827,243	869,912	869,668	(42,669)	(4.91%)	244	0.03%
Other Deductions	232,757	600,390	1,068,681	(367,633)	(61.23%)	(468,291)	(43.82%)
Total Deductions	68,956,586	62,951,564	52,314,862	6,005,022	9.54%	10,636,702	20.33%
Net Change	187,900,351	(242,145,065)	259,811,286	430,045,416	177.60%	(501,956,351)	(193.20%)
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,242,463,949	1,484,609,014	1,224,797,728	(242,145,065)	(16.31%)	259,811,286	21.21%
Fiduciary Net Position Available for Plan Benefits, End of Year	$ 1,430,364,300	$ 1,242,463,949	$ 1,484,609,014	$ 187,900,351	15.12%	$ (242,145,065)	(16.31%)

Fiscal Year 2023

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

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

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

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

Fiscal Year 2022

The District was required to contribute cash of $76,247,407 to the Plan during the fiscal year, which was a (2.52%) decrease from $78,219,683 in the prior fiscal year. However, the actual amount contributed by the District was $83,808,223, an increase of 2.33% over fiscal 2021. The District used the Plan's forfeiture funds to pay $6,960,426 of the contributed amount. Under the Plan's laws and regulations, the District can use the forfeiture funds to either reduce its contributions or to pay the Plan's administrative expenses. During fiscal year 2022, the Plan returned $600,390 to District for contributions made on behalf of erroneously enrolled participants.

The Plan's net investment loss was $263,001,724 in fiscal year 2022, compared to a net investment income of $230,225,850 for fiscal year 2021. The net investment loss was primarily due to unfavorable market conditions in fiscal year 2022 compared to 2021. Overall, 27 out of 29 funds of the Plan reflected negative rates of return, which contributed to a net depreciation in the fair value of investments. The Plan's weighted average rate of return was (18.01%) in fiscal year 2022 compared to a return of 19.28% for fiscal year 2021.

Benefits paid to participants increased by $11,104,749 due to a decrease in the average amount paid out per participant while the number of participants receiving distributions increased. The total number of participants receiving distributions from the Plan for fiscal year 2022 was 5,311 compared to 3,945 in fiscal year 2021.

The administrative expenses for fiscal year 2022 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or $869,912 for the fiscal year.

Contact Information

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Investments:		
Registered Investment Companies	$ 1,333,356,647	$ 1,149,172,911
Stable Value Fund	96,367,673	92,046,208
Total Investments	1,429,724,320	1,241,219,119
Receivables:		
Employer Contributions	3,519,754	3,567,061
Due from Program Manager	70,030	64,253
Total Receivables	3,589,784	3,631,314
Total Assets	1,433,314,104	1,244,850,433
LIABILITIES		
Due to District Government	2,949,804	2,386,484
Total Liabilities	2,949,804	2,386,484
Fiduciary Net Position Available for Plan Benefits	$ 1,430,364,300	$ 1,242,463,949

The notes to the financial statements are an integral part of this statement.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
ADDITIONS		
District Government Contribution	$ 91,271,696	$ 83,808,223
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	162,924,800	(268,056,455)
Interest and Dividends	6,643,599	9,198,309
Less: Investment Management Fees	(2,174,838)	(2,242,203)
Program Manager Fees	(1,808,320)	(1,901,375)
Net Investment Income (Loss)	165,585,241	(263,001,724)
Total (Reductions) Additions	256,856,937	(179,193,501)
DEDUCTIONS		
Benefits Paid to Participants	67,896,586	61,481,262
Administrative Expenses	827,243	869,912
Other Deductions	232,757	600,390
Total Deductions	68,956,586	62,951,564
Net Change	187,900,351	(242,145,065)
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,242,463,949	1,484,609,014
Fiduciary Net Position Available for Plan Benefits, End of Year	$1,430,364,300	$1,242,463,949

The notes to the financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE PLAN

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

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

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

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

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

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

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

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

Plan Membership

The Plan's membership consisted of the following at September 30, 2023 and 2022.

	2023	2022
Active Members	21,320	20,801
Inactive Members	10,604	9,860
Total Members	31,924	30,661

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Investment Valuation
At September 30, 2023 and 2022, the Plan's investments were in mutual funds and a stable value fund. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the stable value fund are presented at contract value, which approximates fair value.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Impact of New Accounting Standards

Statement No. 96 of the Governmental Accounting Standards Board *Subscription-Based Information Technology Arrangements* generally requires a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The Program does not have any subscription agreements subject to the provisions of the statement and thus is not impacted. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2023 and 2022 consist of the following:

	Investments	
	2023	**2022**
Stock and Bond Funds	$ 1,333,356,647	$ 1,149,172,911
Stable Value Fund	96,367,673	92,046,208
Total Investments	$ 1,429,724,320	$ 1,241,219,119

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

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

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

NOTE 3 – INVESTMENTS (Continued)

Investments are exposed if they are uninsured, are not registered in the name of the Plan and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal year 2023 and 2022 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds, which are not generally exposed to custodial credit risks. The Plan Administrator performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.

- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plan manages its exposure to declines in fair market values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2023.

