COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS

COMBINED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
YEAR ENDED JUNE 30, 2017

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Combined Financial Statements
We have audited the accompanying combined financial statements of the Community Development Administration Revenue Obligation 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, 2017, and the related notes to the combined financial statements 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 combined 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 combined 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, 2017, 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.

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Other Matters

Financial Statement Presentation

As discussed in Note 1, the combined financial statements present only the 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 June 30, 2017, 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.

Required Supplementary Information

Management has omitted 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, 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 Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental information on pages 35 through 36 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion, or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited the Funds' 2016 combined financial statements, and we expressed an unmodified audit opinion on those combined financial statements in our report dated September 30, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent in all material respects, with the audited combined financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 29, 2017, on our consideration of the Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Funds' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2017

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
COMBINED STATEMENT OF NET POSITION
(in thousands)
JUNE 30, 2017
(with comparative combined totals as of June 30, 2016)

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined 2017	Combined 2016
RESTRICTED ASSETS					
RESTRICTED CURRENT ASSETS					
Cash and Cash Equivalents on Deposit	$ 89,209	$ 344,255	$ 39,832	$ 473,296	$ 467,999
Investments	-	-	664	664	31,148
Mortgage-Backed Securities	951	10,612	-	11,563	13,005
Mortgage Loans:					
Single Family	2	30,008	-	30,010	32,072
Multi-Family Construction and Permanent Financing	2,331	1,103	503	3,937	3,642
Business Loans	-	-	22	22	-
Accrued Interest and Other Receivables	1,159	17,177	184	18,520	20,274
Claims Receivable on Foreclosed and Other Loans, Net of Allowance	-	40,163	-	40,163	50,211
Real Estate Owned	-	8,235	-	8,235	13,659
Total Restricted Current Assets	93,652	451,553	41,205	586,410	632,010
RESTRICTED LONG-TERM ASSETS					
Investments, Net of Current Portion	7,380	11,579	3,582	22,541	24,862
Mortgage-Backed Securities, Net of Current Portion	54,052	184,834	-	238,886	182,076
Mortgage Loans, Net of Current Portion and Allowance:					
Single Family	9	967,305	-	967,314	1,092,908
Multi-Family Construction and Permanent Financing	205,528	12,246	6,253	224,027	193,963
Business Loans	-	-	1,424	1,424	-
Other Loan Receivable	-	-	750	750	750
Total Restricted Long-Term Assets	266,969	1,175,964	12,009	1,454,942	1,494,559
Total Restricted Assets	360,621	1,627,517	53,214	2,041,352	2,126,569
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflow of Fair Value on Interest Rate Swap Agreements	-	1,917	-	1,917	6,908
Total Restricted Assets and Deferred Outflows of Resources	$ 360,621	$ 1,629,434	$ 53,214	$ 2,043,269	$ 2,133,477

See accompanying Notes to Financial Statements

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
COMBINED STATEMENT OF NET POSITION
(in thousands)
JUNE 30, 2017
(with comparative combined totals as of June 30, 2016)

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined 2017	Combined 2016
LIABILITIES					
CURRENT LIABILITIES					
Accrued Interest Payable	$ 4,433	$ 12,290	$ -	$ 16,723	$ 23,060
Accounts Payable	150	2,647	7,426	10,223	9,320
Accrued Workers' Compensation	-	-	19	19	9
Accrued Compensated Absences	-	-	976	976	772
Due to State Treasurer	-	-	11,307	11,307	6,529
Bonds Payable	2,300	56,655	-	58,955	67,970
Due to Multi-Family Projects	26,271	-	-	26,271	-
Deposits by Borrowers	4,670	1,543	87	6,300	4,757
Total Current Liabilities	37,824	73,135	19,815	130,774	112,417
LONG-TERM LIABILITIES					
Accrued Workers' Compensation, Net of Current Portion	-	-	107	107	53
Accrued Compensated Absences, Net of Current Portion	-	-	260	260	199
Bonds Payable, Net of Current Portion	257,540	1,251,539	-	1,509,079	1,602,529
Deposits by Borrowers, Net of Current Portion	14,049	1,384	-	15,433	13,813
Interest Rate Swap Agreements	-	1,917	-	1,917	6,908
Total Long-Term Liabilities	271,589	1,254,840	367	1,526,796	1,623,502
Total Liabilities	309,413	1,327,975	20,182	1,657,570	1,735,919
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflow on Refunding of Bond Debt	-	918	-	918	113
NET POSITION					
Restricted	51,208	300,541	33,032	384,781	397,445
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 360,621	$ 1,629,434	$ 53,214	$ 2,043,269	$ 2,133,477

See accompanying Notes to Financial Statements

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
(in thousands)
YEAR ENDED JUNE 30, 2017
(with comparative combined totals as of June 30, 2016)

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined 2017	Combined 2016
OPERATING REVENUE					
Interest on Mortgage Loans	$ 8,718	$ 60,736	470	$ 69,924	$ 77,853
Interest on Mortgage-Backed Securities	2,827	4,639	-	7,466	6,151
(Decrease) Increase in Fair Value of Mortgage-Backed Securities	-	(20)	-	(20)	20
Realized Gains on Sale of Mortgage-Backed Securities	-	16,501	-	16,501	21,259
Interest Income on Investments	739	2,003	453	3,195	2,512
(Decrease) Increase in Fair Value of Investments	(666)	(646)	(403)	(1,715)	674
Fee Income	687	-	9,870	10,557	8,441
Gain on Early Retirement of Debt	-	1,056	-	1,056	1,467
Other Operating Revenue	-	14	190	204	157
Total Operating Revenue	12,305	84,283	10,580	107,168	118,534
OPERATING EXPENSES					
Interest Expense on Bonds	8,484	48,741	-	57,225	67,975
Professional Fees and Other Operating Expenses	521	10,553	303	11,377	11,419
Salaries, General and Administrative Costs	-	-	31,537	31,537	22,099
Decrease in Provision for Loan Losses	-	(121)	-	(121)	(2,833)
Losses and Expenses on Real Estate Owned, Net	-	3,938	-	3,938	7,481
Loss on Foreclosure Claims, Net	-	5,183	-	5,183	5,060
Bond Issuance Costs	-	4,612	-	4,612	1,104
Total Operating Expenses	9,005	72,906	31,840	113,751	112,305
Operating Income (Loss)	3,300	11,377	(21,260)	(6,583)	6,229
NONOPERATING (EXPENSES) REVENUE					
(Decrease) Increase in Fair Value of Mortgage-Backed Securities	(2,551)	(3,274)	-	(5,825)	6,428
Transfers of Funds, Net, as Permitted by the Various Bond Indentures	(2,000)	(20,000)	21,744	(256)	3
CHANGES IN NET POSITION	(1,251)	(11,897)	484	(12,664)	12,660
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	52,459	312,438	32,548	397,445	384,785
NET POSITION - RESTRICTED AT END OF YEAR	$ 51,208	$ 300,541	$ 33,032	$ 384,781	$ 397,445

See accompanying Notes to Financial Statements

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
COMBINED STATEMENT OF CASH FLOWS
(in thousands)
YEAR ENDED JUNE 30, 2017
(with comparative combined totals as of June 30, 2016)

