



District of Columbia  
Housing Finance Agency  
1996 Single Family Mortgage Revenue Bonds  
Financial Statements With  
Independent Auditor's Report  
Years Ended September 30, 2012 and 2011

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**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**FINANCIAL STATEMENTS WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report .....	1
<b>Financial Statements</b>	
Balance Sheets .....	2
Statements of Revenues, Expenses and Change in Net Assets.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements .....	7

Independent Auditor's Report


Board of Directors  
District of Columbia Housing Finance Agency

We have audited the accompanying basic financial statements, as listed in the table of contents, of the 1996 Single Family Mortgage Revenue Bonds ("the Fund"), of the District of Columbia Housing Finance Agency ("the Agency") a component unit of the Government of the District of Columbia, as of and for the year ended September 30, 2012. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of September 30, 2012, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of September 30, 2011, were audited by other auditors whose report dated January 9, 2012, expressed an unmodified opinion on those statements.



Baltimore, Maryland  
January 25, 2013

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**BALANCE SHEETS**  
**SEPTEMBER 30, 2012 AND 2011**

<u><b>ASSETS</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Current Assets</b>		
<b>Restricted current assets:</b>		
Cash and cash equivalents	\$ 5,118,584	\$ 1,112,453
Accrued interest receivable	354,015	532,785
Current portion of mortgage-backed securities	3,568,598	6,892,686
Total restricted current assets	<u>9,041,197</u>	<u>8,537,924</u>
Total current assets	<u>9,041,197</u>	<u>8,537,924</u>
<b>Non-current Assets</b>		
<b>Restricted non-current assets:</b>		
Investments held in trust	4,691,376	5,469,648
Mortgage backed securities, less current portion	69,895,500	105,759,639
Mortgage loans receivable	410,000	400,000
Bond issue costs, net	699,042	1,579,443
Total restricted non-current assets	<u>75,695,918</u>	<u>113,208,730</u>
Total non-current assets	<u>75,695,918</u>	<u>113,208,730</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 84,737,114</u></b>	<b><u>\$ 121,746,654</u></b>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**BALANCE SHEETS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

<b>LIABILITIES AND NET ASSETS</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Current Liabilities</b>		
<b>Current liabilities payable from restricted assets:</b>		
Project funds held for borrower and other liabilities	\$ 2,773,285	\$ 2,773,285
Deferred revenue	290,962	517,555
Interest payable	1,101,988	1,755,198
Current portion of rebate liability	-	233
Current portion of bonds payable	990,000	1,475,000
Total current liabilities payable from restricted assets	<u>5,156,235</u>	<u>6,521,271</u>
<b>Non-current Liabilities</b>		
<b>Non-current liabilities payable from restricted assets:</b>		
Rebate liability, less current portion	91,143	210,944
Bonds payable, less current portion	67,265,711	105,475,974
Due to other funds	1,107,231	1,069,475
Total non-current liabilities payable from restricted assets	<u>68,464,085</u>	<u>106,756,393</u>
<b>TOTAL LIABILITIES</b>	<b><u>73,620,320</u></b>	<b><u>113,277,665</u></b>
 <b>NET ASSETS</b>		
<b>Restricted for:</b>		
Bond Fund	<u>11,116,794</u>	<u>8,468,990</u>
Total restricted net assets	<u>11,116,794</u>	<u>8,468,990</u>
<b>TOTAL NET ASSETS</b>	<b><u>11,116,794</u></b>	<b><u>8,468,990</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 84,737,114</u></b>	<b><u>\$ 121,746,654</u></b>

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Investment interest income, net of rebate	\$ 269,421	\$ 258,567
Mortgage-backed security interest income	7,178,980	5,890,888
Other	226,593	101,520
Total operating revenues	<u>7,674,994</u>	<u>6,250,975</u>
<b>OPERATING EXPENSES</b>		
General and administrative	111,176	126,868
Interest expense	1,617,346	5,412,811
Bond cost of issuance amortization	880,402	109,493
Trustee fees and other expenses	125,969	51,317
Total operating expenses	<u>2,734,893</u>	<u>5,700,489</u>
<b>OPERATING INCOME</b>	<u>4,940,101</u>	<u>550,486</u>
<b>NON-OPERATING REVENUES / EXPENSES</b>		
(Decrease) / Increase in fair value of mortgage-backed securities	<u>(2,292,297)</u>	<u>1,330,248</u>
Total non-operating revenues / expenses	<u>(2,292,297)</u>	<u>1,330,248</u>
<b>CHANGE IN NET ASSETS</b>	2,647,804	1,880,734
Net assets, beginning of year	<u>8,468,990</u>	<u>6,588,256</u>
Net assets, end of year	<u>\$ 11,116,794</u>	<u>\$ 8,468,990</u>