Investment	Average Maturity
MissionSquare PLUS Fund	3.75 years
DCPLUS Fixed Income Portfolio	8.70 years
PIMCO Real Return Collective Trust II	7.14 years

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

NOTE 3 - INVESTMENTS (Continued)

At September 30, 2023 and 2022, the investment with the largest foreign currency risk was the Harbor International Fund. The major currency denomination for the Harbor International Institution Fund is the Yen.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody's Investors Service, Inc. ("Moody's") and S&P Global ("S&P"). There were 14 out of 30 investments that had credit ratings in fiscal year 2023 and 14 out of 29 investments that had credit ratings in fiscal year 2022. At September 30, 2023 and 2022, those investments and their related credit ratings were as follows:

September 30, 2023

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

NOTE 3 - INVESTMENTS (Continued)

September 30, 2022	
Funds	**Credit Ratings (Moody's and S&P)**
DCPLUS Fixed Income Portfolio	AAA/ A/ BBB/ AA
MissionSquare PLUS Fund	AAA/ AA/ A/ BBB/ BB
PIMCO Real Return Collective Trust II	AAA/ AA/ BBB
Vanguard Target Retirement Income	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2015	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2020	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2025	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2030	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2035	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2040	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2045	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2050	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2055	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2060	AAA/ BBB/ A/ AA
Vanguard Target Retirement 2065	AAA/ BBB/ A/ AA

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

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

The funds that meet the 5% or more disclosure criteria at September 30, 2022, discussed above are: Vanguard Target Retirement 2035 Fund (14.2%), Vanguard Target Retirement 2030 Fund (13.6%), Vanguard Target Retirement 2025 Fund (11.0%), Vanguard Target Retirement 2040 Fund (10.6%), Vanguard Target Retirement 2045 Fund (8.9%), MissionSquare PLUS Fund (7.4%), Vanguard Target Retirement 2020 Fund (6.6%), and Vanguard Target Retirement 2050 Fund (5.8%).

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2023:

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

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2022:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	$ 49,968,825	$ 49,968,825	$ -	$ -
Consumer, Cyclical and Defensive	199,178,095	199,178,095	-	-
Financial Services	169,255,161	169,255,161	-	-
Real Estate	46,108,205	46,108,205	-	-
Communication Services	100,894,760	100,894,760	-	-
Energy	40,240,037	40,240,037	-	-
Industrials	117,524,922	117,524,922	-	-
Technology	223,667,725	223,667,725	-	-
Healthcare	133,770,066	133,770,066	-	-
Utilities	29,088,208	29,088,208	-	-
Debt securities				-
Government	13,342,429	13,342,429	-	-
Corporate	5,302,163	5,302,163	-	-
Securitized	5,452,267	5,452,267	-	-
Municipal	1,008,229	1,008,229	-	-
Other	553,537	553,537	-	-
Other funds	13,818,282	13,818,282	-	-
Total investments measured at fair value	1,149,172,911	$ 1,149,172,911	$ -	$ -
Investments measured at contract value:				
Stable Value Fund	92,046,208			
Total Investments	$ 1,241,219,119			

NOTE 5 - FORFEITURE ACCOUNT

Participants' account balances are transferred to a forfeitures account within the Plan when a participant separates from service prior to being vested and is not re-employed by the District within one year of the date of separation. The District uses the forfeited funds to reduce its contributions and to pay administrative expenses. At September 30, 2023 and 2022, the Plan's forfeiture account balance was $1,973,348 and $4,876,410, respectively. The District used $3,815,245 and $6,960,425 of forfeiture funds to reduce its contributions during 2023 and 2022, respectively.

NOTE 5 - FORFEITURE ACCOUNT (Continued)

The transactions that occurred within the account during 2023 and 2022 were as follows:

	2023	2022
Beginning Balance	$ 4,876,410	$ 2,524,342
Net Non-vested Transfers	998,480	9,312,493
Investment Income	(86,297)	-
District Payroll Contributions	(3,815,245)	(6,960,425)
Ending Balance	$1,973,348	$ 4,876,410

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. Investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2023 and 2022, investment management fees totaled $2,018,356 and $2,242,203, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2023 and 2022, Program Manager administrative fees totaled $1,808,319 and $1,901,375, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

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

The total amount of revenue sharing earned by the Plan Administrator for fiscal years 2023 and 2022 was $827,243 and $869,912, respectively. At September 30, 2023 and 2022, the amount Due from Program Manager was $70,030 and $64,253, respectively. As of September 30, 2023 and 2022, the Plan's revenue sharing fund balance was $2,853,556 and $2,083,876, respectively, and is reported as Due to the District Government.

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

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan Administrator incurs and pays administrative expenses that are not paid by the Plan or recorded as plan expenses in the Statements of Changes in Fiduciary Net Position. The administrative expenses incurred by the Plan Administrator are paid by the District through the administrative account (see Note 7). Payments from the administrative account were used for direct expenses, other administrative expenses and as contributions toward salaries incurred by the District. The expenses for the years ended September 30, 2023 and 2022 totaled $111,316 and $457,200, respectively and were as follows:

	2023	2022
Administrative Salaries	$ -	$ 322,368
Financial Statement Compilation & Audit	101,779	115,176
Investment Consulting Services	9,537	19,656
Total Administrative Expenses	$ 111,316	$ 457,200

The Plan also incurs and pays certain administrative expenses through the forfeiture account (see Note 5). These plan-paid administrative expenses are reflected in the Statements of Changes in Fiduciary Net Position. For fiscal years 2023 and 2022, there were no administrative expenses paid by the Plan from the forfeiture account.

NOTE 9 - OTHER DEDUCTIONS

The Plan received contributions for some participants who were in the Plan in error. Contributions totaling $232,757 and $600,390 during fiscal years 2023 and 2022, respectively, were returned to the District to be transferred to the participants' correct pension plan. The Plan also determined contributions in the amount of $166,278 and $302,608 at September 30, 2023 and 2022, respectively, are due the District for certain employees who were employed before September 30, 1987 and erroneously enrolled in the Plan (See Note 7).

NOTE 10 - TERMINATED PARTICIPANTS

As of September 30, 2023 and 2022, the Plan had 7,133 and 9,860 terminated vested participants, respectively, who had account balances in the Plan. These participants are no longer receiving contributions to their accounts, but their account balances are adjusted for fees and investment earnings. The value of the account balances at fiscal year-end September 30, 2023 and 2022 were approximately $186,761,157 and $239,612,701, respectively.

