



Housing Opportunities Commission

OF MONTGOMERY COUNTY



Comprehensive Annual Financial Report

For the Fiscal Year Ended on June 30, 2020



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, 2020

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

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I. INTRODUCTORY SECTION



Government Finance Officers Association

Certificate of
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Presented to

**Housing Opportunities Commission of Montgomery
County
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



November 4, 2020

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, 2020. 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, required supplementary information and supplementary information consisting of financial statements for the Commission’s sub-funds. The Statistical section offers, on a multi-year basis, selected financial and demographic information for the Commission and Montgomery County.

This report includes all funds and component units of the Commission. The Commission’s financial statements include five enterprise funds: General Sub-Fund, Opportunity Housing Sub-Fund, Public Sub-Fund, Single Family Sub-Fund, and the Multifamily Sub-Fund. In addition, 17 Low-Income Housing Tax Credit partnerships (“LIHTC”) and three Limited Liability Company (“LLC”) are consolidated and presented as discrete 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 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 operations 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.

COVID-19 Pandemic

The COVID-19 pandemic continues to affect millions of people across many nations and has had devastating consequences on the global economy. The State of Maryland entered Stage Three of the ***Maryland Strong: Roadmap to Recovery***, which provides for additional capacity at certain venues. Stage Three continues a flexible community based approach to reopening. Montgomery County remains in Stage 2 of the reopening plan, which permits non-essential business to reopen. Although these are all positive steps toward improving the state and local economy, it is important to note that many of HOC's customers continue to be negatively impacted because of the pandemic.

The State of Maryland and Montgomery County this fall have seen a COVID-19 surge and rising positivity rates, case rates, and hospitalizations. On November 6, 2020 the Maryland Department of Health reported 1,541 new cases, 219 in Montgomery County. This is the second straight day the number of new cases was more than 200. Montgomery County has not experienced this since May 2020 with the County's cumulative case count now standing at 26,996. Montgomery County has a rolling seven-day average of 3.6% for positive COVID-19 tests, which is a lower rate than 15 of Maryland's 24 jurisdictions. The number of weekly unemployment claims filed in Maryland for the week of October 31, 2020 was 18,383, down from 19,946 the prior week, but up from 9,185 the last week in September 2020. This trend could lead both the State of Maryland and Montgomery County to return to a more restrictive environment further exacerbating the negative impact on the state and local economy.

On October 6, 2020, Governor Hogan renewed the State of Emergency in Maryland, in place since March 16, 2020. The State of Emergency temporarily prohibits the eviction of tenants that cannot meet their rental obligations due to circumstances related to COVID-19. The moratorium on eviction of renters with income loss due to the emergency will remain in place until the state of emergency is lifted. In addition, the Centers for Disease Control ("CDC") on September 4, 2020 passed an Order, which is a temporary eviction moratorium to prevent the further spread of the COVID-19 virus. Unless the CDC order is extended, changed, or ended, the order prevents these persons from being evicted or removed from their homes through December 31, 2020.

Due to the negative economic impact of the COVID-19 pandemic and the eviction moratorium, HOC has seen a reduction in rent collection since the start of the pandemic. As a result of the Coronavirus Aid Relief and Economic Security Act ("CARES Act"), HOC received supplemental funding from HUD to administer the Housing Choice Voucher (HCV) program as well as additional Mainstream voucher funding. HOC has also applied for additional housing choice voucher funding for the HCV program due to increased subsidy costs per rental unit.

HOC also continues to look for opportunities to provide a rent supplement for its customers and offset some of the increased operating expenses brought on by the pandemic. HOC in conjunction with the Department of Housing and Community Affairs ("DHCA") is working to allocate \$1.8 million as rent supplement to qualified renters throughout Montgomery County. The maximum amount is \$1,800 per tenant spread out over three months. If an applicant is approved, payments are made directly to the landlord by HOC.

In July 2020, HOC submitted several applications for the Assisted Housing Relief Program ("Program"), sponsored by the Maryland Department of Housing and Community Development ("DHCD"). This Program was created to assist families experiencing a COVID-19 related hardship that negatively impacts their ability to maintain their housing payment and is limited to rental units in multifamily developments with State financing or Low Income Housing Tax Credits. Tenants in eligible properties may receive assistance for unpaid rents for the period beginning April 1, 2020 and ending September 30, 2020. HOC submitted requests totaling \$288,836 for 96 tenants at 18 properties. To date HOC has received award notifications of approximately \$178,412 for 17 of its properties, which are managed by third-party management companies, assisting 70 HOC customers.

DHCA notified HOC on September 3, 2020 that they were working with DHCD to secure rental assistance for properties in Montgomery County that provide affordable housing. On September 9, 2020, HOC submitted rental assistance requests to DHCA totaling \$2.5 million for 45 properties. HOC is awaiting a response from DHCA.

HOC has also applied to FEMA for reimbursement of COVID-19 related expenses for prevention and remediation because of the pandemic. FEMA will reimburse 75% of all eligible expenses.

HOC is closely monitoring the cash flow needs of the agency and does not anticipate cash flow shortages at this time.

Local Economy

Montgomery Planning and the Montgomery County Economic Development Corporation (“MCEDC”) issued their seventh joint publication on October 1, 2020. As reported in the Montgomery County Economic Indicators Report 2020/Q1 & Q2, due to the on-going COVID-19 pandemic, the County’s unemployment rate was 9.0% in May 2020. The highest unemployment rate prior to COVID-19 was 6.0% in January 2010. Though the rate of unemployment was much higher, it did not exceed 10% as it did in neighboring jurisdictions; 10.2% in Fairfax County in April 2020; 11.1% in Washington, DC in April 2020 and 10.9% in Prince George’s County in May 2020. The region as a whole outperformed the national economy, which had an unemployment rate of 14.7% in April 2020, despite more stringent lockdowns than other states. The national unemployment rate was still above 11% in June 2020, while the counties in the DC region fell below 10%.

Overall wage and salary jobs decreased by 52,700 as of the quarter ended June 2020 compared to the previous year. Locally and nationally, lower income jobs were more adversely impacted by the COVID-19 pandemic. Research conducted by the Federal Reserve Board indicates job losses in March and April were highly concentrated among low-wage workers across industries. Within Montgomery County, unemployment filings were concentrated in lower-income neighborhoods, thereby further exacerbating existing disparities. The following job sectors all experienced significant decline: accommodation and food services; retail; ambulatory healthcare and social assistance; and business services such as janitors, landscaping and temporary work. Construction and professional, technical and scientific services were not impacted as severely. Most construction projects continued during the initial shutdown as did service firms, which were able to transition to remote working environments.

Commercial lease vacancies in Montgomery County are expected to peak in the first quarter of 2020 at around 14.4%; retail vacancies reaching 5.5% in the second quarter of 2022 and staying at that level through 2025. E-commerce can also be a contributing factor to prolonged retail vacancies. Single-family home prices have increased as homebuyers look for larger homes to accommodate working from home. Condominium and co-op prices have decreased slightly over the same time period. Through the second quarter of 2020, the multifamily rental market was not yet showing adverse effects due to increased unemployment benefits, stimulus checks and a moratorium on evictions. With a reduction in weekly unemployment benefits and expiration of eviction moratoriums, evictions are expected to increase resulting in higher vacancies and lower rents on a local and national basis.

HOC Housing Path

In early FY '16, 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 lists, 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 2020, 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'18, HOC's new Call Center became the central point of entry for all incoming calls from the former wait list phone line. Throughout FY'20, divisions have been working to integrate a Customer Relationship Management system, Yardi and Housing Path to support data exchange between systems and to prepare for the development and launch of a Customer Relationship Management self-service tool. In FY'19, 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, 2020, HOC manages a baseline total of 7,611 vouchers. The voucher assistance is provided to families throughout the County, in apartments, townhouses, single-family homes, mid- and high-rise buildings, and senior apartment communities. Federal funding for rental assistance programs has been increasingly uncertain in recent years. The Federal government has not provided PHA's with the full funding needed to administer the HCV program since FY'03. The CY'19 PHA proration was 79% of the funding needed to administer the program. The current CY'20 proration is 81%. 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.

During FY'20, HOC completed 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. The units' deep affordability is preserved with 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 completed during FY'21.

Upon completion of the transfer of the Tobytown community center and common areas to the Home Owners Association, HOC will have fully exited the Federal Public Housing program in favor of not only more stable subsidy funding, 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

Prior to the onset of the COVID-19 pandemic, HOC focused on improving customer service and increasing leasing efforts through improvements to processes in its Property Management and Property Maintenance divisions (the “Divisions”). With the onset of the COVID-19 pandemic, the Divisions were forced to refocus their efforts to ensure the safety and well-being of employees and residents alike. HOC quickly promoted and followed Federal, State and Local guidelines related to disinfecting common areas, practicing social distancing and mask wearing at all multifamily properties. As restrictions were lifted and Montgomery County moved into Phase 2, HOC continues to refocus its efforts on continued leasing efforts and process improvements to stabilize The Lindley, Alexander House and Washington Square properties in FY’20-FY’21, in addition to focusing leasing efforts for properties experiencing occupancy below 90 percent. Part of this outreach includes identifying relevant third party managed properties to coordinate solutions such as special leasing events and extended hours to boost occupancy.

Real Estate Development

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’20, construction and renovation continued on several of the Commission’s multifamily and scattered site developments.

- **Fenwick & Second:** HOC received approval from the Commission on April 3, 2019, to execute 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 Lane and Second Avenue. The HOC headquarters building, approximately 83,550 gross square feet, will house staff currently at the 10400 Detrick Avenue, Kensington office, staff from its East Deer Park office, as well as staff in the Silver Spring Service Center. HOC closed on the ground lease on August 2, 2019 and has completed the 60-day due diligence period. HOC is moving forward with preliminary design and contracting civil engineers to begin land development work. On May 6, 2020, the Commission approved the submission of a development application under Mandatory Referral provision of the Planning Commission. An application for Site Selection was submitted on August 3, 2020, which was approved by the Planning Board on October 15, 2020. The next step in the process is submission and approval of a Subdivision Plan and a Review of the Sketch Plan and Site Plan. The entitlement process is truncated via the Mandatory Referral, allowing the construction of the building to commence by the end of calendar year 2021
- **Chevy Chase Lake (The Lindley):** FY’17 saw HOC’s first new construction start in a decade. In early FY’17, HOC closed on the construction financing for and began building a new 11-story, 200-unit multifamily rental building on Chevy Chase Lake Drive in Chevy Chase, Maryland called The Lindley. The \$74 million project delivered 40 new affordable housing units, which are restricted below 40% of the area median income (“AMI”) and 40 new workforce-housing units to one of the most affluent parts of the county. Conversion to the permanent mortgage funded by the Federal Financing Bank (“FFB”) and insured by FHA’s Risk Share program (the “FFB/FHA Program”) occurred in October 2019. The FFB/FHA Program requires HOC to assume 50% of the risk on the transaction. The lease up of The Lindley is expected to hit stabilization in early FY’21.

- **Fenton Silver Spring (formerly 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. Fenton Silver Spring is an important element in the Commission's portfolio, as it provides relocation housing for 40 households from Holly Hall and Elizabeth House, two properties that converted their Public Housing subsidy under HUD's Rental Assistance Demonstration program, to 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. The construction was completed and Use and Occupancy Certificate issued in October 2019. As of September 2020, all 84 RAD and the 40, 80% AMI units were leased. On September 21, 2020, the construction loan was paid-off from proceeds from the closing of the permanent loan and proceeds from the low income housing tax credit investor, Wells Fargo. The permanent mortgage of \$16,000,000 is a taxable instrument funded under the FFB/FHA Program for which HOC is required to assume 50% of the project's risk and FHA 50%.

The Year Ahead:

- **Willow Manor at Clopper's Mill; Willow Manor at Fair Hill Farm; Willow Manor at Colesville:** On November 1, 2018, HOC acquired three properties; Willow Manor at Clopper's Mill, Willow Manor at Fair Hill Farm, and Willow Manor at Colesville in accordance with 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 (\$30.7 million) and the funding of subordinate loans from Montgomery County DHCA (\$19.8 million). The commercial bank loan matures on November 1, 2020, and was extended by the bank for 12 months. The county loan matures on December 5, 2020 and will also be extended for 12 months.

On April 1, 2020, staff proposed and received approval for a LIHTC resyndication of all three properties as one consolidated group into a single ownership entity. This approach produces capital in the form of debt of approximately \$48 million of private activity bonds proceeds and LIHTC equity of approximately \$16 million. Processing of the transaction is in progress is projected to close in fall 2021.

- **Elizabeth House III & IV:** Elizabeth House is one of the 11 multifamily Public Housing properties, which were approved for conversion to project-based subsidy under 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 occurred in October 2019 and construction began shortly thereafter, to be completed in September 2022. As with Alexander House, R4 Capital is the tax credit syndicator. Construction of Elizabeth House IV is projected to start in 2023, marketing conditions permitting.

In addition to the residential developments, Elizabeth Square will deliver a 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 by the assumption of a purchase contract, which DHCA executed 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, but the occupied units were vacated due to the poor physical condition and the occupants relocated to suitable HOC-owned units. HOC is in the process of redeveloping 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, due to unexpected adverse site conditions, in order to complete the renovation and the extensive site work, HOC underwent a lengthy and costly entitlement process at the Planning Commission, which significantly increased the development cost. A commitment letter from DHCA for additional financing was received in April 2020. A construction contract was executed in December 2019 and the construction started in late December 2019. The additional financing is expected to close in late 2020. The renovation is expected to be completed by March 2021.
- **Wheaton Gateway:** All the properties have been aggregated and contributed to Wheaton Venture for redevelopment into Wheaton Gateway. This includes the former Ambassador Apartments condominium and the retail condominium below, the Mattress Firm parcel, and the Lindsay Ford parcels on the west side of Veirs Mill Road and University Boulevard in Wheaton. The retail condominium and the Mattress Firm parcel were owned by Willco, and Willco with HOC and The Duffie Companies or their affiliate entities from partners in Wheaton Venture. The former Ambassador Apartments and retail shops were demolished in May 2020. The Commission approved use of remaining CIP funds to demolish the Mattress Firm parcel on May 6, 2020, along with an amendment to the Wheaton Venture Operating Agreement. The Mattress Firm demolition was completed in September 2020. Previously, to maximize 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. Feasibility and conceptual site designs are ongoing and the Commission with its partners have been engaged in significant community outreach to optimize the outcome for the redevelopment and the community. Design and entitlement are in process. The team is working on preparations for the Sketch Plan submission in December 2020.

- **Emory Grove and Camp Hill Square:** Emory Grove is a former Public Housing development, which converted its subsidy under the RAD program and is now planned for redevelopment. All Emory Grove residents have been relocated to newly renovated homes throughout Montgomery County, along with their subsidies and the property is now vacant. The adjacent Camp Hill Square was developed via the Section 236 mortgage program. The Section 236 financing has expired and project based vouchers have been awarded to the 12 units that qualify while the remaining 39 units are unsubsidized. HOC assumed the HAP contract and took ownership of the 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. Given the historical significance of both properties in the Emory Grove community, HOC will continue to explore the efficacy of a joint redevelopment and/or collaboration with neighboring landowners. The planning notwithstanding, Camp Hill Square would require a significant investment of capital to improve the physical plant, modernize the units, and increase energy efficiency at the property.
- **Upton II:** The Upton II development 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, when completed, the Upton II will 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 (112 units) surpasses in desirability that of the already attractively located Town Center Apartments. In January 2019, the Commission approved a final development plan, including syndicator selection and a tax-exempt construction note. The construction and related loans closed in March 2019. Construction for the Upton II is underway with projected delivery approximately October 28, 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 3 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. The Section 236 mortgage subsidy on the property has now converted 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 Banor Housing Board consented to transfer the property to an HOC-controlled LIHTC entity as part of RAD conversion. In July 2018, the Commission approved the preliminary development plan to utilize tax-exempt bonds, LIHTC, HOC equity and a deferred developer fee to finance the renovation. On July 1, 2020, Series A Non-AMT bonds for \$25,665,000 were issued and deposited into a mortgage loan account to finance the acquisition, rehabilitation, and equipping of Bauer Park Apartments. Closing of the real estate transaction occurred on September 1, 2020, providing funds for the renovation of the property, which is expected to be completed in 22 months (approximately May 2022). No off-site tenant relocation is anticipated, as sufficient vacancies have been created on-site allowing for renovation in batches of vacant units by moving existing residents around until the work is complete.

- **Hillandale Gateway:** HOC is undergoing predevelopment work for the transformation of Holly Hall Apartments into Hillandale Gateway. Holly Hall, together with an adjoining 43,671-square foot parcel of land formerly owned by Capital One Bank, N.A (the “CONA Site”), is the future development site of Hillandale Gateway, a new mixed-use, mixed-income, multigenerational community. Hillandale Gateway will include 463 residential units—155 age-restricted units and 308 multifamily units—25% of which will be affordable to households with incomes at or below 60% of the Washington, Arlington-Alexandria, VA-MD-WV Statistical Area Median Income (“AMI”) and 5% of which will be affordable to households with incomes at or below 80% of the AMI. In addition to residential units, the site will have commercial/retail/restaurant space, public and private green space, a drive-thru Starbucks, and aboveground parking garage. The transformation of Holly Hall into Hillandale Gateway sets the bar for innovation and energy efficiency in residential development in the mid-Atlantic. The use of Prescient technology, strive for Net Zero and Passive House energy efficiency and creation and preservation of additional units of affordable housing beyond the 96 that currently exist at Holly Hall, makes Hillandale Gateway a hallmark development, not only for HOC, but for the County and region as a whole. Staff has undertaken predevelopment work with the final site plan submission scheduled for October 2020, Planning Board approval in January 2021 and closing on LIHTC and construction financing in December 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. The property was renovated in 1999. HOC bought back the Limited Partner interest on April 27, 2017, and now controls both the General and Limited Partnerships, and is 100% owner of the property. The Commission approved a Predevelopment Plan for the renovation and resyndication of the property during the May 2018 meeting. HOC intends to apply for, resyndicate the 4% LIHTC, and combine equity proceeds with HOC-issued tax-exempt bonds for a comprehensive renovation of the property’s systems, units, and exterior upgrades, including playground replacement. LIHTC application submission is anticipated to occur in February 2021 with financing expected to close in the first half of 2021.
- **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. The substantial renovation is planned to be financed using proceeds of tax-exempt bonds and 4% LIHTC equity proceeds for a comprehensive renovation of the property’s systems, units, and exterior upgrades, including playground replacement. The plan also contemplates the addition of eight (8) ADA units. LIHTC submission is expected in February 2021, with financing expected to close the first half of 2021.

- **Stewartown Homes:** MV Affordable Housing Associates Limited Partnership was formed in July 1999 to acquire an interest in real property known as Stewartown Homes, located in Gaithersburg, Maryland and to operate a low and moderate-income housing property, which contains 94 residential units. HOC completed its acquisition from the limited partner in February 2020. On May 2, 2018, the Commission approved a Predevelopment Plan for the renovation and 4% LIHTC resyndication of the property. The equity raised from the sale of the 4% LIHTC, along with HOC-issued tax-exempt bonds, will provide the capital necessary to fund the scope of work for a comprehensive renovation in 2020. A LIHTC application was submitted to the Maryland Department of Community Development Administration, building permits have been applied for, and private activity bonds to fund a new mortgage will be sold in early 2021 to facilitate a financial closing contemporaneously with the start of the construction. Once financed, the completion of the renovation is estimated to occur in October 2022.
- **West Side Shady Grove** On December 18, 2019, the Commission acquired land for the proposed Phase II West Side Shady Grove development (“Phase II WSSG”), a planned 268-unit luxury mixed-use community steps away from the Washington Metropolitan Area Transit Authority’s Red Line-Shady Grove Station. Phase II WSSG marks the second multifamily phase in the dramatic 90-acre master-planned redevelopment of Montgomery County’s County Service Park. The mixed-income project will feature a 30% affordable component, which will be developed for long-term mission-orientated ownership by HOC. This transit-oriented site is proximate to thousands of life sciences jobs and offers convenient multimodal access to Gaithersburg, Rockville, Bethesda, downtown DC, and other regional employment and entertainment hubs.

The Commission approved the recycling of \$100MM of private activity volume cap, which will be refunded to finance the permanent mortgage for the transaction. The Commission also authorized selection of PNC Bank, N.A. as the lender, approval of cost issuance budget, adoption of a bond authorizing resolution for issuance of a tax-exempt loan and increase to the predevelopment budget and loan from the OHDF July 1, 2020. Design, entitlement, and plan of finance for construction/permanent financing are underway and will progress through the remainder of 2020. Closing of the bonds will occur by January 2021, to retire the recycling facility and finance a permanent mortgage. The projected construction duration is 24 months.

- **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 has been inspecting the units and taking inventory of required renovation needs, with the goal of completing full renovations and returning the units to service where they have been offline or improving the physical conditions generally, for occupied units. 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. In the past year, approximately 15 units were renovated and unit inspections were completed for 57 units. Staff is now evaluating proposals to optimize County CIP funds available for renovation of the units.

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 HCV Programs move toward financial independence. Funded by HUD, 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 2020, the program had graduated 991 participants since its inception in 1993. The average earned income of the 2020 graduates more than tripled – from an average of \$14,591 to \$51,891 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.

HOC supports parents through its Fatherhood Initiative and HOC Academy. HOC was the first PHA 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 has served over 450 fathers since the 2016 inception. Fatherhood Initiative has coordinated 24/7 Dad Workshops, job preparation boot camps, health workshops, and a financial well-being curriculum in collaboration with partners such as Montgomery County's Department of Health and Human Resources, A Wider Circle, Priority Partners, and PNC Bank.

Hoc Academy began in 2014 with the express purpose of offering expanded customer services designed to help families and children break the cycle of intergenerational poverty. These services include a Workforce program that has provided over \$175,000 in scholarships for residents to pursue certification and several onsite training programs, including ESOL courses, Flagler Certification, CDL Permit, and Small Business Training. The Youth enrichment program has provided over 50 camps and after school programs covering several STEM subjects and was able to accommodate over 600 youth. To date, HOC Academy's STEM/STeAM program called Girls GOT IT! has served nearly 100 girls.

Housing Opportunities Community Partners (HOCP): In 1999, HOC formed HOCP, a non-profit corporation whose mission is to provide services that strengthen the housing stability and increase the self-sufficiency of low- and moderate-income families and individuals living in Montgomery County's affordable housing so that:

- No one has unmet needs that threaten their housing stability;
- Adults and children have the tools that help them reach their fullest potential; and
- Households can attain their vision for a more fulfilling quality of life.

HOCP programming includes:

- Kids' After School Programs and STEM Summer Day Camp offers youth the opportunity for “out of school” learning experiences that encourage alternative ways of learning complex math and science material and that expand their appreciation of arts and culture.
- Housing Counseling Plus Program provides moving cost assistance to homeless families relocating to permanent housing.
- Individual Development Account programs provide asset building assistance with financial literacy education to help low-income households pursue homeownership, create small businesses, increase their post-secondary education and to better prepare for emergency expenses.

HOCP had gross income of \$127,987 for FY 2020 and expenses of \$169,970. The organization's budget for FY 2021 is \$127,500. Throughout the course of FY20, HOCP funds helped support afterschool and summer STEM clubs and camps, IT programming for girls, HOC's Back to School supply drive, and summer employment and internship opportunities for high school and college age students. HOCP 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 its customer service and response to questions or concerns from customers and the public. The CRM uses technology that enables HOC to respond to inquiries, answer calls, and track incoming requests made by phone, email, or online, including customer contacts made at HOC offices. At the end of 2016, the Commission approved the design and build-out of the system, 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 2020, 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 a CRM system – began in FY 2018 and will continue through FY 2021. 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 FY21, 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) for review and subsequently to the full Commission for approval. During the year, budget amendments for all accounts and divisions are presented to the BF&A Committee for review 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 the BF&A Committee for review and the Commission for approval.

Component Units: The Commission has 20 discretely presented component units, which consist of 17 LIHTC limited partnerships and three Limited Liability Corporations (LLC). During FY'20, the investor limited partners' ("ILP") interest in five of the 17 LIHTC properties were bought back by HOC. Each LIHTC limited partnership is made up of a property, which provides rental housing to qualified tenants. As the initial 15-year compliance period for the LIHTC partnerships expire, HOC has the right of first refusal to purchase the properties or purchase the ILP. These properties are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide affordable housing for the Commission's target population, in accordance with Extended Use Covenants.

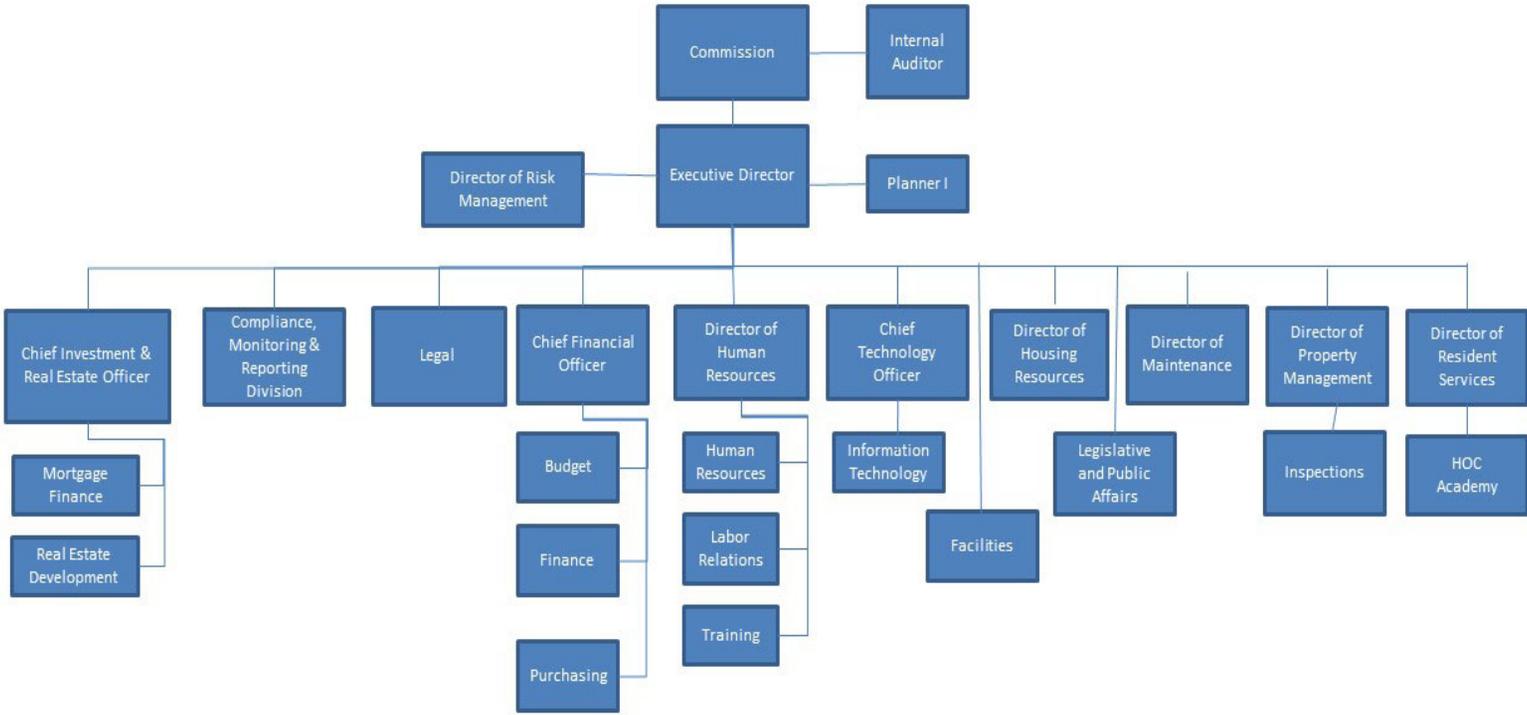
Acknowledgements: The preparation of this report has been accomplished by the efforts of the Finance Division in conjunction with the support of various division heads and staff throughout the Agency. We would also like to thank the Board of Commissioners for their continued support and guidance throughout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

Name, Title	Expiration of Term
BOARD OF COMMISSIONERS	
Roy Priest, Chair	August, 2024
Frances Kelleher, Vice Chair	August, 2024
Richard Y. Nelson, Jr., Chair Pro Tem	August, 2023
Pamela Byrd, Commissioner	August, 2023
Linda Croom, Commissioner	August, 2022
Jeffrey Merkowitz, Commissioner	August, 2021
Jackie Simon, Commissioner	August, 2020

SENIOR MANAGEMENT

Stacy L. Spann, Executive Director
Aisha Memon, 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
Karlos Taylor, Acting Chief Information Officer
Gail Willison, Director of Risk Management
Christina Autin, Director of Legislative and Public Affairs
Darcel Cox, Chief Compliance Officer
Nathan Bovelleville, 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, 2020, 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 900 Thayer Limited Partnership, Alexander House Apartments Limited Partnership, Arcola Towers RAD Limited Partnership, CCL Multifamily LLC, Forest Oak Towers Limited Partnership, Greenhills Apartments Limited Partnership, Hampden Lane Limited Partnership, HOC at Upton II LLC, Spring Garden One Associate Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, and Wheaton Metro Limited Partnership, which represent 92%, 91% and 81% respectively, of the assets, net position, 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. We have applied limited audit procedures on the conversion adjustments to conform the presentation of the financial statements of the discretely presented component units which conform those financial statements to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units prior to these conversion adjustments, is based solely on the reports of the other auditors.

