

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION
INFRASTRUCTURE PROGRAM FUNDS**

JUNE 30, 2015

Community Development Administration
Infrastructure Program Funds

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	3
COMBINED FINANCIAL STATEMENTS	
COMBINED STATEMENT OF NET POSITION	5
COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION	6
COMBINED STATEMENT OF CASH FLOWS	7
NOTES TO COMBINED FINANCIAL STATEMENTS	9

INDEPENDENT AUDITOR'S REPORT

Office of the Secretary
Department of Housing and Community Development

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of the Community Development Administration Infrastructure Program Funds (the Funds) of the Department of Housing and Community Development of the State of Maryland as of and for the year ended June 30, 2015, and the related notes to the combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the Funds as of June 30, 2015, and the changes in its respective financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited the Funds' 2014 financial statements, and our report dated September 30, 2014, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

As discussed in Note 1, the combined financial statements present only the Community Development Administration Infrastructure Program Funds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the year ended June 30, 2015 and the changes in its net position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of the Funds' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



Baltimore, Maryland
September 30, 2015

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF NET POSITION
(in thousands)

June 30, 2015
(with comparative combined totals as of June 30, 2014)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined	
				2015	2014
RESTRICTED ASSETS					
Restricted current assets					
Cash and cash equivalents on deposit	\$ 750	\$ 3,617	\$ 62,659	\$ 67,026	\$ 42,566
Community facilities loans	290	2,663	5,645	8,598	7,810
Accrued interest and other receivables	14	137	303	454	399
Total restricted current assets	<u>1,054</u>	<u>6,417</u>	<u>68,607</u>	<u>76,078</u>	<u>50,775</u>
Restricted long-term assets					
Community facilities loans, net of current portion	1,132	36,728	102,005	139,865	115,793
Other receivables, net of current portion	2	-	-	2	5
Total restricted long-term assets	<u>1,134</u>	<u>36,728</u>	<u>102,005</u>	<u>139,867</u>	<u>115,798</u>
Total restricted assets	<u>\$ 2,188</u>	<u>\$ 43,145</u>	<u>\$ 170,612</u>	<u>\$ 215,945</u>	<u>\$ 166,573</u>
LIABILITIES AND NET POSITION					
Current liabilities					
Accrued interest payable	\$ 6	\$ 139	\$ 272	\$ 417	\$ 355
Bonds payable	295	4,435	5,705	10,435	7,835
Due to local governments	-	1,301	58,940	60,241	38,577
Total current liabilities	<u>301</u>	<u>5,875</u>	<u>64,917</u>	<u>71,093</u>	<u>46,767</u>
Long-term liabilities					
Bonds payable, net of current portion	1,145	35,920	104,613	141,678	117,120
Other liabilities - advance trustee fees	208	128	20	356	335
Total long-term liabilities	<u>1,353</u>	<u>36,048</u>	<u>104,633</u>	<u>142,034</u>	<u>117,455</u>
Total liabilities	<u>1,654</u>	<u>41,923</u>	<u>169,550</u>	<u>213,127</u>	<u>164,222</u>
NET POSITION					
Restricted	<u>534</u>	<u>1,222</u>	<u>1,062</u>	<u>2,818</u>	<u>2,351</u>
Total liabilities and net position	<u>\$ 2,188</u>	<u>\$ 43,145</u>	<u>\$ 170,612</u>	<u>\$ 215,945</u>	<u>\$ 166,573</u>

See notes to combined financial statements

Community Development Administration
Infrastructure Program Funds

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

Year ended June 30, 2015
(with comparative combined totals as of June 30, 2014)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined	
				2015	2014
Operating revenue					
Interest on community facilities loans	\$ 84	\$ 1,830	\$ 3,338	\$ 5,252	\$ 4,555
Interest income on cash equivalents	-	-	-	-	-
Fee income	-	21	197	218	127
Other operating revenue	-	7	16	23	97
	<u>84</u>	<u>1,858</u>	<u>3,551</u>	<u>5,493</u>	<u>4,779</u>
Operating expenses					
Interest expense on bonds	86	1,807	3,127	5,020	4,354
Professional fee expense	-	-	6	6	-
	<u>86</u>	<u>1,807</u>	<u>3,133</u>	<u>5,026</u>	<u>4,354</u>
Operating (loss) income	<u>(2)</u>	<u>51</u>	<u>418</u>	<u>467</u>	<u>425</u>
CHANGES IN NET POSITION	(2)	51	418	467	425
Net position - restricted at beginning of year	<u>536</u>	<u>1,171</u>	<u>644</u>	<u>2,351</u>	<u>1,926</u>
Net position - restricted at end of year	<u>\$ 534</u>	<u>\$ 1,222</u>	<u>\$ 1,062</u>	<u>\$ 2,818</u>	<u>\$ 2,351</u>

