



A Component Unit of Montgomery County, Maryland



Comprehensive Annual Financial Report

For the Fiscal Year Ended on June 30, 2015

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Issued by
Finance Department
Gail Willison, Chief Financial Officer
Belle Seyoum, Controller

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

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I. INTRODUCTORY SECTION



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



10400 Detrick Avenue
Kensington, MD 20895-2484
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November 4, 2015

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") for the fiscal year ended June 30, 2015. 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 presented are accurate in all material respects, presented in a manner designed to fairly state the financial position and results of operations of the Commission, and all necessary disclosures have been included to enable the reader to gain a complete understanding of the Commission's financial affairs.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the organizational chart of the Commission and a list of principal officers. The financial section includes the independent auditors' report on the basic financial statements, management's discussion and analysis, the basic financial statements, and supplementary information consisting of the component units' financial statements. The statistical section presents, on a multi-year basis, selected financial and demographic information for the Commission and Montgomery County.

This report includes all funds and component units of the Commission. The Commission's Financial Statements include five enterprise sub-funds: General Fund, Opportunity Housing Fund, Public Fund, Single Family Fund, and the Multifamily Fund. In addition, 15 Low Income Housing Tax Credit partnerships (LIHTC) are consolidated and presented as discretely presented 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 was enacted that established a broader housing mission for the County and restructured HAMC into the Housing Opportunities Commission of Montgomery County, Maryland (HOC). HOC is an independent Agency and component unit of Montgomery County.

HOC's governing body is the Board of Commissioners comprised of seven members, who are appointed by the County Executive and confirmed by the County Council. The Commission appoints an Executive Director to administer the affairs of the Commission. The primary sources of funding for the Commission are dwelling rental income earned by Commission owned properties, interest on mortgage and construction loans earned by the Single Family and Multifamily mortgage loan portfolios as well as Housing Assistance Payments and Public Housing capital and operating subsidy funded by the U.S. Department of Housing and Urban Development.

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.

Economic Condition and Outlook

Trends from the first and second quarters of fiscal year 2015 were generally positive, with the national Gross Domestic Product (GDP) increasing by 0.6% and 3.7% respectively. Although these figures are down from Q1 and Q2 in FY 2014, unemployment rates continue to trend in a positive direction down from 6.1% in August 2014 to 5.1% in August 2015. This has boosted business optimism to some extent despite the market turbulence experienced in early September 2015.

Nationally, foreclosure activity has declined by 21% from 2013 rates, a sign that the housing market is continuing to improve. However, foreclosures in Maryland remain comparatively high. With one in every 513 mortgages going into foreclosure, Maryland has the second-highest foreclosure rate of any state in the nation. Foreclosures in Maryland rose 3.5% from June to July 2015. Montgomery County has fared much better than the statewide average, with only one in every 1,067 mortgages ending in foreclosure.

Overall, most analysts view current economic trends positively. Despite analyst optimism, continued growth in the GDP and decreasing unemployment rates, consumers are not feeling confident in the economy. In February 2015, Fannie Mae conducted a National Housing Survey, only 24% of respondents - down from 29% in 2014 - reported a significant increase in household income over the previous 12 months. Additionally, less than half of respondents expect their personal financial situation to improve in the coming year.

Rental & Homeownership Market: At the regional level, the Washington Metropolitan area economy has weathered the economic downturn better than most other metropolitan areas and has remained one of the top economic centers in the nation due to:

- Relatively low unemployment (4.6% compared to the national average of 5.1%);
- Continued employment growth (2.4% growth compared to the national average of 2.1%);
- After significant gains in over the past five years, regional housing prices continue to rise but at a slower rate. The median sales price at the end of fiscal year 2015 was \$439,000,

which represents a 0.9% increase over median prices reported at the end of fiscal year 2014.

Housing Choice Voucher and Public Housing Operating Subsidy: Federal funding for rental assistance programs has been increasingly uncertain in recent years. Although cuts from Sequestration at the end of fiscal year 2014 were not as bad as initially feared, it is clear that funding for all entitlement programs is endangered to varying degrees. Accordingly, it remains critically important that HOC advance solutions to reduce reliance on Federal funding.

In September 2010, staff introduced the Commission to an initiative that would permit HOC to alter the status of its 669 Scattered Site Public Housing units while maintaining the same general affordability. In June 2011, HOC submitted an application to HUD requesting the disposition of these units. On March 8, 2012, HUD approved the Agency's application for the disposition of 669 Public Housing units. As of September 1, 2015, 668 of the 669 Scattered Site Public Housing units have been converted to VPC One Development Corporation or VPC Two Development Corporation ownership in the Opportunity Housing portfolio. The final unit will be converted by the end of the calendar year.

HOC continues to move forward with the conversion of its multifamily Public Housing units to project-based subsidies through the Rental Assistance Demonstration (RAD) program. Similar to the scattered site disposition, RAD converts multifamily Public Housing operating and capital grants to Project Based Section 8 subsidy. Additionally, RAD allows HOC to transfer these properties into ownership entities to access private capital for the purpose of rehabilitating or redeveloping the properties.

HOC has completed the conversion of seven of the eleven multifamily properties participating in the RAD program and these properties are now being supported by project-based vouchers or project-based rental assistance subsidy. HOC hopes to convert two additional properties, both elderly, by the end of the calendar year.

Upon conclusion of these two initiatives, currently projected in fiscal year 2018, HOC will have left the Public Housing program in favor of not only a more stable subsidy, but also a financial model that will promote improved cost management and sustainability. HOC will continue to refine operations with respect to Federal housing programs, closing all RAD transactions and formally converting all multifamily Public Housing properties to project-based rental assistance.

Operational: In early FY 2016, HOC launched HOC Housing Path, a re-imagining of wait list management designed to streamline program placement for clients while also improving operational efficiency. Unlike previous wait list programs, HOC Housing Path allows clients to complete one application and be considered for a growing number of HOC programs. Clients complete basic household composition and income information as well as community preferences and are then matched against numerous HOC opportunities as they become available. Initially, HOC Housing Path will connect clients with Housing Choice Vouchers, opportunity and tax-credit housing as well as project-based vouchers. As the program is refined, HOC hopes to broaden the

available programs to include other subsidy programs, first-time homebuyer programs and potentially programs available through HOC partners. HOC Housing Path represents a tremendous step forward in wait list management and operational efficiency.

Concurrent to the launch of HOC Housing Path, HOC is rolling out expanded client services designed to help the families we serve break the cycle of inter-generational poverty. HOC Academy will offer expanded resources and new connections to economic self-sufficiency for HOC families. In FY 2016, the agency will build upon an already strong partnership with Montgomery College to connect youth and adults with higher education opportunities. Additional partnerships are in the planning stage, all aligned to support families seeking to improve their economic situation and enhance self-sufficiency.

Real Estate Acquisition and Rehabilitation: The Commission believes that its acquisition and rehabilitation efforts create strong communities and contribute to the overall economic well being of Montgomery County.

During fiscal year 2015, construction and renovation continued on several of the Commission's multifamily and scattered site projects:

- **VPC One Development Corporation:** In June 2013, the Commission approved the renovation of 669 former Public Housing scattered site units that the Agency gained ownership of via a Section 18 Disposition. Ownership of the properties was transferred to two entities: VPC One Development Corporation (VPC 1), consisting of 390 units; and, VPC Two Development Corporation (VPC 2), consisting of 279 units. The Commission approved a total development budget for the project of \$38,500,000 of which VPC 1 was allocated \$23,000,000 and VPC 2 was allocated \$15,500,000. The scope of the renovation includes new roofs, siding, gutters, windows, exterior and interior doors, mechanical system upgrades, new kitchen and bath fixtures, appliances, cabinets, flooring, and wall paint. The scope of the renovation also addresses other defects, as they present themselves throughout the process. As of June 30, 2015, 177 units have been completed. It is estimated that the remaining units will be completed by end of FY 2016.
- **VPC Two Development Corporation:** In June 2013, the Commission approved the renovation of 669 former Public Housing scattered site units that the Agency gained ownership of via a Section 18 Disposition. Ownership of the properties was transferred to two entities: VPC One Development Corporation (VPC 1), consisting of 390 units; and, VPC Two Development Corporation (VPC 2), consisting of 279 units. The Commission approved a total development budget for the project of \$38,500,000 of which VPC 1 was allocated \$23,000,000 and VPC 2 was allocated \$15,500,000. The scope of the renovation includes new roofs, siding, gutters, windows, exterior and interior doors, mechanical system upgrades, new kitchen and bath fixtures, appliances, cabinets, flooring, and wall paint. The scope of the renovation also addresses other defects, as they present themselves throughout the process. As of June 30, 2015, 128 units have been completed, including an additional unit added to VPC 2. It is estimated the remaining units will be completed by end of FY 2016.

- RAD 6 Development Corporation:** On August 6, 2014, the Commission approved the Final Development Plan, which described the renovation, financing, and projected operations of the 268 units within six (6) former Public Housing multifamily properties: Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge (formerly known as Middlebrook Square), Towne Centre Place, and Washington Square (together, the “RAD 6”). The Commission issued \$24 million of tax exempt bonds to fund a mortgage for RAD 6, and Hamel Builders was selected as the general contractor for the renovation. The total construction budget is \$15 million, averaging \$55,701 per unit. The renovation began in February 2015 with an anticipated construction schedule of 12 months. The renovation is approximately 22% complete (59 units) and is expected to be completed in March 2016.
- Emory Grove:** As of May 30, 2015, all residents of Emory Grove Village have permanently relocated to other HOC-owned properties along with the Public Housing rental assistance that had formerly served the community. The Public Housing assistance transfer for all units occurred via the Rental Assistance Demonstration (RAD) program. Over the coming fiscal year, HOC will begin the process of rezoning the site to support redevelopment, as a mixed-income rental community.
- Alexander House:** Alexander House is a 16 story, 312 unit mixed-income multifamily building, located in downtown Silver Spring, Maryland. The building offers studios, one bedroom and two bedroom units. Forty percent of the property is income restricted for households earning up to 60% of the Area Median Income. On July 23, 2015, the Montgomery County Planning Department approved the Administrative Site Plan Amendment that will incorporate necessary changes to enhance and support the Elizabeth Square redevelopment plan. The plan for Alexander House includes: 1) modernization of the exterior to add new windows and balconies; 2) reprogramming of the first two floors to incorporate new functions into the building; 3) reconfiguring the tunnel through the building, so that it becomes part of the new program spaces for public use; 4) upgrading the interiors of all units; and, 5) upgrading the building’s mechanical systems. The plan also includes relocating some of the existing amenity space to the new roof area. The roof will be a green roof and will help with stormwater management on the site. The added green roof top and building height increase was a part of the overall Elizabeth Square project plan approval on July 23, 2015.
- Greenhills Apartments:** Greenhills Apartments is located in Damascus, Maryland and was originally constructed as part of a larger condominium community. The Commission purchased the residual 52 townhome units and 26 apartment units in 11 buildings in 1998. On June 3, 2015, the Commission approved the property’s Revised Development Plan to prepare a Low Income Housing Tax Credit (LIHTC) application for submission to the Maryland Department of Housing and Community Development (“DHCD”). The Commission is preparing to undertake a comprehensive renovation of Greenhills with work projected to begin in early spring of 2016 following the close of construction financing. A LIHTC application for 4% tax credits will be submitted and the equity raised from the sale of the tax credits along with the issuance of tax exempt bonds will provide the capital necessary to fund the full scope of work and repay the

existing loan on the property, funded from a tax-exempt draw on the PNC Bank, N.A. Real Estate Line of Credit. Greenhills will seek tax credits for only 60% of the units (47 units) at the property.

- **Chevy Chase Lake Apartments:** On January 23, 2014, the Commission approved the sale of two-thirds of the Chevy Chase Lake Apartments site to the Bethesda based townhome developer, Eakin, Youngentob & Associates (“EYA”). The remaining one-third of the site will continue to be owned by the Commission and will be redeveloped as a mixed-income multifamily community, serving market rate households and 60% and 100% Area Median Income households. On June 3, 2015, the Commission approved the preliminary development plan for the multifamily building. These approvals are pursuant to the redevelopment plan that was submitted to the Montgomery County Council and approved by the Council on July 31, 2013. The proposed redevelopment plan includes an 11-story, 200,000 square foot multifamily building to be owned by HOC or an affiliate, and 62 luxury townhomes, a new park, and road leading to the mixed use site beyond the Old Georgetown Trail to be developed by EYA.

On July 30, 2015, the site and preliminary plans for the site were approved, completing the entitlement process. Staff is preparing a final development and financing plan for submittal to the Commission. This plan will outline the transaction details for the building as well as the financial terms for the construction and permanent financing. The planned multifamily building will have three rental tiers: 15% MDPU affordable and 5% other affordable under 60% AMI; 20% workforce housing (61% - % AMI); and 60% market rate. The property will be adjacent to the proposed Chevy Chase Purple Line stop and include fitness space, roof top garden, and community lounge.

- **Elizabeth House:** Elizabeth House is one of the 11 Public Housing properties approved for conversion to Project Based subsidy under the U.S. Department of Housing and Urban Development’s (HUD) Rental Assistance Demonstration (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 the 1960s. The building is at the end of its useful life and functionally obsolete. The building is adjacent to another site, Fenwick Professional Park (FPP) owned by the Lee Development Group. Together with both Alexander House (312 units) and FPP, the entire site is called Elizabeth Square. On July 23, 2015, a Preliminary Plan for the redevelopment of Elizabeth Square was approved by Montgomery County Planning Department. The preliminary plan approved a proposed mixed-use project consisting of three buildings: the new Elizabeth House III building (senior housing), the new Elizabeth House IV building (multifamily), and the renovated Alexander House. There will be a total of 772,078 gross square feet on the Property, including up to 766,046 square feet of residential use and up to 6,032 square feet of non-residential use. In addition, 63,896 square feet of public use space will be provided. Elizabeth House III will be the first phase of new construction planned to begin early 2017. It will provide approximately 277 new one and two bedroom units, with 145 affordable replacement units and 132 market rate units. The first two

levels of the building will comprise a new wellness center with Holy Cross Hospital as an anchor partner, and a potential partnership with other public entities to operate the pool and fitness areas. Both of these functions will be rounded out with a five-star dining experience in the Bistro Kitchen, which will be a teaching kitchen focused on healthy eating and living. The next step will be to submit a Detail Site Plan outlining the complete development plan for Elizabeth Square.

- **Brooke Park:** On October 2, 2013, the Commission approved the acquisition of the Brooke Park Apartments and the assumption of the County's first right of refusal. Brooke Park consists of 18 units, nine (9) 1-bedroom units and nine (9) 2-bedroom units. The property was approximately 50% occupied and in need of renovation. The previous owner had recently entitled the property for 10 luxury townhomes and as a result, HOC must modify the existing plat in order to begin the renovation process. The strategy for the property is to maximize the number of family friendly units within the existing building envelope and minimize the need for any additional variances from planning. It was suggested by the Planning Board that the Real Estate staff re-establish the plat by process of mandatory referral. This would save the Agency significant time and resources over the normal Planning Board plat revision submittal process. In order to accomplish this, staff will require the expert guidance of various consultants (Architect, Traffic and Legal counsel, etc.). Staff has issued an RFP to obtain those services and will be requesting Commission approval to engage them in the second quarter of FY 2016.

Upon completion of the plat revision and the Architectural drawings, staff will begin the permit process and simultaneously issue an RFP for the General Contractor. The Montgomery County Department of Housing and Community Affairs (DHCA) provided \$5,200,000 to fund the entire acquisition and rehabilitation of Brooke Park. As with other rehabilitation efforts, Brooke Park will be renovated to provide high quality, well designed, amenity rich, energy efficient affordable housing in Potomac that will be competitive within the rental marketplace.

- **Barclay Apartments:** The Bethesda CBD Master Plan, in which the Barclay Apartments sits, is currently under review by the Montgomery County Planning Department's commission for zoning changes. The Planning Department's staff is currently recommending a change in zoning for the Barclay Apartments to CR 3.0, including a height limit of 75'. This zoning would allow for a redevelopment of the property yielding approximately 300 units. However, in pursuit of a financially supportable net increase in affordable units, HOC staff is requesting that the Planning Department's commission modify the staff recommendation and apply a zoning of CR 4.0, including a height limit of 100'.

The Planning Department will ultimately recommend a final set of revisions to the Bethesda CBD Master Plan in the coming fiscal year. The Montgomery County Council will also take up and approve a final version of the plan in the coming fiscal year. Based on that approval, HOC will then review its options for redevelopment.

- **Arcola Towers:** Arcola Towers is a senior housing apartment community (serves senior citizens >62 years of age), originally constructed in 1971 and located at 1135 University Boulevard

West, near the intersection of University Boulevard West and Arcola Avenue in Silver Spring, Maryland. The 12-story building contains 141-units on 3.25 acres. The building unit mix is entirely 1 bedroom/1 bath units. Arcola Towers has been conditionally approved for conversion under the RAD program from Public Housing subsidy to Project Based Rental Assistance.

Arcola Towers is a more than 40 year old high-rise structure that has received modest improvements since initial construction. HOC seeks to renovate the existing property to extend its useful life for at least another 36 years. The renovation will entail the replacement of windows, interior and exterior doors, HVAC systems, kitchen floor plan reconfiguration, and exterior facades. Interior work will require replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), flooring, painting, and installation of a new fire suppressant system. The renovation will be tenant in place, with a phasing schedule based in tiers.

Staff expects the renovation to be funded with the proceeds from LIHTC equity and private activity, tax-exempt bonds of approximately \$13.2 million, a seller note of approximately \$11.5 million and almost \$529,000 in deferred fees. Of the total project costs, \$13.1 million is budgeted for the acquisition of the Property. An additional \$10.7 million will fund renovation, financing, reserves and other soft costs, and approximately \$2.5 million for development fees to HOC. Renovation is set to begin in the second half of FY 2016 and will take place in and around both occupied and vacant units, all owned and managed by HOC.

The planned improvements will provide a standard of high quality, well designed, amenity rich, energy efficient affordable housing and strong supportive services for Montgomery County that is financially sustainable and competitive within the rental marketplace.

The RAD covenants will provide subsidy to 141 households. Household incomes are further restricted to 60% AMI to comply with the use of the federal LIHTC program.

- **Waverly House:** Waverly House is a senior housing apartment community (serves senior citizens >62 years of age), placed into service in 1978 and located at 4521 East West Highway near the intersection with Wisconsin Avenue in Bethesda, Maryland. The 0.74-acre property is improved with a 15-story building of 158 units in which 156 are one-bedroom units and two (2) two-bedroom units are currently used for offices.

Waverly House is a 40-year old high-rise structure that has received modest improvements since initial construction. HOC seeks to renovate the existing property to extend its useful life for at least another 36 years. The renovation will entail the replacement of windows, roof, interior and exterior doors, HVAC systems, kitchen floor plan reconfiguration, and exterior facades. Interior work will require replacement of kitchens and bathrooms (appliances, cabinets, fixtures, and finishes), flooring, and painting. The renovation will be tenant in place, with a phasing schedule based in tiers.

Staff expects the renovation to be funded with the proceeds from LIHTC equity and private activity, tax-exempt bonds of approximately \$22.4 million and a seller note of approximately \$21.8 million. There are no scheduled deferred fees for the project. Of the total project costs, \$28.1 million is budgeted for the acquisition of the property. An additional \$16.5 million will fund renovation, financing, reserves and other soft costs and approximately \$2.5 million for development fees to HOC. Renovation is set to begin in the second half of FY 2016 and will take place in and around both occupied and vacant units, all owned and managed by HOC.

The planned improvements will provide a standard of high quality, well designed, amenity rich, energy efficient affordable housing and strong supportive services for Montgomery County that is financially sustainable and competitive within the rental marketplace. As part of the renovation, there are several changes to the unit mix in the building. To achieve a greater amount of two-bedroom units in the building to possibly serve tenants with live-in aides, seven 1-bedroom units will be converted to 2-bedroom units by incorporating a portion of the common area balcony on floors. Also, the former property managers unit is being removed to allow for a more expansive lobby area on the first floor. As a result, post renovation there will be 149 1-bedroom units and eight (8) 2-bedroom units

The RAD conversion will provide subsidy to 145 units or 92% of the units to households that do not exceed 60% AMI. The remaining 12 units, or 8%, will be leased as Opportunity Housing units with only LIHTC income restrictions.

- **TPM Development Corp. (TPM):** TPM is a development corporation that owns three (3) separate projects: Timberlawn Crescent, a 107-unit apartment community; Pomander Court, a 24-unit townhouse community; and, 59 scattered site MDPUs.

On July 7, 2013, the Commission approved a preliminary development plan, pre-development budget, and interim financing plan that provided intermediate funds to make emergency repairs and exterior renovations at Timberlawn Crescent. The work involved replacing the structurally deficient decks as well as the interconnected building envelope systems (e.g. siding and windows), repairing drainage issues on site, replacing exterior railing and painting the buildings. This work has been completed.

On December 15, 2014, staff issued an RFP for General contracting services to renovate the interior of the apartment units at both Timberlawn Crescent and Pomander Court. On May 6, 2015, staff proposed and the Commission approved Hamel Builders for the renovation of Timberlawn and CBP Constructors for the renovation of Pomander. The renovations of Pomander will be completed in FY 2016. The renovation of Timberlawn will begin in the 2nd Quarter of FY 2016 and be completed in the 3rd quarter of FY 2017. The renovations will include new entry doors and updating of the kitchens, bathrooms, lighting, flooring, and mechanical systems as needed. Staff is investigating upgrades to the community center, Fibernet (wifi), landscaping improvements as well as new outdoor amenity spaces and improving the exterior lighting at Timberlawn. Staff will present a revised final development plan to address these issues in FY 2016 and a financing plan in FY 2017. The financing plan will propose leaving the

two (2) apartment communities together and transferring the scattered site units to HOC for renovation in the future. All outstanding indebtedness is expected to be retired from permanent financing proceeds.

The Year Ahead:

- **Bauer Park:** Bauer Park is a 142-unit elderly property located in Rockville, MD, whose deeply affordable rent levels are supported by Federal rental assistance. The original construction in 1977 of the property was funded by a Section 236 loan. At the completion of construction, the Federal rental subsidy commenced. As such, the property is owned by a single-asset non-profit entity presided over by a volunteer board. However, the loan matures in 2017 along with the associated rental subsidy. The rental subsidy has no provision for renewal.

HOC, thus, expects to take ownership of this property during the coming fiscal year upon conversion of the property via Component Two of the Rental Assistance Demonstration (“RAD”) program to Project Based Section 8 subsidy. HOC’s ownership is essential as the non-profit entity that currently holds the property does not have the financial strength to guarantee the new sources of debt and equity required to comprehensively renovate the property, a core requirement of conversion under the RAD program.

The renovation will likely take 14 months, and affordability will be retained (and likely increased) for all existing income-qualifying residents.

- **Town Center Apartments:** Town Center Apartments is a 112-unit elderly property located in Rockville, MD, whose deeply affordable rent levels are supported by Federal rental assistance. The original construction in 1978 of the property was funded by a Section 236 loan. At the completion of construction, the Federal rental subsidy commenced. As such, the property is owned by a single-asset non-profit entity presided over by a volunteer board. However, the loan matures in 2018 along with the associated rental subsidy. The rental subsidy has no provision for renewal.

HOC, thus, expects to take ownership of this property during the coming fiscal year upon conversion of the property via Component Two of the Rental Assistance Demonstration (“RAD”) program to Project Based Section 8 subsidy. HOC’s ownership is essential as the non-profit entity that currently holds the property does not have the financial strength to guarantee the new sources of debt and equity required to comprehensively renovate the property, a core requirement of conversion under the RAD program.

The renovation will likely take 14 months, and affordability will be retained (and likely increased) for all existing income-qualifying residents.

- **Victory Crossing:** Victory Crossing is a 105-unit, new construction, affordable senior community in the White Oak community of Silver Spring, MD, slated to close on financing and begin construction in January 2016. HOC has entered into a grant agreement to fund the placement

of 39 Project Based Vouchers created by the conversion of some of HOC's existing Public Housing-funded units via the RAD program.

As a part of this arrangement, HOC will be admitted as a 21% member of the general partner for the new, Low Income Housing Tax Credit-funded property. HOC will not be responsible for any guarantees as a part of this role.

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.

Single Audit: In compliance with the A-133 requirements, the Commission is subject to an annual audit of all federal expenditures in excess of \$500,000 to be performed by an independent public accounting firm. The Single Audit was performed by CliftonLarsonAllen LLP for the year ended June 30, 2015 with no material weaknesses or significant deficiencies noted in the internal control over financial reporting. The Commission did have significant deficiencies noted in internal controls over major programs. The Commission's Single Audit is available under separate cover.

Budgeting Process: The Commission moved to a two-year budget cycle during the preparation of the FY'15-16 Biennial Budget. The Commission, on a biennial basis in conjunction with division heads and Executive Staff, prepares a biennial Agency-wide budget by department and program. The biennial budget is submitted to the Executive Director for approval and then presented to the Budget, Finance and Audit Committee (BF&A, a subset of the full Commission) and subsequently to the full Commission. Both groups must approve the biennial budget. During the off cycle year, the second year of the biennial budget is amended for major changes. The amendment process follows the same approval path as the biennial budget. The Commission is no longer required to submit an annual budget to HUD for the Housing Choice Voucher Program but is required to submit a budget for the Public Housing Operating Subsidy. During the year, current year budget amendments are presented to the BF&A Committee and the Commission for approval. Each Division Director or program head is responsible for monitoring budget to actual performance. On a quarterly basis, budget to actual reports are prepared and presented to both the BF&A Committee and the Commission.

Component Units: The Commission has 15 discretely presented component units which consist of LIHTC limited partnerships. Each LIHTC limited partnership is made up of a property or series of properties which provide rental housing to qualified tenants. As the 15-year cycle for maintaining the LIHTC partnerships expire, units are donated to the Commission by the limited partners. These units are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide rental housing for the Commission's target population.

