Other Post-Employment Benefits Fund

DISTRICT OF COLUMBIA

Office of the Chief Financial Officer

Annual Report FY 2023

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Introduction

We are pleased to present the annual report for the District of Columbia's Other Post-Employment Benefits Fund (the "Fund" or "Plan"). Assets increased from $1.650 billion to $1.846 billion as of September 30, 2023.

For 2023, Fund performance increased 11.46%, slightly trailing the policy benchmark, which increased by 11.52%. Equity markets posted strong returns as inflation cooled and markets anticipated that the Federal Reserve had finished increasing interest rates and began pricing in rate cuts for calendar year 2024. Fixed Income markets were also mildly positive through the end of September 30, 2023. The Fund had a return of 3.57% for the five-year period ending September 30, 2023. This was below our target rate of return of 6.50%. The Fund generated net investment gains of $185.5 million.

The annual contribution to the Trust Fund was $41.5 million for FY 2023 as compared to $53.0 million in FY 2022. The contribution budgeted for FY 2024 is $72.7 million.

An actuarial analysis of the Plan's assets and liabilities is performed annually to determine the funding status of the Plan. The Plan had a funding ratio of 91.43% for the year ending September 30, 2023, as stated in the enclosed financial statements. The latest actuarial report, dated March 2024 and based on September 30, 2023, data, is included in the appendix.

The financial statements for the Plan were audited by McConnell & Jones LLP. The operations of the Plan and its assets are examined each year by an independent accounting firm as part of the District's Annual Comprehensive Financial Report. The Plan received an unqualified (clean) opinion from McConnell & Jones LLP. The audited financial statements are included in this annual report as an appendix.

We hope this information helps you gain a better understanding of the operations of the District's Other Post-Employment Benefits Fund and the oversight performed on an ongoing basis by the Office of Finance and Treasury and the District of Columbia Department of Human Resources.

Annual Report

This annual report provides information on the District of Columbia's Other Post-Employment Benefits Fund. The report summarizes the Plan and its operations and describes the roles of the District departments that manage the Fund. The report presents information on the performance of the Fund, a description of the investment managers, the amount invested with each manager, and the Fund's asset allocation policy. Also included are the audited financial statements, the actuarial analysis, comparative analysis information, provider descriptions, and contact personnel.

The District of Columbia Other Post-Employment Benefits Fund

The government of the District of Columbia established the District's Annuitants' Health and Life Insurance Employer Contribution Trust Fund on October 1, 1999, under the Annuitants' Health and Life Insurance Employer Contribution Amendment Act of 1999 (DC Official Code 1-621.09) (the Act). The Plan includes a trust fund that is required for the deposit of District contributions. These contributions, along with investment earnings, are used to pay future benefits on behalf of qualified participants. The Plan is administered jointly by the District's Office of the Chief Financial Officer and the District's Office of Human Resources (DCHR).

Plan Description

The Plan is a single-employer defined benefit plan that provides health and life insurance benefits to retired eligible District employees. All employees hired after September 30, 1987, who retired under the Teachers Retirement System, Police and Fire Retirement Systems, or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Plan. The trust fund was established to hold and pay the District's contributions for health and life insurance premiums for participants.

Operations

The Office of Finance and Treasury (OFT) is responsible for the oversight of the investments in the Fund and has established an investment policy and procedures for the program. The duties and responsibilities of OFT include, but are not limited to, the financial administration and management of the Fund, the selection and monitoring of investment managers, the establishment of investment objectives, the determination of the investment policy, the establishment of management policies, and the overall management and control of Fund assets.

The DC Department of Human Resources counsels employees regarding their retirement benefits, enrolls them in the selected programs, and informs OFT of their choices.

Actuarial Information

Cheiron performed the actuarial analysis of the Fund. Cheiron prepared its report in accordance with the Statements of the Governmental Accounting Standards Board (GASB) 45 and 74. Valuations are undertaken for each fiscal year. The purpose of the valuation is to provide an estimate of the Total OPEB Liability and the Actuarially Determined Contribution (ADC).

Investment Consultant

NEPC, LLC was hired as an Outsourced Chief Investment Officer ("OCIO") for the Other Post-Employment Benefits ("OPEB") Fund. NEPC provides investment consulting advice on asset allocation and policy-related decisions to the Deputy CFO and Treasurer of the Office of Finance and Treasury. As an OCIO, NEPC assumes responsibility for implementation of the investment portfolio within the guidelines approved in the Investment Policy Statement. These activities include, but are not limited to, rebalancing the portfolio, investment manager structure, investment manager search, retention, and monitoring, as well as performance reporting. NEPC meets with the Office of Finance and Treasury on a regular basis to report on and review the OPEB Fund's performance and compliance with the Investment Policy Statement.

Contributions

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

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service (but less than 30 years of creditable District service) pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1% for each year of creditable District service over 10 years, up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or more years of creditable District service, and the family members of an annuitant with 30 or more years of creditable District service pay up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service, but less than 25 years of creditable District service, pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3% for each year of creditable service over 10 years, up to a maximum of 15 such additional years.

Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service, or Police Officer or Firefighter annuitants who are injured in the line of duty, the District pays 75% of the cost of the selected health benefit plan, and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police Officers and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service (but less than 25 years of creditable District service) pay a percentage of their health insurance premiums, and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; the family member pays 40% of the cost of the selected health benefit plan for covered family members of Police Officers or Firefighters who were hired before November 10, 1996.

Advisory Committee

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

- Charles Hall, Director, District of Columbia Department of Human Resources (Mayor)
- Gianpiero "J.P." Balestrieri, Executive Director, District of Columbia Retirement Board (DCRB)
- Matthew Brown, Chief Financial Officer, District of Columbia Water (CFO)
- Ritta McLaughlin, Director, Investor Education Community Outreach, FINRA Investor Education Foundation (CFO)
- Thompson H. Sawyer Jr., Deputy Director, Division of Finance, Federal Deposit Insurance Corporation (CFO)
- Deborah Freis, Director, Office of Revenue and Analysis (CFO)
- Barbara Davis Blum, President, BDB Investment Partnership (Council)

INVESTMENT MANAGER INFORMATION

INVESTMENT MANAGER	ASSET CLASS	BENCHMARK	INCEPTION DATE
Equity			
Brandywine Global Investment Management, LLC	U.S. Large-Cap Value	Russell 1000 Value Index	01/01/2012
State Street Global Advisors	U.S. Large-Cap Growth	Russell 1000 Growth Index	09/01/2020
State Street Global Advisors	U.S. Large Cap Core	S&P 500 Index	09/30/2023
ClearBridge Advisors	U.S. Mid-Cap Core	Russell Midcap Index[1]	01/01/2012
State Street Global Advisors	U.S. Small-Cap Core	Russell 2000 Index	11/01/2015
Baillie Gifford	Intl Large-Cap Growth	MSCI EAFE Growth	12/01/2011
Artisan Partners	Intl Large-Cap Value	MSCI EAFE Value	12/01/2011
Emerging Market Equity			
State Street Global Advisors	Emerging Market Equity	MSCI EM	11/01/2013
Global Equity			
Arrowstreet Capital	Global Equity Core	MSCI ACWI	09/30/2023
Fixed Income			
State Street Global Advisors	Core	Bloomberg U.S. Aggregate Bond Index	08/01/2010
AllianceBernstein L.P.	Core Plus	Bloomberg U.S. Aggregate Securitized Bond Index	01/01/2012
RBC Global Asset Management (U.S.) Inc.	Core	Bloomberg U.S. Aggregate Bond Index	12/01/2011
State Street Global Advisors	Core (U.S. Treasuries)	Bloomberg U.S. Treasury Index	09/30/2023
AllianceBernstein L.P.	Non – U.S. Unhedged	Bloomberg Global Agg-regate Bond Index Ex U.S.	12/01/2011
Emerging Market Debt			
BlueBay Asset Management LLP	Emerging Market Debt	50% JPM EMBI Global Diversified/50% JPM GBI-EM Global Diversified U.S.[2]	11/01/2013
Commodity			
Gresham Investment	Commodities	Bloomberg Commodity Index Total Return	10/31/2013
Cash			
Northern Trust Investment, Inc.	Cash	90-Day U.S. Treasury Bill	05/01/2017

[1] Benchmark as of 10/01/2012. From 01/01/2012 through 09/30/2012, the benchmark was the S&P MidCap 400 Index.

[2] Benchmark as of 02/01/2015. From 11/01/2013 through 01/31/2015, the benchmark was the 50% JPM EMBI Global Diversified/50% JPM GBI-EM Broad Diversified U.S. Index.

INVESTMENT MANAGER DESCRIPTIONS

Equity

Brandywine Large Cap Value

The Large Cap Value Equity strategy seeks attractive total return, a dividend yield greater than the benchmark, and style consistency, while maintaining a focus on bottom-up stock picking. The team's focus on free cash flow metrics is one of the primary factors differentiating the team from style peers. Although bottom-up stock picking drives portfolio construction, the team spends significant effort to recognize the impact of macroeconomic changes when analyzing and researching companies.

SSgA Russell 1000 Large Cap Growth Index Fund

The strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index ("Index") over the long term. The Russell 1000® Growth Index is comprised of approximately 1,000 of the largest U.S. securities in the U.S. market.

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

The strategy may at times purchase or sell index futures contracts, or options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index or to enhance the strategy's replication of the Index return. The strategy's return may not match the return of the Index.

SSgA S&P 500 Index Fund

The strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index ("Index") over the long term. The S&P 500 Index is comprised of approximately 500 of the largest U.S. securities in the U.S. market.

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

The strategy may at times purchase or sell index futures contracts, or options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index or to enhance the strategy's replication of the Index return. The strategy's return may not match the return of the Index.

ClearBridge Mid Cap Core

This fund invests in a diversified portfolio focused primarily on mid-sized companies. It seeks long-term capital appreciation through a disciplined, consistent, and transparent investment process. It employs an investment strategy that is driven by stock selection, with a focus on companies that exhibit high free cash flow, strong balance sheets, undervalued growth potential, and management teams that exercise capital discipline.

SSgA Russell 2000 Index Fund

The strategy seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index ("Index") over the long term. The Russell 2000® Index is comprised of approximately 2,000 of the smallest U.S. securities in the U.S. Market.

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

The strategy may at times purchase or sell index futures contracts, or options on those futures, or engage in other transactions involving the use of derivatives, in lieu of investment directly in the securities making up the Index or to enhance the strategy's replication of the Index return. The strategy's return may not match the return of the Index.

Baillie Gifford International Growth Equity

The fund is designed to pursue long-term capital appreciation by investing in high-quality, attractively valued, non-U.S. growth companies of all market capitalizations. Baillie Gifford's investment philosophy is built on three fundamental viewpoints:

Share prices follow company fundamentals;
Companies that grow their earnings and cash flows faster than average outperform the market; and
Company analysis is more useful than economic data.

Their investment process is based on a highly analytical research-driven process and builds portfolios from the bottom up. The strategy invests primarily in developed markets but also may invest up to 20% of the Fund's net assets at market value, at the time of purchase, in emerging markets. Currency hedging is used for defensive purposes and only used under certain conditions.

Artisan International Value Equity

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

SSgA Emerging Market Index Fund

The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to match, before expenses, the performance of the MSCI Emerging Markets Index, which is a free, float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

SSgA will typically attempt to invest in the equity securities comprising the Index, in approximately the same proportions as they are represented in the Index. Equity securities may include common stocks,

preferred stocks, depository receipts, or other securities convertible into common stock. Equity securities held by the fund may be denominated in foreign currencies and may be held outside the United States. In some cases, it may not be possible or practicable to purchase all the securities comprising the Index or to hold them in the same weightings as they represent in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio in question. SSgA may also utilize other pooled investment vehicles, including those managed by SSgA and its affiliates, as substitutes for gaining direct exposure to securities or a group of securities in the Index. The strategy's return may not match the return of the Index.

Arrowstreet Global Equity

The strategy is considered core and dynamic so it can react to market opportunities and generate alpha in both value and growth markets. The process is quantitative in nature, but utilizes elements of qualitative intuition across signal development, risk management and other aspects of the strategy. The team believes that securities should be evaluated across both direct (company specific) and indirect (country, sector and other) effects.

Fixed Income

SSgA U.S. Aggregate Bond Index Fund

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

Bernstein Strategic Core — Plus

This is a multisector fixed-income strategy with a research-driven investment approach. This fund has as its neutral composition both strategic overweights to non-Treasury sectors, such as investment-grade corporates and mortgages, and strategic allocations to high-yield, non-U.S. and emerging market debt; these allocations are neutral targets around which portfolio exposures vary in accordance with perceived opportunity. The goal is to outperform the Barclays U.S. Aggregate Index by 100 to 200 basis points annually, before fees, over full market cycles. The strategy has a minimum average credit quality of A.

RBC Global — Access Capital

The fund's investment objective is to invest in geographically specific debt securities located in portions of the United States designated by fund investors. The fund engages in socially responsible investing that helps build stronger communities through its support of low- and moderate-income homebuyers, affordable rental housing units, small business administration loans, and economic development projects. The fund invests at least 75% of the fund in securities rated AAA or equivalent.

SSgA U.S Treasuries Index Fund

The fund seeks an investment return that approximates as closely as practicable, before expenses, the performance of its benchmark index (the "Index") over the long term. The fund is managed using a "passive" or "indexing" investment approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The fund may attempt to invest in the securities comprising the Index in the same proportions as they are represented in the Index. However, due to diverse composition of securities in the Index, some of the securities may be unavailable for purchase, so it may not be possible for the fund to purchase all the securities comprising the Index. The strategy's return may not match the return of the Index.

Bernstein Global Plus

This is an actively managed global bond strategy with a research-driven investment approach. This fund invests in the sovereign debt of developed countries other than the U.S., investment-grade credits, agencies, mortgages, commercial mortgage-backed securities, and asset-backed securities, and takes opportunistic positions in high-yield and emerging-market debt, where permitted by client guidelines. The goal is to outperform the Barclays Global Aggregate Index by 100 to 200 basis points annually, before fees, over full market cycles. The strategy has a minimum average credit quality of A.

