

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

**COMMUNITY DEVELOPMENT ADMINISTRATION
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Community Development Administration Housing Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland, which comprise the statements of net position as of June 30, 2020 and 2019 and the related statements of revenues, expenses, and changes in net position, and cash flows, for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a 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, 2020 and 2019, and the changes in its net 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 22–23, 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 audit of the basic financial statements and, accordingly, we do not express an opinion, or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2020

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2020 AND 2019**

	2020	2019
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	\$ 129,381	\$ 104,474
Investments	-	21,929
Mortgage-Backed Securities	9,708	397
Mortgage Loans:		
Single Family	2	2
Multi-Family Construction and Permanent Financing	2,703	2,733
Accrued Interest and Other Receivables	1,435	1,372
Total Restricted Current Assets	143,229	130,907
RESTRICTED LONG-TERM ASSETS		
Investments, Net of Current Portion	7,519	7,153
Mortgage-Backed Securities, Net of Current Portion	19,519	29,272
Mortgage Loans, Net of Current Portion and Allowance:		
Single Family	2	5
Multi-Family Construction and Permanent Financing	257,507	247,233
Total Restricted Long-Term Assets	284,547	283,663
Total Restricted Assets	\$ 427,776	\$ 414,570
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued Interest Payable	\$ 5,290	\$ 5,206
Accounts Payable	138	138
Bonds Payable	15,633	30,529
Deposits by Borrowers	5,866	5,069
Total Current Liabilities	26,927	40,942
LONG-TERM LIABILITIES		
Rebate Liability	108	40
Bonds Payable, Net of Current Portion	325,597	301,210
Deposits by Borrowers, Net of Current Portion	19,958	19,751
Total Long-Term Liabilities	345,663	321,001
Total Liabilities	372,590	361,943
NET POSITION		
Restricted	55,186	52,627
Total Liabilities and Net Position	\$ 427,776	\$ 414,570

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
(in thousands)
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
OPERATING REVENUE		
Interest on Mortgage Loans	\$ 12,584	\$ 11,188
Interest on Mortgage-Backed Securities	1,575	1,968
Interest Income on Investments, Net of Rebate	1,745	2,111
Increase in Fair Value of Investments	330	276
Other Operating Revenue	32	29
Fee Income	697	683
Total Operating Revenue	16,963	16,255
OPERATING EXPENSES		
Interest Expense on Bonds	11,831	11,367
Professional Fees and Other Operating Expenses	540	517
Total Operating Expenses	12,371	11,884
Operating Income	4,592	4,371
NONOPERATING EXPENSES		
Decrease in Fair Value of Mortgage-Backed Securities	(33)	(705)
Transfer of Funds, as Permitted by the Resolution	(2,000)	(2,000)
CHANGE IN NET POSITION	2,559	1,666
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	52,627	50,961
NET POSITION - RESTRICTED AT END OF YEAR	\$ 55,186	\$ 52,627

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Mortgage Loans	\$ 49,740	\$ 32,225
Principal and Interest Received on Mortgage-Backed Securities	1,986	17,749
Escrow Funds Received	9,625	9,986
Escrow Funds Paid	(8,621)	(5,726)
Loan Fees Received	697	683
Purchase of Mortgage Loans	(47,583)	(46,610)
Disbursement of Loans to Projects	-	(1,416)
Professional Fees and Other Operating Expenses	(540)	(466)
Other Income Received	32	29
Net Cash Provided by Operating Activities	<u>5,336</u>	<u>6,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities or Sales of Investments	22,017	13,860
Purchase of Investments	-	(35,495)
Interest Received on Investments	1,810	1,918
Net Cash Provided (Used) by Investing Activities	<u>23,827</u>	<u>(19,717)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from the Sale of Bonds	52,460	44,420
Payments on Bond Principal	(42,969)	(32,851)
Interest on Bonds	(11,747)	(10,915)
Transfers Among Funds	(2,000)	(2,000)
Net Cash Used by Financing Activities	<u>(4,256)</u>	<u>(1,346)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT	24,907	(14,609)
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	<u>104,474</u>	<u>119,083</u>
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	<u>\$ 129,381</u>	<u>\$ 104,474</u>

