NOTE 2. CASH AND INVESTMENTS

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.

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 2013.

During fiscal year 2013, 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 2013.

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, 2013, the liquidity pool had an average duration of 40.98 days and an average weighted final maturity of 99.74 days for USD collateral. As of this date, the duration pool had an average duration of 41.43 days and an average weighted final maturity of 1,996.16 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 Quality D Fund may invest in other investment vehicles managed by the master custodian provided they conform to fund guidelines.

On September 30, 2013, the Retirement Board had no credit risk exposure to borrowers.

As of September 30, 2013, the fair value of securities on loan was $83,900. Associated collateral totaling $84,142 was comprised of cash which was invested in the Quality D Fund. As of September 30, 2013, the invested cash collateral had a fair value of $83,478.

During the fiscal year ended September 30, 2013, 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 $664.

The collateral held is included in cash and investments shown in Exhibit 4-a, and the securities on loan are 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 2013 was recorded on a cash basis which approximated the accrual basis. For the year ending September 30, 2013, securities lending income was $701 and securities lending expense was $196, resulting in net securities lending income of $505.

NOTE 3. RESTRICTED ASSETS

At September 30, 2013, restricted assets of the primary government, component units, and fiduciary funds totaled $9,556,863 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	$ 488,201	$ -	$ -	$ -	$ -	$ 488,201
Capital Project	-	-	-	313,886	46,312	360,198
Emergency Cash Reserves	339,490	-	-	-	-	339,490
Others	13,722	116,983	132,816	-	230,272	493,793
Total	$ 841,413	$ 116,983	$ 132,816	$ 313,886	$ 276,584	$ 1,681,682

	Proprietary Funds/Business-Type Activities				
	Lottery & Games	Unemployment Compensation	Total	Fiduciary Funds	Component Units
Bond Escrow Accounts	$ -	$ -	$ -	$ -	$ 419,603
Unpaid Prizes	10,200	-	10,200	-	-
University Endowment	-	-	-	-	7,975
Benefits	-	311,814	311,814	7,123,902	-
Other	-	-	-	-	1,687
Total	$ 10,200	$ 311,814	$ 322,014	$ 7,123,902	$ 429,265

The bond escrow accounts include bond escrow for capital lease payment of $3,507.

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	$ 387,103	$ -	$ -	$ -	$ 3,760	$ -	$ -	$ -
Accounts and other	256,844	28,418	-	8,175	32,519	6,699	31,980	30,477
Federal	364	426,056	2,495	79,721	-	-	10,210	1,170
Total gross receivables	644,311	454,474	2,495	87,896	36,279	6,699	42,190	31,647
Less-allowance for uncollectibles	172,062	-	-	6,136	-	80	21,057	-
Total net receivables	$ **472,249**	$ **454,474**	$ **2,495**	$ **81,760**	$ **36,279**	$ **6,619**	$ **21,133**	$ **31,647**

NOTE 4. RECEIVABLES, INTERFUND TRANSFERS/BALANCES

B. INTERFUND TRANSFERS

Table N13 shows a summary of interfund transfers for the fiscal year ended September 30, 2013.

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	$	22,389
General Fund	Highway Trust Fund	Taxes imposed for Capital Projects - Parking and Storage		12,722
Lottery and Games	General Fund	DC Lottery excess revenues, after operating cost		68,314
General Fund	Capital Improvements Fund	PAYGO - Projects financed by the General Fund		88,201
General Fund	Capital Improvements Fund	Payments related to the master lease program		1,428
General Fund	Capital Improvements Fund	Transfer of interest on tobacco settlement		22,775
Capital Improvements Fund	General Fund	Transfer of Bike Sharing revenues		3,879
Capital Improvements Fund	General Fund	Capital Improvements Fund financing to help address potential budget shortfa		6,632
Tax Increment Financing Fund	General Fund	Tax imposed to pay debt service on economic development projects		12,377
PILOT Special Revenue Fund	General Fund	Excess collection		8,000
Federal and Private Resources Fund	General Fund	Revenues generated from indirect cost recovery		2,363
Baseball Special Revenue Fund	Baseball Debt Service Fund	Funds for baseball debt service payments		31,755
Baseball Special Revenue Fund	General Fund	Baseball Fund financing to help address potential budget shortfall		16,797
General Fund	Housing Production Trust Fund	Funds for housing projects and services		4,000
General Fund	Housing Production Trust Fund	Funds for other housing initiatives		62,931
		TOTAL INTERFUND TRANSFERS	$	364,563

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, 2013, 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	$ 24,080	$ 10,183	$ 231,527	$ 26,445
Federal & Private Resources	-	12,188	35,111	153,460
Housing Production Trust	-	-	4,420	-
General Capital Improvements	-	5,696	-	59,212
Nonmajor-Highway Trust	-	-	3,266	-
Nonmajor-Baseball Special Revenue	665	-	3,772	16,797
Nonmajor-PILOT Special Revenue	-	-	834	-
Nonmajor - Tax Increment Financing	-	-	12,828	-
Unemployment Compensation	-	-	-	35,456
Pension Trust	-	-	-	388
Health Benefit Exchange Authority	10,915	4,272	-	-
Washington Convention and Sports Authority	8,224	1,886	-	-
University of the District of Columbia	8,928	18,587	-	-
Total	$ **52,812**	$ **52,812**	$ **291,758**	$ **291,758**

The above balances represent the impact of transactions among the funds and component units which will be settled during fiscal year 2014.

NOTE 5. CAPITAL ASSETS

Capital Outlays

Capital outlays reported in the General Capital Improvements and Highway Trust Funds totaled $1,208,481 during the fiscal year ended September 30, 2013. 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, 2012	Additions	Transfers/ Dispositions	Transfers from CIP	Balance September 30, 2013
Non-depreciable:					
Land	$ 936,234	$ -	$ (12,099)	$ 4,183	$ 928,318
Construction in progress	1,209,373	905,413	-	(1,090,020)	1,024,766
Total non-depreciable	**2,145,607**	**905,413**	**(12,099)**	**(1,085,837)**	**1,953,084**
Depreciable:					
Infrastructure	4,816,659	-	(6,439)	331,421	5,141,641
Buildings	6,514,765	-	(34,742)	678,820	7,158,843
Equipment	1,512,265	19,640	(38,966)	75,596	1,568,535
Total depreciable	**12,843,689**	**19,640**	**(80,147)**	**1,085,837**	**13,869,019**
Less accumulated depreciation for:					
Infrastructure	(2,085,209)	(130,569)	-	-	(2,215,778)
Buildings	(1,389,619)	(127,475)	-	-	(1,517,094)
Equipment	(1,089,509)	(131,841)	32,058	-	(1,189,292)
Total accumulated depreciation	**(4,564,337)**	**(389,885)**	**32,058**	**-**	**(4,922,164)**
Total depreciable, net	**8,279,352**	**(370,245)**	**(48,089)**	**1,085,837**	**8,946,855**
Net governmental activities capital assets	**$ 10,424,959**	**$ 535,168**	**$ (60,188)**	**$ -**	**$ 10,899,939**

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, 2012	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2013
Governmental direction and support	$ 2,366,372	$ 1,206	$ (3,422)	$ 49,954	$ 2,414,110
Economic development and regulation	514,442	251	2,690	1,200	518,583
Public safety and justice	813,781	13,300	(12,682)	254,620	1,069,019
Public education system	3,090,888	4,062	(36,632)	362,805	3,421,123
Human support services	1,385,701	614	(20,785)	65,889	1,431,419
Public works	5,608,739	207	(21,415)	355,552	5,943,083
Construction in progress (CIP)	1,209,373	905,413	-	(1,090,020)	1,024,766
Total	**$ 14,989,296**	**$ 925,053**	**$ (92,246)**	**$ -**	**$ 15,822,103**

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, 2012	Additions	Transfers/ Dispositions	Balance September 30, 2013
Governmental direction and support	$ 744,087	$ 98,950	$ -	$ 843,037
Economic development and regulation	42,541	3,845	-	46,386
Public safety and justice	386,021	40,025	(12,577)	413,469
Public education system	640,604	66,632	(2,027)	705,209
Human support services	370,784	27,323	(17,454)	380,653
Public works	2,380,300	153,110	-	2,533,410
Total	**$ 4,564,337**	**$ 389,885**	**$ (32,058)**	**$ 4,922,164**

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, 2012	Additions	Dispositions/ Adjustments	Balance September 30, 2013
Lottery:				
Depreciable:				
Equipment	$ 3,659	$ 153	$ -	$ 3,812
Total	**3,659**	**153**	**-**	**3,812**
Total Business-Type	**3,659**	**153**	**-**	**3,812**
Less: accumulated depreciation for:				
Equipment	(3,179)	(206)	-	(3,385)
Total accumulated depreciation	(3,179)	(206)	-	(3,385)
Net capital assets	**$ 480**	**$ (53)**	**$ -**	**$ 427**