Board of Commissioners
Housing Opportunities Commission of
Montgomery County, Maryland

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 audits of 900 Thayer Limited Partnership, Alexander House Apartments Limited Partnership, Arcola Towers RAD Limited Partnership, CCL Multifamily LLC, Greenhills Apartments Limited Partnership, Hampden Lane Limited Partnership, HOC at Upton II LLC, Spring Garden One Associate Limited Partnership, and Waverly House RAD Limited Partnership were not performed in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Commission as of June 30, 2020, 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 5-15, the Schedule of the Commission's Proportionate Share of the Net Pension Liability on page 96, the Schedule of Commission Pension Contributions on page 97, the Schedule of Changes in the Commission's Net OPEB Liability and related ratios on page 98 and the Schedule of Commission OPEB Contributions on page 99 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

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Sub-Fund financial statements, the Introductory and the 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 as of and for the year ended June 30, 2019, 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, 2019, 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 2019 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 2019 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 23, 2020 on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 23, 2020

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$16.2 million during fiscal year 2020, compared to the \$231.1 million balance at June 30, 2019.

The Commission's current ratio (ratio of current assets to current liabilities) increased from 2.97 at June 30, 2019 to 3.89 at June 30, 2020 due to a decrease in the short-term mortgage, notes, and loans payable, and the termination of two interest rate swaps which were held as short-term liabilities in fiscal year 2019.

Outstanding mortgage and construction loans receivable increased from \$265.8 million at June 30, 2019 to \$389.6 million at June 30, 2020. This is mainly attributed to new loans to CCL Multifamily LLC ("The Lindley"), Alexander House Apartments LP ("Alexander House LP") and Woodfield Commons Associate ("Woodfield") which were financed under the HUD/Federal Financing Bank (FFB) Risk Sharing Program. In addition, the Commission's mortgage loans receivable from 900 Thayer Limited Partnership ("900 Thayer") and HOC at Upton II LLC ("Upton II") are no longer eliminated in the statements as these entities transferred to discrete component units during fiscal year 2020.

The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 2.5% from \$110.1 million in fiscal year 2019 to \$112.8 million in fiscal year 2020.

During fiscal year 2020, the Multifamily Sub-fund retired and refunded bonds in the amount of \$27.2 million which consisted of \$25.5 million from the 1996 indenture, \$0.8 million from the 2002 Multipurpose Bonds and \$0.9 million from the other indentures.

The Single Family Sub-fund retired and refunded bonds in the amount of \$27.9 million which consisted of \$12.0 million from the 1979 indenture, \$15.6 million from the 2009 indenture and \$0.3 million from the Program Revenue 2019 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, 2020**

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 sub-fund. The entire administration and overhead of the Commission is maintained within this sub-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 sub-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 sub-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 12 real estate limited partnerships. All of the partnerships have calendar year ends.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 calendar 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. This entity has a calendar 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 calendar 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, 2020.

Additionally, the Commission has five component units that were reported as discrete component units in fiscal year 2019, but converted to blended component units during fiscal year 2020 upon the assignment of the limited partnership interests to HOC YR 15 LLC.

Blended Component Units

Development Corporation – The Commission has 47 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 2020 decreased by 7.0%.

Net investment in capital assets is -50.5% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

58.3% 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.

92.2% 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, 2020**

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

	2020	2019	Change (\$)	Change (%)
Assets:				
Current Assets	\$ 286.6	\$ 279.4	\$ 7.2	2.6%
Other Assets	214.0	142.1	71.9	50.6%
Capital Assets	634.7	674.6	(39.9)	(5.9)%
Mortgage and Construction Loans Receivable, Net of Current	382.1	258.2	123.9	48.0%
Total Assets	1,517.4	1,354.3	163.1	12.0%
Deferred Outflows of Resources	69.9	32.5	37.4	115.1%
Liabilities:				
Current Liabilities	42.3	50.0	(7.7)	(15.4)%
Current Portion of Long-Term Debt and Bonds Payable	31.3	43.7	(12.4)	(28.4)%
Total Current Liabilities	73.6	93.7	(20.1)	(21.5)%
Noncurrent Liabilities:				
Bonds Payable	515.0	455.2	59.8	13.1%
Other Liabilities	731.1	589.7	141.4	24.0%
Total Liabilities	1,319.7	1,138.6	181.1	15.9%
Deferred Inflows of Resources	52.7	17.1	35.6	208.2%
Net Position				
Net Investment in Capital Assets	(108.6)	(86.0)	(22.6)	26.3%
Restricted for:				
Debt Service	119.1	95.7	23.4	24.5%
Customer Deposits and Other	5.1	2.0	3.1	155.0%
Closing Cost Assistance Program	1.0	4.4	(3.4)	(77.3)%
Unrestricted	198.3	215.0	(16.7)	(7.8)%
Total Net Position	\$ 214.9	\$ 231.1	\$ (16.2)	(7.0)%

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Total assets of the Commission increased by \$163.1 million or 12.0%, with a corresponding increase in total liabilities of \$181.1 million or 15.9% from fiscal year 2019.

The increase in total assets was largely attributed to an increase in mortgage and construction loans receivable, restricted cash, cash equivalents and long-term investments, which was partially offset by a decrease in capital assets. The increase in mortgage and construction loans receivable was mainly due to an increase in loans financed through the General sub-fund for discrete component units, which include The Lindley, Alexander House LP, 900 Thayer and Upton II, as well as Woodfield. The increase in restricted cash, cash equivalents and long-term investments is attributed primarily to the issuance of new bonds for Elizabeth House III LP permanent financing and the Single Family Program Revenue Bonds, partially offset by scheduled and early bond redemptions.

The decrease in capital assets was largely attributed to the transfer of 900 Thayer LP, Elizabeth House III LP and HOC at Upton II LLC from blended component units reported as part of the Commission in fiscal year 2019 to the discrete component units in fiscal year 2020. Furthermore, the predevelopment expenses at E-Square South County Regional Recreation and Aquatic Center (SCRRAC) were also transferred to a non-HOC entity. The decrease in capital assets is partly offset by the transfer of Barclay One Associates LP, Georgian Court Silver Spring LP, Metropolitan of Bethesda LP, MV Affordable Housing LP and Strathmore Court LP to blended component units when the Commission acquired the full ownership.

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 \$15.1 million at June 30, 2020 compared to a net negative fair value of \$19.8 million at June 30, 2019.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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

	2020	2019	Change (\$)	Change (%)
Operating Revenues				
Dwelling Rental	\$ 97.2	\$ 90.2	\$ 7.0	7.8%
Governmental Grants	140.9	134.0	6.9	5.1%
Investment Income	10.0	6.1	3.9	63.9%
Unrealized Gains on Investments	7.2	4.7	2.5	53.2%
Interest on Mortgage and Construction Loans Receivable	7.2	8.8	(1.6)	(18.2)%
Management Fees and Other Income	16.0	12.3	3.7	30.1%
Total Operating Revenues	278.5	256.1	22.4	8.7%
Operating Expenses				
Housing Assistance Payments	112.8	110.1	2.7	2.5%
Administration	47.4	43.8	3.6	8.2%
Maintenance	24.7	22.3	2.4	10.8%
Depreciation and Amortization	20.1	18.2	1.9	10.4%
Utilities	6.2	6.2	-	0.0%
Fringe Benefits	19.4	12.3	7.1	57.7%
Interest Expense	31.2	23.9	7.3	30.5%
Other Expenses	15.4	14.0	1.4	10.0%
Total Operating Expenses	277.2	250.8	26.4	10.5%
Operating Income	1.3	5.3	(4.0)	(75.5)%
Nonoperating Revenues, Net	6.1	0.5	5.6	1120.0%
Income Before Contributions and Transfers	7.4	5.8	1.6	27.6%
Transfers From Discrete Component Units	(25.3)	(9.2)	(16.1)	175.0%
Capital Contributions	1.7	0.2	1.5	750.0%
Change in Net Position	(16.2)	(3.2)	(13.0)	406.2%
Total Net Position - Beginning of Year	231.1	234.3	(3.2)	(1.4)%
Total Net Position - End of Year	\$ 214.9	\$ 231.1	\$ (16.2)	(7.0)%

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, 2020, the Commission has recorded all ABA received as income.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Dwelling rent increased by \$7.0 million and is attributed to an increase in the number of units leased due to the transfer of Barclay One Associates Partnership, Georgian Court Silver Spring LP, Metropolitan of Bethesda LP, MV Affordable Housing Associates LP and Strathmore Court Associates LP (five former discrete component units) from discretely presented component units to blended component units in the Opportunity Housing portfolio.

Governmental grants increased by \$6.9 million as a result of an increase in Housing Assistance Payments (HAP) revenue, other federal and County grants.

Unrealized gains on investments increased by \$2.5 million in FY 2020. The unrealized gains in FY 2020 were due to changes in interest rates and the investing environment.

HAP expense increased by \$2.7 million in FY 2020 due to an increase in voucher utilization.

Maintenance expense increased by \$2.4 million in FY 2020 attributed primarily to the transfer of five former discrete component units to the Opportunity Housing sub-fund.

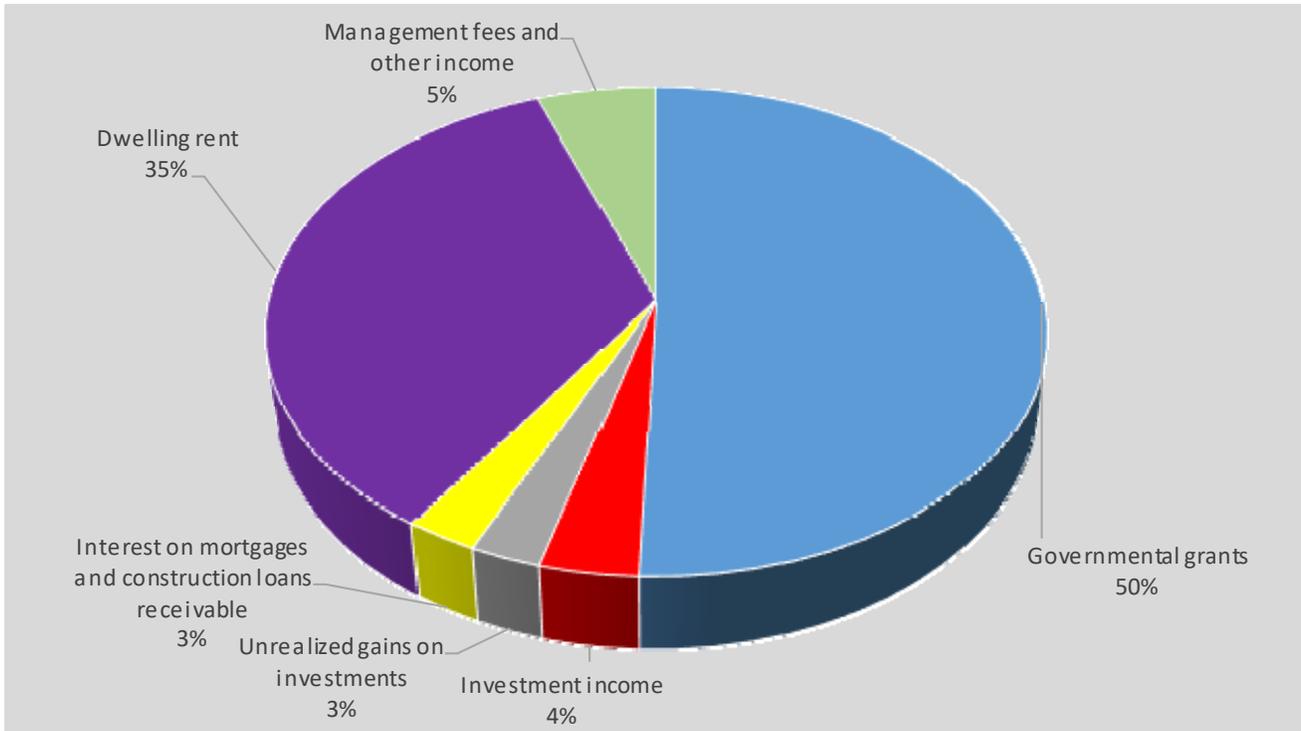
Fringe benefits increased by \$7.1 million due to an increase in pension expense.

Interest expense increased by \$7.3 million due an increase in bonds and mortgage notes and loans payable.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 2020 SOURCES OF OPERATING REVENUE



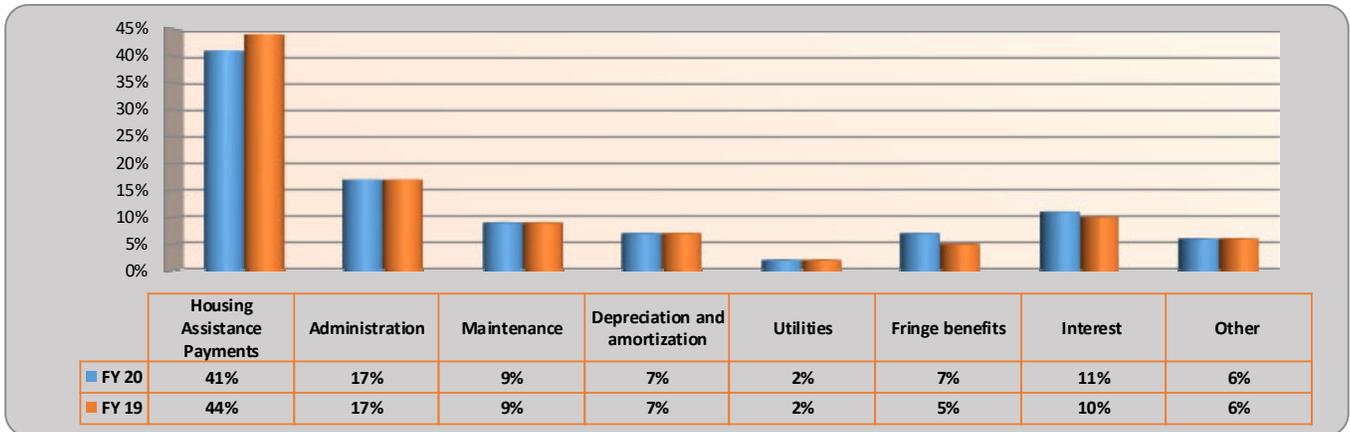
**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Nonoperating revenue increased by \$5.6 million mainly due to an increase in Chevy Chase Lake townhouse unit sales. In FY 2020, 24 townhouse units were sold for a net gain of \$8.2 million as compared to 15 townhouse units sold for a net gain of \$4.1 million in FY 2019. A decrease of \$1.2 million in nonoperating interest expense and an increase of \$0.3 million in other non-operating income also contributed to the increase in nonoperating revenue.

In addition, transfers to/from component units in fiscal year 2020 resulted in a decrease in net position of approximately \$25.3 million compared with a decrease in net position of approximately \$9.2 million in fiscal year 2019.

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

FY 2020 vs. FY 2019 OPERATING EXPENSES



Housing Assistance Payments are the major contributor to the total operating expenses of the Commission and decreased to 41% of the total operating expenses.

The proportionate shares of administrative expenses, maintenance, depreciation and 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, 2020**

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

	2020	2019	Change (\$)	Change (%)
Property and Equipment, Net of Depreciation	\$ 634.7	\$ 674.6	\$ (39.9)	(5.9)%

The decrease in capital assets is primarily driven by the acquisition of full ownership of 900 Thayer and Elizabeth House III by their respective limited partnerships, and the transfer of HOC at Upton II LLC to the discrete component units. In addition, the E-Square SCRRAC predevelopment expenses were also transferred to a non-HOC entity. The decrease is partly offset by the fixed asset additions from the five transferred tax credit properties

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

	2020	2019	Change (\$)	Change (%)
Multifamily Bonds	\$ 318.7	\$ 273.4	\$ 45.3	16.6%
Single Family Mortgage Purchase Program Bonds	221.7	204.3	17.4	8.5%
Mortgage Notes and Loans Payable	552.2	422.4	129.8	30.7%
Loans Payable to Montgomery County	105.3	107.3	(2.0)	(1.9)%
Total	\$ 1,197.9	\$ 1,007.4	\$ 190.5	18.9%

The following are key elements of the Commission's outstanding debt as of June 30, 2020:

- As of June 30, 2020, \$318.7 million of Multifamily mortgage bonds was outstanding. Sources of payments for the bonds are Multifamily mortgages receivable of \$260.6 million and restricted cash, cash equivalents and investments of \$97.8 million.
- As of June 30, 2020, \$221.7 million of Single Family mortgage bonds was outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$60.7 million and restricted cash, cash equivalents and investments of \$202.3 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, 2020**

Economic Outlook

HOC's FY 2021 budget reflects a continued commitment to our work as Housers and the focus areas established in the agency's 2018 – 2022 Strategic Plan: Getting People Housed; Keeping People Housed; and Helping Customers Reach Their Fullest Potential. HOC remains dedicated to developing Community Connected Housing, providing pathways to opportunity through equitable and inclusive community development that capitalizes on the assets and potential of a community and creates spaces that promote residents' health, happiness, and well-being.

While the Strategic Plan goals reinforce our mission and approach for serving customers, HOC's FY 2021 budget also demonstrates our awareness of, and strategy for, adapting to the COVID-19 pandemic environment and the imminent housing instability and economic distress that many of our customers will face. Since March 2020, the COVID-19 pandemic has had a significant negative impact on economic security for both families and businesses across the country. In Montgomery County, the Department Of Labor reported 133,310 total unemployment claims between March 1, 2020 and September 12, 2020 because of job losses in suffering industries such as hospitality and retail, as well as small businesses. Meanwhile, individuals and families employed in these industries are typically lower wage earners who are particularly vulnerable during economic downturns, and are faced with seemingly intractable challenges around employment and economic and housing stability for their families.

Despite these pressures, HOC is up to the challenge and is committed to the investment in the overall quality of Montgomery County's housing stock, a strategy that will yield critically important increased housing supply and improved mixed-income communities that get people housed to meet the range of housing needs throughout the county. Using innovative financing and development tactics, HOC has created a new, more sustainable model for affordable housing development that will help us integrate neighborhoods and bring critical resources to the families that need them while maintaining financial self-sustainability that ensures we serve and support the greatest number of families for the long-term.

At HOC, our charge is clear: focus on building housing, building communities that help Montgomery County residents achieve the goals they hold for themselves and their families, regardless of race, ethnicity, age or economic circumstances. We believe a community like Montgomery County deserves world-class housing options so that all of its citizens may thrive and have a place to call home.

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
STATEMENTS OF NET POSITION
JUNE 30, 2020

ASSETS

	<u>Primary Government</u>	<u>Discrete Component Units</u>
CURRENT ASSETS		
Unrestricted:		
Cash and Cash Equivalents	\$ 83,502,630	\$ 8,350,730
Advances to Component Units	8,232,446	-
Accounts Receivable and Other Assets, Net	19,637,938	6,007,171
Due From Related Parties	-	324,324
Accrued Interest Receivable	10,671,846	-
Mortgage and Construction Loans Receivable, Current	7,526,532	-
Total Unrestricted Current Assets	<u>129,571,392</u>	<u>14,682,225</u>
Restricted Cash, Cash Equivalents and Investments:		
Restricted Cash and Cash Equivalents	108,382,929	18,659,668
Restricted Short-Term Investments	9,892,645	-
Restricted for Current Bonds Payable	34,305,709	-
Restricted for Customer Deposits	4,436,092	382,111
Total Restricted Cash, Cash Equivalents, and Investments	<u>157,017,375</u>	<u>19,041,779</u>
Total Current Assets	<u>286,588,767</u>	<u>33,724,004</u>
NONCURRENT ASSETS		
Restricted Long-Term Investments	200,684,143	-
Mortgage and Construction Loans Receivable, Net of Current Portion	382,084,627	-
Capital Assets, Net of Depreciation	634,700,195	335,921,023
Other Noncurrent Assets	-	2,790,571
Investment in Component Units	13,320,803	-
Total Noncurrent Assets	<u>1,230,789,768</u>	<u>338,711,594</u>
Total Assets	<u>1,517,378,535</u>	<u>372,435,598</u>
DEFERRED OUTFLOWS OF RESOURCES		
Derivative Instrument	22,534,773	-
Fair Value of Hedging Derivatives	15,099,583	-
Employer-Related Pension Activities	22,499,379	-
Employer-Related OPEB Activities	9,746,187	-
Total Deferred Outflows of Resources	<u>69,879,922</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,587,258,457</u>	<u>\$ 372,435,598</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2020

LIABILITIES AND NET POSITION

	Primary Government	Discrete Component Units
CURRENT LIABILITIES		
Current Unrestricted Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 20,266,171	\$ 3,666,490
Accrued Interest Payable	9,453,773	10,713,095
Loans Payable to Montgomery County - Current	378,006	-
Mortgage Notes and Loans Payable - Current	5,548,014	12,876,639
Due To Related Parties	-	6,278,282
Total Current Unrestricted Liabilities	35,645,964	33,534,506
Current Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	3,606,252	335,278
Accrued Interest Payable	8,970,621	-
Bonds Payable - Current	25,335,088	-
Total Current Liabilities Payable from Restricted Assets	37,911,961	335,278
Total Current Liabilities	73,557,925	33,869,784
NONCURRENT LIABILITIES		
Bonds Payable	515,028,476	-
Mortgage Notes and Loans Payable	546,675,559	255,570,328
Loans Payable to Montgomery County	104,827,616	17,555,181
Unearned Revenue	21,944,106	4,001
Advances Due to Primary Government	-	1,925,614
Other Noncurrent Liabilities	-	11,639,670
Escrow and Other Deposits	16,440,785	-
Net Pension Liability	6,318,486	-
Net OPEB Liability	19,797,919	-
Derivative Instruments - Hedging	15,099,583	-
Total Noncurrent Liabilities	1,246,132,530	286,694,794
Total Liabilities	1,319,690,455	320,564,578
DEFERRED INFLOWS OF RESOURCES		
Unamortized Pension Net Difference	33,218,096	-
Unamortized OPEB Net Difference	19,459,021	-
Total Deferred Inflows of Resources	52,677,117	-
NET POSITION		
Net Investment in Capital Assets	(108,608,231)	49,918,875
Restricted for:		
Debt Service	119,132,001	-
Customer Deposits and Other	5,097,932	18,706,501
Closing Cost Assistance Program	979,404	-
Unrestricted	198,289,779	(16,754,356)
Total Net Position	214,890,885	51,871,020
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,587,258,457	\$ 372,435,598

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020

	Primary Government	Discrete Component Units
OPERATING REVENUES		
Dwelling Rental	\$ 97,195,902	\$ 18,794,968
Investment Income	9,983,462	-
Unrealized Gains on Investments	7,211,811	-
Interest on Mortgage and Construction Loans Receivable	7,200,335	-
Management Fees and Other Income	16,026,727	823,709
U.S. Department of Housing and Urban Development Grants:		
Housing Assistance Payments (HAP)	113,580,367	-
HAP Administrative Fees	8,399,973	-
Other Grants	6,333,829	-
State and County Grants	12,570,640	-
Total Operating Revenues	278,503,046	19,618,677
OPERATING EXPENSES		
Housing Assistance Payments	112,758,509	-
Administration	47,496,728	3,961,483
Maintenance	24,729,701	3,490,691
Depreciation and Amortization	20,081,582	9,445,539
Utilities	6,253,441	1,875,137
Fringe Benefits	19,373,064	984,118
Interest Expense	31,159,600	10,565,375
Other Expenses	15,420,713	1,802,593
Bad Debt Expense	-	146,913
Total Operating Expenses	277,273,338	32,271,849
 Total Operating Income (Loss)	 1,229,708	 (12,653,172)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	1,583,784	69,619
Interest on Mortgage and Construction Loans Receivable	2,519,844	-
Interest Expense	(6,422,301)	-
Other Grants	169,986	-
Gain on Sale of Assets	8,230,038	-
Total Nonoperating Revenue	6,081,351	69,619
 Income (Loss) Before Contributions and Transfers	 7,311,059	 (12,583,553)
Transfers to/from Discrete Component Units	(25,309,362)	21,594,863
Partner Equity Distributions	-	(6,732,481)
Capital Contributions	1,735,763	15,025,031
 CHANGE IN NET POSITION	 (16,262,540)	 17,303,860
Total Net Position - Beginning of Year	231,153,425	34,567,160
 TOTAL NET POSITION - END OF YEAR	 \$ 214,890,885	 \$ 51,871,020

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 103,591,300
Intergovernmental Revenue	140,660,171
Investment Income Received	10,479,797
Mortgage Interest Received	7,523,053
Mortgage Loan Principle Received	28,663,907
Management Fees and Other Income	18,843,276
Mortgage Loans Issued	(7,416,673)
Payments to Suppliers	(63,260,102)
Payments to Employees	(63,981,872)
Interest Paid	(29,144,808)
Housing Assistance Payments	(112,758,509)
Net Cash Provided by Operating Activities	33,199,540
CASH FLOWS FROM INVESTING ACTIVITIES	
Advances to Component Units	41,534,626
Issuance of Notes Receivable	(240,990,981)
Receipt of Payments on Notes Receivable	39,995,484
Investments Sold	11,438,321
Investments Purchased	(83,075,682)
Investment Income Received	1,583,784
Mortgage Interest Received	10,692,311
Net Cash Used by Investing Activities	(218,822,137)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from Sale of Bonds	118,266,088
Bond Repayments	(55,085,000)
Intergovernmental Revenue	2,516,994
Net Cash Provided by Noncapital Financing Activities	65,698,082
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for Property and Equipment	(18,661,315)
Proceeds from Sale of Capital Assets	12,166,991
Proceeds from Loans Payable to Montgomery County	10,939,174
Payments on Loans Payable to Montgomery County	(13,084,763)
Proceeds from New Mortgage Notes and Loans Payable	222,838,198
Payments on Mortgage Notes and Loans Payable	(46,438,801)
Interest Paid on Mortgages	(6,422,301)
Capital Contributions and Transfers	(23,457,745)
Net Cash Provided by Capital and Related Financing Activities	137,879,438
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,954,923
Cash and Cash Equivalents - Beginning of Year	212,672,437
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 230,627,360