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined 2017	Combined 2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Principal and Interest Received on Mortgage Loans	$ 21,632	$ 162,452	$ 677	$ 184,761	$ 207,765
Principal and Interest Received on Mortgage-Backed Securities	3,758	17,413	-	21,171	36,093
Escrow Funds Received	8,041	1,259	55	9,355	6,770
Escrow Funds Paid	(4,512)	(1,606)	(74)	(6,192)	(7,105)
Mortgage Insurance Claims and Other Loan Proceeds Received	-	57,780	-	57,780	65,672
Foreclosure Expenses Paid	-	(7,830)	-	(7,830)	(15,596)
Loan Fees Received	687	-	9,866	10,553	8,454
Purchase of Mortgage Loans	(18,776)	(12,638)	(2,191)	(33,605)	(66,620)
Purchase of Mortgage-Backed Securities	-	(414,213)	-	(414,213)	(650,012)
Funds Received from Sale of Mortgage-Backed Securities	-	355,625	-	355,625	625,707
Professional Fees and Other Operating Expenses	(513)	(11,003)	(268)	(11,784)	(10,936)
Other Income Received	-	14	190	204	421
Salaries, General and Administrative Expenses	-	-	(26,430)	(26,430)	(18,004)
Other Reimbursements	142	(172)	489	459	4,617
Net Cash Provided by (Used in) Operating Activities	10,459	147,081	(17,686)	139,854	187,226
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Maturities or Sales of Investments	2,384	14,627	13,938	30,949	117,422
Purchases of Investments	-	-	-	-	(39,972)
Interest Received on Investments	803	2,116	546	3,465	2,756
Net Cash Provided by Investing Activities	3,187	16,743	14,484	34,414	80,206
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from Sale of Bonds	46,450	592,146	-	638,596	140,113
Payments on Bond Principal	(12,995)	(725,999)	-	(738,994)	(247,195)
Bond Issuance Costs	-	(4,549)	-	(4,549)	(1,073)
Interest on Bonds	(8,075)	(55,693)	-	(63,768)	(70,138)
Transfers Among Funds	(2,000)	(20,000)	21,744	(256)	3
Net Cash Provided by (Used in) Noncapital Financing Activities	23,380	(214,095)	21,744	(168,971)	(178,290)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT	37,026	(50,271)	18,542	5,297	89,142
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	52,183	394,526	21,290	467,999	378,857
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 89,209	$ 344,255	$ 39,832	$ 473,296	$ 467,999

See accompanying Notes to Financial Statements

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
COMBINED STATEMENT OF CASH FLOWS
(in thousands)
YEAR ENDED JUNE 30, 2017
(with comparative combined totals as of June 30, 2016)

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined 2017	Combined 2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	$ 3,300	$ 11,377	$ (21,260)	$ (6,583)	$ 6,229
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Amortization of Investment Discounts and Premiums	28	84	29	141	439
Amortization of Bond Original Issue Discounts and Premiums	-	(206)	-	(206)	(178)
Decrease in Provision for Loan Losses	-	(121)	-	(121)	(2,833)
Decrease (Increase) in Fair Value of Mortgage-Backed Securities	-	20	-	20	(20)
Decrease (Increase) in Fair Value of Investments	666	646	403	1,715	(674)
Gain on Early Retirement of Debt	-	(1,056)	-	(1,056)	(1,467)
Bond Issuance Costs	-	4,549	-	4,549	1,073
Interest Received on Investments	(803)	(2,116)	(546)	(3,465)	(2,756)
Interest on Bonds	8,075	55,693	-	63,768	70,138
(Increase) Decrease in Assets:					
Mortgage Loans	(32,038)	131,255	(1,966)	97,251	109,047
Mortgage-Backed Securities	927	(62,140)	-	(61,213)	(15,637)
Accrued Interest and Other Receivables	(55)	1,767	42	1,754	2,531
Claims Receivable on Foreclosed and Other Loans	-	8,769	-	8,769	11,487
Real Estate Owned	-	5,424	-	5,424	2,730
Increase (Decrease) in Liabilities:					
Accrued Interest Payable	409	(6,746)	-	(6,337)	(1,985)
Accounts Payable	150	229	524	903	5,342
Accrued Workers' Compensation and Compensated Absences	-	-	329	329	97
Due to State Treasurer	-	-	4,778	4,778	3,998
Due to Multi-Family Projects	26,271	-	-	26,271	-
Deposits by Borrowers	3,529	(347)	(19)	3,163	(335)
Net Cash Provided by (Used in) Operating Activities	$ 10,459	$ 147,081	$ (17,686)	$ 139,854	$ 187,226

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 combined financial statements only include CDA's Revenue Obligation Funds (the Funds). CDA's other programs are not included. However, CDA has also separately issued combined financial statements for the Infrastructure Program Funds and financial statements for the Single Family Housing Revenue Bonds and Multi-Family Mortgage Revenue Bonds indentures. The Revenue Obligation Funds, Infrastructure Program 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.

Within each Fund in the Revenue Obligation Funds are separate accounts maintained for each obligation in accordance with the respective indentures. The following summarizes each of the Funds.

Fund	Purpose
Housing Revenue Bonds	To provide funds to finance or refinance loans for various types of housing. As of June 30, 2017, Housing Revenue Bonds have primarily financed multi-family projects.
Residential Revenue Bonds	To originate or purchase single family mortgage loans.
General Bond Reserve Fund	To provide funds for payment of principal and interest on bonds and notes in the Revenue Obligation Funds to the extent revenues and assets specifically pledged are not sufficient. This Fund also provides for the payment of operating expenses of CDA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Revenue Obligation 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).

Basis of Accounting and Measurement Focus

The basis of accounting for the Funds is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Funds. 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 Funds are included on the Combined Statements of Net Position. The Funds are required to follow all statements of the Governmental Accounting Standards Board (GASB).

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 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.

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 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.

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, 2017, the Funds' cash equivalents are primarily invested in a money market mutual fund which is more 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. 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 and single family homes. 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. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as claims receivable. See Notes 4 and 15 for additional information on mortgage loans and mortgage insurance, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. On insured single family loans, interest ceases to accrue after foreclosure. See Note 5 for additional information.

Claims Receivable on Foreclosed and Other Loans

Claims receivable on foreclosed and other loans include insured single family loans that are in foreclosure or other single family loans with pending insurance claims, recorded net of allowance. These loans are primarily insured by U.S. Government Agencies or private mortgage insurers. Foreclosed loans insured by private mortgage insurers are held in this account until the insurer has made a final determination as to claim payment or transfer of the property to CDA.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure or deeds-in-lieu and is stated at the lower of cost or fair value less estimated costs to sell. Expenses incurred related to real estate owned are reported on the Combined Statement of Revenue, Expenses and Changes in Net Position.

Allowance for Loan Losses

Substantially all single family mortgage loans of the Funds are insured or guaranteed by agencies of the U.S. Government, the Maryland Housing Fund (MHF), or private mortgage insurers. Most primary coverage levels range from 25% to 100% of the loan. CDA has established an allowance for loan losses on the uninsured portions of multi-family loans and on single family loans with private mortgage insurance. CDA has also established an allowance for loan losses on single family loans with private mortgage insurance that are in foreclosure. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group as well as a current assessment of probability and risk of loss due to default or deteriorating economic conditions. See Note 4 for additional information on allowance for loan losses.

Bond Issuance Costs

Bond issuance costs are recognized and expensed in the period incurred.

Due from (to) Other Funds

Due from (to) other Funds records the pending transfers of cash between Funds which is primarily a result of receipts due to one Fund, but received by another. As of June 30, 2017, there were no pending cash transfers due between Funds.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized original issue discounts or premiums. 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 Combined Statement of Net Position. See Notes 6, 7, 8, 9, 10 and 12 for additional information on bonds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Multi-Family Projects

On some multi-family mortgage loans CDA records the total loan amount when the loan closes and collects interest from the multi-family projects on the full loan amount from the date of closing. Due to Multi-Family Projects represents the undrawn loan amount which is held by CDA as an escrow until the funds are needed by the projects.

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 12 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 earnings from investments to the United States Treasury. In addition, the liability also includes 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 11.

Interest Rate Exchange Agreements (Swaps)

Interest rate exchange agreements (swaps) are derivative instruments which are entered into as cash flow hedges to reduce exposure to identified financial risks associated with assets, liabilities or expected transactions or to lower the costs of borrowings and are considered to be hedging derivative instruments. Swaps are reported at fair value in the Combined Statement of Net Position and are tested quarterly for hedge effectiveness. Effectiveness is established if the changes in cash flows of the swaps substantially offset the changes in cash flows of the hedgeable items. The changes in fair values of the swaps that are determined to be effective hedges will be recognized as deferred inflows or outflows of resources in the Combined Statement of Net Position. The changes in fair value of the swaps that are determined not to be effective hedges will be reported in the Combined Statement of Revenue, Expenses and Changes in Net Position. CDA's swaps are more fully described in Note 9.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) 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 Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2017, all mortgage loan yields are in compliance with the Code.

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. Tax credit fees and administrative fees are recorded as earned.

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. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year. For the year ended June 30, 2017, the total costs for salaries and related costs and for general and administrative costs charged to the General Bond Reserve Fund was $31,537.

