



Housing Opportunities
Commission

Of Montgomery County

A Component Unit of Montgomery County,
Maryland

**Comprehensive
Annual Financial Report**

For the Fiscal Year Ended

June 30, 2009

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

For the Year Fiscal Ended June 30, 2009

Issued by
Finance Department
Gail Willison, Chief Financial Officer
Cornelia Kent, Assistant Chief Financial Officer

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

For the Year Ended June 30, 2009

Table of Contents

I. INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart	ii
List of Principal Officers	iii

II. FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3

Basic Financial Statements

Commission-wide Financial Statements:

Statement of Net Assets – Business-Type Activities and Discretely Presented Component Units	11
Statement of Revenues, Expenses, and Changes in Net Assets – Business-Type Activities and Discretely Presented Component Units	13
Statement of Cash Flows – Business-Type Activities and Discretely Presented Component Units	14

Fund Financial Statements:

Statement of Net Assets – Enterprise Funds	16
Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Funds	18
Statement of Cash Flows – Enterprise Funds	20
Notes to Financial Statements	23

Supplementary Information:

Statement and Certification of Actual Modernization Costs	60
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Real Estate Limited Partnerships Component Unit Financial Statements	61
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III. STATISTICAL SECTION

Statistical Section Narrative	68
Net Assets By Component – Unaudited	69
Change in Net Assets By Enterprise Fund	70

Revenues, Expenses, and Changes in Net Assets – Unaudited	71
Significant Own-Source Revenue – Unaudited	72
Operating Revenues By Sources – Unaudited	73
Long-Term Debt – Unaudited	74
Opportunity Housing Property Related Debt	75
Single Family Fund – Debt Outstanding, Issued and Retired	76
Multi-Family Fund, Debt Outstanding, Issued and Retired	77
Multi-Family Housing Bonds, Non-obligation Bond Issues	78
Number of Units by Program – Unaudited	79
Property Characteristics and Dwelling Unit Composition	80
Regular Staff Headcount By Department	83
Demographics & Economic Statistics	84
Permits Issued to Construct New Residential Units in Montgomery County, MD	85
Public Housing Statistics	86
Housing Choice Voucher Statistics	87

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Presented to

Housing Opportunities Commission of Montgomery County, Maryland

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, appearing to be "J.R.", written over a horizontal line.

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Egan", written over a horizontal line.

Executive Director



10400 Detrick Avenue
Kensington, Maryland 20895-2484
(240) 773-9000

December 18, 2009

Members of the Commission
Housing Opportunities Commission of Montgomery County

We are pleased to present the Housing Opportunities Commission of Montgomery County (HOC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The report was prepared by the Commission's Finance staff and was audited by the independent public accounting firm of Clifton Gunderson, 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, are 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 auditor's report on the basic financial statements, management's discussion and analysis, the basic financial statements, supplementary information and the component unit's 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 funds: General Fund, Opportunity Housing Fund, Public Fund, Single Family Bond Fund, and the Multi-Family Bond Fund. In addition, 17 low income housing tax credit partnerships (LIHTC) are consolidated and presented as a discretely presented component unit 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.

The governing body of HOC is the Board of Commissioners and is comprised of seven members, who are appointed by the County Executive and approved 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 Housing Assistance Payments and Public Housing operating subsidy funded by the U.S. Department of Housing and Urban Development, dwelling rental income earned by Commission owned properties and interest on mortgage and construction loans earned by the Single Family and Multi-Family mortgage loan portfolios. The mission of the Commission 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 and in the Notes to Financial Statements sections of this report.

Economic Condition and Outlook

The economic condition in Montgomery County, Maryland has deteriorated based on unemployment data. The unemployment rate in Montgomery County continues to rise from 3.2% in November 2008 to 5.3% in September 2009, a 65% increase. Unemployment rates were 7.0% in Maryland and 9.5% in the United States as of September 2009. The increase in Montgomery County was 66%, compared to Maryland and the United States overall which saw 55% and 56% increases, respectively, from November 2008. Construction activity has slowed down and housing prices have started to gradually increase.

The Commission's financial position is affected by several factors including the real estate rental and homeownership markets, the housing bond market, the LIHTC market and Federal appropriations for both the Housing Choice Voucher program and Public Housing operations and modernization. During fiscal year 2009, the Commission remarketed \$26.9 million in Single Family bonds and \$83.4 million in Multi-Family bonds. The Commission issued Housing Development Bonds for \$33 million in December 2008 and Single Family Mortgage Revenue Bonds for \$20 million in June 2009. The ability to issue Housing Revenue Bonds for most of fiscal year 2009 both for multi-family and single family dwellings has been severely hampered by the current economic recession. The Commission has seen a slight improvement in the bond markets toward the later part of calendar year 2009. On October 19, 2009, the US Treasury Department announced a long awaited initiative to help state and local housing finance agencies cope with some of the stresses of the current economic climate and recent financial market disruption. The Treasury program has two components, a bond purchase program and a temporary liquidity program. On November 11, 2009, the Commission received an allocation of \$101 million from the US Treasury for the bond purchase program and \$118 million for the temporary liquidity program. The Commission is currently preparing to enter the bond market with new issuance and remarketing of current bond issues under private liquidity agreements.