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash Flows From Operating Activities:</b>		
Principal and interest received on mortgage-backed securities	\$ 45,217,374	\$ 20,487,575
Purchase of mortgage-backed securities	(975,450)	-
Payments to vendors	(199,390)	(167,729)
Mortgage loans disbursed	(10,000)	(310,000)
<b>Net cash provided by operating activities</b>	<u>44,032,534</u>	<u>20,009,846</u>
 <b>Cash Flows From Non-Capital Financing Activities</b>		
Interest paid on bonds	(5,375,817)	(6,109,899)
Principal payments on issued debt	(35,590,000)	(24,100,000)
<b>Net cash used in non-capital financing activities</b>	<u>(40,965,817)</u>	<u>(30,209,899)</u>
 <b>Cash Flows From Investing Activities</b>		
Interest received on investments	268,583	385,045
Sale of investments	9,321,960	14,406,126
Purchase of investments	(8,543,690)	(7,898,562)
Arbitrage rebates paid	(107,439)	(935,843)
<b>Net cash provided by investing activities</b>	<u>939,414</u>	<u>5,956,766</u>
 NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,006,131	(4,243,287)
Cash and cash equivalents, beginning of year	<u>1,112,453</u>	<u>5,355,740</u>
Cash and cash equivalents, end of year	<u>\$ 5,118,584</u>	<u>\$ 1,112,453</u>

(Continued)



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**STATEMENTS OF CASH FLOWS - CONTINUED**  
**YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>		
Operating income	\$ 4,940,101	\$ 550,486
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease (increase) in assets:		
Mortgage-backed securities	36,895,930	14,531,625
Mortgage loans	(10,000)	(310,000)
Accrued interest	178,770	131,230
Asset adjustment	37,755	10,458
(Decrease) increase in liabilities:		
Accrued interest payable	(653,210)	(409,220)
Rebate liability	(120,033)	(875,534)
Amortizations		
Bond original issue discounts and (premiums), net	(3,105,261)	(287,868)
Deferred bond issuance costs	880,402	109,493
Deferred revenue	(226,593)	(101,520)
Arbitrage rebates paid	107,439	935,843
Interest received on investments	(268,583)	(385,045)
Interest on bonds and short-term debt	5,375,817	6,109,899
<b>Net cash provided by operating activities</b>	<b>\$ 44,032,534</b>	<b>\$ 20,009,846</b>

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 1: ORGANIZATION AND PURPOSE**

The District of Columbia Housing Finance Agency (the “Agency” or “DCHFA”) was created as a corporate body which has a legal existence separate from the Government of the District of Columbia (the “District”) but which is an instrumentality of the District, created to effectuate certain public purposes. The Agency is empowered to, among other activities, generate funds from public and private sources to increase the supply and lower the cost of funds available for residential mortgages and notes and for the construction of permanent multifamily rental properties.

In 1991, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 14, *The Financial Reporting Entity*. The definition of the reporting entity is based primarily on the notion of financial accountability. In determining financial accountability for legally separate organizations, the Agency considered whether its officials appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Agency. The Agency also considered whether there are organizations that are fiscally dependent on it. It was determined that there are no component units of the Agency.

The accompanying financial statements include only the Agency’s 1996 Single Family Mortgage Revenue Bonds (the “Fund”). The Agency’s other Funds are not included. The Fund was set up to issue bonds primarily to originate or purchase single family mortgage loans and mortgage-backed securities. These financial statements do not purport to, and do not, present fairly the financial position of the District or the Agency and the changes in their respective financial positions and cash flows, in conformity with accounting principles generally accepted in the United States of America.

The Agency, as an enterprise fund, is included in the District’s Comprehensive Annual Financial Report as a discretely presented component unit pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Since the Agency prepares separate combining financial statements for all of its Funds, which contain the Management’s Discussion and Analysis (“MD&A”), for inclusion in the District’s Comprehensive Annual Financial Report, no separate MD&A is required in the accompanying statements.

Within the Fund are separate accounts maintained for each obligation in accordance with the indenture terms.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 1: ORGANIZATION AND PURPOSE (Continued)**

The bonds and notes issued by the Fund are special obligations of the Fund payable principally from revenue and repayments of mortgage loans and mortgage-backed securities and investments, financed by or purchased from the proceeds of such bonds under the terms of the indenture and are not a debt of the District. Neither the faith and credit nor the taxing power of the District is pledged for the repayment of the bonds.