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, 2020

	Business-Type Activities
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Current Unrestricted Cash and Cash Equivalents	\$ 83,502,630
Restricted Cash and Cash Equivalents	108,382,929
Restricted Current Bonds Payable	34,305,709
Restricted Customer Deposits	4,436,092
Total Cash and Cash Equivalents	230,627,360
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	1,229,708
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	20,081,582
Amortization	(601,830)
Unrealized Gains on Investments	(7,211,813)
Gain on Sale of Assets	8,230,038
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable and Other Assets	4,517,625
Mortgage and Construction Loans Receivables	21,251,231
Accrued Interest Receivable	(591,557)
Prepaid Expenses and Other Assets	2,467
Deferred Outflows of Resources - Pension	(17,059,800)
Deferred Outflows of Resources - OPEB	(2,456,963)
Interfund Receivable/Payable	(2,462,862)
Accounts Payable	1,158,895
Unearned Revenue	(1,838,099)
Accrued Interest Payable	3,506,566
Derivative Instrument	(22,534,773)
Net OPEB Liability	(7,962,322)
Net Pension Liability	(1,141,399)
Deferred Inflows of Resources - Pension	16,089,630
Deferred Inflows of Resources - OPEB	19,492,249
Escrow and Other Deposits	1,500,967
Net Cash Provided by Operating Activities	\$ 33,199,540

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENTS OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020

	12/31 FYE Elizabeth House III LP	12/31 FYE 900 Thayer LP	12/31 FYE HOC at Upton II	12/31 FYE Wheaton Gateway	12/31 FYE Georgian	12/31 FYE MV Affordable	6/30 FYE Strathmore	12/31 FYE Arcola	12/31 FYE Waverly	12/31 FYE Alexander House	6/30 FYE Metropolitan of Bethesda
Assets											
Current Assets:											
Cash and Cash Equivalents	\$ -	\$ 20,209	\$ -	\$ 368,908	\$ -	\$ -	\$ -	\$ 880,036	\$ 746,509	\$ 1,899,203	\$ -
Accounts Receivable and Other Assets, Net	4,065,540	49,124	25,962	-	-	-	-	35,718	159,826	168,561	-
Due From Related Parties	-	-	122,406	-	-	-	-	-	146,763	-	-
Total Unrestricted Current Assets	4,065,540	69,333	148,368	368,908	-	-	-	915,754	1,053,098	2,067,764	-
Restricted Cash and Cash Equivalents:											
Restricted Cash and Cash Equivalents	-	1,550,840	1,198,500	-	-	-	-	1,383,942	1,286,699	5,311,712	-
Customer Deposits	-	-	-	-	-	-	-	42,038	51,071	26,697	-
Total Restricted Cash and Cash Equivalents	-	1,550,840	1,198,500	-	-	-	-	1,425,980	1,337,770	5,338,409	-
Noncurrent Assets:											
Property and Equipment, Net of Depreciation	17,613,231	43,082,717	12,527,131	956,619	-	-	-	25,949,239	39,916,883	38,689,990	-
Deferred Charges	2,006,803	96,271	-	19,948	-	-	-	169,385	262,003	14,106	-
Total Noncurrent Assets	19,620,034	43,178,988	12,527,131	976,567	-	-	-	26,118,624	40,178,886	38,704,096	-
Total Assets	\$ 23,685,574	\$ 44,799,161	\$ 13,873,999	\$ 1,345,475	\$ -	\$ -	\$ -	\$ 28,460,358	\$ 42,569,754	\$ 46,110,269	\$ -
Liabilities											
Current Unrestricted Liabilities:											
Accounts Payable and Accrued Liabilities	\$ -	\$ 1,353,224	\$ 304,088	\$ 118,874	\$ -	\$ -	\$ -	\$ 157,776	\$ 92,023	\$ 273,557	\$ -
Accrued Interest Payable	150,281	58,124	177,143	-	-	-	-	1,398,275	2,685,971	2,233,031	-
Due To Related Parties	-	1,875,015	-	-	-	-	-	384,026	65,308	2,077,286	-
Mortgage Notes and Loans Payable - Current	-	6,722,216	-	-	-	-	-	1,979,627	111,981	2,465,713	-
Total Unrestricted Current Liabilities	150,281	10,008,579	481,231	118,874	-	-	-	3,919,704	2,955,283	7,049,587	-
Current Liabilities Payable from Restricted Assets:											
Customer Deposits Payable	-	295	-	-	-	-	-	36,589	38,233	26,488	-
Total Current Liabilities Payable from Restricted Assets	-	295	-	-	-	-	-	36,589	38,233	26,488	-
Noncurrent Liabilities:											
Mortgage Notes and Loans Payable	13,766,218	30,312,661	5,602,591	-	-	-	-	18,270,899	31,550,724	32,491,652	-
Loans Payable to Montgomery County	8,000,000	-	5,000,000	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Advances Due to Primary Government	8,675	-	-	-	-	-	-	-	-	-	-
Other Noncurrent Liabilities	-	3,000,000	1,456,748	-	-	-	-	-	1,255,888	1,994,041	-
Total Noncurrent Liabilities	21,774,893	33,312,661	12,059,339	-	-	-	-	18,270,899	32,806,612	34,485,693	-
Total Liabilities	21,925,174	43,321,535	12,540,570	118,874	-	-	-	22,227,192	35,800,128	41,561,768	-
Net Position											
Investment in Capital Assets, Net of Related Debt	(4,152,987)	6,047,840	1,924,540	956,619	-	-	-	5,698,713	8,254,178	3,732,625	-
Restricted Net Position	-	1,550,545	1,198,500	-	-	-	-	1,389,391	1,299,537	5,311,921	-
Unrestricted Net Position	5,913,387	(6,120,759)	(1,789,611)	269,982	-	-	-	(854,938)	(2,784,089)	(4,496,045)	-
Total Net Position	1,760,400	1,477,626	1,333,429	1,226,601	-	-	-	6,233,166	6,769,626	4,548,501	-
Total Liabilities and Net Position	\$ 23,685,574	\$ 44,799,161	\$ 13,873,999	\$ 1,345,475	\$ -	\$ -	\$ -	\$ 28,460,358	\$ 42,569,754	\$ 46,110,269	\$ -

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENTS OF NET POSITION – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
JUNE 30, 2020

	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	12/31 FYE	Totals
	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood/ Sligo	Hampden Lane	Hillandale	Greenhills	Multifamily CCL		
Assets											
Current Assets:											
Cash and Cash Equivalents	\$ 261,746	\$ -	\$ 364,850	\$ 1,085,091	\$ 1,138,346	\$ 55,455	\$ 922,136	\$ 402,498	\$ 205,743	\$ -	\$ 8,350,730
Accounts Receivable and Other Assets, Net	36,384	-	23,890	987,508	117,376	16,344	-	146,070	174,868	-	6,007,171
Due From Related Parties	-	-	-	-	-	-	-	55,155	-	-	324,324
Total Unrestricted Current Assets	<u>298,130</u>	<u>-</u>	<u>388,740</u>	<u>2,072,599</u>	<u>1,255,722</u>	<u>71,799</u>	<u>922,136</u>	<u>603,723</u>	<u>380,611</u>	<u>-</u>	<u>14,682,225</u>
Restricted Cash and Cash Equivalents:											
Restricted Cash and Cash Equivalents	474,782	-	435,579	1,163,057	2,133,572	445,423	-	573,089	2,702,473	-	18,659,668
Customer Deposits	39,704	-	24,025	44,582	72,204	3,501	-	28,405	49,884	-	382,111
Total Restricted Cash and Cash Equivalents	<u>514,486</u>	<u>-</u>	<u>459,604</u>	<u>1,207,639</u>	<u>2,205,776</u>	<u>448,924</u>	<u>-</u>	<u>601,494</u>	<u>2,752,357</u>	<u>-</u>	<u>19,041,779</u>
Noncurrent Assets:											
Property and Equipment, Net of Depreciation	7,429,525	-	8,964,255	20,006,028	24,453,590	3,295,942	2,930,335	21,867,522	68,238,016	-	335,921,023
Deferred Charges	-	-	10,495	96,359	67,757	8,443	14,620	24,381	-	-	2,790,571
Total Noncurrent Assets	<u>7,429,525</u>	<u>-</u>	<u>8,974,750</u>	<u>20,102,387</u>	<u>24,521,347</u>	<u>3,304,385</u>	<u>2,944,955</u>	<u>21,891,903</u>	<u>68,238,016</u>	<u>-</u>	<u>338,711,594</u>
Total Assets	<u>\$ 8,242,141</u>	<u>\$ -</u>	<u>\$ 9,823,094</u>	<u>\$ 23,382,625</u>	<u>\$ 27,982,845</u>	<u>\$ 3,825,108</u>	<u>\$ 3,867,091</u>	<u>\$ 23,097,120</u>	<u>\$ 71,370,984</u>	<u>\$ -</u>	<u>\$ 372,435,598</u>
Liabilities											
Current Unrestricted Liabilities:											
Accounts Payable and Accrued Liabilities	\$ 55,089	\$ -	\$ 53,286	\$ 172,936	\$ 100,113	\$ 259,676	\$ 172,865	\$ 34,659	\$ 518,324	\$ -	\$ 3,666,490
Accrued Interest Payable	3,046,687	-	14,748	68,897	563,148	-	-	316,790	-	-	10,713,095
Due To Related Parties	83,786	-	-	55,170	421,659	345,622	-	-	970,410	-	6,278,282
Mortgage Notes and Loans Payable - Current	200,303	-	32,631	504,393	226,355	-	-	158,811	474,609	-	12,876,639
Total Unrestricted Current Liabilities	<u>3,385,865</u>	<u>-</u>	<u>100,665</u>	<u>801,396</u>	<u>1,311,275</u>	<u>605,298</u>	<u>172,865</u>	<u>510,260</u>	<u>1,963,343</u>	<u>-</u>	<u>33,534,506</u>
Current Liabilities Payable from Restricted Assets:											
Customer Deposits Payable	39,331	-	23,672	40,120	54,329	2,895	-	25,956	47,370	-	335,278
Total Current Liabilities Payable from Restricted Assets	<u>39,331</u>	<u>-</u>	<u>23,672</u>	<u>40,120</u>	<u>54,329</u>	<u>2,895</u>	<u>-</u>	<u>25,956</u>	<u>47,370</u>	<u>-</u>	<u>335,278</u>
Noncurrent Liabilities:											
Mortgage Notes and Loans Payable	7,651,545	-	4,385,224	12,619,011	15,688,502	452,424	1,887,500	20,411,111	60,480,266	-	255,570,328
Loans Payable to Montgomery County	1,382,000	-	865,279	1,363,073	-	944,829	-	-	-	-	17,555,181
Deferred Revenue	-	-	4,001	-	-	-	-	-	-	-	4,001
Advances Due to Primary Government	-	-	1,916,939	-	-	-	-	-	-	-	1,925,614
Other Noncurrent Liabilities	-	-	1,429,311	825,420	-	230,468	-	1,447,794	-	-	11,639,670
Total Noncurrent Liabilities	<u>9,033,545</u>	<u>-</u>	<u>8,600,754</u>	<u>14,807,504</u>	<u>15,688,502</u>	<u>1,627,721</u>	<u>1,887,500</u>	<u>21,858,905</u>	<u>60,480,266</u>	<u>-</u>	<u>286,694,794</u>
Total Liabilities	<u>12,458,741</u>	<u>-</u>	<u>8,725,091</u>	<u>15,649,020</u>	<u>17,054,106</u>	<u>2,235,914</u>	<u>2,060,365</u>	<u>22,395,121</u>	<u>62,490,979</u>	<u>-</u>	<u>320,564,578</u>
Net Position											
Investment in Capital Assets, Net of Related Debt	(1,804,323)	-	3,681,121	5,519,551	8,538,733	1,898,689	1,042,835	1,297,600	7,283,141	-	49,918,875
Restricted Net Position	475,155	-	435,932	1,167,519	2,151,447	446,029	-	575,538	2,704,987	-	18,706,501
Unrestricted Net Position	<u>(2,887,432)</u>	<u>-</u>	<u>(3,019,050)</u>	<u>1,046,535</u>	<u>238,559</u>	<u>(755,524)</u>	<u>763,891</u>	<u>(1,171,139)</u>	<u>(1,108,123)</u>	<u>-</u>	<u>(16,754,356)</u>
Total Net Position	<u>(4,216,600)</u>	<u>-</u>	<u>1,098,003</u>	<u>7,733,605</u>	<u>10,928,739</u>	<u>1,589,194</u>	<u>1,806,726</u>	<u>701,999</u>	<u>8,880,005</u>	<u>-</u>	<u>51,871,020</u>
Total Liabilities and Net Position	<u>\$ 8,242,141</u>	<u>\$ -</u>	<u>\$ 9,823,094</u>	<u>\$ 23,382,625</u>	<u>\$ 27,982,845</u>	<u>\$ 3,825,108</u>	<u>\$ 3,867,091</u>	<u>\$ 23,097,120</u>	<u>\$ 71,370,984</u>	<u>\$ -</u>	<u>\$ 372,435,598</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2020

	12/31 FYE Elizabeth House III LP	12/31 FYE 900 Thayer LP	12/31 FYE HOC at Upton II	12/31 FYE Wheaton Gateway	12/31 FYE Georgian	12/31 FYE MV Affordable	6/30 FYE Strathmore	12/31 FYE Arcola	12/31 FYE Waverly	12/31 FYE Alexander House	6/30 FYE Metropolitan of Bethesda
Operating Revenues:											
Dwelling Rental	\$ -	\$ 305,882	\$ -	\$ -	\$ 1,341,387	\$ 1,473,827	\$ 217,198	\$ 1,374,520	\$ 1,572,574	\$ 1,834,085	\$ 277,007
Management Fees and Other Income	-	33,421	-	-	66,256	5,782	3,666	81,499	89,194	115,440	4,324
Total Operating Revenues	-	339,303	-	-	1,407,643	1,479,609	220,864	1,456,019	1,661,768	1,949,525	281,331
Operating Expenses:											
Administration	-	248,853	3,846	3,995	251,567	231,940	43,284	206,742	287,848	246,394	62,171
Maintenance	-	18,146	-	-	241,460	374,250	44,225	374,403	198,788	255,047	85,442
Depreciation and Amortization	-	170,268	-	96	275,684	360,414	84,162	691,555	1,166,827	1,482,565	106,003
Utilities	-	14,902	-	-	89,947	145,681	16,251	234,319	208,495	124,659	30,753
Fringe Benefits	-	3,947	-	-	85,779	139,923	7,746	86,699	74,647	36,425	15,869
Interest Expense	-	68,450	-	-	144,523	153,561	99,536	674,082	1,144,046	2,021,490	115,667
Other	-	497,258	616	300	59,221	139,657	9,383	83,381	61,711	121,851	26,150
Bad Debt Expense	-	-	-	-	-	4,062	-	3,848	-	19,998	-
Total Operating Expenses	-	1,021,824	4,462	4,391	1,148,181	1,549,488	304,587	2,355,029	3,142,362	4,308,429	442,055
Operating Income (Loss)	-	(682,521)	(4,462)	(4,391)	259,462	(69,879)	(83,723)	(899,010)	(1,480,594)	(2,358,904)	(160,724)
Nonoperating Revenues											
Investment Income	-	-	-	-	4,165	5,383	54	8,841	10,575	360	920
Total Nonoperating Revenue	-	-	-	-	4,165	5,383	54	8,841	10,575	360	920
Capital Contributions	1,760,400	2,204,873	1,467,276	559,538	-	-	-	541,366	100	7,431,220	-
Partner Equity Distributions	-	(19,818)	(127,869)	-	-	2,993	12,650	-	-	-	183
Transfer to Primary Government	-	(24,908)	(1,516)	-	(1,840,913)	(1,075,471)	7,940,226	-	-	-	13,776,680
Change in Net Position	1,760,400	1,477,626	1,333,429	555,147	(1,577,286)	(1,136,974)	7,869,207	(348,803)	(1,469,919)	5,072,676	13,617,059
Net Position - Beginning of Year	-	-	-	671,454	1,577,286	1,136,974	(7,869,207)	6,581,969	8,239,545	(524,175)	(13,617,059)
Net Position - End of Year	\$ 1,760,400	\$ 1,477,626	\$ 1,333,429	\$ 1,226,601	\$ -	\$ -	\$ -	\$ 6,233,166	\$ 6,769,626	\$ 4,548,501	\$ -

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)
YEAR ENDED JUNE 30, 2020

	12/31 FYE	12/31 FYE	12/31 FYE Wheaton Metro	12/31 FYE Forest Oak	12/31 FYE Tanglewood/ Sligo	12/31 FYE Hampden Lane	12/31 FYE Hillandale	12/31 FYE Greenhills	12/31 FYE CCL Multifamily	Totals
Operating Revenues:										
Dwelling Rental	\$ 1,086,144	\$ 859,515	\$ 746,608	\$ 2,658,325	\$ 1,877,994	\$ 183,539	\$ -	\$ 1,227,231	\$ 1,759,132	\$ 18,794,968
Management Fees and Other Income	4,621	-	4,004	83,721	148,282	36,495	-	12,539	134,465	823,709
Total Operating Revenues	<u>1,090,765</u>	<u>859,515</u>	<u>750,612</u>	<u>2,742,046</u>	<u>2,026,276</u>	<u>220,034</u>	<u>-</u>	<u>1,239,770</u>	<u>1,893,597</u>	<u>19,618,677</u>
Operating Expenses:										
Administration	183,655	126,378	197,973	416,592	310,312	101,390	784	172,293	865,466	3,961,483
Maintenance	280,290	195,714	146,858	397,589	302,209	37,127	-	147,931	391,212	3,490,691
Depreciation and Amortization	399,819	397,382	548,758	522,154	728,349	149,855	-	557,114	1,804,534	9,445,539
Utilities	87,211	83,202	45,117	171,492	204,326	42,983	-	64,860	310,939	1,875,137
Fringe Benefits	44,929	35,889	38,207	112,922	126,219	31,192	-	32,323	111,402	984,118
Interest Expense	536,127	374,251	226,241	709,406	595,003	-	-	746,479	2,956,513	10,565,375
Other	86,634	69,789	93,165	279,672	113,490	15,749	300	91,747	52,519	1,802,593
Bad Debt Expense	14,350	15,958	10,378	-	18,233	-	-	37,379	22,707	146,913
Total Operating Expenses	<u>1,633,015</u>	<u>1,298,563</u>	<u>1,306,697</u>	<u>2,609,827</u>	<u>2,398,141</u>	<u>378,296</u>	<u>1,084</u>	<u>1,850,126</u>	<u>6,515,292</u>	<u>32,271,849</u>
Operating Income (Loss)	<u>(542,250)</u>	<u>(439,048)</u>	<u>(556,085)</u>	<u>132,219</u>	<u>(371,865)</u>	<u>(158,262)</u>	<u>(1,084)</u>	<u>(610,356)</u>	<u>(4,621,695)</u>	<u>(12,653,172)</u>
Nonoperating Revenues										
Investment Income	3,894	3,460	13,922	10,862	4,875	400	-	879	1,029	69,619
Total Nonoperating Revenue	<u>3,894</u>	<u>3,460</u>	<u>13,922</u>	<u>10,862</u>	<u>4,875</u>	<u>400</u>	<u>-</u>	<u>879</u>	<u>1,029</u>	<u>69,619</u>
Capital Contributions	115,855	-	-	-	-	-	-	852,160	92,243	15,025,031
Partner Equity Distributions	-	-	-	-	(38,182)	-	-	-	(6,562,438)	(6,732,481)
Transfer to Primary Government	-	2,820,765	-	-	-	-	-	-	-	21,594,863
Change in Net Position	<u>(422,501)</u>	<u>2,385,177</u>	<u>(542,163)</u>	<u>143,081</u>	<u>(405,172)</u>	<u>(157,862)</u>	<u>(1,084)</u>	<u>242,683</u>	<u>(11,090,861)</u>	<u>17,303,860</u>
Net Position - Beginning of Year	<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>
Net Position - End of Year	<u>\$ (4,216,600)</u>	<u>\$ -</u>	<u>\$ 1,098,003</u>	<u>\$ 7,733,605</u>	<u>\$ 10,928,739</u>	<u>\$ 1,589,194</u>	<u>\$ 1,806,726</u>	<u>\$ 701,999</u>	<u>\$ 8,880,005</u>	<u>\$ 51,871,020</u>

See accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 (HCV) 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 HCV 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.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(a) Description of the Commission (Continued)

Bonds issued by the Commission include Single Family Mortgage Revenue Bonds, Program Revenue Bonds and Multifamily Housing Revenue Bonds. Single Family Mortgage Revenue Bonds and Program 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, the Single Family Mortgage Revenue Bonds, Program Revenue Bonds and the Multifamily Housing Revenue Bonds do not 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.

BLENDING COMPONENT UNITS (Development Corporations and Other Entities)

The Development Corporations (the Corporations) and other entities operate exclusively for nonprofit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and other entities, and their related expenditures must be approved by the Commission. The Corporations and other entities are legally separate from the Commission, and are included in the Opportunity Housing Sub-Fund as blended component units, since the Commission can significantly influence the programs, projects, or activities of, or the level of service performed by the Corporations and other entities, and their boards of directors are substantially the same as the Commission. The 47 blended component units report on a June 30 year-end unless indicated below.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

BLENDED COMPONENT UNITS (Continued)

HOC YR 15 LLC – HOC YR 15 LLC is a wholly owned and controlled entity of HOC. It holds the individual investor limited partnership interests in several LIHTC-financed properties (Barclay One Associates LP, Georgian Court Silver Spring LP, Metropolitan of Bethesda LP, MV Affordable Housing Associates LP and Strathmore Court Associates LP) which are now considered blended component units of HOC. The components of HOC YR 15 LLC are shown on the blended component unit combining schedule by property.

900 Thayer GP LLC – 900 Thayer GP LLC is HOC's investment in the 900 Thayer Limited Partnership.

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 and was demolished in preparation of significant 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.

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

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.

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

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
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**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.

Greenhills Apartments GP – Greenhills Apartments GP is HOC’s investment in the Greenhills Apartments Limited Partnership.

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 MM at Upton II, LLC – HOC MM at Upton II, LLC is HOC’s investment in the HOC at the Upton II, LLC.

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 which qualifies 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 and self-sufficiency services 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.

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

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

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

BLENDED COMPONENT UNITS (Continued)

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

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

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

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 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.

MV Gateway LLC (Cider Mill) – Owns and operates an 861-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 former 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.

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

BLENDED COMPONENT UNITS (Continued)

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.

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.

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

TPP - 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 former 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 former 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 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.

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

Willows of Gaithersburg Associates Limited Partnership – Owns and operates 195 unit rental unit apartments for low income families located in Gaithersburg, Maryland.

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**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 12 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. All of the partnerships have calendar year ends. 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, 2020. Separate financial statements for the individual limited partnerships can be obtained from the Commission.

The Commission has 3 other discretely presented component units other than real estate limited partnerships (CCL Multifamily LLC, Hillandale Gateway LLC, and Wheaton Gateway). Two of these 3 entities do not have separately available financial statements.

900 Thayer Limited Partnership – Owns and operates a 124 unit apartment rental complex for low and moderate income families located in Silver Spring, Maryland.

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. On November 15, 2019, Manufacturers and Traders Trust Company assigned their 99.99% limited partnership interest effective November 1, 2019 to HOC YR 15 LLC and this is now a blended component unit.

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), developed 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.

Elizabeth House III Limited Partnership – This is a new senior housing building located in Silver Spring currently under construction with an estimated completion date of September 2022.

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
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**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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. On November 15, 2019, Manufacturers and Traders Trust Company assigned their 99.99% limited partnership interest effective November 1, 2019 to HOC YR 15 LLC and this is now a blended component unit.

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

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

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

HOC at the Upton II LLC – This will be a 150 unit, eight story replacement housing for nearby Town Center Apartments located in Rockville, Maryland with a projected delivery date in 2021.

Metropolitan of Bethesda Limited Partnership – Owns and operates 92 luxury residential apartment units for low and moderate income families in Bethesda, Maryland. On November 15, 2019, Manufacturers and Traders Trust Company assigned their 99.00% limited partnership interest effective November 1, 2019 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. On January 31, 2020 Wells Fargo Affordable Housing Community Development Corporation assigned their 99.99% limited partnership interest to HOC YR 15 LLC and this is now a blended component unit.

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. On November 15, 2019, Manufacturers and Traders Trust Company assigned their 99.00% limited partnership interest effective November 1, 2019 to HOC YR 15 LLC and this is now a blended component unit.

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

DISCRETELY PRESENTED COMPONENT UNITS (Continued)

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.

(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 HOC receives from federal, state, and local government agencies, and related activities.

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

(d) Basis of Accounting (Continued)

- *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 and Program 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.

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
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**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, 2020, there were no reserves for loan losses. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are placed on nonaccrual status when the mortgage insurance claim has settled. The Commission continually monitors the collectability of all loans in foreclosure and REO status against the sales proceeds and mortgage insurance held by the Commission in determining the need for an allowance for loan loss. Additionally, the Commission has an active loan mitigation procedure in place which ensures that servicer activities are monitored and losses to the Commission are minimized. Historically, the Commission's loan losses have been insignificant.

(i) Allowance for Doubtful Accounts

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

(j) Mortgage Risk-Sharing Agreement

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

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

(j) Mortgage Risk-Sharing Agreement (Continued)

The Commission also participates in the HUD / Federal Financing Bank (FFB) Risk Sharing Initiative Program, under which FFB provides capital for multifamily loans insured under FHA's Risk Sharing program. The program is available to Housing Finance Agencies (HFAs) that a) participate in 542(c) Risk Sharing lending at Level I; b) are in good standing with HUD; c) have and maintain an independent agency rating of "A" or better; and d) agree to assume 50 percent of the risk on all loans originated under the FFB initiative. Loans are available at significantly lower interest rates than tax-exempt bond financing.

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, 2020 is \$264,106,306 which is collateralized primarily by the underlying properties. As of June 30, 2020, the Commission had \$4,516,358 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
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**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, 2020 amounted to \$2,479,368 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 three items that are required to be reported in this category: (1) the deferred outflow from pension/OPEB, (2) the fair value of hedging derivatives, and (3) a derivative instrument.

(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 Montgomery County Retiree Health Benefit Plan (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 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
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**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.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business-Type Activities

(a) Cash

The Commission's cash balances as of June 30, 2020 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	Carrying Amount	Bank Balances
Cash:		
General Sub-Fund	\$ 12,600,449	\$ 12,595,449
Opportunity Housing Sub-Fund	74,975,638	74,965,876
Public Sub-Fund	8,581,581	8,581,581
Total Cash	\$ 96,157,668	\$ 96,142,906

(b) Cash Equivalents & Investments

The General Sub-Fund cash and cash equivalents balance at June 30, 2020 includes \$369,332 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, 2020 includes \$51,703,091 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 \$5,521,991 as of June 30, 2020, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

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 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, 2020, the Commission had sufficient collateral to meet requirements.

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 respective Indentures 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (Continued)

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 Credit 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, Opportunity Housing and Public Sub-Funds 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, 2020 was P-1.