The LIHTC market has begun to show slow signs of recovery in selective areas within Montgomery County. On May 20, 2009, the Commission received a reservation of up to \$338,350 in 9% LIHTC for Hampden Lane Apartments to be located in Bethesda, Maryland. The Montgomery County and Washington DC metro multi-family rental market has been stagnant for approximately the past five calendar quarters, with stagnant effective rents and

elevated levels of vacancy in comparison with recent historical levels. However, the market is one of the strongest in the nation, and the level of vacancy has remained well below the national average. There are also indications that a shortage of new units in the market will develop within the next 24-36 months, and effective rents appear to be increasing in anticipation of tightening market conditions. The US Department of Housing and Urban Development (HUD) has announced that housing authorities will be funded at 100% of eligibility; however, the unfreezing of rents will result in less operating subsidy eligibility. The overall impact to the Commission is unknown at this point in time. The impact of the current economic recession is expected to continue through calendar year 2010. Funding for the Housing Choice Voucher program from HUD for calendar year 2010 is unknown at this point in time; however, the Commission continues to attempt to maximize the number of vouchers utilized based on funding available.

Despite the current economic condition, the Commission continues to remain innovative and flexible in its approach to serving our residents. The Commission opened two Customer Service Centers during fiscal year 2008 which are easily accessible through public transportation and provide a more convenient and all inclusive alternative for many of our residents. On average, over the last eleven months the, Service Centers have serviced 2,454 clients for various programs including Public Housing, Housing Choice Voucher and LIHTC.

In addition, the Commission has been the recipient of several economic stimulus awards from State and County government via HUD in an effort to preserve affordable housing and rejuvenate the local economy. During fiscal year 2009, the Commission received \$3.1 million in capital funding for Public Housing through the American Recovery and Reinvestment Act (ARRA) from HUD. In addition, the Commission received \$1.6 million in capital funds for elderly Public Housing properties also through ARRA. The Commission also received \$1.9 million in Neighborhood Stabilization Program funds and \$2.5 million in Neighborhood Conservation Initiative funds through Montgomery County via HUD and the State through the Housing and Economic Recovery Act (HERA) to purchase and rehabilitate foreclosed homes to provide rental housing to residents of the County. Lastly, the Commission received funding of \$1.2 million for 100 new vouchers from HUD under the Designated Plan program designed to assist non-elderly disabled residents of Montgomery County.

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 2009, renovation and sale continues on The Village at King Farm project. In November 2008, the Commission entered into a partnership with Montgomery County to renovate and convert 49 apartments known as The Village at King Farm into workforce housing. These units will be renovated and sold as condominiums to employees of Montgomery County in an effort to provide affordable housing to employees of the County. In addition, the Commission completed the purchase of three properties in Takoma Park, Maryland which will be renovated and rented to low-to-moderate income families during FY 2010. The last phase of construction is beginning for Paddington Square, a 166 unit garden style dwelling serving moderate income residents. Lastly, the Commission also plans on renovating 2305 Hermitage Avenue in Silver Spring, Maryland, a single-family dwelling which will house three developmentally disabled adults.

The Commission also continues renovation efforts at The Metropolitan and Pooks Hill High Rise, two market rate rental apartments located in Bethesda, Maryland. Additionally, the Commission has planned renovations and upgrades for several Public Housing properties through use of capital funds received from HUD on an annual basis.

The Commission will also continue to access the bond market and look for opportunities to issue Housing Revenue Bonds in an effort to continue adding affordable housing units as well as maintaining existing units through renovation and capital improvements.

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 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 Federal Programs Division as well as an internal auditor.

Single Audit: In compliance with A-133, 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 Clifton Gunderson LLP for the year ended June 30, 2009 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.

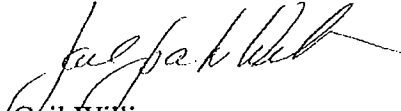
Budgeting Process: The Commission, on an annual basis in conjunction with Division Heads and Executive Staff, prepares an annual agency-wide budget by department and program. The annual budget is submitted to the Executive Director for approval and then presented to the Budget, Finance & Audit Committee (BF&A, a subset of the full Commission) and subsequently to the full Commission. Both groups must approve the annual 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, budget amendments are presented to the BF&A Committee and the Commission for approval. Each Division Director or program head is responsible for monitoring actual to budget 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 authority has 17 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

