COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

COMMUNITY DEVELOPMENT ADMINISTRATION
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Community Development Administration 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2023 and 2022, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position and cash flows of the Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2023 and 2022, and the changes in its financial position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2023

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

	2023	2022
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	$ 353,683	$ 398,483
Investments	331,309	145,859
Mortgage-Backed Securities	97,634	110,217
Single-Family Mortgage Loans	19,583	20,868
Multi-Family Mortgage Loans	867	861
Accrued Interest and Other Receivables	29,676	21,553
Claims Receivable on Foreclosed and Other Loans, Net of Allowance	4,460	3,195
Real Estate Owned	1,920	1,225
Total Restricted Current Assets	839,132	702,261
RESTRICTED LONG-TERM ASSETS		
Investments, Net of Current Portion	50,924	95,507
Mortgage-Backed Securities, Net of Current Portion	1,560,852	1,192,789
Single-Family Mortgage Loans, Net of Current Portion and Allowance	395,762	442,802
Multi-Family Mortgage Loans, Net of Current Portion	3,411	4,350
Total Restricted Long-Term Assets	2,010,949	1,735,448
Total Restricted Assets	$ 2,850,081	$ 2,437,709
LIABILITIES		
CURRENT LIABILITIES		
Accrued Interest Payable	$ 26,862	$ 17,309
Accounts Payable	2,584	2,963
Bonds Payable	323,653	81,390
Deposits by Borrowers	1,023	1,127
Total Current Liabilities	354,122	102,789
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	2,205,192	2,019,583
Deposits by Borrowers, Net of Current Portion	905	652
Total Long-Term Liabilities	2,206,097	2,020,235
Total Liabilities	2,560,219	2,123,024
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow on Refunding of Bond Debt	477	536
NET POSITION		
Restricted by Bond Indenture	289,385	314,149
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 2,850,081	$ 2,437,709

See accompanying 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, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Interest on Mortgage Loans	$ 23,647	$ 27,880
Interest on Mortgage-Backed Securities	54,526	37,758
Realized Gains on Sale of Mortgage-Backed Securities	7,122	28,839
Interest Income on Investments, Net of Rebate	23,920	1,766
Decrease in Fair Value of Investments	(660)	(3,527)
Gain on Early Retirement of Debt	2,672	9,535
Other Operating Revenue	3	13
Total Operating Revenue	111,230	102,264
OPERATING EXPENSES		
Interest Expense on Bonds	69,551	52,078
Professional Fees and Other Operating Expenses	10,749	24,476
Decrease in Provision for Loan Losses	(1,598)	(1,301)
Other Loan Losses and Write-Offs	10	141
Losses (Recoveries) and Expenses on Real Estate Owned, Net	208	(71)
(Recoveries) Losses on Foreclosure Claims, Net	(147)	135
Bond Issuance Costs	3,062	4,620
Total Operating Expenses	81,835	80,078
Operating Income	29,395	22,186
NONOPERATING EXPENSES		
Decrease in Fair Value of Mortgage-Backed Securities	(50,159)	(115,172)
Transfer of Funds as Permitted by the Resolution	(4,000)	(8,000)
CHANGE IN NET POSITION	(24,764)	(100,986)
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	314,149	415,135
NET POSITION - RESTRICTED AT END OF YEAR	$ 289,385	$ 314,149

See accompanying Notes to Financial Statements.