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 16 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 affordable housing in the State of Maryland. The Funds' 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. Mortgage-backed securities that are part of the TBA program are classified as operating which is more fully described in Note 3.

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 respective indentures 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 notes, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, investment agreements, money market funds and certificates of deposit.

The following assets, reported at fair value and held by CDA at June 30, 2017, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Cash and Cash Equivalents:				
BlackRock Liquidity FedFund Administration Shares	$ 89,209	$ 325,258	$ 39,832	$ 454,299
Demand Deposit Account	-	18,997	-	18,997
Investments:				
Obligations of the U.S. Treasury	7,380	-	4,246	11,626
Obligations of the U.S. Government Agencies	-	9,171	-	9,171
Repurchase Agreements and Investment Agreements	-	2,408	-	2,408
Mortgage-Backed Securities:				
Government National Mortgage Association (GNMA)	55,003	132,473	-	187,476
Federal National Mortgage Association (FNMA)	-	62,973	-	62,973
Total Cash and Cash Equivalents, Investments and Mortgage-Backed Securities	$ 151,592	$ 551,280	$ 44,078	$ 746,950

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (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, 2017, 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	$ 454,299	$454,299	$454,299	$ -	$ -	$ -	$ -
Demand Deposit Account	18,997	18,997	18,997	-	-	-	-
Obligations of the U.S. Treasury	9,048	11,626	664	2,297	8,665	-	-
Obligations of U.S. Government Agencies	7,044	9,171	-	2,305	-	3,975	2,891
Repurchase Agreements/ Investment Agreements	2,408	2,408	-	-	-	2,408	-
GNMA Mortgage-Backed Securities	185,190	187,476	-	-	-	-	187,476
FNMA Mortgage-Backed Securities	62,383	62,973	-	-	-	-	62,973
Total	$ 739,369	$746,950	$473,960	$4,602	$8,665	$ 6,383	$253,340

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, 2017, the cost of the money market mutual fund approximated fair value.

(in thousands)

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (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 trust indentures 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 CDA's indentures and 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 in a specific indenture 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, 2017, all counterparty ratings were at least equal to the ratings on the bonds. The ratings on Housing Revenue Bonds and Residential Revenue Bonds as of June 30, 2017 were Aa2 by Moody's Investors Service. The ratings on Housing Revenue Bonds and Residential Revenue Bonds as of June 30, 2017 were AA+ and AA, respectively, by Fitch Ratings. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5 percent or more of total investments, in accordance with accounting guidance issued by GASB.

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	$ 454,299	60.82%	Aaa		Moody's
Demand Deposit Account: Counterparty Rated Aa2 by Moody's	18,997	2.54%			
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	187,476	25.10%		Direct U.S. Obligations	
Federal National Mortgage Association (FNMA) Mortgage-Backed Securities	62,973	8.43%		Aaa	Moody's
Obligations of the U.S. Treasury	11,626	1.56%		Direct U.S. Obligations	
Obligations of U.S. Government Agencies	9,171	1.23%		Aaa	Moody's
				Underlying Securities Credit Rating	
Collateralized Repurchase Agreements and Investment Agreements: Counterparty Rated Aaa by Moody's	2,408	0.32%		Direct U.S. Obligations	
Total	$ 746,950	100.00%			

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

The market value of the underlying collateralized securities in repurchase agreements and investment agreements is maintained at a minimum of 102 percent of the principal of and accrued interest on the invested funds by marking to market at least weekly and using an immediate under value cure provision.

In order to facilitate a transaction with a liquidity provider, CDA has invested in a demand deposit account that is classified as cash and cash equivalents. This investment is backed by an Irrevocable Standby Letter of Credit dated July 26, 2012, that was established by the Federal Home Loan Bank of Pittsburgh, and is automatically extended each year until July 26, 2017. This date corresponds with the termination date of the standby purchase agreement.

<u>Mortgage-backed Securities and Certificates</u>

All mortgage-backed securities and certificates held by CDA are guaranteed by the Government National Mortgage Association (GNMA) or the Federal National Mortgage Association (FNMA or Fannie Mae).

GNMA mortgage-backed securities are instrumentalities of the United States Government and 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.

Fannie Mae mortgage-backed certificates are “guaranteed mortgage pass-through certificates” which supplement amounts received by a trust created under a trust agreement as required permitting timely payments of principal and interest on the certificates to CDA. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

As an investor of GNMA I mortgage-backed securities (MBS), CDA receives separate principal and interest payments on the 15th of each month; however, for GNMA II MBS, CDA receives the total principal and interest from a central paying agent on the 20th of each month. For all Fannie Mae certificates, CDA receives the total principal and interest from the trust on the 25th of each month. All mortgages backing a GNMA I MBS have the same mortgage rate equal to 50 basis points greater than the coupon, with 44 basis points of servicing fee and 6 basis points of guaranty fee. Similarly, GNMA II MBS also have 6 basis points of guaranty fee, but the mortgage rate for the loans backing the security can vary between 25 to 75 basis points greater than the coupon which may result in a variety of servicing fees. All Fannie Mae certificates have a guaranty fee of 47.5 basis points and a servicing fee of 25 basis points. CDA also participates from time to time in the Fannie Mae buy-up or buy-down of the guaranty fee created in the pooling process in order to maximize pooling of certificates for efficiency and effectiveness.

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

In January 2012, CDA expanded the sources of financing for its mortgage-backed securities program through the ongoing sale of forward contracts of GNMA mortgage-backed securities and Fannie Mae certificates. These securities are comprised of single family mortgage loans originated by CDA's network of approved lender partners. As part of this program, CDA periodically enters into forward contracts to sell GNMA mortgage-backed securities and Fannie Mae certificates to investors before the securities are ready for delivery (referred to as "to-be-announced" or "TBA Mortgage-Backed Security Contract"). These forward contracts are settled monthly, using funds held in Residential Revenue Bonds' additional collateral account, prior to being sold into the secondary market. As of June 30, 2017, CDA entered into TBA Mortgage-Backed Security Contracts with a notional amount of $104,111 outstanding. The increase/decrease in the fair value of GNMA mortgage-backed securities and Fannie Mae certificates that are part of the TBA program is classified as operating revenue on the Combined Statement of Revenue, Expenses and Changes in Net Position.

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, 2017, the Funds' 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 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; Level 3 inputs are significant unobservable inputs.

The Funds have the following recurring fair value measurements as of June 30, 2017:

- U.S. Government Agencies and U.S. Treasury Bonds of $20,797 are valued using quoted market prices (Level 1).
- GNMA and FNMA mortgage-backed securities of $250,449 are valued using the matrix pricing technique (Level 2).
- Pay-fixed, receive-variable interest rate swap agreements of $1,917 are valued using the matrix pricing technique (Level 2).

(in thousands)

NOTE 4 MORTGAGE LOANS

Substantially all single family mortgage loans are secured by first liens on the related property. Approximately 97% of all single family mortgage loans are credit enhanced through the Federal Housing Administration (FHA) mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs, Maryland Housing Fund (MHF) or by private mortgage insurance policies. As of June 30, 2017, interest rates on first lien single family loans range from 0.0% to 10.25% with remaining loan terms ranging from less than 1 year to 40 years.

Approximately 99% of all multi-family construction and permanent mortgage loans outstanding are insured or credit enhanced by FHA, MHF, Federal National Mortgage Association (FNMA), GNMA or bank letters of credit. As of June 30, 2017, interest rates on the loans range from 1.80% to 7.23% with remaining loan terms ranging from less than 1 year to 40 years.