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, 2012, as restated	Additions	Transfers/ Dispositions	CIP Transfers in (out)	Balance September 30, 2013
Non-depreciable:					
Land	$ 20,989	$ -	$ -	$ -	$ 20,989
Artwork	2,741	-	-	-	2,741
Construction in progress	55,616	38,581	-	(8,870)	85,327
Total non-depreciable	**79,346**	**38,581**	**-**	**(8,870)**	**109,057**
Depreciable:					
Buildings and improvements	970,033	16,545	-	8,870	995,448
Equipment	252,659	4,611	-	-	257,270
Total depreciable	**1,222,692**	**21,156**	**-**	**8,870**	**1,252,718**
Less accumulated depreciation for:					
Buildings and improvements	(292,445)	(34,612)	-	-	(327,057)
Equipment	(190,129)	(6,425)	-	-	(196,554)
Total accumulated depreciation	**(482,574)**	**(41,037)**	**-**	**-**	**(523,611)**
Total depreciable, net	740,118	(19,881)	-	8,870	729,107
Net Capital Assets	**$ 819,464**	**$ 18,700**	**$ -**	**$ -**	**$ 838,164**

NOTE 5. CAPITAL ASSETS

Table N20 - Capital Assets by Component Unit

	Capital Assets				Accumulated Depreciation				Net Capital Assets	
Component Units	Restated October 1, 2012	Additions	Transfers/ Dispositions	September 30, 2013	Restated October 1, 2012	Additions	Transfers/ Dispositions	September 30, 2013	Restated October 1, 2012	Balance September 30, 2013
University of the District of Columbia	$ 256,079	$ 21,294	$ -	$ 277,373	$ (135,389)	$ (4,503)	$ -	$ (139,892)	$ 120,690	$ 137,481
Washington Convention and Sports Authority	969,704	8,526	-	978,230	(330,752)	(30,509)	-	(361,261)	638,952	616,969
Health Benefit Exchange Authority	-	27,744	-	27,744	-	-	-	-	-	27,744
Housing Finance Agency	6,215	59	-	6,274	(3,578)	(245)	-	(3,823)	2,637	2,451
Not-for-Profit Hospital Corporation	70,040	2,114	-	72,154	(12,855)	(5,780)	-	(18,635)	57,185	53,519
Total	$ 1,302,038	$ 59,737	$ -	$ 1,361,775	$ (482,574)	$ (41,037)	$ -	$ (523,611)	$ 819,464	$ 838,164

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, 2012	Additions/ Adjustments	Transfers from CIP/Disposition	Balance September 30, 2013
PRIMARY GOVERNMENT				
Governmental Direction and Support				
Finance	$ 14,375	$ 767	$ (79)	$ 15,063
Legislative	1,254	(1,254)	-	-
Administrative	37,610	75,594	(68,221)	44,983
Total	53,239	75,107	(68,300)	60,046
Public Safety and Justice				
Police	182,209	49,082	(214,295)	16,996
Fire	46,609	901	(30,247)	17,263
Corrections	-	-	-	-
Total	228,818	49,983	(244,542)	34,259
Economic Development and Regulation				
Community Development	66,660	(39,410)	(1,200)	26,050
Economic Regulation	-	3,339	-	3,339
Total	66,660	(36,071)	(1,200)	29,389
Public Education System				
Schools	89,207	351,053	(354,783)	85,477
Culture	1,016	15,001	(8,022)	7,995
Total	90,223	366,054	(362,805)	93,472
Human Support Services				
Health and Welfare	42,290	25,418	(65,216)	2,492
Recreation	43,480	62,920	-	106,400
Total	85,770	88,338	(65,216)	108,892
Public Works				
Environmental	684,663	362,002	(347,957)	698,708
Total	684,663	362,002	(347,957)	698,708
Totals	$ 1,209,373	$ 905,413	$ (1,090,020)	$ 1,024,766

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, 2013, the aggregate outstanding principal amount for these conduit debt obligations was approximately $4.9 billion.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2013.

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, 2013, the aggregate outstanding principal amount for Enterprise Zone Facility Bonds was $47.9 million.

Such amounts are not reflected as liabilities of the District in the accompanying government-wide statement of net position as of September 30, 2013.

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	$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%

Capitol Hill Towers

On December 20, 2006, the District released the $10,000 TIF Note of the Capitol Hill Towers from escrow. The note was fully repaid on December 15, 2013.

Verizon Center

In December 2007, the District issued $50,000 in taxable

NOTE 6. CONDUIT DEBT AND OTHER FINANCING PROGRAMS

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 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 is to be paid in a lump sum on May 8, 2014, from available incremental revenues from the Downtown TIF Area. The interest rate on this Note is 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 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, 2013.

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 7. SHORT TERM LIABILITIES

TAX REVENUE ANTICIPATION NOTES

The District issued $675,000 in Tax Revenue Anticipation Notes (TRANs) on October 23, 2012. 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, 2013 and the District paid the notes in their entirety by the statutorily required deadline of September 30, 2013.

Table N24- Changes in Short-Term Liabilities

Account	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Governmental Activities				
Tax Revenue Anticipation Notes	$ -	$ 675,000	$ 675,000	$ -

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, 2013 are presented in **Table N25**:

Table N25 – Summary of Long-Term Liabilities Outstanding at September 30, 2013

Governmental Activities:

	Outstanding
General Obligation (GO) Bonds:	
Series 1994B, issued July 21, 1994, in the amount of $207,900, maturity date: June 1, 2014, interest rates ranging from 5.30% to 6.65%	$ 5,805
Series 1998B, issued on April 16, 1998, in the amount of $451,635, maturity date: June 1, 2021, interest rates ranging from 4.50% to 6.00%	64,015
Series 2004B, issued on December 8, 2004, in the amount of $38,250, maturity date: June 1, 2020, interest rate: MUNI-CPI Rate	38,250
Series 2005A, issued 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, maturity date: June 1, 2030, average interest rate of 5.00%	5,695
Series 2005B, issued December 15, 2005, in the amount of $116,475, to redeem or defease a portion of the District's outstanding general obligation bonds (Series 1994,1997A, 1998A, 1998B and 2001B) and to pay the costs and expenses of issuing and delivering the Series 2005B Bonds; maturity date: June 1, 2027; interest rates ranging from 4.00% to 5.25%	82,120
Series 2007A, issued 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, maturing on June 1, 2036, interest rates ranging from 3.00% to 4.75%	576,475
Series 2007B, issued 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; 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, maturity date: June 1, 2033, interest rates ranging from 4.00% to 5.00%	283,805
Series 2008A, issued 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; variable rate direct purchase bonds bearing interest at a weekly rate	59,940
Series 2008C, issued May 21, 2008, in the amount of $224,300; 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, 2027; variable rate direct purchase bonds bearing interest at a monthly rate	224,300

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
Series 2008D, issued 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; maturity date: June 1, 2034, variable rate direct purchase bonds bearing interest at a weekly rate	104,950
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, maturity date: June 1, 2033, interest rates ranging from 4.00% to 5.00%	268,830
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; maturity date: June 1, 2025; interest rates ranging from 300% to 5.00%	127,410
Series 2010A, Build America Bonds, issued December 22, 2010, in the amount of $181,330, to finance capital projects expenditures and pay the costs and expenses of issuing and delivering the Series 2010A Bonds, maturing on June 1, 2023; interest ranging from 1.91% to 5.92%	152,435
Total General Obligation Bonds	**$ 2,245,185**
Qualified Zone Academy Bonds:	
Qualified Zone Academy Bonds, issued December 21, 2001, in the amount of $4,665, maturing on December 1, 2015	$ 768
Qualified Zone Academy Bonds, issued December 28, 2005, in the amount of $3,191, maturing on December 28, 2020	1,420
Qualified Zone Academy Bonds, issued May 29, 2008, in the amount of $2,360, maturing on December 1, 2017	1,180
Qualified Zone Academy Bonds, issued June 30, 2010, in the amount of $4,140, maturing on December 1, 2024	3,314
Total Qualified Zone Academy Bonds	**$ 6,682**
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; maturity date: December 1, 2034; interest rates ranging from 4.00% to 5.50%	$ 458,965
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; maturity date: December 1, 2029; interest rates ranging from 4.00% to 5.25%	270,165
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; maturity date: December 1, 2028; interest rates ranging from 3.00% to 5.00%	173,805

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
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; maturity date: December 1, 2017; interest rates ranging from 2.50% to 5.00%	96,530
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; 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, maturity date: December 1, 2017, interest rate of 4.053%	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 costs, maturity date: December 1, 2026, interest rate of 4.996%	32,945
Series 2010E, issued in November 2010, in the amount of $63,860, to refund $63,335 of the outstanding principal amount of Income Tax Secured Revenue Refunding Bonds, Series 2010C and pay the costs and expenses of issuing and delivering the Series 2010E Bonds, maturity date: December 1, 2013, interest rate variable equal to an adjusted SIFMA rate	31,930
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, 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, maturity date: December 1, 2036, interest rates ranging from 1.00% to 5.00%	135,815
Series 2011B-C-D-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; maturity dates as follows: 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	238,220
Series 2011 F-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, maturity date: December 1, 2036, interest rate ranging from 2.00% to 5.00%	391,190
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, maturity date: December 1, 2027, interest rate ranging from 2.00% to 5.00%	300,095

