

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2017 AND 2016**

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
YEARS ENDED JUNE 30, 2017 AND 2016**

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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 Local Government Infrastructure 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, 2017 and 2016, 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, 2017 and 2016, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Financial Statement Presentation*

As discussed in Note 1, the financial statements present only 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, 2017 and 2016, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America.

*Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 Reporting Required by Government Auditing Standards**

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



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 29, 2017

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF NET POSITION  
(in thousands)  
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>RESTRICTED ASSETS</b>		
<b>RESTRICTED CURRENT ASSETS</b>		
Cash and Cash Equivalents on Deposit	\$ 61,600	\$ 59,931
Community Facilities Loans	8,380	6,640
Accrued Interest Receivable	721	299
Total Restricted Current Assets	<u>70,701</u>	<u>66,870</u>
<b>RESTRICTED LONG-TERM ASSETS</b>		
Community Facilities Loans, Net of Current Portion	<u>129,710</u>	<u>113,550</u>
Total Restricted Long-Term Assets	<u>129,710</u>	<u>113,550</u>
Total Restricted Assets	<u>\$ 200,411</u>	<u>\$ 180,420</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accrued Interest Payable	\$ 346	\$ 315
Accounts Payable	-	22
Bonds Payable	8,445	6,705
Due to Local Governments	<u>56,332</u>	<u>55,562</u>
Total Current Liabilities	<u>65,123</u>	<u>62,604</u>
<b>LONG-TERM LIABILITIES</b>		
Bonds Payable, Net of Current Portion	132,180	116,089
Advance Trustee Fees	54	33
Other Liabilities	432	-
Total Long-Term Liabilities	<u>132,666</u>	<u>116,122</u>
Total Liabilities	197,789	178,726
<b>NET POSITION</b>		
Restricted	<u>2,622</u>	<u>1,694</u>
Total Liabilities and Net Position	<u>\$ 200,411</u>	<u>\$ 180,420</u>

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
(in thousands)  
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Interest on Community Facilities Loans	\$ 4,344	\$ 3,943
Interest on Cash and Cash Equivalents	26	9
Fee Income	129	111
Other Operating Revenue	36	-
Total Operating Revenue	<u>4,535</u>	<u>4,063</u>
OPERATING EXPENSES		
Interest Expense on Bonds	4,162	3,748
Professional Fee Expense	32	15
Total Operating Expenses	<u>4,194</u>	<u>3,763</u>
Operating Income	341	300
Transfer of Funds, as Permitted by the Various Bond Indentures	<u>587</u>	<u>332</u>
CHANGE IN NET POSITION	928	632
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	<u>1,694</u>	<u>1,062</u>
NET POSITION - RESTRICTED AT END OF YEAR	<u>\$ 2,622</u>	<u>\$ 1,694</u>

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
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STATEMENTS OF CASH FLOWS  
(in thousands)  
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Principal and Interest Received on Community Facilities Loans	\$ 12,191	\$ 10,273
Origination of Community Facilities Loans	(24,987)	(22,221)
Advance Trustee Fees Received	73	57
Trustee Fees Paid	(52)	(44)
Loan Fees Received	129	111
Professional Fee Expense	(32)	(15)
Other Operating Revenue	36	-
Net Cash Used in Operating Activities	(12,642)	(11,839)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Cash Equivalents	24	8
Net Cash Provided By Investing Activities	24	8
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Sale of Bonds	25,735	18,865
Payments on Bond Principal	(7,900)	(6,385)
Interest on Bonds	(4,135)	(3,709)
Transfer Among Funds	587	332
Net Cash Provided by Noncapital Financing Activities	14,287	9,103
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT</b>		
	1,669	(2,728)
<b>CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR</b>		
	59,931	62,659
<b>CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR</b>		
	\$ 61,600	\$ 59,931
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating Income	\$ 341	\$ 300
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Amortization of Bond Original Issue Premiums	(4)	(4)
Interest Received on Cash Equivalents	(24)	(8)
Interest on Bonds	4,135	3,709
(Increase) Decrease in Assets:		
Community Facilities Loans	(17,900)	(12,540)
Accrued Interest Receivable	(422)	4
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	31	43
Accounts Payable	(22)	22
Due to Local Governments	770	(3,378)
Advance Trustees Fees and Other Liabilities	453	13
Net Cash Used in Operating Activities	\$ (12,642)	\$ (11,839)

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION**

The Community Development Administration (CDA) is authorized to issue Local Government Infrastructure 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 financial statements only include CDA's Local Government Infrastructure Bonds (the Fund) (resolution adopted August 1, 2010). CDA's other Funds are not included.

The Fund was established to issue bonds 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 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. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these financial statements.



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**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, 2017 and 2016, all of the Fund's cash equivalents were 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.

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, 2017 and 2016.

