COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION INFRASTRUCTURE PROGRAM FUNDS

JUNE 30, 2013

Community Development Administration
Infrastructure Program Funds

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INDEPENDENT AUDITOR'S REPORT

Office of the Secretary
Department of Housing and Community Development

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Community Development Administration Infrastructure Program Funds (the Funds) of the Department of Housing and Community Development of the State of Maryland as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of June 30, 2013, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Community Development Administration Infrastructure Program Funds early implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Other Matters

The combined financial statements of Community Development Administration Infrastructure Program Funds as of June 30, 2012, were audited by other auditors whose report dated September 28, 2012, expressed an unmodified opinion on those statements. As part of our audit of the 2013 combined financial statements, we summarized the comparative combined financial statements as of June 30, 2012. We also audited adjustments described in Note 2 that were applied to restate the 2012 combined financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2012 combined financial statements of the Funds other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2012 combined financial statements as a whole.

As discussed in Note 1, the combined financial statements present only the Community Development Administration Infrastructure Program Funds 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 year ended June 30, 2013 and the changes in its net position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Baltimore, Maryland
October 18, 2013

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF NET POSITION
(in thousands)

June 30, 2013
(with comparative combined totals as of June 30, 2012)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined 2013	Combined 2012
RESTRICTED ASSETS					
Restricted current assets					
Cash and cash equivalents on deposit with trustee	$ 778	$ 4,488	$ 28,320	$ 33,586	$ 22,667
Community facilities loans	312	4,006	3,235	7,553	6,966
Accrued interest and other receivables	28	194	148	370	428
Total restricted current assets	1,118	8,688	31,703	41,509	30,061
Restricted long-term assets					
Community facilities loans, net of current portion	2,375	52,338	53,310	108,023	102,556
Other receivables, net of current portion	13	-	-	13	24
Total restricted long-term assets	2,388	52,338	53,310	108,036	102,580
Total restricted assets	$ 3,506	$ 61,026	$ 85,013	$ 149,545	$ 132,641
LIABILITIES AND NET POSITION					
Current liabilities					
Accrued interest payable	$ 11	$ 194	$ 124	$ 329	$ 349
Accounts payable	-	4	61	65	148
Bonds payable	835	4,790	3,295	8,920	7,550
Due to local governments	-	2,914	26,641	29,555	19,504
Total current liabilities	846	7,902	30,121	38,869	27,551
Long-term liabilities					
Bonds payable, net of current portion	1,880	51,925	54,611	108,416	102,998
Other liabilities - advance trustee fees	240	82	12	334	327
Total long-term liabilities	2,120	52,007	54,623	108,750	103,325
Total liabilities	2,966	59,909	84,744	147,619	130,876
NET POSITION					
Restricted	540	1,117	269	1,926	1,765
Total liabilities and net position	$ 3,506	$ 61,026	$ 85,013	$ 149,545	$ 132,641

See notes to combined financial statements

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

Year ended June 30, 2013
(with comparative combined totals as of June 30, 2012)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined 2013	Combined 2012
Operating revenue					
Interest on community facilities loans	$ 162	$ 2,590	$ 1,438	$ 4,190	$ 4,740
Interest income on cash equivalents	-	1	-	1	2
Fee income	-	23	-	23	24
Other operating revenue	-	19	-	19	20
	162	2,633	1,438	4,233	4,786
Operating expenses					
Interest expense on bonds	167	2,593	1,311	4,071	4,711
Trustee fees	1	-	-	1	-
	168	2,593	1,311	4,072	4,711
Operating (loss) income	(6)	40	127	161	75
CHANGES IN NET POSITION	(6)	40	127	161	75
Net position - restricted at beginning of year, as previously stated	546	1,077	142	1,765	1,601
Cumulative effect of change in accounting principle	-	-	-	-	89
Net position - restricted at beginning of year, as restated	546	1,077	142	1,765	1,690
Net position - restricted at end of year	$ 540	$ 1,117	$ 269	$ 1,926	$ 1,765

See notes to combined financial statements

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF CASH FLOWS
(in thousands)