For the year ended June 30, 2017, the mortgage loan and claims receivable balances, net of the allowances for loan losses on the uninsured portions of multi-family loans and on single family loans with private mortgage insurance, including loans in foreclosure and other loans with pending insurance claims, were as follows:

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Mortgage Loans	$ 207,905	$ 1,020,222	8,202	$ 1,236,329
Allowance for Loan Losses	(35)	(9,560)	-	(9,595)
Mortgage Loans, Net of Allowance	$ 207,870	$ 1,010,662	$ 8,202	$ 1,226,734
Claims Receivable on Foreclosed and Other Loans	$ -	$ 42,370	$ -	$ 42,370
Allowance for Loan Losses	-	(2,207)	-	(2,207)
Claims Receivable on Foreclosed and Other Loans, Net of Allowance	$ -	$ 40,163	$ -	$ 40,163

(in thousands)

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2017, were as follows:

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Accrued Mortgage Loan Interest	$ 828	$ 10,446	$ 57	$ 11,331
Accrued Mortgage-Backed Securities Interest	234	484	-	718
Accrued Investment Interest	88	396	101	585
Negative Arbitrage due from Mortgagors	9	-	-	9
Funds Due from Mortgage Insurers for Loan Modifications	-	234	-	234
Reimbursement Due for State-Funded Loans	-	1,202	-	1,202
Reimbursement Due For Pre-Foreclosure Costs Incurred on Mortgage Loans	-	4,309	-	4,309
Miscellaneous Loan and Other Billings	-	106	26	132
Total	$ 1,159	$ 17,177	$ 184	$ 18,520

NOTE 6 SHORT-TERM DEBT

CDA issues short-term debt to preserve volume cap when prepayments and payments from mortgages exceed the demand for new mortgages. Proceeds of the short-term debt are used to refund and to pay at maturity prior series of bonds. At the time of the refunding, prepayments and repayments of mortgage loans financed by these prior bonds are transferred to accounts in the short-term series. CDA expects to make these funds available to purchase mortgage loans upon the maturity or earlier redemption of the short-term bonds with proceeds of additional long-term bonds. By issuing the short-term debt, CDA more closely matches the rates on the short-term debt with the rates on short-term investments. When there is sufficient mortgage demand, CDA issues long-term refunding bonds to redeem the short-term debt and the prepayments and repayments are used to fund new mortgages. For the year ended June 30, 2017, CDA did not issue any short-term debt.

NOTE 7 BONDS PAYABLE

The bonds and notes issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the applicable indentures. These bonds and notes 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 indentures 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 indentures, 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 Combined Statement of Revenue, Expenses and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss.

The following lists those bonds which are at variable rates and the terms by which the variable rates change. All other bonds have fixed interest rates.

<u>Housing Revenue Bonds</u>
Series 2013 E
The 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 the bonds bear interest at a rate in excess of 12%.

<u>Residential Revenue Bonds</u>
2006 Series G and J; 2007 Series M; 2008 Series D; 2012 Series B; and 2014 Series F
The 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 the bonds bear interest at a rate in excess of 12%.

The following bonds are taxable. All other bonds are tax-exempt.

<u>Housing Revenue Bonds</u>
Series 2013 E

<u>Residential Revenue Bonds</u>
2012 Series A and B
2014 Series E and F
2015 Series B
2016 Series A
2017 Series A

(in thousands)

NOTE 7 BONDS PAYABLE (CONTINUED)

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

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2016	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2017
Housing Revenue Bonds								
Series 1996 A	11/01/96	5.875% - 5.95%	2016 - 2023	$ 2,375	$ -	$ (710)	$ -	$ 1,665
Series 1996 B	11/01/96	5.875% - 5.95%	2016 - 2028	1,025	-	(60)	-	965
Series 2006 C	04/27/06	4.10% - 4.75%	2016 - 2036	1,125	-	(50)	(745)	330
Series 2006 D	09/27/06	4.91%	7/1/2048	4,130	-	(50)	-	4,080
Series 2007 B	08/30/07	5.51%	1/1/2038	4,480	-	(80)	-	4,400
Series 2007 C	12/20/07	5.38%	1/1/2043	1,425	-	(20)	-	1,405
Series 2008 A	05/29/08	5.24%	7/1/2038	5,100	-	(125)	-	4,975
Series 2008 B	05/29/08	5.63%	7/1/2049	9,765	-	(105)	-	9,660
Series 2008 C	09/19/08	5.60%	7/1/2048	6,990	-	(80)	-	6,910
Series 2008 D	12/18/08	5.25% - 6.75%	2018 - 2039	3,540	-	(70)	-	3,470
Series 2009 A	11/24/09	5.25%	7/1/2041	6,495	-	(275)	-	6,220
Series 2012 A	07/26/12	1.10% - 4.375%	2016 - 2054	9,085	-	(120)	-	8,965
Series 2012 B	08/30/12	1.10% - 4.125%	2016 - 2054	4,385	-	(60)	-	4,325
Series 2012 D	11/07/12	0.90% - 3.875%	2016 - 2054	4,570	-	(70)	-	4,500
Series 2013 A	02/28/13	0.85% - 4.00%	2016 - 2054	10,700	-	(150)	-	10,550
Series 2013 B	07/25/13	1.30% - 5.15%	2016 - 2055	10,655	-	(125)	-	10,530
Series 2013 D	09/19/13	1.10% - 5.65%	2016 - 2055	5,100	-	(50)	-	5,050
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	0.75% - 5.25%	2016 - 2055	12,305	-	(130)	-	12,175
Series 2014 A	02/27/14	0.55% - 5.00%	2016 - 2055	4,760	-	(55)	-	4,705
Series 2014 B	05/21/14	0.50% - 4.45%	2016 - 2055	1,270	-	(15)	-	1,255
Series 2014 C	08/21/14	0.45% - 4.05%	2016 - 2046	3,700	-	(1,360)	-	2,340
Series 2014 D	12/17/14	0.55% - 4.20%	2016 - 2056	10,015	-	(120)	-	9,895
Series 2015 A	05/28/15	0.80% - 4.55%	2017 - 2057	13,395	-	(940)	(4,495)	7,960
Series 2015 B	10/07/15	0.85% - 4.50%	2018 - 2057	48,200	-	-	(2,935)	45,265
Series 2016 A	12/14/16	1.30% - 4.40%	2018 - 2058	-	15,730	-	-	15,730
Series 2017 A	04/13/17	1.35% - 3.95%	2019 - 2058	-	18,720	-	-	18,720
Series 2017 B	05/10/17	1.40% - 3.75%	2019 - 2059	-	12,000	-	-	12,000
Total				$ 226,385	$ 46,450	$ (4,820)	$ (8,175)	$ 259,840

(in thousands)

NOTE 7 BONDS PAYABLE (CONTINUED)

