



Housing  
Opportunities  
Commission  
OF MONTGOMERY COUNTY



# Comprehensive Annual Financial Report

For the Fiscal Year Ended on June 30, 2019



10400 Detrick Avenue  
Kensington, MD 20895-2484  
(240) 627-9400



**HOUSING OPPORTUNITIES COMMISSION OF  
MONTGOMERY COUNTY, MARYLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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



**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|  |              |
|--|--------------|
| <b>I. INTRODUCTORY SECTION</b>   | <b>i</b>     |
| <b>CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING</b>  | <b>ii</b>    |
| <b>LETTER OF TRANSMITTAL</b>   | <b>iii</b>   |
| <b>ORGANIZATIONAL CHART</b>  | <b>xvii</b>  |
| <b>LIST OF PRINCIPAL OFFICERS</b>  | <b>xviii</b> |
| <b>II. FINANCIAL SECTION</b>   | <b>xix</b>   |
| <b>INDEPENDENT AUDITORS' REPORT</b>  | <b>1</b>     |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>  | <b>5</b>     |
| <b>BASIC FINANCIAL STATEMENTS</b>  |              |
| <b>COMMISSION-WIDE FINANCIAL STATEMENTS:</b>   |              |
| <b>STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES</b>  | <b>14</b>    |
| <b>BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS</b>  | <b>16</b>    |
| <b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -<br/>            BUSINESS-TYPE ACTIVITIES</b> | <b>17</b>    |
| <b>STATEMENT OF OPERATIONS – DISCRETELY PRESENTED<br/>            COMPONENT UNITS</b>                          | <b>18</b>    |
| <b>STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES</b>  | <b>19</b>    |
| <b>COMBINING BALANCE SHEET – DISCRETELY PRESENTED<br/>            COMPONENT UNITS</b>                          | <b>21</b>    |
| <b>COMBINING STATEMENT OF OPERATIONS – DISCRETELY PRESENTED<br/>            COMPONENT UNITS</b>                | <b>23</b>    |
| <b>NOTES TO FINANCIAL STATEMENTS</b>   | <b>25</b>    |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  | <b>96</b>    |
| <b>SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE<br/>        NET PENSION LIABILITY</b>               | <b>97</b>    |
| <b>SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS</b>  | <b>98</b>    |
| <b>SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY<br/>        AND RELATED RATIOS</b>               | <b>99</b>    |
| <b>SCHEDULE OF COMMISSION OPEB CONTRIBUTIONS</b>   | <b>100</b>   |
| <b>SUPPLEMENTARY INFORMATION</b>   | <b>101</b>   |
| <b>SUB-FUND FINANCIAL STATEMENTS:</b>  |              |
| <b>SCHEDULE OF NET POSITION</b>  | <b>102</b>   |
| <b>SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>   | <b>104</b>   |
| <b>SCHEDULE OF CASH FLOWS</b>  | <b>106</b>   |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

|   |            |
|---|------------|
| <b>III. STATISTICAL SECTION</b>                             | <b>109</b> |
| STATISTICAL SECTION NARRATIVE                               | 110        |
| NET POSITION BY COMPONENT                                   | 111        |
| CHANGE IN NET POSITION BY ENTERPRISE SUB-FUND               | 112        |
| REVENUES, EXPENSES, AND CHANGES IN NET POSITION             | 113        |
| SIGNIFICANT OWN-SOURCE REVENUE                              | 114        |
| OPERATING REVENUES BY SOURCES                               | 115        |
| LONG-TERM DEBT  | 116        |
| PROPERTY RELATED DEBT                                       | 117        |
| SINGLE FAMILY BONDS – DEBT OUTSTANDING, ISSUED, AND RETIRED | 118        |
| MULTIFAMILY BONDS – DEBT OUTSTANDING, ISSUED, AND RETIRED   | 119        |
| MULTIFAMILY BONDS – NONOBLIGATION DEBT                      | 120        |
| NUMBER OF UNITS BY PROGRAM                                  | 121        |
| PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION      | 122        |
| REGULAR STAFF HEADCOUNT BY DEPARTMENT                       | 125        |
| DEMOGRAPHIC AND ECONOMIC STATISTICS                         | 126        |
| PRINCIPAL EMPLOYERS   | 127        |
| PUBLIC HOUSING STATISTICS – ALL PROPERTIES                  | 128        |
| HOUSING CHOICE VOUCHER STATISTICS - ALL PROPERTIES          | 129        |

# 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, 2018**

*Christopher P. Morill*

Executive Director/CEO



10400 Detrick Avenue  
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November 5, 2019

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, 2019. 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 are 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, notes to financial statements and supplementary information consisting of financial statements for the Commissions 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 funds: General Sub-Fund, Opportunity Housing Sub-Fund, Public Sub-Fund, Single Family Sub-Fund, and the Multifamily Sub-Fund. In addition, 14 Low-Income Housing Tax Credit partnerships (LIHTC) and three Limited Liability Company (LLC) 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 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 2019 “Montgomery County Quarterly Economic Indicators Report”, the County’s economy experienced mixed economic performance during fiscal year 2019. Employment measured by the survey of households increased by 0.6%. However, residential construction increased for multifamily homes but decreased for single family homes. Sales of existing homes declined 7.1% but median prices were up 2.9% on a fiscal year basis. Furthermore, rental vacancy rates in the county stood at 4.3% in the second quarter of calendar year 2019, a decrease from 4.8% in 2018 and lower than the national vacancy rate of 6.8% in the second quarter of 2019.

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

- Comparatively low unemployment, at both state and national levels (3.1% in Montgomery County and 3.8% in Maryland compared to the national average of 3.8% in June 2018);
- Continued employment growth (gaining 37,000 jobs in Maryland from the second quarter of 2018 to 2019);
- Rising regional housing prices. According to the S&P/Case-Shiller Home Price Index, prices for the Washington region increased 2.9% in May over the previous 12-month period. For FY 2019, median home prices increased in Montgomery County 2.9%.

### **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 2019, more than 30,000 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. In FY19, a property listing page on the Housing Path site was deployed to enable wait list customers to check property details and availability outside of wait list opportunities. Additionally, the agency added new site-based wait lists to the Housing Path site, enabling applicants to extend their housing preferences beyond general geographic location to specific properties within HOC’s portfolio.

### **Housing Choice Voucher and Public Housing Operating Subsidy**

As of August 1, 2019, HOC manages a baseline total of 7,271 vouchers and serves 106 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. The CY 2018 PHA proration was 80% of the funding needed to administer the program. The current CY 2019 proration is 79%. 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 its 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 2019.

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 2019, 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 2019, 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.

Furthermore, Property Management took steps to increase occupancy throughout the scattered site portfolio by commencing evening leasing events each month at both up county and down county locations - proactively marketing these properties and providing potential customers with a one-stop-shop experience to apply for units and schedule walk-through appointments.

### **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 2019, construction and renovation continued on several of the Commission’s multifamily and scattered site projects.

- **Willow Manor at Clopper’s Mill; Willow Manor at Fair Hill Farm; Willow Manor at Colesville:** On October 31, 2018, HOC acquired three properties; Willow Manor at Clopper’s Mill, Willow Manor at Fair Hill Farm, and Willow Manor at Colesville under Article 53A of the Montgomery County Code, the Right of First Refusal Ordinance. The Willow Manor at Clopper’s Mill is a 102-unit age-restricted (62+) apartment development in Germantown, Maryland. The Willow Manor at Fair Hill Farm is a 101-unit age-restricted (62+) 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 for all three properties was \$50.3 million, financed through commercial bank loans and the assumption of existing County loans.
- **880 Bonifant Street Office Building:** On August 20, 2018 HOC closed on 880 Bonifant a 12,000 square foot Class C office building with auditorium space. The property, built in 1967, is located in downtown Silver Spring, Maryland. The total cost of the acquisition, renovation and other related costs totaled \$4.6 million. The renovation was completed in July 2019, and now serves as the new location for HOC’s Silver Spring Service Center and may also serve as overflow space for the Kensington, Maryland location. The property may be redeveloped for future residential use.

- **9845 Lost Knife Road Acquisition:** HOC purchased Cider Mill, an 864-unit property located in Gaithersburg, Maryland in February 2018. In December, 2018 HOC acquired a three-acre parcel, 9845 Lost Knife Road, which is adjacent to the Cider Mill property and sits as the main entry point to Montgomery Village. The acquisition price of 9845 Lost Knife Road was \$3,678,500 and was refinanced with a conventional bank product. The property generates revenue from a daycare lease, which is sufficient to service the loan.
- **Fenwick & Second:** HOC received approval from the Commission on April 3, 2019 to enter into a ground lease with Fenwick Silver Spring, LLC for the development and ownership of HOC's new headquarters building located in downtown Silver Spring, Maryland at Fenwick and Second street. The HOC headquarters building, approximately 83,550 gross square feet, will house staff currently at 10400 Detrick Avenue, Kensington office as well as staff in the Silver Spring Service Center. Approximately one-half of the building will be available for use by other non-profit entities as sub-tenants.
- **2501 Lyttonsville Road:** HOC's initial interest in Montgomery County's revision of the Greater Lyttonsville Sector Plan focused on HOC's Paddington Square rental community. However, as the revision of the sector plan progressed, HOC identified several potential development opportunities around Lyttonsville's future Purple Line station. Development of more than 1,000 units of new mixed-use, mixed-income product is possible on these identified sites with relocation of certain existing uses.

In November 2018, HOC purchased the approximately 10 acres at 8800 Brookville Road in Silver Spring. This site is available to relocate the existing uses to clear the way for redevelopment. In the event no relocation to 8800 Brookville Road occurs, HOC would sell as developable industrial property.

WSSC would in turn relocate to a nearby site located at 8800 Brookville Road, Silver Spring. In November 2018, HOC purchased the approximately 10 acres at 8800 Brookville Road in Silver Spring. Upon completion of WSSC's new depot at this site, a swap of sites would occur with HOC then owning 2501 Lyttonsville Road, the current site of the WSSC depot. In the event, WSSC does not relocate the depot to 8800 Brookville Road, HOC would sell as developable industrial property.

- **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 incorporated necessary changes to enhance and support the Elizabeth Square redevelopment plan which includes major renovations at Alexander House.

On October 5, 2016, a final development plan with a budget of \$120 million was approved by the Commission. 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. The financial closing occurred on January 31, 2017 with construction financing provided by Citi Community Capital. The renovations were fully completed in the summer of 2019, stabilized occupancy was achieved shortly thereafter, and conversion to the permanent loan, funded by FFB and insured by FHA's Risk Share, was completed in October 2019.

- **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 was identified as a redevelopment candidate as 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 was funded from a United Bank loan. HOC and private equity completed 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 first units were delivered in September 2018 and construction was completed in January 2019. Conversion to the permanent loan, funded by FFB and insured by FHA's Risk Share, occurred in October 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 seven rental units in June 2017. Renovation of the units began in October 2017 and were 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 were delivered in early 2019. All upgrades utilized funds from HUD's Public Housing Capital Fund. Final transfer of ownership of the common area property to the Homeowners' Association is expected to take place in late 2019.

- **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 with PNC Real Estate Tax Credit Capital Institutional Fund 64 LLC 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. The permanent mortgage loan will be insured under the FHA Risk Share program in accordance with the FHA agreement with HOC. Redevelopment of the property includes restriction of 70% of the units (55 units) to households at or below 60% of area median income. The renovation scope included interior and exterior work to modernize the property and improve energy efficiency throughout. The property completed renovation in fall 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 completed in September 2019.
- **Fenton Silver Spring (f.k.a. 900 Thayer):** HOC acquired a fully entitled half-acre site in downtown Silver Spring in 2016. Fenton Silver Spring is a 124-unit, income restricted apartment community with 5,169 square feet of ground-floor retail space, currently under construction in Silver Spring, MD. Fenton Silver Spring is an important element in the Commission's portfolio as it will provide relocation housing for 40 households currently residing at nearby Holly Hall and Elizabeth House properties using HUD's Rental Assistance Demonstration/Project Based Rental Assistance. In accordance with income averaging requirements of the Low Income Housing Tax Credit program, 40% of units will be restricted to serve households with incomes up to 80% of AMI, such that the average does not exceed 60% of 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, a loan from the Federal Financing Bank with mortgage insurance provided by FHA in accordance with FHA's Risk Sharing agreement with HOC; Deferred Developer Fee, Developer Equity (HOC), Solar Credits, and Interim Property Income. The construction was completed and Use and Occupancy Certificate issued in October 2019.

### ***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 approved site plan is a 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 includes 122 affordable units and 183 market rate units. Elizabeth House III will be the first phase of new construction planned, the financial closing for which will occur in October 2019 with construction to begin shortly thereafter and completed in 2022. As with Alexander House, R4 Capital is the tax credit syndicator. Construction of Elizabeth House IV is projected to start in 2023.

In addition to the residential development, 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 County's Right of First Refusal Ordinance. 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 loan from the County's Housing Initiative Fund (HIF) to acquire and renovate the property. 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 Planning Board approved the Preliminary Plan amendment in July 2018 and obtained an amended Plan certification in March 2019. Due to unexpected adverse site conditions which were uncovered during the entitlement process and are required to be remediated, the project's cost has increased significantly. Additional funds have been requested from the HIF which when funded will allow the renovation work to commence in January 2020 and completed within 8 to 12 months.

- **Ambassador:** The Ambassador Apartments are located at the corner of Veirs Mill Road and University Boulevard in Wheaton. The Ambassador is an aging structure in need of significant renovation, but is more suited for redevelopment. As a result of the extensive renovation needs, a tenant relocation plan was completed and the property was completely vacated on July 7, 2016. To jumpstart the redevelopment effort, HOC staff negotiated the acquisition of the Lindsay Ford dealership consisting of 11 parcels, totaling approximately 5.4 acres, generally located at 11250 Veirs Mill Road, as well as a small patch of ground across East Avenue at the corner of Upton Drive and approximately 1.6 acres across Veirs Mill Road. HOC closed on the acquisition of the eleven parcels comprising the Lindsay Ford site on January 17, 2019. Willco, the owner of the retail condominium beneath The Ambassador will contribute its retail portion to the project and will be a participant in the redevelopment. The FY2019-20 County CIP budget includes \$1.3 million of funding for the demolition of Ambassador Apartments. Staff has selected a contractor for the demolition of the building which is now underway and projected to be completed by the first quarter of calendar year 2020.
- **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. 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. In accordance with the RAD program, Emory Grove must continue to be offered as affordable housing under a redevelopment scenario. HOC is evaluating both properties for continued use as mixed income rental and/or home ownership communities. The County has appropriated CIP funds for the demolition of Emory Grove in the FY 2020-21 budget to commence demolition on the property. Once a plan is decided, Camp Hill Square will require a significant investment of capital to improve the physical plant and increase energy efficiency at the property.
- **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. Construction for the Upton II is beginning in Spring 2019 with projected delivery in 2021. Funding is from a number of sources including, LIHTC Equity Proceeds, Tax-exempt Bond Loan from M&T Bank, 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 Low-Vacancy Vouchers will bring much needed long-term subsidy to seniors on fixed incomes. The financial closing is projected to occur in June 2020 and renovation will commence shortly thereafter, with completion by June 2022. No off-site tenant relocation is anticipated as 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. The RAD subsidy conversion was completed in June 2019.
- **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 site one-acre site 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 2021.
- **Shady Grove 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 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. 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. LIHTC submission is anticipated to occur in September 2019 with closing occurring on or around the second quarter of 2020.

**Georgian Court Apartments:** 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. The Commission approved a Predevelopment Plan for the renovation and resyndication of the property during the May 2018 meeting. Initial renovation will begin in calendar year 2020 using excess yield of the existing bonds. The estimated cost for the proposed work is \$714,000 and is expected to last five months and be completed by the first half of calendar year 2020. HOC plans to undertake a full renovation of the property using equity from the syndication of 4% LIHTC and proceeds from the issuance of tax- exempt bonds.

- **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 2020 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. HOC's 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 2019, the program had graduated 958 participants since the program's inception in 1993, where the average earned income of 2019 graduates more than tripled – from an average of \$18,789 to \$53,170 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 strengthening partnerships with other service providers in the County through the Program Coordinating Committee, ensuring FSS and other providers can take a holistic approach towards supporting the upward mobility of FSS participants.

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 record 150 participants in FY19. 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 week-long water treatment science camp in partnership with WSSC, 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 once again provide the STEM program with after school and summer STEM robotics camps – offering HOC youth valuable “out of school” learning experiences that encourage future education and careers in math and science. HOC Academy also offered robust workforce training, including a 10-week women in entrepreneurship course to help customers start or expand their own small business ventures.

***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 programming includes:

- ***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, in conjunction with PNC Bank, provides financial literacy and asset building assistance to help low-income households pursue homeownership, create small businesses and increase their post-secondary education.

HOC had gross income of \$419,470 for FY 2019 and expenses of \$273,950. The organization's budget for FY 2020 is \$116,000. HOC 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 HOC 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. Throughout the course of FY19, HOC funds helped support afterschool and summer STEM clubs and camps, IT programming for girls, immersive STEM programming trips to West Point, HOC's Back to School supply drive, and summer employment and internship opportunities for high school and college age students. HOC also supported workforce development programming for adult customers.

**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 2019, 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 2020. This integration work is required to implement the walk-in Customer Relationship Management tool to be implemented at Customer Service Centers. Beginning in FY19 and throughout FY20, the Call Center and CRM will centralize more processes throughout the agency, beginning with intake and submission of maintenance work orders for HOC customers and expanding the self-service options available to customers through the CRM and online portal.

## **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 17 discretely presented component units which consist of 14 LIHTC limited partnerships and three Limited Liability Corporations (LLC). 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 properties are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide affordable housing for the Commission's target population.

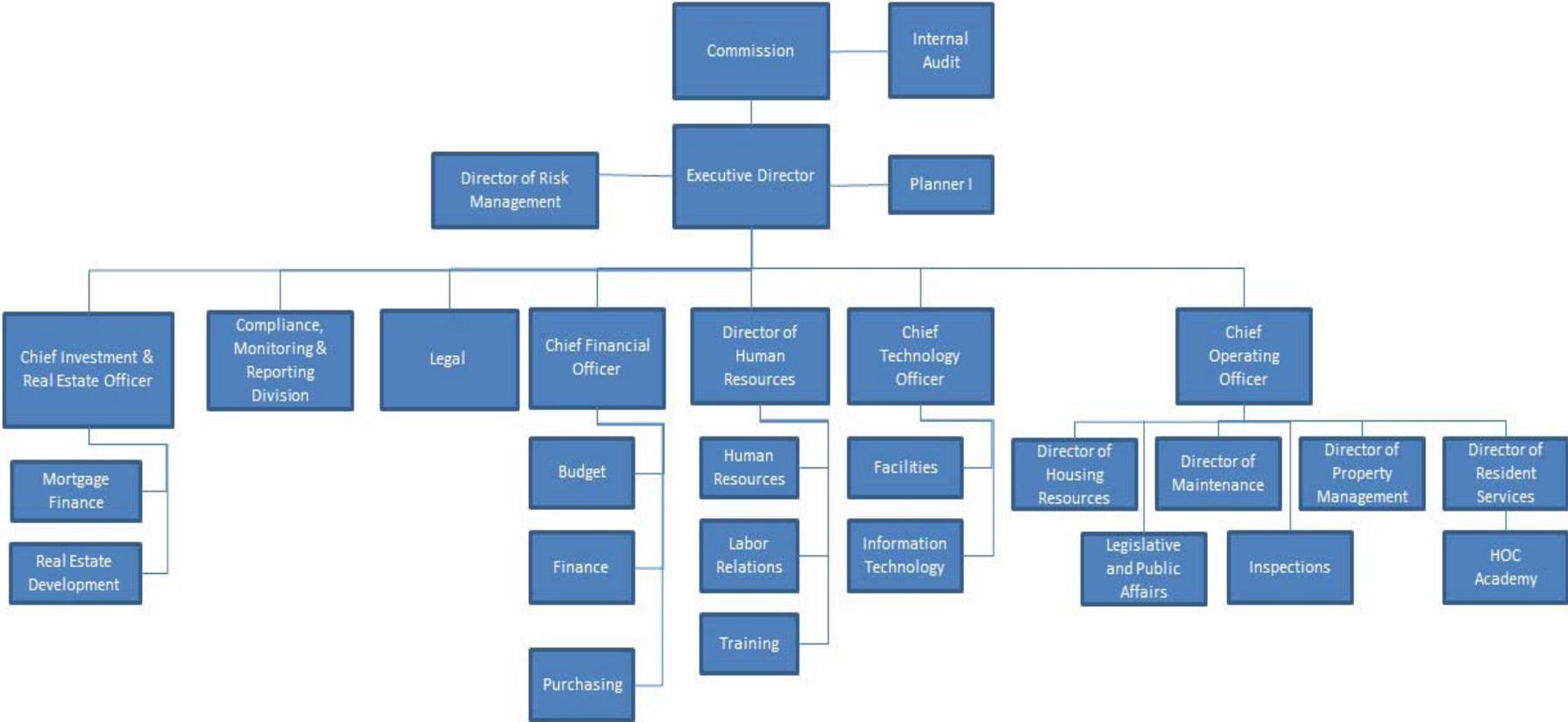
**Acknowledgements:** The preparation of this report has been accomplished by the efforts of the Finance Division in conjunction with the support of various division heads and staff throughout the Agency. We would also like to thank the Board of Commissioners for their continued support and guidance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

Respectfully submitted,

*Cornelia Kent*

Cornelia Kent  
Chief Financial Officer

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
ORGANIZATIONAL CHART**



**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
LIST OF PRINCIPAL OFFICERS**

| <b>Name, Title</b>                 | <b>Expiration of Term</b> |
|------------------------------------|---------------------------|
| <b>BOARD OF COMMISSIONERS</b>      |                           |
| Jackie Simon, Chair                | August, 2020              |
| Richard Y. Nelson, Jr., Vice Chair | August, 2023              |
| Roy Priest, Chair Pro Tem          | August, 2019              |
| Fran Kelleher, Commissioner        | August, 2019              |
| Linda Croom, Commissioner          | August, 2022              |
| Pamela Byrd, Commissioner          | August, 2023              |

**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  
Charnita Jackson, Director of Property Management  
Cornelia Kent, Chief Financial Officer  
Patrick Mattingly, Director of Human Resources  
Fred Swan, Director of Resident Services  
Ian Williams, Chief Information Officer  
Gail Willison, Director of Risk Management  
Vacant, Chief Operating Officer  
Vacant, Chief Maintenance Officer

## 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, 2019, 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 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, 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, Greenhills Apartments Limited Partnership and CCL Multifamily LLC which represent 97%, 132% and 87% 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*.

Board of Commissioners  
Housing Opportunities Commission of  
Montgomery County, Maryland

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, 2019, 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.

***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 5-13, the Schedule of the Commission's Proportionate Share of the Net Pension Liability on page 97, the Schedule of Commission Pension Contributions on page 98, the Schedule of Changes in the Commission's Net OPEB Liability and related ratios on page 99 and the Schedule of Commission OPEB Contributions on page 100 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.

Board of Commissioners  
Housing Opportunities Commission of  
Montgomery County, Maryland

*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 102-108 and the introductory and statistical sections as referenced in the Table of Contents 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Commission's basic financial statements for the year ended June 30, 2018, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The Sub-Fund Financial Statements for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2018 Sub-Fund Financial Statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Board of Commissioners  
Housing Opportunities Commission of  
Montgomery County, Maryland

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
November 5, 2019

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), 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, 2019. 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 decreased by \$3.2 million during fiscal year 2019, compared to the \$234.3 million balance at June 30, 2018.

The Commission's current ratio (ratio of current assets to current liabilities) increased from 2.52 at June 30, 2018 to 2.97 at June 30, 2019 due to a decrease in the short-term mortgage, notes, loans and bonds payable.

Outstanding mortgage and construction loans receivable decreased from \$288.4 million at June 30, 2018 to \$265.8 million at June 30, 2019. This is attributed to a decrease in Single Family mortgage loans receivable due to loan pay-offs and regular loan amortization and a decrease in Multifamily mortgage receivable due to consolidation of Montgomery Homes Limited Partnership (MHLP) IX and Montgomery Homes Limited Partnership (MHLP) X within the Opportunity Housing Sub-fund.

The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 7.4% from \$102.5 million in fiscal year 2018 to \$110.1 million in fiscal year 2019.

During fiscal year 2019, the Multifamily Sub-fund retired and refunded bonds in the amount of \$30.6 million which consisted of \$29.0 million from the 1996 indenture, \$1.2 million from the 2002 Multipurpose Bonds and \$0.4 million from the other indentures.

The Single Family Sub-fund retired and refunded bonds in the amount of \$18.4 million which consisted of \$12.8 million from the 1979 indenture and \$5.6 million from the 2009 indenture.

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

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.

**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 14 real estate limited partnerships. Twelve of the partnerships have calendar year ends and two have a June 30 fiscal year end.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

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.

The Commission is a partner of a joint venture known as Wheaton Gateway LLC which will undertake the redevelopment of Wheaton Gateway, consisting of the Lindsay Ford parcels, Ambassador Apartments and Mattress Firm property located in Wheaton, Maryland. 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, 2019.

Additionally, the Commission has two component units that were reported as discrete component units in fiscal year 2018, but converted to blended component units during fiscal year 2019 upon the assignment of the limited partnership interests to HOC YR 15 LLC.

**Blended Component Units**

Development Corporation – The Commission has 41 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 2019 decreased by 1.4%.

Net investment in capital assets is -37.2% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

44.2% 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.

93.0% 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

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

|   | 2019            | 2018            | Change (\$)     | Change (%)     |
|---|-----------------|-----------------|-----------------|----------------|
| <b>Assets:</b>  |                 |                 |                 |                |
| Current Assets  | \$ 279.4        | \$ 345.7        | \$ (66.3)       | (19.2)%        |
| Other Assets  | 142.1           | 117.7           | 24.4            | 20.7%          |
| Capital Assets  | 674.6           | 562.0           | 112.6           | 20.0%          |
| Mortgage and Construction Loans Receivable,<br>Net of Current | 258.2           | 270.5           | (12.3)          | (4.5)%         |
| <b>Total Assets</b>   | <b>1,354.3</b>  | <b>1,295.9</b>  | <b>58.4</b>     | <b>4.5%</b>    |
| Deferred Outflows of Resources                                | 32.5            | 12.4            | 20.1            | 162.1%         |
| <b>Liabilities:</b>   |                 |                 |                 |                |
| Current Liabilities   | 50.0            | 40.2            | 9.8             | 24.4%          |
| Current Portion of Long-Term Debt and<br>Bonds Payable        | 43.7            | 97.0            | (53.3)          | (54.9)%        |
| <b>Total Current Liabilities</b>                              | <b>93.7</b>     | <b>137.2</b>    | <b>(43.5)</b>   | <b>(31.7)%</b> |
| <b>Noncurrent Liabilities:</b>                                |                 |                 |                 |                |
| Bonds Payable   | 455.2           | 482.7           | (27.5)          | (5.7)%         |
| Other Liabilities   | 589.7           | 442.5           | 147.2           | 33.3%          |
| <b>Total Liabilities</b>                                      | <b>1,138.6</b>  | <b>1,062.4</b>  | <b>76.2</b>     | <b>7.2%</b>    |
| Deferred Inflows of Resources                                 | 17.1            | 11.6            | 5.5             | 47.4%          |
| <b>Net Position</b>   |                 |                 |                 |                |
| Net Investment in Capital Assets                              | (86.0)          | (38.0)          | (48.0)          | 126.3%         |
| <b>Restricted for:</b>  |                 |                 |                 |                |
| Debt Service  | 95.7            | 85.7            | 10.0            | 11.7%          |
| Customer Deposits and Other                                   | 2.0             | 1.8             | 0.2             | 11.1%          |
| Closing Cost Assistance Program                               | 4.4             | 4.3             | 0.1             | 2.3%           |
| Unrestricted  | 215.0           | 180.5           | 34.5            | 19.1%          |
| <b>Total Net Position</b>                                     | <b>\$ 231.1</b> | <b>\$ 234.3</b> | <b>\$ (3.2)</b> | <b>(1.4)%</b>  |

Total assets of the Commission increased by \$58.4 million or 4.5%, with a corresponding increase in total liabilities of \$76.2 million or 7.2% from fiscal year 2018.

The increase in total assets was largely attributed to the acquisition of The Manor at Clopper's Mill, The Manor at Fair Hill, The Manor at Colesville ("the three Manor properties") and properties at 8800 Brookville, 11250 Veirs Mill and 9845 Lost Knife Road. In addition, renovation expenses at 900 Thayer Avenue ("Thayer"), Alexander House Development Corporation ("Alexander House") and pre-development expenses at Elizabeth House III as well as the transfer of MHLP IX and MHLP X also contributed to the increase in capital assets.

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 negative fair value of \$19.8 million at June 30, 2019 compared to a net negative fair value of \$2.3 million at June 30, 2018.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

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

|  | 2019            | 2018            | Change (\$)     | Change (%)      |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Operating Revenues</b>                                  |                 |                 |                 |                 |
| Dwelling Rental  | \$ 90.2         | \$ 77.5         | \$ 12.7         | 16.4%           |
| Governmental Grants  | 134.0           | 128.5           | 5.5             | 4.3%            |
| Investment Income  | 6.1             | 4.4             | 1.7             | 38.6%           |
| Unrealized Gains (Losses) on Investments                   | 4.7             | (2.9)           | 7.6             | (262.1)%        |
| Interest on Mortgages and Construction<br>Loans Receivable | 8.8             | 9.7             | (0.9)           | (9.3)%          |
| Management Fees and Other Income                           | 12.3            | 13.1            | (0.8)           | (6.1)%          |
| <b>Total Operating Revenues</b>                            | <b>256.1</b>    | <b>230.3</b>    | <b>25.8</b>     | <b>11.2%</b>    |
| <b>Operating Expenses</b>                                  |                 |                 |                 |                 |
| Housing Assistance Payments                                | 110.1           | 102.5           | 7.6             | 7.4%            |
| Administration   | 43.8            | 43.8            | -               | 0.0%            |
| Maintenance  | 22.3            | 18.7            | 3.6             | 19.3%           |
| Depreciation and Amortization                              | 18.2            | 15.6            | 2.6             | 16.7%           |
| Utilities  | 6.2             | 5.9             | 0.3             | 5.1%            |
| Fringe Benefits  | 12.3            | 10.9            | 1.4             | 12.8%           |
| Interest Expense   | 23.9            | 22.7            | 1.2             | 5.3%            |
| Other Expenses   | 14.0            | 13.1            | 0.9             | 6.9%            |
| <b>Total Operating Expenses</b>                            | <b>250.8</b>    | <b>233.2</b>    | <b>17.6</b>     | <b>7.5%</b>     |
| Operating Income (Loss)                                    | 5.3             | (2.9)           | 8.2             | (282.8)%        |
| Nonoperating Revenues, Net                                 | 0.5             | 14.6            | (14.1)          | (96.6)%         |
| Income Before Contributions                                | 5.8             | 11.7            | (5.9)           | (50.4)%         |
| Transfers From Discrete Component Units                    | (9.2)           | 4.3             | (13.5)          | 100.0%          |
| Capital Contributions                                      | 0.2             | 2.0             | (1.8)           | (90.0)%         |
| <b>Change in Net Position</b>                              | <b>(3.2)</b>    | <b>18.0</b>     | <b>(21.2)</b>   | <b>(117.8)%</b> |
| Total Net Position - Beginning of Year                     | 234.3           | 216.3           | 18.0            | 8.3%            |
| <b>Total Net Position - End of Year</b>                    | <b>\$ 231.1</b> | <b>\$ 234.3</b> | <b>\$ (3.2)</b> | <b>(1.4)%</b>   |

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, 2019, the Commission has recorded all ABA received as income.

Dwelling rent increased by \$12.7 million attributed to an increase in the number of units leased due to acquisition of the three Manor properties, MV Gateway LLC (Cider Mill) and the transfer of Manchester Manor Apartments LP, Shady Grove Apartments LP, The Willows LP, Camp Hill Square, MHLP IX and MHLP X from component units to Opportunity Housing portfolio.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

Governmental grants increased by \$5.5 million as a net result of an increase in HUD subsidies and a decrease in County grants.

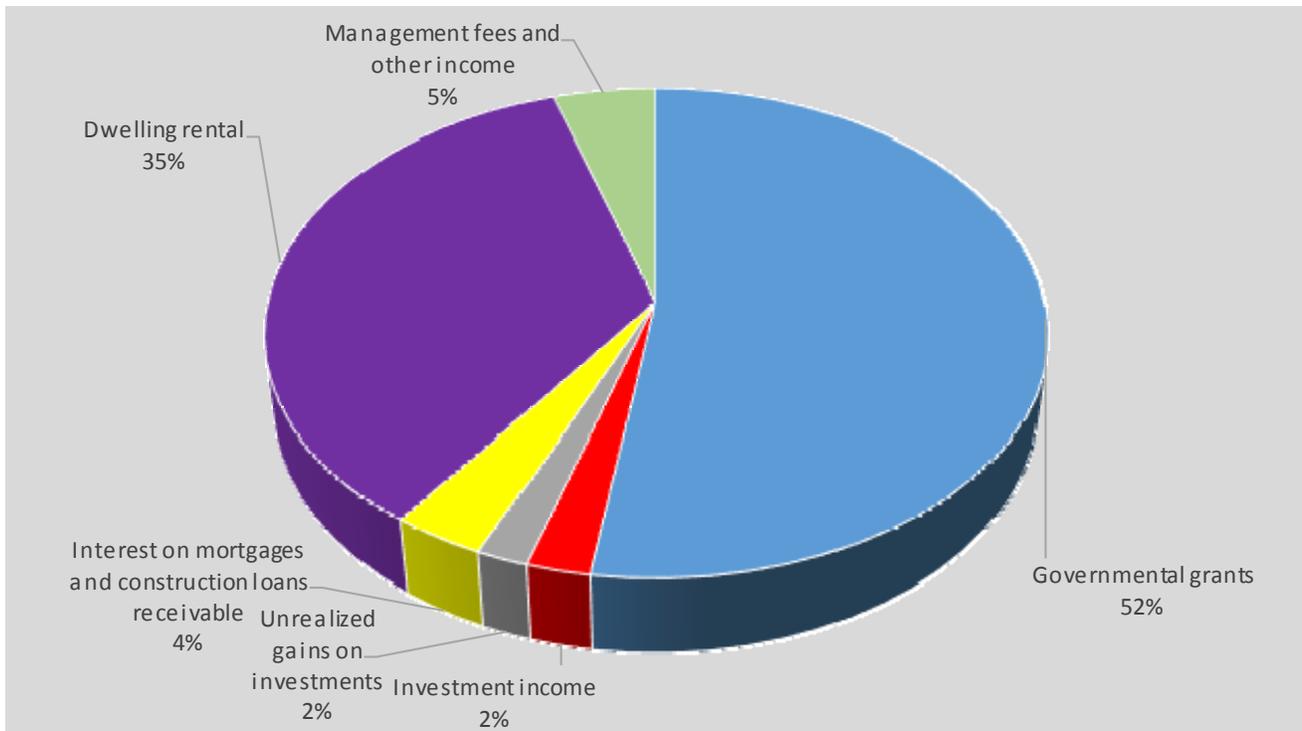
Unrealized gains on investments increased by \$7.6 million in FY 2019. The unrealized gains in FY 2019 were due to changes in interest rates and the investing environment.

Housing Assistance Payments (HAP) – Revenue increased by \$7.6 million in FY 2019 is due to an increase in voucher utilization.

Maintenance expense increased by \$3.6 million in FY 2019 attributed primarily to MV Gateway LLC (Cider Mill), the three Manor properties and the six former discrete component units. Other Opportunity Housing properties including RAD 6 Development Corporation, VPC One Corporation, VPC Two Corporation, Strathmore Court at White Flint and Montgomery Arms Development Corporation also contributed to the increase.

