NOTE 2. CASH AND INVESTMENTS

- *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair values of an investment.

  As a general policy of the Retirement Board, investment managers with authority to invest in securities denominated in a foreign currency may reduce exposure to currency risk by systematically hedging foreign currency positions back to U.S. dollars through the foreign currency markets. Because the forward exchange rate is seldom equal to the spot exchange rate, forward hedging gains and losses may arise.

At September 30, 2014, the District had exposure to foreign currency risk with respect to investments held by the Retirement Board and the OPEB Trust Fund. At the end of fiscal year 2014, the Retirement Board held investments that were denominated in a currency other than the United States dollar, as presented in **Table N6a**.

The OPEB Trust Fund does not have a formal policy for limiting its exposure to changes in exchange rates. **Table N6b** presents the OPEB Trust Fund's investments that were denominated in a currency other than the United States dollar.

Table N6a – Retirement Board Investments Denominated in Foreign Currency

	Asset Class (in $000s)					
	Cash	Equities	Fixed Income	Private Equity	Swaps	Total
Australian Dollar	$ (357)	$ -	$ 6,037	$ -	$ 754	$ 6,434
Brazilian Real	-	-	-	-	(40)	(40)
Canadian Dollar	-	-	2,256	-	-	2,256
Danish Krone	-	1,318	-	-	-	1,318
Euro	8,377	50,731	15,451	20,972	(24)	95,507
Hong Kong Dollar	-	6,745	-	-	-	6,745
Mexican Peso	7	-	-	-	88	95
Japanese Yen	238	36,111	-	-	(170)	36,179
Pound Sterling	(14)	5,968	937	-	-	6,891
Swedish Krona	-	4,969	-	-	-	4,969
Swiss Franc	-	10,557	-	-	-	10,557
Total Foreign Currency	$ 8,251	$ 116,399	$ 24,681	$ 20,972	$ 608	$ 170,911

Table N6b – OPEB Trust Fund Investments Denominated in Foreign Currency

	(Dollars in $000s)		
	Short Term and Cash	Convertible and Fixed Income	Total
Australian Dollar	$ 63	$ 1,325	$ 1,388
Canadian Dollar	-	3,993	3,993
Euro Currency	38	26,625	26,663
Pound Sterling	7	14,308	14,315
Japanese Yen	84	16,148	16,232
New Zealand Dollar	20	1,973	1,993
Mexican Peso	-	966	966
Swedish Krona	-	678	678
South African Rand	-	193	193
Singapore Dollar	-	363	363
Total Foreign Currency	**$ 212**	**$ 66,572**	**$ 66,784**

NOTE 2. CASH AND INVESTMENTS

Table N7a – Cash and Investments Detail

		Total Carrying Value
INVESTMENTS		
Primary Government:		
U. S. government securities	$ 6,282	
Certificates of deposit	75,100	
Mortgage-backed securities	6,236	
Guaranteed investment contracts	2,148	
Repurchase agreements	11,155	
Total Primary Government		$ 100,921
Fiduciary Funds:		
Pension trust funds' investments held by Board's agent in Board's name and Private Purpose Trust Fund:		
Commodities	41,703	
Equity securities	4,222,585	
Fixed income securities	2,299,014	
Real estate	354,594	
Private equity	648,346	
Total Fiduciary Funds		7,566,242
Component Units:		
Certificates of deposit	6,363	
U. S. government securities	171,917	
Fixed income securities	8,468	
Corporate securities	1,875	
Investment contracts	24,716	
Equities	18,135	
Money market	154,874	
Alternative investments	14,870	
Total Component Units		401,218
Total reporting entity investments		**$ 8,068,381**
CASH BALANCES		
Primary government		$ 2,923,911
Fiduciary Funds		232,784
Component units		205,237
Total cash balances		**$ 3,361,932**
Total Cash and Investment Balances		**$ 11,430,313**

NOTE 2. CASH AND INVESTMENTS

Table N7b – Reconciliation of the District's Cash and Investment Balances

	(Dollars in $000s)							
	Exhibit 1-a			Exhibit 4-a				
	Primary Government	Component Units	Total (Exhibit 1-a)	Pension/OPEB Trust Funds	Private Purpose Trust Fund	Agency Funds	Total (Exhibit 4-a)	Total Cash and Investment Balances
Cash and cash equivalents	$ 1,126,578	$ 84,778	$ 1,211,356	$ -	$ -	$ -	$ -	$ 1,211,356
Investments	-	117,989	117,989	-	-	-	-	117,989
Cash and cash equivalents (restricted)	1,797,333	120,459	1,917,792	151,788	-	80,996	232,784	2,150,576
Investments (restricted)	100,921	283,229	384,150	7,217,740	348,502	-	7,566,242	7,950,392
Total	**$ 3,024,832**	**$ 606,455**	**$ 3,631,287**	**$ 7,369,528**	**$ 348,502**	**$ 80,996**	**$ 7,799,026**	**$ 11,430,313**

Derivative Instruments

Derivative instruments are generally defined as contracts, the value of which depends on or derives from the value of an underlying asset, reference rate or index. Structured financial instruments are also defined as derivatives, such as mortgage-backed securities, asset-backed securities, and floating rate notes. Other common types of derivatives used by governments include: interest rate and commodity swaps, interest rate locks, and forward contracts.

Table N8 presents the fair value balances and notional amounts of the District's derivative instruments outstanding at September 30, 2014, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the fiscal year 2014 financial statements.

Table N8 - Derivative Instruments Outstanding at September 30, 2014

	(Dollars in $000s)				
	Changes in Fair Value		Fair Value at September 30, 2014		
	Classification	Amount	Classification	Amount	Notional
Governmental Activities:					
Cash flow hedges:					
Floating to fixed interest rate swaps:					
2014B (formerly 2008C) Swap	Deferred inflow	$188	Swap	($39,256)	$224,300
2007 AWC Swap	Deferred inflow	$1,783	Swap	(7,495)	$111,550
2004B Swap	Deferred inflow	$275	Swap	(1,279)	$29,115
Deferred outflow of resources, at end of year				**($48,030)**	
Floating to floating interest rate swaps:					
2001C/D Basis Swap	Investment revenue	$446	Swap	$459	$278,080
Derivative instrument liabilities, at end of year				**($47,571)**	

The fair values of the interest rate swaps were provided by the counterparty to each respective swap and confirmed by the District's financial advisor. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair values of the interest rate swaps were estimated using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve. The current swap and the new swap payments are present valued at the LIBOR spot rates. The difference in the present value of the cash flows will equal the fair value.

NOTE 2. CASH AND INVESTMENTS

Objective and Terms of Hedging Derivative Instruments

Table N9 presents the objective and terms of the District's hedging derivative instruments outstanding at September 30, 2014, along with the credit rating of the associated counterparty.

Table N9 – Objectives and Terms of Hedging Derivative Instruments Outstanding at September 30, 2014

(Dollars in $000s)

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swaps:						
2014 B (formerly 2008C) Swap	Hedge of changes in cash flows on the Series 2014B Bonds (formerly 2008C Bonds)	$ 224,300	10/15/02	06/01/27	Pay fixed rate of 3.615%; receive 67% of 1-month LIBOR	Baa2/A-/A
2007 AWC Swap	Hedge of changes in cash flows on the Series 2007 AWC PILOT Revenue Bonds	$ 111,550	09/20/07	12/01/21	Pay fixed rate of 4.463%; receive the rate that matches the rate paid on the underlying bonds (SIFMA) plus 0.70%	Aa3/AA-/AA-
2004 B Swap	Hedge of changes in cash flows on the Series 2004B General Obligation Bonds	$ 29,115	12/08/04	06/01/20	Pay fixed rates of 4.598%, 4.701%, 4.794% and 5.121%; receive the rate that matches the rate on the underlying bonds (CPI Muni Index)	Aa3/A+/A+
Pay Floating Basis Swaps:						
2001 C/D Basis Swap	Reduces basis risk by providing for a closer match between the underlying variable rate bonds and the variable rate swap receipts from the counterparty	$ 278,080	06/02/03	06/01/29	Pay 67% of LIBOR; receive variable rate as a percentage of the actual LIBOR reset each month ranging from 60% to 90% of LIBOR	Aa3/A+/A+

NOTE 2. CASH AND INVESTMENTS

Risks

Credit Risk

The fair market values of the interest rate swaps represent the District's obligation to the respective counterparties if the swap agreements were terminated. The District is exposed to credit risk on hedging derivative instruments that have positive fair values (or are in asset positions). To minimize its exposure to loss related to credit risk, the District diversified its counterparties and as such, has a different counterparty for each of its outstanding swaps. The credit ratings of each of the counterparties as of September 30, 2014 were as presented in **Table N9**.