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
Series 2012C-D Bonds, $775,770, issued November 28, 2012, to pay costs associated with capital projects, bond issuance costs, and refund the outstanding PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue), interest rates ranging from 2.00% to 5.00%, maturity date: December 1, 2037	775,770
Total Income Tax Secured Revenue Bonds	**$ 4,457,675**
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%	$ 399,195
Series 2006, issued on August 30, 2006, in the amount of $248,264, final maturity on June 15, 2055, interest rate ranging from 6.25% to 7.25%	248,264
Total Tobacco Settlement Asset-Backed Bonds	**$ 647,459**
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; interest rates ranging from 3.00% to 5.00% with yields ranging from 0.75% to 3.96%, final maturity: June 1, 2031	$ 50,455
Mandarin Oriental Hotel TIF Bonds, issued on April 1, 2002, in the amount of $45,995, interest rate yields ranging from 4.26% to 5.48%, final maturity: July 1, 2022	19,677
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	**$108,782**
Ballpark Revenue Bonds:	
Series 2006A, issued May 15, 2006, $154,835 (Taxable) to finance a portion of the cost of construction of the District's baseball stadium, interest rate ranging from 5.958% to 6.165% with a yield of 5.33%; maturity date: February 1, 2036	$ 154,295
Series 2006B, issued May 15, 2006, $379,665 (Tax-Exempt) to finance a portion of the cost of construction of the District's baseball stadium, interest rate ranging from 4.00% to 5.50% with yield of 5.33% on Series 2006B-1 and variable for Series 2006B-2, maturity date: February 1, 2036	347,960
Total Ballpark Revenue Bonds	**$ 502,255**
Federal Highway Grant Anticipation Revenue Bonds (GARVEE):	
Series 2011, issued 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, interest rates ranging from 2.00% to 5.25%, maturity date: December 1, 2025	$ 74,635

NOTE 8. LONG-TERM LIABILITIES

	Outstanding
Series 2012, issued October 10, 2012, in the amount of $42,935, to: (a) finance Phase II of the 11th Street Bridge Project; and (b) pay costs of issuing the Series 2012 Bonds, interest rates ranging from 2.00% to 5.00%, maturity date: December 1, 2027	42,935
Total Federal Highway Grant Anticipation Revenue Bonds (GARVEE)	**$ 117,570**
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; interest rates ranging from 4.00% to 5.00%, maturity date: June 1, 2037	$ 30,535
Series 2010A-B-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; interest rates 5.00% (Series 2010A), maturing on June 1, 2040; ranging from 3.50% to 5.00% (Series 2010B), maturing on June 1, 2032; and 3.39% (Series 2010C), maturing on June 1, 2014.	50,685
Series 2012A-B, issued on December 6, 2012, in the amount of $39,586 to: (a) fund portions of the New Communities Projects, (b) fund a deposit to the Debt Service Reserve Fund, and (c) pay cost of issuing the Series 2012 Bonds; interest rates ranging from 3.00% to 5.00%, maturity date: June 1, 2042	39,230
Total Deed Tax Revenue Bonds (Housing Production Trust Fund Program)	**$ 120,450**
National Capital Revitalization Corporation Revenue Bonds:	
Issued on February 15, 2006, in the amount of $46,900 to finance the development and acquisition of a 1,000-space underground parking garage attached to the DC USA retail project, variable interest rate based on 70% of LIBOR plus 1.50%, due and payable on February 1, 2024	$ 4,997
Total National Capital Revitalization Corporation Revenue Bonds	**$ 4,997**
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, interest rate 4.463%, maturity date: December 1, 2021	$ 77,210
Total PILOT Revenue Bonds and Notes	**$ 77,210**
Certificates of Participation:	
Issued in July 2003, in the amount of $71,455, to provide funds to finance portions of the design and construction of a public safety and emergency preparedness communications and command center and the design, construction, and installation of a high-speed telecommunications network; interest rates ranging from 3.00% to 5.50%; maturity date: January 1, 2023	$ 45,480

NOTE 8. LONG – TERM LIABILITIES

	Outstanding
Issued in May 2006, in the amount of $211,680, to fund a portion of the cost of the design and construction of the new Saint Elizabeth's Hospital and to purchase and make improvements to the Department of Motor Vehicles building, interest rates ranging from 4.50% to 5.25%, maturity date: January 1, 2026	161,485
Total Certificates of Participation	**$ 206,965**
Parks and Recreation Notes:	
Executed on December 31, 2009 with the Boys and Girls Club of Greater Washington, to finance the acquisition of the following real property: (1) Frank R. Jelleff Branch property; (2) Mary & Daniel Loughran Clubhouse #10; and (3) Eastern Branch; payment schedule: $7.5 million at settlement and $3.125 million on October 1 beginning in 2010 and ending 2013	$ 3,125
Total Parks and Recreation Notes	**$ 3,125**
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	$ 98,283
Total Other Loans Payable	**$ 98,283**
Other Long-Term Liabilities:	
Premium on long-term debt	$446,370
Equipment financing program	113,817
Accreted interest	161,526
Capital leases	11,024
Annual leave	152,103
Disability compensation	129,251
Grant disallowances	77,853
Claims and judgments	207,481
Verizon	4,494
OPEB liability	9,906
Total Other Long-Term Liabilities	**$1,313,825**
Total Long-Term Liabilities – Governmental Activities	**$ 9,910,463**

Business-type Activities:

	Outstanding
Obligation for unpaid prizes, D.C. Lottery and Charitable Games Control Board	$ 10,200
Total Long-Term Liabilities – Business-Type Activities	**$ 10,200**

NOTE 8. LONG-TERM LIABILITIES

B. ANNUAL DEBT SERVICE REQUIREMENTS

Tables N26 through N37 present annual debt service requirements to maturity for the District's outstanding long-term liabilities at September 30, 2013:

Table N26 – Debt Service Requirements to Maturity – General Obligation Bonds

Year Ending September 30	General Obligation Bonds Principal	Interest	Total
2014	$ 49,675	$ 110,911	$ 160,586
2015	89,880	93,767	183,647
2016	119,630	95,996	215,626
2017	105,265	90,408	195,673
2018	95,770	85,340	181,110
2019 - 2023	524,650	351,811	876,461
2024 - 2028	392,940	243,931	636,871
2029 - 2033	484,795	161,760	646,555
2034 - 2037	382,580	45,597	428,177
Total	**$ 2,245,185**	**$ 1,279,521**	**$ 3,524,706**

Table N27 – Debt Service Requirements to Maturity – Qualified Zone Academy Bonds

Year Ending September 30	Principal
2014	$ 946
2015	946
2016	946
2017	690
2018	690
2019-2023	1,913
2024-2025	551
Total	**$ 6,682**

Table N28 – Debt Service Requirements to Maturity– Income Tax Secured Revenue Bonds

Year Ending September 30	INCOME TAX SECURED REVENUE BONDS Principal	Interest	Total
2014	$ 148,120	$ 208,316	$ 356,436
2015	121,095	203,216	324,311
2016	88,105	202,583	290,688
2017	103,215	198,429	301,644
2018	152,800	192,809	345,609
2019 - 2023	885,170	852,386	1,737,556
2024 - 2028	1,284,005	588,984	1,872,989
2029 - 2033	1,063,045	280,536	1,343,581
2034 - 2038	612,120	57,059	669,179
Total	**$ 4,457,675**	**$ 2,784,318**	**$ 7,241,993**

Table N29 –Debt Service Requirements to Maturity – Tobacco Settlement Asset-Backed Bonds

Year Ending September 30	Tobacco Bonds Principal	Interest	Total
2014	$ 19,060	$ 26,279	$ 45,339
2015	18,980	25,119	44,099
2016	20,765	23,933	44,698
2017	22,740	22,594	45,334
2018	23,600	21,116	44,716
2019 - 2023	147,805	79,719	227,524
2024 - 2028	146,245	22,769	169,014
2044 - 2048	159,733	1,697,592	1,857,325
2054 - 2058	88,531	2,478,469	2,567,000
Total	**$ 647,459**	**$ 4,397,590**	**$ 5,045,049**

Table N30 – Debt Service Requirements to Maturity – Gallery Place TIF Bonds

Year Ending September 30	Gallery Place Principal	Interest	Total
2014	$ 1,825	$ 2,484	$ 4,309
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
2019-2023	12,635	8,923	21,558
2024-2028	16,125	5,432	21,557
2029-2031	11,740	1,193	12,933
Total	**$ 50,455**	**$ 27,154**	**$ 77,609**

NOTE 8. LONG – TERM LIABILITIES

Table N31 – Debt Service Requirements to Maturity – Mandarin Oriental Hotel TIF Bonds

Year Ending September 30	Mandarin Oriental Hotel Principal	Interest	Total
2014	$ 2,148	$ 2,356	$ 4,504
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
2019-2022	10,226	7,796	18,022
Total	**$ 19,677**	**$ 20,876**	**$ 40,553**

Table N32 – Debt Service Requirements to Maturity – City Market at O Street TIF Bonds