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, 2020, the Commission held investments in agency securities which were not collateralized but were rated Aaa, AA+, Aa2, and AAAm.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(b) Cash Equivalents & Investments (Continued)

As of June 30, 2020 the Commission had the following cash equivalents and investments with maturities of one year or less:

Cash Equivalents	Fair Value	Ratings
Cash Equivalents		
General Sub-Fund:		
Money Market Accounts	\$ 11,124,624	N/A
Opportunity Housing Sub-Fund:		
Investment in Maryland Local Government Investment Pool	2,821,612	AAAm
Money Market Accounts	25,087,354	N/A
Public Sub-Fund:		
Investment in Maryland Local Government Investment Pool	3,019,115	AAAm
Multifamily Sub-Fund:		
Money Market Accounts	34,167,312	N/A
Single Family Sub-Fund:		
Money Market Accounts	58,249,675	N/A
Total Cash Equivalents	<u>\$ 134,469,692</u>	
Short-Term Investments		
Single Family Sub-Fund:		
Federal Home Loan Mtg Corp	\$ 62,504	Aaa
FNMA Pass-through Certificates	3,394,590	Aaa
GNMA Pass-through Certificates	4,748,706	Aaa
U.S. Treasuries	1,686,845	N/A
Total Short-Term Investments	<u>\$ 9,892,645</u>	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(b) Cash Equivalents & Investments (Continued)

As of June 30, 2020, the Commission had the following investments with maturities greater than one year:

Long-Term Investments	Fair Value	1-5 Years	6-10 Years	Greater Than 10 Years	Rating
Multifamily Sub-Fund:					
Bank One Investment Agreement	\$ 591,525	\$ -	\$ 591,525	\$ -	AA/Aa2
Fannie Mae	3,387,821	-	3,097,957	289,864	Aaa
Federal Farm Credit Banks	2,935,184	668,489	-	2,266,695	Aaa
Federal Home Loan Banks	1,066,211	-	1,066,211	-	Aaa
Federal Home Loan Mtg Corp	1,028,114	-	-	1,028,114	Aaa
Mass Mutual Life Ins GIC	55,000,000	55,000,000	-	-	
US Treasuries	1,346,851	1,018,336	328,515	-	N/A
Single Family Sub-Fund:					
Fannie Mae	1,135,335	-	1,135,335	-	Aaa
Federal Farm Credit Banks	7,506,087	-	-	7,506,087	Aaa
Federal Home Loan Banks	11,106,536	-	-	11,106,536	Aaa
Federal Home Loan Mtg Corp	2,774,820	-	-	2,774,820	Aaa
FNMA Pass-through Certificates	53,301,590	-	-	53,301,590	Aaa
GNMA Pass-through Certificates	51,022,364	-	-	51,022,364	Aaa
Tennessee Valley Authority	4,903,264	-	-	4,903,264	AA+
US Treasuries	3,578,441	2,114,711	-	1,463,730	N/A
Total Long-Term Investments	<u>\$ 200,684,143</u>	<u>\$ 58,801,536</u>	<u>\$ 6,219,543</u>	<u>\$ 135,663,064</u>	
Total Cash, Cash Equivalents and Investments	<u>\$ 441,204,148</u>				
Reconciliation of Cash, Cash Equivalents and Investments to Amounts in the Statement of Net Position:					
Current Unrestricted Cash and Cash Equivalents	\$ 83,502,630				
Restricted Cash and Cash Equivalents	108,382,929				
Restricted Short-Term Investments	9,892,645				
Restricted Cash and Cash Equivalents for Current Liabilities	34,305,709				
Restricted Customer Deposits	4,436,092				
Noncurrent Restricted Investments	200,684,143				
Total	<u>\$ 441,204,148</u>				

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(b) Cash Equivalents & Investments (Continued)

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

<u>Investment Category</u>	<u>Fair Value</u>	<u>Percentage of Total Investments</u>
Federal Home Loan Banks	\$ 12,172,747	5.78%
Mass Mutual Life Ins GIC	55,000,000	26.12%
GNMA Pass-Through Certificates	55,771,070	26.48%
FNMA Pass-Through Certificates	56,696,180	26.92%

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, 2020, fair value of investments is as follows:

	<u>June 30, 2020</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments by Fair Value Level			
Debt Securities:			
Fannie Mae	\$ 4,523,156	\$ -	\$ 4,523,156
Federal Farm Credit Banks	10,441,271	-	10,441,271
Federal Home Loan Banks	12,172,747	-	12,172,747
Federal Home Loan Mortgage Corp	3,865,438	-	3,865,438
FNMA Pass-Through Certificates	56,696,180	-	56,696,180
GNMA Pass-Through Certificates	55,771,070	-	55,771,070
Investment Agreements	591,525	-	591,525
Mass Mutual Life Insurance GIC	55,000,000	-	55,000,000
Tennessee Valley Authority	4,903,264	-	4,903,264
U.S. Treasuries	6,612,137	6,612,137	-
Subtotal - Debt Securities	<u>210,576,788</u>	<u>6,612,137</u>	<u>203,964,651</u>
Investment Derivative Instruments:			
Hedging Derivative Instrument	<u>(15,099,583)</u>	<u>-</u>	<u>(15,099,583)</u>
Total Investments by Fair Value Level	<u>\$ 195,477,205</u>	<u>\$ 6,612,137</u>	<u>\$ 188,865,068</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 Value	Rating
Cash	\$ 22,189,179	N/A
Cash Equivalents:		
Money Market Accounts	5,203,330	N/A
Total Cash, Cash Equivalents, and Investments	\$ 27,392,509	
Reconciliation of Cash and Cash Equivalents to Amounts in the Statement of Net Position:		
Current Unrestricted Cash and Cash Equivalents	\$ 8,350,730	
Restricted Cash and Cash Equivalents for Current Liabilities	18,659,668	
Restricted Cash and Cash Equivalents for Customer Deposits	382,111	
Total	\$ 27,392,509	

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, 2020

NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

Mortgage and construction loans receivable as of June 30, 2020 consisted of the following:

Description	Interest Rate	Balance
General Sub-Fund		
Closing Cost Assistance Loans	5.00%	\$ 4,219,577
Component Unit Loans	-	155,416,275
Woodfield Commons	-	10,480,669
	Subtotal	<u>170,116,521</u>
Opportunity Housing Sub-Fund		
900 Thayer LP	-	14,030,842
Alexander House Limited Partnership	-	14,218,641
Banor Housing Inc. (Bauer Park)	-	523,110
Bauer Park Apartments LP	-	818,442
Elizabeth House III	-	18,931,029
Fenwick Silver Spring	-	2,005,925
Greenhills LP	-	7,523,156
Hampden Lane Limited Partnership	-	138,281
Hillandale Gateway Limited Liability Company	-	1,887,500
Rental Assistance Security Deposit Loan	-	14,040
Spring Garden One Associates Limited Partnership	-	3,274,431
Tanglewood Apartments	-	3,190,410
Town Center	-	196,957
Upton II	-	200,000
Woodfield Commons	-	350,000
	Subtotal	<u>67,302,764</u>
Multifamily Sub-Fund		
Arcola	4.55%	5,894,715
Argent	2.75%	3,420,000
Argent	3.92%	8,040,000
Charter House	4.98%	10,496,489
Dring's Reach	4.75%	4,419,066
Forest Oak	4.93%	13,211,455
Greenhills	4.10%	11,882,710
Landing's Edge	4.95%	3,081,105
MetroPointe	6.50%	2,706,820
Ring House	6.10%	10,223,932
Rockville Housing	5.21%	3,220,780
Spring Garden	4.55%	4,814,645
Waverly	4.55%	8,119,609
	Subtotal	<u>89,531,326</u>
Single Family Sub-Fund		
Mortgage Loans Receivable, Net	4.00 to 6.37%	<u>60,654,933</u>
Public Sub-Fund		
Arcola Towers RAD LP	-	1,898,330
Tobytown Homeownership	-	107,285
	Subtotal	<u>2,005,615</u>
	Total	<u>\$ 389,611,159</u>
	Current	\$ 7,526,532
	Long-term	382,084,627
		<u>\$ 389,611,159</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

As of June 30, 2020, the amount available or committed for additional advances or new loans is \$17,924,476 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, 2020 are inter sub-fund mortgage loans receivable from the Opportunity Housing Sub-Fund and General Sub-Fund amounting to \$300,643,987 and \$152,484, respectively, which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$8,501,587 for the year ended June 30, 2020 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Sub-Fund at June 30, 2020 are inter sub-fund mortgage loans receivables from several Opportunity Housing properties amounting to \$34,957,809 and inter sub-fund mortgage loans receivable from the General Sub-Fund amounting to \$253,997 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 \$171,096,611 as of June 30, 2020, which have been eliminated. The related interest revenue, amounting to \$8,685,750 for the year ended June 30, 2020 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.

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 CAPITAL ASSETS

(a) Capital Assets of Business-Type Activities

The Commission's capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Capitalization	Transfer In / (Out)	Ending Balance
Land						
General Sub-Fund	\$ 3,464,436	\$ -	\$ -	\$ -	\$ -	\$ 3,464,436
Opportunity Housing Sub-Fund	138,872,080	2,486,717	-	-	(9,367,491)	131,991,306
Public Sub-Fund	973,267	-	-	-	-	973,267
Total Land	143,309,783	2,486,717	-	-	(9,367,491)	136,429,009
Site Improvements:						
Public Sub-Fund	748,079	-	-	-	-	748,079
Accumulated Depreciation	(748,079)	-	-	-	-	(748,079)
Total Site Improvements, Net	-	-	-	-	-	-
Building and Improvements:						
General Sub-Fund	8,679,096	-	-	-	10,746	8,689,842
Accumulated Depreciation	(4,395,679)	(340,966)	-	-	-	(4,736,645)
Opportunity Housing Sub-Fund	629,277,353	1,864,933	-	20,698,896	49,467,785	701,308,967
Accumulated Depreciation	(187,441,229)	(18,126,191)	1,092,239	-	(31,058,288)	(235,533,469)
Public Sub-Fund	22,035,103	-	-	-	-	22,035,103
Accumulated Depreciation	(15,367,060)	(340,228)	-	-	-	(15,707,288)
Total Building and Improvements, Net	452,787,584	(16,942,452)	1,092,239	20,698,896	18,420,243	476,056,510
Furniture and Equipment:						
General Sub-Fund	11,602,991	416,344	(32,945)	-	-	11,986,390
Accumulated Depreciation	(11,261,481)	(281,326)	31,293	-	-	(11,511,514)
Opportunity Housing Sub-Fund	15,664,271	527,015	-	2,716,201	1,468,261	20,375,748
Accumulated Depreciation	(11,113,059)	(978,942)	10,759	-	(1,612,994)	(13,694,236)
Public Sub-Fund	484,960	16	-	-	-	484,976
Accumulated Depreciation	(473,942)	(9,209)	-	-	-	(483,151)
Total Furniture and Equipment, Net	4,903,740	(326,102)	9,107	2,716,201	(144,733)	7,158,213
Construction in Progress:						
General Sub-Fund	763,437	1,382,751	-	-	(10,746)	2,135,442
Opportunity Housing Sub-Fund	68,059,909	9,379,170	(6,696,535)	(23,415,097)	(35,224,913)	12,102,534
Public Sub-Fund	4,790,640	2,094,870	(6,067,023)	-	-	818,487
Total Construction in Progress	73,613,986	12,856,791	(12,763,558)	(23,415,097)	(35,235,659)	15,056,463
Total Capital Assets, Net	\$ 674,615,093	\$ (1,925,046)	\$ (11,662,212)	\$ -	\$ (26,327,640)	\$ 634,700,195

Commission capital assets not being depreciated include land and construction in progress. The net transfer out relates to the transfer of several blended component units to discrete component units following investment by outside partners.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 CAPITAL ASSETS (CONTINUED)

(b) Reconciliation of Net Investment in Capital Assets

Net Investment in Capital Assets	
Land	\$ 136,429,009
Construction in Progress	15,056,463
Building and Improvements, Net of Depreciation	476,056,510
Furniture and Equipment, Net of Depreciation	7,158,213
Less: Related Bonds, Mortgages and Notes Payable	<u>(743,308,426)</u>
Total Net Investment in Capital Assets	<u><u>\$ (108,608,231)</u></u>

(c) Discretely Presented Component Units Capital Assets

	Beginning Balance	Additions	Deletions	Capitalization	Transfer In / (Out)	Ending Balance
Discretely Presented Component Units						
Land	\$ 31,642,205	\$ -	\$ (2,868,470)	\$ -	\$ 9,367,491	\$ 38,141,226
Building and Improvements	304,967,181	17,195,809	(567,924)	28,993,122	(50,060,315)	300,527,873
Accumulated Depreciation	(58,416,809)	(9,667,895)	391,314	-	31,748,796	(35,944,594)
Furniture and Equipment	7,104,684	9,373	-	975,786	(971,048)	7,118,795
Accumulated Depreciation	(2,638,476)	(231,195)	119,854	-	922,485	(1,827,332)
Construction in Progress	9,033,959	13,627,342	(12,251)	(29,968,908)	35,224,913	27,905,055
Net Component Unit Capital Assets	<u>\$ 291,692,744</u>	<u>\$ 20,933,434</u>	<u>\$ (2,937,477)</u>	<u>\$ -</u>	<u>\$ 26,232,322</u>	<u>\$ 335,921,023</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, 2020, amounted to \$34,978.

One Partnership entered into a developer fee agreement with the Commission effective March 1, 2007. According to the Agreement for Limited Partnership, the fee constitutes a non interest bearing loan which matures December 31, 2021. As of June 30, 2020 the deferred developer fee due the Commission totaled \$1,363,813.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 ADVANCES TO DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

The table below documents Advances to Component Units and Investments in Component Units. Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2020.

Receivable Entity	Payable Entity	Amount
Advances to Component Units		
Primary Government - General Sub-Fund	Component Units - Tax Credit Limited Partnerships	\$ 7,289,283
Primary Government - Opportunity Housing Sub-Fund	Component Units - Tax Credit Limited Partnerships	943,163
		<u>8,232,446</u>
Investment in Component Units		
Primary Government - General Sub-Fund	Component Units - Tax Credit Limited Partnerships	2,073,221 11,247,582
Primary Government - Opportunity Housing Sub-Fund	Component Units - Tax Credit Limited Partnerships	13,320,803
		<u>\$ 21,553,249</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, 2020:

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multi Family Sub-Fund	Total
Accounts Receivable:						
HUD	\$ -	\$ 4,065,365	\$ 796,051	\$ -	\$ -	\$ 4,861,416
Montgomery County, Maryland	-	102,428	1,807,782	-	-	1,910,210
Tenant Accounts Receivable	-	3,334,232	550,434	-	-	3,884,666
Other Receivables	3,018,037	2,902,398	3,443,046	146,460	-	9,509,941
Prepaid Expenses	1,206,497	1,207,758	-	-	-	2,414,255
Other Assets	303,506	-	-	34,568	33,653	371,727
Total	<u>4,528,040</u>	<u>11,612,181</u>	<u>6,597,313</u>	<u>181,028</u>	<u>33,653</u>	<u>22,952,215</u>
Less: Allowance	-	(1,698,654)	(1,615,623)	-	-	(3,314,277)
Net Accounts Receivable and Other Assets	<u>\$ 4,528,040</u>	<u>\$ 9,913,527</u>	<u>\$ 4,981,690</u>	<u>\$ 181,028</u>	<u>\$ 33,653</u>	<u>\$ 19,637,938</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020. Maturity dates of the bonds payable range from 2021 to 2064.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Single Family Sub-Fund Bonds:					
2007 Series E	\$ 8,315,000	\$ -	\$ -	\$ 8,315,000	\$ -
2008 Series D	17,200,000	-	-	17,200,000	-
2013 Series A	21,620,000	-	4,345,000	17,275,000	3,660,000
2013 Series B	3,425,000	-	-	3,425,000	-
2016 Series A	25,115,000	-	2,370,000	22,745,000	1,125,000
2016 Series B	6,965,000	-	1,950,000	5,015,000	1,980,000
2017 Series A	20,245,000	-	1,445,000	18,800,000	840,000
2017 Series B	10,020,000	-	810,000	9,210,000	825,000
2018 Series A	29,200,000	-	1,075,000	28,125,000	1,835,000
2018 Series B	8,450,000	-	-	8,450,000	-
NIBP 2009 Series A	2,525,000	-	2,525,000	-	-
NIBP 2009 Series B	8,400,000	-	8,400,000	-	-
NIBP 2009 Series C-1	5,570,000	-	250,000	5,320,000	100,000
NIBP 2009 Series C-2	9,730,000	-	970,000	8,760,000	340,000
NIBP 2009 Series C-3	1,960,000	-	-	1,960,000	-
NIBP 2009 Series C-4	7,260,000	-	830,000	6,430,000	240,000
NIBP 2009 Series C-5	2,370,000	-	-	2,370,000	-
NIBP 2010 Series A	1,580,000	-	355,000	1,225,000	220,000
NIBP 2011 Series A	4,355,000	-	1,035,000	3,320,000	850,000
NIBP 2012 Series A	6,910,000	-	1,185,000	5,725,000	795,000
PRB 2019 Series A	-	28,280,000	330,000	27,950,000	1,700,000
PRB 2019 Series B	-	4,610,000	-	4,610,000	-
PRB 2019 Series C	-	11,220,000	15,000	11,205,000	-
	<u>201,215,000</u>	<u>44,110,000</u>	<u>27,890,000</u>	<u>217,435,000</u>	<u>14,510,000</u>
Add: Unamortized Premium	<u>3,090,849</u>	<u>1,719,640</u>	<u>592,703</u>	<u>4,217,786</u>	<u>-</u>
Total Single Family Bonds Payable	<u>\$ 204,305,849</u>	<u>\$ 45,829,640</u>	<u>\$ 28,482,703</u>	<u>\$ 221,652,786</u>	<u>\$ 14,510,000</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(a) Bonds Payable (Continued)

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Multi Family Sub-Fund Bonds:					
1984 Series A - Accretions	\$ 271,909	\$ 31,448	\$ -	\$ 303,357	\$ 35,088
1995 Series A	1,210,000	-	270,000	940,000	290,000
1998 Issue A	6,485,000	-	515,000	5,970,000	540,000
2002 Series A	16,135,000	-	750,000	15,385,000	790,000
2004 Series A	10,405,000	-	375,000	10,030,000	385,000
2004 Series B	3,365,000	-	70,000	3,295,000	70,000
2004 Series C	7,725,000	-	7,725,000	-	-
2004 Series D	10,045,000	-	10,045,000	-	-
2005 Series B	4,090,000	-	190,000	3,900,000	195,000
2005 Series C	22,825,000	-	815,000	22,010,000	840,000
2007 Series A	14,705,000	-	500,000	14,205,000	520,000
2007 Series C-1	3,140,000	-	275,000	2,865,000	285,000
2009 Series A-2	8,040,000	-	-	8,040,000	-
2010 Series A	3,710,000	-	190,000	3,520,000	200,000
2010 Series A	10,455,000	-	280,000	10,175,000	290,000
2011 Series A	30,660,000	-	505,000	30,155,000	525,000
2011 Series B	2,770,000	-	40,000	2,730,000	45,000
2012 Series A	19,025,000	-	955,000	18,070,000	985,000
2012 Series B	7,010,000	-	495,000	6,515,000	505,000
2012 Series C	14,285,000	-	1,235,000	13,050,000	1,270,000
2012 Series D	28,395,000	-	1,140,000	27,255,000	1,160,000
2014 Series A	22,715,000	-	525,000	22,190,000	535,000
2015 Series A-1	14,655,000	-	240,000	14,415,000	240,000
2017 Series A	12,000,000	-	60,000	11,940,000	210,000
2019 Series A-1	-	51,420,000	-	51,420,000	-
2019 Series A-2	-	3,580,000	-	3,580,000	-
2019 Series B	-	7,565,000	-	7,565,000	400,000
2019 Series C	-	9,840,000	-	9,840,000	510,000
	<u>274,121,909</u>	<u>72,436,448</u>	<u>27,195,000</u>	<u>319,363,357</u>	<u>10,825,088</u>
Less: Unamortized Discount	<u>(745,806)</u>	<u>-</u>	<u>(93,227)</u>	<u>(652,579)</u>	<u>-</u>
Total Multi Family Bonds Payable	<u>273,376,103</u>	<u>72,436,448</u>	<u>27,101,773</u>	<u>318,710,778</u>	<u>10,825,088</u>
Total Bonds Payable	<u>\$ 477,681,952</u>	<u>\$ 118,266,088</u>	<u>\$ 55,584,476</u>	<u>\$ 540,363,564</u>	<u>\$ 25,335,088</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**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, 2020:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Sub-Fund:					
9845 Lost Knife Road	\$ -	\$ 1,967,318	\$ -	\$ 1,967,318	\$ -
Alexander House Dev. Corp.	45,481,295	-	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.	10,540,546	-	10,540,546	-	-
Glenmont Westerly Dev. Corp.	6,625,497	-	6,625,497	-	-
HOC at the Upton II	225,543	-	225,543	-	-
Montgomery Arms	93,975	-	4,835	89,140	4,984
MV Gateway II LLC	12,048,970	-	-	12,048,970	-
Paddington Square Dev. Corp.	19,324,825	-	353,253	18,971,572	366,181
Scattered Site Two Dev. Corp.	4,309,700	-	112,900	4,196,800	-
Southbridge	1,906,186	-	38,615	1,867,571	40,663
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	-	194,548	10,579,464	65,821
The Manor at Colesville	7,898,726	-	142,628	7,756,098	48,255
The Manor at Fair Hill Farm	11,788,052	-	212,858	11,575,194	72,016
VPC One Corp.	29,658,973	-	554,153	29,104,820	655,124
VPC Two Corp.	21,107,644	-	394,255	20,713,389	571,541
Westwood Tower	20,400,000	-	-	20,400,000	-
	<u>219,611,575</u>	<u>1,967,318</u>	<u>64,880,926</u>	<u>156,697,967</u>	<u>1,824,585</u>
General Sub-Fund:					
Alexander Dev Corp (FFB)	-	51,604,559	354,122	51,250,437	623,809
Alexander House LP (FFB)	-	18,495,440	110,023	18,385,417	194,713
Cider Mill (FFB)	123,649,305	-	1,523,001	122,126,304	1,576,430
Glenmont Crossing (FFB)	-	14,100,000	108,890	13,991,110	223,169
Glenmont Westerly (FFB)	-	14,000,000	108,117	13,891,883	221,587
The Lindley (FFB)	-	62,363,069	271,449	62,091,620	526,664
Timberlawn (FFB)	19,636,129	-	229,721	19,406,408	238,678
Woodfield Commons (FFB)	-	10,500,000	19,331	10,480,669	118,379
Line of Credit with PNC Bank	59,523,497	56,813,346	32,435,085	83,901,758	-
	<u>202,808,931</u>	<u>227,876,414</u>	<u>35,159,739</u>	<u>395,525,606</u>	<u>3,723,429</u>
Total Mortgage Notes and Loans Payable	<u>\$ 422,420,506</u>	<u>\$ 229,843,732</u>	<u>\$ 100,040,665</u>	<u>\$ 552,223,573</u>	<u>\$ 5,548,014</u>

Interest rates on mortgage notes and loans payable ranged from 1.00% to 5.59% as of June 30, 2020.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2020 are inter sub-fund mortgage loans payable to the Multifamily Sub-Fund amounting to \$171,096,611 which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$8,685,750 for the year ended June 30, 2020 has also been eliminated.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**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, 2020 are inter sub-fund mortgage loans payable to the General Sub-Fund amounting to \$300,643,987, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$8,501,587 for the year ended June 30, 2020 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2020 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 \$34,957,809, 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, 2020 are inter-subfund mortgage loans payable to the Opportunity Housing Sub-Fund and General Sub-Fund amounting to \$253,997 and \$152,484, respectively, which have been eliminated in the accompanying financial statements.

The Commission's outstanding notes and mortgages of \$552,223,573 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 three lines of credit with unused amounts totaling \$136,098,242 as of June 30, 2020.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

**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 Sub-Fund	Opportunity Housing Sub-Fund	Multifamily Sub-Fund	Single Family Sub-Fund	Combined
<u>Year Ending June 30</u>					
2021	\$ 3,723,429	\$ 1,824,585	\$ 10,825,088	\$ 14,510,000	\$ 30,883,102
2022	87,723,201	51,995,856	11,365,000	9,640,000	160,724,057
2023	3,966,487	47,951,293	11,340,000	9,420,000	72,677,780
2024	4,117,196	4,449,352	11,730,000	8,970,000	29,266,548
2025	4,273,800	627,312	16,100,000	6,200,000	27,201,112
2026-2030	23,941,664	14,958,370	67,598,269	34,335,000	140,833,303
2031-2035	28,890,873	4,513,049	61,750,000	36,875,000	132,028,922
2036-2040	34,901,188	3,738,428	41,925,000	58,410,000	138,974,616
2041-2045	42,210,306	4,484,598	34,540,000	22,070,000	103,304,904
2046-2050	51,111,830	4,834,988	21,310,000	17,005,000	94,261,818
2051-2055	61,290,927	-	12,390,000	-	73,680,927
2056-2060	49,374,705	-	8,990,000	-	58,364,705
2061-2065	-	-	9,500,000	-	9,500,000
Upon Sale of Property	-	17,320,136	-	-	17,320,136
	<u>395,525,606</u>	<u>156,697,967</u>	<u>319,363,357</u>	<u>217,435,000</u>	<u>1,089,021,930</u>
Unamortized Bond Discount/Premium	-	-	(652,579)	4,217,786	3,565,207
Total	<u>\$ 395,525,606</u>	<u>\$ 156,697,967</u>	<u>\$ 318,710,778</u>	<u>\$ 221,652,786</u>	<u>\$ 1,092,587,137</u>

	Notes from Direct Borrowings		Bonds		
	Interest				
	General Sub-Fund	Opportunity Housing Sub-Fund	Multifamily Sub-Fund	Single Family Sub-Fund	Combined
<u>Year Ending June 30</u>					
2021	\$ 9,167,737	\$ 3,815,560	\$ 10,617,995	\$ 5,487,440	\$ 29,088,732
2022	9,064,326	3,003,416	10,278,895	5,251,201	27,597,838
2023	8,209,461	1,652,179	9,922,006	5,011,437	24,795,083
2024	8,098,164	815,169	9,541,891	4,786,394	23,241,618
2025	7,982,695	1,298,605	9,127,627	4,613,944	23,022,871
2026-2030	38,023,865	5,345,022	38,275,468	20,530,999	102,175,354
2031-2035	34,411,359	2,678,276	26,081,288	15,293,930	78,464,853
2036-2040	30,062,315	2,054,320	16,262,202	9,364,872	57,743,709
2041-2045	24,821,670	1,308,133	10,561,756	5,300,835	41,992,394
2046-2050	18,500,382	417,373	6,636,526	1,221,800	26,776,081
2051-2055	10,870,628	-	4,278,038	-	15,148,666
2056-2060	2,574,780	-	2,492,238	-	5,067,018
2061-2065	-	-	838,178	-	838,178
Total	<u>\$ 201,787,382</u>	<u>\$ 22,388,053</u>	<u>\$ 154,914,108</u>	<u>\$ 76,862,852</u>	<u>\$ 455,952,395</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 DERIVATIVE INSTRUMENTS

At June 30, 2020, 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 some 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.

The Commission used 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.

At June 30, 2020, all hedging derivative instruments shown on the next page met the criteria for effectiveness.

Objective of the swaps: In order to protect against the potential of rising interest rates, the Commission entered into six 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.

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 DERIVATIVE INSTRUMENTS (CONTINUED)

Fair value: The termination value of all swaps had either a negative or positive fair value as of June 30, 2020. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Associated Bond Issue	Notional Amounts	Trade Date	Terms	Fair Values	Swap Termination Date	Counterparty/ Credit Rating
Single Family 2018 Series B	\$ 8,450,000	6/10/2008	Receive 63.6% LIBOR + 0.31%, pay 2.405%	\$ (1,038,596)	7/1/2039	MLDP Aa3/AA/NR
Multifamily 2011 Series A	28,855,000	4/3/2006	Receive 64.0% LIBOR + 0.19%, pay 4.02%	(3,604,067)	1/1/2049	MLCS, A2/A-/A+ (MLDP, Aa3/AA)
Multifamily 2011 Series B	2,570,000	4/3/2006	Receive 100% LIBOR + 0.10%, pay 6.067%	(499,482)	1/1/2049	MLCS, A2/A-/A+ (MLDP, Aa3/AA)
Elizabeth House III MHDB 2019 A Hedge	18,825,381	11/20/2019	Receive 100% LIBOR, pay 1.402%	(2,940,199)	5/1/2024	Wells Fargo Aa1/A+/AA-
Upton II (Construction)	11,059,920	3/6/2019	Receive 80% LIBOR, pay 2.006%	(751,854)	7/1/2022	Royal Bank of Canada Aa2/AA-/AA
Upton II (Permanent)	<u>27,000,000</u>	3/6/2019	Receive 70% LIBOR, pay 2.39%	<u>(6,265,385)</u>	7/1/2062	Royal Bank of Canada Aa2/AA-/AA
Total	<u>\$ 96,760,301</u>			<u>\$ (15,099,583)</u>		

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), RBC Capital Markets, and Wells Fargo. 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, 2020, 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 DERIVATIVE INSTRUMENTS (CONTINUED)

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.