The District was exposed to minimal credit risk because most of the interest rate swaps had negative fair values. The aggregate fair value of hedging derivative instruments in asset positions at September 30, 2014, was $459. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. In each of the District's swap agreements, the payments are netted against the obligations within each swap. As such, if the District is owed any payment due to an event of default by the counterparty that payment can be netted against any outstanding obligations within that specific swap agreement.

Interest Rate Risk

The District is exposed to interest rate risk on its interest rate swaps. As LIBOR or the SIFMA swap index decreases, the District's net payment on its pay-fixed, receive variable interest rate swaps increases.

As of September 30, 2014, the fair value of the investments in derivative instruments subject to interest rate risk was $459 ($459 thousand). These investments had maturities of more than 10 years.

The District invested in a floating-to-fixed rate swap in connection with its $214,155 Multimodal General Obligation Bonds, Series 2001C and its $69,715 Multimodal General Obligation Refunding Bonds, Series 2001D (2001C/D Swap). At September 30, 2014, the notional amount of the 2001C/D Swap was $278,080. The District pays the counterparty 67% of LIBOR and the counterparty pays the District a variable rate as a percentage of the actual LIBOR reset each month. The original swap agreement was executed on December 6, 2001 and the District entered into an enhanced swap agreement on June 2, 2003. The 2001C/D swap matures in June 2029. At September 30, 2014, this interest rate swap had a fair value of $459.

Basis Risk

The District is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the District on these hedging derivative instruments are based on a rate or index other than interest rates the District pays on its hedged variable-rate debt, which is remarketed every 7 days. In order to mitigate basis risk, the District typically executes a basis swap which pays the District a higher percentage of LIBOR as interest rates decrease. As of September 30, 2014, the weighted-average interest rate on the District's hedged variable–rate debt was approximately 0.19%, while the SIFMA swap index rate was 0.18% and 67% of LIBOR was 0.14%.

Termination Risk

The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the associated contract. The District is exposed to termination risks on its pay-fixed interest rate swap agreements, which incorporate the International Swap Dealers Association (ISDA) Master Agreement. The ISDA Master Agreement includes standard termination events. Accordingly, an interest rate swap may be terminated if a counterparty or its Credit Support Provider, or the District has one or more outstanding issues of rated unsecured, unenhanced senior debt and none of such issues has a rating of at least (i) BAA3 or higher as determined by Moody's Investors Service, Inc.; (ii) BBB-, or higher as determined by Standard & Poor's Ratings Service; or (iii) an equivalent investment grade rating determined by a nationally recognized rating service acceptable to both parties.

If at the time of termination, a hedging derivative instrument is in a liability position, the District would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements, as applicable.

Rollover Risk

The District is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the District will be re-exposed to the risks being hedged by the hedging derivative instrument. In order to mitigate this risk, the District matches the maturity of each fixed to floating rate swap with the maturity date of the underlying bonds. The District was not exposed to rollover risk during fiscal year 2014.

NOTE 2. CASH AND INVESTMENTS

Retirement Board Derivatives

During fiscal year 2014, the District's Retirement Funds, in accordance with the policies of the Retirement Board, and through the District's Retirement Funds' investment managers who have full discretion over investment decisions, invested in various derivative instruments either to increase potential earnings or to hedge against potential losses.

To-be-announced market trades (TBAs) (sometimes referred to as "dollar rolls") are used by the District's Retirement Funds as an alternative to holding mortgage-backed securities outright to raise the potential yield and to reduce transaction costs. The selected TBAs are used because they are expected to behave the same in duration and convexity as mortgage-backed securities with identical credit, coupon and maturity features. Credit risk is managed by limiting these transactions to primary dealers. Market risk for this type of security is not significantly different from the market risk for mortgage-backed securities.

Foreign currency forwards, futures contracts and foreign currency options are generally used by the District's Retirement Funds for defensive purposes. These contracts hedge a portion of the District's Retirement Funds' exposure to particular currencies on occasion when significant adverse short-term movement in exchange rate levels is expected.

Foreign currency forward and futures contracts can pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the foreign exchange rates underlying the contracts used by the District's Retirement Funds. Credit risk is managed by limiting transactions to counterparties with short-term credit ratings of Al or Pl or by trading on organized exchanges. Market risk for currency options is limited to the purchase cost. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading on organized exchanges.

Equity index futures were also used by the District's Retirement Funds in order to gain exposure to equity markets in a more efficient and liquid manner than directly investing in all of the underlying equity securities. Equity index futures may pose market risk when the maximum potential loss on a particular contract is greater than the value of the underlying investment. Market risks arise due to movements in the equity markets underlying the contracts used by the District's Retirement Funds. The notional amounts of the contracts are not included in the derivatives holdings disclosed. Credit risk is managed by dealing with member firms of the futures exchanges.

Exchange-traded and over-the-counter bond futures and options are used by the District's Retirement Funds to gain exposure to fixed income markets in a more efficient and liquid manner than by purchasing the underlying bonds. Market risk for these options is limited to purchase cost. Credit risk is managed by limiting transactions to counterparties with investment-grade ratings or by trading with member firms of organized exchanges.

Warrants are used by the District's Retirement Funds to gain equity exposure and to enhance performance. Warrants are often distributed by issuers to holdings of common stocks and bonds, and are held for the same fundamental reasons as the original common stock and/or bond holdings. Rights are a security that gives the holder the entitlement to purchase new shares issued by a corporation at a predetermined price in proportion to the number of shares already owned. Market risk for warrants and rights is limited to the purchase cost. Credit risk for warrants and rights is similar to the underlying equity and/or bond holdings. All such risks are monitored and managed by the District's Retirement Funds' external investment managers who have full discretion over such investment decisions.

Swaps represent an agreement between two or more parties to exchange a sequence of cash flows during a predetermined timeframe. The District's Retirement Funds utilize swaps for several different reasons: to manage interest rate fluctuations, to protect against a borrower default, and to gain market exposure without having to actually own the asset. The District's Retirement Funds may manage credit exposure through the use of credit default swaps. A credit default swap (CDS) is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party who, in exchange for periodic fees, agrees to make payments in the event of a default or other predetermined credit event. One of the main advantages of a CDS is that it allows for exposure to credit risk while limiting exposure to other risks such as interest rate and currency risk.

The District's Retirement Funds also hold derivative instruments indirectly by participating in pooled, commingled, or short-term funds that hold derivatives. Information regarding any risks associated with these holdings is not generally available.

NOTE 2. CASH AND INVESTMENTS

Table N10 presents a list of the District's Retirement Funds' derivatives aggregated by type as of September 30, 2014.