Accrued Interest Receivable

Accrued interest includes both interest on cash deposits and interest on loans. As of June 30, 2017 and 2016, all loans were current. Therefore, all accrued interest on loans was recorded during the year.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized bond premiums and discounts. See Notes 5, 6 and 7 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 loan 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.

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 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 9 for additional information.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Fund's 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.

**NOTE 3 CASH AND CASH EQUIVALENTS ON DEPOSIT**

Proceeds from bonds and revenues from loans are invested in authorized investments as defined in the Local Government Infrastructure Bonds Resolution (the Resolution) and in CDA's Investment Policy until required for financing projects, redeeming outstanding bonds, 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 Resolution.

As of June 30, 2017, the Fund had \$61,600 invested in a money market mutual fund (BlackRock Liquidity FedFund Administration Shares). As of June 30, 2016, the Fund had \$59,931 invested in a money market mutual fund (Federated Prime Cash Obligations Fund). Both are classified as cash and cash equivalents. The following represents the GASB evaluation of these assets 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 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. 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. Both operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. Both 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 of June 30, 2017 and 2016, the cost of the money market mutual fund approximated fair value.

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**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 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, 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, 2017, the BlackRock Liquidity FedFund Administration Shares was rated AAAM by Standard and Poor's and Aaa by Moody's Investors Service. As of June 30, 2016, 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, 2017 and 2016, the Fund's 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.

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2017 and 2016, all investments were in a money market mutual fund which is not subject to the fair value measurement requirements.

**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, 2017 and 2016. As of June 30, 2017 and 2016, interest rates on such loans range from 1.76% to 5.09%. Remaining loan terms range from less than 1 year to 28 years and less than 2 years to 29 years, respectively.

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**NOTE 5 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 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.

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

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2016	Bond Activity		Debt Outstanding at June 30, 2017	Bond Premium/Discount Deferred	Bonds Payable at June 30, 2017
					New Bonds Issued	Scheduled Maturity Payments			
Local Government									
Infrastructure Bonds									
2010 Series A-1	8/25/10	3.00% - 4.00%	2017 - 2030	\$ 14,020	\$ -	\$ (955)	\$ 13,065	\$ -	\$ 13,065
2010 Series A-2	8/25/10	2.35% - 4.00%	2017 - 2030	6,190	-	(415)	5,775	-	5,775
2012 Series A-1	5/17/12	1.30% - 3.50%	2017 - 2032	6,885	-	(695)	6,190	-	6,190
2012 Series A-2	5/17/12	1.40% - 3.60%	2017 - 2032	3,230	-	(310)	2,920	-	2,920
2012 Series B-1	12/19/12	1.05% - 3.125%	2017 - 2032	12,005	-	(740)	11,265	-	11,265
2012 Series B-2	12/19/12	1.10% - 3.125%	2017 - 2032	5,540	-	(340)	5,200	-	5,200
2013 Series A-1	10/3/13	1.45% - 5.00%	2017 - 2043	12,985	-	(575)	12,410	-	12,410
2013 Series A-2	10/3/13	1.50% - 5.05%	2017 - 2043	6,000	-	(245)	5,755	-	5,755
2014 Series A-1	8/28/14	0.70% - 3.50%	2017 - 2034	25,730	-	(1,055)	24,675	-	24,675
2014 Series A-2	8/28/14	0.70% - 5.00%	2017 - 2034	11,920	-	(455)	11,465	100	11,565
2015 Series A-1	8/27/15	0.80% - 3.75%	2017 - 2045	12,740	-	(645)	12,095	-	12,095
2015 Series A-2	8/27/15	0.85% - 3.75%	2017 - 2045	5,445	-	(275)	5,170	-	5,170
2016 Series A-1	8/31/16	0.50% - 2.90%	2017 - 2036	-	18,020	(835)	17,185	-	17,185
2016 Series A-2	8/31/16	0.60% - 2.95%	2017 - 2036	-	7,715	(360)	7,355	-	7,355
<b>Total</b>				<b>\$ 122,690</b>	<b>\$ 25,735</b>	<b>\$ (7,900)</b>	<b>\$ 140,525</b>	<b>\$ 100</b>	<b>\$ 140,625</b>

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**NOTE 5 BONDS PAYABLE (CONTINUED)**

