



Housing Opportunities Commission

OF MONTGOMERY COUNTY

A COMPONENT UNIT OF MONTGOMERY COUNTY, MARYLAND



Comprehensive Annual Financial Report

For the Fiscal Year Ended on June 30, 2018

**HOUSING OPPORTUNITIES COMMISSION OF
MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issued by
Finance Department
Cornelia Kent, Chief Financial Officer
Eugenia Pascual, Controller

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
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I. INTRODUCTORY SECTION



Government Finance Officers Association

**Certificate of
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Presented to

**Housing Opportunities Commission
of Montgomery County, Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



November 1, 2018

Members of the Commission
Housing Opportunities Commission of Montgomery County

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) for the fiscal year ending June 30, 2018. The report was prepared by the Commission’s Finance staff and audited by the independent public accounting firm of CliftonLarsonAllen LLP.

The data presented in this report is the responsibility of the management of the Commission. To the best of our knowledge and belief, the data is accurate in all material respects, presented in a manner designed to fairly state the financial position and state of operations of the Commission. Further, all necessary disclosures have been included to allow a complete understanding of the Commission’s financial affairs.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory section includes this transmittal letter, the organizational chart of the Commission and a list of principal officers. The Financial section includes the independent auditors’ report on the basic financial statements, management’s discussion and analysis, the basic financial statements, and supplementary information consisting of financial statements for the Commission’s sub-funds. The Statistical section offers, on a multi-year basis, selected financial and demographic information for the Commission and Montgomery County.

This report includes all funds and component units of the Commission. The Commission’s Financial Statements include five enterprise sub-funds: General Sub-Fund, Opportunity Housing Sub-Fund, Public Sub-Fund, Single Family Sub-Fund, and the Multifamily Sub-Fund. In addition, 16 Low-Income Housing Tax Credit partnerships (LIHTC) and 2 Limited Liability Company’s (LLC’s) are consolidated and presented as component units in the Financial Statements.

In 1966, the Montgomery County Council activated the Housing Authority of Montgomery County (HAMC). In 1974, parallel State and County legislation were enacted to establish a broader housing mission for the County and restructure HAMC into the Housing Opportunities Commission of Montgomery County, Maryland (HOC). HOC is Montgomery County’s designated Public Housing Authority (PHA) and Housing Finance Agency (HFA). HOC’s governing body is the Board of Commissioners comprised of seven members, who are appointed by the County Executive and confirmed by the County Council. The Commission appoints an Executive Director to administer the affairs of the Commission. The primary sources of funds for Commission activities are dwelling rental income from Commission-owned properties, interest on mortgage and construction loans earned by the Single Family and Multifamily mortgage loan programs, as well as Housing Assistance Payments and Public Housing Capital Fund and Operating subsidy funded by the U.S. Department of Housing and Urban Development (HUD).

The Commission’s mission is to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland. To accomplish these objectives, the Commission participates in a number of programs which are discussed in the Management’s Discussion and Analysis (MD&A) and in the notes to financial statements sections of this report.

Local Economy

As reported in the July 2018 “Montgomery County Quarterly Economic Indicators Report”, the County’s economy experienced mixed economic performance during the second quarter of this year compared to the same period in 2017. Employment measured by the survey of households increased by 0.7%. Residential construction increased overall for both multifamily and single family homes. Sales of existing homes declined 0.5% but median prices were up 5.8% during the second quarter, compared to the second quarter of last year. Furthermore, rental vacancy rates in the county stood at 7.1% in April 2018, an increase from 6.29% in 2017 and higher than the national vacancy rate of 6.8% in the second quarter of 2018.

Although the data for the second quarter indicate a mixed economic performance, the data from July 2017 to June 2018 suggest the county experienced economic growth, particularly in employment, the total value of new construction for both residential and non-residential properties, and median sales prices for existing homes.

Rental and Homeownership Market

At the regional level, the Washington Metropolitan area economy continues to improve and has yielded an apartment rental market that continues to be stronger than most of the nation. Indicators of strong regional economic performance include:

- Comparatively low unemployment, at both state and national levels (3.3% in Montgomery County and 4.5% in Maryland compared to the national average of 4.0% in June 2018);
- Continued employment growth (gaining 26,000 jobs in Maryland since August 2017);
- Rising regional housing prices. According to the S&P/Case-Shiller Home Price Index, prices for the Washington region increased 3.1% in May over the previous 12-month period. For FY 2018, median home prices increased in Montgomery County 5.8%.

HOC Housing Path

In early FY 2016, HOC launched HOC Housing Path, effectively re-imagining wait list management, designed to extend greater access to people in need of affordable housing while improving operational efficiency. Unlike the previous wait list, HOC Housing Path allows customers to complete one application and be considered for every HOC program for which they may potentially be eligible. The electronic wait list ensures data remain accurate by keeping the list perpetually open and providing applicants with online access to update their information. As of August 2018, more than 33,000 households affirmed their need for affordable housing by applying to the HOC Housing Path wait list. HOC Housing Path connects customers with Housing Choice Vouchers, opportunity and tax-credit housing units, as well as Project-Based Vouchers. Early in FY 2018, HOC’s new Call Center became the central point of entry for all incoming calls from the former wait list phone line. Throughout the year, divisions have been working to integrate Salesforce (Customer Relationship Management), Yardi and Housing Path systems to support data exchange between systems and to prepare for the development and launch of a Customer Relationship Management self-service tool. Furthermore, staff are preparing for the design and launch of a property listing page on the Housing Path site to enable wait list customers to check property details and availability outside of wait list opportunities.

Housing Choice Voucher and Public Housing Operating Subsidy

As of July 1, 2018, HOC manages a baseline total of 7,179 vouchers and serves 107 families through the Public Housing program. Federal funding for rental assistance programs has been increasingly uncertain in recent years. The Federal government has not provided Public Housing Authorities with the full funding needed to administer the Housing Choice Voucher program since FY 2003. In FY 2018, PHAs received just 77 percent of the funding needed to administer the program. While previous appropriations cycles have enabled the renewal of existing vouchers, PHA administrative fees, which

ensure PHAs can effectively serve voucher holders, remain underfunded. It is therefore critically important that HOC continue to advance solutions that reduce reliance on Federal funding.

HOC is poised to complete the conversion of its multifamily Public Housing units to project-based subsidies through the Rental Assistance Demonstration (RAD) program. RAD converts multifamily Public Housing Operating and Capital Fund grants to Section 8 Project-Based subsidy. Additionally, RAD allows HOC to transfer these properties into ownership entities to access private capital for the purpose of rehabilitating or redeveloping the properties.

HOC has completed the RAD conversion of nearly all its multifamily Public Housing properties as residents from HOC's last Public Housing properties – Holly Hall and Elizabeth House – are relocated to new properties in the HOC portfolio or that of our partners. At that time, the units' deep affordability will be preserved through the use of Project-Based Vouchers (PBV) or Project-Based Rental Assistance (PBRA) subsidy – both forms of Federal Section 8 subsidy.

In converting HOC's Public Housing properties to more stable funding streams, HOC finalized the sale of the final seven units available in the Tobytown community through HUD's former Turnkey III Public Housing Homeownership program. The Turnkey III program was designed to reduce barriers to homeownership among low-income households, but HUD has slowly phased out the program since 1999. When a PHA converts less than its entire Public Housing portfolio under RAD, HUD generally requires that a portion of its Public Housing dollars remain available for maintenance of any Public Housing units left behind. In anticipation of this disposition, HOC undertook and completed the capital improvements to the seven HOC-owned units before their sale in December 2017. HOC also undertook substantial capital improvements to the community center and other common areas. Completion of those updates and full transfer of the community to the Homeowners' Association will be complete before the end of calendar year 2018.

Upon conclusion of these initiatives, HOC will have left the Federal Public Housing program in favor of not only more stable subsidy, but also a financial model that promotes improved cost management and sustainability. HOC continues to refine operations with respect to Federal housing programs to ensure strong financial performance, the efficient delivery of services as well as full compliance with program regulations.

Property Management and Property Maintenance

In FY 2018, HOC continued to focus on improving customer service and increasing leasing efforts through improvements to processes in our Property Management and Property Maintenance divisions. Property Management continued significant lease-up efforts while HOC undertook major renovation and redevelopment at numerous properties across the county. Property Management held vacant units in Elizabeth House and Holly Hall – HOC's final remaining properties in the Public Housing portfolio – in anticipation of their redevelopment. HOC's Property Management continued leasing efforts to stabilize the VPC properties in FY 2018, in addition to taking on concerted leasing efforts for properties below 90 percent occupancy. Part of this outreach included identifying relevant third party managed properties and working with partners like Edgewood Management to coordinate solutions such as special leasing events and extended hours to boost occupancy.

In addition, Property Management set out to work with the Information Technology and Finance divisions to ensure that 50 percent of its contract-managed properties were utilizing HOC's Yardi property management software system by the end of FY 2018. In an effort to create greater transparency and ensure that granular property information is readily available, HOC will require all properties in its contract-managed portfolio to enter data directly into the Yardi system in FY 2019.

Real Estate Acquisition and Rehabilitation

The Commission believes that its acquisition and rehabilitation efforts create strong communities and contribute to the overall economic well-being of Montgomery County. During FY 2018, construction and renovation continued on several of the Commission's multifamily and scattered site projects:

- **Arcola Towers & Waverly House:** Arcola Towers is a senior housing apartment community originally constructed in 1971 and located at 1135 University Boulevard West, near the intersection of University Boulevard West and Arcola Avenue in Silver Spring, Maryland. The 12-story building contains 141-units on 3.25 acres. The building unit mix is entirely one bedroom/one bathroom units.

Waverly House is a senior housing apartment community placed into service in 1978 and located at 4521 East West Highway near the intersection with Wisconsin Avenue in Bethesda, Maryland. The 0.74-acre property is improved with a 15-story building of 157 units in which 149 are one-bedroom units and eight (8) two-bedroom units are currently used for offices.

In December of 2015, HOC successfully closed on the real estate, tax credit equity and FHA Risk Share loans for Arcola Towers and Waverly House. Both communities have now converted from Public Housing to Project-Based Rental Assistance (PBRA) contracts under the Rental Assistance Demonstration (RAD) program. The communities have a total of 298 units and serve low-income senior citizens and people with disabilities.

The financing used approximately \$35 million in short-term and long-term bonds for the acquisition and rehabilitation of both senior communities. The planned renovations at both communities total \$24 million and will enhance the lives of our senior population and these assets. Arcola Towers and Waverly House also benefit from a combined \$23 million in equity raised from the sale of Low Income Housing Tax Credits (LIHTC) by the property's investors Boston Capital and R4 Capital, respectively. HOC is the managing general partner in both LIHTC ownership entities. The PBRA contracts will provide federal subsidies for all of the units at Arcola Towers and 144 units at Waverly House. The remaining 13 units at Waverly House will be restricted to households earning 60% or less of the Area Median Income, in accordance with the LIHTC program. Unit renovations began at Arcola Towers in February 2016 and as of the end of September 2017, construction was 100% completed with all residential units complete. Full lease-up of the newly-renovated units was also completed at the end of July 2017. Final closeout work to the common areas, including renovation to the kitchen and HVAC rooftop units was completed during fall 2017. All renovations to Waverly House were complete as of spring 2018.

- **Alexander House:** Alexander House is an existing 16-story, 312-unit (305 post renovation) mixed-income multifamily building located in downtown Silver Spring, Maryland. The building offers studios, one bedroom and two bedroom units. Forty percent of the property is income restricted for households earning up to 60% of the Area Median Income. On July 23, 2015, the Montgomery County Planning Department approved the Administrative Site Plan Amendment that will incorporate necessary changes to enhance and support the Elizabeth Square redevelopment plan which includes major renovations at Alexander House.

On January 8, 2016, HOC closed a tax-exempt interim loan with BB&T Bank in the amount of \$20.59 million for Alexander House. A final development plan with a budget of \$120 million was approved by the Commission on October 5, 2016. This plan includes the sale of 122 affordable housing units to a Low Income Housing Tax Credit (LIHTC) limited partnership with 183 units to be retained and offered as market rate units. After beginning renovation of Alexander House Apartments in February 2017, CBP constructors, LLC completed Phase III of renovations

consisting of 57 units (34 LIHTC and 23 market) in January 2018. As of the end of March 31, 2018, Phase 4 of the renovation consisting of 60 units (27 LIHTC, 33 market) were complete and Phase 5 is underway. Full renovation is expected to be completed by October 2018. Conversion to the permanent loan, funded by FFB and insured by FHA's Risk Share, is planned for September 2019.

The renovation work is being completed using proceeds from the issuance of tax-exempt loans plus LIHTC proceeds from the syndication of low income housing tax credits for the affordable housing portion. Once completed and placed in service, the permanent loan will be funded from a Federal Financing Bank loan pursuant to the FHA Risk Share/Federal Financing Bank program.

- **Chevy Chase Lake (The Lindley):** Chevy Chase Lake Apartments consisted of five two-story garden style apartment buildings. The property was built in the 1950s and moderately renovated in 2005. The site is being redeveloped because the units were functionally obsolete and lacked modern amenities, but more importantly, the Montgomery County Planning Commission conveyed additional density on the site during its master planning process, enabling the creation of additional housing units. In 2016, a portion of the land was sold to Eakin-Youngentob and Associates (EYA) for the development of 62 townhomes. HOC, working with EYA, has developed the remaining portion of the site into The Lindley—an 11-story structure with 200 units that include affordable housing, workforce housing, and market rate units; an underground garage; and a walkway that connects the neighborhood park with the future site of the Purple Line Metro station. The construction loan is being funded from a United Bank loan. HOC and private equity will complete the remaining construction funding with the permanent loan funded from a 100% participation loan from the Federal Financing Bank pursuant to the FHA Risk Share/Federal Financing Bank loan program. Construction financing closed and construction of the 200-unit development began in November 2016. Eighty units (40%) in the property are subject to income restrictions including 40 MPDUs. The project topped out in December 2017 and staff undertook a significant pre-leasing effort in June 2018. The first units were delivered in September 2018 and construction is expected to be completed in January 2019.
- **Tobytown:** Tobytown is a small homeownership community in Potomac. In 1972, capitalizing on HUD's Public Housing Turnkey III Homeownership (Turnkey III) program, the 15 existing units in poor condition were demolished and HOC developed 26 replacement units. The Commission approved selection of a general contractor for renovation work to the final 7 rental units in June 2017. Renovation of the units began in October 2017 and was completed by early December 2017, when the new homeowners closed on their transactions. Renovations to exterior common areas are being completed in two phases: Phase One included paving the parking area and bringing the accessible parking spots up to code, storm water drainage upgrades, sidewalk repairs, and exterior clubhouse ramp redesign. Phase One was completed in January 2017. Phase Two included the renovation to the Tobytown community center, as well as installation of new common area playground equipment. Installation of the new playground equipment was completed in Summer 2018 and improvements to the community center are awaiting final inspection and are anticipated for delivery in late calendar year 2018. All upgrades utilized funds from HUD's Public Housing Capital Fund.
- **Greenhills Apartments:** Greenhills is a 77-unit, mixed-income, townhome-style apartment community in Damascus. On August 30, 2017, HOC issued \$12 million of tax-exempt bonds to fund a mortgage loan on the property. On September 28, 2017, HOC secured syndication of 4% LIHTC and closed a \$12 million tax-exempt mortgage loan for redevelopment of the property which will convert to a permanent loan upon completion of the renovation. Proceeds of the loan were used to repay the existing \$4.30 million outstanding loan funded by BB&T. The permanent

mortgage loan will be insured under the FHA Risk Share program in accordance with the FHA agreement with HOC. HOC staff negotiated the limited partnership agreement with PNC Real Estate Tax Credit Capital Institutional Fund 64 LLC, the purchaser of the LIHTCs. Redevelopment of the property includes restriction of 70% of the units (55 units) to households at or below 60% of area median income. A Request for Proposal (RFP) was issued June 16, 2016 seeking contracting services to perform the renovations and was awarded to Hamel Builders. The scope of the renovation involved exterior work to include the replacement of siding, gutters, windows, roof and decks; interior work will include kitchen and bathroom upgrades; new fixtures and energy efficient lighting; and new HVAC units and water heaters. The expected completion date is November 2018.

- **Victory Crossing:** Victory Crossing is a 105-unit, new construction, affordable senior community in the White Oak area of Silver Spring, MD. HOC entered into a grant agreement to fund the placement of 49 Project-Based Vouchers created by the conversion of some of HOC's existing Public Housing-funded units in Holly Hall and Elizabeth House via the RAD program. The conversion of these units occurred in April 2018. The grant agreement was revised in May 2016 to reflect an increase from \$1.8 million to \$2.25 million due to a recent regulatory change in the cost of the mortgage insurance premium and lower projected interest rate at closing. Despite the increase, Victory Crossing remains a cost effective RAD relocation project with each unit costing approximately \$58,000. Construction commenced in November 2016 and was completed by May 2018. Staff began relocating residents from Holly Hall in May 2018 with the final moves scheduled for November 2018.
- **Hillside Senior Living:** In November 2017, the Commission approved the issuance of tax-exempt bonds to fund the Hillside Senior Living (Hillside) transaction. Hillside is an existing extended-stay hotel that has been rehabilitated and repurposed into a 140-unit, senior rental housing community with 100% of units restricted to residents earning 60% or less of Area Median Income (AMI). In February 2018 the Commission approved the Financing Plan, Public Purpose, Feasibility and Bond Authorizing Resolution. Subsequently, the Maryland Department of Housing & Community Development issued its reservation letter for low income housing tax credits to the development. In February 2018, the transaction closed on its bond financing. The development was substantially complete by the end of FY 2018.
- **900 Thayer:** HOC acquired a fully entitled half-acre site in downtown Silver Spring in 2016. Originally designed as a market rate rental property, 900 Thayer will be a 124-unit, mixed-income rental property of one- and two-bedroom units and will act as the receiving site for the subsidy associated with the 84 units at Holly Hall being converted from Public Housing to Project-Based Section 8 via the RAD program; however, all units will serve households with incomes between 30% and 80% of the area median income such that the average incomes for all households served will not exceed 60% of the area median income. Funding of the construction is being provided from various Commission sources. The permanent financing will be funded from proceeds from the syndication of LIHTC, proceeds from the sale of tax-exempt bonds, a loan from the Federal Financing Bank, with mortgage insurance provided by FHA in accordance with FHA's Risk Sharing agreement with HOC, a Montgomery County Housing Initiative Fund loan, Deferred Developer Fees, Developer Equity (HOC), Solar Credits and Interim income. In September 2016, the Commission approved the selection of CBG Building Company as general contractor. The Commission approved the Final Development Plan in August 2017 and in September 2017, the Commission approved the construction budget and plan with funding authorized from various Commission funding sources. An early construction agreement was signed in November 2017 and the general contractor began on underground utilities in December 2017. Construction of 900 Thayer commenced on May 7, 2018 with a 16-month schedule.

- **Westwood Tower:** Westwood Tower Apartments is a 212-unit, high-rise apartment community consisting of 169 market rate and 43 affordable units located in Bethesda. Through the County's revision of the Westbard Sector Plan, the property now has additional unused development density. Any new development would ultimately be integrated into the existing Westwood Tower. HOC acquired the property per the purchase option in the existing master lease agreement with Regency Centers as of December 2017. There is no near-term plan for any new construction.
- **Cider Mill Apartments:** Cider Mill Apartments is a garden-style multifamily community with 864 units on 43 acres, 40% of which are at or below 60% of AMI. Cider Mill is a multifamily residential community that consists of one-, two-, and three-bedroom units. The property is centrally located in Montgomery County, with close proximity to rail and bus transit, including 2 Metro Bus stops on-site, shopping, employment opportunities and critical services.

HOC acquired Cider Mill in February 2018 under Article 53A of the Montgomery County Code, the Right of First Refusal ("ROFR") Ordinance. The purchase of Cider Mill allows HOC to preserve affordable housing for the 864 families of low-moderate income who call Cider Mill home. HOC is conducting a capital needs assessment of the property to determine what work must be done to preserve these affordable units for the long term.

The Year Ahead

- **Elizabeth House III & IV:** Elizabeth House is one of the 11 Public Housing properties approved for conversion to project-based subsidy under the HUD's RAD program. On August 13, 2013, the Commission approved the submission of feasibility applications to HUD for approval of the conversion of the entire multifamily portfolio. Elizabeth House, located in downtown Silver Spring, is a 160-unit senior housing development built in 1966. The building is at the end of its useful life and is functionally obsolete. The building is adjacent to another site, Fenwick Professional Park (FPP), owned by the Lee Development Group. Together with both Alexander House and FPP, the entire site is known as Elizabeth Square. On July 23, 2015, a Preliminary Plan for the redevelopment of Elizabeth Square was approved by Montgomery County Planning Department.

The preliminary plan approved a proposed mixed-use project consisting of three buildings: the new, senior-housing focused Elizabeth House III building, the new, multifamily Elizabeth House IV building, and the renovated Alexander House which will include 122 affordable units and 183 market rate units. Elizabeth House III will be the first phase of new construction planned to begin in summer 2018 and be completed in 2021. Staff has prepared an application for LIHTC and submitted in October 2017, with R4 as the tax credit syndicator. Construction of Elizabeth House IV is projected to start in 2023.

Elizabeth Square will deliver an over 127,000 square foot state of the art recreational and public use facility that will be the focal point of the square, including the new South County Regional Recreation and Aquatic Center and the Senior Resource Center/Primary Care Facility to be operated by Holy Cross Hospital. Together, the Elizabeth Square development represents a significant investment by HOC and the County inside the beltway, a mere walk from the Silver Spring Red Line Metro station.

- **Brooke Park:** In October 2013, the Commission approved the acquisition of the Brooke Park Apartments and the assumption of a contract between the County's Department of Housing and Community Affairs (DHCA) in accordance with the right of first refusal. Built in 1956, Brooke Park consists of 17 units, eleven (11) 1-bedroom units and six (6) 2-bedroom units. The

property was approximately 50% occupied and in need of renovation. HOC seeks to redevelop the property to extend its useful life for at least another 20 years in order to preserve affordable housing in the Bethesda area of MacArthur Boulevard. HOC received a HIF loan to acquire and renovate the property. Architect selection was presented and approved at the November 3, 2015 meeting. However, the property had to undergo an entitlement process to enable HOC to preserve the existing number of multifamily units, which significantly delayed renovation. HOC submitted a preliminary plan amendment application in January 2018 in order to preserve the existing units for occupancy. The entitlement process is scheduled to conclude by the end of 2018. An RFP for General Contractor Services will be issued upon completion of the architectural drawings in November/December 2018. The award of this contract will be funded by the remaining HIF loan balance as well as an additional HIF loan and/or a bank loan. The final development plan will be presented to the Commission prior to the start of construction.

- **Ambassador:** The Ambassador Apartments are located at the corner of Veirs Mill Road and University Boulevard in Wheaton. The building was originally constructed as a hotel but converted into a 162-unit apartment building in 1994. The Ambassador was funded with a tax-exempt loan from HOC, equity from the syndication of LIHTC and County funds. The Ambassador is an aging structure in need of significant renovation, but is more suited as a redevelopment candidate. As a result of the extensive renovation needs, a tenant relocation plan was completed and the property was completely vacated on July 7, 2016. On May 4, 2016, the Commission approved authorization of a Letter of Agreement between HOC and Maryland Department of Housing and Community Development (DHCD) regarding satisfaction of LIHTC Extended Use Covenants (EUC) during the redevelopment of the site and reached agreement with DHCD on May 15, 2018. Staff is in the process of evaluating the redevelopment options and solidifying the partners in the redevelopment, including Willco, the owner of the retail condominium beneath The Ambassador. Staff presented Willco with an outline of venture terms and is close to an agreement on final terms. In the meantime, the FY2019 CIP budget includes \$1.3 million of funding for the demolition of Ambassador Apartments; therefore staff is pursuing demolition permits to be in place once HOC and Willco reach an agreement on the redevelopment. HOC will begin the entitlement of the site once an agreement is reached with Willco with construction projected to commence at the beginning of calendar year 2021.
- **Emory Grove and Camp Hill Square:** Emory Grove is a planned redevelopment of a former public housing development under the RAD program. All Emory Grove residents have been relocated to newly renovated homes throughout Montgomery County and the property is now vacant. It will be redeveloped into a mixed-income community that includes 40 to 60 new affordable units. HOC continues to engage the County regarding appropriate rezoning and anticipates it will be approved and all entitlements conveyed upon the property by 2020. HOC has requested that CIP funding be brought forward to the FY 2019 budget to commence demolition on the property. Construction is estimated to begin in 2022, depending on sub-market strength. Camp Hill Square is a Section 236 property with expired financing – as a result, vouchers have been awarded. HOC assumed the HAP contract and took ownership of property in March 2014. A redevelopment of this site along with Emory Grove is currently planned.
- **Upton II:** The Upton II proposed development lot sits next to the fully leased Phase I of the Upton, developed by Duball, LLC and delivered in 2015. Upton I has two completely independent components: a 263-unit, 15-story, Class A multifamily tower and a 140-unit, eight-story Cambria Suites hotel wrapped around the northern face of the tower. With nearly the same design, the Upton II would include a 250-unit, 18-story, Class A multifamily tower and a 150-unit, eight-story replacement housing for nearby Town Center Apartments (and new market rate age-restricted units) wrapped around the northern face of the tower. Among other strengths, the

site of the relocation housing for Town Center Apartments surpasses in desirability that of the already attractively located Town Center Apartments; the Upton II is fully entitled; and its costs are well understood given the previous, nearly identical phase was just constructed. Construction for the Upton II is expected to begin spring 2019 with projected delivery in 2021. Funding is expected from a number of sources including LIHTC Equity proceeds, a Tax-exempt bond loan, a County HIF loan and Developer Equity.

- **Bauer Park:** Bauer Park Apartments is located in Rockville, Maryland. The property was constructed in 1977, and its 142 units are housed in multiple three-story buildings across the 3.88-acre site. The property offers the best of suburban Montgomery County living: proximate shopping, immediate access to bus service, yet substantial private outdoor space on site. Residents also have access to the Bauer Drive Community Recreation Center next door. This is a Section 236 property that will convert under Component Two of the RAD program, which along with new subsidy that is being sought will bring much needed long-term subsidy to seniors on fixed incomes. Renovation will commence in January 2019 and will be performed without off-site tenant relocation. Sufficient vacancy will be allowed such that batches of units can be renovated while vacant and existing residents can move into those units once work is complete. The Banor Housing Board consented to transfer property to an HOC-controlled LIHTC entity as part of RAD conversion. Staff is preparing a LIHTC application as well as an application for RAD conversion of the RAP subsidy. The Commission approved Nichols Contracting in June 2017 as the general contractor for the CIP-funded sprinkler and alarm system installation to the property before conversion. Sprinkler and fire alarm system installation began in October 2017 and were completed by end of May 2018.
- **Hillandale Gateway:** HOC is undergoing predevelopment work for the transformation of Holly Hall Apartments into Hillandale Gateway. Hillandale Gateway will be a 440,000-square foot, mixed-use, mixed-income community that more than quintuples the existing 96 units that make up Holly Hall Apartments. In addition to the Holly Hall site, Hillandale Gateway will include an adjacent one-acre site acquired by HOC in 2015, which will be developed into a half-acre park and a Starbucks location. Not only will HOC preserve the long-term affordability of the units that existed at Holly Hall, HOC will be setting the bar for energy efficiency in the mid-Atlantic with its intent to construct Hillandale Gateway as the first ever Net Zero building in the DC-metro area. Staff has undertaken predevelopment work and a sketch plan was approved in November 2017. Construction is projected to begin in FY 2020.
- **Shady Grove and Georgian Court Apartments:** Shady Grove Apartments was constructed in 1980 on two parcels totaling 11.87 acres in Derwood, just east of the Shady Grove Metro Station. All of the 144 units at the garden-style community are assisted by a Project Based Section 8 contract. Property amenities include two laundry rooms, two playgrounds, walking paths, and more. HOC intends to apply for and resyndicate the 4% LIHTC and combine equity proceeds with HOC-issued tax-exempt bonds to comprehensively renovate the property. HOC bought back the Limited Partner interest as of April 27, 2017 and now controls both the General and Limited Partnerships and is 100% owner of the asset. The Commission approved a Predevelopment Plan for the renovation and resyndication of the property during the May 2018 meeting.

Georgian Court Apartments, located in Silver Spring was constructed in 1976, and is located on 6.75 acres. The property contains a total of 147-units within 13 all-brick garden-style apartment structures ranging from 3-4 stories in height. Each unit has either a deck or patio and a fully-equipped kitchen. Property amenities include a tot lot, grilling stations, and walking paths. A community room/leasing center is located at the entrance of the site. At the end of FY 2018, HOC was working to acquire the Limited Partner interest. The Commission approved a

Predevelopment Plan for the renovation and resyndication of the property during the May 2018 meeting. The estimated completion date is June 2020. HOC will use 4% LIHTC equity proceeds and tax- exempt bonds to comprehensively renovate the property in conjunction with improvements being made at Shady Grove.

- **Scattered Sites:** HOC owns and manages approximately 1,600 scattered site units. These units are located throughout the County, consisting mostly of townhomes and condominiums with some single family homes which HOC has purchased over the years under the County's Moderately Priced Dwelling Unit (MPDU) program. About 900 of these are in need of some level of renovation. Staff will be inspecting the units and taking inventory of required renovation needs. While some interior systems and finishes will need attention, staff will focus primarily on the exterior of these units first. Exterior improvements to the roofs, gutters, insulation, siding and windows/shutters will provide protection from water damage and tighten the seal of the homes. Making these changes along with upgrading the HVAC systems and water heaters with high efficiency units will reduce energy loss and provide cost savings to our residents. During the evaluation, staff will also assess the potential for sale of units based on specified criteria to be developed. Unit inspections are projected to be completed by fiscal year 2019 and a proposed plan will be presented to the Commission immediately thereafter.

Resident Services and Other Supportive Programming

HOC offers expanded customer services designed to help families and children break the cycle of inter-generational poverty. Our Resident Services and Housing Resources Divisions offer supportive programming for HOC households to help them remain stably housed and gain knowledge and skills that help them become upwardly mobile.

HOC's Family Self-Sufficiency Program (FSS) helps families in the Public Housing and Housing Choice Voucher (Section 8) Programs move toward financial independence. Funded by the Department of Housing and Urban Development, the program relies on volunteer services, referrals and grants from partners to connect customers to training and educational opportunities. HOC's program provides ongoing case management, resources, and financial support to help low-income families increase job skills, education and vocational training to obtain better employment. At the end of FY 2018, the program had graduated 938 participants since the program's inception in 1993, where the average earned income of 2017 graduates more than quadrupled – from \$8,106 to \$37,393 annually – and 100% were gainfully employed for at least 12 months. The program continues to seek new ways to support the growth of FSS participants, including making financial literacy training a mandatory component of HOC's program in 2018.

In FY 2018, HOC Academy and Fatherhood Initiative were relocated within the organization structure under the Resident Services division, ensuring all services provided to HOC customers and their families is comprehensively coordinated and delivered efficiently.

HOC also supports parents through its Fatherhood Initiative. HOC was the first public housing authority to be awarded the Fatherhood Initiative grant from the U.S. Department of Health and Human Services' Administration for Children and Families. The \$695,000 grant is renewable for five years and provides resources for classes, counseling, workforce development training and other services to fathers and their families. HOC's Fatherhood Initiative program graduated a total of 111 participants by June 2018. Fatherhood Initiative has coordinated 24/7 Dad Workshops, job preparation boot camps, health workshops, and a financial well-being curriculum with partners such as Montgomery County's Department of Health and Human Resources, A Wider Circle, Priority Partners, and PNC Bank.

HOC Academy has continued to expand its reach in adult and youth enrichment programming, increasing STEM (Science, Technology, Engineering and Mathematics) activities and camps, internships, as well as workforce development opportunities. STEM activities included a joint family

STEM day with the Academy and Fatherhood Initiative, an engineering summer day camp for HOC students, and a media summer day camp where students created their own documentaries. A grant from Housing Opportunities Community Partners (HOCP) enabled HOC Academy to further expand the STEM program with after school and summer STEM robotics camps – providing HOC youth with valuable “out of school” learning experiences that encourage future education and careers in math and science. HOC Academy also offered robust workforce training, including an exclusive internship opportunity for HOC college students with PNC Bank, as well as a partnership with the Montgomery County Public Library to provide resources for free GED, English for Speakers of Other Languages (ESOL) classes, and other workshops and courses.

Housing Opportunities Community Partners (HOCP)

In 1999, HOC formed Community Partners, a non-profit corporation that helps low-income individuals and families improve their quality of life, equip them to reach a higher level of self-sufficiency and provide them with important resources to help break the cycle of poverty. HOCP offers the following programs:

- ***Housing Counseling Plus Program*** provides moving cost assistance to homeless families relocating to permanent housing.
- ***Kids’ STEM After School Program and Summer Day Camp*** offers youth the opportunity for “out of school” learning experiences that encourage alternative ways of learning complex math and science material.
- ***Saving for a Better Tomorrow Individual Development Account (IDA)*** program provides financial literacy and asset building assistance to help low-income households pursue homeownership, create small businesses and increase their post-secondary education.

HOCP had gross income of \$150,661 for FY 2018 and expenses of \$162,234. The organization’s budget for FY 2019 is \$220,000. HOCP held a fundraiser on September 26, 2018 to raise money to support and expand HOC self-sufficiency programming offered by HOC Academy and the Resident Services Division. The HOCP Inspire Gala raised over \$229,000 in net donations and sponsorships, allowing Community Partners to expand its reach to more households in need of enrichment programming and housing stability.

Customer Relationship Management System

In 2016, HOC began efforts to launch a Customer Relationship Management System (CRM) to improve customer service and better respond to questions or concerns from both customers and the public. The CRM uses technology that enables HOC to respond to inquiries, answer calls, as well as track incoming requests made by phone, email, or online, including customer contacts made at HOC offices. At the end of 2016, the design and build-out of the system were approved by the Commission and staff began analyzing and recording HOC’s business processes in addition to documenting answers to frequently asked questions received from customers. In May 2017, a soft-launch of the new call center at HOC’s East Deer Park location in Gaithersburg included the use of Salesforce software to track customer interactions and routing calls from HOC’s main Kensington line and the old wait list call number to Call Center Specialists.

Over the course of FY 2018, HOC staff began to build the framework for Knowledgebase and customer self-service portal for online and at HOC Customer Service Centers. Integration between systems with HOC customer data – Housing Path, Yardi, and Salesforce – began in FY 2018 and will continue through FY 2019. This integration work is required to implement the walk-in Customer Relationship Management tool to be implemented at Customer Service Centers.

Financial Information

The Commission's management is responsible for establishing and maintaining a proper internal control structure to safeguard its assets and ensure accounting data is accurately stated and presented in the financial statements in conformity with generally accepted accounting principles. To ensure the cost of internal controls does not outweigh the benefit, the internal control structure provides reasonable assurance rather than absolute assurance that these objectives are met. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Commission is a recipient of Federal and Montgomery County grants and must ensure the proper internal control structure for compliance with applicable laws and regulations related to these programs. The Federal programs are subject to periodic review by an internal compliance department as well as an internal auditor.