Emerging Market Debt

BlueBay Emerging Market Bond

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

Real Assets

Gresham Strategic Commodities Fund

This fund seeks to provide diversified exposure to commodities using long-only, fully collateralized commodity futures. Gresham's Tangible Asset Program (TAP), is a long-only, diversified, tangible commodity futures investment strategy with a 30 plus year real-time track record. The TAP methodology balances rules-based construction with market-driven implementation and is designed to maximize return through effective trading and minimize volatility by constraining sector and individual commodity weightings as well as a systematic interim rebalancing strategy. The fund also generates return through investment of the collateral.

Cash

Northern Institutional Treasury Portfolio

The Portfolio invests in high-quality securities, primarily in U.S. Treasuries and repurchase agreements that are collateralized by Treasury Obligations and/or Government Obligations carrying the full faith and credit of the U.S. government. In addition to investing in Treasuries, the Portfolio invests in repurchase agreements, which may offer a potential yield advantage over a Portfolio invested only in Treasuries. The Portfolio, under normal circumstances, will invest at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in Treasury Obligations and repurchase agreements collateralized solely by Treasury Obligations. The Portfolio operates as a "government money market fund" under SEC Rule 2a-7.

ASSET ALLOCATION AND INVESTMENT PERFORMANCE

ASSET ALLOCATION BY CLASS[1]

CLASS	MARKET VALUE ($)	ALLOCATION (%)
Domestic Equity	931,991,929	50.50
Domestic Fixed Income	440,313,311	23.86
International Equity	205,681,632	11.145
International Fixed Income	66,352,621	3.60
Emerging Equity	74,968,756	4.06
Commodities	56,221,561	3.05
Emerging Fixed Income	31,544,762	1.71
Cash	38,608,032	2.09
Total	1,845,682,604[2]	100.00[3]

ASSET ALLOCATION BY MANAGER[4]

MANAGER	MARKET VALUE ($)	ALLOCATION (%)
Brandywine Large Cap Value	270,651,097	14.66
SSgA Russell 1000 Growth Index Fund	303,370,601	16.44
SSgA S&P 500 Index Fund*	50,165,879	2.72
ClearBridge Mid Cap Core	202,461,331	10.97
SSgA Russell 2000 Index Fund	105,343,021	5.71
Artisan International Value	83,621,592	4.53
Baillie Gifford International Growth Equity	72,060,040	3.90
SSgA Emerging Market Index	74,968,756	4.06
Arrowstreet Global Equity*	50,000,000	2.71
RBC Global – Access Capital	29,395,954	1.59
Bernstein Strategic Core	163,195,430	8.84
SSgA U.S. Aggregate Bond Index Fund	247,727,843	13.42
SSgA U.S. Treasury Index Fund*	-5,916[7]	—
Bernstein Global Plus	66,352,621	3.60
Blue Bay Emerging Markets Debt	31,544,762	1.71
Gresham Commodities Fund	56,221,561	3.05
Northern Trust Investment, Inc.	38,608,033	2.09
Total	1,845,682,604[5]	100.00[6]

[1, 4] Source: The Northern Trust Company

[2, 5] Asset total will differ from the financial statements due to accrual reporting of certain expenses in the financial statements.

[3, 6] Numbers may not add up to 100% due to rounding.

[7] Accounting entry reflecting the market effect for the purchase of $60M of the SSgA U.S. Treasury Index Fund (Fund) on September 29, 2023, which has a trade settlement date of T+2 and a current market value of $59,994,084. The full market value of the Fund is reflected on October 2, 2023, when the trade purchase settles.

* SSgA S&P 500 Index Fund, SSgA U.S. Treasury Index Fund and Arrowstreet Global Equity were added at the end of September 2023.

PERFORMANCE FOR TOTAL FUND AND ASSET CLASS AS OF SEPTEMBER 30, 2023

PERFORMANCE (%)							
	1[1] Year	3[1] Years	5[1] Years	7[2] Years	10[2] Years	Since Inception[1]	Inception Date
Total Fund Composite	**11.46**	**3.06**	**3.57**	**5.07**	**4.80**	**5.35**	**01/01/03**
Policy Index	11.52	3.22	4.29	5.54	5.42	6.77	
Domestic Equity	**18.00**	**9.98**	**6.82**	**9.33**	**8.53**	**7.74**	**01/01/03**
Russell 3000 Index	20.46	9.38	9.14	11.64	11.28	10.13	
eV U.S. All Cap Equity Median	19.25	9.62	8.18	10.94	10.34	10.49	
International Equity (includes Emerging Equity)	**18.70**	**-1.48**	**2.55**	**5.21**	**4.48**	**5.38**	**01/01/03**
MSCI EAFE Index	26.31	6.28	3.74	5.81	4.32	7.04	
eV EAFE Equity Median	24.35	5.61	3.61	5.74	4.77	7.70	
Emerging Market Equity	**11.53**	**-1.80**	**0.51**	**3.16**	N/A	**1.53**	**11/01/13**
MSCI EM	12.17	-1.34	0.94	3.61	N/A	1.98	
eV Emerging Markets Equity Median	14.44	0.27	2.42	4.46	N/A	3.05	
Domestic Fixed Income	**0.74**	**-4.89**	**0.24**	**0.11**	**1.35**	**1.49**	**12/01/11**
Bloomberg U.S. Aggregate Index	0.64	-5.21	0.10	-0.09	1.13	1.23	
eV U.S. Core Fixed Income Median	1.23	-4.69	0.64	0.46	1.63	1.87	
International Fixed Income	**2.92**	**-8.38**	**-3.24**	**-2.70**	**-1.42**	**-1.04**	**12/01/11**
Bloomberg Global Aggregate Ex USD	3.39	-8.39	-3.10	-2.77	-1.73	-1.30	
eV Global Fixed Income Median	6.19	-2.72	1.16	1.30	1.87	2.16	
Emerging Market Debt	**16.18**	**-2.87**	**-0.44**	**-0.66**	N/A	**-0.71**	**11/01/13**
Emerging Market Debt Policy Index	11.57	-3.61	-0.14	0.06	N/A	0.85	
eV All Emerging Markets Debt Median	11.58	-1.93	1.13	1.27	N/A	2.17	
Commodity	**-3.25**	**15.38**	**4.34**	**4.37**	N/A	**-1.30**	**11/01/13**
Bloomberg Commodity Index	-1.30	16.23	6.13	4.68	N/A	-0.60	
Cash Account[3]	**4.42**	**1.65**	**1.58**	**1.42**	**1.30**	**0.97**	**10/01/09**

[1] Performance provided by The Northern Trust Company

[2] Performance provided by NEPC, LLC. Median information provided by NEPC.

[3] Source: State Street Corporation until 05/01/2017. Northern Trust Investment, Inc. thereafter.

PERFORMANCE BY INVESTMENT MANAGER

PERFORMANCE (%)*							
	1[1] Year	3[1] Years	5[1] Years	7[2] Years	10[2] Years	Since Inception[1]	Inception Date
Domestic Equity							
Brandywine Large Cap Value	**17.06**	**15.51**	**8.31**	**10.38**	**9.00**	**11.57**	**12/01/11**
Russell 1000 Value Index	14.44	11.05	6.23	7.92	8.45	10.47	
eV U.S. Large Cap Value Equity Median	15.39	12.68	7.35	9.38	9.33	11.07	
SSgA Russell 1000 Growth Index Fund	**27.69**	**7.97**	N/A	N/A	N/A	**6.46**	**09/01/20**
Russell 1000 Growth Index	27.72	7.97	N/A	N/A	N/A	6.08	
eV U.S. Large Cap Growth Equity Median	25.66	6.45	N/A	N/A	N/A	5.07	
SSgA S&P 500 Index Fund	N/A	N/A	N/A	N/A	N/A	N/A	**10/01/23**
S&P 500 Index	N/A	N/A	N/A	N/A	N/A	N/A	
eV U.S. Large Cap Core Median	N/A	N/A	N/A	N/A	N/A	N/A	
ClearBridge Mid Cap Core	**11.42**	**6.85**	**6.10**	**8.16**	**8.05**	**10.51**	**12/01/11**
Russell Midcap Index[3]	13.45	8.09	6.38	8.68	8.98	11.01	
eV U.S. Mid Cap Equity Median	15.75	9.63	7.37	9.85	9.74	11.67	
SSgA Russell 2000 Index Fund	**9.07**	**7.28**	**2.48**	**6.69**	N/A	**6.94**	**11/01/15**
Russell 2000 Index	8.93	7.16	2.40	6.62	N/A	7.03	
eV U.S. Equity Small Cap Core Median	13.64	11.51	5.37	8.98	N/A	8.94	
International Equity							
Baillie Gifford International Growth Equity	**13.13**	**-11.67**	**0.29**	**5.02**	**4.79**	**5.86**	**01/01/12**
MSCI EAFE Growth Index	20.41	0.70	3.59	5.68	4.80	6.90	
eV International Growth Equity Median	19.52	0.38	4.40	6.52	5.25	7.79	
Artisan International Value Equity	**31.90**	**13.71**	**7.12**	**7.52**	**6.67**	**8.79**	**01/01/12**
MSCI EAFE Value	32.46	11.85	3.47	5.60	3.59	5.89	
eV International Value Equity Median	29.66	10.02	4.14	5.75	4.44	6.73	
Emerging Market Equity							
SSgA Emerging Market Index Fund	**11.53**	**-1.80**	**0.51**	**3.16**	N/A	**1.53**	**11/01/13**
MSCI EM	12.17	-1.34	0.94	3.61	N/A	1.98	
eV Emerging Markets Equity Median	14.44	0.27	2.42	4.46	N/A	3.05	
Global Equity							
Arrowstreet Global Equity	N/A	N/A	N/A	N/A	N/A	N/A	**10/01/23**
MSCI ACWI Index	N/A	N/A	N/A	N/A	N/A	N/A	
eV All Global Equity Median	N/A	N/A	N/A	N/A	N/A	N/A	

[1] Performance provided by The Northern Trust Company
[2] Performance provided by NEPC, LLC. Median information provided by NEPC.
[3] Benchmark as of 10/1/01/2012. From 01/01/2012 through 09/30/2012, the benchmark was the S&P MidCap 400 Index.

PERFORMANCE BY INVESTMENT MANAGER (CONTINUED)

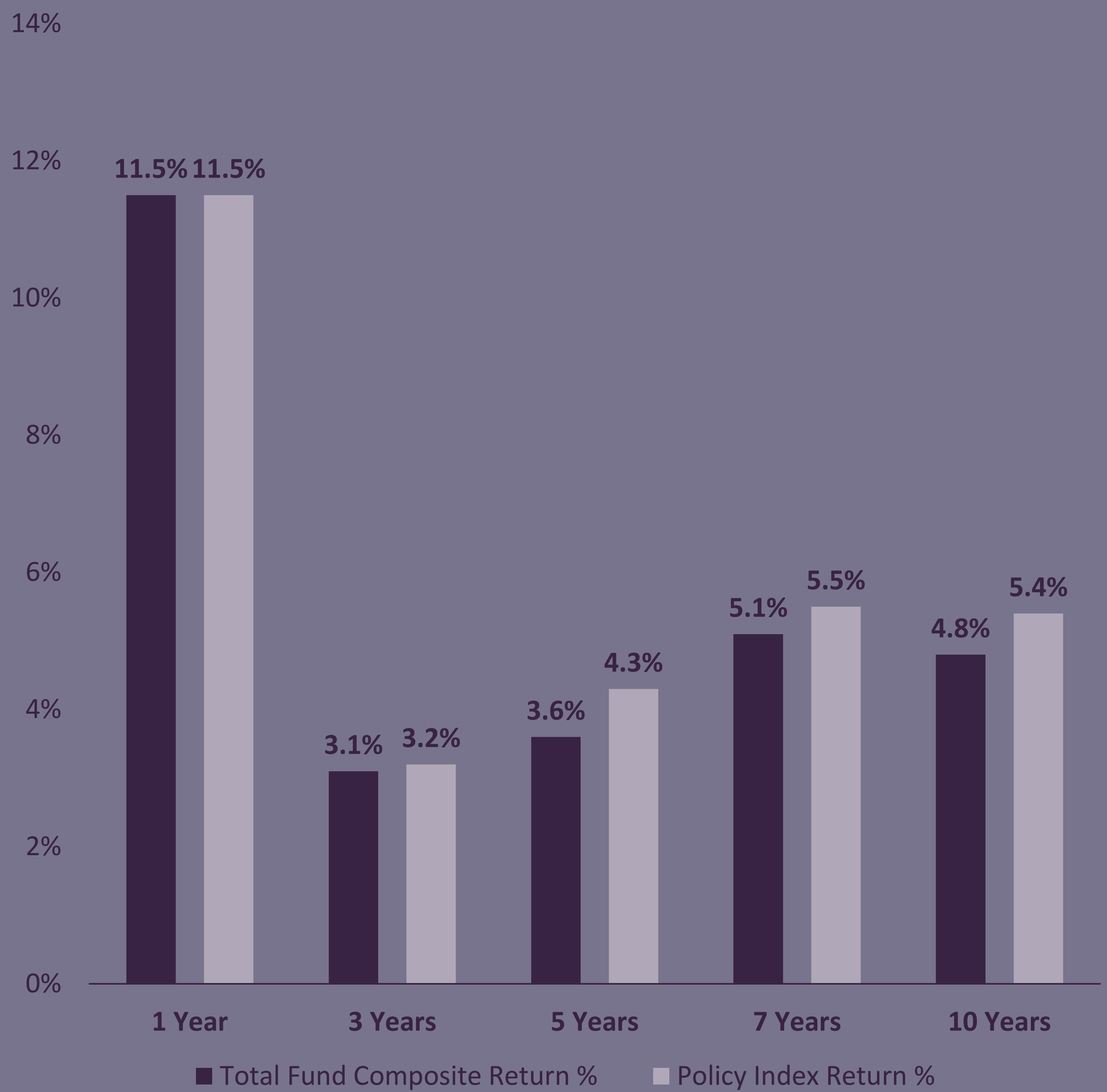
	PERFORMANCE (%)*						
	1[1] Year	3[1] Years	5[1] Years	7[2] Years	10[2] Years	Since Inception[1]	Inception Date
Domestic Fixed Income							
SSgA U.S. Aggregate Bond Index Fund	**0.68**	**-5.18**	**0.13**	**-0.06**	**1.15**	**1.65**	**07/01/10**
Bloomberg U.S. Aggregate	0.64	-5.21	0.10	-0.09	1.13	1.68	
eV Core Fixed Income Median	1.23	-4.69	0.64	0.46	1.63	2.30	
Bernstein Strategic Core	**1.13**	**-4.69**	**0.52**	**0.40**	**1.65**	**1.78**	**12/01/11**
Bloomberg U.S. Aggregate	0.64	-5.21	0.10	-0.09	1.13	1.23	
eV Core Fixed Income Median	1.23	-4.69	0.64	0.46	1.63	1.87	
RBC Global – Access Capital	**-0.86**	**-5.08**	**-0.91**	**-0.88**	**0.35**	**0.48**	**12/01/11**
Bloomberg U.S. Securitized Index	-0.04	-4.95	-0.63	-0.54	0.69	0.81	
eV U.S. Securitized Fixed Income Median	0.96	-2.75	0.50	0.93	1.86	2.18	
SSgA U.S. Treasury Index	N/A	N/A	N/A	N/A	N/A	N/A	**10/01/23**
Bloomberg U.S. Treasury Index	N/A	N/A	N/A	N/A	N/A	N/A	
eV U.S. Gov't Fixed Income Median	N/A	N/A	N/A	N/A	N/A	N/A	
International Fixed Income							
Bernstein Global Plus	**2.92**	**-8.38**	**-3.24**	**-2.70**	**-1.42**	**-1.04**	**12/01/11**
Bloomberg Global Aggregate Ex USD	3.39	-8.39	-3.10	-2.77	-1.73	-1.30	
eV Global Fixed Income Median	6.19	-2.72	1.16	1.30	1.87	2.16	
Emerging Market Debt							
BlueBay Emerging Market Bond	**16.18**	**-2.87**	**-0.44**	**-0.66**	N/A	**-0.71**	**11/01/13**
Emerging Market Debt Policy Index (50% JPM EMBI Global Diversified/50% JPM GBI-EM Broad Diversified U.S.)[4]	11.57	-3.61	-0.14	0.06	N/A	0.85	
eV Emerging Markets Debt Median	11.58	-1.93	1.13	1.27	N/A	2.17	
Real Assets							
Gresham Investment	**-3.26**	**15.38**	**4.34**	**4.37**	N/A	**-1.30**	**11/01/13**
Bloomberg Commodity Index Total Return	-1.30	16.23	6.13	4.68	N/A	-0.60	
Cash							
Northern Trust Investment Inc.[5]	**4.42**	**1.65**	**1.58**	**1.42**	**1.30**	**0.97**	**10/01/09**