See notes to combined financial statements

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF CASH FLOWS
(in thousands)

Year ended June 30, 2015
(with comparative combined totals as of June 30, 2014)

	Infrastructure	Local	Local	Combined	
	Financing Bonds (MBIA Insured)	Government Infrastructure Bonds (Ambac Insured)	Government Infrastructure Bonds	2015	2014
Cash flows from operating activities					
Principal and interest received on community facilities loans	\$ 366	\$ 10,918	\$ 8,501	\$ 19,785	\$ 17,442
Origination of community facilities loans	-	(111)	(17,670)	(17,781)	(11,913)
Advance trustee fees received	2	67	40	109	86
Trustee fees paid	(20)	(32)	(36)	(88)	(85)
Loan fees received	-	21	197	218	127
Professional fee expenses	-	-	(6)	(6)	-
Other operating revenue	-	7	16	23	36
Other reimbursements	-	-	-	-	(4)
Net cash provided by (used in) operating activities	<u>348</u>	<u>10,870</u>	<u>(8,958)</u>	<u>2,260</u>	<u>5,689</u>
Cash flows from investing activities					
Interest received on cash equivalents	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-
Cash flows from noncapital financing activities					
Proceeds from sale of bonds	-	-	40,435	40,435	21,379
Payments on bond principal	(280)	(7,675)	(5,315)	(13,270)	(13,760)
Interest on bonds	(87)	(1,833)	(3,045)	(4,965)	(4,328)
Net cash (used in) provided by noncapital financing activities	<u>(367)</u>	<u>(9,508)</u>	<u>32,075</u>	<u>22,200</u>	<u>3,291</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(19)	1,362	23,117	24,460	8,980
Cash and cash equivalents on deposit at beginning of year	<u>769</u>	<u>2,255</u>	<u>39,542</u>	<u>42,566</u>	<u>33,586</u>
Cash and cash equivalents on deposit at end of year	<u>\$ 750</u>	<u>\$ 3,617</u>	<u>\$ 62,659</u>	<u>\$ 67,026</u>	<u>\$ 42,566</u>

(continued)

Community Development Administration
Infrastructure Program Funds

COMBINED STATEMENT OF CASH FLOWS - CONTINUED
(in thousands)

Year ended June 30, 2015
(with comparative combined totals as of June 30, 2014)

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined	
				2015	2014
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities					
Operating (loss) income	\$ (2)	\$ 51	\$ 418	\$ 467	\$ 425
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities					
Decrease (increase) in community facilities loans	275	9,055	(34,190)	(24,860)	(8,027)
Decrease (increase) in accrued interest and other receivables	7	33	(92)	(52)	(21)
(Decrease) increase in accrued interest payable	(1)	(26)	89	62	26
Decrease in accounts payable	-	-	-	-	(65)
(Decrease) increase in due to local governments and other liabilities	(18)	(76)	21,779	21,685	9,023
Amortization of bond original issue premiums	-	-	(7)	(7)	-
Interest received on cash and cash equivalents	-	-	-	-	-
Interest on bonds	87	1,833	3,045	4,965	4,328
Net cash provided by (used in) operating activities	<u>\$ 348</u>	<u>\$ 10,870</u>	<u>\$ (8,958)</u>	<u>\$ 2,260</u>	<u>\$ 5,689</u>

See notes to combined financial statements

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS
(in thousands)

June 30, 2015

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Infrastructure Program Bonds pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland to provide a mechanism for financing the infrastructure needs of local governments. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying combined financial statements only include CDA's Infrastructure Program Funds (the Funds). CDA's other programs are not included. However, CDA has also separately issued combined financial statements for the Revenue Obligation Funds, and financial statements for the Single Family Housing Revenue Bonds and Multi-Family Mortgage Revenue Bonds indentures. The Infrastructure Program Funds, Revenue Obligation Funds, Single Family Housing Revenue Bonds and Multi-Family Mortgage Revenue Bonds are enterprise funds of the State of Maryland and are included in the State of Maryland's Comprehensive Annual Financial Report.