Budgeting Process

The Commission, on an annual basis in conjunction with division heads and Executive Staff, prepares an annual Agency-wide budget by department and program. The annual budget is submitted to the Executive Director for approval and then presented to the Budget, Finance and Audit Committee (BF&A, a subset of the full Commission) and subsequently to the full Commission. Both groups must approve the annual budget. During the year, budget amendments for all accounts and divisions are presented to the BF&A Committee and the Commission for approval. Each Division Director or program head is responsible for monitoring budget to actual performance. On a quarterly basis, budget to actual reports are prepared and presented to both the BF&A Committee and the Commission.

Component Units

The Commission has 18 discretely presented component units which consist of 16 LIHTC limited partnerships and 2 LLC's. Each LIHTC limited partnership is made up of a property or series of properties which provide rental housing to qualified tenants. As the 15-year cycle for maintaining the LIHTC partnerships expire, HOC has the right of first refusal to purchase the properties. These units are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide affordable housing for the Commission's target population.

Acknowledgements

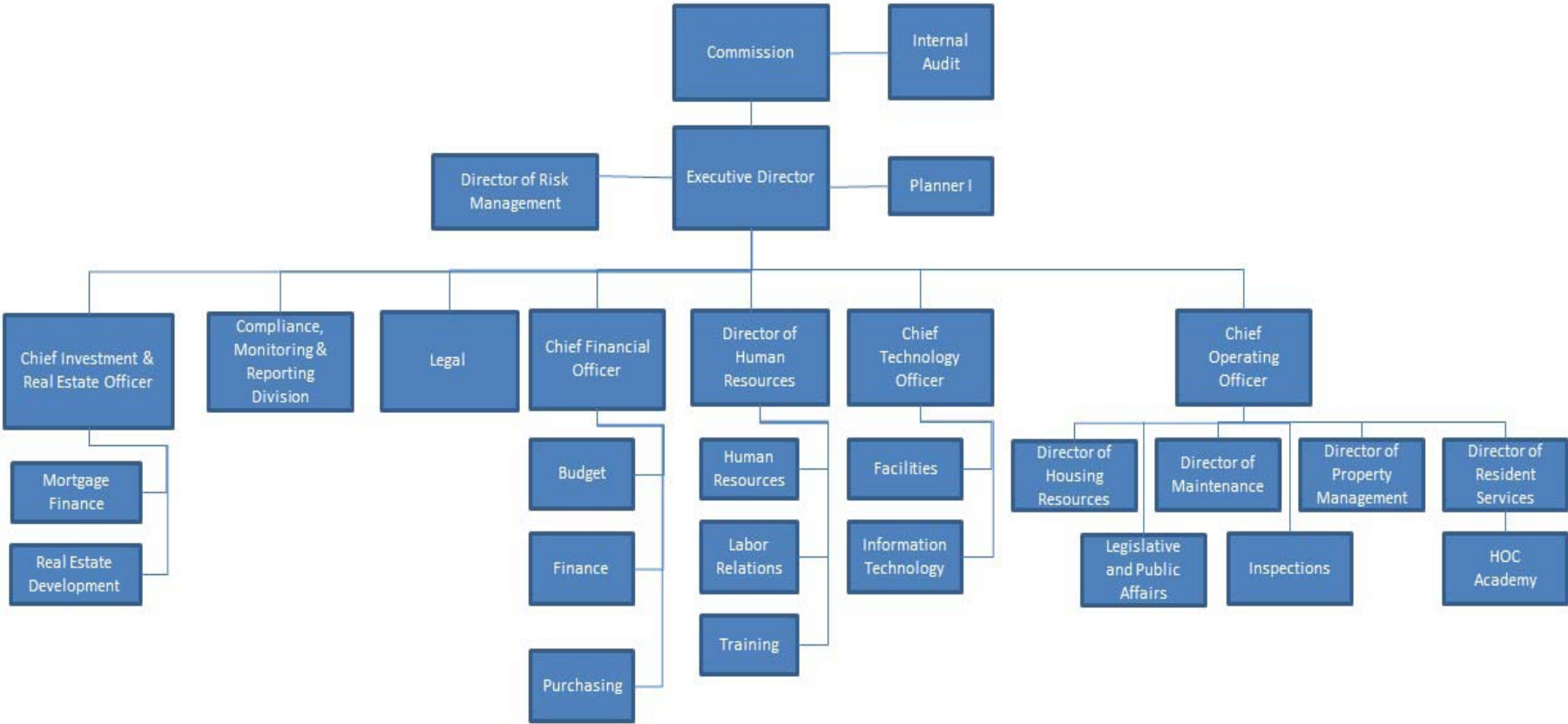
The preparation of this report has been accomplished by the efforts of the Finance Division in conjunction with the support of various division heads and staff throughout the Agency. We would also like to thank the Commission for their continued support and guidance throughout the year.

Respectfully submitted,

Cornelia Kent

Cornelia Kent
Chief Financial Officer

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
ORGANIZATIONAL CHART



HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
LIST OF PRINCIPAL OFFICERS

Name, Title	Expiration of Term
BOARD OF COMMISSIONERS	
Jackie Simon, Chair	August, 2020
Richard Y. Nelson, Jr., Vice Chair	August, 2023
Edgar G. Rodriguez, Chair Pro Tem	August, 2021
Margaret McFarland, Commissioner	August, 2019
Linda Croom, Commissioner	August, 2022
Pamela Byrd, Commissioner	August, 2023
Roy Priest, Commissioner	August, 2019

SENIOR MANAGEMENT

Stacy L. Spann, Executive Director
Aisha Memon, Acting General Counsel

EXECUTIVE STAFF

Kayrine Brown, Chief Investment and Real Estate Officer
Lynn Hayes, Director of Housing Resources
Cornelia Kent, Chief Financial Officer
Patrick Mattingly, Director of Human Resources
Shauna Sorrells, Chief Operating Officer
Fred Swan, Director of Resident Services
Arthur Tirsky, Chief Maintenance Officer
Ian Williams, Chief Information Officer
Gail Willison, Director of Risk Management
Vacant, Director of Property Management

II. FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Opportunities Commission of
Montgomery County, Maryland
Kensington, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic 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 opinions on these financial statements based on our audit. We did not audit the financial statements of Montgomery Homes Limited Partnership IX, Montgomery Homes Limited Partnership X, Georgian Court Silver Spring Limited Partnership, MV Affordable Housing Associates Limited Partnership, Strathmore Court Associates Limited Partnership, Arcola Towers RAD Limited Partnership, Waverly House RAD Limited Partnership, Alexander House Apartments Limited Partnership, Metropolitan of Bethesda Limited Partnership, Spring Garden One Associate Limited Partnership, Barclay One Associates Partnership, Wheaton Metro Limited Partnership, Forest Oak Towers Limited Partnership, Tanglewood and Sligo Limited Partnership, Hampden Lane Limited Partnership and Greenhills Apartments Limited Partnership which represent 90%, (92)% and 100% respectively, of the assets, partners' equity, and revenues of the discretely presented component units. Those statements, which were prepared in accordance with the Accounting Standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. 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 State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Commission as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2018, the Commission adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the Commission reported a restatement for the change in accounting principle (see Note 1). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, the Schedule of the Commission's Proportionate Share of the Net Pension Liability on page 87, the Schedule of Commission Pension Contributions on page 88, the Schedule of Changes in the Commission's Net OPEB Liability and related ratios on page 89 and the Schedule of Commission OPEB Contributions on page 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The sub-fund financial statements on pages 92-98 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The sub-fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 6, 2018

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary governmental entity.

Financial Highlights

- The Commission's net position increased by \$18.0 million during fiscal year 2018 but was offset by a decrease of \$31.3 million due to the required implementation of GASB 75, which required a restatement of the beginning net position. This resulted in a net decrease in net position of \$13.3 million (or 5.4%) compared to the \$247.6 million balance at June 30, 2017. Note 1 (New Accounting Pronouncements) provides detailed information about the GASB 75 implementation.
- The Commission's current ratio (ratio of current assets to current liabilities) increased from 1.94 at June 30, 2017 to 2.52 at June 30, 2018 due to an increase in restricted cash and cash equivalents coupled with a decrease in the short-term mortgage, notes and loans payable.
- Outstanding mortgage and construction loans receivable decreased from \$308.3 million at June 30, 2017 to \$288.4 million at June 30, 2018. This is attributed to a decrease in Multifamily mortgages receivable under the 1996 Indenture from Arcola RAD LP and Waverly RAD LP and a decrease in Single Family mortgage loans receivable due to current year loan receipts.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 7.3% from \$95.5 million in fiscal year 2017 to \$102.5 million in fiscal year 2018.
- During fiscal year 2018, the Multifamily Sub-fund issued bonds for \$12.0 million under the 1996 Indenture to finance Greenhills Apartment LP. The Multifamily Sub-Fund retired and refunded bonds in the amount of \$9.9 million which consisted of \$8.1 million from the 1996 indenture, \$1.0 million from the 2002 Multiple Purpose Bonds, \$0.5 million from the Housing Development Bonds County Guaranty Indenture and \$0.3 million from other indentures.
- The Single Family Sub-fund issued bonds for \$38.5 million under the 1979 indenture to finance mortgage loans for qualifying first-time home buyers. During fiscal year 2018, the Single Family Sub-fund retired and refunded bonds in the amount of \$26.6 million which consisted of \$19.0 million from the 1979 indenture and \$7.6 million from the 2009 indenture.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The annual financial report is comprised of three components: management's discussion and analysis, the financial statements, and notes to the financial statements.

The financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business. These statements are prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation and amortization of capital and deferred assets are recognized in the statement of revenues, expenses, and changes in net position.

The statement of net position presents information on all of the Commission's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information on how the Commission's net position changed during the fiscal year.

The statement of cash flows explains the sources and uses of cash during the fiscal year.

The Commission maintains only proprietary funds. Such funds are accounted for in a manner similar to that of businesses operating in the private-sector. Proprietary funds provide both long- and short-term financial information. The following is a brief description of the activity accounted for in each of the sub-funds.

Sub-Funds

General Sub-Fund – the Commission's primary operating fund. The entire administration and overhead of the Commission is maintained within this fund. In addition, in FY 2014, HUD required all public housing authorities to implement a Central Office Cost Center (COCC). As a result, the General Sub-fund was split into two components: one to reflect Agency overhead related to Federal programs and corresponding Fee Income, and one to reflect the Agency overhead related to Non-Federal Programs. All activities are consolidated for reporting purposes under the General Sub-Fund.

Opportunity Housing Sub-Fund – accounts for properties that provide affordable housing to low and moderate income residents. Properties owned by the Commission make up the primary assets in this fund.

Public Sub-Fund – accounts for grants from federal, state, and county governments. These grants are used to provide Housing Assistance Payments and supportive services for residents. Activities related to Public Housing and the Housing Choice Voucher Programs are maintained in this fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Single Family Sub-Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance mortgage loans for qualifying first-time homebuyers. The primary assets are mortgage loans receivable and restricted cash and investments.

Multifamily Sub-Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance the acquisition, rehabilitation, and/or construction of affordable multifamily housing. The primary assets are mortgage loans receivable and restricted cash and investments.

Discretely Presented Component Units

Real Estate Limited Partnerships – The Commission is the managing general partner in 16 real estate limited partnerships. Fourteen of the partnerships have calendar year ends and two have a June 30 fiscal year end.

The Commission is the sole member and 100% owner of HOC at Hillandale Gateway LLC (HOC Hillandale), a Maryland limited liability company, which is addressed as a blended component unit. HOC Hillandale is an owner member of Hillandale Gateway LLC, which has a December 31 fiscal year end and is included as a discrete component unit.

The Commission is the managing member and 50% owner of CCL Multifamily LLC, a Maryland limited liability company, which is addressed as a partnership with a private foundation. CCL Multifamily LLC, in turn, owns the Lindley, a 200-unit mixed-income apartment building under construction with projected completion by January 2019. This entity has a December 31 fiscal year end and is included as a discrete component unit.

Accordingly, the amounts that comprise the aggregate Balance Sheet and Statement of Operations of the Discretely Presented Component Units described above are as of and for the respective year ends that fall within the year ended June 30, 2018.

Blended Component Units

Development Corporation – The Commission has 33 properties that are considered blended component units and presented with the Opportunity Housing Sub-Fund in the appropriate fund financial statement and combining statements.

Financial Analysis of the Commission as a Whole

The Commission's total net position in fiscal year 2018 decreased by 5.4%.

Net investment in capital assets is -16.2% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

39.2% of the Commission's net position reflects cash and investments, which are restricted as to their use. The preponderance of these restricted assets are used to finance and fund low-income housing.

77.0% of the Commission's net position is unrestricted. These non-restricted resources are used in the operations of the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Net Position
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Assets:				
Current Assets	\$ 345.7	\$ 330.2	\$ 15.5	4.7%
Other Assets	117.7	94.4	23.3	24.7%
Capital Assets	562.0	405.2	156.8	38.7%
Mortgage and Construction Loans Receivable, Net of Current	270.5	269.9	0.6	0.2%
Total Assets	1,295.9	1,099.7	196.2	17.8%
Deferred Outflows of Resources	12.4	17.8	(5.4)	(30.3)%
Liabilities:				
Current Liabilities (Including Current Portion of Long-Term Debt and Bonds Payable)	137.2	170.0	(32.8)	(19.3)%
Noncurrent Liabilities:				
Bonds Payable	482.7	469.8	12.9	2.7%
Other Liabilities	442.5	227.4	215.1	94.6%
Total Liabilities	1,062.4	867.2	195.2	22.5%
Deferred Inflows of Resources	11.6	2.7	8.9	329.6%
Net Position				
Net Investment in Capital Assets	(38.0)	(12.0)	(26.0)	216.7%
Restricted for:				
Debt Service	85.7	80.7	5.0	6.2%
Customer Deposits and Other	1.8	1.6	0.2	12.5%
Closing Cost Assistance Program	4.3	3.9	0.4	10.3%
Unrestricted	180.5	173.4	7.1	4.1%
Total Net Position	\$ 234.3	\$ 247.6	\$ (13.3)	(5.4)%

Total assets of the Commission increased by \$196.2 million or 17.8%, with a corresponding increase in total liabilities of \$195.2 million or 22.5% from fiscal year 2017.

The increase in total assets was largely attributed to acquisition of Cider Mill Apartments, renovation expenses at Alexander House Development Corporation and pre-development expenses at Elizabeth House. In addition, Shady Grove Apartments LP, Manchester Manor Apartments LP, The Willows LP and Camp Hill Square were included in the Opportunity Housing portfolio. The net increase in total assets is partially offset by the sale of Greenhills Apartment and 900 Thayer to their respective Limited Partnerships.

Based on Government Accounting Standards Board (GASB) 53, *Accounting and Financial Reporting for Derivative Instruments*, the termination value of all swaps, either negative or positive, are presented as either deferred outflows or inflows in the statement of net position. HOC had a net negative fair value of \$2.3 million as a net result of a negative fair value of \$4.2 million in the Single Family Sub-fund and the Multifamily Sub-fund which was partially offset by a net positive fair value of \$1.9 million in the Chevy Chase Lake FFB Hedge and the Alexander House FFB Hedge.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Changes in Net Position
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Operating Revenues				
Dwelling Rental	\$ 77.5	\$ 68.0	\$ 9.5	14.0%
Governmental Grants	128.5	118.4	10.1	8.5%
Investment Income	4.4	3.8	0.6	15.8%
Unrealized Gains (Losses) on Investments	(2.9)	(3.5)	0.6	(17.1)%
Interest on Mortgages and Construction Loans Receivable	9.7	11.1	(1.4)	(12.6)%
Management Fees and Other Income	13.1	12.8	0.3	2.3%
Total Operating Revenues	230.3	210.6	19.7	9.4%
Operating Expenses				
Housing Assistance Payments	102.5	95.5	7.0	7.3%
Administration	43.8	39.4	4.4	11.2%
Maintenance	18.7	17.0	1.7	10.0%
Depreciation and Amortization	15.6	14.3	1.3	9.1%
Utilities	5.9	4.9	1.0	20.4%
Fringe Benefits	10.9	11.3	(0.4)	(3.5)%
Interest Expense	22.7	21.9	0.8	3.7%
Other Expenses	13.1	11.6	1.5	12.9%
Total Operating Expenses	233.2	215.9	17.3	8.0%
Operating Income (Loss)	(2.9)	(5.3)	2.4	(45.3)%
Nonoperating Revenues, Net	14.6	32.3	(17.7)	(54.8)%
Income Before Contributions	11.7	27.0	(15.3)	(56.7)%
Transfers From Discrete Component Units	4.3	-	4.3	100.0%
Capital Contributions	2.0	0.2	1.8	900.0%
Change in Net Position	18.0	27.2	(9.2)	(33.8)%
Total Net Position - Beginning of Year, as restated	216.3	220.4	(4.1)	(1.9)%
Total Net Position - End of Year	\$ 234.3	\$ 247.6	\$ (13.3)	(5.4)%

In January 2006, HUD issued PIH Notice 2006-03, which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2018, the Commission has recorded all ABA received as income.

Governmental grants increased by \$10.1 million as a result of an increase in HUD and County subsidies.

Unrealized losses on investments decreased by \$0.6 million in FY 2018. The unrealized losses in FY 2018 were due to changes in interest rates and the investing environment.

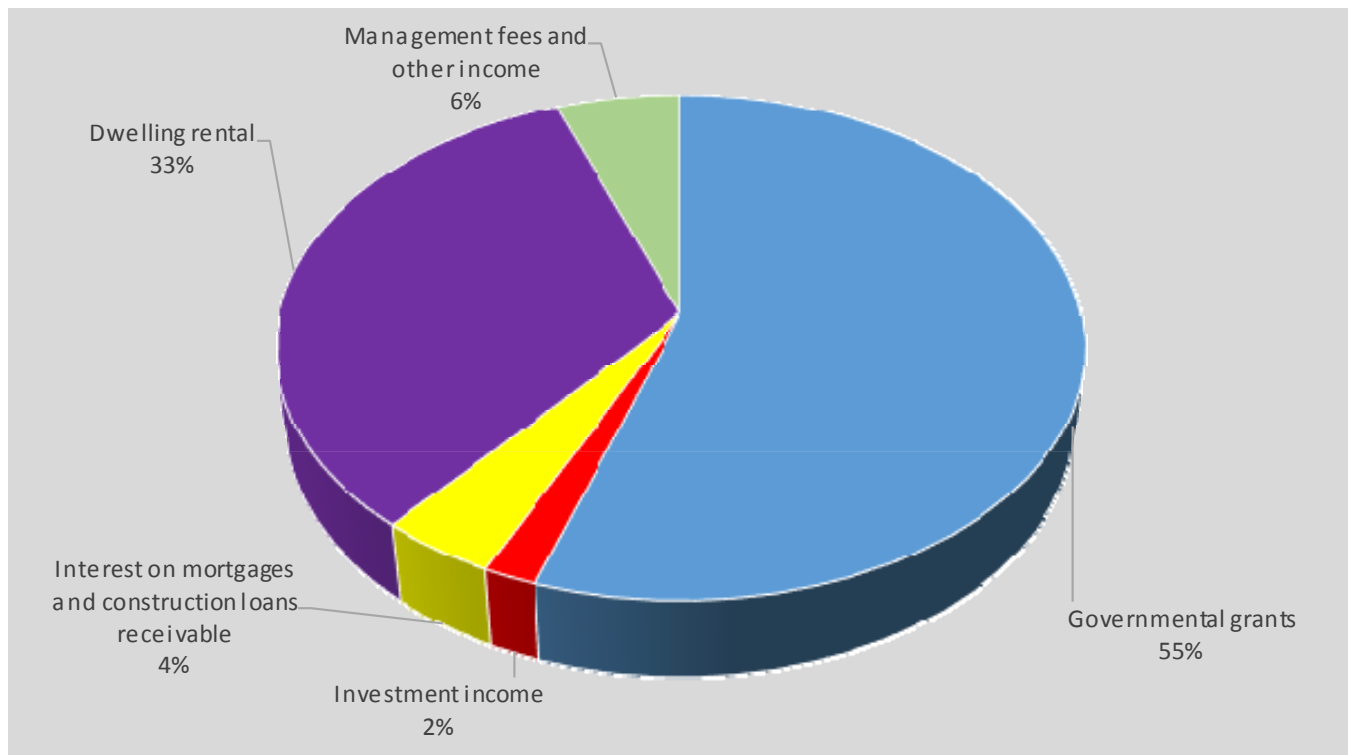
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Operating interest on mortgages receivable decreased by \$1.4 million as a result of a decrease in the average outstanding mortgages in the Single Family Sub-fund.

Management fees and other income increased by \$0.3 million mainly due to the increase in loan management fees and development fees partially offset by a decrease in other miscellaneous income.

The following chart illustrates the Commission's sources of revenue as a percentage of total operating revenue. The primary sources of operating revenue for the Commission are grants from federal, state, and local governments, and dwelling rental income.

FY 2018 SOURCES OF OPERATING REVENUE

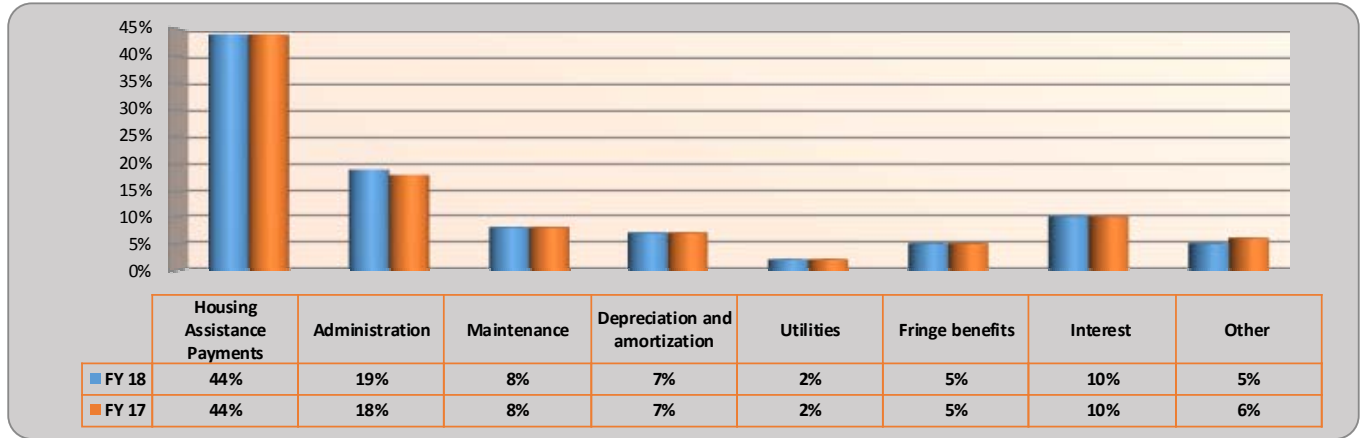


Non-operating revenue decreased by \$17.7 million mainly due to a drop in property sales. In FY2017, net gain from the sale of land at Chevy Chase Lake and Alexander House affordable units amounted to \$30.6 million as compared with \$13.5 million from the sale of Greenhills Apartments and 10 Chevy Chase Lake townhouse units in FY 2018. An increase of \$0.6 million in non-operating expenses also contributed to a decrease in non-operating income.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

The following chart is a comparison of the Commission's current and prior year operating expenses as a percentage of total expenses:

FY 2018 OPERATING EXPENSES



Housing Assistance Payments are the major contributor to the total operating expenses of the Commission and remain flat at 44% of the total operating expenses.

The proportionate shares of administrative expenses, maintenance, depreciation & amortization, fringe benefits, interest expense and other expense categories have not changed significantly from the prior year.

Housing Opportunities Commission's Capital Assets
Net of Accumulated Depreciation
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Property and Equipment, Net of Depreciation	\$ 562.0	\$ 395.2	\$ 166.8	42.2%
Capitalized Lease (Net of Amortization)	-	10.0	(10.0)	(100.0)%
Total Capital Assets, Net	\$ 562.0	\$ 405.2	\$ 156.8	38.7%

Real property is depreciated using the straight line method over a 40-year period. During the year, the Commission acquired assets of approximately \$216.4 million which includes transfers of \$12.5 million, while disposing of capital assets with a net book value of approximately \$34.3 million. Depreciation expense of \$15.3 million also decreased the net book value of the assets. The increase is largely attributable to the acquisition of Cider Mill Apartments, renovation work at Alexander House Development Corporation, pre-development expenses at Elizabeth House and the transfer of three (3) discretely presented component units and a 236 property to the agency.

The decrease is mainly due to the sale of Greenhills Apartments and 900 Thayer to their respective limited partnerships. Note 4 (Capital Assets) provides detailed information about capital asset activity.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Housing Opportunities Commission's Outstanding Debt
(In millions of dollars)

	2018	2017	Change (\$)	Change (%)
Multifamily Bonds	\$ 303.9	\$ 301.7	\$ 2.2	0.7%
Single Family Mortgage Purchase Program Bonds	222.8	210.9	11.9	5.6%
Mortgage Notes and Loans Payable	356.1	165.6	190.5	115.0%
Capitalized Lease Obligation	-	19.9	(19.9)	(100.0)%
Loans Payable to Montgomery County	58.1	62.9	(4.8)	(7.6)%
Total	\$ 940.9	\$ 761.0	\$ 179.9	23.6%

The following are key elements of the Commission's outstanding debt as of June 30, 2018:

- As of June 30, 2018, \$303.9 million of Multifamily mortgage bonds was outstanding. Sources of payments for the bonds are Multifamily mortgages receivable of \$278.7 million and restricted cash, cash equivalents and investments of \$65.2 million.
- As of June 30, 2018, \$222.8 million of Single Family mortgage bonds was outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$81.8 million and restricted cash, cash equivalents and investments of \$164.5 million.

The outstanding debt is secured by real estate or by first mortgages on real estate. The exception is the closing cost assistance program.

Note 8 (Bonds, Mortgage Notes, and Loans Payable) provides detailed information about long-term debt activity.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018

Economic Outlook

HOC's FY 2019 budget reflects the urgency of our mission and aligns with the Commission's 2018 - 2022 strategic plan. As Housers, our work is focused on just three things: Getting People Housed; Keeping People Housed; and Helping Customers Reach Their Fullest Potential.

One of the most important ways we do this is by creating Community Connected Housing and serving the whole family. Community Connected Housing exists in "healthy" neighborhoods that provide strong employment, educational and recreational access as well as environmental amenities that include local service institutions. HOC has set a course that continues to invest in housing assets so we expand and preserve the county's affordable housing supply. We will do this by enhancing affordability and increasing the availability of housing resources within the County.

To accomplish this, HOC employs diverse financing and development strategies to get people housed and meet the range of affordable housing needs in the county. One example is the way we have maximized HUD's Rental Assistance Demonstration (RAD) Program. We are positioned to increase the overall supply of mixed-income affordable housing in Montgomery County, creating integrated communities where crucial resources exist. HOC's ability to pivot toward more sustainable funding has resulted in significant reinvestment in our real property assets. As a result, we are able to provide stable, high-quality and amenity-rich affordable housing on which families can depend.

HOC will keep people housed by ensuring that the units are maintained to the highest standards and that customers remain connected to their community. By offering service connections and counseling services to at-risk households, HOC helps increase housing stability for vulnerable populations, including seniors and persons with disabilities. Over the past year, HOC customers have benefited from increased programming on financial literacy and budget counseling in addition to other supportive services that helps keep families housed. Developing and implementing interventions that meet customers where they are along the spectrum of housing needs is crucial to stemming housing loss for at-risk populations.

The research findings are clear, Montgomery County is among the best communities in the country for vulnerable children to live and grow so they have the best opportunity to reach their potential and meet their basic needs. One of the most basic of needs we all have is shelter. We believe a community like Montgomery County deserves world-class housing options so that all of its citizens may thrive.

Request for information

This financial report is designed to provide a general overview of the Commission's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 10400 Detrick Avenue, Kensington, Maryland, 20895.

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Unrestricted:

Cash and Cash Equivalents	\$ 93,948,583
Advances to Component Units	26,092,324
Accounts Receivable and Other Assets, Net	26,713,940
Accrued Interest Receivable	6,357,705
Mortgage and Construction Loans Receivable, Current	17,919,996
Total Unrestricted Current Assets	171,032,548

Restricted Cash, Cash Equivalents and Investments:

Restricted Cash and Cash Equivalents	117,046,504
Restricted Short-Term Investments	1,561,720
Restricted for Current Bonds Payable	52,140,266
Restricted for Customer Deposits	3,961,261
Total Restricted Cash, Cash Equivalents, and Investments	174,709,751

Total Current Assets	345,742,299
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NONCURRENT ASSETS

Restricted Long-Term Investments	97,633,231
Mortgage and Construction Loans Receivable, Net of Current Portion	270,474,873
Capital Assets, Net of Depreciation	561,984,862
Other Real Estate Owned	977,661
Loans Receivable from Component Units	2,948,374
Swap Asset	1,910,439
Investment in Component Units	14,250,419
Total Noncurrent Assets	950,179,859

Total Assets	1,295,922,158
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DEFERRED OUTFLOWS OF RESOURCES

Fair Value of Hedging Derivatives	4,205,807
Employer-Related Pension Activities	6,293,850
Employer-Related OPEB Activities	1,910,942
Total Deferred Outflows of Resources	12,410,599

Total Assets and Deferred Outflows of Resources	\$ 1,308,332,757
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See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES (CONTINUED)
JUNE 30, 2018

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current Unrestricted Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 24,504,883
Accrued Interest Payable	4,352,372
Loans Payable to Montgomery County - Current	202,918
Mortgage Notes and Loans Payable - Current	<u>52,832,225</u>
Total Current Unrestricted Liabilities	<u>81,892,398</u>
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	3,201,411
Accrued Interest Payable	8,152,075
Bonds Payable - Current	<u>43,988,191</u>
Total Current Liabilities Payable from Restricted Assets	<u>55,341,677</u>
Total Current Liabilities	<u>137,234,075</u>

NONCURRENT LIABILITIES

Bonds Payable	482,659,565
Mortgage Notes and Loans Payable	303,294,571
Loans Payable to Montgomery County	57,892,624
Unearned Revenue	24,282,574
Escrow and Other Deposits	15,365,427
Net Pension Liability	10,595,603
Net OPEB Liability	26,847,382
Derivative Instruments - Hedging	<u>4,205,807</u>
Total Noncurrent Liabilities	<u>925,143,553</u>
Total Liabilities	<u>1,062,377,628</u>

DEFERRED INFLOWS OF RESOURCES

Fair Value of Hedging Derivatives	1,910,439
Unamortized Pension Net Difference	4,968,978
Unamortized OPEB Net Difference	<u>4,774,388</u>
Total Deferred Inflows of Resources	<u>11,653,805</u>

NET POSITION

Net Investment in Capital Assets	(37,987,591)
Restricted for:	
Debt Service	85,700,199
Customer Deposits and Other	1,846,820
Closing Cost Assistance Program	4,256,505
Unrestricted	<u>180,485,391</u>
Total Net Position	<u>234,301,324</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,308,332,757</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2018

ASSETS

CURRENT ASSETS

Unrestricted:	
Cash and Cash Equivalents	\$ 7,223,257
Accounts Receivable and Other Assets	1,298,799
Due From Primary Government	172,539
Total Unrestricted Current Assets	<u>8,694,595</u>
Restricted Cash and Cash Equivalents:	
Restricted Cash and Cash Equivalents	16,004,429
Customer Deposits	664,216
Total Restricted Cash and Cash Equivalents	<u>16,668,645</u>
Total Current Assets	<u>25,363,240</u>

NONCURRENT ASSETS

Property and Equipment, Net of Depreciation	246,365,596
Deferred Charges	1,151,886
Total Noncurrent Assets	<u>247,517,482</u>
Total Assets	<u><u>\$ 272,880,722</u></u>

LIABILITIES AND PARTNERS' EQUITY

CURRENT LIABILITIES

Current Unrestricted Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 13,497,357
Accrued Interest Payable	8,187,227
Due to Primary Government	1,574,437
Loans Payable to Montgomery County	121,355
Mortgage Notes and Loans Payable - Current	25,245,885
Total Current Unrestricted Liabilities	<u>48,626,261</u>
Current Liabilities Payable from Restricted Assets:	
Customer Deposits Payable	624,211
Total Current Liabilities Payable from Restricted Assets	<u>624,211</u>
Total Current Liabilities	49,250,472

NONCURRENT LIABILITIES

Mortgage Notes and Loans Payable	173,900,608
Loans Payable to Montgomery County	10,783,706
Deferred Revenue	8,434
Advances Due to Primary Government	22,242,199
Other Noncurrent Liabilities	5,200,453
Total Noncurrent Liabilities	<u>212,135,400</u>
Total Liabilities	<u>261,385,872</u>

PARTNERS' EQUITY

Total Liabilities and Partners' Equity	<u><u>11,494,850</u></u>
Total Liabilities and Partners' Equity	<u><u>\$ 272,880,722</u></u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-
BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2018

OPERATING REVENUES

Dwelling Rental	\$ 77,458,610
Investment Income	4,445,182
Unrealized Losses on Investments	(2,928,181)
Interest on Mortgage and Construction Loans Receivable	9,699,259
Management Fees and Other Income	13,126,870
U.S. Department of Housing and Urban Development Grants:	
Housing Assistance Payments (HAP)	100,265,523
HAP Administrative Fees	6,998,217
Other Grants	6,148,090
State and County Grants	<u>15,116,301</u>
Total Operating Revenues	<u>230,329,871</u>

OPERATING EXPENSES

Housing Assistance Payments	102,470,927
Administration	43,817,962
Maintenance	18,737,186
Depreciation and Amortization	15,570,948
Utilities	5,890,629
Fringe Benefits	10,841,963
Interest Expense	22,727,232
Other Expenses	<u>13,100,212</u>
Total Operating Expenses	<u>233,157,059</u>

Total Operating Loss (2,827,188)

NONOPERATING REVENUES (EXPENSES)

Investment Income	2,378,528
Interest on Mortgage and Construction Loans Receivable	1,031,590
Interest Expense	(2,543,362)
Other Grants	192,661
Gain on Sale of Assets	<u>13,512,924</u>
Total Nonoperating Revenue	<u>14,572,341</u>

Income Before Contributions and Transfers 11,745,153

Transfers from Discrete Component Units	4,269,759
Capital Contributions	<u>1,984,271</u>