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

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2016	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Debt Outstanding at June 30, 2017	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2017
Residential Revenue Bonds										
2006 Series E	05/24/06	4.25% - 4.35%	2016 - 2017	$ 3,210	$ -	$ (430)	$ (1,270)	$ 1,510	$ -	$ 1,510
2006 Series G	05/24/06	Variable Rate	9/1/2040	40,000	-	-	(1,235)	38,765	-	38,765
2006 Series H	07/13/06	4.10% - 4.15%	2016 - 2017	4,120	-	(2,015)	(2,105)	-	-	-
2006 Series I	07/13/06	4.50% - 4.875%	2016 - 2026	50,440	-	(1,785)	(17,585)	31,070	-	31,070
2006 Series J	07/13/06	Variable Rate	9/1/2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	4.10% - 4.15%	2016 - 2017	2,405	-	(610)	(1,795)	-	-	-
2006 Series L	09/14/06	4.60% - 4.95%	2017 - 2038	102,245	-	-	(102,245)	-	-	-
2006 Series O	12/13/06	3.80% - 3.85%	2016 - 2017	2,320	-	(1,135)	(1,185)	-	-	-
2006 Series P	12/13/06	4.25% - 4.70%	2016 - 2037	45,860	-	(1,115)	(44,745)	-	-	-
2006 Series S	12/13/06	6.07%	9/1/2037	13,020	-	-	(13,020)	-	-	-
2007 Series A	03/28/07	4.25% - 5.75%	2016 - 2047	149,650	-	(4,460)	(145,190)	-	-	-
2007 Series B	03/28/07	6.00%	9/1/2037	15,080	-	-	(15,080)	-	-	-
2007 Series C	06/20/07	3.90% - 3.95%	2016 - 2017	6,200	-	(450)	(5,750)	-	-	-
2007 Series D	06/20/07	4.65% - 4.95%	2022 - 2048	114,585	-	-	(114,585)	-	-	-
2007 Series E	06/20/07	5.98% - 6.11%	2040 - 2042	33,915	-	-	(33,915)	-	-	-
2007 Series F	06/20/07	Variable Rate	9/1/2031	21,205	-	-	(21,205)	-	-	-
2007 Series G	08/09/07	4.30%	9/1/2017	7,375	-	-	(7,375)	-	-	-
2007 Series H	08/09/07	4.95% - 5.10%	2022 - 2037	43,680	-	-	(43,680)	-	-	-
2007 Series I	08/09/07	6.50% - 6.56%	2043	36,405	-	-	(36,405)	-	-	-
2007 Series J	08/09/07	Variable Rate	9/1/2031	28,100	-	-	(28,100)	-	-	-
2007 Series K	12/12/07	3.75% - 3.85%	2016 - 2017	2,940	-	(2,420)	(520)	-	-	-
2007 Series M	12/12/07	Variable Rate	9/1/2043	29,050	-	-	-	29,050	-	29,050
2008 Series A	06/19/08	3.875% - 4.00%	2016 - 2017	13,020	-	(7,965)	(3,645)	1,410	-	1,410
2008 Series D	09/04/08	Variable Rate	9/1/2038	49,890	-	-	(4,675)	45,215	-	45,215
2008 Series E	12/17/08	4.375% - 4.55%	2016 - 2017	3,420	-	(1,815)	(1,605)	-	-	-
2009 Series A	09/24/09	3.30% - 5.05%	2017 - 2039	34,380	-	-	-	34,380	-	34,380
2009 Series B	10/08/09	2.80% - 4.75%	2016 - 2039	38,745	-	(310)	-	38,435	-	38,435
2009 Series C	10/27/09	2.70% - 4.55%	2016 - 2039	13,715	-	(65)	-	13,650	-	13,650
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	22,450	-	-	(1,305)	21,145	-	21,145
2011 Series A	05/05/11	2.625% - 5.375%	2016 - 2041	48,585	-	(1,890)	(4,105)	42,590	346	42,936
2011 Series B	05/05/11	3.25%	3/1/2036	20,000	-	-	-	20,000	(78)	19,922
2012 Series A	08/23/12	1.570% - 4.00%	2016 - 2025	25,105	-	(3,210)	(3,625)	18,270	206	18,476
2012 Series B	08/23/12	Variable Rate	9/1/2033	45,000	-	-	-	45,000	-	45,000
2014 Series A	02/20/14	0.55% - 4.30%	2016 - 2032	55,745	-	(2,860)	-	52,885	-	52,885
2014 Series B	02/20/14	3.25%	9/1/2044	26,910	-	-	(3,590)	23,320	749	24,069
2014 Series C	09/25/14	0.40% - 4.00%	2016 - 2044	44,875	-	(875)	(1,475)	42,525	926	43,451
2014 Series D	09/25/14	0.60% - 4.00%	2016 - 2036	21,660	-	(915)	(1,895)	18,850	1,031	19,881
2014 Series E	09/25/14	1.125% - 4.478%	2016 - 2040	47,925	-	(1,565)	(5,605)	40,755	-	40,755
2014 Series F	09/25/14	Variable Rate	9/1/2044	24,555	-	-	-	24,555	-	24,555
2015 Series A	12/03/15	0.45% - 3.95%	2016 - 2045	24,100	-	(560)	(895)	22,645	423	23,068
2015 Series B	12/03/15	1.20% - 4.515%	2016 - 2041	66,670	-	(1,765)	(3,975)	60,930	-	60,930
2016 Series A	08/31/16	0.784% - 3.797%	2017 - 2047	-	325,800	(3,025)	(11,045)	311,730	2,846	314,576
2017 Series A	04/27/17	1.00% - 4.416%	2017 - 2048	-	263,060	-	-	263,060	-	263,060
Total				$ 1,438,555	$ 588,860	$ (41,240)	$ (684,430)	$ 1,301,745	$ 6,449	$ 1,308,194

(in thousands)

NOTE 8 DEBT SERVICE REQUIREMENTS

As of June 30, 2017, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2017 and excluding the effect of unamortized discounts/premiums as shown in Note 7) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

	Housing Revenue Bonds		Residential Revenue Bonds	
Year Ended June 30,	Interest	Principal	Interest	Principal
2018	$ 9,589	$ 2,300	$ 38,108	$ 56,655
2019	9,459	14,930	38,412	42,945
2020	9,123	8,350	37,284	42,805
2021	9,031	3,105	35,999	36,420
2022	8,914	3,215	34,967	35,935
2023 - 2027	42,696	16,155	158,312	191,455
2028 - 2032	39,079	18,755	121,884	264,605
2033 - 2037	34,373	23,365	75,486	284,440
2038 - 2042	28,423	26,075	32,940	212,310
2043 - 2047	21,766	68,680	8,503	125,730
2048 - 2052	13,457	28,415	225	8,445
2053 - 2057	7,056	23,865	-	-
2058 - 2062	1,283	22,630	-	-
Total	$ 234,249	$ 259,840	$ 582,120	$ 1,301,745

The interest calculations on outstanding variable rate bonds in the amounts of $41,795 in Housing Revenue Bonds and $242,585 in Residential Revenue Bonds are based on the variable rates in effect on June 30, 2017 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. See Note 9 for information on interest rate exchange agreements (swaps) associated with the variable rate debt in Residential Revenue Bonds.

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS)

Objective of the Swaps

As a means to lower its borrowing costs, CDA issues variable rate bonds. In order to protect against the potential increases in interest rates, CDA has entered into pay-fixed, receive-variable interest rate swap agreements in connection with certain variable rate bond series. CDA anticipates that the net swap payments and interest payments on underlying bonds will be lower than what CDA would have paid if it had issued fixed rate debt at the time of the underlying bond issuances. All of CDA’s swaps are intended to be cash flow hedges.

(in thousands)

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (CONTINUED)

Terms and Fair Value

The terms, including the fair values of the outstanding swaps as of June 30, 2017, are provided in the table below. The counterparty credit ratings for all outstanding swaps as of June 30, 2017 are listed under the Credit Risk section. For each of the outstanding swap agreements the variable rates are reset monthly, and it is the intent of CDA to match the maturity of the swaps with the maturity of the underlying bonds. The fair values are based on the market values and are affirmed by an independent advisor who used valuation methods and assumptions in accordance with accounting guidance issued by GASB.

Swap Counter-Party	Associated Bond Issue	Original Notional Amount	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received (1)	Fair Value	Swap Final Termination Date
The Bank of New York Mellon (BNYM)	2007 Series M	$26,990 (amended)	$8,435	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	($144)	9/1/2043 (2)(3)(6)(7)(8)(9)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	$50,000	$49,890	9/4/2008	3.6880%	64% of LIBOR plus .31%	($1,773)	9/1/2038 (3)(4)(5)(7)(9)

Notes to 2017 Table

(1) "LIBOR" means the 1 month London Interbank Offered Rate.

(2) CDA has the option to terminate a portion of this interest rate swap transaction without any termination payment up to the Maximum Optional Early Termination Amounts on each March 1 and September 1 until September 1, 2017. CDA has exercised its option to partially terminate the notional amount of this interest rate swap in the amount of $2,060 effective September 1, 2009, $1,515 effective March 1, 2010, $1,735 effective September 1, 2010, $1,700 effective March 1, 2011, $1,425 effective September 1, 2011, $1,185 effective March 1, 2012, $975 effective September 1, 2012, $790 effective March 1, 2013, $610 effective September 1, 2013, $470 effective March 1, 2014, $340 effective September 1, 2014, $235 effective March 1, 2015, $120 effective September 1, 2015 and $45 effective March 1, 2016. CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2017 and on each March 1 and September 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(3) The outstanding notional amount reflects the amount that has been amortized as of March 1, 2017. On September 1, 2010, 2008 Series D had a scheduled amortization of the notional amount which corresponded to a scheduled mandatory sinking fund redemption of outstanding bonds on such date.

(4) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2018 and on each March 1 and September 1 thereafter (Optional Par Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(5) On January 1, 2009, Bank of America Corporation acquired Merrill Lynch & Co., Inc. Notwithstanding this acquisition, Merrill Lynch Derivative Products AG remains in existence and continues as a swap provider on this swap agreement.

(6) On October 8, 2009, 2007 Series M bonds, with an outstanding balance of $29,050, were remarketed and the related swap agreement with an outstanding balance of $26,990 was amended effective October 8, 2009 (refer to note 2 above). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement.