The following is a summary of the bond activity for the year ended June 30, 2016 and bonds payable as of June 30, 2016:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2015	Bond Activity		Debt Outstanding at June 30, 2016	Bond Premium/Discount Deferred	Bonds Payable at June 30, 2016
					New Bonds Issued	Scheduled Maturity Payments			
Local Government Infrastructure Bonds									
2010 Series A-1	8/25/10	1.90% - 4.00%	2016 - 2030	\$ 14,950	\$ -	\$ (930)	\$ 14,020	\$ -	\$ 14,020
2010 Series A-2	8/25/10	2.00% - 4.00%	2016 - 2030	6,590	-	(400)	6,190	-	6,190
2012 Series A-1	5/17/12	1.10% - 3.50%	2016 - 2032	7,570	-	(685)	6,885	-	6,885
2012 Series A-2	5/17/12	1.20% - 3.60%	2016 - 2032	3,535	-	(305)	3,230	-	3,230
2012 Series B-1	12/19/12	0.95% - 3.125%	2016 - 2032	12,740	-	(735)	12,005	-	12,005
2012 Series B-2	12/19/12	1.00% - 3.125%	2016 - 2032	5,875	-	(335)	5,540	-	5,540
2013 Series A-1	10/3/13	1.10% - 5.00%	2016 - 2043	13,550	-	(565)	12,985	-	12,985
2013 Series A-2	10/3/13	1.15% - 5.05%	2016 - 2043	6,245	-	(245)	6,000	-	6,000
2014 Series A-1	8/28/14	0.45% - 3.50%	2016 - 2034	26,785	-	(1,055)	25,730	-	25,730
2014 Series A-2	8/28/14	0.45% - 5.00%	2016 - 2034	12,370	-	(450)	11,920	104	12,024
2015 Series A-1	8/27/15	0.40% - 3.75%	2016 - 2045	-	13,215	(475)	12,740	-	12,740
2015 Series A-2	8/27/15	0.45% - 3.75%	2016 - 2045	-	5,650	(205)	5,445	-	5,445
Total				\$ 110,210	\$ 18,865	\$ (6,385)	\$ 122,690	\$ 104	\$ 122,794

**NOTE 6 DEBT SERVICE REQUIREMENTS**

As of June 30, 2017, the required principal payments for bonds (including mandatory sinking fund payments 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:

Year Ended June 30,	Interest	Principal
2018	\$ 4,152	\$ 8,445
2019	4,021	8,535
2020	3,865	8,965
2021	3,669	8,985
2022	3,464	9,130
2023-2027	13,731	43,395
2028-2032	6,948	38,095
2033-2037	1,525	11,985
2038-2042	506	1,685
2043-2047	84	1,305
Total	\$ 41,965	\$ 140,525

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**NOTE 6 DEBT SERVICE REQUIREMENTS (CONTINUED)**

As of June 30, 2016, the required principal payments for bonds (including mandatory sinking fund payments 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, were as follows:

<u>Year Ended June 30,</u>	<u>Interest</u>	<u>Principal</u>
2017	\$ 3,782	\$ 6,705
2018	3,689	6,820
2019	3,568	6,900
2020	3,425	7,310
2021	3,245	7,310
2022 - 2026	13,240	35,660
2027 - 2031	7,399	33,900
2032 - 2036	1,909	14,800
2037 - 2041	574	1,615
2042 - 2046	156	1,670
Total	<u>\$ 40,987</u>	<u>\$ 122,690</u>

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**NOTE 7 LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Bonds Payable:		
Beginning Balance at June 30,	\$ 122,794	\$ 110,318
Additions	25,735	18,865
Reductions	(7,900)	(6,385)
Change in Deferred Amounts for Issuance Premiums	(4)	(4)
Ending Balance at June 30,	140,625	122,794
Less Due Within One Year	(8,445)	(6,705)
Total Long-Term Bonds Payable	132,180	116,089
Other Liabilities - Advance Trustee Fees:		
Beginning Balance at June 30,	33	20
Additions	73	57
Reductions	(52)	(44)
Ending Balance at June 30,	54	33
Total Long-Term Other Liabilities - Advance Trustee Fees	54	33
Other liabilities:		
Beginning Balance at June 30,	-	-
Additions	432	-
Reductions	-	-
Ending Balance at June 30,	432	-
Total Long-Term Other Liabilities	432	-
Total Long-Term Liabilities	\$ 132,666	\$ 116,122

**NOTE 8 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. As of June 30, 2017, \$587 was transferred into the Fund from CDA's General Bond Reserve Fund to meet the debt service reserve requirement to secure the 2016 Series A-2 bonds. As of June 30, 2016, \$332 was transferred into the Fund from CDA's General Bond Reserve Fund to meet the debt service reserve requirement to secure the 2015 Series A-2 bonds.

**COMMUNITY DEVELOPMENT ADMINISTRATION  
LOCAL GOVERNMENT INFRASTRUCTURE BONDS  
NOTES TO FINANCIAL STATEMENTS  
(in thousands)  
JUNE 30, 2017 AND 2016**

**NOTE 9 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](http://www.sra.state.md.us).

**NOTE 10 SUBSEQUENT EVENTS**

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

Subsequent to the year ended June 30, 2017, CDA issued \$39,035 of 2017 Series A bonds on August 2, 2017.