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 2019 SOURCES OF OPERATING REVENUE**



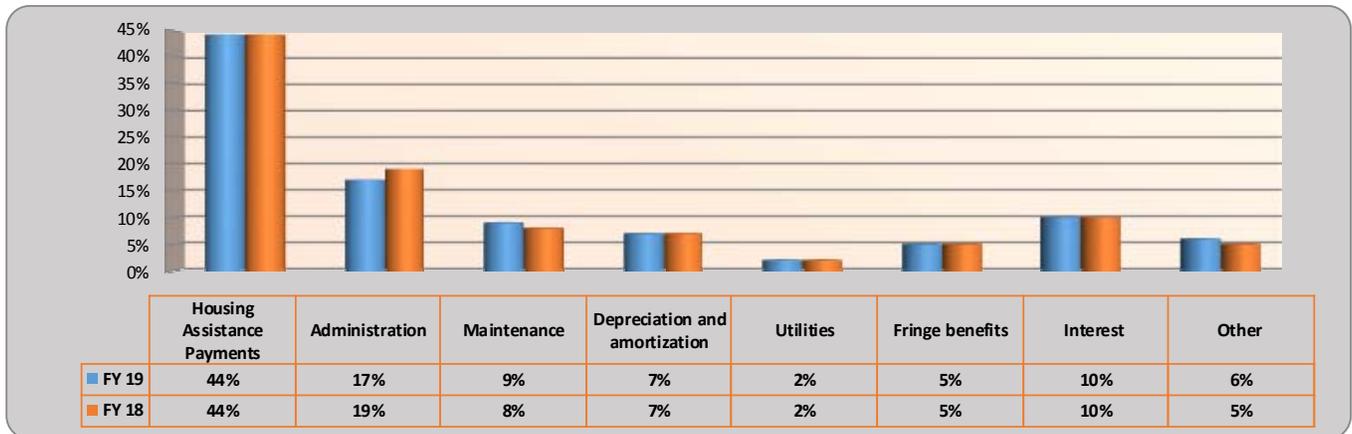
**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

Nonoperating revenue decreased by \$14.1 million mainly due to a drop in property sales. In FY 2018, net gain from the sale of Greenhills Apartments and 10 Chevy Chase lake townhouse units amounted to \$13.5 million as compared to \$4.1 million from the sale of 15 Chevy Chase Lake townhouse units in FY 2019. An increase of \$5.0 million in interest expense offset by an increase of \$0.3 million of other income also contributed to a decrease in non-operating revenue.

In addition, transfers from component units in fiscal year 2019 resulted in a decrease in net position of approximately \$9.2 million compared with an increase in net position of approximately \$4.3 million in fiscal year 2018.

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

**FY 2019 vs. 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 OF MONTGOMERY COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

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

|   | 2019     | 2018     | Change (\$) | Change (%) |
|---|----------|----------|-------------|------------|
| Property and Equipment, Net of Depreciation | \$ 674.6 | \$ 562.0 | \$ 112.6    | 20.0%      |

Real property is depreciated using the straight line method over a 40-year period. During the year, the Commission acquired assets of approximately \$134.8 million which includes transfers of \$13.1 million, while disposing of capital assets with a net book value of approximately \$3.9 million. Depreciation expense of \$18.2 million also decreased the net book value of the assets. The increase is largely attributable to the purchase of the three Manor properties, 8800 Brookville, 11250 Veirs Mill, 9845 Lost Knife Road as well as renovation expenses at Alexander House and Thayer and pre-development expenses at Elizabeth House. Furthermore, MHLP IX and MHLP X were acquired back by the Commission.

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

|   | 2019              | 2018            | Change (\$)    | Change (%)  |
|---|-------------------|-----------------|----------------|-------------|
| Multifamily Bonds                             | \$ 273.4          | \$ 303.9        | \$ (30.5)      | (10.0)%     |
| Single Family Mortgage Purchase Program Bonds | 204.3             | 222.8           | (18.5)         | (8.3)%      |
| Mortgage Notes and Loans Payable              | 422.4             | 356.1           | 66.3           | 18.6%       |
| Loans Payable to Montgomery County            | 107.3             | 58.1            | 49.2           | 84.7%       |
| <b>Total</b>                                  | <b>\$ 1,007.4</b> | <b>\$ 940.9</b> | <b>\$ 66.5</b> | <b>7.1%</b> |

The following are key elements of the Commission's outstanding debt as of June 30, 2019:

- As of June 30, 2019, \$273.4 million of Multifamily mortgage bonds was outstanding. Sources of payments for the bonds are Multifamily mortgages receivable of \$269.90 million and restricted cash, cash equivalents and investments of \$40.1 million.
- As of June 30, 2019, \$204.3 million of Single Family mortgage bonds was outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$72.2 million and restricted cash, cash equivalents and investments of \$163.8 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  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2019**

**Economic Outlook**

HOC's FY 2020 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES**  
**JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Unrestricted:

|   |               |
|---|---------------|
| Cash and Cash Equivalents                           | \$ 91,909,411 |
| Advances to Component Units                         | 22,966,857    |
| Accounts Receivable and Other Assets, Net           | 24,109,101    |
| Accrued Interest Receivable                         | 8,077,327     |
| Mortgage and Construction Loans Receivable, Current | 7,579,107     |
| Total Unrestricted Current Assets                   | 154,641,803   |

Restricted Cash, Cash Equivalents and Investments:

|  |             |
|--|-------------|
| Restricted Cash and Cash Equivalents                     | 85,720,150  |
| Restricted Short-Term Investments                        | 3,966,576   |
| Restricted for Current Bonds Payable                     | 30,694,970  |
| Restricted for Customer Deposits                         | 4,347,906   |
| Total Restricted Cash, Cash Equivalents, and Investments | 124,729,602 |

|                      |             |
|----------------------|-------------|
| Total Current Assets | 279,371,405 |
|----------------------|-------------|

**NONCURRENT ASSETS**

|  |               |
|--|---------------|
| Restricted Long-Term Investments                                   | 127,761,038   |
| Mortgage and Construction Loans Receivable, Net of Current Portion | 258,270,245   |
| Capital Assets, Net of Depreciation                                | 674,615,093   |
| Other Real Estate Owned  | 376,685       |
| Investment in Component Units                                      | 13,971,391    |
| Total Noncurrent Assets  | 1,074,994,452 |

|              |               |
|--------------|---------------|
| Total Assets | 1,354,365,857 |
|--------------|---------------|

**DEFERRED OUTFLOWS OF RESOURCES**

|                                      |            |
|--------------------------------------|------------|
| Fair Value of Hedging Derivatives    | 19,831,777 |
| Employer-Related Pension Activities  | 5,430,452  |
| Employer-Related OPEB Activities     | 7,289,224  |
| Total Deferred Outflows of Resources | 32,551,453 |

|   |                  |
|---|------------------|
| Total Assets and Deferred Outflows of Resources | \$ 1,386,917,310 |
|---|------------------|

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES (CONTINUED)**  
**JUNE 30, 2019**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|  |               |
|--|---------------|
| Current Unrestricted Liabilities:                        |               |
| Accounts Payable and Accrued Liabilities                 | \$ 19,107,276 |
| Accrued Interest Payable                                 | 6,474,003     |
| Loans Payable to Montgomery County - Current             | 203,632       |
| Mortgage Notes and Loans Payable - Current               | 21,018,007    |
| Derivative Investment - Hedging                          | 12,778,047    |
| Total Current Unrestricted Liabilities                   | 59,580,965    |
|  |               |
| Current Liabilities Payable from Restricted Assets:      |               |
| Customer Deposits Payable                                | 3,430,581     |
| Accrued Interest Payable                                 | 8,253,521     |
| Bonds Payable - Current                                  | 22,441,450    |
| Total Current Liabilities Payable from Restricted Assets | 34,125,552    |
| Total Current Liabilities                                | 93,706,517    |

**NONCURRENT LIABILITIES**

|                                    |               |
|------------------------------------|---------------|
| Bonds Payable                      | 455,240,502   |
| Mortgage Notes and Loans Payable   | 401,402,499   |
| Loans Payable to Montgomery County | 107,147,579   |
| Unearned Revenue                   | 23,782,205    |
| Escrow and Other Deposits          | 15,115,489    |
| Net Pension Liability              | 7,459,885     |
| Net OPEB Liability                 | 27,760,241    |
| Derivative Instruments - Hedging   | 7,053,730     |
| Total Noncurrent Liabilities       | 1,044,962,130 |
| Total Liabilities                  | 1,138,668,647 |

**DEFERRED INFLOWS OF RESOURCES**

|                                     |            |
|-------------------------------------|------------|
| Unamortized Pension Net Difference  | 7,587,511  |
| Unamortized OPEB Net Difference     | 9,507,727  |
| Total Deferred Inflows of Resources | 17,095,238 |

**NET POSITION**

|   |                  |
|---|------------------|
| Net Investment in Capital Assets                                  | (86,013,198)     |
| Restricted for:   |                  |
| Debt Service  | 95,680,573       |
| Customer Deposits and Other                                       | 2,034,086        |
| Closing Cost Assistance Program                                   | 4,405,976        |
| Unrestricted  | 215,045,988      |
| Total Net Position  | 231,153,425      |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 1,386,917,310 |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2019**

**ASSETS**

**CURRENT ASSETS**

|  |              |
|--|--------------|
| Unrestricted:                              |              |
| Cash and Cash Equivalents                  | \$ 8,821,074 |
| Accounts Receivable and Other Assets       | 1,275,685    |
| Due From Primary Government                | 221,713      |
| Total Unrestricted Current Assets          | 10,318,472   |
|  |              |
| Restricted Cash and Cash Equivalents:      |              |
| Restricted Cash and Cash Equivalents       | 9,967,044    |
| Customer Deposits                          | 603,375      |
| Total Restricted Cash and Cash Equivalents | 10,570,419   |
|  |              |
| Total Current Assets                       | 20,888,891   |

**NONCURRENT ASSETS**

|   |                |
|---|----------------|
| Property and Equipment, Net of Depreciation | 291,692,744    |
| Deferred Charges                            | 934,938        |
| Total Noncurrent Assets                     | 292,627,682    |
|   |                |
| Total Assets                                | \$ 313,516,573 |

**LIABILITIES AND PARTNERS' EQUITY**

**CURRENT LIABILITIES**

|  |               |
|--|---------------|
| Current Unrestricted Liabilities:                        |               |
| Accounts Payable and Accrued Liabilities                 | \$ 12,688,091 |
| Accrued Interest Payable                                 | 10,371,897    |
| Due to Primary Government                                | 2,583,149     |
| Loans Payable to Montgomery County                       | 218,743       |
| Mortgage Notes and Loans Payable - Current               | 3,954,745     |
| Total Current Unrestricted Liabilities                   | 29,816,625    |
|  |               |
| Current Liabilities Payable from Restricted Assets:      |               |
| Customer Deposits Payable                                | 571,013       |
| Total Current Liabilities Payable from Restricted Assets | 571,013       |
|  |               |
| Total Current Liabilities                                | 30,387,638    |

**NONCURRENT LIABILITIES**

|                                    |             |
|------------------------------------|-------------|
| Mortgage Notes and Loans Payable   | 215,404,673 |
| Loans Payable to Montgomery County | 8,196,127   |
| Deferred Revenue                   | 6,402       |
| Advances Due to Primary Government | 19,882,065  |
| Other Noncurrent Liabilities       | 5,072,508   |
| Total Noncurrent Liabilities       | 248,561,775 |
|                                    |             |
| Total Liabilities                  | 278,949,413 |

**PARTNERS' EQUITY**

|  |                |
|--|----------------|
| Total Liabilities and Partners' Equity | 34,567,160     |
|  |                |
| Total Liabilities and Partners' Equity | \$ 313,516,573 |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION-**  
**BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

**OPERATING REVENUES**

|  |               |
|--|---------------|
| Dwelling Rental  | \$ 90,166,092 |
| Investment Income  | 6,094,363     |
| Unrealized Gains on Investments                          | 4,738,484     |
| Interest on Mortgage and Construction Loans Receivable   | 8,770,360     |
| Management Fees and Other Income                         | 12,366,617    |
| U.S. Department of Housing and Urban Development Grants: |               |
| Housing Assistance Payments (HAP)                        | 108,622,547   |
| HAP Administrative Fees                                  | 7,913,123     |
| Other Grants   | 5,849,318     |
| State and County Grants                                  | 11,619,715    |
| Total Operating Revenues                                 | 256,140,619   |

**OPERATING EXPENSES**

|                               |             |
|-------------------------------|-------------|
| Housing Assistance Payments   | 110,109,543 |
| Administration                | 43,820,160  |
| Maintenance                   | 22,305,874  |
| Depreciation and Amortization | 18,247,474  |
| Utilities                     | 6,207,588   |
| Fringe Benefits               | 12,307,209  |
| Interest Expense              | 23,896,447  |
| Other Expenses                | 13,986,247  |
| Total Operating Expenses      | 250,880,542 |

Total Operating Income 5,260,077

**NONOPERATING REVENUES (EXPENSES)**

|  |             |
|--|-------------|
| Investment Income                                      | 2,304,096   |
| Interest on Mortgage and Construction Loans Receivable | 1,223,632   |
| Interest Expense                                       | (7,580,560) |
| Other Grants   | 461,470     |
| Gain on Sale of Assets                                 | 4,152,550   |
| Total Nonoperating Revenue                             | 561,188     |

Income Before Contributions and Transfers 5,821,265

|   |             |
|---|-------------|
| Transfers from Discrete Component Units | (9,170,539) |
| Capital Contributions                   | 201,375     |

**CHANGE IN NET POSITION** (3,147,899)

Total Net Position - Beginning of Year 234,301,324

**TOTAL NET POSITION - END OF YEAR** \$ 231,153,425

*See accompanying Notes to Financial Statements.*

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENTS UNITS**  
**YEAR ENDED JUNE 30, 2019**

**OPERATING REVENUES**

|                                  |               |
|----------------------------------|---------------|
| Dwelling Rental                  | \$ 18,956,055 |
| Management Fees and Other Income | 921,317       |
| Total Operating Revenues         | 19,877,372    |

**OPERATING EXPENSES**

|                               |            |
|-------------------------------|------------|
| Administration                | 3,307,167  |
| Maintenance                   | 3,872,500  |
| Depreciation and Amortization | 8,302,983  |
| Utilities                     | 1,785,162  |
| Fringe Benefits               | 971,984    |
| Interest Expense              | 8,145,382  |
| Other Expenses                | 1,941,671  |
| Bad Debt Expense              | 121,364    |
| Total Operating Expenses      | 28,448,213 |

Total Operating Loss (8,570,841)

**NONOPERATING REVENUES**

|                            |         |
|----------------------------|---------|
| Investment Income          | 141,649 |
| Total Nonoperating Revenue | 141,649 |

Loss Before Contributions, Distributions and Transfers (8,429,192)

|                                |            |
|--------------------------------|------------|
| Capital Contributions          | 22,443,093 |
| Partner Equity Distributions   | (43,356)   |
| Transfer to Primary Government | 9,101,765  |

**CHANGE IN PARTNERS' EQUITY** 23,072,310

Total Partners' Equity - Beginning of Year 11,494,850

**TOTAL PARTNER'S EQUITY - END OF YEAR** \$ 34,567,160

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

|   | Business-Type<br>Activities |
|---|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                             |
| Receipts from Customers   | \$ 92,733,272               |
| Intergovernmental Revenue                                       | 134,004,703                 |
| Investment Income Received                                      | 5,591,182                   |
| Mortgage Interest Received                                      | 9,125,505                   |
| Mortgage Loan Principle Received                                | 19,425,218                  |
| Management Fees and Other Income                                | 6,328,543                   |
| Payments to Suppliers   | (46,465,946)                |
| Payments to Employees   | (46,035,420)                |
| Interest Paid   | (23,255,625)                |
| Housing Assistance Payments                                     | (110,109,543)               |
| Net Cash Provided by Operating Activities                       | 41,341,889                  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                             |
| Advances to Component Units                                     | 3,602,891                   |
| Issuance of Notes Receivable                                    | (55,624,340)                |
| Receipt of payments on Notes Receivable                         | 1,604                       |
| Investments Sold  | 1,326,224                   |
| Investments Purchased   | (29,120,403)                |
| Investment Income Received                                      | 2,304,096                   |
| Mortgage Interest Received                                      | (247,288)                   |
| Net Cash Used by Investing Activities                           | (77,757,216)                |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                             |
| Bond Repayments   | (49,087,221)                |
| Intergovernmental Revenue                                       | 461,470                     |
| Net Cash Used by Noncapital Financing Activities                | (48,625,751)                |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                             |
| Payments for Property and Equipment                             | (130,705,421)               |
| Proceeds From Sale of Capital Assets                            | (173,457)                   |
| Proceeds from Loans Payable to Montgomery County                | 50,270,393                  |
| Payments on Loans Payable to Montgomery County                  | (1,014,724)                 |
| Proceeds from New Mortgage Notes and Loans Payable              | 96,266,950                  |
| Payments on Mortgage Notes and Loans Payable                    | 32,522,884                  |
| Interest Paid on Mortgages                                      | (7,580,560)                 |
| Capital Contributions and Transfers                             | (8,969,164)                 |
| Net Cash Provided by Capital and Related Financing Activities   | 30,616,901                  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                | (54,424,177)                |
| Cash and Cash Equivalentents - Beginning of Year                | 267,096,614                 |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <b>\$ 212,672,437</b>       |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

|   | <u>Business-Type<br/>Activities</u> |
|---|-------------------------------------|
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR<br/>TO AMOUNTS IN THE STATEMENT OF NET POSITION</b> |                                     |
| Current Unrestricted Cash and Cash Equivalents  | \$ 91,909,411                       |
| Restricted Cash and Cash Equivalents  | 85,720,150                          |
| Current Bonds Payable   | 30,694,970                          |
| Customer Deposits   | <u>4,347,906</u>                    |
| Total Cash and Cash Equivalents   | <u>212,672,437</u>                  |
| <br><b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b>                  |                                     |
| Operating Income  | 5,260,077                           |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided by Operating Activities:                      |                                     |
| Increase in Capital Appreciation Bonds  | 28,192                              |
| Depreciation  | 18,248,647                          |
| Amortization  | (1,173)                             |
| Unrealized Gains on Investments   | (4,738,484)                         |
| Gain on Sale of Assets  | 4,152,550                           |
| Effects of Changes in Operating Assets and Liabilities:   |                                     |
| Accounts Receivable and Other Assets  | 2,558,054                           |
| Mortgage and Construction Loans Receivables   | 18,422,107                          |
| Accrued Interest Receivable   | (248,702)                           |
| Prepaid Expenses and Other Assets   | 46,785                              |
| Deferred Outflows of Resources - Pension  | 864,571                             |
| Deferred Outflows of Resources - OPEB   | (5,378,282)                         |
| Other Real Estate Owned   | 600,976                             |
| Accounts Payable  | (5,397,607)                         |
| Unearned Revenue  | (500,369)                           |
| Accrued Interest Payable  | 2,316,302                           |
| Net OPEB Liability  | 912,859                             |
| Net Pension Liability   | (3,135,718)                         |
| Deferred Inflows of Resources - Pension   | 2,478,510                           |
| Deferred Inflows of Resources - OPEB  | 4,873,362                           |
| Escrow and Other Deposits   | <u>(20,768)</u>                     |
| Net Cash Provided by Operating Activities   | <u>\$ 41,341,889</u>                |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2019**

|  | 12/31<br>FYE | 12/31<br>FYE | 12/31<br>FYE       | 12/31<br>FYE | 12/31<br>FYE  | 6/30<br>FYE  | 12/31<br>FYE  | 12/31<br>FYE  | 12/31<br>FYE       | 6/30<br>FYE  |
|--|--------------|--------------|--------------------|--------------|---------------|--------------|---------------|---------------|--------------------|--------------|
|  | MHLP IX      | MHLP X       | Wheaton<br>Gateway | Georgian     | MV Affordable | Strathmore   | Arcola        | Waverly       | Alexander<br>House | Metropolitan |
| <b>Assets</b>  |              |              |                    |              |               |              |               |               |                    |              |
| Current Assets:  |              |              |                    |              |               |              |               |               |                    |              |
| Cash and Cash Equivalents                                | \$ -         | \$ -         | \$ 297,648         | \$ 307,350   | \$ 569,075    | \$ 39,134    | \$ 800,111    | \$ 818,985    | \$ 888,443         | \$ 85,006    |
| Accounts Receivable and Other Assets                     | -            | -            | -                  | 41,961       | 172,900       | 70           | 243,922       | 286,642       | 124,526            | 23,349       |
| Due From Primary Government                              | -            | -            | -                  | -            | -             | -            | -             | -             | 62,554             | -            |
| Total Unrestricted Current Assets                        | -            | -            | 297,648            | 349,311      | 741,975       | 39,204       | 1,044,033     | 1,105,627     | 1,075,523          | 108,355      |
| Restricted Cash and Cash Equivalents:                    |              |              |                    |              |               |              |               |               |                    |              |
| Restricted Cash and Cash Equivalents                     | -            | -            | -                  | 648,870      | 235,495       | 155,561      | 1,132,535     | 1,152,746     | 507,715            | 128,812      |
| Customer Deposits  | -            | -            | -                  | 114,930      | 49,379        | 24,332       | 41,467        | 50,517        | 26,697             | 45,096       |
| Total Restricted Cash and Cash Equivalents               | -            | -            | -                  | 763,800      | 284,874       | 179,893      | 1,174,002     | 1,203,263     | 534,412            | 173,908      |
| Noncurrent Assets:                                       |              |              |                    |              |               |              |               |               |                    |              |
| Property and Equipment, Net of Depreciation              | -            | -            | 450,531            | 4,950,184    | 4,755,797     | 2,276,485    | 26,729,779    | 41,514,305    | 40,206,500         | 5,516,429    |
| Deferred Charges   | -            | -            | 20,044             | -            | 28,000        | -            | 180,546       | 279,273       | -                  | -            |
| Total Noncurrent Assets                                  | -            | -            | 470,575            | 4,950,184    | 4,783,797     | 2,276,485    | 26,910,325    | 41,793,578    | 40,206,500         | 5,516,429    |
| Total Assets   | \$ -         | \$ -         | \$ 768,223         | \$ 6,063,295 | \$ 5,810,646  | \$ 2,495,582 | \$ 29,128,360 | \$ 44,102,468 | \$ 41,816,435      | \$ 5,798,692 |
| <b>Liabilities</b>                                       |              |              |                    |              |               |              |               |               |                    |              |
| Current Unrestricted Liabilities:                        |              |              |                    |              |               |              |               |               |                    |              |
| Accounts Payable and Accrued Liabilities                 | \$ -         | \$ -         | \$ 96,769          | \$ 115,751   | \$ 153,052    | \$ 36,607    | \$ 914,546    | \$ 1,647,265  | \$ 1,489,814       | \$ 47,040    |
| Accrued Interest Payable                                 | -            | -            | -                  | 14,805       | 9,181         | 33,571       | 1,015,975     | 1,946,350     | 1,381,784          | 29,107       |
| Due To Primary Government                                | -            | -            | -                  | 17,392       | 234,326       | -            | 271,463       | 492,547       | 20,600             | -            |
| Loans Payable to Montgomery County                       | -            | -            | -                  | 122,574      | 96,169        | -            | -             | -             | -                  | -            |
| Mortgage Notes and Loans Payable - Current               | -            | -            | -                  | 130,211      | 121,230       | 333,826      | 1,976,017     | 107,009       | -                  | 176,096      |
| Total Unrestricted Current Liabilities                   | -            | -            | 96,769             | 400,733      | 613,958       | 404,004      | 4,178,001     | 4,193,171     | 2,892,198          | 252,243      |
| Current Liabilities Payable from Restricted Assets:      |              |              |                    |              |               |              |               |               |                    |              |
| Customer Deposits Payable                                | -            | -            | -                  | 114,376      | 46,763        | 23,347       | 36,011        | 36,856        | 26,007             | 44,126       |
| Total Current Liabilities Payable from Restricted Assets | -            | -            | -                  | 114,376      | 46,763        | 23,347       | 36,011        | 36,856        | 26,007             | 44,126       |
| Noncurrent Liabilities:                                  |              |              |                    |              |               |              |               |               |                    |              |
| Mortgage Notes and Loans Payable                         | -            | -            | -                  | 2,403,894    | 1,873,178     | 4,937,801    | 18,332,379    | 31,632,896    | 36,922,405         | 6,279,886    |
| Loans Payable to Montgomery County                       | -            | -            | -                  | 1,432,369    | 2,139,773     | -            | -             | -             | -                  | -            |
| Deferred Revenue   | -            | -            | -                  | 1,103        | -             | -            | -             | -             | -                  | -            |
| Advances Due to Primary Government                       | -            | -            | -                  | -            | -             | 4,999,637    | -             | -             | -                  | 12,779,025   |
| Other Noncurrent Liabilities                             | -            | -            | -                  | 133,534      | -             | -            | -             | -             | 2,500,000          | 60,471       |
| Total Noncurrent Liabilities                             | -            | -            | -                  | 3,970,900    | 4,012,951     | 9,937,438    | 18,332,379    | 31,632,896    | 39,422,405         | 19,119,382   |
| Total Liabilities  | -            | -            | 96,769             | 4,486,009    | 4,673,672     | 10,364,789   | 22,546,391    | 35,862,923    | 42,340,610         | 19,415,751   |
| <b>Partner's Equity (Deficit)</b>                        | -            | -            | 671,454            | 1,577,286    | 1,136,974     | (7,869,207)  | 6,581,969     | 8,239,545     | (524,175)          | (13,617,059) |
| Total Liabilities and Partner's Equity (Deficit)         | \$ -         | \$ -         | \$ 768,223         | \$ 6,063,295 | \$ 5,810,646  | \$ 2,495,582 | \$ 29,128,360 | \$ 44,102,468 | \$ 41,816,435      | \$ 5,798,692 |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**  
**JUNE 30, 2019**

|  | 12/31<br>FYE        | 12/31<br>FYE        | 12/31<br>FYE         | 12/31<br>FYE         | 12/31<br>FYE         | 12/31<br>FYE        | 12/31<br>FYE        | 12/31<br>FYE         | 12/31<br>FYE         | 12/31<br>FYE | Totals                |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|--------------|-----------------------|
|  | Spring Garden       | Barclay             | Wheaton Metro        | Forest Oak           | Tanglewood/<br>Sligo | Hampden<br>Lane     | Hillandale          | Greenhills           | CCL<br>Multifamily   |              |                       |
| <b>Assets</b>  |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Current Assets:  |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Cash and Cash Equivalents                                | \$ 343,251          | \$ 525,459          | \$ 413,136           | \$ 2,114,969         | \$ 1,265,909         | \$ 81,807           | \$ 58,287           | \$ 155,153           | \$ 57,351            | \$           | \$ 8,821,074          |
| Accounts Receivable and Other Assets                     | 35,304              | 69,686              | 25,583               | 45,456               | 102,027              | 30,431              | 4,284               | 67,157               | 2,387                |              | 1,275,685             |
| Due From Primary Government                              | -                   | 159,159             | -                    | -                    | -                    | -                   | -                   | -                    | -                    |              | 221,713               |
| Total Unrestricted Current Assets                        | <u>378,555</u>      | <u>754,304</u>      | <u>438,719</u>       | <u>2,160,425</u>     | <u>1,367,936</u>     | <u>112,238</u>      | <u>62,571</u>       | <u>222,310</u>       | <u>59,738</u>        |              | <u>10,318,472</u>     |
| Restricted Cash and Cash Equivalents:                    |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Restricted Cash and Cash Equivalents                     | 454,210             | 395,591             | 395,588              | 1,342,703            | 2,066,155            | 441,664             | -                   | 899,909              | 9,490                |              | 9,967,044             |
| Customer Deposits  | 46,385              | 44,386              | 24,729               | 38,164               | 72,204               | 3,476               | -                   | 21,613               | -                    |              | 603,375               |
| Total Restricted Cash and Cash Equivalents               | <u>500,595</u>      | <u>439,977</u>      | <u>420,317</u>       | <u>1,380,867</u>     | <u>2,138,359</u>     | <u>445,140</u>      | <u>-</u>            | <u>921,522</u>       | <u>9,490</u>         |              | <u>10,570,419</u>     |
| Noncurrent Assets:                                       |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Property and Equipment, Net of Depreciation              | 7,824,160           | 6,141,826           | 9,417,760            | 20,342,924           | 25,174,028           | 3,444,561           | 3,703,207           | 22,143,185           | 67,101,083           |              | 291,692,744           |
| Deferred Charges   | -                   | 191,508             | 13,118               | 96,359               | 75,668               | 9,679               | 14,620              | 26,123               | -                    |              | 934,938               |
| Total Noncurrent Assets                                  | <u>7,824,160</u>    | <u>6,333,334</u>    | <u>9,430,878</u>     | <u>20,439,283</u>    | <u>25,249,696</u>    | <u>3,454,240</u>    | <u>3,717,827</u>    | <u>22,169,308</u>    | <u>67,101,083</u>    |              | <u>292,627,682</u>    |
| Total Assets   | <u>\$ 8,703,310</u> | <u>\$ 7,527,615</u> | <u>\$ 10,289,914</u> | <u>\$ 23,980,575</u> | <u>\$ 28,755,991</u> | <u>\$ 4,011,618</u> | <u>\$ 3,780,398</u> | <u>\$ 23,313,140</u> | <u>\$ 67,170,311</u> |              | <u>\$ 313,516,573</u> |
| <b>Liabilities</b>                                       |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Current Unrestricted Liabilities:                        |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Accounts Payable and Accrued Liabilities                 | \$ 56,535           | \$ 68,157           | \$ 38,821            | \$ 265,437           | \$ 98,334            | \$ 245,044          | \$ 85,088           | \$ 2,397,913         | \$ 4,931,918         | \$           | \$ 12,688,091         |
| Accrued Interest Payable                                 | 2,806,152           | 1,972,154           | 14,914               | 71,557               | 744,956              | -                   | -                   | 331,391              | -                    |              | 10,371,897            |
| Due To Primary Government                                | 44,038              | -                   | -                    | 16,515               | 364,562              | 322,273             | -                   | 799,433              | -                    |              | 2,583,149             |
| Loans Payable to Montgomery County                       | -                   | -                   | -                    | -                    | -                    | -                   | -                   | -                    | -                    |              | 218,743               |
| Mortgage Notes and Loans Payable - Current               | 191,410             | 188,978             | 30,583               | 480,193              | 219,192              | -                   | -                   | -                    | -                    |              | 3,954,745             |
| Total Unrestricted Current Liabilities                   | <u>3,098,135</u>    | <u>2,229,289</u>    | <u>84,318</u>        | <u>833,702</u>       | <u>1,427,044</u>     | <u>567,317</u>      | <u>85,088</u>       | <u>3,528,737</u>     | <u>4,931,918</u>     |              | <u>29,816,625</u>     |
| Current Liabilities Payable from Restricted Assets:      |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Customer Deposits Payable                                | 42,551              | 41,152              | 23,084               | 37,540               | 65,762               | 2,825               | -                   | 21,013               | 9,600                |              | 571,013               |
| Total Current Liabilities Payable from Restricted Assets | <u>42,551</u>       | <u>41,152</u>       | <u>23,084</u>        | <u>37,540</u>        | <u>65,762</u>        | <u>2,825</u>        | <u>-</u>            | <u>21,013</u>        | <u>9,600</u>         |              | <u>571,013</u>        |
| Noncurrent Liabilities:                                  |                     |                     |                      |                      |                      |                     |                     |                      |                      |              |                       |
| Mortgage Notes and Loans Payable                         | 7,974,723           | 7,642,351           | 4,405,492            | 13,101,770           | 15,929,274           | 519,123             | 1,887,500           | 19,304,074           | 42,257,927           |              | 215,404,673           |
| Loans Payable to Montgomery County                       | 1,382,000           | -                   | 865,279              | 1,431,877            | -                    | 944,829             | -                   | -                    | -                    |              | 8,196,127             |
| Deferred Revenue   | -                   | -                   | 5,299                | -                    | -                    | -                   | -                   | -                    | -                    |              | 6,402                 |
| Advances Due to Primary Government                       | -                   | -                   | 1,872,935            | -                    | -                    | 230,468             | -                   | -                    | -                    |              | 19,882,065            |
| Other Noncurrent Liabilities                             | -                   | -                   | 1,393,341            | 985,162              | -                    | -                   | -                   | -                    | -                    |              | 5,072,508             |
| Total Noncurrent Liabilities                             | <u>9,356,723</u>    | <u>7,642,351</u>    | <u>8,542,346</u>     | <u>15,518,809</u>    | <u>15,929,274</u>    | <u>1,694,420</u>    | <u>1,887,500</u>    | <u>19,304,074</u>    | <u>42,257,927</u>    |              | <u>248,561,775</u>    |
| Total Liabilities  | <u>12,497,409</u>   | <u>9,912,792</u>    | <u>8,649,748</u>     | <u>16,390,051</u>    | <u>17,422,080</u>    | <u>2,264,562</u>    | <u>1,972,588</u>    | <u>22,853,824</u>    | <u>47,199,445</u>    |              | <u>278,949,413</u>    |
| <b>Partner's Equity (Deficit)</b>                        | <u>(3,794,099)</u>  | <u>(2,385,177)</u>  | <u>1,640,166</u>     | <u>7,590,524</u>     | <u>11,333,911</u>    | <u>1,747,056</u>    | <u>1,807,810</u>    | <u>459,316</u>       | <u>19,970,866</u>    |              | <u>34,567,160</u>     |
| Total Liabilities and Partner's Equity (Deficit)         | <u>\$ 8,703,310</u> | <u>\$ 7,527,615</u> | <u>\$ 10,289,914</u> | <u>\$ 23,980,575</u> | <u>\$ 28,755,991</u> | <u>\$ 4,011,618</u> | <u>\$ 3,780,398</u> | <u>\$ 23,313,140</u> | <u>\$ 67,170,311</u> |              | <u>\$ 313,516,573</u> |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**COMBINING STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2019**

