FISCAL YEAR 2005 SECURITIZATION CORPORATION

A Component Unit of the City of New York

Financial Statements

June 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

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KPMG LLP
515 Broadway
Albany, NY 12207

Independent Auditors' Report

The Members of the Audit Committee and the Board of Directors
Fiscal Year 2005 Securitization Corporation:

We have audited the accompanying financial statements of the governmental activities and the debt service fund of Fiscal Year 2005 Securitization Corporation (the Corporation), a component unit of the City of New York, as of and for the year ended June 30, 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The accompanying basic financial statements of the Corporation as of June 30, 2008, were audited by other auditors whose report thereon dated September 17, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and debt service fund of the Corporation, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2009 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

September 21, 2009

The following is a narrative overview and analysis of the financial activities of Fiscal Year 2005 Securitization Corporation (FSC or the Corporation) as of June 30, 2009 and 2008 and for the years then ended. It should be read in conjunction with FSC's government-wide financial statements, governmental fund financial statements and the notes to the financial statements.

The financial statements consist of three parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; and (3) the governmental funds financial statements.

The government-wide financial statements, which include the statements of net assets and the statements of activities, are presented to display information about the Corporation as a whole, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This is to provide the reader with a broad overview of FSC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, in which all revenues and expenses are taken into account regardless of when cash is paid or received.

FSC's debt service fund (governmental fund) financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for interest on bonds payable, which is recognized when due.

The reconciliations of the debt service fund statements of revenues, expenditures and changes in fund balances to the statements of activities and the reconciliations of the debt service fund balance sheets to the statements of net assets are presented to assist the reader in understanding the differences between government-wide and fund financial statements.

Financial Highlights and Overall Analysis – Government-Wide Financial Statements

FSC was incorporated for the purpose of issuing bonds, a major portion of the proceeds of which were used to acquire securities held in an escrow account securing The City of New York (the City) general obligation bonds. FSC's securities, which are held by the trustee for FSC, as they mature will fully fund the debt service and operational expenditures of FSC for the life of the FSC bonds.

On December 2, 2004, FSC issued $499 million of bonds, the proceeds of which were (1) exchanged for securities held in an escrow account securing City general obligation bonds (Refunded Bonds Escrow Fund or the Fund) (which the City used to purchase securities adequate to fully pay debt service on those previously refunded bonds by redeeming them at their first call date), (2) used to pay costs of issuance and fund a reserve to pay FSC's debt service and operating costs, and (3) held by FSC, in accordance with the bond indenture dated as of December 1, 2004 and transferred to the City in November 2005.

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis – Government-Wide Financial Statements – (continued)

The following summarizes the activities of FSC for the years ended June 30, 2009, 2008 and 2007:

	2009	2008	2007	2009 v 2008 change	2008 v 2007 change
Revenue:					
Investment income	$ 19,772	$ 38,416	$ 18,127	$ (18,644)	$ 20,289
Total revenue	19,772	38,416	18,127	(18,644)	20,289
Expenses:					
Bond interest	14,691	15,340	16,297	(649)	(957)
Other	421	428	411	(7)	17
Total expenses	15,112	15,768	16,708	(656)	(940)
Change in net assets	4,660	22,648	1,419	(17,988)	21,229
Net assets (deficit) – beginning of year	18,728	(3,920)	(5,339)	22,648	1,419
Net assets (deficit) – end of year	$ 23,388	$ 18,728	$ (3,920)	$ 4,660	$ 22,648

For the fiscal year ended June 30, 2009, FSC recognized approximately $20 million of investment earnings, compared to $38 million in fiscal year 2008 and $18 million for fiscal year 2007. The investment income resulted primarily from the change in the market value of the long term, fixed-return securities held during the year. As the investments will fully fund debt service and operational costs of FSC as they mature, market value fluctuations pose no risk to FSC or its bondholders. During fiscal year 2009, FSC incurred approximately $15 million in expenses, compared to $16 million in fiscal year 2008 and $17 million in fiscal year 2007. Expenses for fiscal year 2009 are slightly lower than fiscal year 2008; and fiscal year 2008 expenses are lower than fiscal year 2007 as the declining bond principal outstanding resulted in reduced bond interest costs.