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Mortgage Loans	$ 69,998	$ 138,518
Principal and Interest Received on Mortgage-Backed Securities	140,516	267,024
Escrow Funds Received on Multi-Family Loans	789	741
Escrow Funds Paid on Multi-Family Loans	(640)	(844)
Mortgage Insurance Claims and Other Loan Proceeds Received	4,873	6,265
Foreclosure Expenses Paid	(1,443)	(929)
Purchase of Mortgage Loans	-	(3,059)
Purchase of Mortgage-Backed Securities	(608,257)	(981,703)
Funds Received from Sale of Mortgage-Backed Securities	121,484	465,602
Professional Fees and Other Operating Expenses	(10,864)	(24,449)
Other Income Received	3	13
Other (Disbursements) Reimbursements	(1,027)	2,116
Net Cash Used by Operating Activities	(284,568)	(130,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities or Sales of Investments, Net of Cash Equivalents	260,550	40,862
Purchases of Investments, Net of Cash Equivalents	(399,654)	(81,386)
Interest Received on Investments	15,499	1,534
Net Cash Used by Investing Activities	(123,605)	(38,990)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Sale of Bonds	616,056	587,109
Payments on Bond Principal	(182,875)	(485,130)
Bond Issuance Costs	(3,052)	(4,430)
Interest on Bonds	(62,694)	(56,096)
Transfers Among Funds	(4,000)	(8,000)
Net Cash Provided by Noncapital Financing Activities	363,435	33,453
NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(44,738)	(136,242)
Adjustments to Report Cash Equivalents at Fair Value:		
Unamortized Investment Discount on Cash Equivalents	(63)	-
Increase in Fair Value on Cash Equivalents	1	-
ADJUSTED NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(44,800)	(136,242)
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	398,483	534,725
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 353,683	$ 398,483

See accompanying Notes to Financial Statements.

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

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 29,395	$ 22,186
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Amortization of Investment Discounts and Premiums	(2,361)	570
Amortization of Bond Original Issue Premiums	(2,696)	(2,548)
Decrease in Provision for Loan Losses	(1,598)	(1,301)
Decrease in Fair Value of Investments	660	3,527
Gain on Early Retirement of Debt	(2,672)	(9,535)
Bond Issuance Costs	3,052	4,430
Interest Received on Investments	(15,499)	(1,534)
Interest on Bonds	62,694	56,096
Decrease (Increase) in Assets:		
Mortgage Loans	51,343	110,020
Mortgage-Backed Securities	(405,639)	(314,939)
Accrued Interest and Other Receivables	(8,123)	1,694
Claims Receivable on Foreclosed and Other Loans	(1,752)	696
Real Estate Owned	(695)	1,122
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	9,553	(1,470)
Accounts Payable	(379)	384
Deposits by Borrowers	149	(103)
Net Cash Used by Operating Activities	$ (284,568)	$ (130,705)

See accompanying Notes to Financial Statements.

NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

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

The accompanying financial statements only include CDA's 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.

Basis of Accounting and Measurement Focus

The basis of accounting for the Fund is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Fund are included on the Statements of Net Position. The Fund is required to follow all statements of the Governmental Accounting Standards Board (GASB).

Accounting Principles Generally Accepted in the United States of America

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

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

Since CDA is an enterprise fund included in the state of Maryland's Annual Comprehensive Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents on Deposit

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. government agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2023, all of the Fund's cash equivalents were invested in a money market mutual fund and U.S. Treasury Bills. As of June 20, 2022, all of the Fund's cash equivalents were 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, with the exception of State Housing Agency (HFA) Variable Rate Demand Obligations (VRDO) which are short-term (7-day) instruments that can be tendered at 7 days' notice. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

Mortgage-Backed Securities

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

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Any single-family mortgage loan in foreclosure with a pending insurance claim is recorded as claims receivable. See Notes 4 and 13 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, CDA has established an allowance for loan losses on the uninsured portions of single-family mortgage loans. CDA has also established an allowance for loan losses on single-family loans 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, 2023 and 2022. 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 and 11 for additional information on bonds.

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 11 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 may also include an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 10.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgage Yield Limitations

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

Interest on Mortgage Loans and Mortgage-Backed Securities

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

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 14 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 To Be Announced (TBA) Mortgage-Backed Securities 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.

(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 State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO), obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, investment agreements, money market funds, and certificates of deposit.

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

Assets	2023	2022
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund Administration Shares	$ 336,326	$ 391,152
U.S. Treasury Securities (U.S. Treasury Bills)	9,988	-
Demand Deposit Account	7,369	7,331
Investments:		
State HFAVRDOs	72,480	114,695
U.S. Treasury Securities	298,812	115,340
Obligations of U.S. Government Agencies	8,533	8,923
Repurchase and Investment Agreements	2,408	2,408
Mortgage-Backed Securities:		
GNMA Mortgage-Backed Securities	957,070	731,310
FNMA Mortgage-Backed Securities	546,208	467,763
FHLMC Mortgage-Backed Securities	155,208	103,933
Total	$ 2,394,402	$ 1,942,855

(in thousands)

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations and ongoing operations.

