COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Community Development Administration Housing Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of 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, 2023 and 2022, 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 is not modified with respect to this matter.

Responsibilities of Management 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Disclosure of Changes in Fair Value of Investments and Mortgage-Backed Securities but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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

CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2023

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2023 AND 2022

	2023	2022
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	$ 116,335	$ 127,688
Investments	-	10,396
Mortgage-Backed Securities	504	479
Mortgage Loans:		
Multi-Family Construction and Permanent Financing	4,485	3,850
Accrued Interest and Other Receivables	2,038	2,168
Total Restricted Current Assets	123,362	144,581
RESTRICTED LONG-TERM ASSETS		
Investments, Net of Current Portion	5,783	6,192
Mortgage-Backed Securities, Net of Current Portion	28,814	30,497
Mortgage Loans, Net of Current Portion and Allowance:		
Multi-Family Construction and Permanent Financing	410,478	345,578
Total Restricted Long-Term Assets	445,075	382,267
Total Restricted Assets	$ 568,437	$ 526,848
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued Interest Payable	$ 7,359	$ 5,603
Accounts Payable	120	189
Rebate Liability	365	-
Bonds Payable	26,268	19,823
Deposits by Borrowers	7,235	7,035
Total Current Liabilities	41,347	32,650
LONG-TERM LIABILITIES		
Rebate Liability, Net of Current Portion	5	249
Bonds Payable, Net of Current Portion	436,858	410,871
Deposits by Borrowers, Net of Current Portion	27,179	23,522
Total Long-Term Liabilities	464,042	434,642
Total Liabilities	505,389	467,292
NET POSITION		
Restricted by Bond Indenture	63,048	59,556
Total Liabilities and Net Position	$ 568,437	$ 526,848

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Interest on Mortgage Loans	$ 15,682	$ 14,928
Interest on Mortgage-Backed Securities	1,459	1,457
Interest Income on Investments, Net of Rebate	3,061	443
Decrease in Fair Value of Investments	(378)	(852)
Fee Income	860	1,072
Decrease in Provision for Loan Losses	1	-
Other Operating Revenue	12	14
Total Operating Revenue	20,697	17,062
OPERATING EXPENSES		
Interest Expense on Bonds	14,460	11,958
Professional Fees and Other Operating Expenses	580	702
Total Operating Expenses	15,040	12,660
Operating Income	5,657	4,402
NONOPERATING EXPENSES		
Decrease in Fair Value of Mortgage-Backed Securities	(1,165)	(723)
Transfer of Funds, as Permitted by the Resolution	(1,000)	(2,000)
CHANGE IN NET POSITION	3,492	1,679
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	59,556	57,877
NET POSITION - RESTRICTED AT END OF YEAR	$ 63,048	$ 59,556

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Mortgage Loans	$ 26,323	$ 45,198
Principal and Interest Received on Mortgage-Backed Securities	1,953	1,821
Escrow Funds Received	13,073	14,956
Escrow Funds Paid	(9,216)	(15,405)
Loan Fees Received	860	1,072
Purchase of Mortgage Loans	(75,766)	(54,729)
Purchase of Mortgage-Backed Securities	-	(3,374)
Professional Fees and Other Operating Expenses	(649)	(604)
Other Income Received	12	14
Other Disbursements	(48)	-
Net Cash Used by Operating Activities	(43,458)	(11,051)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities or Sales of Investments, Net of Cash Equivalents	18,021	4,603
Purchase of Investments, Net of Cash Equivalents	(7,409)	(6,033)
Interest Received on Investments	2,790	417
Net Cash Provided (Used) by Investing Activities	13,402	(1,013)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from the Sale of Bonds	60,800	79,250
Payments on Bond Principal	(28,368)	(36,813)
Interest on Bonds	(12,704)	(11,642)
Transfers Among Funds	(1,000)	(2,000)
Net Cash Provided by Noncapital Financing Activities	18,728	28,795
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(11,328)	16,731
Adjustments to Report Cash Equivalents at Fair Value:		
Unamortized Investment Discount on Cash Equivalents	(26)	-
Increase in Fair Value on Cash Equivalents	1	-
ADJUSTED NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(11,353)	16,731
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	127,688	110,957
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 116,335	$ 127,688