[1] Performance provided by The Northern Trust Company
[2] Performance provided by NEPC, LLC. Median information provided by NEPC.
[3] Benchmark as of 10/1/01/2012. From 01/01/2012 through 09/30/2012, the benchmark was the S&P MidCap 400 Index.
[4] Benchmark as of 02/01/2015. From 11/01/2013 through 01/31/2015, the benchmark was 50% JPM EMBI Global Diversified/50%JPM GBI-EM Broad Diversified U.S. Index.
[5] State Street Corporation until 05/01/2017. Northern Trust Investment Inc., thereafter.

ASSET ALLOCATION POLICY

ASSET CLASS	MINIMUM	MAXIMUM	TARGET	ACTUAL
Public Equity	35%	65%	50%	65.70%
Fixed Income	17%	47%	32%	29.16%
Private Equity	0%	10%	5%	0.00%
Private Debt	0%	10%	5%	0.00%
Real Asset	0%	16%	8%	3.05%
Cash	0%	10%	0%	2.09%

COMPARATIVE PERFORMANCE AS OF SEPTEMBER 30, 2023



COMPARATIVE ANALYSIS TABLES WITH DCRB

ASSET ALLOCATION COMPARATIVE

	DCRB		OPEB Fund	
	Current Allocation	**Target Allocation (%)**	**Current Allocation**	**Target Allocation (%)[1]**
Public Equities	**43.9**	**46.0**	**65.7**	**57.0**
Domestic Equity Assets	19.1	20.0	50.5	40.0
International Developed Market Equity Assets	15.2	16.0	8.4	8.0
International Emerging Market Equity Assets	9.6	10.0	4.1	4.0
Global Equity	—	—	2.7	5.0
Fixed Income	**26.8**	**25.0**	**29.2**	**25.0**
Investment Grade Bond	7.2	7.0	23.9	20.0
Long-Term Government Bonds	2.7	3.0	—	—
TIPS Assets	5.7	5.0	—	—
High Yield	2.5	2.0	—	5.0
Emerging Market Debt Assets	4.1	4.0	1.7	—
Foreign Developed Bond Assets	1.9	2.0	3.6	—
Bank Loan Assets	2.7	2.0	—	—
Alternatives	**28.4**	**28.0**	**3.1**	**18.0**
Private Equity Assets	11.9	9.0	0.0	5.0
Private Debt	2.3	3.0	0.0	5.0
Real Assets			3.1	8.0
Real Estate Assets	7.7	8.0	—	3.0
Infrastructure/ Opportunistic Assets	4.3	6.0	—	2.0
Private Natural Resources	2.2	2.0	—	—
Commodities/Multi-Asset	—	—	3.1	3.0
Cash	**0.9**	**1.0**	**2.1**	**0.0**

As of 09/30/23.

[1] Interim target allocations. Long-term targets at the asset class level are as follows: Total Equity (50%), Total Fixed Income (32%), Total Real Assets (8%), Private Equity (5%), Private Debt (5%)

ACTUARIAL ASSUMPTIONS COMPARATIVE

	DCRB	OPEB FUND
Valuation Date	10/01/2023	09/30/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal, Level Percentage of Pay
Amortization Method	Level Dollar Closed	Level Percentage of Pay, Closed
Remaining Amortization Period	10 years	13 years beginning 09/30/2023
Asset Valuation Method	5 Year Smoothed, Market	5 Year Smoothed, Market
Actuarial Assumptions		
Investment Rate of Return[1]	6.25%	6.50%
Rate of Salary Increase[2]	4.00%–8.15%	4.00% (plus merit scale)
Cost of Living Adjustments/ Medical Trend	3.25% (COLA limited to 3.00% for those hired after 11/10/1996)	7.00% grading down to 4.14% The Society of Actuaries Getzen Model of Long-Run Medical Cost Trends, reaching the ultimate medical inflation rate in 2044

[1] Includes inflation of 3.00% for DCRB and OPEB
[2] Includes wage inflation of 4.00% for DCRB, 4.00% for OPEB


STARBUCKS COFFEE
STARBUCKS COFFEE
NO TURNS
CAVA
&pizza

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

OTHER POST-EMPLOYMENT BENEFITS FUND

FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

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

OTHER POST–EMPLOYMENT BENEFITS FUND

SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

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

WWW.MCCONNELLJONES.COM

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2024, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

McConnell Jones LLP

Washington, D.C.
January 4, 2024

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

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

Overview of the Financial Statements

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

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

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

Financial Highlights

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

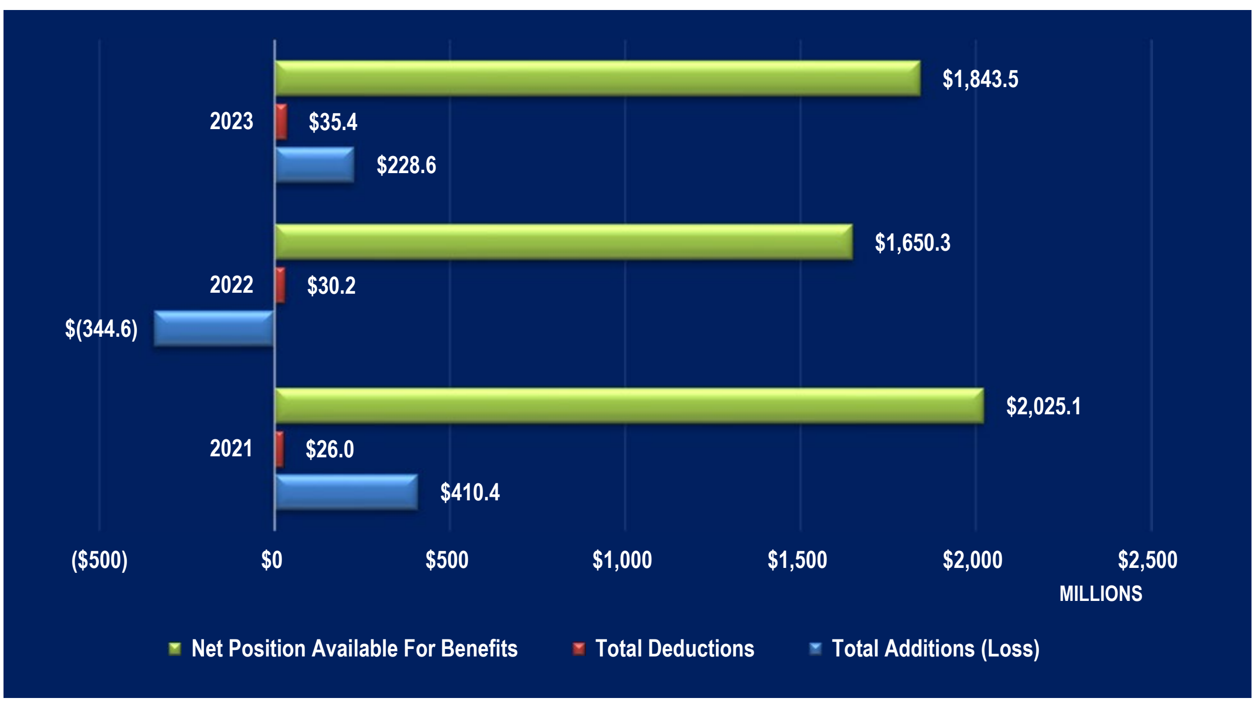
Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2023, 2022, and 2021

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

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

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

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



Financial Analysis – Fiduciary Net Position

Fiscal Year 2023

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

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

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

Fiscal Year 2022

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

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

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

Fiscal Year 2021

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

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

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

Financial Analysis – Changes in Fiduciary Net Position

Fiscal Year 2023

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

Fiscal Year 2022

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

Fiscal Year 2021

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

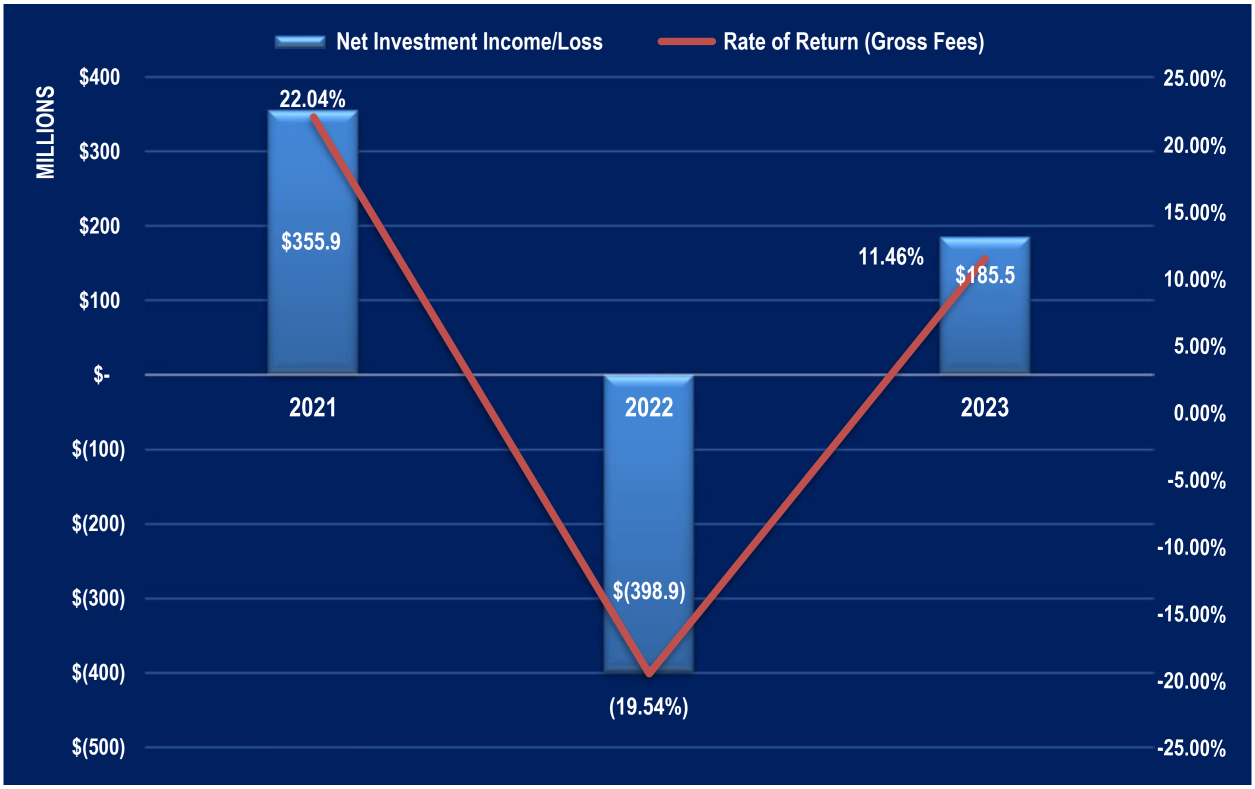
Fund Contributions

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

Investment Income

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

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



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

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

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

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

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

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

Insurance Carrier Premiums

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

Administrative Expenses

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

<u>Summary of Actuarial Analysis</u>

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

The results of the actuarial analysis are summarized below:

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

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

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

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

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

Investment Management and Custody Fees

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

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

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

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

Contact Information

This financial report is designed to provide a general overview of the Fund's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer (Office of Finance and Treasury); Government of the District of Columbia; 1101 4th Street SW, 8th Floor, Washington, DC, 20024.

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

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

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

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

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

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

NOTE 1: FUND DESCRIPTION AND CONTRIBUTIONS

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

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

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

The current advisory committee consists of the following members:

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

Fund Description

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

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

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

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

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

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

Contributions

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Basis of Presentation***
  The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

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

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

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

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

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

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

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

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

GASB 72 requires the fair value measurement in accordance with the three input levels. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

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

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

… Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the District's own assumptions in determining the fair value of investments).

- ***Recent Accounting Pronouncements***

Pronouncements Adopted

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

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

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

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

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

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

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

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

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

Pronouncements to be Adopted

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

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

NOTE 3: MASTER CUSTODIAN CONTRACT

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

NOTE 4: CASH AND CASH EQUIVALENTS

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

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

* Includes cash and investments.