As of June 30, 2023, the amortized cost, fair value, and maturities for these assets were as follows:

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 15	More Than 15
BlackRock Liquidity FedFund Administration Shares	$ 336,326	$ 336,326	$ 336,326	$ -	$ -	$ -	$ -
Demand Deposit Account	7,369	7,369	7,369	-	-	-	-
State HFA VRDOs	72,480	72,480	72,480	-	-	-	-
U.S. Treasury Securities	311,494	308,800	265,865	42,935	-	-	-
Obligations of U.S. Government Agencies	7,925	8,533	2,952	-	5,581	-	-
Repurchase Agreements/ Investment Agreements	2,408	2,408	-	-	2,408	-	-
GNMA Mortgage-Backed Securities	1,019,795	957,070	-	-	-	-	957,070
FNMA Mortgage-Backed Securities	585,316	546,208	-	-	-	-	546,208
FHLMC Mortgage-Backed Securities	162,735	155,208	-	-	-	-	155,208
Total	$ 2,505,848	$ 2,394,402	$ 684,992	$ 42,935	$ 7,989	$ -	$ 1,658,486

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

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 15	More Than 15
BlackRock Liquidity FedFund Administration Shares	$ 391,152	$ 391,152	$ 391,152	$ -	$ -	$ -	$ -
Demand Deposit Account	7,331	7,331	7,331	-	-	-	-
State HFA VRDOs	114,695	114,695	114,695	-	-	-	-
U.S. Treasury Securities	117,803	115,340	31,164	84,176	-	-	-
Obligations of U.S. Government Agencies	7,886	8,923	-	2,934	3,463	2,526	-
Repurchase Agreements/ Investment Agreements	2,408	2,408	-	-	2,408	-	-
GNMA Mortgage-Backed Securities	765,833	731,310	-	-	-	-	731,310
FNMA Mortgage-Backed Securities	488,369	467,763	-	-	-	-	467,763
FHLMC Mortgage-Backed Securities	108,005	103,933	-	-	-	-	103,933
Total	$ 2,003,482	$ 1,942,855	$ 544,342	$ 87,110	$ 5,871	$ 2,526	$ 1,303,006

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

Interest Rate Risk (Continued)

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash and operates in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2023 and 2022, the cost of the money market mutual fund approximated fair value.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2023 and 2022, all counterparty ratings were at least equal to the ratings on the Fund's bonds. The ratings on Residential Revenue Bonds as of June 30, 2023 and 2022 were Aa1 by Moody's Investors Service and AA+ and AA, respectively, by Fitch Ratings. The following tables provide credit quality rating information for the investment portfolio and individual issuers if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB.

The market value of the underlying collateralized securities in repurchase agreements and investment agreements is maintained at a minimum of 102% 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.

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

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, 2021, that was established by the Federal Home Loan Bank of Pittsburgh, and is automatically extended each year until July 27, 2026. This date corresponds with the termination date of the standby purchase agreement.

(in thousands)

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

Credit Risk and Concentration of Credit Risk (Continued)

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

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 336,326	14.05%	Aaa-mf		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	957,070	39.97%		Direct U.S. Obligations	
Federal National Mortgage Association (FNMA) Mortgage-Backed Securities	546,208	22.81%		Aaa	Moody's
Federal Home Loan Mortgage Corporation (FHLMC) Mortgage-Backed Securities	155,208	6.48%		Aaa	Moody's
U.S. Treasury Securities	308,800	12.90%		Direct U.S. Obligations	

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

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	$ 391,152	20.13%	Aaa-mf		Moody's
State HFA VRDOs	114,695	5.90%		Aaa to Aa3 AA+/A-1+	Moody's S&P
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	731,310	37.64%		Direct U.S. Obligations	
Federal National Mortgage Association (FNMA) Mortgage-Backed Securities	467,763	24.08%		Aaa	Moody's
Federal Home Loan Mortgage Corporation (FHLMC) Mortgage-Backed Securities	103,933	5.35%		Aaa	Moody's

Mortgage-Backed Securities

All mortgage-backed securities held by CDA are guaranteed by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Corporation (Freddie Mac).