Year ended June 30, 2013
(with comparative combined totals as of June 30, 2012)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined 2013	Combined 2012
Cash flows from operating activities					
Principal and interest received on community facilities loans	$ 937	$ 13,939	$ 4,609	$ 19,485	$ 35,985
Origination of community facilities loans	-	(2,097)	(9,217)	(11,314)	(15,450)
Advance trustee fees received	6	69	20	95	180
Trustee fees paid	(24)	(36)	(12)	(72)	(72)
Loan fees received	-	23	-	23	24
Other operating revenue	-	2	-	2	2
Other reimbursements	-	2	-	2	2
Net cash provided by (used in) operating activities	919	11,902	(4,600)	8,221	20,671
Cash flows from investing activities					
Interest received on cash equivalents	-	1	-	1	2
Net cash provided by investing activities	-	1	-	1	2
Cash flows from noncapital financing activities					
Proceeds from sale of bonds	-	-	21,758	21,758	13,970
Payments on bond principal	(1,320)	(10,415)	(3,235)	(14,970)	(30,580)
Interest on bonds	(172)	(2,630)	(1,289)	(4,091)	(4,790)
Net cash (used in) provided by noncapital financing activities	(1,492)	(13,045)	17,234	2,697	(21,400)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(573)	(1,142)	12,634	10,919	(727)
Cash and cash equivalents on deposit at beginning of year	1,351	5,630	15,686	22,667	23,394
Cash and cash equivalents on deposit at end of year	$ 778	$ 4,488	$ 28,320	$ 33,586	$ 22,667

(continued)

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF CASH FLOWS - CONTINUED
(in thousands)

Year ended June 30, 2013
(with comparative combined totals as of June 30, 2012)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined	
				2013	2012
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities					
Operating (loss) income	$ (6)	$ 40	$ 127	$ 161	$ 75
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Decrease (increase) in community facilities loans	754	11,282	(18,090)	(6,054)	17,331
Decrease (increase) in accrued interest and other receivables	21	67	(19)	69	289
(Decrease) increase in accrued interest payable	(5)	(37)	22	(20)	(79)
Increase (decrease) in accounts payable	-	2	(85)	(83)	148
(Decrease) increase in due to local governments and other liabilities	(17)	(2,081)	12,156	10,058	(1,881)
Interest received on cash and cash equivalents	-	(1)	-	(1)	(2)
Interest on bonds	172	2,630	1,289	4,091	4,790
Net cash provided by (used in) operating activities	$ 919	$ 11,902	$ (4,600)	$ 8,221	$ 20,671

See notes to combined financial statements

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Infrastructure Program 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 combined financial statements only include CDA's Infrastructure Program Funds (the Funds). CDA's other programs are not included. However, CDA has also separately issued combined financial statements for the Revenue Obligation Funds, and financial statements for the Single Family Housing Revenue Bonds and Multi-Family Mortgage Revenue Bonds indentures. The Infrastructure Program Funds, Revenue Obligation Funds, Single Family Housing Revenue Bonds and Multi-Family Mortgage Revenue Bonds are enterprise funds of the State of Maryland and are included in the State of Maryland's Comprehensive Annual Financial Report.

Infrastructure Program Funds include three fund groups: Infrastructure Financing Bonds (MBIA Insured), Local Government Infrastructure Bonds (Ambac Insured) and the Local Government Infrastructure Bonds (resolution adopted August 1, 2010). Within each fund group are separate accounts maintained for each obligation in accordance with the respective resolutions and series resolutions. All bonds in the Infrastructure Program Funds were issued 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 Infrastructure Program Funds are accounted for as enterprise funds. Accordingly, the accompanying combined 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).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (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 Funds is restricted as to its use as the net position is pledged to bondholders.

The Annual Financial Report may include a Management's Discussion and Analysis. 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 required in these combined financial statements. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these combined financial statements.

