

Wyoming Community Development Authority

Audited Financial Statements

Year Ended June 30, 2004



Wyoming families taking root

CONTENTS

Independent Auditor's Report	1
Required Supplementary Information	
Management's discussion and analysis	2
Financial Statements	
Balance sheets	5
Statements of revenues, expenses and changes in fund equity	7
Statements of cash flows	8
Notes to basic financial statements	10
Supplementary Information	
Detailed balance sheet	29
Detailed schedule of revenues, expenses and changes in fund equity	31



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2759 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wyoming Community Development Authority
Casper, Wyoming

We have audited the accompanying basic financial statements of the Wyoming Community Development Authority, a component unit of the State of Wyoming, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Wyoming Community Development Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 Wyoming Community Development Authority as of June 30, 2004 and 2003, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the Wyoming Community Development Authority's basic financial statements. The detailed balance sheet and the detailed schedule of revenues, expenses and changes in fund equity as of and for the year ended June 30, 2004, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The detailed balance sheet and the detailed schedule of revenues, expenses and changes in fund equity as of and for the year ended June 30, 2004, have been subjected to the auditing procedures applied by us in the audits of the basic financial statements and, in our opinion, based on our audits, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Porter, Muirhead, Cornia & Howard

PORTER, MUIRHEAD, CORNIA & HOWARD

Certified Public Accountants

August 20, 2004

WYOMING COMMUNITY DEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2004 and 2003

This section of the Wyoming Community Development Authority's (the Authority) annual financial report presents our discussion and analysis of financial activities for the fiscal year ended June 30, 2004. The selected data presented was derived from the Authority's financial statements, which were audited by Porter, Muirhead, Cornia & Howard, Certified Public Accounts. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short-term and long-term financial information about the Authority's activities. The Independent Auditor's Report, audited financial statements and accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Financial Highlights

The Authority's overall financial position and results of operations for the current and prior year are presented below.

	2004	2003	Change
Cash and cash equivalents	\$ 59,321,035	\$ 62,223,066	-4.66%
Investments	229,183,140	380,847,554	-39.82%
Mortgage loans receivable	651,532,024	703,414,977	-7.38%
Total assets	966,557,567	1,176,169,661	-17.82%
 Bonds payable	 751,067,532	 958,034,046	 -21.60%
Total liabilities	771,143,958	984,843,674	-21.70%
 Fund equity	 195,413,609	 191,325,987	 2.14%
 Total operating revenues	 44,935,415	 76,529,088	 -41.28%
Total operating expenses	41,458,262	59,554,317	-30.39%
Operating income	3,477,153	16,974,771	-79.52%

Financial Position

Cash and cash equivalents at June 30, 2003 and 2004 include funds held for future mortgage loan purchases and for bond redemptions scheduled after year end. At June 30, 2004 the amount of cash and cash equivalents available to redeem bonds decreased approximately \$3.0 million from the prior year. The significant decline in investments was the result of four major factors: (1) the unrealized fair value of investments declined \$9.6 million; (2) \$86.5 million of Draw Down Bonds were converted to long term bonds and the corresponding investment was also reduced; (3) approximately \$46 million of investments were liquidated to purchase mortgage loans; and (4) the balance of short-term investments held for bond redemptions dropped approximately \$10 million from the prior year due to an accelerated call strategy (see Debt Administration below for additional information.) Again in 2004, the Authority experienced record prepayments of \$194.6 million (\$194.3 million in 2003) due to the continuing low interest rate environment. However, the Authority purchased \$25 million more mortgage loans during 2004, for a total of \$158.2 million. These two factors coupled with a reduction in Loan Loss Reserves of \$2.8 million and scheduled principal payments of \$18.7 million resulted in a total reduction of mortgage loans of approximately \$52 million. These factors combined make up the majority of the decrease in total assets of \$209.7 million.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2004 and 2003

From 2003 to 2004 Bonds payable declined by \$207 million. As in 2003, record low interest rates fueled a high level of mortgage loan prepayments which lead to increased bond redemptions and accounted for \$197 million of the total decrease. During 2004, market conditions allowed the Authority to recycle approximately \$46 million of prepayments into the purchase of new mortgage loans, thereby reducing the need to issue bonds. See additional Debt Administration discussion below.

Results of Operation

The Authority's operating income for the year decreased \$13.5 million as a result of the following:

Operating revenues decreased by \$31.6 million (41.28%) from the prior year due to a combination of factors. As seen in 2003, low interest rates continued to affect both mortgage interest revenue and non-mortgage investment income. While higher rate mortgages prepaid at a record-breaking level, new mortgage loans were purchased at historically low rates, resulting in a drop in mortgage interest revenue of \$8.85 million. The Authority's investment income also declined due to the very low interest rate environment. The fair value of investments decreased \$9.6 million in 2004 as opposed to a \$7.1 million increase reported in 2003. Although GASB Statement No. 31 requires that unrealized gains and losses be reported in the financial statements, the Authority intends to hold its investments to maturity. Also, investment interest earned fell from \$17.5 million in 2003 to \$11.5 million in 2004. The total affect of these factors was a decrease in operating revenue of \$31.6 million from 2003.

Operating expenses decreased by \$18.1 million or 30.39%. The majority of this decrease was due to a \$14 million reduction in interest expense. Because the Authority closely monitored its mortgage prepayments it was able to utilize monthly bond redemptions and efficiently reduce bond interest expense. Due to record payoffs and declining mortgage loan balances, the Authority reduced loan loss reserves in 2004. (See Note 4 of the Notes to Basic Financial Statements for additional information.) This reduction is reflected in operating expenses as the provision for loan losses, which is \$3.7 million less than 2003. Together, these two items account for most of the \$18.1 million decrease in operating expenses.

Debt Administration

As discussed above, the total mortgages purchased in 2004 was \$158.2 million, an increase of \$25 million from 2003. To fund this increase the Authority issued \$105,200,000 of Single Family Program revenue bonds (excluding refundings) versus \$66,000,000 in 2003. Also during 2004, the Authority was able to recycle \$46 million of prepayments into new mortgages.

Due to record levels of prepayments, the Authority redeemed \$197 million of Single Family Program bonds in 2004 and \$147 million in 2003. During April, May and June of 2004 prepayment amounts had declined 21% from the same period in 2003.

In June 2004, Moody's Investment Service upgraded its financial rating on the Authority's 1994 Indenture Housing Revenue Bond Program from Aa2 to Aa1 and also upgraded the Authority's General Obligation rating from Aa3 to Aa2. Subsequent to year end Standard & Poor's upgraded its rating on the 1994 Indenture Housing Revenue Bond Program from AA to AA+, based upon "WCDA's more than sufficient level of reserve funds that provide for any potential loan losses, very strong asset-to-liability ratio of over 100 percent, strong credit quality of the mortgage loans, high credit quality of investments and good management oversight."