CHANGE IN NET POSITION 17,999,183

Total Net Position - Beginning of Year, as Restated 216,302,141

TOTAL NET POSITION - END OF YEAR \$ 234,301,324

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENTS UNITS
YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Dwelling Rental	\$ 18,375,686
Management Fees and Other Income	<u>554,794</u>
Total Operating Revenues	<u>18,930,480</u>
 OPERATING EXPENSES	
Administration	3,373,075
Maintenance	3,875,383
Depreciation and Amortization	7,203,324
Utilities	1,632,458
Fringe Benefits	965,049
Interest Expense	7,279,112
Other Expenses	2,423,408
Bad Debt Expense	<u>119,718</u>
Total Operating Expenses	<u>26,871,527</u>
Total Operating Loss	<u>(7,941,047)</u>
 NONOPERATING REVENUES	
Investment Income	<u>120,067</u>
Total Nonoperating Revenue	<u>120,067</u>
Loss Before Contributions, Distributions and Transfers	(7,820,980)
Capital Contributions	17,205,235
Partner Equity Distributions	(750)
Transfer to Primary Government	<u>(4,293,761)</u>
CHANGE IN PARTNERS' EQUITY	5,089,744
Total Partners' Equity - Beginning of Year	<u>6,405,106</u>
TOTAL PARTNER'S EQUITY - END OF YEAR	<u><u>\$ 11,494,850</u></u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 78,921,900
Intergovernmental Revenue	128,528,131
Investment Income Received	4,886,422
Mortgage Interest Received	9,362,861
Mortgage Loan Principle Received	30,706,141
Management Fees and Other Income	21,429,607
Payments to Suppliers	(45,205,707)
Payments to Employees	(61,345,297)
Interest Paid	(22,782,754)
Housing Assistance Payments	(102,470,927)
Net Cash Provided by Operating Activities	<u>42,030,377</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Advances to Component Units	(4,308,162)
Issuance of Notes Receivable	(9,537,527)
Receipt of payments on Notes Receivable	993,977
Investments Purchased	(16,211,589)
Investment Income Received	2,378,528
Mortgage Interest Received	47,402
Net Cash Used by Investing Activities	<u>(26,637,371)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Sale of Bonds	49,885,000
Bond Repayments	(36,009,077)
Intergovernmental Revenue	192,661
Net Cash Provided by Noncapital Financing Activities	<u>14,068,584</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Property and Equipment	(236,452,129)
Proceeds From Sale of Capital Assets	47,953,009
Gain on Sale of Capital Assets	1,395,704
Proceeds from Loans Payable to Montgomery County	37,855
Payments on Loans Payable to Montgomery County	(8,224,436)
Proceeds from New Mortgage Notes and Loans Payable	586,404,993
Payments on Mortgage Notes and Loans Payable	(395,894,730)
Interest Paid on Mortgages	(2,543,362)
Principal Payments on Capital Lease	9,744,048
Capital Contributions and Transfers	549,475
Net Cash Provided by Capital and Related Financing Activities	<u>2,970,427</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	32,432,017
Cash and Cash Equivalents - Beginning of Year	<u>234,664,597</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 267,096,614</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2018
(Continued)

	Business-Type Activities
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Current Unrestricted Cash and Cash Equivalents	\$ 93,948,583
Restricted Cash and Cash Equivalents	117,046,504
Current Bonds Payable	52,140,266
Customer Deposits	3,961,261
Total Cash and Cash Equivalents	267,096,614
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	(2,827,188)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Increase in Capital Appreciation Bonds	25,266
Depreciation	15,302,326
Amortization	268,622
Unrealized Losses on Investments	2,928,182
OPEB Expense	-
Pension Expense	-
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable and Other Assets	(86,744)
Mortgage and Construction Loans Receivables	31,012,686
Accrued Interest Receivable	(759,304)
Prepaide Expenses and Other Assets	36,770
Deferred Outflows of Resources	(1,793,747)
Other Real Estate Owned	(445,229)
Accounts Payable	(2,080,625)
Unearned Revenue	(3,250,084)
Accrued Interest Payable	1,185,465
Net OPEB Liability	(4,497,658)
Net Pension Liability	(1,086,058)
Deferred Inflows of Resources	7,030,558
Escrow and Other Deposits	1,067,139
Net Cash Provided by Operating Activities	\$ 42,030,377

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
COMBINING BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2018

	12/31 MHLP IX	12/31 MHLP X	12/31 Shady Grove	12/31 Manchester	12/31 Willows	12/31 Georgian	12/31 MV Affordable	6/30 Strathmore	12/31 Arcola	12/31 Waverly	12/31 Alexander House
Assets											
Current Assets:											
Cash and Cash Equivalents	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 121,345	\$ 539,412	\$ 41,504	\$ 510,997	\$ 680,818	\$ 544,126
Accounts Receivable and Other Assets	83,359	112,684	-	-	-	21,748	19,072	13,617	204,292	364,019	11,419
Due From Primary Government	-	-	-	-	-	-	-	-	-	-	-
Total Unrestricted Current Assets	83,459	112,684	-	-	-	143,093	558,484	55,121	715,289	1,044,837	555,545
Restricted Cash and Cash Equivalents:											
Restricted Cash and Cash Equivalents	195,164	196,660	-	-	-	692,964	220,912	196,293	1,941,718	6,438,581	107,590
Customer Deposits	50,201	28,867	-	-	-	112,710	48,692	23,494	41,111	50,083	25,014
Total Restricted Cash and Cash Equivalents	245,365	225,527	-	-	-	805,674	269,604	219,787	1,982,829	6,488,664	132,604
Noncurrent Assets:											
Property and Equipment, Net of Depreciation	4,755,905	2,313,420	-	-	-	5,251,468	5,110,506	2,501,583	27,246,726	42,744,695	33,479,038
Deferred Charges	-	-	-	-	-	-	28,000	-	191,707	296,543	-
Total Noncurrent Assets	4,755,905	2,313,420	-	-	-	5,251,468	5,138,506	2,501,583	27,438,433	43,041,238	33,479,038
Total Assets	\$ 5,084,729	\$ 2,651,631	\$ -	\$ -	\$ -	\$ 6,200,235	\$ 5,966,594	\$ 2,776,491	\$ 30,136,551	\$ 50,574,739	\$ 34,167,187
Liabilities											
Current Unrestricted Liabilities:											
Accounts Payable and Accrued Liabilities	\$ 35,719	\$ 35,237	\$ -	\$ -	\$ -	\$ 59,228	\$ 151,198	\$ 23,300	\$ 3,170,747	\$ 5,422,859	\$ 1,941,382
Accrued Interest Payable	111,872	13,363	-	-	-	15,738	9,716	35,519	684,916	1,308,422	761,497
Due To Primary Government	-	46,632	-	-	-	15,355	119,049	-	275,156	-	145,587
Loans Payable to Montgomery County	-	-	-	-	-	121,355	-	-	-	-	-
Mortgage Notes and Loans Payable - Current	274,410	137,492	-	-	-	161,270	114,176	306,450	9,092,553	13,932,714	-
Total Unrestricted Current Liabilities	422,001	232,724	-	-	-	372,946	394,139	365,269	13,223,372	20,663,995	2,848,466
Current Liabilities Payable from Restricted Assets:											
Customer Deposits Payable	45,605	24,661	-	-	-	110,864	48,574	22,765	34,617	35,597	24,442
Total Current Liabilities Payable from Restricted Assets	45,605	24,661	-	-	-	110,864	48,574	22,765	34,617	35,597	24,442
Noncurrent Liabilities:											
Mortgage Notes and Loans Payable	4,898,832	3,526,081	-	-	-	2,527,368	1,987,496	5,271,626	18,360,752	31,710,096	30,409,252
Loans Payable to Montgomery County	1,405,500	800,000	-	-	-	1,554,943	2,331,155	-	-	-	-
Deferred Revenue	-	-	-	-	-	1,838	-	-	-	-	-
Advances Due to Primary Government	3,643,783	-	-	-	-	-	-	4,549,159	-	-	-
Other Noncurrent Liabilities	634,496	1,007,165	-	-	-	261,534	-	-	-	-	505,959
Total Noncurrent Liabilities	10,582,611	5,333,246	-	-	-	4,345,683	4,318,651	9,820,785	18,360,752	31,710,096	30,915,211
Total Liabilities	11,050,217	5,590,631	-	-	-	4,829,493	4,761,364	10,208,819	31,618,741	52,409,688	33,788,119
Partner's Equity (Deficit)	(5,965,488)	(2,939,000)	-	-	-	1,370,742	1,205,230	(7,432,328)	(1,482,190)	(1,834,949)	379,068
Total Liabilities and Partner's Equity (Deficit)	\$ 5,084,729	\$ 2,651,631	\$ -	\$ -	\$ -	\$ 6,200,235	\$ 5,966,594	\$ 2,776,491	\$ 30,136,551	\$ 50,574,739	\$ 34,167,187

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
COMBINING BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2018

	6/30	12/31	12/31	12/31	12/31	12/31	12/31	12/31	12/31	12/31	Totals
	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood/Sliigo	Hampden Lane	Hillandale	Greenhills	CCL Multifamily	
Assets											
Current Assets:											
Cash and Cash Equivalents	\$ 40,113	\$ 424,256	\$ 616,040	\$ 417,779	\$ 1,914,580	\$ 1,079,822	\$ 87,038	\$ 81,549	\$ 123,778	\$ -	\$ 7,223,257
Accounts Receivable and Other Assets	41,203	29,016	35,738	69,895	45,353	149,082	3,876	-	94,426	-	1,298,799
Due From Primary Government	-	3,716	168,823	-	-	-	-	-	-	-	172,539
Total Unrestricted Current Assets	81,316	456,988	820,601	487,674	1,959,933	1,228,904	90,914	81,549	218,204	-	8,694,595
Restricted Cash and Cash Equivalents:											
Restricted Cash and Cash Equivalents	159,106	442,383	358,828	366,024	1,597,872	2,076,180	437,232	-	449,129	127,793	16,004,429
Customer Deposits	42,032	44,738	39,466	23,567	40,644	68,204	3,464	-	21,929	-	664,216
Total Restricted Cash and Cash Equivalents	201,138	487,121	398,294	389,591	1,638,516	2,144,384	440,696	-	471,058	127,793	16,668,645
Noncurrent Assets:											
Property and Equipment, Net of Depreciation	5,819,690	8,176,943	6,573,858	9,946,800	20,853,806	25,885,736	3,593,180	3,046,548	14,152,203	24,913,491	246,365,596
Deferred Charges	-	-	197,998	15,741	-	83,579	10,914	15,862	23,623	287,919	1,151,886
Total Noncurrent Assets	5,819,690	8,176,943	6,771,856	9,962,541	20,853,806	25,969,315	3,604,094	3,062,410	14,175,826	25,201,410	247,517,482
Total Assets	\$ 6,102,144	\$ 9,121,052	\$ 7,990,751	\$ 10,839,806	\$ 24,452,255	\$ 29,342,603	\$ 4,135,704	\$ 3,143,959	\$ 14,865,088	\$ 25,329,203	\$ 272,880,722
Liabilities											
Current Unrestricted Liabilities:											
Accounts Payable and Accrued Liabilities	\$ 59,985	\$ 20,515	\$ 69,915	\$ 138,263	\$ 222,159	\$ 189,915	\$ 486,432	\$ 117,107	\$ 539,427	\$ 813,969	\$ 13,497,357
Accrued Interest Payable	29,985	2,607,667	1,759,501	15,070	60,994	721,245	-	-	51,722	-	8,187,227
Due To Primary Government	-	72,473	-	-	33,258	270,031	-	-	430,284	166,612	1,574,437
Loans Payable to Montgomery County	-	-	-	-	-	-	-	-	-	-	121,355
Mortgage Notes and Loans Payable - Current	165,249	182,912	180,588	28,663	457,153	212,255	-	-	-	-	25,245,885
Total Unrestricted Current Liabilities	255,219	2,883,567	2,010,004	181,996	773,564	1,393,446	486,432	117,107	1,021,433	980,581	48,626,261
Current Liabilities Payable from Restricted Assets:											
Customer Deposits Payable	41,456	44,123	37,121	22,834	40,024	67,877	2,298	-	21,353	-	624,211
Total Current Liabilities Payable from Restricted Assets	41,456	44,123	37,121	22,834	40,024	67,877	2,298	-	21,353	-	624,211
Noncurrent Liabilities:											
Mortgage Notes and Loans Payable	6,455,982	8,154,134	7,822,915	4,423,712	13,560,328	16,157,687	585,825	1,216,750	12,779,143	4,052,629	173,900,608
Loans Payable to Montgomery County	-	1,382,000	-	865,279	1,500,000	-	944,829	-	-	-	10,783,706
Deferred Revenue	-	-	-	6,596	-	-	-	-	-	-	8,434
Advances Due to Primary Government	12,196,852	-	-	1,852,405	-	-	-	-	-	-	22,242,199
Other Noncurrent Liabilities	60,471	-	-	1,372,908	1,127,452	-	230,468	-	-	-	5,200,453
Total Noncurrent Liabilities	18,713,305	9,536,134	7,822,915	8,520,900	16,187,780	16,157,687	1,761,122	1,216,750	12,779,143	4,052,629	212,135,400
Total Liabilities	19,009,980	12,463,824	9,870,040	8,725,730	17,001,368	17,619,010	2,249,852	1,333,857	13,821,929	5,033,210	261,385,872
Partner's Equity (Deficit)	(12,907,836)	(3,342,772)	(1,879,289)	2,114,076	7,450,887	11,723,593	1,885,852	1,810,102	1,043,159	20,295,993	11,494,850
Total Liabilities and Partner's Equity (Deficit)	\$ 6,102,144	\$ 9,121,052	\$ 7,990,751	\$ 10,839,806	\$ 24,452,255	\$ 29,342,603	\$ 4,135,704	\$ 3,143,959	\$ 14,865,088	\$ 25,329,203	\$ 272,880,722

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
COMBINING STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	12/31	12/31	12/31	12/31	12/31	12/31	12/31	6/30	12/31	12/31	12/31
	MHLP IX	MHLP X	Shady Grove	Manchester	Willows	Georgian	MV Affordable	Strathmore	Arcola	Waverly	Alexander House
Operating Revenues:											
Dwelling Rental	\$ 1,579,139	\$ 1,039,607	\$ -	\$ -	\$ -	\$ 1,548,545	\$ 1,430,878	\$ 624,039	\$ 1,249,104	\$ 1,257,270	\$ 1,139,924
Management Fees and Other Income	127	18,918	-	-	-	55,117	21,817	15,011	80,898	82,727	31,557
Total Operating Revenues	1,579,266	1,058,525	-	-	-	1,603,662	1,452,695	639,050	1,330,002	1,339,997	1,171,481
Operating Expenses:											
Administration	152,603	161,741	-	-	-	254,093	273,299	126,327	319,307	352,834	174,267
Maintenance	470,051	333,415	-	-	-	334,701	289,884	123,837	265,868	225,302	181,115
Depreciation and Amortization	389,117	285,906	-	-	-	321,155	362,688	260,277	638,725	1,117,751	596,918
Utilities	19,587	2,519	-	-	-	116,861	119,970	56,256	199,877	225,919	144,356
Fringe Benefits	68,033	45,699	-	-	-	115,849	131,090	21,625	75,488	70,900	18,253
Interest Expense	307,684	229,452	-	-	-	154,052	166,714	436,143	668,509	1,191,924	1,126,760
Other	501,926	159,257	-	-	-	113,786	179,634	74,055	147,520	198,150	162,096
Bad Debt Expense	17,583	10,521	-	-	-	1,834	156	-	-	-	57,488
Total Operating Expenses	1,926,584	1,228,510	-	-	-	1,412,331	1,523,435	1,098,520	2,315,294	3,382,780	2,461,253
Operating Income (Loss)	(347,318)	(169,985)	-	-	-	191,331	(70,740)	(459,470)	(985,292)	(2,042,783)	(1,289,772)
Nonoperating Revenues											
Investment Income	1,094	886	-	-	-	2,778	1,993	231	35,504	49,253	-
Total Nonoperating Revenue	1,094	886	-	-	-	2,778	1,993	231	35,504	49,253	-
Capital Contributions	-	-	-	-	-	-	-	-	-	-	1,668,840
Partner Equity Distributions	-	-	-	-	-	-	(750)	-	-	-	-
Transfer to Primary Government	-	-	(2,655,811)	1,138,859	(2,776,809)	-	-	-	-	-	-
Change in Partner's Equity	(346,224)	(169,099)	(2,655,811)	1,138,859	(2,776,809)	194,109	(69,497)	(459,239)	(949,788)	(1,993,530)	379,068
Partners' Equity - Beginning of Year	(5,619,264)	(2,769,901)	2,655,811	(1,138,859)	2,776,809	1,176,633	1,274,727	(6,973,089)	(532,402)	158,581	-
Partners' Equity - End of Year	\$ (5,965,488)	\$ (2,939,000)	\$ -	\$ -	\$ -	\$ 1,370,742	\$ 1,205,230	\$ (7,432,328)	\$ (1,482,190)	\$ (1,834,949)	\$ 379,068

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
COMBINING STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
YEAR ENDED JUNE 30, 2018

	6/30	12/31	12/31	12/31	12/31	12/31	12/31	12/31	12/31	12/31	Total
	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood/Sligo	Hampden Lane	Hillandale	Greenhills	CCL Multifamily	
Operating Revenues:											
Dwelling Rental	\$ 774,626	\$ 1,057,411	\$ 1,014,444	\$ 753,076	\$ 2,726,606	\$ 1,814,228	\$ 175,252	\$ -	\$ 191,537	\$ -	\$ 18,375,686
Management Fees and Other Income	36,757	4,954	12,557	4,441	55,369	97,496	36,364	-	684	-	554,794
Total Operating Revenues	811,383	1,062,365	1,027,001	757,517	2,781,975	1,911,724	211,616	-	192,221	-	18,930,480
Operating Expenses:											
Administration	252,775	163,019	127,585	192,751	406,924	271,101	94,692	750	45,507	3,500	3,373,075
Maintenance	273,288	178,033	236,882	131,988	408,272	364,854	28,406	-	29,487	-	3,875,383
Depreciation and Amortization	319,639	394,398	454,743	548,165	540,892	727,476	149,853	1,242	94,379	-	7,203,324
Utilities	153,440	75,639	89,224	37,794	147,458	192,974	36,484	-	14,100	-	1,632,458
Fringe Benefits	50,089	65,799	26,210	42,020	93,168	106,535	28,343	-	5,948	-	965,049
Interest Expense	364,403	535,441	458,644	229,852	748,683	609,129	-	-	51,722	-	7,279,112
Other	121,771	103,690	178,031	86,407	205,173	147,644	23,057	300	20,129	782	2,423,408
Bad Debt Expense	-	-	8,147	2,552	6,284	10,753	2,262	-	2,138	-	119,718
Total Operating Expenses	1,535,405	1,516,019	1,579,466	1,271,529	2,556,854	2,430,466	363,097	2,292	263,410	4,282	26,871,527
Operating Income (Loss)	(724,022)	(453,654)	(552,465)	(514,012)	225,121	(518,742)	(151,481)	(2,292)	(71,189)	(4,282)	(7,941,047)
Nonoperating Revenues											
Investment Income	2,092	2,409	1,978	1,229	2,678	2,266	469	-	15,207	-	120,067
Total Nonoperating Revenues	2,092	2,409	1,978	1,229	2,678	2,266	469	-	15,207	-	120,067
Capital Contributions	-	-	-	-	-	-	-	-	1,099,141	14,437,254	17,205,235
Partner Equity Distributions	-	-	-	-	-	-	-	-	-	-	(750)
Transfer to Primary Government	-	-	-	-	-	-	-	-	-	-	(4,293,761)
Change in Partners' Equity	(721,930)	(451,245)	(550,487)	(512,783)	227,799	(516,476)	(151,012)	(2,292)	1,043,159	14,432,972	5,089,744
Partners' Equity - Beginning of Year	(12,185,906)	(2,891,527)	(1,328,802)	2,626,859	7,223,088	12,240,069	2,036,864	1,812,394	-	5,863,021	6,405,106
Partners' Equity - End of Year	\$ (12,907,836)	\$ (3,342,772)	\$ (1,879,289)	\$ 2,114,076	\$ 7,450,887	\$ 11,723,593	\$ 1,885,852	\$ 1,810,102	\$ 1,043,159	\$ 20,295,993	\$ 11,494,850

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of the Commission

The Housing Opportunities Commission of Montgomery County, Maryland (a component unit of Montgomery County, Maryland) (the Commission) is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law. In addition, Chapter 41 of the laws of Montgomery County, Maryland, known as the Housing Opportunities Act, permits Montgomery County (the County) to authorize the Commission to perform various housing functions either through a contract with the County or by local law.

Specific powers of the Commission include:

- Acquiring land,
- Utilizing federal/state housing subsidies,
- Making mortgage loans and rent subsidy payments,
- Making construction loans,
- Providing permanent mortgage financing,
- Purchasing mortgages, and
- Issuing Bonds.

Housing activities sponsored by the Commission include:

- Housing Choice Voucher Program, sponsored by the U.S. Department of Housing and Urban Development (HUD), through which eligible persons may seek housing in the private marketplace. The Housing Choice Voucher program allows eligible families to obtain adequate rental housing while paying a minimum of 30% of their monthly income for rent.
- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing.
- Tax Credit Partnerships, which provide rental housing for low and moderate income households. The Commission manages these properties and is a 1% or less general partner.
- The Public Housing Rental Program, which provides housing for low- and moderate-income families and elderly and disabled individuals who pay either a flat rent or 30% of their adjusted gross income for rent.
- Home-Ownership Program, whereby families pay a minimum of 30% of their adjusted gross income each month to the Commission. A portion of this monthly payment is placed in an earned home-payment account, and another sum is placed in a nonroutine maintenance reserve. Once a family's income is high enough to secure a mortgage, these reserve accounts can be used for the down payment and/or closing costs. Title to the home is then transferred to the family, and they assume ownership of the home along with all rights and responsibilities of home ownership.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

(a) Description of the Commission (Continued)

The above activities are supported by a network of tenant services. Funding for these services is provided by federal, state, and county government agencies.

Bonds issued by the Commission include Single Family Mortgage Revenue Bonds and Multifamily Housing Revenue Bonds. Single Family Mortgage Revenue Bonds provide below-market interest rate mortgage loans for the purchase of single family homes for low- to moderate-income families on an equal opportunity basis. The Multifamily Housing Revenue Bonds provide below-market rental units within multifamily developments for low- to moderate-income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multifamily Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of the County, the State of Maryland (the State) or any political subdivision thereof and are not backed by the full faith and credit of the County, the State or any political subdivision thereof, but are limited obligations of the Commission payable solely from the revenue and other assets of the Commission pursuant to individual Bond Resolutions. The Multifamily Housing Revenue Bonds, 1998 Issue A, are guaranteed as general obligation bonds of the County.

Management of the Commission and the County has determined that the Commission is a component unit of the County. Accordingly, the County is required to report the Commission's financial activity, together with all other component units, in its basic financial statements.

(b) Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include component units in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*. These include manifestation of oversight responsibility including financial accountability, imposition of will, financial burden or benefit on the primary organization, and financial accountability as a result of fiscal dependency.

The Commission determined, based on the criteria above, that the entities described below should be presented as either blended component units or discretely presented component units in the Commission's financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

(b) Financial Reporting Entity (Continued)

BLENDING COMPONENT UNITS (Development Corporations and Other Entities)

The Development Corporations (the Corporations) and other entities operate exclusively for nonprofit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and other entities, and their related expenditures must be approved by the Commission. The Corporations and other entities are legally separate from the Commission, and are included in the Opportunity Housing Sub-Fund as blended component units, since the Commission can significantly influence the programs, projects, or activities of, or the level of service performed by the Corporations and other entities, and their boards of directors are substantially the same as the Commission. The blended component units report on a June 30 year-end unless indicated below.

Alexander House Development Corporation - Owns and operates 183 units located in Silver Spring, Maryland, to serve market and low to moderate income residents.

Ambassador One Associates, LP – The Ambassador was originally constructed as a hotel but converted into a 162-unit apartment building in 1994. The Ambassador is an aging structure in need of significant renovation. The building is currently vacant in preparation of future renovations.

Barclay Development Corporation – Owns and operates 76 condominium units located in Chevy Chase, Maryland, to serve market and low to moderate income residents. The units are subject to a ground lease held by Montgomery County.

Brookside Glen Limited Partnership (The Glen) – Owns and operates 90 apartment units located in Wheaton, Maryland, to serve market and low to moderate income residents.

Camp Hill Square – Owns and operates 51 apartment units located in Gaithersburg, Maryland, to serve market and low to moderate income elderly residents.

Chevy Chase Development Corporation – The site has been redeveloped into the Lindley – an 11 story structure with 200 units that includes affordable housing, work-force housing and market rate units. Construction is scheduled to be completed in December 2018.

Diamond Square Limited Partnership – Owns and operates 124 furnished single room occupancy units located in Silver Spring, Maryland, to serve market and low to moderate income residents.

Glenmont Crossing Development Corporation – Owns and operates 97 townhouse units located in Silver Spring, Maryland to serve market and low to moderate income residents.

Glenmont Westerly Development Corporation – Owns and operates 102 garden style apartment units located in Silver Spring, Maryland to serve market and low to moderate income residents.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

BLENDED COMPONENT UNITS (Continued)

HOC at Hillandale Gateway, LLC – 70% owner member of Hillandale Gateway LLC, a venture entity between The Duffie Companies and HOC. HOC is the sole member of HOC at Hillandale Gateway, LLC.

Housing Opportunities Community Partners, Inc. – A nonprofit corporation formed in 1998 and is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. It was formed to assist the Commission in its goals of providing affordable housing of various types to residents of Montgomery County, Maryland.

Magruder's Discovery Development Corporation - Owns and operates 134 apartment units located in Bethesda, Maryland to serve low income families and receives federal rent subsidies under a Project Based Rental Assistance Section 8 Housing Assistance Payment (HAP) contract with HUD.

Manchester Manor Apartments Limited Partnership – Owns and operates a 53-unit apartment rental complex for low and moderate income families located in Silver Spring, Montgomery County, Maryland. This entity reports on a calendar year-end.

The Metropolitan Development Corporation - Owns and operates 216 luxury condominium units, a retail rental area, a public plaza and metro office space, and operates the top level parking garage of the building, located in Bethesda, Maryland to serve market and low to moderate income residents.

Montgomery Arms Development Corporation – Owns and operates 129 apartment units located in Silver Spring, Maryland. The rental units serve 129 market and low to moderate income residents.

Montgomery Homes Limited Partnership VII (MHLP VII) – Owns and operates 35 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low to moderate income families.

Montgomery Homes Limited Partnership VIII (MHLP VIII) – Owns and operates 49 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low to moderate income families.

MV Gateway LLC (Cider Mill) – Owns and operates a 864-unit garden style multifamily apartment community located in Gaithersburg, Maryland.

Oaks at Four Corner Development Corporation – Owns and operates 120 apartment units located in Silver Spring, Maryland, to serve market and low to moderate income residents and rentals to persons 62 years of age or older or who are disabled.

Paddington Square Development Corporation – Owns and operates 165 garden style apartment units located in Silver Spring, Maryland to serve market and low to moderate income residents.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

BLENDED COMPONENT UNITS (Continued)

Pooks Hill Development Corporation – Owns and operates 189 apartment units located in Bethesda, Maryland and serves market and low to moderate income residents.

RAD 6 Development Corporation – Owns and operates 268 formerly public housing multifamily apartment units located in various parts of Montgomery County, Maryland and serves low to moderate income residents.

Scattered Site One Development Corporation - Owns and operates 190 units, located in various parts of Montgomery County, Maryland and serves low to moderate income residents.

Scattered Site Two Development Corporation - Owns and operates 54 units, located in various parts of Montgomery County, Maryland and serves low to moderate income residents.

Shady Grove Apartments Limited Partnership – Owns and operates a 144-unit apartment rental complex for low and moderate income families located in Derwood, Maryland. This entity reports on a calendar year-end.

Sligo Hill Development Corporation (MPDU III) – Owns and operates 23 units, located in various parts of Montgomery County, Maryland and serves low to moderate income residents.

Timberlawn Pomander Properties LLC – Owns and Operates 131 apartment units and townhouses in Bethesda and Silver Spring, Maryland.

TPM Development Corporation (MPDU II) – Owns and Operates 59 MPDU's located throughout Montgomery County.

VPC One Development Corporation - Owns and operates 399 formerly public housing scattered site units, located in various parts of Montgomery County, Maryland approved for disposition by HUD to serve persons of eligible income.

VPC Two Development Corporation - Owns and operates 280 formerly public housing scattered site units, located in various parts of Montgomery County, Maryland approved for disposition by HUD to serve persons of eligible income.

Wheaton Gateway LLC – Created to acquire, hold and develop land located in Wheaton, Maryland.

Wheaton Metro Development Corporation – Owns and operates 120 apartment units, 2 retail spaces and 1 parking garage to serve market and low to moderate income residents.

Willows of Gaithersburg Associates Limited Partnership – Owns and operates 195 unit rental unit apartments for low income families located in Gaithersburg, Maryland. This entity reports on a calendar year-end.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS

Real Estate Limited Partnerships. The Commission is the managing general partner in 16 real estate limited partnerships. The limited partnership interests are held by third parties unrelated to the Commission. As managing general partner, the Commission has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. Additionally, the Commission is financially accountable for the limited partnerships as the Commission is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. 14 of the partnerships have calendar year ends and 2 have a June 30 fiscal year-end. Accordingly, the amounts included for each discretely presented component unit that comprise the aggregate component units column in the combined financial statements are as of, and for the respective year ends that fall within the year ended June 30, 2018. Separate financial statements for the individual limited partnerships can be obtained from the Commission. All limited partnerships follow FASB pronouncements and have not been converted for purposes of these financial statements.

The Commission has two other discretely presented component units other than real estate limited partnerships. These two entities do not have separately available financial statements.

Alexander House Apartments Limited Partnership – Owns and operates a 122 unit apartment rental complex for low and moderate income families located in Silver Spring, Maryland.

Arcola Towers RAD Limited Partnership – Owns and operates a 141 unit apartment rental complex for low and moderate income families located in Silver Spring, Maryland.

Barclay One Associates Partnership – Owns and operates 81 rental unit apartments for low and moderate income families located in Bethesda, Maryland.

CCL Multifamily LLC (The Lindley) – HOC is the managing member and 50% owner of CCL Multifamily LLC, which in turn, owns the Lindley. HOC, working with Eakin-Youngentob and Associates (EYA), is developing an 11-story structure with 200 units that include affordable housing, workforce housing, and market rate units. Plans also include an underground garage and a walkway that connects the neighborhood park with the future site of the Purple Line Metro station. Construction is expected to be completed in December 2018. The entity reports on a calendar year end.

Forest Oak Towers Limited Partnership – Owns and operates a 175-unit apartment rental complex for elderly low and moderate income renters located in Gaithersburg, Maryland.

Georgian Court Silver Spring Limited Partnership – Owns and operates a 147-unit apartment rental complex for low and moderate income families under Section 236 of the National Housing Act located in Silver Spring, Maryland.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

Greenhills Apartments Limited Partnership – Owns and operates a 77 unit apartment rental complex for low and moderate income families located in Damascus, Maryland.

Hampden Lane Limited Partnership – Owns and operates 12 rental unit apartments for low and moderate income families located in Bethesda, Maryland.

Hillandale Gateway LLC – The Commission is the sole member and 100% owner of HOC at Hillandale Gateway LLC, which serves as the managing member and 70% owner of Hillandale Gateway LLC. Hillandale Gateway LLC currently owns an approximately one-acre site located in Silver Spring with no improvements. It is anticipated that HOC's Holly Hall property, once converted out of Public Housing via the Rental Assistance Demonstration program, would also be contributed to this entity for a redevelopment of the two sites into a mixed-use, mixed-income property. The entity reports on a calendar year end.

Metropolitan of Bethesda Limited Partnership – Owns and operates 92 luxury residential apartment units for low and moderate income families in Bethesda, Maryland.

Montgomery Homes Limited Partnership IX (MHLP IX) – Owns and operates 116 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership X (MHLP X) – Owns and operates 75 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

MV Affordable Housing Associates Limited Partnership – Owns and operates 94 moderately priced dwelling units known as Stewartown Homes for low and moderate income families under Section 236 of the National Housing Act located in Gaithersburg, Maryland.

Spring Garden One Associates Limited Partnership – Owns and operates 58 low-income tax credit apartment units and 24 units at market rate for low and moderate income families in Silver Spring, Maryland.

Strathmore Court Associates Limited Partnership – Owns and operates 51 rental unit apartments for low and moderate income families located in Rockville, Maryland.

Tanglewood-Sligo Hills – Owns and operates 132 rental unit apartments for low and moderate income families located in Silver Spring, Maryland.

Waverly House RAD Limited Partnership – Owns and operates a 157 unit apartment rental complex for low and moderate income families located in Bethesda, Maryland.

Wheaton Metro Limited Partnership – Owns and operates 53 rental unit apartments for low income families located in Wheaton, Maryland.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

(c) Basis of Presentation

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission is a Special Purpose Government engaged only in business-type activities and, therefore, presents only the financial statements required for an enterprise fund, in accordance with GASB Statement 34 paragraph 138.

The Commission has multiple programs which are accounted for in one enterprise fund. In accordance with the enterprise fund method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Commission to account for operations in a manner similar to private business.

(d) Basis of Accounting

The financial activities of the Commission are recorded in five sub-funds as shown in the schedules provided in the Supplementary Information section. A brief description of each of the Commission's sub-funds follows:

- *General Sub-Fund* – Includes all operations with the exception of publicly-funded programs, opportunity housing programs, and bond-funded activities. This sub-fund also includes any private grants received and the development costs of tax credit partnerships.
- *Opportunity Housing Sub-Fund* – Includes all operating, capital improvements and capital development related to the Commission's opportunity housing portfolio.
- *Public Sub-Fund* – Includes all funds the Commission receives from federal, state, and local government agencies, and related activities.
- *Multifamily Sub-Fund* – Used to account for the proceeds of Multifamily Housing Revenue Bonds, the debt service requirements on the bonds, investments held pursuant to the indenture authorizing the issuance of the bonds and the related mortgage-loan financing for newly constructed or rehabilitated multifamily rental housing in the County.
- *Single Family Sub-Fund* – Used to account for the proceeds of Single Family Mortgage Revenue Bonds, the debt service requirements on the bonds, investments held pursuant to the indenture authorizing the issuance of the bonds and debt service collected from mortgage loans purchased for the financing of owner-occupied, single family residences in the County.

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NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

(d) Basis of Accounting (continued)

The Commission's financial statements distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a sub-fund's principal ongoing operations. The principal operating revenues of the General and Opportunity Housing Sub-Funds are dwelling rental, management fees and other income. The principal operating revenues of the Public Sub-Fund are intergovernmental grants. The principal operating revenues of the Single Family and Multifamily Sub-Funds are investment income and interest on mortgage and construction loans receivable. Operating expenses for the General, Opportunity Housing and Public Sub-Funds include administrative, maintenance, depreciation and amortization, utilities, and other expenses. Interest expense is included as an operating expense of the Opportunity Housing Sub-Fund. Housing Assistance Payments are considered operating expenses of the Public Sub-Fund. The principal operating expenses of the Single Family and Multifamily Sub-Funds are interest and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The effect of inter-subfund activity has been eliminated from the combined financial statements.

(e) Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(f) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all cash on hand, cash in checking, cash in money market accounts and all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash on hand is not included in the calculation of required collateral.

