



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND  
A Governmental Fund of the District of Columbia**

**Financial Statements together with  
Reports of Independent Public Accountants**

**For the Year Ended September 30, 2017**



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## **Independent Auditor's Report**

The Mayor and Council of the Government of the District of Columbia  
Inspector General of the Government of the District of Columbia

### **Report on the Financial Statements**

We have audited the accompanying balance sheet and the statement of revenues, expenditures and change in fund balances of the Housing Production Trust Fund (HPTF), a component unit of Washington, District of Columbia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the HPTF's basic financial statements.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

**WILLIAMS, ADLEY & COMPANY-DC, LLP**

*Certified Public Accountants/ Management Consultants*

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## Opinion on Financial Statements

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

## Other Matters

### *Required Supplementary Information*

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

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

In planning and performing our audit of the financial statements, we considered HPTF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HPTF's internal control. Accordingly, we do not express an opinion on the effectiveness of HPTF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify two deficiencies in internal control, described in Appendix I as items 17-01 and 17-02 that we consider to be significant deficiencies. An additional deficiency was reported to management in a separate letter.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether HPTF's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Appendix I Current Year Findings as items 17-02.

### **Management's Responses to Findings**

HPTF's management's responses to the findings identified in our audit are included in Appendix I. HPTF's management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HPTF's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HPTF's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams, Adley & Company, DC, LLP*

Washington, DC

April 28, 2021

## Appendix I – Current Year Findings

### 17-01: Inaccurate Presentation of Financial Statements and Related Footnotes

The Department of Housing and Community Development (DHCD) did not have controls in place to ensure the accurate reporting of financial information in their annual report. Specifically, during our review of the financial statements and related footnotes for the fiscal year (FY) ended September 30, 2017. Additionally, the Management Discussion and Analysis included several errors in the tables.

The following are examples of the discrepancies noted between amounts in the footnotes and the financial statements and/or supporting documentation.

<i>FY17</i>	Financial Statements provided after auditor comments	Initial Financial Statements provided
Note 7 Transfers in from the General Fund – amount transferred	\$42,737,104	\$90,179,389
Note 8 Commitments & Contingencies – total amount of undisbursed loans	\$101,796,421	\$65,105,363

DHCD does not utilize a financial reporting checklist to ensure consistency and accuracy of the information presented in the management discussion and analysis, financial statements and footnotes. The supervisory review was insufficient.

Standards for Internal Control section 13.05 states “Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information is quality information.”

As a result, HPTF’s Annual Financial Report did not accurately reflect the proper balances and appropriate disclosures. Readers of the Annual Financial Report may make incorrect decisions based on an inaccurate report.

Williams Adley recommends that DHCD:

1. Develop a checklist that ensures HPTF’s annual report complies with Governmental Accounting Standards Board requirements for the presentation.
2. Retains documentation of the review of the complete Annual Financial Report.

**Management Response:**

The OCFO has strengthened its internal controls over the preparation of the HPTF annual financial report and related footnotes for FY 2020 and going forward. This includes performing a more comprehensive/thorough review of the financial statements and ensuring that the review process is documented, every number presented is tied to supporting documentation, and that all the supporting documentation used to prepare the footnotes is retained. In addition, we are developing and implementing a financial statement disclosure checklist as part of the financial statement review process to ensure completeness, consistency, and accuracy of the information presented in the management discussion and analysis, financial statements and footnotes.

**17-02: Noncompliance with Annual Audit Requirement (Continuing Prior Year Finding)**

The Department of Housing and Community Development (DHCD) did not procure an independent entity to conduct an annual audit of the Housing Production Trust Fund (HPTF) for the fiscal years 2017 in a timely manner. Specifically, DHCD did not contract independent auditors to conduct the audit of HPTF’s FY2017 financial statements until June 2020.

As reported in the FY 2016 audit report, dated October 12, 2018, HPTF has not been timely about performing annual audits in the past; however, attempted to obtain assurance to try and be more current by having an independent audit firm conduct the audits for FY2017, 2018, and 2019. However, HPTF is still not in compliance with the Code of the District of Columbia requiring an annual audit of the fund.

The final Independent Auditor’s report, for the fiscal year 2016 HPTF financial statement audit was not published until fiscal year 2019. The delay caused DHCD to become behind in procuring services for the fiscal year 2017 financial statement audit.

Code of the District of Columbia §42–2801 Housing Production Trust Fund established. (d)(3) requires “The Department shall: Conduct annual audits, publish annual reports, hold public hearings, and make annual assessments of the continued housing needs of targeted populations.” Without timely audits, users of HPTF’s financial statements do not have important information to help assess the effectiveness of controls and operations on an annual basis. Additionally, without having an annual audit HPTF could face legal consequences and a reduction of funding.