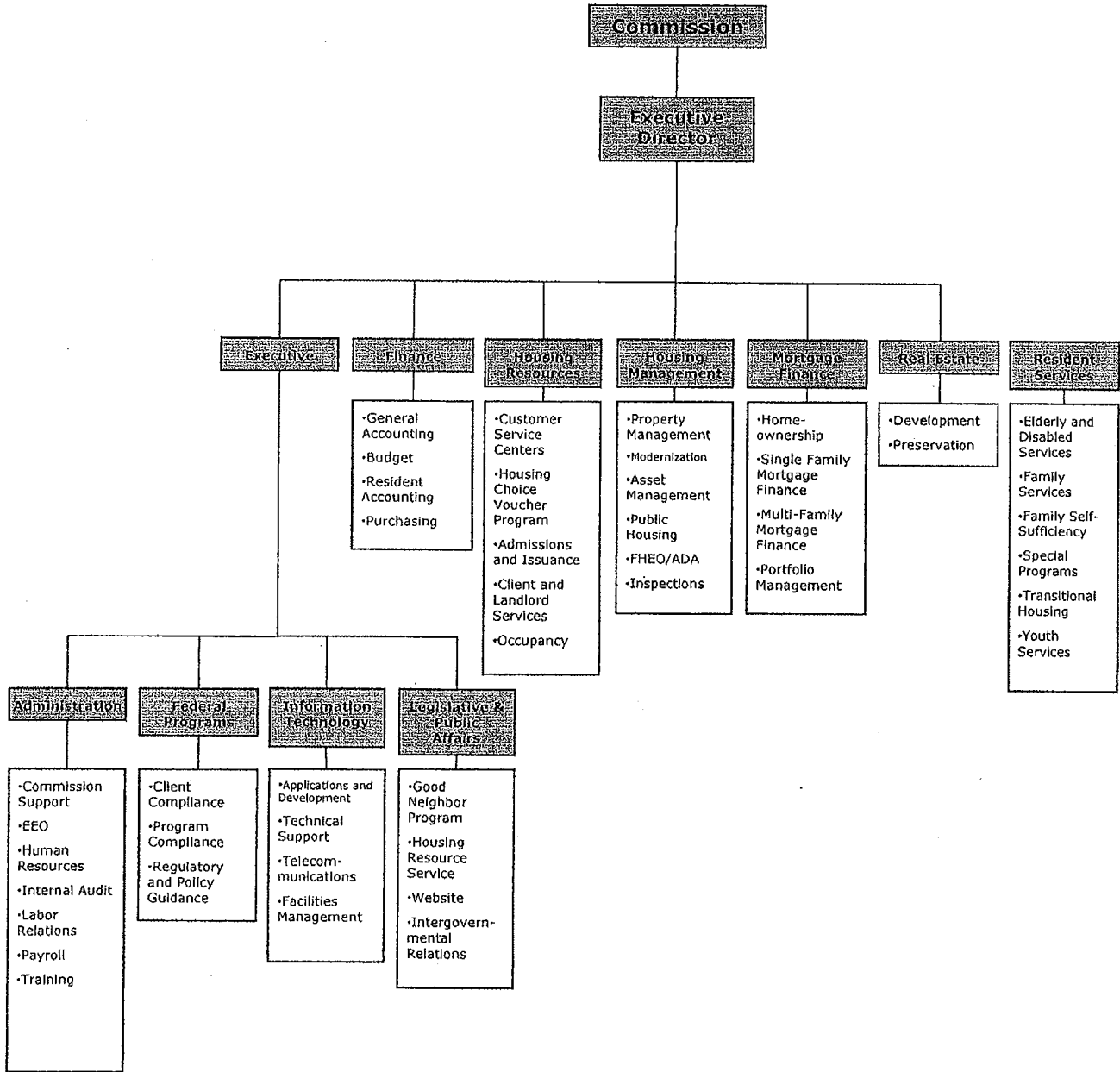
partners. These units are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide rental housing for the Commission target population.

Acknowledgments: 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 Commission. We would also like to thank the Commission for their continued support and guidance throughout the year.

Respectfully submitted,



Gail Willison
Chief Financial Officer



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

List of Principal Officials

Name, Title	Expiration of Term
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BOARD OF COMMISSIONERS

Michael J. Kator, Chair	August, 2013
Roberto Piñero, Vice Chair	August, 2013
Norman Dreyfuss, Chair Pro Tem	August, 2014
Jean Banks, Commissioner	August, 2012
Norman Cohen, Commissioner	August, 2010
Pamela T. Lindstrom, Commissioner	August, 2014
Sally Roman, Commissioner	August, 2011

SENIOR MANAGEMENT

Annie, Alston, Executive Director
Ken Tecler, General Counsel

EXECUTIVE STAFF

Tedi Osias, Public Affairs
Les Kaplan, Housing Resources
Jerry Robinson, Housing Management
Lillian Durham, Resident Services
Gail Willison, Chief Financial Officer
Joy Flood, Federal Programs
Scott Ewart, Information Technology
Maryann Dillon, Real Estate
Kayrine Brown, Mortgage Finance

Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities and each major fund 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, 2009, which along with the aggregate discretely presented component units of the Commission collectively comprise the Commission's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Commission's management. 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. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. The prior year partial comparative fund information has been derived from the Commission's 2008 financial statements, and in our report dated October 29, 2008, we expressed an unqualified opinion on the respective fund financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, and the aggregate discretely presented component units of the Commission as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2009, on our consideration of the Commission's internal control over financial reporting and 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Commission's basic financial statements. The accompanying supplementary information, such as the introductory section, supplementary information as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying statement and certification of actual modernization costs included in the supplementary information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical section, and real estate limited partnerships component unit financial statements included in the supplementary information have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
November 2, 2009

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

Management's Discussion and Analysis

For the year ended June 30, 2009

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have 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 government.