NOTE 5: INVESTMENTS

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

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

* Includes cash and investments.

NOTE 5: INVESTMENTS *(continued)*

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

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

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

NOTE 5: INVESTMENTS *(continued)*

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

NOTE 5: INVESTMENTS *(continued)*

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

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

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

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

As of September 30, 2023:

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

NOTE 5: INVESTMENTS *(continued)*

As of September 30, 2022:

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

*2023 New Investment

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

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

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

*2023 New Investment

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

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

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

NOTE 5: INVESTMENTS *(continued)*

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

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

As of September 30, 2023:

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

As of September 30, 2022:

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

NOTE 5: INVESTMENTS *(continued)*

Contingencies:

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

NOTE 5: INVESTMENTS *(continued)*

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

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

NOTE 6: NET OPEB LIABILITY

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

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

Actuarial Assumptions

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

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

NOTE 6: NET OPEB LIABILITY *(continued)*

Long-term Expected Rate of Return

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

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

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

*NEPC has a new target allocation format.

Discount Rate

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

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

NOTE 6: NET OPEB LIABILITY *(continued)*

2023

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

2022

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

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

2023

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

2022

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

NOTE 7: DISTRICT CONTRIBUTIONS

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

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

NOTE 8: CONTINGENCIES

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

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

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

NOTE 9: SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Method and Assumptions used in Calculations of Actuarially Determined Contributions

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

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

McConnell Jones

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

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

We were engaged to audit, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia Other Post-Employment Benefits Fund (the Fund), a fiduciary fund of the Government of the District of Columbia, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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

WWW.MCCONNELLJONES.COM

McConnell Jones

Report on Compliance and Other Matters

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

Purpose of this Report

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

McConnell Jones LLP

Washington, D.C.
January 4, 2024

District of Columbia Office of the Chief Financial Officer

Other Post-Employment Benefits Fund
Actuarial Valuation as of September 30, 2023

Produced by Cheiron
March 2024

www.cheiron.us 1.877.CHEIRON (243.4766)

TABLE OF CONTENTS

CHEIRON

LETTER OF TRANSMITTAL

March 19, 2024

Mr. Benedict Richardson, CFA
Associate Treasurer
Government of the District of Columbia
Office of the Chief Financial Officer
Office of Finance and Treasury
1101 4th Street S.W., Suite 850 West
Washington, DC. 20024

Dear Mr. Richardson:

As requested, we have performed an actuarial valuation of the post-employment benefits provided by the District of Columbia (the "District") Office of the Chief Financial Officer Other Post-Employment Benefits Fund as of September 30, 2023. The following report contains our findings and disclosures required by the Governmental Accounting Standards Board (GASB) standards and will be used as the basis for the accounting disclosures for the fiscal year ending September 30, 2023. Valuation results shown for valuations prior to 2018 were derived from the prior actuary's report.

The purpose of this report is to present the annual actuarial valuation of the District of Columbia Office of the Chief Financial Officer Other Post-Employment Benefits Fund. This report is for the use of the District and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

This is a full valuation year, in which the claim curves and healthcare trends were developed based on current premiums and market conditions. The demographic assumptions were updated to mirror the DCRB's assumptions for the Police, Firefighters and Teacher plans, as well as an update to the General demographic assumptions. The census and assets are as of the current valuation date. The results of this valuation rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law. Actuarial computations are calculated based on our understanding of GASB 74/75 and are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results in this report. Additional accounting disclosures for the fiscal year ending September 30, 2023, related to GASB Statements 74 and 75 were provided in a separate report on December 22, 2023 which are based on the valuation report as of September 30, 2022.

Mr. Benedict Richardson, CFA
March 19, 2024
Page ii

Appendix A describes the Participant Data, Assumptions, and Methods used in calculating the figures throughout the report. In preparing our report, we relied, without audit, on information (some oral and some written) supplied by Plan Administrators. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Appendix B contains our understanding of the substantive plan provisions based on the information provided by the District.

The Inflation Reduction Act of 2022 contains some provisions that can increase cost and some provisions that reduce costs. We have assumed no net impact from the Act for this valuation report. As regulations are issued and the ensuing market response emerges, the results could vary significantly.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared for the District of Columbia Office of the Chief Financial Officer for the purposes described herein and for the use by the plan auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

Margaret Tempkin, FSA, EA, MAAA
Principal Consulting Actuary

Kathleen T. Weaver, FSA, EA, MAAA
Consulting Actuary

John Colberg, FSA, EA, MAAA
Principal Consulting Actuary

CHEIRON

SECTION I – VALUATION SUMMARY

The District of Columbia Office of the Chief Financial Officer (OCFO) has engaged Cheiron to provide an analysis of its post-employment benefit liabilities as of September 30, 2023. The primary purposes of performing this actuarial valuation are to:

- Estimate the Actuarially Determined Contribution (ADC) and the Actuarial Liability (AL) of the retiree health benefits using GASB 74 and 75 methodology under the current funding strategy,
- Provide disclosures for future financial statements, and
- Provide projections for ADC, Net OPEB Liability (NOL), and actuarial liabilities.

We have determined costs, liabilities, and trends for the substantive plan using actuarial assumptions and methods that we consider reasonable.

GASB's OPEB Requirements

GASB's Statement 74 refers to the financial reporting for post-employment benefit plans other than pension plans, and Statement 75 refers to the employer accounting for these plans. Statement 74 is generally applicable where an entity has a separate trust or fund for Other Post-Employment Benefits (OPEB). We understand that the OCFO has a trust used to fund future OPEB obligations. The GASB No. 74 Statements are effective for the plan year ending September 30, 2017. The GASB 74 and 75 valuation sections are provided below.

Statement 75, which was adopted in the fiscal year ending (FYE) September 30, 2018, requires the employer to book the actuarial cost (net of employee, retiree, and their dependents' contributions) of the plan as an expense on its financial statements. Additional disclosures required by GASB 74 and 75 include a description of the substantive plan, a summary of significant accounting policies (which we have not included in this report), contributions, and a statement of funding progress, along with the methods and assumptions used for these disclosures.

Funding Policy

The OCFO has a funding policy to contribute to the Actuarially Determined Contribution (ADC). For this purpose, the ADC is calculated as the normal cost determined under the Entry Age Normal Actuarial Cost Method, plus 15-year layered, level percent of pay amortization of the unfunded actuarial liability. This report determines the ADC for the FYE September 30, 2025 and is the first ADC using the layered amortization approach. Previous ADC calculations used a closed 20-year level percentage of pay amortization with a remaining amortization period of 12 years.

SECTION I – VALUATION SUMMARY

Table I-1 below summarizes the September 30, 2023 and September 30, 2022, actuarial valuation results. The results below are the basis for the liabilities provided in the financial statements. These results will be rolled forward to the next fiscal year end for GASB 74/75 disclosure purposes.

Table I-1
Summary of Valuation Results

Valuation Date	September 30, 2022	September 30, 2023
Discount Rate	6.50%	6.50%
Actuarial Liability (AL)	$ 1,884,295,292	$ 1,982,215,550
Actuarial Value of Assets	1,934,638,949	1,995,713,132
Unfunded actuarial liability (UAL)	**$ (50,343,657)**	**$ (13,497,582)**
Funded Ratio (AVA/AL)	102.67%	100.68%
Expected Net Benefit Payments	50,850,707	56,521,913
Market Value of Assets	1,650,287,153	1,843,482,002
Funded Ratio (MVA/AL)	87.58%	93.00%
Fiscal Year Ending	**September 30, 2024**	**September 30, 2025**
Actuarially Determined Contribution	$ 72,700,000	$ 63,900,000

The Actuarial Liability increased from $1.88 billion under the prior valuation to $1.98 billion under this valuation. In addition to the expected increase in liability of $132.06 million due to normal cost, benefit payments, and interest, the Plan experienced other changes in liability of ($34.14) million attributable to an increase due to demographic experience and a decrease due to actual verses expected claims and a change to the demographic assumptions.

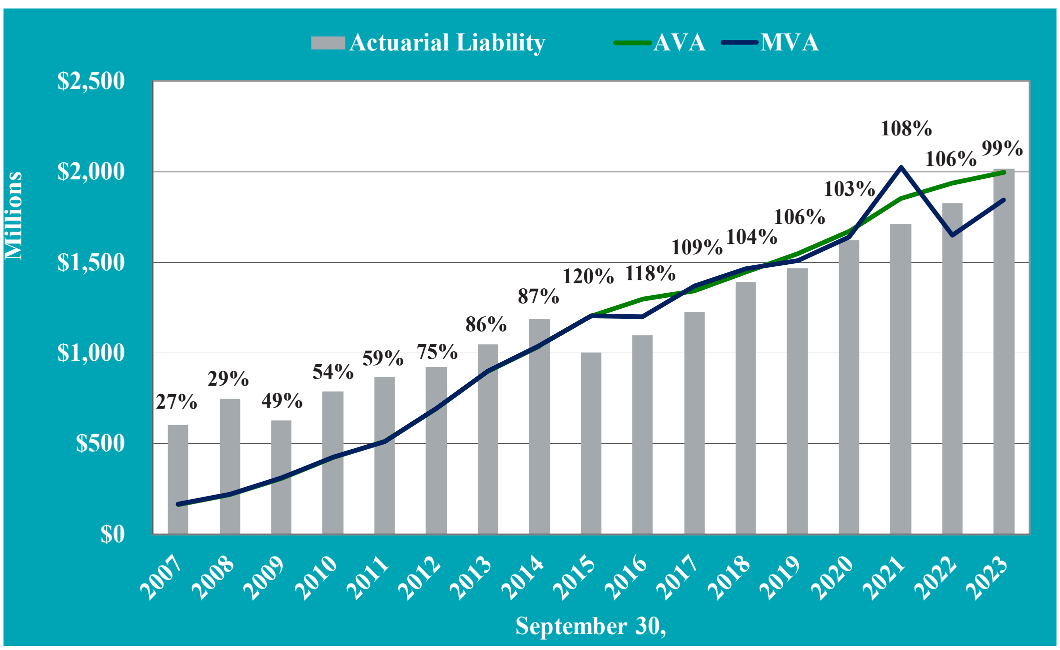
During the year ending September 30, 2023, the Plan's assets earned 11.23% on a money-weighted market value basis. The Plan's asset smoothing technique recognizes only a portion of the gains and losses for each year, and the money-weighted return on the actuarial asset value was 2.75%. This return was below the assumed rate of return of 6.50% and resulted in an actuarial loss on investments for the Plan.

SECTION I – VALUATION SUMMARY

Historical Trends

This chart shows the historical trend of assets and the actuarial liability for the District's OPEB Fund. The first valuation complying with GASB 43 and 45 was performed in 2007.

The grey bars represent the actuarial liability used to determine the ADC. The liabilities below represent the results for the District's financial statements under GASB 43/45 and GASB 74/75. The results are based on the actuarial valuations rolled forward to the appropriate fiscal year end. As you can see, over time, the liability has grown as the Plan has matured. In 2015, the actuarial liability dropped mainly due to the change in the assumed percent of retirees and dependents electing coverage. The Market Value of Assets is represented by the blue line and the Actuarial Value of Assets is represented by the green line. Prior to 2016, the AVA was equal to the MVA. In 2016, the District adopted an actuarially smoothed asset value to determine the ADC. The Actuarial Value of Assets is developed by smoothing five years of investment returns, as seen on page 6. The percentages above the bars represent the funded ratio based on the AVA.



SECTION II – ASSETS

Assets

Table II-1 below shows the reconciliation of assets for the current and prior fiscal years. This section reconciles to the assets as of September 30, 2023, that are used to develop the FYE 2025 ADC.

Table II-1
Changes in Market Market Value of Assets

	September 30, 2022	September 30, 2023
Market Value of Assets - as of beginning of Fiscal Year	**$2,025,061,908**	**$1,650,287,153**
Additions		
Employer Contributions	$ 53,000,000	$ 41,500,000
Participant Contributions	1,280,033	1,538,875
Total contributions	$ 54,280,033	$ 43,038,875
Investment Return		
Net Realized Appreciation and Unrealized Appreciation	(413,322,162)	162,918,830
Interest	7,790,208	12,344,306
Dividends	9,524,079	9,002,784
Currency (loss)/gain on FX contracts and settlements	1,244,902	4,664,245
Other Income	262,622	392,399
Total income from investment activities	$ (394,500,351)	$ 189,322,564
Investment Expenses	(4,392,455)	(3,802,582)
Total Investment Return	$ (398,892,806)	$ 185,519,982
Deductions		
Benefit Payments Made	$ 29,287,583	$ 34,017,345
Administrative Expenses	874,399	1,346,663
Total Deductions	$ 30,161,982	$ 35,364,008
Total		
Net Increase (Decrease)	$ (374,774,755)	$ 193,194,849
Market Value of Assets - as of end of Fiscal Year	**$1,650,287,153**	**$1,843,482,002**
Money-weighted Market Return for Period	-19.68%	11.23%

SECTION II – ASSETS

Table II-2 below shows the money-weighted rate of return of plan investments. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. The external cash inflows include the sponsor and retiree contributions. The external cash outflows include the benefit payments and administrative expenses.

Table II-2

Calculation of Money-Weighted Rate of Return

	Net External Cash Flows	Periods Invested	Period Weight	Net External Cash Flows With Interest
Beginning Value October 1, 2022	**$ 1,650,287,153**	**12**	**1.00**	**$ 1,835,538,175**
Monthly Net External Cash Flows:				
October	$ (2,549,182)	11.5	0.96	(2,822,797)
November	(2,560,644)	10.5	0.88	(2,810,461)
December	(2,608,576)	9.5	0.79	(2,837,798)
January	(2,781,928)	8.5	0.71	(2,999,671)
February	(2,838,757)	7.5	0.63	(3,033,930)
March	(2,843,751)	6.5	0.54	(3,012,441)
April	38,608,975	5.5	0.46	40,538,256
May	(2,804,199)	4.5	0.38	(2,918,336)
June	(2,856,421)	3.5	0.29	(2,946,445)
July	(3,104,851)	2.5	0.21	(3,174,436)
August	(2,875,424)	1.5	0.13	(2,913,919)
September	(3,110,376)	0.5	0.04	(3,124,195)
Ending Value September 30, 2023				**$ 1,843,482,002**
Money-Weighted Rate of Return				**11.23%**

SECTION II – ASSETS

Actuarial Value of Assets

The actuarial value of assets is the current market value, adjusted by a five-year smoothing of gains and losses on a market value basis. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return. The actuarial value is adjusted to remain within 20% of the market value. Table II-3 below illustrates the calculation of the market value gains and losses.