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

Mortgage-Backed Securities (Continued)

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), Veterans Administration (VA) or United States Department of Agriculture Rural Development (USDA RD) lender, as the issuer of the guaranteed security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

Fannie Mae and Freddie Mac mortgage-backed securities are "guaranteed mortgage pass-through securities" which supplement amounts received by a trust created under a trust agreement as required permitting timely payments of principal and interest on the securities to CDA. The securities and payments of principal and interest on the securities 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 or Freddie Mac.

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. CDA receives the total principal and interest from the trustee on the 25th of each month for both Fannie Mae and Freddie Mac securities and on the 15th of each month for some Freddie Mac securities. 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. As of June 30, 2023, Fannie Mae and Freddie Mac securities have a guaranty fee of approximately 45 basis points and a servicing fee of 25 basis points. CDA also participates from time to time in the Fannie Mae or Freddie Mac buy-up or buy-down of the guaranty fee created in the pooling process in order to maximize pooling of securities for efficiency and effectiveness.

In January 2012, CDA expanded the sources of financing for its mortgage-backed securities program through the ongoing sale of forward contracts of GNMA, Fannie Mae, or Freddie Mac mortgage-backed securities. 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, Fannie Mae or Freddie Mac mortgage-backed securities 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, 2023, CDA entered into TBA Mortgage-Backed Security Contracts with a notional amount of $1,921 outstanding. At June 30, 2022, the notional amount outstanding was $97,152. The increase/decrease in the fair value of GNMA, Fannie Mae or Freddie Mac mortgage-backed securities that are part of the TBA program is classified as operating revenue on the Statements of Revenue, Expenses, and Changes in Net Position.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2023 and 2022, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in money market mutual funds are not subject to the fair value measurement requirements.

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

- U.S. Government Agencies of \$8,533 and \$8,923 respectively, are valued using quoted market prices (Level 1).
- U.S. Treasury Securities of \$308,800 and \$115,340, respectively, are valued using quoted market prices (Level 1).
- State HFA VRDOs of \$72,480 and \$114,695 respectively, are valued using the matrix pricing technique (Level 2).
- GNMA, FNMA, and FHLMC mortgage-backed securities of \$1,658,486 and \$1,303,006, respectively, are valued using the matrix pricing technique (Level 2).

NOTE 4 MORTGAGE LOANS

Substantially all of the Fund's single family mortgage loans are secured by first liens on the related property. Approximately 95% of all single family outstanding loan amounts are credit enhanced through the FHA mortgage insurance programs, the VA and USDA RD guarantee programs, Maryland Housing Fund (MHF), or by private mortgage insurance policies. As of June 30, 2023 and 2022, interest rates on such loans ranged from 0.0% to 9.50% with remaining loan terms ranging approximately from less than 1 year to 40 years and 39 years, respectively.

All of the Fund's multi-family mortgage loans are credit-enhanced through FHA or MHF. As of June 30, 2023 and 2022, interest rates on such loans ranged from 5.75% to 8.25%, with remaining loan terms ranging from less than 1 year to 12 years and approximately 1 year to 13 years, respectively.

(in thousands)

NOTE 4 MORTGAGE LOANS (CONTINUED)

For the years ended June 30, 2023 and 2022, the single family mortgage loan and claims receivable balances, net of the allowances for loan losses on the uninsured portions of single family loans, including loans in foreclosure and other loans with pending insurance claims, were as follows:

	2023	2022
Single Family Mortgage Loans	$ 417,642	$ 468,168
Allowance for Loan Losses	(2,297)	(4,498)
Single Family Mortgage Loans, Net of Allowance	$ 415,345	$ 463,670
Claims Receivable on Foreclosed and Other Loans	$ 5,353	$ 3,928
Allowance for Loan Losses	(893)	(733)
Claims Receivable on Foreclosed and Other Loans, Net of Allowance	$ 4,460	$ 3,195

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

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

	2023	2022
Accrued Mortgage Loan Interest	$ 3,809	$ 5,154
Accrued Mortgage-Backed Securities Interest	5,870	3,605
Accrued Investment Interest	7,122	1,062
Reimbursement Due for State-Funded Loans	8,338	6,996
Reimbursement Due for Pre-Foreclosure Costs Incurred on Mortgage Loans	4,408	4,722
Miscellaneous Billings	129	14
Total	$ 29,676	$ 21,553

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. During the fiscal year, CDA issued $261,103 of 2022 Series E short-term debt, with a remaining balance of $211,103 as of June 30, 2023.