The Fund is used to account for the proceeds of single-family mortgage revenue bond issues, investments, mortgage loans and mortgage-backed securities held pursuant to the indenture terms, the debt service requirements on the bonds, and debt service collected from mortgage loans purchased for the financing of owner-occupied single-family residences in the District.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the Agency's significant accounting policies:

**Basis of Accounting and Measurement Focus** - For financial reporting purposes only, the Agency is a component unit of the District. The Agency's General Fund and Revenue Obligation Funds are accounted for as enterprise funds. Accordingly, the accompanying combined financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America.

The Agency reports its financial activities by applying Standards of the Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Agency has elected not to adopt the Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless the GASB specifically adopts the FASB Statements or Interpretations, APB Opinions, and ARB of the AICPA Committee on Accounting Procedure.

The Agency has adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Under GASB Statement No. 34, net assets should be reported as restricted when constraints placed on the net asset use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

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

enabling legislation. Accordingly, all net assets of the Fund, are restricted as to their use as all net assets within each indenture are pledged to bondholders.

**Operating Revenues and Expenses** - The Agency distinguishes operating revenues and expenses from non-operating items in conformity with GASB Statement No. 34. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the District. The Fund's activities are considered to be operating except for changes in the fair value of mortgage-backed securities. Operating revenues primarily consist of interest on mortgage-backed securities, interest on mortgage loans and investment of bond proceeds, and other revenues. Operating expenses primarily consist of bond interest, amortization of bond cost of issuance, discounts and premiums, trustee, legal and financial advisory fees and other operating expenses.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash and money market funds and investments in highly liquid short-term instruments with original maturities of three months or less at the time of purchase.

**Investments** – Investments consist of investment agreements. Investments in the Fund consist of those permitted by the respective trust indentures adopted by the Agency providing for the issuance of notes and bonds. Investments are reported at fair value as determined by financial services providers, except for certain non-participating fixed interest investment contracts which are valued using cost based measures. Investments are reported at fair value in the balance sheet and changes in the fair value of investments are recognized in the Statement of Revenues, Expenses and Change in Net Assets as part of operating income. Investment agreements can be reasonably expected to have a fair value equal to their par value since the interest rates are guaranteed and principal can be recovered on demand and supported by the credit rating of the investment providers.

**Mortgage-Backed Securities** - Mortgage-backed securities represent certificates issued by the Government National Mortgage Association (“Ginnie Mae” or “GNMA”), and the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “FHLMC”), which guarantee the receipt by the Fund of monthly principal and interest from mortgages originated with proceeds from the bonds issued under the Fund.

These securities are stated at fair value as determined by financial services providers or financial publications. These guaranteed securities are issued in connection with single family mortgage loans. Each of these securities is intended to be held to maturity or until the payoff of the related loans. The repayment and prepayments of the mortgage-backed securities are at par value based on the

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

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

guarantees embedded in these securities. Mortgage-backed securities are reported at fair value on the balance sheet and changes in the fair value of mortgage-backed securities are recognized in the Statement of Revenues, Expenses and Change in Net Assets as part of non-operating income.

**Bond Issuance Costs** - Costs related to the issuance of bonds are capitalized and amortized over the life of the related debt on a straight-line basis, which approximates the effective yield method. When the debt is redeemed early with mortgage prepayments, a proportionate share of the remaining unamortized costs is recognized as a loss in the Statements of Revenues, Expenses and Change in Net Assets.

**Bond Discounts and Premiums** - Bond discounts or premiums arising from the sale of serial or term bonds are amortized using the straight-line method which approximates the effective yield method, over the life of the bond issue.

**Deferred Revenue** – Deferred revenue represents funds received from non-refundable fees associated with origination of mortgage loans underlying the mortgage-backed securities under the indenture. The deferred fees are amortized over the estimated life of the mortgage-backed securities.

**Net Assets** - Net assets of the Fund are reported as restricted since their use is subject to externally imposed stipulations (such as bond covenants).

**General and Administrative and Other Expenses** – The Fund incurs ongoing general and bond issuer and administrative expenses, bond trustee fees and other costs. These expenses are recorded as they are incurred.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recent Accounting Pronouncements**

The Agency reviews all GASB accounting pronouncement for their applicability and impact on the Agency's financial statements. The Agency determined that the following GASB statements may have an impact on the Agency financial statements once adopted.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

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

In June 2011 GASB published Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the financial statements and by renaming the residual measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Accounting changes adopted to conform to the provisions of this Statement should be applied retroactively by reclassifying the statement of net position and balance sheet information, for all prior periods presented. In the period this Statement is first applied, the financial statements will disclose the nature of any reclassification and its effect. Also, the reason for not reclassifying statement of net position and balance sheet information for prior periods presented will be included, if necessary.