Table N10 – Retirement Board Derivative Investments Aggregated by Type

	(Dollars in $000s)				
	Changes in Fair Value (4)		Fair Value at September 30, 2014		
Type of Derivative	**Classification**	**Amount (1)**	**Classification**	**Amount (2)**	**Notional (3)**
Credit Default Swaps Bought	Investment Revenue	$ (773)	Swaps	$ 282	$ 15,707
Credit Defaut Swaps Written	Investment Revenue	(165)	Swaps	289	36,616
Fixed Income Futures Long	Investment Revenue	713	Futures	-	2,900
Fixed Income Futures Short	Investment Revenue	(2,072)	Futures	-	(20,078)
Fixed Income Options Bought	Investment Revenue	(205)	Options	99	2,100
Fixed Income Options Written	Investment Revenue	515	Options	(225)	(42,773)
Foreign Currency Options Written	Investment Revenue	(83)	Options	(181)	(13,561)
Futures Options Written	Investment Revenue	72	Options	-	-
FX Forwards	Investment Revenue	1,400	LT Instruments	1,060	96,764
Pay Fixed Interest Rate Swaps	Investment Revenue	(1,191)	Swaps	323	37,393
Receive Fixed Interest Rate Swaps	Investment Revenue	836	Swaps	873	38,993
Rights	Investment Revenue	-	Common Stock	-	-
Warrants	Investment Revenue	166	Common Stock	166	352
Grand Totals		$ (787)		$ 2,686	

(1) Negative values (in brackets) refer to losses
(2) Negative values refer to liabilities
(3) Notional may be a dollar amount or size of underlying futures and options contracts; negative values refer to short positions
(4) Excludes futures margin payments

C. SECURITIES LENDING

District statutes and the Retirement Board's policies permit the District's Retirement Funds to participate in securities lending transactions by relying on a Securities Lending Authorization Agreement, which authorizes the master custodian to lend the Retirement Board's securities to qualified broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2014, the master custodian, at the direction of the Retirement Board, loaned a portion of the District's Retirement Funds' public equity and fixed income securities secured by collateral in the form of United States and foreign currency cash, securities issued or guaranteed by the United States government, the sovereign debt of foreign countries and irrevocable bank letters of credit. This collateral could not be pledged or sold unless the borrower defaulted on the loan. Borrowers were required to deliver and maintain collateral for each loan in an amount equal to (i) at least 102% of the market value of the loaned securities in the United States; or (ii) 105% of the market value of the loaned securities in the case of loaned securities not denominated in United States dollars or whose primary trading market was not located in the United States.

The Retirement Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool (the Quality D Fund).

Because the Quality D Fund does not meet the requirements of Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940, the master custodian has valued the Fund's investments at fair value for reporting purposes.

NOTE 2. CASH AND INVESTMENTS

The Quality D Fund is not registered with the Securities and Exchange Commission. The master custodian, and consequently the investment vehicles it sponsors (including the Quality D Fund), are subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. The fair value of the Funds' position in the Quality D Fund is not the same as the value of the District's Retirement Funds' shares.

There was no involuntary participation in an external investment pool by the Quality D Fund and there was no income from one fund that was assigned to another fund by the master custodian during fiscal year 2014.

During fiscal year 2014, the Retirement Board did not restrict the amount of the loans that the master custodian made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon and there were no losses resulting from a default of the borrowers or the master custodian during 2014.

The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in the Quality D Fund which is comprised of a liquidity pool and a duration pool. As of September 30, 2014, the liquidity pool had an average duration of 39.86 days and an average weighted final maturity of 111.67 days for USD collateral. As of this date, the duration pool had an average duration of 41.98 days and an average weighted final maturity of 2,263.38 days for USD collateral. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

Investments are restricted to issuers with a short-term credit rating not lower than A1/P1, or long-term ratings not lower than A-/A3, or the equivalent thereof. The liquidity pool will have a dollar-weighted average maturity of no more than 75 calendar days and a dollar-weighted average maturity to final not to exceed 180 calendar days. The Quality D Fund may invest up to 10% of its assets at the time of purchase in other investment vehicles managed by the master custodian provided they conform to fund guidelines. On September 30, 2014, the Retirement Board had no credit risk exposure to borrowers.

As of September 30, 2014, the fair value of securities on loan was \$24,726. Associated collateral totaling \$25,336 was comprised of cash which was invested in the Quality D Fund. As of September 30, 2014, the invested cash collateral had a fair value of \$24,982.

During the fiscal year ended September 30, 2014, the market value of the shares in the Quality D Fund purchased with cash collateral by the lending agent was less than the cost, resulting in an unrealized loss of \$355.

The collateral held are included in total assets shown in Exhibit 4-a, and the securities on loan are included in total liabilities and reported at their carrying amounts also in Exhibit 4-a.

Net security lending income is comprised of three components: gross income, broker rebates, and agent fees. Gross income is equal to earnings on cash collateral received in a security lending transaction. A broker rebate is the cost of using that cash collateral. Agent fees represent the fees paid to the agent for administering the lending program. Net security lending income is equal to gross income less broker rebates and agent fees. Security lending income for fiscal year 2014 was recorded on a cash basis which approximated the accrual basis. For the year ending September 30, 2014, securities lending income was \$369 and securities lending expense was \$87, resulting in net securities lending income of \$282.

NOTE 3. RESTRICTED ASSETS

At September 30, 2014, restricted assets of the primary government, component units, and fiduciary funds totaled $10,100,968 as summarized in **Table N11**.

Table N11 – Summary of Restricted Assets

	Governmental Funds/Governmental Activities					
	General	Federal & Private Resources	Housing Production Trust Fund	General Capital Improvements	Non-Major	Total
Bond Escrow Accounts	$ 437,786	$ -	$ -	$ -	$ -	$ 437,786
Capital Project	-	-	-	129,426	61,180	190,606
Emergency Cash Reserves	355,417	-	-	-	-	355,417
Others	77,475	114,844	166,468	-	232,204	590,991
Total	$ 870,678	$ 114,844	$ 166,468	$ 129,426	$ 293,384	$ 1,574,800

	Proprietary Funds/Business-Type Activities				
	Lottery & Games	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond Escrow Accounts	$ -	$ -	$ -	$ -	$ 154,144
Unpaid Prizes	6,282	-	6,282	-	-
University Endowment	-	-	-	-	12,047
Benefits	-	317,172	317,172	7,799,026	-
Purpose restrictions	-	-	-	-	223,229
Other	-	-	-	-	14,268
Total	$ 6,282	$ 317,172	$ 323,454	$ 7,799,026	$ 403,688

The bond escrow accounts in general fund include bond escrow for capital lease payment of $8,162.

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

A. RECEIVABLES

Receivables are valued at their estimated collectible amounts. These receivables are presented in various funds as shown in **Table N12**.

Table N12 – Receivables

	General	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Lottery & Games	Unemployment Compensation	Fiduciary Funds
Gross Receivables:								
Taxes	$ 497,812	$ -	$ -	$ 12,171	$ 2,876	$ -	$ -	$ -
Accounts and other	165,972	12,514	258	-	31,545	4,928	36,743	10,005
Federal	65	439,700	2,495	61,918	-	-	855	1,402
Total gross receivables	663,849	452,214	2,753	74,089	34,421	4,928	37,598	11,407
Less-allowance for uncollectibles	40,797	-	-	6,136	-	182	24,977	-
Total net receivables	$ **623,052**	$ **452,214**	$ **2,753**	$ **67,953**	$ **34,421**	$ **4,746**	$ **12,621**	$ **11,407**

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

B. INTERFUND TRANSFERS

Table N13 shows a summary of interfund transfers for the fiscal year ended September 30, 2014.

