

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
YEARS ENDED JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, 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.

### ***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, 2018 and 2017, and the respective changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Financial Statement Presentation*

As discussed in Note 1, the financial statements present only 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, 2018 and 2017, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America.

*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 28, 2018, 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 28, 2018

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF NET POSITION  
(in thousands)  
JUNE 30, 2018 AND 2017**

|  | <u>2018</u>       | <u>2017</u>       |
|--|-------------------|-------------------|
| <b>RESTRICTED ASSETS</b>                           |                   |                   |
| <b>RESTRICTED CURRENT ASSETS</b>                   |                   |                   |
| Cash and Cash Equivalents on Deposit               | \$ 62,279         | \$ 61,600         |
| Investments  | 338               | -                 |
| Community Facilities Loans                         | 10,640            | 8,380             |
| Accrued Interest Receivable                        | 621               | 721               |
| Total Restricted Current Assets                    | <u>73,878</u>     | <u>70,701</u>     |
| <b>RESTRICTED LONG-TERM ASSETS</b>                 |                   |                   |
| Investments, Net of Current Portion                | 674               | -                 |
| Community Facilities Loans, Net of Current Portion | 156,345           | 129,710           |
| Total Restricted Long-Term Assets                  | <u>157,019</u>    | <u>129,710</u>    |
| Total Restricted Assets                            | <u>\$ 230,897</u> | <u>\$ 200,411</u> |
| <b>LIABILITIES AND NET POSITION</b>                |                   |                   |
| <b>CURRENT LIABILITIES</b>                         |                   |                   |
| Accrued Interest Payable                           | \$ 424            | \$ 346            |
| Bonds Payable                                      | 10,705            | 8,445             |
| Advance Trustee Fees                               | 64                | -                 |
| Due to Local Governments                           | 57,450            | 56,332            |
| Total Current Liabilities                          | <u>68,643</u>     | <u>65,123</u>     |
| <b>LONG-TERM LIABILITIES</b>                       |                   |                   |
| Bonds Payable, Net of Current Portion              | 158,746           | 132,180           |
| Advance Trustee Fees, Net of Current Portion       | 12                | 54                |
| Other Liabilities                                  | 419               | 432               |
| Total Long-Term Liabilities                        | <u>159,177</u>    | <u>132,666</u>    |
| Total Liabilities                                  | 227,820           | 197,789           |
| <b>NET POSITION</b>                                |                   |                   |
| Restricted   | <u>3,077</u>      | <u>2,622</u>      |
| Total Liabilities and Net Position                 | <u>\$ 230,897</u> | <u>\$ 200,411</u> |

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, 2018 AND 2017**

|  | <u>2018</u>     | <u>2017</u>     |
|--|-----------------|-----------------|
| OPERATING REVENUE  |                 |                 |
| Interest on Community Facilities Loans                         | \$ 5,334        | \$ 4,344        |
| Interest on Cash, Cash Equivalents and Investments             | 92              | 26              |
| Fee Income   | 195             | 129             |
| Other Operating Revenue  | 12              | 36              |
| Total Operating Revenue  | <u>5,633</u>    | <u>4,535</u>    |
| OPERATING EXPENSES   |                 |                 |
| Interest Expense on Bonds                                      | 5,150           | 4,162           |
| Professional Fee Expense                                       | 28              | 32              |
| Total Operating Expenses                                       | <u>5,178</u>    | <u>4,194</u>    |
| Operating Income   | 455             | 341             |
| Transfer of Funds, as Permitted by the Various Bond Indentures | <u>-</u>        | <u>587</u>      |
| CHANGE IN NET POSITION   | 455             | 928             |
| NET POSITION, RESTRICTED - BEGINNING OF YEAR                   | <u>2,622</u>    | <u>1,694</u>    |
| NET POSITION, RESTRICTED - END OF YEAR                         | <u>\$ 3,077</u> | <u>\$ 2,622</u> |

