

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
YEARS ENDED JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

Office of the Secretary  
Department of Housing and Community Development  
Lanham, Maryland

We have audited the accompanying financial statements of the Community Development Administration Local Government Infrastructure Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements as listed in the Table of Contents.

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

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

### ***Auditors' Responsibility***

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 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 from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of a Matter**

*Financial Statement Presentation*

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position and cash flows of the Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2020 and 2019, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements was not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Fund'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 solely 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 effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 29, 2020

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF NET POSITION  
(in thousands)  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>RESTRICTED ASSETS</b>		
<b>RESTRICTED CURRENT ASSETS</b>		
Cash and Cash Equivalents on Deposit	\$ 59,166	\$ 54,226
Investments	345	338
Community Facilities Loans	23,780	11,704
Accrued Interest and Other Receivables	820	547
Total Restricted Current Assets	84,111	66,815
<b>RESTRICTED LONG-TERM ASSETS</b>		
Investments, Net of Current Portion	-	343
Community Facilities Loans, Net of Current Portion	159,898	165,665
Total Restricted Long-Term Assets	159,898	166,008
Total Restricted Assets	\$ 244,009	\$ 232,823
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Interest Payable	\$ 503	\$ 429
Accounts Payable	19	141
Bonds Payable	24,030	11,760
Advance Trustee Fees	88	80
Due to Local Governments	52,227	47,783
Total Current Liabilities	76,867	60,193
<b>LONG-TERM LIABILITIES</b>		
Bonds Payable, Net of Current Portion	163,694	169,220
Advance Trustee Fees, Net of Current Portion	29	17
Other Liabilities	402	423
Total Long-Term Liabilities	164,125	169,660
Total Liabilities	240,992	229,853
<b>NET POSITION</b>		
Restricted	3,017	2,970
Total Liabilities and Net Position	\$ 244,009	\$ 232,823

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
(in thousands)  
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE		
Interest on Community Facilities Loans	\$ 6,124	\$ 5,408
Interest on Cash, Cash Equivalents and Investments	105	178
Increase in Fair Value of Investments	-	7
Fee Income	94	113
Total Operating Revenue	<u>6,323</u>	<u>5,706</u>
OPERATING EXPENSES		
Interest Expense on Bonds	5,766	4,736
Bond Issuance Cost	471	1,728
Professional Fees and Other Operating Expenses	39	62
Total Operating Expenses	<u>6,276</u>	<u>6,526</u>
Operating Income (Loss)	47	(820)
Transfer of Funds, as Permitted by the Various Bond Indentures	<u>-</u>	<u>713</u>
CHANGE IN NET POSITION	47	(107)
NET POSITION, RESTRICTED - BEGINNING OF YEAR	<u>2,970</u>	<u>3,077</u>
NET POSITION, RESTRICTED - END OF YEAR	<u>\$ 3,017</u>	<u>\$ 2,970</u>

*See accompanying Notes to Financial Statements.*

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF CASH FLOWS  
(in thousands)  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Principal and Interest Received on Community Facilities Loans	\$ 17,893	\$ 17,790
Origination of Community Facilities Loans	(14,055)	(32,188)
Advance Trustee Fees Received	102	89
Trustee Fees Paid	(82)	(68)
Loan Fees Received	94	113
Professional Fees and Other Operating Expenses	(46)	(55)
Net Cash Provided (Used) by Operating Activities	3,906	(14,319)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Maturities or Sales of Investments	336	341
Interest Received on Cash Equivalents and Investments	118	171
Net Cash Provided by Investing Activities	454	512
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Sale of Bonds	19,060	22,986
Payments on Bond Principal	(12,060)	(12,385)
Bond Issuance Costs	(471)	(290)
Interest on Bonds	(5,949)	(5,241)
Transfer Among Funds	-	684
Net Cash Provided by Noncapital Financing Activities	580	5,754
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT</b>	4,940	(8,053)
<b>CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR</b>	54,226	62,279
<b>CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR</b>	\$ 59,166	\$ 54,226
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 47	\$ (820)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Amortization of Bond Original Issue Premiums/Discounts	(256)	(510)
Amortization of Investment Discounts	-	(3)
Amortization of Premium on Notes Receivable	72	-
Increase in Fair Value of Investments	-	(7)
Interest Received on Cash Equivalents and Investments	(118)	(171)
Bond Issuance Costs	471	1,728
Interest on Bonds	5,949	5,241
Loan Transfer	-	29
(Increase) Decrease in Assets:		
Community Facilities Loans	(4,871)	(10,384)
Premium on Notes Receivable	(1,510)	-
Accrued Interest and Other Receivables	(273)	74
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	74	5
Accounts Payable	(122)	141
Due to Local Governments	4,444	(9,667)
Advance Trustees Fees and Other Liabilities	(1)	25
Net Cash Provided (Used) by Operating Activities	\$ 3,906	\$ (14,319)