Table II-3
Development of Unrecognized Gain/(Loss) on Investments
as of September 30, FYE

	Fiscal Year Ending 9/30/2019	Fiscal Year Ending 9/30/2020	Fiscal Year Ending 9/30/2021	Fiscal Year Ending 9/30/2022	Fiscal Year Ending 9/30/2023
1. Market Value of Assets as of September 30, Beginning of Fiscal Year	**$1,462,029,859**	**$1,509,102,271**	**$1,640,681,507**	**$2,025,061,908**	**$1,650,287,153**
Fiscal Year Cash Flow					
2. Employer Contributions for the Plan Year Ending September 30, FYE	$ 46,000,000	$ 47,300,000	$ 53,600,000	$ 53,000,000	$ 41,500,000
3. Participant Contributions for the Plan Year Ending September 30, FYE	834,228	889,387	916,183	1,280,033	1,538,875
4. Benefit Payments through September 30, FYE	(19,678,332)	(23,436,697)	(25,352,804)	(29,287,583)	(34,017,345)
5. Administrative Expenses through September 30, FYE	(730,088)	(585,098)	(671,033)	(874,399)	(1,346,663)
6. Net Cash Flow	$ 26,425,808	$ 24,167,592	$ 28,492,346	$ 24,118,051	$ 7,674,867
Investment Performance					
7. Interest of 6.50% on Market Value of Assets to September 30, FYE	$ 95,031,941	$ 98,091,648	$ 106,644,298	$ 131,629,024	$ 107,268,665
8. Interest on employer contributions assuming received at the end year to September 30, FYE	0	0	0	0	0
9. Interest on participant contributions assuming received uniformly throughout the year to September 30, FYE	27,112	28,905	29,776	41,601	50,013
10. Interest on benefit payments assuming payments made uniformly throughout the year to September 30, FYE	(639,546)	(761,693)	(823,966)	(951,846)	(1,105,564)
11. Interest on administrative expenses assuming payments made uniformly throughout the year to September 30, FYE	(23,728)	(19,016)	(21,809)	(28,418)	(43,767)
12. Expected Investment Performance (7 + 8 + 9 + 10 + 11)	$ 94,395,779	$ 97,339,844	$ 105,828,299	$ 130,690,361	$ 106,169,347
13. Expected Market Value of Assets as of September 30, FYE (1 + 6 + 12)	$ 1,582,851,446	$ 1,630,609,707	$ 1,775,002,152	$ 2,179,870,320	$ 1,764,131,367
14. **Market Value of Assets as of September 30, FYE**	**$1,509,102,271**	**$ 1,640,681,507**	**$ 2,025,061,908**	**$ 1,650,287,153**	**$ 1,843,482,002**
15. Market Value of Assets Investment Gain/(Loss) (14 - 13)	$ (73,749,175)	$ 10,071,800	$ 250,059,756	$ (529,583,167)	$ 79,350,635

SECTION II – ASSETS

Table II-4 then illustrates the calculation of actuarial value of assets for the September 30, 2023, valuation.

Table II-4
Development of Actuarial Value of Assets
as of September 30, 2023

1. Actuarial Value of Assets as of September 30, 2022			**$**	**1,934,638,949**
2. Net Cash Flow (Contributions - Benefit Payments - Expenses)			$	7,674,867
3. Expected Investment Performance			$	106,169,347
Recognition of gain/(loss)		Initial Unrecognized Gain/(Loss)		Recognition
4. 20% of gain/(loss) as of September 30, 2019	$	(73,749,175)	$	(14,749,835)
5. 20% of gain/(loss) as of September 30, 2020	$	10,071,800	$	2,014,360
6. 20% of gain/(loss) as of September 30, 2021	$	250,059,756	$	50,011,951
7. 20% of gain/(loss) as of September 30, 2022	$	(529,583,167)	$	(105,916,633)
8. 20% of gain/(loss) as of September 30, 2023	$	79,350,635	$	15,870,126
9. Recognized gain/(loss) as of September 30, 2023 (sum of 4 - 8)			$	(52,770,031)
10. Actuarial Value of Assets as of September 30, 2023 (1 + 2 + 3 + 9)			**$**	**1,995,713,132**
Market Value of Assets as of September 30, 2023			$	1,843,482,002
Corridor for Actuarial Value of Assets				
80% of Market Value			$	1,474,785,602
120% of Market Value			$	2,212,178,402
Actuarial Value of Assets as of September 30, 2023			$	1,995,713,132
Actuarial Value as a percent of Market Value				108.3%
Money-weighted Return on Actuarial Value of Asset				2.8%

SECTION III – VALUATION RESULTS

This section of the report calculates the current and expected future contribution requirements under the District's funding policy. This valuation calculates the contribution for the fiscal year ending 2025.

Information about the actuarial liabilities of the Plan as of September 30, 2023 and September 30, 2022, are shown in Table III-1 below.

Table III-1
Actuarial Liability

Valuation Date	September 30, 2022	September 30, 2023
Discount Rate	6.50%	6.50%
Actuarial Liability		
Current active members	$ 1,156,146,520	$ 1,160,609,191
Current retirees, beneficiaries, and dependents	728,148,772	821,606,359
Total Actuarial Liability (AL)	**$ 1,884,295,292**	**$ 1,982,215,550**
Actuarial Value of Assets (AVA)	1,934,638,949	1,995,713,132
Unfunded Actuarial Liability (UAL)	**$ (50,343,657)**	**$ (13,497,582)**
Funded Ratio (AVA/AL)	102.67%	100.68%
Market Value of Assets (MVA)	1,650,287,153	1,843,482,002
Unfunded Actuarial Liability (UAL)	**$ 234,008,139**	**$ 138,733,548**
Funded Ratio (MVA/AL)	87.58%	93.00%
Normal Cost	**$ 58,297,209**	**$ 54,982,174**

Table III-2 below, shows the Actuarial Liability for actives and retirees, the normal cost, the Actuarial Asset Value, and the resulting unfunded actuarial liability (UAL) as of September 30, 2023, at a 6.50% discount rate. Note that this development of the AL and UAL are based on the actual measurement at September 30, 2023 and will be used in the determination of the Actuarially Determined Contribution for FYE 2025. The table shows the liability results separate for Firefighters, Police, Teachers, and General Employees.

Table III-2
Actuarial Liability, Normal Cost & Acturial Asset Value as of September 30, 2023

	Firefighters	Police	Teachers	General	Total
Actuarial Liability					
Active Employees	$ 230,655,410	$ 352,984,314	$ 185,814,516	$ 391,154,951	$ 1,160,609,191
Retired Employees	144,815,223	541,539,251	66,843,257	68,408,628	821,606,359
Total Liability	$ 375,470,633	$ 894,523,565	$ 252,657,773	$ 459,563,579	$ 1,982,215,550
Actuarial Value of Assets					1,995,713,132
Unfunded Actuarial Liability (UAL)					$ (13,497,582)
Normal Cost	$ 14,326,695	$ 19,954,106	$ 7,071,095	$ 13,630,278	$ 54,982,174

SECTION III – VALUATION RESULTS

Reconciliation

Table III-3 provides an estimate of the major factors contributing to the change in liability since the last actuarial valuation report (AVR).

Table III-3
Reconciliation of Actuarial Liability

Actuarial Liability at September 30, 2022	**$**	**1,884,295,292**
Normal Cost		58,297,209
Expected Benefits paid throughout the year		(50,850,707)
Interest		124,615,865
Expected Actuarial Liability at September 30, 2023	$	2,016,357,659
Actuarial Liability at September 30, 2023		**1,982,215,550**
Gain or (Loss)	$	34,142,109
Gain or (Loss) due to:		
Benefit changes	$	-
Census changes		(55,678,773)
Demographic Assumption changes		45,393,884
Healthcare Claims changes		44,426,998
Total changes	$	34,142,109

Below is a brief description of each of the above components:

- *Benefits Changes* refers to changes in the Plan or eligibilities. There were no benefit changes since the prior valuation.
- *Census Changes* refers to differences in the valuation census due to members terminating, retiring, dying, and becoming disabled at rates different than expected.
- *Demographic assumption changes* refer to the changes in demographic assumptions. The demographic assumptions were updated with this valuation. See Appendix B for a summary of changes .
- *Healthcare Claims changes* refer to the change in projected healthcare costs and trends compared to the prior valuation.

SECTION III – VALUATION RESULTS

Actuarially Determined Contribution (ADC)

The ADC consists of two parts: (1) the *normal cost*, which represents the annual cost attributable to service earned in a given year, and (2) the amortization of the UAL. In Table III-4 below, we show the computed FYE 2024 and FYE 2025 ADC under the District's funding policy and a 6.50% assumed discount rate (based on a long-term view of returns on the asset allocation). Please note that the ADC calculation for FYE 2024 is based on the 2022 actuarial report rolled forward. This timing lag is used to better coordinate the District's budget timing.

Table III-4
Calculation of Actuarially Determined Contribution (ADC)

For Fiscal Year Ending	9/30/2024	9/30/2025
Projected OPEB Liability	$ 2,016,358,000	$ 2,111,257,000
Expected Actuarial Asset Value	1,963,613,000	2,094,223,000
Expected Unfunded Actuarial Liability	52,745,000	17,034,000
Normal cost	$ 67,053,000	$ 62,400,000
Amortization of UAL *	5,647,000	1,500,000
Total ADC (not less than $0)	**$ 72,700,000**	**$ 63,900,000**
Projected payroll	$ 2,416,783,281	$ 2,653,193,675
ADC as a percentage of pay	3.01%	2.41%
Fiscal Year Ending	**September 30, 2023**	**September 30, 2024**
Expected Net Benefit Payments	$ 50,850,707	$ 56,521,913

* The UAL for FYE 2024 is based on the 20-year closed level percentage of pay.

Starting with the FYE 2025 ADC, the UAL amortization will be based on 15-year level percentage of pay layered amortizations. The September 30, 2023 UAL is projected to September 30, 2024 and then amortized over 15 years from the projection date. Future gains and losses, as well as benefit, method and assumption changes will be amortized over 15-year layers for ADC purposes. If a surplus (negative UAL) exists at the projection date using the AVA funded percentage, then the negative UAL will be amortized over 30 years, and all prior bases will be immediately recognized.

Table III-5
UAL Amortization Layers
($ in Thousands)

	Date Established	Initial Amount	Initial Years	Remaining Years	Remaining Amount	End of Year Amortization Payment
Initial UAL	9/30/2024	$ 17,034	15	15	$ 17,034	$ 1,500
Total Amortization Payment FYE 2025					$ 17,034	**$ 1,500**

SECTION III – VALUATION RESULTS

Projected Cash Flow

The following table presents a 30-year payout projection of employer benefit payments for the District OPEB Plan.

Table III-6
Projected Cash Flow

Fiscal Year Ending September 30,	Employer Payment	Fiscal Year Ending September 30,	Employer Payment
2024	$ 56,522,000	2039	$ 181,370,000
2025	65,496,000	2040	191,195,000
2026	74,977,000	2041	201,983,000
2027	84,079,000	2042	212,964,000
2028	92,904,000	2043	223,898,000
2029	101,235,000	2044	236,215,000
2030	109,974,000	2045	248,344,000
2031	118,252,000	2046	260,851,000
2032	125,212,000	2047	271,483,000
2033	132,722,000	2048	281,942,000
2034	141,390,000	2049	290,007,000
2035	148,464,000	2050	296,411,000
2036	154,807,000	2051	301,044,000
2037	163,292,000	2052	303,510,000
2038	171,875,000	2053	304,889,000

SECTION III – VALUATION RESULTS

Projections

Table III-7 shows a projection of future years' Actuarial Liability (AL), Actuarial Asset Value (AVA), Unfunded Actuarial Liability (UAL), Funded Ratio, and Actuarially Determined Contribution (ADC) for FYEs 2025 through 2029, based on a projection of the September 30, 2023, valuation results. These projections are based on the adoption of a closed 15-year layered amortization of the UAL, effective for FYE 2025. The ADC for the FYE 2024 is also shown and is computed based on the September 30, 2022 valuation results.

Table III-7
Projections of Actuarial Results
($ in Thousands)

	Fiscal Year Ending September 30,					
	2024	2025	2026	2027	2028	2029
Projected OPEB Liability	$ 2,016,358	$ 2,111,257	$ 2,243,284	$ 2,377,975	$ 2,515,735	$ 2,657,184
Expected Actuarial Asset Value	1,963,613	2,094,223	2,181,241	2,224,977	2,386,318	2,534,713
Expected Unfunded Actuarial Liability	52,745	17,034	62,043	152,998	129,417	122,471
Funded Ratio	97.4%	99.2%	97.2%	93.6%	94.9%	95.4%
Normal Cost	$ 67,100	$ 62,400	$ 66,300	$ 70,000	$ 73,800	$ 77,800
Amortization of Unfunded Liability	5,600	1,500	5,600	13,900	12,600	12,700
Actuarially Determined Contribution	$ 72,700	$ 63,900	$ 71,900	$ 83,900	$ 86,400	$ 90,500
Amortization Period for UAL (Years)	12	15 Yr Layer	15 Yr Layer	15 Yr Layer	15 Yr Layer	15 Yr Layer

SECTION III – VALUATION RESULTS

Table III-8 shows the projected amortization bases for the ADC projections in Table III-7 above.