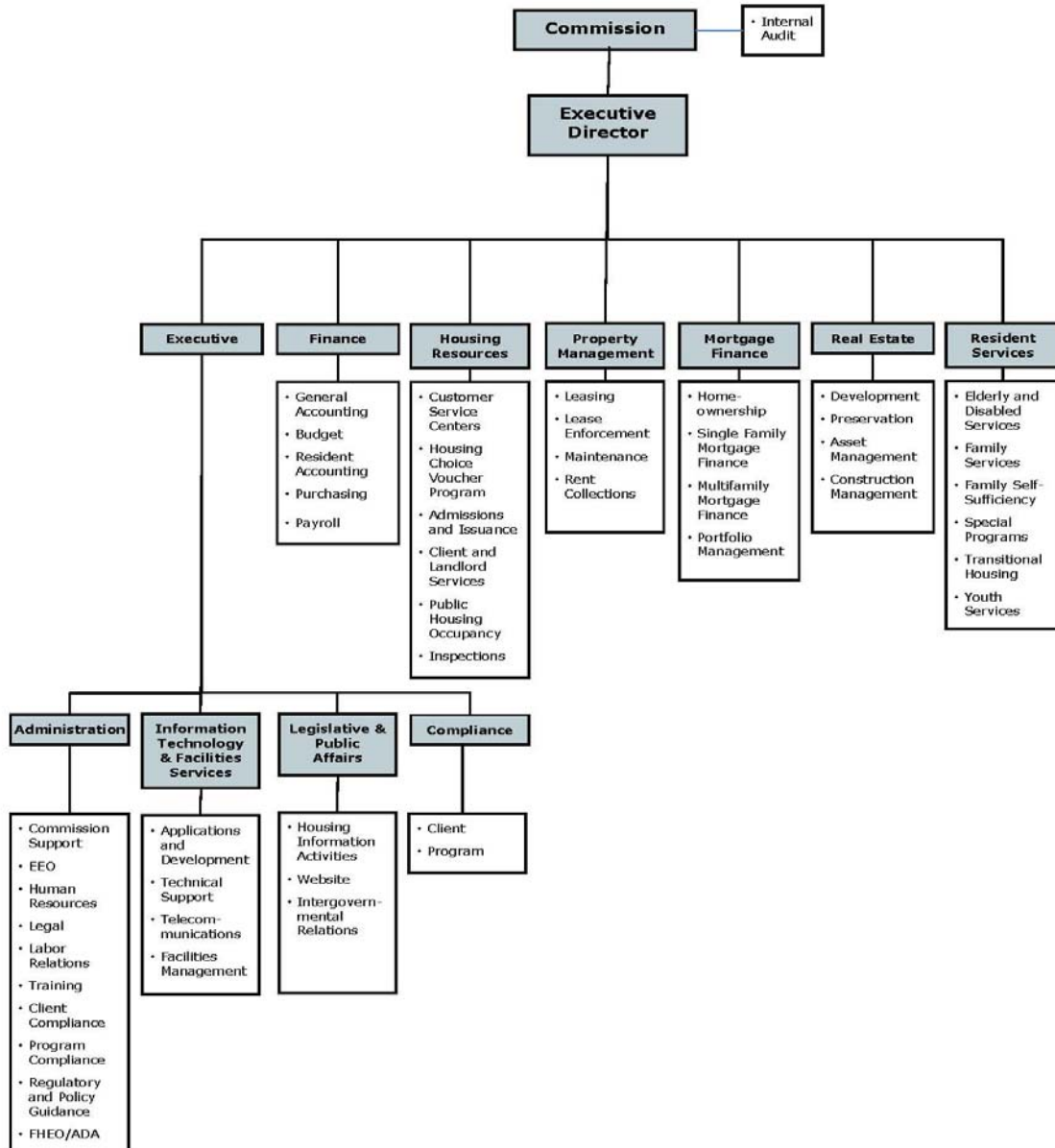
Acknowledgements: The preparation of this report has been accomplished by the efforts of the Finance Department in conjunction with the support of various division heads and staff throughout the Agency. We would also like to thank the Commission for their continued support and guidance throughout the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

Respectfully submitted,

Gail Goodman Willison

Gail Willison
Chief Financial Officer

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



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

Name, Title	Expiration of Term
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BOARD OF COMMISSIONERS

Sally Roman, Chair	August, 2016
Jackie Simon, Vice Chair	August, 2015
Jean Banks, Chair Pro Tem	August, 2017
Roberto Piñero, Commissioner	August, 2018
Richard Y. Nelson, Jr., Commissioner	August, 2018
Margaret McFarland, Commissioner	August, 2019
Christopher L. Hatcher, Commissioner	August, 2019

SENIOR MANAGEMENT

Stacy Spann, Executive Director
Kelly McLaughlin, General Counsel

EXECUTIVE STAFF

Gina Smith, Chief Operating Officer
Gail Willison, Chief Financial Officer
Kayrine Brown, Chief Investment and Real Estate Officer
Kenneth Goldstraw, Acting Chief Information Officer
Lynn Hayes, Director of Housing Resources
Fred Swann, Director of Resident Services
Patrick Mattingly, Director of Human Resource
Bobbie DaCosta, Acting Director of Property Management

I. FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Opportunities Commission of
Montgomery County, 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, 2015, 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 the discretely presented component units, which represent 100 percent, respectively, of the assets, net position, and revenues of the 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 audit procedures on the conversion adjustments to the financial statements of the discretely presented component units, which conform those financial statements to present in accordance with the accounting standards issued by the Governmental 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Commission as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Commission adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the Commission reported a restatement for the change in accounting principle (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, the Schedule of Commissions Proportionate Share of the Net Pension Liability on page 82, and the Schedule of Commission Contributions on page 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The sub-fund financial statements and budgetary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The sub-fund financial statements and budgetary information 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 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
November 4, 2015

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary governmental entity.

Financial Highlights

- The Commission's net position increased by \$1.2 million (or 0.7%) from \$180.6 million at June 30, 2014 to \$181.8 million at June 30, 2015. This change consists of a decrease of \$7.4 million for the adoption of GASB 68 and an increase of \$8.6 million as a result of current year activity.
- The Commission's current ratio (ratio of current assets to current liabilities) decreased from 4.04 at June 30, 2014 to 3.11 at June 30, 2015 due to an increased utilization of the line of credit.
- Outstanding mortgage and construction loans receivable decreased from \$303.1 million at June 30, 2014 to approximately \$269.3 million at June 30, 2015.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 0.9% from \$89.4 million in fiscal year 2014 to \$90.3 million in fiscal year 2015.
- The Multifamily Bond Sub-fund issued bonds in the amount of \$24.0 million under the 1996 indenture for the redevelopment of the RAD 6 properties. During fiscal year 2015, the Multifamily Sub-Fund retired and refunded bonds in the amount of \$52.7 million which consisted of \$44.7 million from the 1996 indenture, \$5.1 million from the 2002 Multiple Purpose Bonds, \$2.1 million from the 1982 indenture, and \$0.8 million from other indentures.
- The Single Family Bond Sub-Fund retired and refunded bonds in the amount of \$23.4 million which consisted of \$18.1 million from 1979 indenture and \$5.3 million from the 2009 indenture.
- During 2015, the Commission acquired six multifamily properties through the U.S. Department of Housing and Urban Development (HUD) from its Rental Assistance Demonstration program (RAD). These Multi Family properties are now incorporated under RAD 6 Development Corporation.
- During fiscal year 2015, the Commission acquired a fully accessible, to persons with physical disabilities, single family three bedroom home at 2803 Terrapin Road in Silver Spring, Maryland under VPC One Development Corporation.
- During fiscal year 2015, the Commission acquired a multifamily property known as Avondale Street Properties, located in Bethesda, Maryland. The property will be held for future development.
- During fiscal year 2015, the Commission acquired a one acre site located at 10140 New Hampshire Avenue for future development.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

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 statements of revenues, expenses, and changes in net position.

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

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

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

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

Sub-Funds

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

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

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

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

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 15 real estate limited partnerships. Thirteen of the partnerships have calendar year ends and two have a June 30 fiscal year end. Accordingly, the amounts included for each discretely presented component unit that comprise the aggregate component unit column in the combined financial statements are as of and for the respective year ends that fall within the year ended June 30, 2015.

Blended Component Units

Development Corporation – The Commission has 20 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 2015 increased by 0.7%.

Net investment in capital assets is -5.7% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

43.2% of the Commission's position reflects cash and investments, which are restricted as to their use. The preponderance of these restricted net assets are used to finance and fund low-income housing.

62.5% of the Commission's net position is unrestricted. These non-restricted resources are used in the operations of the Commission.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

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

	<u>2015</u>	<u>2014</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Assets:				
Current and other assets	\$ 339.4	\$ 312.8	\$ 26.6	8.5%
Capital assets	372.1	351.1	21.0	6.0%
Mortgage and construction loans receivable	269.3	303.1	(33.8)	(11.2)%
Total assets	<u>980.8</u>	<u>967.0</u>	<u>13.8</u>	<u>1.4%</u>
Deferred outflows of resources	<u>11.6</u>	<u>9.6</u>	<u>2.0</u>	<u>20.8%</u>
Liabilities:				
Current liabilities (including current portion of long-term debt and bonds payable)	<u>109.1</u>	<u>77.5</u>	<u>31.6</u>	<u>40.8%</u>
Noncurrent liabilities:				
Bonds payable	527.8	579.6	(51.8)	(8.9)%
Other liabilities	170.3	138.9	31.4	22.6%
Total liabilities	<u>807.2</u>	<u>796.0</u>	<u>11.2</u>	<u>1.4%</u>
Deferred inflows of resources	<u>3.5</u>	<u>-</u>	<u>3.5</u>	<u>100.0%</u>
Net position				
Net investment in capital assets	(10.4)	16.1	(26.5)	(164.6)%
Restricted for:				
Debt service	75.0	73.8	1.2	1.6%
Customer deposits and other	2.0	1.3	0.7	53.8%
Closing cost assistance program	1.5	1.0	0.5	50.0%
Unrestricted	<u>113.7</u>	<u>88.4</u>	<u>25.3</u>	<u>28.6%</u>
Total net position	<u>\$ 181.8</u>	<u>\$ 180.6</u>	<u>\$ 1.2</u>	<u>0.7%</u>

Total assets of the Commission increased by \$13.8 million or 1.4%, with a corresponding increase in total liabilities of \$14.7 million or 1.8% from fiscal year 2014.

The increase in total assets was largely due to an increase in capital assets as a result of the renovation of the scattered site units under VPC One and Two Development Corporations and the acquisition of the Avondale property.

Based on Government Accounting Standards Board (GASB) 53, *Accounting and Financial Reporting for Derivative Instruments*, the changes in fair values of hedging derivative instruments are presented as either deferred inflows or outflows in the statement of net position. HOC has experienced a decrease in fair value of \$.09 million in both the Single Family Sub-Fund and the Multifamily Sub-Fund in its interest rate swaps liability.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

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

	<u>2015</u>	<u>2014</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating revenues:				
Dwelling rental	\$ 68.5	\$ 65.4	\$ 3.1	4.7%
Intergovernmental grants	115.2	105.7	9.5	9.0%
Investment income	5.5	3.7	1.8	49.2%
Unrealized gains (losses) on investments	(0.4)	0.8	(1.2)	(147.5)%
Interest on mortgages and construction loans receivable	13.9	15.0	(1.1)	(7.1)%
Management fees and other income	11.1	11.2	(0.1)	(0.5)%
Total operating revenues	<u>213.9</u>	<u>201.8</u>	<u>12.1</u>	<u>6.0%</u>
Operating expenses:				
Housing assistance payments	90.3	89.4	0.9	1.0%
Administration	34.5	34.0	0.5	1.5%
Maintenance	17.0	16.9	0.1	0.6%
Depreciation and amortization	15.7	17.4	(1.7)	(9.8)%
Utilities	5.8	5.3	0.5	9.4%
Fringe benefits	10.7	11.1	(0.4)	(3.6)%
Pension expense	(1.0)	-	(1.0)	100.0%
Interest expense	23.8	24.2	(0.4)	(1.7)%
Other expenses	9.9	9.1	0.8	8.8%
Total operating expenses	<u>206.7</u>	<u>207.4</u>	<u>(0.7)</u>	<u>(0.4)%</u>
Operating (loss)	7.2	(5.6)	12.8	(228.8)%
Nonoperating revenues, net	<u>1.2</u>	<u>0.1</u>	<u>1.1</u>	<u>1100.0%</u>
Income (loss) before contributions	8.4	(5.5)	13.9	(252.9)%
Capital contributions and transfers	<u>0.2</u>	<u>0.5</u>	<u>(0.3)</u>	<u>(60.0)%</u>
Change in net position	<u>\$ 8.6</u>	<u>\$ (5.0)</u>	<u>\$ 13.6</u>	<u>(272.2)%</u>

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, 2015, the Commission has recorded all ABA received as income.

Intergovernmental grants increased by \$9.5 million as a result of an increase in County, State and HUD subsidies.

Dwelling rental income increased by \$3.1 million as a result of the transfer of six (6) Public Housing properties to RAD 6 Development Corporation utilizing housing choice vouchers, and the acquisition of the Avondale Street Apartments as well as 2803 Terrapin Road.

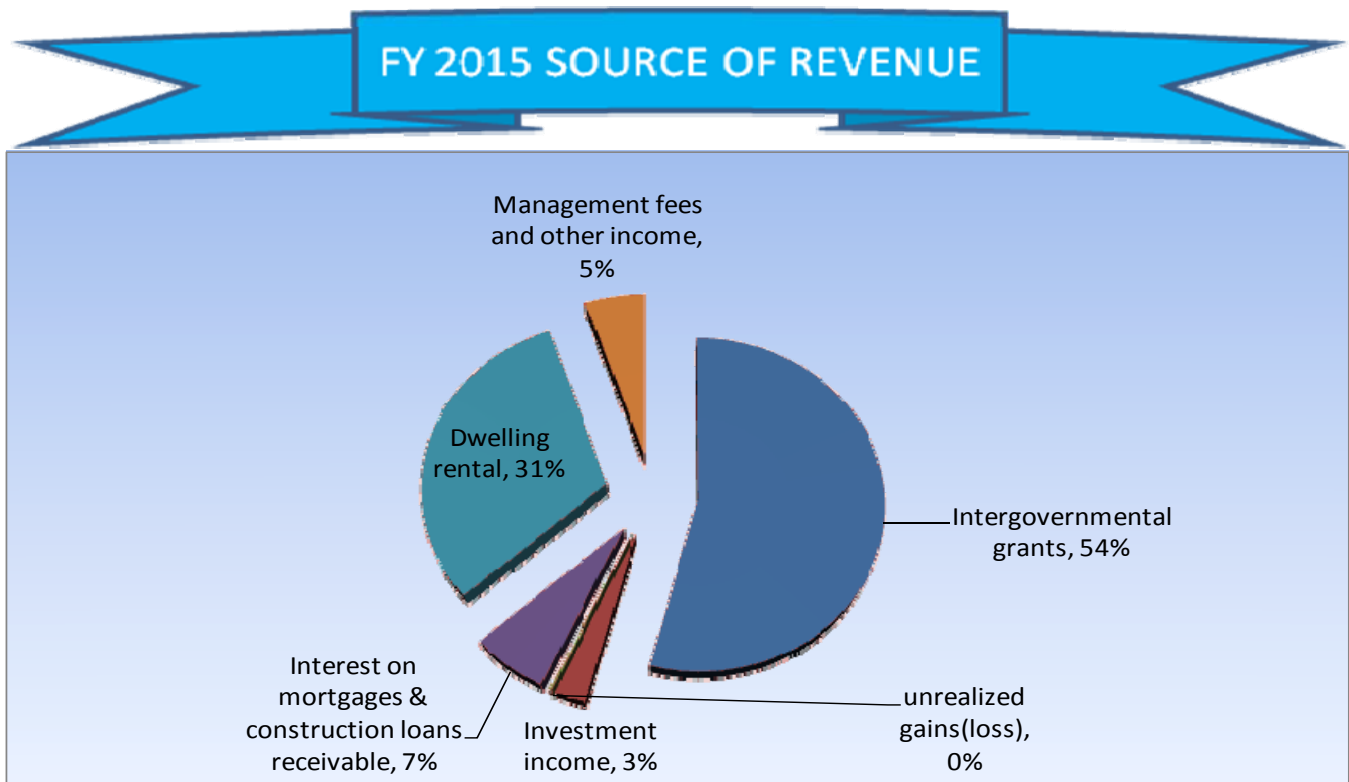
The increased investment interest income of \$1.8 million is due to the termination of two swap agreements resulting in higher net proceeds in FY 2015.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

Interest on mortgages receivable decreased by \$1.1 million as a result of a decrease in the average outstanding mortgages in both the Single Family Sub-fund and the Multifamily Sub-fund.

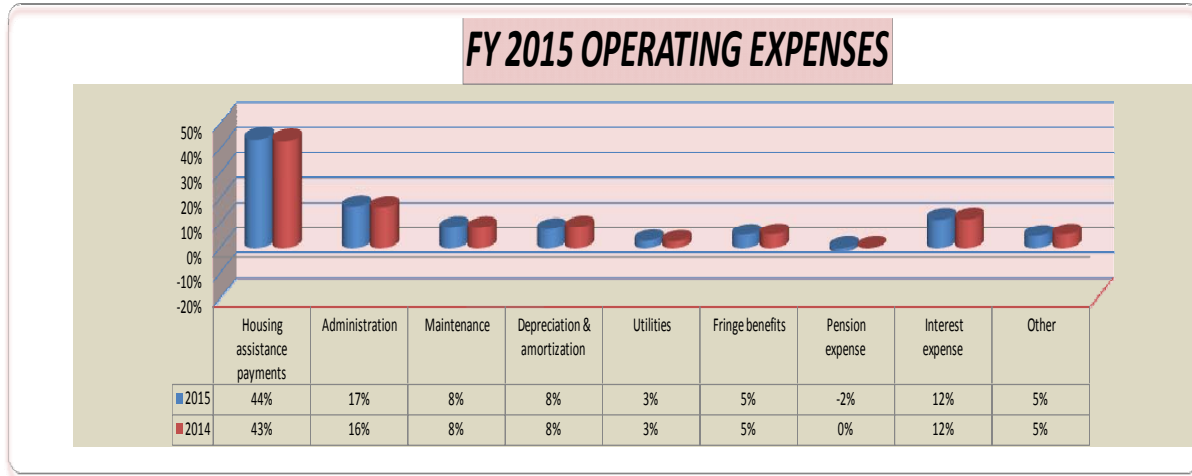
Management fees and other income increased by \$0.1 million due to the sale of more scattered site units than last year.

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



HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

The following is a comparison of current and prior year operating expenses:



The increase in housing assistance payments is due to an increase in housing choice voucher payments to landlords during fiscal year 2015 as a result of increased utilization and the average payment per voucher.

Administrative expenses did not change materially compared to the same period last year.

Maintenance, depreciation and amortization, utilities, fringe benefits and interest expenses remained at the same level as in the prior year.

Pension expense is a new line item implemented in FY 2015 as a result of the GASB No. 68 pronouncement; therefore, there is no prior year comparison for measurement.

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

	<u>2015</u>	<u>2014</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Property and equipment, net of depreciation	\$ 361.1	\$ 339.4	\$ 21.7	6.4%
Capitalized lease (net of amortization)	11.0	11.7	(0.7)	(6.0)%
Total capital assets, net	<u>\$ 372.1</u>	<u>\$ 351.1</u>	<u>\$ 21.0</u>	<u>6.0%</u>

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

Real property is depreciated using the straight line method over a 40 year period. During the year, the Commission acquired assets of approximately \$39.8 million, while disposing of capital assets with a net book value of approximately \$3.2 million. The increase is largely attributable to the renovation of 669 scattered site units, the acquisition of Avondale Street Properties and 2803 Terrapin Road Home as well as the purchase of a one acre site that will be held for future development.

In FY 2015 the Commission acquired six (6) multifamily properties through the U.S. Department of HUD through its RAD program. These properties are scattered throughout Montgomery County, Maryland. These units are intended to serve low to moderate income individuals and families.

Note 5 (Capital Assets) provides detailed information about capital asset activity.

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

	<u>2015</u>	<u>2014</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Multifamily bonds	\$ 290.9	\$ 318.9	\$ (28.0)	(8.8)%
Single Family Mortgage Purchase Program bonds	236.9	260.7	(23.8)	(9.1)%
Mortgage notes and loans payable	124.7	57.3	67.4	117.6%
Capitalized lease obligation	19.9	20.1	(0.2)	(1.0)%
Loans payable to Montgomery County	64.5	73.6	(9.1)	(12.4)%
Total	<u>\$ 736.9</u>	<u>\$ 730.6</u>	<u>\$ 6.3</u>	<u>0.9%</u>

The following are key elements of the Commission's outstanding debt as of June 30, 2015:

- As of June 30, 2015, \$290.9 million of multifamily mortgage bonds was outstanding. Sources of payments for the bonds are multifamily mortgages receivable of \$283.8 million and cash, cash equivalents and investments of \$56.4 million.
- As of June 30, 2015, \$236.9 million of Single Family mortgage bonds was outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$139.9 million and cash, cash equivalents and investments of \$122.8 million.

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

Note 9 (Bonds, Mortgage Notes, and Loans Payable) provides detailed information about long-term debt activity.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2015

Economic Outlook

The Board of Commissioners, management team and staff have wrestled with a broad range of economic uncertainties in preparing the FY 2016 budget. These uncertainties extend across all levels of public funding. In particular, federal funding cuts from sequestration pose challenges for the operation of the Housing Choice Voucher (HCV) and Public Housing programs.

As of October 2015, HUD announced that Public Housing will be funded at 85.36%. Public Housing funding continues to be targeted in an effort to reduce federal spending. Because of the higher capital expenses associated with Public Housing properties, the Commission views Public Housing funding as less stable than HCV subsidies.

In anticipation of a reduction in Public Housing subsidy, the Commission has fully converted 6 multifamily properties into the RAD program to utilize higher HCV subsidies. In addition, the Commission is in the process of converting the rest of the Public Housing in the coming two years.

The funding challenges come at a time when the need for affordable housing in Montgomery County is increasing. Numerous regional studies have projected a growing shortage of housing due to job growth, especially in Montgomery County. The job market, while better than national and state averages, still left 4.5% of Montgomery County residents unemployed as of June 2015.

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 Controller, 10400 Detrick Avenue, Kensington, Maryland, 20895.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2015

	Business-Type Activities	Real Estate Limited Partnership Component Units
ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and cash equivalents	\$ 86,664,614	\$ 5,870,212
Advances to component units	19,575,076	700,527
Accounts receivable and other assets	13,540,288	-
Accrued interest receivable	5,089,457	-
Mortgage and construction loans receivable, current	26,075,571	-
Total unrestricted current assets	150,945,006	6,570,739
Restricted cash and cash equivalents and investments:		
Restricted cash and cash equivalents	104,184,247	7,370,436
Restricted short-term investments	3,187,915	-
Current bonds payable	33,855,605	-
Customer deposits	4,823,765	746,376
Total restricted cash and cash equivalents and investments	146,051,532	8,116,812
Total current assets	296,996,538	14,687,551
NONCURRENT ASSETS		
Restricted long-term investments	60,984,637	-
Mortgage and construction loans receivable, net of current portion	243,219,713	-
Capital assets, net of depreciation	361,061,509	128,796,590
Leased property under capital lease, net of amortization	10,993,289	-
Other real estate owned	3,401,833	-
Loans receivable from component units	2,291,820	-
Investment in real estate partnerships	1,873,221	-
Deferred charges	-	2,400,688
Total noncurrent assets	683,826,022	131,197,278
TOTAL ASSETS	980,822,560	145,884,829
DEFERRED OUTFLOWS OF RESOURCES		
Fair value of hedging derivatives	10,504,981	-
Employer pension contributions subsequent to measurement date	1,099,247	-
Total deferred outflows of resources	11,604,228	-

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2015

	Business-Type Activities	Real Estate Limited Partnership Component Units
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 13,557,447	\$ 2,994,168
Accrued interest payable	2,715,345	3,890,756
Loans payable to Montgomery County - current	334,292	-
Mortgage notes and loans payable - current	54,534,411	14,380,322
Capitalized lease obligations - current	3,616	-
Total current unrestricted liabilities	71,145,111	21,265,246
Current liabilities payable from restricted assets:		
Customer deposits payable	4,050,090	694,656
Accrued interest payable	8,895,306	-
Bonds payable - current	24,960,300	-
Total current liabilities payable from restricted assets	37,905,696	694,656
Total current liabilities	109,050,807	21,959,902
NONCURRENT LIABILITIES		
Bonds payable	502,797,119	-
Mortgage notes and loans payable	70,203,267	81,491,449
Loans payable to Montgomery County	64,166,537	12,681,326
Capitalized lease obligations	19,949,804	-
Unearned revenue	12,452,275	12,648
Advances due to primary government	-	22,850,540
Other noncurrent liabilities	-	5,971,799
Escrow and other deposits	13,991,621	-
Net pension liability	4,066,724	-
Derivative instrument	10,504,981	-
Total noncurrent liabilities	698,132,328	123,007,762
Total liabilities	807,183,135	144,967,664
DEFERRED INFLOWS OF RESOURCES		
Unamortized pension net difference	3,467,783	-
NET POSITION		
Net investment in capital assets	(10,442,753)	(2,607,047)
Restricted for:		
Debt service	74,991,824	-
Customer deposits and other	1,988,649	-
Closing cost assistance program	1,498,542	-
Unrestricted	113,739,608	3,524,212
TOTAL NET POSITION	\$ 181,775,870	\$ 917,165

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUSINESS-TYPE ACTIVITIES
AND DISCREETLY PRESENTED COMPONENT UNITS
Year ended June 30, 2015

	Business-Type Activities	Real Estate Limited Partnership Component Units
OPERATING REVENUES		
Dwelling rental	\$ 68,471,662	\$ 18,128,161
Investment income	5,523,274	-
Unrealized gains (losses) on investments	(379,610)	-
Interest on mortgage and construction loans receivable	13,933,659	-
Management fees and other income	11,139,945	491,306
U.S. Department of Housing and Urban Development grants:		
Housing Assistance Payments (HAP)	88,010,013	-
HAP administrative fees	6,158,651	-
Other grants	9,629,839	-
State and County grants	11,399,128	-
Total operating revenues	<u>213,886,561</u>	<u>18,619,467</u>
OPERATING EXPENSES		
Housing Assistance Payments	90,324,278	-
Administration	34,514,669	3,107,022
Maintenance	16,965,337	3,902,015
Depreciation and amortization	15,684,194	5,630,650
Utilities	5,832,573	1,619,280
Fringe benefits	10,754,584	990,543
Pension expense	(1,042,200)	4,302,936
Interest expense	23,766,914	2,213,934
Other expenses	9,854,552	64,945
Total operating expenses	<u>206,654,901</u>	<u>21,831,325</u>
Operating income (loss)	<u>7,231,660</u>	<u>(3,211,858)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	1,008,868	8,277
Interest on mortgage and construction loans receivable	177,022	-
Interest expense	(430,115)	-
State and County grants	4,536	-
Real estate transfer	197,129	-
Other grants	244,484	-
Total nonoperating income	<u>1,201,924</u>	<u>8,277</u>
Income (loss) before contributions and transfers	8,433,584	(3,203,581)
Capital contributions (distributions)	<u>182,091</u>	<u>(63,476)</u>
CHANGE IN NET POSITION	8,615,675	(3,267,057)
TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>173,160,195</u>	<u>4,184,222</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 181,775,870</u>	<u>\$ 917,165</u>

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
Year ended June 30, 2015

	<u>Business-Type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 77,558,457
Intergovernmental revenue	115,396,809
Investment income received	5,774,530
Mortgage interest received	21,428,231
Mortgage loan principle received	52,531,919
Management fees and other income	(7,155,253)
Payments to suppliers	(31,013,104)
Payments to employees	(33,717,118)
Interest paid	(24,213,344)
Housing assistance payments	(90,523,456)
Net cash provided by operating activities	<u>86,067,671</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Advances to component units	5,358,355
Issuance of notes receivable	3,172,632
Repayment of notes receivable	9,747,833
Investments purchased	(1,018,365)
Investments sold	6,621,183
Investment income received	593,077
Investment in mortgages receivable	(53,339,672)
Mortgage interest received	92,576
Net cash used in investing activities	<u>(28,772,381)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from sale of bonds	24,018,199
Intergovernmental revenue	244,484
Bond repayments	(76,050,000)
Net cash used in noncapital financing activities	<u>(51,787,317)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for property, equipment and committed financing fees	(36,841,898)
Proceeds from sale of property and equipment	202,882
Proceeds from new mortgage notes and loans payable	85,762,425
Payments on mortgage notes and loans payable	(33,762,570)
Proceeds from new loans payable to Montgomery County	8,980,055
Interest paid on mortgages	(430,115)
Payments on capital lease obligations	(180,291)
Capital contributions and transfers	182,091
Net cash provided by capital and related financing activities	<u>23,912,579</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	29,420,552
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>200,107,679</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 229,528,231</u>

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
Year ended June 30, 2015
(Continued)

	Business-Type Activities
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR	
TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Current unrestricted cash and cash equivalents	\$ 86,664,614
Restricted cash and cash equivalents:	
Restricted cash and cash equivalents	104,184,247
Current bonds payable	33,855,605
Customer deposits	4,823,765
Total cash and cash equivalents	229,528,231
RECONCILIATION OF OPERATING LOSS TO NET CASH	
PROVIDED BY OPERATING ACTIVITIES	
Operating income	7,231,660
Adjustments to reconcile operating income to net cash	
provided by operating activities:	
Depreciation and amortization	15,684,194
Unrealized losses on investments	379,610
Effects of changes in operating assets and liabilities:	
Accounts receivable and other assets	(21,141,019)
Mortgage and construction loans receivables	71,639,776
Accrued interest receivable	261,677
Other real estate owned	(204,441)
Deferred charges	(414,102)
Interfund receivable	4,300,507
Accounts payable	7,400,046
Deferred revenue	1,422,655
Accrued interest payable	(515,346)
Escrow and other deposits	22,454
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 86,067,671
NONCASH ITEMS	
Interest on capital appreciation bonds	\$ 18,199

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION - REAL ESTATE LIMITED PARTNERSHIPS
June 30, 2015