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
JUNE 30, 2020 AND 2019**

**NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION**

The Community Development Administration (CDA) is authorized to issue Local Government Infrastructure Bonds pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland to provide a mechanism for financing the infrastructure needs of local governments. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's Local Government Infrastructure Bonds (the Fund) (resolution adopted August 1, 2010). CDA's other funds are not included.

The Fund was established to issue bonds to provide funds for construction and permanent financing to local governments for public facilities.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

**Basis of Accounting and Measurement Focus**

The basis of accounting for the Fund is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Fund are included on the Statements of Net Position. The Fund is required to follow all statements of the Governmental Accounting Standards Board (GASB).

**Generally Accepted Accounting Principles**

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by GASB. Consequently, CDA applies all applicable GASB pronouncements.

In accordance with accounting guidance issued by GASB, net position should be reported as restricted when constraints placed on net position use is either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the Fund is restricted as to its use as the net position is pledged to bondholders.

Since CDA is an enterprise fund included in the State of Maryland's Comprehensive Annual Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.



**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents on Deposit**

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2020 and 2019, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

**Investments**

Investments are primarily U.S. Treasuries or investment agreements collateralized by governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

**Community Facilities Loans**

Community facilities loans are carried at their unpaid principal balances, net of unamortized premiums on notes receivable. See Note 4 for additional information on community facilities loans.

**Allowance for Loan Losses**

Community facilities loans are secured by the full faith and credit of the applicable local government. Therefore, CDA has determined that no allowance for loan losses was necessary as of June 30, 2020 and 2019.

**Accrued Interest Receivable**

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2020 and 2019, all loans were current. Therefore, all accrued interest on loans was recorded during the year.

**Bonds Payable**

Bonds payable are carried at their unpaid principal balances, net of unamortized bond premiums and discounts. See Notes 5, 6, and 7 for additional information.

**Due to Local Governments**

CDA records the total loan amount when the loan closes and collects interest from the local government on this full loan amount from the date of closing. Due to local governments represents the undrawn loan amount which is held by CDA as an escrow until the funds are needed by the local government.

**Fee Income**

CDA receives financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

**Discounts and Premiums**

Bond discounts and premiums are amortized using a method which approximates the effective interest method. Premiums on notes receivable are amortized on a straight-line basis over the life of the note receivable.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Administrative Support**

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and are reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 9 for additional information.

**Revenue and Expenses**

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing public facilities for local governments. All of the Fund's activities are considered to be operating.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, and losses during the reporting periods. Actual results could differ from these estimates.

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Proceeds from bonds and revenues from loans are invested in authorized investments as defined in the Local Government Infrastructure Bonds Resolution (the Resolution) and in CDA's Investment Policy until required for financing projects, redeeming outstanding bonds, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, investment agreements, money market funds, and any other investment as defined by the Resolution.

The following assets, reported at fair value and held by the Fund as of June 30, 2020 and 2019, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2020	2019
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund		
Administration Shares	\$ 59,166	\$ 54,226
Investments:		
Obligation of U.S. Government Agencies	345	681
Total	<u>\$ 59,511</u>	<u>\$ 54,907</u>

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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations and ongoing operations.

As of June 30, 2020, the amortized cost, fair value, and maturities for these assets were as follows:

<u>Asset</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
			<u>Less Than 1</u>	<u>1 - 5</u>
BlackRock Liquidity FedFund Administration Shares	\$ 59,166	\$ 59,166	\$ 59,166	\$ -
Obligations of U.S. Government Agencies	338	345	345	-
Total	<u>\$ 59,504</u>	<u>\$ 59,511</u>	<u>\$ 59,511</u>	<u>\$ -</u>

As of June 30, 2019, the amortized cost, fair value, and maturities for these assets were as follows:

<u>Asset</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Maturities (in Years)</u>	
			<u>Less Than 1</u>	<u>1 - 5</u>
BlackRock Liquidity FedFund Administration Shares	\$ 54,226	\$ 54,226	\$ 54,226	\$ -
Obligations of U.S. Government Agencies	674	681	338	343
Total	<u>\$ 54,900</u>	<u>\$ 54,907</u>	<u>\$ 54,564</u>	<u>\$ 343</u>

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. It operates in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, and can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As of June 30, 2020 and 2019, the cost of the money market mutual fund approximated fair value.