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; 2012 Series B; and 2014 Series F.

The rate is set weekly by a remarketing agent so that the market value of the bonds is as close as possible to 100% of the principal amount of the bonds. In no event will the bonds bear interest at a rate in excess of 12%.

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

2012 Series A and B; 2014 Series E and F; 2015 Series B; 2016 Series A; 2017 Series A; 2019 Series D; 2021 Series D; 2022 Series B; 2022 Series C and 2023 Series B.

(in thousands)

NOTE 7 BONDS PAYABLE (CONTINUED)

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

					Bond Activity					
	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2022	New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	Debt Outstanding at June 30, 2023	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2023
Residential Revenue Bonds										
2006 Series G	05/24/06	Variable Rate	2027-2040	$ 13,930	$ -	$ -	$ (1,620)	$ 12,310	$ -	$ 12,310
2006 Series J	07/13/06	Variable Rate	2029-2040	44,970	-	-	(2,285)	42,685	-	42,685
2012 Series A	08/23/12	4.00%	2023-2025	1,395	-	(185)	(965)	245	6	251
2012 Series B	08/23/12	Variable Rate	2025-2033	44,750	-	-	(170)	44,580	-	44,580
2014 Series A	02/20/14	3.15%	9/1/2023	1,870	-	(1,680)	-	190	-	190
2014 Series B	02/20/14	3.25%	2032-2044	3,430	-	-	(1,330)	2,100	58	2,158
2014 Series C	09/25/14	2.70% - 4.00%	2023-2044	16,425	-	(1,645)	(500)	14,280	124	14,404
2014 Series D	09/25/14	4.00%	2031-2036	2,585	-	-	(645)	1,940	122	2,062
2014 Series E	09/25/14	2.857% - 4.146%	2023-2040	17,225	-	(1,230)	(2,245)	13,750	-	13,750
2014 Series F	09/25/14	Variable Rate	2041-2044	24,555	-	-	(785)	23,770	-	23,770
2015 Series A	12/03/15	2.45% - 3.50%	2023-2045	3,300	-	(205)	(325)	2,770	84	2,854
2015 Series B	12/03/15	3.16%	2032-2041	11,010	-	(280)	(5,575)	5,155	-	5,155
2016 Series A	08/31/16	2.40% - 3.797%	2023-2047	190,430	-	(4,055)	(15,805)	170,570	491	171,061
2017 Series A	04/27/17	2.956% - 4.103%	2023-2048	124,520	-	(3,290)	(15,750)	105,480	-	105,480
2018 Series A	11/08/18	2.75% - 4.50%	2023-2048	50,695	-	(1,595)	(8,670)	40,430	2,102	42,532
2018 Series B	11/08/18	4.50%	2036-2048	23,485	-	-	(2,395)	21,090	1,128	22,218
2019 Series A	03/13/19	2.05% - 4.25%	2023-2049	50,670	-	(2,440)	(6,395)	41,835	869	42,704
2019 Series B	06/13/19	1.875% - 5.00%	2023-2049	135,120	-	(3,185)	(5,595)	126,340	5,212	131,552
2019 Series C	10/16/19	1.60% - 5.00%	2023-2050	247,715	-	(5,270)	(2,980)	239,465	10,957	250,422
2019 Series D	10/16/19	1.994% - 2.931%	2023-2050	16,790	-	(330)	(3,095)	13,365	-	13,365
2020 Series A	02/25/20	1.10% - 3.75%	2023-2050	109,830	-	-	(2,195)	107,635	3,541	111,176
2020 Series B	02/25/20	1.40%	9/1/2023	3,745	-	(3,630)	-	115	-	115
2020 Series D	08/27/20	0.40% - 3.25%	2023-2050	147,820	-	(4,305)	(2,005)	141,510	4,571	146,081
2021 Series A	02/25/21	0.25% - 3.00%	2023-2051	190,905	-	(5,395)	(1,750)	183,760	6,291	190,051
2021 Series B	08/26/21	0.25% - 3.00%	2023-2051	166,815	-	(4,295)	(490)	162,030	5,835	167,865
2021 Series C	12/14/21	1.10% - 3.00%	2027-2051	221,720	-	-	(180)	221,540	6,447	227,987
2021 Series D	12/14/21	0.75% - 1.80%	2023-2027	30,000	-	(4,875)	-	25,125	-	25,125
2022 Series A	06/15/22	3.80% - 5.00%	2030-2052	111,625	-	-	(15)	111,610	3,144	114,754
2022 Series B	06/15/22	2.821% - 4.638%	2023-2034	37,375	-	(1,220)	-	36,155	-	36,155
2022 Series C	09/15/22	3.502% - 5.091%	2023-2053	-	98,720	-	-	98,720	-	98,720
2022 Series D	12/14/22	3.05% - 6.00%	2023-2053	-	100,000	-	-	100,000	2,347	102,347
2022 Series E	12/14/22	4.28% - 4.30%	2023-2024	-	261,103	(50,000)	-	211,103	-	211,103
2023 Series A	05/11/23	2.90% - 5.50%	2024-2053	-	60,000	-	-	60,000	2,335	62,335
2023 Series B	05/11/23	4.378% - 5.750%	2024-2053	-	90,000	-	-	90,000	1,528	91,528
Total				$ 2,044,705	$ 609,823	$ (99,110)	$ (83,765)	$ 2,471,653	$ 57,192	$ 2,528,845

