NOTE 8. LONG-TERM LIABILITIES

	Outstanding
Total Other Loans Payable	**$95,559**
Total Bonds, Notes, and Other Loans	**$8,867,768**
Other Long-Term Liabilities:	
Premium on long-term debt	479,391
Equipment financing program	102,491
Accreted interest	180,484
Capital leases	8,162
Annual leave	154,348
Disability compensation	129,001
Grant disallowances	132,203
Claims and judgments	159,192
OPEB liability	10,006
Total Other Long-Term Liabilities	**$1,355,278**
Total Long-Term Liabilities – Governmental Activities	**$10,223,046**

Business-type Activities:

	Outstanding
Obligation for unpaid prizes, D.C. Lottery and Charitable Games Control Board	$6,282
Compensated Absences	398
Total Long-Term Liabilities – Business-Type Activities	**$6,680**

B. ANNUAL DEBT SERVICE REQUIREMENTS

Tables N28 through N40 present annual debt service requirements to maturity for the District's outstanding long-term liabilities at September 30, 2014:

Table N28 – Debt Service Requirements to Maturity – General Obligation Bonds

Year Ending September 30	General Obligation Bonds Principal	Interest	Total
2015	$ 113,110	$ 120,269	$ 233,379
2016	143,260	122,290	265,550
2017	129,485	115,620	245,105
2018	120,640	109,414	230,054
2019	112,075	103,442	215,517
2020 - 2024	668,815	421,245	1,090,060
2025 - 2029	554,870	280,942	835,812
2030 - 2034	549,685	156,871	706,556
2035 - 2039	398,995	41,241	440,236
Total	**$ 2,790,935**	**$ 1,471,334**	**$ 4,262,269**

NOTE 8. LONG – TERM LIABILITIES

Table N29 – Debt Service Requirements to Maturity – Qualified Zone Academy Bonds

Year Ending September 30	QZAB Principal
2015	$ 946
2016	946
2017	690
2018	690
2019	454
2020-2024	1,734
2025-2029	276
Total	**$ 5,736**

Table N30 – Debt Service Requirements to Maturity– Income Tax Secured Revenue Bonds

Year Ending	Income Tax Secured Revenue Bonds		
September 30	Principal	Interest	Total
2015	$ 138,580	$ 208,272	$ 346,852
2016	88,130	209,510	297,640
2017	119,250	204,954	324,204
2018	158,990	198,780	357,770
2019	185,930	190,985	376,915
2020 - 2024	1,018,700	827,350	1,846,050
2025 - 2029	1,328,910	526,682	1,855,592
2030 - 2034	995,375	227,760	1,223,135
2035 - 2038	431,955	31,032	462,987
Total	$ 4,465,820	$ 2,625,325	$ 7,091,145

Table N31 –Debt Service Requirements to Maturity – Tobacco Settlement Asset-Backed Bonds

Year Ending	Tobacco Bonds		
September 30	Principal	Interest	Total
2015	$ 21,875	$ 25,300	$ 47,175
2016	20,765	23,933	44,698
2017	22,740	22,594	45,334
2018	23,600	21,116	44,716
2019	25,755	19,582	45,337
2020 - 2024	155,685	70,009	225,694
2025 - 2029	112,610	12,898	125,508
2045 - 2049	159,733	1,697,592	1,857,325
2055 - 2059	88,531	2,478,469	2,567,000
Total	**$ 631,294**	**$ 4,371,493**	**$ 5,002,787**

Table N32 – Debt Service Requirements to Maturity – Gallery Place TIF Bonds

Year Ending	Gallery Place		
September 30	Principal	Interest	Total
2015	$ 1,900	$ 2,413	$ 4,313
2016	1,975	2,337	4,312
2017	2,075	2,238	4,313
2018	2,180	2,134	4,314
2019	2,290	2,025	4,315
2020-2024	13,265	8,291	21,556
2025-2029	16,930	4,626	21,556
2030-2031	8,015	606	8,621
Total	**$ 48,630**	**$ 24,670**	**$ 73,300**

Table N33 – Debt Service Requirements to Maturity – Mandarin Oriental Hotel TIF Bonds

Year Ending	Mandarin Oriental Hotel		
September 30	Principal	Interest	Total
2015	$ 2,014	$ 2,495	$ 4,509
2016	1,878	2,626	4,504
2017	1,761	2,744	4,505
2018	1,650	2,859	4,509
2019	1,544	2,960	4,504
2020-2022	8,682	4,836	13,518
Total	**$ 17,529**	**$ 18,520**	**$ 36,049**

Table N34 – Debt Service Requirements to Maturity – City Market at O Street TIF Bonds

Year Ending	City Market at O Street		
September 30	Principal	Interest	Total
2015	$ -	$ 1,877	$ 1,877
2016	220	1,877	2,097
2017	300	1,871	2,171
2018	350	1,862	2,212
2019	450	1,851	2,301
2020-2024	3,900	8,938	12,838
2025-2029	7,190	7,694	14,884
2030-2034	9,095	5,789	14,884
2035-2039	11,620	3,259	14,879
2040-2041	5,525	428	5,953
Total	**$ 38,650**	**$ 35,446**	**$ 74,096**

NOTE 8. LONG-TERM LIABILITIES

Table N35 - Debt Service Requirements to Maturity – Ballpark Revenue Bonds

Year Ending September 30	Ballpark Bonds Principal	Interest	Total
2015	$ 7,060	$ 25,221	$ 32,281
2016	7,925	24,816	32,741
2017	8,850	24,370	33,220
2018	9,835	23,880	33,715
2019	10,875	23,336	34,211
2020-2024	72,570	106,321	178,891
2025-2029	110,960	82,036	192,996
2030-2034	162,805	45,479	208,284
2035-2036	83,540	4,461	88,001
Total	**$ 474,420**	**$ 359,920**	**$ 834,340**

Table N36 – Debt Service Requirements to Maturity - Federal Highway Grant Anticipation Revenue Bonds (GARVEE)

Year Ending September 30	Federal Highway Grant Anticipation Revenue Bonds Principal	Interest	Total
2015	$ 6,715	$ 5,053	$ 11,768
2016	6,975	4,795	11,770
2017	7,250	4,523	11,773
2018	7,550	4,222	11,772
2019	7,905	3,871	11,776
2020-2024	45,475	13,361	58,836
2025-2029	29,240	2,277	31,517
Total	**$ 111,110**	**$ 38,102**	**$ 149,212**

Table N37 – Debt Service Requirements to Maturity – Deed Tax Revenue Bonds (Housing Production Trust Fund Program)

Year Ending September 30	Housing Production Trust Principal	Interest	Total
2015	$ 2,490	$ 5,339	$ 7,829
2016	2,600	5,222	7,822
2017	2,725	5,100	7,825
2018	2,850	4,972	7,822
2019	2,990	4,839	7,829
2020-2024	17,250	21,878	39,128
2025-2029	21,720	17,398	39,118
2030-2034	26,915	12,197	39,112
2035-2039	29,005	5,823	34,828
2040-2042	9,510	669	10,179
Total	**$ 118,055**	**$ 83,437**	**$ 201,492**

Table N38 – Debt Service Requirements to Maturity – Anacostia Waterfront Corporation PILOT Revenue Bonds

Year Ending September 30	Anacostia Waterfront Corporation Principal	Interest	Total
2015	$ 7,510	$ 3,044	$ 10,554
2016	7,845	2,705	10,550
2017	8,200	2,351	10,551
2018	8,570	1,981	10,551
2019	8,960	1,594	10,554
2020-2022	28,945	2,178	31,123
Total	**$ 70,030**	**$ 13,853**	**$ 83,883**

NOTE 8. LONG – TERM LIABILITIES

Table N39 - Debt Service Requirements to Maturity – Other Loans Payable

Year Ending September 30	225 Virginia Avenue, LLC Principal	Interest	Total
2015	$ 2,913	$ 6,361	$ 9,274
2016	3,116	6,158	9,274
2017	3,333	5,941	9,274
2018	3,565	5,709	9,274
2019	3,813	5,461	9,274
2020-2024	23,435	22,933	46,368
2025-2029	32,811	13,557	46,368
2030-2033	22,573	2,156	24,729
Total	**$ 95,559**	**$ 68,276**	**$ 163,835**

Table N40 – Debt Service Requirements to Maturity – Equipment Financing Program

Year Ending September 30	Equipment Financing Principal	Interest	Total
2015	$ 38,360	$ 1,882	$ 40,242
2016	29,799	1,071	30,870
2017	19,098	537	19,635
2018	11,234	209	11,443
2019	4,000	35	4,035
Total	**$ 102,491**	**$ 3,734**	**$ 106,225**

Table N41 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2014. These amounts assume that current interest rates on variable rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term.