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis – Government-Wide Financial Statements – (continued)

The following summarizes FSC's assets, liabilities, and net assets as of June 30, 2009, 2008 and 2007:

	2009	2008	2007	2009 v 2008 change	2008 v 2007 change
Assets:					
Noncapital	$ 331,267	$ 343,620	$ 337,160	$ (12,353)	$ 6,460
Total assets	331,267	343,620	337,160	(12,353)	6,460
Liabilities:					
Current liabilities	13,933	21,077	20,462	(7,144)	615
Long-term liabilities	293,946	303,815	320,618	(9,869)	(16,803)
Total liabilities	307,879	324,892	341,080	(17,013)	(16,188)
Net assets (deficit):					
Restricted	22,975	18,299	(4,347)	4,676	22,646
Unrestricted	413	429	427	(16)	2
Total net assets (deficit)	$ 23,388	$ 18,728	$ (3,920)	$ 4,660	$ 22,648

FSC's assets at June 30, 2009, 2008 and 2007 totaled approximately $331 million, $344 million and $337 million, respectively. They are composed primarily of the investments restricted to pay bondholders. The decline during fiscal year 2009 resulted primarily from debt service payments which were not fully offset by investment appreciation during that year. The increase in asset value during 2008 is attributable to the investment income during the year, which reflects an appreciation of investment values above the amount of debt service payments made during the year. The Corporation's period-end liabilities of approximately $308 million, $325 million and $341 million, respectively, are primarily composed of bonds outstanding and accrued interest thereon and the decline in the liabilities resulted primarily from bond principal payments made during fiscal years 2009, 2008 and 2007.

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis – Governmental Fund Financial Statements

The following summarizes the changes in the fund balance of FSC's sole governmental fund, its debt service fund, for the years ended June 30, 2009, 2008 and 2007:

	2009	2008	2007	2009 v 2008 change	2008 v 2007 change
Revenue:					
Investment income	$ 19,772	$ 38,416	$ 18,127	$ (18,644)	$ 20,289
Total revenue	19,772	38,416	18,127	(18,644)	20,289
Expenditures:					
Bond interest	14,851	15,417	16,646	(566)	(1,229)
Principal amount of bonds retired	16,850	16,110	49,440	740	(33,330)
General and administrative	123	115	77	8	38
Total expenditures	31,824	31,642	66,163	182	(34,521)
Net change in fund balance	(12,052)	6,774	(48,036)	(18,826)	54,810
Fund balance – beginning of year	341,346	334,572	382,608	6,774	(48,036)
Fund balance – end of year	$ 329,294	$ 341,346	$ 334,572	$ (12,052)	$ 6,774

For the fiscal year ended June 30, 2009, the debt service fund reported approximately $20 million of investment earnings, compared to $38 million for 2008 and $18 million for 2007, as discussed previously.

During fiscal years 2009 and 2008 the debt service fund had approximately $32 million in expenditures and $66 million in 2007. Interest expenditures on the outstanding bonds during fiscal year 2009 and fiscal year 2008 were approximately $15 million; compared to $17 million in 2007, when a larger principal amount of bonds were outstanding. Principal payments on bonds fluctuate between years in accordance with a fixed maturity schedule, which resulted in a decrease between 2007 and 2008, and a slight increase between fiscal years 2008 and 2009.