|   | 12/31<br>FYE     | 12/31<br>FYE     | 12/31<br>FYE       | 12/31<br>FYE        | 12/31<br>FYE        | 6/30<br>FYE           | 12/31<br>FYE        | 12/31<br>FYE        | 12/31<br>FYE        | 6/30<br>FYE            |
|---|------------------|------------------|--------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|------------------------|
|   | MHLP IX          | MHLP X           | Wheaton<br>Gateway | Georgian            | MV Affordable       | Strathmore            | Arcola              | Waverly             | Alexander<br>House  | Metropolitan           |
| <b>Operating Revenues:</b>                      |                  |                  |                    |                     |                     |                       |                     |                     |                     |                        |
| Dwelling Rental                                 | \$ 1,039,651     | \$ 713,406       | \$ -               | \$ 1,586,824        | \$ 1,418,647        | \$ 625,580            | \$ 1,336,161        | \$ 1,526,081        | \$ 1,407,420        | \$ 780,934             |
| Management Fees and Other Income                | 7,906            | -                | -                  | 69,813              | 5,759               | 9,471                 | 300,529             | 166,012             | 23,729              | 45,354                 |
| Total Operating Revenues                        | <u>1,047,557</u> | <u>713,406</u>   | <u>-</u>           | <u>1,656,637</u>    | <u>1,424,406</u>    | <u>635,051</u>        | <u>1,636,690</u>    | <u>1,692,093</u>    | <u>1,431,149</u>    | <u>826,288</u>         |
| <b>Operating Expenses:</b>                      |                  |                  |                    |                     |                     |                       |                     |                     |                     |                        |
| Administration                                  | 143,726          | 81,145           | 5,084              | 311,020             | 217,412             | 136,461               | 190,920             | 251,264             | 247,263             | 240,616                |
| Maintenance                                     | 270,318          | 215,870          | -                  | 293,887             | 340,098             | 116,466               | 315,834             | 236,865             | 271,158             | 311,901                |
| Depreciation and Amortization                   | 261,616          | 194,553          | 1,076              | 323,871             | 361,259             | 265,408               | 702,663             | 1,279,860           | 1,149,756           | 318,268                |
| Utilities                                       | 10,690           | 4,268            | -                  | 115,371             | 139,302             | 57,716                | 220,791             | 221,440             | 163,136             | 152,112                |
| Fringe Benefits                                 | 43,022           | 28,017           | -                  | 109,672             | 131,274             | 20,562                | 80,226              | 79,566              | 34,947              | 45,109                 |
| Interest Expense                                | 196,145          | 143,581          | -                  | 188,555             | 158,569             | 413,713               | 675,591             | 1,137,325           | 1,668,413           | 354,169                |
| Other   | 254,774          | 100,396          | -                  | 112,348             | 145,155             | 60,299                | 103,693             | 125,296             | 126,161             | 116,812                |
| Bad Debt Expense                                | 8,807            | 3,693            | -                  | 781                 | 3,996               | 1,562                 | 9,547               | -                   | 64,258              | -                      |
| Total Operating Expenses                        | <u>1,189,098</u> | <u>771,523</u>   | <u>6,160</u>       | <u>1,455,505</u>    | <u>1,497,065</u>    | <u>1,072,187</u>      | <u>2,299,265</u>    | <u>3,331,616</u>    | <u>3,725,092</u>    | <u>1,538,987</u>       |
| Operating Income (Loss)                         | <u>(141,541)</u> | <u>(58,117)</u>  | <u>(6,160)</u>     | <u>201,132</u>      | <u>(72,659)</u>     | <u>(437,136)</u>      | <u>(662,575)</u>    | <u>(1,639,523)</u>  | <u>(2,293,943)</u>  | <u>(712,699)</u>       |
| <b>Nonoperating Revenues</b>                    |                  |                  |                    |                     |                     |                       |                     |                     |                     |                        |
| Investment Income                               | 491              | 1,890            | -                  | 5,412               | 4,403               | 257                   | 13,023              | 42,856              | -                   | 3,476                  |
| Total Nonoperating Revenue                      | <u>491</u>       | <u>1,890</u>     | <u>-</u>           | <u>5,412</u>        | <u>4,403</u>        | <u>257</u>            | <u>13,023</u>       | <u>42,856</u>       | <u>-</u>            | <u>3,476</u>           |
| Capital Contributions                           | -                | -                | 677,614            | -                   | -                   | -                     | 8,713,711           | 11,671,161          | 1,390,700           | -                      |
| Partner Equity Distributions                    | -                | -                | -                  | -                   | -                   | -                     | -                   | -                   | -                   | -                      |
| Transfer to Primary Government                  | 6,106,538        | 2,995,227        | -                  | -                   | -                   | -                     | -                   | -                   | -                   | -                      |
| <b>Change in Partner's Equity</b>               | <u>5,965,488</u> | <u>2,939,000</u> | <u>671,454</u>     | <u>206,544</u>      | <u>(68,256)</u>     | <u>(436,879)</u>      | <u>8,064,159</u>    | <u>10,074,494</u>   | <u>(903,243)</u>    | <u>(709,223)</u>       |
| Partners' Equity (Deficit) - Beginning 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             | (12,907,836)           |
| <b>Partners' Equity (Deficit) - End of Year</b> | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 671,454</u>  | <u>\$ 1,577,286</u> | <u>\$ 1,136,974</u> | <u>\$ (7,869,207)</u> | <u>\$ 6,581,969</u> | <u>\$ 8,239,545</u> | <u>\$ (524,175)</u> | <u>\$ (13,617,059)</u> |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**COMBINING STATEMENT OF OPERATIONS – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

|   | 12/31<br>FYE          | 12/31<br>FYE          | 12/31<br>FYE        | 12/31<br>FYE        | 12/31<br>FYE         | 12/31<br>FYE        | 12/31<br>FYE        | 12/31<br>FYE      | 12/31<br>FYE         | 12/31<br>FYE | Total                |
|---|-----------------------|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-------------------|----------------------|--------------|----------------------|
|   | Spring Garden         | Barclay               | Wheaton<br>Metro    | Forest Oak          | Tanglewood/<br>Sligo | Hampden<br>Lane     | Hillandale          | Greenhills        | Multifamily<br>CCL   |              |                      |
| <b>Operating Revenues:</b>                      |                       |                       |                     |                     |                      |                     |                     |                   |                      |              |                      |
| Dwelling Rental                                 | \$ 1,070,898          | \$ 1,000,102          | \$ 773,632          | \$ 2,735,995        | \$ 1,889,167         | \$ 186,006          | \$ -                | \$ 815,338        | \$ 50,213            | \$           | \$ 18,956,055        |
| Management Fees and Other Income                | 4,231                 | 16,443                | 4,236               | 103,746             | 109,335              | 40,365              | -                   | 7,348             | 7,040                |              | 921,317              |
| Total Operating Revenues                        | <u>1,075,129</u>      | <u>1,016,545</u>      | <u>777,868</u>      | <u>2,839,741</u>    | <u>1,998,502</u>     | <u>226,371</u>      | <u>-</u>            | <u>822,686</u>    | <u>57,253</u>        |              | <u>19,877,372</u>    |
| <b>Operating Expenses:</b>                      |                       |                       |                     |                     |                      |                     |                     |                   |                      |              |                      |
| Administration                                  | 176,965               | 134,671               | 189,283             | 411,271             | 271,996              | 98,623              | 750                 | 172,191           | 26,506               |              | 3,307,167            |
| Maintenance                                     | 185,696               | 216,473               | 128,862             | 530,167             | 267,849              | 32,399              | -                   | 128,295           | 10,362               |              | 3,872,500            |
| Depreciation and Amortization                   | 395,829               | 456,876               | 548,265             | 535,697             | 728,349              | 149,854             | 1,242               | 409,512           | 219,029              |              | 8,302,983            |
| Utilities                                       | 75,283                | 99,450                | 37,835              | 165,435             | 207,623              | 36,167              | -                   | 69,797            | 8,746                |              | 1,785,162            |
| Fringe Benefits                                 | 57,197                | 24,004                | 37,411              | 106,070             | 118,729              | 29,504              | -                   | 26,674            | -                    |              | 971,984              |
| Interest Expense                                | 536,029               | 457,852               | 228,171             | 748,230             | 602,630              | -                   | -                   | 518,972           | 117,437              |              | 8,145,382            |
| Other   | 101,853               | 124,767               | 87,649              | 196,992             | 151,414              | 18,043              | 300                 | 115,419           | 300                  |              | 1,941,671            |
| Bad Debt Expense                                | 1,560                 | 11,764                | (3,173)             | -                   | 9,529                | 1,028               | -                   | 8,012             | -                    |              | 121,364              |
| Total Operating Expenses                        | <u>1,530,412</u>      | <u>1,525,857</u>      | <u>1,254,303</u>    | <u>2,693,862</u>    | <u>2,358,119</u>     | <u>365,618</u>      | <u>2,292</u>        | <u>1,448,872</u>  | <u>382,380</u>       |              | <u>28,448,213</u>    |
| Operating Income (Loss)                         | <u>(455,283)</u>      | <u>(509,312)</u>      | <u>(476,435)</u>    | <u>145,879</u>      | <u>(359,617)</u>     | <u>(139,247)</u>    | <u>(2,292)</u>      | <u>(626,186)</u>  | <u>(325,127)</u>     |              | <u>(8,570,841)</u>   |
| <b>Nonoperating Revenues</b>                    |                       |                       |                     |                     |                      |                     |                     |                   |                      |              |                      |
| Investment Income                               | 3,956                 | 3,424                 | 2,525               | 3,851               | 3,291                | 451                 | -                   | 52,343            | -                    |              | 141,649              |
| Total Nonoperating Revenues                     | <u>3,956</u>          | <u>3,424</u>          | <u>2,525</u>        | <u>3,851</u>        | <u>3,291</u>         | <u>451</u>          | <u>-</u>            | <u>52,343</u>     | <u>-</u>             |              | <u>141,649</u>       |
| Capital Contributions                           | -                     | -                     | -                   | (10,093)            | -                    | -                   | -                   | -                 | -                    |              | 22,443,093           |
| Partner Equity Distributions                    | -                     | -                     | -                   | -                   | (33,356)             | -                   | -                   | (10,000)          | -                    |              | (43,356)             |
| Transfer to Primary Government                  | -                     | -                     | -                   | -                   | -                    | -                   | -                   | -                 | -                    |              | 9,101,765            |
| <b>Change in Partners' Equity</b>               | <u>(451,327)</u>      | <u>(505,888)</u>      | <u>(473,910)</u>    | <u>139,637</u>      | <u>(389,682)</u>     | <u>(138,796)</u>    | <u>(2,292)</u>      | <u>(583,843)</u>  | <u>(325,127)</u>     |              | <u>23,072,310</u>    |
| Partners' Equity (Deficit) - Beginning of Year  | <u>(3,342,772)</u>    | <u>(1,879,289)</u>    | <u>2,114,076</u>    | <u>7,450,887</u>    | <u>11,723,593</u>    | <u>1,885,852</u>    | <u>1,810,102</u>    | <u>1,043,159</u>  | <u>20,295,993</u>    |              | <u>11,494,850</u>    |
| <b>Partners' Equity (Deficit) - End of Year</b> | <u>\$ (3,794,099)</u> | <u>\$ (2,385,177)</u> | <u>\$ 1,640,166</u> | <u>\$ 7,590,524</u> | <u>\$ 11,333,911</u> | <u>\$ 1,747,056</u> | <u>\$ 1,807,810</u> | <u>\$ 459,316</u> | <u>\$ 19,970,866</u> |              | <u>\$ 34,567,160</u> |

See accompanying Notes to Financial Statements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 Memorandum of Understanding 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

The County has determined that the Commission is a discretely presented component unit of the County. Accordingly, the County is required to report the financial data of the Commission in a column separate from the financial data of the County, to emphasize that the Commission is legally separate from the County.

**(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 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(b) Financial Reporting Entity (Continued)**

**BLENDED 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.

**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.

**Fenton Silver Spring (f.k.a. 900 Thayer)** – This will be a 124-unit, mixed-income rental property of one and two-bedroom units in Silver Spring, Maryland with a projected delivery in November 2019.

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**BLENDED COMPONENT UNITS (Continued)**

**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.

**HOC at CCL Multifamily, LLC** – HOC at Multifamily LLC is HOC's investment in the CCL Multifamily LLC (the Lindley) joint venture project.

**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.

**HOC at Upton II** – HOC at Upton II will be a 150-unit multifamily tower located in Rockville, Maryland with projected delivery in 2021.

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

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**BLENDED COMPONENT UNITS (Continued)**

**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.

**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 to 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 to moderate income families.

**MV Gateway LLC (Cider Mill)** – Owns and operates an 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.

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**BLENDED COMPONENT UNITS (Continued)**

**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 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.

**Willow Manor at Fair Hill** – This is a 101-unit age-restricted (62+) apartment development located in Olney, Maryland.

**Willow Manor at Clopper's Mill** – This is a 102-unit age-restricted (62+) apartment development located in Germantown, Maryland.

**Willow Manor at Colesville** – This is an 83-unit age-restricted (62+) apartment development located in Silver Spring, Maryland.

**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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 14 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. 12 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, 2019. 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 three other discretely presented component units other than real estate limited partnerships. These three 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. 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.

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

**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. On August 28, 2018 Wells Fargo Affordable Housing Community Development Corporation assigned their 99% limited partnership interest to HOC YR 15 LLC and this is now a blended component unit.

**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. On August 28, 2018 Wells Fargo Affordable Housing Community Development Corporation assigned their 99% limited partnership interest to HOC YR 15 LLC and this is now a blended component unit.

**MV Affordable Housing Associates Limited Partnership** – Owns and operates 94 moderately priced dwelling units known as Stewartown Homes for low and moderate income families located in Gaithersburg, Maryland.

**Spring Garden One Associates Limited Partnership** – Owns and operates 82 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 Gateway LLC** – The Commission is a partner of a joint venture which will undertake the redevelopment of Wheaton Gateway, consisting of the Lindsay Ford parcels, Ambassador Apartments and Mattress Firm property located in Wheaton, Maryland.

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(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.

**(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, 2019, 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(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, 2019 is \$151,937,038 which is collateralized primarily by the underlying properties. As of June 30, 2019, the Commission had \$4,508,310 of mortgage insurance premium deposits on hand for any future loss.

**(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. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(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, 2019 amounted to \$1,900,506 and is included in accounts payable and accrued liabilities in the accompanying statement of net position. 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) Deferred Inflows and Outflows of Resources**

Deferred inflows of resources, reported after total liabilities, is defined by GASB as an acquisition of net position that applies to future periods. The revenue is recognized in the applicable future period(s). The Commission has one item that is required to be reported in this category: (1) the deferred inflow from pension/OPEB. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Commission has two items that are required to be reported in this category: (1) the deferred inflow from pension/OPEB, and (2) the fair value of hedging derivatives.

**(p) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from its fiduciary net position have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

**(q) Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Montgomery County Retiree Health Benefit Plan (the Plan). For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest-earning investment contracts with a maturity at time of purchase of one year or less, which are reported at cost.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(r) 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.

*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.

**(s) New Accounting Pronouncements**

For the year ended June 30, 2019, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires additional disclosures in the financial statements related to any unused lines of credit, assets pledged as collateral for debt and other information related to debt that may have financial impacts. The implementation of this standard did not have any financial impact on the Commission.

**NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

**Business-Type Activities**

**(a) Cash**

The Commission's cash balances as of June 30, 2019 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

|                              | Carrying<br>Amount | Bank<br>Balances |
|------------------------------|--------------------|------------------|
| Cash:                        |                    |                  |
| General Sub-Fund             | \$ 14,177,455      | \$ 14,172,456    |
| Opportunity Housing Sub-Fund | 77,043,694         | 77,035,150       |
| Public Sub-Fund              | 4,987,522          | 4,986,623        |
| Total Cash                   | \$ 96,208,671      | \$ 96,194,229    |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(b) Cash Equivalents & Investments**

The General Sub-Fund cash and cash equivalents balance at June 30, 2019 includes \$4,475,174 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, 2019 includes \$41,594,133 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 \$2,540,412 as of June 30, 2019, 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 fair value and held by a custodian other than the seller. At June 30, 2019, the Commission had sufficient collateral to meet requirements.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 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.mlqip.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 fair 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, 2019 was P-1.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019, the Commission held investments in agency securities which were not collateralized but were rated Aaa, AA, AA+, Aa1, Aa2, and AAAm.

As of June 30, 2019 the Commission had the following cash equivalents and investments with maturities of one year or less:

| Cash Equivalents  | Fair Value            | Ratings |
|---|-----------------------|---------|
| <b>Cash Equivalents</b>                                 |                       |         |
| General Sub-Fund:                                       |                       |         |
| Money Market Accounts                                   | \$ 13,125,178         | N/A     |
| Opportunity Housing Sub-Fund:                           |                       |         |
| Investment in Maryland Local Government Investment Pool | 1,998,230             | AAAm    |
| Money Market Accounts                                   | 22,296,952            | N/A     |
| Public Sub-Fund:  |                       |         |
| Investment in Maryland Local Government Investment Pool | 3,161,152             | AAAm    |
| Multifamily Sub-Fund:                                   |                       |         |
| Money Market Accounts                                   | 31,081,375            | N/A     |
| Single Family Sub-Fund:                                 |                       |         |
| Money Market Accounts                                   | 44,800,879            | N/A     |
| Total Cash Equivalents                                  | <u>\$ 116,463,766</u> |         |
| <b>Short-Term Investments</b>                           |                       |         |
| Multifamily Sub-Fund:                                   |                       |         |
| U.S. Treasuries   | \$ 1,058,710          |         |
| Single Family Sub-Fund:                                 |                       |         |
| GNMA Pass-through Certificates                          | 1,973,989             | Aaa     |
| FNMA Pass-through Certificates                          | 933,877               | Aaa     |
| Total Short-Term Investments                            | <u>\$ 3,966,576</u>   |         |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(b) Cash Equivalents & Investments (Continued)**

As of June 30, 2019, 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<br>10 Years | Rating |
|--------------------------------|-----------------------|---------------------|---------------------|--------------------------|--------|
| Multifamily Sub-Fund:          |                       |                     |                     |                          |        |
| US Treasuries                  | \$ 1,331,069          | \$ 1,016,771        | \$ 314,298          | \$ -                     |        |
| Fannie Mae                     | 3,160,621             | -                   | 3,160,621           | -                        | Aaa    |
| Federal Farm Credit Banks      | 2,658,372             | -                   | 650,067             | 2,008,305                | Aaa    |
| Federal Home Loan Banks        | 968,023               | -                   | 968,023             | -                        | Aaa    |
| Federal Home Loan Mtg Corp     | 938,974               | -                   | -                   | 938,974                  | Aaa    |
| Bank One Investment Agreement  | 591,525               | -                   | 591,525             | -                        | AA/Aa2 |
| Single Family Sub-Fund:        |                       |                     |                     |                          |        |
| Federal Farm Credit Banks      | 6,859,668             | -                   | -                   | 6,859,668                | Aaa    |
| Federal Home Loan Banks        | 9,916,804             | -                   | -                   | 9,916,804                | Aaa    |
| Federal Home Loan Mtg Corp     | 2,284,392             | -                   | -                   | 2,284,392                | Aaa    |
| Fannie Mae                     | 487,657               | -                   | 487,657             | -                        | Aa1    |
| GNMA Pass-through Certificates | 49,435,063            | -                   | -                   | 49,435,063               | Aaa    |
| FNMA Pass-through Certificates | 39,544,248            | -                   | -                   | 39,544,248               | Aaa    |
| US Treasuries                  | 5,231,512             | 3,987,684           | -                   | 1,243,828                |        |
| Tennessee Valley Authority     | 4,353,110             | -                   | -                   | 4,353,110                | AA+    |
| Total Long-Term Investments    | <u>\$ 127,761,038</u> | <u>\$ 5,004,455</u> | <u>\$ 6,172,191</u> | <u>\$ 116,584,392</u>    |        |

**Total Cash, Cash Equivalents and Investments** \$ 344,400,051

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

|  |                              |
|--|------------------------------|
| Current Unrestricted Cash and Cash Equivalents               | \$ 91,909,411                |
| Restricted Cash and Cash Equivalents                         | 85,720,150                   |
| Restricted Short-Term Investments                            | 3,966,576                    |
| Restricted Cash and Cash Equivalents for Current Liabilities | 30,694,970                   |
| Customer Deposits  | 4,347,906                    |
| Noncurrent Restricted Investments                            | 127,761,038                  |
| Total  | <u><u>\$ 344,400,051</u></u> |

The following table details types of investments if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB:

| Investment Category            | Fair Value   | Percent of Total Investments |
|--------------------------------|--------------|------------------------------|
| US Treasuries                  | \$ 7,621,291 | 5.79%                        |
| Federal Farm Credit Banks      | 9,518,040    | 7.23%                        |
| Federal Home Loan Banks        | 10,884,827   | 8.26%                        |
| GNMA Pass-Through Certificates | 51,409,052   | 39.03%                       |
| FNMA Pass-Through Certificates | 40,478,125   | 30.73%                       |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 such as prices for similar assets; Level 3 inputs are significant unobservable inputs. As of June 30, 2019, fair value of investments is as follows:

|  | June 30, 2019  | Fair Value Measurements Using  |   |
|--|----------------|--|---|
|  |                | Quoted Prices<br>In Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) |
| <b>Investments by Fair Value Level</b> |                |  |   |
| Debt Securities:                       |                |  |   |
| Fannie Mae                             | \$ 3,648,278   | \$ -   | \$ 3,648,278  |
| Federal Farm Credit Banks              | 9,518,040      | -  | 9,518,040   |
| Federal Home Loan Banks                | 10,884,827     | -  | 10,884,827  |
| U.S. Treasuries                        | 7,621,291      | 7,621,291  | -   |
| FNMA Mortgage-Backed Securities        | 40,478,125     | -  | 40,478,125  |
| GNMA Mortgage-Backed Securities        | 51,409,052     | -  | 51,409,052  |
| Federal Home Loan Mortgage Corp        | 3,223,366      | -  | 3,223,366   |
| Investment Agreements                  | 591,525        | -  | 591,525   |
| Tennessee Valley Authority             | 4,353,110      | -  | 4,353,110   |
| Subtotal - Debt Securities             | 131,727,614    | 7,621,291  | 124,106,323   |
| Investment Derivative Instruments:     |                |  |   |
| Hedging Derivative Instrument          | 19,831,777     | -  | 19,831,777  |
| Total Investments by Fair Value Level  | \$ 151,559,391 | \$ 7,621,291   | \$ 143,938,100  |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(c) Discretely Presented Component Units**

The Discretely Presented Component unit cash and cash equivalents balances are as follows:

|   | Fair<br>Value | Rating |
|---|---------------|--------|
| Cash  | \$ 14,564,860 | N/A    |
| Cash Equivalents:   |               |        |
| Investment in Maryland Local Government Investment Pool                                     | 233,507       | AAAm   |
| Money Market Accounts   | 4,593,126     | N/A    |
| Total Cash, Cash Equivalents, and Investments   | \$ 19,391,493 |        |
| Reconciliation of Cash and Cash Equivalents to Amounts in the<br>Statement of Net Position: |               |        |
| Current Unrestricted Cash and Cash Equivalents  | \$ 8,821,074  |        |
| Restricted Cash and Cash Equivalents for Current Liabilities                                | 9,967,044     |        |
| Restricted Cash and Cash Equivalents for Customer Deposits                                  | 603,375       |        |
| Total   | \$ 19,391,493 |        |

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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)**

Mortgage and construction loans receivable as of June 30, 2019 consisted of the following:

| Description                                      | Interest Rate | Balance               |
|--|---------------|-----------------------|
| <b>General Sub-Fund</b>                          |               |                       |
| Component Unit Loans                             | -             | \$ 40,048,294         |
| Closing Cost Assistance Loans                    | 5.00%         | 2,473,014             |
|  | Subtotal      | <u>42,521,308</u>     |
| <b>Opportunity Housing Sub-Fund</b>              |               |                       |
| Rental Assistance Security Deposit Loan          | -             | 14,040                |
| Alexander House Limited Partnership              | -             | 15,817,995            |
| Barclay One LP                                   | -             | 2,891,404             |
| Bauer Park                                       | -             | 358,580               |
| Greenhills LP                                    | -             | 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             |
| Spring Garden One Associates Limited Partnership | -             | 3,274,432             |
| Stewartown                                       | -             | 115,122               |
| Strathmore Court Associates Limited Partnership  | -             | 2,330,478             |
| Tanglewood Apartments                            | -             | 3,190,410             |
| Woodfield Commons                                | -             | 350,000               |
|  | Subtotal      | <u>39,033,398</u>     |
| <b>Multifamily Sub-Fund</b>                      |               |                       |
| Arcola   | 4.55%         | 5,974,186             |
| Argent   | 2.75%         | 3,615,000             |
| Argent   | 3.92%         | 8,040,000             |
| Barclay- TX CR                                   | 4.55%         | 4,946,789             |
| Charter House                                    | 4.98%         | 10,841,038            |
| Dring's Reach                                    | 4.75%         | 4,672,086             |
| Forest Oak                                       | 4.93%         | 13,703,600            |
| Georgian Court                                   | 6.20%         | 2,550,284             |
| Greenhills                                       | 4.10%         | 12,000,000            |
| Landing's Edge                                   | 4.95%         | 3,440,588             |
| MetroPointe                                      | 6.50%         | 2,738,410             |
| Metropolitan Tax Credit                          | 6.38%         | 5,478,983             |
| Ring House                                       | 6.10%         | 10,913,495            |
| Rockville Housing                                | 5.21%         | 3,283,411             |
| Spring Garden                                    | 4.55%         | 5,010,451             |
| Stewartown                                       | 6.20%         | 1,726,744             |
| Strathmore                                       | 7.62%         | 2,941,148             |
| Waverly  | 4.55%         | 8,229,076             |
|  | Subtotal      | <u>110,105,289</u>    |
| <b>Single Family Sub-Fund</b>                    |               |                       |
| Mortgage Loans Receivable, Net                   | 4.00 to 6.37% | <u>72,183,742</u>     |
| <b>Public Sub-Fund</b>                           |               |                       |
| Tobytown Homeownership                           | -             | 107,285               |
| Arcola Towers RAD LP                             | -             | 1,898,330             |
|  | Subtotal      | <u>2,005,615</u>      |
|  | Total         | <u>\$ 265,849,352</u> |
|  | Current       | \$ 7,579,107          |
|  | Long-term     | 258,270,245           |
|  |               | <u>\$ 265,849,352</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)**

As of June 30, 2019, the amount available or committed for additional advances or new loans is \$9,546,194 for the Single Family Sub-Fund. There are no available funds for additional advances or new loans for the Multifamily Sub-Fund.

Included in the mortgage and construction loans receivable balance of the General Sub-Fund at June 30, 2019 are inter sub-fund mortgage loans receivable from the Opportunity Housing Sub-Fund and Single Family Sub-Fund amounting to \$227,735,773 and \$2,320,000, respectively, which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$6,847,858 for the year ended June 30, 2019 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Sub-Fund at June 30, 2019 are inter sub-fund mortgage loans receivables from several Opportunity Housing properties amounting to \$62,709,577 and inter sub-fund mortgage loans receivable from the General Sub-Fund amounting to \$253,996 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 \$159,868,385 as of June 30, 2019, which have been eliminated. The related interest revenue, amounting to \$7,923,356 for the year ended June 30, 2019 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, 2019, \$376,685 in Single Family mortgage loans were in other real estate owned status and \$332,415 in foreclosure status.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019.

| Status                  | Principal<br>Conventional | Interest Receivable<br>Conventional | Total      |
|-------------------------|---------------------------|-------------------------------------|------------|
| Other Real Estate Owned | \$ 283,068                | \$ 93,617                           | \$ 376,685 |
| Foreclosures            | 331,222                   | 1,193                               | 332,415    |
| Total                   | \$ 614,290                | \$ 94,810                           | \$ 709,100 |

Total Single Family Mortgage Loans

Outstanding as of June 30, 2019

\$ 72,183,742

Percentage of Loans in REO & Foreclosure

Status to Outstanding Mortgage Loans

0.98%

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 CAPITAL ASSETS**

**(a) Capital Assets of Business-Type Activities**

The Commission's capital asset activity for the year ended June 30, 2019 was as follows:

|                                      | Beginning<br>Balance | Additions      | Deletions      | Transfer<br>In / (Out) | Ending<br>Balance |
|--------------------------------------|----------------------|----------------|----------------|------------------------|-------------------|
| <b>Land</b>                          |                      |                |                |                        |                   |
| General Sub-Fund                     | \$ 2,246,438         | \$ 1,217,998   | \$ -           | \$ -                   | \$ 3,464,436      |
| Opportunity Housing Sub-Fund         | 94,529,769           | 37,538,388     | -              | 6,803,923              | 138,872,080       |
| Public Sub-Fund                      | 973,267              | -              | -              | -                      | 973,267           |
| Total Land                           | 97,749,474           | 38,756,386     | -              | 6,803,923              | 143,309,783       |
| <b>Site Improvements:</b>            |                      |                |                |                        |                   |
| Public Sub-Fund                      | 748,079              | -              | -              | -                      | 748,079           |
| Accumulated Depreciation             | (748,079)            | -              | -              | -                      | (748,079)         |
| Total Site Improvements, Net         | -                    | -              | -              | -                      | -                 |
| <b>Building and Improvements:</b>    |                      |                |                |                        |                   |
| General Sub-Fund                     | 6,652,604            | 2,026,492      | -              | -                      | 8,679,096         |
| Accumulated Depreciation             | (4,049,391)          | (346,288)      | -              | -                      | (4,395,679)       |
| Opportunity Housing Sub-Fund         | 564,567,059          | 44,403,791     | (84,616)       | 20,391,119             | 629,277,353       |
| Accumulated Depreciation             | (157,176,166)        | (16,139,309)   | -              | (14,125,754)           | (187,441,229)     |
| Public Sub-Fund                      | 20,112,025           | -              | -              | 1,923,078              | 22,035,103        |
| Accumulated Depreciation             | (14,973,044)         | (394,016)      | -              | -                      | (15,367,060)      |
| Total Building and Improvements, Net | 415,133,087          | 29,550,670     | (84,616)       | 8,188,443              | 452,787,584       |
| <b>Furniture and Equipment:</b>      |                      |                |                |                        |                   |
| General Sub-Fund                     | 11,403,095           | 199,896        | -              | -                      | 11,602,991        |
| Accumulated Depreciation             | (10,838,406)         | (423,075)      | -              | -                      | (11,261,481)      |
| Opportunity Housing Sub-Fund         | 14,241,844           | 1,084,482      | -              | 337,945                | 15,664,271        |
| Accumulated Depreciation             | (9,859,345)          | (936,748)      | -              | (316,966)              | (11,113,059)      |
| Public Sub-Fund                      | 484,583              | 377            | -              | -                      | 484,960           |
| Accumulated Depreciation             | (464,733)            | (9,209)        | -              | -                      | (473,942)         |
| Total Furniture and Equipment, Net   | 4,967,038            | (84,277)       | -              | 20,979                 | 4,903,740         |
| <b>Construction in Progress:</b>     |                      |                |                |                        |                   |
| General Sub-Fund                     | -                    | 763,437        | -              | -                      | 763,437           |
| Opportunity Housing Sub-Fund         | 38,511,638           | 32,750,835     | (3,258,312)    | 55,748                 | 68,059,909        |
| Public Sub-Fund                      | 5,623,625            | 1,726,259      | (598,715)      | (1,960,529)            | 4,790,640         |
| Total Construction in Progress       | 44,135,263           | 35,240,531     | (3,857,027)    | (1,904,781)            | 73,613,986        |
| Total Capital Assets, Net            | \$ 561,984,862       | \$ 103,463,310 | \$ (3,941,643) | \$ 13,108,564          | \$ 674,615,093    |

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

**(b) Reconciliation of Net Investment in Capital Assets**

|  |                        |
|--|------------------------|
| Net Investment in Capital Assets                 |                        |
| Land   | \$ 143,309,783         |
| Construction in Progress                         | 73,613,986             |
| Building and Improvements, Net of Depreciation   | 452,787,584            |
| Furniture and Equipment, Net of Depreciation     | 4,903,740              |
| Less: Related Bonds, Mortgages and Notes Payable | (760,628,291)          |
| Total Net Investment in Capital Assets           | <u>\$ (86,013,198)</u> |

**(c) Discretely Presented Component Units Capital Assets**

|   | Beginning<br>Balance  | Additions            | Deletions           | Transfer<br>In / (Out) | Ending<br>Balance     |
|---|-----------------------|----------------------|---------------------|------------------------|-----------------------|
| <b>Discretely Presented Component Units</b> |                       |                      |                     |                        |                       |
| Land  | \$ 31,642,205         | \$ -                 | \$ -                | \$ -                   | \$ 31,642,205         |
| Building and Improvements                   | 247,121,000           | 51,632,217           | (153,361)           | 6,367,325              | 304,967,181           |
| Accumulated Depreciation                    | (64,604,956)          | (7,576,929)          | 34                  | 13,765,042             | (58,416,809)          |
| Furniture and Equipment                     | 4,814,186             | 1,633,462            | (676,146)           | 1,333,182              | 7,104,684             |
| Accumulated Depreciation                    | (2,207,734)           | (673,532)            | -                   | 242,790                | (2,638,476)           |
| Construction in Progress                    | 29,600,895            | 7,773,544            | (12,500)            | (28,327,980)           | 9,033,959             |
| Net Component Unit Capital Assets           | <u>\$ 246,365,596</u> | <u>\$ 52,788,762</u> | <u>\$ (841,973)</u> | <u>\$ (6,619,641)</u>  | <u>\$ 291,692,744</u> |

**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 include management fees ranging from 5.0% to 6.0% of monthly rental collections. Management fees paid to the Commission for the year ended June 30, 2019, amounted to \$135,314.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2019.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 5 ADVANCES TO DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

Due to/from primary government and component units:

| Receivable Entity                                    | Payable Entity                                       | Amount                         |
|--|--|--------------------------------|
| <b>Advances to Component Units</b>                   |  |                                |
| Primary Government - General<br>Sub-Fund             | Component Units - Tax Credit Limited<br>Partnerships | \$ 6,169,386                   |
| Primary Government - Opportunity<br>Housing Sub-Fund | Component Units - Tax Credit Limited<br>Partnerships | 16,797,471                     |
|  |  | <u>22,966,857</u>              |
| <b>Investment in Component Units</b>                 |  |                                |
| Primary Government - General<br>Sub-Fund             | Component Units - Tax Credit Limited<br>Partnerships | 2,545,796<br><u>11,425,595</u> |
| Primary Government - Opportunity<br>Housing Sub-Fund | Component Units - Tax Credit Limited<br>Partnerships | <u>13,971,391</u>              |
|  |  | <u>\$ 36,938,248</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.