NOTE 11 - PLAN TERMINATION

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

NOTE 12 - RISKS AND UNCERTAINTIES

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

NOTE 13 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through January 9, 2024, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2023, but prior to January 9, 2024, that provided additional evidence about conditions that existed as of September 30, 2023, have been recognized in the financial statements for the year ended September 30, 2023. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2023, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended September 30, 2023.

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2023, and the related notes to the financial statements, which collectively comprise Plan's basic financial statements, and have issued our report thereon dated January 9, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

Washington, D.C.
January 9, 2024

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

There were no findings for the year ended September 30, 2023.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PLAN
STATUS OF PRIOR-YEAR FINDING
SEPTEMBER 30, 2022

Finding 2022-001 – Contributions for New Plan Participants

Type of Finding: Significant Deficiency in Internal Control and Significant Non-Compliance **(Repeat Finding from 2021-001)**

Condition
Contributions were made to new plan participants (meaning those hired during the year ended September 30, 2022) prior to their being eligible to receive contributions according to the plan document section cited above. This was noted for 3 of the 60 new participants selected for testing. The participants in question were hired in October 2021, January 2022 and July 2022.

Current Year Status
Corrected – Based on the results of our testing of new plan participants for FY 2023, we noted the finding was resolved.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

PAGE

F.S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia 457(b) Deferred Compensation Plan (the "Plan") as of September 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the basic financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2024, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

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

Washington, D.C.
January 9, 2024

The following presents our discussion and analysis of the financial performance of the Government of the District of Columbia 457(b) Deferred Compensation Plan (the "Plan") for the fiscal years ended September 30, 2023 and 2022. This discussion and analysis should be read in conjunction with the financial statements and notes disclosures.

Under the District's Deferred Compensation Act of 1984, D.C. Law 5-118 and D.C. Code Section 47-3601, the Government of the District of Columbia (the "District") offers for eligible employees a qualified employee deferred compensation plan. The Plan enables eligible employees to make tax deferred contributions towards their retirement. The duties of the Plan's Administrator are performed jointly by the District's Office of the Chief Financial Officer, Office of Finance and Treasury and the D.C. Department of Human Resources.

Overview of Financial Statements

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

- Statement of Fiduciary Net Position presents the Plan's assets, liabilities and net position restricted for participant benefits.

- Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Plan's net position.

- The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2023 Financial Highlights

- Investments increased by $189,656,713 or 17.55%
- Receivables increased by $2,918,206 or 7.49%
- Net investment income was $131,644,509, an increase in net investment income of $315,067,276 or 171.77%
- Benefits paid to participants increased by $4,471,208 or 6.36%

2022 Financial Highlights

- Investments decreased by $128,161,086 or (10.60%)
- Receivables increased by $1,104,781 or 2.92%
- Net investment loss was $183,422,767, a decrease in net investment income of $384,405,357 or (191.26%)
- Benefits paid to participants increased by $6,803,052 or 10.71%

Financial Analysis – Fiduciary Net Position

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

				2023-2022		2022-2021	
	2023	2022	2021	Variance	% Variance	Variance	% Variance
ASSETS							
Investments	$ 1,270,381,773	$ 1,080,725,060	$ 1,208,886,146	$ 189,656,713	17.55%	$ (128,161,086)	(10.60%)
Receivables	41,884,281	38,966,075	37,861,294	2,918,206	7.49%	1,104,781	2.92%
Total Assets	1,312,266,054	1,119,691,135	1,246,747,440	192,574,919	17.20%	(127,056,306)	(10.19%)
LIABILITIES							
Due to District Government	1,285,167	940,710	974,636	344,457	36.62%	(33,926)	(3.48%)
Total Liabilities	1,285,167	940,710	974,636	344,457	36.62%	(33,926)	(3.48%)
Fiduciary Net Position Available for Plan Benefits	$ 1,310,980,887	$ 1,118,750,425	$ 1,245,772,804	$ 192,230,462	17.18%	$ (127,022,379)	(10.20%)

Fiscal Year 2023

The Plan's investments increased by $189,656,713 or 17.55% from the prior fiscal year. The increase is primarily due to favorable market conditions during the fiscal year and the excess of contributions over benefit payments. For fiscal year 2023, there was a net appreciation in the fair value of investments and an increase in dividends and interest income. Of the 29 managed investment funds 28 had a positive rate of return in fiscal year 2023. MissionSquare Broker accounts are funds held in "Self-Directed Brokerage Accounts."

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2023**, a significant portion of the Plan's investments remain in MissionSquare Plus Fund (21.9%), Vanguard Institutional Index Fund (12.5%), DCPLUS Large Cap Value Portfolio (7.6%) and the Ariel Institutional (5.9%). The MissionSquare Plus Fund invests primarily in a diversified portfolio of stable value insurance contracts and fixed income securities that back certain stable value investment contracts and seeks to provide preservation of principal and maximize current yield. The Vanguard Institutional Index Fund invests primarily in equity securities of U.S. companies in the Standard & Poor's 500 Index. The DCPLUS Large Cap Value Portfolio invests primarily in large capitalization common stocks and seeks growth in capital.

Receivables are mainly comprised of notes receivable from participants and contributions receivable. For the fiscal year 2023, receivables increased by $2,918,206 or 7.49% due to an increase in participant loans and contributions receivable.