The Authority strives to remain competitive in a volatile interest rate environment by incorporating the use of variable rate bonds to help manage bond interest cost and thereby reduce mortgage rates. More detailed information about the Authority's outstanding debt obligations is presented in Note 6 of the Notes to Basic Financial Statements.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY
Management's Discussion and Analysis
June 30, 2004 and 2003

Conclusion

The above discussion and analysis is presented to provide additional information regarding the activities of the Authority and also to meet the disclosure requirements of GASB Statement No. 34. If you have questions about the report or need additional financial information, please contact the Director of Finance, Wyoming Community Development Authority, P.O. Box 634, Casper, Wyoming 82602, or go to our website at wyomingcda.com.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

BALANCE SHEETS June 30, 2004 and 2003

ASSETS	2004	2003
Current Assets		
Cash and cash equivalents	\$ 3,503,085	\$ 9,947,679
Investments	42,001,776	32,825,268
Economic development loans and lease, net of loan loss reserve of 2004 \$920,000; 2003 \$1,520,000	616,532	698,217
Interest receivable		
Mortgage loans	91,861	99,157
Investments	522,614	378,581
Accounts receivable and other assets	1,023,325	2,118,879
Total current assets	47,759,193	46,067,781
Noncurrent Assets		
Restricted cash and cash equivalents	55,817,950	52,275,387
Restricted investments	187,181,364	348,022,286
Restricted mortgage loans receivable, net	641,927,528	693,184,075
Restricted interest receivable		
Mortgage loans	4,187,624	4,855,426
Investments	1,728,736	2,630,383
Restricted accounts receivable and other assets	3,913,577	3,728,740
Mortgage loans receivable, net	9,604,496	10,230,902
Deferred issuance, servicing and other costs, net	12,645,493	13,140,539
Property and equipment, net	1,791,606	2,034,142
Total noncurrent assets	918,798,374	1,130,101,880
Total assets	\$ 966,557,567	\$ 1,176,169,661

See accompanying notes to the basic financial statements

LIABILITIES AND FUND EQUITY

	2004	2003
Current Liabilities		
Bonds payable	\$ 40,419,524	\$ 160,837,959
Accrued interest payable	2,923,002	3,473,402
Arbitrage rebate payable	1,961,000	700,000
Accounts payable and other liabilities	1,265,675	6,902,050
Total current liabilities	46,569,201	171,913,411
Noncurrent Liabilities		
Bonds payable	710,648,008	797,196,087
Deferred arbitrage rebate	5,715,778	7,221,660
Other deferred credits	8,210,971	8,512,516
Total noncurrent liabilities	724,574,757	812,930,263
Total liabilities	771,143,958	984,843,674
Commitments and Contingencies		
Fund Equity		
Invested in capital assets	1,791,606	2,034,142
Retained earnings		
Restricted	131,427,307	128,388,092
Unrestricted	62,194,696	60,903,753
Total fund equity	195,413,609	191,325,987
Total liabilities and fund equity	\$ 966,557,567	\$ 1,176,169,661

See accompanying notes to the basic financial statements

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

Years Ended June 30, 2004 and 2003

	2004	2003
Operating Revenues		
Mortgage interest	\$ 42,282,697	\$ 51,131,157
Investment interest income	11,463,584	17,452,221
Net change in fair value of investments	(9,593,308)	7,122,328
Economic development loan and lease income	135,878	171,960
Fees and other income	646,564	651,422
Total operating revenue	<u>44,935,415</u>	<u>76,529,088</u>
Operating Expenses		
Interest expense	37,857,482	51,832,063
Servicer fees	774,088	869,029
Amortization of deferred issuance and other costs	2,767,769	3,235,540
Provision for (recoveries of) loan losses	(3,232,798)	516,351
General and administrative	3,291,721	3,101,334
Total operating expenses	<u>41,458,262</u>	<u>59,554,317</u>
Operating income	<u>3,477,153</u>	<u>16,974,771</u>
Nonoperating Revenue (Expenses)		
Federal program income	2,757,014	2,143,671
Federal program expense	(2,146,545)	(1,659,045)
Nonoperating income	<u>610,469</u>	<u>484,626</u>
Net income	4,087,622	17,459,397
Fund equity, beginning	<u>191,325,987</u>	<u>173,866,590</u>
Fund equity, ending	<u>\$ 195,413,609</u>	<u>\$ 191,325,987</u>

See accompanying notes to the basic financial statements

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS Years Ended June 30, 2004 and 2003

	2004	2003
Cash Flows from Operating Activities		
Cash receipts for services	\$ 533,341	\$ 650,166
Interest income on loans	43,093,673	51,767,354
Principal received on loans	213,386,570	221,977,774
Cash payments for loan funds	(158,189,134)	(133,022,315)
Cash payments to suppliers	(7,660,411)	(5,136,153)
Cash payments to employees	(1,266,410)	(1,165,790)
Net cash provided by operating activities	<u>89,897,629</u>	<u>135,071,036</u>
Cash Flows from Noncapital Financing Activities		
Federal revenue	2,757,014	2,143,671
Federal expenses	(2,146,545)	(1,659,045)
Proceeds from bonds	180,365,000	210,343,631
Principal paid on bonds	(387,361,079)	(389,288,794)
Interest paid on bonds and note payable	(38,407,882)	(53,114,715)
Payment of bond issuance costs	(1,337,609)	(1,261,326)
Net cash (used in) noncapital financing activities	<u>(246,131,101)</u>	<u>(232,836,578)</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of fixed assets	(39,674)	(194,353)
Proceeds from disposition of fixed assets	13,926	-
Purchase of mortgage servicing rights	(935,115)	(926,819)
Net cash (used in) capital and related financing activities	<u>(960,863)</u>	<u>(1,121,172)</u>
		(Continued)

See accompanying notes to the basic financial statements

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows from Investing Activities		
Interest received from investments	\$ 12,221,198	\$ 17,924,779
Purchase of investments	(245,493,743)	(292,768,728)
Proceeds from sales and maturities of investments	387,564,849	417,182,800
Net cash provided by investing activities	<u>154,292,304</u>	<u>142,338,851</u>
 Increase (decrease) in cash and cash equivalents	 (2,902,031)	 43,452,137
Cash and cash equivalents, beginning	<u>62,223,066</u>	<u>18,770,929</u>
Cash and cash equivalents, ending	<u><u>\$ 59,321,035</u></u>	<u><u>\$ 62,223,066</u></u>
 Reconciliation of ending cash and cash equivalents		
Current cash and cash equivalents	3,503,085	9,947,679
Noncurrent restricted cash and cash equivalents	55,817,950	52,275,387
Cash and cash equivalents, ending	<u><u>\$ 59,321,035</u></u>	<u><u>\$ 62,223,066</u></u>
 Reconciliation of operating income to net cash provided		
by operating activities		
Operating income	\$ 3,477,153	\$ 16,974,771
Adjustments to reconcile operating income to net cash provided by operating activities:		
Interest on bonds and note payable	37,857,482	51,832,063
Net change in fair value of investments	9,593,308	(7,122,328)
Interest from investments	(11,463,584)	(17,452,221)
Mortgage loan principal repayments		
Scheduled	18,610,806	22,333,097
Prepaid	194,694,079	194,338,371
Purchase of mortgage loans	(158,189,134)	(133,022,315)
Amortization of commitment fees and loan discounts	(604,522)	(607,006)
Economic development loans and lease repayments	81,685	564,088
Amortization of deferred issuance and other costs	2,767,770	3,235,541
Accretion of interest on capital appreciation bonds	29,565	27,799
(Recovery) provision for loan losses	(3,232,798)	516,351
Net change in other assets and liabilities	<u>(3,724,181)</u>	<u>3,452,825</u>
Net cash provided by operating activities	<u><u>\$ 89,897,629</u></u>	<u><u>\$ 135,071,036</u></u>

See accompanying notes to the basic financial statements

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 1. Authority Legislation

The Wyoming Community Development Authority (the "Authority") was created in 1975 by the Wyoming Community Development Authority Act to provide financing for housing needs within the State of Wyoming (the "State"). The Authority is a component unit of the State and is reported as an enterprise fund.