As these rates vary, interest payments on variable rate bonds and net receipts/payments on the hedging derivative instruments will vary. Information on the District's derivative instruments is presented in Note 2, found on page 77.

Table N41 – Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2015	$ 17,100	$ 2,622	$ 10,861	$ 30,583
2016	17,910	2,272	10,444	30,626
2017	8,200	1,891	9,987	20,078
2018	8,570	1,828	9,681	20,079
2019	8,960	1,761	9,406	20,127
2020-2024	170,355	5,270	32,405	208,030
2025-2027	92,350	960	6,551	99,861
Total	**$ 323,445**	**$ 16,604**	**$ 89,335**	**$ 429,384**

NOTE 8. LONG-TERM LIABILITIES

C. LONG TERM DEBT ACTIVITY DURING FISCAL YEAR 2014

Table N42 presents long-term debt activity for the year ended September 30, 2014:

Table N42 – Long Term Debt Activity

	September 30, 2013	Additions	Reductions	September 30, 2014	Due Within One Year
Governmental activities:					
General obligation bonds (including QZAB)	$ 2,251,867	$ 819,725	$ (274,921)	$ 2,796,671	$ 114,056
Income tax secured revenue bonds	4,457,675	252,810	(244,665)	4,465,820	138,580
Tobacco settlement asset-backed bonds	647,459	-	(16,165)	631,294	21,875
Tax increment financing bonds	108,782	-	(3,973)	104,809	3,914
Ballpark revenue bonds	502,255	-	(27,835)	474,420	7,060
Federal highway grant anticipation revenue bonds (GARVEE)	117,570	-	(6,460)	111,110	6,715
Deed tax revenue bonds (housing production trust fund program)	120,450	-	(2,395)	118,055	2,490
National capital revitalization corporation revenue bonds	4,997	-	(4,997)	-	-
PILOT revenue bonds - AWC	77,210	-	(7,180)	70,030	7,510
Certificates of participation	206,965	-	(206,965)	-	-
Parks and recreation notes	3,125	-	(3,125)	-	-
Other loans payable	98,283	-	(2,724)	95,559	2,913
Premium on long-term debt	446,370	85,679	(52,658)	479,391	43,245
Equipment financing program	113,817	31,716	(43,042)	102,491	38,360
Accreted interest	161,526	18,958	-	180,484	-
Capital leases	11,024	-	(2,862)	8,162	3,057
Annual leave	152,103	4,763	(2,518)	154,348	152,619
Disability compensation	129,251	19,411	(19,661)	129,001	-
Grant disallowances	77,853	62,203	(7,853)	132,203	-
Claims and judgments	207,481	42,055	(90,344)	159,192	-
Verizon	4,494	-	(4,494)	-	-
OPEB liability	9,906	100	-	10,006	-
Total long-term liabilities	$ 9,910,463	$ 1,337,420	$ (1,024,837)	$ 10,223,046	$ 542,394
Business-type activities:					
Obligation for unpaid prizes	$ 10,200	$ 240	$ (4,158)	$ 6,282	$ 2,962
Compensated absences	415	-	(17)	398	-
Long-term liabilities	$ 10,615	$ 240	$ (4,175)	$ 6,680	$ 2,962

New Bond Issuances

General Obligation Bonds

On December 18, 2013, the District issued $495,425 in General Obligation Bonds, Series 2013A with interest rates ranging from 2.00% to 5.00%. The Series 2013A Bonds are general obligations of the District and the full faith and credit of the District is pledged to the payment of the principal of and interest on the 2013A Bonds when due. These bonds are further secured by a security interest in, and lien on, the funds derived from a Special Real Property Tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Series 2013A Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the 2013A Bonds will be used to: (a) finance capital project expenditures under the District's capital improvements plan, and (b) pay the costs and expenses of issuing and delivering the 2013A Bonds.

Income Tax Secured Revenue Bonds

On November 26, 2013, the District issued $97,145 in Income Tax Secured Revenue Refunding Bonds, Series 2013A. These bonds were issued as Senior Bonds pursuant to: (a) the Income Tax Secured Bond Authorization Act of 2008, effective October 22, 2008 (D.C. Law 17-254; D.C. Code § 47-340.26-36) as amended, and a Master Indenture.

NOTE 8. LONG – TERM LIABILITIES

The proceeds of the Series 2013A Bonds will be used to: (a) currently refund $29,450 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2010E (Adjusted SIFMA Rate); $40,455 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2011B (Adjusted SIFMA Rate); and $26,640 of the District's Income Tax Revenue Refunding Bonds, Series 2011D (Adjusted SIFMA Rate) each maturing on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2013A Bonds.

The 2013A Bonds bear interest at a variable rate equal to the Adjusted SIFMA Rate, which equals the SIFMA Rate plus the per annum spread. Generally, the Adjusted SIFMA Rate will be determined on Wednesday of each week to be effective on each Thursday. Interest on the 2013A Bonds will be payable on the first business day of each month, commencing on January 2, 2014, until their final payment or maturity, and is to be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The 2013A Bonds, the outstanding bonds, and any additional bonds issued under the Indenture are payable from and secured by a security interest in and a statutory lien on the Trust Estate, which consists primarily of available business franchise tax revenues and available income tax revenues generated and to be generated in any fiscal year.

Interest Rates on General Obligation Bonds and Income Tax Secured Revenue Bonds

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.98% in fiscal year 2014. The weighted average interest rate on the District's variable rate bonds for fiscal year 2014 was 0.52%.

Pledged Tax Revenues for Debt Service on Income Tax Secured Revenue Bonds

During fiscal year 2014 the District collected $2,094,754 in Income and Business Franchise Taxes. Of this amount, $357,625, or 17.1%, was held in the Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2015. The anticipated debt service amount for fiscal year 2015 is $346,852. Therefore, total available tax revenues collected and set aside in the Fund in fiscal year 2014 covers the total amount of anticipated debt service for fiscal year 2015 as presented in **Table N43**:

Table N43 – Debt Service Coverage Ratio (Income Tax Secured Revenue Bonds)

Available Tax Revenues Collected in FY 2014			
Individual Income		$	1,679,173
Business Franchise			415,581
Total		**$**	**2,094,754**
Amount Held in Escrow for FY 2015 Debt Service	(a)	$	357,625
FY 2015 Debt Service Amount	(b)	$	346,852
Rate of Coverage (c)=(a)/(b)			**103%**

In fiscal year 2014, debt service on the Income Tax Secured Revenue Bonds totaled $353,844. The debt service coverage ratio was 5.92 to 1: Total available taxes of $2,094,754, divided by FY 2014 debt service of $353,844.

Refundings and Bond Defeasances

On November 26, 2013, the District issued $97,145 in Income Tax Secured Revenue Refunding Bonds, Series 2013A. The proceeds of the 2013A Bonds were used to currently refund the District's outstanding principal of $29,450 Income Tax Secured Revenue Refunding Bonds, Series 2010E, outstanding principal of $40,455 Income Tax Secured Revenue Refunding Bonds, Series 2011B, outstanding principal of $26,640 Income Tax Secured Revenue Refunding Bonds, Series 2011D and pay the costs and expenses of delivering the Series 2013A Bonds. The purpose of this refunding was to roll the maturity forward and effectively maintain the amortization schedule for the variable rate issues. This refinancing produced no economic gain or loss.

