FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS

JUNE 30, 2015 AND 2014

Community Development Administration
Residential Revenue Bonds

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Office of the Secretary
Department of Housing and Community Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Development Administration Residential Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 auditor's 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, 2015 and 2014, and the 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

As discussed in Note 1, the financial statements present only the Community Development Administration Residential Revenue Bonds 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, 2015 and 2014, and the changes in its net position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, 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 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 Fund's internal control over financial reporting and compliance.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 56 through 58, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

CohnReznick LLP

Baltimore, Maryland
September 30, 2015

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF NET POSITION
(in thousands)

June 30, 2015 and 2014

	2015	2014
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit	$ 316,301	$ 359,630
Investments	87,005	15,001
Mortgage-backed securities	10,029	2,673
Single family mortgage loans	33,736	41,528
Multi-family mortgage loans	1,519	1,536
Accrued interest and other receivables	21,552	19,557
Claims receivable on foreclosed and other loans, net of allowance	64,802	71,468
Real estate owned	16,389	23,536
Total restricted current assets	551,333	534,929
Restricted long-term assets		
Investments, net of current portion	11,778	16,736
Mortgage-backed securities, net of current portion	84,502	65,685
Single family mortgage loans, net of current portion and allowance	1,229,366	1,393,324
Multi-family mortgage loans, net of current portion	15,212	24,966
Total restricted long-term assets	1,340,858	1,500,711
Total restricted assets	1,892,191	2,035,640
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of fair value on interest rate swap agreements	13,172	20,569
Total deferred outflows of resources	13,172	20,569
Total restricted assets and deferred outflows of resources	$ 1,905,363	$ 2,056,209
LIABILITIES		
Current liabilities		
Accrued interest payable	$ 21,407	$ 24,736
Accounts payable	1,443	1,439
Bonds payable	93,485	74,360
Deposits by borrowers	2,455	2,575
Total current liabilities	118,790	103,110
Long-term liabilities		
Rebate liability	-	220
Bonds payable, net of current portion	1,469,678	1,635,994
Deposits by borrowers, net of current portion	2,690	2,131
Interest rate swap agreements	13,172	20,569
Total long-term liabilities	1,485,540	1,658,914
Total liabilities	1,604,330	1,762,024
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow on refunding of bond debt	121	-
Total deferred inflows of resources	121	-
NET POSITION		
Restricted	300,912	294,185
Total liabilities, deferred inflows of resources and net position	$ 1,905,363	$ 2,056,209

See notes to financial statements

Community Development Administration
Residential Revenue Bonds

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

Years ended June 30, 2015 and 2014

	2015	2014
Operating revenue		
Interest on mortgage loans	$ 79,626	$ 91,449
Interest on mortgage-backed securities	2,301	1,550
Increase in fair value of mortgage-backed securities	-	126
Realized gains on sale of mortgage-backed securities	14,906	10,090
Interest income on investments	749	661
Increase in fair value of investments, net of rebate	263	205
Gain on early retirement of debt	3,615	5,356
Recovery of losses on foreclosed loans	2,159	-
Other operating revenue	1,665	1,749
	105,284	111,186
Operating expenses		
Interest expense on bonds	68,702	76,725
Professional fees and other operating expenses	10,390	11,531
Increase in provision for loan losses	5,132	24,730
Losses and expenses on real estate owned, net	4,750	4,705
Loss on foreclosure claims, net	1,966	6,320
Bond issuance costs	1,245	929
	92,185	124,940
Operating income (loss)	13,099	(13,754)
Nonoperating revenue		
Increase in fair value of mortgage-backed securities	503	3,001
Total nonoperating revenue	503	3,001
Transfers of funds, net, as permitted by the Resolution	(6,875)	(3,479)
CHANGE IN NET POSITION	6,727	(14,232)
Net position - restricted at beginning of year	294,185	308,417
Net position - restricted at end of year	$ 300,912	$ 294,185

See notes to financial statements

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 210,581	$ 208,981
Principal and interest received on mortgage-backed securities	8,275	6,428
Escrow funds received on multi-family loans	1,977	2,094
Escrow funds paid on multi-family loans	(1,538)	(2,072)
Mortgage insurance claims and other loan proceeds received	100,183	102,205
Foreclosure expenses paid	(7,470)	(7,583)
Purchase of mortgage loans	(34,697)	(24,043)
Purchase of mortgage-backed securities	(415,949)	(268,652)
Transfer of mortgage-backed securities	-	70,744
Funds received from sale of mortgage-backed securities	399,152	228,483
Professional fees and other operating expenses	(10,579)	(11,500)
Other expenses related to investment agreement (see note 3)	-	(4,238)
Other income received	1,400	1,749
Other reimbursements	(4,717)	1,629
Net cash provided by operating activities	246,618	304,225
Cash flows from investing activities		
Proceeds from maturities or sales of investments	14,998	19,438
Purchases of investments	(82,004)	(19,987)
Interest received on investments	665	658
Net cash (used in) provided by investing activities	(66,341)	109
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	152,728	94,211
Payments on bond principal	(295,965)	(279,530)
Bond issuance costs	(1,245)	(929)
Interest on bonds	(72,249)	(79,703)
Transfers among Funds	(6,875)	(3,479)
Net cash used in noncapital financing activities	(223,606)	(269,430)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(43,329)	34,904
Cash and cash equivalents on deposit at beginning of year	359,630	324,726
Cash and cash equivalents on deposit at end of year	$ 316,301	$ 359,630

(continued)

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2015 and 2014

	2015	2014
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ 13,099	$ (13,754)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Decrease (increase) in assets		
Mortgage loans	186,178	209,639
Mortgage-backed securities	(25,670)	25,312
Accrued interest and other receivables	(1,995)	4,078
Claims receivable on foreclosed and other loans	(3,123)	117
Real estate owned	7,147	(12,888)
(Decrease) increase in liabilities		
Accrued interest payable	(3,329)	(2,760)
Accounts payable	4	(4,343)
Rebate liability	(220)	38
Deposits by borrowers	439	22
Amortizations		
Investment discounts and premiums	3	3
Bond original issue discounts and premiums	(218)	(218)
Increase in provision for loan losses	5,132	24,730
Increase in fair value of mortgage-backed securities	-	(126)
Increase in fair value of investments	(43)	(243)
Gain on early retirement of debt	(3,615)	(5,356)
Bond issuance costs	1,245	929
Interest received on investments	(665)	(658)
Interest on bonds	72,249	79,703
Net cash provided by operating activities	$ 246,618	$ 304,225

See notes to financial statements

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 (now in Sections 4-101 through 4-255 of the Housing and Community Development Article) of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's Residential Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds primarily to originate or purchase single family mortgage loans.