In March 2002, the Authority was authorized by the Legislature of the State of Wyoming to issue additional bonds in excess of the bonds already outstanding as of the legislation date, which amount was \$1,596,901,305. Bonds issued under this authority are not limited to any amount; however, such bonds can only be issued to refund bonds or issued as private activity bonds exempt from federal income taxation under Section 146 of the Internal Revenue Code of 1986. Care facility project bonds can also be issued by the Authority; however, such issues are limited to a maximum of \$250,000,000 in new issues after March 2002. In addition, the Authority may issue other bonds not specified in the categories indicated above in an amount not to exceed \$400,000,000. Amounts so issued shall not be deemed to constitute a debt of the State or any political subdivision thereof.

Note 2. Significant Accounting Policies

Fund Accounting and Generally Accepted Accounting Principles

The financial activities of the Authority are recorded in funds established under various bond indentures (program funds) and in funds established for the administration of the Authority's programs. The Authority uses the accrual method of accounting. The Authority's program funds and other funds have been presented on a combined basis, as the Authority is considered a single enterprise fund for financial reporting purposes. All interfund balances and transactions have been eliminated in the financial statements.

The accounting principles generally accepted in the United States of America that are applicable to the Authority are generally those applicable to similar businesses in the private sector; however, the Authority has elected the provision of Governmental Accounting Standards Board (GASB) Statement No. 20 which applies all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989.

Further description of the Funds established by the Authority is as follows:

Single and Multi-Family Program Funds

These funds, established under the Single Family Mortgage Bonds 1978 Indenture, the Housing Revenue Bonds 1994 Indenture, the Single Family Mortgage Revenue Bonds 1999 Indenture, the Multi-family Mortgage Bonds 1982 Indenture, the Wyoming Homeownership Bonds 1992 Indenture and the Multi-Family Housing Revenue Bonds Indenture are to account for the proceeds from the sale of Single and Multi-Family Mortgage Bonds and the debt service requirements of the bond indebtedness. Activities of these funds are, in general, limited to the purchase of mortgage loans collateralized by eligible mortgages on single and multi-family residential housing. Assets in these funds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The trust indentures have various insurance, guaranty and reserve provisions as set forth in those trust indentures.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as needed.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 2. Significant Accounting Policies (Continued)

Federal Program Fund

This fund was established for the purpose of receiving and disbursing funds relating to projects funded by the U.S. Department of Housing and Urban Development's Community Development Block Grant, HOME Investment Partnership, and other federal programs. These funds are restricted by federal law to specific purposes.

Housing Trust Fund

This fund was established to provide direct funding of approved housing or housing projects within the State of Wyoming.

Mortgage Guaranty Fund

This fund is used to provide mortgage guarantees on mortgage loans, leases, or other credit agreements purchased by the Authority. Claims made against the Mortgage Guaranty Fund are not a debt or liability of the State nor a general obligation of the Authority. The Authority has committed \$1,333,125 to guarantee mortgage and project loans with principal balances outstanding of \$3,490,272 as of June 30, 2004. The Authority has also committed \$250,000 to guarantee second mortgages with principal balances outstanding of \$7,813,036. Initial recovery of second mortgage losses will come from other available sources.

General Fund

This fund is utilized to account for all other activities of the Authority, including mortgage-servicing activities, which are not accounted for in the individual Program Funds, the Mortgage Guaranty Fund, the Federal Program Fund, or the Housing Trust Fund.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the Authority's basic financial statements.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, the Authority considers all cash, obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government with initial maturities of three months or less, and money market investments to be cash equivalents.

Investments

The trust indentures and State statutes authorize the types of investments in which the Authority invests. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government. The investments are carried at fair value, except for certificates of deposit which are carried at cost.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 2. Significant Accounting Policies (Continued)

Mortgage Loans Receivable

Loans receivable are reported net of the loan loss reserve. The loan loss reserve for mortgages is increased or decreased by provisions and (recoveries/deductions) charged or credited against operations based on a periodic evaluation of the loan portfolio and actual losses that occur. Deferred commitment fees on mortgages are amortized to earnings over the estimated life of the mortgages by a method which approximates the interest method. Interest income on delinquent loans is accrued up to one year, after which time the loan is classified as a non-accrual loan.

Deferred Issuance and Other Costs

Deferred issuance and other costs consist of bond issuance costs, including underwriter discounts, and costs of acquiring mortgage loan servicing rights. The deferred issuance costs are amortized over the life of the remaining outstanding bonds. The cost of loan servicing rights is amortized in proportion to, and over the period of, estimated net servicing revenue.

Economic Development Loans and Lease

The economic development loans are reported net of the loan loss reserve. The loan loss reserve is increased by provisions charged against operations and reduced by actual losses that occur. Management's periodic evaluation of the adequacy of the reserve is based on the Authority's past loan loss experience, known and inherent risks within the portfolio, and adverse situations that may affect a borrower's ability to repay.

A financing lease was entered into by the Authority, as lessor, for the purpose of providing economic development assistance. The lease covers buildings, improvements, fixtures, and other real property. Under the direct financing method of accounting for leases, the total rentals receivable under the lease contract, net of unearned income, are recorded as the net investment in the direct financing lease. The unearned income is reduced each month as the rent is earned so as to provide a constant periodic rate of return on the unrecovered investment.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 - 7 years
Buildings and improvements	20 - 40 years

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 2. Significant Accounting Policies (Continued)

Arbitrage Rebate Payable, Deferred Arbitrage Rebate and Other Deferred Credits

As a result of applicable federal income tax rules, the Authority is limited in the investment yield which it may retain for its own use on the nonmortgage investments of most of its bond issues. For bond issues before 1989, the excess yields can be rebated to mortgagors, used to reduce future mortgage loan interest rates, or paid to the federal government. For bond issues after 1988, excess arbitrage yields must be rebated to the federal government not less than every five years pursuant to applicable federal tax regulations. The Authority has deferred \$5,715,778 and \$7,221,660 at June 30, 2004 and 2003, respectively, for arbitrage rebates. The Authority has recorded an arbitrage rebate payable of \$1,961,000 and \$700,000 at June 30, 2004 and June 30, 2003, respectively, for amounts expected to be assessed within the next year.

The Authority has recorded deferred interest income of \$4,533,141 and \$4,454,614 at June 30, 2004 and 2003, respectively, from bond issues to recognize the effect of reducing mortgage loan interest rates in the future to comply with applicable federal tax laws. These deferred amounts are being amortized into mortgage interest income over the estimated life of the related mortgages.

Additionally, the Authority has deferred \$3,677,830 and \$4,057,902 as of June 30, 2004 and 2003, respectively, in unamortized commitment fees received. These fees are being amortized over the estimated life of the related mortgages by a method which approximates the interest method.

Revenue and Expense Recognition

The Authority records all revenues derived from mortgages, investments, servicing and financing as operating revenues since these revenues are generated from the Authority's daily operations needed to carry out its statutory purpose. The Authority considers revenues and expenses related to federal programs to be nonoperating revenues and expenses.

Note 3. Cash and Cash Equivalents and Investments

Deposits are placed with various financial institutions and are carried at cost. At June 30, 2004, the carrying amount of the Authority's bank deposits was \$3,339,074 and the bank balance was \$3,890,986. The difference between the carrying amount and the bank balance is a result of transactions in transit. All bank deposits at June 30, 2004 were covered by insurance or collateral held in joint custody with the financial institution.