	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester</u>	<u>Willows</u>	<u>Georgian</u>	<u>Stewarttown</u>
Assets							
Current assets							
Cash and cash equivalents	\$ 100	\$ -	\$ 1,249,466	\$ 111,620	\$ 419,104	\$ 307,729	\$ 295,958
Accounts receivable and other assets	<u>77,707</u>	<u>59,129</u>	<u>28,907</u>	<u>8,439</u>	<u>93,848</u>	<u>48,085</u>	<u>43,501</u>
Total unrestricted current assets	<u>77,807</u>	<u>59,129</u>	<u>1,278,373</u>	<u>120,059</u>	<u>512,952</u>	<u>355,814</u>	<u>339,459</u>
Restricted cash and cash equivalents							
Restricted cash and cash equivalents	257,558	202,595	525,690	71,924	711,121	352,684	264,052
Customer deposits	<u>49,692</u>	<u>28,574</u>	<u>55,858</u>	<u>21,540</u>	<u>135,545</u>	<u>102,182</u>	<u>48,080</u>
Total restricted cash and cash equivalents	<u>307,250</u>	<u>231,169</u>	<u>581,548</u>	<u>93,464</u>	<u>846,666</u>	<u>454,866</u>	<u>312,132</u>
Noncurrent assets							
Property & equipment, net of depreciation	5,903,513	3,171,137	6,789,641	1,917,811	5,535,313	6,156,778	6,189,632
Deferred charges	<u>56,187</u>	<u>114,444</u>	<u>131,923</u>	<u>60,210</u>	<u>123,515</u>	<u>107,225</u>	<u>146,091</u>
Total noncurrent assets	<u>5,959,700</u>	<u>3,285,581</u>	<u>6,921,564</u>	<u>1,978,021</u>	<u>5,658,828</u>	<u>6,264,003</u>	<u>6,335,723</u>
Total Assets	<u>\$ 6,344,757</u>	<u>\$ 3,575,879</u>	<u>\$ 8,781,485</u>	<u>\$ 2,191,544</u>	<u>\$ 7,018,446</u>	<u>\$ 7,074,683</u>	<u>\$ 6,987,314</u>
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	\$ 562,163	\$ 34,365	\$ 168,800	\$ 44,516	\$ 269,648	\$ 101,066	\$ 131,972
Accrued interest payable	21,344	15,249	24,403	10,835	-	13,483	108,727
Mortgage notes and loans payable - current	<u>208,690</u>	<u>114,211</u>	<u>269,499</u>	<u>74,401</u>	<u>452,826</u>	<u>329,788</u>	<u>329,772</u>
Total unrestricted current liabilities	<u>792,197</u>	<u>163,825</u>	<u>462,702</u>	<u>129,752</u>	<u>722,474</u>	<u>444,337</u>	<u>570,471</u>
Current liabilities payable from restricted assets							
Customer deposit payable	<u>42,966</u>	<u>25,727</u>	<u>54,966</u>	<u>20,756</u>	<u>135,604</u>	<u>100,104</u>	<u>49,106</u>
Total current liabilities payable from restricted assets	<u>42,966</u>	<u>25,727</u>	<u>54,966</u>	<u>20,756</u>	<u>135,604</u>	<u>100,104</u>	<u>49,106</u>
Non-current liabilities							
Mortgage notes and loans payable	5,010,016	3,975,784	5,361,964	1,637,478	2,928,940	3,494,684	2,727,807
Loans payable to Montgomery County	1,405,500	800,000	282,000	800,000	600,000	1,676,298	2,425,420
Deferred revenue	-	-	3,240	-	5,364	4,044	-
Due to primary government	2,435,669	(56,387)	-	337,202	(10,593)	3,268	-
Other noncurrent liabilities	1,407,341	832,687	-	311,117	284,043	355,775	-
Escrow and other deposits	-	-	-	-	-	-	-
Total non-current liabilities	<u>10,258,526</u>	<u>5,552,084</u>	<u>5,647,204</u>	<u>3,085,797</u>	<u>3,807,754</u>	<u>5,534,069</u>	<u>5,153,227</u>
Total liabilities	11,093,689	5,741,636	6,164,872	3,236,305	4,665,832	6,078,510	5,772,804
Net position (deficit)	<u>(4,748,932)</u>	<u>(2,165,757)</u>	<u>2,616,613</u>	<u>(1,044,761)</u>	<u>2,352,614</u>	<u>996,173</u>	<u>1,214,510</u>
Total liabilities and net position	<u>\$ 6,344,757</u>	<u>\$ 3,575,879</u>	<u>\$ 8,781,485</u>	<u>\$ 2,191,544</u>	<u>\$ 7,018,446</u>	<u>\$ 7,074,683</u>	<u>\$ 6,987,314</u>

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – REAL ESTATE LIMITED PARTNERSHIPS
Year ended June 30, 2015

	Strathmore	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood/Sligo	Hampden Lane	Totals
Assets									
Current assets									
Cash and cash equivalents	\$ 21,762	\$ 99,654	\$ 274,773	\$ 581,622	\$ 274,656	\$ 1,456,499	\$ 744,906	\$ 32,363	\$ 5,870,212
Accounts receivable and other assets	12,481	41,053	38,073	32,033	109,418	61,300	31,705	14,848	700,527
Total unrestricted current assets	34,243	140,707	312,846	613,655	384,074	1,517,799	776,611	47,211	6,570,739
Restricted cash and cash equivalents									
Restricted cash and cash equivalents	108,224	285,726	479,044	314,857	342,032	1,918,505	1,112,253	424,171	7,370,436
Customer deposits	24,597	42,971	34,792	33,174	22,718	50,161	94,036	2,456	746,376
Total restricted cash and cash equivalents	132,821	328,697	513,836	348,031	364,750	1,968,666	1,206,289	426,627	8,116,812
Noncurrent assets									
Property & equipment, net of depreciation	3,250,915	6,708,966	9,336,055	7,927,539	11,583,427	22,340,995	27,945,836	4,039,032	128,796,590
Deferred charges	-	-	264,135	368,409	364,228	495,365	154,335	14,621	2,400,688
Total noncurrent assets	3,250,915	6,708,966	9,600,190	8,295,948	11,947,655	22,836,360	28,100,171	4,053,653	131,197,278
Total Assets	\$ 3,417,979	\$ 7,178,370	\$ 10,426,872	\$ 9,257,634	\$ 12,696,479	\$ 26,322,825	\$ 30,083,071	\$ 4,527,491	\$ 145,884,829
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	\$ 17,687	\$ 92,952	\$ 71,299	\$ 70,108	\$ 111,231	\$ 323,112	\$ 884,209	\$ 111,040	\$ 2,994,168
Accrued interest payable	4,271	32,307	1,866,736	1,177,099	165,722	103,621	346,959	-	3,890,756
Mortgage notes and loans payable - current	177,799	136,552	159,615	157,587	23,597	394,457	11,512,299	39,229	14,380,322
Total unrestricted current liabilities	199,757	261,811	2,097,650	1,404,794	300,550	821,190	12,743,467	150,269	21,265,246
Current liabilities payable from restricted assets									
Customer deposit payable	19,152	41,905	33,150	31,564	21,973	46,022	69,732	1,929	694,656
Total current liabilities payable from restricted assets	19,152	41,905	33,150	31,564	21,973	46,022	69,732	1,929	694,656
Non-current liabilities									
Mortgage notes and loans payable	4,596,089	6,921,818	8,904,234	8,449,675	5,997,846	15,783,061	4,916,049	786,004	81,491,449
Loans payable to Montgomery County	-	-	1,382,000	-	865,279	1,500,000	-	944,829	12,681,326
Deferred revenue	-	-	-	-	-	-	-	-	12,648
Due to primary government	3,162,014	10,725,071	(17,053)	(156,259)	1,815,778	(3,775)	4,300,306	315,299	22,850,540
Other noncurrent liabilities	1,472,954	-	-	-	-	1,307,882	-	-	5,971,799
Escrow and other deposits	-	-	-	-	-	-	-	-	-
Total non-current liabilities	9,231,057	17,646,889	10,269,181	8,293,416	8,678,903	18,587,168	9,216,355	2,046,132	123,007,762
Total liabilities	9,449,966	17,950,605	12,399,981	9,729,774	9,001,426	19,454,380	22,029,554	2,198,330	144,967,664
Net position (deficit)	(6,031,987)	(10,772,235)	(1,973,109)	(472,140)	3,695,053	6,868,445	8,053,517	2,329,161	917,165
Total liabilities and net position	\$ 3,417,979	\$ 7,178,370	\$ 10,426,872	\$ 9,257,634	\$ 12,696,479	\$ 26,322,825	\$ 30,083,071	\$ 4,527,491	\$ 145,884,829

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – REAL ESTATE LIMITED PARTNERSHIPS
June 30, 2015

	MHLP IX	MHLP X	Shady Grove	Manchester	Willows	Georgian	Stewartown
Operating revenues:							
Dwelling rental	\$ 1,468,109	\$ 979,287	\$ 2,015,339	\$ 670,367	\$ 1,802,613	\$ 1,475,333	\$ 1,373,085
Management fees and other income	209	22,684	3,151	554	139,743	53,952	2,656
Total operating revenues	<u>1,468,318</u>	<u>1,001,971</u>	<u>2,018,490</u>	<u>670,921</u>	<u>1,942,356</u>	<u>1,529,285</u>	<u>1,375,741</u>
Operating expenses:							
Administration	139,818	156,885	287,139	71,063	356,236	297,880	250,289
Maintenance	370,195	269,322	412,690	168,509	450,963	356,059	436,840
Depreciation and amortization	391,052	291,830	381,658	144,784	278,756	339,208	373,269
Utilities	20,050	9,448	138,019	149,494	315,176	118,929	89,354
Fringe benefits	85,486	52,416	109,362	29,584	129,182	103,428	116,653
Interest expense	338,612	244,228	298,992	90,717	-	96,504	20,798
Other	441,678	150,765	198,521	92,829	115,174	186,933	163,157
Bad debt expense	12,924	5,693	1,969	-	10,716	2,132	6,787
Total operating expenses	<u>1,799,815</u>	<u>1,180,587</u>	<u>1,828,350</u>	<u>746,980</u>	<u>1,656,203</u>	<u>1,501,073</u>	<u>1,457,147</u>
Operating income (loss)	<u>(331,497)</u>	<u>(178,616)</u>	<u>190,140</u>	<u>(76,059)</u>	<u>286,153</u>	<u>28,212</u>	<u>(81,406)</u>
Nonoperating revenues (expense)							
Investment income	420	352	940	80	1,138	795	183
Real estate transfer of MHLP VII and MHLP VIII	-	-	-	-	-	-	-
Other grants	-	-	-	-	-	-	-
Total nonoperating income (loss)	<u>420</u>	<u>352</u>	<u>940</u>	<u>80</u>	<u>1,138</u>	<u>795</u>	<u>183</u>
Prior period adjustment	-	-	-	-	-	-	-
Capital contributions (distributions)	-	-	-	-	(57,018)	-	-
Change in net position	<u>(331,077)</u>	<u>(178,264)</u>	<u>191,080</u>	<u>(75,979)</u>	<u>230,273</u>	<u>29,007</u>	<u>(81,223)</u>
Net position, beginning of year	<u>(4,417,855)</u>	<u>(1,987,493)</u>	<u>2,425,533</u>	<u>(968,782)</u>	<u>2,122,341</u>	<u>967,166</u>	<u>1,295,733</u>
Net position, end of year	<u>\$ (4,748,932)</u>	<u>\$ (2,165,757)</u>	<u>\$ 2,616,613</u>	<u>\$ (1,044,761)</u>	<u>\$ 2,352,614</u>	<u>\$ 996,173</u>	<u>\$ 1,214,510</u>

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – REAL ESTATE LIMITED PARTNERSHIPS
June 30, 2015

	Strathmore	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood/Sligo	Hampden Lane	Totals
Operating revenues:									
Dwelling rental	\$ 598,125	\$ 726,446	\$ 1,019,095	\$ 980,213	\$ 703,043	\$ 2,620,411	\$ 1,508,244	\$ 188,451	\$ 18,128,161
Management fees and other income	4,480	21,276	4,475	20,598	10,980	62,297	32,372	111,879	491,306
Total operating revenues	<u>602,605</u>	<u>747,722</u>	<u>1,023,570</u>	<u>1,000,811</u>	<u>714,023</u>	<u>2,682,708</u>	<u>1,540,616</u>	<u>300,330</u>	<u>18,619,467</u>
Operating expenses:									
Administration	113,184	231,266	158,769	147,369	178,935	397,180	257,813	63,196	3,107,022
Maintenance	131,602	242,397	185,446	142,951	99,449	318,518	281,573	35,501	3,902,015
Depreciation and amortization	272,189	317,825	401,665	466,721	559,638	594,971	667,232	149,852	5,630,650
Utilities	56,661	150,052	79,566	83,390	37,825	149,712	188,913	32,691	1,619,280
Fringe benefits	17,796	45,338	48,218	23,093	34,217	69,922	109,124	16,724	990,543
Interest expense	369,989	392,408	510,331	448,200	216,100	818,630	457,427	-	4,302,936
Other	50,009	120,827	101,509	172,646	80,927	226,184	90,572	22,203	2,213,934
Bad debt expense	2,790	-	12,458	10,581	-	7,729	(8,834)	-	64,945
Total operating expenses	<u>1,014,220</u>	<u>1,500,113</u>	<u>1,497,962</u>	<u>1,494,951</u>	<u>1,207,091</u>	<u>2,582,846</u>	<u>2,043,820</u>	<u>320,167</u>	<u>21,831,325</u>
Operating income (loss)	<u>(411,615)</u>	<u>(752,391)</u>	<u>(474,392)</u>	<u>(494,140)</u>	<u>(493,068)</u>	<u>99,862</u>	<u>(503,204)</u>	<u>(19,837)</u>	<u>(3,211,858)</u>
Nonoperating revenues (expense)									
Investment income	79	104	969	559	407	1,444	389	418	8,277
Total nonoperating income (loss)	79	104	969	559	407	1,444	389	418	8,277
Capital contributions (distributions)	-	-	(6,468)	-	-	-	10	-	(63,476)
Change in net position	(411,536)	(752,287)	(479,891)	(493,581)	(492,661)	101,306	(502,805)	(19,419)	(3,267,057)
Net position, beginning of year	<u>(5,620,451)</u>	<u>(10,019,948)</u>	<u>(1,493,218)</u>	<u>21,441</u>	<u>4,187,714</u>	<u>6,767,139</u>	<u>8,556,322</u>	<u>2,348,580</u>	<u>4,184,222</u>
Net position, end of year	<u>\$ (6,031,987)</u>	<u>\$ (10,772,235)</u>	<u>\$ (1,973,109)</u>	<u>\$ (472,140)</u>	<u>\$ 3,695,053</u>	<u>\$ 6,868,445</u>	<u>\$ 8,053,517</u>	<u>\$ 2,329,161</u>	<u>\$ 917,165</u>

The accompanying notes are an integral part of the financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of the Commission

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

Specific powers of the Commission include:

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

Housing activities sponsored by the Commission include:

- 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 non-routine maintenance reserve. Once a family's income is high enough to secure a mortgage, these reserve accounts can be used for the down payment and/or closing costs. Title to the home is then transferred to the family, and they assume ownership of the home along with all rights and responsibilities of home ownership.
- Housing Choice Voucher Program, sponsored by the U.S. Department of Housing and Urban Development (HUD), through which eligible persons may seek housing in the private marketplace. The Housing Choice Voucher program allows eligible families to obtain adequate rental housing while paying a minimum of 30% of their monthly income for rent.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(a) Description of the Commission (continued)

- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing; and
- 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 above activities are supported by a network of tenant services. Funding for these services is provided by federal, state and county government agencies.

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

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multifamily Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland (the State) or any political subdivision thereof and are not backed by the full faith and credit of the Commission, 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 Montgomery County.

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

(b) Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (GAAP) these financial statements present the Commission and the following component units, which are entities for which the primary government is considered financially accountable:

Development Corporations. The Development Corporations (the Corporations) operate exclusively for non-profit 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 their related expenditures must be approved by the Commission. The Corporations 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 their boards of directors are substantially the same as the Commission. The blended component units report on a June 30 year end.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

BLENDED COMPONENT UNITS

Alexander House Development Corporation - Owns and operates 311 units located in Silver Spring, Maryland, to serve market and low-to-moderate income residents.

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

Chevy Chase Development Corporation – Owns and operates 68 garden style apartment units located in Chevy Chase, Maryland, to serve market and low-to-moderate income residents.

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

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

Housing Opportunities Community Partners, Inc. (the Corporation) – A not-for-profit corporation formed in 1998 and is qualified as a tax-exempt organization under section 501 (c)(3) of the Internal Revenue Code. The Corporation was formed to assist the Housing Opportunities Commission of Montgomery County in its goals of providing affordable housing of various types to residents of Montgomery County, Maryland.

Magruder’s Discovery Development Corporation - Owns and operates 134 apartment units located in Bethesda, MD 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.

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

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

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 who are 62 years of age or older or who are disabled.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

BLENDED COMPONENT UNITS (CONTINUED)

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

RAD 6 Development Corporation – Owns and operates 209 formerly public housing multifamily apartment units located in various parts of Montgomery County, Maryland and serves low-to-moderate income residents.

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

Scattered Site Two Development Corporation - Owns and operates 297 units, located in various parts of Montgomery County, Maryland and serves low-to-moderate income residents.

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

TPM Development Corporation – Owns and Operates 190 apartment units and townhouses, the properties known as 59 MPDUs, Pomander Court and Timberlawn, located in Rockville, Maryland and serves market and 76 units to low-to-moderate income residents.

VPC One Development Corporation - Owns and operates 391 formerly public housing scattered site units, located in various parts of Montgomery County, Maryland approved for disposition by HUD to serve persons of eligible income.

VPC Two Development Corporation - Owns and operates 279 formerly public housing scattered site units, located in various parts of Montgomery County, Maryland approved for disposition by HUD to serve persons of eligible income.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 15 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. Thirteen of the partnerships have calendar year ends and two have a June 30 fiscal year end. Accordingly, the amounts included for each discretely presented component unit that comprise the aggregate component units column in the combined financial statements are as of and for the respective year ends that fall within the year ended June 30, 2015. Separate financial statements for the individual limited partnerships can be obtained from the Commission. All limited partnerships follow FASB pronouncements and have not been converted for purposes of these financial statements.

The following limited partnerships do not qualify for blending and are, therefore, classified as discretely presented component units of the Commission. All Real Estate Limited Partnerships financial statements are prepared in accordance with Generally Accepted Accounting Principles.

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

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

Shady Grove Apartments Limited Partnership – Owns and operates a 144 unit apartment rental complex for low and moderate income families located in Rockville, Montgomery County, Maryland.

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.

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, Montgomery County, Maryland.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

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

Strathmore Court Associates Limited Partnership – Owns and operates 51 rental unit apartments for low and moderate income families located in Rockville, Montgomery County, Maryland. The partnership reports on a June 30 year end.

Metropolitan of Bethesda Limited Partnership – Owns and operates 92 luxury residential apartment units for low and moderate income families in Bethesda, Montgomery County, Maryland. The partnership reports on a June 30 year end.

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

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

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

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

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

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(c) Basis of Accounting

The financial activities of the Commission are recorded in five sub-funds. A brief description of each of the Commission's sub-funds follows:

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

The Commission uses the accrual method of accounting, whereby expenses are recognized when a liability is incurred, and revenue is recognized when earned.

Commission financial statements distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services in connection with a fund's principal ongoing operations. The principal operating revenues of the General and Opportunity Housing Sub-Funds are dwelling rental incomes, 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 interest 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 non-operating revenues and expenses.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(c) Basis of Accounting (continued)

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP). The Commission is required to follow all statements of the GASB.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(d) Investments

Investments of the General Sub-Fund, the Public Sub-Fund, and the Opportunity Housing Sub-Fund consist of those permitted by the 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 Program Sub-Fund and the Single Family Mortgage Purchase Program 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 non-current based on the maturity dates. Short-term investments have maturities within one year.

(e) 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, 2015, there were no reserves for loan losses; however, the Commission has experienced a decrease in loan foreclosures. Note 4, Mortgage and Construction Loans Receivable, provides detailed information about loans in foreclosure and Real Estate Owned (REO) status. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are placed on non-accrual 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. Generally, loans are placed on non-accrual status when the mortgage insurance claim has settled.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(f) Mortgage Risk-Sharing Agreement

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

Upon default of a mortgage and the filing of a claim with FHA by the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture with HUD for the full amount of the claim within 30 calendar days of the initial claim payment. The instrument will be dated as of the date that the initial claim payment is issued. The debenture shall have a term of 5 years. The Commission will agree to reimburse HUD the full amount of the debenture upon maturity. The Commission must pay annual interest on the debenture at HUD's published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. Upon the sale of the project and settlement of the claim, the Commission will assume a portion of the loss based on the proportion of risk borne by the Commission. The Commission's maximum potential risk of loss as of June 30, 2015 is \$104,885,354 which is collateralized primarily by the underlying properties. As of June 30, 2015, the Commission had \$11,423,355 -of mortgage insurance premium deposits on hand for any future loss.

(g) 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.

(h) Capital Assets

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

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

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

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(i) Bond Discounts and Premiums

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

(j) Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

(k) 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 maximum number of hours per employee is 240. The outstanding annual leave accrual as of June 30, 2015 amounted to \$1,649,924 and is included in accounts payable and accrued liabilities in the accompanying statement of net assets.

The Commission adopted a personnel policy for senior executive staff which provides for a severance package including payments up to twenty-six weeks of wages and other benefits.

(l) Net Position

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*.

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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

(m) New Accounting Pronouncements

In fiscal year 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement improves accounting and financial reporting by state and local government employers for the pension in which they are involved. The Commission is now required to record a liability for future pension benefits in excess of accumulated plan contributions. The cumulative effect of the accounting change in connection with the implementation of GASB No. 68 was a reduction in net position of \$7,477,460 as of the beginning of 2014 (see Note 2). The Commission implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement has no impact on the Commission.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLES

In accordance with GASB No. 68 and 71, which was adopted effective July 1, 2014, the Commission restated the July 1, 2014 net position of governmental activities as follows:

Net position July 1, 2014, as previously stated	\$ 180,637,655
Cumulative effect of application of GASB 68, net pension liability	(8,733,887)
Cumulative effect of application of GASB 71, deferred outflow of resources for Board contributions made to the plan during the fiscal year ending June 30, 2015	<u>1,256,427</u>
Net position July 1, 2014, as restated	<u>\$ 173,160,195</u>

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business-Type Activities

(a) Cash

The Commission's cash balances as of June 30, 2015 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	<u>Carrying Amount</u>	<u>Bank Balances</u>	<u>Petty Cash</u>
Cash:			
General Sub-Fund	\$ 21,722,284	\$ 21,718,684	\$ 3,600
Opportunity Housing Sub-Fund	48,996,858	48,988,835	8,023
Public Sub-Fund	<u>2,042,019</u>	<u>2,041,019</u>	<u>1,000</u>
Total cash	<u>\$ 72,761,161</u>	<u>\$ 72,748,538</u>	<u>\$ 12,623</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments

The General Sub-Fund cash and cash equivalents balance at June 30, 2015 includes \$1,072,681 of cash and cash equivalents restricted for closing cost programs. The Opportunity Housing Sub-Fund cash and cash equivalents balance at June 30, 2015 includes \$25,922,040 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 \$3,697,011 as of June 30, 2015, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

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

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

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 and maintains a \$1.00 per share value. An MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Sub-Fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: PNC Bank, Maryland Local Government Investment Pool, Mr. David Rommel, 2 Hopkins Plaza, 5th Floor, Baltimore, Maryland 21201; or by calling 1-800-492-5160.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (continued)

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

Custodial Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Amounts held in trust accounts and other demand accounts within the General, Opportunity Housing and Public Sub-Funds are covered by federal depository insurance, or collateralized at a level of at least 102% of market value of principal and accrued interest. The collateral is held by the bank's agent in the Commission's name with the exception of the repurchase agreement collateral for the MLGIP which is segregated and held in the name of PNC Bank's Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Opportunity Housing Fund and Public Fund are in bank money market accounts and interest bearing accounts. These accounts are not rated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2015 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, 2015, the Commission held investments in agency securities which were not collateralized but were rated A, AA, Aa2, and AAAm.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (continued)

As of June 30, 2015 the Commission had the following cash, cash equivalents, investments and maturities:

Cash Equivalents	Fair Value	Ratings
Cash Equivalents		
General Sub-Fund:		
Money Market Accounts	\$ 18,430,336	N/A
Opportunity Housing Sub-Fund:		
Investment in Maryland Local Government Investment Pool	214,706	AAAm
Money Market Accounts	15,900,233	N/A
Public Sub-Fund:		
Investment in Maryland Local Government Investment Pool	4,024,768	AAAm
Money Market Accounts	3,146,933	N/A
Multifamily Sub-Fund:		
Money Market Accounts	45,498,424	N/A
Single Family Sub-Fund:		
Money Market Accounts	<u>69,551,670</u>	N/A
Total cash equivalents	<u>\$ 156,767,070</u>	
Short-term investments		
Single Family Sub-Fund:		
GNMA Pass-through Certificates	\$ 842,115	AAA
US Treasuries	<u>2,345,800</u>	N/A
Total short-term investments	<u>\$ 3,187,915</u>	

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NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(b) Cash Equivalents & Investments (continued)

Long-Term Investments	Fair Value	1-5 Years	6-10 Years	Greater Than 10 Years	Rating
Long-term investments					
Opportunity Housing Sub-Fund:					
Certificate of Deposit	\$ 44,479	\$ 44,479	\$ -	\$ -	N/A
Multifamily Sub-Fund:					
US Treasuries	2,353,816	1,334,300	1,019,516	-	Aaa
Fannie Mae	3,174,891	-	-	3,174,891	Aaa
Freddie Mac	889,687	-	-	889,687	Aaa
Federal Farm Credit Banks	1,599,920	-	1,599,920	-	Aaa
Federal Home Loan Banks	934,354	-	934,354	-	Aaa
Israel ST Bonds	448,857	-	-	448,857	Aaa
Federal Home Loan Mortgage	908,818	-	-	908,818	Aaa
Bank One Investment Agreement	591,525	-	-	591,525	AA/Aa2
Single Family Sub-Fund:					
Federal Farm Credit Banks	6,694,447	-	-	6,694,447	Aaa
Federal Home Loan Banks	9,192,023	-	-	9,192,023	Aaa
Federal Home Loan Mtg Corp	1,680,039	-	-	1,680,039	Aaa
Fannie Mae	1,060,450	-	-	1,060,450	Aaa
GNMA Pass-through certificates	16,853,950	-	-	16,853,950	AAA
US Treasuries	8,034,142	2,092,112	4,617,895	1,324,135	N/A
Tennessee Valley Authority	6,523,239	2,422,503	-	4,100,736	Aaa
Total long-term investments	<u>60,984,637</u>				
Cash balances	<u>72,761,162</u>				
Total	<u><u>\$ 293,700,784</u></u>				
Reconciliation of cash, cash equivalents and investments to amounts in the statement of net position:					
Current unrestricted cash and cash equivalents	\$ 86,664,615				
Restricted cash and cash equivalents	104,184,247				
Restricted short-term investments	3,187,915				
Restricted cash and cash equivalents for current liabilities	33,855,605				
Customer deposits	4,823,765				
Noncurrent restricted assets	<u>60,984,637</u>				
Total	<u><u>\$ 293,700,784</u></u>				

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NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

(c) Real Estate Limited Partnership Component Units

The Real Estate Limited Partnership Component unit cash and cash equivalents balance as of December 31, 2014 were as follows:

	Carrying Amount	Bank Balances
Cash	<u>\$ 5,272,054</u>	<u>\$ 5,269,735</u>
	Fair Value	Rating
Cash Equivalents		
Investment in Maryland Local Government Investment Pool	\$ 1,073,176	AAAm
Certificate of Deposit	1,921,984	N/A
Money Market Accounts	<u>5,719,810</u>	N/A
Total cash, cash equivalents and investments	<u>\$ 13,987,024</u>	
Reconciliation of cash and cash equivalents to amounts in the statement of net position:		
Current unrestricted cash and cash equivalents	\$ 5,870,212	
Restricted cash and cash equivalents for current liabilities	7,370,436	
Restricted cash and cash equivalents	<u>746,376</u>	
Total	<u>\$ 13,987,024</u>	

All cash equivalents have maturities of three months or less. The Real Estate Limited Partnership Component Units follow the Commission's investment policy.

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NOTE 4 – 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. Mortgage and construction loans receivable as of June 30, 2015 consisted of the following:

Description	Interest Rate	Balance
General Sub-Fund		
Component unit loans	-	\$ 1,313,205
Closing Cost Assistance Loans	5.00%	2,163,425
	Subtotal	<u>3,476,630</u>
Opportunity Housing Sub-Fund		
Home-Ownership Assistance Loan Fund (HALF)	4.50 to 6.50%	7,717
Rental Assistance Security Deposit Loan	-	14,767
Metropolitan of Bethesda Limited Partnership	-	1,142,000
Strathmore Court Associates Limited Partnership	-	1,199,402
Barclay One LP & Development Corporation	-	1,991,008
Spring Garden One Associates Limited Partnership	-	138,281
Tanglewood/Sligo Limited Partnership	-	1,000,000
Hampden Lane Limited Partnership	-	2,891,404
Sligo Development Corporation	-	3,263,953
Tanglewood Apartments	-	329,802
	Subtotal	<u>11,978,334</u>
Multifamily Sub-Fund		
Landings Edge	4.95%	4,713,406
Strathmore Court at White Flint - A	7.62%	3,773,892
Manchester	5.20%	1,675,161
Shady Grove	5.20%	5,498,460
The Willows	5.20%	2,866,229
Stewartown	6.20%	2,527,638
Tax Credit X	6.20%	2,895,127
Georgian Court	6.20%	3,587,920
Dring's Reach	4.75%	5,572,316
Forest Oak Towers	4.93%	15,447,107
Tax Credit 9 Pond Ridge	6.30%	1,464,191
Tax Credit 9 MPDUs	6.30%	2,498,634
Charter House	6.02%	12,029,790
Rockville Housing	5.21%	3,503,775
The Barclay	4.55%	5,637,959
Spring Gardens	4.55%	5,710,516
Metropolitan Tax Credit	6.38%	6,081,369
Argent	2.00%	4,325,000
Argent - A-2	3.92%	8,040,000
MetroPointe LP	6.50%	2,846,149
Ring House	6.10%	13,288,016
	Subtotal	113,982,655
Single Family Sub-Fund		
Mortgage loans receivable, net	4.00 to 8.87%	<u>139,857,665</u>
Total		<u>\$ 269,295,284</u>

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NOTE 4 – MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

As of June 30, 2015, the amounts available or committed for additional advances or new loans are \$14,610,417 and \$15,339,428 for the Multifamily Sub-Fund and the Single Family Sub-Fund, respectively.