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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Credit Risk and Concentration of Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment policy, securities must be rated at the highest investment grade by any national rating agency. U.S. dollar denominated accounts and bankers' acceptances which have a rating on their short-term certificates of deposit must be in the two highest ratings by any nationally recognized rating agency. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB. Investments in mutual funds are excluded from this requirement.

As of June 30, 2020, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	\$ 59,166	99.42%	Aaa	Moody's

As of June 30, 2019, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	\$ 54,226	98.76%	Aaa	Moody's

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2020 and 2019, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. The money market mutual fund and other investments are held in trust by the trustee, kept separate from the assets of the bank and from other trust accounts and is held in CDA's name.

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**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in money market funds are not subject to the fair value measurement requirements.

The Fund has the following recurring fair value measurement as of June 30, 2020 and 2019:

- U.S. Government agencies of \$345 and \$681, respectively, are valued using quoted market prices (Level 1).

**NOTE 4 COMMUNITY FACILITIES LOANS**

Community facilities loans are secured by the full faith and credit of the applicable local government. As such, no allowance for loan losses was necessary as of June 30, 2020 and 2019. As of June 30, 2020 and 2019, interest rates on such loans range from 1.65% to 5.09%. Remaining loan terms range from less than 1 year to 28 years and less than 1 year to 29 years, respectively.

The Local Government Infrastructure Bonds 2019 Series B were issued at a premium, \$1,510 of which resulted in a related premium on the loans receivable issued in connection with the bond proceeds. The premium will be amortized on a straight-line basis over the life of each underlying loan receivable. Balance of loans receivable and the related premium as of June 30, 2020 and 2019 were as follows:

	2020	2019
Community Facilities Loans Receivable	\$ 182,240	\$ 177,369
Premium on Notes Receivable	1,510	-
Total Community Facilities Loans Receivable, Net of Premium	183,750	177,369
Less Accumulated Amortization of Premium on Notes Receivable	(72)	-
Community Facilities Loans Receivable, Net of Unamortized Premium	\$ 183,678	\$ 177,369

**NOTE 5 BONDS PAYABLE**

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds do not constitute debt of and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision.

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of community facilities loans. All outstanding bonds are subject to redemption at the option of CDA, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. All bonds have fixed interest rates and all bonds are tax- exempt.

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**NOTE 5 BONDS PAYABLE (CONTINUED)**

The following is a summary of the bond activity for the year ended June 30, 2020 and debt outstanding and bonds payable as of June 30, 2020:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt	Bond Activity		Debt	Bond	Bonds
				Outstanding at June 30, 2019	New Bonds Issued	Scheduled Maturity Payments	Outstanding at June 30, 2020	Premium/Discount Deferred	Payable at June 30, 2020
Local Government									
Infrastructure Bonds									
2010 Series A-1	8/25/10	3.00% - 4.00%	2020 - 2030	\$ 11,075	\$ -	\$ (1,045)	\$ 10,030	\$ (24)	\$ 10,006
2010 Series A-2	8/25/10	3.00% - 4.00%	2020 - 2030	4,900	-	(455)	4,445	-	4,445
2012 Series A-1	5/17/12	2.35% - 3.50%	2020 - 2032	4,880	-	(620)	4,260	(2)	4,258
2012 Series A-2	5/17/12	2.20% - 3.60%	2020 - 2032	2,325	-	(280)	2,045	-	2,045
2012 Series B-1	12/19/12	1.65% - 3.125%	2020 - 2032	9,745	-	(775)	8,970	112	9,082
2012 Series B-2	12/19/12	1.70% - 3.125%	2020 - 2032	4,515	-	(355)	4,160	-	4,160
2013 Series A-1	10/3/13	2.60% - 5.00%	2020 - 2043	10,195	-	(615)	9,580	(28)	9,552
2013 Series A-2	10/3/13	2.65% - 5.05%	2020 - 2043	4,805	-	(260)	4,545	-	4,545
2014 Series A-1	8/28/14	1.75% - 3.50%	2020 - 2034	22,445	-	(1,350)	21,095	399	21,494
2014 Series A-2	8/28/14	1.75% - 5.00%	2020 - 2034	10,510	-	(580)	9,930	-	9,930
2015 Series A-1	8/27/15	3.00% - 3.75%	2020 - 2045	10,785	-	(685)	10,100	109	10,209
2015 Series A-2	8/27/15	3.00% - 3.75%	2020 - 2045	4,610	-	(290)	4,320	-	4,320
2016 Series A-1	8/31/16	1.00% - 2.90%	2020 - 2036	14,900	-	(1,160)	13,740	-	13,740
2016 Series A-2	8/31/16	1.05% - 2.95%	2020 - 2036	6,380	-	(495)	5,885	-	5,885
2017 Series A-1	8/2/17	2.00% - 4.00%	2020 - 2047	24,560	-	(1,545)	23,015	301	23,316
2017 Series A-2	8/2/17	2.00% - 4.00%	2020 - 2047	10,545	-	(665)	9,880	-	9,880
2018 Series A-1	8/30/18	2.00% - 5.00%	2020 - 2048	4,390	-	(190)	4,200	285	4,485
2018 Series A-2	8/30/18	2.00% - 4.00%	2020 - 2048	1,865	-	(80)	1,785	-	1,785
2019 Series A-1	6/27/19	2.10% - 3.90%	2020 - 2049	11,340	-	(220)	11,120	-	11,120
2019 Series A-2	6/27/19	2.20% - 4.00%	2020 - 2049	4,875	-	(95)	4,780	-	4,780
2019 Series B-1	11/21/19	3.00% - 4.00%	2020 - 2049	-	11,810	(210)	11,600	1,360	12,960
2019 Series B-2	11/21/19	3.00% - 4.00%	2020 - 2049	-	5,260	(90)	5,170	557	5,727
Total				\$ 179,645	\$ 17,070	\$ (12,060)	\$ 184,655	\$ 3,069	\$ 187,724