Financial Highlights

- The Commission's net assets decreased by \$.4 million from \$185.3 million at June 30, 2008 to \$184.9 million at June 30, 2009.
- The Commission's current ratio (ratio of current assets to current liabilities) decreased from 1.73 at June 30, 2008 to 1.50 at June 30, 2009. The decrease is due to a decrease in short-term investments in the Single Family Fund.
- The Commission issued \$36.4 million of new bonds for the Single Family Fund. A portion of the proceeds, \$14.4 million, was used to finance new mortgages and \$20.2 million was used to refund and redeem or pay at maturity prior bonds. The remaining \$1.8 million is capital accretion bonds.
- The Commission issued \$33 million of new bonds for the Multi-Family Fund. The bonds issued were used to finance the MetroPointe Development Corporation mortgage loan.
- The Commission retired and refunded bonds in the amount of \$98.3 million from the Single Family Mortgage Purchase Program. The funds used to retire the bonds came from a combination of borrowers' prepayments of their mortgage loans, and the drawdown program.
- The Commission retired bonds in the amount of \$44 million from the Multi-Family Fund. The funds used to retire the bonds came from mortgage payments and the issuance of 2008 Issue A to refund and redeem the 2006 Issue A.
- Outstanding mortgage and construction loans receivable decreased from \$367.3 million at June 30, 2008 to approximately \$346.1 million at June 30, 2009. The decrease is attributable to the transfer of the market portion of MetroPointe Development Corporation to the Opportunity Housing Fund and subsequent elimination of the mortgage loan receivable from the Multi-Family Fund. This decrease was partially offset by an increase in mortgage and construction loans receivable in the Single Family Mortgage Purchase Program.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased slightly from \$68.1 million in fiscal year 2008 to \$69 million in fiscal year 2009.
- Unrealized gains on investments totaled \$3.1 million in fiscal year 2009 compared to unrealized gains of \$.4 million in fiscal year 2008 due to the fluctuation in interest rates.

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

Management's Discussion and Analysis

For the year ended June 30, 2009

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 accounting principles generally accepted 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 assets.

The statement of net assets presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets presents information on how the Commission's net assets changed during the fiscal year.

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

Fund Structure

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 major funds.

Major Funds

General Fund – is the primary operating fund. The entire administration and overhead of the Commission is maintained within this fund.

Opportunity Housing 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 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.

Single Family 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.

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

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

Management's Discussion and Analysis

For the year ended June 30, 2009

Component Units

Real Estate Limited Partnerships – The Commission is the managing general partner in 17 real estate limited partnerships. Fifteen 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, 2009.

Financial Analysis of the Commission as a Whole

The Commission's total net assets in fiscal year 2009 decreased by .1%.

Capital assets, net of related debt, are 19% of the Commission's net assets. These capital assets are used primarily to provide housing to low-income residents.

23% of the Commission's net assets reflect 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.

58% of the Commission's net assets are not restricted. These non-restricted net assets are used in the operations of the Commission.

Housing Opportunities Commission's Net Assets
(in millions of dollars)

	<u>2009</u>	<u>2008</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Assets:				
Current and other assets	\$ 352.6	427.6	(75.0)	(17.5)%
Capital assets	330.1	291.9	38.2	13.1
Mortgage and construction loans receivable	346.1	367.3	(21.2)	(5.8)
Total assets	<u>1,028.8</u>	<u>1,086.8</u>	<u>(58.0)</u>	<u>(5.3)</u>
Liabilities:				
Current liabilities (including current portion of long-term debt and bonds payable)	102.7	120.6	(17.9)	(14.8)
Noncurrent liabilities:				
Bonds payable	617.8	670.8	(53.0)	(7.9)
Other liabilities	123.4	110.1	13.3	12.1
Total liabilities	<u>843.9</u>	<u>901.5</u>	<u>(57.6)</u>	<u>(6.4)</u>
Net assets:				
Invested in capital assets, net of related debt	34.3	40.0	(5.7)	(14.3)
Restricted for:				
Debt service	32.2	31.8	0.4	1.3
Customer deposits and other	10.2	12.3	(2.1)	(17.1)
Closing cost assistance program	0.7	0.7	-	-
Unrestricted	<u>107.5</u>	<u>100.5</u>	<u>7.0</u>	<u>7.0</u>
Total net assets	<u>\$ 184.9</u>	<u>185.3</u>	<u>(0.4)</u>	<u>(0.2)</u>

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

Management's Discussion and Analysis

For the year ended June 30, 2009

Total assets of the Commission decreased by \$58 million from fiscal year 2008. The primary reason for the decrease is due to a decrease in short-term and long-term investments in the Single Family Fund as a result of the redemption of the 2005 drawdown bond series with a related decrease in bonds payable. The decrease in total assets was offset in part by an increase in capital assets due to the transfer of MHLP VI and MetroPointe Development Corporation to the Opportunity Housing Fund.