(7) On September 1, 2016, January 13, 2017 and April 28, 2017, CDA redeemed $1,615, $1,740 and $1,320, respectively, of 2008 Series D variable rate debt. This has created a mismatch between the notional amount of the swap and the 2008 Series D variable rate debt outstanding. The swap notional amounts of $1,615, $1,740 and $1,320 are being deemed terminated with respect to the 2008 Series D debt and integrated in the same amounts with an unhedged portion of 2007 Series M.

(8) Subsequent to June 30, 2017, CDA exercised its option and terminated this interest rate swap, in whole, effective September 1, 2017.

(9) Also, subsequent to June 30, 2017, CDA redeemed $960 of 2008 Series D variable rate debt on July 20, 2017. This has created a mismatch between the notional amount of the swap and the 2008 Series D variable rate debt outstanding. The swap notional amount of $960 is being deemed terminated with respect to the 2008 Series D debt and integrated in the same amount with an unhedged portion of 2007 Series M.

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (CONTINUED)

Basis Risk

The swaps would expose CDA to basis risk should the relationship between the London Interbank Offered Rate and the Securities Industry and Financial Markets Association Rate converge. If a change occurs that results in the rates moving towards convergence, the expected cost savings may not be realized. In order to mitigate this risk, prior to the execution of the swap agreements, CDA and its independent financial advisor reviewed historical trading differentials between the Securities Industry and Financial Markets Association Rate and the London Interbank Offered Rate.

Credit Risk

Credit risk is the risk that a swap counterparty will not fulfill its obligations. The fair value of the swaps represented CDA's credit exposure to each counterparty as of June 30, 2017. CDA was not exposed to credit risk under the swap agreements with MLDP or BNYM since the fair value of each counterparty's swap portfolio was negative. However, should the valuation of any of the individual swaps change, and the fair values turn positive, CDA may become exposed to credit risk in the amount of the swaps' fair values. To mitigate the potential for credit risk, the fair value of the swaps will be fully collateralized by the counterparties if a counterparty's credit quality falls below the designated credit rating thresholds.

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2017 are summarized below:

Swap Counterparty	Outstanding Notional Amount	Current Credit Rating	Collateral Posting Credit Rating Threshold	Fair Value
The Bank of New York Mellon (BNYM)	$8,435	Aa1 from Moody's AA from Fitch	A1 or below from Moody's or A+ or below from Fitch	($144)
Merrill Lynch Derivative Products AG (MLDP)	$49,890	Aa3 from Moody's AA from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	($1,773)

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (CONTINUED)

Termination Risk

Termination risk is the risk that, due to some event or exercise of a right, the swaps may terminate prior to the scheduled expiration which could result in a payment due from CDA. Furthermore, if a swap is terminated, the underlying variable rate bonds may be exposed to the rising variable interest rates.

According to the termination provisions of the swap agreements, CDA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The counterparty can terminate the contract if the ratings on the related bonds fall below the credit rating thresholds. In addition, CDA has an option to terminate the swaps in part or in whole without any payment except for accrued interest on the respective Optional Termination Dates. Regardless of the above, CDA has a unilateral right to terminate swaps at any time upon adequate notification to the counterparty. If at the time of such termination a swap has a negative fair value, CDA would be liable to the counterparty for a payment equal to the swap's fair value along with any accrued interest.

Rollover Risk

CDA is exposed to rollover risk on the swap agreements if the agreement terminates prior to the maturity of the associated debt. CDA evaluates the range of reasonably expected repayment patterns for the financed assets to best match the swap schedule. Terminating an existing swap may enable CDA to enter a new swap or other financing mechanism that may be better tailored to the actual financed assets and repayment experience. It is the intent of CDA to match the maturity of the swaps with the maturity of the underlying bonds.

Amortization Risk

Amortization risk is the risk that the actual redemption pattern of the bonds may differ from the swap schedule, producing a mismatch between the principal amount of the bonds outstanding and the outstanding notional amount of the swap. To address this risk, CDA has structured all swap transactions to provide for optional termination on the respective Optional Termination Dates and automatic incremental amortization of the swap notional amounts. Mortgage loan prepayments can also be directed to the variable rate series to match the outstanding notional swap amount to the outstanding amount of the underlying bonds.

Tax Risk

Tax risk is the risk that the value of tax exemption may decline through tax law changes and that variable interest rates would then rise toward taxable levels and the expected cost savings of the swaps may not be realized.

Counterparty Risk

Counterparty risk is the risk that a counterparty will fail to make required payments. In order to limit this type of risk, CDA diversifies its exposure across several counterparties.

(in thousands)

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (CONTINUED)

Swap Payments and Associated Debt

The following table provides a summary of debt service requirements for hedged variable rate bonds and net swap payments for the next five years and in 5-year increments thereafter. The interest calculations are based on the variable rates in effect on June 30, 2017, and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary.

	Hedged Variable Rate Bonds		Interest Rate	
Year Ending June 30,	Principal	Interest	Swaps, Net	Total
2018	$ 2,740	$ 516	$ 1,595	$ 4,851
2019	2,930	506	1,458	4,894
2020	1,230	487	1,373	3,090
2021	1,400	473	1,319	3,192
2022	1,590	460	1,258	3,308
2023 - 2027	8,895	2,050	5,297	16,242
2028 - 2032	9,920	1,625	3,674	15,219
2033 - 2037	12,280	1,109	1,863	15,252
2038 - 2042	4,230	623	216	5,069
2043 - 2047	13,110	176	15	13,301
Total	$ 58,325	$ 8,025	$ 18,068	$ 84,418

Fair Values

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2016 and June 30, 2017, and the changes in fair values for the year ended June 30, 2017.

	Total Fair Value at June 30, 2016	Total Fair Value at June 30, 2017	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	$ (6,908)	$ (1,917)	$ 4,991

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2017, classified by type, and the changes in fair value of such derivative instruments as presented on the combined financial statements for the period ended June 30, 2017, are as follows:

	Change in Fair Value		Fair Value at June 30, 2017		Outstanding Notional
	Classification	Amount	Classification	Amount	Amounts
Cash Flow Hedges:					
Pay Fixed Interest Rate Swaps	Deferred Outflow	$ 4,991	Debt	$ (1,917)	$ 58,325

(in thousands)

NOTE 9 INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (CONTINUED)

As of June 30, 2017, all of CDA's swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on each future net settlement on the swaps.

NOTE 10 BOND REFUNDINGS

Certain refundings of debt are due to the prepayments of single family mortgage loans. In these cases, CDA transfers the proceeds of the refunding bonds to a redemption account to redeem previously issued bonds and, simultaneously, transfers the prepayments of single family mortgage loans financed by these prior bonds to the refunding bonds' accounts for the purpose of originating new loans. This recycling of prepayments enables CDA to originate new loans that are not subject to the limitations of the IRS volume cap. CDA does not pay call premiums on these special redemptions, and the refundings are not undertaken to reduce interest rates, revise payment schedules or modify restrictions related to the old debt. CDA writes off any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Combined Statement of Revenue, Expenses and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss.

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.