On September 10, 2014, the District issued $155,665 in Income Tax Secured Revenue Refunding Bonds, Series 2014A. The proceeds of the Series 2014A Bonds along with the $28,134 premium and the release of the $22,798 lease payment reserves were used to currently refund the District's outstanding principal of $41,935 Certificates of Participation, Series 2003 and advance refund the District's outstanding principal of $152,470 Certificates of Participation, Series 2006, and pay the costs and expenses of delivering the Series 2014A Bonds. The refunding provided the District with $22,701 of present value savings or 11.68% of par refunded.

NOTE 8. LONG TERM LIABILITIES

In prior years, the District defeased certain bonds by issuing refunding bonds. Defeased debt outstanding does not constitute a debt of the District because the net proceeds from the issuance of the refunding bonds have been deposited in an irrevocable trust with an escrow agent to provide debt service payments until the defeased bonds are fully called.

As of September 30, 2014, the total amount of defeased debt outstanding held by the escrow agent was $543,925. This amount has been removed from the government-wide financial statements.

General Obligation Direct Purchase Bond Program

On October 25, 2012, the District converted its outstanding Series 2008 General Obligation Variable Rate Demand Obligations (VRDO), substituting the direct-pay letters of credit with direct purchase obligations. The Series 2008A and Series 2008D Bonds were issued in SIFMA Index mode and the Series 2008C Bonds in LIBOR Index mode as authorized under the Sixth and Seventh Supplemental Trust Indentures, respectively. The Sixth and Seventh Supplemental Indentures are by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated October 1, 2012. Each series had an initial put date by the purchaser of October 26, 2015, as well as additional term out provisions.

The Series 2008A and Series 2008D Bonds were initially purchased by Citibank, N.A. and were held at Citibank. N.A. as of September 30, 2014. The Series 2008C Bonds were initially purchased by Wells Fargo Bank, N.A.

On June 26, 2014 the District issued Multimodal General Obligation Bonds, Series 2014A and Multimodal General Obligation Refunding Bonds Series 2014B to finance capital projects and currently refund the District's outstanding principal of $224,300 General Obligation Series 2008C Bonds. The Series 2014A Bonds were issued in SIFMA Index Mode and the Series 2014B Bonds were issued in LIBOR Index mode as authorized under the Eighth Supplemental Indenture by and between the District of Columbia and Wells Fargo Bank, N.A., as trustee, dated June 1, 2014. Each series had an initial put date by the purchaser of June 23, 2017, as well as additional term out provisions.

The Series 2014A and Series 2014B Bonds were initially purchased by Banc of America Preferred Funding Corporation and were held at Banc of America Preferred Funding Corporation as of September 30, 2014.

Table N44 provides an overview for each of the direct purchase obligation refunding(s).

Table N44 – General Obligation Direct Purchase Bonds

Series	Par Outstanding	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2008A	$ 59,930	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
2008D	$ 95,840	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
2014A	$ 99,985	6/1/2039	7-Day Reset / Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	10/26/2015
2014B	$ 224,315	6/1/2027	Monthly Reset/Monthly Pay	Banc of America Preferred Funding Corporation	10/25/2012	10/26/2015
Total	**$ 480,070**					

D. OTHER LONG-TERM LIABILITIES

Equipment Financing Program

The District began its Master Equipment Lease Purchase Program in 1998 as a means of providing tax-exempt financing for assets with short-term to intermediate-term useful lives. District agencies use this program to procure such items as fire apparatus (trucks) and other emergency medical services equipment (ambulances); trucks and cranes used by the Department of Public Works; vehicles used by the Metropolitan Police Department; and other heavy equipment items.

As of September 30, 2014, the District had financed approximately $500 million of its capital equipment needs through the Master Equipment Lease Purchase Program, and had approximately $102.5 million in principal outstanding. Payments are made on a quarterly basis. During the year, the average interest rate used to finance equipment through this program was 1.9685%.

NOTE 8. LONG TERM LIABILITIES

Obligation for Unpaid Prizes

The D.C. Lottery and Charitable Games Control Board (the Lottery) is a member of the Multi-State Lottery Association (MUSL), which is responsible for payments to Lotto-America and Powerball winners. MUSL is responsible for providing cash to the Lottery for funding these installment payments. As of September 30, 2014, MUSL purchased for the Lottery, U.S. government securities totaling $6,522 to fund future installment payments to winners.

The market value of these securities at September 30, 2014, was $6,282. The Lottery has reflected the market value of the securities as restricted investments and as corresponding obligations for unpaid prizes on the statement of net position.

E. COMPONENT UNITS

Washington Convention and Sports Authority (WCSA)

On September 28, 1998, WCSA issued $524,500 in Senior Lien Dedicated Tax Revenue Refunding Bonds (Series 1998A bonds) to finance the construction of the new Washington Convention Center.

On February 1, 2007, WCSA issued $492,500 of refunding bonds, Series 2007A Bonds, to refund the Series 1998A Bonds. The refunding bonds have maturities ranging from October 1, 2008 to October 1, 2036 and interest rates ranging from 3.75% to 5%. The net proceeds of these refunding bonds were used to advance refund all of the Series 1998A Bonds in the aggregate principal amount of $480,600. As a result, the refunded bonds were considered defeased and the liabilities for those were extinguished. The aggregate difference in debt service between the refunded debt and the refunding debt was $10,000.

Between June 2006 and July 2009, the Council passed a series of legislative Acts, which authorized the financing, construction and development of a privately owned and operated headquarters hotel for the Convention Center.

In October 2010, WCSA issued Senior Lien Dedicated Tax Revenue Bonds (Series 2010 Bonds) with face value of $249,200, with maturities ranging from October 2015 to October 2040, at interest rates ranging from 3.1% to 7.0%. The proceeds are to be used to fund as needed a portion of the costs of acquiring, developing, constructing, and equipping the Convention Center Hotel project. A portion of the proceeds was also used to defease to the earliest optional redemption date that portion of WCSA's outstanding Senior Lien Dedicated Tax Revenue and Refunding Bonds, Series 2007A maturing on December 1, 2036 in the aggregate principal amount of $25,400. In addition, net proceeds from the issuance of the Series 2010 Bonds was used to purchase U.S. government securities which were deposited in an irrevocable trust to provide debt service payments until the Series 2007A bonds are called or mature. Consequently, the aggregate principal amount of $25,400 from Series 2007A Bonds is considered to be defeased and therefore has been removed as a liability from WCSA's financial statements.

Table N45 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N45 – Washington Convention and Sports Authority Debt Service Requirements to Maturity

	Washington Convention and Sports Authority		
Year Ending September 30	Principal	Interest	Total
2015	$ 19,280	$ 32,652	$ 51,932
2016	18,970	31,769	50,739
2017	19,835	30,838	50,673
2018	20,730	29,848	50,578
2019	22,505	28,784	51,289
2020 - 2024	129,605	125,352	254,957
2025 - 2029	178,625	87,297	265,922
2030 - 2034	126,250	45,841	172,091
2035 - 2039	87,670	21,687	109,357
2040 - 2041	14,645	888	15,533
Total	$ 638,115	$ 434,956	$ 1,073,071

Housing Finance Agency

The Housing Finance Agency (HFA) issues bonds primarily to finance the Agency's housing programs. Such bonds are collateralized by: (a) mortgage-backed securities in connection with underlying loans; (b) mortgage loans made on the related multi-family developments or single family residential mortgage loans purchased; or (c) investments of bond proceeds, debt service reserves and escrow accounts, and all revenues, mortgage payments, and recovery payments received by the Agency from investments, mortgage loans, and mortgage-backed securities in connection with the related developments.

NOTE 8. LONG TERM LIABILITIES

Bonds issued by HFA are special obligations of the agency and are payable from the revenue and special funds of the applicable indentures. The bonds do not constitute debt of and are not guaranteed by the District or any program of the District. All mortgage revenue bonds for multifamily projects financed to date have been issued by the Agency as standalone pass-through financings with no direct economic recourse to the Agency as issuer.

The provisions of the various bond indentures require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and mortgage-backed securities. All outstanding bonds are subject to redemption at the option of HFA or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond indentures and bond resolutions, at prescribed redemption prices. The redemption premiums range up to 5.00%. Under the Multi-Family (Conduit Bond) Program, this option generally cannot be exercised until the bonds have been outstanding for ten years as provided in the various indentures. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bond Issuances in Fiscal Year 2014

During fiscal years 2010 through 2014, HFA issued certain multifamily revenue bonds in a draw-down mode. Consequently, out of the total amount of bonds closed, only a portion may get drawn during any given reporting period.

