



2017 ANNUAL REPORT

SIMPLE

FOR THOUSANDS OF LOCAL FAMILIES
TO SAVE FOR HIGHER EDUCATION



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Jeffrey S. DeWitt
Chief Financial Officer



Muriel Bowser
Mayor

EXECUTIVE SUMMARY

The last year was largely good for investors. US equity markets were up 18.7% driven by solid corporate earnings and continuing positive economic reports. GDP growth has hovered in the 3.0% range, unemployment numbers have trended down and consumer sentiment remains optimistic¹. International markets were up double digits as well.

The D.C. College Savings Plan continued its growth in fiscal year 2017. Fueled by strong performance in the financial markets, assets rose to \$534.5 million from \$459.3 million, an increase of 16.37%. Contributions increased by \$5.2 million or 7.9% and we added 2,915 new accounts. At fiscal year end, the Plan had 23,218 accounts, with an average account balance of \$23,019.

Ascensus, our plan administrator and recordkeeper, launched an effective communication and education campaign that covered a wide range of topics including how to enroll, investment strategies and Ugift® (a program that allows friends and family to contribute to any account).

Effective January 2018, the new Federal Tax Law expanded College Savings Plans to include Kindergarten through 12th Grade (K-12) schools. Account owners can use assets to pay for qualified K-12 expenses up to \$10,000 per year per student. Account owners can treat K-12 withdrawals as qualified expenses with respect to the federal tax benefit. The tax treatment of such withdrawals at the state and District level will be determined by the account owner's state of residence and is undetermined at this point.

We are excited about continuing our annual essay contest for ninth grade students in District public and charter high schools. Since its inception seven years ago \$278,000 has been awarded to 156 students.

The Office of Finance and Treasury regularly reviews the performance of the funds with our independent consulting firms, Winston Lowe, LLC and Capital Cities. The operations of the Plan and its assets are examined each year by an independent accounting firm. For the thirteenth consecutive year, the Plan received an unqualified (clean) opinion from the auditor, BCA Watson Rice. The audited financial statements are included in this report as an appendix.

We hope the information in this report helps you gain a better understanding of the District's College Savings Plan, as well as the oversight performed on an ongoing basis by the Office of Finance and Treasury.



¹Segal Macro Advisors, 2017

Plan Highlights

Program management from a 529 expert

Fiscal year 2017 was a good year for the DC College Savings Plan. In March 2017, the Plan transitioned from Calvert Investment Management, Inc. (Calvert) to a new Program and Investment Manager, Ascensus College Savings Recordkeeping Services, LLC (Ascensus College Savings), the nation's largest administrator of 529 college savings programs. Plan participants were introduced to:

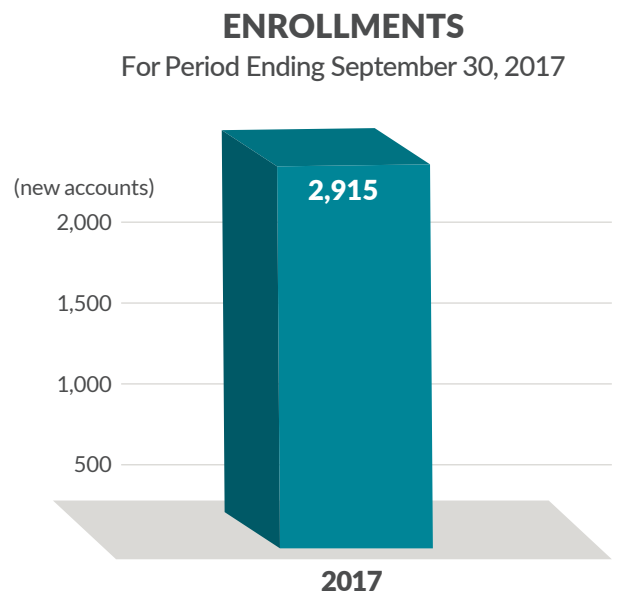
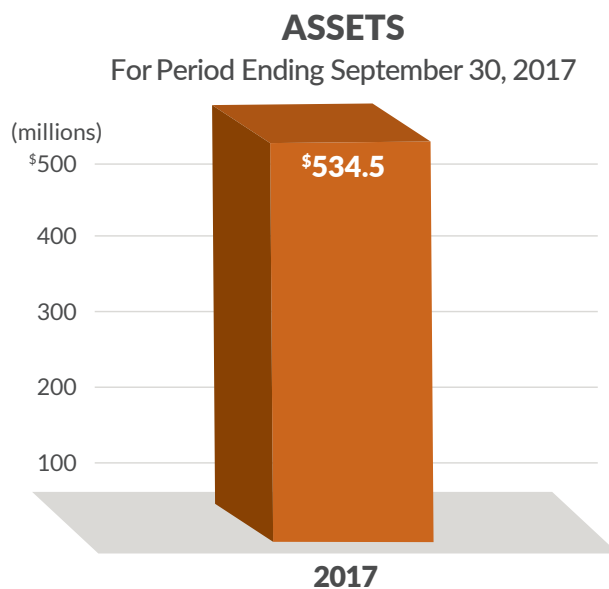
- New brand and redesigned website
- Improved online access
- Lower fees
- A new investment lineup
- Local field representative to engage with DC community groups and employers
- Enhanced marketing plan
- Ugift & Upromise®

Assets

Assets under management in the DC College Savings Plan reached \$534.5 million, a growth rate of 16.37% over fiscal year 2016.