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).

Generally Accepted Accounting Principles

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2015 and 2014, the Fund's cash equivalents were primarily invested in a money market mutual fund. Cash equivalents are 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 single family homes. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees and origination expenses are recognized as revenue or expense in the period received or incurred. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as claims receivables. See Notes 4 and 14 for additional information on mortgage loans and mortgage insurance, respectively.

Accrued Interest and Other Receivables

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

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 Statements of Revenue, Expenses and Changes in Net Position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

Substantially all single family mortgage loans of the Fund 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. As of June 30, 2015 and 2014, CDA has established an allowance for loan losses on the uninsured portions of single family mortgage 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. Multi-family mortgage loans of the Fund are insured or guaranteed; as such, no allowance for loans losses was necessary as of June 30, 2015 and 2014. 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.

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 Statements 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)

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. 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 Statements 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 Statements of Net Position. The changes in fair value of the swaps that are determined not to be effective hedges will be reported in the Statements 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, 2015 and 2014, all mortgage loan yields were 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 single family commitment fees at loan origination. These fees are recognized as revenue in the period received as fee income. During the year ended June 30, 2015, CDA did not receive any fees at loan origination.

Origination Expenses

CDA pays originators of its single family loans an origination fee and a servicer release fee. On some single family loans CDA provides the borrowers with grants toward loan down payment and closing costs. These loan origination expenses are recognized and expensed in the period incurred as origination expenses. During the year ended June 30, 2015, CDA did not incur any origination expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Support

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

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 15 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the State of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities that are held within the portfolio. Mortgage-backed securities that are part of the TBA program are classified as operating which is more fully described in Note 3.

Use of Estimates

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

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

(in thousands)

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 Residential Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, paying bond debt service or redeeming outstanding bonds and funding program expenses. Authorized investments include 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 the Fund as of June 30, 2015 and 2014, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2015	2014
Cash and Cash Equivalents:		
Federated Prime Cash Obligations Fund	$ 298,667	$ 342,032
Demand Deposit Account	17,634	17,598
Investments:		
Obligations of U.S. Government Agencies	96,375	29,329
Repurchase and Investment Agreements	2,408	2,408
GNMA Mortgage-backed Securities	77,951	56,751
FNMA Mortgage-backed Securities	16,580	11,607
Total	$ 509,615	$ 459,725

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.

(in thousands)

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

As of June 30, 2015, 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
Federated Prime Cash Obligations Fund	$ 298,667	$ 298,667	$ 298,667	$ -	$ -	$ -	$ -
Demand Deposit Account	17,634	17,634	17,634	-	-	-	-
Obligations of U.S. Government Agencies	94,047	96,375	87,005	2,471	-	4,072	2,827
Repurchase agreements/ Investment agreements	2,408	2,408	-	-	-	1,232	1,176
GNMA mortgage-backed securities	78,745	77,951	-	-	-	-	77,951
FNMA mortgage-backed securities	16,476	16,580	-	-	-	-	16,580
Total	$ 507,977	$ 509,615	$ 403,306	$ 2,471	$ -	$ 5,304	$ 98,534

(in thousands)

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

As of June 30, 2014, 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
Federated Prime Cash Obligations Fund	$ 342,032	$ 342,032	$ 342,032	$ -	$ -	$ -	$ -
Demand Deposit Account	17,598	17,598	17,598	-	-	-	-
Obligations of U.S. Government Agencies	27,044	29,329	15,001	7,508	-	4,015	2,805
Repurchase agreements/ Investment agreements	2,408	2,408	-	-	-	1,232	1,176
GNMA mortgage-backed securities	57,972	56,751	-	-	-	-	56,751
FNMA mortgage-backed securities	11,579	11,607	-	-	-	-	11,607
Total	$ 458,633	$ 459,725	$ 374,631	$ 7,508	$ -	$ 5,247	$ 72,339

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2015 and 2014, the cost of the money market mutual fund approximated fair value.

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 Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2015, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2014, all counterparty ratings were at least equal to the ratings on the Fund's bonds, except for one counterparty whose credit rating of Aa3 did not affect the Aa2 rating on the Fund's bonds. The ratings on Residential Revenue Bonds as of June 30, 2015 and 2014 were Aa2 by Moody's Investors Service and AA 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.

(in thousands)

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

As of June 30, 2015, 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
Federated Prime Cash Obligations Fund	$ 298,667	58.61%	Aaa		Moody's
Demand Deposit Account:					
Counterparty rated Aa1 by Moody's	17,634	3.46%			
Government National Mortgage Association (GNMA) Mortgage-backed securities	77,951	15.30%		Direct U.S. Obligations	
Federal National Mortgage Association (FNMA) Mortgage-backed securities	16,580	3.25%		Aaa	Moody's
Obligations of U.S. Government Agencies:					
Federal Home Loan Bank	82,016	16.09%		Aaa	Moody's
Other U.S. Government Agencies	14,359	2.82%		Aaa	Moody's
				Underlying securities credit rating	
Collateralized repurchase agreements and investment agreements:					
Counterparty rated Aaa by Moody's	2,408	0.47%		Direct U.S. Obligations	
Total	$ 509,615	100.00%			

(in thousands)

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

As of June 30, 2014, 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
Federated Prime Cash Obligations Fund	$ 342,032	74.40%	Aaa		Moody's
Demand Deposit Account:					
Counterparty rated Aa3 by Moody's	17,598	3.83%			
Government National Mortgage Association (GNMA) Mortgage-backed securities	56,751	12.34%		Direct U.S. Obligations	
Federal National Mortgage Association (FNMA) Mortgage-backed securities	11,607	2.53%		Aaa	Moody's
Obligations of U.S. Government Agencies:					
Federal Home Loan Bank	9,997	2.17%		Aaa	Moody's
Other U.S. Government Agencies	19,332	4.21%		Aaa	Moody's
				Underlying securities credit rating	
Collateralized repurchase agreements and investment agreements:					
Counterparty rated Aaa by Moody's	2,408	0.52%		Direct U.S. Obligations	
Total	$ 459,725	100.00%			

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.