For more information on HFA's long term debt activity during fiscal year 2014, refer to the Agency's separately issued financial statements for that year.

Table N46 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N46 – Housing Finance Agency Debt Service Requirements to Maturity

Year Ending September 30	Principal	Interest	Total
2015	$ 24,148	$ 38,078	$ 62,226
2016	33,628	31,215	64,843
2017	34,791	30,409	65,200
2018	14,862	29,647	44,509
2019	15,366	28,965	44,331
2020-2024	90,008	133,302	223,310
2025-2029	96,644	110,725	207,369
2030-2034	151,017	83,502	234,519
2035-2039	117,208	56,580	173,788
2040-2044	120,713	32,355	153,068
2045-2049	98,342	10,597	108,939
2050-2054	15,809	1,201	17,010
2055-2059	901	44	945
Subtotal	**813,437**	**586,620**	**1,400,057**
Add:			
Unamortized Bond Premium - Net	2,582	-	2,582
Total	**$ 816,019**	**$ 586,620**	**$1,402,639**

NOTE 9. RETIREMENT PROGRAMS

A. DEFINED BENEFIT PENSION PLANS

District full-time employees receive pension benefits through the federally administered Civil Service Retirement System (CSRS), the Social Security System, or the District's retirement programs.

Civil Service Retirement System

Plan Description

The District contributes to the CSRS, a cost-sharing multiple-employer public employee retirement system, administered by the federal government's Office of Personnel Management (OPM). Permanent full-time District employees hired before October 1, 1987, except those covered by the District retirement programs, are covered by CSRS, which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. In fiscal year 2014, there were 2,252 District employees who were covered by CSRS. The OPM issues a publicly available financial report that includes financial statements and required supplementary information for CSRS, which may be obtained at www.opm.gov.

NOTE 9. RETIREMENT PROGRAMS

Funding Policy

The District contributes 7% of each covered employee's annual salary to the CSRS. The contribution requirements of plan members are established (and may be amended) by the OPM. The District contributed 100% of the required amount to the CSRS for each of the past three fiscal years. The District's CSRS contributions for the years ended September 30, 2014, 2013, and 2012, were $11,030, $11,472, and $12,319, respectively.

Social Security System

Plan Description

The District also contributes to the federal government's Social Security System, a program that provides benefits for retirement, disability, survivorship, and death, which is funded by dedicated payroll taxes. The Social Security Administration and the U.S. Departments of Health and Human Services, Labor, and the Treasury administer this program. The authority to establish and amend policy and benefit provisions rests with the President and Congress of the United States.

Funding Policy

Consistent with the Federal Insurance Contributions Act (FICA), a 6.20% Social Security tax is to be withheld from the gross salary/wages of District employees, up to but not exceeding the applicable social security wage base, which was $117,000 (not in thousands) for 2014. In addition, the District also pays a 1.45% payroll tax for Medicare with an additional 1.45% being withheld from each employee's salary/wages.

Beginning January 1, 2013, Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers, including the District, are responsible for withholding the 0.9% Additional Medicare Tax on an individual's wages paid in excess of $200,000 in a calendar year. An employer is required to begin withholding Additional Medicare Tax in the pay period in which wages paid to an employee in the calendar year exceed $200,000. There is no employer match for the Additional Medicare Tax.

District contributions to the Social Security System for FICA, for the years ended September 30, 2014 and 2013, were $75,062 and $68,740, respectively. In addition, District contributions for Medicare for fiscal years 2014 and 2013 were $30,007 and $27,729, respectively.

District Retirement Programs

Plan Descriptions

The Retirement Board administers the District's Retirement Programs (D.C. Code §4-601, 11-1561, 31-120), which consist of two single-employer defined benefit pension plans, one established for police and firefighters, and the other for teachers.

Each plan provides retirement, death and disability benefits, and annual cost of living adjustments to plan members and beneficiaries. Retirement and disability benefit provisions for police and firefighters are established by the Policemen and Firemen's Retirement and Disability Act (D.C. Code §5-701 et seq. (2001 ed.)). For the Teachers Plan, Title 38, Chapter 20 of the D.C. Code (D.C. Code § 38-2001, et seq. (2001 ed.)) assigns the authority to establish and amend benefit provisions to the Council. The Retirement Board issues a publicly available financial report which includes financial statements and required supplementary information for the plans. This report can be obtained from the Executive Director, District of Columbia Retirement Board, 900 7th Street, N.W., 2nd Floor, Washington, D.C. 20001.

Funding Policy

Police and firefighter member contribution requirements are established by D.C. Code § 5-706 and requirements for District contributions are established by D.C. Code § 1-907.02 (2001 ed.), which may be amended by the Council. Administrative costs are paid from investment earnings.

Teachers contribute by salary deductions on the basis of a normal rate of contributions, which is assigned by the Program upon membership. Members contribute 7% (or 8% for teachers hired on or after November 1, 1996) of annual gross salary, including any differential for special assignment and longevity, but excluding overtime, holiday, or military pay.

The District is required to contribute the remaining amounts necessary to finance the coverage of its employees through periodic contributions at actuarially determined amounts in accordance with the provisions of the Replacement Act. The Replacement Act defines the eligibility and the calculation of the amount of the benefit payment for covered District employees for service accrued after June 30, 1997. The District's contributions for fiscal years 2014, 2013, and 2012, were equal to the fund's independent actuary's recommendation.

Under P. L. 105-33, as amended by P. L. 105-277 and P. L. 108-489, the federal government makes annual

NOTE 9. RETIREMENT PROGRAMS

contributions to the Police and Firefighters' Plan and to the Teachers' Plan on behalf of District employees and retirees. These on-behalf payments totaled $467,290 for the year ended September 30, 2014, and have been reported as intergovernmental revenue. Related expenditures of $369,159 and $98,131 have been reported in the public safety and justice and the public education system functions, respectively.

Annual Pension Cost and Net Pension Obligation

As actuarially determined, in fiscal year 2014, the District was required to make contributions of $31,636 to the Teachers Pension Plan and $110,766 to the Police and Firefighters Pension Plan. The District made these required contributions totaling $142,402 accordingly. The District's annual pension cost and net pension obligation to these plans for fiscal year 2014 are presented in **Table N47.**

Table N48 presents three-year trend information regarding annual pension cost, percentage of annual pension cost contributed, and net pension obligation.

Table N47 - Annual Pension Cost and Net Pension Obligation

	Teachers	Police and Firefighters
Annual required contribution (ARC)	$31,636	$110,766
Interest on net pension obligation	$0	$0
Adjustment to ARC	$0	$0
Annual pension cost	$31,636	$110,766
Contributions made	$31,636	$110,766
Increase (decrease) in net pension obligation	$0	$0
Net pension obligation beginning of year	$0	$0
Net pension obligation end of year	$0	$0

Table N48 - Three Year Trend Information

	Teachers			Police and firefighters		
Fiscal Year Ending	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC) (millions)	Percentage of APC Contributed	Net Pension Obligation
09/30/14	$31.6	100%	$0	$110.8	100%	$0
09/30/13	$6.4	100%	$0	$96.3	100%	$0
09/30/12	$0	N/A	$0	$116.7*	100%	$0

*Revised from the previous year

Actuarial Methods and Assumptions

The District's Annual Required Contributions for the Police and Firefighters Pension Plan and the Teachers Pension Plan were calculated using the aggregate actuarial cost method. Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funding status and funding progress was prepared using the entry age normal actuarial cost method for that purpose. The information presented as required supplementary information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Additional information regarding the plans as of the latest actuarial valuation date is presented in **Table N49**.