Recent Accounting Pronouncements

During fiscal year 2013, CDA implemented the provisions of GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Prior to the adoption of this standard, CDA adopted all Financial Accounting Standards Board (FASB) statements issued, unless those pronouncements conflicted with or contradicted GASB standards. With the adoption of Statement No. 62, CDA no longer adopts or applies FASB statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2013, CDA implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. The impact of this statement was to formally replace the reporting title of net assets with the reporting title of net position and to report the effect of the separate classifications of deferred outflows of resources and deferred inflows of resources on net position. The provisions of GASB Statement No. 63 have been applied retroactively.

During fiscal year 2013, CDA early implemented GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either: properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources; or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The impact of this statement on CDA's accounting policies is described in detail within Note 2 for the affected accounts. The provisions of GASB Statement No. 65 have been applied retroactively.

Cash and Cash Equivalents on Deposit with Trustee

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, 2013, all of the Funds' cash equivalents are invested in a money market mutual fund which is more fully described in Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Community Facilities Loans

Prior to implementation of GASB Statement No. 65, community facilities loans were carried at their unpaid principal balances, net of unamortized loan fees. Loan fees were deferred and amortized over the life of the related loans using the effective interest method. With the implementation of GASB Statement No. 65, all mortgage loans, not held for sale, are classified as held for investment and as such their related loan fees are recognized as revenue in the period received. Deferred loan fees have been retroactively restated on the Combined Statement of Revenue, Expenses and Changes in Net Position to reflect the change. The cumulative effect of this change in accounting principle, in the amount of $89, increases net position and reflects the amount of capitalized loan fees received prior to fiscal year 2012. The 2012 Combined Statement of Net Position was restated, eliminating $80 of deferred loan fees thus increasing total restricted assets. In addition, the 2012 Combined Statement of Revenue, Expenses and Changes in Net Position was restated to reflect previously recorded amortization of deferred loan fees, resulting in a decrease of $9 in changes in net position. For fiscal year 2013, there were fees of $23 received and recognized as revenue. 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, 2013.

Accrued Interest and Other Receivables

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2013, all loans were current. Therefore, all accrued interest on loans was recorded during the year. Other receivables include additional principal due from local governments on refunded bonds. See Note 5 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized bond premiums. See Notes 6, 7, 8, and 9 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 amount which is held by CDA as an escrow until the funds are needed by the local government.

Fee Income

Prior to implementation of GASB Statement No. 65, financing fees received at loan origination were recorded as deferred and amortized over the life of the loan. With the implementation of GASB Statement No. 65, loan fees are recognized as revenue in the period received as fee income. Deferred loan fees have been retroactively restated in the Combined Statement of Revenue, Expenses and Changes in Net Position to reflect the change. The cumulative effect of this change in accounting principle, in the amount of $89, increases net position and reflects the amount of capitalized loan fees received prior to fiscal year 2012. The 2012 Combined Statement of Net Position was restated, eliminating $80 of deferred loan fees thus increasing total restricted assets. In addition, the 2012 Combined Statement of Revenue, Expenses and Changes in Net Position was restated to reflect previously recorded amortization of deferred loan fees, resulting in a decrease of $9 in changes in net position. For fiscal year 2013, there were fees of $23 received and recognized as revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Support

In addition to expenses incurred directly by the Funds, 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 and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note 10 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from non-operating 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 Funds' 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.

Combined Totals

The totals of similar accounts of the various Funds in the accompanying combined financial statements are presented for information purposes only. The totals represent an aggregation of the Funds and do not represent consolidated financial information, as interfund balances are not eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

Certain reclassifications have been made, none of which affected the results of activities and changes net position, to present the combined financial statements on a consistent basis.

NOTE 3 - CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE

Proceeds from bonds and revenues from loans are invested in authorized investments as defined in the respective resolutions and CDA's Investment Policy until required for financing projects, redeeming outstanding bonds and notes, 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 resolutions.

As of June 30, 2013, the Funds had $33,586 invested in a money market mutual fund (Federated Prime Cash Obligations Fund) which is classified as cash and cash equivalents. The following represents the GASB evaluation of this asset for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

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.

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. 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, 2013, the cost of the money market mutual fund approximated fair value and its maturity is less than one year.

NOTE 3 - CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE (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 resolutions require 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 Funds' resolutions, 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. Accounting guidance issued by GASB requires disclosure by amount and investment issuer if investments in any one issuer represent 5 percent or more of total investments. Investments in mutual funds are excluded from this requirement.