In March 2012 GASB published Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. An example of how this Statement will affect the Agency financial statements relates to the debt issuance costs, which, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Also, loan origination fees, except any portion related to points, should be recognized as revenue in the period received. Points received by a lender in relation to a loan origination should be reported as a deferred inflow of resources and recognized as revenue over the duration of the related loan. Direct loan origination costs should be recognized as an expense in the period incurred. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Accounting changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements for all periods presented, or the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position or fund balance, for the earliest period reported.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 3: RECLASSIFICATIONS**

Certain amounts previously reported in the fiscal year 2011 financial statements have been reclassified to conform to the fiscal year 2012 presentation.

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES**

Bond proceeds and revenues from mortgages, mortgage-backed securities and investments are invested in authorized investments as defined in the Fund's indenture until required for purchasing mortgage-backed securities, funding reserves, paying debt service or redeeming outstanding bonds and notes, and funding program and administrative and operating expenses.

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**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

The following assets, reported at fair value and held by the Fund at September 30, 2012 and 2011, were evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

<u>Asset</u>	<u>2012</u>	<u>2011</u>
<u>Cash and Cash Equivalents</u>		
Demand Money Market Deposits	\$ -	\$ -
Money Market Funds	5,118,584	1,112,453
Total Cash and Cash Equivalents	<u>5,118,584</u>	<u>1,112,453</u>
<u>Investments</u>		
Investment Agreements	4,691,376	5,469,648
Total Investments	<u>4,691,376</u>	<u>5,469,648</u>
<u>Mortgage-Backed Securities</u>		
Ginnie Mae	18,807,038	37,244,815
Fannie Mae	19,374,110	30,348,193
Freddie Mac	35,282,950	45,059,316
Total Mortgage-Backed Securities	<u>73,464,098</u>	<u>112,652,324</u>
Total Cash, Investments and Mortgage-Backed Securities	<u>\$ 83,274,058</u>	<u>\$ 119,234,425</u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Under the Fund, the terms of the investments are set to allow for no market value loss at the time the invested funds are drawn for uses authorized under the indenture. As a means of limiting its exposure to fair value losses from rising interest rates, the Agency structures the maturities of the investment portfolio to be concurrent with cash needs of the Fund in order to minimize losses that may be incurred from sale of investments prior to maturity. The money market funds operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. These funds can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. The cost of the money market mutual funds approximated fair value.



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

As of September 30, 2012, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Fund were as follows:

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 to 5	From 5 to 10	From 10 to 15	More than 15
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 5,118,584	\$ 5,118,584	\$ 5,118,584	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>5,118,584</u>	<u>5,118,584</u>	<u>5,118,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Investment Agreements	4,691,376	4,691,376	-	-	-	-	4,691,376
Total Investments	<u>4,691,376</u>	<u>4,691,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,691,376</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	16,564,590	18,807,038	-	-	815,665	6,038,962	11,952,411
Fannie Mae	17,806,788	19,374,110	-	-	-	453,297	18,920,813
Freddie Mac	31,967,130	35,282,950	-	-	-	-	35,282,950
Total Mortgage-Backed Securities	<u>66,338,508</u>	<u>73,464,098</u>	<u>-</u>	<u>-</u>	<u>815,665</u>	<u>6,492,260</u>	<u>66,156,173</u>
<b>Total Cash, Investments and Mortgage-Backed Securities</b>	<u><b>\$ 76,148,468</b></u>	<u><b>\$ 83,274,058</b></u>	<u><b>\$ 5,118,584</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 815,665</b></u>	<u><b>\$ 6,492,260</b></u>	<u><b>\$ 70,847,549</b></u>

(Continued)

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

As of September 30, 2011, the amortized cost, fair value and maturities for the cash, cash equivalents, investments and mortgage-backed securities for the Fund were as follows:

Asset	Cost	Fair Value	Maturities (in years)				
			Less than 1	From 1 to 5	From 5 to 10	From 10 to 15	More than 15
<u>Cash and Cash Equivalents</u>							
Money Market Funds	\$ 1,112,453	\$ 1,112,453	\$ 1,112,453	\$ -	\$ -	\$ -	\$ -
Total Cash and Cash Equivalents	<u>1,112,453</u>	<u>1,112,453</u>	<u>1,112,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Investments</u>							
Investment Agreements	5,469,648	5,469,648	812,812	-	-	-	4,656,835
Total Investments	<u>5,469,648</u>	<u>5,469,648</u>	<u>812,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,656,835</u>
<u>Mortgage-Backed Securities</u>							
Ginnie Mae	33,811,812	37,244,815	-	-	810,301	6,858,738	29,575,776
Fannie Mae	28,223,750	30,348,193	-	-	-	459,699	29,888,495
Freddie Mac	41,198,876	45,059,316	-	-	-	-	45,059,316
Total Mortgage-Backed Securities	<u>103,234,438</u>	<u>112,652,325</u>	<u>-</u>	<u>-</u>	<u>810,301</u>	<u>7,318,437</u>	<u>104,523,587</u>
<b>Total Cash, Cash Equivalents, Investments and Mortgage-Backed Securities</b>	<u>\$ 109,816,539</u>	<u>\$ 119,234,425</u>	<u>\$ 1,925,265</u>	<u>\$ -</u>	<u>\$ 810,301</u>	<u>\$ 7,318,437</u>	<u>\$ 109,180,423</u>

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the Agency will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of September 30, 2012 and 2011, the Fund's cash and cash equivalents and investments were not subject to custodial credit risk under GASB Statement No. 40. The investments held by the trustee under the Fund are kept separate from the assets of the trustee bank and from other trust accounts and are titled in the name of respective bond indentures.

**Credit Risk and Concentration of Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. All of investment securities in general under the Fund must be at a rating not adversely affecting the rating of the respective bonds; and financial institutions who are counterparty to the Agency must be rated at least comparable to the existing rating on the Fund's bonds, unless counterparty ratings lower than the bond ratings are permitted in a specific indenture and do not affect the ratings on the bonds as determined at the time the investment securities are acquired or investment agreements are executed. The rating on the 1996 Single Family Mortgage Revenue Bonds as of September 30, 2012 and 2011 was AA+ by Standard and Poor's.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

As of September 30, 2012, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Fund were as follows:

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Asset</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 5,118,584	6%	AAAm	S&P	Uncollateralized, Uninsured
Total Cash and Cash Equivalents	<u>5,118,584</u>	<u>6%</u>			
<u>Investments</u>					
Investment Agreements	4,691,376	6%	AA-	S&P	
Total Investments	<u>4,691,376</u>	<u>6%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	18,807,038	23%	Aaa	Moody's	
Fannie Mae	19,374,110	23%	Aaa	Moody's	
Freddie Mac	35,282,950	42%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>73,464,098</u>	<u>88%</u>			
<b>Total Cash, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 83,274,058</u></b>	<b><u>100%</u></b>			

As of September 30, 2011, the credit quality and percentages of the total portfolio of cash equivalents and investments under the Fund were as follows:

<u>Asset</u>	<u>Fair Value</u>	<u>Percentage of Asset</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Underlying Securities Credit Rating / Supporting Collateral</u>
<u>Cash and Cash Equivalents</u>					
Money Market Funds	\$ 1,112,453	1%	AAAm	S&P	Uncollateralized, Uninsured
Total Cash and Cash Equivalents	<u>1,112,453</u>	<u>1%</u>			
<u>Investments</u>					
Investment Agreements	970,757	1%	AA+	S&P	
Investment Agreements	3,575,987	3%	AA-	S&P	
Investment Agreements	922,904	1%	A-	S&P	
Total Investments	<u>5,469,648</u>	<u>5%</u>			
<u>Mortgage-Backed Securities</u>					
Ginnie Mae	37,244,815	31%	Aaa	Moody's	
Fannie Mae	30,348,193	25%	Aaa	Moody's	
Freddie Mac	45,059,316	38%	Aaa	Moody's	
Total Mortgage-Backed Securities	<u>112,652,325</u>	<u>94%</u>			
<b>Total Cash, Cash Equivalents, Investments and Mortgage-Backed Securities</b>	<b><u>\$ 119,234,425</u></b>	<b><u>100%</u></b>			

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

**Cash and Cash Equivalents** - The Fund's cash and cash equivalents balance as of September 30, 2012 and 2011, consists primarily of amounts held in AAAM - rated money market fund trust accounts within each bond series and administered by the Fund's bond trustee at the Agency's direction. Investments in money market funds carry the highest short-term credit ratings by nationally recognized statistical rating agencies, such as Standard & Poor's and Moody's Investors Service.