NOTE 9. RETIREMENT PROGRAMS

Table N49 – Additional Actuarial Information (District's Retirement Funds)

	Retirement Plan	
Assumption Description	**Teachers**	**Police Officers and Firefighters**
Actuarial cost method:	Entry age normal	Entry age normal
Amortization method:	Level dollar, closed	Level dollar, closed
Remaining amortization period:	20 years	20 years
Asset valuation method:	7-year smoothed market	7-year smoothed market
Inflation:	3.50%	3.50%
Salary increases:	4.45% to 8.25%, including wage inflation of 4.25%	4.45% to 9.25%, including wage inflation of 4.25%
Investment rate of return:	6.50%, net of pension plan investment expense, and including inflation	6.50%, net of pension plan investment expense, and including inflation
Cost of Living Adjustments:	3.50% (limited to 3.0% for those hired after 11/1/1996)	3.50% (limited to 3.0% for those hired after 11/1/1996)

Note:
Valuation Date: Actual contributions are based on valuations as of October 1, two years prior to end of fiscal year in which contributions are reported.

Funded Status and Funding Progress

As of October 1, 2013, the most recent actuarial valuation date, the Teachers', Police Officers' and Firefighters' Pension Plan was 103.6% funded. The actuarial accrued liability for benefits was $5,403,128 and the actuarial value of assets was $5,599,309 resulting in a negative unfunded actuarial accrued liability (UAAL), or funding excess, of ($196,181). The covered payroll (annual payroll of active employees covered by the plan) was $782,451 and the ratio of the UAAL to the covered payroll was -25.1%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan's assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. DEFINED CONTRIBUTION PENSION PLAN

Plan Description

Under the provisions of D C. Code §1-627, the District sponsors a defined contribution pension plan with a qualified trust under Internal Revenue Code (IRC) Section 401(a) for permanent full-time employees covered under the Social Security System. In fiscal year 2014, there were 15,717 employees participating in the Section 401(a) plan. New hires do not contribute to the plan and are eligible to participate after one year of service.

The District contributes 5% of base salaries for eligible employees each pay period. This contribution rate is 5.5% of base salaries for detention officers. Contributions and earnings vest incrementally beginning after two years of service, including a one-year waiting period, and vest fully after five years of service including the one-year waiting period. Contributions and earnings are forfeited for the period of service during which the employee does not achieve incremental vesting, if separation occurs before five years of credited service. These contributions are not considered assets of the District, and the District has no further liability to this plan.

For the fiscal years ended September 30, 2014, 2013, and 2012, District contributions to the plan were $50,274, $44,884, and $44,195, respectively.

This plan also covers employees of the D.C. Housing Authority, the Water and Sewer Authority, and the Health Benefit Exchange Authority, while the employees of the Housing Finance Agency, Washington Convention and Sports Authority, the University of the District of Columbia, and the Not-for-Profit Hospital Corporation are covered under separate defined contribution plans.

NOTE 9. RETIREMENT PROGRAMS

C. DEFERRED COMPENSATION PLANS

Internal Revenue Code Section 403 Plan

The District sponsors an annuity purchase plan (D.C. Code §31-1252) with insurance companies and other issuers in accordance with IRC Section 403 for public teachers covered by the District Retirement Program. The District does not contribute to this plan and has no liability to the plan. Under this annuity purchase plan, eligible employees were able to defer up to $17.5 ($17.5 thousand) of their annual compensation for calendar year 2014. Employees with 15 years of service or more were able to defer an additional amount, not to exceed the lesser of: (a) $3 ($3 thousand) in additional contributions; (b) $15 ($15 thousand) reduced by amounts contributed under this special provision in prior years; or (c) $5 ($5 thousand) times the number of years of service less the total elective deferrals from previous years. In addition, employees who were 50 years old or older by the end of the plan year were able to defer an additional amount as a catch up contribution. The maximum amount for such catch up contributions was $5.5 ($5.5 thousand) in 2014. District employees contributed $17,429 to this annuity plan in fiscal year 2014. Contributions vest immediately and are not assets of the District.

Internal Revenue Code Section 457 Plan

The District offers its employees a deferred compensation plan (D.C. Code §47-3601) created in accordance with IRC Section 457. Employees, including teachers, were able to defer the lesser of $17.5 ($17.5 thousand) or 100% of includable compensation in calendar year 2014. A special catch-up provision is also available to participants that allows them to "make up" or "catch up" for prior years in which they did not contribute the maximum amount to the plan. The "catch up" limit is the lesser of: (a) twice the annual contribution limit, $35 ($35 thousand); or (b) the annual contribution limit for the year plus underutilized amounts from prior taxable years. An additional deferral of $5.5 ($5.5 thousand) is available to participants who are at least 50 years old before the end of the calendar year.

Compensation deferred and income earned are taxable when paid, or made available to the participant or beneficiary, upon retirement, death, termination, or unforeseeable emergency. District employees contributed $41,799 to this plan in fiscal year 2014. Contributions are not assets of the District, and the District has no further liability to the plan.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Information on the District's Postretirement Health and Life Insurance Benefit Plan is provided below.

a) Plan Description:

The District of Columbia Postretirement Health and Life Insurance Benefit Plan (the Plan) is a single-employer defined benefit healthcare and life insurance plan administered jointly by the Department of Human Resources and the Office of Finance and Treasury. The Plan is administered as an irrevocable trust through which assets are accumulated and benefits are paid as they become due in accordance with the substantive plan. All employees hired after September 30, 1987, and employees who retire under the Teachers Retirement System and Police and Firefighters Retirement System or who are eligible for retirement benefits under the Social Security Act, are eligible to participate in the Plan. The Plan provides medical care and life insurance benefits to eligible employees. D.C. Code §1-621.09 authorizes the Mayor to determine the amount of District contribution for enrollments before the beginning of each contract period. In addition, the Mayor may propose amendments to establish and/or revise benefit provisions and the Council may elect to pass the appropriate legislation. The Plan's administrators issue a publicly available financial report that includes financial statements and required supplemental information for the Plan. This report may be obtained from the following location:

Office of Finance and Treasury
D.C. Treasurer
1101 4th Street, S.W., Suite 800
Washington, D.C. 20024

State Street serves as the Master Custodian for the OPEB Trust Fund and as an independent source, provides information on investment transactions, thereby confirming or disputing information provided by the Plan's investment managers.

b) Summary of Significant Accounting Policies

The Plan's financial statements are prepared using

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions to the plan are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Plan's administrative costs are paid by the District.

Investments are reported at fair value with realized and unrealized gains and losses included in the Statement of Changes in Plan Net Position. Fair value of marketable securities is based on quoted market price, dealer quotes, and prices obtained from independent pricing sources. Securities for which market quotations are not readily available are valued at their fair value, as determined by the custodian under the direction of the plan or fund, with the assistance of a valuation service.

c) Funding Policy

The contribution requirements of plan members and the District are established by the Mayor and the Council of the District of Columbia. The Mayor and Council may also amend contribution requirements. The first actuarial valuation of the plan's assets and liabilities using GASB Statement No. 43 parameters was performed in fiscal year 2007, and the District began paying contributions based on an actuarially determined valuation using the parameters of GASB 45 in fiscal year 2008, as presented in the Schedule of Employer Contributions.

For fiscal year 2014, the District contributed $86.6 million to the plan and retiree (participant) contributions totaled $302,855 ($302.9 thousand). Cost sharing arrangements for annuitants vary depending on whether the employee was a General Employee, Teacher, Police Officer or Firefighter. For General Employees and Teachers, annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 75%, reduced by an additional 2.5% for each year of creditable service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 30 or more years of creditable District service, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of General Employee and Teacher annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family member is 80%, reduced by an additional 1.0% for each year of creditable District service over 10 years up to a maximum of 20 such additional years. Thus, the District's contribution shall not exceed 40% of the cost of the selected health benefit plan for covered family members of an annuitant with 30 or more years of creditable District service and the family members of an annuitant with 30 or more years of creditable District service pays up to 60% of the cost of the selected health benefit plan.

For Police Officers and Firefighters, annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the annuitant is 70%, reduced by an additional 3.0% for each year of creditable service over 10 years up to a maximum of 15 such additional years. Thus, the District's contribution shall not exceed 75% of the cost of the selected health benefit plan. For annuitants with 25 or more years of creditable District service or police officer or firefighter annuitants who are injured in the line of duty, the District pays 75% of cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan. Special rules apply for Police and Firefighters who were hired before November 10, 1996.