Table N13– Summary of Interfund Transfers

TRANSFER FROM (Out)	TRANSFER TO (In)	PURPOSE		AMOUNT
General Fund	Highway Trust Fund	Motor fuel Taxes dedicated to the Highway Trust Fund	$	22,962
General Fund	Highway Trust Fund	Taxes imposed for Capital Projects - Parking and Storage		18,526
Lottery and Games	General Fund	DC Lottery excess revenues, after operating cost		54,966
General Fund	Capital Improvements Fund	PA YGO - Projects financed by the General Fund		59,798
General Fund	Tax Increment Financing Fund	Local revenues transferred to TIF		12,627
Capital Improvements Fund	General Fund	Transfer of Bike Sharing revenues		2,690
Capital Improvements Fund	General Fund	Capital Improvements Fund financing to help address potential budget shortfall		36,396
Tax Increment Financing Fund	General Fund	Tax imposed to pay debt service on economic development projects		6,988
PILOT Special Revenue Fund	General Fund	Excess collection		4,731
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery		1,488
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments		53,604
Baseball Special Revenue Fund	General Fund	Baseball Fund financing to help address potential budget shortfall		17,934
General Fund	Housing Production Trust Fund	Funds for housing projects and services		38,966
		TOTAL INTERFUND TRANSFERS	**$**	**331,676**

C. RECEIVABLES AND PAYABLES BETWEEN FUNDS AND COMPONENT UNITS

Due to/Due from and interfund receivable and payable balances for each fund and individual component unit at September 30, 2014, are shown in **Table N14**.

Table N14 – Summary of Due To /Due From and Interfund Balances

	Primary Government/ Component Units		Interfund	
Fund or Component Unit	**Receivables**	**Payables**	**Receivables**	**Payables**
General	$ 37,037	$ 14,528	$ 265,950	$ 14,387
Federal & Private Resources	-	11,213	31,817	138,875
Housing Production Trust	-	-	4,642	-
General Capital Improvements	-	7,896	4	107,150
Nonmajor-Highway Trust	-	-	611	-
Nonmajor-Baseball Special Revenue	665	-	3,421	17,934
Nonmajor-PILOT Special Revenue	-	-	773	-
Nonmajor - Tax Increment Financing	-	1,384	4,939	-
Unemployment Compensation	-	-	-	32,224
Pension Trust	-	-	-	1,476
Agency Fund	-	-	-	111
Health Benefit Exchange Authority	10,314	7,303	-	-
Not For Profit Hospital Corporation	186	-	-	-
Washington Convention and Sports Authority	12,370	3,535	-	-
University of the District of Columbia	12,151	26,864	-	-
Total	**$ 72,723**	**$ 72,723**	**$ 312,157**	**$ 312,157**

The above balances represent the impact of transactions among the funds and component units which will be settled during fiscal year 2015.

NOTE 5. CAPITAL ASSETS

Capital Outlays

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled $1,123,073 during the fiscal year ended September 30, 2014. As construction progresses, capital expenditures which meet the criteria to be capitalized as set forth in Note 1L, are capitalized as Construction in Progress (CIP) in the governmental activities column of the government-wide financial statements. Upon completion of the project, all project costs are transferred from CIP into the appropriate "in-service" capital asset account.

A. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS BY CLASS

Table N15 presents the changes in the governmental activities capital assets by class for the primary government:

Table N15 - Changes in the Governmental Activities Capital Assets by Asset Class

Asset Class	Balance October 1, 2013	Additions	Transfers/ Dispositions	Transfers from CIP	Balance September 30, 2014
Non-depreciable:					
Land	$ 928,318	$ -	$ (30)	$ 1,231	$ 929,519
Construction in progress	1,024,766	882,955	-	(664,259)	1,243,462
Total non-depreciable	**1,953,084**	**882,955**	**(30)**	**(663,028)**	**2,172,981**
Depreciable:					
Infrastructure	5,141,641	-	-	336,541	5,478,182
Buildings	7,158,843	22,000	(800)	247,976	7,428,019
Equipment	1,568,535	21,512	(15,244)	78,511	1,653,314
Total depreciable	**13,869,019**	**43,512**	**(16,044)**	**663,028**	**14,559,515**
Less accumulated depreciation for:					
Infrastructure	(2,215,778)	(145,285)	-	-	(2,361,063)
Buildings	(1,517,094)	(145,525)	-	-	(1,662,619)
Equipment	(1,189,292)	(123,938)	14,468	-	(1,298,762)
Total accumulated depreciation	**(4,922,164)**	**(414,748)**	**14,468**	**-**	**(5,322,444)**
Total depreciable, net	**8,946,855**	**(371,236)**	**(1,576)**	**663,028**	**9,237,071**
Net governmental activities capital assets	**$ 10,899,939**	**$ 511,719**	**$ (1,606)**	**$ -**	**$ 11,410,052**

NOTE 5. CAPITAL ASSETS

B. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS BY FUNCTION

Table N16 presents the changes in the governmental activities capital assets by function for the primary government:

Table N16- Governmental Activities Capital Assets by Function

Function	Balance October 1, 2013	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2014
Governmental direction and support	$ 2,414,110	$ 837	$ -	$ 51,247	$ 2,466,194
Economic development and regulation	518,583	668	(1,215)	14,165	532,201
Public safety and justice	1,069,019	7,927	(8,967)	34,992	1,102,971
Public education system	3,421,123	11,550	(3,852)	136,860	3,565,681
Human support services	1,431,419	503	(1,489)	67,415	1,497,848
Public works	5,943,083	22,027	(551)	359,580	6,324,139
Construction in progress	1,024,766	882,955	-	(664,259)	1,243,462
Total	**$ 15,822,103**	**$ 926,467**	**$ (16,074)**	**$ -**	**$ 16,732,496**

C. GOVERNMENTAL ACTIVITIES CAPITAL ASSETS ACCUMULATED DEPRECIATION BY FUNCTION

A summary of changes in governmental activities capital assets depreciation by function for the primary government is shown in **Table N17**.

Table N17 – Governmental Activities Capital Assets Accumulated Depreciation by Function

Function	Balance October 1, 2013	Additions	Transfers/ Dispositions	Balance September 30, 2014
Governmental direction and support	$ 843,037	$ 89,371	$ (218)	$ 932,190
Economic development and regulation	46,386	4,131	(380)	50,137
Public safety and justice	413,469	46,575	(9,566)	450,478
Public education system	705,209	76,959	(4,304)	777,864
Human support services	380,653	30,831	-	411,484
Public works	2,533,410	166,881	-	2,700,291
Total	**$ 4,922,164**	**$ 414,748**	**$ (14,468)**	**$ 5,322,444**

NOTE 5. CAPITAL ASSETS

D. BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS

Business-Type Activities Capital Assets are presented in **Table N18**.

Table N18 - Business-Type Activities Capital Assets

Asset Class	Balance October 1, 2013	Additions	Dispositions/ Adjustments	Balance September 30, 2014
Lottery:				
Depreciable:				
Equipment	$ 3,812	$ -	$ -	$ 3,812
Total	**3,812**	**-**	**-**	**3,812**
Total Business-Type	**3,812**	**-**	**-**	**3,812**
Less: accumulated depreciation for:				
Equipment	(3,385)	(157)	-	(3,542)
Total accumulated depreciation	(3,385)	(157)	-	(3,542)
Net capital assets	**$ 427**	**$ (157)**	**$ -**	**$ 270**

E. DISCRETELY PRESENTED COMPONENT UNITS CAPITAL ASSETS

A summary of capital assets by class for the discretely presented component units is shown in **Tables N19 and N20**.