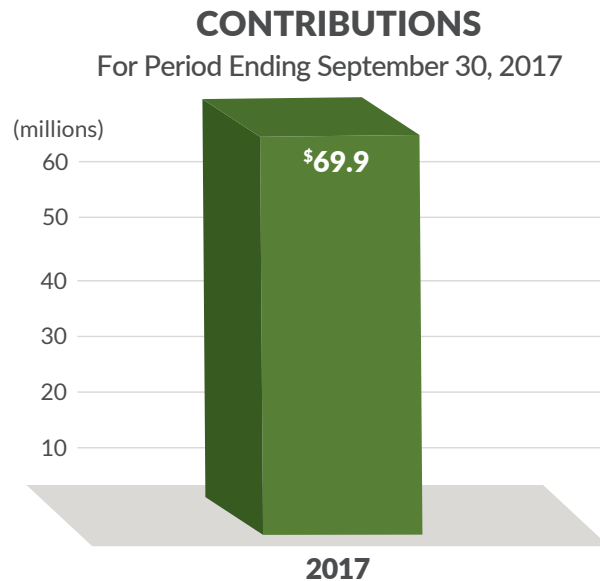
Enrollment

In fiscal year 2017 we added 2,915 new accounts. Our Community & Employer Outreach efforts helped grow Plan awareness inside the District.



Contributions

Contributions to current and new participant accounts in 2017 totaled \$69.9 million. A strong sales team and consistent, broad messaging helped drive brand awareness and sales.



Access

An important aspect of the DC College Savings Plan is making all D.C. residents, regardless of socioeconomic background, aware of the affordability of higher education. For the past year, Community Outreach and Marketing have concentrated efforts in Wards 7 and 8. Wards 7 and 8 have the lowest per capita income in the District, and correspondingly, the fewest DC College Savings Plan participants of any Ward in the city. This year, to increase engagement, 99 events were staffed throughout the District with representation in all Wards. On-going efforts will focus and include Wards 7 and 8 to ensure all families can learn about the benefits of the DC College Savings Plan.

Ugift® – Give College Savings

Ugift is an easy, free-to-use service that lets family and friends give the meaningful gift of money into a DC College Savings Plan account. Saving for college can take a village, and Ugift makes it easy for Account Owners to get help from their network of family and friends. Instead of giving toys, clothes, or other traditional gifts that a child will outgrow, gift givers get the satisfaction of knowing that their generosity can make a lasting impression. Total Ugift contributions in 2017 totaled \$654,416 and benefitted 147 beneficiaries.

Upromise® by Sallie Mae®

Upromise is a rewards program that believes everyone should have a chance to go to college and pursue his or her dreams. Since 2001, Upromise has helped its members earn cash back for college from eligible purchases that you most likely make every day. In 2017, 20 DC College Savings Plan Account Owners linked their Upromise accounts and added over \$1,500 in Upromise savings to their 529s.

Description of Investment Options

The DC College Savings Plan is designed to offer various alternatives to meet the risk tolerance and investment objective of most investors. Participants have the option to choose one or any combination of the following three tiers of investment options:

1. The **Year of Enrollment Portfolios**, provides a low cost, diversified investment allocation which becomes more conservative as the beneficiary approaches their enrollment date.

Within the Year of Enrollment Portfolios, there are seven portfolios, with asset allocations designed to be appropriate for a certain number of years until the beneficiary is enrolled in college. The further the beneficiary is from enrollment the greater the equity exposure. Every 6 months the Year of Enrollment Portfolios will decrease the equity exposure and increase the fixed income or cash preservation exposure. All the underlying investments are passively managed (track specific indexes) to keep expenses low.

2. The **Individual Portfolios**, a diverse group of investment options which you can use to create your personal investment allocation mix by investing in one or more of the Portfolios.

In the Individual Portfolios, there are eight Investment Options with a diverse range of investment strategies. The portfolio strategies include Passively Managed (index tracking) and Actively Managed (Manager determines allocation mix), Domestic and International Fixed Income Options, Domestic and International Equity Options, and even Domestic and International Socially Conscious Options.

3. The **Principal Protected Portfolio**, focuses on protecting the principal you invest by allocating your contributions and earnings to a Funding Agreement issued by Ameritas Life Insurance Corp. to the District of Columbia Section 529 Plan Trust. The current Funding Agreement provides interest credited daily at a minimum annual effective rate of interest of 1%, and provides the opportunity for additional interest. The principal and the stated interest rate are insured by the contract provided by Ameritas Life Insurance Corp².

The Principal Protected Portfolio provides an option for those whose primary investment objective was the protection of the principal they invest. This Portfolio can also be used along with the Individual Portfolios in creating a personal diversified investment allocation mix.

Please reference the Disclosure Booklet for more details.



²Accumulations (including contributions and earnings) under the Funding Agreement for the Principal Protected Portfolio credited to the Plan are subject to the claims-paying ability of Ameritas Life Insurance Corp.