Table III-8
Projection of UAL Amortization Layers
($ in Thousands)

	Date Established	Initial Amount	Initial Years	Remaining Years	Remaining Amount	End of Year Amortization Payment
Initial UAL	9/30/2024	$ 17,034	15	14	$ 16,112	$ 1,500
Actuarial Loss	9/30/2025	$ 45,931	15	15	$ 45,931	$ 4,100
Total Amortization Payment FYE 2026					$ 62,043	**$ 5,600**
Initial UAL	9/30/2024	$ 17,034	15	13	$ 15,163	$ 1,500
Actuarial Loss	9/30/2025	$ 43,443	15	14	$ 43,443	$ 4,100
Actuarial Loss	9/30/2026	$ 94,392	15	15	$ 94,392	$ 8,300
Total Amortization Payment FYE 2027					$ 152,998	**$ 13,900**
Initial UAL	9/30/2024	$ 17,034	15	12	$ 14,187	$ 1,500
Actuarial Loss	9/30/2025	$ 43,443	15	13	$ 40,883	$ 4,100
Actuarial Loss	9/30/2026	$ 94,392	15	14	$ 89,279	$ 8,300
Actuarial Gain	9/30/2027	$ (14,931)	15	15	$ (14,931)	$ (1,300)
Total Amortization Payment FYE 2028					$ 129,418	**$ 12,600**
Initial UAL	9/30/2025	$ 17,034	15	11	$ 13,182	$ 1,500
Actuarial Loss	9/30/2026	$ 43,443	15	12	$ 38,249	$ 4,100
Actuarial Loss	9/30/2027	$ 94,392	15	13	$ 84,018	$ 8,300
Actuarial Gain	9/29/2028	$ (14,931)	15	14	$ (14,122)	$ (1,300)
Actuarial Loss	9/29/2028	$ 1,145	15	15	$ 1,145	$ 100
Total Amortization Payment FYE 2029					$ 122,471	**$ 12,700**

SECTION IV – SENSITIVITY OF RESULTS

The liabilities produced in this report are sensitive to the assumptions used. Table IV-1 shows liabilities under the actuarial funding scenario using a 1% increase and decrease in healthcare trend rates to provide some measure of sensitivity. In all cases, we are using the full actuarial funding assumption of 6.50% for the discount rate. GASB 74/75 requires the sensitivity figures shown below, roll-forwarded and compared to Market Value of Assets, for the next valuation.

Table IV-1
Healthcare Trend Rate Sensitivity as of September 30, 2023

Healthcare Trend Rates	**-1%**	**Base**	**+1%**
Actuarial Liability			
Current active members	$ 971,077,498	$ 1,160,609,191	$ 1,404,756,463
Current retirees, beneficiaries, and dependents	746,660,212	821,606,359	911,888,183
Total Actuarial Liability (AL)	$ 1,717,737,710	$ 1,982,215,550	$ 2,316,644,646
Actuarial Value of Assets	1,995,713,132	1,995,713,132	1,995,713,132
Unfunded actuarial liability (UAL)	$ (277,975,422)	$ (13,497,582)	$ 320,931,514
Normal Cost	$ 44,376,588	$ 54,982,174	$ 69,283,146

Table IV-2 shows liabilities under the actuarial funding scenario using a 1% increase and decrease in discount rates to provide some measure of sensitivity. GASB 74/75 requires the sensitivity figures shown below, roll-forwarded and compared to Market Value of Assets, for the next valuation.

Table IV-2
Discount Rate Sensitivity as of September 30, 2023

Discount Rate	**5.50%**	**6.50%**	**7.50%**
Actuarial Liability			
Current active members	$ 1,369,879,419	$ 1,160,609,191	$ 992,638,840
Current retirees, beneficiaries, and dependents	919,859,492	821,606,359	741,256,229
Total Actuarial Liability (AL)	$ 2,289,738,911	$ 1,982,215,550	$ 1,733,895,069
Actuarial Value of Assets	1,995,713,132	1,995,713,132	1,995,713,132
Unfunded actuarial liability (UAL)	$ 294,025,779	$ (13,497,582)	$ (261,818,063)
Normal Cost	$ 71,122,244	$ 54,982,174	$ 42,877,386

SECTION V – SCHEDULE OF FUNDING PROGRESS

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in the Annual Comprehensive Financial Report (ACFR) in order to receive recognition for excellence in financial reporting. In accordance with those statements, we have prepared the following disclosures.

Schedule of Funding Progress

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded, and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The actuarial liability under GASB is determined assuming that the Plan is ongoing, and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

The figures below represent the results for the District's financial statements under GASB 43/45 and GASB 74/75. The results are based on the actuarial valuations rolled forward to the appropriate fiscal year end. Years prior to 2018 were taken from the prior actuary's report.

Table V-1
Schedule of Funding Progress for Fiscal Year Ending September 30,
($ in Millions)

Valuation Year	Actuarial Asset Value (a)	Actuarial Liability (b)	Unfunded Actuarial Liability (c)=(b-a)	Funded Ratio (d)=(a)/(b)	Covered Payroll (e)	UAL as a Percentage of Covered Payroll (f) = (c)/(e)
2007	$164.2	$600.1	$435.9	27.4%	$1,090.9	39.96%
2008	219.7	745.2	525.5	29.5%	1,107.1	47.47%
2009	309.1	625.9	316.8	49.4%	1,579.9	20.05%
2010	424.3	784.9	360.6	54.1%	1,544.5	23.35%
2011	511.5	866.6	355.1	59.0%	1,559.8	22.77%
2012	693.3	919.7	226.4	75.4%	1,399.1	16.18%
2013	897.8	1,048.0	150.2	85.7%	1,441.1	10.42%
2014	1,036.6	1,188.3	151.7	87.2%	1,484.3	10.22%
2015	1,202.4	1,001.2	(201.2)	120.1%	1,608.0	(12.51)%
2016	1,298.1	1,098.5	(199.6)	118.2%	1,656.2	(12.05)%
2017	1,339.6	1,224.6	(115.0)	109.4%	1,820.0	(6.32)%
2018	1,447.6	1,391.0	(56.6)	104.1%	1,940.8	(2.91)%
2019	1,545.0	1,464.7	(80.3)	105.5%	2,038.8	(3.94)%
2020	1,670.6	1,621.6	(49.0)	103.0%	2,173.5	(2.26)%
2021	1,852.7	1,711.7	(141.0)	108.2%	2,331.3	(6.05)%
2022	1,934.6	1,823.5	(111.1)	106.1%	2,439.2	(4.56)%
2023	1,995.7	2,016.4	20.7	99.0%	2,416.8	0.86%

SECTION V – SCHEDULE OF FUNDING PROGRESS

Schedule of Employer Contributions

The schedule of employer contributions, Table V-2, shows whether the employer has made contributions that are consistent with an actuarially sound method of funding the benefits to be provided.

Years prior to 2018 were taken from the prior actuary's report.

Table V-2
Schedule of Employer Contributions
($ in Millions)

Fiscal Year Ended	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed	Net OPEB Obligation
2008	$103.4	$110.8	107.2%	$42.1
2009	130.9	81.1	62.0%	44.7
2010	92.2	90.7	98.4%	45.6
2011	94.2	94.2	100.0%	32.2
2012	95.5	109.8	115.0%	9.9
2013	85.2	107.8	126.5%	10.0
2014	86.6	86.6	100.0%	10.0
2015	91.4	91.4	100.0%	10.0
2016	29.0	29.0	100.0%	10.0
2017	31.0	31.0	100.0%	10.0
Fiscal Year Ended	**Actuarially Determined Contribution**	**Amount Contributed**	**Percentage of ADC Contributed**	**OPEB Expense**
2018	$44.5	$44.5	100.0%	$53.4
2019	46.0	46.0	100.0%	63.8
2020	47.3	47.3	100.0%	71.7
2021	53.6	53.6	100.0%	21.4
2022	53.0	53.0	100.0%	107.8
2023	41.5	41.5	100.0%	125.2
2024	72.7	TBD	TBD	TBD
2025	63.9	TBD	TBD	TBD
2026*	71.9	TBD	TBD	TBD
2027*	83.9	TBD	TBD	TBD
2028*	86.4	TBD	TBD	TBD

*estimated

APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Actuarial Liability (AL) as of September 30, 2023, was provided by the District.

September 30, 2023					
Active Participants	**Fire**	**Police**	**Teachers**	**General**	**Total**
Number	1,707	2,666	5,289	17,789	27,451
Average age	39.6	40.3	41.4	47.6	45.2
Average years of service	13.4	13.1	9.10	12.0	11.6
Projected payroll	$ 162,252,934	$ 270,349,797	$ 577,009,404	$1,643,581,540	$2,653,193,675
Average expected retirement age	55.4	55.2	62.1	67.0	64.2
Retirees Enrolled in Health Care					
Number of retirees	355	1,467	408	465	2,695
Average age	54.9	56.4	70.3	71.2	60.9
Numbers of spouses and dependents (excluding children)	244	892	95	124	1,355
Retirees with Life Insurance					
Number of retirees	304	1,494	698	688	3,184
Total Retirees with Medical and/or Life Insurance					
Number of retirees	390	1,668	765	816	3,639

Active Member Data as of September 30, 2023

COUNTS BY AGE/SERVICE											
	Service										
Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	98	122	8	0	0	0	0	0	0	0	228
25 to 29	436	1,087	528	51	0	0	0	0	0	0	2,102
30 to 34	433	1,365	1,486	423	28	0	0	0	0	0	3,735
35 to 39	277	1,019	1,461	1,015	506	16	0	0	0	0	4,294
40 to 44	198	732	1,077	821	1,032	263	4	0	0	0	4,127
45 to 49	159	445	719	503	805	683	130	28	0	0	3,472
50 to 54	108	347	560	467	721	746	319	157	15	0	3,440
55 to 59	75	252	424	345	569	448	221	296	84	0	2,714
60 to 64	29	138	236	268	398	378	181	224	69	3	1,924
65 to 69	7	51	125	131	243	182	99	129	34	2	1,003
70 & up	1	10	40	57	103	84	39	56	21	1	412
Total	1,821	5,568	6,664	4,081	4,405	2,800	993	890	223	6	27,451

Reconciliation of Members with Medical Coverage			
	Active	**Retired**	**Total**
September 30, 2022	**26,905**	**3,330**	**30,235**
New Hires	2,655		2,655
Retirement, Elect Medical Coverage	(182)	182	0
Termination/Retirement, No Medical Coverage	(1,927)		(1,927)
Deaths / Drop Coverage		(63)	(63)
Other Data Changes		190	190
September 30, 2023	**27,451**	**3,639**	**31,090**

Please note that the above data was used to project the figures in this report.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Economic Assumptions

1. **Discount Rate** 6.50% per year. The assets are sufficient to cover all expected benefits, thus the long-term rate of return is used.

2. **Inflation Assumption** 3.00%

3. **Payroll Increase Rate** 4.00% per year for purposes of attributing individual costs under the Entry Age actuarial cost method.

4. **Salary Increase Rate**

The General population salary increase is assumed to be a flat 4.00%.

	Salary Increase		
Service	Teachers	Police	Fire
0	5.20%	8.90%	5.50%
1	5.70%	11.50%	7.25%
2	7.00%	8.60%	7.15%
3	7.60%	6.25%	7.85%
4	7.70%	6.25%	6.05%
5	7.10%	6.25%	6.05%
10	4.65%	5.20%	6.05%
15	4.00%	6.15%	4.85%
19	4.00%	8.15%	6.30%
20	4.00%	6.00%	4.25%
24	4.00%	7.80%	5.20%
25	4.00%	5.15%	4.80%
29	4.00%	7.65%	6.00%
30	4.00%	7.25%	4.50%

5. **Per Person Health Care Cost Trends**

Medical Trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2023_1f was used for this valuation and the prior valuation. The following assumptions were used as input variables into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.70%
Rate of Growth in Real Income/GDP per capita 2032+	1.40%
Extra Trend due to Taste/Technology 2032+	0.80%
Expected Health Share of GDP 2032	19.80%
Health Share of GDP Resistance Point	19.00%
Year for Limiting Cost Growth to GDP Growth	2043

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below. The initial health cost trend was 7.0% for non-Medicare and 6.0% for Medicare for the period October 1, 2023 – September 30, 2024 and declines gradually to an ultimate rate of 4.14% starting in 2044.

Below are the healthcare trends starting October 1, 2023:

To FYE	NonMedicare Annual Trend	Medicare Annual Trend
2024	7.00%	7.00%
2025	6.60%	6.60%
2026	6.20%	6.20%
2027	5.60%	5.60%
2029	5.39%	5.39%
2034	4.80%	4.80%
2039	4.32%	4.32%
2044	4.14%	4.14%

6. Basis for Economic Assumptions

The discount rate and inflation assumptions were selected by the District of Columbia Office of the Chief Financial Officer and are based on the assumed asset returns and current market conditions. These assumptions are reviewed each year for reasonableness.

The payroll and salary assumptions for Teachers, Fire, and Police are based on the DCRB pension valuation. For General Employees, the salary assumption was based on the prior actuary's assumption and reviewed for reasonableness based on available data.

The trend rates were developed by Cheiron and are based on the Getzen Trend Model. In developing the trends, plan provisions and market conditions are considered.