The amount "Due to District Government" represents funds owed to the District by the Plan Administrator, which is used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on a monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

Table 2a - Investment by Fund with Rates of Returns as of September 30, 2023

	Investment Value	Percent of Total Assets	Rate of Return %
American Funds Fundaments Investors	$ 29,281,650	2.3	23.49%
American Funds New Perspective Fund	19,312,877	1.5	21.70%
Ariel Institutional	74,704,508	5.9	14.91%
Brown Capital Management Small	24,061,654	1.9	6.45%
DCPLUS Fixed Income Portfolio	31,933,758	2.5	0.40%
DCPLUS Large Cap Growth Portfolio	55,609,366	4.4	24.68%
DCPLUS Large Cap Value Portfolio	96,571,454	7.6	12.08%
DFA US Core Equity 1 Portfolio	11,889,849	0.9	20.53%
Harbor International Institutional	37,216,767	2.9	26.55%
MissionSquare Broker	15,497,916	1.2	NA**
MissionSquare Income Advantage	6,395,008	0.5	11.73%
MissionSquare Plus Fund	278,137,946	21.9	2.65%
Nuveen Real Estate Securities Fund	11,552,407	0.9	0.53%
PIMCO All Asset Fund Institutional Class	696,823	0.1	9.09%
PIMCO Real Return Collective Trust II	11,295,325	0.9	1.43%
Vanguard Federal Money Market	19,046,752	1.5	4.61%
Vanguard Institutional Index Fund	159,134,163	12.5	21.60%
Vanguard Small Cap Index Fund	35,310,458	2.8	12.54%
Vanguard Target Retirement 2020 Fund	12,060,890	0.9	9.41%
Vanguard Target Retirement 2025 Fund	30,410,834	2.4	11.59%
Vanguard Target Retirement 2030 Fund	42,251,923	3.3	13.15%
Vanguard Target Retirement 2035 Fund	47,019,072	3.7	14.68%
Vanguard Target Retirement 2040 Fund	43,283,376	3.4	16.21%
Vanguard Target Retirement 2045 Fund	49,496,969	3.9	17.74%
Vanguard Target Retirement 2050 Fund	51,977,758	4.1	18.54%
Vanguard Target Retirement 2055 Fund	37,563,422	3.0	18.54%
Vanguard Target Retirement 2060 Fund	17,699,273	1.4	18.56%
Vanguard Target Retirement 2065 Fund	6,422,488	0.5	18.57%
Vanguard Target Retirement Inc.	9,874,840	0.8	7.07%
Virtus Emerging Markets Fund Class 1	4,672,247	0.4	(0.13%)
	$ 1,270,381,773	100.0	

**Mission Square Broker (formerly Vantage Broker) are funds held in the "Self-Directed Brokerage Accounts."

Fiscal Year 2022

The Plan's investments increased by $128,161,086 or (10.60%) from the prior fiscal year. The decrease is primarily due to market downturns during the fiscal year, partially offset by having a diversified investment portfolio and the excess of contributions over benefit payments. For fiscal year 2022, there was a net depreciation in the fair value of investments and an increase in dividends and interest income. Of the 29 managed investment funds 27 had a negative rate of return in fiscal year 2022. MissionSquare Broker accounts are funds held in "Self-Directed Brokerage Accounts."

As shown in **Table 2b - Investment by Fund with Rates of Returns as of September 30, 2022**, a significant portion of the Plan's investments remain in MissionSquare Plus Fund (24.7%), Vanguard Institutional Index Fund (11.6%), DCPLUS Large Cap Value Portfolio (8.5%) and the Ariel Institutional (6.2%). The MissionSquare Plus Fund invests primarily in a diversified portfolio of stable value insurance contracts and fixed income securities that back certain stable value investment contracts and seeks to provide preservation of principal and maximize current yield. The Vanguard Institutional Index Fund invests primarily in equity securities of U.S. companies in the Standard & Poor's 500 Index. The DCPLUS Large Cap Value Portfolio invests primarily in large capitalization common stocks and seeks growth in capital.

Receivables are mainly comprised of notes receivable from participants and contributions receivable. For the fiscal year 2022, receivables increased by $1,104,781 or 2.92% due to an increase in participant loans and contributions receivable.

The amount "Due to District Government" represents funds owed to the District by the Plan Administrator, which is used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on a monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

Table 2b - Investment by Fund with Rates of Returns as of September 30, 2022

	Investment Value	Percent of Total Assets	Rate of Return %
American Funds Fundaments Investors	$ 24,205,187	2.2	(18.01%)
American Funds New Perspective Fund	15,260,673	1.4	(26.83%)
Ariel Institutional	67,345,008	6.2	(24.82%)
Brown Capital Management Small	23,233,604	2.1	(35.51%)
DCPLUS Fixed Income Portfolio	34,687,343	3.2	(14.50%)
DCPLUS Large Cap Growth Portfolio	43,950,450	4.1	(27.04%)
DCPLUS Large Cap Value Portfolio	91,851,812	8.5	(7.70%)
DFA US Core Equity 1 Portfolio	10,155,409	0.9	(14.72%)
Harbor International Institutional	32,151,766	3.0	(27.34%)
MissionSquare Broker	13,161,466	1.3	NA**
MissionSquare Income Advantage	5,665,698	0.5	(17.28%)
MissionSquare Plus Fund	266,943,369	24.7	1.88%
Nuveen Real Estate Securities Fund	12,565,538	1.2	(15.75%)
PIMCO All Asset Fund Institutional Class	485,832	0.1	(14.90%)
PIMCO Real Return Collective Trust II	12,874,342	1.2	(11.49%)
Vanguard Federal Money Market	16,099,370	1.5	0.67%
Vanguard Institutional Index Fund	125,341,718	11.6	(15.49%)
Vanguard Small Cap Index Fund	26,565,009	2.5	(20.73%)
Vanguard Target Retirement 2020 Fund	11,729,785	1.1	(15.81%)
Vanguard Target Retirement 2025 Fund	26,603,193	2.5	(17.39%)
Vanguard Target Retirement 2030 Fund	32,648,054	3.0	(18.25%)
Vanguard Target Retirement 2035 Fund	35,473,685	3.3	(18.78%)
Vanguard Target Retirement 2040 Fund	31,168,479	2.9	(19.32%)
Vanguard Target Retirement 2045 Fund	34,896,414	3.2	(19.84%)
Vanguard Target Retirement 2050 Fund	34,975,792	3.2	(20.12%)
Vanguard Target Retirement 2055 Fund	23,580,521	2.2	(20.11%)
Vanguard Target Retirement 2060 Fund	9,975,455	0.9	(20.10%)
Vanguard Target Retirement 2065 Fund	3,209,249	0.3	(20.11%)
Vanguard Target Retirement Inc.	9,182,349	0.8	(14.20%)
Virtus Emerging Markets Fund Class 1	4,738,490	0.4	(26.00%)
	$ 1,080,725,060	100.0	