Performance Summary of Investment Options

Performance as of 9/30/17

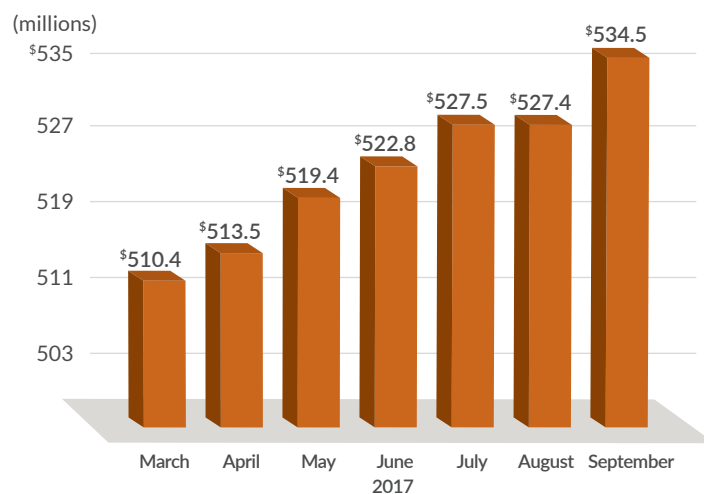
Total Market Value: \$534,466,132

Fund Name	Market Value	% of Plan	1 Month	3 Months	YTD	Inception	Inception Date
Year of College Enrollment Portfolios							
DC College Savings 2034 Portfolio	\$10,426,979	1.95%	1.51%	3.57%	7.30%	7.30%	03/24/17
DC Custom 2034 Benchmark			1.60%	3.79%	7.50%	7.50%	03/24/17
DC College Savings 2031 Portfolio	\$35,456,873	6.63%	1.24%	3.11%	6.20%	6.20%	03/24/17
DC Custom 2031 Benchmark			1.24%	3.21%	6.35%	6.35%	03/24/17
DC College Savings 2028 Portfolio	\$47,341,401	8.86%	0.77%	2.44%	5.00%	5.00%	03/24/17
DC Custom 2028 Benchmark			0.87%	2.63%	5.20%	5.20%	03/24/17
DC College Savings 2025 Portfolio	\$52,221,139	9.77%	0.48%	1.96%	3.90%	3.90%	03/24/17
DC Custom 2025 Benchmark			0.50%	2.05%	4.06%	4.06%	03/24/17
DC College Savings 2022 Portfolio	\$56,627,701	10.60%	0.20%	1.28%	2.70%	2.70%	03/24/17
DC Custom 2022 Benchmark			0.25%	1.36%	2.69%	2.69%	03/24/17
DC College Savings 2019 Portfolio	\$53,583,053	10.03%	0.20%	0.99%	2.10%	2.10%	03/24/17
DC Custom 2019 Benchmark			0.22%	0.95%	1.86%	1.86%	03/24/17
DC College Savings In College Portfolio	\$49,215,128	9.21%	0.20%	0.79%	1.70%	1.70%	03/24/17
DC Custom In College Benchmark			0.16%	0.69%	1.34%	1.34%	03/24/17
Principal Protected Portfolio							
Principal Protected Portfolio	\$46,660,553	8.73%	0.20%	0.60%	1.20%	1.20%	03/24/17
DC Citi Treasury Bill 3 Mon USD			0.09%	0.26%	0.48%	0.48%	03/24/17

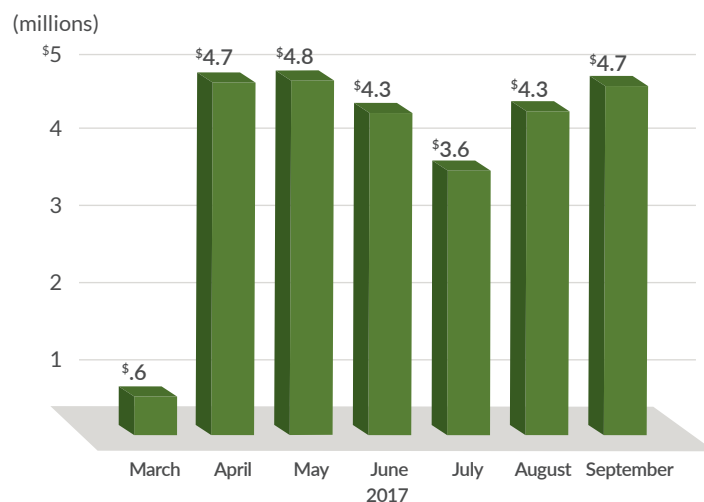
Fund Name	Market Value	% of Plan	1 Month	3 Months	YTD	Inception	Inception Date
Individual Portfolios							
U.S. Intermediate-Term Bond Index Portfolio	\$533,408	0.10%	(0.59)%	0.59%	1.70%	1.70%	03/24/17
BBgBarc US Agg Bond TR USD			(0.48)%	0.85%	2.37%	2.37%	03/24/17
Intermediate-Term Bond Portfolio	\$12,253,966	2.29%	(0.19)%	1.18%	2.50%	2.50%	03/24/17
BBgBarc US Agg Bond TR USD			(0.48)%	0.85%	2.37%	2.37%	03/24/17
U.S. Total Stock Market Index Portfolio	\$112,124,263	20.98%	2.36%	4.32%	8.60%	8.60%	03/24/17
S&P US TMI TR USD			2.44%	4.57%	8.82%	8.82%	03/24/17
U.S. Large Cap Equity Portfolio	\$38,145,140	7.14%	2.28%	4.26%	7.60%	7.60%	03/24/17
S&P 500 TR USD			2.06%	4.48%	8.59%	8.59%	03/24/17
U.S. Socially Responsible Equity Portfolio	\$1,847,964	0.35%	2.93%	4.61%	8.90%	8.90%	03/24/17
Russell 3000 TR USD			2.44%	4.57%	8.81%	8.81%	03/24/17
U.S. Small Cap Equity Portfolio	\$11,573,900	2.17%	5.89%	4.55%	7.90%	7.90%	03/24/17
MSCI US Small Cap 1750 GR USD			5.53%	5.39%	9.77%	9.77%	03/24/17
Non-U.S. Total Stock Market Index Portfolio	\$1,283,137	0.24%	1.82%	5.96%	12.00%	12.00%	03/24/17
MSCI ACWI Ex USA IMI NR USD			1.90%	6.27%	12.29%	12.29%	03/24/17
Non-U.S. Socially Responsible Equity Portfolio	\$5,171,527	0.97%	2.44%	5.68%	13.50%	13.50%	03/24/17
MSCI World ex USA NR USD			2.59%	5.62%	11.66%	11.66%	03/24/17

PLAN STATISTICS

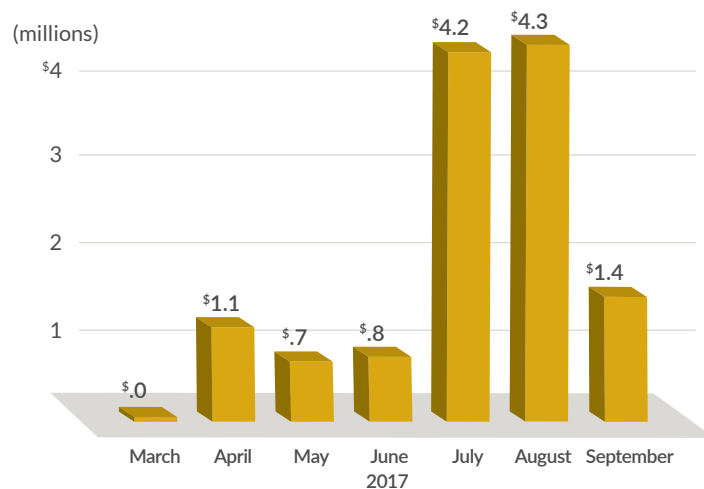
TOTAL ASSETS BY MONTH



TOTAL CONTRIBUTIONS BY MONTH



TOTAL DISTRIBUTIONS BY MONTH



SPONSOR PROFILE:

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

The D.C. Chief Financial Officer (CFO) is responsible for the implementation and administration of the D.C. College Savings Act of 2002, D.C. Law 13-212, approved March 31, 2001, as amended by the College Savings Program Act of 2002, D.C. Law 14-307, approved June 5, 2003.

Pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002, made final at D.C. Mun. Regs, tit. 9, sec. 155 (2004), the CFO entered into a Declaration of Trust, establishing the DC College Savings Program Trust, an instrumentality of the District of Columbia. In addition, pursuant thereto, the CFO or the Treasurer, as designated by the CFO, shall serve as the fiduciary and Trustee of the District of Columbia College Savings Program Trust.

The CFO or the Treasurer, as designee of the CFO, is responsible for selecting a qualified financial institution as the program manager to administer the Program. In addition, the CFO or the Treasurer, as designee of the CFO, is responsible for approving the selection of the underlying investments in the Trust. The CFO or the Treasurer of the District of Columbia, as designee of the CFO, is responsible for the administration of the Program.

SPONSOR PROFILE:

Ascensus College Savings Recordkeeping Services, LLC

Ascensus provides the District full 529 program management, recordkeeping, investment management, marketing and customer service that makes saving for college easy and intuitive.

ABOUT ASCENSUS

Ascensus helps more than 7 million Americans save for the future—retirement, education, and healthcare—through technology-enabled solutions. With more than 35 years of experience, the firm offers tailored solutions that meet the needs of asset managers, banks, credit unions, state governments, financial professionals, employers and individuals. Ascensus supports over 54,000 retirement plans, more than 4 million 529 education savings accounts and a growing number of ABLE savings accounts. It also administers more than 1.5 million IRAs and health savings accounts. As of December 31, 2017, Ascensus had over \$163 billion in total assets under administration. For more information about Ascensus, visit ascensus.com.

SUB-CONTRACTOR FOR THE PLAN

Ascensus has chosen BNY Mellon and Taylor Communications to provide the DC College Savings Plan with:

- BNY Mellon – Cash custody and trading
- Taylor Communications – Print vendor for statements, confirmations and correspondence

TENURE AS PROGRAM MANAGER

In November 2016, Ascensus was selected by the trustee as program manager for a new five year contract through November 2021. After that time, the agreement between the trustee and Ascensus may be continued or terminated (in which case a different program manger may be selected).



David Rydzeski is an Institutional Relationship Manager for the DC College Savings Plan, the District's own 529 college saving program. He helps educate human resource and benefit professionals, school counselors and community groups on how to promote and encourage college savings.

Prior to Ascensus, David was responsible for the distribution of various investment products, both to institutions and retail investors. He now puts his career-long financial experience to work helping DC families save for college.

Beginning in April 2017, David represented the DC College Savings Plan at 99 different events from May – December.

His outreach efforts covered every Ward in the District and included 49 workshops at a variety of employer and community venues. In addition to the workshops, which help explain the nuances of the program to the parents and families in attendance, David also staffed information tables at over 30 different venues to help raise awareness on the importance of savings for college and the benefits of the DC College Savings Plan.

To learn more about our outreach efforts, please visit the *Community* tab on our website, **www.dc529.com**.

Mr. Rydzeski is a registered representative of Ascensus Broker Dealer Services LLC, 877-529-2980, 95 Wells Ave, Newton MA (member FINRA/SIPC) and is not employed by the District of Columbia.



District of Columbia Administrative Team



Jeffrey Barnette, DC Treasurer and Deputy CFO, manages multiple financial and investment programs for the District government. In addition to overseeing the administration of the DC College Savings Plan, he has oversight of the Office of Finance and Treasury which manages the District's cash and liquid assets, all cash disbursements, banking relationships, the 457(b) Deferred Compensation Plan, the 401(a) Retirement Plan, and the Other Post Employment Benefits Fund (OPEB).



Merzie Davis, Financial Manager, is responsible for managing the day-to-day operations of the DC College Savings Plan and the 457(b) Deferred Compensation Plan. Mr. Davis also participates in the quarterly 529 investment meetings.

Brenda Mathis, Program Director, is responsible for managing the DC College Savings Plan, 457 Deferred Compensation Plan, and the 401(a) Retirement Plan. Ms. Mathis provides oversight of the investments and operations, and she manages the audit of the DC College Savings Plan. She ensures successful delivery from Ascensus as outlined in the Service Agreement.

Eugenia Collis, Associate Treasurer for Asset Management, Office of Finance and Treasury (OFT), Ms. Collis oversees the District's investment programs, including the general fund, the District's 401(a) and 457(b) retirement programs, the 529 College Savings program and the District's OPEB Fund program. Ms. Collis has oversight of the 529 plan, and staff that manages the program.

Rodney Dickerson, Program Manager, manages the District's OPEB Fund. He is also responsible for monitoring the 401(a) Retirement Plan's operations, including all Plan communications and facilitates quarterly meetings with the vendor. Mr. Dickerson participates in the quarterly 529 investment meetings, as well as crafting and reviewing communication materials.

Joseph Nzioki, Financial Analyst, works closely with Brenda Mathis, program director, and Rodney Dickerson, program manager on the 401(a) Retirement Plan and OPEB Fund. He assists with the monthly asset reconciliation for the 401(a) and OPEB Fund. Mr. Nzioki participates in the quarterly 529 investment meetings.



DC families explore new ways to make college more affordable.

Maya imagined her three daughters in their college caps and gowns, even before they had graduated from diapers.

She knew she wanted her girls to have all the advantages and opportunities of a college education. The problem for her – and for thousands of DC families – is affording it.

According to the College Board – a non-profit organization that administers SATs, PSATs and other exams – since 2011, the average tuition and fees at a four-year public school in the U.S. has risen by 9%, to \$9,650 a year. At four-year private schools, costs average \$33,480, up 13% over the same time period.