Year Ending September 30	City Market at O Street Principal	Interest	Total
2014	$ -	$ 1,877	$ 1,877
2015	-	1,877	1,877
2016	220	1,877	2,097
2017	300	1,871	2,171
2018	350	1,862	2,212
2019-2023	3,200	9,060	12,260
2024-2028	6,770	8,018	14,788
2029-2033	8,665	6,218	14,883
2034-2038	11,060	3,820	14,880
2039-2041	8,085	843	8,928
Total	**$ 38,650**	**$ 37,323**	**$ 75,973**

Table N33 - Debt Service Requirements to Maturity – Ballpark Revenue Bonds

Year Ending September 30	Ballpark Bonds Principal	Interest	Total
2014	$ 6,835	$ 25,899	$ 32,734
2015	7,685	25,531	33,216
2016	8,550	25,418	33,968
2017	9,525	24,952	34,477
2018	10,535	24,442	34,977
2019-2023	70,105	112,480	182,585
2024-2028	107,035	89,589	196,624
2029-2033	156,890	55,011	211,901
2034-2036	125,095	10,094	135,189
Total	**$ 502,255**	**$ 393,416**	**$ 895,671**

Table N34 – 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
2014	$ 6,460	$ 5,303	$ 11,763
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
2019-2023	43,370	15,474	58,844
2024-2028	39,250	4,035	43,285
Total	**$ 117,570**	**$ 43,405**	**$ 160,975**

Table N35 – Debt Service Requirements to Maturity – Deed Tax Revenue Bonds (Housing Production Trust Fund Program)

Year Ending September 30	Housing Production Trust Principal	Interest	Total
2014	$ 2,395	$ 5,429	$ 7,824
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
2019-2023	16,450	22,681	39,131
2024-2028	20,780	18,336	39,116
2029-2033	25,785	13,328	39,113
2034-2038	29,830	7,143	36,973
2039-2042	14,545	1,316	15,861
Total	**$ 120,450**	**$ 88,866**	**$ 209,316**

Table N36 – Debt Service Requirements to Maturity – National Capital Revitalization Corporation Revenue Bonds

Year Ending September 30	National Capital Revitalization Corporation Principal	Interest	Total
2014	$ 3,905	$ 52	$ 3,957
2015	1,092	13	1,105
Total	**$ 4,997**	**$ 65**	**$ 5,062**

Note: All NCRC bonds are scheduled for early redemption in February 2014.

NOTE 8. LONG-TERM LIABILITIES

Table N37 – Debt Service Requirements to Maturity – Anacostia Waterfront Corporation PILOT Revenue Bonds

Year Ending September 30	Anacostia Waterfront Corporation Principal	Interest	Total
2014	$ 7,180	$ 3,368	$ 10,548
2015	7,510	3,044	10,554
2016	7,845	2,705	10,550
2017	8,200	2,351	10,551
2018	8,570	1,980	10,550
2019-2022	37,905	3,771	41,676
Total	**$ 77,210**	**$ 17,219**	**$ 94,429**

Tables N38 and N39 present annual debt service requirements to maturity for the District's Certificates of Participation at September 30, 2013:

Table N38 - Debt Service Requirements to Maturity – Public Safety Communications Center Certificate of Participation (COP)

Year Ending September 30	Public Safety Communications & Related Technology Center COP Principal	Interest	Total
2014	$ 3,545	$ 2,256	$ 5,801
2015	3,720	2,082	5,802
2016	3,930	1,872	5,802
2017	4,150	1,650	5,800
2018	4,385	1,415	5,800
2019-2023	25,750	3,253	29,003
Total	**$ 45,480**	**$ 12,528**	**$ 58,008**

Table N39 - Debt Service Requirements to Maturity – St. Elizabeth's Hospital/Department of Motor Vehicles Building Certificate of Participation (COP)

Year Ending September 30	St Elizabeth/DMV Building COP Principal	Interest	Total
2014	$ 9,015	$ 7,804	$ 16,819
2015	9,500	7,318	16,818
2016	10,015	6,805	16,820
2017	10,555	6,265	16,820
2018	11,110	5,711	16,821
2019-2023	64,425	19,676	84,101
2024-2026	46,865	3,593	50,458
Total	**$ 161,485**	**$ 57,172**	**$ 218,657**

Table N40 - Debt Service Requirements to Maturity – Parks and Recreation Notes

Year Ending September 30	Parks and Recreation Notes Principal	Interest	Total
2014	$ 3,125	$ -	$ 3,125
Total	**$ 3,125**	**$ -**	**$ 3,125**

Table N41 - Debt Service Requirements to Maturity – Other Loans Payable

Year Ending September 30	225 Virginia Avenue, LLC Principal	Interest	Total
2014	$ 2,723	$ 6,550	$ 9,273
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
2019-2023	21,910	24,458	46,368
2024-2028	30,676	15,692	46,368
2029-2033	30,047	3,956	34,003
Total	**$ 98,283**	**$ 74,825**	**$ 173,108**

NOTE 8. LONG – TERM LIABILITIES

Table N42 – Debt Service Requirements to Maturity – Equipment Financing Program

Year Ending September 30	Principal	Interest	Total
2014	$ 40,644	$ 2,305	$ 42,949
2015	32,216	1,350	33,566
2016	23,533	661	24,194
2017	12,707	250	12,957
2018	4,717	50	4,767
Total	**$ 113,817**	**$ 4,616**	**$ 118,433**

Table N43 presents aggregate debt service requirements and net receipts/payments on the associated hedging derivative instruments as of September 30, 2013. 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 78.

Table N43 – Aggregate Debt Service Requirements and Net Receipts/Payments on Hedging Derivative Instruments

Year Ending September 30	Principal	Interest	Hedging Derivatives, Net	Total
2014	$ 16,315	$ 3,419	$ 11,146	$ 30,880
2015	17,100	3,059	10,762	30,921
2016	17,910	2,682	10,353	30,945
2017	8,200	2,268	9,926	20,394
2018	8,570	2,205	9,619	20,394
2019-2023	150,965	7,756	37,339	196,060
2024-2028	120,700	1,886	10,751	133,337
Total	**$ 339,760**	**$ 23,275**	**$ 99,896**	**$ 462,931**

NOTE 8. LONG-TERM LIABILITIES

C. LONG TERM DEBT ACTIVITY DURING FISCAL YEAR 2013

Table N44 presents long-term debt activity for the year ended September 30, 2013:

Table N44 – Long Term Debt Activity

	September 30, 2012	Additions	Reductions	September 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds (including QZAB)	$ 2,302,853	$ -	$ (50,986)	$ 2,251,867	$ 50,621
Income tax secured revenue bonds	3,799,645	775,770	(117,740)	4,457,675	148,120
Tobacco settlement asset-backed bonds	677,219	-	(29,760)	647,459	19,060
Tax increment financing bonds	112,985	-	(4,203)	108,782	3,973
Ballpark revenue bonds	507,935	-	(5,680)	502,255	6,835
Federal highway grant anticipation revenue bonds (GARVEE)	78,775	42,935	(4,140)	117,570	6,460
Deed tax revenue bonds (housing production trust fund program)	82,805	39,586	(1,941)	120,450	2,395
National capital revitalization corporation revenue bonds	14,839	-	(9,842)	4,997	3,905
PILOT revenue bonds and notes (AWC and capper)	113,085	-	(35,875)	77,210	7,180
Certificates of participation	218,935	-	(11,970)	206,965	12,560
Parks and recreation notes	6,250	-	(3,125)	3,125	3,125
Other loans payable	100,829	-	(2,546)	98,283	2,723
Premium on long-term debt	319,369	154,681	(27,680)	446,370	38,925
Equipment financing program	119,523	41,016	(46,722)	113,817	40,644
Accreted interest	165,064	-	(3,538)	161,526	-
Capital leases	18,972	-	(7,948)	11,024	2,862
Annual leave	148,378	15,758	(12,033)	152,103	132,998
Disability compensation	135,046	5,738	(11,533)	129,251	-
Grant disallowances	70,000	7,853	-	77,853	-
Claims and judgments	135,084	99,116	(26,719)	207,481	-
Verizon	4,494	-	-	4,494	-
OPEB liability	32,206	-	(22,300)	9,906	-
Total long-term liabilities	$ 9,164,291	$ 1,182,453	$ (436,281)	$ 9,910,463	$ 482,386
Business-type activities:					
Obligation for unpaid prizes	$ 16,381	$ 506	$ (6,687)	$ 10,200	$ 4,010

New Bond Issuances

On December 6, 2012, the District issued $22,396 in Deed Tax Revenue Bonds, Series 2012A and $17,190 in Deed Tax Revenue Bonds, Series 2012B (together the Series 2012 Bonds). These bonds were issued to: (i) provide funds to finance, refinance, or reimburse the costs of activities associated with the New Communities Projects; (ii) fund a deposit to the Debt Service Reserve Fund; and (iii) pay certain costs of issuance associated with the Series 2012 Bonds. The Series 2012 Bonds are payable from and secured by a pledge of the Trust Estate, which includes pledged revenues. Pledged revenues include the amounts of the Allocated Fund that were received by the trustee and any other monies transferred by the District to the trustee and deposited in the Revenue Fund held by the trustee. The Allocated Fund is the segregated sub-account of the Housing Production Trust Fund established by the Housing Production Trust Fund Act of 1988 (D.C. Law 7-202; D.C. Official Code § 42-2801 et seq.) as amended, that collects and holds the following deposits received each fiscal year: (i) 15% of the Real Property Transfer tax imposed by D.C. Official Code; and (ii) 15% of the Deed Recordation Tax imposed by D.C. Official Code § 42-1103. The Series 2012 Bonds were issued with interest rates ranging from 3.00% to 5.00%, payable semi-annually on June 1 and December 1 of each year. Such payments began on June 1, 2013.