As of June 30, 2013, the Federated Prime Cash Obligations Fund was rated AAAm by Standard and Poor's and Aaa by Moody's Investors Service.

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, 2013, the Funds' investments were not subject to custodial credit risk under accounting guidance issued by GASB. The money market mutual fund is 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.

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, 2013. Interest rates on such loans range from 1.77% to 5.62%, with remaining loan terms ranging from less than 1 year to 24 years.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2013

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2013, were as follows:

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined
Accrued interest on community facilities loans	$ 22	$ 194	$ 148	$ 364
Additional loan principal as a result of bond refundings	19	-	-	19
Total	$ 41	$ 194	$ 148	$ 383

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 applicable programs. 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 various bond resolutions of the Funds 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.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2013

NOTE 6 - BONDS PAYABLE (Continued)

The following is a summary of bond activity for the year ended June 30, 2013, and bonds payable as of June 30, 2013:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2012	Bond Activity: New bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2013
Infrastructure Financing Bonds (MBIA Insured)								
1997 Series A	04/15/97	5.60% - 5.75%	2013 - 2027	$ 510	$ -	$ (60)	$ (85)	$ 365
1998 Series A	02/15/98	4.80%	6/1/2013	90	-	(90)	-	-
1998 Series B	06/01/98	4.90% - 5.20%	2013 - 2028	1,630	-	(105)	(765)	760
1998 Series C	06/01/98	5.15%	12/1/2020	180	-	(20)	-	160
1999 Series A	03/01/99	4.60% - 5.00%	2013 - 2019	920	-	(125)	-	795
2001 Series A	03/01/01	4.50% - 5.00%	2013 - 2021	705	-	(70)	-	635
Total				$ 4,035	$ -	$ (470)	$ (850)	$ 2,715

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2012	Bond Activity: New bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2013
Local Government Infrastructure Bonds (Ambac Insured)								
2002 Series A	03/01/02	4.15% - 5.00%	2013 - 2032	$ 6,315	$ -	$ (20)	$ (6,030)	$ 265
2002 Series B	10/01/02	3.25% - 4.375%	2013 - 2022	165	-	(30)	-	135
2003 Series A	03/01/03	3.50% - 4.50%	2013 - 2023	5,330	-	(465)	-	4,865
2004 Series A	04/22/04	3.75% - 4.875%	2013 - 2034	9,865	-	(825)	(395)	8,645
2004 Series B	11/18/04	3.125% - 4.50%	2013 - 2034	3,810	-	(140)	-	3,670
2005 Series A	05/26/05	4.00% - 4.40%	2013 - 2030	7,170	-	(355)	-	6,815
2006 Series A	04/05/06	4.00% - 4.25%	2013 - 2026	6,040	-	(465)	-	5,575
2007 Series A	05/31/07	3.75% - 4.25%	2013 - 2037	9,245	-	(490)	-	8,755
2007 Series B	11/14/07	3.50% - 4.25%	2013 - 2027	19,190	-	(1,200)	-	17,990
Total				$ 67,130	$ -	$ (3,990)	$ (6,425)	$ 56,715

(in thousands)

NOTE 6 - BONDS PAYABLE (Continued)

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2012	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2013	Bond premium deferred	Bonds payable at June 30, 2013
Local Government Infrastructure Bonds										
2010 Series A-1	08/25/10	1.00% - 4.00%	2013 - 2030	$ 17,650	$ -	$ (885)	$ -	$ 16,765	$ -	$ 16,765
2010 Series A-2	08/25/10	1.00% - 4.00%	2013 - 2030	7,760	-	(385)	-	7,375	3	7,378
2012 Series A-1	05/17/12	1.00% - 3.50%	2013 - 2032	9,550	-	(645)	-	8,905	-	8,905
2012 Series A-2	05/17/12	1.00% - 3.60%	2013 - 2032	4,420	-	(285)	-	4,135	-	4,135
2012 Series B-1	12/19/12	0.30% - 3.125%	2013 - 2032	-	14,900	(715)	-	14,185	-	14,185
2012 Series B-2	12/19/12	0.35% - 3.125%	2013 - 2032	-	6,855	(320)	-	6,535	3	6,538
Total				$ 39,380	$ 21,755	$ (3,235)	$ -	$ 57,900	$ 6	$ 57,906