Covered family members of Police Officers and Firefighter annuitants with at least 10 years of creditable District service but less than 25 years of creditable District service pay a percentage of their health insurance premiums and the District pays the remainder. The percentage paid by the covered family members is 75%, reduced by an additional 3.0% for each year of creditable District service over 10 years. However, the portion paid by the covered family member is never less than 40%, and the District's contribution shall not exceed 60% of the cost of the selected health benefit plan; the family member pays 25% of the cost of the selected health benefit plan for covered family members of police officer or firefighters who were

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

hired before November 10, 1996.

The participant pays $.0455 per $1,000 ($1 thousand) of life insurance coverage until age 65 for the 75% reduction option, with no contributions required thereafter. Participants can also elect a 50% or 0% reduction of life insurance benefits, which require additional contributions.

d) Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the District's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Table N50 presents the actuarial assumptions used in determining the District's annual required contribution. **Table N51** presents the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB asset or obligation to the plan.

Table N50 – Actuarial Assumptions Used in Developing Annual Required Contribution to OPEB Plan

Valuation Date	September 30, 2013 (projected from September 30, 2012 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	29 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Discount Rate	7.00%
Rate of Salary Increases	3.75% (plus merit scale)
Rate of Medical Inflation	8.0% (pre-Medicare) or 6.5% (post-Medicare), grading to 4.00% over 70 years

Table N51 – Annual OPEB Cost, Actual Plan Contributions, and Changes in Net OPEB Obligations

	FY 2014	FY 2013	FY 2012
Annual required contribution	$86,600	$85,200	$95,500
Interest on net OPEB obligation	$700	$2,200	$3,192
Adjustment to annual required contribution	($600)	($1,900)	($2,252)
Annual OPEB cost (expense)	$86,700	$85,500	$96,440
Contributions made	$86,600	$107,800	$109,840
Net OPEB asset/(obligation)	($100)	$22,300	$13,400
Net OPEB asset/(obligation) – beginning of year	($9,906)	($32,206)	($45,606)
Net OPEB asset/(obligation) – end of year	($10,006)	($9,906)	($32,206)

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding years are shown in **Table N52.**

Table N52 - Annual OPEB Cost, Percentage of Annual OPEB Cost Contributed, Net OPEB Obligation (Fiscal Years 2012 through 2014)

Fiscal Year Ended	Annual OPEB Cost (millions)	% Of Annual OPEB Cost Contributed	Net OPEB Obligation (millions)
09/30/14	$86.7	99.9%	$10
09/30/13	$85.5	126.1%	$9.9
09/30/12	$96.4	113.9%	$32.2

e) Funded Status and Funding Progress

Using the most recent (September 30, 2013) actuarial valuation results, the September 30, 2013 estimated actuarial liability is $1,048,000 and the actuarial value of the assets is $897,800 resulting in an estimated unfunded actuarial accrued liability (UAAL) of $150,200. The estimated covered payroll is $1,441,100 and the ratio of the unfunded liability to covered payroll is 10.4%. The Plan is 85.7% funded.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

f) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry Age Normal Actuarial cost method was used to prepare the September 30, 2013 actuarial valuation. The actuarial assumptions included a 7.00% investment rate of return, a discount rate of 7.00%; a 3.75% salary increase and a medical trend rate ranging between 8.0% (pre-Medicare) and 6.5% (post-Medicare) grading to 4.00% over 70 years. Fixed dollar amounts in the health care benefits (deductibles, co-pays, benefit maximums, etc.) are assumed to increase periodically to keep pace with the medical trend. The amortization method applied was the Level Percent Closed Method. The remaining amortization period at September 30, 2013, was 29 years and the asset value method used was Market Value.

The actual performance of the Fund's investments was favorable in comparison to the projected rate of return of 7.00% used in the actuarial valuation. The Fund as a whole had a positive rate of return of 7.27% with net investment income of $71,733 for the fiscal year ended September 30, 2014.

NOTE 11. FUND BALANCE/NET POSITION

Fund balances at September 30, 2014, are shown in **Table N53a**.

Table N53a - Schedule of FY 2014 Fund Balance

	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	$ 25,668	$ 9,736	$ -	$ -	$ -	$ 35,404
Total Nonspendable Fund Balance	25,668	9,736	-	-	-	35,404
Restricted for:						
Emergency and Contingency Cash Reserves	355,417	-	-	-	-	355,417
Debt Service - Bond Escrow	437,786	-	-	-	-	437,786
Budget	23,239	-	-	-	-	23,239
Purpose Restrictions	137,707	154,749	-	-	-	292,456
Payment-in-Lieu of Taxes	-	-	-	-	35,984	35,984
Tobacco Settlement	-	-	-	-	82,558	82,558
Tax Increment Financing Program	13,840	-	-	-	59,534	73,374
Housing Production Trust	-	-	173,863	-	-	173,863
Highway Projects	-	-	-	-	61,708	61,708
Baseball Special Revenue	-	-	-	-	71,208	71,208
Soccer Stadium	15,022	-	-	-	-	15,022
Total Restricted Fund Balance	983,011	154,749	173,863	-	310,992	1,622,615
Committed to:						
Fiscal Stabilization Reserve	164,551	-	-	-	-	164,551
Cash Flow Reserve	343,528	-	-	-	-	343,528
Budget Support Act	8,722	-	-	-	-	8,722
Commodities Cost Reserve	25,091	-	-	-	-	25,091
Dedicated Taxes	57,456	-	-	-	-	57,456
Other Special Purposes	145,301	-	-	-	-	145,301
Total Committed Fund Balance	744,649	-	-	-	-	744,649
Assigned to:						
Contractual Obligations	6,852	-	-	-	-	6,852
Subsequent Years' Expenditures	113,479	-	-	-	-	113,479
Total Assigned Fund Balance	120,331	-	-	-	-	120,331
Unassigned	-	-	-	(114,248)	-	(114,248)
Total Fund Balance	**$ 1,873,659**	**$ 164,485**	**$ 173,863**	**$ (114,248)**	**$ 310,992**	**$ 2,408,751**

Net position at September 30, 2014, is shown in **Table N53b**.

Table N53b - Schedule of FY 2014 Net Position, Proprietary and Fiduciary Funds

	Lottery & Games	Unemployment Compensation Fund	Fiduciary Funds
Net Position			
Invested in capital assets	$ 270	$ -	$ -
Restricted	-	260,645	7,733,922
Unrestricted	4,012	-	-
Total Net Position	$ 4,282	$ 260,645	$ 7,733,922

NOTE 12. JOINT VENTURE

Washington Metropolitan Area Transit Authority

The Washington Metropolitan Area Transit Authority (WMATA) was created by an Interstate Compact between Maryland, Virginia and the District of Columbia, pursuant to Public Law 89-774. The District's commitment or obligation to provide financial assistance to WMATA is established by annual appropriations, as approved by Congress. The District supports WMATA through operating, debt service and capital grants. The District places the amounts to be provided to WMATA in an escrow account until such time when the funds are drawn down for use by WMATA. Operating grants may be in the form of operating and interest subsidies. WMATA records the District's operating grants as advanced contributions when received and as non-operating revenues when the related expenses are incurred. WMATA recognizes the District's capital grants as additions to construction in progress and investment in capital assets when the grant resources are expended for capital acquisitions. A summary of the grants provided to WMATA during the year ended September 30, 2014, is shown in **Table N54a.**

Table N54a - Summary of Grants Provided to WMATA

Type	Local	Capital
Operating grants	$ 302,277	$ -
School Transit Subsidy	7,159	-
Capital grants	-	132,832
Total	**$ 309,436**	**$ 132,832**

WMATA issues separate audited financial statements which can be requested from the General Manager, Washington Metropolitan Area Transit Authority, 600 5th Street, N.W., Washington, D.C. 20001. **Table N54b** presents information that allows financial statement users to assess whether WMATA is accumulating significant financial resources or experiencing fiscal stress that may cause additional financial benefits or burden to the District and other participating governments.