Net assets of the Commission decreased by \$.4 million or .1%. Some key elements of this decrease are:

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

	2009	2008	Variance (\$)	Variance (%)
Operating revenues:				
Intergovernmental grants	\$ 94.3	92.3	2.0	2.2%
Investment income	7.6	12.6	(5.0)	(39.7)
Unrealized gains (losses) on investments	3.1	0.4	2.7	675.0
Interest on mortgages and construction loans receivable	19.8	17.3	2.5	14.5
Dwelling rental	50.3	47.2	3.1	6.6
Management fees and other income	10.4	9.1	1.3	14.3
Total operating revenues	<u>185.5</u>	<u>178.9</u>	<u>6.6</u>	<u>3.7</u>
Operating expenses:				
Housing assistance payments	71.1	65.1	6.0	9.2
Administration	33.5	31.5	2.0	6.3
Maintenance	14.2	13.4	0.8	6.0
Depreciation and amortization	14.5	12.3	2.2	17.9
Utilities	5.6	5.4	0.2	3.7
Fringe benefits	7.7	7.2	0.5	6.9
Interest expense	34.5	35.0	(0.5)	(1.4)
Other expenses	7.3	5.9	1.4	23.7
Total operating expenses	<u>188.4</u>	<u>175.8</u>	<u>12.6</u>	<u>7.2</u>
Operating income (loss)	(2.9)	3.1	(6.0)	(193.5)
Non-operating revenues, net	1.7	2.4	(0.7)	(29.2)
Income (loss) before contributions	(1.2)	5.5	(6.7)	(121.8)
Capital contributions and transfers	0.8	6.3	(5.5)	(87.3)
Net increase (decrease) in net assets	<u>\$ (0.4)</u>	<u>11.8</u>	<u>(12.2)</u>	<u>(103.4)</u>

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

Management's Discussion and Analysis

For the year ended June 30, 2009

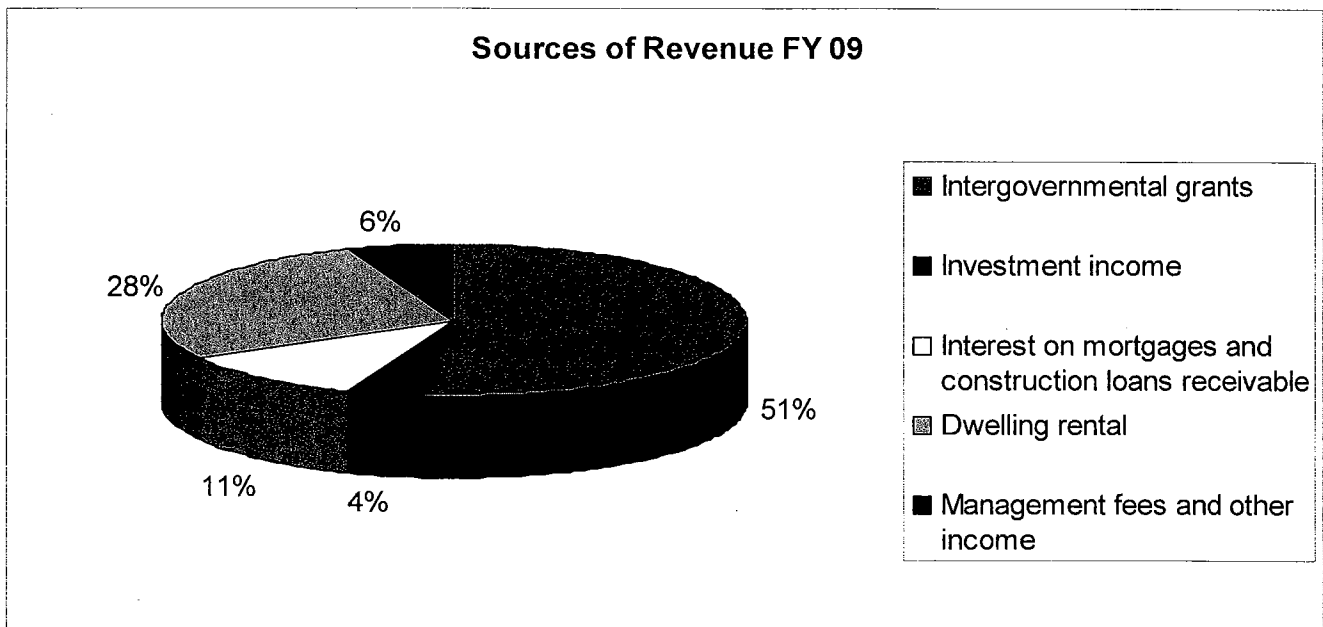
In January 2006, HUD issued PIH Notice 2006-03 which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2009 the Commission has recorded all ABA received as income.

Intergovernmental grants increased as a result of an increase in the Public Housing operating subsidy from HUD.

Investment interest income decreased by \$5 million as a result of declining interest rates received on investments in both bond funds. Unrealized gains on investments totaled \$3.1 million as compared to unrealized gains of \$.4 million in fiscal year 08. The unrealized gain is a result of changing interest rates during the fiscal year.

Interest on mortgage and construction loans receivable increased by \$2.5 million due to an increase in the outstanding mortgage and construction loans receivable balance in the Single Family Fund of approximately \$15 million.

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.