The following is a summary of the bond activity for the year ended June 30, 2019 and debt outstanding and bonds payable as of June 30, 2019:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt	Bond Activity		Debt	Bond	Bonds
				Outstanding at June 30, 2018	New Bonds Issued	Scheduled Maturity Payments	Outstanding at June 30, 2019	Premium/Discount Deferred	Payable at June 30, 2019
Local Government									
Infrastructure Bonds									
2010 Series A-1	8/25/10	2.625% - 4.00%	2019 - 2030	\$ 12,085	\$ -	\$ (1,010)	\$ 11,075	\$ 4	\$ 11,079
2010 Series A-2	8/25/10	2.75% - 4.00%	2019 - 2030	5,345	-	(445)	4,900	-	4,900
2012 Series A-1	5/17/12	1.75% - 3.50%	2019 - 2032	5,485	-	(605)	4,880	7	4,887
2012 Series A-2	5/17/12	1.95% - 3.60%	2019 - 2032	2,600	-	(275)	2,325	-	2,325
2012 Series B-1	12/19/12	1.40% - 3.125%	2019 - 2032	10,510	-	(765)	9,745	119	9,864
2012 Series B-2	12/19/12	1.45% - 3.125%	2019 - 2032	4,860	-	(345)	4,515	-	4,515
2013 Series A-1	10/3/13	2.30% - 5.00%	2019 - 2043	11,825	-	(1,630)	10,195	(29)	10,166
2013 Series A-2	10/3/13	2.35% - 5.05%	2019 - 2043	5,505	-	(700)	4,805	-	4,805
2014 Series A-1	8/28/14	1.45% - 3.50%	2019 - 2034	23,605	-	(1,160)	22,445	418	22,863
2014 Series A-2	8/28/14	1.45% - 5.00%	2019 - 2034	11,005	-	(495)	10,510	-	10,510
2015 Series A-1	8/27/15	3.00% - 3.75%	2019 - 2045	11,445	-	(660)	10,785	169	10,954
2015 Series A-2	8/27/15	3.00% - 3.75%	2019 - 2045	4,895	-	(285)	4,610	-	4,610
2016 Series A-1	8/31/16	0.75% - 2.90%	2019 - 2036	16,045	-	(1,145)	14,900	-	14,900
2016 Series A-2	8/31/16	0.85% - 2.95%	2019 - 2036	6,870	-	(490)	6,380	-	6,380
2017 Series A-1	8/2/17	2.00% - 4.00%	2019 - 2047	26,080	-	(1,520)	24,560	347	24,907
2017 Series A-2	8/2/17	2.00% - 4.00%	2019 - 2047	11,195	-	(650)	10,545	-	10,545
2018 Series A-1	8/30/18	2.00% - 5.00%	2019 - 2048	-	4,535	(145)	4,390	300	4,690
2018 Series A-2	8/30/18	2.00% - 4.00%	2019 - 2048	-	1,925	(60)	1,865	-	1,865
2019 Series A-1	6/27/19	2.10% - 3.90%	2020 - 2049	-	11,340	-	11,340	-	11,340
2019 Series A-2	6/27/19	2.20% - 4.00%	2020 - 2049	-	4,875	-	4,875	-	4,875
Total				\$ 169,355	\$ 22,675	\$ (12,385)	\$ 179,645	\$ 1,335	\$ 180,980