(in thousands)

NOTE 7 BONDS PAYABLE (CONTINUED)

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

					Bond Activity					
	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2021	New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	Debt Outstanding at June 30, 2022	Bond Premium/ Discount Deferred	Bonds Payable at June 30, 2022
Residential Revenue Bonds										
2006 Series G	05/24/06	Variable Rate	9/1/2040	$ 22,930	$ -	$ -	$ (9,000)	$ 13,930	$ -	$ 13,930
2006 Series J	07/13/06	Variable Rate	9/1/2040	56,185	-	-	(11,215)	44,970	-	44,970
2011 Series B	05/05/11	-	-	20,000	-	-	(20,000)	-	-	-
2012 Series A	08/23/12	4.00%	9/1/2025	2,660	-	(295)	(970)	1,395	21	1,416
2012 Series B	08/23/12	Variable Rate	9/1/2033	44,970	-	-	(220)	44,750	-	44,750
2014 Series A	02/20/14	2.90% - 3.15%	2022-2023	10,975	-	(2,110)	(6,995)	1,870	-	1,870
2014 Series B	02/20/14	3.25%	9/1/2044	7,880	-	-	(4,450)	3,430	97	3,527
2014 Series C	09/25/14	2.50% - 4.00%	2022-2044	35,240	-	(2,050)	(16,765)	16,425	170	16,595
2014 Series D	09/25/14	4.00%	9/1/2036	4,720	-	-	(2,135)	2,585	172	2,757
2014 Series E	09/25/14	2.857% - 4.478%	2022-2040	24,565	-	(1,685)	(5,655)	17,225	-	17,225
2014 Series F	09/25/14	Variable Rate	9/1/2044	24,555	-	-	-	24,555	-	24,555
2015 Series A	12/03/15	2.20% - 3.50%	2022-2045	14,075	-	(395)	(10,380)	3,300	103	3,403
2015 Series B	12/03/15	3.16% - 3.419%	2022-2041	28,855	-	(965)	(16,880)	11,010	-	11,010
2016 Series A	08/31/16	2.20% - 3.797%	2022-2047	222,545	-	(3,755)	(28,360)	190,430	795	191,225
2017 Series A	04/27/17	2.756% - 4.416%	2022-2048	176,255	-	(5,130)	(46,605)	124,520	-	124,520
2018 Series A	11/08/18	2.60% - 4.50%	2022-2048	124,915	-	(6,215)	(68,005)	50,695	2,390	53,085
2018 Series B	11/08/18	4.50%	9/1/2048	30,925	-	-	(7,440)	23,485	1,282	24,767
2019 Series A	03/13/19	1.90% - 4.25%	2022-2049	101,810	-	(2,710)	(48,430)	50,670	1,379	52,049
2019 Series B	06/13/19	1.75% - 5.00%	2022-2049	193,125	-	(3,770)	(54,235)	135,120	6,277	141,397
2019 Series C	10/16/19	1.50% - 5.00%	2022-2050	300,650	-	(6,135)	(46,800)	247,715	12,203	259,918
2019 Series D	10/16/19	1.845% - 2.931%	2022-2050	22,310	-	(520)	(5,000)	16,790	-	16,790
2020 Series A	02/25/20	1.10% - 3.75%	2023-2050	125,995	-	-	(16,165)	109,830	3,876	113,706
2020 Series B	02/25/20	1.30% - 1.40%	2022-2023	7,345	-	(3,600)	-	3,745	-	3,745
2020 Series D	08/27/20	0.30% - 3.25%	2022-2050	157,855	-	(4,290)	(5,745)	147,820	4,921	152,741
2021 Series A	02/25/21	0.20% - 3.00%	2022-2051	197,725	-	(3,745)	(3,075)	190,905	6,674	197,579
2021 Series B	08/26/21	0.15% - 3.00%	2022-2051	-	170,000	(1,330)	(1,855)	166,815	6,059	172,874
2021 Series C	12/14/21	1.10% - 3.00%	2027-2051	-	221,770	-	(50)	221,720	6,637	228,357
2021 Series D	12/14/21	0.55% - 1.80%	2022-2027	-	30,000	-	-	30,000	-	30,000
2022 Series A	06/15/22	3.80% - 5.00%	2030-2052	-	111,625	-	-	111,625	3,212	114,837
2022 Series B	06/15/22	2.771% - 4.638%	2023-2034	-	37,375	-	-	37,375	-	37,375
Total				$ 1,959,065	$ 570,770	$ (48,700)	$ (436,430)	$ 2,044,705	$ 56,268	$ 2,100,973

