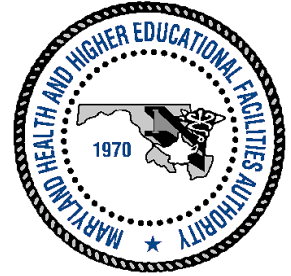


**MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES
AUTHORITY**

401 E. PRATT STREET
SUITE 1224
BALTIMORE, MARYLAND 21202
410-837-6220
FAX 410-685-1611



**Agenda
Audit Committee Meeting**

May 7, 2024 at 8:30 A.M.

This meeting will be conducted remotely via conference line and Microsoft Teams link:
<https://us06web.zoom.us/j/85808562620?pwd=oN26DVv7WLLITDtcwknXup3hFL4yZk.1>

*Conference Phone Line – 1-301-715-8592
Meeting ID – 858 0856 2620#
Passcode – 065066#*

- I. Approval of minutes of September 7, 2023 Audit Committee meeting
- II. Presentation by CohnReznick
 - FY2024 Engagement Team
 - Audit and Agreed-Upon Procedures (AUP) Timeline
 - Required Audit Procedures
 - Preliminary Assessment of Potential Risk Areas
 - Final Review & Reporting
 - Auditor Responsibilities
 - New GASB Pronouncements
 - AUP Literature
 - AUP Procedures
 - Management’s AUP Selection Criteria & Rationale
- III. Select Date and Time for Presentation of Draft Audited Financial Statements:
 - Last year’s meeting was September 7, 2023
 - We propose September 10, 2024 for this year’s meeting.
- IV. Review of FY 2025 Operating and Capital Budgets.
- V. Other matters which may come before the Audit Committee

**MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES
AUTHORITY**

AUDIT COMMITTEE

An open meeting of the Audit Committee of the Maryland Health and Higher Educational Facilities Authority (“the Authority”) was convened at 9 a.m., Tuesday, September 7, 2023 in-person and via zoom with Mr. Frederick Meier, Chairman, presiding.

Present: Frederick Meier, Chairman
Arnold Williams, Member
Bonnie Phipps, Member
Dan White, Member
Jonathan Martin as representative of Treasurer Dereck Davis, ex-officio
Barlow T. Savidge, Executive Director
Lynn Gorman-Lepson, Chief Financial Officer
David Gregory, Bond Counsel
William Taylor IV, Bond Counsel
Eric Rumberger, CohnReznick LLP
Amy Higgins, CohnReznick LLP

Absent: Mamie Perkins, Member

1. The minutes of the May 2, 2023 meeting of the Audit Committee were unanimously approved.
2. After a motion by Mr. Williams and a second by Ms. Phipps, the audit committee voted unanimously to close the meeting pursuant to Section 3-305(b)(6) of the General Provisions Article of the Annotated Code of Maryland for the purpose of discussing administrative, personnel, procurement and other matters.
3. Representatives of CohnReznick were in attendance to present the final draft of the audited financial statements and the final Agreed Upon Procedures (AUP) Report for the 2023 fiscal year.
 - Mr. Rumberger described the materials provided to the Committee and reviewed the agenda for the presentation.
 - Mr. Rumberger introduced the 2023 Engagement Team and reviewed the Audit and AUP timeline. He highlighted that the preliminary fieldwork began one week earlier than the prior year and that AUP Report was finalized on August 10th, three weeks earlier than planned.
 - Mr. Rumberger reviewed the auditor’s responsibility and approach with respect to the audit and additional information. He stated that there had been

no significant audit findings and that the opinion of CohnReznick LLP with respect to the Authority's financial statements for the fiscal year ended June 30, 2023 is unmodified. Mr. Rumberger highlighted that one paragraph in the Independent Auditor's Report, containing duplicate verbiage, was streamlined in the Report.