HOC had in place two interest rate hedges with Royal Bank of Canada ("RBC") for Alexander House and Barclays Bank, PLC ("Barclay") for The Lindley which were both terminated on September 1, 2019. Both hedges were issued with a termination date to coincide with the expected closing of the permanent financing with a FFB mortgage loan for both properties. 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 the 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 Barclay. HOC's termination payment to RBC was \$12,590,000 and the termination amount to Barclays was \$12,701,474. HOC recorded the termination payments as a deferred outflow of resources and will amortize the payments over 40 years to coincide with the amortization of the FFB mortgage loans.

As of June 30, 2020, the balance of deferred outflows of resources related to these derivative instruments was \$22,534,773.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 December 31</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 12,876,639	\$ 6,613,745
2021	3,097,355	6,518,400
2022	3,711,802	6,420,621
2023	16,107,634	6,318,132
2024	2,448,824	6,210,700
Thereafter	230,204,713	117,527,449
Total	<u>\$ 268,446,967</u>	<u>\$ 149,609,047</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:

	<u>Outstanding Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding End of Year</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$ 1,900,506	\$ 1,725,232	\$ (1,146,370)	\$ 2,479,368	\$ 2,479,368

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, 2020. 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, 2020

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, 2020:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Transfers In / (Out)	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Sub-Fund	\$ 77,924,934	\$ 4,780,182	\$ (5,652,057)	\$ 2,858,992	\$ 79,912,051	\$ 378,006
General Sub-Fund	29,426,277	3,300,000	(3,072,456)	(4,360,250)	25,293,571	-
Total	<u>\$ 107,351,211</u>	<u>\$ 8,080,182</u>	<u>\$ (8,724,513)</u>	<u>\$ (1,501,258)</u>	<u>\$ 105,205,622</u>	<u>\$ 378,006</u>
Real Estate Limited Partnership Component Units	\$ 8,414,870	\$ 8,000,000	\$ (360,947)	\$ 1,501,258	\$ 17,555,181	\$ -

NOTE 13 OPERATING LEASE COMMITMENTS

The Commission has two leases for its offices in Montgomery County. On November 21, 2007, the Commission signed a ten-year lease with Professional Equity Limited Partnership for a 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% per annum.

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, 2020 for all office space was \$266,683. Future minimum lease obligations under these leases are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2021	\$ 232,581
2022	239,559
2023	246,745
Total	<u>\$ 718,885</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the Commission committed the following OHRF obligations in the Opportunity Housing Sub-Fund by resolutions of the Board of Commissioners:

900 Thayer LP	\$ 50,819
Alexander House	1,058,093
Ambassador	122,871
Barclay Apartments	76,688
Bauer Park & Town Center	7,345
Commercial Property	40,000
Elizabeth House IV	31,068
Emory Grove	150,000
Fenwick Silver Spring, LLC	994,075
Georgian Court	350,000
Hillandale Gateway	4,484,448
Lindsay Ford	184,591
Pre-development Fund (Real Estate Division)	697,022
Sandy Spring Meadow	75,000
Shady Grove	208,956
Stewartown Homes	536,658
Town Center Apartments	200,332
Upton II	168,426
Westwood Towers	360,381
Wheaton Gateway	2,512,500
Willow Manor Properties	400,000
Willows RAD	96,250
Total	<u>\$ 12,805,523</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
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NOTE 15 PENSION PLAN

(a) Employees' Retirement System

Plan Description

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

Benefits Provided

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

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

Employees Covered by Benefit Terms

At June 30, 2019, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Receiving Benefits	6,731
Terminated Plan Members Entitled to, but Not Yet Receiving Benefits	543
Active Plan Members	6,003
Total Plan Members	13,277

Contributions

The ERS is a contributory plan with employees contributing a percentage of their base annual salary. Contribution rates range from 6% to 11.25% 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, 2020, the Commission paid 5.93% and the balance came from plan earnings.

Net Pension Liability

The Commission's net pension liability (NPL) of \$6,318,486 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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, 2018. The Commission's employer allocation percentage is 12.025%.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

Actuarial Assumptions

Valuation Date	July 1, 2018
Measurement Date	June 30, 2019
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 4.5 years for total ERS.
Asset Valuation Method	Fair Market value
Investment Rate of Return	7.50%
Projected Salary Increases	3.00%-10.75%
Cost-of-Living (Inflation Rate) Adjustments	2.50% on the benefit attributable to credited service earned prior to June 30, 2011. 2.20% 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	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex-distinct for healthy mortality. To provide a margin for future mortality improvements, generational mortality improvements from 2010 using projection scale MP-2018 was used.

An experience study was conducted for the period July 1, 2014 to July 1, 2018 in September 2019. 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

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, 2019 (see the discussion of the System's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equities	5.30%
International Equities	5.80%
Emerging Market Equities	5.80%
Global Equities	5.75%
Private Equity	7.63%
Credit Opportunities	6.05%
High Yield Bonds	4.20%
Directional Hedge Funds	5.02%
Long Duration Fixed Income	2.55%
Cash	0.95%
Diversifying Hedge Funds	3.90%
Global IL's	2.85%
Private Real Assets	7.06%
Public Real Assets	5.02%

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 Schedule of Employer Allocations and the Schedule of Pension amounts by Employer (including the disclosure of the net pension liability and the unmodified opinion on the financial statements) is located in the Montgomery County Employee Retirement Plans' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The supporting actuarial information is included in the June 30, 2019 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 PENSION PLAN (CONTINUED)

(a) Employees' Retirement System (Continued)

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

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

	1% Decrease (6.50)%	Current Discount (7.50)%	1% Increase (8.50)%
Total System Net Pension Liability (Asset)	\$ 527,034,105	\$ 52,542,737	\$ (346,718,468)
Commission's Proportionate Share	63,378,097	6,318,486	(41,694,373)

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

For the year ended June 30, 2020, the Commission recognized pension expense of \$8,174,503. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 8,154,086
Changes of Assumptions	-	9,280,371
Net Differences Between Projected and Actual Earning on Pension Plan Investments	-	6,570,678
Change in Proportionate Share	21,152,031	9,212,961
Contributions Made Subsequent to the Measurement Date	1,347,348	-
Total	\$ 22,499,379	\$ 33,218,096

The \$1,347,348 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (3,098,856)
2022	(5,088,525)
2023	(2,566,611)
2024	(1,312,073)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 PENSION PLAN (CONTINUED)

(b) Defined Contribution Plan

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

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

Payroll from the Commission covered by the plan for the year ended June 30, 2020 totaled \$12,558,706. Commission and employee contributions to the plan totaled \$1,004,110 and \$513,744, respectively, for the year ended June 30, 2020.

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, 2020

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At June 30, 2019, 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	7,179	
Active Plan Members	10,439	
Total Plan Members	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">17,618</td> </tr> </table>	17,618
17,618		

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 \$991,313 during fiscal year 2020. The Commission paid the annual required contribution to the (ARC) in fiscal year 2020 of \$1,595,063, which represents 100% of the Commission's required obligation.

Net OPEB Liability

The Commission's net OPEB liability of \$19,797,919 was measured as of June 30, 2019, 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, 2019. The Commission's employer allocation percentage is 2.3198%.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage of Payroll
Remaining Amortization	30 Year Open
Discount Rate	6.10%
20 Yr. Municipal Bond Rate	3.13%
Municipal Bond Rate Basis	Fidelity General Obligation 20 year Municipal Bond Index
Expected Return on Assets	7.50%
Salary Increases	4.25%-8.25%, depending on service
General Inflation	3.00%
Mortality:	
Healthy Retirees	Group A,H,J, GRIP – Pub-2010 Healthy Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Group E,F,G – Pub-2010 Healthy Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018.
Disabled Retirees	Group A,H,J, GRIP – Pub-2010 Disabled Mortality, Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Group E,F,G – Pub-2010 Disabled Mortality, Headcount weighted, Public Safety Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018.
Health care cost trend rates:	The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, version 2019 b. The model was adjusted to include the effects of the Cadillac tax set to take effect in 2022. The initial rate is 5.40% and the ultimate rate is 3.68%.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation, with the exception of the mortality assumptions, were based on the results of an actuarial experience study for the period July 1, 2014 to July 1, 2018 in September 2019.

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.

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, 2019 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equities	5.30%
International Equities	5.80%
Emerging Market Equities	5.80%
Global Equities	5.75%
Private Equity	7.63%
Credit Opportunities	6.05%
High Yield Bonds	4.20%
Directional Hedge Funds	5.02%
Long Duration Fixed Income	2.55%
Cash	0.95%
Diversifying Hedge Funds	3.90%
Global IL's	2.85%
Private Real Assets	7.06%
Public Real Assets	5.02%

Discount Rate. A single discount rate of 6.10% was used to measure the total OPEB liability as of June 30, 2019. 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 3.13% 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, 2019 was 3.13%. Therefore, the blended discount rate used as of June 30, 2019 was 6.10%.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

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 Annual Financial Report for the fiscal year ended June 30, 2019. The supporting actuarial information is included in the June 30, 2019 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.

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 6.10 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 (5.10 percent) or 1-percentage-point higher (7.10 percent) than the current discount rate:

	1% Decrease (5.10)%	Current Discount (6.10)%	1% Increase (7.10)%
Total Net OPEB Liability	\$ 1,053,029,364	\$ 853,432,174	\$ 690,126,834
Commission's Proportionate Share	24,428,174	19,797,919	16,009,562

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 (2.68 percent) or 1-percentage-point higher (4.68%) than the current healthcare cost trend rates:

	1% Decrease (2.68)%	Current Discount (3.68)%	1% Increase (4.68)%
Total Net OPEB Liability	\$ 681,840,413	\$ 853,432,174	\$ 1,067,812,153
Commission's Proportionate Share	15,817,333	19,797,919	24,771,106

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

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

For the year ended June 30, 2020, the Commission recognized an OPEB expense of \$467,991. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 7,257,298
Changes of Assumptions	-	11,925,690
Net Differences Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	276,033
Differences Between Employer Contributions and Proportionate Share of Contributions	8,151,123	-
Contributions Made Subsequent to the Measurement Date	1,595,064	-
Total	<u>\$ 9,746,187</u>	<u>\$ 19,459,021</u>

The \$1,595,064 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, 2021.

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>
2021	\$ (2,186,548)
2022	(2,186,548)
2023	(2,145,173)
2024	(2,127,200)
2025	(1,935,952)
Total Thereafter	(726,477)

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 17 CONTINGENCIES (CONTINUED)

(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, excess umbrella insurance cyber liability insurance, sexual abuse and molestation insurance 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. In fiscal year 2020 when the Commission renewed CGL, as part of the renewal negotiations, 15 properties are now subject to a deductible of up to \$10,000.

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

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 CONDUIT DEBT OBLIGATIONS (CONTINUED)

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2020 are summarized below:

Bonds Outstanding, Beginning of Year	\$ 190,103,210
Issuances During the Year	-
Redemptions During the Year	<u>(1,144,317)</u>
Bonds Outstanding, End of Year	<u>\$ 188,958,893</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, 2020, there was an arbitrage rebate liability of \$463,243 which is included in accounts payable.

NOTE 21 SUBSEQUENT EVENTS

Multifamily Housing Development Bonds, Series 2020 A; Series 2020B; Series 2020C

In July 2020, HOC issued \$67,345,000 of 2020 Series ABC Multifamily Housing Development Bonds (the "MHDB"). The proceeds from the bonds financed the Bauer Park Apartments transaction and refunded certain prior bonds issued under the Multifamily Housing Development Bond Resolution (the "1996 Indenture") and 2002 Multiple Purpose Bond Resolution (the "2002 MP Indenture"), thereby lowering the borrowing cost of the Commission's multifamily bond program.

The Series A Non-AMT bonds for \$25,665,000 were deposited into the mortgage loan account to finance the acquisition, rehabilitation, and equipping of the Bauer Park Apartments Development, and upon completion of the rehabilitation, the permanent financing of such Development. Bauer Park Apartments is a 142-unit, 100% age and income restricted residential community for seniors 62 years old or higher with incomes at or below 60% of the Area Median Income. The property was acquired by Bauer Park Apartments LP and managed by Bauer Park Apartments, LLC, an entity controlled by the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21 SUBSEQUENT EVENTS (CONTINUED)

The Series B Non-AMT bonds for \$15,385,000 were transferred to the trustee for the 2002 MP Indenture to refund and redeem the 2002 A bonds for the Strathmore Court Development. Subsequent to the refunding and redemption, the mortgage loans for Strathmore Court Development were transferred to the 1996 Indenture. The Series B bonds and Series C Taxable bonds for \$26,295,000 were used to redeem MHDB bonds 2007 A, 2007 C-1, and 2010 A, which originally financed the mortgage loans for Forest Oak Towers Apartments, Tax Credit IX/Pond Ridge and Magruder's Discovery respectively, pledged under the 1996 Indenture.

Willow Manor Properties

On November 1, 2018, HOC acquired three properties (collectively, the "Willow Manor Properties") under Article 53A of the Montgomery County Code, the Right of First Refusal ("ROFR") Ordinance. Willow Manor at Clopper's Mill consists of 102 age-restricted (62+) Low Income Housing Tax Credit ("LIHTC") and market-rate apartments in Germantown. Willow Manor at Fair Hill Farm consists of 101 age-restricted (62+) LIHTC apartments in Olney, and Willow Manor at Colesville consists of 83 age-restricted (62+) LIHTC apartments in Silver Spring.

HOC financed each property's acquisition using short-term loans: conventional first mortgages from PNC Bank, N.A. and subordinate loans from the County's Housing Initiative Fund ("HIF"). The PNC and County HIF loans mature on November 1, 2020 and PNC Bank, N.A. has agreed to extend the maturity dates for all three loans to November 1, 2021, so that the Commission may pursue the permanent financing and resyndication of all three properties under the LIHTC program. The subordinate County HIF loans mature on December 15, 2020 and the County has agreed to extend the loan maturities through December 15, 2021, while the refinancing is being processed.

West Side Shady Grove

On December 18, 2019, the Commission acquired land for the proposed Phase II West Side Shady Grove development ("Phase II WSSG"), a planned 268-unit luxury mixed-use community steps away from the Washington Metropolitan Area Transit Authority's Red Line-Shady Grove Station. Phase II WSSG marks the second multifamily phase in the dramatic 90-acre master-planned redevelopment of Montgomery County's County Service Park. The mixed-income project will feature a 30% affordable component, which will be developed for long-term mission-orientated ownership by HOC. This transit-oriented site is proximate to thousands of life sciences jobs and offers convenient multimodal access to Gaithersburg, Rockville, Bethesda, downtown DC, and other regional employment and entertainment hubs.

To finance the transaction, the Commission approved the recycling of \$100 million of private activity multifamily volume cap, which funded previously issued short-term private activity bonds issued by both HOC and CDA, by paying off the original bonds from proceeds of a Recycle Facility funded by PNC Bank, N.A. The new bond issuance maintains its private activity characteristics without utilizing new volume cap. The volume cap associated with the outstanding bonds under the Recycle Facility will be refunded into the permanent financing of Phase II WSSG.

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NOTE 21 SUBSEQUENT EVENTS (CONTINUED)

On July 31, 2020, HOC entered into a \$100 million tax-exempt loan agreement with PNC Bank the proceeds of which will be used in connection with the redemption schedules for the CDA and HOC tax-exempt bonds. The proceeds of the loan are expected to be drawn in three tranches to meet the maturity dates. The PNC Bank loan proceeds are provided to CDA and HOC to redeem the 2018 CDA Bonds and the 900 Thayer tax-exempt loan. The redemption proceeds received by CDA and HOC are exchanged for refunded proceeds and the CDA/HOC proceeds invested into a GIC upon which CDA exits the transaction. This process effectuates the recycling of the multifamily volume cap. This will allow HOC to recycle the volume cap to issue long-term tax-exempt bonds to finance the acquisition, construction and equipping of WSSG.

In August 2020, \$51.2 million in CDA DRB 2018 DEF bonds were refunded with the cash from the refunded bonds placed in a GIC. In September 2020, 900 Thayer converted to the permanent loan, and proceeds from the financing of \$22.72 million was used by HOC to retire the short-term debt at conversion. The last redemption of \$26.6 million CDA DRB 2018 GHI bonds is scheduled to occur on or before November 1, 2020. The refunding into the permanent financing must occur by January 31, 2021.

900 Thayer Limited Partnership (aka Fenton Silver Spring)

900 Thayer Limited Partnership ("900 Thayer") was formed as a limited partnership under the laws of the State of Maryland on July 22, 2016. 900 Thayer was formed for the purpose of developing and operating a 124-unit project located in Silver Spring, Maryland. HOC utilized its PNC Bank, N.A. Real Estate Line of Credit to fund a tax-exempt construction loan for \$22,722,216 to pay for the acquisition and construction of 900 Thayer. On September 21, 2020, the construction loan was paid-off from proceeds from the closing of the permanent loan and proceeds from the low income housing tax credit investor, Wells Fargo. The permanent loan of \$16,000,000 is a taxable instrument funded by the Federal Financing Bank and credit enhanced by FHA Risk Share insurance, together the FHA/FFB program in which HOC assumes 50% of the project's risk and FHA 50%.

COVID-19

Prior to fiscal year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. COVID-19 is having significant effects on global markets, supply chains and businesses. As of the end of the fiscal year, the Commission did not observe any material impacts on its operations or its financial position as a result of COVID-19 and management believes they are taking appropriate actions to mitigate any potential negative impacts. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated at this time as these events are still developing.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 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
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ 102,224	\$ 581,105	\$ -	\$ 3,932,318	\$ 3,090	\$ 2,070,414	\$ 523,564	\$ 226,742
Restricted Cash	693,910	1,339,366	30,217	1,364,174	72,085	943,770	1,268,098	522,473
Current Assets	16,525	2,796,445	13,457	1,649,303	631,638	230,878	68,847	871,875
Noncurrent Assets	-	16,207,744	-	13,072,046	59,312	371,667	-	156,498
Capital Assets	2,734,621	29,620,871	1,101,789	15,812,595	70,807	17,896,427	15,076,891	8,580,316
Deferred Outflows	-	-	48,581	-	-	-	-	-
Total Assets and Deferred Outflows	<u>3,547,280</u>	<u>50,545,531</u>	<u>1,194,044</u>	<u>35,830,436</u>	<u>836,932</u>	<u>21,513,156</u>	<u>16,937,400</u>	<u>10,357,904</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	409,248	1,732,639	945,216	2,253,712	34,805	2,563,696	786,033	1,318,028
Noncurrent Liabilities	2,790,629	50,626,628	96,387	21,517,986	68,473	19,167,730	14,677,547	9,326,581
Deferred Inflows	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>3,199,877</u>	<u>52,359,267</u>	<u>1,041,603</u>	<u>23,771,698</u>	<u>103,278</u>	<u>21,731,426</u>	<u>15,463,580</u>	<u>10,644,609</u>
NET POSITION								
Net Investment in Capital Assets	(254,278)	(21,776,378)	1,101,789	(6,613,306)	70,807	(1,571,936)	(106,116)	(1,904,990)
Restricted	571,088	1,293,338	24,725	1,145,830	72,085	872,834	1,202,666	130,218
Unrestricted	30,593	18,669,304	(974,073)	17,526,214	590,762	480,832	377,270	1,488,067
Total Net Position	<u>347,403</u>	<u>(1,813,736)</u>	<u>152,441</u>	<u>12,058,738</u>	<u>733,654</u>	<u>(218,270)</u>	<u>1,473,820</u>	<u>(286,705)</u>
Total Liabilities and Net Position	<u>\$ 3,547,280</u>	<u>\$ 50,545,531</u>	<u>\$ 1,194,044</u>	<u>\$ 35,830,436</u>	<u>\$ 836,932</u>	<u>\$ 21,513,156</u>	<u>\$ 16,937,400</u>	<u>\$ 10,357,904</u>

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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Wheaton Metro	Paddington Square	HOC at Hillandale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ 122,984	\$ 819,938	\$ -	\$ 279,102	\$ 475,838	\$ -	\$ -	\$ -
Restricted Cash	557,384	937,095	-	204,848	143,043	3,660,822	1,343,566	3,735,360
Current Assets	1,656,538	122,756	-	-	293,783	6,437,340	3,030,781	2,654,508
Noncurrent Assets	177,634	274,796	-	811	1,398,570	-	-	-
Capital Assets	25,964,880	19,158,002	1,274,746	86,555	6,367,759	9,951,523	4,252,533	39,438,010
Deferred Outflows	-	302,150	-	-	-	-	116,357	782,415
Total Assets and Deferred Outflows	<u>28,479,420</u>	<u>21,614,737</u>	<u>1,274,746</u>	<u>571,316</u>	<u>8,678,993</u>	<u>20,049,685</u>	<u>8,743,237</u>	<u>46,610,293</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	743,283	2,529,788	74,535	214,910	574,521	741,306	100,535	969,931
Noncurrent Liabilities	36,272,266	24,724,661	1,756,909	-	10,267,849	7,506,864	4,848,925	31,405,667
Deferred Inflows	-	419,659	-	-	-	-	160,067	1,071,176
Total Liabilities and Deferred Inflows	<u>37,015,549</u>	<u>27,674,108</u>	<u>1,831,444</u>	<u>214,910</u>	<u>10,842,370</u>	<u>8,248,170</u>	<u>5,109,527</u>	<u>33,446,774</u>
NET POSITION								
Net Investment in Capital Assets	(6,836,099)	(6,277,171)	(482,163)	86,555	(4,243,913)	2,196,639	(553,375)	7,856,691
Restricted	557,384	846,871	-	204,848	143,043	3,604,479	1,343,566	3,735,360
Unrestricted	(2,257,414)	(629,071)	(74,535)	65,003	1,937,493	6,000,397	2,843,519	1,571,468
Total Net Position	<u>(8,536,129)</u>	<u>(6,059,371)</u>	<u>(556,698)</u>	<u>356,406</u>	<u>(2,163,377)</u>	<u>11,801,515</u>	<u>3,633,710</u>	<u>13,163,519</u>
Total Liabilities and Net Position	<u>\$ 28,479,420</u>	<u>\$ 21,614,737</u>	<u>\$ 1,274,746</u>	<u>\$ 571,316</u>	<u>\$ 8,678,993</u>	<u>\$ 20,049,685</u>	<u>\$ 8,743,237</u>	<u>\$ 46,610,293</u>

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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	VPC Two	Glenmont Crossing	Glenmont Westerly	Magruders	RAD 6	Community Partners	Ambassador	MHLP VII
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ -	\$ 1,858,046	\$ 2,043,688	\$ -	\$ 960,527	\$ 372,289	\$ 141,920	\$ 10,450
Restricted Cash	2,399,045	1,667,323	1,491,054	589,487	243,106	-	830,745	38,044
Current Assets	955,938	30,912	21,137	99,011	3,874,501	-	-	37,578
Noncurrent Assets	-	358,413	354,698	-	304,512	-	-	-
Capital Assets	27,120,249	13,667,062	10,831,036	5,305,343	27,281,798	-	4,290,732	1,730,728
Deferred Outflows	612,227	-	-	-	482,825	-	-	-
Total Assets and Deferred Outflows	<u>31,087,459</u>	<u>17,581,756</u>	<u>14,741,613</u>	<u>5,993,841</u>	<u>33,147,269</u>	<u>372,289</u>	<u>5,263,397</u>	<u>1,816,800</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	1,047,844	439,663	430,373	466,975	6,579,843	-	3,452,360	2,934,294
Noncurrent Liabilities	22,221,277	16,617,941	15,180,546	9,681,586	21,667,687	-	4,060,106	-
Deferred Inflows	857,030	-	-	-	649,541	-	-	-
Total Liabilities and Deferred Inflows	<u>24,126,151</u>	<u>17,057,604</u>	<u>15,610,919</u>	<u>10,148,561</u>	<u>28,897,071</u>	<u>-</u>	<u>7,512,466</u>	<u>2,934,294</u>
NET POSITION								
Net Investment in Capital Assets	4,665,786	(3,212,057)	(4,608,837)	(4,665,945)	5,046,981	-	(1,909,374)	1,208,003
Restricted	2,399,045	1,636,337	1,469,223	520,255	143,778	122,228	830,745	-
Unrestricted	(103,523)	2,099,872	2,270,308	(9,030)	(940,561)	250,061	(1,170,440)	(2,325,497)
Total Net Position	<u>6,961,308</u>	<u>524,152</u>	<u>(869,306)</u>	<u>(4,154,720)</u>	<u>4,250,198</u>	<u>372,289</u>	<u>(2,249,069)</u>	<u>(1,117,494)</u>
Total Liabilities and Net Position	<u>\$ 31,087,459</u>	<u>\$ 17,581,756</u>	<u>\$ 14,741,613</u>	<u>\$ 5,993,841</u>	<u>\$ 33,147,269</u>	<u>\$ 372,289</u>	<u>\$ 5,263,397</u>	<u>\$ 1,816,800</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	MHLP VIII	Diamond Square	Brookside Glen	MV Gateway	HOC at Wheaton Gateway	Manchester Manor	Shady Grove Apartments	Willows of Gaithersburg
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ -	\$ 206,539	\$ 617,908	\$ 1,113,373	\$ -	\$ 3,569	\$ 1,276,719	69,368
Restricted Cash	51,830	2,725,384	1,036,165	8,138,925	-	184,035	1,195,312	1,599,878
Current Assets	32,095	32,060	119,925	503,301	-	30,453	11,437	268,274
Noncurrent Assets	-	-	-	-	1,163,132	30,035	81,002	45,669
Capital Assets	2,114,017	3,263,334	6,528,961	138,178,204	12,251,402	1,448,680	4,975,997	4,235,017
Deferred Outflows	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>2,197,942</u>	<u>6,227,317</u>	<u>8,302,959</u>	<u>147,933,803</u>	<u>13,414,534</u>	<u>1,696,772</u>	<u>7,540,467</u>	<u>6,218,206</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	3,085,467	202,421	653,922	6,087,107	69,970	1,408,260	540,031	1,917,436
Noncurrent Liabilities	-	5,746,121	5,784,804	133,016,569	13,511,290	1,878,321	4,020,799	2,327,456
Deferred Inflows	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>3,085,467</u>	<u>5,948,542</u>	<u>6,438,726</u>	<u>139,103,676</u>	<u>13,581,260</u>	<u>3,286,581</u>	<u>4,560,830</u>	<u>4,244,892</u>
NET POSITION								
Net Investment in Capital Assets	2,114,017	(2,549,376)	456,556	2,399,787	(1,259,888)	(559,511)	587,965	1,255,105
Restricted	41,133	2,725,384	1,036,165	7,965,461	-	184,035	1,135,864	1,599,878
Unrestricted	(3,042,675)	102,767	371,512	(1,535,121)	1,093,162	(1,214,333)	1,255,808	(881,669)
Total Net Position	<u>(887,525)</u>	<u>278,775</u>	<u>1,864,233</u>	<u>8,830,127</u>	<u>(166,726)</u>	<u>(1,589,809)</u>	<u>2,979,637</u>	<u>1,973,314</u>
Total Liabilities and Net Position	<u>\$ 2,197,942</u>	<u>\$ 6,227,317</u>	<u>\$ 8,302,959</u>	<u>\$ 147,933,803</u>	<u>\$ 13,414,534</u>	<u>\$ 1,696,772</u>	<u>\$ 7,540,467</u>	<u>\$ 6,218,206</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Camp Hill Square	HOC at CCL Multifamily	MHLP IX	MHLP X	Willow Manor at Fair Hill	Willow Manor at Cloppers Mill	Willow Manor at Colesville	Metropolitan of Bethesda LP
ASSETS AND DEFERRED OUTFLOWS								
Cash	\$ -	\$ -	\$ 41,828	\$ -	\$ 239,855	\$ 468,697	\$ 224,668	\$ 179,048
Restricted Cash	499,807	-	182,626	172,072	655,521	619,701	556,281	176,979
Current Assets	850,179	988,560	65,140	96,719	7,054	6,344	4,963	44,692
Noncurrent Assets	-	-	36,772	44,402	12,949	14,055	11,125	-
Capital Assets	465,379	7,593,993	3,844,559	1,662,335	17,675,154	17,033,287	13,221,507	5,202,319
Deferred Outflows	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>1,815,365</u>	<u>8,582,553</u>	<u>4,170,925</u>	<u>1,975,528</u>	<u>18,590,533</u>	<u>18,142,084</u>	<u>14,018,544</u>	<u>5,603,038</u>
LIABILITIES AND DEFERRED INFLOWS								
Current Liabilities	87,670	645,133	4,407,126	216,780	624,660	764,588	605,231	313,033
Noncurrent Liabilities	-	542,213	6,077,213	5,156,775	18,555,843	18,294,375	13,906,449	19,570,843
Deferred Inflows	-	-	-	-	-	-	-	-
Total Liabilities and Deferred Inflows	<u>87,670</u>	<u>1,187,346</u>	<u>10,484,339</u>	<u>5,373,555</u>	<u>19,180,503</u>	<u>19,058,963</u>	<u>14,511,680</u>	<u>19,883,876</u>
NET POSITION								
Net Investment in Capital Assets	465,379	7,051,780	(2,080,880)	(2,513,857)	(1,376,095)	(1,791,739)	(1,102,813)	(1,142,022)
Restricted	470,519	-	182,626	172,072	605,154	619,701	520,260	132,749
Unrestricted	791,797	343,427	(4,415,160)	(1,056,242)	180,971	255,159	89,417	(13,271,565)
Total Net Position	<u>1,727,695</u>	<u>7,395,207</u>	<u>(6,313,414)</u>	<u>(3,398,027)</u>	<u>(589,970)</u>	<u>(916,879)</u>	<u>(493,136)</u>	<u>(14,280,838)</u>
Total Liabilities and Net Position	<u>\$ 1,815,365</u>	<u>\$ 8,582,553</u>	<u>\$ 4,170,925</u>	<u>\$ 1,975,528</u>	<u>\$ 18,590,533</u>	<u>\$ 18,142,084</u>	<u>\$ 14,018,544</u>	<u>\$ 5,603,038</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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JUNE 30, 2020

NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								Total
	Strathmore Court LP	HOC at Upton II	900 Thayer Avenue	Greenhills Apartments GP	Barclay One Assoc Ptrshp	Georgian Court Silver Spring LP	MV Affordable Hsng Assoc LP	Primary Government	
ASSETS AND DEFERRED OUTFLOWS									
Cash	\$ 53,220	\$ -	\$ -	\$ -	\$ 610,440	\$ 531,750	\$ 899,679	\$ 62,441,730	\$ 83,502,630
Restricted Cash	233,861	-	-	-	460,545	1,685,229	277,543	102,598,021	147,124,730
Current Assets	108	-	-	-	280,573	60,145	53,729	27,011,905	55,961,407
Noncurrent Assets	-	-	100	-	-	70,174	80,073	561,763,384	596,089,573
Capital Assets	2,023,779	-	-	-	5,486,015	4,563,193	4,541,821	90,775,969	634,700,195
Deferred Outflows	-	-	-	-	-	-	-	67,535,367	69,879,922
Total Assets and Deferred Outflows	<u>2,310,968</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>6,837,573</u>	<u>6,910,491</u>	<u>5,852,845</u>	<u>912,126,376</u>	<u>1,587,258,457</u>
LIABILITIES AND DEFERRED INFLOWS									
Current Liabilities	450,290	-	2,530	2,400	2,721,740	813,022	505,161	16,090,409	73,557,925
Noncurrent Liabilities	10,132,580	-	-	-	7,088,083	3,519,321	4,188,429	648,330,801	1,246,132,530
Deferred Inflows	-	-	-	-	-	-	-	49,519,644	52,677,117
Total Liabilities and Deferred Inflows	<u>10,582,870</u>	<u>-</u>	<u>2,530</u>	<u>2,400</u>	<u>9,809,823</u>	<u>4,332,343</u>	<u>4,693,590</u>	<u>713,940,854</u>	<u>1,372,367,572</u>
NET POSITION									
Net Investment in Capital Assets	(2,945,471)	-	-	-	(1,650,323)	742,345	385,210	(62,311,713)	(108,608,231)
Restricted	197,839	-	-	-	424,524	1,649,208	241,522	82,435,297	125,209,337
Unrestricted	(5,524,270)	-	(2,430)	(2,400)	(1,746,451)	186,595	532,523	178,061,938	198,289,779
Total Net Position	<u>(8,271,902)</u>	<u>-</u>	<u>(2,430)</u>	<u>(2,400)</u>	<u>(2,972,250)</u>	<u>2,578,148</u>	<u>1,159,255</u>	<u>198,185,522</u>	<u>214,890,885</u>
Total Liabilities and Net Position	<u>\$ 2,310,968</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 6,837,573</u>	<u>\$ 6,910,491</u>	<u>\$ 5,852,845</u>	<u>\$ 912,126,376</u>	<u>\$ 1,587,258,457</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 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
OPERATING REVENUES								
Tenant Revenue	\$ 1,400,662	\$ 3,394,447	\$ 269,404	\$ 6,753,335	\$ 889,434	\$ 2,706,306	\$ 2,919,336	\$ 1,871,215
Other Revenues	7,062	777,984	32,631	12,816	24,619	7,491	34,705	38,085
Total Operating Revenues	<u>1,407,724</u>	<u>4,172,431</u>	<u>302,035</u>	<u>6,766,151</u>	<u>914,053</u>	<u>2,713,797</u>	<u>2,954,041</u>	<u>1,909,300</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative	262,126	368,873	74,661	895,201	174,864	325,913	325,609	250,624
Utilities	90,936	219,635	1,116	430,639	2,506	188,288	165,697	116,362
Ordinary Maintenance and Operations	461,509	396,556	149,745	704,117	241,354	331,510	341,075	331,695
General Expenses	368,715	4,717,322	50,846	4,105,200	511,169	1,056,651	1,546,515	977,019
Depreciation	195,577	1,038,242	58,945	1,113,896	13,867	345,488	527,058	357,089
Total Operating Expenses	<u>1,378,863</u>	<u>6,740,628</u>	<u>335,313</u>	<u>7,249,053</u>	<u>943,760</u>	<u>2,247,850</u>	<u>2,905,954</u>	<u>2,032,789</u>
Operating Income (Loss)	<u>28,861</u>	<u>(2,568,197)</u>	<u>(33,278)</u>	<u>(482,902)</u>	<u>(29,707)</u>	<u>465,947</u>	<u>48,087</u>	<u>(123,489)</u>
Total Nonoperating Revenues (Expenses)	<u>5,668</u>	<u>11,293</u>	<u>58</u>	<u>23,813</u>	<u>835</u>	<u>2,320</u>	<u>1,206</u>	<u>43,421</u>
Income (Loss) before Contributions and Transfers	34,529	(2,556,904)	(33,220)	(459,089)	(28,872)	468,267	49,293	(80,068)
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	-	(10,225,058)	-	-	-	(630,883)	-	-
CHANGE IN NET POSITION	34,529	(12,781,962)	(33,220)	(459,089)	(28,872)	(162,616)	49,293	(80,068)
Total Net Position - Beginning of Year	<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>
TOTAL NET POSITION - END OF YEAR	<u>\$ 347,403</u>	<u>\$ (1,813,736)</u>	<u>\$ 152,441</u>	<u>\$ 12,058,738</u>	<u>\$ 733,654</u>	<u>\$ (218,270)</u>	<u>\$ 1,473,820</u>	<u>\$ (286,705)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Wheaton Metro	Paddington Square	HOC at Hillandale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	
OPERATING REVENUES								
Tenant Revenue	\$ 2,589,427	\$ 2,987,727	\$ -	\$ -	\$ 1,227,055	\$ 2,563,153	\$ 772,119	\$ 6,679,638
Other Revenues	13,438	7,749	-	-	3,385	304,250	32,682	13,352
Total Operating Revenues	<u>2,602,865</u>	<u>2,995,476</u>	<u>-</u>	<u>-</u>	<u>1,230,440</u>	<u>2,867,403</u>	<u>804,801</u>	<u>6,692,990</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative	317,762	344,898	-	82	150,440	579,199	175,936	1,093,661
Utilities	64,042	235,669	-	-	70,989	15,183	2,065	57,777
Ordinary Maintenance and Operations	325,367	591,084	-	-	221,124	904,902	246,538	1,712,294
General Expenses	1,731,287	1,629,762	179,754	-	613,126	993,367	241,086	3,299,844
Depreciation	939,184	618,133	-	-	406,618	287,969	91,435	958,987
Total Operating Expenses	<u>3,377,642</u>	<u>3,419,546</u>	<u>179,754</u>	<u>82</u>	<u>1,462,297</u>	<u>2,780,620</u>	<u>757,060</u>	<u>7,122,563</u>
Operating Income (Loss)	<u>(774,777)</u>	<u>(424,070)</u>	<u>(179,754)</u>	<u>(82)</u>	<u>(231,857)</u>	<u>86,783</u>	<u>47,741</u>	<u>(429,573)</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,053</u>	<u>-</u>	<u>8,240,495</u>	<u>-</u>	<u>13,244</u>	<u>147</u>	<u>-</u>
Income (Loss) before Contributions and Transfers	<u>(774,777)</u>	<u>(423,017)</u>	<u>(179,754)</u>	<u>8,240,413</u>	<u>(231,857)</u>	<u>100,027</u>	<u>47,888</u>	<u>(429,573)</u>
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	400,929	-	-	(8,832,453)	106,083	-	-	-
CHANGE IN NET POSITION	<u>(373,848)</u>	<u>(423,017)</u>	<u>(179,754)</u>	<u>(592,040)</u>	<u>(125,774)</u>	<u>100,027</u>	<u>47,888</u>	<u>(429,573)</u>
Total Net Position - Beginning of Year	<u>(8,162,281)</u>	<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>
TOTAL NET POSITION - END OF YEAR	<u>\$ (8,536,129)</u>	<u>\$ (6,059,371)</u>	<u>\$ (556,698)</u>	<u>\$ 356,406</u>	<u>\$ (2,163,377)</u>	<u>\$ 11,801,515</u>	<u>\$ 3,633,710</u>	<u>\$ 13,163,519</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	VPC Two	Glenmont Crossing	Glenmont Westerly	Magruders	RAD 6	Community Partners	Ambassador	MHLP VII
OPERATING REVENUES								
Tenant Revenue	\$ 4,475,874	\$ 1,886,889	\$ 1,667,272	\$ 2,281,402	\$ 3,400,450	\$ -	\$ -	\$ 485,392
Other Revenues	9,215	1,677	6,289	147,663	152,056	127,987	806,531	48,928
Total Operating Revenues	<u>4,485,089</u>	<u>1,888,566</u>	<u>1,673,561</u>	<u>2,429,065</u>	<u>3,552,506</u>	<u>127,987</u>	<u>806,531</u>	<u>534,320</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative	829,482	266,958	299,625	194,297	534,534	17,894	5,423	97,527
Utilities	64,879	169,691	123,088	131,075	324,002	-	-	4,964
Ordinary Maintenance and Operations	1,155,971	210,968	235,371	263,222	952,208	-	-	132,333
General Expenses	2,144,783	801,260	1,293,879	1,676,381	1,770,065	152,076	161,801	132,002
Depreciation	650,086	314,987	222,663	294,814	836,934	-	198,533	88,751
Total Operating Expenses	<u>4,845,201</u>	<u>1,763,864</u>	<u>2,174,626</u>	<u>2,559,789</u>	<u>4,417,743</u>	<u>169,970</u>	<u>365,757</u>	<u>455,577</u>
Operating Income (Loss)	<u>(360,112)</u>	<u>124,702</u>	<u>(501,065)</u>	<u>(130,724)</u>	<u>(865,237)</u>	<u>(41,983)</u>	<u>440,774</u>	<u>78,743</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131</u>	<u>-</u>	<u>-</u>	<u>6,165</u>	<u>-</u>
Income (Loss) before Contributions and Transfers	<u>(360,112)</u>	<u>124,702</u>	<u>(501,065)</u>	<u>(129,593)</u>	<u>(865,237)</u>	<u>(41,983)</u>	<u>446,939</u>	<u>78,743</u>
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	<u>-</u>	<u>(2,850,000)</u>	<u>(4,697,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,998)</u>
CHANGE IN NET POSITION	<u>(360,112)</u>	<u>(2,725,298)</u>	<u>(5,198,665)</u>	<u>(129,593)</u>	<u>(865,237)</u>	<u>(41,983)</u>	<u>446,939</u>	<u>(50,255)</u>
Total Net Position - Beginning of Year	<u>7,321,420</u>	<u>3,249,450</u>	<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>
TOTAL NET POSITION - END OF YEAR	<u>\$ 6,961,308</u>	<u>\$ 524,152</u>	<u>\$ (869,306)</u>	<u>\$ (4,154,720)</u>	<u>\$ 4,250,198</u>	<u>\$ 372,289</u>	<u>\$ (2,249,069)</u>	<u>\$ (1,117,494)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	MHLP VIII	Diamond Square	Brookside Glen	MV Gateway	HOC at Wheaton Gateway	Manchester Manor	Shady Grove Apartments	Willows of Gaithersburg
OPERATING REVENUES								
Tenant Revenue	\$ 687,545	\$ 1,342,389	\$ 1,511,408	\$ 12,330,008	\$ -	\$ 772,514	\$ 2,138,551	\$ 1,499,267
Other Revenues	69,949	620	5,668	120,284	-	1,749	19,384	31,706
Total Operating Revenues	<u>757,494</u>	<u>1,343,009</u>	<u>1,517,076</u>	<u>12,450,292</u>	<u>-</u>	<u>774,263</u>	<u>2,157,935</u>	<u>1,530,973</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative	141,029	203,137	236,958	1,574,324	-	121,759	317,972	408,855
Utilities	2,537	173,637	162,164	328,245	-	143,088	166,222	349,941
Ordinary Maintenance and Operations	210,810	245,156	334,569	2,718,032	-	198,191	489,157	541,301
General Expenses	137,492	310,725	432,161	6,693,677	-	271,669	685,836	569,884
Depreciation	139,482	201,887	343,858	2,942,252	-	142,060	401,075	286,416
Total Operating Expenses	<u>631,350</u>	<u>1,134,542</u>	<u>1,509,710</u>	<u>14,256,530</u>	<u>-</u>	<u>876,767</u>	<u>2,060,262</u>	<u>2,156,397</u>
Operating Income (Loss)	<u>126,144</u>	<u>208,467</u>	<u>7,366</u>	<u>(1,806,238)</u>	<u>-</u>	<u>(102,504)</u>	<u>97,673</u>	<u>(625,424)</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>33,071</u>	<u>6,678</u>	<u>8,641</u>	<u>-</u>	<u>-</u>	<u>17,260</u>	<u>8,688</u>
Income (Loss) before Contributions and Transfers	126,144	241,538	14,044	(1,797,597)	-	(102,504)	114,933	(616,736)
Transfers From Discrete Component Units	-	-	-	-	-	-	-	-
Capital Contributions (Distributions)	-	-	-	645,264	-	-	-	-
Operating Transfers In (Out)	(208,967)	-	-	12,003,412	-	-	-	-
CHANGE IN NET POSITION	<u>(82,823)</u>	<u>241,538</u>	<u>14,044</u>	<u>10,851,079</u>	<u>-</u>	<u>(102,504)</u>	<u>114,933</u>	<u>(616,736)</u>
Total Net Position - Beginning of Year	<u>(804,702)</u>	<u>37,237</u>	<u>1,850,189</u>	<u>(2,020,952)</u>	<u>(166,726)</u>	<u>(1,487,305)</u>	<u>2,864,704</u>	<u>2,590,050</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (887,525)</u>	<u>\$ 278,775</u>	<u>\$ 1,864,233</u>	<u>\$ 8,830,127</u>	<u>\$ (166,726)</u>	<u>\$ (1,589,809)</u>	<u>\$ 2,979,637</u>	<u>\$ 1,973,314</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Camp Hill Square	HOC at CCL Multifamily	MHLP IX	MHLP X	Willow Manor at Fair Hill	Willow Manor at Cloppers Mill	Willow Manor at Colesville	Metropolitan of Bethesda LP
OPERATING REVENUES								
Tenant Revenue	\$ 704,626	\$ -	\$ 1,542,887	\$ 1,112,022	\$ 1,516,748	\$ 1,435,426	\$ 1,156,260	\$ 552,299
Other Revenues	2,397	-	98,380	111,752	42,428	16,299	10,670	-
Total Operating Revenues	<u>707,023</u>	<u>-</u>	<u>1,641,267</u>	<u>1,223,774</u>	<u>1,559,176</u>	<u>1,451,725</u>	<u>1,166,930</u>	<u>552,299</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	-	-	-	-	-	-
Administrative	84,236	221,638	332,681	232,143	220,505	216,285	190,117	184,006
Utilities	153,365	-	19,358	2,856	85,743	79,292	74,987	129,127
Ordinary Maintenance and Operations	235,720	-	548,237	366,000	225,908	223,046	171,306	205,891
General Expenses	149,196	-	486,554	366,061	987,792	940,490	728,918	326,043
Depreciation	71,148	-	394,665	292,237	380,551	379,499	282,878	212,295
Total Operating Expenses	<u>693,665</u>	<u>221,638</u>	<u>1,781,495</u>	<u>1,259,297</u>	<u>1,900,499</u>	<u>1,838,612</u>	<u>1,448,206</u>	<u>1,057,362</u>
Operating Income (Loss)	<u>13,358</u>	<u>(221,638)</u>	<u>(140,228)</u>	<u>(35,523)</u>	<u>(341,323)</u>	<u>(386,887)</u>	<u>(281,276)</u>	<u>(505,063)</u>
Total Nonoperating Revenues (Expenses)	<u>214</u>	<u>-</u>	<u>727</u>	<u>528</u>	<u>3,097</u>	<u>2,956</u>	<u>2,627</u>	<u>905</u>
Income (Loss) before Contributions and Transfers	13,572	(221,638)	(139,501)	(34,995)	(338,226)	(383,931)	(278,649)	(504,158)
Transfers From Discrete Component Units	-	-	-	-	-	-	-	(13,776,680)
Capital Contributions (Distributions)	-	-	-	-	-	-	-	-
Operating Transfers In (Out)	<u>(94,450)</u>	<u>7,258,575</u>	<u>-</u>	<u>(135,475)</u>	<u>(81,890)</u>	<u>(98,910)</u>	<u>(83,280)</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(80,878)</u>	<u>7,036,937</u>	<u>(139,501)</u>	<u>(170,470)</u>	<u>(420,116)</u>	<u>(482,841)</u>	<u>(361,929)</u>	<u>(14,280,838)</u>
Total Net Position - Beginning of Year	<u>1,808,573</u>	<u>358,270</u>	<u>(6,173,913)</u>	<u>(3,227,557)</u>	<u>(169,854)</u>	<u>(434,038)</u>	<u>(131,207)</u>	<u>-</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,727,695</u>	<u>\$ 7,395,207</u>	<u>\$ (6,313,414)</u>	<u>\$ (3,398,027)</u>	<u>\$ (589,970)</u>	<u>\$ (916,879)</u>	<u>\$ (493,136)</u>	<u>\$ (14,280,838)</u>

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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								Total
	Strathmore Court LP	HOC at Upton II	900 Thayer Avenue	Greenhills Apartments GP	Barclay One Assoc Ptrshp	Georgian Court Silver Spring LP	MV Affordable Hsng Assoc LP	Primary Government	
OPERATING REVENUES									
Tenant Revenue	\$ 424,550	\$ -	\$ -	\$ -	\$ 691,016	\$ 1,022,791	\$ 743,868	\$ 14,791,190	\$ 97,195,902
Other Revenues	2,896	-	-	-	18,598	47,815	28,984	178,066,970	181,307,144
Total Operating Revenues	<u>427,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>709,614</u>	<u>1,070,606</u>	<u>772,852</u>	<u>192,858,160</u>	<u>278,503,046</u>
OPERATING EXPENSES									
Housing Assistance Payments	-	-	-	-	-	-	-	112,758,509	112,758,509
Administrative	81,857	-	-	-	89,805	241,094	106,635	34,706,103	47,496,728
Utilities	46,336	-	-	-	68,417	99,265	66,344	1,623,914	6,253,441
Ordinary Maintenance and Operations	75,040	-	-	-	112,115	236,052	117,723	7,566,504	24,729,701
General Expenses	374,133	-	-	800	413,625	258,033	219,634	21,446,744	65,953,377
Depreciation	181,806	-	-	-	291,351	216,056	180,394	3,182,416	20,081,582
Total Operating Expenses	<u>759,172</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>975,313</u>	<u>1,050,500</u>	<u>690,730</u>	<u>181,284,190</u>	<u>277,273,338</u>
Operating Income (Loss)	<u>(331,726)</u>	<u>-</u>	<u>-</u>	<u>(800)</u>	<u>(265,699)</u>	<u>20,106</u>	<u>82,122</u>	<u>11,573,970</u>	<u>1,229,708</u>
Total Nonoperating Revenues (Expenses)	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152</u>	<u>2,327</u>	<u>1,662</u>	<u>(2,360,079)</u>	<u>6,081,351</u>
Income (Loss) before Contributions and Transfers	<u>(331,678)</u>	<u>-</u>	<u>-</u>	<u>(800)</u>	<u>(264,547)</u>	<u>22,433</u>	<u>83,784</u>	<u>9,213,891</u>	<u>7,311,059</u>
Transfers From Discrete Component Units	(7,940,224)	1,516	-	-	(2,820,765)	1,840,913	1,075,471	(3,689,593)	(25,309,362)
Capital Contributions (Distributions)	-	-	-	-	-	-	-	1,090,499	1,735,763
Operating Transfers In (Out)	-	-	-	-	113,062	714,802	-	7,471,101	-
CHANGE IN NET POSITION	<u>(8,271,902)</u>	<u>1,516</u>	<u>-</u>	<u>(800)</u>	<u>(2,972,250)</u>	<u>2,578,148</u>	<u>1,159,255</u>	<u>14,085,898</u>	<u>(16,262,540)</u>
Total Net Position - Beginning of Year	<u>-</u>	<u>(1,516)</u>	<u>(2,430)</u>	<u>(1,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,099,624</u>	<u>231,153,425</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (8,271,902)</u>	<u>\$ -</u>	<u>\$ (2,430)</u>	<u>\$ (2,400)</u>	<u>\$ (2,972,250)</u>	<u>\$ 2,578,148</u>	<u>\$ 1,159,255</u>	<u>\$ 198,185,522</u>	<u>\$ 214,890,885</u>

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NOTE 22 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
Net Cash Provided (Used) by								
Operating Activities	\$ 276,186	\$ (4,173,861)	\$ (33,221)	\$ (35,768)	\$ (21,668)	\$ 870,205	\$ 682,524	\$ 358,647
Investing Activities	(70,699)	560,626	68,378	23,115	(1,878,831)	(597,589)	(2,229)	444,651
Noncapital Financing Activities	(179,143)	(4,620,654)	(25,900)	(1,060,069)	-	(860,602)	(449,927)	(326,277)
Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash	26,344	(8,233,889)	9,257	(1,072,722)	(1,900,499)	(587,986)	230,368	477,021
Cash and Cash Equivalents - Beginning of Year	769,790	10,154,360	20,960	6,369,214	1,975,674	3,602,170	1,561,294	272,194
Cash and Cash Equivalents - End of Year	<u>\$ 796,134</u>	<u>\$ 1,920,471</u>	<u>\$ 30,217</u>	<u>\$ 5,296,492</u>	<u>\$ 75,175</u>	<u>\$ 3,014,184</u>	<u>\$ 1,791,662</u>	<u>\$ 749,215</u>

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NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Wheaton Metro	Paddington Square	HOC at Hillandale Gateway	Chevy Chase	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One
Net Cash Provided (Used) by								
Operating Activities	\$ 243,501	\$ 190,552	\$ -	\$ 8,240,412	\$ 195,828	\$ 540,097	\$ 255,755	\$ 469,330
Investing Activities	(156,116)	76,137	-	796,889	(114,572)	(228,823)	(68,308)	(234)
Noncapital Financing Activities	(85,883)	(353,252)	-	(8,832,453)	(119,868)	(213,971)	(112,900)	(377,652)
Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash	1,502	(86,563)	-	204,848	(38,612)	97,303	74,547	91,444
Cash and Cash Equivalents - Beginning of Year	678,866	1,843,596	-	279,102	657,493	3,563,519	1,269,019	3,643,916
Cash and Cash Equivalents - End of Year	<u>\$ 680,368</u>	<u>\$ 1,757,033</u>	<u>\$ -</u>	<u>\$ 483,950</u>	<u>\$ 618,881</u>	<u>\$ 3,660,822</u>	<u>\$ 1,343,566</u>	<u>\$ 3,735,360</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	VPC Two	Glenmont Crossing	Glenmont Westerly	Magruders	RAD 6	Community Partners	Ambassador	MHLP VII
Net Cash Provided (Used) by								
Operating Activities	\$ 381,682	\$ 522,225	\$ (166,916)	\$ 322,792	\$ 163,737	\$ (43,373)	\$ 697,791	\$ 152,169
Investing Activities	(6,000)	(379,877)	(376,251)	(28,811)	19,314	-	(761,086)	(27,955)
Noncapital Financing Activities	(342,008)	1,427,164	1,326,853	(221,281)	(138,635)	-	-	(97,182)
Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash	33,674	1,569,512	783,686	72,700	44,416	(43,373)	(63,295)	27,032
Cash and Cash Equivalents - Beginning of Year	2,365,371	1,955,857	2,751,056	516,787	1,159,217	415,662	1,035,960	21,462
Cash and Cash Equivalents - End of Year	<u>\$ 2,399,045</u>	<u>\$ 3,525,369</u>	<u>\$ 3,534,742</u>	<u>\$ 589,487</u>	<u>\$ 1,203,633</u>	<u>\$ 372,289</u>	<u>\$ 972,665</u>	<u>\$ 48,494</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	MHLP VIII	Diamond Square	Brookside Glen	MV Gateway	HOC at Wheaton Gateway	Manchester Manor	Shady Grove Apartments	Willows of Gaithersburg
Net Cash Provided (Used) by								
Operating Activities	\$ 271,346	\$ 530,590	\$ 391,760	\$ 2,809,983	\$ -	\$ 147,791	\$ 433,040	\$ 137,809
Investing Activities	(42,223)	-	-	(94,229)	-	(78,123)	(95,793)	3,923
Noncapital Financing Activities	(208,963)	(39,184)	(198,599)	(5,242,118)	-	(141,687)	(212,448)	101,691
Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash	20,160	491,406	193,161	(2,526,364)	-	(72,019)	124,799	243,423
Cash and Cash Equivalents - Beginning of Year	31,670	2,440,517	1,460,912	11,778,662	-	259,623	2,347,232	1,425,823
Cash and Cash Equivalents - End of Year	<u>\$ 51,830</u>	<u>\$ 2,931,923</u>	<u>\$ 1,654,073</u>	<u>\$ 9,252,298</u>	<u>\$ -</u>	<u>\$ 187,604</u>	<u>\$ 2,472,031</u>	<u>\$ 1,669,246</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units							
	Camp Hill Square	HOC at CCL Multifamily	MHLP IX	MHLP X	The Manors at Fair Hill	The Manors at Cloppers Mill	The Manors at Colesville	Metropolitan of Bethesda LP
Net Cash Provided (Used) by								
Operating Activities	\$ (4,734)	\$ (221,638)	\$ 413,649	\$ 242,585	\$ 351,732	\$ 297,578	\$ 244,796	\$ (549,562)
Investing Activities	115,873	988,560	(33,214)	(62,771)	(617,637)	110,965	(90,089)	32,280
Noncapital Financing Activities	(94,450)	(766,922)	(300,345)	(155,773)	181,413	(293,458)	(225,908)	873,309
Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in Cash	16,689	-	80,090	24,041	(84,492)	115,085	(71,201)	356,027
Cash and Cash Equivalents - Beginning of Year	483,118	-	144,364	148,031	979,868	973,313	852,150	-
Cash and Cash Equivalents - End of Year	<u>\$ 499,807</u>	<u>\$ -</u>	<u>\$ 224,454</u>	<u>\$ 172,072</u>	<u>\$ 895,376</u>	<u>\$ 1,088,398</u>	<u>\$ 780,949</u>	<u>\$ 356,027</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS (CONTINUED)