Table N19 - Capital Assets by Class for the Discretely Presented Component Units

Asset Class	Balance October 1, 2013	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2014
Non-depreciable:					
Land	$ 20,989	$ -	$ -	$ -	$ 20,989
Artwork	2,741	-	-	-	2,741
Construction in progress	85,327	40,050	(8,204)	(62,058)	55,115
Total non-depreciable	**109,057**	**40,050**	**(8,204)**	**(62,058)**	**78,845**
Depreciable:					
Buildings and improvements	995,448	10,243	(6,466)	34,314	1,033,539
Equipment	257,270	9,151	-	27,744	294,165
Total depreciable	**1,252,718**	**19,394**	**(6,466)**	**62,058**	**1,327,704**
Less accumulated depreciation for:					
Buildings and improvements	(327,057)	(39,298)	6,041	-	(360,314)
Equipment	(196,554)	(11,083)	220	-	(207,417)
Total accumulated depreciation	**(523,611)**	**(50,381)**	**6,261**	**-**	**(567,731)**
Total depreciable, net	729,107	(30,987)	(205)	62,058	759,973
Net Capital Assets	**$ 838,164**	**$ 9,063**	**$ (8,409)**	**$ -**	**$ 838,818**

NOTE 5. CAPITAL ASSETS

Table N20 - Capital Assets by Component Unit

	Capital Assets				Accumulated Depreciation				Net Capital Assets	
Component Units	October 1, 2013	Additions	Transfers/ Dispositions	September 30, 2014	October 1, 2013	Additions	Transfers/ Dispositions	September 30, 2014	Balance October 1, 2013	Balance September 30, 2014
University of the District of Columbia	$ 277,373	$ 23,707	$ -	$ 301,080	$ (139,892)	$ (4,488)	$ -	$ (144,380)	$ 137,481	$ 156,700
Washington Convention and Sports Authority	978,230	9,915	(14,670)	973,475	(361,261)	(36,654)	6,261	(391,654)	616,969	581,821
Health Benefit Exchange Authority	27,744	17,220	-	44,964	-	(2,774)	-	(2,774)	27,744	42,190
Housing Finance Agency	6,274	15	-	6,289	(3,823)	(248)	-	(4,071)	2,451	2,218
Not-for-Profit Hospital Corporation	72,154	8,587	-	80,741	(18,635)	(6,217)	-	(24,852)	53,519	55,889
Total	**$ 1,361,775**	**$ 59,444**	**$ (14,670)**	**$ 1,406,549**	**$ (523,611)**	**$ (50,381)**	**$ 6,261**	**$ (567,731)**	**$ 838,164**	**$ 838,818**

NOTE 5. CAPITAL ASSETS

F. CONSTRUCTION IN PROGRESS

Construction in progress by function for governmental activities capital assets is shown in **Table N21**.

Table N21 – Construction in Progress by Function

Function and Subfunction	Balance October 1, 2013	Additions/ Adjustments	Transfers from CIP/Disposition	Balance September 30, 2014
PRIMARY GOVERNMENT				
Governmental Direction and Support				
Finance	$ 15,063	$ -	$ -	$ 15,063
Legislative	-	595	(29)	566
Administrative	44,983	83,419	(61,950)	66,452
Executive	-	512	-	512
Total	60,046	84,526	(61,979)	82,593
Public Safety and Justice				
Police	16,996	29,498	(11,659)	34,835
Fire	17,263	(792)	(14,392)	2,079
Corrections	-	9,697	(872)	8,825
Total	34,259	38,403	(26,923)	45,739
Economic Development and Regulation				
Community Development	26,050	31,509	(1,075)	56,484
Economic Regulation	3,339	10,631	(13,090)	880
Total	29,389	42,140	(14,165)	57,364
Public Education System				
Schools	84,500	377,678	(121,302)	340,876
Culture	8,972	14,004	(14,018)	8,958
Total	93,472	391,682	(135,320)	349,834
Human Support Services				
Health and Welfare	74,796	(10,055)	(18,501)	46,240
Recreation	34,096	34,698	(47,882)	20,912
Human Relations	-	2,570	(2,570)	-
Total	108,892	27,213	(68,953)	67,152
Public Works				
Environmental	698,708	298,991	(356,919)	640,780
Total	698,708	298,991	(356,919)	640,780
Totals	$ 1,024,766	$ 882,955	$ (664,259)	$ 1,243,462

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

This section discloses financing programs that are limited obligations and other similar debt instruments that provide capital financing for third parties that are not part of the District's reporting entity. The District has no obligation for these instruments beyond the repayment resources provided by a third party or the remittance of incremental revenues collected.

A. INDUSTRIAL REVENUE BOND PROGRAM

The District has issued, under its Industrial Revenue Bond Program, private activity bonds for which the principal and interest are payable solely from defined revenues of private entities, such as non-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. Organizations participating in the Industrial Revenue Bond Program are allowed to borrow at the prevailing municipal bond rate. These private activity bonds provide economic incentive to construct, modernize or enhance private entity facilities in the District, thereby supporting the District's economic base. As of September 30, 2014, the aggregate outstanding principal amount for these conduit debt obligations was approximately $4.8 billion.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

B. ENTERPRISE ZONE FACILITY BONDS

Beginning January 1, 1998, businesses located in the District of Columbia Enterprise Zone (D.C. Zone) are eligible to obtain up to $15 million of tax-exempt financing. Similar to Industrial Revenue Bonds, the principal and interest are payable solely from defined revenues of private entities, including non-profit and for-profit organizations. The District has no obligation for this debt beyond resources that may have been provided by related leases or loans. As of September 30, 2014, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was $45 million.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

C. TAX INCREMENT FINANCING (TIF) NOTES

Tax increment financing (TIF) is an economic development tool used to facilitate the financing of business investment activities within a locality. The sole source of repayment of the TIF Notes is the incremental sales and/or real property tax revenues from the associated project or TIF area. Therefore, the District has no obligation to make any payments on the TIF Notes other than through the remittance of the incremental revenues to the paying agent. TIF Notes are not obligations of the District and are not included as long-term debt of the District.

Fort Lincoln Retail Project

In November 2011, the District issued Phase I and Phase II TIF Notes for the Fort Lincoln Retail Project in the total amount of $10,000. In April 2013, the $6,700 Phase I TIF Note began repaying, while the $3,300 Phase II TIF Note remains in escrow pending completion of Phase II of the retail project.

Downtown Retail Priority Area: Zara, National Crime and Punishment Museum, Madame Tussauds, Forever 21, and Clyde's

Since March 2006, the Mayor has executed several TIF Notes under the Downtown Retail Priority Area Program.

Table N22 presents a summary of the original loan amounts of the Downtown Retail Priority Area TIF Notes.

Table N22 – Downtown Retail Priority Area TIF Notes

Issuance Date	Description	Dollar Value/ Amount (in $000s)	Terms/Other Comments
May 2008	Zara TIF Note (a)	$1,750	Matures on June 1, 2018 or upon payment in full; Interest Rate: 5.50%
September 2008	National Crime and Punishment Museum TIF Note	$3,000	Matures on October 1, 2018; Interest Rate: 5.50%
December 2008	Madame Tussauds TIF Note	$1,300	Matures on December 1, 2018; Interest Rate: 4.50%
February 2011	Forever 21 TIF Note	$4,985	Matures on February 1, 2021; Interest Rate: 6.00%
May 2011	Clyde's TIF Note	$4,472	Matures on December 1, 2021; Interest Rate: 5.50%

(a) The Zara TIF Note was fully repaid on March 3, 2014.

Verizon Center

In December 2007, the District issued $50,000 in taxable financing notes to finance upgrades at the Verizon Center. The 2007A Note was issued in the amount of $43,570 at a fixed interest rate of 6.73% and matures on August 15, 2047. The 2007B note was issued in the amount of $6,430

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

at a fixed interest rate of 6.58% with a maturity date of August 15, 2027. These notes are a special limited obligation of the District and are secured by a portion of the taxes on certain on-site personal property, services and public ticket sales at the Verizon Center. In the event such taxes are not sufficient, the notes are further secured by incremental tax revenues from the Downtown TIF Area, which are subordinate to the pledge of such revenues to the TIF Bonds that were issued to finance the Mandarin Oriental Hotel.

Waterfront Arts Project

The Waterfront Arts Project TIF Note was issued in May 2009 for $10,000 to help finance the expansion of the Arena Stage. The TIF Note was paid in a lump sum on May 8, 2014, from available incremental revenues from the Downtown TIF Area. The interest rate on this Note was 4.66%.

Great Streets Retail Priority Areas

In September 2009, the Mayor executed the first Great Streets TIF, the Georgia Avenue Retail Project Great Streets TIF Note in the amount of approximately $1,935. The interest rate on the Note is 5.00%. The Note has a maturity date of June 1, 2035.