Included in the mortgage and construction loans receivable balance of the General Sub-Fund at June 30, 2015 are inter sub-fund mortgage loans receivable from the Opportunity Housing Sub-Fund \$55,625,577 and the Public Fund \$904,373 which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$454,658 for the year ended June 30, 2015 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Sub-Fund at June 30, 2015 are inter sub-fund mortgage loans receivables from the OHRF Fund (internal capital fund) amounting to \$12,154,706 and inter sub-fund mortgage loans receivable from the General Sub-Fund amounting to \$53,996 which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$120,987 for the year ended June 30, 2015 has also been eliminated.

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 \$169,804,047 as of June 30, 2015, which have been eliminated. The related interest revenue, amounting to \$7,746,526 for the year ended June 30, 2015 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.

During fiscal year 2015, the Commission experienced a decrease in the number of Single Family mortgage loans in foreclosure and other real estate owned status. As of June 30, 2015, approximately \$2.6 million in Single Family mortgage loans were in various stages of the loan foreclosure status. An additional \$3.4 million were in other real estate owned status.

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NOTE 4 – MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

Single Family Sub-Fund (continued)

Management takes into consideration the potential for loan losses based on the number of loans in foreclosure and other real estate owned status against the sale proceeds from properties sold as well as the mortgage insurance received in determining if an allowance for loan losses is necessary. It employs an active loss mitigation process to ensure that servicer activities are monitored and losses to the Commission are minimized. Based on the history of loan losses and the potential exposure to the Commission after sales proceeds and mortgage insurance receipts the Commission does not believe that an allowance for loan losses is necessary at this time. Further, based on prior analysis, losses are not expected to reach a material threshold for establishing an allowance at this time. The following table provides a breakdown of foreclosures and other real estate owned by type of mortgage loan as of June 30, 2015.

<u>Status</u>	<u>Principal FHA</u>	<u>Interest Receivable</u>	<u>Principal Conventional</u>	<u>Interest Receivable</u>	<u>Total</u>
Foreclosure	\$ 1,152,042	\$ 32,090	\$ 1,309,559	\$ 71,013	\$ 2,564,704
Other real estate owned	<u>896,121</u>	<u>42,635</u>	<u>2,219,213</u>	<u>243,864</u>	<u>3,401,833</u>
Total	<u>\$ 2,048,163</u>	<u>\$ 74,725</u>	<u>\$ 3,528,772</u>	<u>\$ 314,877</u>	<u>\$ 5,966,537</u>
Total Single Family Mortgage loans outstanding as of June 30, 2015					<u>\$ 139,857,665</u>
Percentage of loans in foreclosure status to outstanding mortgage loans					4.27%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 5 – CAPITAL ASSETS

(a) Capital Assets by Business-Type Activities

The Commission's capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Transfer In / Out	Acc. Depr.	Ending Balance
Land						
General Sub-Fund	\$ 2,246,438	\$ -	\$ -	\$ -	\$ -	\$ 2,246,438
Opportunity Housing Sub-Fund	53,504,206	5,589,873	-	6,384,915	-	65,478,994
Public Sub-Fund	<u>9,897,612</u>	<u>-</u>	<u>-</u>	<u>(6,384,915)</u>	<u>-</u>	<u>3,512,697</u>
Total land	<u>65,648,256</u>	<u>5,589,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,238,129</u>
Site improvements:						
Public Sub-Fund	<u>7,918</u>	<u>-</u>	<u>-</u>	<u>(2,082)</u>	<u>(4,699)</u>	<u>1,137</u>
Total site improvements, net	<u>7,918</u>	<u>-</u>	<u>-</u>	<u>(2,082)</u>	<u>(4,699)</u>	<u>1,137</u>
Building and improvements:						
General Sub-Fund	2,233,571	490,626	-	61,575	(207,796)	2,577,976
Opportunity Housing Sub-Fund	231,476,284	19,485,226	-	13,233,012	(10,463,110)	253,731,412
Public Sub-Fund	<u>21,256,622</u>	<u>-</u>	<u>-</u>	<u>(10,711,744)</u>	<u>(3,071,835)</u>	<u>7,473,043</u>
Total building and improvements, net	<u>254,966,477</u>	<u>19,975,852</u>	<u>-</u>	<u>2,582,843</u>	<u>(13,742,741)</u>	<u>263,782,431</u>
Furniture and equipment:						
General Sub-Fund	1,951,870	800,787	(72,841)	(101,565)	(716,981)	1,861,270
Opportunity Housing Sub-Fund	4,195,024	403,891	-	60,330	(549,050)	4,110,195
Public Sub-Fund	<u>11,075</u>	<u>-</u>	<u>-</u>	<u>(4,605)</u>	<u>(6,470)</u>	<u>-</u>
Total furniture and equipment, net	<u>6,157,969</u>	<u>1,204,678</u>	<u>(72,841)</u>	<u>(45,840)</u>	<u>(1,272,501)</u>	<u>5,971,465</u>
Construction in progress:						
General Sub-Fund	227,217	84,702	(130,040)	39,990	-	221,869
Opportunity Housing Sub-Fund	5,460,392	10,785,580	(2,965,989)	(2,574,911)	-	10,705,072
Public Sub-Fund	<u>6,974,225</u>	<u>2,167,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,141,406</u>
Total construction in progress	<u>12,661,834</u>	<u>13,037,463</u>	<u>(3,096,029)</u>	<u>(2,534,921)</u>	<u>-</u>	<u>20,068,347</u>
Total capital assets, net	<u>\$ 339,442,454</u>	<u>\$ 39,807,866</u>	<u>\$ (3,168,870)</u>	<u>\$ -</u>	<u>\$ (15,019,941)</u>	<u>\$ 361,061,509</u>

Included in operating properties for the Opportunity Housing Sub-Fund is an inter sub-fund elimination for interest paid to the Multifamily Bond Sub-Fund amounting to \$8,626,644 as of June 30, 2015, which was capitalized during construction of the property.

Commission capital assets not being depreciated include land and construction in progress.

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NOTE 5 – CAPITAL ASSETS (CONTINUED)

(b) Reconciliation of Net Investment in Capital Assets

Net investment in capital assets

Land	\$ 71,238,129
Construction in progress	20,068,347
Building and improvements, net of depreciation	263,783,568
Furniture and equipment, net of depreciation	5,971,465
Less: related bonds, mortgages and notes payable	<u>(362,544,131)</u>
	<u>(1,482,622)</u>
 Leased property under capital lease	 10,993,289
Capitalized lease obligations	<u>(19,953,420)</u>
	<u>(8,960,131)</u>
 Total net investment in capital assets	 <u>\$ (10,442,753)</u>

(c) Capital Lease

The Commission's capital lease activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Accumulated Amortization	Ending Balance
Fund:					
<i>General Sub-Fund:</i>					
Furniture and equipment	<u>\$ 1,915,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,915,760)</u>	<u>\$ -</u>
Total furniture and equipment - General Sub-Fund	<u>1,915,760</u>	<u>-</u>	<u>-</u>	<u>(1,915,760)</u>	<u>-</u>
<i>Opportunity Housing Sub-Fund:</i>					
Building and improvements	<u>19,987,798</u>	<u>-</u>	<u>-</u>	<u>(8,994,509)</u>	<u>10,993,289</u>
Total building and improvements - Opportunity Housing Sub-Fund	<u>19,987,798</u>	<u>-</u>	<u>-</u>	<u>(8,994,509)</u>	<u>10,993,289</u>
Total capital leases, net	<u>\$ 21,903,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,910,269)</u>	<u>\$ 10,993,289</u>

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NOTE 5 – CAPITAL ASSETS (CONTINUED)

(c) Capital Lease (continued)

In September 2010, the Commission entered into a Master Equipment Lease Purchase Agreement with Bank of America Public Capital Corp for \$750,000 with an interest rate of 2.99%. The lease agreement is now owned by Huntington National Bank. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. This capital lease was paid off in fiscal year 2015.

In August 1997, the Commission entered into a lease agreement for building and land with an interest rate of 7.50%. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 99-year-term, with an option to purchase the land and building after 20 years for approximately \$20,000,000. The Commission has the following Opportunity Housing Sub-Fund capital lease obligation as of June 30, 2015.

Future minimum rentals under the lease are as follows:

	<u>Outstanding Beginning of Year</u>	<u>Issued This Year</u>	<u>Retired This Year</u>	<u>Outstanding End of Year</u>	<u>Amount due Within One Year</u>
Fund:					
<i>General Sub-Fund:</i>					
Capital lease obligation	\$ 176,935	\$ -	\$ 176,935	\$ -	\$ -
Total capital lease obligation - General Sub-Fund	<u>176,935</u>	<u>-</u>	<u>176,935</u>	<u>-</u>	<u>-</u>
<i>Opportunity Housing Sub-Fund:</i>					
Capital lease obligation	<u>19,956,776</u>	<u>-</u>	<u>3,356</u>	<u>19,953,420</u>	<u>3,616</u>
Total capital lease obligation - Opportunity Housing Sub-Fund	<u>19,956,776</u>	<u>-</u>	<u>3,356</u>	<u>19,953,420</u>	<u>3,616</u>
Total capital lease obligations, net	<u>\$ 20,133,711</u>	<u>\$ -</u>	<u>\$ 180,291</u>	<u>\$ 19,953,420</u>	<u>\$ 3,616</u>

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NOTE 5 – CAPITAL ASSETS (CONTINUED)

(c) Capital Lease (continued)

Year ending June 30,	Future Minimum Payments
2016	\$ 1,814,403
2017	1,814,403
2018	1,814,403
2019	1,814,403
2020	1,814,403
2021-2025	9,072,015
2026-2030	9,072,015
2031-2035	9,072,015
2036-2040	9,072,015
2041-2045	9,072,015
2046-2050	9,072,015
2051-2055	9,072,015
2056-2060	9,072,015
2061-2065	9,072,015
2066-2070	9,072,015
2071-2075	9,072,015
2076-2080	9,072,015
2081-2085	9,072,015
2086-2090	9,072,015
2091-2095	9,072,015
2096-2098	<u>1,965,603</u>
Total payments	147,117,843
Less interest	<u>(127,164,423)</u>
	19,953,420
Less: current portion	<u>(3,616)</u>
Long-term portion	<u>\$ 19,949,804</u>

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NOTE 5 – CAPITAL ASSETS (CONTINUED)

(d) Component Unit Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accumulated Amortization</u>	<u>Ending Balance</u>
Real estate limited partnership component units					
Land	\$ 21,795,578	\$ -	\$ -	\$ -	\$ 21,795,578
Building and improvements	97,812,306	13,388,253	-	(4,976,681)	106,223,878
Furniture and equipment	2,780,102	-	(1,506,367)	(496,601)	777,134
Construction in progress	<u>9,498,428</u>	<u>-</u>	<u>(9,498,428)</u>	<u>-</u>	<u>-</u>
Net component unit capital assets	<u>\$ 131,886,414</u>	<u>\$ 13,388,253</u>	<u>\$ (11,004,795)</u>	<u>\$ (5,473,282)</u>	<u>\$ 128,796,590</u>

NOTE 6 – ADVANCES TO REAL ESTATE PARTNERSHIP 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 Partnerships. 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 ground rent to be paid by the Partnerships to the Commission's General Sub-Fund. Ground rent for the year ended June 30, 2015, amounted to \$304,592.
- Extend from 45 to 65 years, and call for annual ground rent payments with fixed and variable upward adjustments on January 1 of each calendar year.
- Include management fees of ranges from 5.0% to 6.0% of monthly rental collections. Management fees paid to the Commission for the year ended June 30, 2015, amounted to \$158,419.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2015.

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NOTE 6 – ADVANCES TO REAL ESTATE PARTNERSHIP COMPONENT UNITS (CONTINUED)

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government - General Sub-Fund	Component units - tax credit limited partnerships	\$ 6,432,467
Opportunity Housing Sub-Fund	Component units - tax credit limited partnerships	<u>13,142,609</u>
Total Advances to Component Units		19,575,076
Primary government - General Sub-Fund	Component units - tax credit limited partnerships	2,291,820
Primary government - General Sub-Fund	Component units - tax credit limited partnerships	<u>1,873,221</u>
Total due to/from primary government and component units		<u>\$ 23,740,117</u>

Inter sub-fund transfers were made during the fiscal year to reduce inter sub-fund receivables and payables. The transfers occur routinely and are approved by the Board of Commissioners.

NOTE 7 – 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, 2015:

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multi Family Sub-Fund	Elimination	Total
Accounts receivable:							
U.S. Department of Housing and Urban Development	\$ -	\$ -	\$ 1,155,836	\$ -	\$ -	\$ -	\$ 1,155,836
Montgomery County, Maryland	-	-	3,273,810	-	-	-	3,273,810
Other	3,210,641	17,190,922	2,100,607	-	7,121	(16,245,836)	6,263,455
Other assets	<u>579,244</u>	<u>2,261,276</u>	-	-	<u>6,667</u>	-	<u>2,847,187</u>
Total	<u>\$ 3,789,885</u>	<u>\$ 19,452,198</u>	<u>\$ 6,530,253</u>	<u>\$ -</u>	<u>\$ 13,788</u>	<u>\$ (16,245,836)</u>	<u>\$ 13,540,288</u>

Included in the accounts receivable and other assets balance of the Opportunity Housing Sub-Fund are inter sub-fund accounts receivable of \$14,610,417 from the Multifamily Sub-Fund and \$239,414 from the General Sub-Fund as of June 30, 2015, which have been eliminated upon consolidation.

Included in the accounts receivable and other assets balance of the General Sub-Fund are inter sub-fund accounts receivable of \$1,396,005 from the Opportunity Housing Sub-Fund as of June 30, 2015, which have been eliminated upon consolidation.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 8 – 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 9 – BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT

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

- Mortgage loans receivable made on the related developments or single-family residential mortgage loans purchased.
- Substantially all revenue, mortgage payments and recovery payments received by the Commission from mortgage loans made on the related developments.
- Certain accounts, generally debt service reserve funds, established pursuant to the indenture authorizing issuance of the bonds.

Interest rates on bonds payable ranged from 0.60% to 11.25% as of June 30, 2015. Maturity dates of the bonds payable range from 2015 to 2049.

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NOTE 9 – BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT (CONTINUED)

(a) Bonds Payable

The Commission has the following bonds payable outstanding as of June 30, 2015:

	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:					
2005 Series C	\$ 5,805,000	\$ -	\$ 1,470,000	\$ 4,335,000	\$ 355,000
2005 Series D	3,060,000	-	315,000	2,745,000	305,000
2006 Series A	9,890,000	-	1,735,000	8,155,000	1,420,000
2006 Series B	4,825,000	-	740,000	4,085,000	-
2007 Series A	8,545,000	-	1,825,000	6,720,000	1,005,000
2007 Series B	11,115,000	-	725,000	10,390,000	135,000
2007 Series C	835,000	-	605,000	230,000	230,000
2007 Series D	9,385,000	-	1,695,000	7,690,000	875,000
2007 Series E	8,315,000	-	-	8,315,000	-
2007 Series F	10,000,000	-	-	10,000,000	-
2008 Series A	3,645,000	-	915,000	2,730,000	700,000
2008 Series B	1,475,000	-	800,000	675,000	-
2008 Series C	8,450,000	-	-	8,450,000	-
2008 Series D	17,200,000	-	-	17,200,000	-
2009 Series A	15,625,000	-	1,250,000	14,375,000	750,000
2013 Series A	35,825,000	-	2,790,000	33,035,000	-
2013 Series B	14,825,000	-	1,680,000	13,145,000	4,850,000
2013 Series C	1,600,000	-	1,600,000	-	-
NIBP 2009 Series A	7,310,000	-	860,000	6,450,000	320,000
NIBP 2009 Series B	13,340,000	-	1,090,000	12,250,000	10,000
NIBP 2009 Series C-1	8,410,000	-	770,000	7,640,000	520,000
NIBP 2010 Series A	4,810,000	-	865,000	3,945,000	585,000
NIBP 2011 Series A	10,745,000	-	870,000	9,875,000	1,220,000
NIBP 2009 Series C-2	15,680,000	-	170,000	15,510,000	1,100,000
NIBP 2009 Series C-3	2,380,000	-	-	2,380,000	130,000
NIBP 2012 Series A	11,940,000	-	590,000	11,350,000	980,000
NIBP 2009 Series C-4	9,670,000	-	40,000	9,630,000	410,000
NIBP 2009 Series C-5	2,610,000	-	-	2,610,000	60,000
	<u>257,315,000</u>	<u>-</u>	<u>23,400,000</u>	<u>233,915,000</u>	<u>15,960,000</u>
Add: Unamortized premium	3,385,690	-	435,069	2,950,621	-
Total Single Family Bonds Payable	<u>\$ 260,700,690</u>	<u>\$ -</u>	<u>\$ 23,835,069</u>	<u>\$ 236,865,621</u>	<u>\$ 15,960,000</u>

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NOTE 9 – 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:					
1998 Issue A	\$ 8,715,000	\$ -	\$ 405,000	\$ 8,310,000	\$ 425,000
2002 Series A	19,580,000	-	555,000	19,025,000	585,000
2008 Series A	4,530,000	-	4,530,000	-	-
1992 Series C	2,060,000	-	2,060,000	-	-
1995 Series A	2,280,000	-	190,000	2,090,000	200,000
1984 Series A - Accretions	157,307	18,199	-	175,506	20,300
2000 Series B	7,085,000	-	7,085,000	-	-
2007 Series A	16,910,000	-	405,000	16,505,000	420,000
2007 Series B-1	20,480,000	-	20,480,000	-	-
2007 Series C-1	4,400,000	-	240,000	4,160,000	245,000
2007 Series C-2	1,890,000	-	1,890,000	-	-
2004 Series A	12,130,000	-	275,000	11,855,000	275,000
2004 Series B	3,725,000	-	50,000	3,675,000	50,000
2004 Series C	16,365,000	-	480,000	15,885,000	495,000
2004 Series D	11,900,000	-	345,000	11,555,000	355,000
2005 Series B	4,960,000	-	170,000	4,790,000	170,000
2005 Series C	26,550,000	-	710,000	25,840,000	725,000
2009 Series A-2	8,040,000	-	-	8,040,000	-
2010 Series A	4,565,000	-	160,000	4,405,000	165,000
2010 Series A	11,885,000	-	375,000	11,510,000	255,000
2011 Series A	32,845,000	-	395,000	32,450,000	415,000
2011 Series B	2,960,000	-	30,000	2,930,000	40,000
2012 Series A	23,600,000	-	895,000	22,705,000	900,000
2012 Series B	17,085,000	-	8,160,000	8,925,000	470,000
2012 Series C	22,055,000	-	1,690,000	20,365,000	1,695,000
2012 Series D	33,890,000	-	1,075,000	32,815,000	1,095,000
2014 Series A	-	24,000,000	-	24,000,000	-
	<u>320,642,307</u>	<u>24,018,199</u>	<u>52,650,000</u>	<u>292,010,506</u>	<u>9,000,300</u>
Less: Unamortized premium	<u>(1,733,444)</u>	<u>-</u>	<u>(614,736)</u>	<u>(1,118,708)</u>	<u>-</u>
Total Multi Family Bonds Payable	<u>\$ 318,908,863</u>	<u>\$ 24,018,199</u>	<u>\$ 52,035,264</u>	<u>\$ 290,891,798</u>	<u>\$ 9,000,300</u>
Total Bonds Payable	<u>\$ 579,609,553</u>	<u>\$ 24,018,199</u>	<u>\$ 75,870,333</u>	<u>\$ 527,757,419</u>	<u>\$ 24,960,300</u>

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NOTE 9 – 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, 2015:

	<u>Outstanding Beginning of Year</u>	<u>Issued This Year</u>	<u>Retired This Year</u>	<u>Outstanding End of Year</u>	<u>Amount Due Within One Year</u>
Opportunity Housing Sub-Fund:					
State Partnership Rental Programs	\$ 8,795,567	\$ -	\$ -	\$ 8,795,567	\$ -
State Partnership VII	4,712,864	-	-	4,712,864	-
Diamond Square	2,000,000	-	-	2,000,000	-
The Glen	1,211,707	-	-	1,211,707	-
Dale Drive	600,000	-	-	600,000	-
Montgomery Arms	116,097	-	4,163	111,934	4,290
CDBG-9611 McAlpine Road	107,493	-	-	107,493	-
Scattered Site Two Dev. Corp.	4,816,600	-	94,000	4,722,600	-
Glenmont Crossing Dev. Corp.	11,669,593	-	202,484	11,467,109	211,999
Glenmont Westerly Dev. Corp.	7,333,960	-	126,375	7,207,585	132,605
MHLP II	13,968	-	-	13,968	13,968
MHLP III	42,891	-	-	42,891	42,891
Paddington Square Dev. Corp	-	20,617,433	-	20,617,433	305,943
Southbridge	-	2,042,000	-	2,042,000	29,381
Avondale Apartment	-	7,037,704	-	7,037,704	-
The Ambassador Apartments	373,111	-	83,364	289,747	86,758
	<u>41,793,851</u>	<u>29,697,137</u>	<u>510,386</u>	<u>70,980,602</u>	<u>827,835</u>
General Sub-Fund:					
Line of Credit with PNC Bank	15,405,884	52,437,850	14,137,158	53,706,576	53,706,576
Tax Credit IX	50,500	-	-	50,500	-
	<u>15,456,384</u>	<u>52,437,850</u>	<u>14,137,158</u>	<u>53,757,076</u>	<u>53,706,576</u>
Total mortgage notes and loans payable	<u>\$ 57,250,235</u>	<u>\$ 82,134,987</u>	<u>\$ 14,647,544</u>	<u>\$ 124,737,678</u>	<u>\$ 54,534,411</u>

Interest rates on mortgage notes and loans payable ranged from 0.51% to 7.67% as of June 30, 2015.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2015 are inter sub-fund mortgage loans payable to the Multifamily Sub-Fund amounting to \$169,804,047 which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$7,746,526 for the year ended June 30, 2015 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Sub-Fund at June 30, 2015 are inter sub-fund mortgage loans payable to the General Sub-Fund amounting to \$55,625,577, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$454,658 for the year ended June 30, 2015 has also been eliminated.

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NOTE 9 – 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, 2015 are inter sub-fund mortgage loans payable to the Opportunity Housing Reserve Fund (OHRF) Fund and Barclay Development Corporation amounting to \$12,154,706, 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, 2015 are inter-subfund mortgage loans payable to the Opportunity Housing Sub-Fund amounting to \$53,996, which have been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Public Sub-Fund at June 30, 2015 are inter-subfund mortgage loans payable to the General Sub-Fund amounting to \$904,373, which have been eliminated in the accompanying financial statements.

(c) Maturities

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

	Principal				Combined
	General Sub-Fund Notes Payable	Opportunity Housing Sub-Fund Notes Payable	Multifamily Sub-Fund Bonds & Notes Payable	Single Family Sub-Fund Bonds Payable	
Years ending June 30,					
2016	\$ 53,706,576	\$ 827,835	\$ 9,000,300	\$ 15,960,000	\$ 79,494,711
2017	50,500	914,032	9,747,645	11,800,000	22,512,177
2018	-	7,993,169	10,115,266	12,175,000	30,283,435
2019	-	919,857	9,813,191	8,575,000	19,308,048
2020	-	17,675,853	10,146,450	8,855,000	36,677,303
2021-2025	-	6,620,885	56,125,995	43,915,000	106,661,880
2026-2030	-	4,033,067	62,256,659	36,545,000	102,834,726
2031-2035	-	2,853,305	56,910,000	32,985,000	92,748,305
2036-2040	-	3,378,302	34,260,000	56,405,000	94,043,302
2041-2045	-	4,042,700	24,235,000	6,700,000	34,977,700
2045-2049	-	4,401,459	9,400,000	-	13,801,459
Upon sale of property	-	17,320,138	-	-	17,320,138
	53,757,076	70,980,602	292,010,506	233,915,000	650,663,184
Unamortized bond discount/premium	-	-	(1,118,708)	2,950,621	1,831,913
Total	\$ 53,757,076	\$ 70,980,602	290,891,798	\$ 236,865,621	\$ 652,495,097

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NOTE 9 – BONDS, MORTGAGE NOTES, AND LOANS PAYABLE – PRIMARY GOVERNMENT (CONTINUED)

(c) Maturities (continued)

	Interest				Combined
	General Sub-Fund Notes Payable	Opportunity Housing Sub-Fund Notes Payable	Multifamily Sub-Fund Bonds & Notes Payable	Single Family Sub-Fund Bonds Payable	
Years ending June 30,					
2016	\$ 221,903	\$ 2,031,186	\$ 8,849,152	\$ 6,370,816	\$ 17,473,057
2017	-	1,996,324	8,622,327	6,028,388	16,647,039
2018	-	1,958,535	8,406,474	5,595,423	15,960,432
2019	-	1,911,548	8,164,069	5,375,392	15,451,009
2020	-	1,323,078	7,906,243	5,089,120	14,318,441
2021-2025	-	4,128,144	34,767,414	20,635,801	59,531,359
2026-2030	-	2,865,173	24,820,503	14,374,013	42,059,689
2031-2035	-	2,395,987	14,156,305	7,660,092	24,212,384
2036-2040	-	1,838,128	6,195,604	2,908,639	10,942,371
2041-2045	-	1,173,058	2,030,716	275,822	3,479,596
2046-2049	-	379,701	79,170	-	458,871
Total	\$ 221,903	\$ 22,000,862	\$ 123,997,977	\$ 74,313,506	\$ 220,534,248

NOTE 10 – DERIVATIVE INSTRUMENTS

At June 30, 2015, the Commission had several derivative instruments outstanding as noted in the table below. The Commission used the synthetic instrument method to evaluate the hedge effectiveness of the interest rate swaps. This method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative. A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90-111 percent of the fixed rate of the potential hedging derivative instrument to be substantially fixed. At June 30, 2015, all hedging derivative instruments shown on the next page met the criteria for effectiveness.

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

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

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NOTE 10 – DERIVATIVE INSTRUMENTS (CONTINUED)

Fair value: The termination value of all swaps had a negative fair value as of June 30, 2015 as a result of low interest rates. Because the coupons on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Associated Bond Issue	Notional Amounts	Trade Date	Terms	Fair Values	Swap Termination Date	Counterparty/ Credit Rating
Multifamily 2004 Series C	\$ 8,900,000	11/5/2004	Receive 63.3% LIBOR + 0.19%, pay 3.653%	\$ (986,910)	7/1/2036	MLCS, Aa3/A/AA-
Multifamily 2004 Series D	11,555,000	11/5/2004	Receive 63.3% LIBOR + 0.29%, pay 3.76%	(1,285,366)	7/1/2036	MLCS, Aa3/A/AA-
Single Family 2007 Series F	10,000,000	10/17/2007	Receive 64.0% LIBOR + 0.30%, pay 4.111%	(925,146)	7/1/2038	MLCS (MLDP Termination P), Baa1/A-/A(Aa3/A+/NR)
Single Family 2008 Series C	8,450,000	6/10/2008	Receive 63.6% LIBOR + 0.31%, pay 3.865%	(793,224)	7/1/2039	MLDP, Aa3/A+/NR
Multifamily 2011 Series A	32,450,000	4/3/2006	Receive 64.0% LIBOR + 0.19%, pay 4.02%	(5,722,438)	1/1/2049	MLCS, Aa3/A/AA-
Multifamily 2011 Series B	<u>2,930,000</u>	4/3/2006	Receive 100% LIBOR + 0.10%, pay 6.067%	<u>(791,897)</u>	1/1/2049	MLCS, Aa3/A/AA-
Total	<u>\$ 74,285,000</u>			<u>\$ (10,504,981)</u>		

Credit risk: The Commission’s counterparties may become unable to meet their obligations under the swap agreement. The counterparty for the Commission’s swaps is Merrill Lynch Capital Services (MLCS) and Merrill Lynch Derivative Products AG (MLDP). Under the 2004 Series C, 2004 Series D and 2007 Series F swap agreements, Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payment. As of June 30, 2015, the Commission was not exposed to credit risk with respect to termination payments as all of its swap agreements had negative fair value on this date. However, should interest rates change such that the fair value of the swap becomes positive, the Commission would be exposed to credit risk in the amount of the swap’s fair value. The swap agreements do not contain any collateral agreements with the counterparties.