On November 28, 2012, the District issued $750,765 in Income Tax Secured Revenue Bonds, Series 2012C and $25,005 in Income Tax Secured Revenue Refunding Bonds, Series 2012D, together the 2012C-D Bonds. These Bonds were issued as Senior Bonds, the proceeds of which were used to: (i) pay and/or reimburse the District for costs of capital projects, (ii) pay the costs and

NOTE 8. LONG – TERM LIABILITIES

expenses of issuing and delivering the Series 2012C-D Bonds, and (iii) currently refund the District's outstanding 4.00% PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue), Series 2010. The Series 2012C-D Bonds were issued with interest rates ranging from 2.00% to 5.00%, and are payable semi-annually on June 1 and December 1, commencing on June 1, 2013. These bonds are special obligations of the District payable solely from the Trust Estate pledged under the Master Indenture. The Bonds are without recourse to the District, and are not a pledge of, and do not involve, the faith and credit or the taxing power of the District, do not constitute a debt of the District, and do not constitute lending of the public credit for private undertakings as prohibited by District law.

On October 10, 2012, the District issued $42,935 in Federal Highway Grant Anticipation Revenue Bonds, Series 2012. These bonds were issued to: (i) finance a portion of the costs of Phase II of the project to replace the twin 11th Street Bridges over the Anacostia River and improve the interchanges at either end, and (ii) pay certain costs of issuing the Series 2012 Bonds. The Series 2012 Bonds were issued with interest rates ranging from 2.00% to 5.00%, and are payable semi-annually on June 1 and December 1 of each year. Payments commenced on June 1, 2013. The Bonds are special obligations of the District, payable solely from revenues specifically pledged under the associated indenture. The District has neither pledged nor agreed to use any District revenues, taxes, or other monies to repay the Bonds other than federal transportation funds.

<u>Interest Rates on General Obligation Bonds and Income Tax Secured Revenue Bonds</u>

The weighted average interest rate on the District's outstanding fixed-rate bonds was 4.978% in fiscal year 2013. The weighted average interest rate on the District's variable rate bonds for fiscal year 2013 was 0.640%.

<u>Pledged Tax Revenues for Debt Service on Income Tax Secured Revenue Bonds</u>

During fiscal year 2013 the District collected $2,094,179 in Income and Business Franchise Taxes. Of this amount, $391,156, or 18.7%, was held in the Fund for the payment of debt service on outstanding Income Tax Secured Revenue Bonds in fiscal year 2014. The anticipated debt service amount for fiscal year 2014 is $356,436. Therefore, total available tax revenues collected and set aside in the Fund in fiscal year 2013 covers the total amount of anticipated debt service for fiscal year 2014 as presented below:

Available Tax Revenues Collected in FY2013

Individual Income	$ 1,640,899
Business Franchise	453,280
Total	$ 2,094,179
Amount Held in Escrow for FY2014 Debt Service (a)	$ 391,156
FY2014 Debt Service Amount (b)	$ 356,436
Rate of Coverage (c)=(a)/(b)	110%

In fiscal year 2013, debt service on the Income Tax Secured Revenue Bonds totaled $311,638. The debt service coverage ratio was 6.72 to 1: Total available taxes of $2,094,179, divided by FY 2013 debt service of $311,638.

<u>Refundings and Bond Defeasances</u>

On November 28, 2012, the District issued $25,005 in Income Tax Secured Revenue Refunding Bonds, Series 2012D. The proceeds of the Series 2012D Bonds and the $4,057 premium were used to currently refund the District's outstanding principal of $28,929 of the 4.00% PILOT Revenue Bond Anticipation Notes (Arthur Capper/Carrollsburg Public Improvement Issue), Series 2010. This transaction represented permanent financing, and thus, the District realized no economic gain as a result of this refunding.

In prior years, the District defeased certain bond issues 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, 2013, the total amount of defeased debt outstanding held by the escrow agent was $596,585. This amount has been removed from the government-wide financial statements.

NOTE 8. LONG TERM LIABILITIES

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 bonds remain in variable rate mode with the Series 2008A and Series 2008D Bonds 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 has an initial put date by the purchaser of October 26, 2015, as well as additional term out provisions.

Table N45 provides an overview for each of the Series 2008 direct purchase obligation refunding(s).

Table N45 – 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	$ 59,940	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
2008C-1	$ 67,195	6/1/2027	Monthly Reset / Monthly Pay	Wells Fargo Bank, N.A.	10/25/2012	10/26/2015
2008C-2	$ 157,105	6/1/2027	Monthly Reset / Monthly Pay	Wells Fargo Bank, N.A.	10/25/2012	10/26/2015
2008D	$ 104,950	6/1/2034	7-Day Reset / Monthly Pay	Citibank, N.A.	10/25/2012	10/26/2015
Total	$ 389,190					

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, 2013, the District had financed approximately $469 million of its capital equipment needs through the Master Equipment Lease Purchase Program, and had approximately $114 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 1.94%.

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, 2013, MUSL purchased for the Lottery, U.S. government securities totaling $10,522 to fund future installment payments to winners.

The market value of these securities at September 30, 2013, was $10,200. 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 (formerly the Washington Convention Center Authority) 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

NOTE 8. LONG TERM LIABILITIES

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 N46 presents the debt service requirements to maturity for principal and interest for WCSA's outstanding bonds.

Table N46 – Washington Convention and Sports Authority Debt Service Requirements to Maturity

	Washington Convention and Sports Authority		
Year Ending September 30	Principal	Interest	Total
2014	$ 15,625	$ 33,384	$ 49,009
2015	18,200	32,652	50,852
2016	18,970	31,769	50,739
2017	19,835	30,838	50,673
2018	20,730	29,848	50,578
2019 - 2023	123,805	131,662	255,467
2024 - 2028	167,045	95,974	263,019
2029 - 2033	151,800	52,337	204,137
2034 - 2038	82,115	26,850	108,965
2039 - 2041	34,535	3,026	37,561
Subtotal	**652,660**	**468,340**	**1,121,000**
Less:			
Unamortized Bond Discount - Net	(7,561)	-	(7,561)
Total	**$ 645,099**	**$ 468,340**	**$1,113,439**

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.

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

NOTE 8. LONG TERM LIABILITIES

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 2013

HFA did not issue any new single family bonds during fiscal year 2013. Similarly, there were no New Issue Bond Program (NIBP) bond issuances during the year. However, during fiscal years 2010 through 2013, 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. During fiscal year 2013, HFA issued $41,821 in Multifamily Conduit Bonds and $19,787 in Multifamily NIBP Bonds in draw-down mode.

For more information on HFA's long term debt activity during fiscal year 2013, refer to the Agency's separately issued financial statements for that year.

Table N47 presents the debt service requirements to maturity for principal and interest for the Housing Finance Agency's outstanding bonds.

Table N47 – Housing Finance Agency Debt Service Requirements to Maturity

Year Ending September 30	Principal	Interest	Total
2014	$ 25,019	$ 36,197	$ 61,216
2015	27,030	35,189	62,219
2016	20,823	34,249	55,072
2017	15,269	33,500	48,769
2018	16,013	32,767	48,780
2019-2023	92,514	151,445	243,959
2024-2028	104,297	126,669	230,966
2029-2033	147,895	98,525	246,420
2034-2038	117,488	67,249	184,737
2039-2043	137,868	38,459	176,327
2044-2048	112,235	13,407	125,642
2049-2053	20,893	1,952	22,845
2054-2058	1,375	105	1,480
Subtotal	**838,719**	**669,713**	**1,508,432**
Add:			
Unamortized Bond Premium - Net	2,878	-	2,878
Total	**$ 841,597**	**$ 669,713**	**$1,511,310**

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 2013, 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.

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, 2013, 2012, and 2011, were $11,472, $12,319, and $14,554, 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

NOTE 9. RETIREMENT PROGRAMS

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 $113,700 (not in thousands) for 2013. 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, 2013 and 2012, were $68,740 and $66,261, respectively. In addition, District contributions for Medicare for fiscal years 2013 and 2012 were $27,729 and $27,065, 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 16, 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 2013, 2012 and 2011, 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 contributions to the Police and Firefighters' Plan and to the Teachers' Plan on behalf of District employees and retirees. These on-behalf payments totaled $495,900 for the year ended September 30, 2013, and have been reported as intergovernmental revenue. Related expenditures of $391,761 and $104,139 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 2013, the District was required to make contributions of $6,407 to the Teachers Pension Plan and $96,314 to the Police and Firefighters Pension Plan. The District made theses required contributions totaling $102,721 accordingly.

The District's annual pension cost and net pension obligation to these plans for fiscal year 2013 are presented in **Table N48.**

Table N49 presents three-year trend information regarding annual pension cost, percentage of annual pension cost contributed, and net pension obligation.