The components of the Authority's investment portfolio are as follows:

	2004	2003
Investments:		
Certificates of deposit	\$ 376,547	\$ 376,547
U.S. Government and agency securities	208,921,593	243,010,007
Guaranteed investment contracts	19,885,000	137,461,000
Total	<u>\$ 229,183,140</u>	<u>\$ 380,847,554</u>

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 3. Cash and Cash Equivalents and Investments (Continued)

Investments are reported in the following classifications:

	2004	2003
Current	\$ 42,001,776	\$ 32,825,268
Noncurrent - restricted by bond indentures or contracts	187,181,364	348,022,286
Total	<u>\$ 229,183,140</u>	<u>\$ 380,847,554</u>

The net change in fair value of investments takes into account all changes in fair value that occurred during the year. Fair value for individual investments fluctuates based on changes in the market interest rates available to investors. At June 30, 2004 and 2003, the Authority had unrealized investment gains of \$4,231,184 and \$13,849,469, respectively, in its investment portfolio. The unrealized gains (losses) of (\$9,618,285) and \$4,249,377 for the years ended June 30, 2004 and 2003, respectively, as well as the effects of any realized gains and losses, which may have been partially or fully recognized in prior years, are included in the net change in fair value of investments as reported.

As of June 30, 2004, the Authority had the following investments and maturities.

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Certificates of deposit	\$ 376,547	\$ 376,547	\$ -	\$ -	\$ -
U.S. government and agency securities	208,921,593	39,008,306	5,551,715	13,109,517	151,252,055
Guaranteed investment contracts	19,885,000	19,885,000	-	-	-
Total	<u>\$ 229,183,140</u>	<u>\$ 59,269,853</u>	<u>\$ 5,551,715</u>	<u>\$ 13,109,517</u>	<u>\$ 151,252,055</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority attempts to match its investment maturities to the expected call dates of its bonds or needs for purchasing mortgages. With this investment focus, investments would be expected to reach maturity with limited realized gains or losses.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 3. Cash and Cash Equivalents and Investments (Continued)

Credit Risk

As mentioned in Note 1, State statutes limit the types of investments available to the Authority. Investments, including the underlying securities for repurchase agreements, are held by the Authority's Trustees in the Authority's name. Guaranteed investment contracts which have a maturity beyond 18 months are generally guaranteed by AAA rated institutions or collateralized.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Substantially all of the Authority's investments are held in the name of the Authority by a trustee.

Reserve Requirements

The 1978, 1982 and 1994 Indentures require the Authority to place a portion of bond proceeds in bond, mortgage and special reserve accounts. As of June 30, 2004, the Authority has \$79,118,529 in these reserve accounts which currently exceeds the reserve requirements contained in the applicable trust indentures of \$56,929,883. The amounts reserved in these accounts are as follows:

	1978 Indenture	1982 Indenture	1994 Indenture
Bond reserve requirement	\$ 19,127,975	\$ 171,600	\$ 17,809,287
Mortgage reserve requirement	1,373,800	18,411	11,493,810
Restricted special reserve requirement	-	-	6,935,000
Total required reserves	<u>\$ 20,501,775</u>	<u>\$ 190,011</u>	<u>\$ 36,238,097</u>
Total cash and investments held for reserves	<u>\$ 25,170,589</u>	<u>\$ 368,658</u>	<u>\$ 53,579,282</u>

Note 4. Mortgage Loans Receivable, net

	2004	2003
Single Family Mortgage Bonds 1978 Indenture Fund, bearing interest at 0% to 11.875%, 25 to 30 year term, FHA or private mortgage company insured or guaranteed by RD, VA, or mortgage guaranty fund	\$ 113,429,908	\$ 122,684,097
Less: Reserve for losses on loans	(3,659,708)	(3,659,708)
	<u>109,770,200</u>	<u>119,024,389</u>

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 4. Mortgage Loans Receivable, net (Continued)

	<u>2004</u>	<u>2003</u>
Housing Revenue Bonds 1994 Indenture Fund, bearing interest at 4.25% to 8.625%, 25 to 30 year term, FHA or private mortgage company insured, or guaranteed by RD, VA or mortgage guaranty fund	524,781,235	564,344,425
Less: Reserve for losses on loans	<u>(17,965,967)</u>	<u>(20,752,805)</u>
	<u>506,815,268</u>	<u>543,591,620</u>
Wyoming Homeownership Bonds 1992 Indenture Fund, bearing interest at 7.625%, 30 year term, FHA or private mortgage company insured, or RD guaranteed	<u>2,112,024</u>	<u>3,443,780</u>
Multi-Family Mortgage Bonds 1982 Indenture Fund, bearing interest at 12.0%, 40 year term, FHA insured	<u>1,229,163</u>	<u>4,532,094</u>
Multi-Family Housing Revenue Bonds Indentures Fund, bearing interest at a variable rate, 30 year term, collateralized by mortgages	<u>13,390,000</u>	<u>13,480,000</u>
Federal Program Fund with various terms, including deferred payments and fixed rates, 10 to 30 year term	9,410,632	9,312,192
Less: Reserve for losses on loans	<u>(200,000)</u>	<u>(200,000)</u>
	<u>9,210,632</u>	<u>9,112,192</u>
Housing Trust Fund, bearing interest at 0% to 11.375%, 1 to 30 year term, FHA or private mortgage company insured or guaranteed by VA or mortgage guaranty fund	13,259,180	13,885,586
Less: Reserve for losses on loans	<u>(3,654,684)</u>	<u>(3,654,684)</u>
	<u>9,604,496</u>	<u>10,230,902</u>
Mortgage loans receivable, before eliminations	652,131,783	703,414,977
Less: Interfund collections not yet posted against fund mortgages	<u>(599,759)</u>	<u>-</u>
Total mortgage loans receivable, net	<u><u>\$ 651,532,024</u></u>	<u><u>\$ 703,414,977</u></u>
Reported in the following classifications:		
Restricted mortgage loans receivable, net	\$ 641,927,528	\$ 693,184,075
Mortgage loans receivable, net	<u>9,604,496</u>	<u>10,230,902</u>
	<u><u>\$ 651,532,024</u></u>	<u><u>\$ 703,414,977</u></u>

Total loan loss reserves established by the Authority as of June 30, 2004 and 2003 were \$25,480,359 and \$28,267,197, for mortgage loans receivable. An additional \$920,000 and \$1,520,000 in loan loss reserves have been established for economic development loans as of June 30, 2004 and 2003, respectively.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 5. Federal Programs

The Authority receives funds to provide housing assistance to low income families in Wyoming through various federal programs. Programs provide grants to individuals or organizations for the purchase, construction, and rehabilitation of single and multi-family residential properties. Revenue is recognized as expenses are incurred under these programs. Funding from these programs has been fully utilized or obligated as of June 30, 2004.

Federal program funds are also received for the purpose of making low interest loans to qualified borrowers. As these loans are collected, the funds must be reloaned under the same program restrictions. These funds, net of any allowance for losses on loans, are included in net income when received and remain in retained earnings, subject to the program use restrictions, as long as the program is available under federal regulations.

Note 6. Bonds Payable

Bonds are generally payable in scheduled annual and semiannual installments and are subject to mandatory sinking fund requirements in scheduled amounts. Redemption is optional after various dates at prices ranging from 100 to 103 per 100. Capital appreciation bonds (CABs) are reported at accreted value.

The bonds of the 1978, 1992, 1994 and 1999 Indentures are special obligations of the Authority, payable solely from the income and receipts of these indentures. The bonds of the 1982 Indenture are general obligations of the Authority payable from any of its revenues, income and receipts. All of the bonds are secured by mortgage loans and other assets of the respective indentures. Interest on all outstanding bonds is payable semi-annually, except for 2001 Series A Bonds, 2002 Series A Bonds, 2003 Series B Bonds, 2001 Series 7 Bonds, 2002 Series 8 Bonds, 2003 Series 4 Bonds, 2004 Series 3 Bonds, CABs, Draw Down Bonds Series 2001 Bonds and Wyoming Homeownership Bonds Series I.