For the year ended June 30, 2017, CDA issued 2016 Series A bonds on August 31, 2016 in the amount of $329,086 (amount includes a bond premium of $3,286). The 2016 Series A bonds refunded $321,619 of bonds, in full, on September 1, 2016. This includes a $329 bond premium paid on the 2007 Series A bonds. This economic refunding resulted in savings of approximately $23.7 million. The following table summarizes the bonds that were issued and refunded:

New Bonds Issued			Bonds Refunded	
Bonds Issued	Amount Issued	Amount Refunded	Bonds Refunded	Amount Refunded
2016 Series A	$ 329,086	$ 321,619	2006 Series K	$ 1,795
	(includes issue premium)		2006 Series L	$ 101,470
			2006 Series O	$ 1,185
			2006 Series P	$ 44,745
			2006 Series S	$ 12,530
			2007 Series A	$ 145,519
			2007 Series B	$ 14,375

(in thousands)

NOTE 10 BOND REFUNDINGS (CONTINUED)

Also for the year ended June 30, 2017, CDA issued 2017 Series A bonds in the amount of $263,060 on April 27, 2017. The 2017 Series A bonds refunded $255,060 of bonds, in full, on May 8, 2017. This economic refunding reduced CDA's exposure to variable rate debt and resulted in savings of approximately $25.6 million. The following table summarizes the bonds that were issued and refunded:

New Bonds Issued			Bonds Refunded	
Bonds Issued	Amount Issued	Amount Refunded	Bonds Refunded	Amount Refunded
2017 Series A	$ 263,060	$ 255,060	2007 Series D	$ 113,175
			2007 Series E	$ 29,710
			2007 Series F	$ 16,815
			2007 Series H	$ 41,070
			2007 Series I	$ 31,895
			2007 Series J	$ 22,395

In economic refundings, CDA defers the difference between the reacquisition price (i.e., the principal of the old debt, plus the call premium) and the net carrying amount of the old debt (i.e., the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt). These deferrals would be reported as a deferred outflow or a deferred inflow of resources for the refunding of debt on the Combined Statement of Net Position. This deferral would be amortized, using the effective interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter. During the 2017 fiscal year, CDA issued 2016 Series A and 2017 Series A refunding bonds. CDA had to defer refunding debt costs associated with the bonds being refunded. For 2016 Series A, CDA deferred $823, net, of unamortized bond premiums less bond premium paid at redemption for 2007 Series A. The $823 is being amortized over 276 months. For 2017 Series A, CDA deferred $26 of unamortized bond premium for 2007 Series D, which is being amortized over 244 months.

NOTE 11 REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), CDA may record a rebate liability for excess investment earnings in tax-exempt bond issues. The excess investment earnings arise due to actual investment yields earned by CDA being greater than yields permitted to be retained by CDA under the Code. The Code 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 Combined Statement of Revenue, Expenses and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Combined Statement of Revenue, Expenses and Changes in Net Position is adjusted by the change in the estimated rebate liability due to change in fair value of investments. CDA has no rebate liability from interest income or from unrealized gains on mortgage-backed securities. As of June 30, 2017, there was no rebate liability to record for excess investment earnings in tax-exempt bond issues.

(in thousands)

NOTE 12 LONG-TERM OBLIGATIONS

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

	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Workers' Compensation:				
Beginning Balance at June 30, 2016	$ -	$ -	$ 62	$ 62
Additions	-	-	114	114
Reductions	-	-	(50)	(50)
Ending Balance at June 30, 2017	-	-	126	126
Less Due Within One Year	-	-	(19)	(19)
Total Long-Term Workers' Compensation	-	-	107	107
Compensated Absences:				
Beginning Balance at June 30, 2016	-	-	971	971
Additions	-	-	877	877
Reductions	-	-	(612)	(612)
Ending Balance at June 30, 2017	-	-	1,236	1,236
Less Due Within One Year	-	-	(976)	(976)
Total Long-Term Compensated Absences	-	-	260	260
Bonds Payable:				
Beginning Balance at June 30, 2016	226,385	1,444,114	-	1,670,499
Additions	46,450	592,146	-	638,596
Reductions	(12,995)	(725,999)	-	(738,994)
Change in Deferred Amounts for Issuance Discounts/Premiums	-	(2,067)	-	(2,067)
Ending Balance at June 30, 2017	259,840	1,308,194	-	1,568,034
Less Due Within One Year	(2,300)	(56,655)	-	(58,955)
Total Long-Term Bonds Payable	257,540	1,251,539	-	1,509,079
Deposits by Borrowers:				
Beginning Balance at June 30, 2016	15,190	3,274	106	18,570
Additions	8,041	1,259	55	9,355
Reductions	(4,512)	(1,606)	(74)	(6,192)
Ending Balance at June 30, 2017	18,719	2,927	87	21,733
Less Due Within One Year	(4,670)	(1,543)	(87)	(6,300)
Total Long-Term Deposits by Borrowers	14,049	1,384	-	15,433
Interest Rate Swap Agreements:				
Beginning Balance at June 30, 2016	-	6,908	-	6,908
Additions	-	-	-	-
Reductions	-	(4,991)	-	(4,991)
Ending Balance at June 30, 2017	-	1,917	-	1,917
Total Long-Term Interest Rate Swap Agreements	-	1,917	-	1,917
Total Long-Term Liabilities	$ 271,589	$ 1,254,840	$ 367	$ 1,526,796

(in thousands)

NOTE 13 INTERFUND ACTIVITY

In accordance with the various bond indentures, net position in each of the Funds are restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the respective indentures. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the indenture to meet the obligations of the Funds in current and future years. A cash flow analysis is not required for the General Bond Reserve Fund (GBRF) because there are no bonds outstanding in GBRF as of June 30, 2017.

During the year ended June 30, 2017, CDA transferred the following amounts, as permitted, among Funds:

	Transfers Among Funds			
	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Excess Revenue Transferred to the General Bond Reserve Fund	$ (2,000)	$ (20,000)	$ 22,000	$ -
Funds Required for the Debt Service Reserve Account Transferred to Local Government Infrastructure Bonds 2016 Series A-2	-	-	(587)	(587)
Administrative Fees on Mortgage Loans Transferred from Multi-Family Mortgage Revenue Bonds	-	-	331	331
Transfers of Funds, Net, as Permitted by the Various Bond Indentures	$ (2,000)	$ (20,000)	$ 21,744	$ (256)

NOTE 14 OTHER OUTSTANDING BONDS ISSUED BY CDA (CONDUIT BONDS)

CDA has issued the following bonds that are not included in the combined financial statements of the Funds. The Multifamily Development Revenue Bonds are secured solely by the properties and related revenues of the projects and the applicable credit enhancements. The Capital Fund Securitization Bonds are insured and are repayable by the Department of Housing and Urban Development (HUD) directly to the trustee from funds that the participating public housing authorities would have received under its Annual Contributions Contract. The Local Government Infrastructure Bonds (Mayor and City Council of Cumberland Issue) are secured solely from the revenues and property pledged under this resolution. Neither the faith and credit of CDA nor the assets of the Funds have been pledged as security for these bonds. Accordingly, these obligations are excluded from CDA’s combined financial statements.

(in thousands)

NOTE 14 OTHER OUTSTANDING BONDS ISSUED BY CDA (CONDUIT BONDS) (CONTINUED)