- Ms. Gorman-Lepson provided an overview of the FY 2023 Annual Report. She discussed the variances noted in the Management's Discussion and Analysis section, highlighting the increase in pension expense was the main reason for the overall increase in FY 2023 operating expenses. Ms. Gorman-Lepson stated that the decreases in bond issuances and construction fund requisitions was a result of less favorable market conditions.
- Ms. Gorman-Lepson provided a brief overview of the financial statements highlighting variances in the cash, investments and net pension liability line items. Ms. Gorman-Lepson stated that in the prior year, the Authority added a separate line in the Statement of Revenues, Expenses and Changes in Net Position for pension expense to highlight the fluctuations in this expense item. Ms. Gorman-Lepson provided a high-level review of the Notes to the Financial Statements and Additional Information included at the end of the audit relating to funds held by Third Party Trustees and Escrow Agents and the Conduit Debt Outstanding.
- A question was raised about the Authority's role in the investment of bond proceeds on behalf of its Institutions. Mr. Savidge responded that all of these trustee-held investments are invested in accordance with the bond documents for each issuance. Several institutions with large construction fund balances work with MHHEFA to engage third-party managers who are also required to follow the requirements and permitted investments of the associated bond documents. After discussion, it was recommended to add a sentence to the Additional Information section of the Report to clarify the Authority's role in self-directing the investment of trustee-held funds.
- Mr. Rumberger reviewed the auditor's management letter stating that there were no deficiencies in internal control considered to be material weaknesses noted during the engagement.
- Mr. Rumberger also reviewed the auditor's letter of communication with those charged with governance and highlighted that there were no new significant accounting policies adopted in FY 2023 and there were no difficulties encountered or disagreements with management in performing the audit or AUP.
- Mr. Rumberger provided an overview of the FY 2023 AUP Report highlighting that there were no exceptions noted as a result of the procedures performed and that the Report was finalized on August 10, 2023. Ms. Higgins

reported that The Authority added some additional procedures in FY 2023 relating to the LIBOR to SOFR Amendments that were completed during the year.

- Ms. Phipps shared her praise of Ms. Gorman-Lepson and the Authority's team for successfully completing the audit. Mr. Savidge followed up by congratulating Ms. Gorman-Lepson and attributed the success to the experienced staff and the effective processes that are followed.
4. The Audit Committee excused the Authority's staff to confer with the representatives of CohnReznick LLP.
 5. After returning to open session, The Audit Committee unanimously accepted the audit and the financial statements.
 6. Having no other matters coming before the Audit Committee, the meeting was adjourned at approximately 9:50 am.

Approval:

Frederick Meier, Chairman

Lynn Gorman-Lepson
Chief Financial Officer

May 7, 2024

MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY

AUDIT PLANNING MEETING FOR THE YEAR ENDED JUNE 30, 2024

Presented to: Audit Committee

May 7, 2024

CohnReznick LLP



CohnReznick is an independent
member of Nexia International



May 7, 2024

The Audit Committee of the
Maryland Health and Higher Educational
Facilities Authority

We appreciate the opportunity to discuss the Maryland Health and Higher Educational Facilities Authority (MHHEFA) business issues and your expectations of CohnReznick as your independent auditors for the year ending June 30, 2024.

We present you with our audit plan, which includes a summary of our mutual understanding and expectations between you and others within MHHEFA and CohnReznick, an overview of areas of audit emphasis, internal control standards, our timeline for the audit, and other important matters. Discussion of our plan with you ensures our engagement team members understand your concerns, and that we agree on mutual needs and expectations to provide the highest level of service quality.

We look forward to another successful year together.

Very truly yours,

A handwritten signature in blue ink that reads "Eric A. Rumberger, CPA".

Eric A. Rumberger, CPA
Partner



AGENDA

- 2024 Engagement Team
- Audit and Agreed-Upon Procedures (AUP) Timeline
- Required Audit Procedures
- Preliminary Assessment of Potential Risk Areas
- Final Review and Reporting
- Auditor Responsibilities
- New GASB Pronouncements
- AUP Literature
- AUP
- AUP Selection Criteria and Rationale
- Q&A
- CohnReznick Contacts



2024 ENGAGEMENT TEAM



2024 ENGAGEMENT TEAM

- Eric A. Rumberger, CPA - Engagement Partner
- James Lyons, CPA - Director, Technical Review
- Amy Higgins, CPA - Senior Manager
- Alicia Dennis, CPA - Manager
- Sean Wille, CPA - Manager



AUDIT AND AUP TIMELINE



AUDIT AND AUP TIMELINE

Task	Actual Date(s) 2023	Planned Date(s) 2024
Audit Committee Meeting	May 2	May 7
Preliminary Field Work	June 5 – June 9	June 3 – June 7
Financial Statement Preparation	July 31	July 29
Fieldwork – Audit & AUP	July 31 – August 25	July 29 – August 23
Review and Sign Off on Financial Statements	August 25	August 23
Draft Agreed-Upon Procedures Report	August 5	August 23
Legal Letter from MHHEFA’s Legal Counsel	August 28	August 26
Audit Committee Presentation of Financial Statements Draft	September 7	September 10
Representation Letter – Audit & AUP	September 7 and August 10	September 10
Printing of Financial Statements	September 7	September 10
Presentation of Financial Statements to MHHEFA	October 3	October 1



REQUIRED AUDIT PROCEDURES



REQUIRED AUDIT PROCEDURES

Required Audit Procedures

- Review application fees and recalculate administrative fees
- Perform walkthroughs on internal controls (noted below)
- Review Fiscal Year Budgets

Required to perform specific procedures on significant risks, including:

- Fraud - SAS 99, interviews, brainstorming
- Recent developments - latest GASB pronouncements
- Complex and/or significant transactions
- Subjective measurements - estimates, useful lives
- Non-routine transactions - journal entry testing
- IT Cyber Security
- Review status/effectiveness of controls, including:
 - Cash receipts/disbursements
 - Payroll
 - Investments
 - Financial close



REQUIRED AUDIT PROCEDURES (CONTINUED)

Substantive Tests

- Tailored to respond to specific risks of misstatement
- For each material class of transactions, account balance, and disclosure irrespective of risk assessment
- Designed to address significant risks
- Specific tests for presentation and disclosure

Nature of procedures is the most important response to risk assessment

Required procedures

- All relevant assertions, regardless of risk assessment
- Reconcile financial statements and footnotes to accounting records
- Test all significant, unusual, and non-recurring journal entries

Accumulate all known and likely misstatements identified and communicate them timely



**PRELIMINARY ASSESSMENT
OF POTENTIAL RISK AREAS**



PRELIMINARY ASSESSMENT OF POTENTIAL RISK AREAS

Our preliminary assessment of risk identified areas to address when performing detailed risk assessment, including:

- Required to be considered as risks (SAS 99)
 - Revenue recognition - administrative fees
 - Management override of internal control - walkthroughs
 - Journal entry processing - completeness of financial reporting system and manual processes
- Additional potential risk areas
 - Financial close process and generation of financial statements
 - Payroll
 - Bank reconciliations
 - Investments - general operating fund
- IT Questionnaire
 - Develop tests for walkthrough of general IT controls in place
 - Tailor based on understanding developed in prior years



PRELIMINARY ASSESSMENT OF POTENTIAL RISK AREAS (CONTINUED)

Walkthroughs

- Cash receipts
 - Application fees
 - Administrative fees
- Procure to pay
 - Cash disbursements
 - New vendor issuances, if any
- Payroll
 - Processing payroll
 - Reporting Payroll
- Financial close
 - Review of annual budget
 - Review and approval of journal entries
- Investments - general operating fund
 - Review policy
 - Review purchase/sale transactions



**FINAL REVIEW AND
REPORTING**



FINAL REVIEW AND REPORTING

Must audit GAAP disclosures

- Disclosure checklist
- Reconcile financial statements to general ledger
- Tie footnotes to accounting and other supporting records
- Assess understandability of the financial statements considering the needs of users

Internal quality control review - James Lyons

- Technical resource throughout audit engagement
- Independent of engagement team

Comparative financial statements

Review of draft reports/presentation to Audit Committee

- Financial statements
- Annual Report
- Agreed-Upon Procedures



**AUDITOR
RESPONSIBILITIES**



AUDITOR RESPONSIBILITIES

We will inform the Audit Committee and/or Board of Directors of each of the following under AU-C-260:

- Our responsibility under generally accepted auditing standards
- New and significant accounting policies
- Management judgments and significant accounting estimates
- Significant audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Management consultation with other accountants
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit



NEW GASB PRONOUNCEMENTS



NEW GASB PRONOUNCEMENTS

GASB No. 101 - Compensated Absences

- Statement standardizes when liabilities for different types of leave offered by governments should be recognized
- Simplifies disclosure requirements related to compensated absences
- Effective for periods beginning after December 15, 2023, FYE 6/30/25 for MHHEFA



NEW GASB PRONOUNCEMENTS (CONTINUED)

GASB No. 102 - Certain Risk Disclosures

- Statement requires entity to assess whether a concentration or constraint makes the entity vulnerable to the risk of a substantial impact and whether there are events that could cause a substantial impact
- Concentration - A lack of diversity related to an aspect of a significant inflow or resources or outflow of resources
- Constraint - A limitation imposed on the entity by an external party or by formal action of the highest level of decision-making authority
- Requires footnote disclosure if following criteria are met: 1) A concentration or constraint is known prior to issuance of the financial statements, 2) The concentration or constraint makes the entity vulnerable to risk of substantial impact, and 3) An event has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued.
- Effective for periods beginning after June 15, 2024, FYE 6/30/25 for MHHEFA



**AGREED-UPON
PROCEDURES LITERATURE**



AGREED-UPON PROCEDURES LITERATURE

AICPA AT-C Section 215 (SSAE 18) - Agreed-Upon Procedures (AUP) Engagements

- .02 An AUP is an attestation engagement in which the practitioner performs specific procedures on subject matter and reports the findings without providing an opinion or conclusion
- .03 Because the engaging party best understands its own needs, the engaging party is required to agree to the procedures and acknowledge the procedures performed are appropriate for the intended purpose of the engagement

Requirements of the practitioner

- .016 The practitioner should perform procedures agreed to and acknowledged by the engaging party to meet the intended purpose of the engagement established
- .017 The practitioner should not perform procedures that are open to varying interpretations or contain vague or ambiguous language

Section .A21 - To avoid ambiguous language, the procedures to be performed are characterized by the action taken at a level sufficient for the reader to understand the nature and extent of the procedure.