**Mission Square Broker (formerly Vantage Broker) are funds held in the "Self-Directed Brokerage Accounts."

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2023, 2022 and 2021

				2023-2022		2022-2021	
	2023	**2022**	**2021**	**Variance**	**%Variance**	**Variance**	**%Variance**
ADDITIONS							
Employee Contributions	$ 134,875,972	$ 126,565,807	$ 117,933,196	$ 8,310,165	6.57%	$ 8,632,611	7.32%
Net Investment Income (Loss)	131,644,509	(183,422,767)	200,982,590	315,067,276	171.77%	(384,405,357)	(191.26%)
Interest Income on Notes Receivable from Participants	1,556,700	1,169,991	1,279,750	386,709	33.05%	(109,759)	(8.58%)
Total Additions (Reductions)	268,077,181	(55,686,969)	320,195,536	323,764,150	581.40%	(375,882,505)	(117.39%)
DEDUCTIONS							
Benefits Paid to Participants	74,798,282	70,327,074	63,524,022	4,471,208	6.36%	6,803,052	10.71%
Administrative Expenses	458,209	458,302	449,256	(93)	(0.02%)	9,046	2.01%
Loan Fees	590,228	550,034	497,693	40,194	7.31%	52,341	10.52%
Total Deductions	75,846,719	71,335,410	64,470,971	4,511,309	6.32%	6,864,439	10.65%
Change in Net Position	192,230,462	(127,022,379)	255,724,565	319,252,841	251.34%	(382,746,944)	(149.67%)
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,118,750,425	1,245,772,804	990,048,239	(127,022,379)	(10.20%)	255,724,565	25.83%
Fiduciary Net Position Available for Plan Benefits, End of Year	$1,310,980,887	$1,118,750,425	$1,245,772,804	$ 192,230,462	17.18%	$ (127,022,379)	(10.20%)

Fiscal Year 2023

Employee contributions increased by $8,310,165 or 6.57% compared to the prior fiscal year. There was an overall increase in the average number of Plan participants making contributions to the Plan. The number of active Plan participants who made contributions increased from 22,509 in fiscal year 2022 to 25,075 in fiscal year 2023. The average monthly contributions increased from $492.91 in fiscal year 2022 to $518.66 in fiscal year 2023.

In fiscal year 2023, the Plan had net investment income of $131,644,509 compared to a net investment loss of $183,422,767 in fiscal year 2022. The net investment income was primarily due to favorable market conditions in fiscal year 2023 compared with 2022. Overall, 28 of the 29 managed funds in the Plan reflected negative rates of return. MissionSquare Broker accounts are funds held in the "Self-Directed Brokerage Accounts". The Plan's investments collectively had a weighted average positive rate of return of 12.93% in fiscal year 2023 compared to a negative return of (18.01%) in fiscal year 2022.

Benefits paid to participants increased by $4,471,208 or 6.36%. The increase was due to more participants requesting payouts in fiscal year 2023 compared to fiscal year 2022.

The administrative expenses for fiscal year 2023 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or $458,209.

Fiscal Year 2022

Employee contributions increased by $8,632,611 or 7.32% compared to the prior fiscal year. There was an overall increase in the average number of Plan participants making contributions to the Plan. The number of active Plan participants who made contributions increased from 20,595 in fiscal year 2021 to 22,509 in fiscal year 2022. The average monthly contributions increased from $475.01 in fiscal year 2021 to $492.91 in fiscal year 2022.

In fiscal year 2022, the Plan had a net investment loss of $183,422,767 compared to net investment income of $200,982,590 in fiscal year 2021. The net investment loss was primarily due to unfavorable market conditions in fiscal year 2022 compared with 2021. Overall, 27 of the 29 managed funds in the Plan reflected negative rates of return. MissionSquare Broker accounts are funds held in the "Self-Directed Brokerage Accounts". The Plan's investments collectively had a weighted average negative rate of return of (18.01%) in fiscal year 2022 compared to a positive 24.69% in fiscal year 2021.

Benefits paid to participants increased by $6,803,052 or 10.71%. The increase was due to more participants requesting payouts in fiscal year 2022 compared to fiscal year 2021.

The administrative expenses for fiscal year 2022 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or $458,302.

Contact Information

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Investments:		
Registered Investment Companies	$ 976,745,911	$ 800,620,225
Stable Value Fund	278,137,946	266,943,369
Self-Directed Brokerage Accounts	15,497,916	13,161,466
Total Investments	1,270,381,773	1,080,725,060
Receivables:		
Due from Program Manager	31,049	35,794
Notes Receivable from Participants	36,205,566	33,887,120
Participant Contributions	5,647,666	5,043,161
Total Receivables	41,884,281	38,966,075
Total Assets	1,312,266,054	1,119,691,135
LIABILITIES		
Due to District Government	1,285,167	940,710
Total Liabilities	1,285,167	940,710
Fiduciary Net Position Available for Plan Benefits	$ 1,310,980,887	$ 1,118,750,425