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 5,657	$ 4,402
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Amortization of Investment Premiums and Discounts	(160)	12
Decrease in Provision for Loan Losses	(1)	-
Decrease in Fair Value of Investments	378	852
Interest Received on Investments	(2,790)	(417)
Interest on Bonds	12,704	11,642
(Increase) Decrease in Assets:		
Mortgage Loans	(65,534)	(23,899)
Mortgage-Backed Securities	493	(2,998)
Accrued Interest and Other Receivables	130	(682)
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	1,756	316
Accounts Payable	(69)	99
Rebate Liability	121	71
Deposits by Borrowers	3,857	(449)
Net Cash Used by Operating Activities	$ (43,458)	$ (11,051)

See accompanying Notes to Financial Statements.

NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 (now in Sections 4-101 through 4-255 of the Housing and Community Development Article) of the Annotated Code of Maryland to meet the shortage of adequate, safe, and sanitary housing in the state of Maryland, particularly for persons or families of limited income. 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 Housing Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds to provide funds to finance or refinance loans for various types of housing. As of June 30, 2023 and 2022, Housing Revenue Bonds have primarily financed multi-family projects.

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 (U.S. 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 Annual Comprehensive Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.

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, 2023, all of the Fund's cash equivalents were invested in a money market mutual fund and U.S. Treasury Bills. As of June 30, 2022, all of the Fund's cash equivalents were invested in a money market mutual fund. Cash equivalents are fully described in Note 3.

Investments

Investments are principally governmental debt securities 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, with the exception of State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO) which are short-term (7-day) instruments that can be tendered at 7 days' notice. 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.

Mortgage-Backed Securities

These guaranteed securities are issued in connection with mortgage loans on multi-family projects. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees are recognized as revenue in the period received. See Notes 4 and 12 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all of the mortgage loans of the Fund are insured or guaranteed. Less than 1% of the loan portfolio is uninsured and CDA has established an allowance for loan losses on these loans. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group. See Notes 4 and 12 for additional information.

Accrued Interest and Other Receivables

Accrued interest and other receivables include interest on loans and investments. On insured multi-family mortgage loans that are in default, CDA continues to accrue interest until receipt of a mortgage insurance claim. See Note 5 for additional information.

Bonds Payable

Bonds payable are carried at their unpaid principal balances. However, in an economic refunding, any costs incurred from the refunding of bonds would be reported as deferred outflows or inflows of resources on the Statements of Net Position. See Notes 6, 7, 8, and 10 for more information.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. CDA has set up other escrows for construction interest which are classified based on loan interest due as to whether it is a current or long-term liability. See Note 10 for further information on changes in long-term obligations.

Rebate Liability on Investments

Regulations governing the issuance of tax-exempt debt place limitations on permitted investment yield on borrowed funds. Based on these regulations, CDA is required to periodically rebate excess earning from investments to the United States Treasury. In addition, the liability may also include an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 9.

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Code (IRC) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the IRC. If at any time the composite yields on the transferred loans are out of compliance with the IRC, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2023 and 2022, all mortgage loan yields were in compliance with the IRC.

Interest on Mortgage Loans and Mortgage-Backed Securities

Interest on mortgage loans and mortgage-backed securities is calculated using the effective interest method.

Fee Income

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

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 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 13 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 affordable housing in the state of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities that are held within the portfolio.

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 period. Actual results could differ from these estimates.

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES

Bond proceeds and revenues from mortgages, mortgage-backed securities, and investments are invested in authorized investments as defined in the Housing Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, paying bond debt service or redeeming outstanding bonds, and funding program expenses. Authorized investments include State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO), obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, investment agreements, money market funds, and certificates of deposit.