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2013, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2013 and excluding the effect of unamortized bond premiums) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

For the year ended June 30,	Infrastructure Financing Bonds (MBIA Insured): Interest	Infrastructure Financing Bonds (MBIA Insured): Principal	Local Government Infrastructure Bonds (Ambac Insured): Interest	Local Government Infrastructure Bonds (Ambac Insured): Principal	Local Government Infrastructure Bonds: Interest	Local Government Infrastructure Bonds: Principal
2014	$ 117	$ 835	$ 2,292	$ 4,790	$ 1,492	$ 3,295
2015	96	305	2,140	3,880	1,454	3,345
2016	80	320	1,995	3,960	1,410	3,390
2017	64	335	1,841	3,960	1,363	3,455
2018	47	310	1,685	4,020	1,299	3,530
2019 - 2023	81	525	5,893	20,540	5,322	16,840
2024 - 2028	12	85	2,094	11,935	3,061	15,295
2029 - 2033	-	-	537	2,810	645	8,750
2034 - 2038	-	-	63	820	-	-
Total	$ 497	$ 2,715	$ 18,540	$ 56,715	$ 16,046	$ 57,900

(in thousands)

NOTE 8 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2013 were as follows:

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined
Bonds payable				
Beginning balance at 6/30/2012	$ 4,035	$ 67,130	$ 39,383	$ 110,548
Additions	-	-	21,758	21,758
Reductions	(1,320)	(10,415)	(3,235)	(14,970)
Ending balance at 6/30/2013	2,715	56,715	57,906	117,336
Less due within one year	(835)	(4,790)	(3,295)	(8,920)
Total long-term bonds payable	1,880	51,925	54,611	108,416
Other liabilities - advance trustee fees				
Beginning balance at 6/30/2012	257	66	4	327
Additions	7	69	20	96
Reductions	(24)	(53)	(12)	(89)
Ending balance at 6/30/2013	240	82	12	334
Total long-term other liabilities - advance trustee fees	240	82	12	334
Total long-term liabilities	$ 2,120	$ 52,007	$ 54,623	$ 108,750

NOTE 9 - BOND INSURANCE

All outstanding bonds in the Infrastructure Program Funds are insured, except for Local Government Infrastructure Bonds (resolution adopted August 1, 2010). The Infrastructure Financing Bonds 1997 Series A, 1998 Series B and C, 1999 Series A and 2001 Series A are insured by MBIA Insurance Corporation. The Local Government Infrastructure Bonds 2002 Series A through 2007 Series B are insured by Ambac Assurance Corporation. See Note 6 for list of outstanding bonds.

The provisions of the policies for the insured bonds require the insurer to pay that portion of the principal and interest on the bonds which become due for payment but are not paid by CDA. The insurance generally extends for the term of the bonds and cannot be canceled by the insurer.

NOTE 10 - 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 liability 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 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.

NOTE 11 - SUBSEQUENT EVENTS

Events that occur after the date of the combined statement of net position but before the combined financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the combined statement of net position are recognized in the accompanying combined financial statements. Subsequent events which provide evidence about conditions that existed after the date of the combined statement of net position require disclosure in the accompanying notes. Management evaluated the activity of CDA through October 18, 2013 (the date the combined financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the combined financial statements or disclosure in the notes to the combined financial statements, except for the following activity that occurred subsequent to June 30, 2013.

Subsequent to the year ended June 30, 2013, the following bond activity took place:

Infrastructure Financing Bonds (MBIA Insured)
On August 16, 2013, CDA redeemed $510 of 2001 Series A bonds.

Local Government Infrastructure Bonds (Ambac Insured)
On July 1, 2013, CDA redeemed $135 of 2002 Series B bonds and $690 of 2003 Series A bonds.

Local Government Infrastructure Bonds
On October 3, 2013, CDA issued $21,380 of 2013 Series A bonds.