NOTE 9. RETIREMENT PROGRAMS

Table N48 - Annual Pension Cost and Net Pension Obligation

	Teachers	Police and Firefighters
Annual required contribution (ARC)	$6,407	$96,314
Interest on net pension obligation	$0	$0
Adjustment to ARC	$0	$0
Annual pension cost	$6,407	$96,314
Contributions made	$6,407	$96,314
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 N49 - 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
09/30/13	$6.4	100%	$0	$96.3	100%	$0
09/30/12	$0	N/A	$0	$116.7*	100%	$0
09/30/11	$0	N/A	$0	$127.2	100%	$0

*Revised from last 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 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 N50**:

Table N50 – Additional Actuarial Information (District's Retirement Funds)

Fiscal Year 2013	
Valuation date	October 1, 2012
Actuarial cost method for contributions	Entry Age Normal
Actuarial cost method for accrued liabilities	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	20 years
Asset valuation method	7-year smoothed market return
Actuarial assumptions:	
Investment rate of return	6.50%
Projected salary increases:	
Police officers and fire fighters	4.75% - 9.25%
Teachers	4.45% - 8.25%
Includes inflation at	3.50%
Cost of living adjustments (COLAs)	3.50%
COLAs (for post November 10, 1996 hires)	Limited to 3.00%

NOTE 9. RETIREMENT PROGRAMS

Funded Status and Funding Progress

As of October 1, 2012, the most recent actuarial valuation date, the Teachers', Police Officers' and Firefighters' Pension Plan was 104.9% funded. The actuarial accrued liability for benefits was $5,137,524 and the actuarial value of assets was $5,390,479 resulting in a negative unfunded actuarial accrued liability (UAAL), or funding excess, of ($252,955). The covered payroll (annual payroll of active employees covered by the plan) was $796,112 and the ratio of the UAAL to the covered payroll was -31.80%.

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 2013, there were 15,214 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, 2013, 2012, and 2011, District contributions to the plan were $44,884, $44,195, and $46,955, 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.

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 2013. 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 2013. District employees contributed $17,449 to this annuity plan in fiscal year 2013. 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 2013. 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 $37,216 to this plan in fiscal year 2013. 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 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 2013, the District contributed $107.8 million to the plan and retiree contributions totaled $288,940 ($288.9 thousand). Employee contributions are not required prior to retirement to fund the plan.

Annuitants with at least 10 years of creditable District service but less than 30 years of creditable District service pay 75% of their health insurance premiums and the District pays the remaining 25%, plus an additional 2.5% for each year of creditable service over 10 years, provided that 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 or police officer or firefighter annuitants who are injured in the line of duty, the District pays 75% of the cost of the selected health benefit plan and the annuitant pays 25% of the cost of the selected health benefit plan.

Covered family members of an annuitant with at least 10 years of creditable District service but less than 30 years of creditable District service pay 80% of their health insurance premiums and the District

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

pays the remaining 20% plus an additional 2.5% for each year of creditable District service over 10 years, provided that the District's contribution shall not exceed 60% of the cost of the selected health benefit plan for covered family members of the annuitant. The District pays 60% 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 member pays 40% of the cost of the selected health benefit plan. The District pays 60% of the cost of the selected health benefit plan and the family member pays 40% of the cost of the selected health benefit plan for covered family members of police officer or firefighter annuitants who are injured or killed in the line of duty.

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

	FY 2013	FY 2012	FY 2011
Annual required contribution	$85,200	$95,500	$94,165
Interest on net OPEB obligation	$2,200	$3,192	$3,129
Adjustment to annual required contribution	($1,900)	($2,252)	($2,191)
Annual OPEB cost (expense)	$85,500	$96,440	$95,103
Contributions made	$107,800	$109,840	$94,200
Net OPEB asset/(obligation)	$22,300	$13,400	($903)
Net OPEB asset (obligation) – beginning of year	($32,206)	($45,606)	($44,703)
Net OPEB asset (obligation) – end of year	($9,906)	($32,206)	($45,606))

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 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 2011 through 2013)

Fiscal Year Ended	Annual OPEB Cost (millions)	% Of Annual OPEB Cost Contributed	Net OPEB Obligation (millions)
09/30/13	$85.2	126.5%	$9.9
09/30/12	$95.5	115%	$32.2
09/30/11	$94.2	100%	$45.6

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

e) Funded Status and Funding Progress

As of September 30, 2012, the most recent actuarial valuation date, the Plan was 75.4% funded. The actuarial accrued liability for benefits was $919,700 and the actuarial value of assets was $693,300, resulting in an unfunded actuarial accrued liability (UAAL) of $226,400. The covered payroll (annual payroll of active employees covered by the plan) was $1,399,100 and the ratio of the UAAL to the covered payroll was 16.18%.

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.

Using the September 30, 2012 actuarial valuation results, the September 30, 2013 estimated actuarial liability is $1,048,000 and the estimated actuarial value of the assets is $841,700 resulting in an estimated unfunded actuarial accrued liability (UAAL) of $206,300. The estimated covered payroll (annual payroll of active employees covered by the Plan) is $1,451,600 and the estimated ratio of the UAAL to the covered payroll is 14.21%.

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, 2012 actuarial valuation. The actuarial assumptions included a 7.00% investment rate of return, a discount rate of 7.00%; a 3.75% inflation rate 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 Open Method. The remaining amortization period at September 30, 2012, was 30 years.

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 15.45% with net investment income of $105,431 for the fiscal year ended September 30, 2013.

NOTE 11. FUND BALANCE/NET POSITION

Fund balances at September 30, 2013, are shown in **Table N53a**.

Table N53a - Schedule of FY 2013 Fund Balance

	General Fund	Federal & Private Resources	Housing Production Trust	General Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable						
Inventory	$ 16,015	$ -	$ -	$ -	$ -	$ 16,015
Total Nonspendable Fund Balance	16,015	-	-	-	-	16,015
Restricted for:						
Emergency and Contingency Cash Reserve	339,490	-	-	-	-	339,490
Debt Service - Bond Escrow	488,201	-	-	-	-	488,201
Budget	30,759	-	-	-	-	30,759
Purpose Restrictions	117,621	170,162	-	-	-	287,783
Payment in Lieu of Taxes (PILOT)	-	-	-	-	36,619	36,619
Tobacco Settlement	-	-	-	-	85,270	85,270
Tax Increment Financing Program	-	-	-	-	59,019	59,019
Housing Production Trust Fund	-	-	139,731	-	-	139,731
Capital Projects	-	-	-	102,434	-	102,434
Highway Projects	-	-	-	-	46,751	46,751
Baseball Special Revenue	-	-	-	-	77,678	77,678
Total Restricted Fund Balance	976,071	170,162	139,731	102,434	305,337	1,693,735
Committed to:						
Fiscal Stabilization Reserve	156,125	-	-	-	-	156,125
Cash Flow Reserve	295,442	-	-	-	-	295,442
Integrated Service Fund	4,577	-	-	-	-	4,577
Budget Support Act	19,392	-	-	-	-	19,392
Fixed Cost Commodity Reserve	22,289	-	-	-	-	22,289
Youth Jobs Fund	6,431	-	-	-	-	6,431
Healthcare Forfeiture	1,176	-	-	-	-	1,176
Dedicated Taxes	34,942	-	-	-	-	34,942
Other Special Purposes	119,193	-	-	-	-	119,193
Total Committed Fund Balance	659,567	-	-	-	-	659,567
Assigned to:						
Contractual obligations	1,069	-	-	-	-	1,069
Subsequent Years' Expenditures	96,206	-	-	-	-	96,206
Total Assigned Fund Balance	97,275	-	-	-	-	97,275
Unassigned	-	-	-	-	-	-
Total Fund Balance	**$1,748,928**	**$ 170,162**	**$ 139,731**	**$ 102,434**	**$ 305,337**	**$ 2,466,592**

NOTE 11. FUND BALANCE/NET ASSETS

Net position at September 30, 2013, is shown in **Table N53b**.

Table N53b - Schedule of FY 2013 Net Position, Proprietary and Fiduciary Funds

	Lottery & Games	Unemployment Compensation Fund	Fiduciary Funds
Net Position			
Invested in capital assets	$ 427	$ -	$ -
Restricted	-	241,952	6,973,904
Unrestricted	3,911	-	-
Total Net Position	$ 4,338	$ 241,952	$ 6,973,904

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, 2013, is shown in **Table N54a.**

Table N54a - Summary of Grants Provided to WMATA

Type	Local	Capital
Operating grants	$ 278,267	$ -
School Transit Subsidy	6,584	-
Capital grants	-	122,239
Total	**$ 284,851**	**$ 122,239**

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, 2013

Financial Position	
Total assets	$ 10,285,318
Total deferred outflows of resources	-
Total liabilities	(2,030,861)
Total deferred inflows of resources	117
Net position	**$ 8,254,574**
Operating Results	
Operating revenues	$ 856,829
Operating expenses	(2,300,239)
Nonoperating revenues, net	728,194
Revenue from capital contributions	704,550
Change in net position	**$ (10,666)**
Change in Net Position	
Net position, beginning of year	$ 8,265,240
Change in net position	(10,666)
Net position, end of year	**$ 8,254,574**

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, 2013, totaled $555,038.