Acceptable descriptions are:

- Inspect, confirm, compare, agree, trace, inquire, recalculate, observe, and mathematically check



AGREED-UPON PROCEDURES



AGREED-UPON PROCEDURES

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

- Procedure 1 - For all new fiscal 2024 bond issuances identified by MHHEFA, we will confirm the following:
 - Cash balances held by trustees
 - Investment balances held by trustees
 - Bond principal outstanding
 - Debt service principal and interest receivable from the institution or interest receivable from the capitalized interest fund
- Procedure 2 - For the bond issuances identified by MHHEFA which require a debt service reserve fund, we will compare the debt service fund trustees' most recent valuation of the selected bond issuances' debt service reserve funds to the minimum valuation requirements as outlined in the respective bond trust indentures and confirm the amount of funds held in the debt service reserve as of the most recent valuation date is sufficient.
- Procedure 3 - For the bond issuance identified by MHHEFA whose proceeds were used to advance refund other outstanding bonds or refund and restructure an escrow fund, we will review the verification reports provided by MHHEFA's management, to determine the adequacy of the bond escrow fund to provide for timely payments of debt obligations. Note, there were no advance refundings in FY 2024.



AGREED-UPON PROCEDURES (CONTINUED)

- Procedure 4 - For the new bond issuances identified by MHHEFA which were issued with investments in government and agency securities, we will review the investments by fund reports provided by MHHEFA's management, obtain copies of all relevant bond documents, trace government and agency securities to the permitted investments per the bond documents, and compare the actual investments to the investments by fund report.
- Procedure 5 - For the bond issuances identified by MHHEFA in default or in violation of a debt covenant, we will verify the actions taken by MHHEFA regarding waivers.
- Procedure 6 - For any bond issuances identified by MHHEFA which have a construction fund, we will confirm all requisition requests for payment, confirm approval, and confirm whether there were any amendments to the project communicated to the Board.



**AUP SELECTION CRITERIA
AND RATIONALE**



AUP SELECTION CRITERIA AND RATIONALE

The following outlines management's criteria and rationale for selecting bonds for CohnReznick to perform the Agreed-Upon Procedures

- All new bonds issued in the current FY.
 - This criterion and AUP review ensure that all new issued bonds are set up correctly by the trustee.
 - If applicable, all 6 AUP procedures are performed.
- Certain bonds with construction funds are selected.
 - The bonds are selected based upon a certain minimum investment balance and a review of prior years' selection to ensure a good rotation.
 - AUP procedures 1 & 6 are performed to confirm trustee balances and the investment and requisition process.
- Certain bonds with debt service reserve funds (DSRF) are selected.
 - The bonds are selected based upon a review of prior years' selection to ensure a good rotation.
 - AUP procedure 2 is performed to ensure that the trustee's most recent DSRF valuation meets the indenture's minimum valuation requirement.



AUP SELECTION CRITERIA AND RATIONALE (CONTINUED)

- All bonds that had a financial covenant violation in the FY are selected.
 - AUP procedure 5 is performed to verify the Authority's actions are consistent with the bond documents.
- 5 bonds are selected that have not been reviewed in the last 5 years.
 - The bonds are selected to ensure that they have not been previously selected in the last 5 years, that all sectors (healthcare, education, etc.) and the Authority's trustees and the 3 account managers are represented in the selection.
 - AUP procedure 1 is performed to confirm the trustee balances.
 - This final selection criteria is used by management to ensure that a broad representation of prior bonds issues are reviewed.


Q&A

COHNREZNICK CONTACTS

Eric A. Rumberger, CPA
Partner
Charlotte, NC

(704) 315-5388
Eric.Rumberger@CohnReznick.com

Sean Wille, CPA
Manager
Charlotte, NC

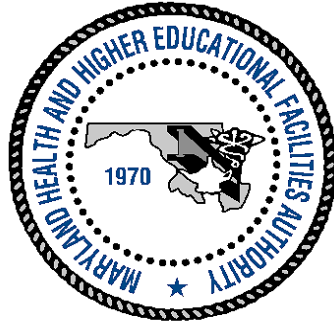
(980) 321-7805
Sean.Wille@CohnReznick.com

Amy Higgins, CPA
Senior Manager
Baltimore, MD

(410) 895-7219
Amy.Higgins@CohnReznick.com

Alicia Dennis, CPA
Manager
Baltimore, MD

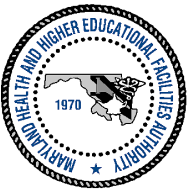
(410) 783-4866
Alicia.Dennis@CohnReznick.com



**MARYLAND HEALTH & HIGHER EDUCATIONAL
FACILITIES AUTHORITY**

FY 2025 BUDGET

5/7/24



**Maryland Health and Higher Educational Facilities Authority
FY 2025 Budget Assumptions**

Operating Revenues:

- Annual Administrative Fees

- ✓ \$2,814,000

- Annually, the Board establishes the administrative fee. The FY 2025 budget draft assumes authorization to waive 70% of maximum 10 basis point fee.