Williams Adley recommends that DHCD ensure that annual audits are procured and conducted in a timely manner. Specifically, DHCD should:

1. Ensure the FY2020 and FY2021 audits are performed by December 2021.

## Appendix I – Current Year Findings

2. Formalize a plan to ensure the procurement process for the financial statement audit is finalized a year in advance, beginning with the FY2022 financial statement audit.

### **Management Response:**

Management concurs with the finding regarding the lack of timely audits of the HPTF. The current audit brings the agency up to date, and the statement of work for an FY2020 audit is currently under review. It is hoped that in the future the audit of the HPTF can be included in the contract for the city-wide Consolidated Annual Financial Report, as the HPTF is a significant fund and should be included in the annual audit.



## Appendix II – Status of Prior Year Findings and Recommendations

Our assessment of the current status of prior year findings reported by other auditors is presented below.

Prior Year Finding	Current Year Status
Control Significant Deficiencies	
2016-01: Noncompliance with Laws and Regulations	Open and repeated in FY 2017 Audit Report
2016-02: Noncompliance with Laws and Regulations	Reclassified to a Management Letter Comment for FY 2017

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Management’s Discussion and Analysis  
September 30, 2017**

The following is a discussion and analysis of the Government of the District of Columbia’s (District) Housing Production Trust Fund (the Fund) financial performance for the fiscal year ended September 30, 2017. The financial statements and accompanying notes on pages 6 through 9 should be read in conjunction with this discussion.

**Basic Financial Statements**

The Fund’s basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund financial statements.** The governmental financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of a Statement of Financial Position and statement of revenues, expenditures, and changes in fund balances.
- **Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

**2017 Financial Highlights**

- Other long-term assets/net loans receivable increased by \$40,140,875 or 73%.
- Provision for doubtful accounts increased by \$69,517,267 or 16%.
- Cash and cash equivalents decreased by \$-13,417,834 or -6%.
- Due from other funds increased by \$82,641 or 1%.
- Unearned revenue recorded for the fund increased by \$40,140,875 or 73%
- 56 new loans were issued in 2017 amounting to \$112,776,934
- 1,626 Affordable Housing units started
- 1,183 new Affordable Housing units completed

**Table 1 - Condensed Statement of Financial Position as of September 30, 2017 and 2016:**

	<b>FY 2017</b>	<b>FY 2016</b>	<b>Variance</b>	<b>%</b>
Total Assets	\$ 332,002,248	\$ 305,183,863	\$ 26,818,385	9%
Total Liabilities	95,013,844	54,872,969	\$ 40,140,875	73%
Retricted Fund Balance	\$ 236,988,404	\$ 250,310,894	\$ (13,322,490)	-5%

***Total Assets***

Total assets increased by \$26,818,385 or 9% due to additional funding to facilitate the Mayor’s Affordable Housing Initiatives.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Management’s Discussion and Analysis  
September 30, 2017**

***Total Liabilities***

The total liabilities increased by \$40,140,875 or 73% due to additional commitments made as a result of the additional funding in FY 2017.

**Table 2 - Condensed Statements of Revenues, Expenditures and Change in Fund Balances for the years ended September 30, 2017 and 2016:**

	2017	2016	Variance	%
<b>Revenues</b>				
Deed Recordation & Transfer Taxes	\$ 58,013,719	\$ 55,877,916	\$ 2,135,803	4%
Investment Income & Other	10,418,936	5,660,671	4,758,265	84%
	68,432,655	61,538,587	6,894,068	11%
<b>Expenditures</b>	124,487,250	86,902,728	37,584,522	43%
Excess of Expenditures over Revenues	(56,054,595)	(25,364,141)	(30,690,454)	121%
Transfers In	42,732,104	90,179,389	(47,447,285)	-53%
Net Change in Fund Balances	\$ (13,322,491)	\$ 64,815,248	\$ (78,137,739)	-121%

**2017**

***Revenues***

- Tax Revenues increased by \$2,135,803 or 4% due to higher Deed Recordation and Transfer Taxes received in FY 2017. See Table 6 below.
- Investment and other income increased by \$4,758,265 or 84% in FY 2017 over FY 2016 due to a one-time payment associated with the site initiative program and new collections associated with inclusionary zoning fees.