*See accompanying Notes to Financial Statements.*

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF CASH FLOWS  
(in thousands)  
YEARS ENDED JUNE 30, 2018 AND 2017**

|  | 2018        | 2017        |
|--|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |             |             |
| Principal and Interest Received on Community Facilities Loans                          | \$ 15,569   | \$ 12,191   |
| Origination of Community Facilities Loans  | (37,917)    | (24,987)    |
| Advance Trustee Fees Received  | 82          | 73          |
| Trustee Fees Paid  | (60)        | (52)        |
| Loan Fees Received   | 195         | 129         |
| Professional Fee Expense   | (28)        | (32)        |
| Other Operating Revenue  | 12          | 36          |
| Net Cash Used by Operating Activities  | (22,147)    | (12,642)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |             |             |
| Purchases of Investments   | (1,012)     | -           |
| Interest Received on Cash Equivalents  | 84          | 24          |
| Net Cash (Used in) Provided by Investing Activities                                    | (928)       | 24          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                 |             |             |
| Proceeds from Sale of Bonds  | 39,035      | 25,735      |
| Payments on Bond Principal   | (10,205)    | (7,900)     |
| Interest on Bonds  | (5,076)     | (4,135)     |
| Transfer Among Funds   | -           | 587         |
| Net Cash Provided by Noncapital Financing Activities                                   | 23,754      | 14,287      |
| <b>NET INCREASE IN CASH AND CASH<br/>EQUIVALENTS ON DEPOSIT</b>                        | 679         | 1,669       |
| <b>CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR</b>                        | 61,600      | 59,931      |
| <b>CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR</b>                              | \$ 62,279   | \$ 61,600   |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>USED BY OPERATING ACTIVITIES</b> |             |             |
| Operating Income   | \$ 455      | \$ 341      |
| Adjustments to Reconcile Operating Income to Net Cash<br>Used by Operating Activities: |             |             |
| Amortization of Bond Original Issue Premiums   | (4)         | (4)         |
| Interest Received on Cash Equivalents  | (84)        | (24)        |
| Interest on Bonds  | 5,076       | 4,135       |
| (Increase) Decrease in Assets:   |             |             |
| Community Facilities Loans   | (28,895)    | (17,900)    |
| Accrued Interest Receivable  | 100         | (422)       |
| Increase (Decrease) in Liabilities:  |             |             |
| Accrued Interest Payable   | 78          | 31          |
| Accounts Payable   | -           | (22)        |
| Due to Local Governments   | 1,118       | 770         |
| Advance Trustees Fees and Other Liabilities  | 9           | 453         |
| Net Cash Used by Operating Activities  | \$ (22,147) | \$ (12,642) |

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
JUNE 30, 2018 AND 2017**

**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. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these financial statements.



**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
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(in thousands)  
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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, 2018 and 2017, 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. 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, 2018 and 2017.

**Accrued Interest Receivable**

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2018 and 2017, 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.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
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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 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 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, 2018 and 2017, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

| Assets   | 2018             | 2017             |
|--|------------------|------------------|
| Cash and Cash Equivalents:                           |                  |                  |
| BlackRock Liquidity FedFund<br>Administration Shares | \$ 62,279        | \$ 61,600        |
| Investments:   |                  |                  |
| Obligations of the U.S. Treasury                     | 338              | -                |
| Obligation of U.S. Government Agencies               | 674              | -                |
| Total  | <u>\$ 63,291</u> | <u>\$ 61,600</u> |

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
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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, 2018, the amortized cost, fair value and maturities for these assets were as follows:

| <u>Asset</u>   | Amortized<br>Cost | Fair<br>Value    | <u>Maturities (in Years)</u> |               |
|--|-------------------|------------------|------------------------------|---------------|
|  |                   |                  | Less<br>Than 1               | 1 - 5         |
| BlackRock Liquidity FedFund<br>Administration Shares | \$ 62,279         | \$ 62,279        | \$ 62,279                    | \$ -          |
| Obligations of the U.S.<br>Treasury                  | 338               | 338              | 338                          | -             |
| Obligations of U.S.<br>Government Agencies           | 674               | 674              | -                            | 674           |
| Total  | <u>\$ 63,291</u>  | <u>\$ 63,291</u> | <u>\$ 62,617</u>             | <u>\$ 674</u> |