**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, 2019:

|                             | General<br>Sub-Fund | Opportunity<br>Housing<br>Sub-Fund | Public<br>Sub-Fund  | Single<br>Family<br>Sub-Fund | Multi<br>Family<br>Sub-Fund | Total                |
|-----------------------------|---------------------|------------------------------------|---------------------|------------------------------|-----------------------------|----------------------|
| Accounts Receivable:        |                     |                                    |                     |                              |                             |                      |
| HUD                         | \$ -                | \$ -                               | \$ 583,167          | \$ -                         | \$ -                        | \$ 583,167           |
| Montgomery County, Maryland | -                   | 100,681                            | 1,564,239           | -                            | -                           | 1,664,920            |
| Other                       | 1,553,303           | 15,217,393                         | 4,036,555           | 98,645                       | -                           | 20,905,896           |
| Other Assets                | 1,281,377           | 2,327,083                          | -                   | 24,712                       | 36,120                      | 3,669,292            |
| Total                       | <u>2,834,680</u>    | <u>17,645,157</u>                  | <u>6,183,961</u>    | <u>123,357</u>               | <u>36,120</u>               | <u>26,823,275</u>    |
| Less: Allowance             | -                   | (1,133,005)                        | (1,581,169)         | -                            | -                           | (2,714,174)          |
| Net Accounts Receivable     | <u>\$ 2,834,680</u> | <u>\$ 16,512,152</u>               | <u>\$ 4,602,792</u> | <u>\$ 123,357</u>            | <u>\$ 36,120</u>            | <u>\$ 24,109,101</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 1.15% to 11.25% as of June 30, 2019. Maturity dates of the bonds payable range from 2019 to 2054.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019:

|  | Outstanding<br>Beginning<br>of Year | Issued<br>This Year | Retired/<br>Refunded<br>This Year | Outstanding<br>End of<br>Year | Amount<br>Due Within<br>One Year |
|--|-------------------------------------|---------------------|-----------------------------------|-------------------------------|----------------------------------|
| Single Family Sub-Fund Bonds:            |                                     |                     |                                   |                               |                                  |
| 2007 Series E                            | \$ 8,315,000                        | \$ -                | \$ -                              | \$ 8,315,000                  | \$ -                             |
| 2008 Series D                            | 17,200,000                          | -                   | -                                 | 17,200,000                    | -                                |
| 2009 Series A                            | 1,165,000                           | -                   | 1,165,000                         | -                             | -                                |
| 2013 Series A                            | 26,050,000                          | -                   | 4,430,000                         | 21,620,000                    | 3,675,000                        |
| 2013 Series B                            | 3,425,000                           | -                   | -                                 | 3,425,000                     | -                                |
| 2016 Series A                            | 27,240,000                          | -                   | 2,125,000                         | 25,115,000                    | 1,150,000                        |
| 2016 Series B                            | 8,895,000                           | -                   | 1,930,000                         | 6,965,000                     | 1,950,000                        |
| 2017 Series A                            | 21,690,000                          | -                   | 1,445,000                         | 20,245,000                    | 670,000                          |
| 2017 Series B                            | 11,180,000                          | -                   | 1,160,000                         | 10,020,000                    | 810,000                          |
| 2018 Series A                            | 29,435,000                          | -                   | 235,000                           | 29,200,000                    | 720,000                          |
| 2018 Series B                            | 8,450,000                           | -                   | -                                 | 8,450,000                     | -                                |
| NIBP 2009 Series A                       | 3,155,000                           | -                   | 630,000                           | 2,525,000                     | 555,000                          |
| NIBP 2009 Series B                       | 8,870,000                           | -                   | 470,000                           | 8,400,000                     | 140,000                          |
| NIBP 2009 Series C-1                     | 5,950,000                           | -                   | 380,000                           | 5,570,000                     | 120,000                          |
| NIBP 2009 Series C-2                     | 10,720,000                          | -                   | 990,000                           | 9,730,000                     | 360,000                          |
| NIBP 2009 Series C-3                     | 1,960,000                           | -                   | -                                 | 1,960,000                     | -                                |
| NIBP 2009 Series C-4                     | 7,750,000                           | -                   | 490,000                           | 7,260,000                     | 240,000                          |
| NIBP 2009 Series C-5                     | 2,370,000                           | -                   | -                                 | 2,370,000                     | -                                |
| NIBP 2010 Series A                       | 2,085,000                           | -                   | 505,000                           | 1,580,000                     | 220,000                          |
| NIBP 2011 Series A                       | 5,425,000                           | -                   | 1,070,000                         | 4,355,000                     | 840,000                          |
| NIBP 2012 Series A                       | 7,875,000                           | -                   | 965,000                           | 6,910,000                     | 795,000                          |
|  | 219,205,000                         | -                   | 17,990,000                        | 201,215,000                   | 12,245,000                       |
| Add: Unamortized Premium                 | 3,573,070                           | -                   | 482,221                           | 3,090,849                     | -                                |
| <b>Total Single Family Bonds Payable</b> | <b>\$ 222,778,070</b>               | <b>\$ -</b>         | <b>\$ 18,472,221</b>              | <b>\$ 204,305,849</b>         | <b>\$ 12,245,000</b>             |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(a) Bonds Payable (Continued)**

|                                  | Outstanding<br>Beginning<br>of Year | Issued<br>This Year | Retired/<br>Refunded<br>This Year | Outstanding<br>End of<br>Year | Amount<br>Due Within<br>One Year |
|----------------------------------|-------------------------------------|---------------------|-----------------------------------|-------------------------------|----------------------------------|
| Multi Family Sub-Fund Bonds:     |                                     |                     |                                   |                               |                                  |
| 1984 Series A - Accretions       | \$ 243,718                          | \$ 28,191           | \$ -                              | \$ 271,909                    | \$ 31,450                        |
| 1995 Series A                    | 1,450,000                           | -                   | 240,000                           | 1,210,000                     | 270,000                          |
| 1998 Issue A                     | 6,975,000                           | -                   | 490,000                           | 6,485,000                     | 515,000                          |
| 2002 Series A                    | 16,840,000                          | -                   | 705,000                           | 16,135,000                    | 750,000                          |
| 2004 Series A                    | 10,770,000                          | -                   | 365,000                           | 10,405,000                    | 375,000                          |
| 2004 Series B                    | 3,435,000                           | -                   | 70,000                            | 3,365,000                     | 70,000                           |
| 2004 Series C                    | 8,035,000                           | -                   | 310,000                           | 7,725,000                     | 325,000                          |
| 2004 Series D                    | 10,445,000                          | -                   | 400,000                           | 10,045,000                    | 415,000                          |
| 2005 Series B                    | 4,270,000                           | -                   | 180,000                           | 4,090,000                     | 190,000                          |
| 2005 Series C                    | 23,610,000                          | -                   | 785,000                           | 22,825,000                    | 815,000                          |
| 2007 Series A                    | 15,185,000                          | -                   | 480,000                           | 14,705,000                    | 500,000                          |
| 2007 Series C-1                  | 3,405,000                           | -                   | 265,000                           | 3,140,000                     | 275,000                          |
| 2009 Series A-2                  | 8,040,000                           | -                   | -                                 | 8,040,000                     | -                                |
| 2010 Series A                    | 3,895,000                           | -                   | 185,000                           | 3,710,000                     | 190,000                          |
| 2010 Series A                    | 10,730,000                          | -                   | 275,000                           | 10,455,000                    | 280,000                          |
| 2011 Series A                    | 31,135,000                          | -                   | 475,000                           | 30,660,000                    | 505,000                          |
| 2011 Series B                    | 2,810,000                           | -                   | 40,000                            | 2,770,000                     | 40,000                           |
| 2012 Series A                    | 19,965,000                          | -                   | 940,000                           | 19,025,000                    | 955,000                          |
| 2012 Series B                    | 7,500,000                           | -                   | 490,000                           | 7,010,000                     | 495,000                          |
| 2012 Series C                    | 15,490,000                          | -                   | 1,205,000                         | 14,285,000                    | 1,235,000                        |
| 2012 Series D                    | 29,515,000                          | -                   | 1,120,000                         | 28,395,000                    | 1,140,000                        |
| 2014 Series A                    | 23,235,000                          | -                   | 520,000                           | 22,715,000                    | 525,000                          |
| 2015 Series A-1                  | 14,890,000                          | -                   | 235,000                           | 14,655,000                    | 240,000                          |
| 2015 Series A-2                  | 20,840,000                          | -                   | 20,840,000                        | -                             | -                                |
| 2017 Series A                    | 12,000,000                          | -                   | -                                 | 12,000,000                    | 60,000                           |
|                                  | <u>304,708,718</u>                  | <u>28,191</u>       | <u>30,615,000</u>                 | <u>274,121,909</u>            | <u>10,196,450</u>                |
| Less: Unamortized Premium        | (839,032)                           | -                   | (93,226)                          | (745,806)                     | -                                |
| Total Multi Family Bonds Payable | <u>303,869,686</u>                  | <u>28,191</u>       | <u>30,521,774</u>                 | <u>273,376,103</u>            | <u>10,196,450</u>                |
| Total Bonds Payable              | <u>\$ 526,647,756</u>               | <u>\$ 28,191</u>    | <u>\$ 48,993,995</u>              | <u>\$ 477,681,952</u>         | <u>\$ 22,441,450</u>             |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019:

|   | Outstanding<br>Beginning<br>of Year | Issued<br>This Year         | Retired<br>This Year        | Outstanding<br>End of<br>Year | Amount<br>Due Within<br>One Year |
|---|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------------|
| <b>Opportunity Housing Sub-Fund:</b>              |                                     |                             |                             |                               |                                  |
| Alexander House Dev. Corp.                        | \$ 28,844,605                       | \$ 16,636,690               | \$ -                        | \$ 45,481,295                 | \$ -                             |
| 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.                      | 10,791,703                          | -                           | 251,157                     | 10,540,546                    | 10,540,546                       |
| Glenmont Westerly Dev. Corp.                      | 6,783,872                           | -                           | 158,375                     | 6,625,497                     | 6,625,497                        |
| HOC at the Upton II                               | -                                   | 225,543                     | -                           | 225,543                       | -                                |
| Montgomery Arms                                   | 98,668                              | -                           | 4,693                       | 93,975                        | 4,836                            |
| MV Gateway II LLC                                 | -                                   | 12,048,970                  | -                           | 12,048,970                    | -                                |
| Paddington Square Dev. Corp.                      | 19,665,604                          | -                           | 340,779                     | 19,324,825                    | 353,252                          |
| Scattered Site Two Dev. Corp.                     | 4,418,700                           | -                           | 109,000                     | 4,309,700                     | -                                |
| Southbridge                                       | 1,943,309                           | -                           | 37,123                      | 1,906,186                     | 38,622                           |
| 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                     | -                                |
| The Manor at Cloppers Mill                        | -                                   | 10,774,012                  | -                           | 10,774,012                    | 192,132                          |
| The Manor at Colesville                           | -                                   | 7,898,726                   | -                           | 7,898,726                     | 140,858                          |
| The Manor at Fair Hill Farm                       | -                                   | 11,788,052                  | -                           | 11,788,052                    | 210,215                          |
| VPC One Corp.                                     | 30,104,666                          | -                           | 445,693                     | 29,658,973                    | 677,363                          |
| VPC Two Corp.                                     | 21,423,513                          | -                           | 315,869                     | 21,107,644                    | 481,964                          |
| Westwod Tower                                     | 20,400,000                          | -                           | -                           | 20,400,000                    | -                                |
|   | <u>161,902,271</u>                  | <u>59,371,993</u>           | <u>1,662,689</u>            | <u>219,611,575</u>            | <u>19,265,285</u>                |
| <b>General Sub-Fund:</b>                          |                                     |                             |                             |                               |                                  |
| Federal Financing Bank                            | 19,857,229                          | -                           | 221,100                     | 19,636,129                    | 229,721                          |
| Federal Financing Bank                            | 125,000,000                         | -                           | 1,350,695                   | 123,649,305                   | 1,523,001                        |
| Line of Credit with PNC Bank                      | 49,316,796                          | 39,100,457                  | 28,893,756                  | 59,523,497                    | -                                |
| Tax Credit IX                                     | 50,500                              | -                           | 50,500                      | -                             | -                                |
|   | <u>194,224,525</u>                  | <u>39,100,457</u>           | <u>30,516,051</u>           | <u>202,808,931</u>            | <u>1,752,722</u>                 |
| <b>Total Mortgage Notes and<br/>Loans Payable</b> | <u><u>\$ 356,126,796</u></u>        | <u><u>\$ 98,472,450</u></u> | <u><u>\$ 32,178,740</u></u> | <u><u>\$ 422,420,506</u></u>  | <u><u>\$ 21,018,007</u></u>      |

Interest rates on mortgage notes and loans payable ranged from 1.00% to 5.59% as of June 30, 2019.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2019 are inter sub-fund mortgage loans payable to the Multifamily Sub-Fund amounting to \$159,868,385 which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$7,923,356 for the year ended June 30, 2019 has also been eliminated.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 are inter sub-fund mortgage loans payable to the General Sub-Fund amounting to \$227,735,773, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$6,766,352 for the year ended June 30, 2019 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2019 are inter sub-fund mortgage loans payable to the Opportunity Housing Reserve Fund (OHRF), Multipurpose Indenture Bond Fund (OH Bond Fund) and other Opportunity Housing properties amounting to \$62,709,577, 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, 2019 are inter-subfund mortgage loans payable to the Opportunity Housing Sub-Fund amounting to \$253,996, which have been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Single Family Sub-Fund at June 30, 2019 are inter-subfund mortgage loans payable to the General Sub-Fund amounting to \$2,320,000, which have been eliminated in the accompanying financial statements. The related interest expense amounting to \$81,506 for the year ended June 30, 2019 has been eliminated in the accompanying financial statements.

The Commission's outstanding notes and mortgages of \$422,420,506 from direct borrowings are secured with collateral of the related land and/or structures. These notes also contain provisions that in the event of default, outstanding amounts are due immediately.

The Commission also has two lines of credit with unused amounts totaling \$90,476,602 as of June 30, 2019.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(c) Maturities**

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

|                                      | Notes from Direct Borrowings |                                    | Bonds                   |                           |                       |
|--------------------------------------|------------------------------|------------------------------------|-------------------------|---------------------------|-----------------------|
|                                      | Principal                    |                                    |                         |                           |                       |
|                                      | General<br>Sub-Fund          | Opportunity<br>Housing<br>Sub-Fund | Multifamily<br>Sub-Fund | Single Family<br>Sub-Fund | Combined              |
| <u>Year Ending June 30</u>           |                              |                                    |                         |                           |                       |
| 2020                                 | \$ 1,752,722                 | \$ 19,265,285                      | \$ 10,196,450           | \$ 12,245,000             | \$ 43,459,457         |
| 2021                                 | 61,338,605                   | 97,882,218                         | 10,645,000              | 8,350,000                 | 178,215,823           |
| 2022                                 | 1,879,718                    | 1,798,040                          | 11,235,000              | 9,000,000                 | 23,912,758            |
| 2023                                 | 1,946,630                    | 47,712,081                         | 11,225,000              | 8,660,000                 | 69,543,711            |
| 2024                                 | 2,015,929                    | 4,291,243                          | 11,640,000              | 8,285,000                 | 26,232,172            |
| 2025-2029                            | 11,208,734                   | 14,728,523                         | 63,145,459              | 31,130,000                | 120,212,716           |
| 2030-2034                            | 13,351,697                   | 4,182,764                          | 60,175,000              | 33,925,000                | 111,634,461           |
| 2035-2039                            | 15,905,032                   | 3,262,174                          | 41,595,000              | 39,600,000                | 100,362,206           |
| 2040-2044                            | 18,947,460                   | 3,899,977                          | 30,660,000              | 36,235,000                | 89,742,437            |
| 2045-2049                            | 22,572,836                   | 4,667,698                          | 17,680,000              | 13,450,000                | 58,370,534            |
| 2050-2054                            | 26,893,056                   | 601,436                            | 5,625,000               | 335,000                   | 33,454,492            |
| 2055-2059                            | 24,996,512                   | -                                  | 300,000                 | -                         | 25,296,512            |
| Upon Sale of Property                | -                            | 17,320,136                         | -                       | -                         | 17,320,136            |
|                                      | 202,808,931                  | 219,611,575                        | 274,121,909             | 201,215,000               | 897,757,415           |
| Unamortized Bond<br>Discount/Premium | -                            | -                                  | (745,806)               | 3,090,849                 | 2,345,043             |
| <b>Total</b>                         | <b>\$ 202,808,931</b>        | <b>\$ 219,611,575</b>              | <b>\$ 273,376,103</b>   | <b>\$ 204,305,849</b>     | <b>\$ 900,102,458</b> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**(c) Maturities (Continued)**

|                            | Notes from Direct Borrowings |                                    | Bonds                   |                           |                |
|----------------------------|------------------------------|------------------------------------|-------------------------|---------------------------|----------------|
|                            | Interest                     |                                    |                         |                           |                |
|                            | General<br>Sub-Fund          | Opportunity<br>Housing<br>Sub-Fund | Multifamily<br>Sub-Fund | Single Family<br>Sub-Fund | Combined       |
|                            |                              |                                    |                         |                           |                |
| <u>Year Ending June 30</u> |                              |                                    |                         |                           |                |
| 2020                       | \$ 1,552,221                 | \$ 5,308,050                       | \$ 8,860,726            | \$ 5,162,251              | \$ 20,883,248  |
| 2021                       | 1,552,221                    | 3,736,401                          | 8,568,981               | 4,954,040                 | 18,811,643     |
| 2022                       | -                            | 2,182,637                          | 8,256,208               | 4,716,827                 | 15,155,672     |
| 2023                       | -                            | 1,576,076                          | 7,912,652               | 4,478,423                 | 13,967,151     |
| 2024                       | -                            | 740,484                            | 7,547,263               | 4,253,182                 | 12,540,929     |
| 2025-2029                  | -                            | 5,632,455                          | 31,417,812              | 18,574,217                | 55,624,484     |
| 2030-2034                  | -                            | 2,560,579                          | 20,197,432              | 13,620,286                | 36,378,297     |
| 2035-2039                  | -                            | 1,957,417                          | 10,892,261              | 8,346,658                 | 21,196,336     |
| 2040-2044                  | -                            | 1,315,797                          | 5,572,598               | 4,205,496                 | 11,093,891     |
| 2045-2049                  | -                            | 547,925                            | 2,005,399               | 1,181,700                 | 3,735,024      |
| 2050-2054                  | -                            | 7,241                              | 649,781                 | -                         | 657,022        |
| 2055-2059                  | -                            | -                                  | 5,925                   | -                         | 5,925          |
| Total                      | \$ 3,104,442                 | \$ 25,565,062                      | \$ 111,887,038          | \$ 69,493,080             | \$ 210,049,622 |

**NOTE 9 DERIVATIVE INSTRUMENTS**

At June 30, 2019, 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, 2019, 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 nine 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 fair value at any time.

*Fair value:* The termination value of all swaps had either a negative or positive fair value as of June 30, 2019. 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<br>Bond Issue       | Notional<br>Amounts   | Trade<br>Date | Terms   | Fair<br>Values         | Swap<br>Termination<br>Date | Counterparty/<br>Credit Rating     |
|--------------------------------|-----------------------|---------------|---|------------------------|-----------------------------|------------------------------------|
| Multifamily<br>2004 Series C   | \$ 7,725,000          | 11/5/2004     | Receive 63.3%<br>LIBOR + 0.19%,<br>pay 3.653% | \$ (152,962)           | 7/1/2036                    | MLCS, A2/A-/A+<br>(MLDP, Aa3/AA)   |
| Multifamily<br>2004 Series D   | 10,045,000            | 11/5/2004     | Receive 63.3%<br>LIBOR + 0.29%,<br>pay 3.76%  | (199,483)              | 7/1/2036                    | MLCS, A2/A-/A+<br>(MLDP, Aa3/AA)   |
| Single Family<br>2018 Series B | 8,450,000             | 6/10/2008     | Receive 63.6%<br>LIBOR + 0.31%,<br>pay 2.405% | (515,817)              | 7/1/2039                    | MLCS, A2/A-/A+<br>(MLDP, Aa3/AA)   |
| Multifamily<br>2011 Series A   | 29,590,000            | 4/3/2006      | Receive 64.0%<br>LIBOR + 0.19%,<br>pay 4.02%  | (3,378,520)            | 1/1/2049                    | MLCS, A2/A-/A+<br>(MLDP, Aa3/AA)   |
| Multifamily<br>2011 Series B   | 2,630,000             | 4/3/2006      | Receive 100%<br>LIBOR + 0.10%,<br>pay 6.067%  | (467,777)              | 1/1/2049                    | MLCS, A2/A-/A+<br>(MLDP, Aa3/AA)   |
| Chevy Chase<br>Lake FFB Hedge  | <b>63,885,042</b>     | 12/20/2016    | Receive 100%<br>LIBOR, pay<br>2.9091%         | (6,642,530)            | 9/1/2019                    | Barclays Bank, PLC<br>A2/A/A+      |
| Alexander House<br>FFB Hedge   | <b>70,100,000</b>     | 1/31/2017     | Receive 100%<br>LIBOR, pay<br>2.798%          | (6,135,517)            | 9/1/2019                    | Royal Bank of Canada<br>Aa2/AA-/AA |
| Upton II<br>(Construction)     | <b>50,001</b>         | 3/6/2019      | Receive 80%<br>LIBOR, pay<br>2.006%           | (313,060)              | 7/1/2022                    | Royal Bank of Canada<br>Aa2/AA-/AA |
| Upton II<br>(Permanent)        | <b>27,000,000</b>     | 3/6/2019      | Receive 70%<br>LIBOR, pay<br>2.39%            | (2,026,111)            | 7/1/2062                    | Royal Bank of Canada<br>Aa2/AA-/AA |
| Total                          | <u>\$ 219,475,043</u> |               |   | <u>\$ (19,831,777)</u> |                             |                                    |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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. Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payments under all of the Multifamily and Single Family swap agreements. As of June 30, 2019, 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 / December 31</u> | <u>Principal</u>      | <u>Interest</u>      |
|--|-----------------------|----------------------|
| 2020                                     | \$ 3,954,745          | \$ 3,839,477         |
| 2021                                     | 2,770,464             | 3,703,372            |
| 2022                                     | 2,823,738             | 3,557,055            |
| 2023                                     | 2,983,253             | 3,401,877            |
| 2024                                     | 3,151,204             | 3,237,308            |
| Thereafter                               | 203,676,014           | 41,002,688           |
| Total                                    | <u>\$ 219,359,418</u> | <u>\$ 58,741,777</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<br>Beginning<br>of Year | Additions    | Deletions      | Outstanding<br>End of Year | Amount Due<br>Within<br>One Year |
|----------------------|-------------------------------------|--------------|----------------|----------------------------|----------------------------------|
| Compensated Absences | \$ 1,920,854                        | \$ 1,714,866 | \$ (1,735,214) | \$ 1,900,506               | \$ 1,900,506                     |

**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, 2019. There is no set maturity date or repayment term on borrowings from the County for the projects.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019:

|   | Outstanding<br>Beginning<br>of Year | Issued<br>This Year  | Retired<br>This Year | Transfers<br>In / (Out) | Outstanding<br>End of Year | Amount Due<br>Within<br>One Year |
|---|-------------------------------------|----------------------|----------------------|-------------------------|----------------------------|----------------------------------|
| Opportunity Housing Sub-Fund                          | \$ 47,932,571                       | \$ 28,801,587        | \$ 1,014,724         | \$ 2,205,500            | \$ 77,924,934              | \$ 203,632                       |
| General Sub-Fund                                      | 10,162,971                          | 19,263,306           | -                    | -                       | 29,426,277                 | -                                |
| Total   | <u>\$ 58,095,542</u>                | <u>\$ 48,064,893</u> | <u>\$ 1,014,724</u>  | <u>\$ 2,205,500</u>     | <u>\$ 107,351,211</u>      | <u>\$ 203,632</u>                |
| Real Estate Limited<br>Partnership Component<br>Units | \$ 10,905,061                       | \$ -                 | \$ 284,691           | \$ (2,205,500)          | \$ 8,414,870               | \$ 218,743                       |

**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 (the License) 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. After the expiration of the initial term, the License was renewed on a month-to-month basis up to August 31, 2019, at the same monthly recurring fee of \$15,000.

Lease expense for the year ended June 30, 2019 for all office space was \$413,427. Future minimum lease obligations under these leases are as follows:

| <u>Years Ending June 30</u> | <u>Amount</u>     |
|-----------------------------|-------------------|
| 2020                        | \$ 255,807        |
| 2021                        | 232,581           |
| 2022                        | 239,559           |
| 2023                        | 246,745           |
| Total                       | <u>\$ 974,692</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019, 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                                  | 122,871              |
| Barclay Apartments                          | 107,948              |
| Bauer Park & Town Center                    | 521,941              |
| Elizabeth House III                         | 1,375,725            |
| Elizabeth House IV                          | 148,518              |
| Fenwick Silver Spring, LLC                  | 3,000,000            |
| Hillandale Gateway                          | 1,616,970            |
| Lindsay Ford                                | 1,567,286            |
| Pre-development Fund (Real Estate Division) | 318,768              |
| Shady Grove/Stewartown/Georgian Court       | 1,050,000            |
| Stewartown Homes                            | 34,878               |
| Upton II                                    | 168,426              |
| Westwood Towers                             | 60,380               |
| Willows RAD                                 | 96,250               |
| Total                                       | <u>\$ 10,199,562</u> |

*FHA Risk Sharing*

On January 9, 2019, the Commission approved a financing plan for the development of Upton II, a planned development in Rockville, which includes the funding of up to \$6,000,000 from the FHA Risk Share account. On February 22, 2019, the Commission authorized the increase of the loan from \$6,000,000 to a maximum of \$7,800,000 to cover increased construction and transaction costs. The loan shall accrue interest at the Applicable Federal Rate (AFR) for a term of up to 43 years until such time funds have been replaced or unobligated in the Opportunity Housing Reserve Fund.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019, the Commission paid 5.93% and the balance came from plan earnings.

Net Pension Liability

The Commission's net pension liability (NPL) of \$7,459,885 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined July 1, 2017, with the results rolled forward to a measurement date of June 30, 2018. 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 July 1, 2017. The Commission's employer allocation percentage is 3.865%.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 15 PENSION PLAN (CONTINUED)**

**(a) Employees' Retirement System (Continued)**

Actuarial Assumptions

|                                  |  |
|----------------------------------|--|
| Valuation Date                   | July 1, 2018   |
| Actuarial Cost Method            | Individual entry age normal  |
| Amortization Method for Funding  | Level percentage of payroll, separate closed period bases for Public safety and GRIP, single closed period amortization base for non-Public Safety   |
| Amortization Period for Funding  | For Public Safety and GRIP: Initial amortization period of 20 years for the base established July 1, 2015. Initial amortization period of 20 years for subsequent bases. For non-Public Safety: Single closed amortization period of 9 years established July 1, 2015. Average amortization period of 7 years for total ERS.                           |
| 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 Healthy Annuitant Mortality Table, sex-distinct, for healthy mortality. Rates are set forward six years for 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. |

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, 2018 (see the discussion of the System's investment policy) are summarized in the following table:

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 15 PENSION PLAN (CONTINUED)**

**(a) Employees' Retirement System (Continued)**

| <u>Asset Class</u>         | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------------|---|
| Domestic Equities          | 4.20%   |
| International Equities     | 4.20%   |
| Emerging Market Equities   | 4.20%   |
| Global Equities            | 4.45%   |
| Private Equity             | 5.98%   |
| Private Debt               | 4.70%   |
| High Yield Bonds           | 3.00%   |
| Directional Hedge Funds    | 4.05%   |
| Long Duration Fixed Income | 1.90%   |
| Cash                       | 0.10%   |
| Diversifying Hedge Funds   | 2.99%   |
| Global IL's                | 2.95%   |
| Private Real Assets        | 7.28%   |
| Public Real Assets         | 4.99%   |

*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.

**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, 2018. The supporting actuarial information is included in the June 30, 2018 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:

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 15 PENSION PLAN (CONTINUED)**

**(a) Employees' Retirement System (Continued)**

|  | 1% Decrease<br>(6.50)% | Current Discount<br>(7.50)% | 1% Increase<br>(8.50)% |
|--|------------------------|-----------------------------|------------------------|
| Total System Net Pension Liability (Asset) | \$ 664,799,737         | \$ 193,019,914              | \$ (213,081,741)       |
| Commission's Proportionate Share           | 25,693,357             | 7,459,885                   | (8,235,240)            |

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

For the year ended June 30, 2019, the Commission recognized pension expense of \$1,100,456. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience                                  | \$ 2,582                             | \$ 3,720,515                        |
| Changes of Assumptions  | -                                    | 54,469                              |
| Net Differences Between Projected and Actual Earning<br>on Pension Plan Investments | 1,812                                | -                                   |
| Change in Proportionate Share   | 3,924,167                            | 3,812,527                           |
| Contributions Made Subsequent to the Measurement Date                               | 1,501,891                            | -                                   |
| Total   | <u>\$ 5,430,452</u>                  | <u>\$ 7,587,511</u>                 |

The \$1,501,891 reported as deferred outflows of resources related to Commission pension contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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> |
|----------------------------|---------------|
| 2020                       | \$ 308,585    |
| 2021                       | (1,021,087)   |
| 2022                       | (2,255,600)   |
| 2023                       | (690,848)     |

**(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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 15 PENSION PLAN (CONTINUED)**

**(b) Defined Contribution Plan (Continued)**

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, 2019 totaled \$12,469,970. Commission and employee contributions to the plan totaled \$994,788 and \$507,103, respectively, for the year ended June 30, 2019.

**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.

**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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

Employees Covered by Benefit Terms

At June 30, 2018, 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 | 8,207         |
| Inactive plan members entitled to but not yet receiving benefit payments    | -             |
| Active plan members   | 10,206        |
| Total Plan Members  | <b>18,413</b> |

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 \$938,785 during fiscal year 2019. The Commission paid the annual required contribution to the (ARC) in fiscal year 2019 of \$2,050,985, which represents 100% of the Commission's required obligation.

Net OPEB Liability

The Commission's net OPEB liability of \$27,760,241 was measured as of June 30, 2018, 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, 2018. The Commission's employer allocation percentage is 2.0856%.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                                |   |
|--------------------------------|---|
| Valuation Date                 | July 1, 2018  |
| Measurement Date               | June 30, 2018   |
| Actuarial Cost Method          | Entry Age Normal  |
| Discount Rate                  | 6.26%   |
| 20 Yr. Municipal Bond Rate     | 3.87%   |
| 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<br>The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2017.   |
| Disabled Retirees              | The aggregate 2006 base rates from the RP-2014 mortality study projected generationally from 2006 with Scale MP-2017 (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:  |   |
| Medical (no Indemnity) pre-65  | <u>Initial</u> 7.76% <u>Ultimate</u> 4.50%  |
| Medical (no Indemnity) post-65 | 7.68% 4.50%   |
| Medical (Indemnity) pre-65     | 8.27% 4.50%   |
| Medical (Indemnity) post-65    | 7.39% 4.50%   |
| Dental                         | 4.50% 4.50%   |

The actuarial assumptions used in the June 30, 2018 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2018 are summarized in the following table:

| Asset Class                | Long-Term Expected<br>Real Rate of Return |
|----------------------------|---|
| Domestic Equities          | 4.20%                                     |
| International Equities     | 4.20%                                     |
| Emerging Market Equities   | 4.20%                                     |
| Global Equities            | 4.45%                                     |
| Private Equity             | 5.98%                                     |
| Private Debt               | 4.70%                                     |
| High Yield Bonds           | 3.00%                                     |
| Directional Hedge Funds    | 4.05%                                     |
| Long Duration Fixed Income | 1.90%                                     |
| Cash                       | 0.10%                                     |
| Diversifying Hedge Funds   | 2.99%                                     |
| Global IL's                | 2.95%                                     |
| Private Real Assets        | 7.28%                                     |
| Public Real Assets         | 4.99%                                     |

*Discount Rate.* A single discount rate of 6.26% was used to measure the total OPEB liability as of June 30, 2018. This single discount rate was blended based on the expected long-term rate of return on OPEB plan investments of 7.50% and the municipal long term high quality bond index yield (at the measurement date) of 3.87% 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 rate used as of June 30, 2018 was 3.87%. Therefore, the blended discount rate used as of June 30, 2018 was 6.26%.

*Additional Financial and Actuarial Information*

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer (including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements) is located in the Montgomery County Consolidated Retiree Health Benefit Trust Financial Statements and Supplementary Information for the fiscal year ended June 30, 2018. The supporting actuarial information is included in the June 30, 2018 actuarial valuation titled GASB Statements No. 74 and 75 *Accounting and Financial Reporting for OPEB*. 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.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 6.26 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 (5.26 percent) or 1-percentage-point higher (7.26 percent) than the current discount rate:

|                                  | 1% Decrease<br>(5.26)% | Current Discount<br>(6.26)% | 1% Increase<br>(7.26)% |
|----------------------------------|------------------------|-----------------------------|------------------------|
| Total Net OPEB Liability         | \$ 1,640,151,739       | \$ 1,331,063,883            | \$ 1,086,195,996       |
| Commission's Proportionate Share | 34,206,478             | 27,760,241                  | 22,653,355             |

*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         | \$ 1,074,130,884 | \$ 1,331,063,883 | \$ 1,658,954,593 |
| Commission's Proportionate Share | 22,401,729       | 27,760,241       | 34,598,624       |

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

For the year ended June 30, 2019, the Commission recognized an OPEB expense of \$1,112,200. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience                                     | \$ -                                 | \$ 373,913                          |
| Changes of Assumptions   | -                                    | 8,830,557                           |
| Net Differences Between Projected and Actual Earning<br>on OPEB Plan Investments       | -                                    | 303,257                             |
| Differences Between Employer Contributions and<br>Proportionate Share of Contributions | 5,238,239                            | -                                   |
| Contributions Made Subsequent to the Measurement Date                                  | 2,050,985                            | -                                   |
| Total  | <u>\$ 7,289,224</u>                  | <u>\$ 9,507,727</u>                 |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)**

The \$2,050,985 reported as deferred outflows of resources related to Commission OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

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

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2020                       | \$ (747,985)  |
| 2021                       | (747,985)     |
| 2022                       | (747,985)     |
| 2023                       | (719,240)     |
| 2024                       | (706,754)     |
| Total Thereafter           | (599,539)     |

**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 losses related to torts; thefts 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 comprehensive general liability (CGL), automobile and professional liability, fire and theft, the liability for errors, omissions, worker's compensation and other selected areas which require coverage. Additionally, commercial insurance is purchased for property, CGL and automobile claims that are not covered by the County self-insurance fund. The Commission's liability for claims includes a deductible of up to \$250,000 for property claims. There is no deductible for CGL.

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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, 2019 are summarized below:

|                                      |                       |
|--------------------------------------|-----------------------|
| Bonds Outstanding, Beginning of Year | \$ 210,536,962        |
| Issuances During the Year            | -                     |
| Redemptions During the Year          | <u>(20,433,752)</u>   |
| Bonds Outstanding, End of Year       | <u>\$ 190,103,210</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, 2019, there was no arbitrage rebate liability calculated.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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. 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. 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.

*Statement No. 91 – Conduit Debt Obligations*

The primary objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement is effective for the period ending June 30, 2022.

**NOTE 22 SUBSEQUENT EVENTS**

*9845 Lost Knife Road Refinancing*

HOC purchased Cider Mill Apartments, an 864-unit property located in Gaithersburg, Maryland in February 2018. Adjacent to the Cider Mill Apartments 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 came to market and was purchased by HOC in December, 2018. The acquisition price of the Lost Knife Property was \$3,631,907 and was financed through a draw on the PNC Bank RELOC.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 22 SUBSEQUENT EVENTS (CONTINUED)**

*9845 Lost Knife Road Refinancing (continued)*

In August, 2019 HOC refinanced the draw on the PNC Bank RELOC with a \$2 million conventional loan from Sandy Spring Bank for 10 years; and a \$1.7 million draw from the HOC Bond Fund Account. The property currently generates revenue from a day care lease, which is sufficient to pay interest on the loan. HOC is evaluating potential improvements to the site that could add value to the community and residents of Cider Mill Apartments.

*Year 15 Low Income Housing Tax Credit Property Acquisition*

As of June 30, 2019 HOC had five 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 as owners of the limited partnerships. The portfolio comprises 908 multifamily units (465 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 five 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.

HOC has reached agreement with the investor limited partners (ILP) for these transactions and is completing the necessary documentation whereby the ILP will exit each transaction via buyout provisions of the limited partnership agreements. Once completed, the individual ILP interest will transfer to HOC Year15 LLC, a wholly owned and controlled entity of HOC.

*Program Revenue Bond Issuance*

In July, 2019, HOC established a General Trust Indenture, a multiple program indenture, which allows for the issuance of taxable or tax-exempt bonds to finance the HOC's Bond Program. The bonds may be: (a) private activity bonds, which require volume cap, that directly fund privately owned rental housing and first-time homebuyer single family mortgage loans; or (b) governmental bonds that finance or reimburse capital expenditures of HOC. Under the General Trust Indenture, when governmental bonds are issued to finance or reimburse HOC for the incurrence of capital expenditures, other funds are then made available to fund its Bond Program.

HOC subsequently issued \$44.1 million in Program Revenue Bonds under the new General Trust Indenture. This first issuance consisted of \$15.8 million in refunding bonds and \$28.3 million of governmental bonds to reimburse HOC for funds used to finance a portion of the costs of Cider Mill Apartments, a multifamily development owned by the Commission.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 22 SUBSEQUENT EVENTS (CONTINUED)**

*Permanent Financing for Glenmont Crossing and Glenmont Westerly*

Glenmont Crossing was purchased by Glenmont Crossing Development Corporation, a wholly owned instrumentality of HOC on December 20, 2012. Glenmont Crossing is a 97 unit, mixed income, townhome rental community located in Silver Spring, Maryland. The Commission approved acquiring the property pursuant to its Right of First Refusal, and on December 4, 2012, the Commission approved a financing plan which authorized the creation of the development corporation and approved the assumption of its Fannie Mae loan through CBRE Multifamily Capital, Inc. (CBRE).

The property was purchased for \$15.7 million with total transaction costs of approximately \$16.7 million. Sources included the aforementioned CBRE debt, a supplemental loan from CBRE, a loan from HOC's Opportunity Housing Reserve Fund (OHRF), and a Montgomery County, Maryland loan funded via a Community Development Block Grant (CDBG).

The CBRE loans mature on November 1, 2019. The Property will be permanently financed through the combined use of proceeds from the issuance of an up to \$14.1 million permanent, taxable loan funded by the Federal Financing Bank (FFB) with mortgage insurance provided by FHA in accordance with its Risk Sharing Agreement with HOC and assumption of the subordinate County CDBG loan.

Glenmont Westerly was purchased by Glenmont Westerly Development Corporation, a wholly owned instrumentality of HOC on December 20, 2012. Glenmont Westerly is a 102-unit, mixed-income garden apartment community located in Silver Spring, Maryland. The Commission approved acquiring the property pursuant to its Right of First Refusal, and on December 4, 2012, the Commission approved a financing plan which authorized the creation of the development corporation and approved the assumption of its Fannie Mae loan, through CBRE.

The Property was purchased for \$12.2 million with total transaction costs of approximately \$14.8 million. Sources included the aforementioned CBRE debt, loans from HOC's OHRF and its FHA Risk Share Reserves, and a Montgomery County, Maryland loan funded via its Housing Initiative Fund (HIF).