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

A repurchase agreement dated August 21, 1997 and held by the trustee as an investment under the Residential Revenue Bond resolution was terminated per the terms of the repurchase agreement effective September 1, 2006 due to the redemption of the remaining outstanding Residential Revenue Bonds 1997 Series A and B bonds. CDA was made aware of the termination through an inquiry from the counterparty in June of 2013, and subsequent confirmation by the trustee. CDA had received payments of interest from the counterparty based on this agreement from the time the agreement was originally executed and delivered up to and including February 27, 2013. A refund of the interest was negotiated by both parties and an Agreement of Termination and Release was delivered evidencing the agreed upon amount of interest to be refunded and releasing all parties from any future liability with respect to the repurchase agreement. CDA received from the counterparty the principal amount of the repurchase agreement less the agreed upon interest refund on September 18, 2013 (2014 fiscal year). The amount of the negotiated interest refund was $4,230. CDA had recorded the refund due as a liability on the Statements of Net Position for the 2013 fiscal year. The interest attributable to 2013 and prior fiscal years had been recorded as an adjustment to revenue and the remainder as an expense on the 2013 Statement of Revenue, Expenses and Changes in Net Position.

Mortgage-backed Securities and Certificates

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

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

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, 2015, CDA entered into TBA Mortgage-Backed Security Contracts with a notional amount of $198,767 outstanding. At June 30, 2014, the notional amount outstanding was $62,666. 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 Statements 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, 2015 and 2014, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

NOTE 4 - MORTGAGE LOANS

Substantially all of the Fund's single family mortgage loans are secured by first liens on the related property. Approximately 97% of all the 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, 2015 and 2014, interest rates on such loans ranged from 0.0% to 11.2% and 0.0% to 11.5%, respectively, with remaining loan terms ranging approximately from less than 1 year to 38 years and less than 1 year to 39 years, respectively.

All of the Fund's multi-family mortgage loans are credit-enhanced through FHA, Federal Home Loan Mortgage Corporation (Freddie Mac) or MHF. As of June 30, 2015 and 2014, interest rates on such loans ranged from 5.25% to 8.50% with remaining loan terms ranging from approximately 5 years to 18 years and 3 years to 19 years, respectively.

(in thousands)

NOTE 4 - MORTGAGE LOANS (Continued)

For the years ended June 30, 2015 and 2014, the single family mortgage loan and claims receivable balances and changes in the allowance for loan losses on the uninsured portions of single family loans with private mortgage insurance, including loans in foreclosure and other loans with pending insurance claims, were as follows:

	2015	2014
Single family mortgage loans	$ 1,282,068	$ 1,458,475
Allowance for loan losses		
Beginning balance	23,623	18,741
Provision for loan losses	(4,657)	4,882
Ending balance	18,966	23,623
Single family mortgage loans, net	$ 1,263,102	$ 1,434,852
Claims receivable on foreclosed and other loans	$ 85,683	$ 97,666
Allowance for loan losses		
Beginning balance	26,198	30,383
Provision for loan losses	9,789	19,848
Charge offs	(15,106)	(24,033)
Ending balance	20,881	26,198
Claims receivable on foreclosed and other loans, net	$ 64,802	$ 71,468

(in thousands)

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2015 and 2014 were as follows:

	2015	2014
Accrued mortgage loan interest	$ 14,566	$ 17,451
Accrued mortgage-backed securities interest	221	162
Accrued investment interest	300	213
Funds due from mortgage insurers for loan modifications	451	753
Reimbursement due for state-funded loans	5,745	974
Miscellaneous billings	269	4
	$ 21,552	$ 19,557

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 years ended June 30, 2015 and 2014, 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 Resolution. 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 Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. When bonds are redeemed, whether as a special or optional redemption, CDA writes off a proportionate share of any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Statements of Revenue, Expenses and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss.

The 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.

2006 Series G and J; 2007 Series F, J and 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%.

2011 Series B

The rate is set weekly at an index rate equal to a SIFMA index, plus 0.95%. (SIFMA stands for the Securities Industry and Financial Markets Association). 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.