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis – Governmental Fund Financial Statements – (continued)

The following summarizes the debt service fund assets, liabilities and fund balances as of June 30, 2009, 2008 and 2007:

	2009	2008	2007	2009 v 2008 change	2008 v 2007 change
Assets:					
Cash, investments and other	$ 329,312	$ 341,367	$ 334,593	$ (12,055)	$ 6,774
Total assets	$ 329,312	$ 341,367	$ 334,593	$ (12,055)	$ 6,774
Liabilities:					
Accrued expenses	$ 18	$ 21	$ 21	$ (3)	$ —
Total liabilities	18	21	21	(3)	—
Fund balances:					
Reserved for debt service	328,881	340,917	334,145	(12,036)	6,772
Unreserved	413	429	427	(16)	2
Total fund balances	329,294	341,346	334,572	(12,052)	6,774
Total liabilities and fund balances	$ 329,312	$ 341,367	$ 334,593	$ (12,055)	$ 6,774

The debt service fund assets at June 30, 2009, 2008 and 2007 totaled approximately $329 million, $341 million and $335 million, respectively. They are composed primarily of the investments restricted to pay bondholders. The decline during 2009 resulted primarily from debt service payments which were not fully offset by investment appreciation during that year. The increase in asset value during 2008 is attributable to the investment income earned during the year, which reflects an appreciation of investment values above the amount of debt service payments made during the year. The debt service fund reported approximately $329 million, $341 million and $335 million fund balances at June 30, 2009, 2008 and 2007, respectively. Of those year-end balances approximately $329 million, $341 million and $334 million, respectively, are reserved for making future payments of principal and interest on FSC's outstanding bonds.

FISCAL YEAR 2005 SECURITIZATION CORPORATION

A Component Unit of the City of New York

Statements of Net Assets

June 30, 2009 and 2008

(Amounts in thousands)

	2009	2008
Assets:		
Unrestricted cash and cash equivalents	$ 83	$ 95
Restricted cash and cash equivalents	24	22
Unrestricted investments	348	351
Restricted investments	328,857	340,895
Receivable	—	4
Unamortized bond issuance costs	1,955	2,253
Total assets	331,267	343,620
Liabilities:		
Accrued expenses	18	21
Accrued interest payable	4,000	4,206
Bonds payable:		
Portion due within one year	9,915	16,850
Portion due after one year	294,245	304,160
Unamortized bond discount	(299)	(345)
Total liabilities	307,879	324,892
Net assets:		
Restricted for debt service	22,975	18,299
Unrestricted	413	429
Total net assets	$ 23,388	$ 18,728

See accompanying notes to financial statements.

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

Statements of Activities

Years ended June 30, 2009 and 2008

(Amounts in thousands)

		2009		2008
Revenue:				
Investment income	$	19,772	$	38,416
Total revenue		19,772		38,416
Expenses:				
Bond interest		14,691		15,340
Amortization of costs of bond issuance		298		313
General and administrative		123		115
Total expenses		15,112		15,768
Change in net assets		4,660		22,648
Net assets (deficit) – beginning of year		18,728		(3,920)
Net assets – end of year	$	23,388	$	18,728

See accompanying notes to financial statements.

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

Debt Service Fund Balance Sheets

June 30, 2009 and 2008

(Amounts in thousands)

		2009		2008
Assets:				
Unrestricted cash and cash equivalents	$	83	$	95
Restricted cash and cash equivalents		24		22
Unrestricted investments		348		351
Restricted investments		328,857		340,895
Receivable		—		4
Total assets	$	329,312	$	341,367
Liabilities:				
Accrued expenses	$	18	$	21
Total liabilities		18		21
Fund balances:				
Reserved for debt service		328,881		340,917
Unreserved		413		429
Total fund balances		329,294		341,346
Total liabilities and fund balances	$	329,312	$	341,367

See accompanying notes to financial statements.