	Blended Component Units								
	Strathmore Court LP	HOC at Upton II	900 Thayer Avenue	Greenhills Apartments GP	Barclay One Assoc Ptrshp	Georgian Court Silver Spring LP	MV Affordable Hsng Assoc LP	Primary Government	Total
Net Cash Provided (Used) by									
Operating Activities	\$ (145,053)	\$ (5,000)	\$ 300	\$ 800	\$ 533,180	\$ 306,266	\$ 479,271	\$ 16,444,425	\$ 33,199,540
Investing Activities	(3,755)	-	6,226,409	(800)	69,764	11,192	(212,783)	(222,341,415)	(218,822,137)
Noncapital Financing Activities	435,889	-	(6,226,709)	-	468,041	1,899,521	910,734	90,597,688	65,698,082
Capital and Related Financing Activities	-	-	-	-	-	-	-	137,879,438	137,879,438
Net Increase/(Decrease) in Cash	287,081	(5,000)	-	-	1,070,985	2,216,979	1,177,222	22,580,136	17,954,923
Cash and Cash Equivalents - Beginning of Year	-	5,000	-	-	-	-	-	142,459,615	212,672,437
Cash and Cash Equivalents - End of Year	<u>\$ 287,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,070,985</u>	<u>\$ 2,216,979</u>	<u>\$ 1,177,222</u>	<u>\$ 165,039,751</u>	<u>\$ 230,627,360</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, 2020**

Last 10 Fiscal Years*

Employees' Retirement and Pension System:

	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability	12.03%	3.87%	3.10%	2.16%	1.82%	1.33%
Commission's proportionate share of the net pension liability	\$ 6,318,486	\$ 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	\$ 3,272,000
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	61.41%	76.76%	109.02%	126.54%	98.20%	124.29%
Plan fiduciary net position as a percentage of the total pension liability	98.80%	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 six years of information is available.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF COMMISSION PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2020

Employees' Retirement and Pension System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 593,105	\$ 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
Contributions in Relation to the Contractually Required Contribution	1,347,348	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
Contribution Deficiency (Excess)	\$ (754,243)	\$ (929,994)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 10,071,749	\$ 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
Contributions as a Percentage of Covered Payroll	13.38%	14.60%	5.30%	11.80%	21.42%	23.71%	44.40%	40.17%	29.84%	29.90%

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF CHANGES IN THE COMMISSION'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2020**

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	2.32%	2.09%	1.76%							
Commission's proportionate share of the net OPEB liability	\$ 19,797,919	\$ 27,760,241	\$ 26,847,382							
Commission's covered payroll	\$ 10,289,742	\$ 9,718,539	\$ 9,231,794							
Commission's proportionate share of the net OPEB liability as a percentage of its covered payroll	192.40%	285.64%	290.81%							
Plan fiduciary net position as a percentage of the total OPEB liability	39.35%	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 75 during Fiscal Year 2018. As such, only three years of information is available.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
 SCHEDULE OF THE COMMISSION'S OPEB CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 1,595,063	\$ 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.						
Contributions in Relation to the Contractually Required Contribution	1,595,063	2,050,985	1,910,942							
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commission's Covered Payroll	\$ 10,071,749	\$ 10,289,742	\$ 9,718,539							
Contributions as a percentage of Covered Payroll	15.84%	19.93%	19.66%							

SUPPLEMENTARY INFORMATION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF NET POSITION – SUB-FUNDS
JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2020	2019
ASSETS								
CURRENT ASSETS								
Unrestricted:								
Cash and Cash Equivalents	\$ 23,355,741	\$ 51,181,513	\$ 6,078,705	\$ 1,123,805	\$ 1,762,866	\$ -	\$ 83,502,630	\$ 91,909,411
Interfund Receivable	-	14,275,826	103,182	-	-	(14,379,008)	-	-
Advances to Component Units	7,289,283	943,163	-	-	-	-	8,232,446	22,966,857
Accounts Receivable and Other Assets, Net	4,528,040	9,913,527	4,981,690	181,028	33,653	-	19,637,938	24,109,101
Accrued Interest Receivable	5,940,518	3,506,158	-	949,573	1,278,942	(1,003,345)	10,671,846	8,077,327
Mortgage and Construction Loans Receivable, Current	4,573,158	77,591	-	3,225,764	9,855,867	(10,205,848)	7,526,532	7,579,107
Total Unrestricted Current Assets	<u>45,686,740</u>	<u>79,897,778</u>	<u>11,163,577</u>	<u>5,480,170</u>	<u>12,931,328</u>	<u>(25,588,201)</u>	<u>129,571,392</u>	<u>154,641,803</u>
Restricted Cash, Cash Equivalents and Investments:								
Restricted Cash and Cash Equivalents	369,332	48,520,898	4,268,092	39,407,463	15,817,144	-	108,382,929	85,720,150
Restricted Short-Term Investments	-	-	-	9,892,645	-	-	9,892,645	3,966,576
Restricted for Current Bonds Payable	-	-	-	17,718,407	16,587,302	-	34,305,709	30,694,970
Restricted for Customer Deposits	-	3,182,193	1,253,899	-	-	-	4,436,092	4,347,906
Total Restricted Cash, Cash Equivalents and Investments	<u>369,332</u>	<u>51,703,091</u>	<u>5,521,991</u>	<u>67,018,515</u>	<u>32,404,446</u>	<u>-</u>	<u>157,017,375</u>	<u>124,729,602</u>
Total Current Assets	<u>46,056,072</u>	<u>131,600,869</u>	<u>16,685,568</u>	<u>72,498,685</u>	<u>45,335,774</u>	<u>(25,588,201)</u>	<u>286,588,767</u>	<u>279,371,405</u>
NONCURRENT ASSETS								
Restricted Long-Term Investments	-	-	-	135,328,437	65,355,706	-	200,684,143	127,761,038
Mortgage and Construction Loans Receivable, Net of Current	466,339,834	102,436,979	2,005,615	57,429,169	250,772,070	(496,899,040)	382,084,627	258,270,245
Capital Assets, Net of Depreciation	10,027,951	616,550,850	8,121,394	-	-	-	634,700,195	674,615,093
Other Real Estate Owned	-	-	-	-	-	-	-	376,685
Investment in Component Units	2,073,221	11,247,582	-	-	-	-	13,320,803	13,971,391
Total Noncurrent Assets	<u>478,441,006</u>	<u>730,235,411</u>	<u>10,127,009</u>	<u>192,757,606</u>	<u>316,127,776</u>	<u>(496,899,040)</u>	<u>1,230,789,768</u>	<u>1,074,994,452</u>
Total Assets	<u>524,497,078</u>	<u>861,836,280</u>	<u>26,812,577</u>	<u>265,256,291</u>	<u>361,463,550</u>	<u>(522,487,241)</u>	<u>1,517,378,535</u>	<u>1,354,365,857</u>
DEFERRED OUTFLOWS OF RESOURCES								
Derivative Instrument	-	22,534,773	-	-	-	-	22,534,773	-
Fair Value of Hedging Derivatives	-	3,692,053	-	1,038,596	10,368,934	-	15,099,583	19,831,777
Employer-Related Pension Activities	11,530,901	2,437,452	8,531,026	-	-	-	22,499,379	5,430,452
Employer-Related OPEB Activities	6,740,338	609,588	2,396,261	-	-	-	9,746,187	7,289,224
Total Deferred Outflows of Resources	<u>18,271,239</u>	<u>29,273,866</u>	<u>10,927,287</u>	<u>1,038,596</u>	<u>10,368,934</u>	<u>-</u>	<u>69,879,922</u>	<u>32,551,453</u>
Total Assets and Deferred Outflows	<u>\$ 542,768,317</u>	<u>\$ 891,110,146</u>	<u>\$ 37,739,864</u>	<u>\$ 266,294,887</u>	<u>\$ 371,832,484</u>	<u>\$ (522,487,241)</u>	<u>\$ 1,587,258,457</u>	<u>\$ 1,386,917,310</u>

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF NET POSITION – SUB-FUNDS (CONTINUED)**

JUNE 30, 2020

(With Comparative Totals for June 30, 2019)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2020	2019
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable and Accrued Liabilities	\$ 5,179,424	\$ 12,766,374	\$ 1,624,286	\$ 595,658	\$ 100,429	\$ -	\$ 20,266,171	\$ 19,107,276
Interfund Payable	14,246,265	-	-	110,165	22,578	(14,379,008)	-	-
Accrued Interest Payable	-	10,457,118	-	-	-	(1,003,345)	9,453,773	6,474,003
Loans Payable to Montgomery County - Current	-	378,006	-	-	-	-	378,006	203,632
Mortgage Notes and Loans Payable - Current	3,723,429	12,030,433	-	-	-	(10,205,848)	5,548,014	21,018,007
Derivative Investment - Hedging	-	-	-	-	-	-	-	12,778,047
Total Current Unrestricted Liabilities	<u>23,149,118</u>	<u>35,631,931</u>	<u>1,624,286</u>	<u>705,823</u>	<u>123,007</u>	<u>(25,588,201)</u>	<u>35,645,964</u>	<u>59,580,965</u>
Current Liabilities Payable from Restricted Assets:								
Customer Deposits Payable	-	2,827,393	778,859	-	-	-	3,606,252	3,430,581
Accrued Interest Payable	-	-	-	3,208,408	5,762,213	-	8,970,621	8,253,521
Bonds Payable - Current	-	-	-	14,510,000	10,825,088	-	25,335,088	22,441,450
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>2,827,393</u>	<u>778,859</u>	<u>17,718,408</u>	<u>16,587,301</u>	<u>-</u>	<u>37,911,961</u>	<u>34,125,552</u>
Total Current Liabilities	<u>23,149,118</u>	<u>38,459,324</u>	<u>2,403,145</u>	<u>18,424,231</u>	<u>16,710,308</u>	<u>(25,588,201)</u>	<u>73,557,925</u>	<u>93,706,517</u>
NONCURRENT LIABILITIES								
Bonds Payable	-	-	-	207,142,786	307,885,690	-	515,028,476	455,240,502
Mortgage Notes and Loans Payable	392,208,658	651,365,941	-	-	-	(496,899,040)	546,675,559	401,402,499
Loans Payable to Montgomery County	25,293,571	79,534,045	-	-	-	-	104,827,616	107,147,579
Unearned Revenue	14,107,621	6,082,030	1,754,455	-	-	-	21,944,106	23,782,205
Escrow and Other Deposits	13,381,733	-	-	-	3,059,052	-	16,440,785	15,115,489
Net Pension Liability	3,102,700	790,734	2,425,052	-	-	-	6,318,486	7,459,885
Net OPEB Liability	9,189,871	1,171,713	9,436,335	-	-	-	19,797,919	27,760,241
Derivative Instruments - Hedging	-	3,692,053	-	1,038,596	10,368,934	-	15,099,583	7,053,730
Total Noncurrent Liabilities	<u>457,284,154</u>	<u>742,636,516</u>	<u>13,615,842</u>	<u>208,181,382</u>	<u>321,313,676</u>	<u>(496,899,040)</u>	<u>1,246,132,530</u>	<u>1,044,962,130</u>
Total Liabilities	<u>480,433,272</u>	<u>781,095,840</u>	<u>16,018,987</u>	<u>226,605,613</u>	<u>338,023,984</u>	<u>(522,487,241)</u>	<u>1,319,690,455</u>	<u>1,138,668,647</u>
DEFERRED INFLOWS OF RESOURCES								
Unamortized Pension Net Difference	21,064,475	2,564,037	9,589,584	-	-	-	33,218,096	7,587,511
Unamortized OPEB Net Difference	11,383,497	1,530,431	6,545,093	-	-	-	19,459,021	9,507,727
Total Deferred Inflows of Resources	<u>32,447,972</u>	<u>4,094,468</u>	<u>16,134,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,677,117</u>	<u>17,095,238</u>
NET POSITION								
Net Investment in Capital Assets	10,027,951	(126,757,576)	8,121,394	-	-	-	(108,608,231)	(86,013,198)
Restricted for:								
Debt Service	-	48,520,898	-	38,565,469	32,045,634	-	119,132,001	95,680,573
Customer Deposits and Other	-	354,800	4,743,132	-	-	-	5,097,932	2,034,086
Closing Cost Assistance Program	979,404	-	-	-	-	-	979,404	4,405,976
Unrestricted	18,879,718	183,801,716	(7,278,326)	1,123,805	1,762,866	-	198,289,779	215,045,988
Total Net Position	<u>29,887,073</u>	<u>105,919,838</u>	<u>5,586,200</u>	<u>39,689,274</u>	<u>33,808,500</u>	<u>-</u>	<u>214,890,885</u>	<u>231,153,425</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 542,768,317</u>	<u>\$ 891,110,146</u>	<u>\$ 37,739,864</u>	<u>\$ 266,294,887</u>	<u>\$ 371,832,484</u>	<u>\$ (522,487,241)</u>	<u>\$ 1,587,258,457</u>	<u>\$ 1,386,917,310</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2020	2019
OPERATING REVENUES								
Dwelling Rental	\$ 404	\$ 96,203,679	\$ 991,819	\$ -	\$ -	\$ -	\$ 97,195,902	\$ 90,166,092
Investment Income	-	-	-	6,282,031	3,701,431	-	9,983,462	6,094,363
Unrealized Gains on Investments	-	-	-	6,270,275	941,536	-	7,211,811	4,738,484
Interest on Mortgage and Construction Loans Receivable	-	-	-	3,059,337	12,826,748	(8,685,750)	7,200,335	8,770,360
Management Fees and Other Income	26,653,193	6,463,912	1,861,254	-	-	(18,951,632)	16,026,727	12,366,617
U.S. Department of Housing and Urban Development Grants:								
Housing Assistance Payments (HAP)	-	-	113,580,367	-	-	-	113,580,367	108,622,547
HAP Administrative Fees	-	-	8,399,973	-	-	-	8,399,973	7,913,123
Other Grants	224,638	-	6,109,191	-	-	-	6,333,829	5,849,318
State and County Grants	-	-	12,570,640	-	-	-	12,570,640	11,619,715
Total Operating Revenues	<u>26,878,235</u>	<u>102,667,591</u>	<u>143,513,244</u>	<u>15,611,643</u>	<u>17,469,715</u>	<u>(27,637,382)</u>	<u>278,503,046</u>	<u>256,140,619</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	112,758,509	-	-	-	112,758,509	110,109,543
Administration	14,675,734	19,061,895	16,259,936	1,995,110	2,281,344	(6,777,291)	47,496,728	43,820,160
Maintenance	3,730,160	20,810,815	188,726	-	-	-	24,729,701	22,305,874
Depreciation and Amortization	622,292	19,109,853	349,437	-	-	-	20,081,582	18,247,474
Utilities	186,593	5,559,369	507,479	-	-	-	6,253,441	6,207,588
Fringe Benefits	9,931,625	4,047,854	5,014,414	154,433	224,738	-	19,373,064	12,307,209
Interest Expense	182,500	27,824,196	-	5,927,160	11,792,834	(14,567,090)	31,159,600	23,896,447
Other Expenses	1,947,843	15,854,045	9,498,550	294,616	-	(12,174,341)	15,420,713	13,986,247
Total Operating Expenses	<u>31,276,747</u>	<u>112,268,027</u>	<u>144,577,051</u>	<u>8,371,319</u>	<u>14,298,916</u>	<u>(33,518,722)</u>	<u>277,273,338</u>	<u>250,880,542</u>
Operating (Loss) Income	<u>(4,398,512)</u>	<u>(9,600,436)</u>	<u>(1,063,807)</u>	<u>7,240,324</u>	<u>3,170,799</u>	<u>5,881,340</u>	<u>1,229,708</u>	<u>5,260,077</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2020	2019
NONOPERATING REVENUES (EXPENSES)								
Investment Income	\$ 1,026,355	\$ 521,946	\$ 35,483	\$ -	\$ -	\$ -	\$ 1,583,784	\$ 2,304,096
Interest on Mortgage and Construction Loans Receivable	11,532,847	927,824	-	-	-	(9,940,827)	2,519,844	1,223,632
Interest Expense	(9,849,501)	(632,287)	-	-	-	4,059,487	(6,422,301)	(7,580,560)
Other Grants	-	169,986	-	-	-	-	169,986	461,470
Gain on Sale of Assets	-	8,230,038	-	-	-	-	8,230,038	4,152,550
Total Nonoperating Revenues (Expenses)	<u>2,709,701</u>	<u>9,217,507</u>	<u>35,483</u>	<u>-</u>	<u>-</u>	<u>(5,881,340)</u>	<u>6,081,351</u>	<u>561,188</u>
 (Loss) Income Before Contributions and Transfers	 <u>(1,688,811)</u>	 <u>(382,929)</u>	 <u>(1,028,324)</u>	 <u>7,240,324</u>	 <u>3,170,799</u>	 <u>-</u>	 <u>7,311,059</u>	 <u>5,821,265</u>
Transfer to/from Discrete Component Units	-	(21,594,860)	(3,714,502)	-	-	-	(25,309,362)	(9,170,539)
Capital Contributions	-	645,264	1,206,353	-	(115,854)	-	1,735,763	201,375
Operating Transfers In (Out)	<u>7,471,842</u>	<u>(9,934,705)</u>	<u>-</u>	<u>3,396,811</u>	<u>(933,948)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	5,783,031	(31,267,230)	(3,536,473)	10,637,135	2,120,997	-	(16,262,540)	(3,147,899)
Total Net Position - Beginning of Year	<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 NET POSITION - END OF YEAR	<u>\$ 29,887,073</u>	<u>\$ 105,919,838</u>	<u>\$ 5,586,200</u>	<u>\$ 39,689,274</u>	<u>\$ 33,808,500</u>	<u>\$ -</u>	<u>\$ 214,890,885</u>	<u>\$ 231,153,425</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF CASH FLOWS – SUB-FUNDS
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	\$ 404	\$ 103,109,425	\$ 481,471	\$ -	\$ -	\$ -	\$ 103,591,300	\$ 92,733,272
Intergovernmental Revenue	-	-	140,660,171	-	-	-	140,660,171	134,004,703
Investment Income Received	-	-	-	6,212,920	4,266,877	-	10,479,797	5,591,182
Mortgage Interest Received	-	-	-	3,074,370	12,765,752	(8,317,069)	7,523,053	9,125,505
Mortgage Loan Principal Received	-	-	-	19,313,426	9,350,481	-	28,663,907	19,425,218
Management Fees and Other Income	33,945,150	267,517	3,582,241	-	-	(18,951,632)	18,843,276	6,328,543
Mortgage Loans Issued	-	-	-	(7,416,673)	-	-	(7,416,673)	-
Payments to Suppliers	(4,762,460)	(55,376,442)	(10,194,755)	(2,389,458)	(2,711,328)	12,174,341	(63,260,102)	(46,465,946)
Payments to Employees	(20,489,773)	(30,451,322)	(19,818,068)	-	-	6,777,291	(63,981,872)	(46,035,420)
Interest Paid	(1,168,000)	(24,672,848)	-	(6,431,753)	(11,070,616)	14,198,409	(29,144,808)	(23,255,625)
Housing Assistance Payments	-	-	(112,758,509)	-	-	-	(112,758,509)	(110,109,543)
Net Cash Provided (Used) by Operating Activities	7,525,321	(7,123,670)	1,952,551	12,362,832	12,601,166	5,881,340	33,199,540	41,341,889
CASH FLOWS FROM INVESTING ACTIVITIES								
Advances to Component Units	(647,322)	42,181,948	-	-	-	-	41,534,626	3,602,891
Issuance of Notes Receivable	(240,473,382)	(517,599)	-	-	-	-	(240,990,981)	(55,624,340)
Repayments of Notes Receivable	39,817,471	178,013	-	-	-	-	39,995,484	1,604
Investments Sold	-	-	-	10,145,195	1,293,126	-	11,438,321	1,326,224
Investments Purchased	-	-	-	(28,075,682)	(55,000,000)	-	(83,075,682)	(29,120,403)
Investment Income Received	1,026,355	521,946	35,483	-	-	-	1,583,784	2,304,096
Interest Received on Notes Receivable	9,764,487	927,824	-	-	-	-	10,692,311	(247,288)
Net Cash (Used) Provided by Investing Activities	(190,512,391)	43,292,132	35,483	(17,930,487)	(53,706,874)	-	(218,822,137)	(77,757,216)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds from Sale of Bonds	-	-	-	45,829,640	72,436,448	-	118,266,088	-
Payments on Mortgage	2,320,000	-	-	(2,320,000)	-	-	-	-
Bond Repayments	-	-	-	(27,890,000)	(27,195,000)	-	(55,085,000)	(49,087,221)
Proceeds from Issuance of Mortgage	-	-	-	-	-	-	-	-
Intergovernmental Revenue	-	169,986	-	3,396,811	(1,049,803)	-	2,516,994	461,470
Net Cash Provided (Used) by Noncapital Financing Activities	2,320,000	169,986	-	19,016,451	44,191,645	-	65,698,082	(48,625,751)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2020	2019
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Payments for Property, Equipment and Capital	\$ (1,830,388)	\$ (14,736,041)	\$ (2,094,886)	\$ -	\$ -	\$ -	\$ (18,661,315)	\$ (130,705,421)
Proceeds from Sale of Capital Assets	32,945	6,067,023	6,067,023	-	-	-	12,166,991	(173,457)
Proceeds from Loans Payable to Montgomery County	3,300,000	7,639,174	-	-	-	-	10,939,174	50,270,393
Payments on Loans Payable to Montgomery County	(7,432,706)	(5,652,057)	-	-	-	-	(13,084,763)	(1,014,724)
Proceeds from New Mortgage Notes and Loans Payable	228,028,899	148,461,267	-	-	-	(153,651,968)	222,838,198	96,266,950
Payments on Mortgage Notes and Loans Payable	(35,159,739)	(154,990,203)	-	-	-	143,711,141	(46,438,801)	32,522,884
Interest Paid on Mortgages	(9,849,501)	(632,287)	-	-	-	4,059,487	(6,422,301)	(7,580,560)
Capital Contributions and Transfers	-	(20,949,596)	(2,508,149)	-	-	-	(23,457,745)	(8,969,164)
Net Cash Provided (Used) by Capital and Related Financing Activities	177,089,510	(34,792,720)	1,463,988	-	-	(5,881,340)	137,879,438	30,616,901
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,577,560)	1,545,728	3,452,022	13,448,796	3,085,937	-	17,954,923	(54,424,177)
Cash and Cash Equivalents - Beginning of Year	27,302,633	101,338,876	8,148,674	44,800,879	31,081,375	-	212,672,437	267,096,614
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 23,725,073</u>	<u>\$ 102,884,604</u>	<u>\$ 11,600,696</u>	<u>\$ 58,249,675</u>	<u>\$ 34,167,312</u>	<u>\$ -</u>	<u>\$ 230,627,360</u>	<u>\$ 212,672,437</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET POSITION								
Current Unrestricted Cash and Cash Equivalents	\$ 23,355,741	\$ 51,181,513	\$ 6,078,705	\$ 1,123,805	\$ 1,762,866	\$ -	\$ 83,502,630	\$ 91,909,411
Restricted Cash and Cash Equivalents	369,332	48,520,898	4,268,092	39,407,463	15,817,144	-	108,382,929	85,720,150
Restricted Current Bonds Payable	-	-	-	17,718,407	16,587,302	-	34,305,709	30,694,970
Restricted Customer Deposits	-	3,182,193	1,253,899	-	-	-	4,436,092	4,347,906
Total Cash and Cash Equivalents	<u>\$ 23,725,073</u>	<u>\$ 102,884,604</u>	<u>\$ 11,600,696</u>	<u>\$ 58,249,675</u>	<u>\$ 34,167,312</u>	<u>\$ -</u>	<u>\$ 230,627,360</u>	<u>\$ 212,672,437</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF CASH FLOWS – SUB-FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for June 30, 2019)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2020	2019
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating Income (Loss)	\$ (4,398,512)	\$ (9,600,436)	\$ (1,063,807)	\$ 7,240,324	\$ 3,170,799	\$ 5,881,340	\$ 1,229,708	\$ 5,260,077
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) Provided by Operating Activities:								
Increase in Capital Appreciation Bonds	-	-	-	-	-	-	-	28,192
Depreciation	622,292	19,109,853	349,437	-	-	-	20,081,582	18,248,647
Amortization	-	(9,127)	-	(592,703)	-	-	(601,830)	(1,173)
Unrealized Losses (Gains) on Investments	-	-	-	(6,270,275)	(941,538)	-	(7,211,813)	(4,738,484)
Gain on Sale of Assets	-	8,230,038	-	-	-	-	8,230,038	4,152,550
Effects of Changes in Operating Assets and Liabilities:								
Accounts Receivable and Other Assets	(1,693,361)	6,598,625	(378,898)	(8,741)	-	-	4,517,625	2,558,054
Mortgage and Construction Loans Receivable	-	-	-	11,905,494	9,345,737	-	21,251,231	18,422,107
Accrued Interest Receivable	-	(899,072)	-	(54,078)	(7,088)	368,681	(591,557)	(248,702)
Prepaid Expenses and Other Assets	-	-	-	-	2,467	-	2,467	46,785
Deferred Outflows - Pension	(10,386,557)	(1,469,367)	(5,203,876)	-	-	-	(17,059,800)	864,571
Deferred Outflows - OPEB	(1,495,078)	(212,820)	(749,065)	-	-	-	(2,456,963)	(5,378,282)
Interfund Receivable / (Payable)	6,123,371	(7,952,899)	(641,957)	(45,643)	54,266	-	(2,462,862)	-
Other Real Estate Owned	-	-	-	-	-	-	-	600,976
Accounts Payable and Accrued Liabilities	(112,915)	1,161,649	(21,329)	100,344	31,146	-	1,158,895	(5,397,607)
Unearned Revenue	2,637,309	(6,196,395)	1,720,987	-	-	-	(1,838,099)	(500,369)
Accrued Interest Payable	(985,500)	4,050,420	-	88,110	722,217	(368,681)	3,506,566	2,316,302
Derivative Instrument	-	(22,534,773)	-	-	-	-	(22,534,773)	-
Net OPEB Liability	(4,845,127)	(689,689)	(2,427,506)	-	-	-	(7,962,322)	912,859
Net Pension Liability	(694,550)	(98,866)	(347,983)	-	-	-	(1,141,399)	(3,135,718)
Deferred Inflows - Pension	6,055,429	2,220,096	7,814,105	-	-	-	16,089,630	2,478,510
Deferred Inflows - OPEB	15,596,384	861,972	3,033,893	-	-	-	19,492,249	4,873,362
Escrow and Other Deposits	1,102,136	307,121	(131,450)	-	223,160	-	1,500,967	(20,768)
Net Cash Provided (Used) by Operating Activities	\$ 7,525,321	\$ (7,123,670)	\$ 1,952,551	\$ 12,362,832	\$ 12,601,166	\$ 5,881,340	\$ 33,199,540	\$ 41,341,889

III. STATISTICAL SECTION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
STATISTICAL SECTION NARRATIVE
FISCAL YEAR ENDED JUNE 30, 2020

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 110-111.

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 112-114.

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 115-119.

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 120-124.

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 125-127.