Here in District of Columbia, for example, in-state tuition and fees can range from \$5,612 a year at University of DC to \$50,547 at Georgetown University.

So, is college really worth it?

For many, the answer is “yes.” According to two recent Georgetown University studies:

- By 2020, 64% of all new positions will require a postsecondary education.
- A college graduate will earn \$1 million more over a lifetime than a high school grad.

Have a plan to save for college.

For most families, especially low- to middle-income households like Maya's, costs like these can be daunting. But the reality is, very few families save enough to pay for their entire college bill.

Grants and scholarships provided by colleges and universities that do NOT have to be paid back, covered 55% of all college costs in 2016-17, according to another report by the College Board. The rest must come from what families can save, and what they can borrow.

One savings vehicle that has gained popularity recently is state-sponsored 529 plans. Named for Section 529 of the Internal Revenue Service Code, 529 plans allow parents and grandparents to save for college tax-deferred. Later, the money can be withdrawn tax-free, provided it's used for qualified educational expenses such as:

- tuition and fees
- room and board
- books and supplies
- computers, software and related expenses.

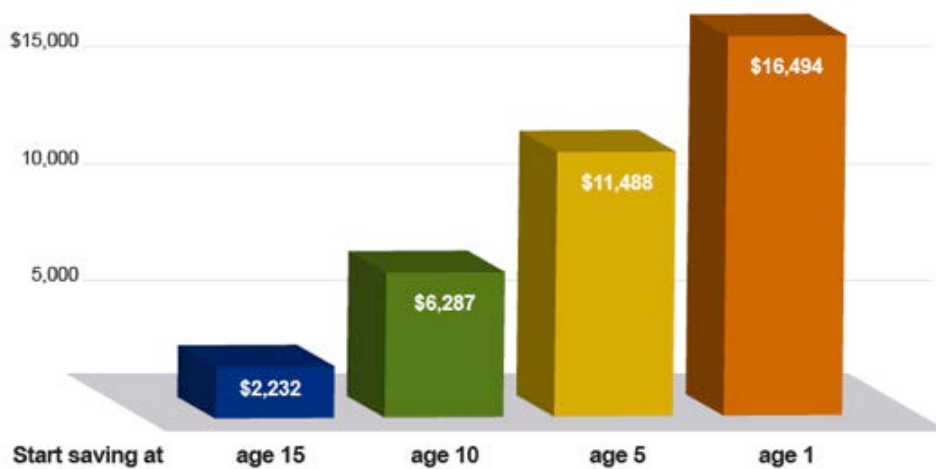


Start early, experts say.

Given time to grow, even small amounts invested can make a difference, financial experts say. Small contributions made when a child is young, they say, are often easier for families than “playing catch up” on college saving when he or she is much older.

Here’s a hypothetical example: If a family starts saving \$50 a month when the child is 1 year old (with an initial contribution of \$250), their savings could potentially be \$16,494 by college³.

The Importance of Saving for College Early



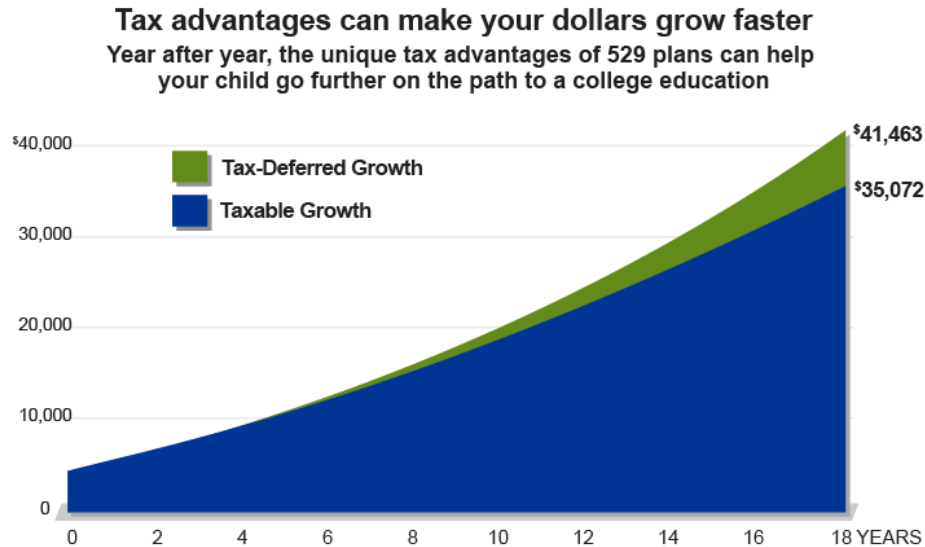
³A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

Assumptions: \$250 initial investment with subsequent monthly investments of \$50 for a period of 1-18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified. This hypothetical example is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes payable upon distribution.

Why save tax-deferred.

Unlike many other investment products, 529 plans offer the potential for tax-deferred growth. That means, any return earned on the savings is free of federal and District taxes. So over time, any returns get reinvested, potentially earning even more returns.

As the hypothetical chart below shows, a 529 account opened with an initial investment of \$2,500, plus \$100 monthly contributions for 18 years, could earn \$6,300 more than the same investment in a taxable account.



Assumptions: \$2,500 initial investment with subsequent monthly investments of \$100 for a period of 18 years; annual rate of return on investment of 5% and no funds withdrawn during the time period specified; and taxpayer is in the 30% federal income tax bracket for all options at the time of contributions and distribution. This hypothetical example is for illustrative purposes only. It does not reflect an actual investment in any particular 529 plan or any taxes payable upon distribution.

DC families have their own 529 plan.

The DC College Savings Plan offers District college savers the potential for tax-deferred growth. Plus, DC taxpayers who contribute to the plan can get a District income tax deduction of up to \$8,000 for married couples who have separate accounts, (\$4,000 for individuals).

In addition, DC college savers can choose from three different investment options:

- Year of College Enrollment Portfolios. This option automatically rebalances investments to be more conservative as your child ages and college gets closer.
- Individual Portfolios. This lets college savers take a more active role by choosing from eight investment portfolios.
- Principal Protected Portfolio. This focuses on protecting savings over growing it.