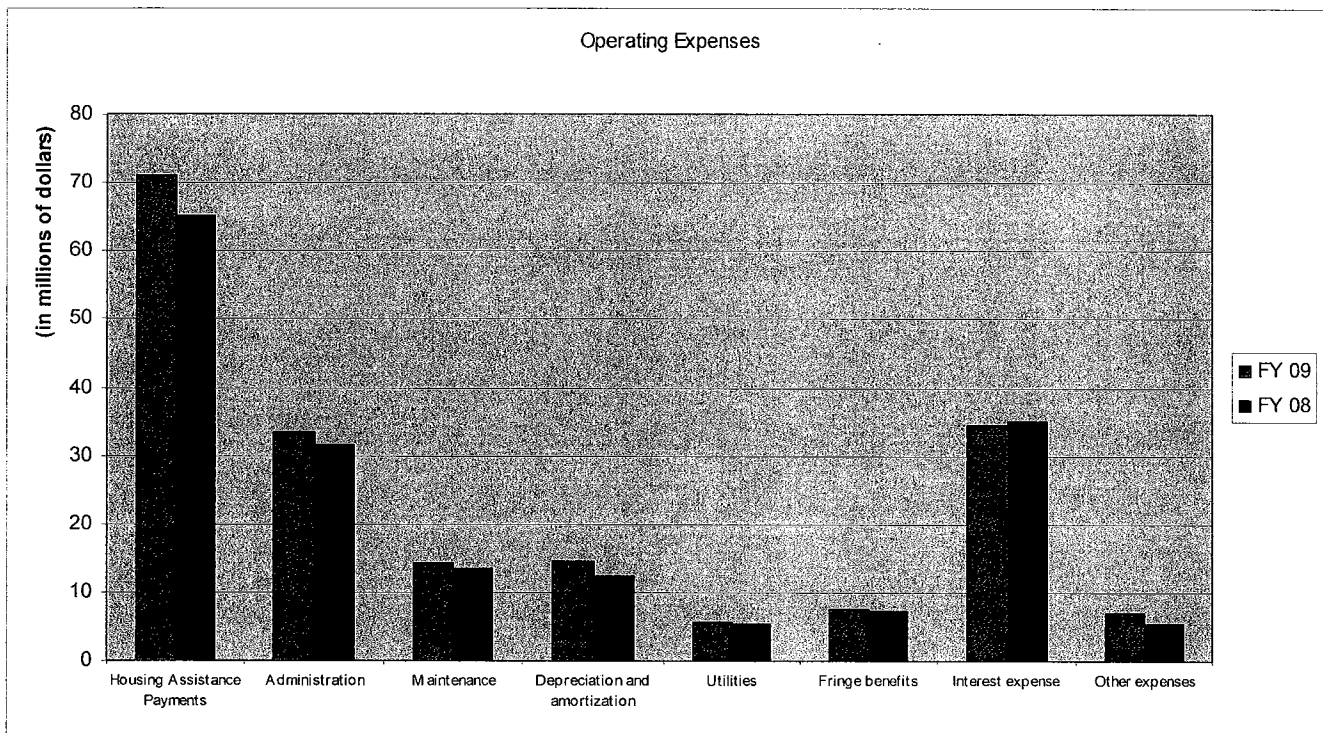


HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis

For the year ended June 30, 2009

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 2009 due to a lease-up effort. The increase in administration expenses is attributable to increases in salary expenses in the General Fund, Opportunity Housing Fund and Public Fund.

The increase in maintenance expenses is attributable to increases in salary expenses and housing association fees in the Opportunity Housing Fund and Public Fund.

The increase in fringe benefits is attributable to increases in retirement expenses, FICA and health insurance expenses in the General Fund and Public Fund.

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

Management's Discussion and Analysis

For the year ended June 30, 2009

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

	<u>2009</u>	<u>2008</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Capital assets:				
Property and equipment, net of depreciation	\$ 315.6	276.6	39.0	14.1%
Capitalized lease (net of amortization)	14.5	15.3	(0.8)	(52.3)
Total capital assets, net	\$ <u>330.1</u>	<u>291.9</u>	<u>38.2</u>	<u>13.1</u>

Real property is depreciated using a straight line method over a 40 year period. During the year, the Commission acquired assets of approximately \$69.8 million, while disposing of capital assets with a net book value of approximately \$17.7 million. The increase is largely attributable to the transfer of MHLP VI and the MetroPoint Development Corporation to the Opportunity Housing Fund from the Component Units. Capital leases are recorded net of amortization, explaining the decrease from the prior year.

During the coming year the Commission intends to acquire Moderately Priced Dwelling Units which are scattered throughout Montgomery County, Maryland. These units are intended to serve low to moderate income individuals and families.

The properties within the Commission's portfolio that are scheduled for or currently under major rehabilitation during the coming fiscal year are Pooks Hill High-Rise, Metropolitan, Magruders Discovery, 7423 Aspen Court, 717 Sligo Creek Parkway and 7411 Aspen Court .

Outstanding Debt

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

	<u>2009</u>	<u>2008</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Multi-Family bonds	\$ 399.1	410.3	(11.2)	(2.7)%
Single Family Mortgage Purchase Program bonds	270.2	331.9	(61.7)	(18.6)
Mortgage notes and loans payable	51.4	44.7	6.7	15.0
Capitalized lease obligation	20.5	20.7	(0.2)	(0.1)
Loans payable to Montgomery County	47.2	43.5	3.7	8.5
Total	\$ <u>788.4</u>	<u>851.1</u>	<u>(62.7)</u>	<u>(7.4)</u>

The following are key elements of the Commission's outstanding debt as of June 30, 2009:

- \$270.2 million of single family mortgage bonds outstanding. Sources of payments for the bonds are single family mortgages of \$200.98 million and cash, cash equivalents and investments of \$101.2 million.
- \$399.1 million of multi-family mortgage bonds outstanding. Sources of payments for the bonds are multi-family mortgages of \$315.7 million and cash, cash equivalents and investments of \$130.6 million.