The notes to the financial statements are an integral part of this statement.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
ADDITIONS		
Employee Contributions	$ 134,875,972	$ 126,565,807
Investment Income:		
Appreciation (Depreciation) in Fair Value of Investments	115,878,143	(203,654,024)
Dividends and Interest Income	20,745,911	26,150,862
Less: Investment Management Expenses	(3,303,536)	(4,254,182)
Program Manager Fees	(1,676,009)	(1,665,423)
Net Investment Income (Loss)	131,644,509	(183,422,767)
Interest Income on Notes Receivable from Participants	1,556,700	1,169,991
Total Additions (Reductions)	268,077,181	(55,686,969)
DEDUCTIONS		
Benefits Paid to Participants	74,798,282	70,327,074
Administrative Expenses	458,209	458,302
Loan Fees	590,228	550,034
Total Deductions	75,846,719	71,335,410
Change in Net Position	192,230,462	(127,022,379)
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,118,750,425	1,245,772,804
Fiduciary Net Position Available for Plan Benefits, End of Year	$ 1,310,980,887	$ 1,118,750,425

The notes to the financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF PLAN

The Government of the District of Columbia (the "District") offers for eligible employees a qualified employee Deferred Compensation Plan ("Plan") that was established under the District's 457(b) Deferred Compensation Act of 1984, D.C. Law 5-118 and D.C. Code Section 47-3601. The Plan enables eligible employees to make tax deferred contributions towards their retirement. The Plan's assets are held in trust by the District for the exclusive benefit of Plan members and their beneficiaries. All District employees of an agency under the personnel authority of the District's Mayor, a subordinate agency as defined in the Comprehensive Merit Personnel Act of 1978 and an agency not under the personnel authority of the Mayor or an independent agency, but approved by the Mayor, are eligible to participate in the Plan. There are no age and length of service requirements.

Effective January 1, 2009, the blind licensees of the District's Randolph Sheppard Vending Facility Program became eligible to participate in the Plan. The blind licensees under the Randolph Sheppard Vending Facility Program shall not become an eligible individual until the later of the date (i) such as licensee has been a participant in the program for 13 months or (ii) a year and one month after their licensure date.

Effective October 1, 2017, the District Comprehensive Merit Personnel Act of 1978, Section 2609(b), made by the Fiscal Year 2018 Budget Support Act of 2017 was amended for employees of the Council, the Office of the District Auditor and the Office of Advisory Neighborhood Commissions (collectively, "Agencies"). It provided for mandatory matching contributions for employees of those Agencies participating in the Deferred Compensation Plan ("Plan") who make a pre-tax contribution or Roth contribution under the Plan for each pay period in an amount equal to one hundred percent (100%) of such employee's Pre-Tax contributions and Roth contributions made during each such pay period, but not in excess of three percent (3%) of the employee's base salary during such pay period. Matching contributions are made in the Government of the District of Columbia 401(a) Defined Contribution Plan.

Effective July 7, 2019, the District amended the Deferred Compensation Plan to provide automatic enrollment pursuant to the Deferred Compensation Program Enrollment Amendment Act of 2018. Automatic enrollment means any eligible employee hired on or after July 7, 2019 and any eligible employee rehired on or after July 7, 2019, after having a break in service of three (3) consecutive workdays or more shall automatically be enrolled in the Deferred Compensation Plan. Contributions shall be no less than 5% of their pre-tax annual base salary upon hire until such automatically enrolled participant makes an affirmative election to defer a different amount or percentage amount (including zero).

NOTE 1 - DESCRIPTION OF PLAN (Continued)

The District's Office the Chief Financial Officer, Office of Finance and Treasury ("OCFO-OFT") and the District of Columbia Department of Human Resources are joint Plan Administrators. They are jointly responsible for adopting the Plan's administration rules and regulations and investment policies and overseeing the duties of the Trustee of the Plan. The Program Manager is responsible for the Plan's record keeping, marketing and enrollment efforts. In 2015, the OCFO-OFT contracted with MissionSquare (formerly ICMA Retirement Corporation (ICMA-RC)) to be the Plan's Program Manager. The Program Manager maintains an account for each participant that is adjusted for contributions, distributions and investment earnings and losses. Participants can contribute to the Plan up to $22,500 and $20,500 for 2023 and 2022, respectively, or 100% of the participants' includible compensation. Participants who are at least age 50 can contribute up to $30,000 and $27,000 for 2023 and 2022, respectively, to the Plan. Participants who qualify for pre-retirement catch-up contributions can contribute up to $39,000 for 2023 and 2022 to the Plan. Participants are vested immediately.

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

Loans

Effective October 1, 2011, participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of (1) $50,000 reduced by the excess (if any) of the highest outstanding balances of loans from the Plan to the participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the participant on the date on which such loan was made, or (2) 50% of the present value of the non-refundable accrued benefit of the participant under the Plan.

The loans are secured by the balance in the participant's account and must be repaid over a maximum period of 60 months for general purposes and 180 months for a home purchase. Loans bear interest at a fixed rate equal to the U.S. prime rate for general purpose loans and FHA/VA rate on home purchase loans. The interest rates on general purpose loans were 8.50% and 5.50% at September 30, 2023 and 2022, respectively. The interest rates on home purchase loans were 8.50% and 5.625% at September 2023 and 2022, respectively.

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Plan Membership
At September 30, 2023 and 2022, the Plan's membership consisted of the following:

	2023	2022
Active Members	25,075	22,509
Inactive Members	10,200	9,338
Total Members	35,275	31,847

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting
The financial statements of the Plan are prepared under the accrual basis of accounting. Employee contributions are recognized by the Plan at the time compensation is earned by Plan members and the payments become due from the District government. Investment income is recognized when earned. Deductions are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation
At September 30, 2023 and 2022, the Plan's investments were in mutual funds, a stable value fund and brokerage accounts. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at fiscal year-end. Investments in the stable value fund are presented at contract value, which approximates fair value. Contributions of participants who elect this investment option are combined and held in trust. The Plan has an undivided interest in the trust and its ownership is represented by its proportionate dollar interest.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Plan categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

> Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.
>
> Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
>
> Level 3 Inputs: Unobservable inputs for an asset or liability.