	Amount Issued	Outstanding at June 30, 2017
Multifamily Development Revenue Bonds		
Series 1999 A (GNMA - Selborne House)	$ 2,150	$ 1,800
Series 2001 D (Princess Anne Townhouses)	$ 4,350	$ 2,720
Series 2001 E (Princess Anne Townhouses)	$ 2,875	$ 2,200
Series 2001 G (Waters Tower Senior Apartments)	$ 4,045	$ 3,085
Series 2002 B (Broadway Homes)	$ 5,045	$ 1,865
Series 2002 C (Orchard Mews Apartments)	$ 5,845	$ 3,625
Series 2003 A (Barrington Apartments)	$ 40,000	$ 39,905
Series 2005 A (Fort Washington Manor Sr. Housing)	$ 14,000	$ 11,885
Series 2005 B (Washington Gardens)	$ 5,000	$ 2,020
Series 2006 A (Barclay Greenmount Apartments)	$ 4,535	$ 3,210
Series 2006 B (Charles Landing South Apartments)	$ 3,375	$ 3,375
Series 2007 A (Brunswick House Apartments)	$ 3,000	$ 1,910
Series 2007 B (Park View at Catonsville)	$ 5,200	$ 4,750
Series 2008 A (Walker Mews Apartments)	$ 11,700	$ 11,700
Series 2008 B (Shakespeare Park Apartments)	$ 7,200	$ 7,200
Series 2008 C (The Residences at Ellicott Gardens)	$ 9,105	$ 6,175
Series 2008 D (Crusader Arms Apartments)	$ 3,885	$ 2,660
Series 2008 E (MonteVerde Apartments)	$ 15,200	$ 15,200
Series 2008 F (Hopkins Village Apartments)	$ 9,100	$ 9,100
Series 2008 G (Kirkwood House Apartments)	$ 16,000	$ 16,000
Series 2009 A (Sharp Leadenhall Apartments)	$ 16,950	$ 13,515
Series 2012 A (Park View at Bladensburg)	$ 3,500	$ 3,230
Series 2013 G (Glen Manor Apartments)	$ 13,640	$ 11,700
Series 2014 I (Marlborough Apartments)	$ 27,590	$ 23,990
Series 2015 D (Cumberland Arms Apartments)	$ 6,315	$ 6,315
Series 2015 F (Bernard E. Mason Apartments)	$ 18,020	$ 18,020
Series 2015 G (Lakeview Tower)	$ 19,190	$ 19,190
Series 2015 H (Bel Park Tower)	$ 15,600	$ 15,600
Series 2015 L (Hollins House)	$ 12,000	$ 12,000
Series 2015 N (Wyman House)	$ 14,600	$ 14,600
Series 2015 O (The Brentwood)	$ 15,935	$ 15,935
Series 2016 A (Primrose Place Apartments)	$ 9,900	$ 9,900
Series 2016 B (Rainier Manor Phase II)	$ 6,570	$ 6,570
Series 2016 C (Adams Crossing Apartments)	$ 8,250	$ 8,250
Series 2016 E (Calvin Mowbray Park & Stephen Camper Park)	$ 14,700	$ 14,700
Series 2016 F (Pleasant View Gardens Townhomes)	$ 17,300	$ 17,300
Series 2016 G (Waverly View Apartments)	$ 24,000	$ 24,000
Series 2016 H (Pleasant View Gardens Senior Apts.)	$ 8,200	$ 8,200
Series 2016 I (Key's Pointe Phase 1B)	$ 11,000	$ 11,000
Series 2016 J (St. James Terrace Apartments)	$ 12,000	$ 12,000
Series 2016 K (McCulloh Homes Extension)	$ 37,500	$ 37,500
Series 2016 L (Park Heights Apartments)	$ 8,500	$ 8,500
Series 2016 M (Govans Manor)	$ 19,500	$ 19,500
Series 2016 N (Chase House)	$ 17,600	$ 17,600
Series 2017 A (Golden Ring Co-op Apartments)	$ 10,000	$ 10,000
Series 2017 B (Beall's Grant)	$ 8,570	$ 8,570
Series 2017 C (The Ellerslie)	$ 13,500	$ 13,500
Series 2017 D (Belnor Senior Residences)	$ 12,900	$ 12,900
Series 2017 E (Westminster House)	$ 21,000	$ 21,000
Capital Fund Securitization Revenue Bonds Series 2003	$ 94,295	$ 3,315
Local Government Infrastructure Bonds 2011 Series A (Mayor and City Council of Cumberland Issue)	$ 12,275	$ 11,220

NOTE 14 OTHER OUTSTANDING BONDS ISSUED BY CDA (CONDUIT BONDS) (CONTINUED)

The Multifamily Development Revenue Bonds, the Capital Fund Securitization Revenue Bonds and the Local Government Infrastructure Bonds (Mayor and City Council of Cumberland Issue) are special obligations payable solely from the trust estate pledged under each indenture. These bonds do not constitute a debt of and are not guaranteed by the State of Maryland, any political subdivision thereof, CDA or the Department of Housing and Community Development.

Subsequent to the year ended June 30, 2017, CDA issued Multifamily Development Revenue Bonds Series 2017 F on August 4, 2017 in the amount of $8,500 and Series 2017 G on August 9, 2017 in the amount of $25,200. Also, subsequent to year end, CDA redeemed Multifamily Development Revenue Bonds Series 2009 A on July 3, 2017 in the amount of $135, Series 2005 B on August 1, 2017 in the amount of $5 and Series 2002 B on September 11, 2017 in the amount of $1,865.

NOTE 15 MORTGAGE INSURANCE

Substantially all of the Funds' mortgage loans have mortgage insurance 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.

For a single family loan insured by an agency of the U.S. Government the primary mortgage insurance covers an amount substantially equal to the unpaid principal amount of the loan. Almost all other loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Approximately 3% of all first lien loans either did not have primary mortgage insurance due to their original loan-to-value ratios of less than 80% or have cancelled primary mortgage insurance due to their outstanding balance falling below 80% of the original loan amount. About 42% of all loans are insured by agencies of the U.S. Government in an amount substantially equal to the unpaid principal amount of the loan. Approximately 55% of total loans are insured by private mortgage insurers or MHF. Approximately 91% of the total loans insured by private mortgage insurers or MHF are covered at 35% of the loan amount. MHF also provides 25% coverage on 4% of the loan amount. The remaining 5% of this group of loans is insured by two different private mortgage insurers who, due to financial constraints or receivership, are currently paying to CDA approximately three quarters of the 35% or 25% of the loan amount. An allowance for loan losses has been established for loans insured by private mortgage insurers. Premiums are paid by single family mortgagors.

(in thousands)

NOTE 16 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.

NOTE 17 SUBSEQUENT EVENTS

CDA has identified the following activity that occurred subsequent to June 30, 2017.

Subsequent to the year ended June 30, 2017, the following bond activity took place:

Residential Revenue Bonds

On July 20, 2017, CDA redeemed the following bonds.

2006 Series G	$645
2006 Series I	$7,160
2008 Series D	$960
2010 Series A	$190
2011 Series A	$110
2014 Series B	$1,315
2014 Series C	$450
2014 Series D	$580

On August 22, 2017, CDA redeemed the following bonds.

2014 Series E	$600
2015 Series B	$650
2016 Series A	$3,085
2017 Series A	$2,330

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
SUPPLEMENTAL DISCLOSURE OF COMBINED CHANGES IN FAIR VALUE OF INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2017

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 Combined Statement of Revenue, Expenses and Changes in Net Position.

For investments (obligations of the U.S. Treasury and U.S. Government Agencies) held by the Funds as of June 30, 2017, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

Fiscal Year Period	Housing Revenue Bonds	Residential Revenue Bonds	General Bond Reserve Fund	Combined
Cumulative FY 1996 and Prior Periods	$ -	$ -	$ 620	$ 620
FY 1997	(352)	-	175	(177)
FY 1998	832	-	90	922
FY 1999	(407)	-	(191)	(598)
FY 2000	48	(227)	(237)	(416)
FY 2001	193	551	244	988
FY 2002	157	97	405	659
FY 2003	889	544	519	1,952
FY 2004	(678)	(674)	(1,368)	(2,720)
FY 2005	897	403	(403)	897
FY 2006	(866)	(1,567)	(526)	(2,959)
FY 2007	48	1,062	437	1,547
FY 2008	444	785	445	1,674
FY 2009	202	46	(150)	98
FY 2010	472	2,747	(53)	3,166
FY 2011	(280)	(2,244)	1,898	(626)
FY 2012	1,283	1,374	449	3,106
FY 2013	(730)	(855)	(539)	(2,124)
FY 2014	(27)	243	(287)	(71)
FY 2015	36	43	(271)	(192)
FY 2016	409	445	(180)	674
FY 2017	(666)	(646)	(403)	(1,715)
Cumulative Total	$ 1,904	$ 2,127	$ 674	$ 4,705

COMMUNITY DEVELOPMENT ADMINISTRATION
REVENUE OBLIGATION FUNDS
SUPPLEMENTAL DISCLOSURE OF COMBINED CHANGES
IN FAIR VALUE OF INVESTMENTS AND
MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2017

For mortgage-backed securities held by the Funds as of June 30, 2017, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal Year Period	Housing Revenue Bonds	Residential Revenue Bonds	Combined
FY 2000	$ (3,825)	$ -	$ (3,825)
FY 2001	(3,291)	-	(3,291)
FY 2002	3,340	-	3,340
FY 2003	21,435	-	21,435
FY 2004	(11,126)	-	(11,126)
FY 2005	12,879	-	12,879
FY 2006	(27,704)	-	(27,704)
FY 2007	3,661	-	3,661
FY 2008	(5,987)	-	(5,987)
FY 2009	17,358	-	17,358
FY 2010	13,103	-	13,103
FY 2011	(7,348)	(585)	(7,933)
FY 2012	6,303	1,858	8,161
FY 2013	(8,491)	(5,593)	(14,084)
FY 2014	(5,694)	3,127	(2,567)
FY 2015	(1,650)	503	(1,147)
FY 2016	2,232	4,216	6,448
FY 2017	(2,551)	(3,294)	(5,845)
Cumulative Total	$ 2,644	$ 232	$ 2,876