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 4,592	\$ 4,371
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization of Investment Premiums and Discounts	(124)	(249)
Increase in Fair Value of Investments	(330)	(276)
Interest Received on Investments	(1,810)	(1,918)
Interest on Bonds	11,747	10,915
(Increase) Decrease in Assets:		
Mortgage Loans	(10,241)	(25,498)
Mortgage-Backed Securities	409	15,711
Accrued Interest and Other Receivables	(63)	11
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	84	452
Accounts Payable	-	51
Rebate Liability	68	40
Due to Multi-Family Projects	-	(1,416)
Deposits by Borrowers	1,004	4,260
Net Cash Provided by Operating Activities	<u>\$ 5,336</u>	<u>\$ 6,454</u>

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

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 Housing Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds to provide funds to finance or refinance loans for various types of housing. As of June 30, 2020 and 2019, Housing Revenue Bonds have primarily financed multi-family projects.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Basis of Accounting and Measurement Focus

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

Generally Accepted Accounting Principles

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

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

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

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

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, 2020 and 2019, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

Investments

Investments are principally governmental debt securities or investment agreements collateralized by governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

Mortgage-Backed Securities

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

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees are recognized as revenue in the period received. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes 4 and 12 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all of the mortgage loans of the Fund are insured or guaranteed. Less than 1% of the loan portfolio is uninsured and CDA has established an allowance for loan losses on these loans. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group. See Notes 4 and 12 for additional information.

Accrued Interest and Other Receivables

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

Bonds Payable

Bonds payable are carried at their unpaid principal balances. 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, and 10 for more information.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Multi-Family Projects

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

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. CDA has set up other escrows for construction interest which are classified based on loan interest due as to whether it is a current or long-term liability. See Note 10 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 earning 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 9.

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, 2020 and 2019, 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 multi-family financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

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 13 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.

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.

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 Housing 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.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

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

The following assets, reported at fair value and held by the Fund as of June 30, 2020 and 2019, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2020	2019
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund Administration Shares	\$ 129,381	\$ 104,474
Investments:		
Obligations of the U.S. Treasury	7,519	21,029
Federal Home Loan Bank Securities	-	8,053
Mortgage-Backed Securities:		
GNMA Mortgage-Backed Securities	29,227	29,669
Total	<u>\$ 166,127</u>	<u>\$ 163,225</u>

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, 2020, the amortized cost, fair value, and maturities for these assets were as follows:

Asset	Amortized Cost	Fair Value	Maturities (in Years)		
			Less Than 1	6 - 10	More Than 15
BlackRock Liquidity FedFund Administration Shares	\$ 129,381	\$ 129,381	\$ 129,381	\$ -	\$ -
Obligations of the U.S. Treasury	5,463	7,519	-	7,519	-
GNMA Mortgage-Backed Securities	29,241	29,227	-	-	29,227
Total	<u>\$ 164,085</u>	<u>\$ 166,127</u>	<u>\$ 129,381</u>	<u>\$ 7,519</u>	<u>\$ 29,227</u>

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
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JUNE 30, 2020 AND 2019**

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

Interest Rate Risk (continued)

As of June 30, 2019, the amortized cost, fair value, and maturities for these assets were as follows:

Asset	Amortized Cost	Fair Value	Maturities (in Years)		
			Less Than 1	6 - 10	More Than 15
BlackRock Liquidity FedFund					
Administration Shares	\$ 104,474	\$ 104,474	\$ 104,474	\$ -	\$ -
Obligations of the U.S.					
Treasury	19,308	21,029	13,876	7,153	-
Federal Home Loan Bank					
Securities	8,048	8,053	8,053	-	-
GNMA Mortgage-Backed					
Securities	29,650	29,669	-	-	29,669
Total	<u>\$ 161,480</u>	<u>\$ 163,225</u>	<u>\$ 126,403</u>	<u>\$ 7,153</u>	<u>\$ 29,669</u>

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. It 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, 2020 and 2019, 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, 2020 and 2019, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2020 and 2019, the ratings on Housing Revenue Bonds were Aa2 by Moody's Investors Service and AA+ 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.