7. Changes Since Last Valuation

Healthcare trends were updated to reflect the current market expectations. The salary assumptions for Teachers, Police, and Fire were updated based on the DCRB 2022 actuarial valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

1. Retirement Rates

Retirement rates for each group vary by age and service with the District. Sample rates are shown in the tables below:

Teachers							
Age	*5 YOS*	*6-19 YOS*	*20 YOS*	*YOS*	*YOS*	*30 YOS*	*31+ YOS*
<=50	0.0%	0.0%	0.0%	0.0%	5.0%	20.0%	15.0%
50-59	0.0%	0.0%	5.0%	5.0%	5.0%	20.0%	15.0%
60-61	0.0%	0.0%	20.0%	15.0%	15.0%	20.0%	15.0%
62	20.0%	20.0%	20.0%	15.0%	15.0%	20.0%	15.0%
63-74	20.0%	15.0%	15.0%	15.0%	15.0%	20.0%	15.0%
Min Ret Age = 50 100% retirement at age 75							

YOS = Years of Service

Police	
Service	Rate
25	50.0%
26	25.0%
27	25.0%
28	30.0%
29	35.0%
30+	30.0%
Min Ret Age = 50 100% retirement at age 62	

Fire Fighters	
Service	Rate
25	15.0%
26	15.0%
27	15.0%
28	25.0%
29	25.0%
30+	40.0%
Min Ret Age = 50 100% retirement at age 62	

General	
Age	Rate
50-54	2.5%
55-59	5.0%
60-61	15.0%
62-67	20.0%
68-69	25.0%
70	30.0%
71-74	30.0%
75+	100.0%

2. Rates of Withdrawal

Withdrawal rates for each group vary by service with the District. Sample rates are shown in the tables below:

General Employees		
Service	Male	Female
<1	18.00%	18.00%
1	17.00%	17.00%
2	16.00%	16.00%
3	15.00%	15.00%
4	11.00%	11.00%
5	11.00%	11.00%
6	10.00%	10.00%
7	10.00%	10.00%
8	9.50%	9.50%
9	9.50%	9.50%
10+	6.00%	6.00%

Teachers		
Service	Male	Female
<1	25.00%	23.00%
1	26.00%	22.00%
2	22.00%	22.00%
3	20.00%	19.00%
4	14.70%	13.40%
5	14.70%	13.40%
6	13.00%	11.20%
7	13.00%	11.20%
8	13.00%	11.20%
9	13.00%	11.20%
10+	9.40%	5.80%

Police		
Service	Male	Female
<1	9.00%	10.00%
1	9.00%	7.00%
2	8.00%	7.00%
3	8.00%	5.00%
4	8.00%	3.80%
5	6.20%	3.80%
6	4.10%	2.70%
7	4.10%	2.70%
8	2.70%	2.70%
9	2.70%	2.70%
10+	2.00%	2.00%

Fire		
Service	Male	Female
<1	9.00%	16.00%
1	7.00%	12.00%
2	4.20%	2.10%
3	4.20%	2.10%
4	3.40%	2.10%
5	3.40%	1.80%
6	3.40%	2.30%
7	1.70%	2.30%
8	1.70%	2.30%
9	1.70%	2.30%
10+	1.00%	0.50%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

3. Rates of Disability

Disability rates for each group vary by age. Sample rates are shown in the table below:

Disability Rates				
Age	General Unisex	Teachers Unisex	Police Unisex	Fire Fighters Unisex
20	0.030%	0.010%	0.083%	0.010%
25	0.030%	0.010%	0.083%	0.050%
30	0.050%	0.010%	0.083%	0.180%
35	0.070%	0.010%	0.083%	0.250%
40	0.070%	0.035%	0.173%	0.300%
45	0.080%	0.035%	0.173%	0.350%
50	0.120%	0.010%	0.315%	0.400%
55	0.250%	0.010%	0.315%	0.450%
60	0.400%	0.015%	0.383%	0.500%
62+	0.000%	0.015%	0.383%	0.000%

4. Rates of Mortality

General Employees:

Healthy Mortality: Pub-2010 General Employees Headcount-Weighted Mortality projected forward generationally from 2010 using mortality improvement scale MP-2021 for pre-retirement mortality. Pub-2010 General Retirees Headcount-Weighted Mortality projected forward generationally from 2010 using mortality improvement scale MP-2021 for post-retirement mortality. Weighted 120%.

Disabled Mortality: Pub-2010 General Disabled Retirees Headcount-Weighted Mortality projected forward generationally from 2010 using mortality improvement scale MP-2021 for post-retirement mortality.

Police and Fire:

Healthy Mortality: Pub-2010 Safety Employee and Healthy Retiree Mortality with male ages set forward 1 year projected forward generationally using mortality improvement scale MP-2021. Pub-2010 Safety Contingent Survivor Mortality Tables projected forward generationally using mortality improvement scale MP-2021 for contingent survivors. *Previously the RP-2014 Table was used.*

Disabled Mortality: Pub-2010 Safety Disabled Retiree Mortality table projected forward generationally using mortality improvement scale MP-2021.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Teachers:

Healthy Mortality: Pub-2010 General Employee and Healthy Retiree Mortality tables projected forward generationally using mortality improvement scale MP-2021. Pub-2010 General Contingent Survivor Mortality Tables projected forward generationally using mortality improvement scale MP-2021 for contingent survivors. *Previously the RP-2014 Table was used.*

Disabled Mortality: Pub-2010 General Disabled Retiree Mortality table projected forward generationally using mortality improvement scale MP-2021.

5. **Percent of Retirees Electing Coverage**

Pre-Medicare retiree: 90% of Police and Fire future retirees, 50% of General, and 80% of Teacher retirees are assumed to elect coverage.

Medicare-eligible retiree: 90% of Police and Fire future retirees, 70% of General, and 80% of Teacher retirees are assumed to elect coverage.

6. **Spousal Coverage**

	Under 65		65 and Over	
	Male Retiree	Female Retiree	Male Retiree	Female Retiree
General Employees	45%	20%	45%	25%
Teachers	35%	35%	35%	20%
Police	75%	50%	70%	50%
Fire	75%	50%	70%	50%

7. **Dependent Age**

For current retirees, the actual spouse date of birth was used when available. For future retirees and missing spouse dates of birth, husbands are assumed to be 3-years older than wives.

8. **Basis for Demographic Assumptions**

During 2023, an experience study was performed on the General Employees' population. The results of this study were provided to the District of Columbia Office of the Chief Financial Officer on February 21, 2024. For the General Employees, the demographic assumptions recommended in the February 21, 2024, experience study was used in this valuation. For the Police, Fire, and Teachers' valuation assumptions relating to election percentage and spousal assumptions were studied and no changes were recommended in this valuation. Additionally, we reviewed the assumptions for Police, Fire, and Teachers and recommended to use the assumptions as recommended by the actuary for the D.C. Retirement Board in their October 1, 2022 actuarial valuation report.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

9. Changes Since Last Valuation

The retirement, termination, disability, and mortality assumptions were updated due to the experience study for General employees and the DCRB assumptions for Police, Fire, and Teachers. Due to the higher rates of mortality during the COVID-19 pandemic, RPEC elected to not release a new mortality improvement scale for 2023. Therefore, no change in mortality improvement scale is reflected in this valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

The claims costs were developed based on the actual premiums in effect for 2023. An adjustment was made to the claims to account for children of retirees. Additionally, 2023 contractual administrative expenses are included. The resulting per person per month (PPPM) cost is then adjusted using age curves.

1. **Average Annual Claims and Expense Assumptions**

   The following October 1, 2023 to September 30, 2024, annual claims costs were developed based on the October 1, 2023 to September 30, 2024, annual claims costs trended forward by the increase in total premium rates charged by plan and tier. Subsequent years' costs are based on the first-year cost adjusted with the trend. These costs are net of deductibles and other benefit plan cost-sharing provisions. These claims are derived from actual blended premiums and allocated using Cheiron's aging factors to each age and by gender, including an assumed cost for children. The medical costs reduce at age 65 when the retiree becomes eligible for Medicare and Medicare is primary for their covered services. This is the fifth valuation in which the District has members enrolled in Medicare Advantage plans.

   We have assumed that 50.5% of current retirees under the age of 65 will elect the Medicare Advantage plans and the rest will remain enrolled in the plans that are also available to non-Medicare eligibles. We have assumed that 50.5% of current retirees over the age of 65 will elect the Medicare Advantage plans and the rest will remain enrolled in the plans that are also available to non-Medicare eligibles.

Current retirees under age 65

For Fiscal Year 10/1/2023 - 9/30/2024:

	District of Columbia	
Age	Male	Female
40	$9,335	$12,530
45	$11,361	$13,828
50	$13,819	$15,826
55	$16,409	$17,824
60	$19,867	$19,379
64	$23,536	$19,267
65	$7,142	$5,793
70	$8,041	$6,126
75	$8,677	$6,574
80	$9,075	$6,985
85	$9,265	$7,258

Current retirees over age 65

For Fiscal Year 10/1/2023 - 9/30/2024:

	District of Columbia	
Age	Male	Female
40	$9,335	$12,530
45	$11,361	$13,828
50	$13,819	$15,826
55	$16,409	$17,824
60	$19,867	$19,379
64	$23,536	$19,267
65	$7,291	$5,904
70	$8,219	$6,249
75	$8,858	$6,699
80	$9,248	$7,107
85	$9,430	$7,376

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

We have assumed that 69.5% of actives employees will elect the Medicare Advantage plans and the rest will remain enrolled in the plans that are also available to non-Medicare eligibles.

Active employees

For Fiscal Year 10/1/2023 - 9/30/2024:

	District of Columbia	
Age	Male	Female
40	$9,335	$12,530
45	$11,361	$13,828
50	$13,819	$15,826
55	$16,409	$17,824
60	$19,867	$19,379
64	$23,536	$19,267
65	$5,752	$4,778
70	$6,376	$5,000
75	$6,998	$5,438
80	$7,491	$5,892
85	$7,777	$6,220

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

2. Retiree Contributions

The monthly contributions are as of the period starting September 30, 2023. For retirees and spouses prior to October 1, 2023, the contribution percentage is the actual percentage provided by the District for these retirees. For retirees and spouse who will retire after October 1, 2023, their contributions are based on the amount of service earned under each plan. Subsequent years' premiums are based on the first-year premium adjusted with the trend.

2024 Monthly Health Premiums	Self	Self +1	Family
Pre-Medicare Plans			
Aetna HMO Plan	$1,067.02	$2,097.48	$3,083.49
Aetna PPO Plan	1,028.26	2,021.29	2,971.50
Aetna CDHP Plan	422.86	831.17	1,221.89
Kaiser Permanente HMO	774.46	1,479.22	2,269.09
United Healthcare Choice HMO	924.96	1,799.66	2,710.09
United Healthcare PPO	911.84	1,741.60	2,671.65
CareFirst HMO	816.02	1,607.58	2,358.32
CareFirst PPO	884.36	1,689.13	2,591.16
Medicare Plans			
Aetna Medicare Advantage	$386.12	$772.24	N/A
CareFirst Medicare Advantage	399.00	798.00	N/A
Kaiser Permanente Medicare Plus	262.13	524.26	N/A
United Health Care Medicare Advantage	399.81	799.62	N/A

For General and Teachers, the District contribution for future retirees is 2.5% of the premium for each year of service up to a maximum of 75%. For spouses, the District contribution is 2.0% of the premium for each year of service up to a maximum of 60%.

For Police/Fire who were hired prior to November 10, 1996, the District will contribute 75% for retirees and 60% for spouses as long as the member can demonstrate that he or she has five years of creditable service. For Police/Fire who were hired on or after November 10, 1996, the benefits are 75% after 25 years of service for retirees and 60% for spouses with the amount reduced proportionately for those who retiree with less than 25 years of service. For Police/Fire who died or become disabled in the line of duty, the benefit is 75% of the premium for both retirees and spouses.

3. Medicare Part D Subsidy

Per GASB guidance, any Retiree Drug Subsidy that the District receives from the Centers for Medicare Service (CMS) has not been reflected in this valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

4. Medicare Part B Premium Subsidy

Assumed that Medicare-eligible retirees pay the Medicare Part B premiums.

5. Medicare Eligibility

All retirees who turn age 65 are assumed to be eligible for Medicare.

6. Geography

Implicitly assumed to remain the same as current retirees.

7. Administrative Expenses

Health plan administrative expenses are included in the per capita claims' costs.

8. Changes Since Last Valuation

The healthcare claim curves were updated based on current population and 2023 premiums.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Methodology

The Entry Age Normal Actuarial Cost method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the District.

The Actuarial Accrued Liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the Actuarial Liability in excess of OPEB Trust's assets is amortized to develop additional costs or savings, which is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

Prior to September 30, 2023, the unfunded actuarial liability was amortized over a closed 20-year period effective FYE 2016. The amortization is a level dollar amortization. There were 12 years remaining as of FYE 2024. Starting with FYE 2025, the unfunded actuarial liability will be amortized over 15-year layered periods. The first layer will be based on the September 30, 2023 valuation results projected to September 30, 2024 to determine the UAL. Subsequent future gains and losses as well as assumption, benefit, and methodology changes will be amortized over new 15-year layers from the ADC projection dates. In case of a projected surplus (100% funded on an AVA basis), amortize over 30 years and eliminate all prior amortization bases.

The liabilities presented in this section are based on the assumption of an ongoing plan and would not be appropriate for measuring the settlement value of plan obligations.

The claims costs were developed using actual 2024 premiums. Expenses were based on contractual rates. From this data, we developed per person per month (PPPM) costs for January 1, 2024 to December 31, 2024. The per person per month was then adjusted to a per adult per month then adjusted using age curves, such that the total expected claims are determined.

<u>Disclosures regarding Models Used</u>

In accordance with Actuarial Standard of Practice No. 56 (Modeling), the following disclosures are made:

a. Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

b. Getzen Trend Model

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2023_1f. The assumptions that were input into this model are detailed in Economic Assumptions #5.

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2024-2027 were based on plan design and renewal projections. The rate of inflation was based on investment assumptions, and the rate of growth in Real Income/GDP per capital is more than the baseline assumption due to the fully funded nature of the Plan.

We have reviewed the assumptions for the model and found them to be reasonable and consistent with the other economic assumptions used in the valuation.

We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect this report.

Actuarial Value of Assets

For purposes of determining the contribution rate to the Plan, we use an actuarial value of assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The actuarial value of assets is the current market value, adjusted by a five-year smoothing of gains and losses on a market value basis. Each year’s gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return. The actuarial value is adjusted to remain within 20% of the market value.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of Key Substantive Plan Provisions

Eligibility

Employees hired after September 30, 1987, are eligible for post-employment health and life insurance coverage if they have been continuously enrolled in a District health benefit plan for at least 5 years and they:

1. Are classified as a General Employee, are at least age 60, have at least 10 years of creditable District service, are covered under the District defined contribution program and have obtained a Social Security award letter (including disability); or

2. Have at least 10 years of creditable District service and retire under the Teachers' Retirement System, the Judges' Retirement System or the Teachers' Insurance and Annuity Association program; or

3. Retire under the Police Officers' & Firefighters Retirement Plan with at least 10 years of creditable District service (5 years if hired before 11/10/1996)

Eligibility				
	Criteria to qualify for retirement			
Plan	Unreduced		Reduced	
	Age	Service	Age	Service
Teachers (note: service must include 5 years of school service)	55* 60 62	30 20 5	50 Any	20 25
Police & Firefighters - hired before 11/10/1996**	50 60	25 5	NA NA	NA NA
Police & Firefighters - hired on or after 11/10/1996	Any 60	25 None	NA NA	NA NA

*If hired on or after 11/1/1996, there is no age requirement if have 30 years of service.

**If hired prior to 2/15/1980, retirement available after 20 years of service, regardless of age.

A surviving spouse may continue healthcare coverage upon the retiree's death.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2024 Benefit Plans

Currently, the District of Columbia's Other Post-Employment Benefits Fund offers the same health plans as active employees. Benefits are payable under the plan for medical care obtained from the District's health care insurers. The District currently allows the participant to choose from a PPO, POS, or several HMOs. These choices are Kaiser HMO, United HealthCare (UHC), Aetna CDHP, Aetna HMO, Aetna PPO, CareFirst HMO, and CareFirst PPO plans. Once a participant becomes eligible for Medicare, the plans pay as if Medicare is primary, even if the retiree does not enroll in Medicare. In addition, the retiree has the choice of several Medicare Advantage plans.