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. The District did not expend any additional amounts during fiscal year 2013. Therefore, as of September 30, 2013, the District had expended a total of $152,262, or 97.7% of the federal funding received for purposes of emergency preparedness.

C. GRANTS

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, Supplemental Nutrition Assistance Program (SNAP), 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 $10,346 in fiscal year 2013.

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 $125,635 in fiscal year 2013.

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, 2013.

NOTE 14. LEASES

Table N55 - Schedule of Future Minimum Lease Payments

	Primary Government		
	Capital	Operating Leases	
Year Ending September 30	**Leases**	**Facilities**	**Equipment**
2014	$ 3,507	$ 88,339	$ 652
2015	3,507	74,473	203
2016	3,507	71,714	203
2017	1,873	65,799	79
2018	-	64,195	79
2019-2023	-	193,198	-
2024-2028	-	36,436	-
2029-2033	-	682	-
2034-2038	-	791	-
2039-2043	-	917	-
2044-2048	-	1,063	-
2049-2053	-	272	-
Minimum lease payments	**12,394**	**$ 597,879**	**$ 1,216**
Less - imputed interest	(1,370)		
Present value of payments	**$ 11,024**		

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, 2013. 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, 2013, probable cumulative expenditures that may be disallowed by grantor agencies totaled $77,853. 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, 2013, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions was $13 ($13 thousand) as indicated in **Table N8**. If the collateral posting requirements were triggered at

NOTE. 15. COMMITMENTS AND CONTINGENCIES

September 30, 2013, 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, 2013.

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, 2013.

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 $65,235.

In addition to the accruals related to pending claims and judgments, the District accrued $91,988 for pending or unresolved property tax appeals made by District property owners in fiscal year 2013.

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 2013	Fiscal Year 2012
Liability at October 1	**$ 135,084**	**$ 48,777**
Add: Claims incurred		
Lawsuits	61,410	33,554
Property tax appeals	37,706	57,886
Less: Claims payments/adjustments		
Lawsuits	(23,115)	(5,133)
Property tax appeals	(3,604)	-
Liability at September 30	**$ 207,481**	**$ 135,084**

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 2013	Fiscal Year 2012
Liability at October 1	**$ 135,046**	**$ 151,337**
Claims incurred	5,738	9,769
Less-benefit payments/adjustments	(11,533)	(26,060)
Liability at September 30	**$ 129,251**	**$ 135,046**

F. DEBT SERVICE DEPOSIT AGREEMENTS

In prior years, the District entered into debt service deposit agreements which will be 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 may be owed by the District. At September 30, 2013, deferred inflows of resources of $54 related to debt service deposit agreements were recorded in the government-wide financial statements.

NOTE 16. SUBSEQUENT EVENTS

A. TAX REVENUE ANTICIPATION NOTES

The District issued $405,000 in General Obligation Tax Revenue Anticipation Notes (TRANs) on November 7, 2013. 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 2014.

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 2, 2014	20% of the outstanding principal amount
September 19, 2014	60% of the outstanding principal amount
September 29, 2014	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 2.00%, and will mature on September 30, 2014.

B. 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.

C. 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.

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, 2013, 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.

D. COMPONENT UNITS

Housing Finance Agency

Subsequent to the end of fiscal year 2013, the following events occurred at the Housing Finance Agency (HFA):

NOTE. 16. SUBSEQUENT EVENTS

Multifamily (Conduit Bond) Program, New Issuances:

- On October 29, 2013, $9,000 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Bonds, Series 2013 were issued in a draw down mode to finance the Trinity Plaza project.
- On December 20, 2013, $42,000 of District of Columbia Housing Finance Agency Multifamily Housing Revenue Notes, Series 2013 were issued in a draw down mode to finance the Lofts at Capital Quarter project.
- Between October 1, 2013 and December 31, 2013, $14,009 in 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, 2013, $900 in District of Columbia Housing Finance Agency Single Family Housing Revenue Bonds Series 2009 A-1 were redeemed through sinking fund maturity and from prepayments.
- On December 1, 2013, $5,520 of the 1996 Single Family Mortgage Revenue Bonds were redeemed.
- On December 1, 2013, $65 ($65 thousand) 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 November 1, 2013, $2,389 in District of Columbia Housing Finance Agency Housing Revenue Bonds 2011 Series B (Alabama Avenue) were fully redeemed due to partial loan payoff. Between October 1, 2013 and December 31, 2013, $675 in Multifamily NIBP mortgage revenue bonds were redeemed.

Multifamily (Conduit Bond) Program, Redemptions and Maturities:

- On October 1, 2013, $5,700 in District of Columbia Housing Finance Agency Housing Revenue Bonds 2010 Series (Arthur Capper) were fully redeemed at maturity.
- On October 21, 2013, $9,244 in District of Columbia Housing Finance Agency Housing Revenue Bonds 2001 Series (Douglas Knoll) were fully redeemed due to the loan payoff.
- On October 31, 2013, $9,870 in District of Columbia Housing Finance Agency Housing Revenue Bonds 2003 Series (Bowling Green) were fully redeemed due to the loan payoff.
- Between October 1, 2013 and December 31, 2013, $2,226 of multifamily mortgage revenue bonds were redeemed or matured.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information presents additional information as mandated by current governmental financial reporting standards.

Schedule of Funding Progress
District of Columbia Retirement Programs

TEACHERS' AND POLICE OFFICERS' AND FIREFIGHTERS' PLANS
As of September 30, 2013
($000s)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)/ (Funding Excess)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2012	$5,390,479	$5,137,524	($252,955)	104.9%	$796,112	-31.8%
10/01/2011	$5,167,370	$4,854,689	($312,681)	106.4%	$805,676	-38.8%
10/01/2010	$4,989,764	$4,495,129	($494,635)	111.0%	$761,370	-65.0%
10/01/2009	$4,493,400	$4,332,400	($161,000)	103.7%	$772,700	-20.8%
10/01/2008	$4,379,700	$4,276,800	($102,900)	102.4%	$781,200	-13.2%

The District of Columbia Retirement Board uses the Aggregate Actuarial Cost Method, which does not result in the calculation of an unfunded accrued liability. GASB Statement No. 50 requires funds using the Aggregate Actuarial Cost Method to disclose funding status information based on Entry Age Normal calculations. Consistent with GASB Statement No. 50, the above Schedule of Funding Progress has been prepared using the Entry Age Actuarial Cost Method, to provide information that serves as a surrogate for the funded status and funding progress of the plan.

Actuarial Methods and Assumptions

OTHER POST EMPLOYMENT BENEFITS (OPEB) PROGRAM
As of September 30, 2013

Valuation Date	September 30, 2012 (projected from September 30, 2012 census)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, open
Remaining Amortization Period	30 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

The rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the Unfunded Actuarial Liability.

Schedule of Funding Progress

OTHER POST EMPLOYMENT BENEFITS (OPEB) PROGRAM
As of September 30, 2013
($000s)

	Actuarial Value of Assets	**Actuarial Accrued Liabilities**	**Unfunded Actuarial Accrued Liabilities (UAAL)**	**Funded Ratio**	**Covered Payroll**	**UAAL as a Percentage of Covered Payroll**
9/30/2012	$693,300	$919,700	$226,400	75.4%	$1,399,100	16.2%
9/30/2011	$511,500	$866,600	$355,100	59.0%	$1,559,800	22.8%
9/30/2010	$424,300	$784,900	$360,600	54.1%	$1,544,500	23.3%
09/30/2009	$309,100	$625,900	$316,800	49.4%	$1,579,900	20.1%
09/30/2008	$219,700	$745,200	$525,500	29.5%	$1,107,100	47.5%

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OTHER SUPPLEMENTARY INFORMATION

This subsection includes the combining and individual fund statements and schedules for the following:

General Fund

Nonmajor Governmental Funds

Fiduciary Funds

Supporting Schedules

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GENERAL FUND

The General Fund is used to account for all financial resources that are not required to be accounted for in another fund.

Exhibit A-1

GENERAL FUND
BALANCE SHEET
September 30, 2013
(With Comparative Totals at September 30, 2012)
($000s)

	2013	2012
ASSETS		
Cash and cash equivalents (unrestricted)	$ 1,279,409	$ 981,411
Receivables (net of allowances for uncollectibles):		
Intergovernmental	364	24
Taxes	380,360	419,683
Accounts	91,525	194,599
Due from component units	24,080	33,616
Interfund	231,527	187,901
Inventories	16,015	12,195
Other current assets	1,603	1,029
Cash and cash equivalents (restricted)	756,091	339,103
Investments (restricted)	85,322	388,255
Total current assets	2,866,296	2,557,816
Long term assets	158,705	13,646
Total assets	**$ 3,025,001**	**$ 2,571,462**
LIABILITIES		
Liabilities:		
Payables:		
Accounts	$ 491,317	$ 390,221
Compensation:		
Salaries and wages	176,336	148,530
Employee benefits	1,559	403
Payroll taxes	383	50
Other deductions	6,313	3,701
Interfund	26,445	17,011
Due to component units	10,183	13,288
Unearned revenue	80,396	46,485
Accrued liabilities:		
Grant disallowances	4,055	4,545
Medicaid	196,017	174,769
Tax refunds	101,019	91,608
Other current liabilities	42,565	10,029
Total liabilities	**1,136,588**	**900,640**
DEFERRED INFLOW OF RESOURCES		
Unavailable revenues		
Property taxes	60,961	89,833
Others	78,524	74,468
Total deferred inflow of resources	**139,485**	**164,301**
FUND BALANCE		
Nonspendable	16,015	20,357
Restricted	976,071	856,277
Committed	659,567	595,008
Assigned	97,275	34,879
Total fund balance	**1,748,928**	**1,506,521**
Total liabilities, deferred inflow of resources and fund balance	**$ 3,025,001**	**$ 2,571,462**

See Accompanying Independent Auditors' Report.