- Continue to charge 3 basis points per annum.
 - The Authority has been able to maintain the same Admin Fee since 2007 when it increased from 2.5 basis points to 3 basis points.

- FY 2025 budget based on annualizing April 2024 billing cycle and consideration of expected FY 2025 bond maturities, conversions and draw-down bond balances.

- ✓ The Authority is fortunate to be able to assess a competitive fee and deliver value added services in the issuance and post issuance process. Given our size and efficiency, the Authority has been able to build its board designated operations, community outreach and contingency assets.

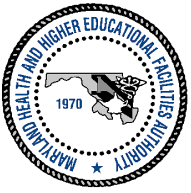
- If the Authority was to establish the FY 2025 fee at the 2007 level (2.5 basis points), this 16.7% admin fee reduction would have yielded the following impact the last three years:

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Operating Revenues	\$2,855,000	\$2,794,000	\$2,808,000
Operating Income	\$777,000	\$1,260,000	\$1,058,000
Operating Income at 2.5 basis points Admin Fee	\$300,000	\$793,000	\$589,000
Reduction at 2.5 basis points	\$477,000	\$467,000	\$469,000

Non-Operating Revenue (Expense):

- Investment Income

- ✓ \$1,095,127 – For investments that do not mature prior to 6/30/25, budgeted investment income is based upon stated coupon rate for current investment portfolio purchased at par and yield to maturity for current investment portfolio purchased at a discount. If investments mature prior to 6/30/25, investment income is budgeted as a combination of stated coupon rate (par purchases) or yield to maturity (discount purchases) for FY



2025 days outstanding plus investment revenue budgeted at 4% for all days outstanding subsequent to maturity.

- ✓ The Authority investments are governed by its conservative Investment Policy which is reviewed and approved annually.
- ✓ The Authority maintains a laddered maturity approach and does not trade or sell investments prior to maturity. The current investment portfolio matures as follows:
 - i. FY 2024 - \$5,000,000
 - ii. FY 2025 - \$9,732,000
 - iii. FY 2026 - \$10,475,000
 - iv. FY 2027 - \$10,520,000
- ✓ As of 3/31/2024, the average maturity of its investments (excludes cash position) was 563 days.

- Interest Expense

- ✓ \$10,423 - Based on the Adoption of GASB 87 on Leases requiring the calculation of monthly interest expense based on the present value of the remaining lease liability.

Operating Expenses:

- Salaries

- ✓ \$966,647, includes a 5.5% increase to account for cost of living and certain step increases, modest discretionary staff bonuses and the estimated net impact of year-end vacation accruals.

- Benefits

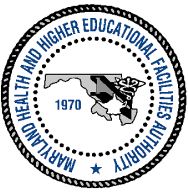
- ✓ \$83,000 - Based on current expected salaries for FY 2025.

- Pension

- ✓ \$91,200 - Does not include potential non-cash changes in net pension liability.

- Payroll Taxes

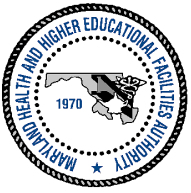
- ✓ \$61,923 - Based on budgeted salaries for FY 2025.



- Professional Fees: \$441,500
 - ✓ Legal - \$65,000 - MSH legal for Authority matters.
 - ✓ Audit - \$64,000.
 - ✓ Financial Advisor(s) - \$242,500, includes retainer, meeting fees and bond transaction fees for both PFM and possible alternate financial advisory services.
 - ✓ Other - \$40,000, MSH legal for special projects, legislative monitoring and other inquiries.
 - ✓ Project Consulting - \$30,000, includes fees for IT management consulting (Waters) and community outreach projects (Anselmi).

- Contracted Services: \$184,966
 - ✓ Physical off-site storage - \$3,000.
 - ✓ General Contracted Services - \$6,000, includes fees for Paychex and Capital Office Solutions.
 - ✓ Information System Data Security - \$10,200, includes fees for VEEAM on-site and cloud back-up services.
 - ✓ Information Systems Trustee Reporting - \$52,770, includes fees for SS&C Evare Data Network.
 - ✓ Onsite IT Support - \$48,000, includes various professional fees associated with CTI Tech-a-Day services and other IT labor related expenses related to annual retainer.
 - ✓ Information System Contracted Annual Services - \$64,996, includes various service and support retainers for accounting and investment software applications and software renewals.