In May 2011, the Mayor executed the Howard Theatre Project Note in the amount of $4,000. The interest rate on the Note is 6.50%, and the note has a maturity date of May 26, 2021.

D. PAYMENT IN LIEU OF TAXES REVENUE NOTES

PILOT Revenue Notes are non-recourse to the District and do not constitute a pledge of or involve the full faith and credit or taxing power of the District. Accordingly, such notes are not obligations of the District and are not reported as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2014.

Table N23 presents a summary of the original amounts of the PILOT Revenue Notes.

Table N23 – PILOT Revenue Notes

Issuance Date	Description	Dollar Value Amount (in $000s)	Terms/Other Comments
August 2011	Rhode Island Metro Plaza Project, Series 2010	$ 7,200	Matures on September 30, 2032; Interest Rate: 5.78%
August 2010	Foundry Lofts Project Series 2010	$ 5,660	Matures on January 1, 2038; Interest Rate: 5.16% per annum

Rhode Island PILOT Note

In August 2011, the Mayor executed a revised PILOT Revenue Note for the Rhode Island Metro Plaza Project, in the amount of $7,200. The note will mature on September 30, 2032 and has an interest rate of 5.78%. The note is to be repaid from PILOT revenues from the Rhode Island PILOT Area.

Southeast Federal Center PILOT Program (Foundry Lofts Project)

In August 2010, the Mayor executed the first PILOT note under the Southeast Federal Center PILOT Program, for the Foundry Lofts Project. The note, in the amount of $5,660, bears interest at 5.16% and will mature on January 1, 2038. The note is to be repaid from PILOT revenues from the project. If such PILOT revenues are insufficient to pay the principal and interest on the note when due, the payment shortfall will not constitute a default. However, if the PILOT revenues are sufficient to pay the principal and interest on the note when due, the District must pay the amount of any previous shortfall(s) to the Development Sponsor without any penalty interest or premium thereon.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

E. GROUND LEASE AGREEMENT RELATED TO THE WASHINGTON CONVENTION CENTER HEADQUARTERS (HQ) HOTEL

Pursuant to an agreement dated October 26, 2010, the District and the Washington Convention and Sports Authority (WCSA), as landlords, leased land to Marriott HQ Hotel, LLC (tenant) for a period of 97 years in connection with the development and operation of a convention center hotel. The land is to be continuously used for the operation of a hotel, including any associated ancillary uses and amenities.

Under the agreement, Marriott HQ Hotel, LLC is to pay rent to the District and WCSA as follows:

- With respect to the District, no payment is required until the first day of the month following the month in which the third anniversary of the opening date of the hotel occurred. The hotel opened on May 1, 2014; therefore, rental payments to the District are to begin on June 1, 2017. Over the lease period, Marriott is to pay the District $810.3 million which shall be paid in advance in equal monthly installments, consistent with the basic rent schedule established for each year of the lease.

- With respect to WCSA, no payment is required until the earlier of (a) the District rent commencement date (June 1, 2014) and (b) October 1, 2014. Over the lease period, Marriott is to pay WCSA $110.8 million which shall be paid in advance in equal monthly installments, consistent with the basic rent schedule established for each year of the lease.

F. NONEXCHANGE FINANCIAL GUARANTEES

Credit Enhancement Facility Agreements

In accordance with Section 603(e)(3)(c)(iii) of the Student Loan Marketing Association Reorganization Act of 1996 (20 U.S.C. 1155(e)(3)(iii)) and D.C. Code §2-301.05a, the District, through its Office of the State Superintendent for Education (OSSE), Office of Public Charter School Financing and Support, provides enhanced credit, lease guarantees, and access to financial assistance to eligible public charter schools for the acquisition, renovation, and/or construction of school facilities. At September 30, 2014, the total outstanding guaranteed amount under credit enhancement facility agreements was $2 million. **Table N24** presents additional information regarding these guarantees.

In the event that a public charter school defaults on its monetary obligations associated with its credit enhancement facility agreement, the District (OSSE) may at its sole discretion, cure the default on the school's behalf. Provisions are included in each credit enhancement facility agreement for the school to repay the District for any amounts paid on its behalf or associated costs incurred in fulfilling the guarantee.

During fiscal year 2014, the District did not make any payments in connection with the credit enhancement facility agreements. In addition, as of September 30, 2014, no liability has been recorded in connection with these agreements because based on an assessment of relevant qualitative factors, these guarantees do not meet the "more likely than not" criterion. As such, the District has determined that it is not more likely than not that amounts will be paid under the outstanding guarantees.

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N24 – Summary of OSSE Credit Enhancement Facility Agreements (Amounts not in thousands)

School	Type of Obligation Guaranteed	Beneficiary	Guarantee Amount	Effective Date	Termination Date	Outstanding Amount at 9/30/2014
Apple Tree Early Learning Public Charter School	Guarantee of collection of funds by school in an amount sufficient to repay $3.5 million loan obtained for the renovation of the school's facilities	Manufacturers & Traders Trust Company	$400,000	11/23/2010	44 months from execution of guarantee (06/23/2014)	$ -
Hyde Leadership Public Charter School	Debt service guarantee to secure revenue bonds	Hyde Leadership Public Charter School	$1,000,000	05/13/2010	05/15/2014	$ -
Next Step Public Charter School	Guarantee of lease payments of the school's tenant as credit enhancement to induce lender to provide loan to finance a portion of the acquisition costs for the school's facilities	Next Step Public Charter School	$500,000	12/19/2011	Earlier of (1) when the beneficiary's tenant, Career Academy Public Charter School, has achieved two consecutive years of minimum annual lease payments of $486,000 and minimum enrollment of 180 students, or (2) five years from the date of execution of the credit enhancement guarantee agreement	$ 500,000
Creative Minds International Public Charter School	Guarantee of collections of sublease payments due by Creative Minds to Capital City under agreement during second year of the sublease	Capital City Public Charter Schools	$320,000	12/06/2012	06/16/2014	$ -
Paul Public Charter School	Guarantee to support the financing of facility construction and acquisition costs related to the renovation and expansion of the school's campus	Bank of America	$500,000	04/02/2014	Five years from the date of the credit enhancement closing	$ 500,000
Mundo Verde Bilingual Public Charter School	Guarantee of collection to induce United Bank to purchase the revenue bonds issued to finance a portion of the school's costs of acquiring and renovating Cook Elementary School	United Bank	$1,000,000	01/04/2014	Earlier of (1) the payment in full of all amounts owed to the lender under the loan agreement, note, and deed of trust, or (2) on the fifth anniversary of the date of execution of the guarantee	$ 1,000,000
					TOTAL OUTSTANDING GUARANTEED AMOUNT (at 9/30/2014)	**$ 2,000,000**

Tax Increment Financing Notes and Bonds

Tax increment financing (TIF) is a tool that is used by the District to help finance the costs of economic development business investment activities within the city. TIF Notes and Bonds are special limited obligations of the District. TIF Notes and Bonds are secured by the incremental sales and/or real property tax revenues derived from the associated project. The District is not obligated to make any payments under TIF Note agreements other than through the remittance of incremental revenues to a paying agent.

For certain projects, the District secured the TIF notes/bonds by also pledging to use a portion of the incremental tax revenues from the District's Downtown TIF area. **Table 25** presents the projects, the TIF arrangements, and the estimate of future outflows at September 30, 2014, under each TIF (by project).