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

Reconciliations of Debt Service Fund Balance Sheets to
Statements of Net Assets

June 30, 2009 and 2008

(Amounts in thousands)

		2009		2008
Fund balance – debt service fund	$	329,294	$	341,346
Amounts reported in the statements of net assets are different because:				
Costs of bond issuance are reported as expenditures in the debt service fund financial statements upon issuance. However, in the statements of net assets the costs of bond issuance are reported as capitalized assets and amortized over the life of the bond.		1,955		2,253
Bond discounts are reported as other financing uses in the debt service fund financial statements. However, in the statements of net assets bond discounts are reported as a component of bonds payable and amortized over the life of the bond.		299		345
Some liabilities are not due and payable in the current period from financial resources available at year-end and are therefore not reported in the debt service fund financial statements, but are reported in the statements of net assets. Those liabilities consist of:				
Bonds payable		(304,160)		(321,010)
Accrued interest payable		(4,000)		(4,206)
Net assets – statement of net assets	$	23,388	$	18,728

See accompanying notes to financial statements.

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

Debt Service Fund Statements of Revenues, Expenditures and Changes in Fund Balances

Years ended June 30, 2009 and 2008

(Amounts in thousands)

	2009	2008
Revenue:		
Investment income	$ 19,772	$ 38,416
Total revenue	19,772	38,416
Expenditures:		
Bond interest	14,851	15,417
Principal amount of bonds retired	16,850	16,110
General and administrative	123	115
Total expenditures	31,824	31,642
Net change in fund balance	(12,052)	6,774
Fund balance – beginning of year	341,346	334,572
Fund balance – end of year	$ 329,294	$ 341,346

See accompanying notes to financial statements.

FISCAL YEAR 2005 SECURITIZATION CORPORATION
A Component Unit of the City of New York

Reconciliations of Debt Service Fund Statements of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities

Years ended June 30, 2009 and 2008

(Amounts in thousands)

		2009		2008
Net change in fund balances – debt service fund	$	(12,052)	$	6,774
Amounts reported in the statements of activities are different because:				
Repayment of bond principal is an expenditure in the debt service fund financial statements, but the repayment reduces bond payable on the statements of net assets.		16,850		16,110
The debt service fund reports costs of debt issuance as expenditures upon issuance. However, on the statements of activities, the cost of debt issuance is amortized over the life of the bond.		(298)		(313)
The debt service fund reports bond discounts as other financing uses upon issuance. However, on the statements of activities, discounts are amortized to interest expense over the life of the bond.		(46)		(48)
Interest is reported on the statements of activities on the accrual basis. However, interest is reported as an expenditure in the debt service fund financial statements when the outlay of financial resources is due.		206		125
Change in net assets – statement of net assets	$	4,660	$	22,648

See accompanying notes to financial statements.

(1) Organization

Fiscal Year 2005 Securitization Corporation (FSC or the Corporation) is a special purpose, bankruptcy-remote, local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the State). FSC is governed by a Board of Directors elected by its three Members, all of whom are officials of The City of New York (the City). FSC's Certificate of Incorporation requires the vote of an independent director as a condition to taking certain actions; the independent director would be appointed by the Mayor of the City prior to any such actions. Although legally separate from the City, FSC is a financing instrumentality of the City and, accordingly, is included in the City's financial statements as a blended component unit in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended.

FSC was incorporated for the purpose of issuing bonds, a major portion of the proceeds of which were used to acquire securities held in an escrow account securing City general obligation bonds. FSC's securities, which are held by the trustee for FSC, as they mature will fully fund the debt service and operational expenditures of FSC for the life of FSC's bonds.

On December 2, 2004, FSC issued $499 million of bonds, the proceeds of which were (1) exchanged for securities held in an escrow account securing City general obligation bonds (Refunded Bonds Escrow Fund) (which the City used to purchase securities adequate to fully pay debt service on those previously refunded bonds by redeeming them at their first call date), (2) used to pay costs of issuance and fund a reserve to pay FSC's debt service and operating costs, and (3) transferred to the City in November 2005, in accordance with the bond indenture dated as of December 1, 2004 (Indenture).