Infrastructure Program Funds include three fund groups: Infrastructure Financing Bonds (MBIA Insured), Local Government Infrastructure Bonds (Ambac Insured) and Local Government Infrastructure Bonds (resolution adopted August 1, 2010). Within each fund group are separate accounts maintained for each obligation in accordance with the respective resolutions and series resolutions. All bonds in the Infrastructure Program Funds were issued to provide funds for construction and permanent financing to local governments for public facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Infrastructure Program Funds are accounted for as enterprise funds. Accordingly, the accompanying combined financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally Accepted Accounting Principles

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

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

The Annual Financial Report may include a Management's Discussion and Analysis. Since CDA is an enterprise fund included in the State of Maryland's Comprehensive Annual Financial Report, a separate Management's Discussion and Analysis is not required in these combined financial statements. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these combined financial statements.

Cash and Cash Equivalents on Deposit

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2015, all of the Funds' cash equivalents are invested in a money market mutual fund which is more fully described in Note 3.

Community Facilities Loans

Community facilities loans are carried at their unpaid principal balances. See Note 4 for additional information on community facilities loans.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

Community facilities loans are secured by the full faith and credit of the applicable local government. Therefore, CDA has determined that no allowance for loan losses was necessary as of June 30, 2015.

Accrued Interest and Other Receivables

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2015, all loans were current. Therefore, all accrued interest on loans was recorded during the year. Other receivables include additional principal due from local governments on refunded bonds. See Note 5 for additional information.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized bond premiums and discounts. See Notes 6, 7, 8, and 9 for additional information.

Due to Local Governments

CDA records the total loan amount when the loan closes and collects interest from the local government on this full loan amount from the date of closing. Due to local governments represents the undrawn amount which is held by CDA as an escrow until the funds are needed by the local government.

Fee Income

CDA receives financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Support

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

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 10 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from non-operating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing public facilities for local governments. All of the Funds' activities are considered to be operating.

Use of Estimates

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

Combined Totals

The totals of similar accounts of the various Funds in the accompanying combined financial statements are presented for information purposes only. The totals represent an aggregation of the Funds and do not represent consolidated financial information, as interfund balances are not eliminated.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS ON DEPOSIT

Proceeds from bonds and revenues from loans are invested in authorized investments as defined in the respective resolutions and CDA's Investment Policy until required for financing projects, redeeming outstanding bonds and notes, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, investment agreements, money market funds and any other investment as defined by the resolutions.

As of June 30, 2015, the Funds had \$67,026 invested in a money market mutual fund (Federated Prime Cash Obligations Fund) which is classified as cash and cash equivalents. The following represents the GASB evaluation of this asset for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

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.

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

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS ON DEPOSIT (Continued)

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the resolutions require investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Funds' resolutions, securities must be rated at the highest investment grade by any national rating agency. U.S. dollar denominated accounts and bankers' acceptances which have a rating on their short-term certificates of deposit must be in the two highest ratings by any nationally recognized rating agency. Accounting guidance issued by GASB requires disclosure by amount and investment issuer if investments in any one issuer represent 5 percent or more of total investments. Investments in mutual funds are excluded from this requirement.

As of June 30, 2015, the Federated Prime Cash Obligations Fund was rated AAAM by Standard and Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2015, the Funds' investments were not subject to custodial credit risk under accounting guidance issued by GASB. The money market mutual fund is held in trust by the trustee, kept separate from the assets of the bank and from other trust accounts and is held in CDA's name.