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES (CONTINUED)

The following assets, reported at fair value and held by the Fund as of June 30, 2023 and 2022, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2023	2022
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund Administration Shares	$ 112,091	$ 127,688
U.S. Treasury Securities (U.S. Treasury Bills)	4,244	-
Investments:		
U.S. Treasury Securities	5,783	9,188
State HFA VRDO	-	7,400
Mortgage-Backed Securities:		
GNMA Mortgage-Backed Securities	29,318	30,976
Total	$ 151,436	$ 175,252

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, 2023, the amortized cost, fair value, and maturities for these assets were as follows:

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1-5	6 - 10	11 - 15	More Than 15
BlackRock Liquidity FedFund Administration Shares	$ 112,091	$ 112,091	$ 112,091	$ -	$ -	$ -	$ -
U.S. Treasury Securities	9,694	10,027	4,244	5,783	-	-	-
GNMA Mortgage-Backed Securities	30,586	29,318	-	-	-	-	29,318
Total	$ 152,371	$ 151,436	$ 116,335	$ 5,783	$ -	$ -	$ 29,318

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES (CONTINUED)

Interest Rate Risk (continued)

As of June 30, 2022, the amortized cost, fair value, and maturities for these assets were as follows:

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1-5	6 - 10	11 - 15	More Than 15
BlackRock Liquidity FedFund Administration Shares	$ 127,688	$ 127,688	$ 127,688	$ -	$ -	$ -	$ -
U.S. Treasury Securities	8,477	9,188	2,996	6,192	-	-	-
State HFA VRDO	7,400	7,400	7,400	-	-	-	-
GNMA Mortgage-Backed Securities	31,079	30,976	-	-	-	-	30,976
Total	$ 174,644	$ 175,252	$ 138,084	$ 6,192	$ -	$ -	$ 30,976

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 is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It 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 noted above, as of June 30, 2023 and 2022, the cost of the money market mutual fund approximated fair value.

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 at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2023 and 2022, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2023 and 2022, the ratings on Housing Revenue Bonds were Aa2 by Moody's Investors Service and AA+ by Fitch Ratings. The following tables provide 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.

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES (CONTINUED)

Credit Risk and Concentration of Credit Risk (continued)

The State HFA VRDO held in CDA's investment portfolio is a short-term (7-day) instrument that can be tendered at 7 days' notice at par. The rate is reset weekly by a remarketing agent; therefore, the market value of the bonds is approximately 100% of the principal amount of the bonds during any period.

As of June 30, 2023, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 112,091	74.02%	Aaa-mf		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	29,318	19.36%		Direct U.S. Obligations	
U.S. Treasury Securities	10,027	6.62%		Direct U.S. Obligations	

As of June 30, 2022, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 127,688	72.86%	Aaa-mf		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	30,976	17.68%		Direct U.S. Obligations	
U.S. Treasury Securities	9,188	5.24%		Direct U.S. Obligations	

Mortgage-Backed Securities

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) lender, as the issuer of the guaranteed security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES (CONTINUED)

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, 2023 and 2022, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

The Fund has the following recurring fair value measurements as of June 30, 2023 and 2022:

- U.S. Treasury Securities of $10,027 and $9,188, respectively, are valued using quoted market prices (Level 1).
- State HFA VRDO of $0 and $7,400, respectively, are valued using the matrix pricing technique (Level 2).
- GNMA mortgage-backed securities of $29,318 and $30,976, respectively, are valued using the matrix pricing technique (Level 2).

NOTE 4 MORTGAGE LOANS

All multi-family mortgage loans are secured by first liens on the related property and approximately 99% of the outstanding loan amounts are insured or credit enhanced by the Federal Housing Administration (FHA), Maryland Housing Fund (MHF), Federal National Mortgage Association (FNMA), GNMA, or bank letters of credit. As of June 30, 2023 and 2022, interest rates on such loans range from 0.88% to 6.99% and 0.55% to 6.99%, respectively, with remaining loan terms ranging from less than 1 year to 40 years. For the years ended June 30, 2023 and 2022, an allowance for loan losses in the amount of $32 and $33, respectively, has been established for uninsured loans.