- Insurance: \$44,500
 - ✓ Premiums in FY2024 were \$39,706; The budget includes a contingency for an increase in renewal premiums.
 - ✓ The Authority utilizes RCM&D as its commercial insurance broker. Management meets annually to review coverage and prepare for renewals.
 - ✓ Travelers Insurance provides our Commercial Package (Property & General Liability (\$2 million) and Workers Compensation which includes a \$5 million Umbrella.
 - ✓ ACE American Insurance provides our \$5 million Directors & Officers coverage.
 - ✓ The A.M. Best ratings are A++ and A+ for Travelers and ACE American, respectively; both are characterized as “Superior” by A.M. Best.



- Depreciation and Amortization: \$104,542
 - ✓ Depreciation - \$18,631, based on current fixed asset depreciation schedules plus increase for Capital Budget items.
 - ✓ Amortization - \$85,911, based on the Adoption of GASB 87 on Leases requiring monthly amortization to be calculated on a straight-line basis over the 88-month lease term.

- All Other Operating Expense: \$67,900
 - ✓ Allocated Building Operating Expenses - \$7,000, based on current estimate of annual building utility assessment provided by the landlord plus a contingency (Maryland Port Administration).
 - ✓ Phone and Internet - \$11,000 – Telecommunications.
 - ✓ Board Related Meeting and Travel - \$7,500 - PFM travel expenses and other miscellaneous board meeting expenses.
 - ✓ \$42,400, includes dues & subscriptions, bank service charges, training and general office expenses such as office supplies and postage.

Capital Budget

- ✓ \$28,500, Furniture and Fixtures, Replacement of Watchguard Appliance, Host Server and Laptops, Software Upgrades, & Replacement of Office Equipment.

Maryland Health and Higher Educational Facilities Authority

4/29/2024

FY 2025 Operating Budget

	FY 2023 <u>Actual</u>	FY 2024 <u>Projected</u>	Adopted FY 2024 <u>Budget</u>	Proposed FY 2025 <u>Budget</u>	FY 2025 Budget Increase <u>(Decrease)</u>
<u>OPERATING REVENUES</u>					
Administrative Fees	\$2,807,582	\$2,814,230	\$2,804,000	\$2,814,000	\$10,000
TOTAL OPERATING REVENUES	\$2,807,582	\$2,814,230	\$2,804,000	\$2,814,000	\$10,000
<u>OPERATING EXPENSES</u>					
Salaries	\$883,271	\$925,480	\$925,083	\$966,647	\$41,564
Employees' insurance and other fringe benefits (1)	\$69,412	\$75,445	\$74,000	\$83,000	\$9,000
Pension Expense (1)	\$71,743	\$86,048	\$87,000	\$91,200	\$4,200
Payroll Taxes	\$55,475	\$58,394	\$58,993	\$61,923	\$2,930
Professional Fees	\$318,844	\$296,522	\$525,000	\$441,500	(\$83,500)
Contracted Services	\$175,933	\$178,026	\$160,657	\$184,966	\$24,309
Insurance	\$44,793	\$40,205	\$50,500	\$44,500	(\$6,000)
Depreciation and Amortization (2)	\$92,907	\$98,100	\$106,978	\$104,542	(\$2,435)
All Other Operating Expenses (2)	<u>\$36,433</u>	<u>\$39,062</u>	<u>\$67,550</u>	<u>\$67,900</u>	<u>\$350</u>
TOTAL OPERATING EXPENSES	\$1,748,811	\$1,797,282	\$2,055,761	\$2,046,178	(\$9,582)
NET OPERATING INCOME	\$1,058,771	\$1,016,949	\$748,239	\$767,822	\$19,582
<u>NON-OPERATING REVENUES (EXPENSES)</u>					
Net Income from Investments	\$325,584	\$635,529	\$564,035	\$1,095,127	\$531,092
Interest Expense (2)	(\$17,578)	(\$14,113)	(\$14,113)	(\$10,423)	\$3,690
Unrealized Gain/(Loss) on Investments (3)	<u>(\$173,492)</u>	<u>\$781,525</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>CHANGE IN NET POSITION</u>	<u>\$1,193,286</u>	<u>\$2,419,890</u>	<u>\$1,298,162</u>	<u>\$1,852,526</u>	<u>\$554,364</u>

(1) In the FY 2022, MHHEFA broke out the Employees' insurance, pension and other fringe benefits line item into 2 separate expense categories to clarify the nature of these expenses. The Pension Expense line item includes the non-cash pension liability adjustment that is provided by the State.