2006 Series S; 2007 Series B, E and I; 2012 Series A and B; and 2014 Series E and F

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2015, and the debt outstanding and bonds payable as of June 30, 2015:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2014	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2015	Bond premiums /discounts deferred	Bonds payable at June 30, 2015
Residential Revenue Bonds										
2004 Series A	05/13/04	3.95% - 4.20%	2014 - 2016	$ 3,430	$ -	$ (1,100)	$ (2,330)	$ -	$ -	$ -
2004 Series B	05/13/04	5.00%	9/1/2023	1,470	-	-	(1,470)	-	-	-
2004 Series G	11/10/04	3.45% - 3.65%	2014 - 2016	4,110	-	(1,325)	(2,785)	-	-	-
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	5,320	-	-	(5,320)	-	-	-
2004 Series I	11/10/04	Variable rate	9/1/2035	20,000	-	`	(20,000)	-	-	-
2005 Series A	03/30/05	3.70% - 3.90%	2014 - 2016	4,250	-	(1,365)	(2,885)	-	-	-
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	12,330	-	-	(12,330)	-	-	-
2005 Series D	11/10/05	3.85% - 4.05%	2014 - 2017	5,520	-	(1,300)	(4,220)	-	-	-
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	29,845	-	-	(29,845)	-	-	-
2006 Series A	02/23/06	3.90% - 4.10%	2014 - 2017	5,320	-	(1,255)	-	4,065	-	4,065
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	32,330	-	-	(1,900)	30,430	-	30,430
2006 Series E	05/24/06	4.10% - 4.35%	2014 - 2017	10,490	-	(2,470)	-	8,020	-	8,020
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	27,230	-	-	(27,230)	-	-	-
2006 Series G	05/24/06	Variable rate	9/1/2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	4.00% - 4.15%	2014 - 2017	7,905	-	(1,850)	-	6,055	-	6,055
2006 Series I	07/13/06	4.35% - 6.00%	2014 - 2041	80,455	-	(1,860)	(10,040)	68,555	-	68,555
2006 Series J	07/13/06	Variable rate	9/1/2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	4.00% - 4.15%	2014 - 2017	6,740	-	(1,575)	-	5,165	-	5,165
2006 Series L	09/14/06	4.40% - 5.75%	2014 - 2041	116,070	-	(1,680)	(6,780)	107,610	-	107,610
2006 Series O	12/13/06	3.70% - 3.85%	2014 - 2017	4,460	-	(1,050)	-	3,410	-	3,410
2006 Series P	12/13/06	4.125% - 5.75%	2014 - 2037	55,125	-	(1,755)	(3,825)	49,545	-	49,545
2006 Series S	12/13/06	6.07%	9/1/2037	15,765	-	-	(1,345)	14,420	-	14,420
2007 Series A	03/28/07	4.15% - 5.75%	2014 - 2047	182,985	-	(3,630)	(15,290)	164,065	1,951	166,016
2007 Series B	03/28/07	6.00%	9/1/2037	20,140	-	-	(2,670)	17,470	-	17,470
2007 Series C	06/20/07	3.80% - 3.95%	2014 - 2017	21,995	-	(5,210)	-	16,785	-	16,785
2007 Series D	06/20/07	4.65% - 5.50%	2022 - 2048	127,685	-	-	(10,420)	117,265	180	117,445
2007 Series E	06/20/07	5.27% - 6.11%	2015 - 2042	40,670	-	(1,995)	(915)	37,760	-	37,760
2007 Series F	06/20/07	Variable rate	9/1/2031	29,915	-	-	(4,470)	25,445	-	25,445
2007 Series G	08/09/07	4.10% - 4.30%	2014 - 2017	27,695	-	(6,490)	-	21,205	-	21,205
2007 Series H	08/09/07	4.95% - 5.15%	2022 - 2042	57,020	-	-	(1,335)	55,685	-	55,685
2007 Series I	08/09/07	5.80% - 6.56%	2014 - 2043	52,915	-	(2,470)	(5,805)	44,640	-	44,640
2007 Series J	08/09/07	Variable rate	9/1/2031	37,485	-	-	(4,685)	32,800	-	32,800
2007 Series K	12/12/07	3.55% - 3.85%	2014 - 2017	11,940	-	(3,445)	(700)	7,795	-	7,795
2007 Series M	12/12/07	Variable rate	9/1/2043	29,050	-	-	-	29,050	-	29,050
2008 Series A	06/19/08	3.55% - 4.00%	2014 - 2017	36,450	-	(8,000)	(975)	27,475	-	27,475
2008 Series B	09/04/08	3.75% - 4.20%	2014 - 2017	9,550	-	(2,250)	(2,655)	4,645	-	4,645
2008 Series D	09/04/08	Variable rate	9/1/2038	49,890	-	-	-	49,890	-	49,890
2008 Series E	12/17/08	3.90% - 4.55%	2014 - 2017	11,010	-	(3,000)	(405)	7,605	-	7,605

(continued)

Community Development Administration
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015 and 2014

NOTE 7 - BONDS PAYABLE (Continued)

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2014	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2015	Bond premiums /discounts deferred	Bonds payable at June 30, 2015
Residential Revenue Bonds (continued)										
2009 Series A	09/24/09	2.35% - 5.05%	2014 - 2039	$ 36,875	$ -	$ (810)	$ -	$ 36,065	$ -	$ 36,065
2009 Series B	10/08/09	2.15% - 4.75%	2014 - 2039	41,350	-	(950)	-	40,400	-	40,400
2009 Series C	10/27/09	2.00% - 4.55%	2014 - 2039	14,685	-	(335)	-	14,350	-	14,350
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	24,335	-	-	(1,055)	23,280	-	23,280
2010 Series B	12/16/10	5.125% - 5.25%	2030 - 2035	37,265	-	-	(37,265)	-	-	-
2011 Series A	05/05/11	1.625% - 5.375%	2014 - 2041	59,805	-	(2,170)	(3,300)	54,335	680	55,015
2011 Series B	05/05/11	Indexed Rate	3/1/2036	20,000	-	-	-	20,000	(85)	19,915
2012 Series A	08/23/12	0.741% - 4.00%	2014 - 2025	35,500	-	(3,075)	(2,035)	30,390	391	30,781
2012 Series B	08/23/12	Variable rate	9/1/2033	45,000	-	-	-	45,000	-	45,000
2014 Series A	02/20/14	0.30% - 4.30%	2015 - 2032	57,515	-	(285)	-	57,230	-	57,230
2014 Series B	02/20/14	0.30% - 3.25%	2014 - 2044	35,480	-	(1,320)	(3,050)	31,110	997	32,107
2014 Series C	09/25/14	0.15% - 4.00%	2015 - 2044	-	47,960	-	(155)	47,805	1,210	49,015
2014 Series D	09/25/14	0.25% - 4.00%	2015 - 2036	-	23,885	(720)	(200)	22,965	1,384	24,349
2014 Series E	09/25/14	0.50% - 4.478%	2015 - 2040	-	53,205	(660)	(875)	51,670	-	51,670
2014 Series F	09/25/14	Variable rate	9/1/2044	-	25,000	-	-	25,000	-	25,000
Total				$ 1,702,370	$ 150,050	$ (65,400)	$ (230,565)	$ 1,556,455	$ 6,708	$ 1,563,163

The following is a summary of the bond activity for the year ended June 30, 2014, and the debt outstanding and bonds payable as of June 30, 2014:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2013	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2014	Bond premiums /discounts deferred	Bonds payable at June 30, 2014
Residential Revenue Bonds										
2003 Series A	11/01/03	3.90% - 4.05%	2013 - 2015	$ 2,955	$ -	$ (945)	$ (2,010)	$ -	$ -	$ -
2003 Series B	11/01/03	4.75%	2019	615	-	-	(615)	-	-	-
2003 Series C	12/09/03	Variable rate	9/1/2035	20,000	-	-	(20,000)	-	-	-
2004 Series A	05/13/04	3.85% - 4.20%	2013 - 2016	4,490	-	(1,060)	-	3,430	-	3,430
2004 Series B	05/13/04	5.00%	2023 - 2028	3,140	-	-	(1,670)	1,470	-	1,470
2004 Series D	08/12/04	4.00% - 4.40%	2013 - 2016	5,305	-	(1,250)	(4,055)	-	-	-
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	8,965	-	-	(8,965)	-	-	-
2004 Series F	08/12/04	Variable rate	9/1/2035	20,000	-	-	(20,000)	-	-	-
2004 Series G	11/10/04	3.35% - 3.65%	2013 - 2016	5,390	-	(1,280)	-	4,110	-	4,110
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	9,375	-	-	(4,055)	5,320	2	5,322
2004 Series I	11/10/04	Variable rate	9/1/2035	20,000	-	-	-	20,000	-	20,000

(continued)