Table N54b - Summary of Financial Statements for WMATA as of and for the year ended June 30, 2014

Financial Position	
Total assets	$ 10,660,373
Total deferred outflows of resources	-
Total liabilities	(2,093,800)
Total deferred inflows of resources	(74,776)
Net position	**$ 8,491,797**
Operating Results	
Operating revenues	$ 854,580
Operating expenses	(2,348,217)
Nonoperating revenues, net	843,380
Revenue from capital contributions	887,480
Change in net position	**$ 237,223**
Change in Net Position	
Net position, beginning of year	$ 8,254,574
Change in net position	237,223
Net position, end of year	**$ 8,491,797**

Note: Audited financial statements were not available for FY 2014. Data presented is based on unaudited financial statements prepared by WMATA.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

A. FEDERAL CONTRIBUTION

In accordance with the National Capital Revitalization and Self-Government Improvement Act of 1997 (Public Law 105-33), the annual federal payment was repealed and replaced by a federal contribution to cover special purpose and other unusual costs imposed on the District by the federal government. Federal contributions to the District for the year ended September 30, 2014, totaled $519,846.

B. EMERGENCY PREPAREDNESS

The District, as the nation's capital, serves as the command post and the source of first response to any national threat or terrorist act against the nation. In fiscal year 2002, the District received $155,900 in federal funding for emergency preparedness. This funding was provided by the federal government to assist the District in preparing for response to potential terrorist threats or other attacks. Since 2002, the District had expended a total of $152,262, or 97.7% of the federal funding received for purposes of emergency preparedness. The District did not expend any additional amounts during fiscal year 2014.

NOTE 13. TRANSACTIONS WITH THE FEDERAL GOVERNMENT

C. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

The District participates in the federal government's Supplemental Nutrition Assistance Program (SNAP) (food stamp program), which is designed to increase the food purchasing power of economically disadvantaged residents. SNAP expenditures totaled $235,567 and $222,659 in fiscal years 2013 and 2014, respectively.

D. GRANTS

In addition to SNAP, the District participates in a number of programs which are funded by the federal government through formula and project grants, direct and guaranteed loans, direct payments for specified and unrestricted use, and other pass-through grants.

The federal government also provides capital grants, which are used for the purchase or construction of capital assets. Federal grants and contributions are shown by function on the government-wide financial statements.

NOTE 14. LEASES

A. CAPITAL LEASES

The District leases buildings and equipment under various agreements that are accounted for as capital leases with varying terms. Capital lease commitments are recorded in the government-wide financial statements.

Capital lease payments are classified as debt service expenditures in the governmental funds. Such expenditures totaled $2,862 in fiscal year 2014.

B. OPERATING LEASES

Operating leases are not recorded in the statement of net position. These leases contain various renewal options, the effects of which are reflected in the minimum lease payments only if the options will be exercised. Certain other operating leases contain escalation clauses and contingent rentals that are not included in the calculation of the future minimum lease payments. Operating lease expenditures recorded in governmental funds totaled $124,898 in fiscal year 2014.

C. SCHEDULE OF FUTURE MINIMUM LEASE COMMITMENTS

Table N55 shows the present value of future minimum lease payments under capital leases and minimum lease payments for all operating leases having non-cancelable terms in excess of one year at September 30, 2014.

Table N55 - Schedule of Future Minimum Lease Payments

	Primary Government		
	Capital	Operating Leases	
Year Ending September 30	Leases	Facilities	Equipment
2015	$ 3,507	$ 82,483	$ 1,146
2016	3,507	80,995	1,094
2017	1,874	75,294	854
2018	-	73,908	644
2019	-	66,463	542
2020-2024	-	199,953	-
2025-2029	-	23,272	-
2030-2034	-	703	-
2035-2039	-	815	-
2040-2044	-	945	-
2045-2049	-	1,095	-
2050-2054	-	40	-
Minimum lease payments	**8,888**	**$ 605,966**	**$ 4,280**
Less - imputed interest	(726)		
Present value of payments	**$ 8,162**		

NOTE 15. COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District pays all claim settlements and judgments from its general fund resources and reports all of its risk management activities as governmental activities in the government-wide financial statements. Claim expenditures and liabilities are reported in the government-wide financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, and reported in the general fund when due and payable. These losses include an estimate of claims that have been incurred but not reported.

B. GRANTS AND CONTRACTS

The District has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the District. The audits of these federally assisted programs have not been conducted for the year ended September 30, 2014. As such, the District's compliance with applicable grant and federal requirements will be assessed and established at some future date. Based on prior experience and resolutions reached with grantor agencies, the District determined that at September 30, 2014, probable cumulative expenditures that may be disallowed by grantor agencies totaled $132,203. Accordingly, an accrual for such expenditures has been recorded in the government-wide financial statements.

C. CONTINGENCIES RELATED TO DERIVATIVE INSTRUMENTS

All of the District's derivative instruments, except the rate cap, include provisions that require the District to post collateral in the event its credit rating falls below AA as issued by Fitch Ratings and Standard and Poor's or Aa as issued by Moody's Investors Service. The collateral posted is to be in the form of U.S. treasury securities in the amount of the fair value of hedging derivative instruments in liability positions net of the effect of applicable netting arrangements. If the District does not post collateral, the hedging derivative instrument may be terminated by the counterparty. At September 30, 2014, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was ($48,030) as indicated in **Table N8**. If the collateral posting requirements were triggered at September 30, 2014, the District would have been required to post $0 in collateral to counterparties. The District's general obligation credit rating is AA/Aa2/AA; therefore, no collateral had been posted at September 30, 2014.

D. LITIGATION

The District is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations. Although the ultimate outcome of these legal proceedings and investigations is unknown, the District is vigorously defending its position in each case. All amounts in connection with lawsuits in which a loss is probable have been included in the liability for claims and judgments at September 30, 2014.

The accrued liability is based on estimates of the payments that will be made upon judgment or resolution of the claim. This accrued amount is the minimum amount in the range of estimates that have the same probability of occurrence. The sum of the amount in excess of the minimum range of probable losses and the amount of the minimum range of losses that are reasonably possible which are not accrued is estimated to be $47,657.

In fiscal year 2014, there was a $5,581 net reduction in the accrual related to pending or unresolved property tax appeals made by District property owners in fiscal year 2014.

A summary of the changes in the accrued liability for claims and judgments reported in the government-wide financial statements is shown in **Table N56.**

Table N56 - Summary of Changes in Claims and Judgments Accrual

Description	Fiscal Year 2014	Fiscal Year 2013
Liability at October 1	$ 207,481	$ 135,084
Add: Claims incurred		
Lawsuits	22,278	61,410
Property tax appeals	19,777	37,706
Less: Claims payments/adjustments		
Lawsuits	(64,986)	(23,115)
Property tax appeals	(25,358)	(3,604)
Liability at September 30	$ 159,192	$ 207,481

NOTE. 15. COMMITMENTS AND CONTINGENCIES

E. DISABILITY COMPENSATION

The District, through its Office of Risk Management, administers a disability compensation program under Title XXIII of the District of Columbia Compensation Merit Personnel Act of 1978 (CMPA). This program, which covers all District employees hired under the authority of CMPA, provides compensation for lost wages, medical expenses, and other limited rehabilitation expenses to eligible employees and/or their dependents, where a work-related injury or illness results in disability or death. The benefits are funded on a pay-as-you-go basis. The present value discounted at 1.75% of projected disability compensation is accrued in the government-wide financial statements.

A summary of changes in this accrual is shown in **Table N57**.

Table N57 – Summary of Changes in Disability Compensation Accrual

Description	Fiscal Year 2014	Fiscal Year 2013
Liability at October 1	**$ 129,251**	**$ 135,046**
Claims incurred/adjustments	19,411	5,738
Less-benefit payments	(19,661)	(11,533)
Liability at September 30	**$ 129,001**	**$ 129,251**

F. DEBT SERVICE DEPOSIT AGREEMENTS

In prior years, the District entered into debt service deposit agreements which were effective through fiscal year 2014. Under these agreements, the District exchanged future cash flows of certain special tax fund escrow accounts for fixed amounts received by the District. Execution of the debt service deposit agreements increased the District's ability to predict cash flows from the earnings on escrow account investments.