(g) Investments

Investments of the General Sub-Fund, the Public Sub-Fund, and the Opportunity Housing Sub-Fund consist of those permitted by the Commission's investment policy including obligations of the U.S. Government and federal agencies, bankers' acceptances, repurchase agreements, certificates of deposit, money market mutual funds, investments in the Maryland Local Government Investment Pool, commercial paper, and investments in the Montgomery County investment pool. Investments of the Multifamily Sub-Fund and the Single Family Sub-Fund consist of those permitted by the respective bond trust indentures adopted by the Commission providing for the issuance of bonds. Investments are recorded at fair value. Fair value is based upon quoted market prices. The Commission classifies its investments as current or noncurrent based on the maturity dates. Short-term investments have maturities within one year.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

(h) Mortgage and Construction Loans Receivable

Mortgage and construction loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. As of June 30, 2018, there were no reserves for loan losses; however, the Commission has experienced a decrease in loan foreclosures. Note 3, Mortgage and Construction Loans Receivable, provides detailed information about loans in foreclosure and Real Estate Owned (REO) status. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are placed on nonaccrual status when the mortgage insurance claim has settled. The Commission continually monitors the collectability of all loans in foreclosure and REO status against the sales proceeds and mortgage insurance held by the Commission in determining the need for an allowance for loan loss. Additionally, the Commission has an active loan mitigation procedure in place which ensures that servicer activities are monitored and losses to the Commission are minimized. Historically, the Commission's loan losses have been insignificant.

(i) Allowance for Doubtful Accounts

Receivables from tenants and others are reported net of an allowance for doubtful accounts. Management estimates this allowance based on historical collection experience. Management believes amounts due from federal, state and local governments are fully collectable.

(j) Mortgage Risk-Sharing Agreement

The Commission participates in a mortgage risk-sharing agreement with HUD to provide for full mortgage insurance through the Federal Housing Administration (FHA) of loans for affordable housing. The Commission was approved by HUD as both a Level I and Level II participant. Level I participants assume 50% or more, in 10% increments of the risk of loss from mortgage default and Level II participants assume either 25% or 10% of the risk of loss from mortgage default.

Upon default of a mortgage and the filing of a claim with FHA by the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture with HUD for the full amount of the claim within 30 calendar days of the initial claim payment. The instrument will be dated as of the date that the initial claim payment is issued. The debenture shall have a term of 5 years. The Commission will agree to reimburse HUD the full amount of the debenture upon maturity. The Commission must pay annual interest on the debenture at HUD's published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. Upon the sale of the project and settlement of the claim, the Commission will assume a portion of the loss based on the proportion of risk borne by the Commission. The Commission's maximum potential risk of loss as of June 30, 2018 is \$109,583,699 which is collateralized primarily by the underlying properties. As of June 30, 2018, the Commission had \$8,986,851 of mortgage insurance premium deposits on hand for any future loss.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

(k) Grants/Contributions from Governmental Agencies

The Commission receives reimbursement from federal, state, and county governmental agencies for the cost of sponsored projects, including administrative costs. Revenue is recognized to the extent of reimbursable costs incurred subject to limitations in the agreements with the sponsoring governmental agencies.

(l) Capital Assets

Capital assets include property held for and under development, operating properties, and capital assets used in operations that cost \$5,000 or more and have an estimated useful life of at least two years.

The Commission capitalizes costs associated with properties held for and under development, including interest costs during the construction period. The carrying amount of such properties does not exceed the estimated net realizable value.

Operating properties are carried at cost and are depreciated on a straight-line basis. Estimated useful lives are 40 years for buildings and 3 to 15 years for building improvements, site improvements and furniture and equipment.

The Commission is exempt from county property taxes under specific payment-in-lieu of taxes (PILOT) agreements for all Public Housing and Opportunity Housing properties.

(m) Bond Discounts and Premiums

Bond discounts and premiums are amortized using a method which approximates the effective interest method.

(n) Compensated Absences and Severance

The Commission's policy provides for the accrual of annual leave only. The accrual is based on the employee's current leave balance and the current hourly rate of pay. The outstanding annual leave accrual as of June 30, 2018 amounted to \$1,920,854 and is included in accounts payable and accrued liabilities in the accompanying statement of net assets. The Commission adopted a personnel policy for senior executive staff which provides for a severance package including payments of up to twenty-six weeks of wages and other benefits.

(o) Net Position

It is the Commission's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net position is displayed in three components as follows:

Net investment in capital assets – this component of net position consists of all capital assets, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

(o) Net Position (Continued)

Restricted net position – this component of net position consists of restricted assets when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted net position – this component of net position consists of resources that do not meet the definition of net investment in capital assets or restricted net position.

(p) New Accounting Pronouncements

In fiscal year 2018, the Commission implemented certain GASB Statements as described below:

The Commission implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Commission is now required to record a liability for future postemployment benefits other than pension benefits in excess of accumulated plan contributions. The cumulative effect of the accounting change in connection with the implementation of GASB No. 75 was a reduction in net position of \$31,345,040 as of July 1, 2017.

In accordance with GASB No. 75 which was adopted effective July 1, 2017, the Commission restated the July 1, 2017 net position of governmental activities as follows:

Net position July 1, 2017, as previously stated	\$ 247,647,181
Cumulative effect of GASB No. 75, Net OPEB Liability	<u>(31,345,040)</u>
Net position July 1, 2017, as restated	<u><u>\$ 216,302,141</u></u>

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business-Type Activities

(a) Cash

The Commission's cash balances as of June 30, 2018 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	Carrying Amount	Bank Balances
Cash:		
General Sub-Fund	\$ 22,306,005	\$ 23,189,559
Opportunity Housing Sub-Fund	59,991,435	60,187,406
Public Sub-Fund	5,417,061	5,559,289
Total Cash	\$ 87,714,501	\$ 88,936,254

(b) Cash Equivalents & Investments

The General Sub-Fund cash and cash equivalents balance at June 30, 2018 includes \$3,308,266 of cash and cash equivalents restricted for closing cost programs, the Single Family Mortgage Purchase Program and Tobytown escrows. The Opportunity Housing Sub-Fund cash and cash equivalents balance at June 30, 2018 includes \$37,016,605 of cash and cash equivalents restricted in accordance with various loan agreements with agencies of the State of Maryland and Montgomery County, in bond indentures and security deposits. The Public Sub-Fund cash and cash equivalent balance includes \$2,330,921 as of June 30, 2018, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

Interest Rate Risk. The Commission's investment policy which applies to the General, Public and Opportunity Housing Sub-Funds requires that the majority of the investments of the Commission must be on a short-term basis (less than one year); however, a portion of the portfolio may be invested in investments with longer maturities (up to two years). The investment requirements for the Multifamily and Single Family Sub-Funds are specified within each of the bond trust indentures. The bond trustee is required to invest money in obligations with the objective that sufficient money will be available to pay the interest due on the Bonds and will mature or be subject to redemption with the objective that sufficient money will be available for the purposes intended in accordance with the Indenture.

Credit Risk. The Commission's investment policy for the General Public and the Opportunity Housing Sub-Funds permit the following investment types: U.S. Government and federal agencies; repurchase agreements; bankers acceptances; money market mutual funds; Maryland Local Government Investment Pool; Montgomery County Local Government Investment Pool; certificate of deposits and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the market value and held by a custodian other than the seller. At June 30, 2018, the Commission had sufficient collateral to meet requirements.

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

The Commission invests in the Maryland Local Government Investment Pool (MLGIP). The pool is not subject to regulatory oversight by the SEC. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by PNC Bank. The pool has a AAAm rating from Standard and Poors, maintains a \$1.00 per share value, and measures all investments at amortized cost for reporting purposes. GASB 79 enables MLGIP to utilize amortized costs for valuation and financial reporting so that the \$1.00 per unit value they pursue will not need to change due to fluctuating prices. There are no limitations or restrictions on withdrawals. An MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained online at <https://www.mlgip.pnc.com/Public/AnnualReport>.

The Single Family and Multifamily Sub-Funds require that the Trustee invest moneys on deposit under the Indenture in Investment Obligations as defined by the respective Bond Indenture Agreements. Investment Obligations are defined as the following: (i) Government obligations; (ii) bond debentures or other obligation issued by government agencies or corporations; (iii) time deposits or certificate of deposits insured by the Federal Deposit Insurance Corporation; (iv) repurchase agreements backed by obligations described in (i) and (ii) above; (v) investment agreements; (vi) tax exempt obligations; and (vii) money market funds.

Concentration of Credit Risk: The Commission places no limits on the amount that it may invest in any one issuer provided the investments meet the requirements of any applicable Bond resolutions. The Commission does not have a formal policy for concentration of credit risk.

Custodial Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Amounts held in trust accounts and other demand accounts within the General, Opportunity Housing and Public Sub-Funds are covered by federal depository insurance, or collateralized at a level of at least 100% of market value of principal and accrued interest. The collateral is held by the bank's agent in the Commission's name with the exception of the repurchase agreement collateral for the MLGIP which is segregated and held in the name of PNC Bank's Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Opportunity Housing Fund and Public Fund are in bank money market accounts and interest bearing accounts. These accounts are not rated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2018 was P-1.

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

Amounts held in money market funds and investment agreements within the Multifamily and Single Family Sub-Funds are typically collateralized at 102% by either U.S. Treasuries or other government guaranteed securities. The Bond Indenture agreements permit investments in funds that contain agency debt which are not collateralized by U.S. Treasuries or other guaranteed government securities. As of June 30, 2018, the Commission held investments in agency securities which were not collateralized but were rated Aaa, AA, Aa2, and AAAm.

As of June 30, 2018 the Commission had the following cash equivalents and investments with maturities of one year or less:

Cash Equivalents	Fair Value	Ratings
Cash Equivalents		
General Sub-Fund:		
Money Market Accounts	\$ 14,197,985	N/A
Opportunity Housing Sub-Fund:		
Investment in Maryland Local Government Investment Pool	1,666,150	AAAm
Money Market Accounts	26,908,412	N/A
Public Sub-Fund:		
Investment in Maryland Local Government Investment Pool	2,943,571	AAAm
Multifamily Sub-Fund:		
Money Market Accounts	56,552,490	N/A
Single Family Sub-Fund:		
Money Market Accounts	77,113,505	N/A
Total Cash Equivalents	<u>\$ 179,382,113</u>	
Short-Term Investments		
Single Family Sub-Fund:		
GNMA Pass-through Certificates	\$ 1,046,752	Aaa
FNMA Pass-through Certificates	514,968	Aaa
Total Short-Term Investments	<u>\$ 1,561,720</u>	

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

As of June 30, 2018, the Commission had the following investments with maturities greater than one year:

Long-Term Investments	Fair Value	1-5 Years	6-10 Years	Greater Than 10 Years	Rating
Multifamily Sub-Fund:					
US Treasuries	\$ 2,430,699	\$ 1,708,120	\$ 722,579	\$ -	Aaa
Fannie Mae	3,017,785	-	1,774,447	1,243,338	Aa1
Federal Farm Credit Banks	2,462,610	-	632,494	1,830,116	Aaa
Federal Home Loan Banks	906,463	-	-	906,463	Aaa
Federal Home Loan Mtg Corp	875,294	-	-	875,294	Aaa
Bank One Investment Agreement	591,525	-	591,525	-	AA/Aa2
Single Family Sub-Fund:					
Federal Farm Credit Banks	6,445,850	-	-	6,445,850	Aaa
Federal Home Loan Banks	9,271,315	-	-	9,271,315	Aaa
Federal Home Loan Mtg Corp	1,600,155	-	-	1,600,155	Aaa
Fannie Mae	1,023,413	-	1,023,413	-	Aa1
GNMA Pass-through Certificates	39,937,477	-	-	39,937,477	Aaa
FNMA Pass-through Certificates	19,647,935	-	-	19,647,935	Aaa
US Treasuries	5,232,251	3,987,684	-	1,244,567	Aaa
Tennessee Valley Authority	4,190,459	-	-	4,190,459	AA+
Total Long-Term Investments	<u>\$ 97,633,231</u>	<u>\$ 5,695,804</u>	<u>\$ 4,744,458</u>	<u>\$ 87,192,969</u>	

Total Cash, Cash Equivalents and Investments

\$ 366,291,565

Reconciliation of Cash, Cash Equivalents and Investments to Amounts in the Statement of Net Position:

Current Unrestricted Cash and

Cash Equivalents	\$ 93,948,583
Restricted Cash and Cash Equivalents	117,046,504
Restricted Short-Term Investments	1,561,720
Restricted Cash and Cash	
Equivalents for Current Liabilities	52,140,266
Customer Deposits	3,961,261
Noncurrent Restricted Investments	97,633,231
Total	<u>\$ 366,291,565</u>

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

Fair Value Measurements: The Commission categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2018, fair value of investments is as follows:

	June 30, 2018	Fair Value Measurements Using	
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Debt Securities:			
Fannie Mae	\$ 4,041,198	\$ -	\$ 4,041,198
Federal Farm Credit Banks	8,908,460	-	8,908,460
Federal Home Loan Banks	10,177,778	-	10,177,778
U.S. Treasuries	7,662,950	7,662,950	-
FNMA Mortgage-Backed Securities	20,162,903	-	20,162,903
GNMA Mortgage-Backed Securities	40,984,229	-	40,984,229
Federal Home Loan Mortgage Corp Investment Agreements	2,475,449	-	2,475,449
Tennessee Valley Authority	4,190,459	-	4,190,459
Subtotal - Debt Securities	<u>99,194,951</u>	<u>7,662,950</u>	<u>91,532,001</u>
Investment Derivative Instruments:			
Swap Asset	1,910,439	-	1,910,439
Hedging Derivative Instrument	4,205,807	-	4,205,807
Total Investments by Fair Value Level	<u>\$ 105,311,197</u>	<u>\$ 7,662,950</u>	<u>\$ 97,648,247</u>

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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(c) Discretely Presented Component Units

The Discretely Presented Component unit cash and cash equivalents balance as of December 31, 2017 were as follows:

	Fair Value	Rating
Cash	\$ 9,579,483	N/A
Petty Cash	2,511	N/A
Cash Equivalents:		
Investment in Maryland Local Government Investment Pool	202,035	AAAm
Money Market Accounts	14,107,873	N/A
Total Cash, Cash Equivalents, and Investments	\$ 23,891,902	
Reconciliation of Cash and Cash Equivalents to Amounts in the Statement of Net Position:		
Current Unrestricted Cash and Cash Equivalents	\$ 7,223,257	
Restricted Cash and Cash Equivalents for Current Liabilities	16,004,429	
Restricted Cash and Cash Equivalents for Customer Deposits	664,216	
Total	\$ 23,891,902	

All cash equivalents have maturities of three months or less. The Discretely Presented Component Units follow the Commission's investment policy.

NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE

Mortgage and construction loans receivable are secured by deeds of trust evidencing first mortgage liens on applicable real property and are either insured by private mortgage insurance, the U.S. Federal Housing Administration or the Maryland Housing Fund or are guaranteed by the U.S. Department of Veterans Affairs.

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NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

Mortgage and construction loans receivable as of June 30, 2018 consisted of the following:

Description	Interest Rate	Balance
General Sub-Fund		
Component Unit Loans	-	\$ 38,452,736
Closing Cost Assistance Loans	5.00%	2,327,143
	Subtotal	<u>40,779,879</u>
Opportunity Housing Sub-Fund		
900 Thayer LP	-	6,816,391
Alexander House Limited Partnership	-	14,218,641
Barclay One LP & Development Corporation	-	2,891,404
Greenhills	-	7,523,156
Hampden Lane Limited Partnership	-	138,281
Hillandale Gateway Limited Liability Company	-	1,887,500
Metropolitan of Bethesda Limited Partnership	-	1,142,000
Rental Assistance Security Deposit Loan	-	14,040
Sligo Development Corporation	-	1,199,402
Spring Garden One Associates Limited Partnership	-	3,263,953
Strathmore Court Associates Limited Partnership	-	2,397,067
Tanglewood Apartments	-	1,991,008
Woodfield	-	350,000
	Subtotal	<u>43,832,843</u>
Multifamily Sub-Fund		
Arcola	4.55%	6,050,129
Argent	2.75%	3,805,000
Argent	3.92%	8,040,000
Barclay- TX CR	4.55%	5,131,525
Charter House	4.98%	11,165,506
Dring's Reach	4.75%	4,913,391
Forest Oak	4.93%	14,172,131
Georgian Court	6.20%	2,676,531
Greenhills	4.10%	12,000,000
Landing's Edge	4.95%	3,782,744
MetroPointe	6.50%	2,768,018
Metropolitan Tax Credit	6.38%	5,644,231
Ring House	6.10%	11,562,351
Rockville Housing	5.21%	3,342,870
Spring Garden	4.55%	5,197,564
Stewartown	6.20%	1,825,655
Strathmore	7.62%	3,181,009
Tax Credit 9 MPDUs	6.30%	2,064,296
Tax Credit 9 Pond Ridge	6.30%	1,209,670
Tax Credit X	6.20%	2,518,712
Waverly	2.53%	8,333,682
	Subtotal	<u>119,385,015</u>
Single Family Sub-Fund		
Mortgage Loans Receivable, Net	4.00 to 6.37%	<u>81,841,648</u>
Public Sub-Fund		
Tobytown Homeownership		107,285
Arcola Towers RAD LP		2,448,199
	Subtotal	<u>2,555,484</u>
	Total	<u>\$ 288,394,869</u>
	Current	\$ 17,919,996
	Long-term	<u>270,474,873</u>
		<u>\$ 288,394,869</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

As of June 30, 2018, the amounts available or committed for additional advances or new loans are \$3,746,592 and \$40,536,905 for the Multifamily Sub-Fund and the Single Family Sub-Fund, respectively.

Included in the mortgage and construction loans receivable balance of the General Sub-Fund at June 30, 2018 are inter sub-fund mortgage loans receivable from the Opportunity Housing Sub-Fund amounting to \$199,273,826 which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$2,377,620 for the year ended June 30, 2018 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Sub-Fund at June 30, 2018 are inter sub-fund mortgage loans receivables from several Opportunity Housing properties amounting to \$31,510,926 and inter sub-fund mortgage loans receivable from the General Sub-Fund amounting to \$53,996 which have been eliminated in the accompanying financial statements.

Included in the mortgage and construction loans receivable balance of the Multifamily Sub-Fund are inter sub-fund mortgage loans receivable from the Opportunity Housing Sub-Fund amounting to \$159,352,859 as of June 30, 2018, which have been eliminated. The related interest revenue, amounting to \$7,600,279 for the year ended June 30, 2018 has also been eliminated.

Construction loans in the Opportunity Housing and Multifamily Sub-Funds generally have maturities of less than one year. Mortgage loans receivable in the Single Family Sub-Fund and the Multifamily Sub-Fund have maturities extending up to 40 years.

Single Family Sub-Fund

Currently the Commission has conventional and FHA single family mortgage loans in its portfolio. FHA mortgage loans are insured 100% by HUD. Conventional mortgage loans with a loan to value greater than 80% are insured with primary mortgage insurance. All conventional loans are insured with pool insurance. Three of the mortgage pool insurance policies carry a 1% deductible against losses. The amount of each deductible is 1% of the bond issue. Each of the three deductible amounts is approximately \$300,000. The Commission absorbs losses up to the 1% amount for each individual pool policy before the pool insurance begins to pay on claims. The deductible does not apply to the primary insurance on the conventional loans.

As of June 30, 2018, approximately \$1.0 million in Single Family mortgage loans were in other real estate owned status. The Commission does not have any Single Family mortgage loans in foreclosure at June 30, 2018.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

Single Family Sub-Fund (Continued)

Management takes into consideration the potential for loan losses based on the number of loans in foreclosure and other real estate owned status against the sale proceeds from properties sold as well as the mortgage insurance received in determining if an allowance for loan losses is necessary. It employs an active loss mitigation process to ensure that servicer activities are monitored and losses to the Commission are minimized. Based on the history of loan losses and the potential exposure to the Commission after sales proceeds and mortgage insurance receipts, the Commission does not believe that an allowance for loan losses is necessary at this time. Further, based on prior analysis, losses are not expected to reach a material threshold for establishing an allowance at this time. The following table provides a breakdown of other real estate owned by type of mortgage loan as of June 30, 2018.

Status	Principal Conventional	Interest Receivable Conventional	Total
Other Real Estate Owned	\$ 908,925	\$ 68,736	\$ 977,661
Total	<u>\$ 908,925</u>	<u>\$ 68,736</u>	<u>\$ 977,661</u>
Total Single Family Mortgage Loans Outstanding as of June 30, 2018			<u>\$ 81,841,648</u>
Percentage of Loans in REO Status to Outstanding Mortgage Loans			1.19%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 4 CAPITAL ASSETS

(a) Capital Assets of Business-Type Activities

The Commission's capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Transfer In / (Out)	Ending Balance
Land					
General Sub-Fund	\$ 2,246,438	\$ -	\$ -	\$ -	\$ 2,246,438
Opportunity Housing Sub-Fund	68,429,742	32,157,342	(10,822,315)	4,765,000	94,529,769
Public Sub-Fund	997,357	-	(24,090)	-	973,267
Total Land	71,673,537	32,157,342	(10,846,405)	4,765,000	97,749,474
Site Improvements:					
Public Sub-Fund	748,079	-	-	-	748,079
Accumulated Depreciation	(748,079)	-	-	-	(748,079)
Total Site Improvements, Net	-	-	-	-	-
Building and Improvements:					
General Sub-Fund	6,338,380	325,302	(11,078)	-	6,652,604
Accumulated Depreciation	(3,740,258)	(300,564)	-	(8,569)	(4,049,391)
Opportunity Housing Sub-Fund	428,625,481	144,000,124	(28,436,166)	20,377,620	564,567,059
Accumulated Depreciation	(140,402,772)	(13,323,745)	8,648,152	(12,097,801)	(157,176,166)
Public Sub-Fund	20,480,758	-	(368,733)	-	20,112,025
Accumulated Depreciation	(14,796,180)	(446,777)	269,913	-	(14,973,044)
Total Building and Improvements, Net	296,505,409	130,254,340	(19,897,912)	8,271,250	415,133,087
Furniture and Equipment:					
General Sub-Fund	11,388,941	14,154	-	-	11,403,095
Accumulated Depreciation	(10,290,188)	(556,787)	-	8,569	(10,838,406)
Opportunity Housing Sub-Fund	11,731,315	938,566	(502,942)	2,074,905	14,241,844
Accumulated Depreciation	(7,402,368)	(665,243)	220,021	(2,011,755)	(9,859,345)
Public Sub-Fund	615,543	661	(131,621)	-	484,583
Accumulated Depreciation	(587,146)	(9,208)	131,621	-	(464,733)
Total Furniture and Equipment, Net	5,456,097	(277,857)	(282,921)	71,719	4,967,038
Construction in Progress:					
General Sub-Fund	54,106	-	-	(54,106)	-
Opportunity Housing Sub-Fund	16,329,633	25,965,802	(3,319,649)	(464,148)	38,511,638
Public Sub-Fund	5,163,177	460,448	-	-	5,623,625
Total Construction in Progress	21,546,916	26,426,250	(3,319,649)	(518,254)	44,135,263
Total Capital Assets, Net	\$ 395,181,959	\$ 188,560,075	\$ (34,346,887)	\$ 12,589,715	\$ 561,984,862

Commission capital assets not being depreciated include land and construction in progress. The net transfer in relates to the transfer of several discretely presented component units that reverted back to Commission ownership during the fiscal year and are now included in the Opportunity Housing Sub-Fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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JUNE 30, 2018

NOTE 4 CAPITAL ASSETS (CONTINUED)

(b) Reconciliation of Net Investment in Capital Assets

Net Investment in Capital Assets	
Land	\$ 97,749,474
Construction in Progress	44,135,263
Building and Improvements, Net of Depreciation	415,133,087
Furniture and Equipment, Net of Depreciation	4,967,038
Less: Related Bonds, Mortgages and Notes Payable	(599,972,453)
Total Net Investment in Capital Assets	<u>\$ (37,987,591)</u>

(c) Capital Lease

In August 1997, the Commission entered into a lease agreement for building and land with an interest rate of 7.50%. The lease agreement qualified as a capital lease for accounting purposes, and therefore, was recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 99-year-term, with an option to purchase the land and building after 20 years for approximately \$20,000,000. The Commission exercised the option to purchase the land and building in December 2017.

The Commission's capital lease activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Accumulated Amortization	Ending Balance
Fund:					
<i>Opportunity Housing Sub-Fund:</i>					
Building and Improvements	\$ 9,993,899	\$ -	\$ (9,993,899)	\$ -	\$ -

(d) Discretely Presented Component Units Capital Assets

	Beginning Balance	Additions	Deletions	Transfer In / (Out)	Ending Balance
Discretely Presented Component Units					
Land	\$ 31,018,778	\$ 5,388,427	\$ -	\$ (4,765,000)	\$ 31,642,205
Building and Improvements	195,978,180	71,300,122	-	(20,157,302)	247,121,000
Accumulated Depreciation	(68,618,827)	(8,215,553)	-	12,229,424	(64,604,956)
Furniture and Equipment	7,897,241	1,160,803	(2,172,939)	(2,070,919)	4,814,186
Accumulated Depreciation	(5,145,014)	(399,681)	1,456,829	1,880,132	(2,207,734)
Construction in Progress	19,848,599	10,285,640	(533,344)	-	29,600,895
Net Component Unit Capital Assets	<u>\$ 180,978,957</u>	<u>\$ 79,519,758</u>	<u>\$ (1,249,454)</u>	<u>\$ (12,883,665)</u>	<u>\$ 246,365,596</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 5 ADVANCES TO DISCRETELY PRESENTED COMPONENT UNITS

Advances to component units represent additional funds provided by the Commission to facilitate the purchase of the rental Moderately Priced Dwelling Units (MPDUs) and to fund operating deficits incurred by the component units. The purchases of the rental MPDUs are collateralized by certain notes receivable of the Partnerships due from the limited partners in connection with the purchase of their limited partnership interests.

The Partnerships' agreements:

- Extend from 45 to 65 years, and call for annual ground rent payments to be paid by the Partnerships to the Commission's General Sub-Fund with fixed and variable upward adjustments on January 1 of each calendar year. Ground rent for the year ended June 30, 2018, amounted to \$285,970.
- Include management fees of ranges from 5.0% to 6.0% of monthly rental collections. Management fees paid to the Commission for the year ended June 30, 2018, amounted to \$112,259.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2018.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Advances to Component Units		
Primary Government - General Sub-Fund	Component Units - Tax Credit Limited Partnerships	\$ 10,002,078
Primary Government - Opportunity Housing Sub-Fund	Component Units - Tax Credit Limited Partnerships	16,090,246
		<u>26,092,324</u>
Loans Receivable from Components Units		
Primary Government - General Sub-Fund	Component Units - Tax Credit Limited Partnerships	2,948,374
Investment in Component Units		
Primary Government - General Sub-Fund	Component Units - Tax Credit Limited Partnerships	2,823,220 11,427,199
Primary Government - Opportunity Housing Sub-Fund	Component Units - Tax Credit Limited Partnerships	14,250,419
		<u>43,291,117</u>
Total Due from Primary Government and Component Units		<u>\$ 43,291,117</u>

Interfund transfers were made during the fiscal year to reduce the interfund receivable and payables. The transfers occur routinely and are approved by the board of commissioners.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 6 ACCOUNTS RECEIVABLE AND OTHER ASSETS

Accounts receivable consists of grants and loans due from HUD and Montgomery County, tenant rents receivable, and amounts due from property managers. All amounts are deemed to be collectible within one year. Accounts receivable and other assets consisted of the following as of June 30, 2018:

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multi Family Sub-Fund	Total
Accounts Receivable:						
HUD	\$ -	\$ -	1,252,769	\$ -	\$ -	\$ 1,252,769
Montgomery County, Maryland	-	96,534	2,223,326	-	-	2,319,860
Other	1,841,690	16,649,592	2,736,943	343,786	-	21,572,011
Other Assets	838,382	2,712,555	-	199,300	37,828	3,788,065
Total	2,680,072	19,458,681	6,213,038	543,086	37,828	28,932,705
Less: Allowance	-	(728,568)	(1,490,197)	-	-	(2,218,765)
Net Accounts Receivable	<u>\$ 2,680,072</u>	<u>\$ 18,730,113</u>	<u>\$ 4,722,841</u>	<u>\$ 543,086</u>	<u>\$ 37,828</u>	<u>\$ 26,713,940</u>

NOTE 7 INTER SUB-FUND RECEIVABLES, PAYABLES, AND TRANSFERS

Inter sub-fund receivables and payables result from cash collections and disbursements for all funds being processed through the General Sub-Fund. All amounts are expected to be repaid within one year. All amounts have been eliminated on the basic financial statements.

NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT

Bonds and mortgage notes have been issued to provide financing for the Commission's housing programs and are collateralized as follows:

- Mortgage loans receivable made on the related developments or single family residential mortgage loans purchased.
- Substantially all revenue, mortgage payments, and recovery payments received by the Commission from mortgage loans made on the related developments.
- Certain accounts, generally debt service reserve funds, established pursuant to the indenture authorizing issuance of the bonds.
- Interest rates on bonds payable ranged from 0.90% to 11.25% as of June 30, 2018. Maturity dates of the bonds payable range from 2019 to 2054.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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**NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT
(CONTINUED)**

(a) Bonds Payable

The Commission has the following bonds payable outstanding as of June 30, 2018:

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Single Family Sub-Fund Bonds:					
2007 Series E	\$ 8,315,000	\$ -	\$ -	\$ 8,315,000	\$ -
2008 Series A	640,000	-	640,000	-	-
2008 Series C	8,450,000	-	8,450,000	-	-
2008 Series D	17,200,000	-	-	17,200,000	-
2009 Series A	3,405,000	-	2,240,000	1,165,000	1,060,000
2013 Series A	29,625,000	-	3,575,000	26,050,000	3,685,000
2013 Series B	3,695,000	-	270,000	3,425,000	-
2016 Series A	29,425,000	-	2,185,000	27,240,000	1,020,000
2016 Series B	9,850,000	-	955,000	8,895,000	1,930,000
2017 Series A	22,000,000	-	310,000	21,690,000	585,000
2017 Series B	11,300,000	-	120,000	11,180,000	1,160,000
2018 Series A	-	29,435,000	-	29,435,000	-
2018 Series B	-	8,450,000	-	8,450,000	-
NIBP 2009 Series A	4,295,000	-	1,140,000	3,155,000	365,000
NIBP 2009 Series B	10,050,000	-	1,180,000	8,870,000	300,000
NIBP 2009 Series C-1	6,240,000	-	290,000	5,950,000	340,000
NIBP 2009 Series C-2	11,880,000	-	1,160,000	10,720,000	520,000
NIBP 2009 Series C-3	1,960,000	-	-	1,960,000	-
NIBP 2009 Series C-4	8,520,000	-	770,000	7,750,000	250,000
NIBP 2009 Series C-5	2,430,000	-	60,000	2,370,000	-
NIBP 2010 Series A	2,535,000	-	450,000	2,085,000	440,000
NIBP 2011 Series A	6,595,000	-	1,170,000	5,425,000	895,000
NIBP 2012 Series A	9,110,000	-	1,235,000	7,875,000	795,000
	<u>207,520,000</u>	<u>37,885,000</u>	<u>26,200,000</u>	<u>219,205,000</u>	<u>13,345,000</u>
Add: Unamortized Premium	3,407,147	583,565	417,642	3,573,070	-
Total Single Family Bonds Payable	<u>\$ 210,927,147</u>	<u>\$ 38,468,565</u>	<u>\$ 26,617,642</u>	<u>\$ 222,778,070</u>	<u>\$ 13,345,000</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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**NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT
(CONTINUED)**

(a) Bonds Payable (Continued)

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Multi Family Sub-Fund Bonds:					
1984 Series A - Accretions	\$ 218,452	\$ 25,266	\$ -	\$ 243,718	\$ 28,191
1995 Series A	1,675,000	-	225,000	1,450,000	240,000
1998 Issue A	7,440,000	-	465,000	6,975,000	490,000
2002 Series A	17,825,000	-	985,000	16,840,000	705,000
2004 Series A	11,125,000	-	355,000	10,770,000	365,000
2004 Series B	3,495,000	-	60,000	3,435,000	70,000
2004 Series C	8,335,000	-	300,000	8,035,000	310,000
2004 Series D	10,830,000	-	385,000	10,445,000	400,000
2005 Series B	4,450,000	-	180,000	4,270,000	180,000
2005 Series C	24,375,000	-	765,000	23,610,000	785,000
2007 Series A	15,645,000	-	460,000	15,185,000	480,000
2007 Series C-1	3,665,000	-	260,000	3,405,000	265,000
2009 Series A-2	8,040,000	-	-	8,040,000	-
2010 Series A	4,070,000	-	175,000	3,895,000	185,000
2010 Series A	10,995,000	-	265,000	10,730,000	275,000
2011 Series A	31,590,000	-	455,000	31,135,000	475,000
2011 Series B	2,850,000	-	40,000	2,810,000	40,000
2012 Series A	20,895,000	-	930,000	19,965,000	940,000
2012 Series B	7,980,000	-	480,000	7,500,000	490,000
2012 Series C	16,935,000	-	1,445,000	15,490,000	1,205,000
2012 Series D	30,630,000	-	1,115,000	29,515,000	1,120,000
2014 Series A	23,745,000	-	510,000	23,235,000	520,000
2015 Series A-1	15,010,000	-	120,000	14,890,000	235,000
2015 Series A-2	20,840,000	-	-	20,840,000	20,840,000
2017 Series A	-	12,000,000	-	12,000,000	-
	<u>302,658,452</u>	<u>12,025,266</u>	<u>9,975,000</u>	<u>304,708,718</u>	<u>30,643,191</u>
Less: Unamortized Premium	(932,258)	-	(93,226)	(839,032)	-
Total Multi Family Bonds Payable	<u>301,726,194</u>	<u>12,025,266</u>	<u>9,881,774</u>	<u>303,869,686</u>	<u>30,643,191</u>
Total Bonds Payable	<u>\$ 512,653,341</u>	<u>\$ 50,493,831</u>	<u>\$ 36,499,416</u>	<u>\$ 526,647,756</u>	<u>\$ 43,988,191</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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**NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT
(CONTINUED)**

(b) Mortgage Notes and Loans Payable

The Commission has the following Opportunity Housing Sub-Fund and General Sub-Fund mortgage notes and loans payable as of June 30, 2018:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Sub-Fund:					
Alexander House Dev. Corp.	\$ 16,952,451	\$ 153,298,760	\$ 141,406,606	\$ 28,844,605	\$ -
CDBG-9611 McAlpine Road	107,493	-	-	107,493	-
Dale Drive	600,000	-	-	600,000	-
Diamond Square	2,000,000	-	-	2,000,000	-
Glenmont Crossing Dev. Corp.	11,029,661	-	237,958	10,791,703	251,157
Glenmont Westerly Dev. Corp.	6,933,541	8,707	158,376	6,783,872	158,375
Greenhills	4,300,000	-	4,300,000	-	-
MHLP II	13,968	-	13,968	-	-
MHLP III	42,891	-	42,891	-	-
Montgomery Arms	103,222	-	4,554	98,668	4,694
Paddington Square Dev. Corp.	19,994,350	1,344,990	1,673,736	19,665,604	340,780
Scattered Site Two Dev. Corp.	4,523,807	-	105,107	4,418,700	-
Southbridge	1,978,765	-	35,456	1,943,309	37,127
State Partnership Rental Programs	8,795,567	-	-	8,795,567	-
State Partnership VII	4,712,864	-	-	4,712,864	-
The Glen	1,211,707	-	-	1,211,707	-
VPC One Corp.	725,214	30,104,666	725,214	30,104,666	672,791
VPC Two Corp.	537,861	21,423,513	537,861	21,423,513	478,710
Westwod Tower	-	20,400,000	-	20,400,000	-
	<u>84,563,362</u>	<u>226,580,636</u>	<u>149,241,727</u>	<u>161,902,271</u>	<u>1,943,634</u>
General Sub-Fund:					
Federal Financing Bank	-	20,000,000	142,771	19,857,229	221,100
Federal Financing Bank	-	125,000,000	-	125,000,000	1,350,695
Line of Credit with PNC Bank	81,002,671	214,824,357	246,510,232	49,316,796	49,316,796
Tax Credit IX	50,500	-	-	50,500	-
	<u>81,053,171</u>	<u>359,824,357</u>	<u>246,653,003</u>	<u>194,224,525</u>	<u>50,888,591</u>
Total Mortgage Notes and Loans Payable	<u>\$ 165,616,533</u>	<u>\$ 586,404,993</u>	<u>\$ 395,894,730</u>	<u>\$ 356,126,796</u>	<u>\$ 52,832,225</u>

Interest rates on mortgage notes and loans payable ranged from 1.74% to 5.59% as of June 30, 2018.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2018 are inter sub-fund mortgage loans payable to the Multifamily Sub-Fund amounting to \$159,352,859 which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$7,600,279 for the year ended June 30, 2018 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2018 are inter sub-fund mortgage loans payable to the General Sub-Fund amounting to \$199,273,826, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$2,377,620 for the year ended June 30, 2018 has also been eliminated.