The CBRE loans mature on November 1, 2019. The property will be permanently financed through the combined use of proceeds from the issuance of an up to \$14 million permanent, taxable loan funded by the FFB with mortgage insurance provided by FHA in accordance with its Risk Sharing Agreement with HOC and assumption of \$1.5 million of the subordinate County HIF loan.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 22 SUBSEQUENT EVENTS (CONTINUED)**

*Termination of Interest Rate Hedge with Royal Bank of Canada (Alexander House) and Barclays Bank, PLC (The Lindley)*

On December 7, 2016, the Commission approved the financing plan for Alexander House, a 305-unit, mixed-income 16 story apartment community with 6,136 square feet of ground-floor public space, located in Silver Spring, Maryland. The financing plan allowed a construction loan not to exceed \$76 million and a permanent loan commitment not to exceed \$70.1 million. The Commission further approved the authorization to execute an Interest Rate Hedge Agreement with the Royal Bank of Canada (RBC) to mitigate the risk during the renovation and stabilization period.

HOC entered into a Hedge Agreement with RBC for a face amount of \$70.1 million with a mandatory termination date of September 1, 2019 at a projected settlement cost of \$2,687,992 to coincide with the expected closing of the permanent financing with a FFB mortgage insured by FHA under its Risk Share Program.

In 2016, the Commission approved a Final Development and Financing Plan for The Lindley, a newly constructed 200-unit, income restricted apartment community in Chevy Chase, Maryland adjacent to the future WMATA Metro Station (Purple Line, expected to open in 2023).

Pursuant to the Financing Plan, a permanent loan commitment of up to \$63,885,042 with the FFB with credit enhancement by FHA under its Risk Share Agreement with HOC was issued and an interest rate hedge with Barclays Bank, PLC (Barclays) for the same amount, was executed with a mandatory termination date of September 1, 2019 to coincide with the expected closing of the permanent financing.

The two most significant sources of basis risk are changing spreads between LIBOR and U.S. Treasury yields and how market implied volatility would impact the option pricing of the FFB rate. To the extent that there is not a perfect match in the movement of rates, the cost of terminating the swap could increase or decrease.

Both hedges performed as expected, however interest rates were volatile and declined significantly over the last few months leading up to the swap termination date due to macro events as the U.S./China trade war, currency manipulations, interest rate cuts by the Federal Reserve Bank of United States, and concern of a recession.

As a result, HOC was required to make termination payments on the interest rate hedge agreements with both RBC and Barclays. HOC's termination payment on September 5, 2019 to RBC was \$12,590,000. HOC funded the payment from the PNC LOC which will be paid back from excess mortgage funds at closing, future development fee income, and the spread between the mortgage interest rate and the FFB interest rate.

HOC's termination payment on September 5, 2019 to Barclays was \$12,701,474. HOC funded the payment from the PNC LOC which will be paid back from excess mortgage funds at closing, and the spread between the mortgage interest rate and the FFB interest rate.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 22 SUBSEQUENT EVENTS (CONTINUED)**

*Multifamily Housing Development Bond Issuance (\$52,865,000 2019 Series A-1 (Non-AMT) \$2,135,000 2019 Series A-2 (Non-AMT)).*

In September, 2019 HOC issued \$55,000,000 Multifamily Housing Development Bonds to provide construction and permanent financing for Elizabeth House III, a multifamily development in Silver Spring, Maryland. The tax-exempt indebtedness will be funded via a loan from PNC Bank, N.A. to HOC as a conduit loan, which will in turn lend those funds to the Elizabeth House III LP as a construction loan. HOC anticipates closing on the conduit loan with PNC Bank, NA on or around October 31, 2019.

*Fenwick & Second*

HOC has been exploring options for a permanent office building for several years. The southeastern corner of Fenwick Lane and Second Avenue in downtown Silver Spring, which is comprised of three aggregate lots was brought to the attention of HOC as a possible site for the new headquarters building. The three lots, which are currently owned by Fenwick Silver Spring, LLC which is an entity sharing common ownership with Promark Partners (Promark Partners) and along with a 2,200 square foot parcel of land currently owned by the Department of Transportation, which would be purchased by Fenwick Silver Spring, LLC at closing, would constitute the entire development site, subject to a long-term ground lease with Promark Partners.

Promark Partners proposed a sixty-year ground lease with two 15-year extensions available. Beginning in year 16, HOC would have the right to purchase the land at a price equal to the annual ground lease payment for the 16th year capitalized at a 6.00% rate. In April 2019, HOC's Commission approved the execution of the ground lease with Promark Partners and the selection of an architect to complete the design and construction administration and the selection of Promark Partners to provide the development services of the headquarters building. The new HOC headquarters building at Fenwick & Second will be approximately 85,000 gross square feet and will include leasable retail (6,500 square feet) and commercial (27,000 square feet) space from which to generate income. In August 2019, HOC signed the ground lease with Promark Partners.

*Shady Grove*

HOC was approached to evaluate the potential acquisition of the land for the proposed Phase II of the West Side at Shady Grove development, a planned 266-unit luxury mixed-use community steps away from the Washington Metropolitan Area Transit Authority's (WMATA) Red Line-Shady Grove Station. The development builds upon the success of The Daley at Shady Grove and marks the second multifamily phase in the dramatic 90-acre master-planned redevelopment of Montgomery County's County Service Park.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 22 SUBSEQUENT EVENTS (CONTINUED)**

*Shady Grove (continued)*

This opportunity will deliver a high-quality, mixed-income & mixed-use development in an Upcounty location that is transit-orientated and well-situated within a service-rich environment where HOC does not currently have newly constructed units. The development will consist of 266 residential units including 67 moderately priced dwelling units and 13 workforce housing units, 9,200 square feet of ground floor amenity space, 22,000 square feet of retail space and a 5-story above-grade parking garage. The development also provides HOC the opportunity to relocate its existing Upcounty Service Center within one of the proposed retail units by occupying approximately 8,000 square feet.

Subject to Commission approval on November 6, 2019, HOC expects to execute all related documents to assume all rights and obligations under the terms of the Purchase and Sale Agreement for the acquisition of the underlying land currently under contract by two independent third parties at the closing by November 15, 2019.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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        |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>     |                         |                      |                     |                      |                      |                      |                      |                      |                      |
| Cash                                    | \$ 149,870              | \$ 787,484           | \$ -                | \$ 5,280,510         | \$ 1,922,124         | \$ 1,858,132         | \$ 458,210           | \$ 272,194           | \$ 115,164           |
| Restricted Cash                         | 619,920                 | 9,366,876            | 20,960              | 1,088,704            | 53,550               | 1,744,038            | 1,103,084            | 441,269              | 563,702              |
| Current Assets                          | 49,129                  | 1,820,861            | 3,777               | 12,481,651           | 34,553               | 163,240              | 85,283               | 876,439              | 1,861,641            |
| Noncurrent Assets                       | -                       | 16,055,750           | -                   | -                    | -                    | -                    | -                    | 9,090,110            | -                    |
| Capital Assets                          | 2,859,499               | 31,652,898           | 1,134,833           | 16,900,367           | 75,302               | 17,486,853           | 15,580,420           | -                    | 26,698,742           |
| Deferred Outflows                       | -                       | -                    | 19,659              | -                    | 59,315               | -                    | -                    | -                    | -                    |
| Total Assets and Deferred Outflows      | <u>3,678,418</u>        | <u>59,683,869</u>    | <u>1,179,229</u>    | <u>35,751,232</u>    | <u>2,144,844</u>     | <u>21,252,263</u>    | <u>17,226,997</u>    | <u>10,680,012</u>    | <u>29,239,249</u>    |
| <b>LIABILITIES AND DEFERRED INFLOWS</b> |                         |                      |                     |                      |                      |                      |                      |                      |                      |
| Current Liabilities                     | 386,137                 | 3,234,348            | 936,401             | 1,450,427            | 1,313,845            | 2,283,176            | 662,102              | 1,232,375            | 1,465,786            |
| Noncurrent Liabilities                  | 2,979,407               | 45,481,295           | 57,167              | 21,782,978           | 68,473               | 19,024,741           | 15,140,368           | 9,654,274            | 35,935,744           |
| Deferred Inflows                        | -                       | -                    | -                   | -                    | -                    | -                    | -                    | -                    | -                    |
| Total Liabilities and Deferred Inflows  | <u>3,365,544</u>        | <u>48,715,643</u>    | <u>993,568</u>      | <u>23,233,405</u>    | <u>1,382,318</u>     | <u>21,307,917</u>    | <u>15,802,470</u>    | <u>10,886,649</u>    | <u>37,401,530</u>    |
| <b>NET POSITION</b>                     |                         |                      |                     |                      |                      |                      |                      |                      |                      |
| Net Investment in Capital Assets        | (315,237)               | (13,828,397)         | 1,134,833           | (4,882,611)          | 75,302               | (1,749,277)          | (9,875)              | (1,282,936)          | (5,697,179)          |
| Restricted                              | 499,696                 | 9,328,600            | 15,550              | 870,952              | 32,051               | 1,676,418            | 1,041,895            | 379,472              | 492,578              |
| Unrestricted                            | 128,415                 | 15,468,023           | (964,722)           | 16,529,486           | 655,173              | 17,205               | 392,507              | 696,827              | (2,957,680)          |
| Total Net Position                      | <u>312,874</u>          | <u>10,968,226</u>    | <u>185,661</u>      | <u>12,517,827</u>    | <u>762,526</u>       | <u>(55,654)</u>      | <u>1,424,527</u>     | <u>(206,637)</u>     | <u>(8,162,281)</u>   |
| Total Liabilities and Net Position      | <u>\$ 3,678,418</u>     | <u>\$ 59,683,869</u> | <u>\$ 1,179,229</u> | <u>\$ 35,751,232</u> | <u>\$ 2,144,844</u>  | <u>\$ 21,252,263</u> | <u>\$ 17,226,997</u> | <u>\$ 10,680,012</u> | <u>\$ 29,239,249</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|   | Blended Component Units |                                 |                     |                       |                       |                       |                      |                      |                      |
|---|-------------------------|---------------------------------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
|   | Paddington<br>Square    | HOC at<br>Hillandale<br>Gateway | Chevy<br>Chase      | Barclay<br>Apartments | Scattered<br>Site One | Scattered<br>Site Two | VPC One              | VPC Two              | Glenmont<br>Crossing |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>     |                         |                                 |                     |                       |                       |                       |                      |                      |                      |
| Cash                                    | \$ 805,613              | \$ -                            | \$ 279,102          | \$ 115,679            | \$ -                  | \$ -                  | \$ 100               | \$ -                 | \$ 1,228,982         |
| Restricted Cash                         | 1,037,983               | -                               | 796,805             | 541,814               | 3,563,519             | 1,269,019             | 3,643,816            | 2,365,371            | 726,875              |
| Current Assets                          | 74,982                  | 173,431                         | 6,461,649           | 1,431,064             | 6,570,994             | 2,994,876             | 2,508,982            | 793,414              | 33,295               |
| Noncurrent Assets                       | -                       | -                               | -                   | -                     | -                     | -                     | -                    | -                    | -                    |
| Capital Assets                          | 19,705,336              | 1,269,625                       | 86,555              | 6,742,497             | 10,010,669            | 4,357,012             | 40,396,763           | 27,764,334           | 13,946,243           |
| Deferred Outflows                       | 91,800                  | -                               | -                   | -                     | -                     | 48,048                | 342,029              | 240,357              | -                    |
| Total Assets and Deferred Outflows      | <u>21,715,714</u>       | <u>1,443,056</u>                | <u>7,624,111</u>    | <u>8,831,054</u>      | <u>20,145,182</u>     | <u>8,668,955</u>      | <u>46,891,690</u>    | <u>31,163,476</u>    | <u>15,935,395</u>    |
| <b>LIABILITIES AND DEFERRED INFLOWS</b> |                         |                                 |                     |                       |                       |                       |                      |                      |                      |
| Current Liabilities                     | 2,473,526               | 63,613                          | 214,827             | 521,067               | 714,253               | 53,872                | 901,676              | 866,905              | 10,662,545           |
| Noncurrent Liabilities                  | 24,813,989              | 1,756,387                       | 6,460,838           | 10,347,590            | 7,729,441             | 4,993,674             | 32,128,259           | 22,795,776           | 2,023,400            |
| Deferred Inflows                        | 64,553                  | -                               | -                   | -                     | -                     | 35,587                | 268,663              | 179,375              | -                    |
| Total Liabilities and Deferred Inflows  | <u>27,352,068</u>       | <u>1,820,000</u>                | <u>6,675,665</u>    | <u>10,868,657</u>     | <u>8,443,694</u>      | <u>5,083,133</u>      | <u>33,298,598</u>    | <u>23,842,056</u>    | <u>12,685,945</u>    |
| <b>NET POSITION</b>                     |                         |                                 |                     |                       |                       |                       |                      |                      |                      |
| Net Investment in Capital Assets        | (5,738,758)             | (486,762)                       | (6,374,284)         | (3,605,093)           | 2,067,257             | (636,662)             | 8,268,504            | 4,968,558            | 1,382,297            |
| Restricted                              | 946,711                 | -                               | 796,805             | 490,551               | 3,505,822             | 1,251,131             | 3,549,415            | 2,305,807            | 694,711              |
| Unrestricted                            | (844,307)               | 109,818                         | 6,525,925           | 1,076,939             | 6,128,409             | 2,971,353             | 1,775,173            | 47,055               | 1,172,442            |
| Total Net Position                      | <u>(5,636,354)</u>      | <u>(376,944)</u>                | <u>948,446</u>      | <u>(2,037,603)</u>    | <u>11,701,488</u>     | <u>3,585,822</u>      | <u>13,593,092</u>    | <u>7,321,420</u>     | <u>3,249,450</u>     |
| Total Liabilities and Net Position      | <u>\$ 21,715,714</u>    | <u>\$ 1,443,056</u>             | <u>\$ 7,624,111</u> | <u>\$ 8,831,054</u>   | <u>\$ 20,145,182</u>  | <u>\$ 8,668,955</u>   | <u>\$ 46,891,690</u> | <u>\$ 31,163,476</u> | <u>\$ 15,935,395</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|   | Blended Component Units |                     |                      |                       |                     |                     |                     |                     |                     |
|---|-------------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | Glenmont<br>Westerly    | Magruders           | RAD 6                | Community<br>Partners | Ambassador          | MHLP VII            | MHLP VIII           | Diamond<br>Square   | Brookside<br>Glen   |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>     |                         |                     |                      |                       |                     |                     |                     |                     |                     |
| Cash                                    | \$ 1,233,951            | \$ 400              | \$ 200               | \$ 415,662            | \$ 142,202          | \$ -                | \$ 1,256            | \$ 56,473           | \$ 508,952          |
| Restricted Cash                         | 1,517,105               | 516,387             | 1,159,017            | -                     | 893,758             | 23,925              | 31,670              | 2,384,044           | 951,960             |
| Current Assets                          | 18,385                  | 225,214             | 3,897,596            | -                     | -                   | 26,086              | 25,831              | 77,468              | 176,286             |
| Noncurrent Assets                       | -                       | -                   | -                    | -                     | -                   | -                   | -                   | -                   | -                   |
| Capital Assets                          | 11,020,788              | 5,577,838           | 28,118,477           | -                     | 3,682,734           | 1,791,524           | 2,211,276           | 3,465,221           | 6,872,819           |
| Deferred Outflows                       | -                       | -                   | -                    | -                     | -                   | -                   | -                   | -                   | -                   |
| Total Assets and Deferred Outflows      | <u>13,790,229</u>       | <u>6,319,839</u>    | <u>33,175,290</u>    | <u>415,662</u>        | <u>4,718,694</u>    | <u>1,841,535</u>    | <u>2,270,033</u>    | <u>5,983,206</u>    | <u>8,510,017</u>    |
| <b>LIABILITIES AND DEFERRED INFLOWS</b> |                         |                     |                      |                       |                     |                     |                     |                     |                     |
| Current Liabilities                     | 6,708,687               | 435,920             | 5,821,908            | 1,390                 | 3,354,596           | 2,908,774           | 3,074,735           | 139,523             | 616,463             |
| Noncurrent Liabilities                  | 2,752,183               | 9,909,046           | 22,064,848           | -                     | 4,060,106           | -                   | -                   | 5,806,446           | 6,043,365           |
| Deferred Inflows                        | -                       | -                   | 173,099              | -                     | -                   | -                   | -                   | -                   | -                   |
| Total Liabilities and Deferred Inflows  | <u>9,460,870</u>        | <u>10,344,966</u>   | <u>28,059,855</u>    | <u>1,390</u>          | <u>7,414,702</u>    | <u>2,908,774</u>    | <u>3,074,735</u>    | <u>5,945,969</u>    | <u>6,659,828</u>    |
| <b>NET POSITION</b>                     |                         |                     |                      |                       |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets        | 1,643,108               | (4,880,133)         | 5,488,676            | -                     | (377,372)           | 1,791,524           | 2,211,276           | (2,400,119)         | 829,454             |
| Restricted                              | 1,494,459               | 445,433             | 1,070,013            | -                     | 893,758             | 12,463              | 15,423              | 2,341,701           | 895,722             |
| Unrestricted                            | 1,191,792               | 409,573             | (1,443,254)          | 414,272               | (3,212,394)         | (2,871,226)         | (3,031,401)         | 95,655              | 125,013             |
| Total Net Position                      | <u>4,329,359</u>        | <u>(4,025,127)</u>  | <u>5,115,435</u>     | <u>414,272</u>        | <u>(2,696,008)</u>  | <u>(1,067,239)</u>  | <u>(804,702)</u>    | <u>37,237</u>       | <u>1,850,189</u>    |
| Total Liabilities and Net Position      | <u>\$ 13,790,229</u>    | <u>\$ 6,319,839</u> | <u>\$ 33,175,290</u> | <u>\$ 415,662</u>     | <u>\$ 4,718,694</u> | <u>\$ 1,841,535</u> | <u>\$ 2,270,033</u> | <u>\$ 5,983,206</u> | <u>\$ 8,510,017</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|   | Blended Component Units |                              |                     |                           |                            |                     |                           |                     |                     |
|---|-------------------------|------------------------------|---------------------|---------------------------|----------------------------|---------------------|---------------------------|---------------------|---------------------|
|   | MV<br>Gateway           | HOC at<br>Wheaton<br>Gateway | Manchester<br>Manor | Shady Grove<br>Apartments | Willows of<br>Gaithersburg | Camp Hill<br>Square | HOC at CCL<br>Multifamily | MHLP IX             | MHLP X              |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>     |                         |                              |                     |                           |                            |                     |                           |                     |                     |
| Cash                                    | \$ 3,807,011            | \$ -                         | \$ 259,623          | \$ 1,510,272              | \$ 14,701                  | \$ 100              | \$ -                      | \$ 9,419            | \$ -                |
| Restricted Cash                         | 7,971,651               | -                            | 176,331             | 836,960                   | 1,411,122                  | 483,018             | -                         | 134,945             | 148,031             |
| Current Assets                          | 564,711                 | -                            | 22,915              | 26,116                    | 393,963                    | 873,449             | -                         | 51,836              | 156,376             |
| Noncurrent Assets                       | -                       | -                            | -                   | -                         | -                          | -                   | 10,156,431                | -                   | -                   |
| Capital Assets                          | 139,428,619             | 12,150,877                   | 1,325,277           | 5,217,594                 | 4,511,383                  | 536,561             | -                         | 4,198,950           | 1,885,877           |
| Deferred Outflows                       | -                       | -                            | -                   | -                         | -                          | -                   | -                         | -                   | -                   |
| Total Assets and Deferred Outflows      | <u>151,771,992</u>      | <u>12,150,877</u>            | <u>1,784,146</u>    | <u>7,590,942</u>          | <u>6,331,169</u>           | <u>1,893,128</u>    | <u>10,156,431</u>         | <u>4,395,150</u>    | <u>2,190,284</u>    |
| <b>LIABILITIES AND DEFERRED INFLOWS</b> |                         |                              |                     |                           |                            |                     |                           |                     |                     |
| Current Liabilities                     | 4,610,420               | 189,008                      | 1,254,300           | 574,306                   | 1,293,639                  | 84,555              | 423,496                   | 4,703,302           | 211,328             |
| Noncurrent Liabilities                  | 149,182,524             | 12,128,595                   | 2,017,151           | 4,151,932                 | 2,447,480                  | -                   | 9,374,665                 | 5,865,761           | 5,206,513           |
| Deferred Inflows                        | -                       | -                            | -                   | -                         | -                          | -                   | -                         | -                   | -                   |
| Total Liabilities and Deferred Inflows  | <u>153,792,944</u>      | <u>12,317,603</u>            | <u>3,271,451</u>    | <u>4,726,238</u>          | <u>3,741,119</u>           | <u>84,555</u>       | <u>9,798,161</u>          | <u>10,569,063</u>   | <u>5,417,841</u>    |
| <b>NET POSITION</b>                     |                         |                              |                     |                           |                            |                     |                           |                     |                     |
| Net Investment in Capital Assets        | (9,753,904)             | 22,282                       | (691,874)           | 1,065,662                 | 2,063,903                  | 536,561             | 781,766                   | (1,666,811)         | (3,320,636)         |
| Restricted                              | 7,751,410               | -                            | 151,751             | 776,976                   | 1,261,262                  | 451,648             | -                         | 93,338              | 123,583             |
| Unrestricted                            | (18,458)                | (189,008)                    | (947,182)           | 1,022,066                 | (735,115)                  | 820,364             | (423,496)                 | (4,600,440)         | (30,504)            |
| Total Net Position                      | <u>(2,020,952)</u>      | <u>(166,726)</u>             | <u>(1,487,305)</u>  | <u>2,864,704</u>          | <u>2,590,050</u>           | <u>1,808,573</u>    | <u>358,270</u>            | <u>(6,173,913)</u>  | <u>(3,227,557)</u>  |
| Total Liabilities and Net Position      | <u>\$ 151,771,992</u>   | <u>\$ 12,150,877</u>         | <u>\$ 1,784,146</u> | <u>\$ 7,590,942</u>       | <u>\$ 6,331,169</u>        | <u>\$ 1,893,128</u> | <u>\$ 10,156,431</u>      | <u>\$ 4,395,150</u> | <u>\$ 2,190,284</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|   | Blended Component Units    |                           |                             |                     |                      |                       |                         |
|---|----------------------------|---------------------------|-----------------------------|---------------------|----------------------|-----------------------|-------------------------|
|   | The Manors at<br>Fair Hill | The Manors at<br>Cloppers | The Manors at<br>Colesville | HOC at<br>Upton II  | 900 Thayer<br>Avenue | Primary<br>Government | Total                   |
| <b>ASSETS AND DEFERRED OUTFLOWS</b>     |                            |                           |                             |                     |                      |                       |                         |
| Cash                                    | \$ 300,930                 | \$ 347,044                | \$ 282,903                  | \$ -                | \$ -                 | \$ 69,745,148         | \$ 91,909,411           |
| Restricted Cash                         | 678,938                    | 626,269                   | 569,247                     | 5,000               | -                    | 71,296,343            | 120,763,026             |
| Current Assets                          | 25,208                     | 15,923                    | 17,910                      | 86,453              | 2,495,433            | 19,102,548            | 66,698,968              |
| Noncurrent Assets                       | -                          | -                         | -                           | -                   | 6,803,923            | 358,273,145           | 400,379,359             |
| Capital Assets                          | 17,908,205                 | 17,407,747                | 13,327,350                  | 9,264,421           | 6,226,509            | 141,817,098           | 674,615,093             |
| Deferred Outflows                       | -                          | -                         | -                           | -                   | -                    | 31,750,245            | 32,551,453              |
| Total Assets and Deferred Outflows      | <u>18,913,281</u>          | <u>18,396,983</u>         | <u>14,197,410</u>           | <u>9,355,874</u>    | <u>15,525,865</u>    | <u>691,984,527</u>    | <u>1,386,917,310</u>    |
| <b>LIABILITIES AND DEFERRED INFLOWS</b> |                            |                           |                             |                     |                      |                       |                         |
| Current Liabilities                     | 504,412                    | 524,633                   | 416,655                     | 103,090             | -                    | 26,314,496            | 93,706,517              |
| Noncurrent Liabilities                  | 18,578,723                 | 18,306,388                | 13,911,962                  | 9,254,300           | 15,528,295           | 465,198,046           | 1,044,962,130           |
| Deferred Inflows                        | -                          | -                         | -                           | -                   | -                    | 16,373,961            | 17,095,238              |
| Total Liabilities and Deferred Inflows  | <u>19,083,135</u>          | <u>18,831,021</u>         | <u>14,328,617</u>           | <u>9,357,390</u>    | <u>15,528,295</u>    | <u>507,886,503</u>    | <u>1,155,763,885</u>    |
| <b>NET POSITION</b>                     |                            |                           |                             |                     |                      |                       |                         |
| Net Investment in Capital Assets        | (670,518)                  | (898,641)                 | (584,612)                   | 10,121              | (9,301,786)          | (41,200,805)          | (86,013,198)            |
| Restricted                              | 632,227                    | 596,531                   | 532,779                     | 5,000               | -                    | 54,696,993            | 102,120,635             |
| Unrestricted                            | (131,563)                  | (131,928)                 | (79,374)                    | (16,637)            | 9,299,356            | 170,601,836           | 215,045,988             |
| Total Net Position                      | <u>(169,854)</u>           | <u>(434,038)</u>          | <u>(131,207)</u>            | <u>(1,516)</u>      | <u>(2,430)</u>       | <u>184,098,024</u>    | <u>231,153,425</u>      |
| Total Liabilities and Net Position      | <u>\$ 18,913,281</u>       | <u>\$ 18,396,983</u>      | <u>\$ 14,197,410</u>        | <u>\$ 9,355,874</u> | <u>\$ 15,525,865</u> | <u>\$ 691,984,527</u> | <u>\$ 1,386,917,310</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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         |
| <b>OPERATING REVENUES</b>                        |                         |                      |                   |                      |                      |                    |                     |                     |                       |
| Tenant Revenue                                   | \$ 1,367,278            | \$ 1,949,381         | \$ 241,714        | \$ 6,675,600         | \$ 848,284           | \$ 2,690,304       | \$ 2,858,286        | \$ 1,856,702        | \$ 2,567,395          |
| Other Revenues                                   | 6,962                   | 972,592              | 1,651             | 12,894               | 5,917                | 7,235              | 46,708              | 9,236               | 9,388                 |
| Total Operating Revenues                         | <u>1,374,240</u>        | <u>2,921,973</u>     | <u>243,365</u>    | <u>6,688,494</u>     | <u>854,201</u>       | <u>2,697,539</u>   | <u>2,904,994</u>    | <u>1,865,938</u>    | <u>2,576,783</u>      |
| <b>OPERATING EXPENSES</b>                        |                         |                      |                   |                      |                      |                    |                     |                     |                       |
| Housing Assistance Payments                      | -                       | -                    | -                 | -                    | -                    | -                  | -                   | -                   | -                     |
| Administrative                                   | 230,898                 | 446,637              | 76,260            | 753,384              | 184,198              | 416,352            | 316,540             | 276,200             | 299,582               |
| Utilities  | 82,941                  | 225,498              | 2,787             | 414,091              | 3,458                | 175,135            | 153,703             | 117,146             | 67,326                |
| Ordinary Maintenance and Operations              | 349,905                 | 375,664              | 141,208           | 734,200              | 252,043              | 313,794            | 395,212             | 423,302             | 312,422               |
| General Expenses                                 | 374,139                 | 999,382              | 28,147            | 3,094,828            | 462,571              | 1,237,134          | 1,514,127           | 973,249             | 1,741,889             |
| Depreciation                                     | 190,638                 | 1,030,023            | 59,202            | 1,183,363            | 20,236               | 324,985            | 527,893             | 342,360             | 937,124               |
| Total Operating Expenses                         | <u>1,228,521</u>        | <u>3,077,204</u>     | <u>307,604</u>    | <u>6,179,866</u>     | <u>922,506</u>       | <u>2,467,400</u>   | <u>2,907,475</u>    | <u>2,132,257</u>    | <u>3,358,343</u>      |
| Operating Income (Loss)                          | <u>145,719</u>          | <u>(155,231)</u>     | <u>(64,239)</u>   | <u>508,628</u>       | <u>(68,305)</u>      | <u>230,139</u>     | <u>(2,481)</u>      | <u>(266,319)</u>    | <u>(781,560)</u>      |
| Total Nonoperating Revenues (Expenses)           | <u>7,268</u>            | <u>14,837</u>        | <u>15</u>         | <u>35,028</u>        | <u>874</u>           | <u>2,661</u>       | <u>1,696</u>        | <u>46,808</u>       | <u>6,416</u>          |
| Income (Loss) before Contributions and Transfers | 152,987                 | (140,394)            | (64,224)          | 543,656              | (67,431)             | 232,800            | (785)               | (219,511)           | (775,144)             |
| Transfers From Discrete Component Units          | -                       | -                    | -                 | -                    | -                    | -                  | -                   | -                   | -                     |
| Capital Contributions (Distributions)            | -                       | -                    | -                 | -                    | -                    | -                  | -                   | -                   | 397,283               |
| Operating Transfers In (Out)                     | -                       | -                    | -                 | -                    | -                    | (438,135)          | -                   | -                   | -                     |
| <b>CHANGE IN NET POSITION</b>                    | 152,987                 | (140,394)            | (64,224)          | 543,656              | (67,431)             | (205,335)          | (785)               | (219,511)           | (377,861)             |
| Total Net Position - Beginning of Year           | <u>159,887</u>          | <u>11,108,620</u>    | <u>249,885</u>    | <u>11,974,171</u>    | <u>829,957</u>       | <u>149,681</u>     | <u>1,425,312</u>    | <u>12,874</u>       | <u>(7,784,420)</u>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>          | <u>\$ 312,874</u>       | <u>\$ 10,968,226</u> | <u>\$ 185,661</u> | <u>\$ 12,517,827</u> | <u>\$ 762,526</u>    | <u>\$ (55,654)</u> | <u>\$ 1,424,527</u> | <u>\$ (206,637)</u> | <u>\$ (8,162,281)</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |                                 |                    |                       |                       |                       |                      |                     |                      |
|--|-------------------------|---------------------------------|--------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------------|----------------------|
|  | Paddington<br>Square    | HOC at<br>Hillandale<br>Gateway | Chevy<br>Chase     | Barclay<br>Apartments | Scattered<br>Site One | Scattered<br>Site Two | VPC One              | VPC Two             | Glenmont<br>Crossing |
| <b>OPERATING REVENUES</b>                        |                         |                                 |                    |                       |                       |                       |                      |                     |                      |
| Tenant Revenue                                   | \$ 2,925,258            | \$ -                            | \$ -               | \$ 1,256,903          | \$ 2,458,028          | \$ 780,031            | \$ 6,052,560         | \$ 4,232,950        | \$ 2,118,836         |
| Other Revenues                                   | 8,371                   | -                               | -                  | 7,195                 | 17,711                | 9,765                 | 256,111              | 167,831             | 12,809               |
| Total Operating Revenues                         | <u>2,933,629</u>        | <u>-</u>                        | <u>-</u>           | <u>1,264,098</u>      | <u>2,475,739</u>      | <u>789,796</u>        | <u>6,308,671</u>     | <u>4,400,781</u>    | <u>2,131,645</u>     |
| <b>OPERATING EXPENSES</b>                        |                         |                                 |                    |                       |                       |                       |                      |                     |                      |
| Housing Assistance Payments                      | -                       | -                               | -                  | -                     | -                     | -                     | -                    | -                   | -                    |
| Administrative                                   | 352,633                 | -                               | 2,500              | 112,716               | 633,542               | 171,258               | 1,236,834            | 878,134             | 217,361              |
| Utilities  | 204,447                 | -                               | -                  | 100,163               | 23,224                | 2,931                 | 88,399               | 66,071              | 261,476              |
| Ordinary Maintenance and Operations              | 550,154                 | -                               | -                  | 180,831               | 914,433               | 215,650               | 1,584,851            | 934,996             | 391,329              |
| General Expenses                                 | 1,565,890               | 299                             | 53,228             | 659,272               | 797,700               | 217,359               | 2,981,626            | 2,194,367           | 760,916              |
| Depreciation                                     | 614,329                 | -                               | -                  | 409,006               | 287,763               | 91,435                | 959,290              | 650,727             | 299,222              |
| Total Operating Expenses                         | <u>3,287,453</u>        | <u>299</u>                      | <u>55,728</u>      | <u>1,461,988</u>      | <u>2,656,662</u>      | <u>698,633</u>        | <u>6,851,000</u>     | <u>4,724,295</u>    | <u>1,930,304</u>     |
| Operating Income (Loss)                          | <u>(353,824)</u>        | <u>(299)</u>                    | <u>(55,728)</u>    | <u>(197,890)</u>      | <u>(180,923)</u>      | <u>91,163</u>         | <u>(542,329)</u>     | <u>(323,514)</u>    | <u>201,341</u>       |
| Total Nonoperating Revenues (Expenses)           | <u>376</u>              | <u>13,562</u>                   | <u>4,161,085</u>   | <u>4,546</u>          | <u>21,086</u>         | <u>234</u>            | <u>20,458</u>        | <u>14,663</u>       | <u>4,187</u>         |
| Income (Loss) before Contributions and Transfers | <u>(353,448)</u>        | <u>13,263</u>                   | <u>4,105,357</u>   | <u>(193,344)</u>      | <u>(159,837)</u>      | <u>91,397</u>         | <u>(521,871)</u>     | <u>(308,851)</u>    | <u>205,528</u>       |
| Transfers From Discrete Component Units          | -                       | -                               | -                  | -                     | -                     | -                     | -                    | -                   | -                    |
| Capital Contributions (Distributions)            | -                       | -                               | (781,764)          | -                     | -                     | -                     | -                    | -                   | -                    |
| Operating Transfers In (Out)                     | -                       | -                               | -                  | -                     | -                     | -                     | -                    | -                   | -                    |
| <b>CHANGE IN NET POSITION</b>                    | <u>(353,448)</u>        | <u>13,263</u>                   | <u>3,323,593</u>   | <u>(193,344)</u>      | <u>(159,837)</u>      | <u>91,397</u>         | <u>(521,871)</u>     | <u>(308,851)</u>    | <u>205,528</u>       |
| Total Net Position - Beginning of Year           | <u>(5,282,906)</u>      | <u>(390,207)</u>                | <u>(2,375,147)</u> | <u>(1,844,259)</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>     |
| <b>TOTAL NET POSITION - END OF YEAR</b>          | <u>\$ (5,636,354)</u>   | <u>\$ (376,944)</u>             | <u>\$ 948,446</u>  | <u>\$ (2,037,603)</u> | <u>\$ 11,701,488</u>  | <u>\$ 3,585,822</u>   | <u>\$ 13,593,092</u> | <u>\$ 7,321,420</u> | <u>\$ 3,249,450</u>  |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |                       |                     |                   |                       |                       |                     |                  |                     |
|--|-------------------------|-----------------------|---------------------|-------------------|-----------------------|-----------------------|---------------------|------------------|---------------------|
|  | Glenmont                |                       |                     | Community         |                       |                       | Diamond             |                  | Brookside           |
|  | Westerly                | Magruders             | RAD 6               | Partners          | Ambassador            | MHLP VII              | MHLP VIII           | Square           | Glen                |
| <b>OPERATING REVENUES</b>                        |                         |                       |                     |                   |                       |                       |                     |                  |                     |
| Tenant Revenue                                   | \$ 1,840,661            | \$ 2,273,939          | \$ 3,369,743        | \$ -              | \$ -                  | \$ 461,168            | \$ 674,821          | \$ 1,289,955     | \$ 1,558,785        |
| Other Revenues                                   | 7,734                   | 44,935                | 242,656             | 419,470           | 39,671                | 3,546                 | 4,679               | 3,821            | 5,476               |
| Total Operating Revenues                         | <u>1,848,395</u>        | <u>2,318,874</u>      | <u>3,612,399</u>    | <u>419,470</u>    | <u>39,671</u>         | <u>464,714</u>        | <u>679,500</u>      | <u>1,293,776</u> | <u>1,564,261</u>    |
| <b>OPERATING EXPENSES</b>                        |                         |                       |                     |                   |                       |                       |                     |                  |                     |
| Housing Assistance Payments                      | -                       | -                     | -                   | -                 | -                     | -                     | -                   | -                | -                   |
| Administrative                                   | 225,438                 | 250,253               | 676,598             | 35,207            | 763                   | 112,596               | 158,845             | 244,635          | 184,832             |
| Utilities  | 184,902                 | 114,609               | 338,314             | -                 | 46,514                | 7,404                 | 3,623               | 167,406          | 133,963             |
| Ordinary Maintenance and Operations              | 254,193                 | 281,513               | 814,692             | -                 | 4,491                 | 153,253               | 253,901             | 263,623          | 240,197             |
| General Expenses                                 | 657,486                 | 1,598,333             | 1,390,501           | 238,744           | 162,959               | 115,505               | 93,874              | 206,980          | 502,558             |
| Depreciation                                     | 209,877                 | 344,605               | 814,918             | -                 | 190,842               | 88,751                | 139,723             | 199,799          | 354,983             |
| Total Operating Expenses                         | <u>1,531,896</u>        | <u>2,589,313</u>      | <u>4,035,023</u>    | <u>273,951</u>    | <u>405,569</u>        | <u>477,509</u>        | <u>649,966</u>      | <u>1,082,443</u> | <u>1,416,533</u>    |
| Operating Income (Loss)                          | <u>316,499</u>          | <u>(270,439)</u>      | <u>(422,624)</u>    | <u>145,519</u>    | <u>(365,898)</u>      | <u>(12,795)</u>       | <u>29,534</u>       | <u>211,333</u>   | <u>147,728</u>      |
| Total Nonoperating Revenues (Expenses)           | <u>10,968</u>           | <u>278</u>            | <u>6,916</u>        | <u>-</u>          | <u>9,769</u>          | <u>58</u>             | <u>38</u>           | <u>40,195</u>    | <u>12,210</u>       |
| Income (Loss) before Contributions and Transfers | <u>327,467</u>          | <u>(270,161)</u>      | <u>(415,708)</u>    | <u>145,519</u>    | <u>(356,129)</u>      | <u>(12,737)</u>       | <u>29,572</u>       | <u>251,528</u>   | <u>159,938</u>      |
| Transfers From Discrete Component Units          | -                       | -                     | -                   | -                 | -                     | -                     | -                   | -                | -                   |
| Capital Contributions (Distributions)            | -                       | -                     | -                   | -                 | -                     | (104,654)             | (195,479)           | -                | -                   |
| Operating Transfers In (Out)                     | -                       | -                     | -                   | -                 | -                     | -                     | -                   | -                | -                   |
| <b>CHANGE IN NET POSITION</b>                    | <u>327,467</u>          | <u>(270,161)</u>      | <u>(415,708)</u>    | <u>145,519</u>    | <u>(356,129)</u>      | <u>(117,391)</u>      | <u>(165,907)</u>    | <u>251,528</u>   | <u>159,938</u>      |
| Total Net Position - Beginning 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>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>          | <u>\$ 4,329,359</u>     | <u>\$ (4,025,127)</u> | <u>\$ 5,115,435</u> | <u>\$ 414,272</u> | <u>\$ (2,696,008)</u> | <u>\$ (1,067,239)</u> | <u>\$ (804,702)</u> | <u>\$ 37,237</u> | <u>\$ 1,850,189</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |                              |                       |                           |                            |                     |                           |                       |                       |
|--|-------------------------|------------------------------|-----------------------|---------------------------|----------------------------|---------------------|---------------------------|-----------------------|-----------------------|
|  | MV<br>Gateway           | HOC at<br>Wheaton<br>Gateway | Manchester<br>Manor   | Shady Grove<br>Apartments | Willows of<br>Gaithersburg | Camp Hill<br>Square | HOC at CCL<br>Multifamily | MHLP IX               | MHLP X                |
| <b>OPERATING REVENUES</b>                        |                         |                              |                       |                           |                            |                     |                           |                       |                       |
| Tenant Revenue                                   | \$ 12,704,821           | \$ -                         | \$ 724,099            | \$ 2,145,730              | \$ 1,781,706               | \$ 621,481          | \$ -                      | \$ 1,323,406          | \$ 903,846            |
| Other Revenues                                   | 65,857                  | -                            | 2,332                 | 7,938                     | 68,716                     | 2,584               | -                         | 38,481                | 27,307                |
| Total Operating Revenues                         | <u>12,770,678</u>       | <u>-</u>                     | <u>726,431</u>        | <u>2,153,668</u>          | <u>1,850,422</u>           | <u>624,065</u>      | <u>-</u>                  | <u>1,361,887</u>      | <u>931,153</u>        |
| <b>OPERATING EXPENSES</b>                        |                         |                              |                       |                           |                            |                     |                           |                       |                       |
| Housing Assistance Payments                      |                         |                              |                       |                           |                            |                     |                           |                       |                       |
| Administrative                                   | 1,556,577               | -                            | 119,007               | 400,128                   | 486,453                    | 99,236              | -                         | 228,878               | 138,026               |
| Utilities  | 370,048                 | -                            | 181,678               | 154,922                   | 379,812                    | 121,168             | -                         | 9,081                 | 4,079                 |
| Ordinary Maintenance and Operations              | 2,414,937               | -                            | 284,215               | 359,320                   | 479,476                    | 153,539             | -                         | 446,201               | 284,362               |
| General Expenses                                 | 7,965,589               | 166,726                      | 200,729               | 515,159                   | 454,561                    | 10,105              | 303,227                   | 791,048               | 386,616               |
| Depreciation                                     | 3,027,644               | -                            | 139,335               | 399,717                   | 284,758                    | 71,729              | -                         | 329,463               | 243,191               |
| Total Operating Expenses                         | <u>15,334,795</u>       | <u>166,726</u>               | <u>924,964</u>        | <u>1,829,246</u>          | <u>2,085,060</u>           | <u>455,777</u>      | <u>303,227</u>            | <u>1,804,671</u>      | <u>1,056,274</u>      |
| Operating Income (Loss)                          | <u>(2,564,117)</u>      | <u>(166,726)</u>             | <u>(198,533)</u>      | <u>324,422</u>            | <u>(234,638)</u>           | <u>168,288</u>      | <u>(303,227)</u>          | <u>(442,784)</u>      | <u>(125,121)</u>      |
| Total Nonoperating Revenues (Expenses)           | <u>28,221</u>           | <u>-</u>                     | <u>2,721</u>          | <u>20,320</u>             | <u>17,004</u>              | <u>(301)</u>        | <u>-</u>                  | <u>1,280</u>          | <u>1,156</u>          |
| Income (Loss) before Contributions and Transfers | <u>(2,535,896)</u>      | <u>(166,726)</u>             | <u>(195,812)</u>      | <u>344,742</u>            | <u>(217,634)</u>           | <u>167,987</u>      | <u>(303,227)</u>          | <u>(441,504)</u>      | <u>(123,965)</u>      |
| Transfers From Discrete Component Units          | -                       | -                            | -                     | -                         | -                          | -                   | -                         | -                     | -                     |
| Capital Contributions (Distributions)            | -                       | -                            | -                     | -                         | -                          | -                   | 781,765                   | -                     | -                     |
| Operating Transfers In (Out)                     | -                       | -                            | (128,444)             | (348,980)                 | -                          | -                   | -                         | 365,024               | (132,789)             |
| <b>CHANGE IN NET POSITION</b>                    | <u>(2,535,896)</u>      | <u>(166,726)</u>             | <u>(324,256)</u>      | <u>(4,238)</u>            | <u>(217,634)</u>           | <u>167,987</u>      | <u>478,538</u>            | <u>(76,480)</u>       | <u>(256,754)</u>      |
| Total Net Position - Beginning of Year           | <u>514,944</u>          | <u>-</u>                     | <u>(1,163,049)</u>    | <u>2,868,942</u>          | <u>2,807,684</u>           | <u>1,640,586</u>    | <u>(120,268)</u>          | <u>(6,097,433)</u>    | <u>(2,970,803)</u>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>          | <u>\$ (2,020,952)</u>   | <u>\$ (166,726)</u>          | <u>\$ (1,487,305)</u> | <u>\$ 2,864,704</u>       | <u>\$ 2,590,050</u>        | <u>\$ 1,808,573</u> | <u>\$ 358,270</u>         | <u>\$ (6,173,913)</u> | <u>\$ (3,227,557)</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units    |                           |                             |                    |                      |                       | Total                 |
|--|----------------------------|---------------------------|-----------------------------|--------------------|----------------------|-----------------------|-----------------------|
|  | The Manors at<br>Fair Hill | The Manors at<br>Cloppers | The Manors at<br>Colesville | HOC at<br>Upton II | 900 Thayer<br>Avenue | Primary<br>Government |                       |
| <b>OPERATING REVENUES</b>                        |                            |                           |                             |                    |                      |                       |                       |
| Tenant Revenue                                   | \$ 954,549                 | 947,125                   | 769,768                     | \$ -               | \$ -                 | \$ 14,940,979         | \$ 90,166,092         |
| Other Revenues                                   | -                          | -                         | 4,348                       | -                  | 37,712               | 163,394,888           | 165,974,527           |
| Total Operating Revenues                         | <u>954,549</u>             | <u>947,125</u>            | <u>774,116</u>              | <u>-</u>           | <u>37,712</u>        | <u>178,335,867</u>    | <u>256,140,619</u>    |
| <b>OPERATING EXPENSES</b>                        |                            |                           |                             |                    |                      |                       |                       |
| Housing Assistance Payments                      | -                          | -                         | -                           | -                  | -                    | 110,109,543           | 110,109,543           |
| Administrative                                   | 165,166                    | 124,873                   | 116,473                     | 1,516              | -                    | 31,889,631            | 43,820,160            |
| Utilities  | 50,816                     | 53,350                    | 46,572                      | -                  | -                    | 1,850,531             | 6,207,588             |
| Ordinary Maintenance and Operations              | 126,370                    | 115,353                   | 100,640                     | -                  | -                    | 720,560               | 22,305,874            |
| General Expenses                                 | 510,717                    | 599,340                   | 465,371                     | -                  | -                    | 13,197,652            | 50,189,903            |
| Depreciation                                     | 274,671                    | 491,598                   | 179,239                     | -                  | -                    | 2,535,035             | 18,247,474            |
| Total Operating Expenses                         | <u>1,127,740</u>           | <u>1,384,514</u>          | <u>908,295</u>              | <u>1,516</u>       | <u>-</u>             | <u>166,787,996</u>    | <u>250,880,542</u>    |
| Operating Income (Loss)                          | <u>(173,191)</u>           | <u>(437,389)</u>          | <u>(134,179)</u>            | <u>(1,516)</u>     | <u>37,712</u>        | <u>11,547,871</u>     | <u>5,260,077</u>      |
| Total Nonoperating Revenues (Expenses)           | <u>3,337</u>               | <u>3,351</u>              | <u>2,972</u>                | <u>-</u>           | <u>-</u>             | <u>(3,955,105)</u>    | <u>561,188</u>        |
| Income (Loss) before Contributions and Transfers | <u>(169,854)</u>           | <u>(434,038)</u>          | <u>(131,207)</u>            | <u>(1,516)</u>     | <u>37,712</u>        | <u>7,592,766</u>      | <u>5,821,265</u>      |
| Transfers From Discrete Component Units          | -                          | -                         | -                           | -                  | -                    | (9,170,539)           | (9,170,539)           |
| Capital Contributions (Distributions)            | -                          | -                         | -                           | -                  | -                    | 104,224               | 201,375               |
| Operating Transfers In (Out)                     | -                          | -                         | -                           | -                  | -                    | 683,324               | -                     |
| <b>CHANGE IN NET POSITION</b>                    | <u>(169,854)</u>           | <u>(434,038)</u>          | <u>(131,207)</u>            | <u>(1,516)</u>     | <u>37,712</u>        | <u>(790,225)</u>      | <u>(3,147,899)</u>    |
| Total Net Position - Beginning of Year           | <u>-</u>                   | <u>-</u>                  | <u>-</u>                    | <u>-</u>           | <u>(40,142)</u>      | <u>184,888,249</u>    | <u>234,301,324</u>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>          | <u>\$ (169,854)</u>        | <u>\$ (434,038)</u>       | <u>\$ (131,207)</u>         | <u>\$ (1,516)</u>  | <u>\$ (2,430)</u>    | <u>\$ 184,098,024</u> | <u>\$ 231,153,425</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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     |
| <b>Net Cash Provided (Used) by</b>               |                         |                   |                  |                     |                      |                     |                     |                   |                   |
| Operating Activities                             | \$ 332,523              | \$ (2,502,969)    | \$ (8,338)       | \$ 2,004,077        | \$ (47,029)          | \$ 500,115          | \$ 557,151          | \$ 200,618        | \$ 307,760        |
| Investing Activities                             | (188,566)               | (14,435,495)      | -                | (111,624)           | 54,535               | 70,022              | (109,640)           | (12,322)          | (137,793)         |
| Noncapital Financing Activities                  | (273,425)               | 16,636,690        | -                | (1,278,503)         | -                    | (659,238)           | (435,667)           | (311,557)         | (68,148)          |
| Capital and Related Financing Activities         | -                       | -                 | -                | -                   | -                    | -                   | -                   | -                 | -                 |
| <b>Net Increase/(Decrease) in Cash</b>           | (129,468)               | (301,774)         | (8,338)          | 613,950             | 7,506                | (89,101)            | 11,844              | (123,261)         | 101,819           |
| Cash and Cash Equivalents -<br>Beginning of Year | 279,338                 | 1,089,258         | 29,298           | 4,666,560           | 1,914,618            | 1,947,233           | 446,366             | 395,455           | 13,345            |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>\$ 149,870</u>       | <u>\$ 787,484</u> | <u>\$ 20,960</u> | <u>\$ 5,280,510</u> | <u>\$ 1,922,124</u>  | <u>\$ 1,858,132</u> | <u>\$ 458,210</u>   | <u>\$ 272,194</u> | <u>\$ 115,164</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |                                 |                   |                       |                       |                       |               |             |                      |
|--|-------------------------|---------------------------------|-------------------|-----------------------|-----------------------|-----------------------|---------------|-------------|----------------------|
|  | Paddington<br>Square    | HOC at<br>Hillandale<br>Gateway | Chevy<br>Chase    | Barclay<br>Apartments | Scattered<br>Site One | Scattered<br>Site Two | VPC One       | VPC Two     | Glenmont<br>Crossing |
| <b>Net Cash Provided (Used) by</b>               |                         |                                 |                   |                       |                       |                       |               |             |                      |
| Operating Activities                             | \$ 339,475              | \$ 20,302                       | \$ 4,136,078      | \$ 168,328            | \$ 98,887             | \$ 212,991            | \$ 337,456    | \$ 223,938  | \$ 477,734           |
| Investing Activities                             | 117,078                 | 1,604                           | 641,338           | (740,366)             | 106,810               | 37,674                | (141,139)     | (59,192)    | 26,409               |
| Noncapital Financing Activities                  | (340,780)               | (21,906)                        | (4,777,416)       | 458,278               | (205,697)             | (250,665)             | (196,317)     | (164,746)   | (251,161)            |
| Capital and Related Financing Activities         | -                       | -                               | -                 | -                     | -                     | -                     | -             | -           | -                    |
| <b>Net Increase/(Decrease) in Cash</b>           | 115,773                 | -                               | -                 | (113,760)             | -                     | -                     | -             | -           | 252,982              |
| Cash and Cash Equivalents -<br>Beginning of Year | 689,840                 | -                               | 279,102           | 229,439               | -                     | -                     | 100           | -           | 976,000              |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>\$ 805,613</u>       | <u>\$ -</u>                     | <u>\$ 279,102</u> | <u>\$ 115,679</u>     | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 100</u> | <u>\$ -</u> | <u>\$ 1,228,982</u>  |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |               |               |                       |                   |             |                 |                   |                   |
|--|-------------------------|---------------|---------------|-----------------------|-------------------|-------------|-----------------|-------------------|-------------------|
|  | Glenmont<br>Westerly    | Magruders     | RAD 6         | Community<br>Partners | Ambassador        | MHLP VII    | MHLP VIII       | Diamond<br>Square | Brookside<br>Glen |
| <b>Net Cash Provided (Used) by</b>               |                         |               |               |                       |                   |             |                 |                   |                   |
| Operating Activities                             | \$ 512,481              | \$ 206,970    | \$ (424,914)  | \$ 146,910            | \$ (50,552)       | \$ 43,554   | \$ 150,630      | \$ 412,030        | \$ 498,825        |
| Investing Activities                             | (38,839)                | 629           | (263,108)     | -                     | 49,831            | 61,100      | 46,351          | (434,320)         | (86,724)          |
| Noncapital Financing Activities                  | (158,374)               | (207,599)     | 688,022       | -                     | -                 | (104,654)   | (195,479)       | (56,815)          | (292,088)         |
| Capital and Related Financing Activities         | -                       | -             | -             | -                     | -                 | -           | -               | -                 | -                 |
| <b>Net Increase/(Decrease) in Cash</b>           | 315,268                 | -             | -             | 146,910               | (721)             | -           | 1,502           | (79,105)          | 120,013           |
| Cash and Cash Equivalents -<br>Beginning of Year | 918,683                 | 400           | 200           | 268,752               | 142,923           | -           | (246)           | 135,578           | 388,939           |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>\$ 1,233,951</u>     | <u>\$ 400</u> | <u>\$ 200</u> | <u>\$ 415,662</u>     | <u>\$ 142,202</u> | <u>\$ -</u> | <u>\$ 1,256</u> | <u>\$ 56,473</u>  | <u>\$ 508,952</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | Blended Component Units |                              |                     |                           |                            |                     |                           |                 |             |
|--|-------------------------|------------------------------|---------------------|---------------------------|----------------------------|---------------------|---------------------------|-----------------|-------------|
|  | MV<br>Gateway           | HOC at<br>Wheaton<br>Gateway | Manchester<br>Manor | Shady Grove<br>Apartments | Willows of<br>Gaithersburg | Camp Hill<br>Square | HOC at CCL<br>Multifamily | MHLP IX         | MHLP X      |
| <b>Net Cash Provided (Used) by</b>               |                         |                              |                     |                           |                            |                     |                           |                 |             |
| Operating Activities                             | \$ 776,914              | \$ 11,856,288                | \$ (57,258)         | \$ 720,557                | \$ 40,247                  | \$ 225,170          | \$ (303,227)              | \$ (444,410)    | \$ 58,967   |
| Investing Activities                             | (6,668,247)             | -                            | (16,409)            | (213,651)                 | (72,759)                   | (227,988)           | -                         | 134,294         | 5,022       |
| Noncapital Financing Activities                  | 9,714,579               | (11,856,288)                 | (118,763)           | (605,359)                 | (205,292)                  | -                   | 303,227                   | 313,096         | (63,989)    |
| Capital and Related Financing Activities         | -                       | -                            | -                   | -                         | -                          | -                   | -                         | -               | -           |
| <b>Net Increase/(Decrease) in Cash</b>           | 3,823,246               | -                            | (192,430)           | (98,453)                  | (237,804)                  | (2,818)             | -                         | 2,980           | -           |
| Cash and Cash Equivalents -<br>Beginning of Year | (16,235)                | -                            | 452,053             | 1,608,725                 | 252,505                    | 2,918               | -                         | 6,439           | -           |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>\$ 3,807,011</u>     | <u>\$ -</u>                  | <u>\$ 259,623</u>   | <u>\$ 1,510,272</u>       | <u>\$ 14,701</u>           | <u>\$ 100</u>       | <u>\$ -</u>               | <u>\$ 9,419</u> | <u>\$ -</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