(in thousands)

NOTE 8 DEBT SERVICE REQUIREMENTS

As of June 30, 2023, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2023 and excluding the effect of unamortized premiums as shown in Note 7) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

Year Ending June 30,	Interest	Principal
2024	$ 80,667	$ 323,653
2025	73,223	64,480
2026	71,839	71,200
2027	69,888	77,955
2028	67,608	79,130
2029 - 2033	298,725	416,230
2034 - 2038	234,260	395,690
2039 - 2043	168,983	382,585
2044 - 2048	100,156	382,570
2049 - 2053	27,270	277,520
2054	18	640
Total	$ 1,192,637	$ 2,471,653

The interest calculations on outstanding variable rate bonds in the amount of $123,345 are based on the variable rates in effect on June 30, 2023, 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.

As of June 30, 2022, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2022 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 five-year increments thereafter were as follows:

Year Ending June 30,	Interest	Principal
2023	$ 55,673	$ 81,390
2024	56,742	57,905
2025	55,700	59,160
2026	54,531	65,330
2027	52,943	71,840
2028 - 2032	233,957	384,255
2033 - 2037	182,940	354,800
2038 - 2042	132,022	354,930
2043 - 2047	80,400	347,370
2048 - 2052	21,855	265,380
2053	59	2,345
Total	$ 926,822	$ 2,044,705

The interest calculations on outstanding variable rate bonds in the amount of $128,205 are based on the variable rates in effect on June 30, 2022, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary.

NOTE 9 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.

There were no economic refundings for the years ended June 30, 2023 and 2022.

NOTE 10 REBATE LIABILITY

In accordance with the Internal Revenue Code (IRC), the Fund may record a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the IRC. The IRC requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses, and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. CDA has no rebate liability from interest income or from unrealized gains on mortgage-backed securities. For the years ended June 30, 2023 and 2022, CDA had no rebate liability to record for excess investment earnings in tax-exempt bond issues.