(2) The cash outlay for monthly rent payments continues to be in accordance with the first amendment to the office lease agreement with the Maryland Port Administration, effective February 26, 2020. Due to the adoption of GASB 87 in FY 2022, rent expense is no longer recorded. Instead, monthly interest expense represents the present value of the remaining lease liability, calculated on a monthly basis. Monthly amortization expense is calculated on a straight-line basis over the 88 month lease term. The total of the monthly interest and amortization expense is not materially different from the previous rent expense amounts. Since there will not be rent expense going forward, phone and internet expenses have now been included in All Other Operating Expenses.

(3) Unrealized Gain/Loss is not budgeted. All changes sum to -0- over time because investments are held until maturity or call date. The FY 2024 projected amount is based upon 3/31/24 position.

MHHEFA FUND BALANCE HISTORY

FY 2025 Operating Budget

4/29/2024

FISCAL YEAR	BEGINNING NET POSITION	LESS EXPENSES	PLUS OPERATING REVENUE	NET OPERATING INCOME	PLUS INVESTMENT INCOME	LESS INTEREST EXPENSE	PLUS UNREALIZED G/(L)	Prior Period Adjustments	EQUAL ENDING NET POSITION	INCREASE IN NET POSITION
2024-Projected	32,275,000	1,797,000	2,814,000	1,017,000	635,000	14,000	782,000	-	34,695,000	2,420,000
2023	31,082,000	1,750,000	2,808,000	1,058,000	326,000	18,000	(173,000)	-	32,275,000	1,193,000
2022	31,181,000	1,534,000	2,794,000	1,260,000	167,000	21,000	(1,505,000)	-	31,082,000	(99,000)
2021-Restated	30,390,000	2,078,000	2,855,000	777,000	123,000	24,000	(85,000)	-	31,181,000	791,000
2020	28,902,000	1,977,000	2,908,000	931,000	526,000	-	35,000	(4,000)	30,390,000	1,488,000
2019	26,896,000	1,719,000	2,901,000	1,182,000	554,000	-	270,000	-	28,902,000	2,006,000
2018	25,487,000	1,767,000	2,934,000	1,167,000	341,000	-	(99,000)	-	26,896,000	1,409,000
2017	24,633,000	1,993,000	2,793,000	800,000	286,000	-	(212,000)	-	25,487,000	854,000
2016	23,487,000	1,885,000	2,785,000	900,000	215,000	-	31,000	-	24,633,000	1,146,000
2015	22,950,000	1,942,000	2,733,000	791,000	192,000	-	1,000	(447,000)	23,487,000	537,000
2014	21,895,000	1,921,000	2,693,000	772,000	139,000	-	144,000	-	22,950,000	1,055,000
2013	21,300,000	2,018,000	2,641,000	623,000	170,000	-	(198,000)	-	21,895,000	595,000
2012	20,360,000	2,067,000	2,707,000	640,000	269,000	-	31,000	-	21,300,000	940,000
2011	19,413,000	1,913,000	2,575,000	662,000	413,000	-	(128,000)	-	20,360,000	947,000
2010	18,333,000	1,942,000	2,459,000	517,000	478,000	-	85,000	-	19,413,000	1,080,000
2009	16,930,000	1,610,000	2,366,000	756,000	612,000	-	35,000	-	18,333,000	1,403,000

Notes:

- For financial statement purposes, Net Position is allocated to Capital Assets, Operations, Community Outreach and Contingencies. The Capital Assets portion equals the net book value of fixed assets. The Operations portion is equal to approximately two times the Authority's annual operating expenses. Approximately 20% of Total Net Position less Capital Assets portion is allocated to the Community Outreach Program. The remainder (Total Net Position - Capital Assets - Community Outreach Program) is allocated to contingencies.
- Administrative Fees - The Authority may charge up to a maximum of one tenth of one percent (10 bps) of the par amount of the debt issued per annum. However, 75% of the maximum fee was waived for debt issued prior to July 1, 2007 and 70% has been waived since July 1, 2007.
 Maximum Fee 10 bps/.001
 Prior to 7/1/200 2.5 bps/.00025
 After 7/1/2007 3 bps/.0003
- Prior Period Adjustments - Related to the adoption of GASB 68 on net pension liability in 2015 and the adoption of GASB 87 on leases adopted in 2021.
- This schedule is rounded to nearest thousand and will not therefore tie exactly to other supporting schedules.