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NOTE 10 – DERIVATIVE INSTRUMENTS (CONTINUED)

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

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

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

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

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

NOTE 11 – LONG-TERM DEBT – COMPONENT UNITS

The long-term debt of the component units are primarily non-recourse 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 component units' long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 14,380,322	\$ 3,488,618
2017	4,456,474	3,432,375
2018	2,716,880	3,295,418
2019	3,658,811	3,145,844
2020	2,841,702	2,989,336
2021-2025	17,829,921	12,254,882
2026-2030	17,160,877	7,407,120
2031-2035	11,209,939	3,865,414
2036-2040	11,729,827	1,348,046
2041-2045	1,174,799	799,013
2046-2050	1,903,303	403,556
2050-2054	811,636	118,892
2055-2059	46,141	385
Upon sale of property	5,951,139	-
Total	<u>\$ 95,871,771</u>	<u>\$ 42,548,899</u>

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NOTE 12 – LONG-TERM DEBT – COMPENSATED ABSENCES

A summary of changes in compensated absences is as follows:

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year	Amount Due Within One Year
Compensated absences	\$ 1,687,771	\$ 1,526,104	\$ (1,563,951)	\$ 1,649,924	\$ 1,649,924

NOTE 13 – LOANS PAYABLE TO MONTGOMERY COUNTY

The County advances funds to the Commission and the real estate limited partnership component units (component units) through two Capital Improvement Program Funds. The Commission and the 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 component units. If the development is funded from another source, the Commission or the 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 component unit's debt. The Commission and the component units paid no interest on funds received from the County for the year ended June 30, 2015. There is no set maturity date or repayment term on borrowings from the County for the projects.

The Commission has the following Opportunity Housing Sub-Fund, General Sub-Fund and component unit loans payable to Montgomery County as of June 30, 2015:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Sub-Fund	\$ 62,745,090	\$ 2,678,115	\$ 11,444,007	\$ 53,979,198	\$ 334,292
General Sub-Fund	10,846,021	-	324,390	10,521,631	-
Total	<u>\$ 73,591,111</u>	<u>\$ 2,678,115</u>	<u>\$ 11,768,397</u>	<u>\$ 64,500,829</u>	<u>\$ 334,292</u>
Real estate limited partnership component units	<u>\$ 12,681,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,681,326</u>	<u>\$ -</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 14 – OPERATING LEASE COMMITMENTS

The Commission has two leases for its offices in Montgomery County. During fiscal year 2008 the Commission entered into two additional office leases for Customer Service Centers within Montgomery County. The Customer Service Centers contain office space and client walk-in and meeting facilities. On November 21, 2007, the Commission signed a ten year lease with Professional Equity Limited Partnership for the first customer service center located in Gaithersburg, Maryland. The base annual rent is \$189,774 with an annual adjustment to base annual rent of 3%. On January 28, 2008, the Commission signed a ten year lease with Thayer Avenue Limited Partnership for the second Customer Service Center in Silver Spring, Maryland. The base annual rent is \$151,110 with an annual adjustment of 3% per year of the minimum rent in the previous lease year.

Lease expense for the year ended June 30, 2015 for all office space was \$442,205. Future minimum lease obligations under these leases are as follows:

Year ending June 30,	
2016	\$ 419,960
2017	432,559
2018	403,029
2019	<u>16,430</u>
Total	<u><u>\$ 1,271,978</u></u>

NOTE 15 – RESTRICTED NET POSITION

Restricted net position represents the portion of total net position restricted by the requirements of the various bond indentures, for the loan closing cost program, for capital projects and as required by federal programs such as remaining HAP equity for the Housing Choice Voucher Program. All restricted amounts are net of related liabilities.

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 non-spendable 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.

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NOTE 15 – RESTRICTED NET POSITION (CONTINUED)

OHRF (continued)

As of June 30, 2015, the Commission committed the following OHRF obligations by resolutions of the Board of Commissioners:

The Ambassador (WUBLP)	\$ 122,871
Arcola	114,848
Arcola & Waverly RAD	22,000
Barclay Apartments	100,000
Bauer Park & Town Center	225,000
Chevy Chase Lake	600,000
Elizabeth Square	750,000
Greenhills Apartments	1,579,000
RE Division (FY' 15)	148,730
Pre-development fund (Real Estate Division)	89,711
Pre-development fund (Real Estate Division)	200,000
Scattered Site One Dev Corp	167,145
Scattered Site Two Dev Corp	71,372
Scattered Sites	15,120
Tanglewood & Sligo	263,615
Thayer	50,000
Waverly	440,802
Woodfield Commons	350,000
Victory Housing	<u>1,800,000</u>
Total	<u><u>\$ 7,110,214</u></u>

FHA Risk Sharing

On December 5, 2012, the Commission approved a loan of \$1,826,000 from the FHA Risk Sharing reserves to complete the acquisition of Glenmont Crossing Apartments, a 199-unit development in the Glenmont section of Silver Spring.

In FY 2015, the Commission approved a Mortgage Loan for RAD 6 Development Corporation to be financed with the proceeds of the 2014 Bonds that will be endorsed for federal insurance under the Risk-Sharing Agreement, dated September 23, 1994 (the "Risk-Sharing Agreement"), by and between the Commission and the Secretary of the U.S. Department of Housing and Urban Development ("HUD"). Pursuant to which Risk-Sharing Agreement, the Commission will reimburse HUD for its losses under the Mortgage Loan in an amount not greater than 50% of the outstanding principal balance of the Mortgage Loan.

On June 5, 2015, the Commission approved financing for Tanglewood and Sligo Apartment with Fargo Bank. The permanent loan for the transaction in the amount of \$12,510,000 will be insured under FHA's 223 (f) program. The property will bear a 3.22% Taxable GNMA interest rate for the 35 year term of the loan

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS

(a) Pension Plan

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 System), a cost-sharing multiple-employer defined benefit pension plan. The System 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 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 after July 1, 2009 have the option to participate in RSP or GRIP. The one time irrevocable election must be made within 150 days of date of hire.

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 System. Members enrolled before July 1, 1978, belong to either the optional non-integrated group or the optional integrated group. Members enrolled on or after July 1, 1978, belong to either 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 and retirement membership class. Normal retirement is a percentage of earnings multiplied by years of credited service. Earnings for optional and non-integrated group members and optional integrated group members is defined as the high 12 months and for mandatory integrated plan members, the high 36 months. The percentage of earnings, the maximum years of credited service and the cost of living adjustment varies depending upon the retirement membership class and group. Members who retire early receive normal retirement benefits reduced by a minimum of 2% to a maximum of 60% depending on the number of years early retirement precedes normal retirement. The System 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.

For the member of the GRIP, employee contributions and earnings thereon vest immediately and employer contributions and earnings thereon are vested after three years of service or upon death, disability or reaching retirement age. At separation, a participant's benefit is determined based upon the account balance which includes contributions and earnings.

Contributions

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

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

(a) Pension Plan

Contributions (Continued)

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, 2015, the Commission paid 6.71% and the balance came from plan earnings.

Net Pension Liability

The Commission's net pension liability (NPL) of \$4,066,724 was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability is allocated among all employers which includes the County and participating agencies. Each employer's portion of the net pension liability was determined by the respective employer's share of the unfunded actuarial accrued liability, which is based on the number of participants each employer had participating in the System, relative to all participants in the System, as of July 1, 2014.

Actuarial Assumptions

Valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method for funding	Level percentage of payroll assuming 4% annual payroll growth.
Amortization period for funding	Closed amortization approach. The period was reset to 18 years as of June 30, 2010. Amortization bases created in the future will be amortized over 20 years.
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases depending on service	4.00%-9.250%
Cost-of-living (inflation rate) adjustments	3.00% on the benefit attributable to credited service earned prior to June 30, 2011. 2.3% on the benefit attribution to credited service earned thereafter, reflecting the 2.5% cap.
Post-retirement increases	Consumer Price Index – by Group
Mortality rates after retirement	RP 2000 Mortality Table, sex-distinct, projected to the year 2030 for healthy mortality and projected to the year 2010 for disabled mortality. Rates are set forward five years for the disabled mortality assumption.

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

(a) Pension Plan

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the System's investment policy) are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Long Duration Fixed Income	1.45%
High Yield Fixed Income	2.35%
Credit Opportunities	5.30%
TIPS	1.05%
Domestic Equity	4.40%
International Equity	4.40%
Emerging Equity	4.40%
Global Equity	4.60%
Private Markets	7.30%
Global REITs	3.05%
Commodities	2.00%
Master Limited Partnerships	6.45%
Cash	0.00%
Hedge Funds	3.85%

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 audit 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, 2014. The supporting actuarial information is included in the June 30, 2014, 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.

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

(a) Pension Plan

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 (6.75%)	Current Discount Rate (7.65%)	1% Increase (8.75%)
Total System Net Pension Liability	\$ 735,752,621	\$ 305,502,220	\$ (57,871,401)
Commission's Proportionate Share	9,792,867	4,066,724	(770,268)

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

For the year ended June 30, 2015, the Commission recognized pension expense of (714,258). At June 30, 2015, 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	\$ -	\$ -
Changes of assumptions	-	-
Net differences between projected and actual earning on pension plan investments	-	3,173,500
Net difference between actual and proportionate share of contributions	-	294,283
Authority contributions subsequent to the measurement date	1,099,247	-
Total	\$ 1,099,247	\$ 3,467,783

The \$1,099,247 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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 Ended June 30:	Amount
2016	\$ (866,946)
2017	(866,946)
2018	(866,946)
2019	(866,945)

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

(b) Defined Contribution Plan

All full-time employees of the Commission hired after October 1, 1994 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. Part-time employees of the Commission hired after October 1, 1994 may also participate in the plan.

The plan requires all participants to contribute 4% of their salaries. Participants earning salaries exceeding the Social Security wage base, which approximated \$118,700 at June 30, 2015, 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. The County amended the employer contribution from 8% to 6% for fiscal year 2012 only. In addition to a 4% mandatory contribution, participating employees were granted the option to contribute 2% of the after tax salary for fiscal year 2012 only. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2015 totaled \$11,058,924. Commission and employee contributions to the plan totaled \$880,653 and \$446,274, respectively, for the year ended June 30, 2015.

(c) Other Postemployment Benefits (OPEB)

Plan Description: The Commission is a component unit of Montgomery County, Maryland and a participant in the cost-sharing multiple-employer defined healthcare plan sponsored by the County. The Commission provides postretirement health care benefits, in accordance with County statutes, to all employees who retire after achieving age and years of service requirements. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan. Postemployment benefits include medical, life, dental, vision and prescription coverage. Currently, 101 retirees meet those eligibility requirements.

Funding Policy: The Commission pays 50% to 80% of the group medical and life insurance premiums of those 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 \$326,775 during fiscal year 2015. The Commission paid the annual required contribution to the (ARC) in fiscal year 2015 of \$1,307,100, which represents 100% of the Commission's required obligation. The County provided a phase-in period and expects the Commission to begin paying the full annual required contribution by fiscal year 2017.

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NOTE 16 – PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

(c) Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB cost and Net OPEB Obligation: The ARC, or annual OPEB cost (AOC) for fiscal year 2015 was based on the actuarial valuation as of July 1, 2013 presented to Montgomery County on May 9, 2014.

Actuarial Methods and Assumptions: The actuarial valuation for fiscal year projected to 2015 was performed by AON Hewitt with a valuation date of July 1, 2012. The actuarial method used was the Projected Unit Credit Actuarial Cost Method.

The contribution requirements for the five years ended June 30 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actual contribution	\$ 1,307,100	\$ 2,195,672	\$ 1,850,572	\$ 1,020,300	\$ -
Annual required contribution	<u>1,307,100</u>	<u>2,923,000</u>	<u>2,340,000</u>	<u>2,040,000</u>	<u>1,053,300</u>
Percentage contributed	<u>100.0%</u>	<u>75.1%</u>	<u>79.1%</u>	<u>50.0%</u>	<u>0.0%</u>

Montgomery County Government issues a publicly available Comprehensive Annual Financial Report (“CAFR”) that includes financial statements and required supplemental information for the Consolidated Retiree Health Benefits Trusts. A copy of that report may be obtained from Montgomery County Government, Department of Finance, 101 Monroe Street, Rockville, Maryland, 20850. This report can also be found on the County’s website, <http://www.montgomerycountymd.gov> (see Departments, Finance, Financial Reports).

NOTE 17 – CONTINGENCIES

(a) Litigation

There is no litigation pending regarding the Commission, which is not covered by insurance.

(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. The audits of most of these programs for, or including, the year ended June 30, 2015, have not yet been completed. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe disallowed amounts, if any, would be material.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 18 – RISK MANAGEMENT

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

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

NOTE 19 – CONDUIT DEBT OBLIGATIONS

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

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2015 are summarized below:

Bonds outstanding, beginning of year	\$ 168,919,649
Issuances during the year	78,119,594
Redemptions during the year	<u>(450,560)</u>
Bonds outstanding, end of year	<u>\$ 246,588,683</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 Internal Revenue Service (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, 2015, there is a liability of \$107,932 for the Single Family, which may be due in future years. The liability is included in the liabilities balance of each fund.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 21 – PENDING GASB STANDARDS

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

The Commission will be required to implement GASB Statement No. 72, *Fair Value Measurement and Application* for the period ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement is not expected to have an impact on the Commission.

The Commission will be required to implement GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* for the period ending June 30, 2016. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement is not expected to have an impact on the Commission.

NOTE 22 – SUBSEQUENT EVENTS

Alexander House Interim Financing

Alexander House is a 312-unit, mixed-income high-rise apartment community located in downtown Silver Spring, Maryland. In October 2014, the Commission prepaid the \$20.3 million mortgage on Alexander House by way of a draw on the PNC Real Estate Line of Credit (RELOC) loan to reduce RELOC balance. The source of repayment to the RELOC will be an interim, tax-exempt, interest-only loan with BB&T. Alexander House was chosen as a candidate for interim financing because of its plan for redevelopment within the next two to three years. The BB&T interim loan for up to \$21 million will be for a period of up to three (3) years. The first 24 months will have a fixed rate, set at closing. The following 12 months will have a floating rate, priced off LIBOR plus a spread. Despite the interim financing contemplated, the property will continue to contribute to a debt service reserve for the property, assuming a payment equivalent to a 30-year mortgage at 6.50% interest, proving its ability to maintain a healthy, stabilized debt service coverage. Closing is projected in November 2015.

Greenhills Apartments Interim Financing

Greenhills Apartments is a 78-unit, mixed-income apartment and townhome community located in Damascus, Maryland. As with Alexander House, in October 2014, the Commission retired the \$4.2 million mortgage on Greenhills by way of a draw on the PNC Real Estate Line of Credit (RELOC). In an effort to strategically manage the Commission's sources of acquisition and development funds, in the Fall of 2015, the Commission will repay those funds on the RELOC. The source of repayment to the RELOC will also be an interim, tax-exempt, interest-only loan with BB&T. Greenhills was chosen as a candidate for interim financing due to the Commission's approval of a Preliminary Development next one to two years. The BB&T interim loan for up to \$4.3 million will be for a period of no more than two years. The first 24 months will have a fixed rate. Despite the interim financing contemplated, the property will continue to contribute to a debt service reserve for the property, assuming a payment equivalent to a 30-year mortgage at 6.50% interest, proving its ability to maintain a healthy, stabilized debt service coverage. Closing is projected in November 2015.

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NOTE 22 – SUBSEQUENT EVENTS (CONTINUED)

Arcola Towers Financing

Arcola Towers, is a 141-unit, age restricted, public housing community located in Silver Spring, Maryland. The Department of Housing and Urban Development (HUD) approved the Property's participation in the Rental Assistance Demonstration (RAD) program, which will convert the Property's public housing assistance to long-term project-based Section 8 rental assistance. Under the RAD program, the community will remain age restricted for senior residents, and 100% of the units will be covered under a new Section 8 contract. Upon its RAD conversion, the Property will be sold into a tax-credit partnership and renovated. To fund the acquisition and renovation, Arcola Towers will be financed using a combination of Low Income Housing Tax Credit equity, a short-term, tax-exempt construction loan, a permanent mortgage funded by the proceeds from the issuance of private activity bonds under the 1996 Multifamily Housing Development Bond Resolution (1996 Indenture), a seller take-back loan and deferred developer fees. The comprehensive renovation is budgeted at approximately \$70,000 per unit and is expected to take 18 months. In order to qualify for Low Income Housing Tax Credits, the transaction requires approximately \$13,000,000 in short-term and long-term tax-exempt financing. During construction, approximately \$7,000,000 will be funded by way of proceeds from the issuance of short-term bonds. At the completion of the renovation, tax credit equity will be used to pay off the short-term bonds. The remaining permanent balance, approximately \$6,000,000, will be insured under the FHA Risk Sharing program, amortized over a 35-year period, and supported by the property. The final loan amount is subject to final underwriting and prevailing interest rates at the time of loan closing, which is anticipated in December of 2015.

Waverly House Bond Financing

Waverly House is a 158-unit, age-restricted public housing community located in Bethesda, Maryland. The Department of Housing and Urban Development (HUD) approved the Property's participation in the RAD program, which will convert the Property's public housing assistance to long-term project-based Section 8 rental assistance. The community will remain age restricted for senior residents. Under the RAD program, 92% of the units will be covered under a Section 8 contract, and the remaining 8% will be restricted for those earning equal to or less than 60% of the Area Median Income. Upon its RAD conversion, the Property will be sold into a tax-credit partnership and renovated. To fund the acquisition and renovation, Waverly House will be financed using a combination of Low Income Housing Tax Credit equity, a short-term, tax-exempt construction loan, a permanent mortgage funded by the proceeds from the issuance of private activity bonds under the 1996 Multifamily Housing Development Bond Resolution, and a seller take-back loan. The comprehensive renovation is budgeted at approximately \$70,000 per unit is expected to take 18 months. In order to qualify for Low Income Housing Tax Credits, the transaction requires approximately \$23,000,000 in short-term and long-term tax-exempt financing. During construction, approximately \$14,000,000 will be funded by way of proceeds from the issuance of the short-term bonds. At the Completion of the renovation, tax credit equity will be used to pay off the short-term bonds. The remaining permanent balance, approximately \$9,000,000, will be insured under the FHA Risk Sharing program, amortized over a 35-year period, and supported by the property. The final loan amount is subject to final underwriting and prevailing interest rates at the time of loan closing, which is anticipated in November 2015.

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NOTE 22 – SUBSEQUENT EVENTS (CONTINUED)

Chevy Chase Lakes Redevelopment Plans

Chevy Chase Lakes is a 68-unit mixed-income garden apartment community located in Chevy Chase, Maryland. On July 30, 2013, the Montgomery County Council approved the redevelopment plan for the property which will be a newly constructed, mixed-used community to include 60 new for-sale townhomes (50 market; 10 affordable), and an 11-story, 200 unit, mixed-income apartment building with underground parking. Demolition is estimated to begin in December, 2015. In anticipation of the redevelopment, on January 1, 2015, the Commission cancelled the Swap on the bonds which funded the existing mortgage under 2004 Series C within the 1996 Indenture. The property intends to prepay the mortgage and redeem the bonds in November 2015, prior to demolition of the current site. The current preliminary development plan includes a project budget of approximately \$63,000,000 of which \$50,000,000 is projected for construction. A financing plan is being developed which assumes construction, bridge and permanent sources. The issuance of tax-exempt bonds for the transaction is strongly being considered. Construction is anticipated to begin in the spring of 2016. Upon stabilization in 2018, the property is expected to support a new 40-year permanent mortgage of approximately \$56,000,000. The final loan amount is subject to final underwriting and prevailing interest rates at the time of loan closing, which is anticipated in April 2016.

U.S. Treasury Federal Financing Bank Opportunity

Since 1994, the Commission has participated in the Federal Housing Administration (FHA) Risk Sharing Program in which FHA agrees to share a percent of the mortgage insurance risk on affordable housing transactions with Housing Finance Agencies (HFAs). With the backing of the federal government, transactions insured under the Risk Sharing Program enjoy the highest rating, triple A, from the rating agencies. One drawback of the Risk Sharing Program is its prohibition of the use of the Governmental National Mortgage Association (GNMA, "Ginnie Mae") as backing for transactions insured by FHA Risk Share. Interest rates for the Ginnie Mae are lower than bond interest rates. In the interest of assisting HFAs by giving them access to a market comparable to the Ginnie Mae market, the U.S. Treasury offered the use of a facility within the Treasury that has been used by governmental entities since its creation by Congress in 1973, the Federal Financing Bank (FFB). With this new program, FFB will join HUD under an effort similar to the current Risk Sharing Program and provide resources to transactions in the form of taxable treasury securities. As with the original Risk Sharing Agreement, FFB and HUD are requiring HFAs to enter into a new Risk Sharing Agreement. On August 5, 2015, the Commission approved a resolution authorizing participation in the HUD-FFB Risk Sharing Program. A FFB Risk Sharing Agreement and other program documentation will be executed.

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NOTE 22 – SUBSEQUENT EVENTS (CONTINUED)

Single Family Mortgage Purchase Program Expansion

During 2015, the Single Family Mortgage Purchase Program (MPP) has operated completely in the MBS secondary To-Be-Announced (TBA) market without the use of bond funds. The TBA market allows for more flexibility as it relates to loan products, sales price, income limits and non-first time homebuyer participation. First time homebuyers currently have access to the MPP's government and conventional loan products, and its closing cost and purchase assistance products. On August 5, 2015, the Commission approved an expansion of the MPP and will include Veterans and interest-rate reduction loans products for first time homebuyers. In addition, the MPP will now offer government, conventional and refinance loan products for non-first time homebuyers. This expansion allows the MPP to remain viable in the mortgage market, while continuing to support the mission of the Commission. The Commission not only approved an expansion of products on August 5, 2015, but also approved an increase in the sales price and income limits for the program, as it has historically done in response to an increase in the FHA loan limit and the Area Median Income. The MPP's new sales price limit as of August 5, 2015 is \$596,000; and the new maximum income limits for one, two and three or more person households are \$91,700, \$131,000, and \$152,900, respectively. The new sales price and income limits for the program apply to both first time and non-first time homebuyers.

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NOTE 23 – CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	Blended Component Units									
	The Oaks	Alexander House	Sligo	Metropolitan	TPM Development	Pooks Hill	Montgomery Arms	Wheaton Metro	Paddington Square	Chevy Chase
ASSETS										
Cash	\$ 140,283	\$ 1,231,296	\$ 76	\$ 3,040,909	\$ 888,746	\$ 252,492	\$ 562,550	\$ 475,644	\$ 790,488	\$ 687,601
Restricted cash	212,345	591,158	39,205	1,353,320	158,465	1,753,005	565,650	160,687	821,942	218,015
Current assets	9,400	16,646	152,908	10,423,507	87,025	447,201	821,030	1,862,774	400,998	639,926
Noncurrent assets	27,116	-	1,199,402	809,431	-	-	495,175	801,641	321,504	175,726
Capital assets	<u>3,469,846</u>	<u>15,568,011</u>	<u>1,372,551</u>	<u>21,161,162</u>	<u>10,841,333</u>	<u>16,777,366</u>	<u>10,219,210</u>	<u>30,328,239</u>	<u>22,168,245</u>	<u>7,357,697</u>
Total assets	<u>3,858,990</u>	<u>17,407,111</u>	<u>2,764,142</u>	<u>36,788,329</u>	<u>11,975,569</u>	<u>19,230,064</u>	<u>12,663,615</u>	<u>33,628,985</u>	<u>24,503,177</u>	<u>9,078,965</u>
LIABILITIES										
Current liabilities	312,024	1,140,285	50,073	1,157,182	1,200,326	843,441	878,232	1,063,458	2,244,785	811,829
Noncurrent liabilities	<u>3,817,755</u>	<u>21,348,601</u>	<u>-</u>	<u>25,013,175</u>	<u>10,082,897</u>	<u>16,899,546</u>	<u>11,102,085</u>	<u>38,393,263</u>	<u>26,434,912</u>	<u>7,910,897</u>
Total liabilities	<u>4,129,779</u>	<u>22,488,886</u>	<u>50,073</u>	<u>26,170,357</u>	<u>11,283,223</u>	<u>17,742,987</u>	<u>11,980,317</u>	<u>39,456,721</u>	<u>28,679,697</u>	<u>8,722,726</u>
NET POSITION										
Net investment in capital assets	(483,030)	(5,840,196)	2,714,069	(4,421,042)	758,436	(122,180)	(1,150,920)	(8,471,781)	(4,568,460)	(751,645)
Restricted	116,708	492,231		1,026,625	59,713	2,573	518,295	71,723	710,531	203,433
Unrestricted	<u>95,533</u>	<u>266,190</u>	<u>-</u>	<u>14,012,389</u>	<u>(125,803)</u>	<u>1,606,684</u>	<u>1,315,923</u>	<u>2,572,322</u>	<u>(318,591)</u>	<u>904,451</u>
Total net position	<u>(270,789)</u>	<u>(5,081,775)</u>	<u>2,714,069</u>	<u>10,617,972</u>	<u>692,346</u>	<u>1,487,077</u>	<u>683,298</u>	<u>(5,827,736)</u>	<u>(4,176,520)</u>	<u>356,239</u>
Total Liabilities and Net Position	<u>\$ 3,858,990</u>	<u>\$ 17,407,111</u>	<u>\$ 2,764,142</u>	<u>\$ 36,788,329</u>	<u>\$ 11,975,569</u>	<u>\$ 19,230,064</u>	<u>\$ 12,663,615</u>	<u>\$ 33,628,985</u>	<u>\$ 24,503,177</u>	<u>\$ 9,078,965</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

	Blended Component Units											
	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Greenmont Crossing	Greenmont Westerly	Magruders	RAD 6	Community Partners	Primary Government	Total
ASSETS												
Cash	\$ 342,755	\$ 3,372,563	\$ 82	\$ 100	\$ -	\$ 553,534	\$ 429,242	\$ 902	\$ 200	\$ 222,758	\$ 73,672,394	\$ 86,664,615
Restricted cash	367,229	115,173	1,308,061	221,488	148,725	707,720	1,393,779	604,783	549,137	-	134,761,645	146,051,532
Current assets	1,178,604	7,467,328	2,968,260	12,166,655	53,537	16,111	14,881	568,199	998,913	44,479	23,942,009	64,280,391
Noncurrent assets	490,230	-	-	-	-	78,250	47,391	387,234	353,627	-	329,182,014	334,368,741
Capital assets	7,496,632	11,267,193	4,722,752	26,426,623	18,653,356	15,108,821	11,855,322	6,969,333	13,069,389	-	106,228,428	361,061,509
Total assets	9,875,450	22,222,257	8,999,155	38,814,866	18,855,618	16,464,436	13,740,615	8,530,451	14,971,266	267,237	667,786,490	992,426,788
LIABILITIES												
Current liabilities	366,160	666,266	62,317	182,035	5,004,309	335,645	238,653	374,655	1,911,856	8,175	90,199,098	109,050,804
Noncurrent liabilities	10,963,806	8,536,948	5,336,706	19,195,751	9,975	13,278,508	9,827,164	10,900,334	9,389,583	-	453,158,206	701,600,112
Total liabilities	11,329,966	9,203,214	5,399,023	19,377,786	5,014,284	13,614,153	10,065,817	11,274,989	11,301,439	8,175	543,357,304	810,650,916
NET POSITION												
Net investment in capital assets	(1,010,609)	2,547,499	(637,173)	7,230,872	18,643,381	1,618,314	1,895,553	(4,102,421)	3,679,806	-	(17,971,226)	(10,442,753)
Restricted	2,805	49,403	5,276	128,267	4,099	673,327	1,358,038	539,534	54,041	188,954	72,273,439	78,479,015
Unrestricted	(446,712)	10,422,141	4,232,029	12,077,941	(4,806,146)	558,642	421,207	818,349	(64,020)	70,108	70,126,973	113,739,610
Total net position	(1,454,516)	13,019,043	3,600,132	19,437,080	13,841,334	2,850,283	3,674,798	(2,744,538)	3,669,827	259,062	124,429,186	181,775,872
Total Liabilities and Net Position	\$ 9,875,450	\$ 22,222,257	\$ 8,999,155	\$ 38,814,866	\$ 18,855,618	\$ 16,464,436	\$ 13,740,615	\$ 8,530,451	\$ 14,971,266	\$ 267,237	\$ 667,786,490	\$ 992,426,788