Upon early termination of an agreement and depending upon the prevailing interest rates at the time of termination, a termination amount would have been owed by the District. At September 30, 2014, there were no deferred inflows of resources related to debt service deposit agreements because the agreements matured during the year.

NOTE 16. SUBSEQUENT EVENTS

A. TAX REVENUE ANTICIPATION NOTES

In November 2014, the District issued $400,000 in General Obligation Tax Revenue Anticipation Notes (TRANs). The issuance of such notes is a short term financing method used to provide for seasonal cash flow needs. Proceeds from this issuance are to be used to finance general governmental expenses of the District in anticipation of the collection or receipt of revenues for fiscal year 2015.

The TRANs are general obligations of the District secured by the District's full faith and credit and are payable from all funds of the District not otherwise legally committed. In addition, the TRANs constitute continuing obligations until paid in accordance with their terms. The District has covenanted to deposit certain receipts into a TRANs Escrow Account, a segregated special purpose account, for the purpose of paying the principal of and interest on the TRANs when due.

Under the TRANs Escrow Agreement, the District is to make deposits into the TRANs Escrow Account in accordance with the following schedule:

Date of Deposit	Amount of Deposit
September 1, 2015	20% of the outstanding principal amount
September 21, 2015	60% of the outstanding principal amount
September 29, 2015	20% of the outstanding principal amount, plus 100% of accrued interest to maturity

The TRANs were issued as fixed rate notes with an interest rate of 1.50%, and will mature on September 30, 2015.

NOTE. 16. SUBSEQUENT EVENTS

B. GENERAL OBLIGATION BONDS

In October 2014, the District issued $379,355 in General Obligation Bonds, Series 2014C and $136,190 in General Obligation Refunding Bonds, Series 2014D. These Bonds are general obligations of the District and as such, the full faith and credit of the District is pledged to the payment of principal and interest on the Bonds when due. The Bonds are further secured by a security interest in and a lien on the funds derived from a special real property tax levied annually by the District, without limitation as to rate or amount, in amounts sufficient to pay the principal of and interest on the Bonds and any other outstanding general obligation parity bonds when due.

The proceeds of the Series 2014C Bonds will be used to: (1) finance capital project expenditures under the District's capital improvements plan, and (2) pay the costs and expenses of issuing and delivering the Series 2014C Bonds. The proceeds of the Series 2014D Bonds will be used, together with other available funds of the District, to: (1) refund all of the District's outstanding Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008A and Multimodal General Obligation Refunding Bonds (Variable Rate Demand Obligations), Series 2008D, and (2) pay the costs and expenses of issuing and delivering the Series 2014D Bonds.

The interest rates pertaining to the Series 2014C Bonds range between 3.00% and 5.00%. The interest rates related to the Series 2014D Bonds range between 1.00% and 5.00%.

C. INCOME TAX SECURED REVENUE REFUNDING BONDS

In November 2014, the District issued $60,875 in Income Tax Secured Revenue Refunding Bonds, Series 2014B. The proceeds of the Series 2014B Bonds were used to: (a) currently refund $60,260 of the District's Income Tax Secured Revenue Refunding Bonds, Series 2013A maturing on December 1, 2014, and (b) pay the costs and expenses of issuing and delivering the Series 2014B Bonds.

The Series 2014B Bonds bear interest at a variable rate equal to the Adjusted SIFMA rates, which equal the SIFMA rates plus the per annum spread for each maturity.

D. PILOT REVENUE NOTE (THE YARDS PROJECT)

In December 2007, the District and Forest City SEFC, LLC entered into a development agreement whereby the District agreed to provide Forest City with financing for the development costs of public infrastructure associated with the phased development of The Yards, an approximately 42 acre site located in the southeast quadrant of the District and consisting of a portion of the Southeast Federal Center project, now known as The Yards. On December 18, 2014, the District issued its second note for the Southeast Federal Center, PILOT Revenue Note (the Yards Project) Series 2014.

The Series 2014 Note provides $34.8 million in funding to reimburse Forest City for public infrastructure costs. The variable rate obligation utilizes a draw-down structure and is repaid with PILOT revenues from multiple buildings located in the site. The note will initially bear interest at .75 of the LIBOR 30-day index plus 1.70%, which, at issuance, was approximately 1.82%. The initial draw was approximately $9,450, and the full $34.8 million is expected to be drawn over a three-year period. The note is structured as a 5-year interest-only note, with interest paid on drawn funds. Any and all excess PILOT revenues are available to pay down principal. The note is expected to be extended or refinanced after 5 years.

E. COMPONENT UNITS

Housing Finance Agency

Subsequent to the end of fiscal year 2014, the following events occurred at the Housing Finance Agency (HFA):

Multifamily (Conduit Bond) Program, New Issuances:

- On October 20, 2014, $15,500 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the 2321 4th Street project.
- On October 22, 2014, $35,510 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the Highland Dwellings Project.
- On November 19, 2014, $15,000 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were

NOTE. 16. SUBSEQUENT EVENTS

issued to finance the Lincoln Westmoreland Project.

- On November 25, 2014, $21,570 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the Edgewood Terrace I Project.

- On December 10, 2014, $11,186 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2014 were issued in a draw down mode to finance the 7611 and 7701 Georgia Avenue, N.W. Project.

- Between October 1, 2014 and December 18, 2014, $22,045 of multifamily mortgage revenue bonds were issued through draws on the draw down bonds.

Single Family New Issue Bond Program Redemptions and Maturities:

- On December 1, 2014, $140 in District of Columbia Housing Finance Agency Single Family Housing Revenue Bonds, Series 2009A-1 were redeemed through sinking fund maturity.

- On December 1, 2014, $2,230 in Single Family Mortgage Revenue Bonds were redeemed.

- On December 1, 2014, $85 in District of Columbia Housing Finance Agency Collateralized Single Family Housing Revenue Bonds, 1988 Series E-4 were redeemed from prepayments.

Multifamily New Issue Bond Program Redemptions and Maturities:

- On December 1, 2014, $18,330 in District of Columbia Housing Finance Agency Housing Revenue Bonds GNMA Collateralized Series 2009 A-13 (Paul Laurence Dunbar Apartments Project) were fully redeemed due to loan payoff.

- Between October 1, 2014 and December 18, 2014, $2,125 in Multifamily NIBP mortgage revenue bonds were redeemed.

Multifamily (Conduit Bond) Program, Redemptions and Maturities:

- On December 1, 2014, $6,170 in District of Columbia Housing Finance Agency Housing Revenue Bonds, Series 2013 B (Senior Housing at O Project) were fully redeemed due to the loan payoff.

- Between October 1, 2014 and December 18, 2014, $3,845 in multifamily mortgage revenue bonds were redeemed or matured.

F. WATER AND SEWER AUTHORITY (D. C. WATER) PAYMENT IN LIEU OF TAXES

On December 15, 2014, the District and the Water and Sewer Authority (D.C. Water) entered into a Memorandum of Understanding (MOU) which establishes the total amount of the payment in lieu of taxes (PILOT), including annual increases, to be paid by D.C. Water to the District for fiscal years 2015 to 2024.

Consistent with the executed MOU:

- In fiscal year 2015, D.C. Water is to make a PILOT payment to the District in the amount of $15,337 for services provided by the District to D.C. Water.

- In fiscal years 2016 to 2024, D.C. Water is to increase the amount of the PILOT payment by 2.0% per annum based on the amount of the prior year's annual PILOT payment, reflecting the anticipated increase in the cost of services over that period.

- The provisions in previous PILOT agreements relating to the submission of an annual cost certificate are no longer in effect and increases in the PILOT payment are to be based solely on the formula previously described.

- D.C. Water is to continue to deduct one-fourth of the amount of the annual Fire Protection Service Fee from the annual PILOT payment, resulting in a net PILOT payment.

- D.C. Water is to make the fiscal year 2015 to 2024 net PILOT payment in four equal installments due on November 15, February 15, May 15, and August 15 via electronic funds transfer, or other means as agreed to by the District and D.C. Water.

The PILOT MOU between the District and D.C. Water will be effective until September 30, 2024