(in thousands)

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2023 and 2022 were as follows:

	2023	2022
Accrued Mortgage Loan Interest	$ 1,465	$ 1,807
Accrued Mortgage-Backed Securities Interest	121	123
Accrued Investment Interest	391	159
Prepaid expenses	48	-
Negative Arbitrage Due from Mortgagors	13	79
Total	$ 2,038	$ 2,168

NOTE 6 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 mortgage loans. All outstanding bonds are subject to optional redemption, 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. When bonds are redeemed, whether as a special or optional redemption, CDA writes off a proportionate share of any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Statements of Revenue, Expenses, and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss. The Fund's bonds are tax-exempt and have fixed rates, except Series 2013 E which is a taxable, variable rate issue. The variable rate is set weekly by a remarketing agent so that the market value of the bonds is as close as possible to 100% of the principal amount of the bonds. In no event will these variable rate bonds bear interest at a rate in excess of 12%.

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2023 and bonds payable as of June 30, 2023:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2022	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2023
Housing Revenue Bonds								
Series 2007 C	12/20/07	-	-	$ 1,280	$ -	$ (15)	$ (1,265)	$ -
Series 2012 D	11/07/12	-	-	4,150	-	(35)	(4,115)	-
Series 2013 A	02/28/13	2.65% - 4.00%	2023-2054	9,770	-	(170)	-	9,600
Series 2013 B	07/25/13	-	-	5,125	-	(130)	(4,995)	-
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	3.30% - 5.00%	2023-2048	6,770	-	(150)	(1,060)	5,560
Series 2014 A	02/27/14	3.20% - 5.00%	2023-2055	4,420	-	(60)	(1,240)	3,120
Series 2014 B	05/21/14	3.00% - 4.45%	2023-2055	1,180	-	(15)	-	1,165
Series 2014 C	08/21/14	2.90% - 4.05%	2023-2046	2,085	-	(60)	-	2,025
Series 2014 D	12/17/14	2.75% - 4.20%	2023-2056	9,210	-	(140)	-	9,070
Series 2015 A	05/28/15	2.65% - 4.55%	2023-2057	7,480	-	(110)	-	7,370
Series 2015 B	10/07/15	2.50% - 4.50%	2023-2057	42,720	-	(595)	-	42,125
Series 2016 A	12/14/16	2.60% - 4.40%	2023-2058	6,985	-	(100)	-	6,885
Series 2017 A	04/13/17	3.95%	11/1/2058	14,328	-	-	(163)	14,165
Series 2017 B	05/10/17	3.75%	3/1/2059	6,056	-	-	(70)	5,986
Series 2017 C	12/18/17	2.00% - 3.80%	2023-2059	17,460	-	(250)	-	17,210
Series 2018 A	05/31/18	2.40% - 4.25%	2023-2060	26,065	-	(640)	-	25,425
Series 2019 A	01/17/19	2.20% - 4.20%	2023-2061	11,475	-	(145)	-	11,330
Series 2019 B	04/18/19	1.95% - 3.90%	2023-2061	9,880	-	(130)	-	9,750
Series 2019 C	06/27/19	1.60% - 3.65%	2023-2061	14,590	-	(210)	-	14,380
Series 2019 D	08/08/19	1.45% - 3.60%	2023-2061	30,300	-	(425)	-	29,875
Series 2019 E	11/14/19	1.50% - 3.40%	2023-2061	2,740	-	(40)	-	2,700
Series 2020 A	06/30/20	0.75% - 3.10%	2023-2062	10,315	-	(80)	-	10,235
Series 2020 C	07/09/20	0.80% - 3.10%	2023-2062	19,350	-	(10,130)	-	9,220
Series 2020 D	10/22/20	0.45% - 2.95%	2023-2062	10,145	-	(1,590)	-	8,555
Series 2020 E	12/17/20	0.45% - 2.70%	2023-2062	22,165	-	(240)	-	21,925
Series 2021 A	06/24/21	0.35% - 2.65%	2024-2063	13,605	-	-	-	13,605
Series 2021 B	07/29/21	0.30% - 2.10%	2023-2041	11,395	-	-	-	11,395
Series 2021 C	11/18/21	0.375% - 3.05%	2023-2064	44,585	-	-	-	44,585
Series 2022 A	06/09/22	2.875% - 4.60%	2024-2042	23,270	-	-	-	23,270
Series 2022 B	10/18/22	3.25% - 5.25%	2024-2064	-	6,465	-	-	6,465
Series 2022 C	12/01/22	3.40% - 5.15%	2025-2042	-	11,555	-	-	11,555
Series 2023 A	03/15/23	3.15% - 5.00%	2024-2065	-	17,205	-	-	17,205
Series 2023 B	05/03/23	2.75% - 4.35%	2025-2043	-	25,575	-	-	25,575
Total				$ 430,694	$ 60,800	$ (15,460)	$ (12,908)	$ 463,126