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2013	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2014	Bond premiums /discounts deferred	Bonds payable at June 30, 2014
Residential Revenue Bonds (continued)										
2005 Series A	03/30/05	3.60% - 3.90%	2013 - 2016	$ 5,565	$ -	$ (1,315)	$ -	$ 4,250	$ -	$ 4,250
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	14,485	-	-	(2,155)	12,330	76	12,406
2005 Series D	11/10/05	3.75% - 4.05%	2013 - 2017	6,775	-	(1,255)	-	5,520	-	5,520
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	33,900	-	-	(4,055)	29,845	52	29,897
2006 Series A	02/23/06	3.80% - 4.10%	2013 - 2017	6,535	-	(1,215)	-	5,320	-	5,320
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	35,345	-	-	(3,015)	32,330	62	32,392
2006 Series E	05/24/06	4.00% - 4.35%	2013 - 2017	12,865	-	(2,375)	-	10,490	-	10,490
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	32,950	-	-	(5,720)	27,230	275	27,505
2006 Series G	05/24/06	Variable rate	9/1/2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	3.95% - 4.15%	2013 - 2017	9,685	-	(1,780)	-	7,905	-	7,905
2006 Series I	07/13/06	4.20% - 6.00%	2013 - 2041	92,925	-	(1,785)	(10,685)	80,455	530	80,985
2006 Series J	07/13/06	Variable rate	9/1/2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.90% - 4.15%	2013 - 2017	8,255	-	(1,515)	-	6,740	-	6,740
2006 Series L	09/14/06	4.30% - 5.75%	2013 - 2041	126,670	-	(1,610)	(8,990)	116,070	336	116,406
2006 Series O	12/13/06	3.65% - 3.85%	2013 - 2017	5,470	-	(1,010)	-	4,460	-	4,460
2006 Series P	12/13/06	4.10% - 5.75%	2013 - 2037	61,595	-	(1,685)	(4,785)	55,125	262	55,387
2006 Series S	12/13/06	6.07%	9/1/2037	18,120	-	-	(2,355)	15,765	-	15,765
2007 Series A	03/28/07	4.10% - 5.75%	2013 - 2047	204,145	-	(3,360)	(17,800)	182,985	3,161	186,146
2007 Series B	03/28/07	6.00%	9/1/2037	22,625	-	-	(2,485)	20,140	-	20,140
2007 Series C	06/20/07	3.75% - 3.95%	2013 - 2017	27,105	-	(5,110)	-	21,995	-	21,995
2007 Series D	06/20/07	4.65% - 5.50%	2022 - 2048	139,075	-	-	(11,390)	127,685	777	128,462
2007 Series E	06/20/07	5.27% - 6.11%	2015 - 2042	42,545	-	(1,875)	-	40,670	-	40,670
2007 Series F	06/20/07	Variable rate	9/1/2031	37,350	-	-	(7,435)	29,915	-	29,915
2007 Series G	08/09/07	4.05% - 4.30%	2013 - 2017	33,915	-	(6,220)	-	27,695	-	27,695
2007 Series H	08/09/07	4.95% - 5.20%	2022 - 2048	59,350	-	-	(2,330)	57,020	-	57,020
2007 Series I	08/09/07	5.75% - 6.56%	2014 - 2043	55,290	-	(2,375)	-	52,915	-	52,915
2007 Series J	08/09/07	Variable rate	9/1/2031	46,100	-	-	(8,615)	37,485	-	37,485
2007 Series K	12/12/07	3.45% - 3.85%	2013 - 2017	16,285	-	(3,320)	(1,025)	11,940	-	11,940
2007 Series M	12/12/07	Variable rate	9/1/2043	29,050	-	-	-	29,050	-	29,050
2008 Series A	06/19/08	3.35% - 4.00%	2013 - 2017	43,850	-	(6,000)	(1,400)	36,450	-	36,450
2008 Series B	09/04/08	3.55% - 4.20%	2013 - 2017	11,725	-	(2,175)	-	9,550	-	9,550
2008 Series C	09/04/08	4.45% - 5.375%	2019 - 2039	42,365	-	-	(42,365)	-	-	-
2008 Series D	09/04/08	Variable rate	9/1/2038	49,890	-	-	-	49,890	-	49,890
2008 Series E	12/17/08	3.80% - 4.55%	2013 - 2017	15,000	-	(3,000)	(990)	11,010	-	11,010
2008 Series F	12/17/08	4.75%	9/1/2018	6,000	-	-	(6,000)	-	-	-
2009 Series A	09/24/09	2.00% - 5.05%	2013 - 2039	37,675	-	(800)	-	36,875	-	36,875
2009 Series B	10/08/09	1.875% - 4.75%	2013 - 2039	42,280	-	(930)	-	41,350	-	41,350
2009 Series C	10/27/09	1.75% - 4.55%	2013 - 2039	15,015	-	(330)	-	14,685	-	14,685
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	26,080	-	-	(1,745)	24,335	-	24,335
2010 Series B	12/16/10	5.125% - 5.25%	2030 - 2035	39,205	-	-	(1,940)	37,265	-	37,265
2011 Series A	05/05/11	1.125% - 5.375%	2013 - 2041	67,575	-	(2,145)	(5,625)	59,805	924	60,729
2011 Series B	05/05/11	Indexed Rate	3/1/2036	20,000	-	-	-	20,000	(89)	19,911
2012 Series A	08/23/12	0.477% - 4.00%	2013 - 2025	42,950	-	(3,030)	(4,420)	35,500	496	35,996
2012 Series B	08/23/12	Variable rate	9/1/2033	45,000	-	-	-	45,000	-	45,000
2014 Series A	02/20/14	0.30% - 4.30%	2015 - 2032	-	57,515	-	-	57,515	-	57,515
2014 Series B	02/20/14	0.30% - 3.25%	2014 - 2044	-	35,565	-	(85)	35,480	1,120	36,600
Total				$ 1,888,820	$ 93,080	$ (60,750)	$ (218,780)	$ 1,702,370	$ 7,984	$ 1,710,354

(in thousands)

NOTE 8 - DEBT SERVICE REQUIREMENTS

As of June 30, 2015, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2015 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, were as follows:

Years ended June 30,	Interest	Principal
2016	$ 53,917	$ 93,485
2017	51,082	66,045
2018	48,816	75,095
2019	46,501	50,755
2020	44,602	49,415
2021 - 2025	194,127	233,005
2026 - 2030	146,143	243,060
2031 - 2035	103,567	295,595
2036 - 2040	58,204	252,880
2041 - 2045	19,070	187,080
2046 - 2050	733	10,040
Totals	$ 766,762	$ 1,556,455

The interest calculations on outstanding variable rate bonds in the amount of $327,185 are based on the variable rates in effect on June 30, 2015, 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 the Fund.