January 1, 2024 Plans				
Plan	**Aetna CDHP**	**Aetna PPO**	**Aetna HMO**	**Kaiser Permanente HMO**
In-Network (INN) Benefits				
Deductible (Individual / Family)	$1,600 / $3,200	$750 / $1,500	$0	$0
Coinsurance	85%	85%	100%	100%
Out-of-Pocket Max (Individual / Family)	$3,425 / $6,850	$1,500 / $3,000	$3,500 / $9,400	$3,500 / $9,400
Coverages				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care	DC*	$15 Copay	$10 Copay	$10 Copay
OV - Specialist Care Provider (SCP)	DC*	$15 Copay	$20 Copay	$20 Copay
Hospital Emergency Room (ER)	DC*	$100 Copay	$100 Copay	$50 Copay
Urgent Care (UC)	DC*	$25 Copay	$20 Copay	$20 Copay
Outpatient Surgery	DC*	DC*	$50 Copay	$50 Copay
Hospital Inpatient	DC*	DC*	$100 Copay per stay	$100 Copay per stay
Lifetime Max	No Limit	No Limit	No Limit	No Limit
Out-of-Network (OON) Benefits				
Deductible (Individual / Family)	$2,500 / $5,000	$1,500 / $3,000		
Coinsurance	60%	75%		
Out-of-Pocket Max (Individual / Family)	$6,450 / $12,900	$3,000 / $6,000		
Prescription Drug Benefits				
Retail (30 Days) - Generic/Formulary/Non-form. Copay	$10 / $30 / $60	$20 / $40 / $55	$20 / $40 / $55	$10/$20/$35 Plan Pharmacy; $20/$40/$55 Participating
Mail Order (90 Days) - Generic/Formulary/Non-form. Copay	$20 / $60 / $120	$20 / $40 / $55	$20 / $40 / $55	$8 / $18 / $33
Separate Drug Out of Pocket Max	N/A	$5,100 / $10,200	$3,100 / $3,800	N/A
Detail Benefits				
Mental Health and Substance Abuse Inpatient	DC*	DC*	$100 Copay per stay	$100 Copay per stay
Mental Health and Substance Abuse Outpatient	DC*	$5 Copay	$5 Copay	$10 / $5 group
Rehabilitation	DC*	DC*	$10	$20
Chiropractors	DC*	DC*	$10	$20
Dental	Not covered	Not covered	Not covered	$30
Vision Exam	100%	100%	$10 Copay	$10 Copay
Vision Lens/Frames/Contacts	$100/ 24 months	$100/ 24 months	$100/ 24 months	Every 12 months

*DC = Deductible and Coinsurance

[1] No network, benefits same as in-network benefits

APPENDIX C – SUMMARY OF PLAN PROVISIONS

January 1, 2024 Plans				
Plan	CareFirst HMO	CareFirst PPO	United Health Care HMO	United Health Care PPO
In-Network (INN) Benefits				
Deductible (Individual / Family)	$0	$750 / $1,500	$0	$750 / $1,500
Coinsurance	100%	85%	100%	85%
Out-of-Pocket Max (Individual / Family)	$3,500 / $9,400	$1,500 / $3,000	$3,500 / $9,400	$1,500 / $3,000
Coverages				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care	$10 Copay	$15 Copay	$10 Copay	$15 Copay
OV - Specialist Care Provider (SCP)	$20 Copay	$15 Copay	$20 Copay	$15 Copay
Hospital Emergency Room (ER)	$100 Copay	$100 Copay	$100 Copay	$100 Copay
Urgent Care (UC)	$20 Copay	$25 Copay	$20 Copay	$25 Copay
Outpatient Surgery	$50 Copay	DC*	$50 Copay	DC*
Hospital Inpatient	$100 Copay per stay	DC*	$100 Copay per stay	DC*
Lifetime Max	No Limit	No Limit	No Limit	No Limit
Out-of-Network (OON) Benefits				
Deductible (Individual / Family)		$1,500 / $3,000		$1,500 / $3,000
Coinsurance		75%		75%
Out-of-Pocket Max (Individual / Family)		$3,000 / $6,000		$3,000 / $6,000
Prescription Drug Benefits				
Retail (30 Days) - Generic/Formulary/Non-form. Copay	$20 / $40 / $55	$20 / $40 / $55	$20 / $40 / $55	$20 / $40 / $55
Mail Order (90 Days) - Generic/Formulary/Non-form. Copay	$20 / $40 / $55	$20 / $40 / $55	$16 / $36 / $66	$20 / $40 / $55
Separate Drug Out of Pocket Max	N/A	$5,100 / $10,200	N/A	N/A
Detail Benefits				
Mental Health and Substance Abuse Inpatient	$100 Copay per stay	DC*	$100 Copay per stay	DC*
Mental Health and Substance Abuse Outpatient	$10 Copay	$15 Copay	$10 Copay	$15 Copay
Rehabilitation	$10 Copay	DC*	$10 Copay	DC*
Chiropractors	$10 Copay	DC*	$10 Copay	DC*
Dental	Not covered	Not covered	Not covered	Not covered
Vision Exam	$10 Copay	$10 Copay	Not covered	$0 Copay
Vision Lens/Frames/Contacts			Not covered	Not covered

*DC = Deductible and Coinsurance

[1] No network, benefits same as in-network benefits

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Plan	Aetna Medicare PPO with ESA	Kaiser Permanente Medicare Advantage HMO	United Health Care Group Medicare Advantage (PPO)	CareFirst BlueCross BlueShield Group Advantage (PPO)
In-Network (INN) Benefits				
Deductible (Individual / Family)	$0	$0	$0	$0
Coinsurance	100%	100%	100%	100%
Out-of-Pocket Max (Individual / Family)	$1,000	$3,400	$500	$6,000
Coverages				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care	$10 Copay	$15 Copay	$5 Copay	$5 Copay
OV - Specialist Care Provider (SCP)	$15 Copay	$15 Copay	$10 Copay	$15 Copay
Hospital Emergency Room (ER)	$50 Copay	$50 Copay	$65 Copay	$50 Copay
Urgent Care (UC)	$15 Copay	$15 Copay	$5 Copay	$15 Copay
Outpatient Surgery	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Hospital Inpatient	Fully Covered	$100 Copay per stay	$100 Copay per stay	$50 Copay per stay
Lifetime Max	No Limit	No Limit	No Limit	No Limit
Out-of-Network (OON) Benefits				
Deductible (Individual / Family)	$0			$0
Coinsurance	0%			0%
Out-of-Pocket Max (Individual / Family)	$1,000			$6,000
Prescription Drug Benefits				
Retail (30 Days) - Generic/Formulary/Non-form. Copay	$10 / $20 / $40	$12.50	$10 / $30 / $40	$5 / $10 / $20 / $40
Mail Order (90 Days) - Generic/Formulary/Non-form. Copay	$20 / $40 / $80	$10	$20 / $60 / $80	$10 / $20 / $40 / $80
Separate Drug Out of Pocket Max	N/A	N/A	N/A	N/A
Detail Benefits				
Mental Health and Substance Abuse Inpatient	Fully Covered	$100 Copay per stay	$100 Copay per stay	Fully Covered
Mental Health and Substance Abuse Outpatient	$15 Copay	$15 Copay	$10 / $5 Group	$10 / $5 group
Rehabilitation	$15 Copay	$15 Copay	$5 Copay	$15 Copay
Chiropractors	$15 Copay	$15 Copay	$10 Copay	$15 Copay
Medicare Covered Dental	$15 Copay	$30 Copay	$10 Copay	$15 Copay
Vision Exam	100%	$15 Copay	$10 Copay	100%
Vision Lens/Frames/Contacts	$100/ 24 months	20% to Medicare's Limit	Not covered	$100/ 12 months

*DC = Deductible and Coinsurance

[1] No network, benefits same as in-network benefits

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Retiree Contributions

General Employees

Retirees under the age of 62 pay the full aggregate active-life rate for coverage. Thus, prior to age 62, the retiree healthcare plan is an access-only plan. Once a retiree attains age 62, the retiree pays a portion of the aggregate, active-life rate, as determined under the following schedule:

Percentage of Plan Aggregate Cost Rate Paid by Retiree		
Annuitant's Years of Service	Retiree Coverage	Dependent/Survivor's Coverage
Less than 10	100%	100%
10-25	75% minus 2.5% for each year of service in excess of 10	80% minus 2.5% for each year of service in excess of 10
25-29	75% minus 2.5% for each year of service in excess of 10	40%
30 or more	25%	40%

Teachers

For annuitants who are injured in the line of duty, the retiree contributes 25% of the Plan aggregate, active-life rate for both the retiree and dependent coverage, regardless of years of service.

Percentage of Plan Aggregate Cost Rate Paid by Retiree		
Annuitant's Years of Service	Retiree Coverage	Dependent/Survivor's Coverage
Less than 10	100%	100%
10-25	75% minus 2.5% for each year of service in excess of 10	80% minus 2.5% for each year of service in excess of 10
25-29	75% minus 2.5% for each year of service in excess of 10	40%
30 or more	25%	40%

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Police & Fire

For annuitants who are injured in the line of duty, the retiree contributes 25% of the Plan aggregate, active-life rate for both retiree and dependent coverage, regardless of years of service.

Percentage of Plan Aggregate Cost Rate Paid by Retiree		
Annuitant's Years of Service	Retiree Coverage	Dependent/Survivor's Coverage
Hired before 11/10/1996		
Less than 5	100%	100%
5 or more	25%	40%
Hired on or after 11/10/1996		
Less than 10	100%	100%
10-21	70% minus 3.0% for each year of service in excess of 10	75% minus 3.0% for each year of service in excess of 10
25-29	70% minus 3.0% for each year of service in excess of 10	40%
30 or more	25%	40%

Life Insurance

The District offers Basic Life Insurance coverage with the continuation of Supplemental Life insurance. Participants may elect to continue the amount of the basic preretirement group life insurance amount in retirement, which is one times earnings rounded up to the nearest thousand, plus $2,000. Under the 75% reduction option, participant monthly premiums of $0.0939 per $1,000 of insurance are required. Under the 75% reduction option, coverage reduces 2% per month on the second calendar month after retiree turns age 65 until the coverage amount reaches 25% of the original insurance amount and is level thereafter.

Retirees may also elect a 50% or a 0% reduction option, which require additional retiree contributions. Retirees may also purchase additional life insurance coverage beyond the basic coverage, on a retiree-pay-all basis. The District also contributes monthly premiums of $0.0469 per $1,000 of insurance at all reduction levels. (This applies to Basic Insurance only). For optional coverage (A, B, & C), retirees may continue coverage that they have at the time of retirement with the option of reduction, but are not eligible to add and/or increase coverage. (All optional insurance premiums (A, B, & C) are 100% retiree contributions).

Changes Since Prior Valuation
None

APPENDIX D – GLOSSARY OF TERMS

1. **Actuarial Assumptions**

   Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

2. **Actuarial Cost Method**

   A procedure for determining the actuarial present value of OPEB plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an actuarial liability.

3. **Actuarially Determined Contribution**

   A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

4. **Actuarial Gain (Loss)**

   A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

5. **Actuarial Liability**

   The portion of the actuarial present value of projected benefits, which will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

6. **Actuarial Present Value (Present Value)**

   The value as of a given date of a future amount or series of payments, the actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe $100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the actuarial present value is:

Amount		Probability of Payment		1/ (1+Discount Rate)		Present Value
$100	x	(1 - .01)	x	1/(1+.1)	=	$90

APPENDIX D – GLOSSARY OF TERMS

7. **Actuarial Valuation Date**

   The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

8. **Actuarial Value of Assets**

   The value of cash, investments, and other property belonging to an OPEB plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an actuarial value of assets is to smooth out fluctuations in market values. This way long-term costs are not distorted by short-term fluctuations in the market.

9. **Amortization Payment**

   The portion of the OPEB plan contribution, which is designed to pay interest and principal on the unfunded actuarial liability in order to pay for that liability in a given number of years.

10. **Entry Age Normal Actuarial Cost Method**

    A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. **Normal Cost**

    That portion of the actuarial present value of OPEB plan benefits and expenses, which is allocated to a valuation year by the actuarial cost method.

12. **Unfunded Actuarial Liability**

    The excess of the actuarial liability over the actuarial value of assets.

13. **Funded Percentage**

    The ratio of the actuarial value of assets to the actuarial liabilities.

14. **Mortality Table**

    A set of percentages, which estimate the probability of death at a particular point in time. Typically, the rates are annual and based on age and sex.

APPENDIX D – GLOSSARY OF TERMS

15. Discount Rate

The assumed interest rate used for converting projecting plus dollar-related values to a present value as of the valuation date.

16. Medical Trend

The assumed increase in dollar-related values in the future due to the increase in the cost of health care.

17. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the total OPEB liability, assumption changes reducing the total OPEB liability, or investment gains that are recognized in future reporting periods.

18. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the total OPEB liability, assumption changes increasing the total OPEB liability, or investment losses that are recognized in future reporting periods.

19. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the total OPEB liability.

20. Measurement Date

The date as of which the total OPEB liability and plan fiduciary net position is measured, the total OPEB liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the Plan.

APPENDIX D – GLOSSARY OF TERMS

21. Net OPEB Liability

The liability of employers and non-employer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the total OPEB liability less the plan fiduciary net position.

22. Plan Fiduciary Net Position

The fair or Market Value of Assets.

23. Reporting Date

The last day of the Plan or employer's fiscal year.

24. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

25. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The total OPEB liability is the Actuarial Liability calculated under the entry age actuarial cost method.

CONTACT INFORMATION

DC Office of Finance and Treasury

1101 4th Street, SW
Suite 850W
Washington, DC 20024
202-727-6055

Carmen Pigler
DC Treasurer and Deputy Chief Financial Officer

Benedict Richardson, CFA
Associate Treasurer

Rodney Dickerson
Program Director, Retirement Plans

Ken Alozie, CFA, CAIA
Program Manager

Joseph Nzioki
Financial Analyst

DC Department of Human Resources

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

Charles Hall
Director

Paul Shaw
Associate Director

District of Columbia
Other Post-Employment Benefits Fund
Office of the Chief Financial Officer
Annual Report FY 2023