Families can open a DC College Savings Plan with as little as \$25.

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

REPORT ON

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

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Participant Fund and Administrative Fund of the District of Columbia 529 College Savings Program Trust (the "Trust") as of September 30, 2017, and the related statement of changes in fiduciary net position of the Participant Fund and Administrative Fund for the year then ended and the related notes to the financial statements, which collectively comprise the Trust's financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017 on our consideration of the Trust'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trust's internal control over financial reporting and compliance.

Washington, D.C.
December 28, 2017

BCA Watson Rre LLP

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS (PARTICIPANT FUND)
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017**

The following presents management's discussion and analysis of the financial performance of the Government of the District of Columbia's (the District) College Savings Program (the Program) for the fiscal year ended September 30, 2017. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

Basic Financial Statements

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

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

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

The financial statements also include notes that provide more detailed data and explanations for some of the information in the financial statements.

Financial Highlights

- Investments increased by \$74,635,357 or 16.25%
- Participant contributions increased by \$5,175,010 or 7.99%
- Net investment income increased by \$14,879,377 or 42.16
- Distributions to participants increased by \$18,288,800 or 72.23%

Financial Analysis

Table 1- Condensed Statement of Fiduciary Net Position as of September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>	<u>Variance(\$)</u>	<u>Variance(%)</u>
Assets				
Investments	\$ 533,953,005	\$ 459,317,648	\$ 74,635,357	16.25%
Receivables	692,449	181,119	511,330	282.32%
Total Assets	<u>534,645,454</u>	<u>459,498,767</u>	<u>75,146,687</u>	<u>16.35%</u>
Liabilities				
Total Liabilities	<u>201,091</u>	<u>233,617</u>	<u>(32,526)</u>	<u>-13.92%</u>
Net Position Held in Trust for Program Participants	<u>\$ 534,444,363</u>	<u>\$ 459,265,150</u>	<u>\$ 75,179,213</u>	<u>16.37%</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS (PARTICIPANT FUND)
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2017**

The Program's primary asset was investments, which totaled \$533,953,005. Investments increased by 16.25% from 2016 because of a net increase in plan participants and overall positive performance in the market. The top four Program investments were: U.S. Total Stock Market Index Portfolio \$112,007,130, DC College Savings 2019 Portfolio \$53,563,846, DC College Savings 2022 Portfolio \$56,584,991 and DC College Savings 2025 Portfolio \$52,147,078.

The Program's liabilities that represents amounts owed to portfolio management firms for investment activities during the fiscal year is zero.

	<u>2017</u>	<u>2016</u>	<u>Variance(\$)</u>	<u>Variance(%)</u>
Additions				
Contributions	\$ 69,927,693	\$64,752,683	\$ 5,175,010	7.99%
Net Investments Income	50,174,813	35,295,436	14,879,377	42.16%
Total Additions	<u>120,102,506</u>	<u>100,048,119</u>	<u>20,054,387</u>	20.04%
Deductions				
Distributions to Participants	43,608,693	25,319,893	18,288,800	72.23%
Other Expenses	1,314,600	1,019,315	295,285	28.97%
Total Deductions	<u>44,923,293</u>	<u>26,339,208</u>	<u>18,584,084</u>	70.56%
Increase in Net Position	<u>\$ 75,179,213</u>	<u>\$ 73,708,911</u>	<u>\$ 1,470,303</u>	1.99%

The Program's contributions increased by \$5,175,010 or 7.99%. The Program had an increase in participants from 21,671 in 2016 to 23,307 in 2017.

The Program had a net investment income of \$50,174,813 in 2017, which is a 42.16% increase from 2016.

Distributions to participants in 2017 were \$43,608,693 or 72.23% increase from 2016.

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

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017**

ASSETS

Investments

Equity Mutual Funds	\$ 264,172,740
Fixed Income Mutual Funds	138,422,194
Guaranteed Investment Contracts	125,924,511
Money Market Funds	<u>5,433,560</u>

Total Investments 533,953,005

Receivables for Fund Shares Sold 692,449

Total Assets 534,645,454

LIABILITIES

Accounts Payable for Investments Purchased 179,322

Due to D.C. Government Administrative Fund 21,769

Total Liabilities 201,091

Net Position Held in Trust for Program Participants \$ 534,444,363

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

ADDITIONS

Contributions	<u>\$ 69,927,693</u>
Investment Income	
Net Appreciation in Fair Value of Investments	44,371,668
Interest and Dividends	7,940,896
Less Investment Expenses	<u>(2,137,751)</u>
Net Investment Income	<u>50,174,813</u>
Total Additions	<u>120,102,506</u>

DEDUCTIONS

Distributions to Participants	43,608,693
Administrative Expenses	892,235
Maintenance Expenses	<u>422,365</u>
Total Deductions	<u>44,923,293</u>
Increase in Net Position	75,179,213

Net Position Held in Trust for Program Participants

Beginning of Year	<u>459,265,150</u>
End of Year	<u>\$ 534,444,363</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2017**

ASSETS

Investment

Fixed Income	<u>\$ 593,739</u>
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Receivables

Due from Program Manager	1,146
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Due from Participant Fund	<u>21,769</u>
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Total Receivables	<u>22,915</u>
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Total Assets	<u>616,654</u>
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Net Position Held in Trust for Administrative Expenses	<u><u>\$ 616,654</u></u>
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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
ADMINISTRATIVE FUND**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

ADDITIONS

Administrative Fees	\$ 251,925
Maintenance Fees	109,205
Net Investment Income	4,018
Total Additions	<u>365,148</u>

DEDUCTIONS

Professional Fees	492,731
Donations (Scholarship)	25,000
Total Deductions	<u>517,731</u>
Decrease in Net Position	(152,583)