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

	Blended Component Units									
	The Oaks	Alexander House	Sligo	Metropolitan	TPM	Pooks Hill	Montgomery Arms	Wheaton Metro	Paddington Square	Chevy Chase
OPERATING REVENUES										
Tenant revenue	\$ 1,261,432	\$ 5,507,588	\$ 262,111	\$ 6,459,320	\$ 3,010,821	\$ 2,788,389	\$ 1,730,630	\$ 2,584,881	\$ 2,727,469	\$ 993,724
Other revenues	34,049	45,901	1,582	446,974	12,043	17,724	86,708	1,806	33,530	68,739
Total operating revenues	<u>1,295,481</u>	<u>5,553,489</u>	<u>263,693</u>	<u>6,906,294</u>	<u>3,022,864</u>	<u>2,806,113</u>	<u>1,817,338</u>	<u>2,586,687</u>	<u>2,760,999</u>	<u>1,062,463</u>
OPERATING EXPENSES										
Housing assistance payments	-	-	-	-	-	-	-	-	-	-
Administrative	238,387	525,130	72,041	733,788	560,880	312,100	263,069	280,702	391,391	131,550
Utilities	72,727	415,577	844	420,347	121,339	160,363	97,441	71,389	193,305	91,806
Ordinary maintenance and operations	393,774	917,267	131,975	616,344	566,069	435,154	295,326	284,840	390,683	314,483
Protective services	-	-	-	-	-	-	-	-	-	-
General expenses	406,489	2,497,697	187,021	3,182,207	883,683	1,396,315	1,063,732	1,774,930	1,304,756	308,084
Depreciation	185,168	975,443	62,494	1,200,622	634,037	536,764	357,547	1,003,177	723,279	256,612
Total operating expenses	<u>1,296,545</u>	<u>5,331,114</u>	<u>454,375</u>	<u>6,153,308</u>	<u>2,766,008</u>	<u>2,840,696</u>	<u>2,077,115</u>	<u>3,415,038</u>	<u>3,003,414</u>	<u>1,102,535</u>
Operating income (loss)	<u>(1,064)</u>	<u>222,375</u>	<u>(190,682)</u>	<u>752,986</u>	<u>256,856</u>	<u>(34,583)</u>	<u>(259,777)</u>	<u>(828,351)</u>	<u>(242,415)</u>	<u>(40,072)</u>
Total non-operating revenues (expenses)	<u>216</u>	<u>(1,508)</u>	<u>62,127</u>	<u>760</u>	<u>36</u>	<u>26</u>	<u>42,204</u>	<u>526</u>	<u>(1,949)</u>	<u>73</u>
Income (loss) before contributions and transfers	<u>(848)</u>	<u>220,867</u>	<u>(128,555)</u>	<u>753,746</u>	<u>256,892</u>	<u>(34,557)</u>	<u>(217,573)</u>	<u>(827,825)</u>	<u>(244,364)</u>	<u>(39,999)</u>
Capital contributions (distributions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,786</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(848)</u>	<u>220,867</u>	<u>(128,555)</u>	<u>753,746</u>	<u>256,892</u>	<u>(34,557)</u>	<u>(217,573)</u>	<u>(711,039)</u>	<u>(244,364)</u>	<u>(39,999)</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>(269,941)</u>	<u>(5,302,642)</u>	<u>2,842,624</u>	<u>9,864,226</u>	<u>435,454</u>	<u>1,521,634</u>	<u>900,871</u>	<u>(5,116,697)</u>	<u>(3,932,156)</u>	<u>396,238</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ (270,789)</u>	<u>\$ (5,081,775)</u>	<u>\$ 2,714,069</u>	<u>\$ 10,617,972</u>	<u>\$ 692,346</u>	<u>\$ 1,487,077</u>	<u>\$ 683,298</u>	<u>\$ (5,827,736)</u>	<u>\$ (4,176,520)</u>	<u>\$ 356,239</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

	Blended Component Units											Total
	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Greenmont Crossing	Greenmont Westerly	Magruders	RAD 6	Community Partners	Primary Government	
OPERATING REVENUES												
Tenant revenue	\$ 1,173,405	\$ 2,240,434	\$ 720,675	\$ 4,300,872	\$ 2,603,504	\$ 1,953,007	\$ 1,630,176	\$ 2,143,705	\$ 1,048,866	\$ -	\$ 23,330,652	\$ 68,471,661
Other revenues	90,791	16,980	8,606	126,113	59,340	9,072	41,784	30,801	184,971	201,239	143,896,147	145,414,900
Total operating revenues	<u>1,264,196</u>	<u>2,257,414</u>	<u>729,281</u>	<u>4,426,985</u>	<u>2,662,844</u>	<u>1,962,079</u>	<u>1,671,960</u>	<u>2,174,506</u>	<u>1,233,837</u>	<u>201,239</u>	<u>167,226,799</u>	<u>213,886,561</u>
OPERATING EXPENSES												
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	90,324,278	90,324,278
Administrative	192,041	558,561	148,488	1,058,345	714,671	191,149	189,045	241,192	239,841	139,306	27,332,992	34,514,669
Utilities	67,517	22,355	5,308	117,400	111,424	212,900	165,436	102,604	165,037	-	3,217,454	5,832,573
Ordinary maintenance and operations	129,386	875,521	270,037	1,042,615	598,396	392,449	370,603	168,137	356,086	-	8,416,049	16,965,194
Protective services	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	655,958	656,372	250,344	1,346,420	969,182	763,679	682,692	1,446,327	215,685	-	23,342,417	43,333,990
Depreciation	405,340	281,656	88,286	443,820	75,809	316,279	221,443	494,229	92,062	-	7,330,129	15,684,196
Total operating expenses	<u>1,450,242</u>	<u>2,394,465</u>	<u>762,463</u>	<u>4,008,600</u>	<u>2,469,482</u>	<u>1,876,456</u>	<u>1,629,219</u>	<u>2,452,489</u>	<u>1,068,711</u>	<u>139,306</u>	<u>159,963,319</u>	<u>206,654,900</u>
Operating income (loss)	<u>(186,046)</u>	<u>(137,051)</u>	<u>(33,182)</u>	<u>418,385</u>	<u>193,362</u>	<u>85,623</u>	<u>42,741</u>	<u>(277,983)</u>	<u>165,126</u>	<u>61,933</u>	<u>7,263,480</u>	<u>7,231,661</u>
Total non-operating revenues (expenses)	<u>61</u>	<u>4,856</u>	<u>4,048</u>	<u>27</u>	<u>18</u>	<u>(477)</u>	<u>(390)</u>	<u>(1,134)</u>	<u>524</u>	<u>-</u>	<u>1,091,880</u>	<u>1,201,924</u>
Income (loss) before contributions and transfers	<u>(185,985)</u>	<u>(132,195)</u>	<u>(29,134)</u>	<u>418,412</u>	<u>193,380</u>	<u>85,146</u>	<u>42,351</u>	<u>(279,117)</u>	<u>165,650</u>	<u>61,933</u>	<u>8,355,360</u>	<u>8,433,585</u>
Capital contributions (distributions)	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,947,274</u>	<u>13,528,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,507,197</u>	<u>-</u>	<u>(34,918,107)</u>	<u>182,091</u>
CHANGE IN NET POSITION	<u>(185,985)</u>	<u>(132,195)</u>	<u>(29,134)</u>	<u>18,365,686</u>	<u>13,722,321</u>	<u>85,146</u>	<u>42,351</u>	<u>(279,117)</u>	<u>3,672,847</u>	<u>61,933</u>	<u>(26,562,747)</u>	<u>8,615,676</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>(1,268,531)</u>	<u>13,151,238</u>	<u>3,629,266</u>	<u>1,071,394</u>	<u>119,013</u>	<u>2,765,137</u>	<u>3,632,447</u>	<u>(2,465,421)</u>	<u>(3,020)</u>	<u>197,129</u>	<u>150,991,933</u>	<u>173,160,196</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ (1,454,516)</u>	<u>\$ 13,019,043</u>	<u>\$ 3,600,132</u>	<u>\$ 19,437,080</u>	<u>\$ 13,841,334</u>	<u>\$ 2,850,283</u>	<u>\$ 3,674,798</u>	<u>\$ (2,744,538)</u>	<u>\$ 3,669,827</u>	<u>\$ 259,062</u>	<u>\$ 124,429,186</u>	<u>\$ 181,775,872</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

	Blended Component Units									
	The Oaks	Alexander House	Sligo	Metropolitan	TPM	Pooks Hill	Montgomery Arms	Wheaton Metro	Paddington Square	Chevy Chase
Net cash provided by (used in)										
Operating activities	\$ 176,036	\$ 1,028,279	\$ (46,458)	\$ 1,959,569	\$ 890,680	\$ 242,016	\$ 258,424	\$ 242,769	\$ 281,796	\$ 509,341
Investing activities	(53,200)	(75,136)	(39,205)	78,523	(1,230,245)	(132,132)	(29,900)	3,410	(721,928)	(253,614)
Capital and related financing activities	(311,456)	(210,273)	-	(1,226,113)	1,049,366	(383,006)	(259,036)	(272,105)	838,492	(189,824)
Net increase/(decrease) in cash	(188,620)	742,870	(85,663)	811,979	709,801	(273,122)	(30,512)	(25,926)	398,360	65,903
Cash and cash equivalents, beginning of year	328,903	488,426	85,739	2,228,930	178,945	525,614	593,062	501,570	392,128	621,698
Cash and cash equivalents, end of year	<u>\$ 140,283</u>	<u>\$ 1,231,296</u>	<u>\$ 76</u>	<u>\$ 3,040,909</u>	<u>\$ 888,746</u>	<u>\$ 252,492</u>	<u>\$ 562,550</u>	<u>\$ 475,644</u>	<u>\$ 790,488</u>	<u>\$ 687,601</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

	Blended Component Units											Total
	Barclay Apartments	Scattered Site One	Scattered Site Two	VPC One	VPC Two	Greenmont Crossing	Greenmont Westerly	Magruders	RAD 6	Community Partners	Primary Government	
Net cash provided by (used in)												
Operating activities	\$ 177,775	\$ 141,078	\$ 302,472	\$ 206,126	\$ 302,472	\$ 424,358	\$ 274,745	\$ 239,070	\$ 1,042,691	\$ 65,869	\$ 83,495,038	\$ 92,214,146
Investing activities	(19,813)	767	(13,880,443)	(12,781,694)	(13,880,525)	(55,139)	(58,181)	(90,252)	(13,585,645)	-	(27,030,131)	(83,834,483)
Capital and related financing activities	(187,693)	(175,680)	13,578,311	12,572,614	13,578,311	(202,483)	(126,376)	(148,116)	12,543,154	-	(29,234,200)	21,233,887
Net increase/(decrease) in cash	(29,731)	(33,835)	340	(2,954)	258	166,736	90,188	702	200	65,869	27,230,707	29,613,550
Cash and cash equivalents, beginning of year	372,486	3,406,398	(258)	3,054	(258)	386,798	339,054	200	-	156,889	187,662,909	198,272,287
Cash and cash equivalents, end of year	<u>\$ 342,755</u>	<u>\$ 3,372,563</u>	<u>\$ 82</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 553,534</u>	<u>\$ 429,242</u>	<u>\$ 902</u>	<u>\$ 200</u>	<u>\$ 222,758</u>	<u>\$ 214,893,616</u>	<u>\$ 227,885,837</u>

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF NET POSITION – SUB-FUNDS
June 30, 2015
(with comparative totals for June 30, 2014)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2015	2014
ASSETS								
CURRENT ASSETS								
Unrestricted:								
Cash and cash equivalents	\$ 39,079,939	\$ 39,189,758	\$ 5,516,708	\$ 1,572,968	\$ 1,305,241	\$ -	\$ 86,664,614	\$ 72,338,418
Interfund receivable (payable)	-	34,760,403	-	-	-	(34,760,403)	-	-
Advances to component units	6,432,467	13,142,609	-	-	-	-	19,575,076	20,711,330
Accounts receivable and other assets	3,789,885	19,452,198	6,530,253	-	13,788	(16,245,836)	13,540,288	9,607,837
Accrued interest receivable	232,184	1,864,026	-	2,365,922	1,214,298	(586,973)	5,089,457	4,882,458
Mortgage and construction loans receivable, current	1,986,258	2,508	-	21,123,308	7,945,175	(4,981,678)	26,075,571	9,821,186
Total unrestricted current assets	<u>51,520,733</u>	<u>108,411,502</u>	<u>12,046,961</u>	<u>25,062,198</u>	<u>10,478,502</u>	<u>(56,574,890)</u>	<u>150,945,006</u>	<u>117,361,229</u>
Restricted cash and cash equivalents and investments:								
Restricted cash and cash equivalents	1,072,681	23,546,301	1,248,985	48,275,633	30,040,647	-	104,184,247	89,500,874
Restricted short-term investments	-	-	-	3,187,915	-	-	3,187,915	8,447,990
Current bonds payable	-	-	-	19,703,069	14,152,536	-	33,855,605	33,501,248
Customer deposits	-	2,375,739	2,448,026	-	-	-	4,823,765	4,767,139
Total restricted cash and cash equivalents and investments	<u>1,072,681</u>	<u>25,922,040</u>	<u>3,697,011</u>	<u>71,166,617</u>	<u>44,193,183</u>	<u>-</u>	<u>146,051,532</u>	<u>136,217,251</u>
Total current assets	<u>52,593,414</u>	<u>134,333,542</u>	<u>15,743,972</u>	<u>96,228,815</u>	<u>54,671,685</u>	<u>(56,574,890)</u>	<u>296,996,538</u>	<u>253,578,480</u>
NONCURRENT ASSETS								
Restricted long-term investments	-	44,479	-	50,038,289	10,901,869	-	60,984,637	61,706,990
Mortgage and construction loans receivable, net of current portion	58,020,323	24,184,528	-	118,734,357	275,841,526	(233,561,021)	243,219,713	293,277,416
Capital assets, net of depreciation	6,907,552	342,652,336	20,128,285	-	-	(8,626,664)	361,061,509	339,442,454
Leased property under capital lease, net of amortization	-	10,993,289	-	-	-	-	10,993,289	11,657,522
Other real estate owned	-	-	-	3,401,833	-	-	3,401,833	3,197,392
Loans receivable from component units	2,291,820	-	-	-	-	-	2,291,820	2,291,820
Investment in real estate partnerships	1,873,221	-	-	-	-	-	1,873,221	1,873,221
Deferred charges	-	-	-	-	-	-	-	-
Total noncurrent assets	<u>69,092,916</u>	<u>377,874,632</u>	<u>20,128,285</u>	<u>172,174,479</u>	<u>286,743,395</u>	<u>(242,187,685)</u>	<u>683,826,022</u>	<u>713,446,815</u>
TOTAL ASSETS	<u>121,686,330</u>	<u>512,208,174</u>	<u>35,872,257</u>	<u>268,403,294</u>	<u>341,415,080</u>	<u>(298,762,575)</u>	<u>980,822,560</u>	<u>967,025,295</u>
DEFERRED OUTFLOWS OF RESOURCES								
Fair value of hedging derivatives	-	-	-	1,718,370	8,786,611	-	10,504,981	9,631,526
Employer contribution	1,099,247	-	-	-	-	-	1,099,247	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 122,785,577</u>	<u>\$ 512,208,174</u>	<u>\$ 35,872,257</u>	<u>\$ 270,121,664</u>	<u>\$ 350,201,691</u>	<u>\$ (298,762,575)</u>	<u>\$ 992,426,788</u>	<u>\$ 976,656,821</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF NET POSITION – SUB-FUNDS
June 30, 2015
(with comparative totals for June 30, 2014)

	Opportunity					Combined Totals		
	General Sub-Fund	Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	2015	2014
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	\$ 4,669,163	\$ 8,422,098	\$ 1,646,115	\$ 373,911	\$ 14,691,996	\$ (16,245,836)	\$ 13,557,447	\$ 14,016,614
Interfund payable	26,677,777	-	8,082,626	-	-	(34,760,403)	-	-
Accrued interest payable	-	3,302,318	-	-	-	(586,973)	2,715,345	2,420,388
Loans payable to Montgomery County - current	-	334,292	-	-	-	-	334,292	7,377,860
Mortgage notes and loans payable - current	53,706,576	4,907,693	901,820	-	-	(4,981,678)	54,534,411	15,879,236
Capitalized lease obligations - current	-	3,616	-	-	-	-	3,616	180,291
Total current unrestricted liabilities	<u>85,053,516</u>	<u>16,970,017</u>	<u>10,630,561</u>	<u>373,911</u>	<u>14,691,996</u>	<u>(56,574,890)</u>	<u>71,145,111</u>	<u>39,874,389</u>
Current liabilities payable from restricted assets:								
Customer deposits payable	-	2,115,208	1,934,882	-	-	-	4,050,090	4,096,462
Accrued interest payable	-	-	-	3,743,069	5,152,237	-	8,895,306	9,903,049
Bonds payable - current	-	-	-	15,960,000	9,000,300	-	24,960,300	23,598,199
Total current liabilities payable from restricted assets	<u>-</u>	<u>2,115,208</u>	<u>1,934,882</u>	<u>19,703,069</u>	<u>14,152,537</u>	<u>-</u>	<u>37,905,696</u>	<u>37,597,710</u>
Total current liabilities	<u>85,053,516</u>	<u>19,085,225</u>	<u>12,565,443</u>	<u>20,076,980</u>	<u>28,844,533</u>	<u>(56,574,890)</u>	<u>109,050,807</u>	<u>77,472,099</u>
NONCURRENT LIABILITIES								
Bonds payable	-	-	-	220,905,621	281,891,498	-	502,797,119	556,011,354
Mortgage notes and loans payable	104,496	303,657,239	2,553	-	-	(233,561,021)	70,203,267	41,370,999
Loans payable to Montgomery County	10,521,631	53,644,906	-	-	-	-	64,166,537	66,213,251
Capitalized lease obligations	-	19,949,804	-	-	-	-	19,949,804	19,953,420
Unearned revenue	9,505,953	2,414,593	531,729	-	-	-	12,452,275	11,443,722
Escrow and other deposits	10,171,132	-	-	-	3,820,489	-	13,991,621	13,922,795
Net pension liability	4,066,724	-	-	-	-	-	4,066,724	-
Derivative investment - hedging	-	-	-	1,718,370	8,786,611	-	10,504,981	9,631,526
Total noncurrent liabilities	<u>34,369,936</u>	<u>379,666,542</u>	<u>534,282</u>	<u>222,623,991</u>	<u>294,498,598</u>	<u>(233,561,021)</u>	<u>698,132,328</u>	<u>718,547,067</u>
Total liabilities	<u>119,423,452</u>	<u>398,751,767</u>	<u>13,099,725</u>	<u>242,700,971</u>	<u>323,343,131</u>	<u>(290,135,911)</u>	<u>807,183,135</u>	<u>796,019,166</u>
DEFERRED INFLOWS OF RESOURCES								
Unamortized pension net difference	3,467,783	-	-	-	-	-	3,467,783	-
NET POSITION								
Net investment in capital assets	6,907,552	(28,851,926)	20,128,285	-	-	(8,626,664)	(10,442,753)	16,074,021
Restricted for:								
Debt service	-	23,590,780	-	25,847,725	25,553,319	-	74,991,824	73,851,115
Customer deposits and other	-	260,531	1,728,118	-	-	-	1,988,649	1,349,446
Closing cost assistance program	1,498,542	-	-	-	-	-	1,498,542	983,196
Unrestricted (deficit)	<u>(8,511,752)</u>	<u>118,457,022</u>	<u>916,129</u>	<u>1,572,968</u>	<u>1,305,241</u>	<u>-</u>	<u>113,739,608</u>	<u>88,379,877</u>
TOTAL NET POSITION	<u>(105,658)</u>	<u>113,456,407</u>	<u>22,772,532</u>	<u>27,420,693</u>	<u>26,858,560</u>	<u>(8,626,664)</u>	<u>181,775,870</u>	<u>180,637,655</u>
TOTAL LIABILITIES AND NET POSITION								
	<u>\$ 122,785,577</u>	<u>\$ 512,208,174</u>	<u>\$ 35,872,257</u>	<u>\$ 270,121,664</u>	<u>\$ 350,201,691</u>	<u>\$ (298,762,575)</u>	<u>\$ 992,426,788</u>	<u>\$ 976,656,821</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS
Year ended June 30, 2015
(with comparative totals for June 30, 2014)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2015	2014
OPERATING REVENUES								
Dwelling rental	\$ 324,993	\$ 65,245,072	\$ 2,914,668	\$ -	\$ -	\$ (13,071)	\$ 68,471,662	\$ 65,395,495
Investment income	-	-	-	2,278,274	3,245,000	-	5,523,274	3,711,854
Unrealized gains (losses) on investments	-	-	-	(22,456)	(357,154)	-	(379,610)	798,251
Interest on mortgage and construction loans receivable	-	-	-	7,882,276	13,797,909	(7,746,526)	13,933,659	14,979,124
Management fees and other income U.S. Department of Housing and Urban Development grants:	19,428,681	2,746,901	2,952,547	68,916	-	(14,057,100)	11,139,945	11,181,613
Housing Assistance Payments (HAP)	-	-	88,010,013	-	-	-	88,010,013	81,090,732
HAP administrative fees	-	-	6,158,651	-	-	-	6,158,651	5,385,511
Other grants	-	-	9,829,017	-	-	(199,178)	9,629,839	9,601,698
State and County grants	-	-	11,399,128	-	-	-	11,399,128	9,639,934
Total operating revenues	<u>19,753,674</u>	<u>67,991,973</u>	<u>121,264,024</u>	<u>10,207,010</u>	<u>16,685,755</u>	<u>(22,015,875)</u>	<u>213,886,561</u>	<u>201,784,212</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	90,523,456	-	-	(199,178)	90,324,278	89,425,241
Administration	12,128,087	11,356,720	14,215,228	1,874,466	1,918,484	(6,978,316)	34,514,669	33,983,803
Maintenance	1,822,573	13,428,397	1,714,367	-	-	-	16,965,337	16,845,515
Depreciation and amortization	1,089,314	11,511,856	3,083,024	-	-	-	15,684,194	17,440,751
Utilities	223,800	4,103,343	1,505,430	-	-	-	5,832,573	5,309,368
Fringe benefits	4,144,879	2,423,893	3,668,262	273,910	243,640	-	10,754,584	11,145,648
Pension expense	(1,042,200)	-	-	-	-	-	(1,042,200)	-
Interest expense	-	12,909,584	-	7,337,023	11,842,478	(8,322,171)	23,766,914	24,157,117
Other expenses	2,852,881	10,555,092	3,507,557	30,877	-	(7,091,855)	9,854,552	9,054,227
Bad debt expense	-	-	-	-	-	-	-	-
Total operating expenses	<u>21,219,334</u>	<u>66,288,885</u>	<u>118,217,324</u>	<u>9,516,276</u>	<u>14,004,602</u>	<u>(22,591,520)</u>	<u>206,654,901</u>	<u>207,361,670</u>
Operating income (loss)	<u>(1,465,660)</u>	<u>1,703,088</u>	<u>3,046,700</u>	<u>690,734</u>	<u>2,681,153</u>	<u>575,645</u>	<u>7,231,660</u>	<u>(5,577,458)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUB-FUNDS
Year ended June 30, 2015
(with comparative totals for June 30, 2014)
(Continued)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2015	2014
NONOPERATING REVENUES (EXPENSES)								
Investment income	\$ 1,173,874	\$ 415,791	\$ (5,152)	\$ -	\$ -	\$ (575,645)	\$ 1,008,868	\$ 420,759
Interest on mortgage and construction loans receivable	100,322	76,700	-	-	-	-	177,022	188,841
Interest expense	(294,315)	(135,800)	-	-	-	-	(430,115)	(188,415)
Other grants	-	244,484	-	-	-	-	244,484	33,359
State and County grants	-	4,536	-	-	-	-	4,536	371,962
Real estate equity transfer in/(out)	-	41,337,728	(41,140,599)	-	-	-	197,129	(774,123)
Total nonoperating income	<u>979,881</u>	<u>41,943,439</u>	<u>(41,145,751)</u>	<u>-</u>	<u>-</u>	<u>(575,645)</u>	<u>1,201,924</u>	<u>52,383</u>
Income (loss) before contributions and transfers	<u>(485,779)</u>	<u>43,646,527</u>	<u>(38,099,051)</u>	<u>690,734</u>	<u>2,681,153</u>	<u>-</u>	<u>8,433,584</u>	<u>(5,525,075)</u>
Capital contributions	-	-	182,091	-	-	-	182,091	469,697
Operating transfers in (out)	<u>6,997,245</u>	<u>(4,300,507)</u>	<u>(1,291,761)</u>	<u>-</u>	<u>(1,404,977)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>6,511,466</u>	<u>39,346,020</u>	<u>(39,208,721)</u>	<u>690,734</u>	<u>1,276,176</u>	<u>-</u>	<u>8,615,675</u>	<u>(5,055,378)</u>
TOTAL NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>(6,617,124)</u>	<u>74,110,387</u>	<u>61,981,253</u>	<u>26,729,959</u>	<u>25,582,384</u>	<u>(8,626,664)</u>	<u>173,160,195</u>	<u>185,693,033</u>
TOTAL NET POSITION, END OF YEAR, AS RESTATED	<u>\$ (105,658)</u>	<u>\$ 113,456,407</u>	<u>\$ 22,772,532</u>	<u>\$ 27,420,693</u>	<u>\$ 26,858,560</u>	<u>\$ (8,626,664)</u>	<u>\$ 181,775,870</u>	<u>\$ 180,637,655</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS
Year ended June 30, 2015
(with comparative totals for June 30, 2014)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 324,993	\$ 65,387,257	\$ 713,778	\$ -	\$ -	\$ 11,132,429	\$ 77,558,457	\$ 51,004,935
Intergovernmental principal payments received	-	-	115,396,809	-	-	-	115,396,809	105,717,875
Investment income received	-	-	-	2,542,601	3,245,000	(13,071)	5,774,530	4,063,747
Mortgage interest received	-	-	-	7,898,480	13,529,751	-	21,428,231	26,337,922
Mortgage loan principle received	-	-	-	27,676,551	24,855,368	-	52,531,919	35,152,928
Management fees and other income	16,403,933	(13,196,023)	3,484,276	(204,441)	-	(13,642,998)	(7,155,253)	7,621,080
Transfer of capital assets to other sub-funds	-	(18,625,097)	18,625,097	-	-	-	-	-
Payments to suppliers	(4,036,409)	(26,896,217)	(6,727,354)	(30,877)	-	6,677,753	(31,013,104)	(27,344,380)
Payments to employees	3,309,681	(40,420,321)	3,934,097	(2,518,036)	10,797,548	(8,820,087)	(33,717,118)	(49,635,863)
Interest paid	-	(12,825,756)	-	(8,103,792)	(11,834,869)	8,551,073	(24,213,344)	(23,892,659)
Housing assistance payments	-	-	(90,523,456)	-	-	-	(90,523,456)	(89,425,241)
Net cash provided by (used in) operating activities	<u>16,002,198</u>	<u>(46,576,157)</u>	<u>44,903,247</u>	<u>27,260,486</u>	<u>40,592,798</u>	<u>3,885,099</u>	<u>86,067,671</u>	<u>39,600,344</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Advances to component units	(5,545,675)	36,246,226	(41,140,599)	-	-	15,798,403	5,358,355	5,052,306
Issuance of notes receivable	-	3,172,632	-	-	-	-	3,172,632	(1,593,150)
Repayments of notes receivable	14,445,792	(4,697,959)	-	-	-	-	9,747,833	5,127,506
Investments purchased	-	(44,479)	-	(973,886)	-	-	(1,018,365)	(7,478,678)
Investments sold	-	-	-	-	6,621,183	-	6,621,183	78,532
Investment income received	1,173,874	-	(5,152)	-	-	(575,645)	593,077	420,759
Investment in mortgages receivable	(53,339,672)	-	-	-	-	-	(53,339,672)	(4,978,748)
Mortgage interest received	81,706	10,870	-	-	-	-	92,576	145,822
Net cash provided by (used in) investing activities	<u>(43,183,975)</u>	<u>34,687,290</u>	<u>(41,145,751)</u>	<u>(973,886)</u>	<u>6,621,183</u>	<u>15,222,758</u>	<u>(28,772,381)</u>	<u>(3,225,651)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds from sale of bonds	-	-	-	-	24,018,199	-	24,018,199	16,304
Bond repayments	-	-	-	(23,400,000)	(52,650,000)	-	(76,050,000)	(29,215,000)
Intergovernmental revenue	-	244,484	-	-	-	-	244,484	405,321
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>244,484</u>	<u>-</u>	<u>(23,400,000)</u>	<u>(28,631,801)</u>	<u>-</u>	<u>(51,787,317)</u>	<u>(28,793,375)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS
Year ended June 30, 2015
(with comparative totals for June 30, 2014)