(in thousands)

NOTE 8 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2014, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2014 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 were as follows:

Years ended June 30,	Interest	Principal
2015	$ 63,216	$ 74,360
2016	60,504	67,970
2017	57,940	69,740
2018	55,393	82,065
2019	52,740	54,530
2020 - 2024	230,623	256,880
2025 - 2029	177,872	238,895
2030 - 2034	130,546	329,980
2035 - 2039	76,015	316,480
2040 - 2044	28,216	196,135
2045 - 2049	1,388	15,335
Totals	$ 934,453	$ 1,702,370

The interest calculations on outstanding variable rate bonds in the amount of $331,340 are based on the variable rates in effect on June 30, 2014, 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 the Fund.

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.

Terms and Fair Value

The terms, including the fair values of the outstanding swaps as of June 30, 2015 and 2014, are provided in the tables on the following pages. The counterparty credit ratings for all outstanding swaps as of June 30, 2015 and 2014 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.

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2015, the terms, including fair values of the outstanding swaps, were:

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)	2006 Series G	$40,000	$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	($1,555)	9/1/2040 (2)(12)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$40,000	$40,000	7/13/2006	4.4030%	64% of LIBOR plus .29%	($1,556)	9/1/2040 (2)(6)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$20,000	$20,000	7/13/2006	4.4550%	64% of LIBOR plus .29%	($788)	9/1/2040 (2)(6)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$46,485 (amended)	$25,445	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	($1,687)	3/1/2026 (3)(5)(8)(11)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$58,680 (amended)	$32,800	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	($2,452)	9/1/2025 (3)(5)(8)(9)
The Bank of New York Mellon (BNYM)	2007 Series M	$26,990 (amended)	$9,995	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	($1,011)	9/1/2043 (4)(5)(10) (13)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	$50,000	$49,890	9/4/2008	3.6880%	64% of LIBOR plus .31%	($4,123)	9/1/2038 (5)(7)(8)

Notes to 2015 Table on next page

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Notes to 2015 Table

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

(2) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2016 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(3) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2017 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(4) 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 and $235 effective March 1, 2015. 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.

(5) The outstanding notional amount reflects the amount that has been amortized as of March 1, 2015. 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.

(6) On May 14, 2009, all swap agreements with Bear Stearns Financial Products Inc. were assigned to JPMorgan Chase Bank, N.A. All terms and conditions of the contracts remain in force.

(7) 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.

(8) 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.

(9) On September 24, 2009, 2007 Series J bonds, with an outstanding balance of $58,680, were remarketed and the related swap agreement was amended effective September 1, 2009.

(10) 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 5 above). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement.

(11) On October 27, 2009, 2007 Series F bonds, with an outstanding balance of $46,485, were remarketed and the related swap agreement was amended effective October 27, 2009.

(12) The Bank of New York Mellon entered into a Novation Transaction dated April 10, 2014 whereby The Bank of New York Mellon replaced UBS AG as counterparty to the agreement. All terms and conditions of the contract remains in force.

(13) Subsequent to June 30, 2015, CDA exercised its option and partially terminated the interest rate swap in the amount of $120 effective September 1, 2015.

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2014, the terms, including fair values of the outstanding swaps, were:

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
JPMorgan Chase Bank, N.A. (JPM)	2004 Series I	$20,000	$20,000	9/1/2005	3.8525%	64% of LIBOR plus .29%	($343)	9/1/2035 (2)(7)(15)
The Bank of New York Mellon (BNYM)	2006 Series G	$40,000	$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	($3,040)	9/1/2040 (3)(13)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$40,000	$40,000	7/13/2006	4.4030%	64% of LIBOR plus .29%	($3,038)	9/1/2040 (3)(7)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$20,000	$20,000	7/13/2006	4.4550%	64% of LIBOR plus .29%	($1,543)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$46,485 (amended)	$28,435	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	($2,688)	3/1/2026 (4)(6)(9)(12)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$58,680 (amended)	$36,600	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	($3,881)	9/1/2025 (4)(6)(9)(10)
The Bank of New York Mellon (BNYM)	2007 Series M	$26,990 (amended)	$11,360	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	($1,160)	9/1/2043 (5)(6)(11) (14)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	$50,000	$49,890	9/4/2008	3.6880%	64% of LIBOR plus .31%	($4,876)	9/1/2038 (8)(9)

Notes to 2014 Table on next page

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Notes to 2014 Table

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

(2) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2014 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) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2016 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(4) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2017 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.

(5) 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 and $470 effective March 1, 2014. 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.

(6) The outstanding notional amount reflects the amount that has been amortized as of March 1, 2014. 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.

(7) On May 14, 2009, all swap agreements with Bear Stearns Financial Products Inc. were assigned to JPMorgan Chase Bank, N.A. All terms and conditions of the contracts remain in force.

(8) 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.

(9) 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.

(10) On September 24, 2009, 2007 Series J bonds, with an outstanding balance of $58,680, were remarketed and the related swap agreement was amended effective September 1, 2009.

(11) 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 5 above). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement.

(12) On October 27, 2009, 2007 Series F bonds, with an outstanding balance of $46,485, were remarketed and the related swap agreement was amended effective October 27, 2009.

(13) The Bank of New York Mellon entered into a Novation Transaction dated April 10, 2014 whereby The Bank of New York Mellon replaced UBS AG as counterparty to the agreement. All terms and conditions of the contract remains in force.

(14) Subsequent to June 30, 2014, CDA exercised its option and partially terminated the interest rate swap in the amount of $340 effective September 1, 2014.

(15) Also, subsequent to June 30, 2014, CDA exercised its option and terminated the interest rate swap in the amount of $20,000 effective September 1, 2014.

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, 2015 and 2014. As of June 30, 2015, CDA was not exposed to credit risk under the swap agreements with JPM, 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. At June 30, 2014, CDA was not exposed to credit risk under the swap agreements with JPM, MLDP or BNYM since the swaps had negative fair values.