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

Credit Risk and Concentration of Credit Risk (continued)

As of June 30, 2020, 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	\$ 129,381	77.88%	Aaa		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	29,227	17.59%		Direct U.S. Obligations	

As of June 30, 2019, 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	\$ 104,474	64.01%	Aaa		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	29,669	18.18%		Direct U.S. Obligations	
Obligations of the U.S. Treasury	21,029	12.88%		Direct U.S. Obligations	

Mortgage-Backed Securities

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities 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.

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, 2020 and 2019, 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.

**COMMUNITY DEVELOPMENT ADMINISTRATION
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(in thousands)
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NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS, AND MORTGAGE-BACKED SECURITIES (CONTINUED)

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of June 30, 2020 and 2019:

- U.S. Treasury Bonds and/or U.S. Government Agencies of \$7,519 and \$29,082, respectively, are valued using quoted market prices (Level 1).
- GNMA mortgage-backed securities of \$29,227 and \$29,669, respectively, are valued using the matrix pricing technique (Level 2).

NOTE 4 MORTGAGE LOANS

All multi-family mortgage loans are secured by first liens on the related property and approximately 99% are insured or credit enhanced by the Federal Housing Administration (FHA), Maryland Housing Fund (MHF), Federal National Mortgage Association (FNMA), GNMA, or bank letters of credit. As of June 30, 2020 and 2019, interest rates on such loans range from 1.73% to 6.99% and 1.93% to 7.00%, respectively, with remaining loan terms ranging from less than 1 year to 40 years. For the years ended June 30, 2020 and 2019, an allowance for loan losses in the amount of \$35 has been established for uninsured loans.

There is one multi-family loan, financed under the Fund, which is an unsecured, unenhanced loan the borrower of which provided cash collateral to directly secure the corresponding bonds.

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2020 and 2019 were as follows:

	2020	2019
Accrued Mortgage Loan Interest	\$ 1,048	\$ 1,017
Accrued Mortgage-Backed Securities Interest	131	133
Accrued Investment Interest	47	168
Negative Arbitrage Due from Mortgagors	209	54
Total	\$ 1,435	\$ 1,372

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019

NOTE 6 BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds do not constitute debt of and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision.

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of 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 Fund's bonds are tax-exempt and have fixed rates, except Series 2013 E which is a taxable, variable rate issue. The variable 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 these variable rate bonds bear interest at a rate in excess of 12%.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2020 and bonds payable as of June 30, 2020:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2019	Bond Activity			Bonds Payable at June 30, 2020
					New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	
Housing Revenue Bonds								
Series 2006 D	09/27/06	4.91%	7/1/2048	\$ 3,085	\$ -	\$ (50)	\$ -	\$ 3,035
Series 2007 B	08/30/07	5.51%	1/1/2038	4,225	-	(50)	(4,175)	-
Series 2007 C	12/20/07	5.38%	1/1/2043	1,360	-	(25)	-	1,335
Series 2008 C	09/19/08	5.60%	7/1/2048	6,740	-	(90)	(5,020)	1,630
Series 2008 D	12/18/08	6.60% - 6.75%	2030 - 2039	3,325	-	(40)	(3,285)	-
Series 2009 A	11/24/09	5.25%	7/1/2041	5,940	-	(145)	-	5,795
Series 2012 A	07/26/12	2.10% - 4.375%	2019 - 2054	8,725	-	(130)	-	8,595
Series 2012 B	08/30/12	2.00% - 4.125%	2019 - 2054	4,205	-	(65)	-	4,140
Series 2012 D	11/07/12	1.80% - 3.875%	2019 - 2054	4,360	-	(70)	-	4,290
Series 2013 A	02/28/13	1.70% - 4.00%	2019 - 2054	10,250	-	(160)	-	10,090
Series 2013 B	07/25/13	2.60% - 5.15%	2019 - 2055	9,400	-	(120)	-	9,280
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	1.95% - 5.25%	2019 - 2055	11,910	-	(135)	-	11,775
Series 2014 A	02/27/14	1.75% - 5.00%	2019 - 2055	4,595	-	(55)	-	4,540
Series 2014 B	05/21/14	1.75% - 4.45%	2019 - 2055	1,225	-	(15)	-	1,210
Series 2014 C	08/21/14	1.55% - 4.05%	2019 - 2046	2,240	-	(50)	-	2,190
Series 2014 D	12/17/14	1.50% - 4.20%	2019 - 2056	9,630	-	(140)	-	9,490
Series 2015 A	05/28/15	1.50% - 4.55%	2019 - 2057	7,780	-	(90)	-	7,690
Series 2015 B	10/07/15	1.35% - 4.50%	2019 - 2057	44,440	-	(570)	-	43,870
Series 2016 A	12/14/16	1.60% - 4.40%	2019 - 2058	7,285	-	(100)	-	7,185
Series 2017 A	04/13/17	3.95%	11/1/2058	14,774	-	-	(142)	14,632
Series 2017 B	05/10/17	1.40% - 3.75%	2019 - 2059	11,985	-	(5,735)	(62)	6,188
Series 2017 C	12/18/17	1.55% - 3.80%	2019 - 2059	25,710	-	(190)	(7,595)	17,925
Series 2018 A	05/31/18	1.80% - 4.25%	2019 - 2060	42,335	-	(14,615)	(50)	27,670
Series 2019 A	01/17/19	1.875% - 4.20%	2021 - 2061	14,715	-	-	-	14,715
Series 2019 B	04/18/19	1.65% - 3.90%	2021 - 2061	10,040	-	-	-	10,040
Series 2019 C	06/27/19	1.40% - 3.65%	2021 - 2061	19,665	-	-	-	19,665
Series 2019 D	08/08/19	1.35% - 3.60%	2022 - 2061	-	30,440	-	-	30,440
Series 2019 E	11/14/19	1.35% - 3.40%	2022 - 2061	-	6,020	-	-	6,020
Series 2020 A	06/30/20	0.65% - 3.10%	2023 - 2062	-	10,315	-	-	10,315
Series 2020 B	06/30/20	0.625%	6/1/2022	-	5,685	-	-	5,685
Total				<u>\$ 331,739</u>	<u>\$ 52,460</u>	<u>\$ (22,640)</u>	<u>\$ (20,329)</u>	<u>\$ 341,230</u>