As of June 30, 2017, the amortized cost, fair value and maturities for these assets were as follows:

| <u>Asset</u>   | Amortized<br>Cost | Fair<br>Value    | <u>Maturities (in Years)</u> |             |
|--|-------------------|------------------|------------------------------|-------------|
|  |                   |                  | Less<br>Than 1               | 1 - 5       |
| BlackRock Liquidity FedFund<br>Administration Shares | <u>\$ 61,600</u>  | <u>\$ 61,600</u> | <u>\$ 61,600</u>             | <u>\$ -</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, 2018 and 2017, 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, 2018, 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 | \$ 62,279        | 98.40%                          | Aaa                      |                          | Moody's       |
| Obligations of the U.S. Treasury                  | 338              | 0.53%                           |                          | Direct U.S. Obligations  |               |
| Obligations of U.S. Government Agencies           | 674              | 1.06%                           |                          | Aaa                      | Moody's       |
| Total   | <u>\$ 63,291</u> | <u>100.00%</u>                  |                          |                          |               |

As of June 30, 2017, 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 | <u>\$ 61,600</u> | <u>100.00%</u>                  | 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, 2018 and 2017, 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.

The Fund has the following recurring fair value measurement as of June 30, 2018 and 2017:

- U.S. Treasury Bonds and/or U.S. Government agencies of \$1,012 and \$0, 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, 2018 and 2017. As of June 30, 2018 and 2017, interest rates on such loans range from 1.65% to 5.09% and 1.76% to 5.09%, respectively. Remaining loan terms range from less than 2 years to 29 years and less than 1 year to 28 years, respectively.

**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.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
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**NOTE 5 BONDS PAYABLE (CONTINUED)**

The following is a summary of the bond activity for the year ended June 30, 2018 and bonds payable as of June 30, 2018:

|                      | Issue Dated | Range of Interest Rates | Range of Maturities | Debt                         | Bond Activity    |                             | Debt                         | Bond                      | Bonds                    |
|----------------------|-------------|-------------------------|---------------------|------------------------------|------------------|-----------------------------|------------------------------|---------------------------|--------------------------|
|                      |             |                         |                     | Outstanding at June 30, 2017 | New Bonds Issued | Scheduled Maturity Payments | Outstanding at June 30, 2018 | Premium/Discount Deferred | Payable at June 30, 2018 |
| Local Government     |             |                         |                     |                              |                  |                             |                              |                           |                          |
| Infrastructure Bonds |             |                         |                     |                              |                  |                             |                              |                           |                          |
| 2010 Series A-1      | 8/25/10     | 3.00% - 4.00%           | 2018 - 2030         | \$ 13,065                    | \$ -             | \$ (980)                    | \$ 12,085                    | \$ -                      | \$ 12,085                |
| 2010 Series A-2      | 8/25/10     | 2.55% - 4.00%           | 2018 - 2030         | 5,775                        | -                | (430)                       | 5,345                        | -                         | 5,345                    |
| 2012 Series A-1      | 5/17/12     | 1.50% - 3.50%           | 2018 - 2032         | 6,190                        | -                | (705)                       | 5,485                        | -                         | 5,485                    |
| 2012 Series A-2      | 5/17/12     | 1.60% - 3.60%           | 2018 - 2032         | 2,920                        | -                | (320)                       | 2,600                        | -                         | 2,600                    |
| 2012 Series B-1      | 12/19/12    | 1.20% - 3.125%          | 2018 - 2032         | 11,265                       | -                | (755)                       | 10,510                       | -                         | 10,510                   |
| 2012 Series B-2      | 12/19/12    | 1.25% - 3.125%          | 2018 - 2032         | 5,200                        | -                | (340)                       | 4,860                        | -                         | 4,860                    |
| 2013 Series A-1      | 10/3/13     | 1.95% - 5.00%           | 2018 - 2043         | 12,410                       | -                | (585)                       | 11,825                       | -                         | 11,825                   |
| 2013 Series A-2      | 10/3/13     | 2.00% - 5.05%           | 2018 - 2043         | 5,755                        | -                | (250)                       | 5,505                        | -                         | 5,505                    |
| 2014 Series A-1      | 8/28/14     | 1.10% - 3.50%           | 2018 - 2034         | 24,675                       | -                | (1,070)                     | 23,605                       | -                         | 23,605                   |
| 2014 Series A-2      | 8/28/14     | 1.10% - 5.00%           | 2018 - 2034         | 11,465                       | -                | (460)                       | 11,005                       | 96                        | 11,101                   |
| 2015 Series A-1      | 8/27/15     | 2.00% - 3.75%           | 2018 - 2045         | 12,095                       | -                | (650)                       | 11,445                       | -                         | 11,445                   |
| 2015 Series A-2      | 8/27/15     | 2.00% - 3.75%           | 2018 - 2045         | 5,170                        | -                | (275)                       | 4,895                        | -                         | 4,895                    |
| 2016 Series A-1      | 8/31/16     | 0.60% - 2.90%           | 2018 - 2036         | 17,185                       | -                | (1,140)                     | 16,045                       | -                         | 16,045                   |
| 2016 Series A-2      | 8/31/16     | 0.70% - 2.95%           | 2018 - 2036         | 7,355                        | -                | (485)                       | 6,870                        | -                         | 6,870                    |
| 2017 Series A-1      | 8/2/17      | 2.00% - 4.00%           | 2018 - 2047         | -                            | 27,310           | (1,230)                     | 26,080                       | -                         | 26,080                   |
| 2017 Series A-2      | 8/2/17      | 2.00% - 4.00%           | 2018 - 2047         | -                            | 11,725           | (530)                       | 11,195                       | -                         | 11,195                   |
| Total                |             |                         |                     | \$ 140,525                   | \$ 39,035        | \$ (10,205)                 | \$ 169,355                   | \$ 96                     | \$ 169,451               |