NOTE 4 - COMMUNITY FACILITIES LOANS

Community facilities loans are secured by the full faith and credit of the applicable local government. As such, no allowance for loan losses was necessary as of June 30, 2015. Interest rates on such loans range from 1.76% to 5.62% with remaining loan terms ranging from less than 1 year to 28 years.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

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

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined
Accrued interest on community facilities loans	\$ 11	\$ 137	\$ 303	\$ 451
Additional loan principal as a result of bond refundings	5	-	-	5
Total	<u>\$ 16</u>	<u>\$ 137</u>	<u>\$ 303</u>	<u>\$ 456</u>

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 applicable programs. 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 various bond resolutions of the Funds require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of community facilities loans. All outstanding bonds are subject to redemption at the option of CDA, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. All bonds have fixed interest rates and all bonds are tax-exempt.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 6 - BONDS PAYABLE (Continued)

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

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2014	Bond Activity			Bonds Payable at June 30, 2015
					New bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	
Infrastructure Financing								
Bonds (MBIA Insured)								
1997 Series A	04/15/97	5.625% - 5.75%	2015 - 2027	\$ 320	\$ -	\$ (45)	\$ -	\$ 275
1998 Series B	06/01/98	5.125% - 5.20%	2017 - 2028	485	-	(75)	-	410
1998 Series C	06/01/98	5.15%	12/1/2020	145	-	(20)	-	125
1999 Series A	03/01/99	4.75% - 5.00%	2015 - 2019	665	-	(120)	-	545
2001 Series A	03/01/01	4.625% - 5.00%	2015 - 2021	105	-	(20)	-	85
Total				<u>\$ 1,720</u>	<u>\$ -</u>	<u>\$ (280)</u>	<u>\$ -</u>	<u>\$ 1,440</u>

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2014	Bond Activity			Bonds Payable at June 30, 2015
					New bonds Issued	Scheduled Maturity Payments	Bonds Redeemed	
Local Government								
Infrastructure Bonds								
(Ambac Insured)								
2002 Series A	03/01/02	4.35% - 4.80%	2015 - 2022	\$ 240	\$ -	\$ (30)	\$ -	\$ 210
2003 Series A	03/01/03	3.75% - 4.50%	2015 - 2023	1,070	-	(100)	-	970
2004 Series A	04/22/04	4.00% - 4.875%	2015 - 2034	6,675	-	(190)	(2,690)	3,795
2004 Series B	11/18/04	3.375% - 4.50%	2015 - 2034	3,525	-	(150)	-	3,375
2005 Series A	05/26/05	4.00% - 4.40%	2015 - 2030	6,445	-	(385)	-	6,060
2006 Series A	04/05/06	4.00% - 4.25%	2015 - 2026	5,090	-	(505)	(1,800)	2,785
2007 Series A	05/31/07	3.75% - 4.25%	2015 - 2037	8,245	-	(525)	-	7,720
2007 Series B	11/14/07	3.50% - 4.25%	2015 - 2027	16,740	-	(1,300)	-	15,440
Total				<u>\$ 48,030</u>	<u>\$ -</u>	<u>\$ (3,185)</u>	<u>\$ (4,490)</u>	<u>\$ 40,355</u>

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 6 - BONDS PAYABLE (Continued)

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2014	Bond Activity			Debt Outstanding at June 30, 2015	Bond premium /discount deferred	Bonds payable at June 30, 2015
					New bonds issued	Scheduled maturity payments	Bonds redeemed			
Local Government										
Infrastructure Bonds										
2010 Series A-1	08/25/10	2.00% - 4.00%	2015 - 2030	\$ 15,870	\$ -	\$ (920)	\$ -	\$ 14,950	\$ -	\$ 14,950
2010 Series A-2	08/25/10	2.00% - 4.00%	2015 - 2030	6,985	-	(395)	-	6,590	-	6,590
2012 Series A-1	05/17/12	1.00% - 3.50%	2015 - 2032	8,245	-	(675)	-	7,570	-	7,570
2012 Series A-2	05/17/12	1.00% - 3.60%	2015 - 2032	3,835	-	(300)	-	3,535	-	3,535
2012 Series B-1	12/19/12	0.75% - 3.125%	2015 - 2032	13,465	-	(725)	-	12,740	-	12,740
2012 Series B-2	12/19/12	0.80% - 3.125%	2015 - 2032	6,205	-	(330)	-	5,875	-	5,875
2013 Series A-1	10/03/13	0.65% - 5.00%	2015 - 2043	14,110	-	(560)	-	13,550	-	13,550
2013 Series A-2	10/03/13	0.70% - 5.05%	2015 - 2043	6,485	-	(240)	-	6,245	-	6,245
2014 Series A-1	08/28/14	0.20% - 3.50%	2015 - 2034	-	27,605	(820)	-	26,785	-	26,785
2014 Series A-2	08/28/14	0.20% - 5.00%	2015 - 2034	-	12,720	(350)	-	12,370	108	12,478
Total				\$ 75,200	\$ 40,325	\$ (5,315)	\$ -	\$ 110,210	\$ 108	\$ 110,318