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**NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT
(CONTINUED)**

(b) Mortgage Notes and Loans Payable (Continued)

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2018 are inter sub-fund mortgage loans payable to the Opportunity Housing Reserve Fund (OHRF) and Barclay Development Corporation amounting to \$31,510,926, which have been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the General Sub-Fund at June 30, 2018 are inter-subfund mortgage loans payable to the Opportunity Housing Sub-Fund amounting to \$53,996, which have been eliminated in the accompanying financial statements.

(c) Maturities

Bonds, mortgage notes, and loans payable mature in the years and in the principal and interest amounts as follows:

	Principal				Combined
	General Sub-Fund Notes Payable	Opportunity Housing Sub-Fund Notes Payable	Multifamily Sub-Fund Bonds and Notes Payable	Single Family Sub-Fund Bonds Payable	
<u>Year Ending June 30</u>					
2019	\$ 50,888,591	\$ 1,943,634	\$ 30,643,191	\$ 13,345,000	\$ 96,820,416
2020	1,803,222	47,812,653	10,165,000	8,110,000	67,890,875
2021	1,815,108	22,144,694	10,645,000	8,700,000	43,304,802
2022	1,879,718	1,798,040	11,235,000	9,035,000	23,947,758
2023	1,946,630	47,298,280	11,225,000	8,675,000	69,144,910
2024-2028	10,823,376	6,417,714	61,625,527	34,240,000	113,106,617
2029-2033	12,892,557	4,144,172	62,045,000	35,130,000	114,211,729
2034-2038	15,357,958	3,154,483	47,335,000	43,220,000	109,067,441
2039-2043	18,295,582	3,762,278	28,835,000	40,570,000	91,462,860
2044-2048	21,796,040	4,502,925	21,930,000	15,700,000	63,928,965
2049-2053	25,967,363	1,603,260	8,145,000	2,480,000	38,195,623
2054-2058	30,758,380	-	880,000	-	31,638,380
Upon Sale of Property	-	17,320,138	-	-	17,320,138
	194,224,525	161,902,271	304,708,718	219,205,000	880,040,514
Unamortized Bond Discount/Premium	-	-	(839,032)	3,573,070	2,734,038
Total	\$ 194,224,525	\$ 161,902,271	\$ 303,869,686	\$ 222,778,070	\$ 882,774,552

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**NOTE 8 BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT
(CONTINUED)**

(c) Maturities (Continued)

Year Ending June 30	Interest				Combined
	General	Opportunity	Multifamily	Single Family	
	Sub-Fund Notes Payable	Housing Sub-Fund Notes Payable	Sub-Fund Bonds and Notes Payable	Sub-Fund Bonds Payable	
2019	\$ 5,802,787	\$ 4,183,518	\$ 9,256,892	\$ 5,667,576	\$ 24,910,773
2020	4,810,119	3,563,523	8,860,726	5,495,293	22,729,661
2021	4,749,934	2,458,147	8,568,983	5,287,957	21,065,021
2022	4,687,609	2,182,637	8,256,208	5,049,855	20,176,309
2023	4,623,071	1,576,076	7,912,652	4,810,423	18,922,222
2024-2028	22,064,128	3,426,282	33,584,395	20,986,143	80,060,948
2029-2033	20,069,856	2,854,954	22,424,130	15,810,840	61,159,780
2034-2038	17,695,151	2,072,697	12,428,732	10,254,615	42,451,195
2039-2043	14,867,337	1,453,497	6,425,612	5,478,344	28,224,790
2044-2048	11,499,832	712,731	2,510,859	1,876,200	16,599,622
2049-2053	7,489,485	48,536	896,628	27,800	8,462,449
2054-2058	2,720,306	-	35,056	-	2,755,362
Total	<u>\$ 121,079,615</u>	<u>\$ 24,532,598</u>	<u>\$ 121,160,873</u>	<u>\$ 80,745,046</u>	<u>\$ 347,518,132</u>

NOTE 9 DERIVATIVE INSTRUMENTS

At June 30, 2018, the Commission had several derivative instruments outstanding as noted in the table below. The Commission used the synthetic instrument method to evaluate the hedge effectiveness of the interest rate swaps. This method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative. A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90-111 percent of the fixed rate of the potential hedging derivative instrument to be substantially fixed. At June 30, 2018, all hedging derivative instruments shown on the next page met the criteria for effectiveness.

The Commission uses the regression analysis method to evaluate the hedge effectiveness of the forward starting interest rate swaps. This method evaluates effectiveness by utilizing statistical regression analysis to compare quantitative information about the relationship between the price of the hedged item and that of the hedging derivative.

Objective of the swaps: In order to protect against the potential of rising interest rates, the Commission entered into seven separate pay-fixed, receive variable interest rate swaps. The net interest paid on the swaps and variable rate debt is anticipated to be less than the interest paid had the Commission issued fixed-rate debt.

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NOTE 9 DERIVATIVE INSTRUMENTS (CONTINUED)

Terms: The notional amounts of the swaps match the principal amounts of the associated variable rate debt. Except as discussed under rollover risk, the swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category during the period that the bonds are hedged. The Commission may terminate the swap at market value at any time.

Fair value: The termination value of all swaps had either a negative or positive fair value as of June 30, 2018. Because the coupons on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Associated Bond Issue	Notional Amounts	Trade Date	Terms	Fair Values	Swap Termination Date	Counterparty/ Credit Rating
Multifamily 2004 Series C	\$ 8,035,000	11/5/2004	Receive 63.3% LIBOR + 0.19%, pay 3.653%	\$ (298,276)	7/1/2036	MLCS, A3/A-/A+
Multifamily 2004 Series D	10,445,000	11/5/2004	Receive 63.3% LIBOR + 0.29%, pay 3.76%	(389,012)	7/1/2036	MLCS, A3/A-/A+
Single Family 2018 Series B	8,450,000	5/31/2018	Receive 63.6% LIBOR + 0.31%, pay 2.405%	(57,862)	7/1/2039	MLCS, Aa3/AA/NR
Multifamily 2011 Series A	30,045,000	4/3/2006	Receive 64.0% LIBOR + 0.19%, pay 4.02%	(3,040,397)	1/1/2049	MLCS, A3/A-/A+
Multifamily 2011 Series B	2,670,000	4/3/2006	Receive 100% LIBOR + 0.10%, pay 6.067%	(420,260)	1/1/2049	MLCS, A3/A-/A+
Chevy Chase Lake FFB Hedge	63,885,042	12/21/2016	Receive 100% LIBOR, pay	498,738	2/1/2047	Barclays Bank PLC, A2/A/A*+
Alexander House FFB Hedge	70,100,000	1/31/2017	Receive 100% LIBOR, pay 2.79%	1,411,701	11/1/2046	RBC Cap Mkts, Aa2/AA-/AA
Total	\$ 193,630,042			\$ (2,295,368)		

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NOTE 9 DERIVATIVE INSTRUMENTS (CONTINUED)

Credit risk: The Commission's counterparties may become unable to meet their obligations under the swap agreement. The counterparties for the Commission's swaps are Merrill Lynch Capital Services (MLCS), Merrill Lynch Derivative Products AG (MLDP), Barclay's Bank PLC and RBC Capital Markets. Under the 2004 Series C and 2004 Series D swap agreements, Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payment. As of June 30, 2018, the Commission was not exposed to credit risk with respect to termination payments on its swap agreements that had negative fair value on this date. The Commission was exposed to credit risk on its swap agreements that had positive fair value in the amount of the corresponding fair value. The swap agreements do not contain any collateral agreements with the counterparties.

Interest Rate Risk: The Commission is exposed to interest rate risk on its pay-fixed, receive variable interest rate swaps as the Commission's net payment increases as the LIBOR or the SIFMA swap index decreases.

Basis Risk: The Commission is exposed to basis risk on its pay-fixed interest rate swaps because the variable rate payments received on these derivative instruments are based on a rate or index other than interest rates the Commission pays on its hedged variable-rate debt, which is remarketed every 7 days. Should the relationship between the floating rate received on the swap and the floating rate paid on the bonds diverge from historical relationships, the Commission pays more interest than originally anticipated. The Commission considered basis risk when it structured its interest rate swaps and has experienced little basis risk over time.

Rollover Risk: The Commission is not exposed to rollover risk on its hedging derivative instruments.

Market-access Risk: The objectives of the hedging derivative instruments do not involve any plans to issue or refund bonds, so the Commission is not exposed to market-access risk.

Foreign Currency Risk: The Commission is not exposed to foreign currency risk on its hedging derivative instruments.

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NOTE 10 LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNITS

The long-term debt of the discretely presented component units are primarily nonrecourse debt of each of the limited partnerships, which is collateralized by the land, structures, and equipment of each limited partnership and have varying repayment terms and interest rates ranging from 1.20% to 7.85%.

The annual maturities of the discretely presented component units' long-term debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 25,245,885	\$ 4,334,629
2020	3,103,287	4,266,756
2021	4,237,231	4,106,167
2022	3,275,777	3,933,889
2023	3,462,768	3,751,121
Thereafter	159,821,545	45,973,653
Total	<u>\$ 199,146,493</u>	<u>\$ 66,366,215</u>

NOTE 11 LONG-TERM DEBT – COMPENSATED ABSENCES

A summary of changes in compensated absences which is included in Accounts Payable and Accrued Liabilities are as follows:

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year	Amount Due Within One Year
Compensated Absences	\$ 1,762,345	\$ 1,645,641	\$ (1,487,132)	\$ 1,920,854	\$ 1,920,854

NOTE 12 LOANS PAYABLE TO MONTGOMERY COUNTY

The County advances funds to the Commission and the real estate limited partnership component units (RELP component units) through two Capital Improvement Program Funds. The Commission and the RELP component units use County funds to purchase or construct various housing developments in expectation that permanent financing will be provided through a combination of state, county, or federal grants or that loans or bonds will be issued by the Commission or the RELP component units. If the development is funded from another source, the Commission or the RELP component units repay the County. If no alternative funding is found for a development, the County may agree to forgive the Commission's or the RELP component unit's debt. The Commission and the RELP component units paid no interest on funds received from the County for the year ended June 30, 2018. There is no set maturity date or repayment term on borrowings from the County for the projects.

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NOTE 12 LOANS PAYABLE TO MONTGOMERY COUNTY (CONTINUED)

The Commission has the following Opportunity Housing Sub-Fund, General Sub-Fund and discrete component unit loans payable to Montgomery County as of June 30, 2018:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Transfers In / (Out)	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Sub-Fund	\$ 52,615,995	\$ -	\$ 6,365,424	\$ 1,682,000	\$ 47,932,571	\$ 202,918
General Sub-Fund	10,302,128	37,855	177,012	-	10,162,971	-
Total	<u>\$ 62,918,123</u>	<u>\$ 37,855</u>	<u>\$ 6,542,436</u>	<u>\$ 1,682,000</u>	<u>\$ 58,095,542</u>	<u>\$ 202,918</u>
Real Estate Limited Partnership Component						
Units	<u>\$ 13,503,153</u>	<u>\$ -</u>	<u>\$ 916,092</u>	<u>\$ (1,682,000)</u>	<u>\$ 10,905,061</u>	<u>\$ 121,355</u>

NOTE 13 OPERATING LEASE COMMITMENTS

The Commission has two leases for its offices in Montgomery County. During fiscal year 2008, the Commission entered into two additional office leases for Customer Service Centers within Montgomery County. The Customer Service Centers contain office space and client walk-in and meeting facilities. On November 21, 2007, the Commission signed a ten-year lease with Professional Equity Limited Partnership for the first customer service center located in Gaithersburg, Maryland. The lease term expired on April 30, 2018 and was first amended for two months through June 30, 2018. The lease term was amended again on July 17, 2018 for a period of five (5) years, expiring on June 30, 2023. The new base annual rent is \$219,230 with an annual adjustment to the base annual rent of 3%.

On January 28, 2008, the Commission signed a ten-year lease with Thayer Avenue Limited Partnership for the second Customer Service Center in Silver Spring, Maryland. The lease term was not renewed after the expiration on July 31, 2018. On July 26, 2018, the Commission signed a Membership License Agreement with Launch Workplaces, LLC to relocate the Customer Service Center in Silver Spring for an initial term of seven (7) months effective August 1, 2018. The monthly recurring fee is \$15,000 or \$105,000 for seven months.

Lease expense for the year ended June 30, 2018 for all office space was \$486,969. Future minimum lease obligations under these leases are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2019	\$ 340,660
2020	225,807
2021	232,581
2022	239,559
2023	246,745
Total	<u>\$ 1,285,352</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 14 UNRESTRICTED NET POSITION

A certain portion of the unrestricted net position has been reserved or committed by the Commission for specific purposes and are therefore not available for general operating purposes. This nonspendable fund balance is comprised of the Opportunity Housing Reserve Fund (OHRF) and the FHA Risk Sharing Fund.

OHRF

The Commission established the OHRF in 1980 initially to address the use of revenues generated from the sale of bonds under the Single Family Mortgage Purchase Program. The OHRF is now a repository of proceeds from various activities of the agency. The Commission makes the final decisions about how funds from the OHRF are spent by a resolution of the Board of Commissioners. By policy, the Commission has chosen to use the OHRF primarily for future affordable housing production.

As of June 30, 2018, the Commission committed the following OHRF obligations in the Opportunity Housing Sub-Fund by resolutions of the Board of Commissioners:

Acquisition Site	\$ 9,601
Ambassador	771,887
Barclay Apartments	65,000
Bauer Park & Town Center	1,098,110
Cider Mill	3,000,000
Elizabeth House III	3,894,399
Elizabeth House IV	549,732
Lindsay Ford	1,523,653
MHLP IX, MHLP X and Stewartown	200,000
Pre-development Fund (Real Estate Division)	469,578
Shady Grove/Stewartown/Georgian Court	1,050,000
Stewartown Homes	150,000
Thayer	369,172
Upton II	633,005
Westwood Towers	60,382
Total	<u>\$ 13,844,519</u>

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NOTE 15 PENSION PLAN

(a) Employees' Retirement System

Plan Description

All of the Commission's full-time employees hired before October 1, 1994 participate in the Employees' Retirement System of Montgomery County (the ERS), a cost-sharing multiple-employer defined benefit pension plan. The ERS was established under Chapter 33 of the Montgomery County Code (Code), 1965, as amended. In July 2009, a new retirement option, the Guaranteed Retirement Income Plan (GRIP), was implemented for employees hired on or after October 1, 1994. During fiscal year 2009, employees participating in the Retirement Savings Plan (RSP) were provided a one-time irrevocable election opportunity to transfer from the RSP to the GRIP effective July 1, 2009. New employees hired on or after July 1, 2009 have the option to participate in RSP or GRIP with a six (6) month waiting period beginning with date of hire. If no election is made, the employee defaults into the RSP. The one time irrevocable election must be made within 150 days of date of hire. Membership begins after 180 days from date of hire.

Participation is mandatory for full-time employees and optional for part-time employees. Membership for part-time employees begins with their election to join either the RSP or the GRIP after the waiting period.

Benefits Provided

Benefit provisions are established under the Code beginning with Section 33-35. All benefits vest at five years of service. There are different retirement groups within the ERS. Members enrolled before July 1, 1978, belong to either the optional nonintegrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to the mandatory integrated group. Within the groups are different retirement membership classes. The retirement group assigned depends upon the job classification of the member. Normal and early retirement eligibility, the formula for determining the amount of benefit, and the cost of living adjustment varies depending upon the retirement group, retirement membership class and retirement date. Normal retirement is 2% of average final earnings (AFE) multiplied by years of credited service. AFE for optional, nonintegrated group members and optional integrated group members is defined as the highest consecutive 12 months and for mandatory integrated plan members, the highest consecutive 36 months. The AFE, maximum years of credited service, and the cost of living adjustment varies depending upon the retirement membership class, group, and date of retirement. Members who retire early receive normal retirement benefits reduced by a minimum of 0.17% to a maximum of 60% depending on the number of years and months early retirement precedes normal retirement. The ERS provides options for disability and death benefits to eligible participants. Annual cost-of-living adjustments are provided to retirees and beneficiaries based on the percentage change in the Consumer Price Index and the date of retirement.

For the members of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of membership in the plan or upon death, disability, or reaching normal retirement age. At separation, a participant's benefit is the account balance which includes employee contributions and earnings along with employer contributions and earnings, if vested. No loans or rollover from other retirement plans are allowed.

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NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

Contributions

The ERS is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 6% to 8% of regular earnings annually based on group classifications and contributions earn interest at the rate of 4% per annum as specified under Section 33-39(b) of the Code. The Commission is required to contribute the remaining amounts necessary to fund the ERS using the actuarial basis as specified in Section 33-40 of the Code.

The GRIP plan requires all participants to contribute 4% of their salary. Participants earning salaries exceeding the Social Security wage base must contribute 8% of the excess over the wage base. Section 33-40 of the Code requires the Commission as a participating agency to contribute 8% of regular earnings for all participants. For the year ended June 30, 2018, the Commission paid 5.64% and the balance came from plan earnings.

Net Pension Liability

The Commission's net pension liability (NPL) of \$10,595,603 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability is allocated among all employers which includes the County and participating agencies. Each employer's portion of the net pension liability was determined by the respective employer's share of the unfunded actuarial accrued liability, which is based on the number of participants each employer had participating in the System, relative to all participants in the System, as of June 30, 2017.

Actuarial Assumptions

Valuation Date	June 30, 2017
Actuarial Cost Method	Individual entry age normal
Amortization Method for Funding	Level percentage of payroll
Amortization Period for Funding	Closed amortization approach of 9 years as of July 1, 2015.
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	3.25%-9.50%
Depending on Service	
Cost-of-Living (Inflation Rate)	2.75% on the benefit attributable to credited service earned prior to June 30, 2011.
Adjustments	2.3% on the benefit attribution to credited service earned thereafter, reflecting the 2.5% cap.
Post-Retirement Increases	Consumer Price Index – by Group
Mortality Rates After Retirement	RP 2014 Mortality Table, sex-distinct, for healthy mortality. Rates are set forward six years for the male disabled mortality and eight years for the female disabled mortality assumption. To provide a margin for future mortality improvement, generational mortality improvements from 2014 using projection scale MP-2014 was used.

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NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

An experience study was conducted for the period July 1, 2009 to July 1, 2014 in September 2015. An actuarial experience study is conducted every 5 years. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	4.75%
International Equities	4.75%
Emerging Market Equities	4.75%
Global Equities	4.95%
Private Equity	6.60%
Credit Opportunities	5.05%
Long Duration Fixed Income	2.05%
High Yield Bonds	3.15%
Global IL's	0.94%
Private Real Assets	6.36%
Public Real Assets	4.25%
Hedge Funds	4.38%
Cash	-0.30%

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and contributions from the County and other participating agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

Additional Financial and Actuarial Information

Additional financial information supporting the preparation of the pension disclosures is located in the Montgomery County Employee Retirement Plans' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The supporting actuarial information is included in the June 30, 2017, GASB Statements No. 67 and 68, *Accounting and Financial Reporting for Pensions* actuarial valuation for the System. The additional financial and actuarial information is available at: Montgomery County Employee Retirement Plans, 101 Monroe Street, 15th Floor, Rockville, Maryland 20850 or by calling 240-777-8220.

Sensitivity of the Commission's proportionate share of the net pension liability to changes in the discount rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50)%	Current Discount (7.50)%	1% Increase (8.50)%
Total System Net Pension Liability (Asset)	\$ 819,893,766	\$ 341,969,436	\$ (62,217,968)
Commission's Proportionate Share	25,403,642	10,595,603	(1,927,766)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Commission recognized pension expense of \$2,060,321. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,219	\$ 1,651,089
Changes of Assumptions	-	131,178
Net Differences Between Projected and Actual Earning on Pension Plan Investments	1,084,203	-
Change in Proportionate Share	4,688,076	3,186,711
Contributions Made Subsequent to the Measurement	515,352	-
Total	<u>\$ 6,293,850</u>	<u>\$ 4,968,978</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (continued)

The \$515,352 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ (918,574)
2020	1,291,048
2021	5,689
2022	(1,187,683)

(b) Defined Contribution Plan

Full-time employees and part-time employees of the Commission, who elect to participate in a retirement plan, hired after October 1, 1994 who did not elect to participate in the GRIP, participate in the Montgomery County Government Employees' Retirement Savings Plan (RSP), a cost sharing multiple-employer defined contribution plan. The Plan was established by Montgomery County under Chapter 33 of the Montgomery County Code.

The plan requires all participants to contribute 4% of their salaries. Participants earning salaries exceeding the Social Security wage base as determined each year by Social Security, must contribute 8% of the excess over the wage base. The plan provides that the Commission must contribute 8% of each participant's annual salary. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed. Rollovers from qualified retirement plans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2018 totaled \$12,416,052. Commission and employee contributions to the plan totaled \$993,022 and \$506,534, respectively, for the year ended June 30, 2018.

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS

Plan Description

The Commission is a component unit of Montgomery County, Maryland and a participant in the Montgomery County Retiree Health Benefit Plan (the Plan), a cost-sharing multiple-employer defined healthcare plan sponsored by the County. The benefits, benefit levels, employee contributions and employer contributions are governed by and can be amended by the Montgomery County Council. The Plan is considered part of the County's financial reporting entity and is included in the County's basic financial statements under Other Post-Employment Benefits (OPEB). Separate financial statements are also issued for the Plan.

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NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Benefits Provided

Substantially all retirees of Montgomery County Government, Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, Washington Suburban Transit Commission, Strathmore Hall Foundation, Village of Friendship Heights, Montgomery County Employees Federal Credit Union and certain retirees of the State Department of Assessments and Taxation, are provided postemployment benefits such as medical, life, dental, vision, and prescription coverage under the Plan. These benefits are provided through the Montgomery County Group Insurance Plan. Retirees may also elect coverage for their eligible dependents. Postemployment benefit provisions and eligibility requirements for retirees are described in the Montgomery County Group Insurance Summary Plan Description.

Employees Covered by Benefit Terms

At June 30, 2017, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	8,049
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	10,099
Total Plan Members	18,148

Contributions

The County Council has the authority to establish and amend contribution requirements of the Plan's members and the County. The Plan is a contributory plan in which the County and the retired members and beneficiaries contribute, based on an actuarial valuation, certain amounts toward the current cost of healthcare benefits. The Plan contributes percentages ranging from 50% to 80% of the cost of group medical and life insurance premiums of retirees, depending on years of service in the plan. Expenditures for postretirement health care benefits are recognized as the County bills the Commission on a monthly basis. The annual pay-as-you-go expenditures amounted to \$841,542 during fiscal year 2018. The Commission paid the annual required contribution to the (ARC) in fiscal year 2018 of \$1,910,942, which represents 100% of the Commission's required obligation.

Net OPEB Liability

The Commission's net OPEB liability of \$26,847,382 was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The net OPEB liability is allocated among all employers which includes the County and participating agencies. Each employer's portion of the net OPEB liability was based on the proportion of each agency's actuarially determined contribution as of June 30, 2017. The Commission's employer allocation percentage is 1.7637%.

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NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal	
Discount Rate	5.88%	
20 Yr. Municipal Bond Rate	3.58%	
Municipal Bond Rate Basis	Bond Buyers General Obligation 20 year Municipal Bond Index	
Expected Return on Assets	7.50%	
Salary Increases	3.25%-9.50%, depending on service	
General Inflation	3.00%	
Mortality:		
Preretirement	Healthy Retirees and Beneficiaries The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2016.	
Disabled Retirees	The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2016 (disabled post retirement). Set forward 6 years for Males and 8 years for Females, with separate tables for males and females.	
Health care cost trend rates:	<u>Initial</u>	<u>Ultimate</u>
Medical (no Indemnity) pre-65	8.22%	4.50%
Medical (no Indemnity) post-65	8.10%	4.50%
Medical (Indemnity) pre-65	8.80%	4.50%
Medical (Indemnity) post-65	7.81%	4.50%
Dental	4.50%	4.50%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to July 1, 2014 in September 2015.

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	4.75%
International Equities	4.75%
Emerging Market Equities	4.75%
Global Equities	4.95%
Private Equity	6.60%
Credit Opportunities	5.05%
Long Duration Fixed Income	2.05%
High Yield Bonds	3.15%
Global IL's	0.94%
Private Real Assets	6.36%
Public Real Assets	4.25%
Hedge Funds	4.38%
Cash	-0.30%

Discount Rate. A single discount rate of 5.88% was used to measure the total OPEB liability as of June 30, 2017. This single discount rate was blended based on the expected long-term rate of return on OPEB plan investments of 7.5% and the municipal long term high quality bond index yield (at the measurement date) of 3.58% as described under the terms of the GASB standard. The projection of cash flows used to determine the single discount rate assumes that employer contributions will be made based on the current funding policy (contributions equal to the employer normal cost plus a 30-year open level percent of pay amortization of the unfunded employer liability). Based on these assumptions, the OPEB plan's fiduciary net position was projected to not be sufficient to make all projected future benefit payments on behalf of current plan members. Therefore, the long-term expected rate of return on plan investments was applied only to those payments prior to the depletion of the fiduciary net position and the bond yield index rate was applied to those benefit payments subsequent to the projected depletion of the fiduciary net position. For this valuation, the bond rates used as of June 30, 2017 and 2016 were 3.58% and 2.85%, respectively. Therefore, the blended discount rates used as of June 30, 2017 and 2016 were 5.88% and 5.39%, respectively.

Additional Financial and Actuarial Information

Additional financial information supporting the preparation of the OPEB disclosures is located in the Montgomery County Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The supporting actuarial information is included in the June 30, 2017, GASB Statements No. 74 and 75 *Accounting and Financial Reporting for OPEB actuarial valuation*. The additional financial and actuarial information is available at: Montgomery County Employee Retirement Plans, 101 Monroe Street, 15th floor, Rockville, Maryland 20850 or by calling 240-777-8220.

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NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Sensitivity of the Commission's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Commission's proportionate share of the net OPEB liability calculated using the discount rate of 5.88 percent, as well as what the Commission's share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.88 percent) or 1-percentage-point higher (6.88 percent) than the current discount rate:

	1% Decrease (4.88)%	Current Discount (5.88)%	1% Increase (6.88)%
Total Net OPEB Liability	\$ 1,872,637,726	\$ 1,522,219,434	\$ 1,246,824,156
Commission's Proportionate Share	33,027,709	26,847,382	21,990,236

Sensitivity of the Commission's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Commission's proportionate share of the net OPEB liability as well as what the Commission's share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Total Net OPEB Liability	\$ 1,234,081,103	\$ 1,522,219,434	\$ 1,892,817,558
Commission's Proportionate Share	21,765,487	26,847,382	33,383,621

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Commission recognized an OPEB recovery of \$1,634,212. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 338,904
Changes of Assumptions	-	4,005,518
Net Differences Between Projected and Actual Earning on OPEB Plan Investments	-	216,528
Differences Between Employer Contributions and Proportionate Share of Contributions	-	213,438
Contributions Made Subsequent to the Measurement Date	1,910,942	-
Total	<u>\$ 1,910,942</u>	<u>\$ 4,774,388</u>

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NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

The \$1,910,942 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (742,597)
2020	(742,597)
2021	(742,597)
2022	(742,597)
2023	(685,932)
Total Thereafter	(1,118,068)

NOTE 17 CONTINGENCIES

(a) Litigation

There is no pending or, to the Commission's knowledge, threatened litigation pending against the Commission, which is not insured or, if uninsured, if concluded unfavorably to the Commission would have a materially adverse effect upon the ability of the Commission to meet its obligations or conduct its business.

(b) HUD Program Grants

The Commission participates in a number of Federal, State and County assisted grant programs, principal of which are the Department of Housing and Urban Development Housing Assistance Payments (Housing Choice Voucher), Low Rent Public Housing, Comprehensive Grants, Lower Income Housing Assistance Program (Housing Choice Voucher Moderate Rehabilitation), Public Housing Capital Fund and Supportive Housing. These programs are subject to financial and compliance audits by grantors or their representatives.

NOTE 18 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in Montgomery County's self-insurance fund or purchases insurance to address such exposures. The County fund is maintained for general liability and property coverage under which participants share the costs of workers' compensation, comprehensive general, automobile, and professional liability, fire and theft, the liability for errors, omissions, and other selected areas which require coverage. Commercial insurance is purchased for claims in excess of coverage by the self-insurance fund and for other risks not covered by the fund. The Commission's liability for claims is limited to insurance premiums paid to the self-insurance fund.

During the year, there were no significant reductions in commercial insurance coverage. For the past three years, no insurance settlements exceeded commercial insurance coverage.

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NOTE 19 CONDUIT DEBT OBLIGATIONS

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the Commission for the purpose of providing capital financing for a third party that is not part of the Commission’s reporting entity. The Commission has issued a number of individual bonds for financing for multifamily developments for which the Commission has no legal liability for repayment or administration. The Commission participates in such issuances in order to increase the availability of affordable housing in the County. The bonds are secured by the facilities financed and are payable from revenues or monies made available to the Commission for such purpose. The bonds do not constitute a debt or charge against the general credit of the Commission, the County, the State, or a political subdivision thereof.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2018 are summarized below:

Bonds Outstanding, Beginning of Year	\$ 186,669,569
Issuances During the Year	26,270,000
Redemptions During the Year	<u>(2,402,607)</u>
Bonds Outstanding, End of Year	<u>\$ 210,536,962</u>

NOTE 20 ARBITRAGE

The Internal Revenue Code of 1986 placed significant restrictions regarding arbitrage on housing finance agencies throughout the United States. Arbitrage occurs when investments of bond proceeds not used to purchase mortgage loans earn more than the interest rate on the bonds or when the housing finance agency has net earnings of more than 1.125% on mortgages purchased with bond proceeds. Under the IRS regulations, payment of any positive arbitrage on a bond issue must be made no later than five years after the original issuance and every five years thereafter.

At June 30, 2018, there was no arbitrage rebate liability calculated.

NOTE 21 PENDING GASB STANDARDS

GASB routinely issues standards that will become effective in future years. The following is a list of standards that have been issued that management has determined may have an impact on future financial statements of the Commission. Management is currently evaluating the specific impact of these Standards.

Statement No. 83, Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for the period ending June 30, 2019.

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NOTE 21 PENDING GASB STANDARDS (CONTINUED)

Statement No. 87 – Leases

The primary objective of this Statement is to improve accounting and financial reporting for leases by governments. It will require recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This Statement is effective for the period ending June 30, 2021.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt. This Statement is effective for the period ending June 30, 2019.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the period ending June 30, 2021.

Statement No. 90 – Majority Equity Interests

The primary objective of this Statement is to improve the consistency and comparability of reporting an entity's equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the period ending June 30, 2020.

NOTE 22 SUBSEQUENT EVENTS

880 Bonifant Street Office Building

On July 11, 2018 the Commission approved the purchase of 880 Bonifant, a 12,000 square foot Class C office building with auditorium space. The property, built in 1967 and last renovated in 2005, is located in downtown Silver Spring, Maryland. HOC estimates the total cost of the acquisition, renovation and other related costs to total \$4,522,785. The acquisition and related costs will be funded by the County's revolving funds (the "MPDU Property Acquisition Fund"), which are available only to HOC to use for property acquisition. HOC closed on 880 Bonifant on August 20, 2018.

Upon completion of the renovation the building will serve as the new location for HOC's Silver Spring Service Center and may also serve other functions for HOC as well, including overflow space for the Kensington location which is fully occupied. Long-term, the site may be redeveloped for residential use, thereby expanding the supply of affordable housing.

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NOTE 22 SUBSEQUENT EVENTS (CONTINUED)

Cider Mill – Mezzanine Debt

On November 17, 2017, pursuant to Article 53A of the Montgomery County Code, HOC executed its Right of First Refusal (“ROFR”) to purchase Cider Mill Apartments, a community consisting of 864 units in Montgomery Village, Maryland. On January 31, 2018, the Commission authorized the acquisition of Cider Mill utilizing funds from a special line of credit (“Special LC”) from PNC Bank, N.A.; however, until this Special LC became available, the Commission authorized funding of the acquisition price in escrow, from the General Fund, the Opportunity Housing Reserve Fund (“OHRF”), as well as drawing on the lines of credit held with PNC Bank, N.A. The Commission also authorized the creation of MV Gateway LLC, the new owner, for the purpose of taking ownership of the property. MV Gateway is owned 100% by HOC.

On April 6, 2018 the Commission and MV Gateway LLC approved a permanent financing plan for Cider Mill that enables sale of the property to MV Gateway LLC for \$144,000,000 and repayment of the PNC Bank draw on the line of credit. The financing plan involves funding for the acquisition and transaction cost via a Federal Financing Bank 40-year taxable loan, credit enhanced by FHA Risk Share in the amount of \$125,000,000 which closed on June 29, 2018. The remaining financing is a direct loan from the Commission’s OHRF for \$3,000,000 and a loan by HOC for approximately \$21,000,000 (“Bridge Loan”) to remain on the PNC LOC until paid off by MV Gateway LLC upon receipt of mezzanine debt proceeds and subordinate loan from Montgomery County’s Department of Housing and Community Affairs (“DHCA”).

HOC has negotiated a County loan with DHCA in the amount of \$15,000,000; and mezzanine debt with the Cafritz Foundation up to \$15,000,000. The County loan and mezzanine debt will be used to retire the Bridge Loan, fund an initial replacement reserve and pay closing costs. Both the mezzanine and the County loans are scheduled to close on October 31, 2018.