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2019 and bonds payable as of June 30, 2019:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2018	Bond Activity			Bonds Payable at June 30, 2019
					New Bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	
Housing Revenue Bonds								
Series 2006 D	09/27/06	4.91%	7/1/2048	\$ 4,030	\$ -	\$ (60)	\$ (885)	\$ 3,085
Series 2007 B	08/30/07	5.51%	1/1/2038	4,315	-	(90)	-	4,225
Series 2007 C	12/20/07	5.38%	1/1/2043	1,385	-	(25)	-	1,360
Series 2008 A	05/29/08	5.24%	7/1/2038	4,845	-	(105)	(4,740)	-
Series 2008 B	05/29/08	5.63%	7/1/2049	9,550	-	(55)	(9,495)	-
Series 2008 C	09/19/08	5.60%	7/1/2048	6,830	-	(90)	-	6,740
Series 2008 D	12/18/08	5.25% - 6.75%	2018 - 2039	3,400	-	(75)	-	3,325
Series 2009 A	11/24/09	5.25%	7/1/2041	6,075	-	(135)	-	5,940
Series 2012 A	07/26/12	1.85% - 4.375%	2018 - 2054	8,845	-	(120)	-	8,725
Series 2012 B	08/30/12	1.70% - 4.125%	2018 - 2054	4,265	-	(60)	-	4,205
Series 2012 D	11/07/12	1.50% - 3.875%	2018 - 2054	4,430	-	(70)	-	4,360
Series 2013 A	02/28/13	1.35% - 4.00%	2018 - 2054	10,400	-	(150)	-	10,250
Series 2013 B	07/25/13	2.10% - 5.15%	2018 - 2055	9,520	-	(120)	-	9,400
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	1.55% - 5.25%	2018 - 2055	12,045	-	(135)	-	11,910
Series 2014 A	02/27/14	1.35% - 5.00%	2018 - 2055	4,650	-	(55)	-	4,595
Series 2014 B	05/21/14	1.35% - 4.45%	2018 - 2055	1,240	-	(15)	-	1,225
Series 2014 C	08/21/14	1.125% - 4.05%	2018 - 2046	2,290	-	(50)	-	2,240
Series 2014 D	12/17/14	1.125% - 4.20%	2018 - 2056	9,765	-	(135)	-	9,630
Series 2015 A	05/28/15	1.20% - 4.55%	2018 - 2057	7,870	-	(90)	-	7,780
Series 2015 B	10/07/15	0.95% - 4.50%	2018 - 2057	44,990	-	(550)	-	44,440
Series 2016 A	12/14/16	1.30% - 4.40%	2018 - 2058	15,730	-	(6,085)	(2,360)	7,285
Series 2017 A	04/13/17	1.35% - 3.95%	2019 - 2058	18,720	-	(3,860)	(86)	14,774
Series 2017 B	05/10/17	1.40% - 3.75%	2019 - 2059	12,000	-	-	(15)	11,985
Series 2017 C	12/18/17	1.55% - 3.80%	2019 - 2059	28,755	-	-	(3,045)	25,710
Series 2018 A	05/31/18	1.70% - 4.25%	2019 - 2060	42,430	-	(95)	-	42,335
Series 2019 A	01/17/19	1.875% - 4.20%	2021 - 2061	-	14,715	-	-	14,715
Series 2019 B	04/18/19	1.65% - 3.90%	2021 - 2061	-	10,040	-	-	10,040
Series 2019 C	06/27/19	1.40% - 3.65%	2021 - 2061	-	19,665	-	-	19,665
Total				<u>\$ 320,170</u>	<u>\$ 44,420</u>	<u>\$ (12,225)</u>	<u>\$ (20,626)</u>	<u>\$ 331,739</u>