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

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

Notes Receivable from Participants

Loans to participants are recorded at principal less repayments and plus accrued interest. The loan balance reflected in the Statement of Fiduciary Net Position is also adjusted for defaulted loans. If a payment is missed for any reason, the loan is considered delinquent and in arrears. All missed payments should be made by the end of the next calendar quarter. A loan is considered in default and taxed as a "deemed distribution" if missed payments are not made during the applicable grace period. Even after a loan is deemed distributed, loan repayments will continue to be deducted from available compensation until the earlier of when the loan is paid in full, or the maturity date is reached. Employees who leave District employment may continue to repay the loan by making alternative payment arrangements. As of September 30, 2023 and 2022, the total of all defaulted loans was $2,283,567 and $2,480,980, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Contributions
Employee contributions are recognized as revenue at the time compensation is earned by Plan members on a specified payroll pay date or when received from other eligible plans.

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

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

Tax Status
The Plan is an eligible employee deferred compensation plan under Section 457(b) of the Internal Revenue Code.

Impact of New Accounting Standards
Statement No. 96 of the Governmental Accounting Standards Board *Subscription-Based Information Technology Arrangements* generally requires a government to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The Program does not have any subscription agreements subject to the provisions of the statement and thus is not impacted. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2023 and 2022 consist of the following:

	2023	2022
Stock and Bond Funds	$ 976,745,911	$ 800,620,225
Stable Value Fund	278,137,946	266,943,369
Self-Directed Brokerage Account	15,497,916	13,161,466
Total Investments	$ 1,270,381,773	$ 1,080,725,060

NOTE 3 – INVESTMENTS (Continued)

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

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

- *Custodial credit risk* is the risk that the Plan will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction. Investments are exposed if they are uninsured, are not registered in the name of the Plan and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal years 2023 and 2022 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds which are not generally exposed to custodial credit risks. The Plan Sponsor performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.

- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan manages its exposure to declines in fair values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2023.

Investment	Average Maturity
MissionSquare PLUS Fund	3.05 years
DCPLUS Fixed Income Portfolio	8.70 years
PIMCO Real Return Collective Trust II	6.46 years

- *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 Plan mitigates this risk by limiting its investments in any one country to no more than the greater of either 25% of the equity portion of the investment account or by the country's weight in the Europe, Australia and Far East (EAFE) benchmark. In addition, a minimum of eight countries must be represented in each investment account. As a result, the Plan's currency denomination varies.

NOTE 3 - INVESTMENTS (Continued)

At September 30, 2023 and 2022, the investment with the largest foreign currency risk is the Harbor International Fund. The major currency denomination for the Harbor International Fund is the Yen.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody's Investors Service, Inc. ("Moody's") and S&P Global ("S&P"). There were 14 out of 29 investments that had credit ratings in fiscal year 2023 and 15 out of 29 that had a credit rating in fiscal year 2022. At September 30, 2023 and 2022 those investments and the related credit ratings were as follows:

September 30, 2023

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

NOTE 3 - INVESTMENTS (Continued)

September 30, 2022

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

Investment concentrations - In accordance with *GASB Statement No. 40, Deposit and Investment Risk Disclosures – An amendment of GASB Statement No. 3*, the Plan is required to disclose the identification, by amount and issuer, of investments in any one issuer that represent 5% or more of the Plan's net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement.

The funds that meet the 5% or more disclosure criteria at September 30, 2023, discussed above are: MissionSquare Plus Fund (21.9%), Vanguard Institutional Index Fund (12.5%), DCPLUS Large Cap Value Portfolio (7.6%) and the Ariel Institutional (5.9%).

The funds that meet the 5% or more disclosure criteria at September 30, 2022, discussed above are: MissionSquare Plus Fund (24.7%), Vanguard Institutional Index Fund (11.6%), DCPLUS Large Cap Value Portfolio (8.5%) and the Ariel Institutional (6.2%).

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2023:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	$ 35,433,979	$ 35,433,979	$ -	$ -
Consumer and Cyclical and Defensive	160,721,461	160,721,461	-	-
Financial Services	124,539,768	124,539,768	-	-
Real Estate	41,931,202	41,931,202	-	-
Communication Services	71,552,045	71,552,045	-	-
Energy	47,832,017	47,832,017	-	-
Industrials	103,408,290	103,408,290	-	-
Technology	186,765,148	186,765,148	-	-
Healthcare	114,736,776	114,736,776	-	-
Utilities	26,852,568	26,852,568	-	-
Debt securities				
Government	18,034,702	18,034,702	-	-
Corporate	9,072,222	9,072,222	-	-
Securitized	12,792,608	12,792,608	-	-
Municipal	1,939,985	1,939,985	-	-
Other	286,901	286,901	-	-
Other funds	36,344,155	36,344,155	-	-
Total investments measured at fair value	$ 992,243,827	$ 992,243,827	$ -	$ -
Investments measured at contract value:				
Stable Value Fund	278,137,946			
Total Investments	$ 1,270,381,773			

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2022:

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	$ 29,302,761	$ 29,302,761	$ -	$ -
Consumer and Cyclical and Defensive	130,475,106	130,475,106	-	-
Financial Services	105,084,734	105,084,734	-	-
Real Estate	40,732,284	40,732,284	-	-
Communication Services	56,155,476	56,155,476	-	-
Energy	37,109,061	37,109,061	-	-
Industrials	77,003,153	77,003,153	-	-
Technology	127,143,258	127,143,258	-	-
Healthcare	101,263,738	101,263,738	-	-
Utilities	26,811,100	26,811,100	-	-
Debt securities				
Government	23,770,643	23,770,643	-	-
Corporate	9,278,864	9,278,864	-	-
Securitized	10,399,265	10,399,265	-	-
Municipal	1,977,179	1,977,179	-	-
Other	866,323	866,323	-	-
Other funds	36,408,745	36,408,745	-	-
Total investments measured at fair value	813,781,690	$ 813,781,690	$ -	$ -
Investments measured at contract value:				
Stable Value Fund	266,943,370			
Total Investments	$ 1,080,725,060			