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2022 and bonds payable as of June 30, 2022:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2021	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2022
Housing Revenue Bonds								
Series 2007 C	12/20/07	5.38%	1/1/2043	$ 1,310	$ -	$ (30)	$ -	$ 1,280
Series 2012 A	07/26/12	-	-	8,465	-	(130)	(8,335)	-
Series 2012 B	08/30/12	-	-	4,080	-	(60)	(4,020)	-
Series 2012 D	11/07/12	2.50% - 3.875%	2022 - 2054	4,220	-	(70)	-	4,150
Series 2013 A	02/28/13	2.45% - 4.00%	2022 - 2054	9,930	-	(160)	-	9,770
Series 2013 B	07/25/13	3.45% - 5.15%	2022 - 2055	9,155	-	(125)	(3,905)	5,125
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	3.10% - 5.00%	2022 - 2048	6,910	-	(140)	-	6,770
Series 2014 A	02/27/14	2.95% - 5.00%	2022 - 2055	4,480	-	(60)	-	4,420
Series 2014 B	05/21/14	2.75% - 4.45%	2022 - 2055	1,195	-	(15)	-	1,180
Series 2014 C	08/21/14	2.65% - 4.05%	2022 - 2046	2,140	-	(55)	-	2,085
Series 2014 D	12/17/14	2.55% - 4.20%	2022 - 2056	9,350	-	(140)	-	9,210
Series 2015 A	05/28/15	2.40% - 4.55%	2022 - 2057	7,590	-	(110)	-	7,480
Series 2015 B	10/07/15	2.25% - 4.50%	2022 - 2057	43,300	-	(580)	-	42,720
Series 2016 A	12/14/16	2.35% - 4.40%	2022 - 2058	7,085	-	(100)	-	6,985
Series 2017 A	04/13/17	3.95%	11/1/2058	14,483	-	-	(155)	14,328
Series 2017 B	05/10/17	3.75%	3/1/2059	6,124	-	-	(67)	6,057
Series 2017 C	12/18/17	1.90% - 3.80%	2022 - 2059	17,695	-	(235)	-	17,460
Series 2018 A	05/31/18	2.35% - 4.25%	2022 - 2060	26,905	-	(840)	-	26,065
Series 2019 A	01/17/19	2.05% - 4.20%	2022 - 2061	11,615	-	(140)	-	11,475
Series 2019 B	04/18/19	1.85% - 3.90%	2022 - 2061	10,005	-	(125)	-	9,880
Series 2019 C	06/27/19	1.50% - 3.65%	2022 - 2061	19,665	-	(5,075)	-	14,590
Series 2019 D	08/08/19	1.375% - 3.60%	2022 - 2061	30,440	-	(140)	-	30,300
Series 2019 E	11/14/19	1.40% - 3.40%	2022 - 2061	6,020	-	(3,280)	-	2,740
Series 2020 A	06/30/20	0.65% - 3.10%	2023 - 2062	10,315	-	-	-	10,315
Series 2020 B	06/30/20	-	-	5,685	-	(5,685)	-	-
Series 2020 C	07/09/20	0.625% - 3.10%	2022-2062	19,350	-	-	-	19,350
Series 2020 D	10/22/20	0.30% - 2.95%	2022-2062	11,485	-	(1,340)	-	10,145
Series 2020 E	12/17/20	0.30% - 2.70%	2022-2062	23,860	-	(1,695)	-	22,165
Series 2021 A	06/24/21	0.35% - 2.65%	2024-2063	13,605	-	-	-	13,605
Series 2021 B	07/29/21	0.30% - 2.10%	2023-2041	-	11,395	-	-	11,395
Series 2021 C	11/18/21	0.375% - 3.05%	2023-2064	-	44,585	-	-	44,585
Series 2022 A	06/09/22	2.875% - 4.60%	2024-2042	-	23,270	-	-	23,270
Total				$ 388,257	$ 79,250	$ (20,330)	$ (16,483)	$ 430,694