FSC does not have any employees; its affairs are administered by employees of the City and another component unit of the City, for which FSC pays a management fee based on its allocated share of personnel and overhead costs.

(2) Summary of Significant Accounting Policies

The government-wide financial statements of FSC, which include the statements of net assets and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB Statement No. 34, as amended. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

FSC's debt service fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are generally considered available if expected to be received within one year after period-end. Expenditures are recognized when the related liability is incurred, except for interest on bonds payable, which is recognized when due. The debt service fund accounts for the accumulation of resources for payment of principal and interest on debt and supports the operations of FSC.

Investments are reported at fair value as of the reporting date.

Bond discounts and issuance costs are capitalized and amortized over the lives of the related debt using the interest method in the government-wide financial statements. The amount of unamortized bond discount at June 30, 2009 and 2008 is $299 and $345, respectively, which are net of accumulated amortization of $225 and $179, respectively. The amount of unamortized issuance costs at June 30, 2009 and 2008 is $1,955 and $2,253, respectively, which are net of accumulated amortization of $1,476 and $1,178, respectively.

The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period of receipt or payment. The face amount of debt issued is reported as other financing sources, as are discounts on debt issuances. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interest expense is recognized on the accrual basis in the government-wide financial statements. Interest expenditures are recognized when paid in the debt service fund financial statements.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires FSC's management to make estimates and assumptions in determining the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Resources set aside for debt service or redemption in accordance with FSC's Indenture are classified as restricted on the statements of net assets. When both restricted and unrestricted resources are available for use, it is FSC's policy to use restricted resources first, then unrestricted resources if they are needed.

As a Component Unit of the City, FSC implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the new standards which will or may impact FSC.

- FSC has adopted Statement of Governmental Accounting Standards No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-entity Transfers of Assets and Future Revenue* (GASB No. 48). FSC has neither sales nor pledges of receivables and future revenues nor intra-entity transfer of assets and future revenues. GASB No. 48 does not have an impact on FSC's financial statements.
- In November 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The Statement established accounting and financial reporting standards for pollution remediation obligations which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. GASB 49 was effective for financial statements for periods beginning after December 15, 2007, and was thus implemented by the City for its fiscal year ended June 30, 2009. There was no impact on FSC's financial statements as a result of implementation of GASB 49.

(Amounts in thousands, except as noted)

- In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Statement requires all intangible assets not specifically excluded by its scope provisions to be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. The requirements for GASB 51 are effective for financial statements for periods beginning after June 15, 2009. FSC has not completed the process of evaluating the impact of GASB 51 on its financial statements but does not expect GASB 51 to have a material impact on its financial statements.
- In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Statement establishes guidance on the recognition, measurement and disclosures related to derivative instruments entered into by governmental entities. GASB 53 requires that most derivative instruments be reported at fair value, and requires governmental entities to determine if derivatives are effective hedges of risks associated with related hedgeable items. Generally, for derivatives that are effective hedges, changes in fair values are deferred whereas for others the changes in fair value are recognized in the current period. The requirements for GASB 53 are effective for financial statements for periods beginning after June 15, 2009. FSC has not completed the process of evaluating the impact of GASB 53 on its financial statements.
- In February 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement affects the display of fund balances in the financial statements and requires that governments disclose their fund balance classifications, policies and procedures in the Notes. Fund balances will be classified as nonspendable, restricted, committed, assigned, and/or unassigned, as defined in the Statement. Additionally, GASB 54 refines the definitions of each of the governmental fund types, such as debt service and capital projects funds. The requirements for GASB 54 are effective for periods beginning after June 15, 2010. FSC has not completed the process of evaluating the impact of GASB 54 on its financial statements, but FSC's governmental fund financial statement presentation will be impacted by the implementation of GASB 54.

(3) Bonds Payable

FSC has issued $499 million of bonds as of June 30, 2009. Outstanding bonds payable bear interest at fixed rates ranging from 3.51% to 4.93%.