|  | The Manors at<br>Fair Hill | The Manors at<br>Clopers | The Manors at<br>Colesville | HOC at<br>Upton II | 900 Thayer<br>Avenue | Primary<br>Government | Total                 |
|--|----------------------------|--------------------------|-----------------------------|--------------------|----------------------|-----------------------|-----------------------|
| <b>Net Cash Provided (Used) by</b>               |                            |                          |                             |                    |                      |                       |                       |
| Operating Activities                             | \$ 316,341                 | \$ 371,462               | \$ 289,441                  | \$ (8,727,097)     | \$ (172,468)         | \$ 27,535,931         | \$ 41,341,889         |
| Investing Activities                             | (18,835,926)               | (18,579,161)             | (14,075,836)                | (5,000)            | (2,247,050)          | (1,408,758)           | (77,757,216)          |
| Noncapital Financing Activities                  | 18,820,515                 | 18,554,743               | 14,069,298                  | 8,732,097          | 2,419,518            | (116,235,888)         | (48,625,751)          |
| Capital and Related Financing Activities         | -                          | -                        | -                           | -                  | -                    | 30,616,901            | 30,616,901            |
| <b>Net Increase/(Decrease) in Cash</b>           | 300,930                    | 347,044                  | 282,903                     | -                  | -                    | (59,491,814)          | (54,424,177)          |
| Cash and Cash Equivalents -<br>Beginning of Year | -                          | -                        | -                           | -                  | -                    | 249,979,028           | 267,096,614           |
| <b>Cash and Cash Equivalents - End of Year</b>   | <u>\$ 300,930</u>          | <u>\$ 347,044</u>        | <u>\$ 282,903</u>           | <u>\$ -</u>        | <u>\$ -</u>          | <u>\$ 190,487,214</u> | <u>\$ 212,672,437</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
YEAR ENDED JUNE 30, 2019**

Last 10 Fiscal Years\*

Employees' Retirement and Pension System:

|  | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>  | <u>2015</u>  |
|--|---------------|---------------|---------------|--------------|--------------|
| Commission's proportion of the net pension liability   | 3.87%         | 3.10%         | 2.16%         | 1.82%        | 1.33%        |
| Commission's proportionate share of the net pension liability  | \$ 7,459,885  | \$ 10,595,603 | \$ 11,681,661 | \$ 7,661,755 | \$ 4,066,724 |
| Commission's covered payroll   | \$ 10,289,742 | \$ 9,718,539  | \$ 9,231,794  | \$ 8,319,336 | \$ 7,802,241 |
| Commission's proportionate share of the net pension liability as a percentage of its covered payroll | 72.50%        | 109.02%       | 126.54%       | 92.10%       | 52.12%       |
| Plan fiduciary net position as a percentage of the total pension liability                           | 95.55%        | 92.00%        | 87.06%        | 89.69%       | 92.28%       |

\*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 five years of information is available.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2019**

**Employees' Retirement and Pension System**

|   | 2019          | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                     | \$ 571,897    | \$ 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 |
| Contributions in Relation to the Contractually<br>Required Contribution | 1,501,891     | 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    |
| Contribution Deficiency (Excess)  | \$ (929,994)  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Commission's Covered Payroll  | \$ 10,289,742 | \$ 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 |
| Contributions as a percentage of Covered Payroll                        | 14.60%        | 5.30%        | 11.80%       | 21.42%       | 23.71%       | 44.40%       | 40.17%       | 29.84%       | 29.90%       | 27.55%       |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY AND RELATED RATIOS  
YEAR ENDED JUNE 30, 2019**

Last 10 Fiscal Years\*

Employees' Retirement and Pension System:

|   | 2019          | 2018          | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---------------|---------------|------|------|------|------|------|------|------|------|
| Commission's proportion of the net OPEB liability   | 2.09%         | 1.76%         |      |      |      |      |      |      |      |      |
| Commission's proportionate share of the net OPEB liability  | \$ 27,760,241 | \$ 26,847,382 |      |      |      |      |      |      |      |      |
| Commission's covered payroll  | \$ 10,289,742 | \$ 9,718,539  |      |      |      |      |      |      |      |      |
| Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll | 269.79%       | 276.25%       |      |      |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total OPEB liability                           | 26.99%        | 22.38%        |      |      |      |      |      |      |      |      |

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

\*The amounts presented for each fiscal year were determined as of July 1 of the prior year, 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 2018. As such, only two years of information is available.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
 SCHEDULE OF THE COMMISSION'S OPEB CONTRIBUTIONS  
 YEAR ENDED JUNE 30, 2019**

|   | 2019          | 2018         | 2017  | 2016       | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       |
|---|---------------|--------------|---|------------|------------|------------|------------|------------|------------|------------|
| Contractually Required Contribution                                     | \$ 2,050,985  | \$ 1,910,942 |   |            |            |            |            |            |            |            |
| Contributions in Relation to the Contractually<br>Required Contribution | 2,050,985     | 1,910,942    | Information prior to fiscal year 2018 was not available. The Commission will accumulate each year until 10 years of data becomes available. |            |            |            |            |            |            |            |
| Contribution deficiency (excess)  | <u>\$ -</u>   | <u>\$ -</u>  | <u>N/A</u>  | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Commission's Covered Payroll  | \$ 10,289,742 | \$ 9,718,539 |   |            |            |            |            |            |            |            |
| Contributions as a percentage of Covered Payroll                        | 19.93%        | 19.66%       |   |            |            |            |            |            |            |            |

**SUPPLEMENTARY INFORMATION**

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF NET POSITION – SUB-FUNDS**  
**JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|  | General               | Opportunity           | Public               | Single Family         | Multifamily           | Eliminations            | Combined Totals         |                         |
|--|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
|  | Sub-Fund              | Housing<br>Sub-Fund   | Sub-Fund             | Sub-Fund              | Sub-Fund              |                         | 2019                    | 2018                    |
| <b>ASSETS</b>  |                       |                       |                      |                       |                       |                         |                         |                         |
| <b>CURRENT ASSETS</b>  |                       |                       |                      |                       |                       |                         |                         |                         |
| Unrestricted:  |                       |                       |                      |                       |                       |                         |                         |                         |
| Cash and Cash Equivalents                                      | \$ 22,827,459         | \$ 59,744,743         | \$ 5,608,262         | \$ 2,002,606          | \$ 1,726,341          | \$ -                    | \$ 91,909,411           | \$ 93,948,583           |
| Interfund Receivable   | -                     | 16,257,632            | -                    | -                     | 31,688                | (16,289,320)            | -                       | -                       |
| Advances to Component Units                                    | 6,169,386             | 16,797,471            | -                    | -                     | -                     | -                       | 22,966,857              | 26,092,324              |
| Accounts Receivable and Other Assets, Net                      | 2,834,680             | 16,512,152            | 4,602,792            | 123,357               | 36,120                | -                       | 24,109,101              | 26,713,940              |
| Accrued Interest Receivable                                    | 4,172,158             | 2,607,086             | -                    | 944,425               | 1,271,853             | (918,195)               | 8,077,327               | 6,357,705               |
| Mortgage and Construction Loans Receivable, Current            | 2,666,450             | -                     | -                    | 3,426,765             | 9,329,637             | (7,843,745)             | 7,579,107               | 17,919,996              |
| <b>Total Unrestricted Current Assets</b>                       | <b>38,670,133</b>     | <b>111,919,084</b>    | <b>10,211,054</b>    | <b>6,497,153</b>      | <b>12,395,639</b>     | <b>(25,051,260)</b>     | <b>154,641,803</b>      | <b>171,032,548</b>      |
| Restricted Cash, Cash Equivalents and Investments:             |                       |                       |                      |                       |                       |                         |                         |                         |
| Restricted Cash and Cash Equivalents                           | 4,475,174             | 38,669,878            | 1,116,761            | 27,432,976            | 14,025,361            | -                       | 85,720,150              | 117,046,504             |
| Restricted Short-Term Investments                              | -                     | -                     | -                    | 2,907,866             | 1,058,710             | -                       | 3,966,576               | 1,561,720               |
| Restricted for Current Bonds Payable                           | -                     | -                     | -                    | 15,365,297            | 15,329,673            | -                       | 30,694,970              | 52,140,266              |
| Restricted for Customer Deposits                               | -                     | 2,924,255             | 1,423,651            | -                     | -                     | -                       | 4,347,906               | 3,961,261               |
| <b>Total Restricted Cash, Cash Equivalents and Investments</b> | <b>4,475,174</b>      | <b>41,594,133</b>     | <b>2,540,412</b>     | <b>45,706,139</b>     | <b>30,413,744</b>     | <b>-</b>                | <b>124,729,602</b>      | <b>174,709,751</b>      |
| <b>Total Current Assets</b>                                    | <b>43,145,307</b>     | <b>153,513,217</b>    | <b>12,751,466</b>    | <b>52,203,292</b>     | <b>42,809,383</b>     | <b>(25,051,260)</b>     | <b>279,371,405</b>      | <b>345,742,299</b>      |
| <b>NONCURRENT ASSETS</b>                                       |                       |                       |                      |                       |                       |                         |                         |                         |
| Restricted Long-Term Investments                               | -                     | -                     | -                    | 118,112,454           | 9,648,584             | -                       | 127,761,038             | 97,633,231              |
| Mortgage and Construction Loans Receivable, Net of Current     | 269,910,631           | 101,996,971           | 2,005,615            | 68,756,977            | 260,644,037           | (445,043,986)           | 258,270,245             | 270,474,873             |
| Capital Assets, Net of Depreciation                            | 8,852,800             | 653,319,325           | 12,442,968           | -                     | -                     | -                       | 674,615,093             | 561,984,862             |
| Other Real Estate Owned  | -                     | -                     | -                    | 376,685               | -                     | -                       | 376,685                 | 977,661                 |
| Loans Receivable from Component Units                          | -                     | -                     | -                    | -                     | -                     | -                       | -                       | 2,948,374               |
| Swap Asset   | -                     | -                     | -                    | -                     | -                     | -                       | -                       | 1,910,439               |
| Investment in Component Units                                  | 2,545,796             | 11,425,595            | -                    | -                     | -                     | -                       | 13,971,391              | 14,250,419              |
| <b>Total Noncurrent Assets</b>                                 | <b>281,309,227</b>    | <b>766,741,891</b>    | <b>14,448,583</b>    | <b>187,246,116</b>    | <b>270,292,621</b>    | <b>(445,043,986)</b>    | <b>1,074,994,452</b>    | <b>950,179,859</b>      |
| <b>Total Assets</b>  | <b>324,454,534</b>    | <b>920,255,108</b>    | <b>27,200,049</b>    | <b>239,449,408</b>    | <b>313,102,004</b>    | <b>(470,095,246)</b>    | <b>1,354,365,857</b>    | <b>1,295,922,158</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                          |                       |                       |                      |                       |                       |                         |                         |                         |
| Fair Value of Hedging Derivatives                              | -                     | 15,117,218            | -                    | 515,817               | 4,198,742             | -                       | 19,831,777              | 4,205,807               |
| Employer-Related Pension Activities                            | 1,144,344             | 958,958               | 3,327,150            | -                     | -                     | -                       | 5,430,452               | 6,293,850               |
| Employer-Related OPEB Activities                               | 5,245,260             | 396,768               | 1,647,196            | -                     | -                     | -                       | 7,289,224               | 1,910,942               |
| <b>Total Assets and Deferred Outflows</b>                      | <b>\$ 330,844,138</b> | <b>\$ 936,728,052</b> | <b>\$ 32,174,395</b> | <b>\$ 239,965,225</b> | <b>\$ 317,300,746</b> | <b>\$ (470,095,246)</b> | <b>\$ 1,386,917,310</b> | <b>\$ 1,308,332,757</b> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF NET POSITION – SUB-FUNDS (CONTINUED)**  
**JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|  | General               | Opportunity           | Public               | Single Family         | Multifamily           | Eliminations            | Combined Totals         |                         |
|--|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
|  | Sub-Fund              | Housing<br>Sub-Fund   | Sub-Fund             | Sub-Fund              | Sub-Fund              |                         | 2019                    | 2018                    |
| <b>LIABILITIES</b>                                       |                       |                       |                      |                       |                       |                         |                         |                         |
| <b>CURRENT LIABILITIES</b>                               |                       |                       |                      |                       |                       |                         |                         |                         |
| Accounts Payable and Accrued Liabilities                 | \$ 5,292,339          | \$ 11,604,725         | \$ 1,645,615         | \$ 495,314            | \$ 69,283             | \$ -                    | \$ 19,107,276           | \$ 24,504,883           |
| Interfund Payable  | 15,594,737            | -                     | 538,775              | 155,808               | -                     | (16,289,320)            | -                       | -                       |
| Accrued Interest Payable                                 | 985,500               | 6,406,698             | -                    | -                     | -                     | (918,195)               | 6,474,003               | 4,352,372               |
| Loans Payable to Montgomery County - Current             | -                     | 203,632               | -                    | -                     | -                     | -                       | 203,632                 | 202,918                 |
| Mortgage Notes and Loans Payable - Current               | 1,752,722             | 27,109,030            | -                    | -                     | -                     | (7,843,745)             | 21,018,007              | 52,832,225              |
| Derivative Investment - Hedging                          | -                     | 12,778,047            | -                    | -                     | -                     | -                       | 12,778,047              | -                       |
| Total Current Unrestricted Liabilities                   | <u>23,625,298</u>     | <u>58,102,132</u>     | <u>2,184,390</u>     | <u>651,122</u>        | <u>69,283</u>         | <u>(25,051,260)</u>     | <u>59,580,965</u>       | <u>81,892,398</u>       |
| Current Liabilities Payable from Restricted Assets:      |                       |                       |                      |                       |                       |                         |                         |                         |
| Customer Deposits Payable                                | -                     | 2,520,272             | 910,309              | -                     | -                     | -                       | 3,430,581               | 3,201,411               |
| Accrued Interest Payable                                 | -                     | -                     | -                    | 3,120,298             | 5,133,223             | -                       | 8,253,521               | 8,152,075               |
| Bonds Payable - Current                                  | -                     | -                     | -                    | 12,245,000            | 10,196,450            | -                       | 22,441,450              | 43,988,191              |
| Total Current Liabilities Payable from Restricted Assets | -                     | 2,520,272             | 910,309              | 15,365,298            | 15,329,673            | -                       | 34,125,552              | 55,341,677              |
| Total Current Liabilities                                | <u>23,625,298</u>     | <u>60,622,404</u>     | <u>3,094,699</u>     | <u>16,016,420</u>     | <u>15,398,956</u>     | <u>(25,051,260)</u>     | <u>93,706,517</u>       | <u>137,234,075</u>      |
| <b>NONCURRENT LIABILITIES</b>                            |                       |                       |                      |                       |                       |                         |                         |                         |
| Bonds Payable  | -                     | -                     | -                    | 192,060,849           | 263,179,653           | -                       | 455,240,502             | 482,659,565             |
| Mortgage Notes and Loans Payable                         | 201,310,205           | 642,816,280           | -                    | 2,320,000             | -                     | (445,043,986)           | 401,402,499             | 303,294,571             |
| Loans Payable to Montgomery County                       | 29,426,277            | 77,721,302            | -                    | -                     | -                     | -                       | 107,147,579             | 57,892,624              |
| Unearned Revenue   | 11,470,312            | 12,278,425            | 33,468               | -                     | -                     | -                       | 23,782,205              | 24,282,574              |
| Escrow and Other Deposits                                | 12,279,597            | -                     | -                    | -                     | 2,835,892             | -                       | 15,115,489              | 15,365,427              |
| Net Pension Liability                                    | 3,797,250             | 889,600               | 2,773,035            | -                     | -                     | -                       | 7,459,885               | 10,595,603              |
| Net OPEB Liability                                       | 14,034,998            | 1,861,402             | 11,863,841           | -                     | -                     | -                       | 27,760,241              | 26,847,382              |
| Derivative Instruments - Hedging                         | -                     | 2,339,171             | -                    | 515,817               | 4,198,742             | -                       | 7,053,730               | 4,205,807               |
| Total Noncurrent Liabilities                             | <u>272,318,639</u>    | <u>737,906,180</u>    | <u>14,670,344</u>    | <u>194,896,666</u>    | <u>270,214,287</u>    | <u>(445,043,986)</u>    | <u>1,044,962,130</u>    | <u>925,143,553</u>      |
| Total Liabilities  | <u>295,943,937</u>    | <u>798,528,584</u>    | <u>17,765,043</u>    | <u>210,913,086</u>    | <u>285,613,243</u>    | <u>(470,095,246)</u>    | <u>1,138,668,647</u>    | <u>1,062,377,628</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                       |                       |                      |                       |                       |                         |                         |                         |
| Fair Value of Hedging Derivatives                        | -                     | -                     | -                    | -                     | -                     | -                       | -                       | 1,910,439               |
| Unamortized Pension Net Difference                       | 5,468,091             | 343,941               | 1,775,479            | -                     | -                     | -                       | 7,587,511               | 4,968,978               |
| Unamortized OPEB Net Difference                          | 5,328,068             | 668,459               | 3,511,200            | -                     | -                     | -                       | 9,507,727               | 4,774,388               |
| Total Deferred Inflows of Resources                      | <u>10,796,159</u>     | <u>1,012,400</u>      | <u>5,286,679</u>     | <u>-</u>              | <u>-</u>              | <u>-</u>                | <u>17,095,238</u>       | <u>11,653,805</u>       |
| <b>NET POSITION</b>                                      |                       |                       |                      |                       |                       |                         |                         |                         |
| Net Investment in Capital Assets                         | 8,852,800             | (107,308,966)         | 12,442,968           | -                     | -                     | -                       | (86,013,198)            | (37,987,591)            |
| Restricted for:  |                       |                       |                      |                       |                       |                         |                         |                         |
| Debt Service   | -                     | 38,669,878            | -                    | 27,049,533            | 29,961,162            | -                       | 95,680,573              | 85,700,199              |
| Customer Deposits and Other                              | -                     | 403,983               | 1,630,103            | -                     | -                     | -                       | 2,034,086               | 1,846,820               |
| Closing Cost Assistance Program                          | 4,405,976             | -                     | -                    | -                     | -                     | -                       | 4,405,976               | 4,256,505               |
| Unrestricted   | 10,845,266            | 205,422,173           | (4,950,398)          | 2,002,606             | 1,726,341             | -                       | 215,045,988             | 180,485,391             |
| Total Net Position                                       | <u>24,104,042</u>     | <u>137,187,068</u>    | <u>9,122,673</u>     | <u>29,052,139</u>     | <u>31,687,503</u>     | <u>-</u>                | <u>231,153,425</u>      | <u>234,301,324</u>      |
| Total Liabilities and Net Position                       | <u>\$ 330,844,138</u> | <u>\$ 936,728,052</u> | <u>\$ 32,174,395</u> | <u>\$ 239,965,225</u> | <u>\$ 317,300,746</u> | <u>\$ (470,095,246)</u> | <u>\$ 1,386,917,310</u> | <u>\$ 1,308,332,757</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|   | General            | Opportunity         | Public             | Single Family     | Multifamily       | Eliminations        | Combined Totals    |                    |
|---|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|--------------------|--------------------|
|   | Sub-Fund           | Housing<br>Sub-Fund | Sub-Fund           | Sub-Fund          | Sub-Fund          |                     | 2019               | 2018               |
| <b>OPERATING REVENUES</b>                                   |                    |                     |                    |                   |                   |                     |                    |                    |
| Dwelling Rental   | \$ 361,936         | \$ 88,909,964       | \$ 1,028,387       | \$ -              | \$ -              | \$ (134,195)        | \$ 90,166,092      | \$ 77,458,610      |
| Investment Income   | -                  | -                   | -                  | 5,097,634         | 996,729           | -                   | 6,094,363          | 4,445,182          |
| Unrealized Gains on Investments                             | -                  | -                   | -                  | 4,315,566         | 422,918           | -                   | 4,738,484          | (2,928,181)        |
| Interest on Mortgage and Construction<br>Loans Receivable   | -                  | -                   | -                  | 3,518,720         | 13,174,996        | (7,923,356)         | 8,770,360          | 9,699,259          |
| Management Fees and Other Income                            | 20,997,965         | 2,541,996           | 8,906,325          | -                 | -                 | (20,079,669)        | 12,366,617         | 13,126,870         |
| U.S. Department of Housing and Urban<br>Development Grants: |                    |                     |                    |                   |                   |                     |                    |                    |
| Housing Assistance Payments (HAP)                           | -                  | -                   | 108,622,547        | -                 | -                 | -                   | 108,622,547        | 100,265,523        |
| HAP Administrative Fees                                     | -                  | -                   | 7,913,123          | -                 | -                 | -                   | 7,913,123          | 6,998,217          |
| Other Grants  | -                  | -                   | 5,849,318          | -                 | -                 | -                   | 5,849,318          | 6,148,090          |
| State and County Grants                                     | -                  | -                   | 11,619,715         | -                 | -                 | -                   | 11,619,715         | 15,116,301         |
| Total Operating Revenues                                    | <u>21,359,901</u>  | <u>91,451,960</u>   | <u>143,939,415</u> | <u>12,931,920</u> | <u>14,594,643</u> | <u>(28,137,220)</u> | <u>256,140,619</u> | <u>230,329,871</u> |
| <b>OPERATING EXPENSES</b>                                   |                    |                     |                    |                   |                   |                     |                    |                    |
| Housing Assistance Payments                                 | -                  | -                   | 110,243,738        | -                 | -                 | (134,195)           | 110,109,543        | 102,470,927        |
| Administration  | 14,103,948         | 15,910,854          | 16,905,787         | 2,054,253         | 1,914,489         | (7,069,171)         | 43,820,160         | 43,817,962         |
| Maintenance   | 2,212,611          | 18,901,900          | 1,191,363          | -                 | -                 | -                   | 22,305,874         | 18,737,186         |
| Depreciation and Amortization                               | 769,365            | 17,074,884          | 403,225            | -                 | -                 | -                   | 18,247,474         | 15,570,948         |
| Utilities   | 185,002            | 5,393,887           | 628,699            | -                 | -                 | -                   | 6,207,588          | 5,890,629          |
| Fringe Benefits   | 5,750,865          | 2,946,432           | 3,207,576          | 196,315           | 206,021           | -                   | 12,307,209         | 10,841,963         |
| Interest Expense  | -                  | 21,851,722          | -                  | 5,877,502         | 10,938,438        | (14,771,215)        | 23,896,447         | 22,727,232         |
| Other Expenses  | 529,927            | 14,770,973          | 11,521,282         | 174,563           | -                 | (13,010,498)        | 13,986,247         | 13,100,212         |
| Total Operating Expenses                                    | <u>23,551,718</u>  | <u>96,850,652</u>   | <u>144,101,670</u> | <u>8,302,633</u>  | <u>13,058,948</u> | <u>(34,985,079)</u> | <u>250,880,542</u> | <u>233,157,059</u> |
| Operating (Loss) Income                                     | <u>(2,191,817)</u> | <u>(5,398,692)</u>  | <u>(162,255)</u>   | <u>4,629,287</u>  | <u>1,535,695</u>  | <u>6,847,859</u>    | <u>5,260,077</u>   | <u>(2,827,188)</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**  
**(Continued)**