GOF - CURRENT FY
Fund 00101 - General Operating Fund
Investments by Fund
March 31, 2024



CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Money Market Accounts											
608919809	00101MMTB05	JPMorgan US Government MM Fund	07/01/2023	206,342.55	206,342.55	206,342.55	4.950	4.882	4.950		1
		Subtotal and Average		206,342.55	206,342.55	206,342.55	4.950	4.882	4.950		1
Federal Agency Coupon Securities											
3133EMWH1	707	Federal Farm Credit Bank	04/21/2021	3,500,000.00	3,500,000.00	3,341,374.65	0.710	0.700	0.710	04/21/2025	385
3133EME40	709	Federal Farm Credit Bank	06/03/2021	3,500,000.00	3,500,000.00	3,468,199.91	0.330	0.325	0.330	06/03/2024	63
3133EMH21	713	Federal Farm Credit Bank	06/16/2021	3,000,000.00	3,000,000.00	2,756,798.52	0.900	0.887	0.899	08/15/2026	805
3130AMGJ5	711	Federal Home Loan Bank	06/04/2021	2,499,875.00	2,500,000.00	2,400,972.35	0.625	0.617	0.626	02/26/2025	331
3130AMRU8	712	Federal Home Loan Bank	06/21/2021	1,500,000.00	1,500,000.00	1,483,821.89	0.400	0.394	0.400	08/21/2024	81
3130ANLZ1	714	Federal Home Loan Bank	08/26/2021	1,000,000.00	1,000,000.00	914,935.69	0.900	0.887	0.900	08/26/2026	877
3130APV69	716	Federal Home Loan Bank	11/30/2021	700,000.00	700,000.00	661,376.85	1.000	0.986	1.000	11/25/2024	238
3130ARUY5	720	Federal Home Loan Bank	05/16/2022	2,000,000.00	2,000,000.00	1,972,377.62	3.000	2.958	2.999	11/15/2024	228
3130AKOZ2	730	Federal Home Loan Bank	07/28/2023	1,799,080.00	2,000,000.00	1,853,843.72	0.825	4.878	4.948	01/28/2026	667
3130ALGJ7	731	Federal Home Loan Bank	08/17/2023	859,933.99	975,000.00	905,115.76	1.000	4.882	4.950	03/23/2026	721
3130APCH6	733	Federal Home Loan Bank	12/08/2023	3,491,000.50	3,835,000.00	3,512,317.92	1.125	4.501	4.563	08/29/2026	911
3130AQU18	735	Federal Home Loan Bank	12/28/2023	2,219,875.00	2,375,000.00	2,212,832.25	2.010	4.200	4.259	02/17/2027	1,052
3130APVJ1	738	Federal Home Loan Bank	02/28/2024	1,988,280.00	2,160,000.00	2,006,657.46	1.500	4.562	4.625	11/23/2026	966
3135G06Q1	702	Federal Nat'l Mtg. Assoc.	01/08/2021	1,502,940.00	1,500,000.00	1,389,530.08	0.640	0.591	0.599	12/30/2025	638
3135G05X7	705	Federal Nat'l Mtg. Assoc.	03/12/2021	2,959,920.00	3,000,000.00	2,819,732.79	0.375	0.671	0.680	08/25/2025	511
		Subtotal and Average		32,520,704.49	33,545,000.00	31,719,887.44	2.036	2.064	2.064		559
Federal Agency Disc. -At Cost											
3133B4H85	736	Federal Home Loan Bank	02/12/2024	999,519.09	1,032,000.00	1,005,153.38	4.905	5.115	5.186	09/30/2024	182
		Subtotal and Average		999,519.09	1,032,000.00	1,005,153.38	4.905	5.115	5.186		182
Treasury Coupon Securities											
912826T4	737	U.S. Treasury	02/12/2024	1,093,765.00	1,150,000.00	1,096,312.46	2.625	4.170	4.228	05/31/2027	1,155
		Subtotal and Average		1,093,765.00	1,150,000.00	1,096,312.46	2.625	4.170	4.228		1,155
		Total Investments and Average		34,820,331.13	35,933,342.55	34,027,695.83	2.208	2.208	2.238		564

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Disc. -At Cost											
3133B4H85	736	Federal Home Loan Bank	02/12/2024	999,519.09	1,032,000.00	1,005,153.38	4.905	5.115	5.186	09/30/2024	182
		Subtotal and Average		999,519.09	1,032,000.00	1,005,153.38	4.905	5.115	5.186		182
Treasury Coupon Securities											
912826T4	737	U.S. Treasury	02/12/2024	1,093,765.00	1,150,000.00	1,096,312.46	2.625	4.170	4.228	05/31/2027	1,155
		Subtotal and Average		1,093,765.00	1,150,000.00	1,096,312.46	2.625	4.170	4.228		1,155
		Total Investments and Average		34,820,331.13	35,933,342.55	34,027,695.83	2.208	2.208	2.238		564