**Investments** - The Agency adheres to the specific covenants as stipulated in the Fund's indenture of trust regarding permitted investments. As of September 30, 2012 and 2011, the Fund's investments only included investment agreements. Investments of proceeds from bond issuances in investment agreements are governed by the covenants of the respective bond series and the Fund's indenture of trust entered between the Agency, the trustee and the investment agreement provider. All investment agreements are fixed interest rate investment contracts with highly rated financial institutions. In case of a downgrade beyond a preset threshold, the investment providers are required to collateralize both principal and interest with qualifying securities to be held by a designated collateral agent with mark to market and undervalue cure provisions.

**Mortgage-backed Securities** - Ginnie Mae mortgage-backed securities are guaranteed by the Government National Mortgage Association, an instrumentality of the United States Government. GNMA securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by an FHA lender, as the issuer of the Guaranteed Security to the Agency. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

Fannie Mae and Freddie Mac mortgage-backed pass-through securities are rated AA+ by Standard & Poor's and Moody's Investors Service. The principal and interest payment on these mortgage-backed securities are guaranteed by Fannie Mae and Freddie Mac, accordingly. Though there is no explicit guarantee that Fannie Mae and Freddie Mac mortgage-backed securities are backed by the full faith and credit of the U.S. government, there is, however, an implicit guarantee, as government-sponsored enterprises are chartered by the U.S. Congress. In 2008 both Freddie Mac and Fannie Mae were placed into the U.S. Government receivership. The rating agencies continue to assign AA+ credit rating to both of these entities.

Ginnie Mae, Fannie Mae and Freddie Mac mortgage-backed securities are reported at their market values in accordance with GASB Statement No. 31. It is

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 4: CASH/CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)**

the intention of the Agency to generally hold these mortgage-backed securities until the underlying loans are paid in full.

The Fund recorded an unrealized loss of \$2,292,297 and an unrealized gain of \$1,330,248 on mortgage-backed securities for fiscal years 2012 and 2011, respectively. The cumulative unrealized gain in the fair market value of mortgage-backed securities as of September 30, 2012 and 2011 was \$7,125,589 and \$9,417,887, respectively.

**NOTE 5: BONDS PAYABLE**

The bonds and notes issued under the Fund are special obligations of the Fund and are payable from the revenue and special funds of the indenture. The notes and bonds do not constitute debt of and are not guaranteed by the District or any other program of the District.

The provisions of the various series resolutions 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 the Agency or the borrower, in whole or in part at any time, after certain dates, as specified in the respective bond series resolutions, at prescribed redemption prices. The redemption premiums may range up to 5%. Term bonds are generally subject to redemption, without premium, from mandatory sinking fund payments.

Bonds issued under the Fund are collateralized by:

- Mortgage-backed securities made in connection with underlying loans.
- Investments of bond proceeds, debt service reserves and escrow accounts, all revenues, mortgage payments, and recovery payments received by the Fund mortgage loans and mortgage-backed securities.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 5: BONDS PAYABLE (Continued)**

The following is a summary of the bond activity for the year ended September 30, 2012 and the debt outstanding and bonds payable under the Fund as of September 30, 2012.

	Range of Interest Rates	Range of Maturities	Debt Outstanding at 9/30/2011	Bond Activity			Debt Outstanding at 9/30/2012	Premium (+) / Discount (-)	Bond Payable at 9/30/2012	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed				
1997 Series B	5.25% ~ 5.90%	2012 ~ 2028	\$ 3,110,000	\$ -	\$ -	\$ 3,110,000	\$ -	\$ -	\$ -	\$ -
1998 Series A	4.90% ~ 5.35 %	2011 ~ 2029	5,620,000	-	-	5,620,000	-	-	-	-
1999 Series A	4.95% ~ 5.45%	2011 ~ 2030	4,980,000	-	-	4,980,000	-	-	-	-
2000 Series A	5.65% ~ 6.30%	2012 ~ 2031	2,090,000	-	-	2,090,000	-	-	-	-
2000 Series C	5.75% ~ 6.25%	2011 ~ 2031	730,000	-	-	730,000	-	-	-	-
2000 Series D	5.65% ~ 6.15%	2012 ~ 2031	1,810,000	-	-	1,810,000	-	-	-	-
2001 Series A	4.95% ~ 6.85%	2012 ~ 2032	2,840,000	-	-	2,840,000	-	-	-	-
2005 Series A	5.50%	2011 ~ 2025	3,810,000	-	-	570,000	3,240,000	204,995	3,444,995	135,000
2005 Series B	4.75% ~ 5.625%	2013 ~ 2035	9,365,000	-	-	1,385,000	7,980,000	305,495	8,285,495	105,000
2006 Series A	4.95%	2012 ~ 2026	2,635,000	-	-	395,000	2,240,000	-	2,240,000	100,000
2006 Series B	5.1% ~ 5.35%	2013 ~ 2037	15,165,000	-	-	3,955,000	11,210,000	359,030	11,569,030	150,000
2006 Series D	4.60%	2013 ~ 2020	1,150,000	-	-	280,000	870,000	-	870,000	60,000
2006 Series E	4.65%	2013 ~ 2037	33,325,000	-	-	4,320,000	29,005,000	-	29,005,000	320,000
2007 Series A	5.15%	2013 ~ 2038	16,165,000	-	-	3,505,000	12,660,000	181,192	12,841,192	120,000
Total			<u>\$ 102,795,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,590,000</u>	<u>\$ 67,205,000</u>	<u>\$ 1,050,711</u>	<u>\$ 68,255,711</u>	<u>\$ 990,000</u>