(in thousands)

NOTE 11 LONG-TERM OBLIGATIONS

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

	2023	2022
Bonds Payable:		
Beginning Balance at June 30,	$ 2,100,973	$ 2,010,980
Additions	609,823	570,770
Reductions	(182,875)	(485,130)
Change in Deferred Amounts for Issuance Premiums	924	4,353
Ending Balance at June 30,	2,528,845	2,100,973
Less Due Within One Year	(323,653)	(81,390)
Total Long-Term Bonds Payable	2,205,192	2,019,583
Deposits by Borrowers:		
Beginning Balance at June 30,	1,779	1,882
Additions	789	741
Reductions	(640)	(844)
Ending Balance at June 30,	1,928	1,779
Less Due Within One Year	(1,023)	(1,127)
Total Long-Term Deposits by Borrowers	905	652
Total Long-Term Liabilities	$ 2,206,097	$ 2,020,235

NOTE 12 INTERFUND ACTIVITY

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

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

	2023	2022
Excess Revenue Transferred To the General Bond Reserve Fund	$ (4,000)	$ (8,000)

NOTE 13 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 the single family loan portfolio, approximately 46% of the outstanding loan amounts are insured by agencies of the U.S. Government in an amount substantially equal to the unpaid principal amount of the loan. Approximately 48% of the outstanding loan amounts have primary mortgage insurance in an amount that is at least 25% of the loan amount. Approximately 5% of the outstanding loan amounts of the 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.

Approximately 48% of outstanding loan amounts are insured by private mortgage insurers and MHF. Approximately 98% of the outstanding loan amounts insured by private mortgage insurers and MHF are covered at 35% of the loan amount, while 2% of the outstanding loan amounts are covered at 25%. There are two private mortgage insurers who, due to financial constraints or receivership, are currently paying to CDA approximately three quarters of the amount determined to be due. These two private mortgage insurers represent 2% of the outstanding loan amounts insured by private mortgage insurers and MHF.

An allowance for loan losses has been established for all the loans insured by FHA, VA, USDA RD, MHF and private mortgage insurers.

Mortgage insurance premiums are paid by single family mortgagors.

NOTE 14 PENSION AND OTHER POSTRETIREMENT BENEFITS

Eligible employees of CDA and employees of the state of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA’s only obligation for retirement and postemployment benefits is its required annual contribution, which was paid in full by CDA to the state of Maryland prior to year-end. The liability for the employees is recorded by the general fund of the state of Maryland and is not allocated to CDA. The System prepares a separate audited 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.maryland.gov.

(in thousands)

NOTE 15 SUBSEQUENT EVENTS

CDA has identified the following activity that occurred subsequent to June 30, 2023.

On August 15, 2023, CDA issued 2023 Series CD bonds in the amount of $300,000.

On August 17, 2023, CDA redeemed the following bonds:

2006 Series G	$1,575
2006 Series J	$2,050
2014 Series B	$895
2014 Series C	$330
2014 Series D	$415
2015 Series A	$415
2018 Series A	$3,035
2018 Series B	$1,825
2019 Series A	$715
2019 Series B	$845
2019 Series C	$5,810
2020 Series A	$2,765
2020 Series D	$5,035
2021 Series A	$4,890
2021 Series B	$4,720
2021 Series C	$4,855
2022 Series A	$1,240
2022 Series D	$380

On August 28, 2023, CDA redeemed the following bonds:

2012 Series AB	$245
2014 Series E	$310
2015 Series B	$900
2016 Series A	$3,075
2017 Series A	$3,085
2019 Series D	$570
2022 Series C	$915

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

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

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

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
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
2016	445	2,773
2017	(646)	2,127
2018	(866)	1,261
2019	768	2,029
2020	532	2,561
2021	(460)	2,101
2022	(3,527)	(1,426)
2023	(660)	(2,086)

(in thousands)

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

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
2011	$ (585)	$ (585)
2012	1,858	1,273
2013	(5,593)	(4,320)
2014	3,127	(1,193)
2015	503	(690)
2016	4,216	3,526
2017	(3,294)	232
2018	(4,093)	(3,861)
2019	23,239	19,378
2020	50,845	70,223
2021	(14,252)	55,971
2022	(115,172)	(59,201)
2023	(50,159)	(109,360)