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

Table N25 – Projects with Financial Guarantee Funded by Incremental Taxes of the Downtown TIF Area

Project	Type of Financing	Date Issued	Maturity Date	Amount	Estimate of Future Outflows (at 9/30/2014)*
Mandarin Oriental Hotel	TIF Bonds	April 2002	07/01/2022	$ 45,995	$ 4,509
Gallery Place	TIF Refunding Bonds	June 2012	06/01/2031	52,365	-
Verizon Center	TIF Notes	December 2007	08/15/2047	50,000	3,481
City Market at O Street	TIF Bonds	November 2011	06/01/2041	38,650	3,000
Rhode Island Metro Plaza	PILOT Revenue Notes	August 2011	09/30/2032	7,200	-
Howard Theatre	TIF Notes	May 2011	05/26/2021	4,000	350
			Total at 9/30/2014		**$ 11,340**

* Release of incremental taxes related to the specific project

NOTE 7. SHORT TERM LIABILITIES

TAX REVENUE ANTICIPATION NOTES

The District issued $405,000 in Tax Revenue Anticipation Notes (TRANs) on November 7, 2013. The TRANs are general obligations of the District, secured by the District's full faith and credit, and payable from available revenues, including tax revenues, of the District. The issuance of such notes is a short term financing method used to provide for seasonal cash flow needs in anticipation of the collection or receipt of revenues for an ensuing fiscal year. Operational and other costs are covered by the proceeds from the TRANs until periodic taxes, grants, and other revenues are received. These notes, which were issued as fixed-rate notes with an interest rate of 2.00%, matured on September 30, 2014 and the District paid the notes in their entirety by the statutorily required deadline of September 30, 2014.

Table N26 presents the changes in short-term liabilities during fiscal year 2014.

Table N26- Changes in Short-Term Liabilities

Account	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
Governmental Activities				
Tax Revenue Anticipation Notes	$ -	$ 405,000	$ (405,000)	$ -

NOTE 8. LONG –TERM LIABILITIES

A. LONG-TERM LIABILITIES OUTSTANDING

Long-term liabilities for the District's governmental activities and the business-type activities for the year ended September 30, 2014 are presented in **Table N27**:

Table N27 – Summary of Long-Term Liabilities Outstanding at September 30, 2014

Governmental Activities:

	Outstanding
General Obligation (GO) Bonds:	
Series 1998B, issued on April 16, 1998, in the amount of $451,635; final maturity date: June 1, 2021; interest rates ranging from 4.50% to 6.00%	$59,615
Series 2004B, issued on December 8, 2004, in the amount of $38,250; final maturity date: June 1, 2020; interest rate: MUNI-CPI Rate	29,115
Series 2005A, issued on December 1, 2005, in the amount of $331,210, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2030; interest rate of 5.00%	5,695
Series 2005B, issued on December 15, 2005, in the amount of $116,475, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 1994B,1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Series 2005B Bonds; final maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	80,245
Series 2007A, issued on June 1, 2007, in the amount of $576,475, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the bonds; final maturity date: June 1, 2036; interest rates ranging from 3.00% to 4.75%	576,475
Series 2007B, issued on June 7, 2007, in the amount of $251,155, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 2001B, 2003A, 2003B, and 2005A) and pay the costs and expenses of issuing and delivering the Series 2007B Bonds; final maturity date: June 1, 2030; interest rates ranging from 4.50% to 5.25%	251,155
Series 2007C, issued on December 19, 2007, in the amount of $333,840, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2007C Bonds; final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	283,805
Series 2008A, issued on May 21, 2008, in the amount of $60,000, to redeem a portion of the outstanding general obligation bonds (Series 2002A-1, 2002A-2, 2002B-1, 2002B-2, 2004C-1, 2004C-2 and 2004C-3) and pay the costs and expenses of issuing and delivering the Series 2008 Bonds and other related bond financings; maturity date: June 1, 2034; interest rate: variable equal to an adjusted SIFMA rate (0.59% at September 30, 2014)	59,930
Series 2008D, issued on May 21, 2008, in the amount of $114,205, to redeem a portion of the outstanding general obligation bonds (Series 2002A-1, 2002A-2, 2002B-1, 2002B-2, 2004C-1, 2004C-2 and 2004C-3) and pay the costs and expenses of issuing and delivering the Series 2008 Bonds and other related bond financings; final maturity date: June 1, 2034; interest rate: variable equal to an adjusted SIFMA rate (0.59% at September 30, 2014)	95,840
Series 2008E, issued on August 27, 2008, in the amount of $327,905, to finance capital project expenditures and pay the costs and expenses of issuing and delivering the Series 2008E Bonds;	268,830

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
final maturity date: June 1, 2033; interest rates ranging from 4.00% to 5.00%	
Series 2008F, issued on August 27, 2008, in the amount of $151,615, to refund $150,585 of outstanding 1998A and 1998B Bonds and pay the costs and expenses of issuing and delivering the Series 2008F Bonds; final maturity date: June 1, 2025; interest rates ranging from 3.00% to 5.00%	122,850
Series 2010A, Build America Bonds, issued on December 22, 2010, in the amount of $181,330, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2010A Bonds; final maturity date: June 1, 2023; interest ranging from 1.91% to 5.92%	137,655
Series 2013A, issued on December 18, 2013, in the amount of $495,425, to finance capital projects' expenditures under the District's capital improvements plan, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; final maturity date: June 1, 2030; interest rates ranging from 2.00% to 5.00%	495,425
Series 2014A, issued on June 26, 2014, in the amount of $99,985, to finance all or a portion of the costs of certain capital projects of the District; final maturity date: June 1, 2039; interest rate: variable equal to an adjusted LIBOR rate (0.40% at September 30, 2014)	99,985
Series 2014B, issued on June 26, 2014, in the amount of $224,315 of which $224,300 was to refund all of the District's outstanding Multimodal General Obligation Refunding Bonds, Series 2008C, and $15,000 to fund new capital projects; maturity date June 1, 2027; variable rate bonds bearing interest at varying monthly rates (0.52% at September 30, 2014)	224,315
Total General Obligation Bonds	**$2,790,935**
Qualified Zone Academy Bonds:	
Qualified Zone Academy Bonds, issued on December 21, 2001, in the amount of $4,665; final maturity date: December 1, 2015 (non-interest bearing)	$512
Qualified Zone Academy Bonds, issued on December 28, 2005, in the amount of $3,191; final maturity date: December 28, 2020 (non-interest bearing)	1,242
Qualified Zone Academy Bonds, issued on May 29, 2008, in the amount of $2,360; final maturity date: December 1, 2017 (non-interest bearing)	944
Qualified Zone Academy Bonds, issued on June 30, 2010, in the amount of $4,140; final maturity date: December 1, 2024 (non-interest bearing)	3,038
Total Qualified Zone Academy Bonds	**$5,736**
Income Tax Secured Revenue Bonds:	
Series 2009A, issued in March 2009, in the amount of $491,645, to provide funds for capital projects and pay for financing costs; final maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	$447,075
Series 2009B, issued in March 2009, in the amount of $309,685, to refund outstanding debt (Series 2000A, 2000B, 2003C and 2003D general obligation bonds) and pay for financing costs; final maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%	256,000