|   | General              | Opportunity           | Public              | Single Family        | Multifamily          | Eliminations       | Combined Totals       |                       |
|---|----------------------|-----------------------|---------------------|----------------------|----------------------|--------------------|-----------------------|-----------------------|
|   | Sub-Fund             | Housing<br>Sub-Fund   | Sub-Fund            | Sub-Fund             | Sub-Fund             |                    | 2019                  | 2018                  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                   |                      |                       |                     |                      |                      |                    |                       |                       |
| Investment Income   | \$ 8,381,355         | \$ 735,654            | \$ 34,946           | \$ -                 | \$ -                 | \$ (6,847,859)     | \$ 2,304,096          | \$ 2,378,528          |
| Interest on Mortgage and Construction<br>Loans Receivable | 151,220              | 1,072,412             | -                   | -                    | -                    | -                  | 1,223,632             | 1,031,590             |
| Interest Expense  | (7,580,560)          | -                     | -                   | -                    | -                    | -                  | (7,580,560)           | (2,543,362)           |
| Other Grants  | -                    | 461,470               | -                   | -                    | -                    | -                  | 461,470               | 192,661               |
| Gain on Sale of Assets                                    | -                    | 4,152,550             | -                   | -                    | -                    | -                  | 4,152,550             | 13,512,924            |
| Total Nonoperating Revenues (Expenses)                    | <u>952,015</u>       | <u>6,422,086</u>      | <u>34,946</u>       | <u>-</u>             | <u>-</u>             | <u>(6,847,859)</u> | <u>561,188</u>        | <u>14,572,341</u>     |
| Income (Loss) Before Contributions<br>and Transfers       | <u>(1,239,802)</u>   | <u>1,023,394</u>      | <u>(127,309)</u>    | <u>4,629,287</u>     | <u>1,535,695</u>     | <u>-</u>           | <u>5,821,265</u>      | <u>11,745,153</u>     |
| Transfer from Discrete Component Units                    | -                    | (9,170,539)           | -                   | -                    | -                    | -                  | (9,170,539)           | 4,269,759             |
| Capital Contributions                                     | -                    | -                     | 201,375             | -                    | -                    | -                  | 201,375               | 1,984,271             |
| Operating Transfers in (out)                              | <u>1,627,755</u>     | <u>(1,627,755)</u>    | <u>-</u>            | <u>-</u>             | <u>-</u>             | <u>-</u>           | <u>-</u>              | <u>-</u>              |
| <b>CHANGES IN NET POSITION</b>                            | <u>387,953</u>       | <u>(9,774,900)</u>    | <u>74,066</u>       | <u>4,629,287</u>     | <u>1,535,695</u>     | <u>-</u>           | <u>(3,147,899)</u>    | <u>17,999,183</u>     |
| Total Net Position - Beginning 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>216,302,141</u>    |
| <b>TOTAL NET POSITION - END OF YEAR</b>                   | <u>\$ 24,104,042</u> | <u>\$ 137,187,068</u> | <u>\$ 9,122,673</u> | <u>\$ 29,052,139</u> | <u>\$ 31,687,503</u> | <u>\$ -</u>        | <u>\$ 231,153,425</u> | <u>\$ 234,301,324</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF CASH FLOWS – SUB-FUNDS**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|   | General      | Opportunity         | Public        | Single Family | Multifamily  | Eliminations | Combined Totals |               |
|---|--------------|---------------------|---------------|---------------|--------------|--------------|-----------------|---------------|
|   | Sub-Fund     | Housing<br>Sub-Fund |               |               |              |              | Sub-Fund        | Sub-Fund      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |              |                     |               |               |              |              |                 |               |
| Receipts from Customers                                     | \$ 361,936   | \$ 91,230,754       | \$ 1,274,777  | \$ -          | \$ -         | \$ (134,195) | \$ 92,733,272   | \$ 78,921,900 |
| Intergovernmental Revenue                                   | -            | -                   | 134,004,703   | -             | -            | -            | 134,004,703     | 128,528,131   |
| Investment Income Received                                  | -            | -                   | -             | 5,217,782     | 373,400      | -            | 5,591,182       | 4,886,422     |
| Mortgage Interest Received                                  | -            | -                   | -             | 3,530,853     | 13,234,477   | (7,639,825)  | 9,125,505       | 9,362,861     |
| Mortgage Loan Principal Received                            | -            | -                   | -             | 10,678,611    | 8,746,607    | -            | 19,425,218      | 30,706,141    |
| Management Fees and Other Income                            | 15,063,358   | 2,407,620           | 8,937,234     | -             | -            | (20,079,669) | 6,328,543       | 21,429,607    |
| Payments to Suppliers                                       | (2,542,378)  | (35,181,728)        | (13,341,344)  | (2,332,509)   | (6,078,485)  | 13,010,498   | (46,465,946)    | (45,205,707)  |
| Payments to Employees                                       | (19,940,368) | (12,624,913)        | (20,539,310)  | -             | -            | 7,069,171    | (46,035,420)    | (61,345,297)  |
| Interest Paid   | -            | (21,150,232)        | -             | (5,460,963)   | (11,132,114) | 14,487,684   | (23,255,625)    | (22,782,754)  |
| Housing Assistance Payments                                 | -            | -                   | (110,243,738) | -             | -            | 134,195      | (110,109,543)   | (102,470,927) |
| Net Cash (Used) Provided by Operating Activities            | (7,057,452)  | 24,681,501          | 92,322        | 11,633,774    | 5,143,885    | 6,847,859    | 41,341,889      | 42,030,377    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |              |                     |               |               |              |              |                 |               |
| Advances to Component Units                                 | 4,310,116    | (707,225)           | -             | -             | -            | -            | 3,602,891       | (4,308,162)   |
| Issuance of Notes Receivable                                | (29,575,003) | (26,599,206)        | 549,869       | -             | -            | -            | (55,624,340)    | (9,537,527)   |
| Repayments of Notes Receivable                              | -            | 1,604               | -             | -             | -            | -            | 1,604           | 993,977       |
| Investments Sold  | -            | -                   | -             | 1,326,224     | -            | -            | 1,326,224       | -             |
| Investments Purchased                                       | -            | -                   | -             | (29,120,403)  | -            | -            | (29,120,403)    | (16,211,589)  |
| Investment Income Received                                  | 8,381,355    | 735,654             | 34,946        | -             | -            | (6,847,859)  | 2,304,096       | 2,378,528     |
| Mortgage Interest Received                                  | (1,319,700)  | 1,072,412           | -             | -             | -            | -            | (247,288)       | 47,402        |
| Net Cash (Used) Provided by Investing Activities            | (18,203,232) | (25,496,761)        | 584,815       | (27,794,179)  | -            | (6,847,859)  | (77,757,216)    | (26,637,371)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>      |              |                     |               |               |              |              |                 |               |
| Proceeds from Sale of Bonds                                 | -            | -                   | -             | -             | -            | -            | -               | 49,885,000    |
| Proceeds from Issuance of Mortgage                          | -            | -                   | -             | 2,320,000     | -            | (2,320,000)  | -               | -             |
| Bond Repayments   | -            | -                   | -             | (18,472,221)  | (30,615,000) | -            | (49,087,221)    | (36,009,077)  |
| Intergovernmental Revenue                                   | -            | 461,470             | -             | -             | -            | -            | 461,470         | 192,661       |
| Net Cash Provided (Used) by Noncapital Financing Activities | -            | 461,470             | -             | (16,152,221)  | (30,615,000) | (2,320,000)  | (48,625,751)    | 14,068,584    |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|   | General<br>Sub-Fund  | Opportunity<br>Housing<br>Sub-Fund | Public<br>Sub-Fund  | Single Family<br>Sub-Fund | Multifamily<br>Sub-Fund | Eliminations | Combined Totals       |                       |
|---|----------------------|------------------------------------|---------------------|---------------------------|-------------------------|--------------|-----------------------|-----------------------|
|   |                      |                                    |                     |                           |                         |              | 2019                  | 2018                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                      |                                    |                     |                           |                         |              |                       |                       |
| Payments for Property, Equipment and Capital  | \$ (4,207,825)       | \$ (124,770,960)                   | \$ (1,726,636)      | \$ -                      | \$ -                    | \$ -         | \$ (130,705,421)      | \$ (236,452,129)      |
| Proceeds from Sale of Capital Assets  | -                    | (809,623)                          | 636,166             | -                         | -                       | -            | (173,457)             | 47,953,009            |
| Gain on Disposal of Capital Assets  | -                    | -                                  | -                   | -                         | -                       | -            | -                     | 1,395,704             |
| Proceeds from Loans Payable to Montgomery County  | 19,263,306           | 31,007,087                         | -                   | -                         | -                       | -            | 50,270,393            | 37,855                |
| Payments on Loans Payable to Montgomery County  | -                    | (1,014,724)                        | -                   | -                         | -                       | -            | (1,014,724)           | (8,224,436)           |
| Proceeds from New Mortgage Notes and Loans Payable  | 39,100,457           | 156,601,304                        | -                   | -                         | -                       | (99,434,811) | 96,266,950            | 586,404,993           |
| Payments on Mortgage Notes and Loans Payable  | (30,516,051)         | (38,715,876)                       | -                   | -                         | -                       | 101,754,811  | 32,522,884            | (395,894,730)         |
| Interest Paid on Mortgages  | (7,580,560)          | -                                  | -                   | -                         | -                       | -            | (7,580,560)           | (2,543,362)           |
| Payment of Principal on Capital Lease Obligations   | -                    | -                                  | -                   | -                         | -                       | -            | -                     | 9,744,048             |
| Capital Contributions and Transfers   | -                    | (9,170,539)                        | 201,375             | -                         | -                       | -            | (8,969,164)           | 549,475               |
| Net Cash Provided (Used) by Capital and Related Financing Activities  | 16,059,327           | 13,126,669                         | (889,095)           | -                         | -                       | 2,320,000    | 30,616,901            | 2,970,427             |
| <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>   | (9,201,357)          | 12,772,879                         | (211,958)           | (32,312,626)              | (25,471,115)            | -            | (54,424,177)          | 32,432,017            |
| Cash and Cash Equivalents - Beginning of Year   | 36,503,990           | 88,565,997                         | 8,360,632           | 77,113,505                | 56,552,490              | -            | 267,096,614           | 234,664,597           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <u>\$ 27,302,633</u> | <u>\$ 101,338,876</u>              | <u>\$ 8,148,674</u> | <u>\$ 44,800,879</u>      | <u>\$ 31,081,375</u>    | <u>\$ -</u>  | <u>\$ 212,672,437</u> | <u>\$ 267,096,614</u> |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION</b> |                      |                                    |                     |                           |                         |              |                       |                       |
| Current Unrestricted Cash and Cash Equivalents  | \$ 22,827,459        | \$ 59,744,743                      | \$ 5,608,262        | \$ 2,002,606              | \$ 1,726,341            | \$ -         | \$ 91,909,411         | \$ 93,948,583         |
| Restricted Cash and Cash Equivalents  | 4,475,174            | 38,669,878                         | 1,116,761           | 27,432,976                | 14,025,361              | -            | 85,720,150            | 117,046,504           |
| Current Bonds Payable   | -                    | -                                  | -                   | 15,365,297                | 15,329,673              | -            | 30,694,970            | 52,140,266            |
| Customer Deposits   | -                    | 2,924,255                          | 1,423,651           | -                         | -                       | -            | 4,347,906             | 3,961,261             |
| Total Cash and Cash Equivalents   | <u>\$ 27,302,633</u> | <u>\$ 101,338,876</u>              | <u>\$ 8,148,674</u> | <u>\$ 44,800,879</u>      | <u>\$ 31,081,375</u>    | <u>\$ -</u>  | <u>\$ 212,672,437</u> | <u>\$ 267,096,614</u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for June 30, 2018)**

|  | General<br>Sub-Fund | Opportunity<br>Housing<br>Sub-Fund | Public<br>Sub-Fund | Single Family<br>Sub-Fund | Multifamily<br>Sub-Fund | Eliminations | Combined Totals |                |
|--|---------------------|------------------------------------|--------------------|---------------------------|-------------------------|--------------|-----------------|----------------|
|  |                     |                                    |                    |                           |                         |              | 2019            | 2018           |
| <b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET<br/>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                     |                                    |                    |                           |                         |              |                 |                |
| Operating Income (Loss)  | \$ (2,191,817)      | \$ (5,398,692)                     | \$ (162,255)       | \$ 4,629,287              | \$ 1,535,695            | \$ 6,847,859 | \$ 5,260,077    | \$ (2,827,188) |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash (Used) Provided by Operating Activities: |                     |                                    |                    |                           |                         |              |                 |                |
| Increase in Capital Appreciation Bonds   | -                   | -                                  | -                  | -                         | 28,192                  | -            | 28,192          | 25,266         |
| Depreciation   | 769,365             | 17,076,057                         | 403,225            | -                         | -                       | -            | 18,248,647      | 15,302,326     |
| Amortization   | -                   | (1,173)                            | -                  | -                         | -                       | -            | (1,173)         | 268,622        |
| Unrealized Losses (Gains) on Investments   | -                   | -                                  | -                  | (4,315,566)               | (422,918)               | -            | (4,738,484)     | 2,928,182      |
| Gain on Sale of Assets   | -                   | 4,152,550                          | -                  | -                         | -                       | -            | 4,152,550       | -              |
| Effects of Changes in Operating Assets and Liabilities:  |                     |                                    |                    |                           |                         |              |                 |                |
| Accounts Receivable and Other Assets   | (154,609)           | 2,217,961                          | 120,049            | 374,653                   | -                       | -            | 2,558,054       | (86,744)       |
| Mortgage and Construction Loans Receivable   | -                   | -                                  | -                  | 9,657,906                 | 8,764,201               | -            | 18,422,107      | 31,012,686     |
| Accrued Interest Receivable  | -                   | (718,172)                          | -                  | 132,281                   | 53,658                  | 283,531      | (248,702)       | (759,304)      |
| Prepaid Expenses and Other Assets  | -                   | -                                  | -                  | 45,076                    | 1,709                   | -            | 46,785          | 36,770         |
| Deferred Outflows - Pension  | 535,271             | 64,868                             | 264,432            | -                         | -                       | -            | 864,571         | -              |
| Deferred Outflows - OPEB   | (3,334,318)         | (396,768)                          | (1,647,196)        | -                         | -                       | -            | (5,378,282)     | (1,793,747)    |
| Interfund Receivable / (Payable)   | (5,383,096)         | 6,185,895                          | (787,639)          | 42,122                    | (57,282)                | -            | -               | -              |
| Other Real Estate Owned  | -                   | -                                  | -                  | 600,976                   | -                       | -            | 600,976         | (445,229)      |
| Accounts Payable and Accrued Liabilities   | (1,451,793)         | (267,518)                          | 173,606            | 50,500                    | (3,902,402)             | -            | (5,397,607)     | (2,080,625)    |
| Unearned Revenue   | (396,902)           | (134,376)                          | 30,909             | -                         | -                       | -            | (500,369)       | (3,250,084)    |
| Net OPEB Liability   | 565,936             | 67,344                             | 279,579            | -                         | -                       | -            | 912,859         | (4,497,658)    |
| Net Pension Liability  | (1,944,016)         | (231,330)                          | (960,372)          | -                         | -                       | -            | (3,135,718)     | (1,086,058)    |
| Deferred Inflows - Pension   | 1,483,361           | 193,175                            | 801,974            | -                         | -                       | -            | 2,478,510       | -              |
| Deferred Inflows - OPEB  | 3,074,504           | 349,189                            | 1,449,669          | -                         | -                       | -            | 4,873,362       | 7,030,558      |
| Accrued Interest Payable   | 985,500             | 1,419,662                          | -                  | 416,539                   | (221,868)               | (283,531)    | 2,316,302       | 1,185,465      |
| Escrow and Other Deposits  | 385,162             | 102,829                            | 126,341            | -                         | (635,100)               | -            | (20,768)        | 1,067,139      |
| Net Cash (Used) Provided by Operating Activities   | \$ (7,057,452)      | \$ 24,681,501                      | \$ 92,322          | \$ 11,633,774             | \$ 5,143,885            | \$ 6,847,859 | \$ 41,341,889   | \$ 42,030,377  |

### III. STATISTICAL SECTION

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
STATISTICAL SECTION NARRATIVE  
FISCAL YEAR ENDED JUNE 30, 2019**

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 111-112.

**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 113-115.

**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 116-120.

**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 121-125.

**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 126-129.

**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  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**

| Fiscal Year | Net Investment in<br>Capital Assets | Restricted    | Unrestricted   | Total Net<br>Position |
|-------------|-------------------------------------|---------------|----------------|-----------------------|
| 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           |
| 2019        | (86,013,198)                        | 102,120,635   | 215,045,988    | 231,153,425           |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**CHANGE IN NET POSITION BY ENTERPRISE SUB-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 |
| 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                         | 81,349,017                          | 12,719,359             | 135,676,139                         | 147,284,664                         | (11,608,525)           |
| 2019        | 31,520,231                          | 31,132,278                          | 387,953                | 88,703,507                          | 98,478,407                          | (9,774,900)            | 144,175,736                         | 144,101,670                         | 74,066                 |

| 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 |
| 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                |
| 2019        | 12,931,920                          | 8,302,633                           | 4,629,287              | 14,594,643                          | 13,058,948                          | 1,535,695              |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

|   | 2019                  | 2018                 | 2017                 | 2016                 | 2015                  | 2014                  | 2013                | 2012               | 2011                | 2010                |
|---|-----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|---------------------|--------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                                   |                       |                      |                      |                      |                       |                       |                     |                    |                     |                     |
| Dwelling Rental   | \$ 90,166,092         | \$ 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       |
| Investment Income   | 6,094,363             | 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           |
| Unrealized Gains (Losses) on Investments                    | 4,738,484             | (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           |
| Interest on Mortgage and Construction Loans Receivable      | 8,770,360             | 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          |
| Management Fees and Other Income                            | 12,366,617            | 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          |
| U.S. Department of Housing and Urban<br>Development Grants; |                       |                      |                      |                      |                       |                       |                     |                    |                     |                     |
| Housing Assistance Payments (HAP)                           | 108,622,547           | 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          |
| HAP Administrative Fees                                     | 7,913,123             | 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           |
| Other Grants  | 5,849,318             | 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          |
| State and County Grants                                     | 11,619,715            | 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           |
| Total Operating Revenues                                    | <u>256,140,619</u>    | <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>  |
| <b>OPERATING EXPENSES</b>                                   |                       |                      |                      |                      |                       |                       |                     |                    |                     |                     |
| Housing Assistance Payments                                 | \$ 110,109,543        | \$ 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          |
| Administration  | 43,820,160            | 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          |
| Maintenance   | 22,305,874            | 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          |
| Depreciation and Amortization                               | 18,247,474            | 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          |
| Utilities   | 6,207,588             | 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           |
| Fringe Benefits   | 12,307,209            | 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           |
| Interest Expense  | 23,896,447            | 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          |
| Other Expenses  | 13,986,247            | 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           |
| Bad Debt Expense  | -                     | -                    | -                    | -                    | -                     | 1,067,155             | 784,371             | 361,871            | 436,581             | 379,192             |
| Total Operating Expenses                                    | <u>250,880,542</u>    | <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>  |
| Operating Income (Loss)                                     | <u>5,260,077</u>      | <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>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                     |                       |                      |                      |                      |                       |                       |                     |                    |                     |                     |
| Investment Income   | 2,304,096             | 2,378,528            | 2,019,037            | 1,096,003            | 420,759               | 452,092               | 577,972             | 609,386            | 683,595             | 1,351,318           |
| Interest on Mortgage and Construction Loans Receivable      | 1,223,632             | 1,031,590            | 289,597              | 179,651              | 188,841               | 203,121               | 166,394             | 187,259            | 141,505             | 105,433             |
| Interest Expense  | (7,580,560)           | (2,543,362)          | (937,167)            | (545,782)            | (188,415)             | (108,011)             | (115,534)           | (138,314)          | (73,480)            | (142,965)           |
| Gain (Loss) on Transfer of Component Unit Entities          | 4,152,550             | 13,512,924           | -                    | -                    | (774,123)             | -                     | -                   | 736,869            | -                   | (747,219)           |
| Other Grants  | 461,470               | 192,661              | 352,264              | 204,554              | 33,359                | 42,325                | 41,229              | 37,219             | 38,146              | 39,698              |
| State and County Grants                                     | -                     | -                    | -                    | 4,536                | 371,962               | 241,004               | 765,279             | 131,020            | 253,857             | 368,694             |
| Gain on Sale of Assets                                      | -                     | -                    | 30,574,480           | 27,896,767           | -                     | -                     | -                   | -                  | -                   | -                   |
| Total Nonoperating Income                                   | <u>561,188</u>        | <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>      |
| Income (Loss) Before Contributions<br>and Transfers         | <u>5,821,265</u>      | <u>11,745,153</u>    | <u>26,960,540</u>    | <u>35,240,164</u>    | <u>(5,525,075)</u>    | <u>(2,057,117)</u>    | <u>5,367,395</u>    | <u>(2,508,669)</u> | <u>349,637</u>      | <u>(1,964,163)</u>  |
| Transfers From Discrete Component Units                     | (9,170,539)           | 4,269,759            | -                    | -                    | -                     | -                     | -                   | -                  | -                   | -                   |
| Capital Contributions                                       | 201,375               | 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           |
| <b>CHANGES IN NET POSITION</b>                              | <u>\$ (3,147,899)</u> | <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> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
SIGNIFICANT OWN-SOURCE REVENUE  
LAST TEN FISCAL YEARS**

| <u>Fiscal Year Ending</u> | <u>Dwelling Rental<br/>Revenue<br/>Total</u> | <u>% Total<br/>Operating<br/>Revenue</u> |
|---------------------------|--|--|
| 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%                                   |
| 2019                      | 90,166,092                                   | 35.20%                                   |
| Average                   | <u>\$ 66,741,518</u>                         | <u>31.20%</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**  
**OPERATING REVENUES BY SOURCES**  
**LAST TEN FISCAL YEARS**

| Fiscal<br>Year | Dwelling Rental |                       | Investment Income |                       | Unrealized Gains (Losses)<br>on Investments |                       | Interest on Mortgage and<br>Construction Loans<br>Receivable |                       |
|----------------|-----------------|-----------------------|-------------------|-----------------------|---|-----------------------|--|-----------------------|
|                | Amount          | % Total Op<br>Revenue | Amount            | % Total Op<br>Revenue | Amount                                      | % Total Op<br>Revenue | Amount   | % Total Op<br>Revenue |
|                | 2010            | \$ 51,602,384         | 27.00%            | \$ 6,925,130          | 3.62%                                       | \$ 3,848,207          | 2.01%  | \$ 17,731,617         |
| 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%                 |
| 2019           | 90,166,092      | 35.20%                | 6,094,363         | 2.38%                 | 4,738,484                                   | 1.85%                 | 8,770,360  | 3.42%                 |

| Fiscal<br>Year | Management Fees and<br>Other Income |                       | Housing Assistance<br>Payment Subsidies |                       | State, County and Other<br>Federal Grants |                       | Total Operating<br>Revenue |                       |
|----------------|-------------------------------------|-----------------------|---|-----------------------|---|-----------------------|----------------------------|-----------------------|
|                | Amount                              | % Total Op<br>Revenue | Amount                                  | % Total Op<br>Revenue | Amount                                    | % Total Op<br>Revenue | Amount                     | % Total Op<br>Revenue |
|                | 2010                                | \$ 7,911,157          | 4.14%                                   | \$ 92,506,398         | 48.39%                                    | \$ 10,629,223         | 5.56%                      | \$191,154,116         |
| 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%               |
| 2019           | 12,366,617                          | 4.83%                 | 116,535,670                             | 45.50%                | 17,469,033                                | 6.82%                 | 256,140,619                | 100.00%               |

**HOUSING OPPORTUNITIES COMMISSION 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 |
|-------------|----------------|----------------------------------|------------------------------------|-------------------------------|--------------|----------------|------------------------------|------------------------------|---------------------------------------|
| 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%                                 |
| 2019        | 477,681,952    | 422,420,506                      | 107,351,211                        | -                             | 15,115,489   | 1,022,569,158  | 22.61%                       | 948                          | 1038%                                 |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**PROPERTY RELATED DEBT**  
**FISCAL YEAR ENDED JUNE 30, 2019**

| Property  | Purpose                  | Amount<br>Outstanding | Property   | Purpose        | Amount<br>Outstanding |
|---|--------------------------|-----------------------|--|----------------|-----------------------|
| <u>Intra-Commission mortgages made from bond issues</u> |                          |                       | <u>Other Mortgages</u>                           |                |                       |
| Barclay Development Corporation                         | Mortgage                 | \$ 7,675,698          | Glenmont Crossing                                | Mortgage       | 1,909,630             |
| Diamond Square  | Mortgage                 | 1,155,694             | Glenmont Crossing                                | Mortgage       | 8,630,916             |
| Magruder's Discovery                                    | Mortgage                 | 10,315,255            | Glenmont Westerly                                | Mortgage       | 6,625,497             |
| Manchester Manor  | Mortgage                 | 1,344,459             | MHLP VII   | Mortgage       | 522,725               |
| MHLP IX-MPDU  | Mortgage                 | 1,900,346             | Paddington Square                                | Mortgage       | 19,324,823            |
| MHLP IX-Pond Ridge                                      | Mortgage                 | 1,113,597             | Scattered Site Two Dev Corp                      | Mortgage       | 4,309,700             |
| MHLP X  | Mortgage                 | 2,376,902             | TPP LLC - Pomander                               | Mortgage       | 3,597,460             |
| Montgomery Arms   | Mortgage                 | 7,072,398             | TPP LLC - Timberlawn                             | Mortgage       | 16,038,669            |
| MPDUs (64)  | Mortgage                 | 1,167,863             |  | Subtotal       | <b>60,959,420</b>     |
| Pooks Hill Highrise                                     | Mortgage                 | 15,633,531            |  |                |                       |
| Pooks Hill Midrise                                      | Mortgage                 | 1,838,208             | <u>Notes Payable to State of Maryland</u>        |                |                       |
| RAD 6   | Mortgage                 | 22,629,801            | CDBG McAlpine Road                               | Rehab          | 107,493               |
| Scattered Site One Dev Corp                             | Mortgage                 | 7,943,412             | Dale Drive                                       | RHPP           | 600,000               |
| Shady Grove Apts LP                                     | Mortgage                 | 4,300,575             | Diamond Square                                   | RHPP           | 2,000,000             |
| Strathmore Court  | Mortgage                 | 13,104,965            | Montgomery Arms                                  | RHPP           | 93,976                |
| The Glen  | Mortgage                 | 4,527,000             | State Rental Consolidated                        | PHRP           | 8,795,567             |
| The Metropolitan  | Mortgage                 | 23,048,171            | State Rental VII                                 | PHRP           | 4,712,863             |
| The Oaks at Four Corners                                | Mortgage                 | 1,594,021             | The Glen   | RHPP           | 1,211,706             |
| The Willows of Gaithersburg Assoc. LP                   | Mortgage                 | 1,706,141             |  | Subtotal       | <b>17,521,605</b>     |
| Wheaton Metro Development Corporation                   | Mortgage                 | 29,420,347            |  |                |                       |
|   | Subtotal                 | <b>159,868,384</b>    | <u>Other Loans/OHRF</u>                          |                |                       |
| <u>Loans from Montgomery County Revolving Fund</u>      |                          |                       | 499-901 (HOC at Hillandale Gateway LLC           | Acquisition    | 1,756,386             |
| Ambassador  | Interim Financing        | \$ 2,284,066          | Alexander House                                  | Construction   | 45,481,295            |
| Bonifant Office   | Interim Financing        | 3,100,000             | Ambassador                                       | Line of Credit | 2,060,106             |
| Brooks Farm   | Interim Financing        | 21,817                | Faifax Court                                     | Line of Credit | 746,000               |
| Holiday Park Townhouse                                  | Interim Financing        | 507,816               | Montgomery Arms                                  | Rehab          | 1,340,037             |
|   | Subtotal                 | <b>5,913,699</b>      | Paddington Square                                | Rehab          | 923,038               |
| <u>Notes Payable to Montgomery County</u>               |                          |                       | VPC One Development Corporation                  | Rehab/LOC      | 2,446,912             |
| Ambassador  | Acquisition              | 2,000,000             | VPC Two Development Corporation                  | Rehab          | 1,713,088             |
| Brooke Park Apartments                                  | Acquisition              | 3,840,439             | Wheaton Metro Development Corporation            | Rehab          | 1,379,283             |
| CDBG  | Acquisition              | 604,275               |  | Subtotal       | <b>57,846,145</b>     |
| CDBG McAlpine Road                                      | Acquisition              | 101,168               | <u>Other Loans</u>                               |                |                       |
| Chelsea Towers  | Acquisition              | 1,098,471             | 900 Thayer Avenue (499-904)                      | Acquisition    | 11,528,595            |
| Chelsea Towers  | Home Funds               | 225,000               | 900 Thayer LP                                    | Acquisition    | 18,144,815            |
| County revolving CCAP                                   | Acquisition              | 2,542,211             | Avondale Apartments                              | Acquisition    | 7,037,704             |
| Dale Drive  | Construction             | 1,738,012             | Barclay  | Rehab          | 3,180,105             |
| Diamond Square  | Rehab                    | 2,746,344             | Development in Process                           | Note Payable   | 507,989               |
| Glenmont Crossing - contribution in books               | Rehab                    | 2,850,000             | Development in Process                           | Mortgage       | 1,266,976             |
| Glenmont Westerly - contribution in books               | Rehab                    | 3,650,000             | Elizabeth House III                              | Acquisition    | 11,503,041            |
| HOC/HOP   | Acquisition/Rehab        | 953,925               | Elizabeth House IV                               | Acquisition    | 1,701,932             |
| Jubilee Housing   | Predevelopment           | 965,231               | Glenmont Crossing                                | Rehab/purchase | 2,023,400             |
| King Farm Village Center                                | Acquisition & Rehab      | 1,697,078             | Glenmont Westerly                                | Rehab/purchase | 2,752,183             |
| Manchester Manor Apts                                   | Housing Initiative Funds | 800,000               | HOC - Cider Mill Apartments                      | Acquisition    | 123,649,305           |
| McHome  | Acquisition & Rehab      | 2,005,645             | HOC - Cider Mill Apartments                      | Acquisition    | 30,048,970            |
| Montgomery Arms   | Acquisition & Rehab      | 1,699,307             | HOC - CCL Multifamily LLC Member                 | Line of Credit | 9,374,665             |
| MV Gateway LLC  | Acquisition              | 15,000,000            | HOC at Veirs Mill                                | Acquisition    | 3,000,000             |
| NCI I   | Acquisition & Rehab      | 4,039,753             | Southbridge                                      | Note Payable   | 1,906,186             |
| NSP I   | Acquisition & Rehab      | 1,993,071             | The Willows of Gaithersburg Assoc LP             | Rehab/purchase | 293,182               |
| Oaks @ Four Corners                                     | Acquisition & Rehab      | 1,580,714             | The Willows of Gaithersburg Assoc LP             | Note Payable   | 43,750                |
| Paddington Square                                       | Acquisition              | 5,196,232             | Upton II   | Acquisition    | 4,098,507             |
| Pooks Hill Midrise                                      | Acquisition              | 251,934               | Upton II - Mortgage Payable                      | Acquisition    | 225,543               |
| Scattered Site Two Development Corp                     | Acquisition              | 609,108               | VPC One Development Corporation                  | Mortgage       | 29,658,974            |
| Shady Grove Apts LP                                     | Home Funds               | 282,000               | VPC Two Development Corporation                  | Mortgage       | 21,107,645            |
| Southbridge   | Acquisition & Rehab      | 6,025,253             | Westwood Tower                                   | Acquisition    | 20,400,000            |
| State rental combined                                   | Acquisition              | 60,000                | 9845 Lost Knife Road - HOC Note Payable          | Acquisition    | 3,631,907             |
| State Rental VII  | Acquisition              | 1,668,050             | MV Gateway II, LLC                               | Acquisition    | 12,048,970            |
| The Glen  | Acquisition              | 622,484               | HOC at 11250 Viers Mill                          | Acquisition    | 9,128,595             |
| The Willows of Gaithersburg Assoc. LP                   | Acquisition              | 600,000               | 8800 Brookville Road - HOC Note Payable          | Acquisition    | 10,850,000            |
| Upton II  | Acquisition              | 5,000,000             | MHLP IX-Pond Ridge-Hoc Note Payable              | Acquisition    | 426,877               |
| Wheaton Metro Dev Corp.                                 | Rehab                    | 2,984,721             | MHLP IX-MPDU-Note Payable                        | Acquisition    | 1,360,087             |
| The Manor at Fair Hill Farm LLC                         | Acquisition              | 6,576,505             | MHLP X-Note Payable                              | Acquisition    | 1,138,645             |
| The Manor at Cloppers Mill LLC                          | Acquisition              | 7,345,532             | The Manor at Fair Hill Farm LLC (HOC Mortgage)   | Acquisition    | 476,161               |
| The Manor at Colesville LLC                             | Acquisition              | 5,879,550             | The Manor at Cloppers Mill LLC (HOC Mortgage)    | Acquisition    | 435,200               |
| MHLP IX-Pond Ridge                                      |                          | 605,500               | The Manor at Colesville LLC (HOC Mortgage)       | Acquisition    | 319,057               |
| MHLP IX-MPDU  |                          | 800,000               | The Manor at Fair Hill Farm LLC (HOC Note Payabl | Acquisition    | 11,788,052            |
| MHLP X  |                          | 800,000               | The Manor at Cloppers Mill LLC (HOC Note Payable | Acquisition    | 10,774,012            |
| 900 Thayer Avenue                                       | Rehab                    | 4,000,000             | The Manor at Colesville LLC (HOC Mortgage Payabl | Acquisition    | 7,898,726             |
|   | Subtotal                 | <b>101,437,513</b>    |  | Subtotal       | <b>373,729,756</b>    |
| <b>Total Property Related Debt</b>                      |                          |                       |  |                | <b>\$ 777,276,522</b> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**SINGLE FAMILY BONDS – DEBT OUTSTANDING, ISSUED AND RETIRED**  
**FISCAL YEAR ENDED JUNE 30, 2019**