Net Position Held in Trust for Administrative Expenses

Beginning of Year	769,237
End of Year	<u>\$ 616,654</u>

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 ORGANIZATION AND PURPOSE

The District of Columbia (DC) College Savings Program (the Program) was created by D.C. Law 47- 4501 et seq., as amended and pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002 made final at D.C. Mun. Regs, title 9 sec. 155 (2004), as a Trust of the District of Columbia Government (the District). The Program enables participants to save for qualified higher education expenses. The Chief Financial Officer of the District of Columbia or his/her designee is the Trustee of the Plan. The current designee is the D.C. Treasurer. The Trustee is responsible for entering into contracts for program management services, adopting program administration rules and regulations, and establishing investment policies. The Program was managed by Calvert Investment Management Inc. from its inception until March 23, 2017. On March 24, 2017, Ascensus College Savings Recordkeeping Services, LLC (ACSR) and its affiliates (collectively, Ascensus College Savings) became the new Program Manager and took overall responsibility for the day-to-day operation of the Program including recordkeeping, investment management, administrative services, and marketing. The management agreement between Ascensus College Savings and the D.C. Treasurer expires November 15, 2021 with the option to extend for two one-year periods, unless earlier termination.

The Program is available to both District of Columbia and non-District of Columbia residents. It is a qualified tuition program that allows participants to make contributions into 16 different investment options. The account balance limit is \$500,000 per beneficiary. Accounts are subject to market investment risk, except for those that are invested in the Principal Protected Portfolio, which focuses on protecting the invested principal. As of September 30, 2017, the Plan had 23,307 participants with a net asset value of \$534,444,363. Fees and expenses of the program are paid by each account owner and vary according to the Portfolio, in which they are invested.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

The accompanying financial statements report the fiduciary net position and the changes in fiduciary net position of and for the fiscal year ended September 30, 2017. For financial reporting purposes, the Program includes all funds over which the Program exercises, or has the ability to exercise oversight authority.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Investment Valuation and Income Recognition

Portfolio investments in the underlying funds are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. The stability of principal portfolio is valued in accordance with the terms of the funding agreement, inclusive of accrued interest.

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

Units represent the beneficial interest of each participant in the net assets of a Portfolio. Contributions to and distributions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Trust. Contributions and distributions are recorded upon receipt of the participant's instructions in good order, based on the next determined net asset value per unit. Net investment income and net realized gains accumulate in the net asset value of each Portfolio and are not separately distributed to participants.

Security Valuation

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

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

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

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

Receivables and Payables for investments purchased and sold

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

Estimates

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

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Tax Status

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

NOTE 3 INVESTMENTS

Program Participants invest in the DC College 2019, 2022, 2025, 2028, 2031, 2034 Aged-based funds, large and small-cap equity portfolios, socially and non-socially responsible portfolio, intermediate-term bond portfolio, US and non-US stock market index portfolio and a principal protected (stable value) fund. The portfolios invest directly into underlying portfolios and mutual funds.

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2017.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 3 INVESTMENTS (Continued)

		Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
INVESTMENTS MEASURED AT FAIR VALUE				
Domestic Equity Mutual Funds				
iShares Core S&P Total U.S. Stock Market ETF	\$ 172,183,456	\$ 172,183,456	\$ -	\$ -
Schwab US REIT ETF	9,156,525	9,156,525	-	-
DFA US Sustainability Core 1 Portfolio	1,847,445	1,847,445	-	-
JP Morgan US Equity	38,195,454	38,195,454	-	-
Vanguard Strategic Small Cap Equity	11,569,098	11,569,098	-	-
Total Domestic Equity Mutual Funds	232,951,978	232,951,978	-	-
International Equity Mutual Funds				
DFA International Sustainability Core 1	5,174,069	5,174,069	-	-
iShares Core MSCI Total International Stock ETF	26,046,692	26,046,692	-	-
Total Income Equity Mutual Funds	31,220,761	31,220,761	-	-
Fixed Income Mutual Funds				
Vanguard Intermediate-Term Bond Index Fund	38,186,794	38,186,794	-	-
Vanguard Short-Term Corporate Bond Fund	31,533,007	31,533,007	-	-
Vanguard Short-Term Inflation Protected Securities	43,579,367	43,579,367	-	-
Loomis Sayles Core Plus Bond Fund	12,266,270	12,266,270	-	-
iShares Core US Aggregate Bond ETF	12,856,757	12,856,757	-	-
Total Fixed Income Mutual Funds	138,422,195	138,422,195	-	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	402,594,934	\$ 402,594,934	\$ -	\$ -
INVESTMENT MEASURED AT CONTRACT VALUE				
Guaranteed Investment Contracts				
Ameritas Stable Value Fund	125,924,511			
INVESTMENT MEASURED AT COST				
Money Market Fund				
Dreyfus Government Cash Management Inst.	5,433,560			
TOTAL INVESTMENTS	\$ 533,953,005			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 3 INVESTMENTS (*Continued*)

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

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

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

Unrealized and Appreciated Value of the Program's Investments

At September 30, 2017, the Program held the following aggregate investments which are stated at aggregate fair value based on fair market prices:

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 3 INVESTMENTS (Continued)

	<u>Aggregate Cost</u>	<u>Aggregate Fair Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
Domestic Equity Mutual Funds			
iShares Core S&P Total U.S. Stock Market ETF	\$ 159,747,909	\$ 172,183,456	\$ 12,435,547
Schwab US REIT ETF	8,964,062	9,156,525	192,463
DFA US Sustainability Core 1 Portfolio	1,765,843	1,847,445	81,602
JP Morgan US Equity	35,731,805	38,195,454	2,463,649
Vanguard Strategic Small Cap Equity	10,715,036	11,569,098	854,062
International Equity Mutual Funds			
DFA International sustainability Core 1	4,694,481	5,174,069	479,588
iShares Core MSCI Total International Stock ETF	23,609,039	26,046,692	2,437,653
Fixed Income Mutual Funds			
Vanguard Intermediate-Term Bond Index Fund	37,745,625	38,186,794	441,169
Vanguard Short-Term Corporate Bond Fund	31,444,392	31,533,007	88,615
Vanguard Short-Term Inflation Protected Securities	43,527,542	43,579,367	51,825
Loomis Sayles Core Plus Bond Fund	12,149,400	12,266,270	116,870
iShares Core US Aggregate Bond ETF	12,870,724	12,856,757	(13,967)
Guaranteed Investment Contracts			
Ameritas Stable Value Fund	125,924,511	125,924,511	-
Money Market Fund			
Dreyfus Government Cash Management Inst.	5,433,560	5,433,560	-
Total Investments	<u>\$ 508,890,369</u>	<u>\$ 533,953,005</u>	<u>\$ 19,629,076</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 3 INVESTMENTS (Continued)