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

NOTE 7 DEBT SERVICE REQUIREMENTS

As of June 30, 2020, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2020) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 11,011	\$ 15,633
2022	10,432	17,537
2023	10,214	4,013
2024	10,117	4,033
2025	10,016	4,219
2026 - 2030	48,216	21,899
2031 - 2035	44,320	25,452
2036 - 2040	39,181	30,631
2041 - 2045	32,696	36,965
2046 - 2050	24,388	85,499
2051 - 2055	14,529	51,986
2056 - 2060	4,671	37,063
2061 - 2063	255	6,300
Total	<u>\$ 260,046</u>	<u>\$ 341,230</u>

As of June 30, 2019 the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2019) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 11,478	\$ 30,529
2021	11,319	6,623
2022	11,129	8,928
2023	10,977	3,998
2024	10,857	3,953
2025 - 2029	52,203	21,577
2030 - 2034	47,811	25,355
2035 - 2039	41,965	31,625
2040 - 2044	34,925	34,032
2045 - 2049	23,888	80,776
2050 - 2054	13,658	44,293
2055 - 2059	4,528	33,955
2060 - 2061	285	6,095
Total	<u>\$ 275,023</u>	<u>\$ 331,739</u>

The interest calculations on outstanding variable rate bonds in the amount of \$41,795 are based on the variable rate in effect on June 30, 2020 and 2019, 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.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

NOTE 8 BOND REFUNDINGS

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 bond refundings for the years ended June 30, 2020 and 2019.

NOTE 9 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 Revenues, 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 liability due to the change in fair value of investments. For the years ended June 30, 2020 and 2019, the rebate liability was \$108 and \$40, respectively.

	2020	2019
Beginning rebate liability	\$ 40	\$ -
Change in estimated liability due to excess earnings (calculated as of the interim computation period ending 1/1)	68	40
Ending rebate liability	\$ 108	\$ 40

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019**

NOTE 10 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Rebate Liability:		
Beginning Balance at June 30	\$ 40	\$ -
Additions	68	40
Reductions	-	-
Ending Balance at June 30	108	40
Less: Due Within One Year	-	-
Total Long-Term Rebate Liability	108	40
Bonds Payable:		
Beginning Balance at June 30	331,739	320,170
Additions	52,460	44,420
Reductions	(42,969)	(32,851)
Ending Balance at June 30	341,230	331,739
Less: Due Within One Year	(15,633)	(30,529)
Total Long-Term Bonds Payable	325,597	301,210
Deposits by Borrowers:		
Beginning Balance at June 30	24,820	20,560
Additions	9,625	9,986
Reductions	(8,621)	(5,726)
Ending Balance at June 30	25,824	24,820
Less: Due Within One Year	(5,866)	(5,069)
Total Long-Term Deposits by Borrowers	19,958	19,751
Total Long-Term Liabilities	\$ 345,663	\$ 321,001

NOTE 11 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, 2020 and 2019, the Fund transferred the following amounts, as permitted, among Funds:

	2020	2019
Excess Revenue Transferred to the General Bond Reserve Fund	\$ (2,000)	\$ (2,000)

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2020 AND 2019

NOTE 12 MORTGAGE INSURANCE

Approximately 99% of the Fund's mortgage loans are insured or credit enhanced 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.