The following is a summary of the bond activity for the year ended September 30, 2011 and the debt outstanding and bonds payable under the Fund as of September 30, 2011.

	Range of Interest Rates	Range of Maturities	Debt Outstanding at 9/30/2010	Bond Activity			Debt Outstanding at 9/30/2011	Premium (+) / Discount (-)	Bond Payable at 9/30/2011	Due Within One Year
				New Bonds Issued	Scheduled Maturity Payments	Bond Redeemed				
1997 Series B	5.25% ~ 5.90%	2012 ~ 2028	\$ 3,455,000	\$ -	\$ 10,000	\$ 335,000	\$ 391,125	\$ 3,501,125	\$ 50,000	
1998 Series A	4.90% ~ 5.35 %	2011 ~ 2029	6,045,000	-	25,000	400,000	399,599	6,019,599	135,000	
1999 Series A	4.95% ~ 5.45%	2011 ~ 2030	5,470,000	-	-	490,000	634,896	5,614,896	145,000	
2000 Series A	5.65% ~ 6.30%	2012 ~ 2031	2,470,000	-	-	380,000	651,813	2,741,813	30,000	
2000 Series C	5.75% ~ 6.25%	2011 ~ 2031	760,000	-	5,000	25,000	-	730,000	15,000	
2000 Series D	5.65% ~ 6.15%	2012 ~ 2031	2,160,000	-	-	350,000	660,699	2,470,699	25,000	
2001 Series A	4.95% ~ 6.85%	2012 ~ 2032	3,555,000	-	-	715,000	264,819	3,104,819	45,000	
2005 Series A	5.50%	2011 ~ 2025	4,720,000	-	-	910,000	220,565	4,030,565	140,000	
2005 Series B	4.75% ~ 5.625%	2012 ~ 2035	12,075,000	-	-	2,710,000	318,681	9,683,681	105,000	
2006 Series A	4.95%	2011 ~ 2026	3,050,000	-	-	415,000	-	2,635,000	85,000	
2006 Series B	5.1% ~ 5.35%	2012 ~ 2037	19,985,000	-	-	4,820,000	373,585	15,538,585	145,000	
2006 Series D	4.60%	2011 ~ 2020	1,390,000	-	-	240,000	-	1,150,000	90,000	
2006 Series E	4.65%	2012 ~ 2037	40,555,000	-	-	7,230,000	-	33,325,000	330,000	
2007 Series A	5.15%	2012 ~ 2038	21,205,000	-	-	5,040,000	240,191	16,405,191	135,000	
Total			<u>\$ 126,895,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 24,060,000</u>	<u>\$ 4,155,972</u>	<u>\$ 106,950,972</u>	<u>\$ 1,475,000</u>	

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 5: BONDS PAYABLE (Continued)**

As of September 30, 2012, the required principal payments for all Fund's debt outstanding (including mandatory sinking fund payments but excluding special and optional redemptions) that occurred subsequent to September 30, 2012 and excluding the effect of unamortized discounts/premiums (which are listed as an adjustment to totals) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

<b>For the Year Ending September 30,</b>	<b>Interest</b>	<b>Principal</b>
2013	\$ 3,288,941	\$ 990,000
2014	3,201,262	1,930,000
2015	3,103,373	2,000,000
2016	3,003,144	2,040,000
2017	2,899,949	2,105,000
2018-2022	12,846,150	11,435,000
2023-2027	9,851,023	12,470,000
2028-2032	6,633,816	14,400,000
2033-2037	2,654,767	17,625,000
2038-2042	50,792	2,210,000
Totals	\$ 47,533,216	67,205,000
Unamortized Premium / (Discount)		1,050,711
Bonds Payable		\$ 68,255,711

**NOTE 6: REBATE LIABILITY**

In accordance with the Internal Revenue Service Code (the Code), the Fund has recorded a rebate liability for excess investment earnings in connection with tax-exempt bonds and notes issued after 1981. The excess investment earnings arise due to actual investment yields earned by the bond series being greater than yields permitted to be retained by the indentures under the Code. The Code requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statement of Revenues, Expenses and Change in Net Assets is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statement of Revenues, Expenses and Change in Net Assets is adjusted by the change in the estimated rebate liability due to the change in fair value of investments. The Fund had no rebate liability from interest income or from unrealized gains on investments.