The net appreciation in the fair value of the investments in the financial statements consists of the following at September 30, 2017:

Net Unrealized Gain	\$ 19,629,076
Net Realized Gain	<u>24,742,592</u>
Net Appreciation in Fair Value of Investments	<u>\$ 44,371,668</u>

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

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

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

Fund	Credit Ratings
iShare Core U.S. Aggregate Bond ETF	AAA, A, BBB, BB
Loomis Sayles Core Plus Bond Fund	AAA, A, BBB, BB
iShare Core S&P Total U.S. Stock Market ETF	AAA, AA, A, BBB
Vanguard Strategies Small-Cap Equity Fund	AAA, AAA, BBB
Principal Protected Plus	A

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

Fund	Average Duration
iShare Core U.S. Aggregate Bond ETF	5.71
Loomis Sayles Core Plus Bond Fund	6.03
iShare Core S&P Total U.S. Stock Market ETF	7.23
Vanguard Strategies Small-Cap Equity Fund	6.48
Principal Protected Plus	4.63

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 INVESTMENTS (*Continued*)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Program does not have a formal policy for limiting its exposure to changes in exchange rates. The investment fund that invests primarily in foreign financial institutions are the DFA International Sustainability Core 1 Portfolio and iShare Core International Aggregate Bond ETF. The Fund has various currency denominations. The primary currency denominations are the Franc, the Yen, and the British pound.

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES

Under Calvert Investment Management, the Program assessed administrative fees, an annual maintenance fee and an enrollment fee to new account owners. Administrative fees of 0.15% were charged on the average daily net asset value. The maintenance fee was \$15 for District residents and \$30 for non-District residents. The enrollment fee was \$25 for non-District residents. The District received \$5 per account for each assessed fee.

However, under Ascensus College Saving, the Program assessed program management and state fees and an annual maintenance fee. Program management and state fees which totaled 0.15% on the principal protected portfolio and 0.30% on all other funds were assessed. The annual maintenance fee is generally charged during the month of the first anniversary in which the account was opened and annually thereafter. Account owners who are residents of the District are charged an annual maintenance fee of \$10.00, and non-District residents are charged an annual maintenance fee of \$15.00. The annual maintenance fees are charged on a pro rata basis upon closure of an account. The Program Manager receives the \$10.00 annual maintenance fee charged to District residents. Out of the \$15.00 annual maintenance fee charged to non-District residents, the Program Manager receives \$10 and the District receives \$5.

For Fiscal Year 2017, total administrative fees assessed to account owners were \$892,235, which is reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees were \$251,925, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2017, the total amount not remitted to the District was \$0.

For the Fiscal Year 2017, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled \$422,365. The District's portion was \$109,205, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2017, the total amount not remitted to the District was \$22,914.

The District incurred administrative expenses of \$517,731 in Fiscal Year 2017, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses were for the professional services and donation for scholarship. At year-end, the Administrative Fund position balance was \$616,654.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 5 INVESTMENT EXPENSES

Investment expenses represent the operating expenses and load fees paid to the broker dealers. Certain fees charged by the investment funds for operating expenses and load fees are reflected in the net appreciation in fair value of investments amount in the Statement of Changes in Fiduciary Net Position. Other underlying investment fees, net of administrative and program management fees (see note 4), for Calvert Investment Management ranged from 0.00% to 1.51% (gross of 0.15% to 1.66%), and for Ascensus College Savings ranged from 0.00% to 0.50% (gross of 0.15% to 0.80%) of the fund's average daily net asset value. Underlying investment management fees, net of administrative and program management fees, totaled \$2,137,751, which is reflected in the Participant Fund Statement of Changes in Fiduciary Net Position.

NOTE 6 RELATED PARTY TRANSACTIONS

All of the Program's individual portfolios invest in a single underlying mutual fund or ETF managed by a third-party investment manager. The year of enrollment portfolios have a set target allocation and are invested in multiple underlying mutual funds, ETFs as well as the Ameritas Funding Agreement.

Ascensus College Savings monitors and rebalances the underlying asset allocations of the Year of College Enrollment Portfolios on a quarterly basis. The principal protected portfolio invests in a funding agreement issued by Ameritas Life.

NOTE 7 RISKS AND UNCERTAINTIES

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



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**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 Trustee of
The District of Columbia 529 College Savings Program Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia 529 College Savings Program Participant and Administrative Funds (the "Trust"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 Trust's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Washington, DC *BCA Watson Rre LLP*
December 28, 2017

Before you invest, consider whether your or the beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state's qualified tuition program.

For more information about The DC College Savings Plan ("The Plan"), call 800.987.4859, or visit dccollegesavings.com to obtain a Program Disclosure Booklet, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing.

The Plan is administered by the District of Columbia Office of the Chief Financial Officer, Office of Finance and Treasury. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including recordkeeping and administrative services. Ascensus Investment Advisors, LLC serves as the Investment Manager.

The Plan's Portfolios invest in: (i) exchange-traded funds, (ii) mutual funds and (iii) a funding agreement. Investments in The Plan are municipal securities that will vary with market conditions. Investments are not guaranteed or insured by the Government of the District of Columbia, the District of Columbia College Savings Program Trust, the District of Columbia Chief Financial Officer, the District of Columbia Treasurer, the Trustee for the District of Columbia College Savings Program Trust or any co-fiduciary or instrumentality thereof, the Federal Deposit Insurance Corporation or any instrumentality thereof.

INVESTMENTS ARE NOT FDIC INSURED, MAY LOSE VALUE AND ARE NOT BANK GUARANTEED.

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