The Authority has some variable rate debt which reprices weekly, based on market interest rates.

	Balance at June 30, 2003	Issued	Retired	Balance at June 30, 2004	Amount Due Within 1 Year
Single Family Mortgage Bonds 1978 Indenture Fund:					
1990 Series B/C, redeemed, original amount issued \$45,000,000	\$ 1,125,000	\$ -	\$ 1,125,000	\$ -	\$ -
1991 Series A, redeemed, original amount issued \$42,800,000	3,860,000	-	3,860,000	-	-
1993 Series E, 2005 to 2013, interest at 5.30% to 5.7%, original amount issued \$29,565,000	12,880,000	-	6,020,000	6,860,000	660,000
1994 Series B, redeemed, original amount issued \$22,500,000	4,860,000	-	4,860,000	-	-

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

	<u>Balance at June 30, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within 1 Year</u>
1998 Series A, 2004, interest at 5.97%, original amount issued \$27,960,000	\$ 11,985,000	\$ -	\$ 7,990,000	\$ 3,995,000	\$ 3,995,000
1998 Series B, 2025 to 2033, interest at 5.3%, original amount issued \$15,000,000	15,000,000	-	2,000,000	13,000,000	-
2001 Series A, 2025 to 2035 variable interest, not to exceed 12%, original amount issued \$9,545,000	9,545,000		-	9,545,000	-
2002 Series A, 2022 to 2032 variable interest, not to exceed 12%, original amount issued \$37,000,000	37,000,000	-	-	37,000,000	-
2003 Series A/B, 2022 to 2033, interest at 1.08% to 4.55%, original amount issued \$53,745,000	53,745,000	-	-	53,745,000	-
Principal amounts of bonds outstanding 1978 Trust Indenture	150,000,000	-	25,855,000	124,145,000	4,655,000
Less: deferred loss on prior series refunded by 1998 Series A and 2003 Series A/B	(1,409,843)	-	(254,065)	(1,155,778)	-
Bonds outstanding 1978 Trust Indenture, net	148,590,157	-	25,600,935	122,989,222	4,655,000

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

	Balance at June 30, 2003	Issued	Retired	Balance at June 30, 2004	Amount Due Within 1 Year
Housing Revenue Bonds 1994 Indenture Fund:					
1994 Series 1 and 2, redeemed, original amount issued \$15,000,000	\$ 1,550,000	\$ -	\$ 1,550,000	\$ -	\$ -
1995 Series 1 and 2, 2004 to 2006, interest at 5.35% to 5.55%, original amount issued \$25,000,000	6,430,000	-	5,585,000	845,000	470,000
1995 Series 4 and 5, 2004 to 2006, interest at 5.2% to 5.45%, original amount issued \$35,000,000	11,055,000	-	9,950,000	1,105,000	630,000
1995 Series 6 (including CABs), 2015, interest at 6.25%, original amount issued \$15,097,280	8,370,741	-	7,875,435	495,306	-
1996 Series 1 and 2, 2004 2007, interest at 5.50% to 5.80%, original amount issued \$30,000,000	6,100,000	-	4,740,000	1,360,000	505,000
1996 Series 3 and 4, redeemed, original amount issued \$35,000,000	7,260,000	-	7,260,000	-	-
1996 Series 5 and 6, 2004 to 2019, interest at 5.40% to 5.80%, original amount issued \$40,000,000	9,490,000	-	7,275,000	2,215,000	670,000
1996 Series 7, 2004 to 2030, interest at 4.5% to 5.3%, original amount issued \$60,000,000	28,540,000	-	415,000	28,125,000	430,000
1997 Series 1, 2016 to 2017, interest at 5.45%, original amount issued \$10,435,000	1,445,000	-	400,000	1,045,000	-

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

	<u>Balance at June 30, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within 1 Year</u>
1997 Series 2, 2004 to 2009, interest at 5.5% to 5.9%, original amount issued \$50,000,000	\$ 17,495,000	\$ -	\$ 12,340,000	\$ 5,155,000	\$ 715,000
1997 Series 4, 2005 to 2017, interest at 5.05% to 5.70%, original amount issued \$50,000,000	22,965,000	-	8,325,000	14,640,000	850,000
1997 Series 5, 2005 to 2030, interest at 4.4% to 5.3%, original amount issued \$100,000,000	38,160,000	-	590,000	37,570,000	630,000
1997 Series 6 and 7, 2004 to 2029, interest at 5.35% to 5.6%, original amount issued \$50,000,000	24,150,000	-	6,550,000	17,600,000	715,000
1998 Series 1 and 2, 2005 to 2026, interest at 4.85% to 5.45%, original amount issued \$40,000,000	20,440,000	-	5,510,000	14,930,000	-
1998 Series 3, 2005 to 2030, interest at 4.35% to 5.35%, original amount issued \$30,000,000	28,420,000	-	1,475,000	26,945,000	470,000
1999 Series 1, 2004 to 2030, interest at 4.35% to 5.32%, original amount issued \$30,000,000	27,245,000	-	2,725,000	24,520,000	535,000
1999 Series 4, 2004 to 2030, interest at 4.8% to 5.75%, original amount issued \$40,000,000	30,450,000	-	12,215,000	18,235,000	660,000
1999 Series 6, redeemed, original amount issued \$9,200,000	9,200,000	-	9,200,000	-	-

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

	<u>Balance at June 30, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within 1 Year</u>
1999 Series 7 and 8, 2004 to 2026, interest at 5.05% to 6.15%, original amount issued \$25,000,000	\$ 15,125,000	\$ -	\$ 4,790,000	\$ 10,335,000	\$ 390,000
1999 Series 10 and 11, 2005 to 2024, interest at 5.2% to 6.15%, original amount issued \$25,000,000	14,035,000	-	4,105,000	9,930,000	395,000
2000 Series 1 and 2, 2004 to 2022, interest at 5.25% to 6.05%, original amount issued \$35,000,000	24,045,000	-	9,945,000	14,100,000	525,000
2000 Series 4 and 5, 2004 to 2026, interest at 5.5% to 6.25%, original amount issued \$50,000,000 at premium of \$216,500	36,073,562	-	16,267,062	19,806,500	725,000
2000 Series 6 and 7, 2004 to 2026, interest at 4.9% to 5.85%, original amount issued \$30,000,000	24,065,000	-	8,055,000	16,010,000	475,000
2001 Series 1, 2004 to 2030, interest at 5.25% to 5.45%, original amount issued \$30,000,000 at premium of \$202,389	28,425,087	-	1,642,698	26,782,389	515,000
2001 Series 2, redeemed, original amount issued \$30,000,000	30,000,000	-	30,000,000	-	-
2001 Series 3 and 4, 2005 to 2031, interest at 4.05% to 5.55%, original amount issued \$44,600,000	40,050,000	-	6,855,000	33,195,000	725,000
2001 Series 5, 6 & 7, 2004 to 2031, interest at 1.12% to 5.4%; original amount issued \$33,500,000	33,440,000	-	1,430,000	32,010,000	470,000