The following is a summary of the bond activity for the year ended June 30, 2017 and bonds payable as of June 30, 2017:

|                      | Issue Dated | Range of Interest Rates | Range of Maturities | Debt                         | Bond Activity    |                             | Debt                         | Bond                      | Bonds                    |
|----------------------|-------------|-------------------------|---------------------|------------------------------|------------------|-----------------------------|------------------------------|---------------------------|--------------------------|
|                      |             |                         |                     | Outstanding at June 30, 2016 | New Bonds Issued | Scheduled Maturity Payments | Outstanding at June 30, 2017 | Premium/Discount Deferred | Payable at June 30, 2017 |
| Local Government     |             |                         |                     |                              |                  |                             |                              |                           |                          |
| Infrastructure Bonds |             |                         |                     |                              |                  |                             |                              |                           |                          |
| 2010 Series A-1      | 8/25/10     | 3.00% - 4.00%           | 2017 - 2030         | \$ 14,020                    | \$ -             | \$ (955)                    | \$ 13,065                    | \$ -                      | \$ 13,065                |
| 2010 Series A-2      | 8/25/10     | 2.35% - 4.00%           | 2017 - 2030         | 6,190                        | -                | (415)                       | 5,775                        | -                         | 5,775                    |
| 2012 Series A-1      | 5/17/12     | 1.30% - 3.50%           | 2017 - 2032         | 6,885                        | -                | (695)                       | 6,190                        | -                         | 6,190                    |
| 2012 Series A-2      | 5/17/12     | 1.40% - 3.60%           | 2017 - 2032         | 3,230                        | -                | (310)                       | 2,920                        | -                         | 2,920                    |
| 2012 Series B-1      | 12/19/12    | 1.05% - 3.125%          | 2017 - 2032         | 12,005                       | -                | (740)                       | 11,265                       | -                         | 11,265                   |
| 2012 Series B-2      | 12/19/12    | 1.10% - 3.125%          | 2017 - 2032         | 5,540                        | -                | (340)                       | 5,200                        | -                         | 5,200                    |
| 2013 Series A-1      | 10/3/13     | 1.45% - 5.00%           | 2017 - 2043         | 12,985                       | -                | (575)                       | 12,410                       | -                         | 12,410                   |
| 2013 Series A-2      | 10/3/13     | 1.50% - 5.05%           | 2017 - 2043         | 6,000                        | -                | (245)                       | 5,755                        | -                         | 5,755                    |
| 2014 Series A-1      | 8/28/14     | 0.70% - 3.50%           | 2017 - 2034         | 25,730                       | -                | (1,055)                     | 24,675                       | -                         | 24,675                   |
| 2014 Series A-2      | 8/28/14     | 0.70% - 5.00%           | 2017 - 2034         | 11,920                       | -                | (455)                       | 11,465                       | 100                       | 11,565                   |
| 2015 Series A-1      | 8/27/15     | 0.80% - 3.75%           | 2017 - 2045         | 12,740                       | -                | (645)                       | 12,095                       | -                         | 12,095                   |
| 2015 Series A-2      | 8/27/15     | 0.85% - 3.75%           | 2017 - 2045         | 5,445                        | -                | (275)                       | 5,170                        | -                         | 5,170                    |
| 2016 Series A-1      | 8/31/16     | 0.50% - 2.90%           | 2017 - 2036         | -                            | 18,020           | (835)                       | 17,185                       | -                         | 17,185                   |
| 2016 Series A-2      | 8/31/16     | 0.60% - 2.95%           | 2017 - 2036         | -                            | 7,715            | (360)                       | 7,355                        | -                         | 7,355                    |
| Total                |             |                         |                     | \$ 122,690                   | \$ 25,735        | \$ (7,900)                  | \$ 140,525                   | \$ 100                    | \$ 140,625               |