(in thousands)

NOTE 7 DEBT SERVICE REQUIREMENTS

As of June 30, 2023, the required principal payments for bonds (including mandatory sinking fund payments, mandatory payments and prepayments from 2017A and 2017B loans and special redemptions that occurred subsequent to June 30, 2023) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

Year Ending June 30,	Interest	Principal
2024	$ 15,787	$ 26,268
2025	15,652	28,039
2026	15,000	9,335
2027	14,811	5,842
2028	14,669	5,974
2029 - 2033	70,853	31,167
2034 - 2038	65,563	37,208
2039 - 2043	56,982	95,448
2044 - 2048	34,869	86,205
2049 - 2053	21,582	49,757
2054 - 2058	11,422	54,698
2059 - 2063	2,831	30,925
2064 - 2065	100	2,260
Total	$ 340,121	$ 463,126

As of June 30, 2022, the required principal payments for bonds (including mandatory sinking fund payments, mandatory payments and prepayments from 2017A and 2017B loans, and special and optional redemptions that occurred subsequent to June 30, 2022) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

Year Ending June 30,	Interest	Principal
2023	$ 12,392	$ 19,823
2024	12,887	17,363
2025	12,519	13,754
2026	12,377	5,545
2027	12,249	5,647
2028 - 2032	58,918	30,166
2033 - 2037	53,912	35,106
2038 - 2042	47,191	76,144
2043 - 2047	33,113	84,059
2048 - 2052	22,480	48,104
2053 - 2057	12,687	54,784
2058 - 2062	3,532	36,294
2063 - 2065	109	3,905
Total	$ 294,366	$ 430,694

The interest calculations on outstanding variable rate bonds in the amount of $41,795 are based on the variable rate in effect on June 30, 2023 and 2022, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary.

(in thousands)

NOTE 8 BOND REFUNDINGS

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds for the purpose of lowering debt costs by reducing interest rates or for other purposes such as revising payment schedules or modifying restrictions related to the old debt. This type of transaction is commonly known as an economic refunding. There were no bond refundings for the years ended June 30, 2023 and 2022.

NOTE 9 REBATE LIABILITY

In accordance with the Internal Revenue Code (IRC), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the IRC. The IRC requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses, and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. For the years ended June 30, 2023 and 2022, the rebate liability was $370 and $249, respectively.