9845 Lost Knife Road Acquisition

HOC purchased Cider Mill, an 864-unit property located in Gaithersburg, Maryland in February 2018. Adjacent to the Cider Mill property is a three-acre parcel, 9845 Lost Knife Road (Lost Knife Property), which sits as the main entry point to Montgomery Village. The Lost Knife Property has come to market and on August 14, 2018 the Commission approved the authorization of the Executive Director to execute a purchase agreement for the property, which was executed on September 26, 2018.

The acquisition price of the Lost Knife Property is \$3,678,500. The property is expected to be acquired by December 2018 through a draw on one of the Commission’s two lines of credit with PNC Bank, N.A. The property currently generates revenue from a day care lease, which is sufficient to pay interest on funds drawn or when the property is refinanced with a conventional bank product.

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NOTE 22 SUBSEQUENT EVENTS (CONTINUED)

Year 15 Low Income Housing Tax Credit Property Acquisition

As of June 30, 2018 HOC had six LIHTC-financed properties that had reached the end of their respective initial 15-year tax credit compliance periods. All of these properties still had their tax credit investors owners of the limited partnerships. The portfolio comprises 942 multifamily units (575 are LIHTC units).

Not only must the regulatory, financing, and partnership structure of these properties be unwound; the outlines of the recapitalization plans for these properties must be developed – in turn, creating new potential regulatory, financing, and partnership structures. Each of these six LIHTC properties has existing and private investors and multiple loans. A few have rental assistance contracts. Others have subsequently been rezoned and have substantial unused density. All require a reinvestment of capital through renovation and redevelopment.

On August 29, 2018, HOC successfully negotiated an agreement to transfer partnership interests in MHLP IX- Pond Ridge and MHLP X from Wells Fargo Affordable Housing Community Development Corporation. HOC now controls both the general partner and limited partner interests in the properties and is the 100% owners of these real estate assets. The acquisition price to the Commission for taking full ownership was \$200,000. The Commission continues to negotiate the take-back of the remaining four properties in this portfolio.

ROFR's – Willow Manor at Clopper's Mill; Willow Manor at Fair Hill Farm; Willow Manor at Colesville

On May 16, 2018, the Montgomery County Department of Housing and Community Affairs ("DHCA") received contracts under Article 53A of the Montgomery County Code, the Right of First Refusal ("ROFR") Ordinance in connection with the sale of three properties; Willow Manor at Clopper's Mill, Willow Manor at Fair Hill Farm, and Willow Manor at Colesville (collectively, the "Willow Manor Properties").

The Willow Manor at Clopper's Mill is a 102-unit age-restricted (62+) Low Income Housing Tax Credit ("LIHTC") and market-rate apartment development located in Germantown, Maryland. The Willow Manor at Fair Hill Farm is a 101-unit age-restricted (62+) LIHTC apartment development located in Olney, Maryland. The Willow Manor at Colesville is an 83-unit age-restricted (62+) apartment development located in Silver Spring, Maryland.

The total purchase price provided for in the Purchase and Sale contracts is \$48,880,916. The Commission will finance the purchase of the Willow Manor Properties through short-term (two-year) non-recourse loans from PNC Bank in an amount not to exceed \$33,098,017 with subordinate financing provided by the County in an amount not to exceed \$20,561,728.

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NOTE 22 SUBSEQUENT EVENTS (CONTINUED)

On July 11, 2018, Montgomery County entered into Purchase and Sale Agreements (“PSAs”) for the Willow Manor Properties. The PSAs provide Montgomery County the right to assign the contracts to HOC, allowing HOC to purchase the properties from the sellers, subject to approval by the Commission.

The Commission approved taking assignment of the PSAs at the time of closing on September 5, 2018. The Willow Manor Properties were scheduled to close on or about November 1, 2018. The Commission intends to maintain these properties in the HOC portfolio.

Waterford Tower Apartments

On May 15, 2018 Montgomery County’s DHCA received a contract under Article 53A of the Montgomery County Code, the ROFR Ordinance, in connection with the sale of Waterford Tower Apartments (“Waterford Tower”), consisting of a 143-unit multifamily apartment building in Silver Spring, Maryland.

On July 11, 2018, the County entered into a PSA for the acquisition of Waterford Tower. The PSA provided the County the right to assign the contract to HOC, allowing HOC to purchase the property from the seller, subject to approval by the Commission. The Commission approved taking the assignment of the PSA on October 3, 2018. The total cost of the transaction is estimated to be \$21 million. The Waterford Tower acquisition is scheduled to close on or about November 9, 2018.

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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	Blended Component Units								
	The Oaks	Alexander House	Sligo MPDU III	Metropolitan	TPM Dev MPDU II / 59	TPP LLC	Pooks Hill Highrise	Montgomery Arms	Wheaton Metro
ASSETS AND DEFERRED OUTFLOWS									
Cash	\$ 279,338	\$ 1,089,258	\$ -	\$ 4,660,489	\$ -	\$ 1,947,233	\$ 446,366	\$ 395,455	\$ 13,345
Restricted Cash	478,495	893,837	29,298	1,060,667	86,246	1,756,909	992,310	478,662	521,830
Current Assets	42,441	1,181,918	231,486	11,985,523	609,989	107,496	157,373	861,245	1,786,196
Noncurrent Assets	-	14,218,641	1,199,402	-	59,311	-	-	178,211	105,975
Capital Assets	2,995,210	26,107,780	1,194,034	17,961,713	84,916	17,758,567	16,108,313	9,211,335	27,529,572
Deferred Outflows	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>3,795,484</u>	<u>43,491,434</u>	<u>2,654,220</u>	<u>35,668,392</u>	<u>840,462</u>	<u>21,570,205</u>	<u>17,704,362</u>	<u>11,124,908</u>	<u>29,956,918</u>
LIABILITIES AND DEFERRED INFLOWS									
Current Liabilities	373,838	4,395,702	13,236	1,217,986	36,305	2,176,061	645,519	1,145,486	706,487
Noncurrent Liabilities	3,261,759	27,987,112	-	22,476,235	68,473	19,244,463	15,633,531	9,966,548	37,034,851
Deferred Inflows	-	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>3,635,597</u>	<u>32,382,814</u>	<u>13,236</u>	<u>23,694,221</u>	<u>104,778</u>	<u>21,420,524</u>	<u>16,279,050</u>	<u>11,112,034</u>	<u>37,741,338</u>
NET POSITION									
Net Investment in Capital Assets	(452,951)	(1,876,219)	1,194,034	(5,781,602)	84,916	(1,706,997)	39,115	(1,305,935)	(9,993,261)
Restricted	368,550	859,853	23,221	831,752	64,079	1,681,220	933,874	420,932	456,295
Unrestricted	244,288	12,124,986	1,423,729	16,924,021	586,689	175,458	452,323	897,877	1,752,546
Total Net Position	<u>159,887</u>	<u>11,108,620</u>	<u>2,640,984</u>	<u>11,974,171</u>	<u>735,684</u>	<u>149,681</u>	<u>1,425,312</u>	<u>12,874</u>	<u>(7,784,420)</u>
Total Liabilities and Net Position	<u>\$ 3,795,484</u>	<u>\$ 43,491,434</u>	<u>\$ 2,654,220</u>	<u>\$ 35,668,392</u>	<u>\$ 840,462</u>	<u>\$ 21,570,205</u>	<u>\$ 17,704,362</u>	<u>\$ 11,124,908</u>	<u>\$ 29,956,918</u>

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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Paddington Square	HOC at Hillandale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Glenmont Crossing
ASSETS AND DEFERRED OUTFLOWS									
Cash	\$ 689,840	\$ -	\$ 279,102	\$ 229,439	\$ -	\$ -	\$ 100	\$ -	\$ 976,000
Restricted Cash	1,154,334	-	1,413,139	515,153	3,659,497	1,306,456	3,501,368	2,310,649	758,594
Current Assets	93,810	159,025	10,644,920	1,167,486	6,561,122	2,883,190	2,647,506	673,126	12,526
Noncurrent Assets	380,821	1,270,768	-	145,448	-	36,204	320,957	232,891	-
Capital Assets	20,305,383	-	-	6,419,757	10,298,431	4,448,446	41,356,052	28,409,745	14,238,468
Deferred Outflows	-	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>22,624,188</u>	<u>1,429,793</u>	<u>12,337,161</u>	<u>8,477,283</u>	<u>20,519,050</u>	<u>8,674,296</u>	<u>47,825,983</u>	<u>31,626,411</u>	<u>15,985,588</u>
LIABILITIES AND DEFERRED INFLOWS									
Current Liabilities	2,418,086	-	82,063	440,771	714,313	55,065	910,434	729,946	402,818
Noncurrent Liabilities	25,489,008	1,820,000	14,609,041	9,884,430	7,943,412	5,124,806	32,800,586	23,266,194	12,538,848
Deferred Inflows	-	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>27,907,094</u>	<u>1,820,000</u>	<u>14,691,104</u>	<u>10,325,201</u>	<u>8,657,725</u>	<u>5,179,871</u>	<u>33,711,020</u>	<u>23,996,140</u>	<u>12,941,666</u>
NET POSITION									
Net Investment in Capital Assets	(5,479,491)	-	-	(4,073,488)	2,149,322	(700,046)	7,882,675	4,664,842	1,423,364
Restricted	1,057,444	-	1,413,138	457,182	3,598,450	1,289,412	3,406,355	2,247,044	728,117
Unrestricted	(860,859)	(390,207)	(3,767,081)	1,768,388	6,113,553	2,905,059	2,825,933	718,385	892,441
Total Net Position	<u>(5,282,906)</u>	<u>(390,207)</u>	<u>(2,353,943)</u>	<u>(1,847,918)</u>	<u>11,861,325</u>	<u>3,494,425</u>	<u>14,114,963</u>	<u>7,630,271</u>	<u>3,043,922</u>
Total Liabilities and Net Position	<u>\$ 22,624,188</u>	<u>\$ 1,429,793</u>	<u>\$ 12,337,161</u>	<u>\$ 8,477,283</u>	<u>\$ 20,519,050</u>	<u>\$ 8,674,296</u>	<u>\$ 47,825,983</u>	<u>\$ 31,626,411</u>	<u>\$ 15,985,588</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Glenmont Westerly	Magruders	RAD 6	Community Partners	Ambassador	MHLP VII	MHLP VIII	Diamond Square	Brookside Glen
ASSETS AND DEFERRED OUTFLOWS									
Cash	\$ 918,683	\$ 400	\$ 200	\$ 268,753	\$ 142,923	\$ 6,195	\$ -	\$ 135,578	\$ 388,939
Restricted Cash	1,485,692	541,687	1,126,157	-	884,031	83,848	78,112	1,987,927	865,815
Current Assets	22,184	334,221	2,421,898	-	-	7,383	-	56,364	71,847
Noncurrent Assets	-	149,208	-	-	-	-	12,741	14,022	62,549
Capital Assets	11,223,669	5,754,267	28,690,105	-	3,843,892	1,880,274	2,350,999	3,611,270	7,165,253
Deferred Outflows	-	-	161,063	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>13,650,228</u>	<u>6,779,783</u>	<u>32,399,423</u>	<u>268,753</u>	<u>4,870,846</u>	<u>1,977,700</u>	<u>2,441,852</u>	<u>5,805,161</u>	<u>8,554,403</u>
LIABILITIES AND DEFERRED INFLOWS									
Current Liabilities	285,857	412,827	4,018,108	-	3,142,927	2,927,548	3,080,647	155,509	573,865
Noncurrent Liabilities	9,362,479	10,121,922	22,775,280	-	4,067,798	-	-	5,863,943	6,290,287
Deferred Inflows	-	-	74,892	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>9,648,336</u>	<u>10,534,749</u>	<u>26,868,280</u>	<u>-</u>	<u>7,210,725</u>	<u>2,927,548</u>	<u>3,080,647</u>	<u>6,019,452</u>	<u>6,864,152</u>
NET POSITION									
Net Investment in Capital Assets	1,687,615	(4,768,587)	5,608,159	-	(216,214)	1,357,549	2,350,999	(2,308,248)	563,533
Restricted	1,462,616	471,909	1,036,478	-	884,030	73,563	59,975	1,946,620	808,499
Unrestricted	851,661	541,712	(1,113,494)	268,753	(3,007,695)	(2,380,960)	(3,049,769)	147,337	318,219
Total Net Position	<u>4,001,892</u>	<u>(3,754,966)</u>	<u>5,531,143</u>	<u>268,753</u>	<u>(2,339,879)</u>	<u>(949,848)</u>	<u>(638,795)</u>	<u>(214,291)</u>	<u>1,690,251</u>
Total Liabilities and Net Position	<u>\$ 13,650,228</u>	<u>\$ 6,779,783</u>	<u>\$ 32,399,423</u>	<u>\$ 268,753</u>	<u>\$ 4,870,846</u>	<u>\$ 1,977,700</u>	<u>\$ 2,441,852</u>	<u>\$ 5,805,161</u>	<u>\$ 8,554,403</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							Total
	MV Gateway	Wheaton Gateway	12/31 Manchester Manor	12/31 Shady Grove Apartments	12/31 Willows	12/31 Camp Hill Square	Primary Government	
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ (16,235)	\$ -	\$ 410,514	\$ 1,383,034	\$ 284,460	\$ -	\$ 79,019,174	\$ 93,948,583
Restricted Cash	1,300,285	-	151,402	685,995	1,283,773	483,513	141,272,350	173,148,031
Current Assets	3,310,730	-	11,165	28,158	104,647	533,055	29,937,655	78,645,685
Noncurrent Assets	2,647,379	-	-	-	-	-	367,160,469	388,194,997
Capital Assets	142,037,510	461,316	1,502,659	5,748,331	4,839,545	609,269	97,838,781	561,984,862
Deferred Outflows	-	-	-	-	-	-	12,249,536	12,410,599
Total Assets and Deferred Outflows	<u>149,279,669</u>	<u>461,316</u>	<u>2,075,740</u>	<u>7,845,518</u>	<u>6,512,425</u>	<u>1,625,837</u>	<u>727,477,965</u>	<u>1,308,332,757</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	2,215,889	19,969	212,537	520,397	568,234	52,976	102,582,669	137,234,075
Noncurrent Liabilities	146,548,836	441,347	3,030,149	4,643,185	3,014,126	-	439,834,904	925,143,553
Deferred Inflows	-	-	-	-	-	-	11,578,913	11,653,805
Total Liabilities and Deferred Inflows	<u>148,764,725</u>	<u>461,316</u>	<u>3,242,686</u>	<u>5,163,582</u>	<u>3,582,360</u>	<u>52,976</u>	<u>553,996,486</u>	<u>1,074,031,433</u>
NET POSITION								
Net Investment in Capital Assets	(3,214,643)	19,969	(723,622)	791,335	2,041,907	609,269	(27,854,890)	(37,987,591)
Restricted	995,488	-	127,881	626,929	1,134,160	452,237	61,886,221	91,803,524
Unrestricted	2,734,099	(19,969)	(571,205)	1,263,672	(246,002)	511,355	139,450,148	180,485,391
Total Net Position	<u>514,944</u>	<u>-</u>	<u>(1,166,946)</u>	<u>2,681,936</u>	<u>2,930,065</u>	<u>1,572,861</u>	<u>173,481,479</u>	<u>234,301,324</u>
Total Liabilities and Net Position	<u>\$ 149,279,669</u>	<u>\$ 461,316</u>	<u>\$ 2,075,740</u>	<u>\$ 7,845,518</u>	<u>\$ 6,512,425</u>	<u>\$ 1,625,837</u>	<u>\$ 727,477,965</u>	<u>\$ 1,308,332,757</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	The Oaks	Alexander House	Sligo MPDU III	Metropolitan	TPM Dev MPDU II / 59	TPP LLC	Pooks Hill Highrise	Montgomery Arms	Wheaton Metro
OPERATING REVENUES									
Tenant Revenue	\$ 1,361,873	\$ 1,849,271	\$ 229,923	\$ 6,313,960	\$ 1,302,244	\$ 2,110,649	\$ 2,780,073	\$ 1,820,210	\$ 2,530,334
Other Revenues	6,933	12,809	1,651	447,413	145,695	6,128	57,060	47,869	10,139
Total Operating Revenues	<u>1,368,806</u>	<u>1,862,080</u>	<u>231,574</u>	<u>6,761,373</u>	<u>1,447,939</u>	<u>2,116,777</u>	<u>2,837,133</u>	<u>1,868,079</u>	<u>2,540,473</u>
OPERATING EXPENSES									
Housing Assistance Payments	-	-	-	-	-	-	-	-	-
Administrative	231,975	352,982	74,660	762,868	220,487	379,559	291,978	234,299	326,448
Utilities	84,047	280,218	1,823	425,167	4,873	118,020	175,506	113,569	55,975
Ordinary Maintenance and Operations	322,902	512,700	117,064	692,303	216,869	247,176	480,186	324,835	318,836
General Expenses	398,712	762,257	35,484	3,443,960	397,396	961,637	1,419,117	1,087,974	1,797,271
Depreciation	188,837	796,363	59,202	1,133,307	136,723	262,061	532,752	341,817	936,204
Total Operating Expenses	<u>1,226,473</u>	<u>2,704,520</u>	<u>288,233</u>	<u>6,457,605</u>	<u>976,348</u>	<u>1,968,453</u>	<u>2,899,539</u>	<u>2,102,494</u>	<u>3,434,734</u>
Operating Income (Loss)	<u>142,333</u>	<u>(842,440)</u>	<u>(56,659)</u>	<u>303,768</u>	<u>471,591</u>	<u>148,324</u>	<u>(62,406)</u>	<u>(234,415)</u>	<u>(894,261)</u>
Total Nonoperating Revenues (Expenses)	<u>1,639</u>	<u>788,385</u>	<u>59,910</u>	<u>21,531</u>	<u>1,140,344</u>	<u>1,357</u>	<u>729</u>	<u>43,803</u>	<u>4,264</u>
Income (Loss) before Contributions and Transfers	143,972	(54,055)	3,251	325,299	1,611,935	149,681	(61,677)	(190,612)	(889,997)
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	-	325,843	(32,828)	-	(149,133)	-	-	-	267,835
CHANGE IN NET POSITION	143,972	271,788	(29,577)	325,299	1,462,802	149,681	(61,677)	(190,612)	(622,162)
Total Net Position - Beginning of Year, as restated	<u>15,915</u>	<u>10,836,832</u>	<u>2,670,561</u>	<u>11,648,872</u>	<u>(727,118)</u>	<u>-</u>	<u>1,486,989</u>	<u>203,486</u>	<u>(7,162,258)</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 159,887</u>	<u>\$ 11,108,620</u>	<u>\$ 2,640,984</u>	<u>\$ 11,974,171</u>	<u>\$ 735,684</u>	<u>\$ 149,681</u>	<u>\$ 1,425,312</u>	<u>\$ 12,874</u>	<u>\$ (7,784,420)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Paddington Square	HOC at Hilldale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Glenmont Crossing
OPERATING REVENUES									
Tenant Revenue	\$ 2,919,373	\$ -	\$ -	\$ 1,267,584	\$ 2,380,950	\$ 705,809	\$ 6,190,683	\$ 4,159,648	\$ 2,018,079
Other Revenues	2,057	48,000	-	23,193	29,896	4,765	775,309	482,957	8,037
Total Operating Revenues	<u>2,921,430</u>	<u>48,000</u>	<u>-</u>	<u>1,290,777</u>	<u>2,410,846</u>	<u>710,574</u>	<u>6,965,992</u>	<u>4,642,605</u>	<u>2,026,116</u>
OPERATING EXPENSES									
Housing Assistance Payments	-	-	-	-	-	-	-	-	-
Administrative	337,665	-	2,500	115,396	619,235	162,367	1,254,131	911,530	199,125
Utilities	177,124	-	-	85,066	26,171	4,893	46,294	24,579	251,408
Ordinary Maintenance and Operations	510,651	-	-	198,730	875,779	241,264	1,478,470	842,800	503,526
General Expenses	1,549,481	300	69,023	609,428	725,537	221,818	2,594,802	1,580,181	787,255
Depreciation	624,333	-	-	390,865	287,763	91,435	971,807	657,524	299,782
Total Operating Expenses	<u>3,199,254</u>	<u>300</u>	<u>71,523</u>	<u>1,399,485</u>	<u>2,534,485</u>	<u>721,777</u>	<u>6,345,504</u>	<u>4,016,614</u>	<u>2,041,096</u>
Operating Income (Loss)	<u>(277,824)</u>	<u>47,700</u>	<u>(71,523)</u>	<u>(108,708)</u>	<u>(123,639)</u>	<u>(11,203)</u>	<u>620,488</u>	<u>625,991</u>	<u>(14,980)</u>
Total Nonoperating Revenues (Expenses)	<u>(349)</u>	<u>25,378</u>	<u>3,096,159</u>	<u>5,378</u>	<u>17,664</u>	<u>(220)</u>	<u>3,149</u>	<u>2,565</u>	<u>2,006</u>
Income (Loss) before Contributions and Transfers	<u>(278,173)</u>	<u>73,078</u>	<u>3,024,636</u>	<u>(103,330)</u>	<u>(105,975)</u>	<u>(11,423)</u>	<u>623,637</u>	<u>628,556</u>	<u>(12,974)</u>
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	-	-	(1,535,080)	-	(280,781)	(74,954)	(3,754,452)	(4,360,042)	-
CHANGE IN NET POSITION	<u>(278,173)</u>	<u>73,078</u>	<u>1,489,556</u>	<u>(103,330)</u>	<u>(386,756)</u>	<u>(86,377)</u>	<u>(3,130,815)</u>	<u>(3,731,486)</u>	<u>(12,974)</u>
Total Net Position - Beginning of Year, as restated	<u>(5,004,733)</u>	<u>(463,285)</u>	<u>(3,843,499)</u>	<u>(1,744,588)</u>	<u>12,248,081</u>	<u>3,580,802</u>	<u>17,245,778</u>	<u>11,361,757</u>	<u>3,056,896</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (5,282,906)</u>	<u>\$ (390,207)</u>	<u>\$ (2,353,943)</u>	<u>\$ (1,847,918)</u>	<u>\$ 11,861,325</u>	<u>\$ 3,494,425</u>	<u>\$ 14,114,963</u>	<u>\$ 7,630,271</u>	<u>\$ 3,043,922</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Glenmont Westerly	Magruders	RAD 6	Community Partner	Ambassador	MHLP VII	MHLP VIII	Diamond Square	Brookside Glen
OPERATING REVENUES									
Tenant Revenue	\$ 1,708,269	\$ 2,304,589	\$ 3,151,015	\$ -	\$ -	\$ 453,702	\$ 654,584	\$ 1,266,837	\$ 1,560,395
Other Revenues	11,358	130,971	595,913	150,661	7,080	3,367	76,799	4,674	4,916
Total Operating Revenues	<u>1,719,627</u>	<u>2,435,560</u>	<u>3,746,928</u>	<u>150,661</u>	<u>7,080</u>	<u>457,069</u>	<u>731,383</u>	<u>1,271,511</u>	<u>1,565,311</u>
OPERATING EXPENSES									
Housing Assistance Payments	-	-	-	-	-	-	-	-	-
Administrative	197,348	255,045	671,176	162,234	3,623	106,520	150,933	222,031	179,408
Utilities	164,632	125,620	284,709	-	172,450	5,658	5,440	165,978	128,216
Ordinary Maintenance and Operations	388,097	277,247	623,824	-	18,020	149,762	186,138	283,181	338,512
General Expenses	625,440	1,636,362	1,601,085	-	139,598	132,545	139,991	207,630	454,909
Depreciation	210,225	400,240	794,376	-	199,633	88,751	140,581	206,044	362,661
Total Operating Expenses	<u>1,585,742</u>	<u>2,694,514</u>	<u>3,975,170</u>	<u>162,234</u>	<u>533,324</u>	<u>483,236</u>	<u>623,083</u>	<u>1,084,864</u>	<u>1,463,706</u>
Operating Income (Loss)	<u>133,885</u>	<u>(258,954)</u>	<u>(228,242)</u>	<u>(11,573)</u>	<u>(526,244)</u>	<u>(26,167)</u>	<u>108,300</u>	<u>186,647</u>	<u>101,605</u>
Total Nonoperating Revenues (Expenses)	<u>4,723</u>	<u>(626)</u>	<u>3,016</u>	<u>-</u>	<u>3,935</u>	<u>81</u>	<u>82</u>	<u>16,848</u>	<u>3,826</u>
Income (Loss) before Contributions and Transfers	138,608	(259,580)	(225,226)	(11,573)	(522,309)	(26,086)	108,382	203,495	105,431
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	-	(223,991)	(344,352)	-	-	(88,253)	(190,996)	-	-
CHANGE IN NET POSITION	138,608	(483,571)	(569,578)	(11,573)	(522,309)	(114,339)	(82,614)	203,495	105,431
Total Net Position - Beginning of Year, as restated	<u>3,863,284</u>	<u>(3,271,395)</u>	<u>6,100,721</u>	<u>280,326</u>	<u>(1,817,570)</u>	<u>(835,509)</u>	<u>(556,181)</u>	<u>(417,786)</u>	<u>1,584,820</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 4,001,892</u>	<u>\$ (3,754,966)</u>	<u>\$ 5,531,143</u>	<u>\$ 268,753</u>	<u>\$ (2,339,879)</u>	<u>\$ (949,848)</u>	<u>\$ (638,795)</u>	<u>\$ (214,291)</u>	<u>\$ 1,690,251</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							Total
	MV Gateway	Wheaton Gateway	12/31 Manchester Manor	12/31 Shady Grove Apartments	12/31 Willows	12/31 Camp Hill Square	Primary Government	
OPERATING REVENUES								
Tenant Revenue	\$ 4,920,618	\$ -	\$ 736,184	\$ 2,105,982	\$ 1,936,856	\$ 608,235	\$ 16,110,681	\$ 77,458,610
Other Revenues	-	-	1,320	8,479	71,632	2,635	149,691,545	152,871,261
Total Operating Revenues	<u>4,920,618</u>	<u>-</u>	<u>737,504</u>	<u>2,114,461</u>	<u>2,008,488</u>	<u>610,870</u>	<u>165,802,226</u>	<u>230,329,871</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	102,470,927	102,470,927
Administrative	402,812	-	88,246	296,152	352,956	108,315	34,143,958	43,817,962
Utilities	173,130	-	169,372	169,180	402,956	118,030	1,930,525	5,890,629
Ordinary Maintenance and Operations	622,336	-	155,371	493,418	471,495	125,761	6,719,933	18,737,186
General Expenses	1,992,201	-	216,590	710,149	353,742	47,166	19,970,366	46,669,407
Depreciation	1,216,044	-	136,012	395,435	274,083	74,417	3,361,671	15,570,948
Total Operating Expenses	<u>4,406,523</u>	<u>-</u>	<u>765,591</u>	<u>2,064,334</u>	<u>1,855,232</u>	<u>473,689</u>	<u>168,597,380</u>	<u>233,157,059</u>
Operating Income (Loss)	<u>514,095</u>	<u>-</u>	<u>(28,087)</u>	<u>50,127</u>	<u>153,256</u>	<u>137,181</u>	<u>(2,795,154)</u>	<u>(2,827,188)</u>
Total Nonoperating Revenues (Expenses)	<u>849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>886</u>	<u>9,325,029</u>	<u>14,572,341</u>
Income (Loss) before Contributions and Transfers	514,944	-	(28,087)	50,127	153,256	138,067	6,529,875	11,745,153
Transfers From Discrete Component Units	-	-	(1,138,859)	2,631,809	2,776,809	-	-	4,269,759
Capital Contributions (Distributions)	-	-	-	-	-	1,434,794	549,477	1,984,271
Operating Transfers In (Out)	-	-	-	-	-	-	10,441,184	-
CHANGE IN NET POSITION	514,944	-	(1,166,946)	2,681,936	2,930,065	1,572,861	17,520,536	17,999,183
Total Net Position - Beginning of Year, as restated	-	-	-	-	-	-	155,960,943	216,302,141
TOTAL NET POSITION - END OF YEAR	<u>\$ 514,944</u>	<u>\$ -</u>	<u>\$ (1,166,946)</u>	<u>\$ 2,681,936</u>	<u>\$ 2,930,065</u>	<u>\$ 1,572,861</u>	<u>\$ 173,481,479</u>	<u>\$ 234,301,324</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	The Oaks	Alexander House	Sligo MPDU III	Metropolitan	TPM Dev MPDU II / 59	TPP LLC	Pooks Hill Highrise	Montgomery Arms	Wheaton Metro
Net Cash Provided (Used) by									
Operating Activities	\$ 309,391	\$ 1,363,029	\$ 20,392	\$ 1,537,555	\$ (9,746,860)	\$ 472,163	\$ 460,368	\$ 262,816	\$ 120,951
Investing Activities	(49,514)	(13,093,316)	(5,674)	9,774	24,289,821	(19,698,939)	(140,829)	27,694	29,844
Noncapital Financing Activities	-	-	-	-	-	-	-	-	-
Capital and Related Financing Activities	(157,987)	11,690,012	(32,828)	(1,253,328)	(14,543,461)	21,174,009	(421,859)	(297,506)	(177,152)
Net Increase/(Decrease) in Cash	101,890	(40,275)	(18,110)	294,001	(500)	1,947,233	(102,320)	(6,996)	(26,357)
Cash and Cash Equivalents - Beginning of Year	177,448	1,129,533	47,408	4,366,488	500	-	548,686	402,451	39,702
Cash and Cash Equivalents - End of Year	<u>\$ 279,338</u>	<u>\$ 1,089,258</u>	<u>\$ 29,298</u>	<u>\$ 4,660,489</u>	<u>\$ -</u>	<u>\$ 1,947,233</u>	<u>\$ 446,366</u>	<u>\$ 395,455</u>	<u>\$ 13,345</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Paddington Square	HOC at Hillandale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Glenmont Crossing
Net Cash Provided (Used) by									
Operating Activities	\$ 437,382	\$ 67,183	\$ 3,024,636	\$ 341,021	\$ 334,248	\$ 147,920	\$ 889,078	\$ 1,427,988	\$ 349,205
Investing Activities	(1,504)	(67,183)	1,308,963	(83,438)	(136,506)	32,132	(2,393,050)	(2,056,325)	21,144
Noncapital Financing Activities	-	-	-	-	-	-	-	-	-
Capital and Related Financing Activities	(328,747)	-	(4,333,599)	(266,587)	(197,742)	(180,052)	1,503,972	628,337	(237,954)
Net Increase/(Decrease) in Cash	107,131	-	-	(9,004)	-	-	-	-	132,395
Cash and Cash Equivalents - Beginning of Year	582,709	-	279,102	238,443	-	-	100	-	843,605
Cash and Cash Equivalents - End of Year	<u>\$ 689,840</u>	<u>\$ -</u>	<u>\$ 279,102</u>	<u>\$ 229,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 976,000</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units									
	Glenmont		RAD 6	Community			MHLP VII	MHLP VIII	Diamond	Brookside
	Westerly	Magruders		Partner	Ambassador	Square			Glen	
Net Cash Provided (Used) by										
Operating Activities	\$ 392,791	\$ 209,146	\$ 1,391,752	\$ (23,144)	\$ (220,535)	\$ (13,302)	\$ 118,327	\$ 376,847	\$ 493,286	
Investing Activities	(29,052)	(14,383)	(824,131)	-	219,800	107,750	72,669	(511,912)	(450,851)	
Noncapital Financing Activities	-	-	-	-	-	-	-	-	-	
Capital and Related Financing Activities	(149,670)	(194,763)	(567,621)	-	-	(88,253)	(190,996)	(54,239)	(230,144)	
Net Increase/(Decrease) in Cash	214,069	-	-	(23,144)	(735)	6,195	-	(189,304)	(187,709)	
Cash and Cash Equivalents - Beginning of Year	704,614	400	200	291,897	143,658	-	-	324,882	576,648	
Cash and Cash Equivalents - End of Year	<u>\$ 918,683</u>	<u>\$ 400</u>	<u>\$ 200</u>	<u>\$ 268,753</u>	<u>\$ 142,923</u>	<u>\$ 6,195</u>	<u>\$ -</u>	<u>\$ 135,578</u>	<u>\$ 388,939</u>	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 23 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							Total
	MV Gateway	Wheaton Gateway	12/31 Manchester Manor	12/31 Shady Grove Apartments	12/31 Willows	12/31 Camp Hill Square	Primary Government	
Net Cash Provided (Used) by								
Operating Activities	\$ 1,026,929	\$ -	\$ 430,428	\$ 1,782,661	\$ 640,662	\$ 210,788	\$ 33,395,275	\$ 42,030,377
Investing Activities	(144,249,041)	(847,057)	(20,736)	(79,150)	(104,773)	(3,911)	132,104,313	(26,637,371)
Noncapital Financing Activities	-	-	-	-	-	-	14,068,584	14,068,584
Capital and Related Financing Activities	143,205,877	847,057	822	(320,477)	(251,429)	(206,877)	(151,158,434)	2,970,427
Net Increase/(Decrease) in Cash	(16,235)	-	410,514	1,383,034	284,460	-	28,409,738	32,432,017
Cash and Cash Equivalents - Beginning of Year	-	-	-	-	-	-	223,966,123	234,664,597
Cash and Cash Equivalents - End of Year	<u>\$ (16,235)</u>	<u>\$ -</u>	<u>\$ 410,514</u>	<u>\$ 1,383,034</u>	<u>\$ 284,460</u>	<u>\$ -</u>	<u>\$ 252,375,861</u>	<u>\$ 267,096,614</u>

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REQUIRED SUPPLEMENTARY INFORMATION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years*

Employees' Retirement and Pension System:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Commission's proportion of the net pension liability	3.10%	2.16%	1.82%
Commission's proportionate share of the net pension liability	\$ 10,595,603	\$ 11,681,661	\$ 7,661,755
Commission's covered payroll	\$ 9,718,539	\$ 9,231,794	\$ 8,319,336
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	109.02%	126.54%	92.10%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	87.06%	89.69%

*The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of that day, projected forward to June 30 of the previous year. Additionally, the Commission implemented GASB 68 during Fiscal Year 2015. As such, only three years of information is available.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018

Employees' Retirement and Pension System

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 515,352	\$ 1,088,949	\$ 1,782,014	\$ 1,849,962	\$ 1,452,873	\$ 1,724,145	\$ 1,339,118	\$ 1,574,503	\$ 1,491,431	\$ 1,474,106
Contributions in Relation to the Contractually Required Contribution	515,352	1,088,949	1,782,014	1,849,962	1,452,873	1,724,145	1,339,118	1,574,503	1,491,431	1,474,106
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 9,718,539	\$ 9,231,794	\$ 8,319,336	\$ 7,802,241	\$ 3,272,000	\$ 4,292,000	\$ 4,487,000	\$ 5,266,000	\$ 5,414,000	\$ 5,622,000
Contributions as a percentage of Covered Payroll	5.30%	11.80%	21.42%	23.71%	44.40%	40.17%	29.84%	29.90%	27.55%	26.22%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years*

Employees' Retirement and Pension System:

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Commission's proportion of the net OPEB liability	1.76%									
Commission's proportionate share of the net OPEB liability	\$ 26,847,382									
Commission's covered payroll	\$ 9,718,539	*Information prior to fiscal year 2018 was not available. The Commission will accumulate each year until ten years of data becomes available.								
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	276.25%									
Plan fiduciary net position as a percentage of the total OPEB liability	22.38%									

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF THE COMMISSION'S OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 1,910,942									
Contributions in Relation to the Contractually Required Contribution	<u>1,910,942</u>									
Contribution deficiency (excess)	<u>100.0%</u>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commission's Covered Payroll	\$ 9,718,539									
Contributions as a percentage of Covered Payroll	19.66%									

Information prior to fiscal year 2018 was not available. The Commission will accumulate each year until 10 years of data becomes available.