***Expenditures***

- Expenditures increased by \$ 37,584,522 or 43% from FY 2016 to FY 2017, which can be attributed to the agency expanding its capacity to close additional loans to facilitate the Mayor’s Affordable Housing Initiative.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Management's Discussion and Analysis  
September 30, 2017**

**Table 3 – Other Long-term Assets/Loans Receivable as of September 30, 2017 and 2016:**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>	<b>%</b>
Loans Receivable	\$ 605,478,625	\$ 495,820,483	\$ 109,658,142	22%
Allowance	(510,464,781)	(440,947,514)	(69,517,267)	16%
Net Loan Receivable	\$ 95,013,844	\$ 54,872,969	\$ 40,140,875	73%

**Table 4 - Number of Active Loans as of September 30, 2017 and 2016:**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>	<b>%</b>
Amortized	115	98	17	17%
Deferred	289	260	29	11%
Total	404	358	46	13%

**Table 5 – Revenue from Loan and Interest Payments for the years ended September 30, 2017 and 2016:**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>	<b>%</b>
Amortized: Loan Repayments and Interest	\$ 2,239,483	\$ 2,350,957	(111,475)	-5%
Deferred: Loan Repayments and Interest	1,182,327	1,445,574	(263,247)	-18%
Total	\$ 3,421,809	\$ 3,796,531	\$ (374,722)	-10%

**Table 6 – Government of the District of Columbia Deed Recordation and Transfer Taxes for the years ended September 30, 2017 and 2016:**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>	<b>%</b>
Deed Recordation Taxes	\$ 31,918,760	\$ 30,793,000	1,125,760	4%
Deed Transfer Taxes	26,094,959	25,085,000	1,009,959	4%
Total	\$ 58,013,719	\$ 55,878,000	2,135,719	4%

**Table 7 – Number of Affordable Housing Units under Development, Completed and Started during FY 2017 and 2016.**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>	<b>%</b>
Affordable Housing Under Development	2153	1390	763	55%
Affordable Housing Completed	705	837	(132)	-16%
Affordable Housing Initiated	1542	1192	350	29%
Total	4400	3419	981	29%

The increase in FY 2017 units under development over FY 2016 could be attributed to increased number of loan closings due to additional revenues received at the end of FY 2016.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Management's Discussion and Analysis  
September 30, 2017**

The small decrease in completed housing units in FY 2017 over FY 2016 is a result of fewer total units under construction in FY 2016 that could be completed during the year.

DHCD committed more funding in FY 2017 to new Affordable Housing construction than in FY 2016. The funding increase resulted in more housing construction units initiated over FY 2016.

**FY 2018 OUTLOOK**

A total revenue collection for FY 2018 was estimated at approximately \$51 million. The estimate was in anticipation of increases in dedicated tax collections and loan repayments tied to current economic trends. The current revenue estimate projects Deed Recordation and Deed Transfer taxes at \$53 million of projected revenues, with another \$6 million coming from miscellaneous revenue from loan repayments and interest collected on loans in the Fund's loan portfolio. In addition, the Mayor was expected to provide another \$48 million in local funding.

The agency projects that approximately 1,900 new affordable housing units will be under development in FY2018, with 1,200 units projected to be completed. The agency anticipates selecting as many as 20 new multi-family development projects when the Notice of Funding Availability (NOFA) is released in the Spring of 2018. The Fund estimates spending of \$150 million in HPTF funds in FY 2018.

This report is designed to provide a general financial overview of the District of Columbia Government's Housing Production Trust Fund. If you have any questions regarding this report, please contact Beth Spooner, Agency Fiscal Officer of the Department of Housing and Community Development at (202) 442-7173.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Statement of Financial Position  
As of September 30, 2017**

**ASSETS**

Cash and cash equivalents (restricted)	\$ 228,907,994
Investments (restricted)	2,146,001
Accounts Receivable, net	271,182
Due from other funds	5,663,227
Other long-term assets/ Loans receivable, net	95,013,844
<b>Total Assets</b>	<b>\$ 332,002,248</b>

**LIABILITIES**

Accounts Payable	-
Unearned Revenue	\$ 95,013,844
<b>Total Liabilities</b>	<b>95,013,844</b>

**FUND BALANCE**

Restricted Fund Balance	236,988,404
<b>Total Liabilities and Fund Balance</b>	<b>\$ 332,002,248</b>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Statements of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended September 30, 2016**

**REVENUE**

Deed recordation and transfer taxes	\$ 58,013,719
Investment income	9,754.11
Loan Repayments and Interest	3,421,809
Other revenue	6,987,372
<b>Total Revenue</b>	<u>68,432,655</u>

**EXPENDITURES**

Economic development and regulation	124,487,250
Loans	-
<b>Total Expenditures</b>	<u>124,487,250</u>

**Excess of Expenditures Over Revenues** (56,054,595)

**OTHER FINANCING SOURCES**

Transfers in	<u>42,732,104</u>
<b>Total Other Financing Sources</b>	42,732,104

**NET CHANGE IN FUND BALANCE** (13,322,491)

Restricted Fund Balance at the beginning of the year	<u>250,310,894</u>
<b>Restricted Fund Balance at the end of the Year</b>	<u>\$ 236,988,403</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Notes to the Fund Financial Statements  
For the Year Ended September 30, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization*

The Housing Product Trust Fund (the Fund), was established under the District of Columbia (the District) Housing Production Trust Fund Act of 1988, D.C. Law 7-202, D.C. Code § 42-2802. Under the District of Columbia Housing Act of 2002, D.C. Law 14-114, beginning on October 1, 2003, fifteen (15) percent of the District revenues from real property transfer and deed recordation taxes are dedicated to the Fund each fiscal year, less debt service.