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2015, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2015 and excluding the effect of unamortized bond premiums and discounts) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

For the year ended June 30,	Infrastructure Financing Bonds (MBIA Insured)		Local Government Infrastructure Bonds (Ambac Insured)		Local Government Infrastructure Bonds	
	Interest	Principal	Interest	Principal	Interest	Principal
2016	\$ 73	\$ 295	\$ 1,616	\$ 4,435	\$ 3,264	\$ 5,705
2017	59	310	1,492	2,930	3,201	5,785
2018	43	285	1,378	2,945	3,115	5,895
2019	28	215	1,260	3,065	3,012	5,955
2020	18	80	1,136	3,200	2,898	6,335
2021 - 2025	38	210	3,754	14,690	12,082	31,300
2026 - 2030	4	45	1,183	6,880	7,219	31,265
2031 - 2035	-	-	289	2,000	1,933	16,460
2036 - 2040	-	-	13	210	322	610
2041 - 2045	-	-	-	-	114	900
Total	\$ 263	\$ 1,440	\$ 12,121	\$ 40,355	\$ 37,160	\$ 110,210

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Infrastructure Financing Bonds (MBIA Insured)	Local Government Infrastructure Bonds (Ambac Insured)	Local Government Infrastructure Bonds	Combined
Bonds payable				
Beginning balance at 6/30/2014	\$ 1,720	\$ 48,030	\$ 75,205	\$ 124,955
Additions	-	-	40,325	40,325
Reductions	(280)	(7,675)	(5,315)	(13,270)
Change in deferred amounts for issuance discounts/premiums	-	-	103	103
Ending balance at 6/30/2015	1,440	40,355	110,318	152,113
Less due within one year	(295)	(4,435)	(5,705)	(10,435)
Total long-term bonds payable	1,145	35,920	104,613	141,678
Other liabilities - advance trustee fees				
Beginning balance at 6/30/2014	226	93	16	335
Additions	2	67	40	109
Reductions	(20)	(32)	(36)	(88)
Ending balance at 6/30/2015	208	128	20	356
Total long-term other liabilities - advance trustee fees	208	128	20	356
Total long-term liabilities	\$ 1,353	\$ 36,048	\$ 104,633	\$ 142,034

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 9 - BOND INSURANCE

All outstanding bonds in the Infrastructure Program Funds are insured, except for Local Government Infrastructure Bonds (resolution adopted August 1, 2010). The Infrastructure Financing Bonds 1997 Series A, 1998 Series B and C, 1999 Series A and 2001 Series A are insured by MBIA Insurance Corporation. The Local Government Infrastructure Bonds 2002 Series A through 2007 Series B are insured by Ambac Assurance Corporation. See Note 6 for list of outstanding bonds.

The provisions of the policies for the insured bonds require the insurer to pay that portion of the principal and interest on the bonds which become due for payment but are not paid by CDA. The insurance generally extends for the term of the bonds and cannot be canceled by the insurer.

NOTE 10 - 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.

Community Development Administration
Infrastructure Program Funds

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2015

NOTE 11 - SUBSEQUENT EVENTS

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

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

Local Government Infrastructure Bonds (Ambac Insured)

On July 2, 2015 and July 13, 2015, CDA redeemed \$970 of 2003 Series A bonds and \$360 of 2005 Series A bonds, respectively.

Local Government Infrastructure Bonds

On August 27, 2015, CDA issued \$18,865 of 2015 Series A bonds.