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2015 are summarized below:

Swap Counterparty	**Outstanding Notional Amount**	**Current Credit Rating**	**Collateral Posting Credit Rating Threshold**	**Fair Value**
JPMorgan Chase Bank, N.A. (JPM)	$60,000	Aa3 from Moody's A+ from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	($2,344)
Merrill Lynch Derivative Products AG (MLDP)	$108,135	Aa3 from Moody's A+ Neg from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	($8,262)
The Bank of New York Mellon (BNYM)	$49,995	Aa2 from Moody's AA- from Fitch	A1 or below from Moody's or A+ or below from Fitch	($2,566)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2014 are summarized below:

Swap Counterparty	**Outstanding Notional Amount**	**Current Credit Rating**	**Collateral Posting Credit Rating Threshold**	**Fair Value**
JPMorgan Chase Bank, N.A. (JPM)	$80,000	Aa3 from Moody's A+ from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	($4,924)
Merrill Lynch Derivative Products AG (MLDP)	$114,925	Aa3 from Moody's A+ Neg from Standard and Poor's*	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	($11,445)
The Bank of New York Mellon (BNYM)	$51,360	Aa2 from Moody's AA- from Fitch	A1 or below from Moody's or A+ or below from Fitch	($4,200)

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.

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

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.

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

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.

Swap Payments and Associated Debt

As of June 30, 2015, 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, 2015, 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.

Year ending June 30,	Hedged Variable Rate Bonds Principal	Hedged Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2016	$ 4,110	$ 154	$ 8,449	$ 12,713
2017	-	153	8,001	8,154
2018	2,000	154	7,552	9,706
2019	3,300	151	7,070	10,521
2020	1,395	149	6,670	8,214
2021 - 2025	9,560	720	29,350	39,630
2026 - 2030	76,185	504	25,001	101,690
2031 - 2035	47,810	348	18,018	66,176
2036 - 2040	57,365	163	7,735	65,263
2041 - 2045	16,405	26	197	16,628
Totals	$ 218,130	$ 2,522	$ 118,043	$ 338,695

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2014, 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, 2014, 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.

Year ending June 30,	Hedged Variable Rate Bonds Principal	Hedged Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2015	$ 4,255	$ 166	$ 9,192	$ 13,613
2016	-	151	8,517	8,668
2017	-	151	8,068	8,219
2018	2,000	151	7,616	9,767
2019	3,300	149	7,129	10,578
2020 - 2024	9,150	724	30,844	40,718
2025 - 2029	76,625	585	25,896	103,106
2030 - 2034	45,580	434	19,968	65,982
2035 - 2039	76,230	212	9,984	86,426
2040 - 2044	29,145	37	873	30,055
Totals	$ 246,285	$ 2,760	$ 128,087	$ 377,132

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Fair Values

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2014 and June 30, 2015, and the changes in fair values for the period ended June 30, 2015.

	Total Fair Value at June 30, 2014	Total Fair Value at June 30, 2015	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	$ (20,569)	$ (13,172)	$ 7,397
Investment Derivatives	-	-	-
Total	$ (20,569)	$ (13,172)	$ 7,397

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ended June 30, 2015, are as follows:

	Change in Fair Value		Fair Value at June 30, 2015		Outstanding Notional Amounts
	Classification	Amount	Classification	Amount	
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	$ 7,397	Debt	$ (13,172)	$ 218,130
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	$ -	Investment	$ -	$ -

As of June 30, 2015, all of CDA's swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

(in thousands)

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2013 and June 30, 2014, and the changes in fair values for the period ended June 30, 2014.

	Total Fair Value at June 30, 2013	Total Fair Value at June 30, 2014	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	$ (27,065)	$ (20,569)	$ 6,496
Investment Derivatives	-	-	-
Total	$ (27,065)	$ (20,569)	$ 6,496

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ended June 30, 2014, are as follows:

	Change in Fair Value		Fair Value at June 30, 2014		Outstanding Notional Amounts
	Classification	Amount	Classification	Amount	
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	$ 6,496	Debt	$ (20,569)	$ 246,285
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	$ -	Investment	$ -	$ -

As of June 30, 2014, all of CDA's swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

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 Statements 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.

(in thousands)

NOTE 10 - BOND REFUNDINGS (Continued)

For the year ended June 30, 2015, CDA issued $150,050 of 2014 Series C, D, E and F bonds on September 25, 2014 which refunded $81,185 of 2004 Series A, B, G, H and I, and 2005 Series A, B, D and E bonds, in full, on October 27, 2014. This economic refunding reduced CDA's exposure to variable rate debt, maintained tax yield compliance and resulted in savings of approximately $3.8 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
2014 Series C	$ 47,960	$ 2,785	2004 Series G	$ 2,785
2014 Series D	$ 25,364	$ 25,320	2004 Series H	$ 5,320
	(includes issue premium)		2004 Series I	$ 20,000
2014 Series E	$ 53,205	$ 53,080	2004 Series A	$ 2,330
			2004 Series B	$ 1,470
			2005 Series A	$ 2,885
			2005 Series B	$ 12,330
			2005 Series D	$ 4,220
			2005 Series E	$ 29,845

For the year ended June 30, 2014, CDA issued $93,080 of 2014 Series A and B bonds on February 20, 2014 which refunded $42,765 of 2003 Series A and C, and 2004 Series D, E and F bonds, in full, on March 6, 2014. This economic refunding reduced CDA's exposure to variable rate debt and maintained tax yield compliance.

NOTE 10 - BOND REFUNDINGS (Continued)

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 Statements 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. For the 2014 fiscal year, CDA did not have to defer any refunding debt costs associated with the refunded bonds. As a result of the refundings described above for the 2015 fiscal year, CDA deferred $127 of unamortized bond premiums from 2005 Series B and 2005 Series E which were refunded with the proceeds of 2014 Series E. This deferral is shown as a deferred inflow of resources on the Statements of Net Position. The unamortized bond premium balance of $127 is being amortized as follows:

$76 of 2005 Series B amortized over 179 months
$51 of 2005 Series E amortized over 209 months

(in thousands)

NOTE 11 - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the 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 Statements 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 Statements 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.