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

Management's Discussion and Analysis

For the year ended June 30, 2009

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

Economic Outlook

With the issuance of Moody's Investors Service's highest management quality rating for a Public Housing Authority, and the Commission's very diverse activities – public housing authority, housing finance agency, developer, and housing management – the management believes it has a very strong economic outlook. There are some economic factors that will require constant monitoring, but with proper budgeting the potential risks should be minimal.

The Commission expects a slight increase in revenues from property related income and real estate activity. Cash flows from federal, state and county grants are expected to increase as compared to fiscal year 09 as a result of the receipt of economic stimulus funds. Overall, the Commission expects an increase in operating revenues that will be used to increase the funding of operating and replacement reserves.

These factors were considered in preparing the Commission's budget for the 2010 fiscal year.

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, 10400 Detrick Avenue, Kensington, Maryland, 20895.

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

Statement of Net Assets – Business-Type Activities and
Discretely Presented Component Units

June 30, 2009

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Assets		
Current assets:		
Unrestricted:		
Cash and cash equivalents	\$ 67,593,117	3,118,821
Advances to component units	21,559,059	—
Accounts receivable and other assets	10,721,364	3,216,686
Accrued interest receivable	4,795,648	—
Mortgage and construction loans receivable	9,323,299	—
Total unrestricted current assets	<u>113,992,487</u>	<u>6,335,507</u>
Restricted cash and cash equivalents:		
Restricted cash and cash equivalents	9,590,048	—
Current bonds payable	26,709,774	—
Customer deposits	3,825,125	755,528
Total restricted cash and cash equivalents	<u>40,124,947</u>	<u>755,528</u>
Total current assets	<u>154,117,434</u>	<u>7,091,035</u>
Noncurrent assets:		
Restricted cash and cash equivalents	74,319,173	6,783,388
Restricted short-term investments	1,226,621	—
Restricted long-term investments	115,330,202	—
Total noncurrent restricted assets	<u>190,875,996</u>	<u>6,783,388</u>
Mortgage and construction loans receivable	336,804,500	—
Capital assets, net of depreciation	315,575,608	170,589,873
Leased property under capital lease, net of amortization	14,540,436	—
Loans receivable from component units	6,592,226	—
Deferred charges	10,346,096	4,580,057
Total noncurrent assets	<u>874,734,862</u>	<u>181,953,318</u>
Total assets	<u>1,028,852,296</u>	<u>189,044,353</u>

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

Statement of Net Assets – Business-Type Activities and
Discretely Presented Component Units

June 30, 2009

	Business-Type Activities	Real Estate Limited Partnership Component Units
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 13,417,198	5,054,828
Accrued interest payable	165,799	5,864,004
Advances from primary government	—	12,741,088
Loans payable to Montgomery County – current	4,319,839	4,000,000
Mortgage notes and loans payable – current	16,047,084	4,081,526
Capitalized lease obligations – current	240,812	—
Total current unrestricted liabilities	34,190,732	31,741,446
Current liabilities payable from restricted assets:		
Customer deposits payable	3,555,435	699,953
Accrued interest payable	13,442,592	—
Bonds payable – current	51,440,530	—
Total current liabilities payable from restricted assets	68,438,557	699,953
Total current liabilities	102,629,289	32,441,399
Noncurrent liabilities:		
Bonds payable	617,826,562	—
Mortgage notes and loans payable	35,389,491	129,969,245
Loans payable to Montgomery County	42,874,629	16,877,205
Capitalized lease obligations	20,253,242	—
Deferred revenue	19,988,455	31,808
Escrow and other deposits	4,910,269	1,599,190
Total noncurrent liabilities	741,242,648	148,477,448
Total liabilities	843,871,937	180,918,847
Net Assets		
Invested in capital assets, net of related debt	34,340,554	2,920,809
Restricted for:		
Debt service	32,176,630	6,783,388
Customer deposits and other	10,179,838	55,575
Closing cost assistance program	777,886	—
Unrestricted	107,505,451	(1,634,266)
Total net assets	\$ 184,980,359	8,125,506

See accompanying notes to financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Assets -
Business-Type Activities and Discretely Presented Component Units