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SUPPLEMENTARY INFORMATION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF NET POSITION – SUB-FUNDS
JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2018	2017
ASSETS								
CURRENT ASSETS								
Unrestricted:								
Cash and Cash Equivalents	\$ 33,195,724	\$ 51,549,392	\$ 6,029,711	\$ 1,549,858	\$ 1,623,898	\$ -	\$ 93,948,583	\$ 94,036,307
Interfund Receivable	-	24,071,282	-	-	-	(24,071,282)	-	-
Advances to Component Units	10,002,078	16,090,246	-	-	-	-	26,092,324	22,734,161
Accounts Receivable and Other Assets, Net	2,680,072	18,730,113	4,722,841	543,086	37,828	-	26,713,940	26,233,731
Accrued Interest Receivable	2,701,238	1,888,914	-	1,076,706	1,325,511	(634,664)	6,357,705	4,614,214
Mortgage and Construction Loans Receivable, Current	2,780,629	-	-	13,358,016	8,772,781	(6,991,430)	17,919,996	38,414,299
Total Unrestricted Current Assets	<u>51,359,741</u>	<u>112,329,947</u>	<u>10,752,552</u>	<u>16,527,666</u>	<u>11,760,018</u>	<u>(31,697,376)</u>	<u>171,032,548</u>	<u>186,032,712</u>
Restricted Cash, Cash Equivalents and Investments:								
Restricted Cash and Cash Equivalents	3,308,266	34,299,294	1,086,971	59,514,888	18,837,085	-	117,046,504	86,446,046
Restricted Short-Term Investments	-	-	-	1,561,720	-	-	1,561,720	3,549,391
Restricted for Current Bonds Payable	-	-	-	16,048,759	36,091,507	-	52,140,266	50,819,159
Restricted for Customer Deposits	-	2,717,311	1,243,950	-	-	-	3,961,261	3,363,083
Total Restricted Cash, Cash Equivalents and Investments	<u>3,308,266</u>	<u>37,016,605</u>	<u>2,330,921</u>	<u>77,125,367</u>	<u>54,928,592</u>	<u>-</u>	<u>174,709,751</u>	<u>144,177,679</u>
Total Current Assets	<u>54,668,007</u>	<u>149,346,552</u>	<u>13,083,473</u>	<u>93,653,033</u>	<u>66,688,610</u>	<u>(31,697,376)</u>	<u>345,742,299</u>	<u>330,210,391</u>
NONCURRENT ASSETS								
Restricted Long-Term Investments	-	-	-	87,348,855	10,284,376	-	97,633,231	82,362,151
Mortgage and Construction Loans Receivable, Net of Current	237,273,075	75,397,765	2,555,484	68,483,632	269,965,094	(383,200,177)	270,474,873	269,948,336
Capital Assets, Net of Depreciation	5,414,340	544,814,799	11,755,723	-	-	-	561,984,862	395,181,959
Leased Property Under Capital Lease, Net of Amortization	-	-	-	-	-	-	-	9,993,899
Other Real Estate Owned	-	-	-	977,661	-	-	977,661	532,432
Loans Receivable from Component Units	2,948,374	-	-	-	-	-	2,948,374	2,275,679
Swap Asset	-	1,910,439	-	-	-	-	1,910,439	-
Investment in Component Units	2,823,220	11,427,199	-	-	-	-	14,250,419	9,245,196
Total Noncurrent Assets	<u>248,459,009</u>	<u>633,550,202</u>	<u>14,311,207</u>	<u>156,810,148</u>	<u>280,249,470</u>	<u>(383,200,177)</u>	<u>950,179,859</u>	<u>769,539,652</u>
Total Assets	<u>303,127,016</u>	<u>782,896,754</u>	<u>27,394,680</u>	<u>250,463,181</u>	<u>346,938,080</u>	<u>(414,897,553)</u>	<u>1,295,922,158</u>	<u>1,099,750,043</u>
DEFERRED OUTFLOWS OF RESOURCES								
Fair Value of Hedging Derivatives	-	-	-	57,862	4,147,945	-	4,205,807	11,376,760
Employer-Related Pension Activities	1,679,615	1,022,653	3,591,582	-	-	-	6,293,850	6,429,816
Employer-Related OPEB Activities	1,910,942	-	-	-	-	-	1,910,942	-
Total Assets and Deferred Outflows	<u>\$ 306,717,573</u>	<u>\$ 783,919,407</u>	<u>\$ 30,986,262</u>	<u>\$ 250,521,043</u>	<u>\$ 351,086,025</u>	<u>\$ (414,897,553)</u>	<u>\$ 1,308,332,757</u>	<u>\$ 1,117,556,619</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF NET POSITION – SUB-FUNDS (CONTINUED)
JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	Opportunity					Eliminations	Combined Totals	
	General Sub-Fund	Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund		2018	2017
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 6,744,132	\$ 11,872,243	\$ 1,472,009	\$ 444,814	\$ 3,971,685	\$ -	\$ 24,504,883	\$ 26,559,744
Interfund Payable	22,605,589	-	1,326,414	113,686	25,593	(24,071,282)	-	-
Accrued Interest Payable	-	4,987,036	-	-	-	(634,664)	4,352,372	3,256,941
Loans Payable to Montgomery County - Current	-	202,918	-	-	-	-	202,918	336,099
Mortgage Notes and Loans Payable - Current	50,888,591	8,935,064	-	-	-	(6,991,430)	52,832,225	86,115,924
Capitalized Lease Obligations - Current	-	-	-	-	-	-	-	4,199
Total Current Unrestricted Liabilities	<u>80,238,312</u>	<u>25,997,261</u>	<u>2,798,423</u>	<u>558,500</u>	<u>3,997,278</u>	<u>(31,697,376)</u>	<u>81,892,398</u>	<u>116,272,907</u>
Current Liabilities Payable from Restricted Assets:								
Customer Deposits Payable	-	2,417,443	783,968	-	-	-	3,201,411	2,707,289
Accrued Interest Payable	-	-	-	2,703,759	5,448,316	-	8,152,075	8,155,263
Bonds Payable - Current	-	-	-	13,345,000	30,643,191	-	43,988,191	42,820,266
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>2,417,443</u>	<u>783,968</u>	<u>16,048,759</u>	<u>36,091,507</u>	<u>-</u>	<u>55,341,677</u>	<u>53,682,818</u>
Total Current Liabilities	<u>80,238,312</u>	<u>28,414,704</u>	<u>3,582,391</u>	<u>16,607,259</u>	<u>40,088,785</u>	<u>(31,697,376)</u>	<u>137,234,075</u>	<u>169,955,725</u>
NONCURRENT LIABILITIES								
Bonds Payable	-	-	-	209,433,070	273,226,495	-	482,659,565	469,833,075
Mortgage Notes and Loans Payable	143,389,930	543,104,818	-	-	-	(383,200,177)	303,294,571	79,500,609
Loans Payable to Montgomery County	10,162,971	47,729,653	-	-	-	-	57,892,624	62,582,024
Capitalized Lease Obligations	-	-	-	-	-	-	-	19,941,708
Unearned Revenue	11,867,214	12,412,801	2,559	-	-	-	24,282,574	27,532,658
Escrow and Other Deposits	11,894,435	-	-	-	3,470,992	-	15,365,427	14,792,410
Net Pension Liability	5,741,266	1,120,930	3,733,407	-	-	-	10,595,603	11,681,661
Net OPEB Liability	13,469,062	1,794,058	11,584,262	-	-	-	26,847,382	-
Derivative Instruments - Hedging	-	-	-	57,862	4,147,945	-	4,205,807	11,376,760
Total Noncurrent Liabilities	<u>196,524,878</u>	<u>606,162,260</u>	<u>15,320,228</u>	<u>209,490,932</u>	<u>280,845,432</u>	<u>(383,200,177)</u>	<u>925,143,553</u>	<u>697,240,905</u>
Total Liabilities	<u>276,763,190</u>	<u>634,576,964</u>	<u>18,902,619</u>	<u>226,098,191</u>	<u>320,934,217</u>	<u>(414,897,553)</u>	<u>1,062,377,628</u>	<u>867,196,630</u>
DEFERRED INFLOWS OF RESOURCES								
Fair Value of Hedging Derivatives	-	1,910,439	-	-	-	-	1,910,439	-
Unamortized Pension Net Difference	3,844,707	150,766	973,505	-	-	-	4,968,978	2,712,808
Unamortized OPEB Net Difference	2,393,587	319,270	2,061,531	-	-	-	4,774,388	-
Total Deferred Inflows of Resources	<u>6,238,294</u>	<u>2,380,475</u>	<u>3,035,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,653,805</u>	<u>2,712,808</u>
NET POSITION								
Net Investment in Capital Assets	5,414,340	(55,157,654)	11,755,723	-	-	-	(37,987,591)	(12,002,563)
Restricted for:								
Debt Service	-	34,299,294	-	22,872,993	28,527,912	-	85,700,199	80,716,901
Customer Deposits and Other	-	299,867	1,546,953	-	-	-	1,846,820	1,629,853
Closing Cost Assistance Program	4,256,505	-	-	-	-	-	4,256,505	3,844,220
Unrestricted	<u>14,045,244</u>	<u>167,520,461</u>	<u>(4,254,069)</u>	<u>1,549,859</u>	<u>1,623,896</u>	<u>-</u>	<u>180,485,391</u>	<u>173,458,770</u>
Total Net Position	<u>23,716,089</u>	<u>146,961,968</u>	<u>9,048,607</u>	<u>24,422,852</u>	<u>30,151,808</u>	<u>-</u>	<u>234,301,324</u>	<u>247,647,181</u>
Total Liabilities and Net Position	<u>\$ 306,717,573</u>	<u>\$ 783,919,407</u>	<u>\$ 30,986,262</u>	<u>\$ 250,521,043</u>	<u>\$ 351,086,025</u>	<u>\$ (414,897,553)</u>	<u>\$ 1,308,332,757</u>	<u>\$ 1,117,556,619</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2018	2017
OPERATING REVENUES								
Dwelling Rental	\$ 286,669	\$ 75,834,560	\$ 1,337,381	\$ -	\$ -	\$ -	\$ 77,458,610	\$ 67,965,004
Investment Income	-	-	-	3,275,607	1,169,575	-	4,445,182	3,818,167
Unrealized Losses on Investments	-	-	-	(2,418,811)	(509,370)	-	(2,928,181)	(3,560,708)
Interest on Mortgage and Construction Loans Receivable	-	-	-	3,712,803	13,586,735	(7,600,279)	9,699,259	11,109,346
Management Fees and Other Income U.S. Department of Housing and Urban Development Grants:	21,319,270	3,993,177	5,234,500	-	-	(17,420,077)	13,126,870	12,801,771
Housing Assistance Payments (HAP)	-	-	100,265,523	-	-	-	100,265,523	92,038,041
HAP Administrative Fees	-	-	6,998,217	-	-	-	6,998,217	6,984,926
Other Grants	-	-	6,148,090	-	-	-	6,148,090	6,953,599
State and County Grants	-	-	15,116,301	-	-	-	15,116,301	12,511,780
Total Operating Revenues	<u>21,605,939</u>	<u>79,827,737</u>	<u>135,100,012</u>	<u>4,569,599</u>	<u>14,246,940</u>	<u>(25,020,356)</u>	<u>230,329,871</u>	<u>210,621,926</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	102,470,927	-	-	-	102,470,927	95,523,485
Administration	13,426,847	17,088,681	16,166,048	2,298,762	1,835,639	(6,998,015)	43,817,962	39,442,722
Maintenance	2,321,450	15,684,475	731,261	-	-	-	18,737,186	16,972,165
Depreciation and Amortization	857,352	14,257,610	455,986	-	-	-	15,570,948	14,273,372
Utilities	190,978	5,000,898	698,753	-	-	-	5,890,629	4,912,538
Fringe Benefits	4,138,618	2,630,067	3,711,069	177,891	184,318	-	10,841,963	11,262,349
Interest Expense	-	15,537,072	-	5,515,936	11,652,124	(9,977,900)	22,727,232	21,946,813
Other Expenses	922,954	13,032,947	9,486,590	79,782	-	(10,422,061)	13,100,212	11,626,153
Total Operating Expenses	<u>21,858,199</u>	<u>83,231,750</u>	<u>133,720,634</u>	<u>8,072,371</u>	<u>13,672,081</u>	<u>(27,397,976)</u>	<u>233,157,059</u>	<u>215,959,597</u>
Operating Income (Loss)	<u>(252,260)</u>	<u>(3,404,013)</u>	<u>1,379,378</u>	<u>(3,502,772)</u>	<u>574,859</u>	<u>2,377,620</u>	<u>(2,827,188)</u>	<u>(5,337,671)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)
(Continued)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2018	2017
NONOPERATING REVENUES (EXPENSES)								
Investment Income	\$ 4,142,776	\$ 586,720	\$ 26,652	\$ -	\$ -	\$ (2,377,620)	\$ 2,378,528	\$ 2,019,037
Interest on Mortgage and Construction Loans Receivable	63,490	968,100	-	-	-	-	1,031,590	289,597
Interest Expense	(2,543,362)	-	-	-	-	-	(2,543,362)	(937,167)
Other Grants	-	192,661	-	-	-	-	192,661	352,264
Gain on Sale of Assets	-	13,552,016	(39,092)	-	-	-	13,512,924	30,574,480
Total Nonoperating Revenues (Expenses)	<u>1,662,904</u>	<u>15,299,497</u>	<u>(12,440)</u>	<u>-</u>	<u>-</u>	<u>(2,377,620)</u>	<u>14,572,341</u>	<u>32,298,211</u>
Income (Loss) Before Contributions and Transfers	<u>1,410,644</u>	<u>11,895,484</u>	<u>1,366,938</u>	<u>(3,502,772)</u>	<u>574,859</u>	<u>-</u>	<u>11,745,153</u>	<u>26,960,540</u>
Transfer from Discrete Component Units		4,269,759					4,269,759	-
Capital Contributions	-	1,434,796	549,475	-	-	-	1,984,271	258,310
Operating Transfers in (out)	<u>18,405,618</u>	<u>(4,880,680)</u>	<u>(13,524,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>19,816,262</u>	<u>12,719,359</u>	<u>(11,608,525)</u>	<u>(3,502,772)</u>	<u>574,859</u>	<u>-</u>	<u>17,999,183</u>	<u>27,218,850</u>
Total Net Position - Beginning of Year, Restated	<u>3,899,827</u>	<u>134,242,609</u>	<u>20,657,132</u>	<u>27,925,624</u>	<u>29,576,949</u>	<u>-</u>	<u>216,302,141</u>	<u>220,428,331</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 23,716,089</u>	<u>\$ 146,961,968</u>	<u>\$ 9,048,607</u>	<u>\$ 24,422,852</u>	<u>\$ 30,151,808</u>	<u>\$ -</u>	<u>\$ 234,301,324</u>	<u>\$ 247,647,181</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	\$ 286,669	\$ 77,429,545	\$ 1,205,686	\$ -	\$ -	\$ -	\$ 78,921,900	\$ 69,500,993
Intergovernmental Revenue	-	-	128,528,131	-	-	-	128,528,131	118,488,346
Investment Income Received	-	-	-	3,785,323	1,101,099	-	4,886,422	4,008,844
Mortgage Interest Received	-	-	-	3,838,276	13,510,006	(7,985,421)	9,362,861	11,112,460
Mortgage Loan Principal Received	-	-	-	13,425,987	17,280,154	-	30,706,141	29,196,692
Management Fees and Other Income	33,808,499	849,976	4,191,209	-	-	(17,420,077)	21,429,607	54,262,324
Payments to Suppliers	(2,807,330)	(31,953,984)	(10,916,604)	(2,311,520)	(7,638,330)	10,422,061	(45,205,707)	(61,520,158)
Payments to Employees	(26,735,112)	(21,956,171)	(20,056,502)	-	-	7,402,488	(61,345,297)	(85,774,905)
Interest Paid	-	(15,728,166)	-	(5,564,555)	(11,448,602)	9,958,569	(22,782,754)	(20,846,019)
Housing Assistance Payments	-	-	(102,470,927)	-	-	-	(102,470,927)	(95,523,485)
Net Cash Provided (Used) by Operating Activities	<u>4,552,726</u>	<u>8,641,200</u>	<u>480,993</u>	<u>13,173,511</u>	<u>12,804,327</u>	<u>2,377,620</u>	<u>42,030,377</u>	<u>22,905,092</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Advances to Component Units	(3,152,034)	(1,156,128)	-	-	-	-	(4,308,162)	(9,662,876)
Issuance of Notes Receivable	(295,238,580)	(23,978,724)	(1,166,545)	-	-	310,846,322	(9,537,527)	(16,266,831)
Repayments of Notes Receivable	178,177,310	214,535	-	-	-	(177,397,868)	993,977	(25,926,870)
Investments Purchased	-	-	-	(16,211,589)	-	-	(16,211,589)	(22,779,812)
Investment Income Received	4,142,776	586,720	26,652	-	-	(2,377,620)	2,378,528	2,019,037
Mortgage Interest Received	(920,698)	968,100	-	-	-	-	47,402	(1,179,126)
Net Cash Provided (Used) by Investing Activities	<u>(116,991,226)</u>	<u>(23,365,497)</u>	<u>(1,139,893)</u>	<u>(16,211,589)</u>	<u>-</u>	<u>131,070,834</u>	<u>(26,637,371)</u>	<u>(73,796,478)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds from Sale of Bonds	-	-	-	37,885,000	12,000,000	-	49,885,000	33,300,000
Bond Repayments	-	-	-	(26,034,077)	(9,975,000)	-	(36,009,077)	(85,008,280)
Intergovernmental Revenue	-	192,661	-	-	-	-	192,661	352,264
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>192,661</u>	<u>-</u>	<u>11,850,923</u>	<u>2,025,000</u>	<u>-</u>	<u>14,068,584</u>	<u>(51,356,016)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2018	2017
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Payments for Property, Equipment and Capital Financing Fees	\$ (339,457)	\$ (235,651,562)	\$ (461,110)	\$ -	\$ -	\$ -	\$ (236,452,129)	\$ (33,640,002)
Disposition of Capital Assets	65,184	47,764,915	122,910	-	-	-	47,953,009	7,285,244
Gain on Disposal of Capital Assets	-	1,434,796	(39,092)	-	-	-	1,395,704	30,574,480
Proceeds from Loans Payable to Montgomery County	37,855	-	-	-	-	-	37,855	-
Payments on Loans Payable to Montgomery County	(177,012)	(8,047,424)	-	-	-	-	(8,224,436)	-
Proceeds from New Mortgage Notes and Loans Payable	359,824,357	565,428,645	-	-	-	(338,848,009)	586,404,993	20,515,599
Payments on Mortgage Notes and Loans Payable	(246,653,003)	(354,641,282)	-	-	-	205,399,555	(395,894,730)	17,285,048
Interest Paid on Mortgages	(2,543,362)	-	-	-	-	-	(2,543,362)	(937,167)
Payment of Principal on Capital Lease Obligations	-	9,744,048	-	-	-	-	9,744,048	(3,897)
Capital Contributions and Transfers	-	-	549,475	-	-	-	549,475	258,310
Net Cash Provided (Used) by Capital and Related Financing Activities	110,214,562	26,032,136	172,183	-	-	(133,448,454)	2,970,427	41,337,615
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
	(2,223,938)	11,500,500	(486,717)	8,812,845	14,829,327	-	32,432,017	(60,909,787)
Cash and Cash Equivalents - Beginning of Year	38,727,928	77,065,497	8,847,349	68,300,660	41,723,163	-	234,664,597	295,574,382
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 36,503,990	\$ 88,565,997	\$ 8,360,632	\$ 77,113,505	\$ 56,552,490	\$ -	\$ 267,096,614	\$ 234,664,595
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION								
Current Unrestricted Cash and Cash Equivalents	\$ 33,195,724	\$ 51,549,392	\$ 6,029,711	\$ 1,549,858	\$ 1,623,898	\$ -	\$ 93,948,583	\$ 94,036,307
Restricted Cash and Cash Equivalents	3,308,266	34,299,294	1,086,971	59,514,888	18,837,085	-	117,046,504	86,446,046
Current Bonds Payable	-	-	-	16,048,759	36,091,507	-	52,140,266	50,819,159
Customer Deposits	-	2,717,311	1,243,950	-	-	-	3,961,261	3,363,083
Total Cash and Cash Equivalents	\$ 36,503,990	\$ 88,565,997	\$ 8,360,632	\$ 77,113,505	\$ 56,552,490	\$ -	\$ 267,096,614	\$ 234,664,595

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2018
(With Comparative Totals for June 30, 2017)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2018	2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating Income (Loss)	\$ (252,260)	\$ (3,404,013)	\$ 1,379,378	\$ (3,502,772)	\$ 574,859	\$ 2,377,620	\$ (2,827,188)	\$ (5,337,671)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Increase in Capital Appreciation Bonds	-	-	-	-	25,266	-	25,266	22,646
Depreciation	857,352	13,988,988	455,986	-	-	-	15,302,326	13,773,677
Amortization	-	268,622	-	-	-	-	268,622	499,695
Unrealized Losses (Gains) on Investments	-	-	-	2,418,811	509,371	-	2,928,182	3,560,708
Pension Expense	-	-	-	-	-	-	-	-
Effects of Changes in Operating Assets and Liabilities:								
Accounts Receivable and Other Assets	(852,995)	1,074,472	(105,304)	(202,917)	-	-	(86,744)	3,781,001
Mortgage and Construction Loans Receivable	-	-	-	14,119,209	17,297,950	(404,473)	31,012,686	27,991,931
Accrued Interest Receivable	-	(1,305,856)	-	635,188	(107,967)	19,331	(759,304)	1,739,630
Prepaid Expenses and Other Assets	-	-	-	(45,076)	81,846	-	36,770	1,257,722
Deferred Outflows	2,839,259	(1,041,424)	(3,591,582)	-	-	-	(1,793,747)	(1,366,164)
Interfund Receivable / (Payable)	12,405,816	(3,387,517)	(9,169,448)	(2,913)	154,062	-	-	(8,626,664)
Other Real Estate Owned	-	-	-	(445,229)	-	-	(445,229)	-
Accounts Payable and Accrued Liabilities	2,886,450	1,764,336	(1,569,035)	287,432	(5,854,281)	404,473	(2,080,625)	(17,602,254)
Unearned Revenue	936,408	(3,143,201)	(1,043,291)	-	-	-	(3,250,084)	539,258
Net OPEB Liability	(17,875,978)	1,794,058	11,584,262	-	-	-	(4,497,658)	-
Net Pension Liability	(544,864)	(72,576)	(468,618)	-	-	-	(1,086,058)	5,395,531
Deferred Inflows	3,525,486	470,036	3,035,036	-	-	-	7,030,558	(1,912,525)
Accrued Interest Payable	-	1,114,762	-	(88,222)	178,256	(19,331)	1,185,465	(382,694)
Escrow and Other Deposits	628,052	520,513	(26,391)	-	(55,035)	-	1,067,139	(428,735)
Net Cash Provided (Used) by Operating Activities	\$ 4,552,726	\$ 8,641,200	\$ 480,993	\$ 13,173,511	\$ 12,804,327	\$ 2,377,620	\$ 42,030,377	\$ 22,905,092

III. STATISTICAL SECTION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATISTICAL SECTION NARRATIVE
FISCAL YEAR ENDED JUNE 30, 2018

This part of the Commission's comprehensive annual financial report presents detailed information as a context for understanding the information in the management's discussion and analysis, financial statements, notes and required supplementary information in relation to the Commission's overall financial health.

Contents

Financial Trends

These schedules contain trend information to assist the reader in understanding how the Commission's financial performance and well-being have changed over time. See pages 101-102.

Revenue Capacity

These schedules contain information to assist the reader in assessing the factors affecting the Commission's ability to generate its own source revenue. See pages 103-105.

Debt Capacity

These schedules present information to assist the reader in assessing the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future. See pages 106-110.

Operating Information

These schedules contain information about the Commission's operations and resources to assist the reader in understanding how the Commission's financial information relates to the services the Commission provides and the activities it performs. See pages 111-115.

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within the Commission's financial activities and to assist in making comparisons over time with other housing authorities. See pages 116-119.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

Fiscal year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2009	\$ 34,340,554	\$ 43,134,354	\$ 107,505,451	\$ 184,980,359
2010	26,296,666	51,999,283	110,783,129	189,079,078
2011	29,990,548	56,057,347	103,805,520	189,853,415
2012	28,827,815	65,819,359	101,755,151	196,402,325
2013	21,051,981	61,935,432	102,705,620	185,693,033
2014	16,074,021	76,183,757	88,379,877	180,637,655
2015	(10,442,753)	78,479,015	113,739,608	181,775,870
2016	(19,296,755)	83,955,847	155,769,239	220,428,331
2017	(12,002,563)	86,190,974	173,458,770	247,647,181
2018	(37,987,591)	91,803,524	180,485,391	234,301,324

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
CHANGE IN NET POSITION BY ENTERPRISE FUND
LAST TEN FISCAL YEARS

Fiscal Year	General Sub-Fund			Opportunity Housing Sub-Fund			Public Sub-Fund		
	Operating and Nonoperating Revenues	Operating and Nonoperating Expenses	Change in Net Position	Operating and Nonoperating Revenues	Operating and Nonoperating Expenses	Change in Net Position	Operating and Nonoperating Revenues	Operating and Nonoperating Expenses	Change in Net Position
2009	\$ 24,822,954	\$ 19,576,621	\$ 5,246,333	\$ 48,636,324	\$ 54,912,968	\$ (6,276,644)	\$ 105,254,560	\$ 105,958,797	\$ (704,237)
2010	17,829,253	17,470,766	358,487	48,723,294	50,219,840	(1,496,546)	114,291,104	110,705,670	3,585,434
2011	19,019,403	16,660,574	2,358,829	54,067,494	55,672,103	(1,604,609)	116,369,807	114,476,830	1,892,977
2012	17,333,709	16,257,318	1,076,391	56,348,180	54,860,040	1,488,140	113,904,951	118,512,902	(4,607,951)
2013	14,693,427	27,663,976	(12,970,549)	80,487,987	56,472,382	24,015,605	118,477,738	121,685,876	(3,208,138)
2014	17,821,727	27,858,709	(10,036,982)	65,624,561	61,731,480	3,893,081	112,756,686	122,710,906	(9,954,220)
2015	28,025,115	21,513,649	6,511,466	110,071,212	70,725,192	39,346,020	121,446,115	160,654,836	(39,208,721)
2016	19,693,992	21,421,529	(1,727,537)	77,134,168	75,659,074	1,475,094	158,327,659	124,274,422	34,053,237
2017	60,238,382	23,160,320	37,078,062	100,660,125	81,349,017	19,311,108	121,388,721	157,557,358	(36,168,637)
2018	44,217,823	24,401,561	19,816,262	100,831,789	88,112,430	12,719,359	135,676,139	147,284,664	(11,608,525)

Fiscal Year	Single Family Sub-Fund			Multifamily Sub-Fund		
	Operating and Nonoperating Revenues	Operating and Nonoperating Expenses	Change in Net Position	Operating and Nonoperating Revenues	Operating and Nonoperating Expenses	Change in Net Position
2009	\$ 13,161,636	\$ 14,492,241	\$ (1,330,605)	\$ 26,178,221	\$ 23,469,545	\$ 2,708,676
2010	16,233,034	13,946,235	2,286,799	22,665,023	23,300,478	(635,455)
2011	13,307,006	13,855,788	(548,782)	22,444,823	23,768,901	(1,324,078)
2012	17,881,445	14,206,488	3,674,957	27,130,176	22,212,803	4,917,373
2013	9,731,627	15,907,696	(6,176,069)	16,650,293	19,319,152	(2,668,859)
2014	18,082,818	10,597,451	7,485,367	18,662,498	15,105,122	3,557,376
2015	10,207,010	9,516,276	690,734	16,685,755	15,409,579	1,276,176
2016	11,282,058	8,761,396	2,520,662	15,475,153	13,144,148	2,331,005
2017	5,171,633	7,187,364	(2,015,731)	13,850,518	13,463,134	387,384
2018	4,569,599	8,072,371	(3,502,772)	14,246,940	13,672,081	574,859

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
REVENUES, EXPENSES AND CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Dwelling Rental	\$ 77,458,610	\$ 67,965,004	\$ 68,309,329	\$ 65,395,495	\$ 62,210,614	\$ 58,531,965	\$ 57,304,024	\$ 51,602,384	\$ 50,338,236	\$ 47,207,730
Investment Income	4,445,182	3,818,167	3,520,175	3,711,854	7,274,297	7,720,354	8,169,267	6,925,130	7,638,163	12,594,626
Unrealized Gains (Losses) on Investments	(2,928,181)	(3,560,708)	3,420,019	798,251	(8,251,610)	9,190,260	(2,183,851)	3,848,207	3,110,604	390,768
Interest on Mortgage and Construction Loans Receivable	9,699,259	11,109,346	12,135,882	14,979,124	16,877,656	16,880,359	18,438,510	17,731,617	19,819,780	17,297,737
Management Fees and Other Income	13,126,870	12,801,771	10,186,560	11,181,613	18,504,567	9,180,604	8,712,644	7,911,157	10,397,564	9,115,619
U.S. Department of Housing and Urban Development Grants;										
Housing Assistance Payments (HAP)	100,265,523	92,038,041	89,041,875	81,090,732	84,760,830	77,868,323	78,529,266	75,384,843	69,038,665	68,098,758
HAP Administrative Fees	6,998,217	6,984,926	6,583,770	5,385,511	5,352,487	5,799,380	6,091,862	5,866,937	5,266,978	5,132,533
Other Grants	6,148,090	6,953,599	8,421,269	9,601,698	10,152,883	11,249,981	10,889,692	11,254,618	10,500,329	8,777,422
State and County Grants	15,116,301	12,511,780	11,893,150	9,639,934	10,158,784	10,831,271	10,069,139	10,629,223	9,422,158	10,333,157
Total Operating Revenues	<u>230,329,871</u>	<u>210,621,926</u>	<u>213,512,029</u>	<u>201,784,212</u>	<u>207,040,508</u>	<u>207,252,497</u>	<u>196,020,553</u>	<u>191,154,116</u>	<u>185,532,477</u>	<u>178,948,350</u>
OPERATING EXPENSES										
Housing Assistance Payments	\$ 102,470,927	95,523,485	91,387,603	89,425,241	86,882,476	83,980,027	79,201,987	74,850,432	71,116,935	65,088,360
Administration	43,817,962	39,442,722	35,563,087	33,983,811	33,869,057	33,932,375	34,412,838	34,285,500	33,514,421	31,491,319
Maintenance	18,737,186	16,972,165	17,395,244	16,845,515	15,810,786	15,554,691	14,834,381	14,202,508	14,205,755	13,443,354
Depreciation and Amortization	15,570,948	14,273,372	13,882,152	17,440,751	19,428,350	16,607,553	16,075,783	15,658,584	14,499,967	12,308,298
Utilities	5,890,629	4,912,538	5,406,906	5,309,368	5,342,576	6,180,231	6,804,381	6,001,107	5,629,351	5,381,832
Fringe Benefits	10,841,963	11,262,349	11,215,320	11,145,646	10,086,973	8,372,560	7,845,250	8,038,944	7,673,443	7,176,063
Interest Expense	22,727,232	21,946,813	22,328,322	24,157,117	29,306,374	31,544,664	34,009,553	32,711,853	34,520,213	35,012,776
Other Expenses	13,100,212	11,626,153	9,928,960	9,054,221	8,134,409	6,363,970	6,546,617	5,662,593	6,932,322	5,269,845
Bad Debt Expense	-	-	-	-	1,067,155	784,371	361,871	436,581	379,192	634,021
Total Operating Expenses	<u>233,157,059</u>	<u>215,959,597</u>	<u>207,107,594</u>	<u>207,361,670</u>	<u>209,928,156</u>	<u>203,320,442</u>	<u>200,092,661</u>	<u>191,848,102</u>	<u>188,471,599</u>	<u>175,805,868</u>
Operating Income (Loss)	<u>(2,827,188)</u>	<u>(5,337,671)</u>	<u>6,404,435</u>	<u>(5,577,458)</u>	<u>(2,887,648)</u>	<u>3,932,055</u>	<u>(4,072,108)</u>	<u>(693,986)</u>	<u>(2,939,122)</u>	<u>3,142,482</u>
NONOPERATING REVENUES (EXPENSES)										
Investment Income	2,378,528	2,019,037	1,096,003	420,759	452,092	577,972	609,386	683,595	1,351,318	2,472,198
Interest on Mortgage and Construction Loans Receivable	1,031,590	289,597	179,651	188,841	203,121	166,394	187,259	141,505	105,433	90,832
Interest Expense	(2,543,362)	(937,167)	(545,782)	(188,415)	(108,011)	(115,534)	(138,314)	(73,480)	(142,965)	(247,225)
Gain (Loss) on Transfer of Component Unit Entities	13,512,924	-	-	(774,123)	-	-	736,869	-	(747,219)	4,801,834
Other Grants	192,661	352,264	204,554	33,359	42,325	41,229	37,219	38,146	39,698	31,034
State and County Grants	-	-	4,536	371,962	241,004	765,279	131,020	253,857	368,694	3,851
Gain on Sale of Assets	-	30,574,480	27,896,767	-	-	-	-	-	-	-
Total Nonoperating Income	<u>14,572,341</u>	<u>32,298,211</u>	<u>28,835,729</u>	<u>52,383</u>	<u>830,531</u>	<u>1,435,340</u>	<u>1,563,439</u>	<u>1,043,623</u>	<u>974,959</u>	<u>7,152,524</u>
Income (Loss) Before Contributions and Transfers	11,745,153	26,960,540	35,240,164	(5,525,075)	(2,057,117)	5,367,395	(2,508,669)	349,637	(1,964,163)	10,295,006
Transfers From Discrete Component Units	4,269,759									
Capital Contributions	1,984,271	258,310	3,412,297	469,697	1,049,107	1,181,515	3,283,006	3,749,082	1,607,686	1,457,956
CHANGES IN NET POSITION	<u>\$ 17,999,183</u>	<u>\$ 27,218,850</u>	<u>\$ 38,652,461</u>	<u>\$ (5,055,378)</u>	<u>\$ (1,008,010)</u>	<u>\$ 6,548,910</u>	<u>\$ 774,337</u>	<u>\$ 4,098,719</u>	<u>\$ (356,477)</u>	<u>\$ 11,752,962</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SIGNIFICANT OWN-SOURCE REVENUE
LAST TEN FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Dwelling Rental Revenue Total</u>	<u>% Total Operating Revenue</u>
2009	\$ 50,338,236	27.13%
2010	51,602,384	27.00%
2011	57,304,024	29.23%
2012	58,531,965	28.24%
2013	62,210,614	30.05%
2014	65,395,495	32.41%
2015	68,471,662	32.01%
2016	68,309,329	31.99%
2017	67,965,004	32.27%
2018	77,458,610	33.63%
Average	<u>\$ 62,758,732</u>	<u>30.40%</u>