	General Sub-Fund	Opportunity Housing Sub-Fund	Public Sub-Fund	Single Family Sub-Fund	Multifamily Sub-Fund	Eliminations	Combined Totals	
							2015	2014
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Payments for property, equipment and capital financing fees	\$ (1,376,115)	\$ (31,776,829)	\$ (3,688,954)	\$ -	\$ -	\$ -	\$ (36,841,898)	\$ (21,309,860)
Loss on disposal of capital assets	202,882	-	-	-	-	-	202,882	-
Proceeds from new mortgage notes and loans payable	52,437,850	58,347,041	530,191	-	(6,444,800)	(19,107,857)	85,762,425	3,000,096
Payments on mortgage notes and loans payable	(14,461,548)	(19,301,022)	-	-	-	-	(33,762,570)	(1,195,209)
Proceeds from new loans payable to Montgomery County	-	8,980,055	-	-	-	-	8,980,055	7,768,863
Interest paid on mortgages	(294,315)	(135,800)	-	-	-	-	(430,115)	(188,415)
Proceeds received for FHA risk-sharing losses reserve	-	-	-	-	-	-	-	-
Payment of principal on capital lease obligations	(176,935)	(3,356)	-	-	-	-	(180,291)	(174,875)
Capital contributions and transfers	-	-	182,091	-	-	-	182,091	469,697
Net cash provided by (used in) capital and related financing activities	<u>36,331,819</u>	<u>16,110,089</u>	<u>(2,976,672)</u>	<u>-</u>	<u>(6,444,800)</u>	<u>(19,107,857)</u>	<u>23,912,579</u>	<u>(11,629,703)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,150,042	4,465,706	780,824	2,886,600	12,137,380	-	29,420,552	(4,048,385)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>31,002,578</u>	<u>60,646,092</u>	<u>8,432,895</u>	<u>66,665,070</u>	<u>33,361,044</u>	<u>-</u>	<u>200,107,679</u>	<u>204,156,064</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 40,152,620</u>	<u>\$ 65,111,798</u>	<u>\$ 9,213,719</u>	<u>\$ 69,551,670</u>	<u>\$ 45,498,424</u>	<u>\$ -</u>	<u>\$ 229,528,231</u>	<u>\$ 200,107,679</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET ASSETS								
Current unrestricted cash and cash equivalents	\$ 39,079,939	\$ 39,189,758	\$ 5,516,708	\$ 1,572,968	\$ 1,305,241	\$ -	\$ 86,664,614	\$ 72,338,418
Restricted cash and cash equivalents	1,072,681	23,546,301	1,248,985	48,275,633	30,040,647	-	104,184,247	89,500,874
Current bonds payable	-	-	-	19,703,069	14,152,536	-	33,855,605	33,501,248
Customer deposits	-	2,375,739	2,448,026	-	-	-	4,823,765	4,767,139
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 40,152,620</u>	<u>\$ 65,111,798</u>	<u>\$ 9,213,719</u>	<u>\$ 69,551,670</u>	<u>\$ 45,498,424</u>	<u>\$ -</u>	<u>\$ 229,528,231</u>	<u>\$ 200,107,679</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF CASH FLOWS – SUB-FUNDS
Year ended June 30, 2015
(with comparative totals for June 30, 2014)

	General	Opportunity	Public	Single Family	Multifamily	Eliminations	Combined Totals	
	Sub-Fund	Housing Sub-Fund	Sub-Fund	Sub-Fund	Sub-Fund		2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (1,465,660)	\$ 1,703,088	\$ 3,046,700	\$ 690,734	\$ 2,681,153	\$ 575,645	\$ 7,231,660	\$ (5,577,458)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	1,089,315	11,511,855	3,083,024	-	-	-	15,684,194	17,440,750
Unrealized losses (gains) on investments	-	-	-	22,456	357,154	-	379,610	(798,251)
Loss on disposal of capital assets	-	-	-	-	-	-	-	3,897,835
Transfer of capital assets to other sub-funds	-	(18,625,097)	18,625,097	-	-	-	-	-
Effects of changes in operating assets and liabilities:								
Accounts receivable and other assets	(3,024,748)	(16,120,142)	(2,012,333)	16,204	-	-	(21,141,019)	(1,271,015)
Mortgage and construction loans receivable	-	-	-	27,676,551	24,855,368	19,107,857	71,639,776	32,570,179
Accrued interest receivable	-	-	-	264,327	226,252	(228,902)	261,677	420,599
Other real estate owned	-	-	-	(204,441)	-	-	(204,441)	(3,197,392)
Deferred charges	-	-	-	-	-	(414,102)	(414,102)	1,752,128
Interfund receivable	10,061,390	(26,639,707)	22,392,929	-	(1,514,105)	-	4,300,507	(3,609,266)
Accounts payable and accrued liabilities	8,479,059	1,190,615	(575,342)	(369,660)	14,473,777	(15,798,403)	7,400,046	(805,349)
Deferred revenue	299,606	177,218	531,729	-	-	414,102	1,422,655	(790,276)
Accrued interest payable	-	83,828	-	(835,685)	7,609	228,902	(515,346)	(897,419)
Escrow and other deposits	563,236	142,185	(188,557)	-	(494,410)	-	22,454	465,279
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 16,002,198	\$ (46,576,157)	\$ 44,903,247	\$ 27,260,486	\$ 40,592,798	\$ 3,885,099	\$ 86,067,671	\$ 39,600,344

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended June 30, 2015

Last 10 Fiscal Years*

Employees' Retirement and Pension System:

		2015
Commission's proportion of the net pension liability		1.33%
Commission's proportionate share of the net pension liability	\$	4,066,724
Commission's covered employee payroll	\$	11,058,924
Commission's proportionate share of the net pension liability as a percentage of its covered employee payroll		36.77%
Plan fiduciary net position as a percentage of the total pension liability		529.97%

**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 one year of information is available.*

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
SCHEDULE OF COMMISSION CONTRIBUTIONS
Last Ten Fiscal Years

Employees' Retirement and Pension System

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 1,252,316	\$ 1,452,873	\$ 1,724,145	\$ 1,339,118	\$ 1,574,503	\$ 1,491,431	\$ 1,474,106	\$ 1,474,106
Contributions in relation to the contractually required contribution	<u>1,252,316</u>	<u>1,452,873</u>	<u>1,724,145</u>	<u>1,339,118</u>	<u>1,574,503</u>	<u>1,491,431</u>	<u>1,474,106</u>	<u>1,474,106</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 11,058,924	\$ 3,272,000	\$ 4,292,000	\$ 4,487,000	\$ 5,266,000	\$ 5,414,000	\$ 5,622,000	\$ 5,622,000
Contributions as a percentage of covered-employee payroll	11.32%	44.40%	40.17%	29.84%	29.90%	27.55%	26.22%	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
Year ended June 30, 2015

2011 Capital Fund Program	<u>MD39P004501-11</u>
Funds approved	\$ 2,052,074
Funds expended	2,052,074
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 2,052,074
Funds expended	2,052,074
Excess of funds advanced	<u>\$ -</u>
2012 Capital Fund Program	<u>MD39P004501-12</u>
Funds approved	\$ 1,978,832
Funds expended	1,978,832
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 1,978,832
Funds expended	1,978,832
Excess of funds advanced	<u>\$ -</u>

III. STATISTICAL SECTION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Statistical Section Narrative
Fiscal year ended June 30, 2015

This part of the Housing Opportunities 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 86-87.

Revenue Capacity

These schedules contain information to assist the reader in accessing the factors affecting the Commission's ability to generate its own source revenue. See pages 88-90.

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 91-95.

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 96-100.

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 101-105.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Net Position by Component
Last Ten Years Fiscal Years

<u>Fiscal year</u>	<u>Net investment in</u>			<u>Total net position</u>
	<u>capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	
2006	\$ 41,079,396	\$ 31,493,525	\$ 87,874,552	\$ 160,447,473
2007	43,431,423	30,809,793	99,342,652	173,583,868
2008	39,974,579	44,853,616	100,508,641	185,336,836
2009	34,340,554	43,134,354	107,505,451	184,980,359
2010	26,296,666	51,999,283	110,783,129	189,079,078
2011	29,990,548	56,057,347	103,805,520	189,853,415
2012	28,827,815	65,819,359	101,755,151	196,402,325
2013	21,051,981	61,935,432	102,705,620	185,693,033
2014	16,074,021	76,183,757	88,379,877	180,637,655
2015	(10,442,753)	78,479,015	113,739,608	181,775,870

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Change in Net Position by Enterprise Fund
Last Ten Years Fiscal Years

Fiscal year	General Sub-Fund			Opportunity Housing Sub-Fund			Public Sub-Fund		
	Operating and Non-operating	Operating and Non-operating	Change in net position	Operating and Non-operating	Operating and Non-operating	Change in net position	Operating and Non-operating	Operating and Non-operating	Change in net position
	revenues	expenses		revenues	expenses		revenues	expenses	
2006	\$ 13,101,933	\$ 13,271,621	\$ (169,688)	\$ 47,084,754	\$ 39,944,912	\$ 7,139,842	\$ 92,719,426	\$ 89,976,339	\$ 2,743,087
2007	18,398,540	14,669,524	3,729,016	43,925,076	40,419,947	3,505,129	97,655,029	92,205,862	5,449,167
2008	18,605,303	16,165,334	2,439,969	49,211,864	45,662,928	3,548,936	102,866,531	98,523,036	4,343,495
2009	24,822,954	19,576,621	5,246,333	48,636,324	54,912,968	(6,276,644)	105,254,560	105,958,797	(704,237)
2010	17,829,253	17,470,766	358,487	48,723,294	50,219,840	(1,496,546)	114,291,104	110,705,670	3,585,434
2011	19,019,403	16,660,574	2,358,829	54,067,494	55,672,103	(1,604,609)	116,369,807	114,476,830	1,892,977
2012	17,333,709	16,257,318	1,076,391	56,295,371	54,807,231	1,488,140	113,904,951	118,512,902	(4,607,951)
2013	14,693,427	27,663,976	(12,970,549)	80,481,879	56,466,274	24,015,605	118,477,738	121,685,876	(3,208,138)
2014	17,628,932	22,494,320	(4,865,388)	64,838,029	59,834,164	5,003,865	112,286,989	122,710,906	(10,423,917)
2015	20,733,555	21,219,334	(485,779)	109,935,412	66,288,885	43,646,527	80,118,273	118,217,324	(38,099,051)
Fiscal year	Single Family Sub-Fund			Multifamily Sub-Fund					
	Operating and Non-operating	Operating and Non-operating	Change in net position	Operating and Non-operating	Operating and Non-operating	Change in net position			
	revenues	expenses		revenues	expenses				
2006	\$ 8,332,078	\$ 13,075,152	\$ (4,743,074)	\$ 17,328,986	\$ 24,679,371	\$ (7,350,385)			
2007	14,593,737	15,147,917	(554,180)	23,204,209	22,056,056	1,148,153			
2008	15,712,926	14,991,208	721,718	22,923,420	22,224,570	698,850			
2009	13,161,636	14,492,241	(1,330,605)	26,178,221	23,469,545	2,708,676			
2010	16,233,034	13,946,235	2,286,799	22,665,023	23,300,478	(635,455)			
2011	13,307,006	13,855,788	(548,782)	22,444,823	23,768,901	(1,324,078)			
2012	17,881,445	14,206,488	3,674,957	25,288,101	20,370,728	4,917,373			
2013	9,731,627	15,907,696	(6,176,069)	16,650,293	19,319,152	(2,668,859)			
2014	13,362,768	10,597,451	2,765,317	17,100,170	15,105,122	1,995,048			
2015	10,207,010	9,516,276	690,734	16,685,755	14,004,602	2,681,153			

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Revenues, Expenses and Changes in Net Position
Last Ten Years Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING REVENUES										
Dwelling rental	\$ 68,471,661	\$ 65,395,495	\$ 62,210,614	\$ 58,531,965	\$ 57,304,024	\$ 51,602,384	\$ 50,338,236	\$ 47,207,730	\$ 44,708,879	\$ 45,050,127
Investment income	5,523,274	3,711,854	7,274,297	7,720,354	8,169,267	6,925,130	7,638,163	12,594,626	16,949,098	15,319,779
Unrealized gains (losses) on investments	(379,610)	798,251	(8,251,610)	9,190,260	(2,183,851)	3,848,207	3,110,604	390,768	(834,397)	(9,850,434)
Interest on mortgage and construction loans receivable	13,933,659	14,979,124	16,877,656	16,880,359	18,438,510	17,731,617	19,819,780	17,297,737	13,710,886	12,192,024
Management fees and other income	11,139,946	11,181,613	18,504,567	9,180,604	8,712,644	7,911,157	10,397,564	9,115,619	10,485,337	9,785,159
U.S. Department of Housing and Urban Development grants:										
Housing Assistance Payments (HAP)	88,010,013	81,090,732	84,760,830	77,868,323	78,529,266	75,384,843	69,038,665	68,098,758	65,497,448	64,550,179
HAP administrative fees	6,158,651	5,385,511	5,352,487	5,799,380	6,091,862	5,866,937	5,266,978	5,132,533	4,260,881	4,580,067
Other grants	9,629,839	9,601,698	10,152,883	11,249,981	10,889,692	11,254,618	10,500,329	8,777,422	7,950,894	6,976,369
State and County grants	11,399,128	9,639,934	10,158,784	10,831,271	10,069,139	10,629,223	9,422,158	10,333,157	9,147,060	6,881,222
Total operating revenues	<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>	<u>191,154,116</u>	<u>185,532,477</u>	<u>178,948,350</u>	<u>171,876,086</u>	<u>155,484,492</u>
OPERATING EXPENSES										
Housing Assistance Payments	90,324,278	89,425,241	86,882,476	83,980,027	79,201,987	74,850,432	71,116,935	65,088,360	62,250,457	63,239,005
Administration	34,514,669	33,983,811	33,869,057	33,932,375	34,412,838	34,285,500	33,514,421	31,491,319	29,693,342	27,965,154
Maintenance	16,965,337	16,845,515	15,810,786	15,554,691	14,834,381	14,202,508	14,205,755	13,443,354	11,540,628	11,064,356
Depreciation and amortization	15,684,194	17,440,751	19,428,350	16,607,553	16,075,783	15,658,584	14,499,967	12,308,298	11,092,722	10,567,281
Utilities	5,832,573	5,309,368	5,342,576	6,180,231	6,804,381	6,001,107	5,629,351	5,381,832	5,244,849	5,231,525
Fringe benefits	10,754,584	11,145,646	10,086,973	8,372,560	7,845,250	8,038,944	7,673,443	7,176,063	6,293,777	5,620,301
Pension Expense	(1,042,200)	-	-	-	-	-	-	-	-	-
Interest expense	23,766,914	24,157,117	29,306,374	31,544,664	34,009,553	32,711,853	34,520,213	35,012,776	33,017,662	33,003,609
Other expenses	9,854,552	9,054,221	8,134,409	6,363,970	6,546,617	5,662,593	6,932,322	5,269,845	5,519,503	6,443,315
Bad debt expense	-	1,067,155	1,067,155	784,371	361,871	436,581	379,192	634,021	269,722	250,235
Total operating expenses	<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>	<u>191,848,102</u>	<u>188,471,599</u>	<u>175,805,868</u>	<u>164,922,662</u>	<u>163,384,781</u>
Operating income (loss)	<u>7,231,660</u>	<u>(5,577,458)</u>	<u>(2,887,648)</u>	<u>3,932,055</u>	<u>(4,072,108)</u>	<u>(693,986)</u>	<u>(2,939,122)</u>	<u>3,142,482</u>	<u>6,953,424</u>	<u>(7,900,289)</u>
NONOPERATING REVENUES (EXPENSES)										
Investment income	1,008,868	420,759	452,092	577,972	609,386	683,595	1,351,318	2,472,198	2,510,513	2,327,025
Interest on mortgage and construction loans receivable	177,022	188,841	203,121	166,394	187,259	141,505	105,433	90,832	102,502	112,598
Interest expense	(430,115)	(188,415)	(108,011)	(115,534)	(138,314)	(73,480)	(142,965)	(247,225)	(214,060)	(186,428)
Gain (loss) on transfer of component unit entities	197,129	(774,123)	-	-	736,869	-	(747,219)	4,801,834	-	-
Other grants	244,484	33,359	42,325	41,229	37,219	38,146	39,698	31,034	40,689	41,099
State and County grants	4,536	371,962	241,004	765,279	131,020	253,857	368,694	3,851	51,286	-
Unrealized losses on investments	-	-	-	-	-	-	-	-	-	(1,275)
Total nonoperating income	<u>1,201,924</u>	<u>52,383</u>	<u>830,531</u>	<u>1,435,340</u>	<u>1,563,439</u>	<u>1,043,623</u>	<u>974,959</u>	<u>7,152,524</u>	<u>2,490,930</u>	<u>2,293,019</u>
Income (loss) before contributions and transfers	<u>8,433,584</u>	<u>(5,525,075)</u>	<u>(2,057,117)</u>	<u>5,367,395</u>	<u>(2,508,669)</u>	<u>349,637</u>	<u>(1,964,163)</u>	<u>10,295,006</u>	<u>9,444,354</u>	<u>(5,607,270)</u>
Capital contributions	<u>182,091</u>	<u>469,697</u>	<u>1,049,107</u>	<u>1,181,515</u>	<u>3,283,006</u>	<u>3,749,082</u>	<u>1,607,686</u>	<u>1,457,956</u>	<u>3,692,041</u>	<u>3,008,994</u>
CHANGES IN NET POSITION	<u>\$ 8,615,675</u>	<u>\$ (5,055,378)</u>	<u>\$ (1,008,010)</u>	<u>\$ 6,548,910</u>	<u>\$ 774,337</u>	<u>\$ 4,098,719</u>	<u>\$ (356,477)</u>	<u>\$ 11,752,962</u>	<u>\$ 13,136,395</u>	<u>\$ (2,598,276)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Significant Own-Source Revenue
Last Ten Years Fiscal Years

<u>Fiscal year</u>	<u>Tenant Revenue Total</u>	<u>% Total Operating Revenue</u>
2006	\$ 45,050,127	28.97%
2007	44,708,879	26.01%
2008	47,207,730	26.38%
2009	50,338,236	27.13%
2010	51,602,384	27.00%
2011	57,304,024	29.23%
2012	58,531,965	28.24%
2013	62,210,614	30.05%
2014	65,395,495	32.41%
2015	<u>68,471,662</u>	32.01%
Average	<u>\$ 55,082,112</u>	28.74%

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Operating Revenues by Sources
Last Ten Years Fiscal Years

Fiscal year	Dwelling Rental		Investment Income		Unrealized Gains (Losses) on Investments		Interest on mortgage and construction loans receivable	
	% Total Op		% Total Op		% Total Op		% Total Op	
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
2006	45,050,127	28.97%	15,319,779	9.85%	(9,850,434)	(6.34)%	12,192,024	7.84%
2007	44,708,879	26.01%	16,949,098	9.86%	(834,397)	(0.49)%	13,710,886	7.98%
2008	47,207,730	26.38%	12,594,626	7.04%	390,768	0.22%	17,297,737	9.67%
2009	50,338,236	27.13%	7,638,163	4.12%	3,110,604	1.68%	19,819,780	10.68%
2010	51,602,384	27.00%	6,925,130	3.62%	3,848,207	2.01%	17,731,617	9.28%
2011	57,304,024	29.23%	8,169,267	4.17%	(2,183,851)	(1.11)%	18,438,510	9.41%
2012	58,531,965	28.24%	7,720,354	3.73%	9,190,260	4.43%	16,880,359	8.14%
2013	62,210,614	30.05%	7,274,297	3.51%	(8,251,610)	(3.99)%	16,877,656	8.15%
2014	65,395,495	32.41%	3,711,854	1.84%	798,251	0.40%	14,979,124	7.42%
2015	68,471,662	32.01%	5,523,274	2.58%	(379,610)	(0.18)%	13,933,659	6.51%

Fiscal year	Management fees and other income		Housing assistance payment subsidies		State and County grants		Total	
	% Total Op		% Total Op		% Total Op		% Total Op	
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
2006	9,785,159	6.29%	76,106,615	48.95%	6,881,222	4.43%	155,484,492	100.00%
2007	10,485,337	6.10%	77,709,223	45.21%	9,147,060	5.32%	171,876,086	100.00%
2008	9,115,619	5.09%	82,008,713	45.83%	10,333,157	5.77%	178,948,350	100.00%
2009	10,397,564	5.60%	84,805,972	45.71%	9,422,158	5.08%	185,532,477	100.00%
2010	7,911,157	4.14%	92,506,398	48.39%	10,629,223	5.56%	191,154,116	100.00%
2011	8,712,644	4.44%	95,510,820	48.72%	10,069,139	5.14%	196,020,553	100.00%
2012	9,180,604	4.43%	94,917,684	45.80%	10,831,271	5.23%	207,252,497	100.00%
2013	18,504,567	8.94%	90,113,317	43.52%	20,311,667	9.81%	207,040,508	100.00%
2014	11,181,613	8.21%	86,476,243	40.19%	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%

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Long-Term Debt
Last Ten Years Fiscal Years

<u>Fiscal year</u>	<u>Bonds payable</u>	<u>Mortgage notes and loans payable</u>	<u>Loans payable to Montgomery County</u>	<u>Capitalized lease obligations</u>	<u>Other</u>	<u>Total</u>	<u>% Net position to debt</u>	<u>\$ Total debt per capita</u>	<u>\$ Total debt to personal income</u>
2006	593,664,161	38,518,098	35,730,378	20,340,383	3,726,854	691,979,874	23.19%	742	1144%
2007	647,651,771	40,327,022	34,086,460	20,945,760	4,630,765	747,641,778	23.22%	803	1189%
2008	742,169,119	44,728,335	43,467,729	20,724,750	4,933,088	856,023,021	21.65%	900	1329%
2009	669,267,092	51,436,575	47,194,468	20,494,054	4,910,269	793,302,458	23.32%	816	1231%
2010	767,261,719	40,468,317	56,851,638	20,208,821	4,875,177	889,665,672	21.25%	916	(a)
2011	736,693,760	43,872,243	62,794,974	20,724,651	4,380,786	868,466,414	21.86%	(a) (b)	(a) (b)
2012	732,670,865	36,372,309	62,916,742	20,478,214	4,112,218	856,550,348	22.93%	(a) (b)	(a) (b)
2013	610,041,974	59,366,795	61,900,801	20,308,586	13,377,243	764,995,399	24.27%	(a) (b)	(a) (b)
2014	579,609,553	57,250,235	73,591,111	20,133,711	13,922,795	744,507,405	24.26%	(a) (b)	(a) (b)
2015	527,757,419	124,737,678	64,500,829	19,953,420	13,991,621	750,940,967	25.13%	(a) (b)	(a) (b)

(a) Total personal income data not available for 2010, 2011, 2012, 2013, 2014 or 2015

(b) Population for Montgomery County not available for 2011, 2012, 2013, 2014 or 2015

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

Property	Purpose	Amount Outstanding	Property	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>			<u>Loans from Montgomery County Revolving Fund</u>		
Alexander House	Mortgage	\$ 20,271,302	Alexander House	Interim Financing	\$ 336,905
Ambassador	Mortgage	1,862,495	Ambassador	Interim Financing	2,284,066
Barclay Development Corporation	Mortgage	8,760,694	Brooks Farm	Interim Financing	109,087
Chevy Chase Lake	Mortgage	6,859,342	Holiday Park Townhouse	Interim Financing	812,504
Diamond Square	Mortgage	1,367,958	Pooks Hill Midrise	Interim Financing	199,500
Fairfax Court	Mortgage	746,000	Subtotal	<u>3,742,062</u>	
Greenhills	Mortgage	4,200,000	<u>Notes Payable to State of Maryland</u>		
Magruder's Discovery	Mortgage	11,071,754	Ambassador	Rehab	289,749
Montgomery Arms	Mortgage	8,218,854	CDBG McAlpine Road	Rehab	107,493
MPDUs (59)	Mortgage	2,246,031	Dale Drive	RHPP	600,000
MPDUs (64)	Mortgage	1,710,176	Diamond Square	RHPP	2,000,000
Paddington Square	Mortgage	-	Montgomery Arms	RHPP	111,933
Pomander Court	Mortgage	453,111	State Rental Consolidated	PHRP	8,795,567
Pooks Hill Highrise	Mortgage	17,295,089	State Rental VII	PHRP	4,712,863
Pooks Hill Midrise	Mortgage	2,518,239	The Glen	RHPP	1,211,706
RAD 6	Mortgage	24,000,000	Subtotal	<u>17,829,311</u>	
Scattered Site One Dev Corp	Mortgage	8,719,694	<u>Notes Payable to Montgomery County</u>		
Strathmore Court	Mortgage	14,970,675	527 Dale Drive	Construction	1,742,309
The Glen	Mortgage	5,358,466	Southbridge	Acquisition/Rehab	6,063,667
The Metropolitan	Mortgage	25,582,204	Alexander House	Construction	800,000
The Oaks at Four Corners	Mortgage	2,207,938	Ambassador	Acquisition	2,000,000
Timberlawn Crescent	Mortgage	4,553,544	Brooke Park Apartments	Acquisition	3,846,591
Wheaton Metro Development Corporation	Mortgage	<u>31,162,965</u>	CDBG	Acquisition	604,275
Subtotal		<u>204,136,531</u>	CDBG McAlpine Road	Acquisition	101,168
<u>Other Mortgages</u>			Chelsea Towers	Acquisition	1,239,856
Glenmont Crossing	Mortgage	2,077,912	Chelsea Towers	Home Funds	397,000
Glenmont Crossing	Mortgage	9,389,194	Chevy Chase Lake	Acquisition	1,250,000
Glenmont Westerly	Mortgage	7,207,587	County revolving CCAP	Acquisition	1,737,565
MHLP II*	Mortgage	13,968	Diamond Sq	Rehab	2,746,344
MHLP III*	Mortgage	42,891	Glenmont Crossing	Rehab	2,850,000
MHLP VII	Mortgage	522,725	Glenmont Westerly	Rehab	3,650,000
Paddington Square	Mortgage	20,617,434	HOC/HOP	Acquisition/Rehab	1,605,428
Scattered Site Two Dev Corp	Mortgage	<u>4,722,600</u>	Jubilee Housing	Predevelopment	1,424,231
Subtotal		<u>44,594,311</u>	King Farm Village Center	Acquisition/Rehab	2,512,618
<u>Other Loans/OHRF</u>			Mchome	Acquisition/Rehab	2,005,646
Montgomery Arms	Rehab	1,340,037	Montgomery Arms	Acquisition/Rehab	1,699,307
Paddington Square	Rehab	923,038	NCI I	Acquisition/Rehab	4,039,753
Paint Branch	OHRF	2,509	NSP I	Acquisition/Rehab	1,993,071
VPC One Development Corporation	Rehab	18,960,751	Oaks @ Four Corners	Acquisition/Rehab	1,744,938
VPC Two Development Corporation	Rehab	9,975	Paddington Square	Acquisition	5,196,232
Elizabeth House Dev Corp	Rehab	1,490,949	Pooks Hill Midrise	Acquisition	317,701
Wheaton Metro Dev Corp	Rehab	<u>1,379,283</u>	Scattered Site Two Development Corp	Acquisition	637,325
Subtotal		<u>24,106,542</u>	State Rental Combined	Acquisition	60,000
<u>Other Loans</u>			State Rental VII	Acquisition	1,668,050
Avondale Apartments	Acquisition	7,037,704	The Glen	Acquisition	691,272
Barclay	Rehab	2,456,565	VPC One Development Corporation	Rehab	235,000
Capital One Site	Acquisition	1,586,387	TPM	Acquisition	2,914,699
Glenmont Crossing	Rehab/purchase	2,023,400	Wheaton Metro Dev Corp	Rehab	2,984,721
Glenmont Westerly	Rehab/purchase	2,752,183	Subtotal	<u>60,758,767</u>	
Southbridge	Note Payable	<u>2,042,000</u>	Total Property Related Debt \$ <u>373,065,763</u>		
Subtotal		<u>17,898,239</u>			

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Single Family Bonds – Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2015