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 6: REBATE LIABILITY (Continued)**

Rebate liability activity under the Fund for the year ended September 30, 2012 was as follows:

Rebate liability as of September 30, 2011	\$ 211,177
Change in estimated liability due to excess investment earnings	(12,595)
Change in estimated liability due to change in fair value of investments	-
Less - payments made	<u>(107,439)</u>
Rebate liability as of September 30, 2012	<u><u>\$ 91,143</u></u>

Total rebate liability under the Fund as of September 30, 2012 was allocated as follows:

Estimated liability due to excess investment earnings	\$ 91,143
Estimated liability due to change in fair value of investments	-
Rebate liability as of September 30, 2012	<u><u>\$ 91,143</u></u>

Rebate liability activity under the Fund for the year ended September 30, 2011 was as follows:

Rebate liability as of September 30, 2010	\$ 1,086,711
Change in estimated liability due to excess investment earnings	60,309
Change in estimated liability due to change in fair value of investments	-
Less - payments made	<u>(935,843)</u>
Rebate liability as of September 30, 2011	<u><u>\$ 211,177</u></u>



**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 6: REBATE LIABILITY (Continued)**

Total rebate liability under the Fund as of September 30, 2011 was allocated as follows:

Estimated liability due to excess investment earnings	\$	211,177
Estimated liability due to change in fair value of investments		-
		-
Rebate liability as of September 30, 2011	\$	211,177

**NOTE 7: PROJECT FUNDS HELD FOR BORROWER AND OTHER LIABILITIES**

Under the Fund the Agency administers grant funds received from the District's Department of Housing and Community Development (DHCD) under the U.S. Department of Housing and Urban Development's Home Investment Partnership Program (HOME). These funds were either blended with the bond proceeds to yield interest rate subsidy on mortgage loans securitized into mortgage-backed securities or were used to help homebuyers with closing costs, including down-payment assistance. Under the respective grant agreements the Agency may recycle repayments of HOME funds into its bond programs. As of September 30, 2012 and 2011 total HOME Program restricted assets were \$2,773,285.

**NOTE 8: NET ASSETS**

The Fund's net assets are reserved as collateral for the respective bond issues, and are fully restricted. The Fund's net assets as of September 30, 2012 and 2011 were \$11,116,793 and \$8,468,990, respectively.

**NOTE 9: RETIREMENT PLAN**

The Agency established a defined contribution Retirement Plan, a Money Purchase Pension Plan (the Retirement Plan), effective October 1, 1982, covering all eligible Agency employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Agency does not have any current or post-retirement obligations toward the Retirement Plan.

The Agency amended the Retirement Plan effective August 10, 2002. Due to the amendment, future Agency contributions to the Retirement Plan ceased effective

**DISTRICT OF COLUMBIA HOUSING FINANCE AGENCY**  
**1996 SINGLE FAMILY MORTGAGE REVENUE BONDS**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**SEPTEMBER 30, 2012 AND 2011**

**NOTE 9: RETIREMENT PLAN (Continued)**

August 10, 2002. The amendment also provides that each participant and former participant with an account balance under the Retirement Plan as of such date shall be 100% vested in his or her account. Concurrent with the amendment, the Agency commenced participating in the Social Security and Medicare programs.

**NOTE 10: OTHER INCOME**

The Fund's other income is comprised primarily of amortization of deferred revenue and was \$226,593 and \$101,520, respectively, for fiscal years 2012 and 2011.

**NOTE 11: SUBSEQUENT EVENTS**

The following subsequent events have occurred:

Bond Redemptions and Maturities under the Fund:

- On December 1, 2012, the following bonds were redeemed:

<u>Series</u>	<u>Maturing Principal</u>	<u>Principal Redemptions</u>	<u>Total</u>
2005 Series A	\$ -	\$ 245,000	\$ 245,000
2005 Series B	-	555,000	555,000
2006 Series A	30,000	65,000	95,000
2006 Series B	-	890,000	890,000
2006 Series D	-	20,000	20,000
2006 Series E	-	2,530,000	2,530,000
2007 Series A	-	2,125,000	2,125,000
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 6,430,000</b>	<b>\$ 6,460,000</b>