Exhibit A-2

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)
($000s)

	2013	2012
Revenues:		
Taxes	$ 5,960,636	$ 5,686,168
Fines and forfeits	178,708	185,771
Licenses and permits	105,081	99,300
Charges for services:		
Public	242,347	244,755
Intergovernmental	726	1,666
Miscellaneous:		
Public	364,346	356,643
Investment income	2,749	10,165
Total revenues	6,854,593	6,584,468
Expenditures:		
Governmental direction and support	748,634	694,011
Economic development and regulation	260,700	194,458
Public safety and justice	982,461	954,077
Public education system	1,681,634	1,571,264
Human support services	1,783,940	1,727,072
Public works	261,049	311,968
Public transportation	284,851	221,339
Debt service:		
Principal	193,504	177,175
Interest	320,135	287,819
Fiscal charges	8,160	14,349
Total expenditures	6,525,068	6,153,532
EXCESS OF REVENUES OVER EXPENDITURES	329,525	430,936
Other Financing Sources (Uses):		
Debt issuance	5,353	2,737
Refunding debt issuance	-	555,845
Premium on sale of bonds	-	66,836
Payment to refunded bond escrow agent	-	(622,363)
Transfers in	118,362	92,391
Transfers out	(214,446)	(124,755)
Sale of capital assets	3,613	-
Total other financing uses	(87,118)	(29,309)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	**242,407**	**401,627**
Fund Balance at October 1,	**1,506,521**	**1,104,894**
Fund Balance at September 30	**$ 1,748,928**	**$ 1,506,521**

See Accompanying Independent Auditors' Report.

Exhibit A-3

GENERAL FUND
SCHEDULE OF EXPENDITURES AND NET FINANCING (SOURCES) USES
FUNCTION AND OBJECT - GAAP BASIS
For the Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)
($000s)

Function and Subfunction	Personnel Services	Contractual Services	Supplies	Occupancy	Miscel-laneous *	Totals 2013	Totals 2012
Governmental Direction and Support:							
Legislative	$ 19,942	$ 2,686	$ 108	$ 594	$ 904	$ 24,234	$ 22,647
Executive	73,284	27,707	499	4,261	2,415	108,166	112,087
Finance	79,149	32,800	252	63	163,560	275,824	260,090
Personnel	9,833	2,362	20	18	15	12,248	11,117
Administrative	87,301	105,211	5,100	117,824	3,908	319,344	281,397
Elections	5,740	2,727	233	14	104	8,818	6,673
Total	275,249	173,493	6,212	122,774	170,906	748,634	694,011
Economic Development and Regulation:							
Community development	22,568	15,107	174	398	86,646	124,893	72,032
Economic regulation	53,658	12,529	401	4,479	4,212	75,279	66,509
Employment services	21,821	15,154	84	1,012	22,457	60,528	55,917
Total	98,047	42,790	659	5,889	113,315	260,700	194,458
Public Safety and Justice:							
Police	523,823	55,273	4,909	1,384	23,096	608,485	622,397
Fire	203,260	10,299	5,063	103	8,310	227,035	190,638
Corrections	68,112	52,019	5,453	2,812	4,365	132,761	126,453
Protection	5,038	647	172	6	788	6,651	7,441
Law	6,776	586	125	-	42	7,529	7,148
Total	807,009	118,824	15,722	4,305	36,601	982,461	954,077
Public Education System:							
Schools	502,988	95,210	12,896	39,038	621,102	1,271,234	1,154,296
Culture	125,359	38,574	1,323	10,674	234,470	410,400	416,968
Total	628,347	133,784	14,219	49,712	855,572	1,681,634	1,571,264
Human Support Services:							
Health and welfare	263,098	115,977	7,460	49,119	1,151,053	1,586,707	1,522,488
Human relations	4,636	3,140	114	24	16,020	23,934	21,531
Employment benefits	138,423	-	-	-	-	138,423	149,991
Recreation	29,716	3,597	1,090	21	452	34,876	33,062
Total	435,873	122,714	8,664	49,164	1,167,525	1,783,940	1,727,072
Public Works	150,275	89,512	1,041	10,513	9,708	261,049	311,968
Public Transportation	-	-	-	-	284,851	284,851	221,339
Debt Service	-	-	-	-	521,799	521,799	479,343
Net Financing Uses	-	-	-	-	87,118	87,118	29,309
Total expenditures and net uses	$ 2,394,800	$ 681,117	$ 46,517	$ 242,357	$ 3,247,395	$ 6,612,186	$ 6,182,841

See Accompanying Independent Auditors' Report.

*Miscellaneous column includes transfers, subsidies and other payments, the major components of which are listed below.

Transfers to: Convention Center [$107,041], Public Charter Schools [$601,428], UDC [$65,555], PAYGO-Capital [$88,201], Police & Fire Retirement System [$96,314], Mass Transit Subsidies [$284,851]

Payments for: Dept. of Mental Health [$28,283], Dept. of Health Care Finance [$767,337], Dept. of Human Services [$133,316], Child & Family Services [$97,564], Dept. of Youth Rehabilitation [$50,510], District Retiree Health Contribution [$107,800], Disability Services [$34,909], State Education [$70,739], Non-Public Tuition [$82,717], Equipment Lease-Capital [$49,953], BID [$23,290], Housing Production Trust Fund [$66,931], Repayment of Loans & Interest [$459,628]

Exhibit A-4

GENERAL FUND
SCHEDULE OF LOCAL SOURCE REVENUES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended September 30, 2013
($000s)

Source	Budget Original	Budget Revised	Actual	Variance Positive (Negative)
Taxes:				
Property:				
Real	$ 1,922,225	$ 1,862,886	$ 1,886,854	$ 23,968
Personal	53,686	57,211	54,878	(2,333)
Public space rental	32,930	32,000	33,370	1,370
Total	2,008,841	1,952,097	1,975,102	23,005
Sales and use:				
General	1,044,340	1,101,577	1,084,978	(16,599)
Alcoholic beverages	5,473	5,269	5,945	676
Cigarette	36,353	33,400	33,991	591
Motor vehicles	38,760	44,558	46,584	2,026
Motor fuel tax	23,750	22,000	22,391	391
Total	1,148,676	1,206,804	1,193,889	(12,915)
Income and franchise:				
Individual income	1,411,585	1,653,570	1,640,899	(12,671)
Corporation franchise	245,424	312,012	298,983	(13,029)
Unincorporated business	154,666	163,787	154,297	(9,490)
Total	1,811,675	2,129,369	2,094,179	(35,190)
Gross receipts:				
Public utility	143,634	143,067	133,799	(9,268)
Toll telecommunication	59,031	57,790	54,527	(3,263)
Insurance companies	76,014	85,000	77,549	(7,451)
Health care providers	13,400	14,114	15,117	1,003
Health care related incomes	24,519	24,676	22,778	(1,898)
Total	316,598	324,647	303,770	(20,877)
Other:				
Deed recordation	144,526	174,695	177,952	3,257
Deed transfers	120,179	124,419	130,285	5,866
Inheritance and estate	45,000	38,000	39,700	1,700
Economic interests	10,000	4,269	5,815	1,546
Total	319,705	341,383	353,752	12,369
Total taxes	5,605,495	5,954,300	5,920,692	(33,608)
Licenses and Permits:				
Business licenses	37,590	37,092	45,017	7,925
Nonbusiness permits	40,350	31,937	33,840	1,903
Total	77,940	69,029	78,857	9,828
Fines and Forfeits	178,522	165,122	145,509	(19,613)
Charges for Services	63,223	68,026	75,416	7,390
Miscellaneous:				
Interest	3,000	2,500	130	(2,370)
Other	112,900	103,570	166,138	62,568
Total	115,900	106,070	166,268	60,198
Total Local Revenues	**6,041,080**	**6,362,547**	**6,386,742**	**24,195**
Transfers and Other sources:				
General obligation bonds	6,000	6,000	4,079	(1,921)
Fund balance released from restrictions	31,260	114,145	-	(114,145)
Interfund transfer	98,501	109,201	114,482	5,281
Total Transfers and Other Sources	**135,761**	**229,346**	**118,561**	**(110,785)**
Total Local Revenues and Sources	**$ 6,176,841**	**$ 6,591,893**	**$ 6,505,303**	**$ (86,590)**

See Accompanying Independent Auditors' Report.