A summary of changes in outstanding bonds during the fiscal year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Period ended June 30, 2009 Bonds issued	Bonds retired	Balance June 30, 2009
Series A	$ 135,685	$ —	$ 14,155	$ 121,530
Series B	144,655	—	2,170	142,485
Series C	40,670	—	525	40,145
Totals	$ 321,010	$ —	$ 16,850	$ 304,160

(Amounts in thousands, except as noted)

A summary of changes in outstanding bonds during the fiscal year ended June 30, 2008, is as follows:

	Balance June 30, 2007	Period ended June 30, 2008 Bonds issued	Bonds retired	Balance June 30, 2008
Series A	$ 142,580	$ —	$ 6,895	$ 135,685
Series B	146,755	—	2,100	144,655
Series C	47,785	—	7,115	40,670
Totals	$ 337,120	$ —	$ 16,110	$ 321,010

Debt service requirements, including principal and interest at June 30, 2009, are as follows:

	Principal	Interest	Total
Year ended June 30,			
2010	$ 9,915	$ 14,403	$ 24,318
2011	11,860	14,006	25,866
2012	12,150	13,437	25,587
2013	10,385	12,968	23,353
2014	29,060	12,025	41,085
2015 to 2019	209,005	36,614	245,619
2020	21,785	540	22,325
Totals	$ 304,160	$ 103,993	$ 408,153

FSC has fully funded its debt service account with investments that will provide money at times and in amounts sufficient to pay principal and interest on the FSC bonds. These investments, discussed further in note 5, below, are held in trust for bondholders and reported as reserved and restricted assets on the debt service fund balance sheets and statements of net assets, respectively.

(4) Cash and Cash Equivalents

Cash was comprised of bank deposits restricted for debt service; there was no difference between the carrying amounts and bank balances as of June 30, 2009 or 2008. Cash equivalents were unrestricted and comprised of a Treasury Money Market Fund (see note 5). Cash and cash equivalents consisted of the following at June 30, 2009 and 2008:

	2009	2008
Cash:		
Uninsured and uncollateralized	$ 24	$ 22
Cash equivalents (see note 5)	83	95
Total cash and cash equivalents	$ 107	$ 117

(Amounts in thousands, except as noted)

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a depository financial institution FSC may not be able to recover its deposits that are in possession of an outside party. As of June 30, 2009 and 2008, $24 and $22 of uncollateralized deposits was exposed to custodial credit risk, respectively.

(5) Investments

Investments consisted of the following at June 30, 2009 and 2008:

	2009	2008
Unrestricted:		
Treasury Money Market Funds	$ 83	$ 95
Federal Home Loan Bank discount notes (maturing within one year)	348	351
Total – unrestricted	431	446
Restricted for debt service:		
U.S. Treasury Notes (maturing within one year)	96	99
U.S. Government guaranteed securities (maturing within one year)	24,370	31,659
U.S. Government guaranteed securities (maturing after one year)	304,391	309,137
Total – restricted	328,857	340,895
Total investments including cash equivalents	329,288	341,341
Less amounts reported as cash equivalents (see note 4)	(83)	(95)
Total – investments	$ 329,205	$ 341,246

Each account of FSC is held pursuant to the Indenture and may be invested in securities or categories of investments that are specifically enumerated as permitted investments for such account pursuant to the Indenture. All investments are registered and are held by FSC's agent in FSC's name.

Credit Risk – FSC limits all investments to obligations of, or guaranteed by, the United States of America, or are rated "AAA" by S&P and "Aaa" by Moody's.

Interest Rate Risk – While the long-term nature of fixed-rate securities makes the market values of the investments with maturity greater than one year highly susceptible to changes in market interest rates, the changes in market value pose no risk to bondholders or to FSC because the investments mature at times and in amounts that are adequate to fully fund the debt service and operational expenditures of FSC when due for the life of FSC's bonds.