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

	<u>Balance at June 30, 2003</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance at June 30, 2004</u>	<u>Amount Due Within 1 Year</u>
2002 Series 1 and 2, 2004 to 2033, interest at 3.1% to 5.6%, original amount issued \$42,475,000	\$ 42,175,000	\$ -	\$ 9,655,000	\$ 32,520,000	\$ 600,000
2002 Series 3, 2004 to 2016, interest at 4.8% to 5.5%, original amount issued \$36,820,000 at premium of \$549,808	26,930,712	-	5,560,904	21,369,808	1,545,000
2002 Series 4 and 5, 2004 to 2033, interest at 2.5% to 5.4%, original amount issued \$42,110,000	41,610,000	-	1,530,000	40,080,000	680,000
2002 Series 6, 7 & 8 2004 to 2033, interest at 1.12% to 5.2%; original amount issued \$27,000,000	26,990,000	-	475,000	26,515,000	445,000
2003 Series 1, 2005 to 2032, interest at 1.65% to 4.6%; original amount issued \$26,065,000	-	26,065,000	415,000	25,650,000	400,000
2003 Series 2, 3, and 4, 2005 to 2032, interest at 1.12% to 5.25%; original amount issued \$26,230,000	-	26,230,000	15,000	26,215,000	470,000
2003 Series 5 and 6, 2007 to 2034, interest at 2.70% to 5.00%; original amount issued \$25,990,000	-	25,990,000	-	25,990,000	-
2004 Series 1, 2, & 3, 2005 to 2034, interest at 1.08% to 4.6%; original amount issued \$35,000,000	-	35,000,000	-	35,000,000	335,000
Principal amounts of bonds outstanding 1994 Trust Indenture	<u>681,730,102</u>	<u>113,285,000</u>	<u>204,721,099</u>	<u>590,294,003</u>	<u>15,975,000</u>

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

Single Family Mortgage Revenue Bonds 1999 Indenture Fund:

Draw Down Series 2001
available as needed, not
to exceed \$175,000,000,
variable interest
rate, callable on demand
or maturing 2004

\$ 106,211,000	\$ -	\$ 86,526,000	\$ 19,685,000	\$ 19,685,000
----------------	------	---------------	---------------	---------------

Multi-Family Mortgage Bonds 1982 Indenture Fund:

1992 Series A, general
obligation, 2004 to 2024,
interest at 6.9% to 6.95%,
original amount issued
\$5,530,000

4,525,000	-	1,930,000	2,595,000	60,000
-----------	---	-----------	-----------	--------

Multi-Family Housing Revenue Bonds Indentures Fund :

Floating Rate Demand
Revenue Bonds, 1996
Series A, variable interest,
original amount issued
\$7,300,000

7,100,000	-	-	7,100,000	-
-----------	---	---	-----------	---

Floating Rate Demand
Revenue Bonds, 1999
Series A, variable interest,
original amount issued
\$6,605,000

6,380,000	-	90,000	6,290,000	-
13,480,000	-	90,000	13,390,000	-

Wyoming Homeownership Bonds 1992 Indenture Fund:

Homeownership Revenue Bonds
Series I, due 2024, interest
at 6.7%, original amount
issued \$24,964,754

3,497,787	-	1,383,480	2,114,307	44,524
-----------	---	-----------	-----------	--------

Total bonds payable

\$ 958,034,046	\$ 113,285,000	\$ 320,251,514	\$ 751,067,532	\$ 40,419,524
----------------	----------------	----------------	----------------	---------------

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 6. Bonds Payable (Continued)

Scheduled bond principal and sinking fund requirements in each indenture for the five fiscal years subsequent to June 30, 2004, which includes in each of the respective years the bonds to be remarketed or expected to be refunded, are as follows:

	Single Family Mortgage Bonds 1978 Indenture Fund	Housing Revenue Bonds 1994 Indenture Fund	Single Family Mortgage Revenue Bonds 1999 Indenture Fund	Multi-Family Mortgage Bonds 1982 Indenture Fund	Wyoming Homeownership Bonds 1992 Indenture Fund	Totals
2005	\$ 4,655,000	\$ 15,975,000	\$ 19,685,000	\$ 60,000	\$ 44,524	\$ 40,419,524
2006	695,000	16,370,000	-	65,000	48,040	17,178,040
2007	135,000	16,915,000	-	70,000	51,833	17,171,833
2008	775,000	18,220,000	-	75,000	55,927	19,125,927
2009	820,000	17,255,000	-	80,000	60,344	18,215,344

Annual debt service requirements for the five fiscal years subsequent to June 30, 2004, and for each five year segment thereafter, including the bonds to be remarketed or expected to be refunded, are as follows:

	Principal	Interest	Total Debt Service
2005	\$ 40,419,524	\$ 34,998,738	\$ 75,418,262
2006	17,178,040	32,609,209	49,787,249
2007	17,171,833	31,803,476	48,975,309
2008	19,125,927	30,979,046	50,104,973
2009	18,215,344	30,059,050	48,274,394
5 years ending 2014	96,676,186	135,953,166	232,629,352
5 years ending 2019	98,717,427	111,253,906	209,971,333
5 years ending 2024	138,265,153	83,515,437	221,780,590
5 years ending 2029	169,339,873	45,857,771	215,197,644
5 years ending 2034	133,150,000	11,258,130	144,408,130
5 years ending 2039	3,500,000	62,184	3,562,184
	<u>\$ 751,759,307</u>	<u>\$ 548,350,113</u>	<u>\$ 1,300,109,420</u>

The balances above do not include premiums, discounts, or losses on refundings in the amount of \$691,775 that are reported as components of bonds payable.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 7. Note Payable

The Authority has a line of credit agreement with a financial institution, secured by specific investments. This agreement allows the Authority to borrow approximately 80% of the value of the investment collateral. As of June 30, 2004, the Authority had investments of approximately \$11,500,000 on deposit with this financial institution; however, no amounts were outstanding on this line.

Note 8. Fund Equity

The Authority's fund equity is reported in three components: investment in capital assets, restricted retained earnings and unrestricted retained earnings. Restricted retained earnings include amounts restricted under terms of an award, contract or law. Unrestricted assets include all retained earnings not meeting the criteria above. Below is a summary of fund equity as of June 30, 2004 and 2003:

	2004	2003
Investment in capital assets	\$ 1,791,606	\$ 2,034,142
Restricted retained earnings:		
Restricted by bond indentures	117,820,159	115,391,413
Restricted by grants	13,607,148	12,996,679
	<u>131,427,307</u>	<u>128,388,092</u>
Unrestricted retained earnings:		
Designated for the Housing Trust Fund	29,842,137	28,747,146
Designated for the Mortgage Guaranty Fund	13,856,424	13,461,519
Designated for non-current assets	6,022,796	5,882,681
Designated for operating reserve funds	12,469,339	12,808,407
Designated for operating funds federal programs	4,000	4,000
	<u>62,194,696</u>	<u>60,903,753</u>
Total fund equity	<u>\$ 195,413,609</u>	<u>\$ 191,325,987</u>

The terms of the various bond indentures for the single-family and multi-family programs generally restrict the assets of the respective trust indenture by requiring their retention in the trust to satisfy debt service obligations of the applicable trust indenture. Monies can be withdrawn from a trust indenture with a cash flow certificate which demonstrates the Authority's ability to pay program expenses and debt service when due, in each bond year. In addition, some series in the 1994 Indenture may be subject to over-parity tests.

In addition, should the Authority fail to comply with terms of the general obligation bonds and the line of credit, the holders of such general obligations would have recourse to the Authority's unrestricted assets.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 9. Mortgage Loan Servicing

The Authority's mortgage servicing department services a total of 8,986 single-family loans with unpaid principal balances of \$450,642,173 as of June 30, 2004. Included in these amounts were 2,468 second mortgages with outstanding principal balances of \$5,532,278. Escrow balances for these loans were \$3,056,943 at June 30, 2004. These escrow balances are not included in the accompanying combined financial statements. During the years ended June 30, 2004 and 2003, the Authority purchased and capitalized loan servicing rights of \$935,115 and \$926,819, respectively, for approximately \$93,500,000 and \$92,600,000, respectively, of loans.