The purpose of the Fund is to provide loans and grants to for-profit and nonprofit developers who are seeking to build or preserve existing affordable housing in the District.

*Reporting Entity*

The financial statements present only the Housing Production Trust Fund and do not purport to, and do not present fairly the financial position of the District as of September 30, 2017 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Basis of Accounting and Measurement Focus*

The Fund's activities are accounted for in the District's general fund, a governmental fund type, which is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered by District to be one year. Expenditures are recorded when the related liabilities are incurred.

*Cash and Cash Equivalents*

Cash and cash equivalents represent cash and investments with maturities of 90 days or less.

*Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund type Definitions*, the Fund's fund balance is classified as restricted. At September 30, 2017, the cumulative expenditures exceeded the cumulative revenue, resulting in positive fund balance.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Notes to the Fund Financial Statements  
For the Year Ended September 30, 2017**

*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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. CASH AND CASH EQUIVLENTS**

The Fund's cash is deposited into an invested pooled account with the District. In accordance with District policies, substantially all of its deposits are insured or collateralized with securities held by the District or by its agent in the name of the District.

**3. ACCOUNTS RECEIVABLE**

The District has a loan service provider that receives and tracks the majority of the loan repayments and balances. At September 30, 2017, the service provider had not remitted the September loan and interest payments totaling \$271,182 to the District before year-end.

**4. INVESTMENTS**

The restricted investment is the invested portion of available funds. The funds are restricted because resources in the Fund are restricted by law through enabling legislation for the purpose of providing financial assistance to a variety of affordable housing programs and opportunities. As of September 30, 2017, the Fund had \$2,146,001 invested in guaranteed investment contracts (Level 3), which are valued at fair value by discounting the related cash flows based on current yields of comparable instruments considering the creditworthiness of the issuer.

**5. OTHER LONG-TERM ASSETS/LOANS RECEIVABLE**

The Fund other long-term assets consist of loans receivable as follows:

	<b>Loan Amount</b>	<b>Allowance</b>	<b>Receivable</b>
Amortized Loans	\$ 81,372,790	\$ (27,666,749)	\$ 53,706,041
Deferred Loans	524,105,835	(482,798,032)	41,307,803
Total	\$ 605,478,625	\$ (510,464,781)	\$ 95,013,844

- Amortized loans are required to be completely paid-off over a specific period at a predetermined interest rate.
- Deferred loans allow the borrower of a low-income eligible property to defer repayment of principal during construction, major rehabilitation or modification, and lease period.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
HOUSING PRODUCTION TRUST FUND**

**Notes to the Fund Financial Statements  
For the Year Ended September 30, 2017**

In 2017, allowance for amortized loans was assessed at 34% based on delinquency and actual historical collections. Allowance for deferred loans was assessed at 0% of outstanding loans with scheduled repayments and 100% of outstanding loans with no scheduled repayments.

There were no loans written off in 2017.

**6. DUE FROM OTHER FUNDS:**

The Treasury transfers monthly revenues (deed recordation taxes and deed transfer taxes) from the Office of the Chief Financial Officer to the Fund. As of year-end, the Treasury had not remitted the September collections totaling \$5,663,227 to the Fund.

**7. TRANSFERS FROM GENERAL FUND**

The Fund received a pledge from the Mayor totaling \$100 million in fiscal year 2017. In addition to the annual dedicated deed recordation and transfer taxes from the District's general revenues, \$42,737,104 was transfers-in from the general fund for the year ended September 30, 2017, which was net of \$40 million in surplus repaid from the prior year.

**8. COMMITMENTS AND CONTINGENCIES**

The Fund has entered into agreements with developers whereby loan funds have been partially disbursed or are not yet disbursed. As of September 30, 2017, the total amount of undisbursed loans under executed agreements was \$101,796,421.

**9. COSTS ALLOCATED FROM THE DISTRICT TO THE FUND**

The Fund does not have any direct employees. Instead, direct labor costs are allocated from the District based on actual hours worked at the rate for salary and fringe benefits. Indirect labor and other overhead costs are also allocated to the Fund.

**10. PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Certain employees of the District are covered under a defined contribution pension plan as well as a postemployment benefit plan, which are sponsored by the District. The District prepares a separate comprehensive annual report, which can be obtained from the Office of the Chief Financial Officer at 1350 Pennsylvania Avenue, N.W., Suite 209, Washington D.C. 20004.

**11. SUBSEQUENT EVENTS**

The Fund's management has evaluated subsequent events through the date this report was available for issuance which was April 28, 2021. There are no material events that would have an effect on the financial statements.