**COMMUNITY DEVELOPMENT ADMINISTRATION  
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**NOTE 6 DEBT SERVICE REQUIREMENTS**

As of June 30, 2018, 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>  |
|-----------------------------|------------------|-------------------|
| 2019                        | \$ 5,097         | \$ 10,705         |
| 2020                        | 4,898            | 11,175            |
| 2021                        | 4,657            | 11,245            |
| 2022                        | 4,408            | 11,435            |
| 2023                        | 4,133            | 10,380            |
| 2024-2028                   | 16,417           | 50,535            |
| 2029-2033                   | 8,546            | 40,940            |
| 2034-2038                   | 3,071            | 12,870            |
| 2039-2043                   | 1,590            | 6,270             |
| 2044-2048                   | 366              | 3,800             |
| Total                       | <u>\$ 53,183</u> | <u>\$ 169,355</u> |

As of June 30, 2017, 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>  |
|-----------------------------|------------------|-------------------|
| 2018                        | \$ 4,152         | \$ 8,445          |
| 2019                        | 4,021            | 8,535             |
| 2020                        | 3,865            | 8,965             |
| 2021                        | 3,669            | 8,985             |
| 2022                        | 3,464            | 9,130             |
| 2023 - 2027                 | 13,731           | 43,395            |
| 2028 - 2032                 | 6,948            | 38,095            |
| 2033 - 2037                 | 1,525            | 11,985            |
| 2038 - 2042                 | 506              | 1,685             |
| 2043 - 2047                 | 84               | 1,305             |
| Total                       | <u>\$ 41,965</u> | <u>\$ 140,525</u> |

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**NOTE 7 LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the years ended June 30, 2018 and 2017 were as follows:

|  | 2018       | 2017       |
|--|------------|------------|
| Bonds Payable:   |            |            |
| Beginning Balance at June 30,                            | \$ 140,625 | \$ 122,794 |
| Additions  | 39,035     | 25,735     |
| Reductions   | (10,205)   | (7,900)    |
| Change in Deferred Amounts for Issuance Premiums         | (4)        | (4)        |
| Ending Balance at June 30,                               | 169,451    | 140,625    |
| Less Due Within One Year                                 | (10,705)   | (8,445)    |
| Total Long-Term Bonds Payable                            | 158,746    | 132,180    |
| Other Liabilities - Advance Trustee Fees:                |            |            |
| Beginning Balance at June 30,                            | 54         | 33         |
| Additions  | 82         | 73         |
| Reductions   | (60)       | (52)       |
| Ending Balance at June 30,                               | 76         | 54         |
| Less Due Within One Year                                 | (64)       | -          |
| Total Long-Term Other Liabilities - Advance Trustee Fees | 12         | 54         |
| Other Liabilities:                                       |            |            |
| Beginning Balance at June 30,                            | 432        | -          |
| Additions  | -          | 432        |
| Reductions   | (13)       | -          |
| Ending Balance at June 30,                               | 419        | 432        |
| Total Long-Term Other Liabilities                        | 419        | 432        |
| Total Long-Term Liabilities                              | \$ 159,177 | \$ 132,666 |

**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. As of June 30, 2018, there were no transfers into the Fund. As of June 30, 2017, \$587 was transferred into the Fund from CDA's General Bond Reserve Fund to meet the debt service reserve requirement to secure the 2016 Series A-2 bonds.



**COMMUNITY DEVELOPMENT ADMINISTRATION  
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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**

CDA has identified the following activity that occurred subsequent to June 30, 2018.

Subsequent to the year ended June 30, 2018, CDA issued \$6,460 of 2018 series A bonds on August 30, 2018.