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 Capital Assets	Restricted	Unrestricted	Total Net Position
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	112,406,902	195,394,315
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
2020	(108,608,231)	125,209,337	198,289,779	214,890,885

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
2011	\$ 19,019,403	\$ 16,660,574	\$ 2,358,829	\$ 54,067,494	\$ 55,672,103	\$ (1,604,609)	\$ 116,369,807	\$ 114,476,830	\$ 1,892,977
2012	17,333,709	16,257,318	1,076,391	56,348,180	54,860,040	1,488,140	113,904,951	118,512,902	(4,607,951)
2013	14,693,427	27,663,976	(12,970,549)	80,487,987	56,472,382	24,015,605	118,477,738	121,685,876	(3,208,138)
2014	17,821,727	27,858,709	(10,036,982)	65,624,561	61,731,480	3,893,081	112,756,686	122,710,906	(9,954,220)
2015	28,025,115	21,513,649	6,511,466	110,071,212	70,725,192	39,346,020	121,446,115	160,654,836	(39,208,721)
2016	19,693,992	21,421,529	(1,727,537)	77,134,168	75,659,074	1,475,094	158,327,659	124,274,422	34,053,237
2017	60,238,382	23,160,320	37,078,062	100,660,125	81,349,017	19,311,108	121,388,721	157,557,358	(36,168,637)
2018	44,217,823	24,401,561	19,816,262	100,831,789	88,112,430	12,719,359	135,676,139	147,284,664	(11,608,525)
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
2020	46,909,279	41,126,248	5,783,031	113,162,649	144,429,879	(31,267,230)	144,755,080	148,291,553	(3,536,473)

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
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
2020	19,008,454	8,371,319	10,637,135	17,469,715	15,348,718	2,120,997

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OPERATING REVENUES										
Dwelling Rental	\$ 97,195,902	\$ 90,166,092	\$ 77,458,610	\$ 67,965,004	\$ 68,309,329	\$ 68,471,662	\$ 65,395,495	\$ 62,210,614	\$ 58,531,965	\$ 57,304,024
Investment Income	9,983,462	6,094,363	4,445,182	3,818,167	3,520,175	5,523,274	3,711,854	7,274,297	7,720,354	8,169,267
Unrealized Gains (Losses) on Investments	7,211,811	4,738,484	(2,928,181)	(3,560,708)	3,420,019	(379,610)	798,251	(8,251,610)	9,190,260	(2,183,851)
Interest on Mortgage and Construction Loans Receivable	7,200,335	8,770,360	9,699,259	11,109,346	12,135,882	13,933,659	14,979,124	16,877,656	16,880,359	18,438,510
Management Fees and Other Income	16,026,727	12,366,617	13,126,870	12,801,771	10,186,560	11,139,945	11,181,613	18,504,567	9,180,604	8,712,644
U.S. Department of Housing and Urban Development Grants;										
Housing Assistance Payments (HAP)	113,580,367	108,622,547	100,265,523	92,038,041	89,041,875	88,010,013	81,090,732	84,760,830	77,868,323	78,529,266
HAP Administrative Fees	8,399,973	7,913,123	6,998,217	6,984,926	6,583,770	6,158,651	5,385,511	5,352,487	5,799,380	6,091,862
Other Grants	6,333,829	5,849,318	6,148,090	6,953,599	8,421,269	9,629,839	9,601,698	10,152,883	11,249,981	10,889,692
State and County Grants	12,570,640	11,619,715	15,116,301	12,511,780	11,893,150	11,399,128	9,639,934	10,158,784	10,831,271	10,069,139
Total Operating Revenues	<u>278,503,046</u>	<u>256,140,619</u>	<u>230,329,871</u>	<u>210,621,926</u>	<u>213,512,029</u>	<u>213,886,561</u>	<u>201,784,212</u>	<u>207,040,508</u>	<u>207,252,497</u>	<u>196,020,553</u>
OPERATING EXPENSES										
Housing Assistance Payments	112,758,509	\$ 110,109,543	\$ 102,470,927	95,523,485	91,387,603	90,324,278	89,425,241	86,882,476	83,980,027	79,201,987
Administration	47,496,728	43,820,160	43,817,962	39,442,722	35,563,087	34,514,669	33,983,811	33,869,057	33,932,375	34,412,838
Maintenance	24,729,701	22,305,874	18,737,186	16,972,165	17,395,244	16,965,337	16,845,515	15,810,786	15,554,691	14,834,381
Depreciation and Amortization	20,081,582	18,247,474	15,570,948	14,273,372	13,882,152	15,684,194	17,440,751	19,428,350	16,607,553	16,075,783
Utilities	6,253,441	6,207,588	5,890,629	4,912,538	5,406,906	5,832,573	5,309,368	5,342,576	6,180,231	6,804,381
Fringe Benefits	19,373,064	12,307,209	10,841,963	11,262,349	11,215,320	9,712,384	11,145,646	10,086,973	8,372,560	7,845,250
Interest Expense	31,159,600	23,896,447	22,727,232	21,946,813	22,328,322	23,766,914	24,157,117	29,306,374	31,544,664	34,009,553
Other Expenses	15,420,713	13,986,247	13,100,212	11,626,153	9,928,960	9,854,552	9,054,221	8,134,409	6,363,970	6,546,617
Bad Debt Expense	-	-	-	-	-	-	-	1,067,155	784,371	361,871
Total Operating Expenses	<u>277,273,338</u>	<u>250,880,542</u>	<u>233,157,059</u>	<u>215,959,597</u>	<u>207,107,594</u>	<u>206,654,901</u>	<u>207,361,670</u>	<u>209,928,156</u>	<u>203,320,442</u>	<u>200,092,661</u>
Operating Income (Loss)	1,229,708	5,260,077	(2,827,188)	(5,337,671)	6,404,435	7,231,660	(5,577,458)	(2,887,648)	3,932,055	(4,072,108)
NONOPERATING REVENUES (EXPENSES)										
Investment Income	1,583,784	2,304,096	2,378,528	2,019,037	1,096,003	1,008,868	420,759	452,092	577,972	609,386
Interest on Mortgage and Construction Loans Receivable	2,519,844	1,223,632	1,031,590	289,597	179,651	177,022	188,841	203,121	166,394	187,259
Interest Expense	(6,422,301)	(7,580,560)	(2,543,362)	(937,167)	(545,782)	(430,115)	(188,415)	(108,011)	(115,534)	(138,314)
Gain (Loss) on Transfer of Component Unit Entities	-	-	-	-	-	197,129	(774,123)	-	-	-
Other Grants	169,986	461,470	192,661	352,264	204,554	244,484	33,359	42,325	41,229	37,219
State and County Grants	-	-	-	-	4,536	4,536	371,962	241,004	765,279	131,020
Gain on Sale of Assets	8,230,038	4,152,550	13,512,924	30,574,480	27,896,767	-	-	-	-	-
Total Nonoperating Income	<u>6,081,351</u>	<u>561,188</u>	<u>14,572,341</u>	<u>32,298,211</u>	<u>28,835,729</u>	<u>1,201,924</u>	<u>52,383</u>	<u>830,531</u>	<u>1,435,340</u>	<u>826,570</u>
Income (Loss) Before Contributions and Transfers	7,311,059	5,821,265	11,745,153	26,960,540	35,240,164	8,433,584	(5,525,075)	(2,057,117)	5,367,395	(3,245,538)
Transfers From Discrete Component Units	(25,309,362)	(9,170,539)	4,269,759	-	-	-	-	-	-	736,869
Capital Contributions	1,735,763	201,375	1,984,271	258,310	3,412,297	182,091	469,697	1,049,107	1,181,515	3,283,006
CHANGES IN NET POSITION	<u>\$ (16,262,540)</u>	<u>\$ (3,147,899)</u>	<u>\$ 17,999,183</u>	<u>\$ 27,218,850</u>	<u>\$ 38,652,461</u>	<u>\$ 8,615,675</u>	<u>\$ (5,055,378)</u>	<u>\$ (1,008,010)</u>	<u>\$ 6,548,910</u>	<u>\$ 774,337</u>

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

<u>Fiscal Year Ending</u>	<u>Dwelling Rental Revenue Total</u>	<u>% Total Operating Revenue</u>
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%
2020	97,195,902	34.90%
Average	<u>\$ 71,300,870</u>	<u>32.19%</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 Year	Dwelling Rental		Investment Income		Unrealized Gains (Losses) on Investments		Interest on Mortgage and Construction Loans Receivable	
	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue
	2011	\$ 57,304,024	29.23%	\$ 8,169,267	4.17%	\$ (2,183,851)	(1.11)%	\$ 18,438,510
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	31.99%	3,520,175	1.65%	3,420,019	1.60%	12,135,882	5.68%
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%
2020	97,195,902	34.90%	9,983,462	3.58%	7,211,811	2.59%	7,200,335	2.59%

Fiscal Year	Management Fees and Other Income		Housing Assistance Payment Subsidies		State, County and Other Federal Grants		Total Operating Revenue	
	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue	Amount	% Total Op Revenue
	2011	\$ 8,712,644	4.44%	\$ 84,621,128	43.17%	\$ 20,958,831	10.69%	\$196,020,553
2012	9,180,604	4.43%	83,667,703	40.37%	22,081,252	10.65%	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%
2020	16,026,727	5.75%	121,980,340	43.80%	18,904,469	6.79%	278,503,046	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
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	25.54%	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	24.21%	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%	963	1048%
2020	540,363,564	552,223,573	105,205,622	-	16,440,785	1,214,233,544	17.70%	1,143	1308%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
SINGLE FAMILY BONDS – DEBT OUTSTANDING, ISSUED AND RETIRED
FISCAL YEAR ENDED JUNE 30, 2020

Series	Authorized	Outstanding Beginning of Year	Issued		Retired/Refunded		Outstanding End of Year	Interest Expensed This Year	Current Maturities
			Prior Years	This Year	Prior Years	This Year			
Single Family Sub-Fund Bonds:									
2007 Series E	\$ 13,000,000	\$ 8,315,000	\$ 13,000,000	\$ -	\$ 4,685,000	\$ -	\$ 8,315,000	\$ 145,968	\$ -
2008 Series D	17,200,000	17,200,000	17,200,000	-	-	-	17,200,000	301,943	-
2013 Series A	38,645,000	21,620,000	38,645,000	-	17,025,000	4,345,000	17,275,000	578,215	3,660,000
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	25,115,000	32,805,000	-	7,690,000	2,370,000	22,745,000	714,836	1,125,000
2016 Series B	9,850,000	6,965,000	9,850,000	-	2,885,000	1,950,000	5,015,000	99,970	1,980,000
2017 Series A	22,000,000	20,245,000	22,000,000	-	1,755,000	1,445,000	18,800,000	724,446	840,000
2017 Series B	11,300,000	10,020,000	11,300,000	-	1,280,000	810,000	9,210,000	256,116	825,000
2018 Series A	29,435,000	29,200,000	29,435,000	-	235,000	1,075,000	28,125,000	1,006,451	1,835,000
2018 Series B	8,450,000	8,450,000	8,450,000	-	-	-	8,450,000	194,580	-
NIBP 2009 Series A	10,000,000	2,525,000	10,000,000	-	7,475,000	2,525,000	-	14,305	-
NIBP 2009 Series B	15,000,000	8,400,000	15,000,000	-	6,600,000	8,400,000	-	39,978	-
NIBP 2009 Series C-1	9,000,000	5,570,000	9,000,000	-	3,430,000	250,000	5,320,000	51,791	100,000
NIBP 2009 Series C-2	16,170,000	9,730,000	16,170,000	-	6,440,000	970,000	8,760,000	139,674	340,000
NIBP 2009 Series C-3	2,450,000	1,960,000	2,450,000	-	490,000	-	1,960,000	203,590	-
NIBP 2009 Series C-4	9,770,000	7,260,000	9,770,000	-	2,510,000	830,000	6,430,000	170,166	240,000
NIBP 2009 Series C-5	2,610,000	2,370,000	2,610,000	-	240,000	-	2,370,000	223,906	-
NIBP 2010 Series A	6,000,000	1,580,000	6,000,000	-	4,420,000	355,000	1,225,000	48,412	220,000
NIBP 2011 Series A	12,425,000	4,355,000	12,425,000	-	8,070,000	1,035,000	3,320,000	216,545	850,000
NIBP 2012 Series A	12,545,000	6,910,000	12,545,000	-	5,635,000	1,185,000	5,725,000	67,071	795,000
PRB 2019 Series A	28,280,000	-	-	28,280,000	-	330,000	27,950,000	767,502	1,700,000
PRB 2019 Series B	4,610,000	-	-	4,610,000	-	-	4,610,000	97,318	-
PRB 2019 Series C	11,220,000	-	-	11,220,000	-	15,000	11,205,000	316,924	-
Sub-Total	337,590,000	201,215,000	293,480,000	44,110,000	92,265,000	27,890,000	217,435,000	6,515,225	14,510,000
Add: Unamortized Premium	-	3,090,849	-	1,719,640	482,221	592,703	4,217,786	(592,703)	-
Total Single Family Bonds Payable	\$ 337,590,000	\$ 204,305,849	\$ 293,480,000	\$ 45,829,640	\$ 92,747,221	\$ 28,482,703	\$ 221,652,786	\$ 5,922,522	\$ 14,510,000

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MULTIFAMILY BONDS – DEBT OUTSTANDING, ISSUED, AND RETIRED
FISCAL YEAR ENDED JUNE 30, 2020

	Authorized	Unissued	Outstanding Beginning of Year	Issued		Retired/Refunded		Outstanding End of Year	Interest Expensed This Year	Current Maturities
				Prior Years	This Year	Prior Years	This Year			
Multi Family Sub-Fund Bonds:										
1984 Series A - Accretions	\$ 585,000	\$ -	\$ 271,909	\$ 218,452	\$ 31,448	\$ -	\$ -	\$ 303,357	\$ 31,450	\$ 35,088
1995 Series A	23,910,000	-	1,210,000	23,910,000	-	22,700,000	270,000	940,000	56,725	290,000
1998 Issue A	12,900,000	-	6,485,000	12,900,000	-	6,415,000	515,000	5,970,000	301,215	540,000
2002 Series A	22,325,000	-	16,135,000	22,325,000	-	6,190,000	750,000	15,385,000	891,618	790,000
2004 Series A	13,700,000	-	10,405,000	13,700,000	-	3,295,000	375,000	10,030,000	467,255	385,000
2004 Series B	4,085,000	-	3,365,000	4,085,000	-	720,000	70,000	3,295,000	159,400	70,000
2004 Series C	19,460,000	-	7,725,000	19,460,000	-	11,735,000	7,725,000	-	126,639	-
2004 Series D	14,110,000	-	10,045,000	14,110,000	-	4,065,000	10,045,000	-	167,147	-
2005 Series B	5,440,000	-	4,090,000	5,440,000	-	1,350,000	190,000	3,900,000	186,523	195,000
2005 Series C	28,630,000	-	22,825,000	28,630,000	-	5,805,000	815,000	22,010,000	1,076,175	840,000
2007 Series A	19,055,000	-	14,705,000	19,055,000	-	4,350,000	500,000	14,205,000	655,199	520,000
2007 Series C-1	5,110,000	-	3,140,000	5,110,000	-	1,970,000	275,000	2,865,000	130,180	285,000
2009 Series A-2	8,040,000	-	8,040,000	8,040,000	-	-	-	8,040,000	315,168	-
2010 Series A	4,860,000	-	3,710,000	4,860,000	-	1,150,000	190,000	3,520,000	144,594	200,000
2010 Series A	12,375,000	-	10,455,000	12,375,000	-	1,920,000	280,000	10,175,000	446,193	290,000
2011 Series A	33,585,000	-	30,660,000	33,585,000	-	2,925,000	505,000	30,155,000	1,171,167	525,000
2011 Series B	3,020,000	-	2,770,000	3,020,000	-	250,000	40,000	2,730,000	158,692	45,000
2012 Series A	24,935,000	-	19,025,000	24,935,000	-	5,910,000	955,000	18,070,000	640,725	985,000
2012 Series B	18,190,000	-	7,010,000	18,190,000	-	11,180,000	495,000	6,515,000	211,475	505,000
2012 Series C	24,230,000	-	14,285,000	24,230,000	-	9,945,000	1,235,000	13,050,000	479,983	1,270,000
2012 Series D	34,975,000	-	28,395,000	34,975,000	-	6,580,000	1,140,000	27,255,000	806,258	1,160,000
2014 Series A	24,000,000	-	22,715,000	24,000,000	-	1,285,000	525,000	22,190,000	812,124	535,000
2015 Series A-1	15,010,000	-	14,655,000	15,010,000	-	355,000	240,000	14,415,000	546,713	240,000
2017 Series A	12,000,000	-	12,000,000	12,000,000	-	-	60,000	11,940,000	405,680	210,000
2019 Series A-1	51,420,000	-	-	-	51,420,000	-	-	51,420,000	1,056,084	-
2019 Series A-2	3,580,000	-	-	-	3,580,000	-	-	3,580,000	43,139	-
2019 Series B	7,565,000	-	-	-	7,565,000	-	-	7,565,000	85,413	400,000
2019 Series C	9,840,000	-	-	-	9,840,000	-	-	9,840,000	126,676	510,000
Sub-Total	456,935,000	-	274,121,909	384,163,452	72,436,448	110,095,000	27,195,000	319,363,357	11,699,610	10,825,088
Less: Unamortized Discount	-	-	(745,806)	-	-	-	(93,227)	(652,579)	-	-
Total Multi Family Bonds Payable	\$ 456,935,000	\$ -	\$ 273,376,103	\$ 384,163,452	\$ 72,436,448	\$ 110,095,000	\$ 27,101,773	\$ 318,710,778	\$ 11,699,610	\$ 10,825,088

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
MULTIFAMILY BONDS – NONOBLIGATION DEBT
FISCAL YEAR ENDED JUNE 30, 2020**

Current Property Name	Owner	Final Maturity	Original Bonds Issued	Amount Outstanding
Blair Park	Private	10/14/2032	\$ 2,700,000	\$ 1,626,956
Covenant Village	Private	11/30/2044	6,418,000	5,818,359
Victory Forest	Private	9/1/2045	6,600,000	1,187,916
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	7,643,571
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	24,611,070
Lakeview House Apts.	Private	7/1/2050	34,225,000	31,801,021
		TOTAL	<u>\$ 200,138,000</u>	<u>\$ 188,958,893</u>

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
NUMBER OF UNITS BY PROGRAM
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Public Housing Rental</u>	<u>Public Housing Homeownership</u>	<u>Housing Choice Voucher</u>	<u>Opportunity Housing</u>	<u>Transitional Housing</u>	<u>Specialized Program</u>	<u>Component Units</u>	<u>Total</u>
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	2,227	14,808
2018	136	-	7,179	5,519	228	687	1,861	15,610
2019	136	-	7,271	5,978	243	378	1,870	15,876
2020	-	-	7,611	6,482	240	374	1,529	16,236

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION
FISCAL YEAR ENDED JUNE 30, 2020**

Housing Choice Voucher/Transitional Housing

Name of Development	Address	Number of Units
Housing Choice Voucher	Various	7,611
Transitional Housing Program	Various	240
Specialized Program	Various	374
<i>Total Housing Choice Voucher/Transitional Housing Units</i>		<u>8,225</u>

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2020**

Opportunity Housing		
Name of Development	Address	Number of Units
Elderly Communities		
Elizabeth House RAD Interim Property	1400 Fenwick Avenue, Silver Spring MD 20910	71
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>477</u>
Family Communities		
617 Olney Sandy Spring	617 Sandy Spring Road Olney MD 20860	1
Alexander House	8560 Second Avenue, Silver Spring MD 20910	183
Avondale Street Apartments	4507-4511 Avondale Street, Bethesda MD 20814	25
The Barclay	4716 Bradley Boulevard, Chevy Chase MD 20815	76
Barclay Affordable	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
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	861
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
Georgian Court Affordable	3600 Bel Pre Road, Silver Spring, MD 20906	147
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
Metropolitan Affordable	7620 Old Georgetown Road, Bethesda MD 20814	92
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
Stewartown Affordable	9310 Merust Lane, Gaithersburg, MD 20879	94
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda MD 20852	151
Strathmore Affordable	5440 Marinelli Drive, North Bethesda MD 20852	51
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>4,350</u>
Scattered Units		
CDBG Units	Various addresses throughout Montgomery County	3
Holiday Park	Various addresses throughout Montgomery County	20
McHome	Various addresses throughout Montgomery County	38
McKendree	Various addresses throughout Montgomery County	13
MPDU 2007	Various addresses throughout Montgomery County	6
MPDU I	Various addresses throughout Montgomery County	64
MPDU II	Various addresses throughout Montgomery County	59
MPDU III	Various addresses throughout Montgomery County	23
NCI Units	Various addresses throughout Montgomery County	14
NSP Units	Various addresses throughout Montgomery County	7
Paint Branch	Various addresses throughout Montgomery County	14
Scattered Site One Dev Corp	Various addresses throughout Montgomery County	190
Scattered Site TwoDev Corp	Various addresses throughout Montgomery County	54
VPC One Development Corporation	Various addresses throughout Montgomery County	399
VPC Two Development Corporation	Various addresses throughout Montgomery County	280
Montgomery Homes Limited Partnership VII	Various addresses throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	Various addresses throughout Montgomery County	49
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>6,482</u>

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
PROPERTY CHARACTERISTICS AND DWELLING UNIT COMPOSITION (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2020**

Component Units		
Name of Development	Address	Number of Units
Elderly Communities		
Arcola Towers RAD LP	1135 University Boulevard, Silver Spring MD 20902	141
Bauer Park	14635 Bauer Park Drive, Rockville, MD 20853	142
Town Center Apartments	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>
Family Communities		
Wheaton Metro LP	11175 Georgia Avenue, Silver Spring, MD 20902	53
Spring Garden One Associates LP	8007-A Eastern Avenue, Silver Spring, MD 20910	82
Hampden Lane Apartments LP	4913 Hampden Lane, Bethesda, MD 20814	12
Forest Oak Towers LP	101 Odenhal Road, Gaithersburg, MD 20877	175
Greenhills LP	10560 Tralee Terrace, Damascus MD 20872	77
Tanglewood/Sligo Hills LP	8902 Manchester Road, Silver Spring, MD 20901	132
Alexander House LP	8560 Second Avenue, Silver Spring MD 20910	122
Fenton Silver Spring LP	8240 Fenton St, Silver Spring, MD 20910	124
CCL Multifamily LLC (The Lindley)	8405 Chevy Chase Lake Drive, Chevy Chase, MD 20815	200
	<i>Total Family Communities</i>	<u>977</u>
	<i>Total units - Component Units</i>	<u><u>1,529</u></u>

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

Fiscal Year	Executive	Finance	Housing Management	Maintenance *	Housing Resources	Mortgage Finance	Real Estate	Resident Services	Total
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	80.50	52.00	26.00	61.00	54.00	14.00	14.00	65.60	367.10
2020	73.50	52.00	33.00	61.00	54.00	14.00	14.00	65.60	367.10

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**

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils as of September (7)
2011	991,833	\$ 74,484,881	\$ 75,098	536,858	508,575	5.30%	143,309
2012	1,005,852	77,350,599	76,901	540,440	512,451	5.20%	146,497
2013	1,016,064	74,736,158	73,555	543,131	516,271	4.90%	149,018
2014	1,025,617	76,750,007	74,833	543,806	519,929	4.40%	151,289
2015	1,033,994	82,629,149	79,913	547,383	526,091	3.90%	153,852
2016	1,040,245	87,334,533	83,956	546,204	527,278	3.50%	156,447
2017	1,048,244	89,462,226	85,345	554,246	535,516	3.40%	159,016
2018	1,052,567	94,404,295	89,690	557,200	539,485	3.20%	161,936
2019	1,061,880	97,600,000	91,912	565,866	549,310	2.90%	162,680
2020	1,070,928	101,300,000	94,591	561,120	530,500	5.50%	164,245

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 2020			Fiscal Year 2011		
	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	5.82%	1	>30,000	5.88%
Montgomery County Public Schools	2	25,000-30,000	4.77%	2	20,000 - 25,000	4.81%
Montgomery County Government	3	10,000 - 15,000	2.65%	4	5,000 - 10,000	1.60%
U.S. Department of Defense	4	5,000 - 10,000	1.59%	3	10,000 - 15,000	2.67%
Adventist Healthcare	5	5,000 - 10,000	1.59%	7	5,000 - 10,000	1.60%
Holy Cross Hospital of Silver Spring	6	2,500 - 5,000	0.79%		*	-
Marriott International Admin Srvs, Inc.	7	2,500 - 5,000	0.79%	6	5,000 - 10,000	1.60%
Montgomery Community College	8	2,500 - 5,000	0.79%		*	-
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	1.60%
Lockheed Martin Corporation		*	-	8	2,500 - 5,000	0.80%
Giant Food Corporation		*	-	9	2,500 - 5,000	0.80%
Verizon		*	-	10	2,500 - 5,000	0.80%
Total			20.37%			22.16%

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 CY2019 and CY2011

- (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 20 and FY 11 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 FY20 was 472,125, and in FY11, 467,700.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
HOUSING CHOICE VOUCHER STATISTICS – ALL PROPERTIES
AS OF JUNE 30, 2020**

Income Source	# of Households
Business	212
Child Support	1036
Federal Wage	16
General Assistance	60
Imputed Welfare	5
Military	10
Other Non-Wage Income	536
Other Wage	3531
Pension	504
Social Security	3467
SSI	2639
TANF	313
Unemployment	434

Gender	Male	Female	Total
Count of Head of Household	1,630	6,402	8,032
% of Head of Households	20.29%	79.71%	100%
Count of All Family Members	6,949	11,871	18,820
% of All Family Members	36.92%	63.08%	100%

Disabled	
Count of Head of Household	2691
Count of All Family Members	3447

**Housing Choice Voucher
Statistics
As of 06/30/2020
Includes Homeownership & Portables**

Seniors	Under 62	62 +	Totals
Count of HOH	5,497	2,535	8,032
% of HOH	68.44%	31.56%	100%
Count All Members	15,811	3,009	18,820
% All Members	84.01%	15.99%	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	1373	1875	1269	955	577	481	391	319	792	8,032
Average Income in Range	\$ 1,187	\$ 8,786	\$ 12,542	\$ 17,391	\$ 22,421	\$ 27,388	\$ 32,452	\$ 37,554	\$ 52,628	\$ 17,815
Cumulative % of Families	17.09%	40.44%	56.24%	68.13%	75.31%	81.30%	86.17%	90.14%	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	7	335	1,535	1,699	1,921	1,102	857	572	4	8,032
Count of All Family Members	1,246	2,943	2,364	1,578	1,609	1,940	1,968	2,163	1,262	1,048	693	6	18,820

Race	American Indian	Asian	Black	Pacific Islander	White	Multiple	Unknown	Totals
Count of Head of Household	50	407	5,454	46	2,049	26	0	8,032
% of Head of Household	0.62%	5.07%	67.90%	0.57%	25.51%	0.32%	0.00%	100%
Count of All Family Members	113	733	13,874	105	3,640	81	274	18,820
% of All Family Members	0.60%	3.89%	73.72%	0.56%	19.34%	0.43%	1.46%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	913	7,119	0	8,032
% HOH	11.37%	88.63%	0.00%	100%
Fam Mbrs	2,127	16,263	430	18,820
% FM	11.30%	86.41%	2.28%	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	458	374	84	0	0	0	0	0	0
1 Bedroom	N/A	2,690	2,473	210	5	2	0	0	0	0
2 Bedrooms	N/A	2,556	561	1,296	564	113	17	4	1	0
3 Bedrooms	N/A	1,816	78	225	397	674	335	86	18	3
4 Bedrooms	N/A	429	5	13	38	83	79	128	55	28
5 Bedrooms	N/A	70	1	0	2	4	12	13	11	27
6 Bedrooms or Larger	N/A	13	0	0	0	0	3	0	1	9
Total # of HCV Units	N/A	8,032	3,492	1,828	1,006	876	446	231	86	67

Average Family Size
1.2 Person
1.1 People
2.1 People
3.7 People
5.2 People
6.5 People
7.2 People
2.3 People