Revenue Base: Opportunity Housing Sub-Fund and Public Sub-Fund
Principal Payers: Low and Moderate Income Residents

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
OPERATING REVENUES BY SOURCES
LAST TEN FISCAL YEARS

Fiscal Year	Dwelling Rental		Investment Income		Unrealized Gains (Losses) on Investments		Interest on Mortgage and Construction Loans Receivable	
	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue
	2009	\$ 50,338,236	27.13%	\$ 7,638,163	4.12%	\$ 3,110,604	1.68%	\$ 19,819,780
2010	51,602,384	27.00%	6,925,130	3.62%	3,848,207	2.01%	17,731,617	9.28%
2011	57,304,024	29.23%	8,169,267	4.17%	(2,183,851)	(1.11)%	18,438,510	9.41%
2012	58,531,965	28.24%	7,720,354	3.73%	9,190,260	4.43%	16,880,359	8.14%
2013	62,210,614	30.05%	7,274,297	3.51%	(8,251,610)	(3.99)%	16,877,656	8.15%
2014	65,395,495	32.41%	3,711,854	1.84%	798,251	0.40%	14,979,124	7.42%
2015	68,471,662	32.01%	5,523,274	2.58%	(379,610)	(0.18)%	13,933,659	6.51%
2016	68,309,329	31.94%	3,520,175	1.65%	3,420,019	1.60%	12,135,882	5.67%
2017	67,965,004	32.27%	3,818,167	1.81%	(3,560,708)	(1.69)%	11,109,346	5.27%
2018	77,458,610	33.63%	4,445,182	1.93%	(2,928,181)	(1.27)%	9,699,259	4.21%

Fiscal Year	Management Fees and Other Income		Housing Assistance Payment Subsidies		State, County and Other Federal Grants		Total Operating Revenue	
	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue
	2009	\$ 10,397,564	5.60%	\$ 84,805,972	45.71%	\$ 9,422,158	5.08%	\$185,532,477
2010	7,911,157	4.14%	92,506,398	48.39%	10,629,223	5.56%	191,154,116	100.00%
2011	8,712,644	4.44%	95,510,820	48.72%	10,069,139	5.14%	196,020,553	100.00%
2012	9,180,604	4.43%	94,917,684	45.80%	10,831,271	5.23%	207,252,497	100.00%
2013	18,504,567	8.94%	90,113,317	43.52%	20,311,667	9.81%	207,040,508	100.00%
2014	11,181,613	5.54%	86,476,243	42.86%	19,241,632	9.54%	201,784,212	100.00%
2015	11,139,945	5.21%	94,168,664	44.03%	21,028,967	9.83%	213,886,561	100.00%
2016	10,186,560	4.77%	95,625,645	44.79%	20,314,419	9.51%	213,512,029	100.00%
2017	12,801,771	6.08%	99,022,967	47.01%	19,465,379	9.24%	210,621,926	100.00%
2018	13,126,870	5.70%	107,263,740	46.57%	21,264,391	9.23%	230,329,871	100.00%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
LONG-TERM DEBT
LAST TEN FISCAL YEARS

Fiscal Year	Bonds Payable	Mortgage Notes and Loans Payable	Loans Payable to Montgomery County	Capitalized Lease Obligations	Other	Total	Percent Net Position to Debt	Dollar Total Debt Per Capita	Percent Total Debt to Personal Income
2009	\$ 669,267,092	\$ 51,436,575	\$ 47,194,468	\$ 20,494,054	\$ 4,910,269	\$ 793,302,458	23.32%	\$ 827	1203%
2010	767,261,719	40,468,317	56,851,638	20,208,821	4,875,177	889,665,672	21.25%	912	1308%
2011	736,693,760	43,872,243	62,794,974	20,724,651	4,380,786	868,466,414	21.86%	876	1211%
2012	732,670,865	36,372,309	62,916,742	20,478,214	4,112,218	856,550,348	22.93%	853	1165%
2013	610,041,974	59,366,795	61,900,801	20,308,586	13,377,243	764,995,399	24.27%	752	1022%
2014	579,609,553	57,250,235	73,591,111	20,133,711	13,922,795	744,507,405	24.26%	731	949%
2015	527,757,419	124,737,678	64,500,829	19,953,420	13,991,621	750,940,967	25.13%	736	947%
2016	564,245,749	144,587,849	66,661,759	19,949,804	14,340,488	809,785,649	27.22%	771	982%
2017	512,653,341	165,616,533	62,918,123	19,945,907	14,792,410	775,926,314	31.92%	735	982%
2018	526,647,756	356,126,796	58,095,542	-	15,365,427	956,235,521	24.50%	905	1053%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SINGLE FAMILY BONDS – DEBT OUTSTANDING, ISSUED AND RETIRED
FISCAL YEAR ENDED JUNE 30, 2018

Series	Authorized	Outstanding Beginning of Year	Issued		Retired/Refunded		Outstanding End of Year	Interest Expensed This Year	Current Maturities
			Prior Years	This Year	Prior Years	This Year			
Single Family Sub-Fund Bonds:									
2007 Series E	\$ 13,000,000	\$ 8,315,000	\$ 13,000,000	\$ -	\$ 4,685,000	\$ -	\$ 8,315,000	\$ 120,918	\$ -
2008 Series A	13,205,000	640,000	13,205,000	-	12,565,000	640,000	-	4,151	-
2008 Series C	8,450,000	8,450,000	8,450,000	-	-	8,450,000	-	311,896	-
2008 Series D	17,200,000	17,200,000	17,200,000	-	-	-	17,200,000	399,263	-
2009 Series A	20,000,000	3,405,000	20,000,000	-	16,595,000	2,240,000	1,165,000	56,592	1,060,000
2013 Series A	38,645,000	29,625,000	38,645,000	-	9,020,000	3,575,000	26,050,000	807,515	3,685,000
2013 Series B	14,825,000	3,695,000	14,825,000	-	11,130,000	270,000	3,425,000	135,518	-
2016 Series A	32,805,000	29,425,000	32,805,000	-	3,380,000	2,185,000	27,240,000	889,021	1,020,000
2016 Series B	9,850,000	9,850,000	9,850,000	-	-	955,000	8,895,000	149,075	1,930,000
2017 Series A	22,000,000	22,000,000	22,000,000	-	-	310,000	21,690,000	829,066	585,000
2017 Series B	11,300,000	11,300,000	11,300,000	-	-	120,000	11,180,000	289,811	1,160,000
2018 Series A	29,435,000	-	-	29,435,000	-	-	29,435,000	8,647	-
2018 Series B	8,450,000	-	-	8,450,000	-	-	8,450,000	1,070	-
NIBP 2009 Series A	10,000,000	4,295,000	10,000,000	-	5,705,000	1,140,000	3,155,000	138,359	365,000
NIBP 2009 Series B	15,000,000	10,050,000	15,000,000	-	4,950,000	1,180,000	8,870,000	363,132	300,000
NIBP 2009 Series C-1	9,000,000	6,240,000	9,000,000	-	2,760,000	290,000	5,950,000	84,125	340,000
NIBP 2009 Series C-2	16,170,000	11,880,000	16,170,000	-	4,290,000	1,160,000	10,720,000	225,708	520,000
NIBP 2009 Series C-3	2,450,000	1,960,000	2,450,000	-	490,000	-	1,960,000	284,433	-
NIBP 2009 Series C-4	9,770,000	8,520,000	9,770,000	-	1,250,000	770,000	7,750,000	192,602	250,000
NIBP 2009 Series C-5	2,610,000	2,430,000	2,610,000	-	180,000	60,000	2,370,000	270,836	-
NIBP 2010 Series A	6,000,000	2,535,000	6,000,000	-	3,465,000	450,000	2,085,000	48,412	440,000
NIBP 2011 Series A	12,425,000	6,595,000	12,425,000	-	5,830,000	1,170,000	5,425,000	255,507	895,000
NIBP 2012 Series A	12,545,000	9,110,000	12,545,000	-	3,435,000	1,235,000	7,875,000	67,920	795,000
Sub-Total	335,135,000	207,520,000	297,250,000	37,885,000	89,730,000	26,200,000	219,205,000	5,933,577	13,345,000
Add: Unamortized discount	-	3,407,147	583,564	-	-	417,641	3,573,070	(417,641)	-
Total Single Family Bonds Payable	\$ 335,135,000	\$ 210,927,147	\$ 297,833,564	\$ 37,885,000	\$ 89,730,000	\$ 26,617,641	\$ 222,778,070	\$ 5,515,936	\$ 13,345,000

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MULTIFAMILY BONDS – DEBT OUTSTANDING, ISSUED, AND RETIRED
FISCAL YEAR ENDED JUNE 30, 2018

	Authorized	Unissued	Outstanding	Issued		Retired/Refunded		Outstanding	Interest	Current
			Beginning of Year	Prior Years	This Year	Prior Years	This Year	End of Year	Expensed This Year	
Multi Family Sub-Fund Bonds:										
1984 Series A - Accretions	\$ 585,000	\$ -	\$ 218,452	\$ 218,452	\$ 25,266	\$ -	\$ -	\$ 243,718	\$ 25,266	\$ 28,191
1998 Issue A	12,900,000	-	7,440,000	12,900,000	-	5,460,000	465,000	6,975,000	351,465	490,000
1995 Series A	23,910,000	-	1,675,000	23,910,000	-	22,235,000	225,000	1,450,000	87,325	240,000
2002 Series A	22,325,000	-	17,825,000	22,325,000	-	4,500,000	985,000	16,840,000	975,178	705,000
2004 Series A	13,700,000	-	11,125,000	13,700,000	-	2,575,000	355,000	10,770,000	499,228	365,000
2004 Series B	4,085,000	-	3,495,000	4,085,000	-	590,000	60,000	3,435,000	166,000	70,000
2004 Series C	19,460,000	-	8,335,000	19,460,000	-	11,125,000	300,000	8,035,000	292,408	310,000
2004 Series D	14,110,000	-	10,830,000	14,110,000	-	3,280,000	385,000	10,445,000	384,044	400,000
2005 Series B	5,440,000	-	4,450,000	5,440,000	-	990,000	180,000	4,270,000	198,915	180,000
2005 Series C	28,630,000	-	24,375,000	28,630,000	-	4,255,000	765,000	23,610,000	1,129,709	785,000
2007 Series A	19,055,000	-	15,645,000	19,055,000	-	3,410,000	460,000	15,185,000	697,099	480,000
2007 Series C-1	5,110,000	-	3,665,000	5,110,000	-	1,445,000	260,000	3,405,000	148,228	265,000
2009 Series A-2	8,040,000	-	8,040,000	8,040,000	-	-	-	8,040,000	315,168	-
2010 Series A	4,860,000	-	4,070,000	4,860,000	-	790,000	175,000	3,895,000	156,328	185,000
2010 Series A	12,375,000	-	10,995,000	12,375,000	-	1,380,000	265,000	10,730,000	463,683	275,000
2011 Series A	33,585,000	-	31,590,000	33,585,000	-	1,995,000	455,000	31,135,000	1,206,951	475,000
2011 Series B	3,020,000	-	2,850,000	3,020,000	-	170,000	40,000	2,810,000	160,095	40,000
2012 Series A	24,935,000	-	20,895,000	24,935,000	-	4,040,000	930,000	19,965,000	677,326	940,000
2012 Series B	18,190,000	-	7,980,000	18,190,000	-	10,210,000	480,000	7,500,000	256,296	490,000
2012 Series C	24,230,000	-	16,935,000	24,230,000	-	7,295,000	1,445,000	15,490,000	538,936	1,205,000
2012 Series D	34,975,000	-	30,630,000	34,975,000	-	4,345,000	1,115,000	29,515,000	840,536	1,120,000
2014 Series A	24,000,000	-	23,745,000	24,000,000	-	255,000	510,000	23,235,000	825,859	520,000
2015 Series A-1	15,010,000	-	15,010,000	15,010,000	-	-	120,000	14,890,000	552,453	235,000
2015 Series A-2	20,840,000	-	20,840,000	20,840,000	-	-	-	20,840,000	270,920	20,840,000
2017 Series A	12,000,000	-	-	-	12,000,000	-	-	12,000,000	339,482	-
Sub-Total	405,370,000	-	302,658,452	393,003,452	12,025,266	90,345,000	9,975,000	304,708,718	11,558,898	30,643,191
Less: Unamortized premium	-	-	(932,258)	-	-	-	(93,226)	(839,032)	93,226	-
Total Multi Family Bonds Payable	\$ 405,370,000	\$ -	\$ 301,726,194	\$ 393,003,452	\$ 12,025,266	\$ 90,345,000	\$ 9,881,774	\$ 303,869,686	\$ 11,652,124	\$ 30,643,191

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MULTIFAMILY BONDS – NONOBLIGATION DEBT
FISCAL YEAR ENDED JUNE 30, 2018

Current Property Name	Owner	Final Maturity	Original Bonds Issued	Amount Outstanding
Randolph Manor	Private	8/1/2045	\$ 5,500,000	\$ 4,940,427
Olney Manor	Private	1/1/2046	7,000,000	6,321,688
Blair Park	Private	10/14/2032	2,700,000	1,751,452
Cloppers Mill	Private	7/1/2046	7,800,000	7,088,102
Covenant Village	Private	11/30/2044	6,418,000	5,956,399
Victory Forest	Private	9/1/2045	6,600,000	1,226,587
Draper Lane	Private	3/1/2040	35,000,000	35,000,000
Draper Lane	Private	3/1/2040	11,000,000	11,000,000
Draper Lane	Private	3/1/2040	6,000,000	6,000,000
Byron Housing	Private	8/31/2019	2,319,000	904,000
Oakfield	Private	10/15/2039	38,000,000	38,000,000
Victory Court	Private	1/1/2030	8,400,000	7,946,727
Hillside Senior Living	Private	2/1/2060	26,270,000	26,270,000
Olde Towne Gaithersburg Apts (Y-Site)	Private	3/31/2044	25,525,000	25,286,371
Lakeview House Apts.	Private	7/1/2050	34,225,000	32,845,209
			<u>\$ 222,757,000</u>	<u>\$ 210,536,962</u>
		TOTAL		

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NUMBER OF UNITS BY PROGRAM
LAST TEN FISCAL YEARS

Fiscal Year	Public Housing Rental	Public Housing Homeownership	Housing Choice Voucher	Opportunity Housing	Transitional Housing	Specialized Program	Component Units	Total
2009	1,543	11	5,691	3,225	165	591	1,659	12,885
2010	1,546	10	5,823	3,249	165	614	1,659	13,066
2011	1,546	9	6,031	3,495	165	566	1,455	13,267
2012	1,553	9	6,165	3,496	165	566	1,760	13,714
2013	1,546	7	6,461	3,638	165	557	1,893	14,267
2014	1,094	7	7,044	3,992	165	538	1,892	14,732
2015	557	7	7,050	4,585	165	559	1,808	14,731
2016	256	7	7,174	4,533	227	511	2,106	14,814
2017	256	7	7,174	4,406	217	521	2,105	14,686
2018	136	-	7,179	5,519	228	687	1,861	15,610

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION
FISCAL YEAR ENDED JUNE 30, 2018

Public Housing

Name of Development	Address	Number of Units
Elderly Communities		
Elizabeth House	1400 Fenwick Avenue, Silver Spring MD 20910	136
	<i>Total Elderly Communities</i>	<u>136</u>
	<i>Total Public Housing Units</i>	<u><u>136</u></u>

Housing Choice Voucher/Transitional Housing

Name of Development	Address	Number of Units
Housing Choice Voucher	Various	7,179
Transitional Housing Program	Various	228
Specialized Program	Various	687
	<i>Total Housing Choice Voucher/Transitional Housing Units</i>	<u><u>8,094</u></u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2018

Opportunity Housing		
Name of Development	Address	Number of Units
Elderly Communities		
Camp Hill	17825 Washington Grove RD, Gaithersburg, MD 20877	51
Elizabeth House RAD Interim Property	1400 Fenwick Avenue, Silver Spring MD 20910	9
Holly Hall RAD Interim Property	10110 New Hampshire Avenue, Silver Spring MD 20903	37
The Oaks at Four Corners	321 University Boulevard West, Silver Spring MD 20901	120
	<i>Total Elderly Communities</i>	<u>217</u>
Family Communities		
617 Olney Sandy Spring	617 Sandy Spring Road Olney MD 20860	1
Alexander House	8560 Second Avenue, Silver Spring MD 20910	183
Avondale Street Apartments	4507-4511 Avondale Street, Bethesda MD 20814	25
The Barclay	4716 Bradley Boulevard, Chevy Chase MD 20815	76
Brooke Park Apartments	6301-6307 MacArthur Blvd, Bethesda, MD 20816	18
Brookside Glen (The Glen)	2399 Jones Lane, Wheaton MD 20902	90
Chelsea Towers	7401 Westlake Terrace, Bethesda MD 20817	21
Cider Mill Apartments	18205 Lost Knife Circle, Montgomery Village, MD 20886	864
Dale Drive	527 Dale Drive, Silver Spring MD 20910	10
Diamond Square	80 Bureau Drive, Gaithersburg MD 20878	124
Fairfax Court Apts	1 Fairfax Court, Chevy Chase MD 20815	18
Glenmont Crossing(Dev. Corp.)	2301 Shorefield Road, Silver Spring, MD 20902	97
Glenmont Westerly (Dev. Corp.)	2309 Shorefield Road, Silver Spring, MD 20902	102
Jubilee Falling Creek	2408 Falling Creek Road, Silver Spring MD 20904	3
Jubilee Hermitage	2305 Hermitage Avenue, Silver Spring MD 20902	3
Jubilee Horizen	10 Horizon Court, Derwood, MD 20855	3
Jubilee Woodedge	2715 Woodedge Road, Silver Spring MD 20906	3
King Farm Village Center	404 King Farm Boulevard #9, Rockville, MD 20850	1
Magruder's Discovery	10508 Westlake Drive, Bethesda MD 20817	134
Manchester Manor Apartments	8401 Manchester Road, Silver Spring, MD 20901	53
MetroPointe	11175 Georgia Avenue, Silver Spring MD 20902	120
The Metropolitan	7620 Old Georgetown Road, Bethesda MD 20814	216
Montgomery Arms	8615 Fenton Street, Silver Spring MD 20910	129
Paddington Square	8800 Lanier Drive, Silver Spring MD 20910	165
Pomander Court	1620 University Boulevard West, Silver Spring MD 20902	24
Pooks Hill High-rise	3 Pooks Hill Road, Bethesda MD 20814	189
Pooks Hill Mid-rise	3 Pooks Hill Road, Bethesda MD 20814	50
RAD 6 - Ken Gar	Shaftsbury Street, Kensington, MD 20895	19
RAD 6 - Parkway Woods	12933 Twinbrook Parkway, Rockville, MD 20851	24
RAD 6 - Sandy Spring	1 Branchwood Court, Sandy Spring, MD 20860	55
RAD 6 - Seneca Ridge	19568 Scenery Drive, Germantown, MD 20876	71
RAD 6 - Towne Center Place	3502 Morningwood Drive, Olney, MD 20832	49
RAD 6 - Washington Square	8343 Fairhaven Drive, Gaithersburg, MD 20877	50
Shady Grove Apartments	16125 Crabbs Branch Way, Derwood, MD 20855	144
Southbridge	7423 Aspen Court, Takoma Park MD 20912	39
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda MD 20852	151
Timberlawn	5707 Luxemburg Street, Rockville MD 20852	107
Westwood Towers	5401 Westbard Avenue, Bethesda MD 20816	212
The Willows of Gaithersburg	429 West Diamond Avenue, Gaithersburg, MD 20877	195
	<i>Total Family Communities</i>	<u>3,838</u>
Scattered Units		
CDBG Units	Various addresses throughout Montgomery County	3
Holiday Park	Various addresses throughout Montgomery County	20
McHome	Various addresses throughout Montgomery County	38
McKendree	Various addresses throughout Montgomery County	13
MPDU 2007	Various addresses throughout Montgomery County	6
MPDU I	Various addresses throughout Montgomery County	64
MPDU II	Various addresses throughout Montgomery County	59
MPDU III	Various addresses throughout Montgomery County	23
NCI Units	Various addresses throughout Montgomery County	14
NSP Units	Various addresses throughout Montgomery County	7
Paint Branch	Various addresses throughout Montgomery County	14
Scattered Site One Dev Corp	Various addresses throughout Montgomery County	190
Scattered Site TwoDev Corp	Various addresses throughout Montgomery County	54
VPC One Development Corporation	Various addresses throughout Montgomery County	399
VPC Two Development Corporation	Various addresses throughout Montgomery County	280
Montgomery Homes Limited Partnership VII	Various addresses throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	Various addresses throughout Montgomery County	49
State Rental Combined	Various addresses throughout Montgomery County	196
	<i>Total Scattered Sites</i>	<u>1,464</u>
	<i>Total Opportunity Housing Units</i>	<u>5,519</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2018

Component Units		
Name of Development	Address	Number of Units
Elderly Communities		
Bauer Park	14635 Bauer Park Drive, Rockville, MD 20853	142
Town Center Apts.	90 Monroe Street, Rockville, MD 20850	112
	<i>Total Elderly Communities</i>	<u>254</u>
Family Communities		
Alexander House LP	8560 Second Avenue, Silver Spring MD 20910	122
Arcola Towers RAD LP	1135 University Boulevard, Silver Spring MD 20902	141
Barclay One Associates LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Forest Oak Towers LP	101 Odenhal Road, Gaithersburg, MD 20877	175
Georgian Court Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Greenhills LP	10560 Tralee Terrace, Damascus MD 20872	77
Hampden Lane Apartments LP	4913 Hampden Lane, Bethesda, MD 20814	12
MV Affordable Housing Associates LP	9310 Merust Lane, Gaithersburg, MD 20879	94
Spring Garden One Associates LP	8007-A Eastern Avenue, Silver Spring, MD 20910	82
Strathmore Court LP	5440 Marinelli Drive, North Bethesda, MD 20852	51
Tanglewood/Sligo Hills LP	8902 Manchester Road, Silver Silver Spring, MD 20901	132
The Metropolitan of Bethesda LP	7620 Old Georgetown Road, Bethesda MD 20814	92
Waverly House RAD LP	4521 East West Highway, Bethesda MD 20814	157
Wheaton Metro LP	11175 Georgia Avenue, Silver Spring, MD 20902	53
	<i>Total Family Communities</i>	<u>1,416</u>
Scattered Units		
Montgomery Homes Limited Partnership IX - Pond Ridge	18100 Pond Ridge Court, Olney, MD 20832	40
Montgomery Homes Limited Partnership IX - MPDU units	Various addresses spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	Various addresses spread throughout Montgomery County	75
	<i>Total Scattered Sites</i>	<u>191</u>
	<i>Total units - Component Units</i>	<u><u>1,861</u></u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
REGULAR STAFF HEADCOUNT BY DEPARTMENT
LAST TEN FISCAL YEARS

Fiscal Year	Executive	Finance	Housing Management	Maintenance *	Housing Resources	Mortgage Finance	Real Estate	Resident Services	Total
2009	49.50	42.00	128.60	-	49.60	14.50	8.00	80.60	372.80
2010	40.00	43.00	138.60	-	45.50	14.50	6.00	90.20	377.80
2011	40.00	43.00	139.10	-	50.00	14.50	6.00	92.20	384.80
2012	41.00	42.00	139.10	-	50.00	14.50	6.00	91.20	383.80
2013	41.00	46.00	138.10	-	48.00	14.50	6.00	89.70	383.30
2014	53.00	52.00	94.60	-	54.00	15.50	9.00	87.70	365.80
2015	60.00	49.00	94.00	-	55.00	13.50	11.00	82.20	364.70
2016	82.00	52.00	22.00	64.00	52.00	14.00	13.00	68.10	367.10
2017	80.00	50.00	27.00	63.00	52.00	14.00	13.00	67.60	366.60
2018	77.00	50.00	24.00	63.00	51.00	14.00	14.00	73.60	366.60

Note: Staff headcount is expressed in terms of full-time equivalent workers

** Maintenance division was created in FY2016; maintenance was previously part of Housing Management*

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS ENDED DECEMBER 31

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils as of September (7)
2009	959,013	\$ 66,147,761	\$ 68,975	522,421	494,565	5.3	137,763
2010	976,179	69,149,438	70,827	532,549	502,710	5.6	140,500
2011	992,928	73,818,085	74,344	536,832	508,549	5.3	143,309
2012	1,006,218	76,994,315	76,519	540,427	512,438	5.2	146,497
2013	1,017,759	74,017,970	72,726	543,124	516,264	4.9	149,018
2014	1,027,780	75,745,140	73,698	545,005	521,063	4.4	151,289
2015	1,036,233	80,786,226	77,961	549,111	527,763	3.9	153,852
2016	1,043,863	84,518,332	80,967	548,401	529,491	3.4	159,242
2017	1,050,370	87,230,000	83,047	557,412	539,132	3.3	161,909
2018	1,056,920	90,840,000	85,948	562,343	542,965	3.4	161,936

NOTES:

- (1) Sources: Data for 2008-2015 from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce Data for 2016 and 2017 are estimated by the Montgomery County Department of Finance from Round 8.4 Cooperative Estimates and pertain to population in households. Data for 2007-2015 were published by the BEA.
- (2) Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce Personal income includes money income from wages and salaries; transfer payments such as social security and public assistance; income from rent, interest, and dividends Data for 2008-2015 were revised by BEA Data for 2016 through 2017 are estimates derived by the Montgomery County Department of Finance.
- (3) Per capita income is derived by dividing personal income by population.
- (4) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor Civilian labor force data include all persons in the civilian non-institutional population classified as either employed or unemployed and counted by place of residence and are revised by BLS for 2012 - 2016 Data for 2017 estimated by Montgomery County Department of Finance based on the percent change from the average of the first five months of CY16 to average of the first five months of CY17.
- (5) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor Resident employment includes all persons who during the survey week (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, or (b) were not working but who had jobs from which they were temporarily absent because of vacation, illness, bad weather etc. Each employed person is counted only once, even if he or she holds more than one job and is counted by place of residence and not by place of employment Data for 2012-2016 were revised by BLS Data for 2017 is estimated by Montgomery County Department of Finance based on the percent change from the average of the first five months of CY16 to the average of the first five months of CY17.
- (6) The unemployment rates for 2012 through 2016 were revised by the Bureau of Labor Statistics, U.S. Department of Labor Unemployment rate for 2017 is estimated by Montgomery County Department of Finance based on the estimate of the civilian labor force and the estimate of resident employment.
- (7) Source: County Executive's Recommended FY18 Operating Budget, Office of Management and Budget, Montgomery County, pages 5-16.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	Fiscal Year 2018			Fiscal Year 2009		
	Rank	Employees (1)	Percentage of Total County Employees (2,3)	Rank	Employees (1)	Percentage of Total County Employees (2,3)
U.S. Department of Health and Human Services	1	>30,000	6.12%	1	>30,000	6.27%
Montgomery County Public Schools	2	20,000 - 25,000	4.59%	2	20,000 - 25,000	4.70%
Montgomery County Government	3	10,000 - 15,000	2.55%	5	5,000 - 10,000	1.57%
U.S. Department of Commerce	4	5,000 - 10,000	1.53%	4	5,000 - 10,000	1.57%
U.S. Department of Defense	5	2,500 - 5,000	0.76%	3	10,000 - 15,000	2.61%
Holy Cross Hospital of Silver Spring	6	2,500 - 5,000	0.76%	10	2,500 - 5,000	0.78%
Adventist Healthcare	7	2,500 - 5,000	0.76%	7	5,000 - 10,000	1.57%
Government Employees Insurance Co.	8	2,500 - 5,000	0.76%	*	*	-
Marriott International Admin Svcs, Inc.	9	2,500 - 5,000	0.76%	8	2,500 - 5,000	0.78%
U.S. Nuclear Regulatory Commission	10	1,500 - 2,500	0.41%	*	*	-
Lockheed Martin Corporation		*	-	6	5,000 - 10,000	1.57%
Giant Food Corporation		*	-	9	2,500 - 5,000	0.78%
Total			19.00%			22.20%

NOTES:

* Employer is not one of the ten largest employers during the year noted.

Source: Department of Labor, Licensing and Regulation

Analysis and Information - Major Employer List - 4th quarter CY2017 and CY2009

(1) Information such as the actual number of employees is not available for disclosure

(2) Percentages are based on the midpoint of the employment range and average total Montgomery County employment of FY 18 according to Bureau of Labor Statistics, U.S. Department of Labor. Employee counts for federal and military facilities excludes contractors to the extent possible.

(3) Total average payroll employment in FY1 was 490,389, and in FY09, 478,400.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
PUBLIC HOUSING STATISTICS – ALL PROPERTIES
AS OF JUNE 30, 2018

Income Source	# Mbrs
Business	0
Child Support	0
Federal Wage	0
General Assistance	3
Indian	0
Medical Reimburse	0
Military	0
Other Non-Wage Income	6
Other Wages	2
Pension	12
PHA Wage	0
Social Security	69
SSI	82
TANF	0
Unemployment	0

Average Length of Stay for Current Tenants (in Years)	12
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Public Housing Statistics
All Properties
As of 06/30/2018

Gender	Female	Male	Total
Count of Head of Household	68	38	106
% of Head of Households	64.15%	35.85%	
Count of All Family Members	91	47	138
% of All Family Members	65.94%	34.06%	

Disabled	
Count of Head of Household	15
Count of All Family Members	16

Seniors	Under 62	62 +	Totals
Count of HOH	2	104	106
% of HOH	1.89%	98.11%	100%
Count All Members	3	135	138
% All Members	2.17%	97.83%	100%

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
Count of Head of Household	4	63	29	3	3	2	1	0	0	0	1	0	106
Average Income in Range	\$ 1,410	\$ 8,867	\$ 12,803	\$ 16,893	\$ 21,616	\$ 27,743	\$ 31,524	\$ -	\$ -	\$ -	\$ 57,456	\$ -	\$ 178,312
Cumulative % of Households	3.77%	63.21%	90.57%	93.40%	96.23%	98.11%	99.06%	99.06%	99.06%	99.06%	100.00%	100.00%	

Age Ranges	0-5	6-13	14-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-89	90 +	Totals
Count of Head of Household	0	0	0	0	0	0	0	2	3	38	56	7	106
Count of All Family Members	0	0	0	0	0	0	0	3	7	49	71	8	138

Race	American Indian	Asian	Black	Pacific Islander	White	Not Reported	Total
Count of Head of Household	1	31	35	0	39	0	106
% of Head of Household	0.94%	29.25%	33.02%	0.00%	36.79%	0.00%	100%
Count of All Family Members	1	50	40	0	47	0	138
% of All Family Members	0.72%	36.23%	28.99%	0.00%	34.06%	0.00%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	14	92	0	106
% HOH	13.21%	86.79%	0.00%	100%
Fam Mbrs	16	122	0	138
% FM	11.59%	88.41%	0.00%	100%

Family Size by Bedroom Size	# of PH Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	40	24	24	0	0	0	0	0	0	0	1.0 Person
1 Bedroom	100	73	48	25	0	0	0	0	0	0	1.3 People
2 Bedrooms	20	9	2	7	0	0	0	0	0	0	1.8 People
Total # of PH Units	160	106	74	32	0	0	0	0	0	0	1.3 People

Note: Total number of Occupied Units excludes Employee Units and Law Enforcement Units.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
HOUSING CHOICE VOUCHER STATISTICS – ALL PROPERTIES
AS OF JUNE 30, 2018

	# of Households
Business	N/A
Child Support	N/A
Federal Wage	N/A
General Assistance	N/A
Indian	N/A
Medical Reimburse	N/A
Military	N/A
No Income Reported	N/A
Other Non-Wage Income	N/A
Pension	N/A
Social Security	N/A
SSI	N/A
TANF	N/A
Unemployment	N/A
Wages	N/A

Gender	Male	Female	Total
Count of Head of Household	1,531	6,249	7,780
% of Head of Households	19.68%	80.32%	100%
Count of All Family Members	7,084	11,932	19,016
% of All Family Members	37.25%	62.75%	100%

Disabled	
Count of Head of Household	2446
Count of All Family Members	3139

Housing Choice Voucher
 Statistics
 As of 06/30/2018
 Includes Homeownership & Portables

Seniors	Under 62	62 +	Totals
Count of HOH	5,798	1,982	7,780
% of HOH	74.52%	25.48%	100%
Count All Members	16,651	2,365	19,016
% All Members	87.56%	12.44%	100%

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$40,000	Over \$40,000	Totals
# of Families	1103	1872	1228	891	640	470	450	343	783	7,780
Average Income in Range	\$ 1,427	\$ 8,497	\$ 12,478	\$ 17,311	\$ 22,513	\$ 27,400	\$ 32,383	\$ 37,460	\$ 51,627	\$ 211,096
Cumulative % of Families	14.18%	38.24%	54.02%	65.48%	73.70%	79.74%	85.53%	89.94%	100.00%	

Age Ranges	0-5	6-13	14-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-99	100+	Totals
Count of Head of Household	0	0	0	11	438	1,734	1,683	1,932	951	627	402	2	7,780
Count of All Family Members	1,603	3,235	2,372	1,643	1,579	2,102	1,946	2,171	1,096	775	492	2	19,016

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Unknown	Totals
Count of Head of Household	1,901	5,419	49	345	44	22	0	7,780
% of Head of Household	24.43%	69.65%	0.63%	4.43%	0.57%	0.28%	0.00%	100%
Count of All Family Members	3,562	14,213	106	658	100	69	308	19,016
% of All Family Members	18.73%	74.74%	0.56%	3.46%	0.53%	0.36%	1.62%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	893	6,887	0	7,780
% HOH	11.48%	88.52%	0.00%	100%
Fam Mbrs	2,148	16,380	488	19,016
% FM	11.30%	86.14%	2.57%	100%

Family Size by Bedroom Size	# of HCV Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People
Efficiency	N/A	325	173	64	39	25	12	8	0	4
1 Bedroom	N/A	2,462	2,249	199	10	3	1	0	0	0
2 Bedrooms	N/A	2,601	527	1,272	628	153	18	2	1	0
3 Bedrooms	N/A	1,875	68	196	432	683	382	99	13	2
4 Bedrooms	N/A	433	7	17	26	84	102	108	63	26
5 Bedrooms	N/A	71	0	1	3	1	9	13	9	35
6 Bedrooms or Larger	N/A	13	0	0	0	0	0	1	2	10
Total # of HCV Units	N/A	7,780	3,024	1,749	1,138	949	524	231	88	77

Average Family Size
2.0 Person
1.1 People
2.2 People
3.8 People
5.2 People
6.8 People
7.7 People
2.4 People