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
JUNE 30, 2020 AND 2019**

**NOTE 6 DEBT SERVICE REQUIREMENTS**

As of June 30, 2020, the required principal payments for bonds (including mandatory sinking fund payments and excluding the effect of unamortized bond premiums and discounts) and interest payments for each of the next five years and in five-year increments thereafter, are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 5,682	\$ 24,030
2022	5,329	11,580
2023	5,054	10,520
2024	4,785	10,790
2025	4,499	10,655
2026-2030	17,890	47,760
2031-2035	10,007	36,200
2036-2040	5,471	13,040
2041-2045	3,097	12,150
2046-2049	739	7,930
Total	<u>\$ 62,553</u>	<u>\$ 184,655</u>

As of June 30, 2019, the required principal payments for bonds (including mandatory sinking fund payments and excluding the effect of unamortized bond premiums and discounts) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 5,596	\$ 11,760
2021	5,384	11,865
2022	5,119	12,070
2023	4,825	11,035
2024	4,545	11,320
2025-2029	17,961	52,525
2030-2034	9,644	40,170
2035-2039	4,667	11,440
2040-2044	2,777	9,790
2045-2049	807	7,670
Total	<u>\$ 61,325</u>	<u>\$ 179,645</u>

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
JUNE 30, 2020 AND 2019**

**NOTE 7 LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Bonds Payable:		
Beginning Balance at June 30,	\$ 180,980	\$ 169,451
Additions	17,070	24,424
Reductions	(12,060)	(12,385)
Change in Deferred Amounts for Issuance Premiums/Discounts	1,734	(510)
Ending Balance at June 30,	187,724	180,980
Less Due Within One Year	(24,030)	(11,760)
Total Long-Term Bonds Payable	163,694	169,220
Other Liabilities - Advance Trustee Fees:		
Beginning Balance at June 30,	97	76
Additions	102	89
Reductions	(82)	(68)
Ending Balance at June 30,	117	97
Less Due Within One Year	(88)	(80)
Total Long-Term Other Liabilities - Advance Trustee Fees	29	17
Other Liabilities:		
Beginning Balance at June 30,	423	419
Additions	-	20
Reductions	(21)	(16)
Ending Balance at June 30,	402	423
Total Long-Term Other Liabilities	402	423
Total Long-Term Liabilities	\$ 164,125	\$ 169,660

**NOTE 8 INTERFUND ACTIVITY**

In accordance with the Resolution, net position in the Fund is restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. During the year ended June 30, 2020, there were no transfers into the Fund. During the year ended June 30, 2019, \$684 cash and a \$29 loan receivable were transferred into the Fund from CDA's Infrastructure Financing Bonds (MBIA Insured) Fund.



**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
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**NOTE 9 PENSION AND OTHER POST-RETIREMENT BENEFITS**

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by CDA to the State of Maryland prior to year-end. The liability for the employees is recorded by the general fund of the State of Maryland and is not allocated to CDA. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at [www.sra.state.md.us](http://www.sra.state.md.us).

**NOTE 10 SUBSEQUENT EVENTS**

Subsequent to the year ended June 30, 2020, CDA issued \$24,210 of Local Government Infrastructure Bonds 2020 Series A on August 20, 2020. CDA also redeemed \$1,255 and \$11,380 of 2010 Series A Local Government Infrastructure Bonds on August 15, 2020 and August 21, 2020, respectively.

Prior to the fiscal year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to CDA activity, COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, an increase in non-performing loans, an increase in loans in forbearance, an overall decrease in loan production, all of which would likely reduce revenues and increase expenses. Management believes that CDA is taking appropriate actions to mitigate the negative impact.

As of the end of the fiscal year, CDA did not observe any material impacts on the Fund's operations or its financial position from the pandemic public health crisis. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time as these events are still developing.