Single-family mortgagors pay the premiums for primary mortgage insurance. Generally, loans are insured in an amount that is at least 25% of the loan amount.

NOTE 13 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 14 SUBSEQUENT EVENTS

CDA has identified the following activity that occurred subsequent to June 30, 2020.

Subsequent to the year ended June 30, 2020, CDA issued \$19,350 of Series 2020 C Housing Revenue Bonds on July 9, 2020. CDA also redeemed \$2,090 of Series 2006 D, \$1,595 of Series 2008 C, and \$5,720 of Series 2009 A Housing Revenue Bonds on September 16, 2020.

Prior to the fiscal year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to CDA activity, COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, an increase in non-performing loans, an increase in loans in forbearance, an overall decrease in loan production, all of which would likely reduce revenues and increase expenses. Management believes that CDA is taking appropriate actions to mitigate the negative impact.

As of the end of the fiscal year, CDA did not observe any material impacts on the Fund's operations or its financial position from the pandemic public health crisis. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time as these events are still developing.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF
INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2020 AND 2019**

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 the U.S. Treasury) held by the Fund as of June 30, 2020, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Increases/ Decreases</u>	<u>Cumulative Total</u>
1997	\$ (352)	\$ (352)
1998	\$ 832	\$ 480
1999	\$ (407)	\$ 73
2000	\$ 48	\$ 121
2001	\$ 193	\$ 314
2002	\$ 157	\$ 471
2003	\$ 889	\$ 1,360
2004	\$ (678)	\$ 682
2005	\$ 897	\$ 1,579
2006	\$ (866)	\$ 713
2007	\$ 48	\$ 761
2008	\$ 444	\$ 1,205
2009	\$ 202	\$ 1,407
2010	\$ 472	\$ 1,879
2011	\$ (280)	\$ 1,599
2012	\$ 1,283	\$ 2,882
2013	\$ (730)	\$ 2,152
2014	\$ (27)	\$ 2,125
2015	\$ 36	\$ 2,161
2016	\$ 409	\$ 2,570
2017	\$ (666)	\$ 1,904
2018	\$ (454)	\$ 1,450
2019	\$ 276	\$ 1,726
2020	\$ 330	\$ 2,056

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF
INVESTMENTS AND MORTGAGE-BACKED SECURITIES (CONTINUED)
(in thousands)
JUNE 30, 2020 AND 2019**

For mortgage-backed securities held by the Fund as of June 30, 2020, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

<u>Fiscal Year Ended June 30,</u>	<u>Annual Increases/ Decreases</u>	<u>Cumulative Total</u>
2000	\$ (3,825)	\$ (3,825)
2001	\$ (3,291)	\$ (7,116)
2002	\$ 3,340	\$ (3,776)
2003	\$ 21,435	\$ 17,659
2004	\$ (11,126)	\$ 6,533
2005	\$ 12,879	\$ 19,412
2006	\$ (27,704)	\$ (8,292)
2007	\$ 3,661	\$ (4,631)
2008	\$ (5,987)	\$ (10,618)
2009	\$ 17,358	\$ 6,740
2010	\$ 13,103	\$ 19,843
2011	\$ (7,348)	\$ 12,495
2012	\$ 6,303	\$ 18,798
2013	\$ (8,491)	\$ 10,307
2014	\$ (5,694)	\$ 4,613
2015	\$ (1,650)	\$ 2,963
2016	\$ 2,232	\$ 5,195
2017	\$ (2,551)	\$ 2,644
2018	\$ (1,920)	\$ 724
2019	\$ (705)	\$ 19
2020	\$ (33)	\$ (14)