	2023	2022
Beginning Rebate Liability	$ 249	$ 178
Change in Estimated Liability Due to Excess Earnings (Calculated as of Computation Period Ending 6/30/23 and 1/1/22)	121	71
Ending Rebate Liability	$ 370	$ 249

(in thousands)

NOTE 10 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Rebate Liability:		
Beginning Balance at June 30	$ 249	$ 178
Additions	121	71
Ending Balance at June 30	370	249
Less: Due Within One Year	(365)	-
Total Long-Term Rebate Liability	5	249
Bonds Payable:		
Beginning Balance at June 30	430,694	388,257
Additions	60,800	79,250
Reductions	(28,368)	(36,813)
Ending Balance at June 30	463,126	430,694
Less: Due Within One Year	(26,268)	(19,823)
Total Long-Term Bonds Payable	436,858	410,871
Deposits by Borrowers:		
Beginning Balance at June 30	30,557	31,006
Additions	13,073	14,956
Reductions	(9,216)	(15,405)
Ending Balance at June 30	34,414	30,557
Less: Due Within One Year	(7,235)	(7,035)
Total Long-Term Deposits by Borrowers	27,179	23,522
Total Long-Term Liabilities	$ 464,042	$ 434,642

NOTE 11 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. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Resolution to meet the obligations of the Fund in current and future years.

During the years ended June 30, 2023 and 2022, the Fund transferred the following amounts, as permitted, among Funds:

	2023	2022
Excess Revenue Transferred to the General Bond Reserve Fund	$ (1,000)	$ (2,000)

NOTE 12 MORTGAGE INSURANCE

Approximately 99% of the Fund's outstanding loan amounts are insured or credit enhanced as described in Note 4.

Multi-family mortgagors pay premiums for mortgage insurance and insurance coverage is 100% of the unpaid principal balance of the loan.

NOTE 13 PENSION AND OTHER POSTRETIREMENT 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 postemployment 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 Annual Comprehensive 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.maryland.gov.

NOTE 14 SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2023, CDA redeemed $6,195 of Series 2013 E Housing Revenue Bonds on July 7, 2023.

CDA also issued $25,880 of Series 2023 C Housing Revenue Bonds on July 27, 2023 and $29,920 of Series 2023 D Housing Revenue Bonds on September 28, 2023.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2023 AND 2022

In accordance with accounting guidance issued by GASB, CDA reflects investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses, and Changes in Net Position.

For investments (U.S. Treasury Securities) held by the Fund as of June 30, 2023, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
1997	$ (352)	$ (352)
1998	832	480
1999	(407)	73
2000	48	121
2001	193	314
2002	157	471
2003	889	1,360
2004	(678)	682
2005	897	1,579
2006	(866)	713
2007	48	761
2008	444	1,205
2009	202	1,407
2010	472	1,879
2011	(280)	1,599
2012	1,283	2,882
2013	(730)	2,152
2014	(27)	2,125
2015	36	2,161
2016	409	2,570
2017	(666)	1,904
2018	(454)	1,450
2019	276	1,726
2020	330	2,056
2021	(493)	1,563
2022	(852)	711
2023	(378)	333

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF INVESTMENTS AND MORTGAGE-BACKED SECURITIES (CONTINUED)
(in thousands)
JUNE 30, 2023 AND 2022

For mortgage-backed securities held by the Fund as of June 30, 2023, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
2000	$ (3,825)	$ (3,825)
2001	(3,291)	(7,116)
2002	3,340	(3,776)
2003	21,435	17,659
2004	(11,126)	6,533
2005	12,879	19,412
2006	(27,704)	(8,292)
2007	3,661	(4,631)
2008	(5,987)	(10,618)
2009	17,358	6,740
2010	13,103	19,843
2011	(7,348)	12,495
2012	6,303	18,798
2013	(8,491)	10,307
2014	(5,694)	4,613
2015	(1,650)	2,963
2016	2,232	5,195
2017	(2,551)	2,644
2018	(1,920)	724
2019	(705)	19
2020	(33)	(14)
2021	634	620
2022	(723)	(103)
2023	(1,165)	(1,268)