Rebate liability activity for the years ended June 30, 2015 and 2014 was as follows:

	2015	2014
Beginning rebate liability	$ 220	$ 182
Change in estimated liability due to excess investment earnings	-	-
Change in estimated liability due to change in fair value of investments	(220)	38
Ending rebate liability	$ -	$ 220

Total rebate liability is allocated as follows:

	2015	2014
Estimated liability due to change in fair value of investments	$ -	$ 220

(in thousands)

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Rebate liability		
Beginning balance at June 30	$ 220	$ 182
Additions	-	38
Reductions	(220)	-
Ending balance at June 30	-	220
Less due within one year	-	-
Total long-term rebate liability	-	220
Bonds payable		
Beginning balance at June 30	1,710,354	1,901,247
Additions	152,728	94,211
Reductions	(295,965)	(279,530)
Change in deferred amounts for issuance discounts/premiums	(3,954)	(5,574)
Ending balance at June 30	1,563,163	1,710,354
Less due within one year	(93,485)	(74,360)
Total long-term bonds payable	1,469,678	1,635,994
Deposits by borrowers		
Beginning balance at June 30	4,706	4,684
Additions	1,977	2,094
Reductions	(1,538)	(2,072)
Ending balance at June 30	5,145	4,706
Less due within one year	(2,455)	(2,575)
Total long-term deposits by borrowers	2,690	2,131
Interest rate swap agreements		
Beginning balance at June 30	20,569	27,065
Additions	-	-
Reductions	(7,397)	(6,496)
Ending balance at June 30	13,172	20,569
Total long-term interest rate swap agreements	13,172	20,569
Total long-term liabilities	$ 1,485,540	$ 1,658,914

(in thousands)

NOTE 13 - INTERFUND ACTIVITY

In accordance with the Resolution, net position in Residential Revenue Bonds is restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Resolution to meet the obligations of the Fund in current and future years.

During the years ended June 30, 2015 and 2014, the Fund transferred the following amounts, as permitted, among Funds:

	2015	2014
Excess revenue transferred to the General Bond Reserve Fund	$ (6,875)	$ (7,845)
Cost of issuance on bonds and other expenses transferred to Single Family Housing Revenue Bonds	-	(520)
Fees earned in connection with Multi-Family Housing Revenue Bonds transferred from separate account	-	4,894
Transfer to separate account in accordance with HUD agreement	-	(8)
	$ (6,875)	$ (3,479)

NOTE 14 - MORTGAGE INSURANCE

Substantially all mortgage loans in the Fund 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 97% of the total loans insured by private mortgage insurers or MHF are covered at 35% of the loan amount. The remaining 3% 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 three quarters of the 35% or approximately 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.

CDA entered into an agreement (the Reinsurance Agreement) with MHF effective January 1, 2011, in order to provide supplemental insurance coverage in the Fund for all private mortgage insured loans and post-2005 MHF primary insured loans residing in the active portfolio as of December 31, 2010. Insured loans in the private mortgage insurance portfolio have 35% coverage from the private mortgage insurer. Upon receipt of the primary mortgage insurance claim, MHF paid 100% of the remaining claim amount for all private mortgage insured loans and post-2005 MHF primary insured loans that have foreclosure dates occurring after December 31, 2010. Once the claim was paid by MHF, the property was transferred to MHF for disposal and was no longer an asset of CDA. Upon sale of the property and if the sale resulted in a loss, CDA and MHF shared equally in any such loss incurred. The Reinsurance Agreement was terminated on April 1, 2014 at which time the total amount of MHF net losses (the amount calculated after all claims were paid and expenses were realized) had reached $12,500.

NOTE 15 - 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 16 - SUBSEQUENT EVENTS

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of CDA through September 30, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except for the following activity that occurred subsequent to June 30, 2015.

(in thousands)

NOTE 16 - SUBSEQUENT EVENTS (Continued)

Subsequent to the year ended June 30, 2015, the following bond activity took place:

On July 31, 2015, CDA redeemed the following bonds:

2007 Series A	$4,835
2007 Series C	$5,480
2007 Series G	$6,770
2007 Series H	$10,510
2007 Series K	$3,580
2008 Series A	$5,000
2008 Series E	$3,000
2010 Series A	$225
2011 Series A	$690
2014 Series B	$1,115
2014 Series C	$200
2014 Series D	$255

On September 1, 2015, CDA redeemed the following bonds:

2006 Series S	$890
2007 Series B	$815
2007 Series E	$2,275
2007 Series F	$1,900
2007 Series I	$3,645
2007 Series J	$1,715
2012 Series A	$1,275
2014 Series E	$985
2014 Series F	$210

Community Development Administration
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE IN FAIR VALUE OF INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
(unaudited)

June 30, 2015 and 2014

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

For investments (obligations of U.S. Government Agencies) held by the Fund as of June 30, 2015, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

Fiscal year ended June 30,	Annual increases /decreases	Cumulative total
2000	$ (227)	$ (227)
2001	$ 551	$ 324
2002	$ 97	$ 421
2003	$ 544	$ 965
2004	$ (674)	$ 291
2005	$ 403	$ 694
2006	$ (1,567)	$ (873)
2007	$ 1,062	$ 189
2008	$ 785	$ 974
2009	$ 46	$ 1,020
2010	$ 2,747	$ 3,767
2011	$ (2,244)	$ 1,523
2012	$ 1,374	$ 2,897
2013	$ (855)	$ 2,042
2014	$ 243	$ 2,285
2015	$ 43	$ 2,328

Community Development Administration
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE
IN FAIR VALUE OF INVESTMENTS AND
MORTGAGE-BACKED SECURITIES - CONTINUED
(in thousands)
(unaudited)

June 30, 2015 and 2014

Reconciliation of the annual increases/decreases in investment fair value to the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2015:

Increase in fair value of investments held at June 30, 2015	$	43
Adjustment due to rebate liability (see Note 11)		220
Increase in fair value of investments, net of rebate, as reported on the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2015	$	263

Reconciliation of the annual increases/decreases in investment fair value to the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2014:

Increase in fair value of investments held at June 30, 2014	$	243
Adjustment due to rebate liability (see Note 11)		(38)
Increase in fair value of investments, net of rebate, as reported on the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2014	$	205

Community Development Administration
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE
IN FAIR VALUE OF INVESTMENTS AND
MORTGAGE-BACKED SECURITIES - CONTINUED
(in thousands)
(unaudited)

June 30, 2015 and 2014

For mortgage-backed securities held by the Fund as of June 30, 2015, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal year ended June 30,	Annual increases /decreases	Cumulative total
2011	$ (585)	$ (585)
2012	$ 1,858	$ 1,273
2013	$ (5,593)	$ (4,320)
2014	$ 3,127	$ (1,193)
2015	$ 503	$ (690)