NOTE 5 - LIFE INSURANCE POLICIES

Prior to fiscal year 2000, the Plan offered participants an investment option to purchase life insurance policies underwritten by life insurance companies. Although the life insurance policies are no longer available to participants as an investment option, participants with existing life insurance policies are permitted to continue their contribution to those policies. As of September 30, 2023 and 2022, the contract values of participants' life insurance policies have been excluded from Plan's assets because the life insurance companies assume the obligations to pay the benefits under the policies. TransAmerica Life and Shenandoah Life Insurance Companies underwrite existing policies. Participants' life insurance contract values for the years ended September 30, 2023 and 2022, totaled $2,913,223 and $3,080,438, respectively.

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. The investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2023 and 2022, investment management fees totaled $2,429,578 and $4,254,182, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2023 and 2022, Program Manager administrative fees totaled $1,676,009 and $1,665,423, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

Per the contract agreement, the Program Manager annually reimburses the Plan Administrator 5.5 basis points. The reimbursement is accumulated in an administrative reimbursement account held by the Program Manager and is used annually by the District to pay for direct administrative expenses incurred and for contributions toward salaries expenses incurred by the District and the Plan Administrator. Additions to and deductions from the administrative reimbursement account are not Plan transactions reflected in the Statements of Changes in Fiduciary Net Position.

After recognizing the basis point reimbursement, interest earnings and payments from the administrative reimbursement account, the balance in the administrative reimbursement account as of September 30, 2023 and 2022 was $1,285,167 and $940,710, respectively. This is recorded in the Statements of Fiduciary Net Position as "Due to District Government". The amount owed from the Program Manager as of September 30, 2023 and 2022 was $31,049 and $35,794, respectively.

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan does not directly incur administrative expenses. Administrative expenses are incurred by the Plan Administrator and the Program Manager for the operation of the Plan.

The amount recorded as administrative expenses in the Statement of Changes in Fiduciary Net Position of $458,209 and $458,302 for fiscal years 2023 and 2022, respectively, represents the Program Manager's investment expenses allocation towards administrative expenses.

The administrative expenses incurred by the Plan Administrator and reimbursed from the administrative reimbursement account (see Note 7) for the years ended September 30, 2023 and 2022 totaled $124,289 and $337,206, respectively and were as follows:

	2023	2022
Audit and Compilation Services	$ 109,789	$ 108,680
Investment Consulting Services	14,500	19,906
Other Expenses	-	208,620
Total Administrative Expenses	$ 124,289	$ 337,206

For fiscal years 2023 and 2022, the Plan assessed $75 for each new participant loan processed and $50 per participant for existing loans. Loan fees totaled $590,228 and $550,034 in fiscal years 2023 and 2022, respectively.

NOTE 9 - TERMINATED PARTICIPANTS

As of September 30, 2023 and 2022, the Plan had 10,434 and 9,338 terminated participants, respectively, who have account balances in the Plan. The participants are no longer able to contribute to the Plan, but their account balances are adjusted for fees and investment earnings. The value of the account balances as of September 30, 2023 and 2022 totaled $353,124,278 and $316,599,142, respectively.

NOTE 10 - PLAN TERMINATION

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

NOTE 11 - 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 statements of fiduciary net position.

NOTE 12 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through January 9, 2024, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2023, but prior to January 9, 2024, that provided additional evidence about conditions that existed as of September 30, 2023, have been recognized in the financial statements for the year ended September 30, 2023. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2023 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2023.

F.S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 457(b) Deferred Compensation Plan (the "Plan") as of September 30, 2023, and the related notes to the financial statements, which collectively comprise Plan's basic financial statements, and have issued our report thereon dated January 9, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Management's Response to the Finding

Government Auditing Standards request the auditor to perform limited procedures on management's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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

Washington, D.C.
January 9, 2024

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(B) DEFERRED COMPENSATION PLAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2023

FINDING 2023-001 – LOAN RECEIVABLES

Type of Finding: Significant deficiency in internal control over financial reporting

Condition: Loan receivables were not recorded at net realizable value and, as a result, were significantly overstated due to the improper inclusion of deemed loan amounts.

Criteria: The Plan is required to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data and (2) reporting financial statements, including the related footnotes.

Context: Our audit procedures detected a significant misstatement related to the loan receivables balance as of year-end.

Effect: Adjustments were required to be made to the accounting records to properly state the Plan's loan receivables balance at year-end.

Cause: Management's controls over the financial closing process did not ensure proper valuation of the loan receivables balances.

Recommendation: We recommend that management strengthen its policies and procedures related to reviewing all necessary adjustments related to the year-end financial closing process.

Management Response: On October 7, 2023, our recordkeeper, MissionSquare, implemented a new recordkeeping system, converting loan balances from the Omni system to the TRAC system. During that process loans "deemed" as distributions were brought into the recordkeeping system. The updated reports, which now included the deemed amounts, were inadvertently recorded as part of the loan balance.

I agree with the finding as we typically do a monthly reconciliation of the plan's assets. MissionSquare (record keeper) did not provide the monthly reports during the fiscal year, thus the adjustment was discovered during the audit process, as the accountant began reconciling the assets. To correct this problem going forward, we are working with MissionSquare to update the reports to clearly specify the active loan balance from the other loan allocations. MissionSquare has also regained its ability to generate monthly reports so we may recommence our monthly reconciliation process.

Responsible Parties:
Rodney Dickerson, Program Director
Ken Alozie, Program Manager

DCRetire.com

DC

401(a) and 457(b) Plans