Note 10. Retirement Commitments

Retirement Plan

The Authority's full-time employees participate in the Wyoming Retirement System (the "System"), a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits at age 60 with early retirement options available. The System also provides disability and death benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, Herschler Building, Cheyenne, Wyoming 82002 or by calling (307) 777-7691. The System statutorily requires 11.25% of the covered employee's salary to be contributed to the plan of which 5.57% is the responsibility of the employee and 5.68% is the responsibility of the employer. The Authority has elected to pay the total contributions on behalf of its employees. The Authority's contributions to the System for the years ended June 30, 2004, 2003 and 2002 were \$123,984, \$110,985, and \$100,344, respectively, equal to the required contributions for each year.

Deferred Compensation Plan

The Authority also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, accounted for by the State of Wyoming and available to all of the Authority's full-time employees, permits employees to defer a portion of their salary until future years. Compensation deferred under this plan is not available until termination, retirement, death or unforeseeable emergency. All deferred compensation and earnings are held in trust or custodial accounts for the exclusive benefit of individual program participants and their beneficiaries. Investments are managed and controlled by the deferred compensation plan's trustee, not the Authority, under various investment options as directed by the employee. These investments and the related liability to the employees are not included in the Authority's financial statements.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 11. Premiums Paid on Optional Redemptions

In 2004, the Authority called on an optional basis \$2,075,000 of bonds payable prior to their scheduled maturity at a price of 102 per 100 in the 1978 Indenture. These bonds payable were refunded. The portion of the call premium relating to the refunded bonds in the amount of \$41,500 was deferred as were the remaining costs of issuance.

In 2003, the Authority called on an optional basis \$3,380,000 of bonds payable prior to their scheduled maturity at a price of 101 per 100 in the 1978 Indenture. The Authority also called \$35,450,000 of bonds payable prior to their scheduled maturity at a price of 102 per 100 in the 1978 Indenture. These bonds payable were refunded. The portion of the call premium relating to the refunded bonds in the amount of \$742,800 was deferred as were the remaining costs of issuance.

Note 12. Commitments and Contingencies

At June 30, 2004, the Authority was committed to purchase single-family mortgages aggregating approximately \$5,668,864 under the 1978 Indenture, \$57,927,858 under the 1994 Indenture and \$2,549,291 under the Housing Trust Fund. In addition, at June 30, 2004, the Authority had committed approximately \$12,247,546 for other project mortgages to be funded through federal programs or housing trust funds.

The Authority has variable rate bonds outstanding in the 1978 Indenture of \$52,545,000 and in the 1994 Indenture of \$32,900,000. These bonds are subject to tender at par for repurchase by the Authority at the option of the bondholders; however, the Authority may remarket these bonds if they are tendered by the bondholders. As of June 30, 2004, \$6,000,000 of the variable rate debt is subject to repurchase directly by the Authority, and \$69,445,000 of the repurchase commitment has been assumed by Westdeutsche Landesbank Girozentrale (the Bank) through a standby bond purchase agreement. Under this agreement, the Bank will purchase any bonds tendered by bondholders and will adjust the interest rate associated with any unremarketed bonds to a Bank rate.

On June 18, 2004, the Authority instructed its trustee to call on August 1, 2004, bonds in the amount of \$700,000 from the 1978 Indenture. On June 25, 2004, the Authority instructed its trustee to call on August 1, 2004, bonds in the amount of \$9,735,000 from the Drawdown series. On June 21, 2004, the Authority instructed its trustee to call on August 1, 2004, bonds in the amount of \$1,455,000 from the 1992 Indenture. On July 21, 2004, the Authority instructed its trustee to call on August 15, 2004, bonds in the amount of \$13,000,000 from the 1994 Indenture.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2004 and 2003

Note 13. Risk Management

The Authority carries commercial insurance for risks of loss related to wrongful acts, general liability protection, and theft of, damage to, or destruction of real and personal property. Settled claims resulting from these risks have not exceeded the commercial insurance coverage.

The Authority manages its risks in respect to the mortgages it acquires by obtaining insurance or guarantees from various sources. None of the insurance and guarantees cover 100% of potential losses on the mortgage portfolio. The Authority has established loan loss reserves for additional coverage of potential losses that exist in its mortgage portfolio.

The Authority participates in the State of Wyoming self-insured employee medical, life and dental insurance program. This group medical insurance program is co-administered with a third-party health provider/claim service company. The State self-insures medical costs and assumes all the risk for claims incurred by plan participants. The employee life insurance and dental insurance plans are administered solely by insurance providers. The State does not retain any risk of loss for the life or dental insurance plans as the insurance providers assume all the risk for claims incurred by the participants. The Authority contributes the insurance premiums for each covered participant for these plans.

The State's group insurance fund, which includes medical, life and dental, was solvent at June 30, 2004 and the Authority expects to incur no liability in connection with the group insurance program. Group insurance premiums paid by the Authority during the years ended June 30, 2004 and 2003 were \$173,474 and \$134,804, respectively.

Note 14. Subsequent Events

On July 28, 2004, the Authority issued \$40,000,000 of bonds under the 1994 Indenture.

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

DETAILED BALANCE SHEET

June 30, 2004

	Single Family Mortgage Bonds 1978 Indenture Fund	Housing Revenue Bonds 1994 Indenture Fund	Single Family Mortgage Revenue Bonds 1999 Indenture Fund	Wyoming Homeownership Bonds 1992 Indenture Fund	Multi-Family Mortgage Bonds 1982 Indenture Fund
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Economic development loan and lease, net	-	-	-	-	-
Interest receivable: Mortgage loans	-	-	-	-	-
Investments	-	-	-	-	-
Accounts receivable and other assets	-	-	-	-	-
Total current assets	-	-	-	-	-
Noncurrent Assets					
Restricted cash and cash equivalents	16,198,589	36,347,051	651	2,363	2,131,715
Restricted investments	59,786,164	106,454,033	19,685,000	781,101	475,066
Restricted mortgage loans receivable, net	109,770,200	506,815,268	-	2,112,024	1,229,163
Restricted interest receivable					
Mortgage loans	719,972	3,519,732	-	13,049	12,268
Investments	469,594	1,217,911	18,764	9,467	12,237
Restricted accounts receivable and other assets	404,186	27,238	-	69,981	-
Mortgage loans receivable, net	-	-	-	-	-
Deferred issuance, servicing and other costs, net	1,074,971	5,497,543	11,094	28,560	10,529
Property and equipment, net	-	-	-	-	-
Total noncurrent assets	188,423,676	659,878,776	19,715,509	3,016,545	3,870,978
Total assets	\$ 188,423,676	\$ 659,878,776	\$ 19,715,509	\$ 3,016,545	\$ 3,870,978
LIABILITIES AND FUND EQUITY					
Current Liabilities					
Bonds payable	\$ 4,655,000	\$ 15,975,000	\$ 19,685,000	\$ 44,524	\$ 60,000
Accrued interest payable	328,228	2,561,232	18,443	-	15,008
Arbitrage rebate payable	-	1,961,000	-	-	-
Accounts payable and other liabilities	290,507	301,711	-	139,643	128
Total current liabilities	5,273,735	20,798,943	19,703,443	184,167	75,136
Noncurrent Liabilities					
Bonds payable	118,334,222	574,319,003	-	2,069,783	2,535,000
Deferred arbitrage rebate	906,265	4,809,513	-	-	-
Other deferred credits	1,827,109	6,205,256	-	43,750	-
Total noncurrent liabilities	121,067,596	585,333,772	-	2,113,533	2,535,000
Total liabilities	126,341,331	606,132,715	19,703,443	2,297,700	2,610,136
Fund Equity					
Invested in capital assets	-	-	-	-	-
Retained earnings	62,082,345	53,746,061	12,066	718,845	1,260,842
Total fund equity	62,082,345	53,746,061	12,066	718,845	1,260,842
Total liabilities and fund equity	\$ 188,423,676	\$ 659,878,776	\$ 19,715,509	\$ 3,016,545	\$ 3,870,978