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:									
2009 Series C	\$ 11,600,000	\$ 5,805,000	\$ 11,600,000	\$ -	\$ 5,795,000	\$ 1,470,000	\$ 4,335,000	\$ 198,960	\$ 355,000
2005 Series D	13,400,000	3,060,000	13,400,000	-	10,372,000	315,000	2,745,000	148,570	305,000
2006 Series A	18,705,000	9,890,000	18,705,000	-	8,815,000	1,735,000	8,155,000	324,849	1,420,000
2006 Series B	11,295,000	4,825,000	11,295,000	-	6,470,000	740,000	4,085,000	214,718	-
2007 Series A	15,875,000	8,545,000	15,875,000	-	7,330,000	1,825,000	6,720,000	274,044	1,005,000
2007 Series B	19,125,000	11,115,000	19,125,000	-	8,010,000	725,000	10,390,000	517,440	135,000
2007 Series C	1,000,000	835,000	1,000,000	-	165,000	605,000	230,000	14,754	230,000
2007 Series D	20,000,000	9,385,000	20,000,000	-	10,615,000	1,695,000	7,690,000	426,811	875,000
2007 Series E	13,000,000	8,315,000	13,000,000	-	4,685,000	-	8,315,000	10,062	-
2007 Series F	10,000,000	10,000,000	10,000,000	-	-	-	10,000,000	375,817	-
2008 Series A	13,205,000	3,645,000	13,205,000	-	9,560,000	915,000	2,730,000	109,022	700,000
2008 Series B	3,900,000	1,475,000	3,900,000	-	2,425,000	800,000	675,000	79,313	-
2008 Series C	8,450,000	8,450,000	8,450,000	-	-	-	8,450,000	295,978	-
2008 Series D	17,200,000	17,200,000	17,200,000	-	-	-	17,200,000	20,781	-
2009 Series A	20,000,000	15,625,000	20,000,000	-	4,375,000	1,250,000	14,375,000	645,533	750,000
2013 Series A	38,645,000	35,825,000	38,645,000	-	2,820,000	2,790,000	33,035,000	1,036,535	-
2013 Series B	14,825,000	14,825,000	14,825,000	-	-	1,680,000	13,145,000	327,169	4,850,000
2013 Series C	3,190,000	1,600,000	3,190,000	-	1,590,000	1,600,000	-	-	-
NIBP 2009 Series A	10,000,000	7,310,000	10,000,000	-	2,690,000	860,000	6,450,000	254,632	320,000
NIBP 2009 Series B	15,000,000	13,340,000	15,000,000	-	1,640,000	1,090,000	12,250,000	496,980	10,000
NIBP 2009 Series C-1	9,000,000	8,410,000	9,000,000	-	590,000	770,000	7,640,000	251,102	520,000
NiBP 2010 Series A	6,000,000	4,810,000	6,000,000	-	1,190,000	865,000	3,945,000	147,853	585,000
NIBP2011 Series A	12,425,000	10,745,000	12,425,000	-	1,680,000	870,000	9,875,000	386,055	1,220,000
NIBP2009 Series C-2	16,170,000	15,680,000	16,170,000	-	490,000	170,000	15,510,000	385,413	1,100,000
NIBP2009 Series C-3	2,450,000	2,380,000	2,450,000	-	70,000	-	2,380,000	58,786	130,000
NIBP2012 Series A	12,545,000	11,940,000	12,545,000	-	605,000	590,000	11,350,000	386,969	980,000
NIBP2009 Series C-4	9,770,000	9,670,000	9,770,000	-	100,000	40,000	9,630,000	310,086	410,000
NIBP2009 Series C-5	2,610,000	2,610,000	2,610,000	-	-	-	2,610,000	73,863	60,000
SUB-TOTAL	349,385,000	257,315,000	349,385,000	-	92,082,000	23,400,000	233,915,000	7,772,095	15,960,000
Add: Unamortized discount	-	3,385,690	-	-	-	435,069	2,950,621	(435,069)	-
Total Single Family Bonds Payable	\$ 349,385,000	\$ 260,700,690	\$ 349,385,000	\$ -	\$ 92,082,000	\$ 23,835,069	\$ 236,865,621	\$ 7,337,026	\$ 15,960,000

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Multifamily Bonds – Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2015

	Authorized	Unissued	Outstanding Beginning of Year	Issued Prior Years	Issued This Year	Retired/Refunded Prior Years	Retired/Refunded This Year	Outstanding End of Year	Interest Expensed This Year	Current Maturities
Multi Family Sub-Fund Bonds:										
1998 Issue A	\$ 12,900,000	\$ -	\$ 8,715,000	\$ 12,900,000	\$ -	\$ 4,185,000	\$ 405,000	\$ 8,310,000	\$ 418,215	\$ 425,000
2002 Series A	22,325,000	-	19,580,000	22,325,000	-	2,745,000	555,000	19,025,000	1,072,392	585,000
2008 Series A	13,355,000	-	4,530,000	13,355,000	-	-	4,530,000	-	759	-
1992 Series C	4,425,000	-	2,060,000	4,425,000	-	2,365,000	2,060,000	-	45,114	-
1995 Series A	23,910,000	-	2,280,000	23,910,000	-	21,630,000	190,000	2,090,000	125,525	200,000
1984 Series A - Accretions	585,000	-	157,307	157,307	18,199	-	-	175,506	18,199	20,300
2000 Series B	28,600,000	-	7,085,000	28,600,000	-	10,010,000	7,085,000	-	127,516	-
2007 Series A	19,055,000	-	16,910,000	19,055,000	-	2,145,000	405,000	16,505,000	751,899	420,000
2007 Series B-1	22,085,000	-	20,480,000	22,085,000	-	1,605,000	20,480,000	-	285,119	-
2007 Series C-1	5,110,000	-	4,400,000	5,110,000	-	710,000	240,000	4,160,000	166,825	245,000
2007 Series C-2	2,190,000	-	1,890,000	2,190,000	-	300,000	1,890,000	-	802	-
2004 Series A	13,700,000	-	12,130,000	13,700,000	-	1,570,000	275,000	11,855,000	538,628	275,000
2004 Series B	4,085,000	-	3,725,000	4,085,000	-	360,000	50,000	3,675,000	176,067	50,000
2004 Series C	19,460,000	-	16,365,000	19,460,000	-	3,095,000	480,000	15,885,000	427,652	495,000
2004 Series D	14,110,000	-	11,900,000	14,110,000	-	2,210,000	345,000	11,555,000	397,968	355,000
2005 Series B	5,440,000	-	4,960,000	5,440,000	-	480,000	170,000	4,790,000	211,735	170,000
2005 Series C	28,630,000	-	26,550,000	28,630,000	-	2,080,000	710,000	25,840,000	1,184,608	725,000
2009 Series A-2	8,040,000	-	8,040,000	8,040,000	-	-	-	8,040,000	315,168	-
2010 Series A	4,860,000	-	4,565,000	4,860,000	-	295,000	160,000	4,405,000	168,878	165,000
2010 Series A	12,375,000	-	11,885,000	12,375,000	-	490,000	375,000	11,510,000	485,845	255,000
2011 Series A	33,585,000	-	32,845,000	33,585,000	-	740,000	395,000	32,450,000	1,186,836	415,000
2011 Series B	3,020,000	-	2,960,000	3,020,000	-	60,000	30,000	2,930,000	165,732	40,000
2012 Series A	24,935,000	-	23,600,000	24,935,000	-	1,335,000	895,000	22,705,000	711,506	900,000
2012 Series B	18,190,000	-	17,085,000	18,190,000	-	1,105,000	8,160,000	8,925,000	309,268	470,000
2012 Series C	24,230,000	-	22,055,000	24,230,000	-	2,175,000	1,690,000	20,365,000	617,659	1,695,000
2012 Series D	34,975,000	-	33,890,000	34,975,000	-	1,085,000	1,075,000	32,815,000	871,576	1,095,000
2014 Series A	24,000,000	-	-	-	24,000,000	-	-	24,000,000	463,881	-
	428,175,000	-	320,642,307	403,747,307	24,018,199	62,775,000	52,650,000	292,010,506	11,245,372	9,000,300
Less: Unamortized premium	-	-	(1,733,444)	-	-	-	(614,736)	(1,118,708)	-	-
Total Multi Family Bonds Payable	\$ 428,175,000	\$ -	\$ 318,908,863	\$ 403,747,307	\$ 24,018,199	\$ 62,775,000	\$ 52,035,264	\$ 290,891,798	\$ 11,245,372	\$ 9,000,300

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Multifamily Bonds – Nonobligation Debt
Fiscal Year Ended June 30, 2015

<u>Bond Series</u>	<u>Current Property Name</u>	<u>Owner</u>	<u>Final Maturity</u>	<u>Original Bonds Issued</u>	<u>Amount Outstanding</u>
<u>Multifamily Housing Revenue Bonds</u>					
2014 Issue A	Churchill Senior II	Private	11/1/2016	\$ 16,500,000	\$ 16,500,000
2010 Issue A	Wynnfield	Private	5/1/2026	31,680,000	31,680,000
2010 Issue B	Oak Mill II	Private	5/1/2026	9,600,000	9,600,000
2003 Issue A	Randolph Manor	Private	8/1/2045	5,500,000	5,116,596
2004 Issue A	Olney Manor	Private	1/1/2046	7,000,000	6,539,792
2004 Issue B	Blair Park	Private	10/15/2036	2,700,000	1,914,258
2004 Issue C	Cloppers Mill	Private	7/1/2046	7,800,000	7,323,207
2005 Issue I	Oakfield	Private	10/15/2039	38,000,000	38,000,000
2006 Issue A	Covenant Village	Private	12/1/2048	6,418,000	6,133,722
2008 Issue A	Victory Forest	Private	9/1/2045	6,600,000	2,423,366
<u>Multifamily Housing Revenue Refunding Bonds</u>					
2001 Issue A	Draper Lane	Private	3/1/2040	35,000,000	35,000,000
2001 Issue B	Draper Lane	Private	3/1/2040	11,000,000	11,000,000
2001 Issue C	Draper Lane	Private	3/1/2040	6,000,000	6,000,000
<u>Variable Housing Revenue Bonds</u>					
1998 Issue I	Byron Housing	Private	9/1/2023	2,319,000	1,259,000
2012 Issue A	Victory Court	Private	10/1/2024	8,400,000	8,348,739
<u>Non-Obligation Notes</u>					
2015 Issue A	Olde Towne Gaithersburg	Private	4/1/2048	25,525,000	25,525,000
2015 Issue B	Lakeview House Apts.	Private	7/1/2050	34,225,000	34,225,000
TOTAL				\$ 254,267,000	\$ 246,588,680

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Number of Units by Program
Last Ten Fiscal Years

Fiscal Year	Public Housing Rental	Public Housing Homeownership	Housing Choice Voucher	Opportunity Housing	Transitional Housing	Specialized Program	Component Units	Total
2006	1,539	11	5,436	2,842	151	405	1,653	12,037
2007	1,539	11	5,674	2,853	165	402	1,653	12,297
2008	1,544	11	5,754	3,049	165	430	1,621	12,574
2009	1,543	11	5,793	3,225	165	591	1,659	12,987
2010	1,546	10	5,926	3,249	165	614	1,659	13,169
2011	1,546	9	6,306	3,495	165	566	1,455	13,542
2012	1,553	9	6,457	3,496	165	566	1,760	14,006
2013	1,546	7	6,429	3,638	165	557	1,893	14,235
2014	1,094	7	7,352	3,992	165	538	1,892	15,040
2015	557	7	7,050	4,585	165	559	1,808	14,731

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Property Characteristics and Dwelling Unit Composition

Public Housing

Name of development	Address	Number of units
Elderly Communities		
Arcola Towers	1135 University Boulevard, Silver Spring MD 20902	141
Elizabeth House	1400 Fenwick Avenue, Silver Spring MD 20910	160
Holly Hall Apartments	10110 New Hampshire Avenue, Silver Spring MD 20903	96
Waverly House	4521 East West Highway, Bethesda MD 20814	158
	<i>Total Elderly Communities</i>	<u>555</u>
Tobytown	90 Monroe Street, Rockville MD 20832	7
Scattered Units		
Scattered Site	13818 Palmer House Way, Silver spring MD 20904	1
Scattered Site	3243 Saint Florence Terrace, Olney MD 20832	1
	<i>Total Scattered Sites</i>	<u>2</u>
	<i>Total Public Housing units</i>	<u><u>564</u></u>

Housing Choice Voucher/Transitional Housing

Name of development	Address	Number of units
Housing Choice Voucher	Various	7,050
Transitional Housing Program	Various	165
Specialized Program	Various	559
	<i>Total Housing Choice Voucher/Transitional Housing</i>	<u><u>7,774</u></u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Property Characteristics and Dwelling Unit Composition

Opportunity Housing

Name of development	Address	Number of units
Elderly Communities		
The Oaks at Four Corners	321 University Boulevard West, Silver Spring MD 20901	120
	<i>Total Elderly Communities</i>	120
Family Communities		
717 Sligo Creek Parkway	717 Sligo Creek Parkway, Tacoma Park MD 20912	12
7411 Aspen Court	7411 Aspen Court, Tacoma Park MD 20912	11
7423 Aspen Court	7423 Aspen Court, Tacoma Park MD 20912	16
Alexander House	8560 Second Avenue, Silver Spring MD 20910	311
Ambassador One Assoc LP	2715 University Boulevard, Silver Spring MD 20902	162
Brooke Park Apartments	6301-6307 MacArthur Blvd, Bethesda, MD 20816	18
Chelsea Towers	7401 Westlake Terrace, Bethesda MD 20817	21
Chevy Chase Lake	3719 Chevy Chase Lake, Chevy Chase MD 20815	68
Dale Drive	527 Dale Drive, Silver Spring MD 20910	10
Diamond Square	80 Bureau Drive, Gaithersburg MD 20878	124
Fairfax Court Apts	1 Fairfax Court, Chevy Chase MD 20815	18
Glenmont Crossing(Dev. Corp.)	2301 Shorefield Road, Silver Spring, MD 20902	97
Glenmont Westerly (Dev. Corp.)	12207 Georgia Avenue, Silver Spring, MD 20902	102
Greenhills	10572 Tralee Terrace, Damascus MD 20872	78
Jubilee Falling Creek	2408 Falling Creek Road, Silver Spring MD 20904	3
Jubilee Housing	2305 Hermitage Avenue, Silver Spring MD 20902	3
Jubilee Woodedged	2715 Woodedged Road, Silver Spring MD 20906	3
Magruder's Discovery	10508 Westlake Drive, Bethesda MD 20817	134
MetroPointe	11175 Georgia Avenue, Silver Spring MD 20902	120
Montgomery Arms	8627 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 20802	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
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda MD 20852	151
The Barclay	4716 Bradley Boulevard, Chevy Chase MD 20815	76
The Glen	2399 Jones Lane, Wheaton MD 20902	90
The Metropolitan	7600 Old Georgetown Road, Bethesda MD 20810	216
Timberlawn	5707 Luxemburg Street, Rockville MD 20852	107
Westwood Towers	5401 Westbard Avenue, Bethesda MD 20816	212
Avondale Street Apartments	4500,4510 & 4527 Avondale Street, Bethesda MD	25
Sandy Spring	1 Branchwood Court, Sandy Spring, MD 20860	55
Seneca Ridge	11400 Scenery Drive, Germantown, MD 20876	71
Towne Center Place	3502 Morningwood Drive, Olney, MD 20832	49
Washington Square	8343 Fairhaven Drive, Gaithersburg, MD 20877	50
Ken Gar	Various addresses throughout Montgomery County	19
Parkway Woods	Various addresses throughout Montgomery County	24
	<i>Total Family Communities</i>	3,013
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
MHLP I	Various addresses throughout Montgomery County	16
MPDU 2004	Various addresses throughout Montgomery County	38
MPDU 2007	Various addresses throughout Montgomery County	2
MPDU I	Various addresses throughout Montgomery County	64
MPDU III	Various addresses throughout Montgomery County	59
MPDU III	Various addresses throughout Montgomery County	26
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
VPC One Development Corporation	Various addresses throughout Montgomery County	390
VPC Two Development Corporation	Various addresses throughout Montgomery County	278
Montgomery Homes Limited Partnership VII	Various addresses throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	Various addresses throughout Montgomery County	49
State Rental Combined	Various addresses throughout Montgomery County	196
	<i>Total Scattered Sites</i>	1,452
	<i>Total Opportunity Housing units</i>	4,585

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Property Characteristics and Dwelling Unit Composition

Component Units		
Name of development	Address	Number of units
Elderly Communities		
Bauer Park	14635 Bauer Park Drive, Rockville, MD 20853	142
Camp Hill	17825 Laytonsville RD, Gaithersburg, MD 20877	51
Town Center Apts.	90 Monroe Street, Rockville, MD 20850	<u>112</u>
<i>Total Elderly Communities</i>		<u>305</u>
Family Communities		
Manchester Manor Apartments, LP	8401 Manchester Road, Silver Spring , MD 20901	53
MetroPoints, LP	1175 Georgia Avenue, Silver Spring, MC 20902	53
Strathmore Court, LP	5440 Marinelli Drive, North Bethesda, MD 20852	51
The Metropolitan of Bethesda, LP	7600 Old Georgetown Road, Bethesda, MD 20814	92
Shady Grove Apartments, LP	16525 Crabbs Branch Way, Derwood, MD 2055	144
The Willows of Gaithersburg Associate, LP	407 West Diamond Avenue, Gaithersburg, MD 2077	195
MV Affordable Housing Associates	9310 Merust Lane, Gaithersburg, MD 20874	94
Georgian Court, Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Barclay One Associate LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Spring Garden One Associates LP	8007A Eastern Avenue, Silver Spring, MD 20910	83
Hampden Lane LP	4912 Hampden Lane, Bethesda, MD 20814	12
Forst Oak Towers LP	101 Odenhal Road, Gaithersburg, MD 20877	175
Tanglewood/Sligo Hills	8902 Manchester Road, Silver Sliver Spring, MD 20901	<u>132</u>
<i>Total Family Communities</i>		<u>1,312</u>
Scattered Units		
Montgomery Homes Limited Partnership IX - Pond Ridge	Various address spread throughout Montgomery County	40
Montgomery Homes Limited Partnership IX - MPDU units	Various address spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	Various address spread throughout Montgomery County	<u>75</u>
<i>Total units - Scattered units</i>		<u>191</u>
<i>Total units - Component units</i>		<u>1,808</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Regular Staff Headcount by Department
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Executive</u>	<u>Finance</u>	<u>Housing Management</u>	<u>Housing Resources</u>	<u>Mortgage Finance</u>	<u>Real Estate</u>	<u>Rental Assistance *</u>	<u>Resident Services</u>	<u>Total</u>
2006	38.60	43.00	124.35	-	13.50	10.00	40.00	77.40	346.85
2007	41.00	42.00	125.35	-	13.50	12.00	42.00	80.50	356.35
2008	40.00	42.00	126.60	53.60	14.50	10.00	42.00	84.60	413.30
2009	49.50	42.00	128.60	49.60	14.50	8.00	-	80.60	372.80
2010	40.00	43.00	138.60	45.50	14.50	6.00	-	90.20	377.80
2011	40.00	43.00	139.10	50.00	14.50	6.00	-	92.20	384.80
2012	41.00	42.00	139.10	50.00	14.50	6.00	-	91.20	383.80
2013	41.00	46.00	138.10	48.00	14.50	6.00	-	89.70	383.30
2014	53.00	52.00	94.60	54.00	15.50	9.00	-	87.70	365.80
2015	60.00	49.00	94.00	55.00	13.50	11.00	-	82.20	364.70

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

** Rental assistance division was dissolved in FY 2008-2009 with staff reallocated to Executive and Housing Resource divisions*

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Demographic and Economic Statistics
Last Ten Years Ended December 31

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils (Fiscal Year)(7)
2006	926,492	62,251,585	67,191	518,142	503,476	2.8	139,387
2007	931,694	64,472,203	69,199	512,934	499,536	2.6	137,798
2008	942,748	67,379,333	71,471	519,330	502,802	3.2	137,745
2009	959,013	65,965,060	68,784	522,704	493,400	5.6	137,763
2010	976,006	67,991,412	69,663	525,908	495,187	5.8	140,500
2011	991,645	71,716,065	72,320	530,699	502,229	5.4	143,309
2012	1,004,709	73,551,167	73,206	535,371	507,381	5.2	146,497
2013	1,016,677	74,840,000	73,612	535,271	508,190	5.1	149,018
2014	1,018,355	78,420,000	77,007	529,482	506,937	4.3	151,289
2015	1,020,000	79,300,000	77,745	544,313	522,426	4.0	154,230

NOTES:

- (1) Sources: Data for 2006-2013 from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2010 from Montgomery Planning Department (MNCPPC) and for 2013- 2015 are estimated by the Montgomery County Department of Finance from Round 8.2 Cooperative Estimates and pertain to population in households. Estimates for 2006-2012 published by BEA in November 2013 and reflect the County's population estimates available as of 2012, population estimate for 2013 from the American Community Survey, U.S. Census, and average annual growth rate of 0.2 percent from 2013 to 2015 from Round 8.2.
- (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 2009-2012 were revised by BEA . Data for 2013 through 2015 are estimates derived by the Montgomery County Department of Finance.
- (3) Per capita income is derived by dividing personal income by population.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Permits Issued to Construct New Residential Units in Montgomery County, MD
Last Ten Years Ended December 31

<u>Fiscal Year</u>	<u>Dwelling Units</u>	<u>Construction Cost</u>
2005	3,591	717,384,014
2006	3,031	574,209,600
2007	3,459	664,048,150
2008	1,476	336,061,807
2009	862	244,499,105
2010	1,899	343,321,569
2011	2,512	434,450,024
2012	3,981	503,817,038
2013	3,514	523,949,473
2014	3,839	625,089,267

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Principal Employers
Current and Nine Years Ago

Employer	Fiscal Year 2015			Fiscal Year 2006		
	# of Employees (1)	Rank	Percentage of Total County Employees (2)	# of Employees (1)	Rank	Percentage of Total County Employees (2)
U.S. Department of Health and Human Services	28,800	1	6.32%	39,000	1	8.50%
Montgomery County Public Schools	25,703	2	5.64%	20,132	2	4.39%
U.S. Department of Defense	12,900	3	2.83%	13,670	3	2.98%
Montgomery County Government	11,112	4	2.44%	8,536	4	1.86%
U.S. Department of Commerce	5,400	5	1.19%	6,678	6	1.46%
Adventist Healthcare	4,800	6	1.05%	6,951	5	1.52%
Marriott International, Inc. (Headquarters)	4,600	7	1.01%	3,500	10	0.76%
Holy Cross Hospital of Silver Spring	3,900	8	0.86%	*		-
Montgomery College	3,656	9	0.80%	*		-
Lockheed Martin Corporation	3,000	10	0.66%	3,900	9	0.85%
Giant Food Corporation	*		-	4,900	7	1.07%
Chevy Chase Bank	*		-	4,700	8	1.02%
Total	<u>103,871</u>		<u>22.80%</u>	<u>111,967</u>		<u>24.41%</u>

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

Note: Excludes post offices, state and local governments.

(1) The employee numbers listed were prepared jointly by Montgomery County's Department of Economic Development (DED) and the Maryland Department of Business & Economic Development. The figures are based on DED's analysis of the MD.

Department of Labor, Licensing & Regulation's Quarterly Census of Employment & Wages, 4th quarter 2014 data of public and private employers in Montgomery County.

(2) Employee counts for Federal & Military facilities exclude contractors to the extent possible; embedded contractors may be included.

(3) Total payroll employment in FY15 was 455,343.

Source: Montgomery County Department of Economic Development

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Public Housing Statistics – All Properties
As of June 30, 2015

Income Source	# Mbrs
Business	5
Child Support	3
Federal Wage	0
General Assistance	69
Indian	0
Medical Reimburse	0
Military	0
Other Non-Wage Income	40
Other Wages	50
Pension	80
PHA Wage	0
Social Security	331
SSI	331
TANF	2
Unemployment	2

Average Length of Stay for Current Tenants (in Years)	13
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Public Housing Statistics
All Properties
As of 06/30/2015

Gender	Female	Male	Total
Count of Head of Household	345	167	512
% of Head of Households	67.38%	32.62%	
Count of All Family Members	453	220	673
% of All Family Members	67.31%	32.69%	

Seniors	Under 62	62 +
Count of HOH	10	502
% of HOH	0.68%	34.15%
Count All Members	76	597
% All Members	11.29%	88.71%

Disabled	
Count of Head of Household	97
Count of All Family Members	108

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
Count of Head of Household	39	255	116	45	23	15	8	5	1	1	4	0	512
Average Income in Range	\$ 937	\$ 8,701	\$ 11,729	\$ 5,745	\$ 15,280	\$ 9,057	\$ 20,350	\$ 12,284	\$ 14,545	\$ 15,004	\$ 18,985	\$ -	\$ 132,617
Cumulative % of Households	7.62%	57.42%	80.08%	88.87%	93.36%	96.29%	97.85%	98.83%	99.02%	99.22%	100.00%	100.00%	

Age Ranges	0-5	6-13	14-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-89	90 +	Totals
Count of Head of Household	0	0	0	0	1	5	5	17	63	232	166	23	512
Count of All Family Members	3	3	3	2	8	9	13	34	89	290	196	23	673

Race	American Indian	Asian	Black	Pacific Islander	White	Not Reported	Total
Count of Head of Household	2	159	170	0	181	0	512
% of Head of Household	0.39%	31.05%	33.20%	0.00%	35.35%	0.00%	100%
Count of All Family Members	2	232	215	0	217	7	673
% of All Family Members	0.30%	34.47%	31.95%	0.00%	32.24%	1.04%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	63	449	0	512
% HOH	12.30%	87.70%	0.00%	100%
Fam Mbrs	81	583	9	673
% FM	12.04%	86.63%	1.34%	100%

Family Size by Bedroom Size	# of PH Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	0	35	34	1	0	0	0	0	0	0	1.0 Person
1 Bedroom	0	411	311	100	0	0	0	0	0	0	1.2 People
2 Bedrooms	0	59	13	43	3	0	0	0	0	0	1.8 People
3 Bedrooms	0	6	1	3	1	0	1	0	0	0	2.5 People
4 Bedrooms	0	1	0	0	1	0	0	0	0	0	3.0 People
5 Bedrooms	0	0	0	0	0	0	0	0	0	0	0.0 People
Total # of PH Units	0	512	359	147	5	0	1	0	0	0	1.3 People

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Housing Choice Voucher Statistics – All Properties
As of June 30, 2015

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

Gender	Male	Female	Total
Count of Head of Household	1,252	5,455	6,707
% of Head of Households	18.67%	81.33%	
Count of All Family Members	6,317	10,794	17,111
% of All Family Members	36.92%	63.08%	

Disabled	
Count of Head of Household	2070
Count of All Family Members	2670

Housing Choice Voucher
 Statistics
 As of 06/30/2015
 Includes Homeownership & Portables

Seniors	Under 62	62 +
Count of HOH	5,251	1,456
% of HOH	78.29%	21.71%
Count All Members	15,389	1,722
% All Members	89.94%	10.06%

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	748	1,713	1,144	762	582	447	379	275	605	6,655
Average Income in Range	\$ 1,943	\$ 8,381	\$ 12,449	\$ 17,291	\$ 22,493	\$ 27,352	\$ 32,444	\$ 37,423	\$ 51,116	\$ 17,129
Cumulative % of Families	11.24%	36.98%	54.17%	65.62%	74.37%	81.08%	86.78%	90.91%	100.00%	

Age Ranges	0-5	6-12	13-17	18-20	21-29	30-39	40-49	50-61	62-69	70-79	80-99	100+	Totals
Count of Head of Household	0	0	0	7	475	1,527	1,579	1,667	682	448	263	60	6,708
Count of All Family Members	1,718	3,423	1,871	1,110	1,731	1,843	1,814	1,888	792	550	311	60	17,111

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Unknown	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	1,733	4,598	40	302	18	11	5		816	5,892	0
% of Head of Household	30.33%	80.47%	0.70%	5.29%	0.32%	0.19%	0.09%		14.28%	103.12%	0.00%
Count of All Family Members	3,419	12,690	86	599	46	67	204		2,051	14,737	323
% of All Family Members	23.74%	88.11%	0.60%	4.16%	0.32%	0.47%	1.42%		14.24%	102.33%	2.24%

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	Average Family Size
Efficiency	0	224	136	35	20	12	5	5	0	2	1.7 Person
1 Bedroom	0	1,839	1,689	139	7	1	0	0	0	0	1.1 People
2 Bedrooms	0	2,341	479	1,130	574	131	18	3	1	0	2.2 People
3 Bedrooms	0	1,846	73	191	423	691	345	100	20	3	3.8 People
4 Bedrooms	0	407	7	12	27	71	95	118	45	30	5.2 People
5 Bedrooms	0	59	1	0	0	5	7	12	6	28	6.7 People
6 Bedrooms	0	10	0	0	0	0	0	0	1	9	7.9 People
Total # of HCV Units	0	6726	2385	1507	1051	911	470	238	73	72	2.5 People