| Series                            | Authorized            | Outstanding<br>Beginning<br>of Year | Issued                |             | Retired/Refunded     |                      | Outstanding<br>End of<br>Year | Interest<br>Expensed<br>This Year | Current<br>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                  | \$ 191,890                        | \$ -                  |
| 2008 Series D                     | 17,200,000            | 17,200,000                          | 17,200,000            | -           | -                    | -                    | 17,200,000                    | 396,934                           | -                     |
| 2009 Series A                     | 20,000,000            | 1,165,000                           | 20,000,000            | -           | 18,835,000           | 1,165,000            | -                             | 2,218                             | -                     |
| 2013 Series A                     | 38,645,000            | 26,050,000                          | 38,645,000            | -           | 12,595,000           | 4,430,000            | 21,620,000                    | 696,465                           | 3,675,000             |
| 2013 Series B                     | 14,825,000            | 3,425,000                           | 14,825,000            | -           | 11,400,000           | -                    | 3,425,000                     | 135,518                           | -                     |
| 2016 Series A                     | 32,805,000            | 27,240,000                          | 32,805,000            | -           | 5,565,000            | 2,125,000            | 25,115,000                    | 807,021                           | 1,150,000             |
| 2016 Series B                     | 9,850,000             | 8,895,000                           | 9,850,000             | -           | 955,000              | 1,930,000            | 6,965,000                     | 126,933                           | 1,950,000             |
| 2017 Series A                     | 22,000,000            | 21,690,000                          | 22,000,000            | -           | 310,000              | 1,445,000            | 20,245,000                    | 783,404                           | 670,000               |
| 2017 Series B                     | 11,300,000            | 11,180,000                          | 11,300,000            | -           | 120,000              | 1,160,000            | 10,020,000                    | 268,281                           | 810,000               |
| 2018 Series A                     | 29,435,000            | 29,435,000                          | 29,435,000            | -           | -                    | 235,000              | 29,200,000                    | 1,032,953                         | 720,000               |
| 2018 Series B                     | 8,450,000             | 8,450,000                           | 8,450,000             | -           | -                    | -                    | 8,450,000                     | 183,912                           | -                     |
| NIBP 2009 Series A                | 10,000,000            | 3,155,000                           | 10,000,000            | -           | 6,845,000            | 630,000              | 2,525,000                     | 108,394                           | 555,000               |
| NIBP 2009 Series B                | 15,000,000            | 8,870,000                           | 15,000,000            | -           | 6,130,000            | 470,000              | 8,400,000                     | 336,006                           | 140,000               |
| NIBP 2009 Series C-1              | 9,000,000             | 5,950,000                           | 9,000,000             | -           | 3,050,000            | 380,000              | 5,570,000                     | 176,644                           | 120,000               |
| NIBP 2009 Series C-2              | 16,170,000            | 10,720,000                          | 16,170,000            | -           | 5,450,000            | 990,000              | 9,730,000                     | 246,136                           | 360,000               |
| NIBP 2009 Series C-3              | 2,450,000             | 1,960,000                           | 2,450,000             | -           | 490,000              | -                    | 1,960,000                     | 48,412                            | -                     |
| NIBP 2009 Series C-4              | 9,770,000             | 7,750,000                           | 9,770,000             | -           | 2,020,000            | 490,000              | 7,260,000                     | 237,636                           | 240,000               |
| NIBP 2009 Series C-5              | 2,610,000             | 2,370,000                           | 2,610,000             | -           | 240,000              | -                    | 2,370,000                     | 67,071                            | -                     |
| NIBP 2010 Series A                | 6,000,000             | 2,085,000                           | 6,000,000             | -           | 3,915,000            | 505,000              | 1,580,000                     | 64,059                            | 220,000               |
| NIBP 2011 Series A                | 12,425,000            | 5,425,000                           | 12,425,000            | -           | 7,000,000            | 1,070,000            | 4,355,000                     | 181,968                           | 840,000               |
| NIBP 2012 Series A                | 12,545,000            | 7,875,000                           | 12,545,000            | -           | 4,670,000            | 965,000              | 6,910,000                     | 244,618                           | 795,000               |
| Sub-Total                         | 313,480,000           | 219,205,000                         | 313,480,000           | -           | 94,275,000           | 17,990,000           | 201,215,000                   | 6,336,473                         | 12,245,000            |
| Add: Unamortized discount         | -                     | <b>3,573,070</b>                    | -                     | -           | -                    | 482,221              | 3,090,849                     | (482,219)                         | -                     |
| Total Single Family Bonds Payable | <u>\$ 313,480,000</u> | <u>\$ 222,778,070</u>               | <u>\$ 313,480,000</u> | <u>\$ -</u> | <u>\$ 94,275,000</u> | <u>\$ 18,472,221</u> | <u>\$ 204,305,849</u>         | <u>\$ 5,854,254</u>               | <u>\$ 12,245,000</u>  |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND**  
**MULTIFAMILY BONDS – DEBT OUTSTANDING, ISSUED, AND RETIRED**  
**FISCAL YEAR ENDED JUNE 30, 2019**

|   | Authorized            | Unissued    | Outstanding<br>Beginning<br>of Year | Issued                |                  | Retired/Refunded      |                      | Outstanding<br>End of<br>Year | Interest<br>Expensed<br>This Year | Current<br>Maturities |
|---|-----------------------|-------------|-------------------------------------|-----------------------|------------------|-----------------------|----------------------|-------------------------------|-----------------------------------|-----------------------|
|   |                       |             |                                     | Prior Years           | This Year        | Prior Years           | This Year            |                               |                                   |                       |
| Multi Family Sub-Fund Bonds:            |                       |             |                                     |                       |                  |                       |                      |                               |                                   |                       |
| 1984 Series A - Accretions              | \$ 585,000            | \$ -        | \$ 243,718                          | \$ 218,452            | \$ 28,191        | \$ -                  | \$ -                 | \$ 271,909                    | \$ 28,191                         | \$ 31,450             |
| 1995 Series A                           | 23,910,000            | -           | 1,450,000                           | 23,910,000            | -                | 22,460,000            | 240,000              | 1,210,000                     | 72,925                            | 270,000               |
| 1998 Issue A                            | 12,900,000            | -           | 6,975,000                           | 12,900,000            | -                | 5,925,000             | 490,000              | 6,485,000                     | 326,965                           | 515,000               |
| 2002 Series A                           | 22,325,000            | -           | 16,840,000                          | 22,325,000            | -                | 5,485,000             | 705,000              | 16,135,000                    | 931,855                           | 750,000               |
| 2004 Series A                           | 13,700,000            | -           | 10,770,000                          | 13,700,000            | -                | 2,930,000             | 365,000              | 10,405,000                    | 483,459                           | 375,000               |
| 2004 Series B                           | 4,085,000             | -           | 3,435,000                           | 4,085,000             | -                | 650,000               | 70,000               | 3,365,000                     | 162,760                           | 70,000                |
| 2004 Series C                           | 19,460,000            | -           | 8,035,000                           | 19,460,000            | -                | 11,425,000            | 310,000              | 7,725,000                     | 272,744                           | 325,000               |
| 2004 Series D                           | 14,110,000            | -           | 10,445,000                          | 14,110,000            | -                | 3,665,000             | 400,000              | 10,045,000                    | 359,597                           | 415,000               |
| 2005 Series B                           | 5,440,000             | -           | 4,270,000                           | 5,440,000             | -                | 1,170,000             | 180,000              | 4,090,000                     | 193,110                           | 190,000               |
| 2005 Series C                           | 28,630,000            | -           | 23,610,000                          | 28,630,000            | -                | 5,020,000             | 785,000              | 22,825,000                    | 1,104,546                         | 815,000               |
| 2007 Series A                           | 19,055,000            | -           | 15,185,000                          | 19,055,000            | -                | 3,870,000             | 480,000              | 14,705,000                    | 676,699                           | 500,000               |
| 2007 Series C-1                         | 5,110,000             | -           | 3,405,000                           | 5,110,000             | -                | 1,705,000             | 265,000              | 3,140,000                     | 139,756                           | 275,000               |
| 2009 Series A-2                         | 8,040,000             | -           | 8,040,000                           | 8,040,000             | -                | -                     | -                    | 8,040,000                     | 315,168                           | -                     |
| 2010 Series A                           | 4,860,000             | -           | 3,895,000                           | 4,860,000             | -                | 965,000               | 185,000              | 3,710,000                     | 150,758                           | 190,000               |
| 2010 Series A                           | 12,375,000            | -           | 10,730,000                          | 12,375,000            | -                | 1,645,000             | 275,000              | 10,455,000                    | 455,433                           | 280,000               |
| 2011 Series A                           | 33,585,000            | -           | 31,135,000                          | 33,585,000            | -                | 2,450,000             | 475,000              | 30,660,000                    | 1,158,645                         | 505,000               |
| 2011 Series B                           | 3,020,000             | -           | 2,810,000                           | 3,020,000             | -                | 210,000               | 40,000               | 2,770,000                     | 157,381                           | 40,000                |
| 2012 Series A                           | 24,935,000            | -           | 19,965,000                          | 24,935,000            | -                | 4,970,000             | 940,000              | 19,025,000                    | 660,256                           | 955,000               |
| 2012 Series B                           | 18,190,000            | -           | 7,500,000                           | 18,190,000            | -                | 10,690,000            | 490,000              | 7,010,000                     | 221,823                           | 495,000               |
| 2012 Series C                           | 24,230,000            | -           | 15,490,000                          | 24,230,000            | -                | 8,740,000             | 1,205,000            | 14,285,000                    | 511,629                           | 1,235,000             |
| 2012 Series D                           | 34,975,000            | -           | 29,515,000                          | 34,975,000            | -                | 5,460,000             | 1,120,000            | 28,395,000                    | 825,029                           | 1,140,000             |
| 2014 Series A                           | 24,000,000            | -           | 23,235,000                          | 24,000,000            | -                | 765,000               | 520,000              | 22,715,000                    | 819,969                           | 525,000               |
| 2015 Series A-1                         | 15,010,000            | -           | 14,890,000                          | 15,010,000            | -                | 120,000               | 235,000              | 14,655,000                    | 410,493                           | 240,000               |
| 2015 Series A-2                         | 20,840,000            | -           | 20,840,000                          | 20,840,000            | -                | -                     | 20,840,000           | -                             | -                                 | -                     |
| 2017 Series A                           | 12,000,000            | -           | 12,000,000                          | 12,000,000            | -                | -                     | -                    | 12,000,000                    | 406,025                           | 60,000                |
| Sub-Total                               | 405,370,000           | -           | 304,708,718                         | 405,003,452           | 28,191           | 100,320,000           | 30,615,000           | 274,121,909                   | 10,845,216                        | 10,196,450            |
| Less: Unamortized premium               | -                     | -           | (839,032)                           | -                     | -                | -                     | (93,226)             | (745,806)                     | -                                 | -                     |
| <b>Total Multi Family Bonds Payable</b> | <b>\$ 405,370,000</b> | <b>\$ -</b> | <b>\$ 303,869,686</b>               | <b>\$ 405,003,452</b> | <b>\$ 28,191</b> | <b>\$ 100,320,000</b> | <b>\$ 30,521,774</b> | <b>\$ 273,376,103</b>         | <b>\$ 10,845,216</b>              | <b>\$ 10,196,450</b>  |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
MULTIFAMILY BONDS – NONOBLIGATION DEBT  
FISCAL YEAR ENDED JUNE 30, 2019**

| Current Property Name                  | Owner   | Final Maturity | Original Bonds Issued        | Amount Outstanding           |
|--|---------|----------------|------------------------------|------------------------------|
| Blair Park                             | Private | 10/14/2032     | \$ 2,700,000                 | \$ 1,690,927                 |
| Covenant Village                       | Private | 11/30/2044     | 6,418,000                    | 5,889,529                    |
| Victory Forest                         | Private | 9/1/2045       | 6,600,000                    | 1,207,824                    |
| 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                    |
| Oakfield                               | Private | 10/15/2039     | 38,000,000                   | 38,000,000                   |
| Victory Court                          | Private | 1/1/2030       | 8,400,000                    | 7,798,900                    |
| 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                   | 24,955,983                   |
| Lakeview House Apts.                   | Private | 7/1/2050       | 34,225,000                   | 32,290,047                   |
| <b>TOTAL</b>                           |         |                | <b><u>\$ 200,138,000</u></b> | <b><u>\$ 190,103,210</u></b> |

**HOUSING OPPORTUNITIES COMMISSION 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  |
|-------------|-----------------------|------------------------------|------------------------|---------------------|----------------------|---------------------|-----------------|--------|
| 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 |
| 2019        | 136                   | -                            | 7,271                  | 5,978               | 243                  | 378                 | 1,870           | 15,876 |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION  
FISCAL YEAR ENDED JUNE 30, 2019**

**Public Housing**

| Name of Development        | Address                                     | Number of Units   |
|----------------------------|---|-------------------|
| <b>Elderly Communities</b> |   |                   |
| 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  | 7,271               |
| Transitional Housing Program | Various  | 243                 |
| Specialized Program          | Various  | 378                 |
|                              | <i>Total Housing Choice Voucher/Transitional Housing Units</i> | <u><u>7,892</u></u> |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2019**

| <b>Opportunity Housing</b>                           |  |                 |
|--|--|-----------------|
| Name of Development                                  | Address  | Number of Units |
| <b>Elderly Communities</b>                           |  |                 |
| Elizabeth House RAD Interim Property                 | 1400 Fenwick Avenue, Silver Spring MD 20910            | 8               |
| Holly Hall RAD Interim Property                      | 10110 New Hampshire Avenue, Silver Spring MD 20903     | 21              |
| The Oaks at Four Corners                             | 321 University Boulevard West, Silver Spring MD 20901  | 120             |
| The Manor at Cloppers Mill, LLC                      | 18003 Mateny Road, Germantown, MD 20874                | 102             |
| The Manor at Colesville, LLC                         | 601 East Randolph Road, Silver Spring, MD 20904        | 83              |
| The Manor at Fair Hill Farm, LLC                     | 18301 Georgia Avenue, Olney, MD 20832                  | 101             |
|  | <i>Total Elderly Communities</i>                       | <u>435</u>      |
| <b>Family Communities</b>                            |  |                 |
| 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           | 17              |
| Brookside Glen (The Glen)                            | 2399 Jones Lane, Wheaton MD 20902                      | 90              |
| Camp Hill  | 17825 Washington Grove RD, Gaithersburg, MD 20877      | 51              |
| 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 Horizon                                      | 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>3,888</u>    |
| <b>Scattered Units</b>                               |  |                 |
| 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              |
| Montgomery Homes Limited Partnership IX - MPDU units | Various address spread throughout Montgomery County    | 76              |
| Montgomery Homes Limited Partnership IX - Pond Ridge | 18100 Pond Ridge Court, Olney, MD 20832                | 40              |
| Montgomery Homes Limited Partnership X               | Various addresses throughout Montgomery County         | 75              |
| State Rental Combined                                | Various addresses throughout Montgomery County         | 196             |
|  | <i>Total Scattered Sites</i>                           | <u>1,655</u>    |
|  | <i>Total Opportunity Housing Units</i>                 | <u>5,978</u>    |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)  
FISCAL YEAR ENDED JUNE 30, 2019**

| <b>Component Units</b>              |  |                        |
|-------------------------------------|--|------------------------|
| <b>Name of Development</b>          | <b>Address</b>                                     | <b>Number of Units</b> |
| <b>Elderly Communities</b>          |  |                        |
| Arcola Towers RAD LP                | 1135 University Boulevard, Silver Spring MD 20902  | 141                    |
| Bauer Park                          | 14635 Bauer Park Drive, Rockville, MD 20853        | 142                    |
| Town Center Apts.                   | 90 Monroe Street, Rockville, MD 20850              | 112                    |
| Waverly House RAD LP                | 4521 East West Highway, Bethesda MD 20814          | 157                    |
|                                     | <i>Total Elderly Communities</i>                   | <u>552</u>             |
| <b>Family Communities</b>           |  |                        |
| Alexander House LP                  | 8560 Second Avenue, Silver Spring MD 20910         | 122                    |
| Barclay One Associates LP           | 4716 Bradley Boulevard, Chevy Chase, MD 20815      | 81                     |
| CCL Multifamily LLC (The Lindley)   | 8405 Chevy Chase Lake Drive, Chevy Chase, MD 20815 | 200                    |
| 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 Spring, MD 20901      | 132                    |
| The Metropolitan of Bethesda LP     | 7620 Old Georgetown Road, Bethesda MD 20814        | 92                     |
| Wheaton Metro LP                    | 11175 Georgia Avenue, Silver Spring, MD 20902      | 53                     |
|                                     | <i>Total Family Communities</i>                    | <u>1,318</u>           |
|                                     | <i>Total units - Component Units</i>               | <u><u>1,870</u></u>    |

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
REGULAR STAFF HEADCOUNT BY DEPARTMENT  
LAST TEN FISCAL YEARS**

| <b>Fiscal Year</b> | <b>Executive</b> | <b>Finance</b> | <b>Housing Management</b> | <b>Maintenance *</b> | <b>Housing Resources</b> | <b>Mortgage Finance</b> | <b>Real Estate</b> | <b>Resident Services</b> | <b>Total</b> |
|--------------------|------------------|----------------|---------------------------|----------------------|--------------------------|-------------------------|--------------------|--------------------------|--------------|
| 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       |
| 2019               | 79.50            | 52.00          | 26.00                     | 61.00                | 54.00                    | 14.00                   | 14.00              | 65.60                    | 366.10       |

*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  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS ENDED DECEMBER 31**

| <b>Calendar Year</b> | <b>Population (1)</b> | <b>Personal Income (\$ thousands) (2)</b> | <b>Per Capita Income (3)</b> | <b>Civilian Labor Force (4)</b> | <b>Resident Employment (5)</b> | <b>Unemployment Rate (6)</b> | <b>Average Registered Number of Pupils as of September (7)</b> |
|----------------------|-----------------------|---|------------------------------|---------------------------------|--------------------------------|------------------------------|--|
| 2010                 | 976,140               | \$ 68,848,101                             | \$ 70,531                    | 532,572                         | 502,733                        | 5.60%                        | 140,500  |
| 2011                 | 993,326               | 74,120,511                                | 74,619                       | 536,858                         | 508,575                        | 5.30%                        | 143,309  |
| 2012                 | 1,007,488             | 76,943,862                                | 76,372                       | 540,440                         | 512,451                        | 5.20%                        | 146,497  |
| 2013                 | 1,019,291             | 74,332,805                                | 72,926                       | 543,131                         | 516,271                        | 4.90%                        | 149,018  |
| 2014                 | 1,030,188             | 76,405,678                                | 74,167                       | 543,806                         | 519,929                        | 4.40%                        | 151,289  |
| 2015                 | 1,039,370             | 82,326,775                                | 79,208                       | 547,058                         | 525,766                        | 3.90%                        | 153,852  |
| 2016                 | 1,048,332             | 87,051,154                                | 83,038                       | 545,139                         | 526,217                        | 3.50%                        | 156,447  |
| 2017                 | 1,058,810             | 91,202,046                                | 86,136                       | 552,313                         | 533,560                        | 3.40%                        | 159,016  |
| 2018                 | 1,068,721             | 94,300,000                                | 88,236                       | 554,989                         | 537,429                        | 3.20%                        | 161,936  |
| 2019                 | 1,078,725             | 98,500,000                                | 91,312                       | 556,916                         | 540,217                        | 3.00%                        | 163,123  |

**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  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

| Employer                                     | Fiscal Year 2019 |                 |  | Fiscal Year 2010 |                 |  |
|--|------------------|-----------------|--|------------------|-----------------|--|
|  | 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                | 25,000-30,000   | 5.81%                                      | 1                | >30,000         | 6.48%                                      |
| Montgomery County Public Schools             | 2                | 25,000-30,000   | 5.81%                                      | 2                | 20,000 - 25,000 | 4.86%                                      |
| Montgomery County Government                 | 3                | 10,000 - 15,000 | 2.64%                                      | 4                | 5,000 - 10,000  | 1.62%                                      |
| U.S. Department of Defense                   | 4                | 5,000 - 10,000  | 1.59%                                      | 3                | 10,000 - 15,000 | 2.70%                                      |
| Adventist Healthcare                         | 5                | 5,000 - 10,000  | 1.59%                                      | 6                | 5,000 - 10,000  | 1.62%                                      |
| Holy Cross Hospital of Silver Spring         | 6                | 2,500 - 5,000   | 0.79%                                      |                  | *               | -  |
| Marriott International Admin Svcs, Inc.      | 7                | 2,500 - 5,000   | 0.79%                                      | 8                | 2,500 - 5,000   | 0.81%                                      |
| Montgomery Community College                 | 8                | 2,500 - 5,000   | 0.79%                                      | 10               | 2,500 - 5,000   | 0.81%                                      |
| Government Employees Insurance Co.           | 9                | 2,500 - 5,000   | 0.79%                                      |                  | *               | -  |
| U.S. Department of Commerce                  | 10               | 2,500 - 5,000   | 0.79%                                      | 5                | 5,000 - 10,000  | 1.62%                                      |
| Lockheed Martin Corporation                  |                  | *               | -  | 7                | 5,000 - 10,000  | 1.62%                                      |
| Giant Food Corporation                       |                  | *               | -  | 9                | 2,500 - 5,000   | 0.81%                                      |
| <b>Total</b>                                 |                  |                 | <b>21.39%</b>                              |                  |                 | <b>22.95%</b>                              |

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 CY2018 and CY2010

- (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 19 and FY 10 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 FY19 was 472,961, and in FY10, 462,830.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
PUBLIC HOUSING STATISTICS – ALL PROPERTIES  
AS OF JUNE 30, 2019**

| Income Source         | All Members |
|-----------------------|-------------|
| Business              |             |
| Child Support         |             |
| Federal Wage          |             |
| General Assistance    |             |
| Indian                |             |
| Medical Reimburse     |             |
| Military              |             |
| Other Non-Wage Income | 4           |
| Other Wages           | 1           |
| Pension               | 8           |
| PHA Wage              |             |
| Social Security       | 50          |
| SSI                   | 58          |
| TANF                  | 2           |
| Unemployment          |             |

|   |           |
|---|-----------|
| Average Length of Stay for <b>Current</b> Tenants<br>(in Years) | <b>11</b> |
|---|-----------|

Public Housing Statistics  
As of 06/30/2019

| Gender                      | Female | Male   | Total |
|-----------------------------|--------|--------|-------|
| Count of Head of Household  | 61     | 33     | 94    |
| % of Head of Households     | 64.89% | 35.11% |       |
| Count of All Family Members | 80     | 39     | 119   |
| % of All Family Members     | 67.23% | 32.77% |       |

| Seniors           | Under 62 | 62 +   |
|-------------------|----------|--------|
| Count of HOH      | 2        | 92     |
| % of HOH          | 2.13%    | 97.87% |
| Count All Members | 3        | 116    |
| % All Members     | 2.52%    | 97.48% |

| Disabled                    |    |
|-----------------------------|----|
| Count of Head of Household  | 13 |
| Count of All Family Members | 13 |

| 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             | 55                | 29                  | 2                   | 1                   | 2                   | 1                   | -                   | -                   | -                   | -                   | -             | 94        |
| Average Income in Range    | \$ 1,560      | \$ 9,087          | \$ 13,096           | \$ 16,943           | \$ 22,680           | \$ 28,343           | \$ 32,228           | \$ -                | \$ -                | \$ -                | \$ -                | \$ -          | \$ 11,051 |
| Cumulative % of Households | 4.26%         | 62.77%            | 93.62%              | 95.74%              | 96.81%              | 98.94%              | 100.00%             | 100.00%             | 100.00%             | 100.00%             | 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     | 23    | 60    | 6    | 94     |
| Count of All Family Members | 0   | 0    | 0     | 0     | 0     | 0     | 0     | 3     | 5     | 33    | 71    | 7    | 119    |

| Race                        | American Indian | Asian  | Black  | Pacific Islander | White  | Not Reported | Total |
|-----------------------------|-----------------|--------|--------|------------------|--------|--------------|-------|
| Count of Head of Household  | 1               | 26     | 34     | 0                | 33     | 0            | 94    |
| % of Head of Household      | 1.06%           | 27.66% | 36.17% | 0.00%            | 35.11% | 0.00%        | 100%  |
| Count of All Family Members | 1               | 43     | 39     | 0                | 36     | 0            | 119   |
| % of All Family Members     | 0.84%           | 36.13% | 32.77% | 0.00%            | 30.25% | 0.00%        | 100%  |

| Ethnicity | Hispanic | Non-Hispanic | Not Reported | Totals |
|-----------|----------|--------------|--------------|--------|
| HOH       | 10       | 84           | 0            | 94     |
| % HOH     | 10.64%   | 89.36%       | 0.00%        | 100%   |
| Fam Mbrs  | 10       | 109          | 0            | 119    |
| % FM      | 8.40%    | 91.60%       | 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                  | 22            | 22             | 22        | 0         | 0        | 0        | 0        | 0        | 0        | 0         | 1.0 Person          |
| 1 Bedroom                   | 67            | 67             | 46        | 21        | 0        | 0        | 0        | 0        | 0        | 0         | 1.3 People          |
| 2 Bedrooms                  | 5             | 5              | 1         | 4         | 0        | 0        | 0        | 0        | 0        | 0         | 1.8 People          |
| 3 Bedrooms                  | 0             | 0              | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0         | N/A People          |
| 4 Bedrooms                  | 0             | 0              | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0         | N/A People          |
| 5 Bedrooms                  | 0             | 0              | 0         | 0         | 0        | 0        | 0        | 0        | 0        | 0         | N/A People          |
| <b>Total # of PH Units</b>  | <b>94</b>     | <b>94</b>      | <b>69</b> | <b>25</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b>  | <b>1.3 People</b>   |

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND  
HOUSING CHOICE VOUCHER STATISTICS – ALL PROPERTIES  
AS OF JUNE 30, 2019**

| Income Source         | # of Households |
|-----------------------|-----------------|
| Business              | 247             |
| Child Support         | 1032            |
| Federal Wage          | 15              |
| General Assistance    | 256             |
| Imputed Welfare       | 3               |
| Military              | 10              |
| Other Non-Wage Income | 582             |
| Other Wage            | 4029            |
| Pension               | 401             |
| Social Security       | 3093            |
| SSI                   | 2485            |
| TANF                  | 299             |
| Unemployment          | 65              |

| Gender                             | Male   | Female | Total  |
|------------------------------------|--------|--------|--------|
| Count of Head of Household         | 1,432  | 5,973  | 7,405  |
| % of Head of Households            | 19.34% | 80.66% | 100%   |
| <b>Count of All Family Members</b> |        |        |        |
|                                    | 6,628  | 11,280 | 17,908 |
| % of All Family Members            | 37.01% | 62.99% | 100%   |

| Disabled                    |      |
|-----------------------------|------|
| Count of Head of Household  | 2495 |
| Count of All Family Members | 675  |

Housing Choice Voucher  
Statistics  
As of 06/30/2019  
Includes Homeownership & Portables

| Seniors                  | Under 62 | 62 +   | Totals |
|--------------------------|----------|--------|--------|
| Count of HOH             | 5,280    | 2,125  | 7,405  |
| % of HOH                 | 71.30%   | 28.70% | 100%   |
| <b>Count All Members</b> |          |        |        |
|                          | 15,384   | 2,524  | 17,908 |
| % All Members            | 85.91%   | 14.09% | 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            | 867           | 1839              | 1200                | 861                 | 593                 | 505                 | 397                 | 308                 | 835           | 7,405     |
| Average Income in Range  | \$ 1,772      | \$ 8,660          | \$ 12,501           | \$ 17,365           | \$ 22,401           | \$ 27,451           | \$ 32,396           | \$ 37,418           | \$ 51,745     | \$ 19,197 |
| Cumulative % of Families | 11.71%        | 36.54%            | 52.75%              | 64.38%              | 72.38%              | 79.20%              | 84.56%              | 88.72%              | 100.00%       |           |

| Age Ranges                  | 0-5   | 6-12  | 13-17 | 18-21 | 22-29 | 30-39 | 40-49 | 50-61 | 62-69 | 70-79 | 80-99 | 100+ | Totals |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--------|
| Count of Head of Household  | 0     | 0     | 0     | 4     | 337   | 1,540 | 1,597 | 1,802 | 998   | 690   | 436   | 1    | 7,405  |
| Count of All Family Members | 1,352 | 2,890 | 2,253 | 1,611 | 1,495 | 1,883 | 1,854 | 2,046 | 1,151 | 838   | 534   | 1    | 17,908 |

| Race                               | American Indian | Asian | Black  | Pacific Islander | White  | Multiple | Unknown | Totals |
|------------------------------------|-----------------|-------|--------|------------------|--------|----------|---------|--------|
| Count of Head of Household         | 43              | 347   | 5,132  | 46               | 1,816  | 21       | 0       | 7,405  |
| % of Head of Household             | 0.58%           | 4.69% | 69.30% | 0.62%            | 24.52% | 0.28%    | 0.00%   | 100%   |
| <b>Count of All Family Members</b> |                 |       |        |                  |        |          |         |        |
|                                    | 93              | 640   | 13,352 | 106              | 3,355  | 68       | 294     | 17,908 |
| % of All Family Members            | 0.52%           | 3.57% | 74.56% | 0.59%            | 18.73% | 0.38%    | 1.64%   | 100%   |

| Ethnicity       | Hispanic | Non-Hispanic | Not Reported | Totals |
|-----------------|----------|--------------|--------------|--------|
| HOH             | 861      | 6,544        | 0            | 7,405  |
| % HOH           | 11.63%   | 88.37%       | 0.00%        | 100%   |
| <b>Fam Mbrs</b> |          |              |              |        |
|                 | 2,035    | 15,425       | 448          | 17,908 |
| % FM            | 11.36%   | 86.13%       | 2.50%        | 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            | 107            | 106      | 1        | 0        | 0        | 0        | 0        | 0        | 0         |
| 1 Bedroom                   | N/A            | 2,446          | 2,253    | 182      | 8        | 2        | 0        | 0        | 1        | 0         |
| 2 Bedrooms                  | N/A            | 2,538          | 516      | 1,267    | 606      | 129      | 18       | 1        | 1        | 0         |
| 3 Bedrooms                  | N/A            | 1,805          | 65       | 202      | 392      | 687      | 346      | 92       | 16       | 5         |
| 4 Bedrooms                  | N/A            | 425            | 7        | 16       | 31       | 81       | 89       | 119      | 57       | 25        |
| 5 Bedrooms                  | N/A            | 69             | 1        | 0        | 1        | 3        | 12       | 10       | 11       | 31        |
| 6 Bedrooms or Larger        | N/A            | 15             | 0        | 0        | 0        | 0        | 1        | 2        | 1        | 11        |
| <b>Total # of HCV Units</b> | N/A            | 7,405          | 2,948    | 1,668    | 1,038    | 902      | 466      | 224      | 87       | 72        |

| Average Family Size |
|---------------------|
| 1.0 Person          |
| 1.1 People          |
| 2.2 People          |
| 3.8 People          |
| 5.2 People          |
| 6.7 People          |
| 7.5 People          |
| 2.4 People          |