Multi-Family Housing Revenue Bonds Indentures Fund	Federal Program Fund	Housing Trust Fund	Mortgage Guaranty Fund	General Fund	Eliminations	Total
\$ -	\$ -	\$ 696,784	\$ 359,210	\$ 2,447,091	\$ -	\$ 3,503,085
-	-	18,416,429	13,398,962	10,186,385	-	42,001,776
-	-	-	-	616,532	-	616,532
-	-	91,861	-	-	-	91,861
-	-	289,654	99,745	133,215	-	522,614
-	-	716,451	-	545,890	(239,016)	1,023,325
-	-	20,211,179	13,857,917	13,929,113	(239,016)	47,759,193
-	1,137,581	-	-	-	-	55,817,950
-	-	-	-	-	-	187,181,364
13,390,000	9,210,632	-	-	-	(599,759)	641,927,528
-	-	-	-	-	(77,397)	4,187,624
-	763	-	-	-	-	1,728,736
-	3,262,172	150,000	-	-	-	3,913,577
-	-	9,604,496	-	-	-	9,604,496
-	-	-	-	6,022,796	-	12,645,493
-	-	-	-	1,791,606	-	1,791,606
13,390,000	13,611,148	9,754,496	-	7,814,402	(677,156)	918,798,374
\$ 13,390,000	\$ 13,611,148	\$ 29,965,675	\$ 13,857,917	\$ 21,743,515	\$ (916,172)	\$ 966,557,567
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,419,524
-	-	-	-	91	-	2,923,002
-	-	-	-	-	-	1,961,000
-	-	123,538	1,493	1,324,827	(916,172)	1,265,675
-	-	123,538	1,493	1,324,918	(916,172)	46,569,201
13,390,000	-	-	-	-	-	710,648,008
-	-	-	-	-	-	5,715,778
-	-	-	-	134,856	-	8,210,971
13,390,000	-	-	-	134,856	-	724,574,757
13,390,000	-	123,538	1,493	1,459,774	(916,172)	771,143,958
-	-	-	-	1,791,606	-	1,791,606
-	13,611,148	29,842,137	13,856,424	18,492,135	-	193,622,003
-	13,611,148	29,842,137	13,856,424	20,283,741	-	195,413,609
\$ 13,390,000	\$ 13,611,148	\$ 29,965,675	\$ 13,857,917	\$ 21,743,515	\$ (916,172)	\$ 966,557,567

WYOMING COMMUNITY DEVELOPMENT AUTHORITY

DETAILED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY Year Ended June 30, 2004

	Single Family Mortgage Bonds 1978 Indenture Fund	Housing Revenue Bonds 1994 Indenture Fund	Single Family Mortgage Revenue Bonds 1999 Indenture Fund	Wyoming Homeownership Bonds 1992 Indenture Fund	Multi-Family Mortgage Bonds 1982 Indenture Fund
Operating Revenues					
Mortgage interest	\$ 7,259,607	\$ 33,433,583	\$ -	\$ 198,326	\$ 454,704
Investment interest income	3,167,526	5,136,118	730,538	27,572	48,604
Net change in fair value of investments	(2,370,207)	(5,845,368)	-	(12,000)	(51,266)
Economic development loan and lease income	-	-	-	-	-
Fees and other income	1,501	8,499	-	11,702	-
Total operating revenue	<u>8,058,427</u>	<u>32,732,832</u>	<u>730,538</u>	<u>225,600</u>	<u>452,042</u>
Operating Expenses					
Interest expense	5,435,290	31,203,553	731,798	184,521	301,072
Servicer fees	445,699	1,940,651	-	6,373	4,466
Amortization of deferred issuance and other costs	178,160	1,775,179	-	10,538	8,892
Provision for (recovery of) loan losses	-	(2,787,882)	-	-	-
General and administrative	56,884	251,507	3,500	11,969	8,523
Total operating expenses	<u>6,116,033</u>	<u>32,383,008</u>	<u>735,298</u>	<u>213,401</u>	<u>322,953</u>
Operating income	<u>1,942,394</u>	<u>349,824</u>	<u>(4,760)</u>	<u>12,199</u>	<u>129,089</u>
Nonoperating Revenue (Expenses)					
Federal program income	-	-	-	-	-
Federal program expense	-	-	-	-	-
Nonoperating income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income before operating transfers	1,942,394	349,824	(4,760)	12,199	129,089
Operating transfers in (out)	<u>(1,631,959)</u>	<u>1,829,482</u>	<u>(197,523)</u>	<u>-</u>	<u>-</u>
Net income	310,435	2,179,306	(202,283)	12,199	129,089
Fund equity, beginning	<u>61,771,910</u>	<u>51,566,755</u>	<u>214,349</u>	<u>706,646</u>	<u>1,131,753</u>
Fund equity, ending	<u>\$ 62,082,345</u>	<u>\$ 53,746,061</u>	<u>\$ 12,066</u>	<u>\$ 718,845</u>	<u>\$ 1,260,842</u>

Multi-Family Housing Revenue Bonds Indentures Fund	Federal Program Fund	Housing Trust Fund	Mortgage Guaranty Fund	General Fund	Eliminations	Total
\$ -	\$ -	\$ 936,477	\$ -	\$ -	\$ -	\$ 42,282,697
-	-	1,130,528	669,939	552,759	-	11,463,584
-	-	(796,556)	(274,436)	(243,475)	-	(9,593,308)
-	-	-	-	135,878	-	135,878
-	-	91,521	-	2,215,045	(1,681,704)	646,564
-	-	1,361,970	395,503	2,660,207	(1,681,704)	44,935,415
-	-	205	-	1,043	-	37,857,482
-	-	58,603	-	-	(1,681,704)	774,088
-	-	-	-	795,000	-	2,767,769
-	-	155,084	-	(600,000)	-	(3,232,798)
-	-	53,087	598	2,905,653	-	3,291,721
-	-	266,979	598	3,101,696	(1,681,704)	41,458,262
-	-	1,094,991	394,905	(441,489)	-	3,477,153
-	2,757,014	-	-	-	-	2,757,014
-	(2,146,545)	-	-	-	-	(2,146,545)
-	610,469	-	-	-	-	610,469
-	610,469	1,094,991	394,905	(441,489)	-	4,087,622
-	-	-	-	-	-	-
-	610,469	1,094,991	394,905	(441,489)	-	4,087,622
-	13,000,679	28,747,146	13,461,519	20,725,230	-	191,325,987
\$ -	\$ 13,611,148	\$ 29,842,137	\$ 13,856,424	\$ 20,283,741	\$ -	\$ 195,413,609



Wyoming Community Development Authority
155 N. Beech St., Casper, WY 82601
Phone (307) 265-0603, Fax (307) 266-5414