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
Series 2009C, issued in September 2009, in the amount of $270,455, to refund the District's Series 1999A and Series 1999B general obligation bonds and pay for financing costs; final maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%	114,395
Series 2009D, issued in December 2009, in the amount of $129,620, to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the Series 2009D Bonds; final maturity date: December 1, 2017; interest rates ranging from 2.50% to 5.00%	78,965
Series 2009E Build America Bonds, issued in December 2009, in the amount of $501,290 to provide funds for capital projects, pay for financing costs, and fund capitalized interest on the 2009E bonds; maturity date: December 1, 2034; interest rates ranging from 4.34% to 5.591%	501,290
Series 2010A, issued in March 2010, in the amount of $694,300, to refund the following outstanding general obligation bonds: Series 1998B, Series 1999A, Series 2001B, Series 2001C, Series 2001D, Series 2002D, Series 2003A, Series 2003B, Series 2004A, Series 2005A, Series 2007C, Series 2008E and Series 2008F and pay for the financing costs of the Series 2010A Bonds; final maturity date: December 1, 2031; interest rates ranging from 3.00% to 5.00%	694,300
Series 2010B, issued in March 2010, in the amount of $14,040, to terminate an interest rate swap agreement related to the Series 2002D General Obligation Bonds which were refunded by the issuance of the Series 2010A Bonds and pay the costs of issuance associated with the 2010 Bonds; final maturity date: December 1, 2017; interest rate of 4.05%	14,040
Series 2010D Qualified School Construction Bonds, issued in June 2010, in the amount of $32,945, to pay for the costs of Qualified School Construction projects and financing cost; final maturity date: December 1, 2026; interest rate of 5.00%	32,945
Series 2010F Build America Bonds, issued in December 2010, in the amount of $342,615, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2010F Bonds; final maturity date: December 1, 2035; interest rates ranging from 4.709% to 5.582%	342,615
Series 2011A, issued in September 2011, in the amount of $138,470, to pay for costs of capital projects and the costs and expenses of issuing and delivering the Series 2011A Bonds; final maturity date: December 1, 2036; interest rates ranging from 1.00% to 5.00%	133,105
Series 2011B-E, $241,735, issued in November 2011 to: (a) refund: $63,335 of the remaining outstanding principal amount of Series 2010C, Income Tax Secured Revenue Refunding Bonds; $31,930 of Series 2010E Income Tax Secured Revenue Refunding Bonds; (b) refund GO Bonds Series 2003A and 2003B; and (c) pay the costs and expenses of issuing and delivering the Series 2011B-C-D-E Bonds; final maturity dates: Series 2011B (December 1, 2015), Series 2011C (December 1, 2012), Series 2011D (December 1, 2013) and Series 2011E (December 1, 2017); interest rates: variable equal to an adjusted SIFMA rate (0.69% at September 30, 2014)	160,910
Series 2011F-G Bonds, $400,720, issued in December 2011 to pay for costs of capital projects and costs and expenses of issuing and delivering the Series F-G Bonds; final maturity date: December 1, 2036; interest rate ranging from 2.00% to 5.00%	381,420
Series 2012A-B Bonds, $314,110, issued in May 2012 to refund a portion of the District's GO Bonds, Series 2002C, 2004A and 2005A and pay the costs and expenses of issuing and delivering the Series 2012A-B Bonds; final maturity date: December 1, 2027; interest rate ranging from 2.00% to 5.00%	297,055

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
Series 2012C-D Bonds, $775,770, issued on November 28, 2012, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue); interest rates ranging from 2.00% to 5.00%; final maturity date: December 1, 2037	758,895
Series 2013A, issued on November 26, 2013, in the amount of $97,145 to currently refund $29,450 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2010E; $40,455 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B; and $26,640 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011D, and pay the costs and expenses of issuing and delivering the Series 2013A Bonds; maturity date: December 1, 2014; interest rate: variable equal to an adjusted SIFMA rate (0.08% at September 30, 2014)	97,145
Series 2014A, issued on September 10, 2014, in the amount of $155,665 to currently refund the District's outstanding Certificates of Participation, Series 2003 and to advance refund the District's outstanding Certificates of Participation, Series 2006 and pay the costs and expenses of issuing and delivering the Series 2014A Bonds; final maturity date: December 1, 2025; interest rates ranging from 1.00% to 5.00%	155,665
Total Income Tax Secured Revenue Bonds	**$4,465,820**
Tobacco Settlement Asset-Backed Bonds:	
Series 2001, issued on February 1, 2001, in the amount of $521,105; final maturity on May 15, 2040; interest rate ranging from 5.2% to 6.75%	$383,030
Series 2006, issued on August 30, 2006, in the amount of $248,264; final maturity on June 15, 2055; interest rate ranging from 6.25% to 7.25%	248,264
Total Tobacco Settlement Asset-Backed Bonds	**$631,294**
Tax Increment Financing (TIF) Bonds:	
Tax Increment Revenue Refunding Bonds (Gallery Place Project, Series 2012), issued on June 21, 2012, in the amount of $52,365 to: (a) refund the Gallery Place Project Tax Increment Revenue Bonds, Series 2002 and (b) pay the costs and expenses of issuing and delivering the Series 2012 Bonds; final maturity: June 1, 2031; interest rates ranging from 3.00% to 5.00%	$48,630
Mandarin Oriental Hotel TIF Bonds, issued on April 1, 2002, in the amount of $45,995; final maturity: July 1, 2022; interest rate yields ranging from 4.26% to 5.48%	17,529
City Market at O Street TIF Bonds, issued on November 17, 2011, in the amount of $38,650; final maturity: June 1, 2041; interest rate ranging from 3.00% to 5.125%	38,650
Total Tax Increment Financing (TIF) Bonds	**$104,809**
Ballpark Revenue Bonds:	
Series 2006A, issued on May 15, 2006, $154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 5.958% to 6.165%	$153,350
Series 2006B, issued on May 15, 2006, $379,665 (Tax-Exempt) to finance a portion of the cost	$321,070

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
of construction of the District's baseball stadium; final maturity date: February 1, 2036; interest rate ranging from 4.00% to 5.50% on Series 2006B-1 and variable for Series 2006B-2; Series 2006B-2 was paid off early in July 2014.	
Total Ballpark Revenue Bonds	**$474,420**
Federal Highway Grant Anticipation Revenue Bonds (GARVEE):	
Series 2011, issued on February 16, 2011, in the amount of $82,610, to: (a) finance a portion of the 11th Street Bridge Project, (b) pay certain costs of issuing the Series 2011 Bonds, and (c) fund the Senior Lien Bonds Debt Service Reserve Subaccount; final maturity date: December 1, 2027; interest rates ranging from 2.00% to 5.25%	$70,305
Series 2012, issued on October 10, 2012, in the amount of $42,935, to: (a) finance Phase II of the 11th Street Bridge Project, and (b) pay costs of issuing the Series 2012 Bonds; interest rates ranging from 2.00% to 5.00%; maturity date: December 1, 2027	40,805
Total Federal Highway Grant Anticipation Revenue Bonds (GARVEE)	**$111,110**
Deed Tax Revenue Bonds (Housing Production Trust Fund Program):	
Series 2007A, issued on May 31, 2007, in the amount of $34,105, to finance, refinance and reimburse a portion of the costs of redeveloping, constructing, acquiring, furnishing and equipping the Northwest One New Communities Project and pay the costs of issuance of the Series 2007A Bonds; final maturity date: June 1, 2037; interest rates ranging from 4.00% to 5.00%	$29,845
Series 2010A-C, issued on August 24, 2010, in the amount of $53,190 to: (a) finance, refinance and reimburse a portion of the costs of the New Communities Initiative, (b) satisfy the debt service reserve requirement, and (c) pay costs of issuance of the Series 2010 Bonds; final maturity date: June 1, 2040; interest rates ranging from 3.50% to 5.00%	49,725
Series 2012A-B, issued on December 6, 2012, in the amount of $39,585 to: (a) fund portions of the New Communities Projects, (b) fund a deposit to the Debt Service Reserve Fund, and (c) pay cost of issuing the Series 2012 Bonds; final maturity date: June 1, 2042; interest rates ranging from 3.00% to 5.00%	38,485
Total Deed Tax Revenue Bonds (Housing Production Trust Fund Program)	**$118,055**
PILOT Revenue Bonds and Notes:	
Anacostia Waterfront Corporation (AWC) PILOT Revenue Bonds, issued in September 2007, in the amount of $111,550, to finance, refinance and reimburse the AWC for development costs associated with park and infrastructure projects along the Anacostia River waterfront; final maturity date: December 1, 2021; interest rate: 4.463%	$70,030
Total PILOT Revenue Bonds and Notes	**$70,030**
Other Loans Payable:	
Executed on May 14, 2010, a 20-year financing agreement with S/C 225 Virginia Avenue, LLC, to finance costs for the construction of improvements to the building located at 200 I Street. Agreement requires annual payments of $9,274 be paid by the District	$95,559