Year Ended June 30, 2009

	Business-Type Activities	Real Estate Limited Partnership Component Units
Operating revenues:		
Dwelling rental	\$ 50,338,236	17,030,614
Investment income	7,638,163	—
Unrealized gains on investments	3,110,604	—
Interest on mortgage and construction loans receivable	19,819,780	—
Management fees and other income	10,397,564	317,448
U.S. Department of Housing and Urban Development grants:		
Housing Assistance Payments (HAP)	69,038,665	—
HAP administrative fees	5,266,978	—
Other grants	10,500,329	—
State and county grants	9,422,158	—
Total operating revenues	185,532,477	17,348,062
Operating expenses:		
Housing Assistance Payments	71,116,935	—
Administration	33,514,421	3,053,897
Maintenance	14,205,755	3,671,755
Depreciation and amortization	14,499,967	5,279,500
Utilities	5,629,351	1,654,411
Fringe benefits	7,673,443	686,992
Interest expense	34,520,213	5,163,214
Other expenses	6,932,322	2,788,857
Bad debt expense	379,192	87,146
Total operating expenses	188,471,599	22,385,772
Operating income/(loss)	(2,939,122)	(5,037,710)
Nonoperating revenues (expenses):		
Investment income	1,351,318	177,363
State and County grants	368,694	—
Interest on mortgage and construction loans receivable	105,433	—
Interest expense	(142,965)	—
Other grants	39,698	51,996
Total nonoperating income	1,722,178	229,359
Income/(Loss) before contributions and transfers	(1,216,944)	(4,808,351)
Capital contributions	1,607,686	4,089,616
Transfer of MHLP VI	(747,219)	747,219
Change in net assets	(356,477)	28,484
Total net assets, beginning of year	185,336,836	8,097,022
Total net assets, end of year	\$ 184,980,359	8,125,506

See accompanying notes to financial statements.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Business-Type Activities
and Discretely Presented Component Units

Year Ended June 30, 2009

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Cash flows from operating activities:		
Receipts from customers	\$ 62,966,830	31,256,696
Mortgage principal payments	24,924,211	—
Intergovernmental revenue	94,228,130	—
Investment income received	7,638,163	—
Mortgage interest received	19,816,837	—
Payments to suppliers	(33,512,373)	(11,133,864)
Payments to employees	(33,655,401)	(951,741)
Interest paid	(32,982,028)	(3,911,289)
Housing assistance payments	(71,116,935)	—
Net cash provided by operating activities	<u>38,307,434</u>	<u>15,259,802</u>
Cash flows from investing activities:		
Repayments of advances to component units	(5,664,664)	—
Repayment of advances by component units	2,067,474	(841,975)
Investments purchased	(11,349,567)	—
Investments sold	108,205,335	—
Investment income received	1,351,318	177,363
Investment in mortgages receivable	(8,221,162)	—
Mortgage interest received	34,823	—
Net cash (used in) provided by investing activities	<u>86,423,557</u>	<u>(664,612)</u>
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds	69,487,072	—
Bond repayments	(142,633,752)	—
Intergovernmental revenue	408,392	51,996
Net cash (used in) provided by noncapital financing activities	<u>(72,738,288)</u>	<u>51,996</u>
Cash flows from capital and related financing activities:		
Payments for property, equipment and committed financing fees	(70,574,906)	(30,005,391)
Proceeds from sale of property and equipment	17,893,477	1,025,696
Proceeds from new mortgage notes and loans payable	48,135,537	5,178,673
Payments on mortgage notes and loans payable	(41,427,297)	(3,282,674)
Proceeds from new loans payable to Montgomery County	10,721,304	4,207,982
Payments on loans payable to Montgomery County	(6,994,565)	(1,209,995)
Interest paid on mortgages	(142,965)	—
Proceeds received for FHA risk-sharing loss reserve	625,728	—
Proceeds received from capital lease obligations	(230,696)	—
Capital contributions and transfers	860,467	4,836,835
Net cash (used in) capital and related financing activities	<u>(41,133,916)</u>	<u>(19,248,874)</u>
Net increase (decrease) in cash and cash equivalents	10,858,787	(4,601,688)
Cash and cash equivalents, beginning of year	171,178,450	15,259,425
Cash and cash equivalents, end of year	\$ <u>182,037,237</u>	<u>10,657,737</u>

(Continued)

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

Statement of Cash Flows – Business-Type Activities
and Discretely Presented Component Units

Year Ended June 30, 2009

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:		
Current unrestricted cash and cash equivalents	\$ 67,593,117	3,118,821
Restricted cash and cash equivalents:		
Restricted cash and cash equivalents	9,590,048	—
Current bonds payable	26,709,774	—
Customer deposits	3,825,125	755,528
Noncurrent restricted cash and cash equivalents	<u>74,319,173</u>	<u>6,783,388</u>
Total cash and cash equivalents	\$ <u>182,037,237</u>	<u>10,657,737</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,939,122)	(5,037,710)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	14,499,967	5,279,500
Unrealized gains on investments	(3,110,604)	—
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and other assets	2,462,136	14,391,632
(Increase) decrease in mortgage and construction loans receivables	29,419,829	—
(Increase) decrease in accrued interest receivable	120,253	—
(Increase) decrease in deferred charges	(1,804,740)	(523,132)
Increase (decrease) in accounts payable	(2,740,976)	(142,547)
Increase (decrease) in deferred revenue	753,384	(81,361)
Increase (decrease) in accrued interest payable	1,413,795	1,251,925
Increase (decrease) in escrow and other deposits	<u>233,512</u>	<u>121,495</u>
Net cash provided by operating activities	\$ <u>38,307,434</u>	<u>15,259,802</u>
Noncash items:		
Interest on capital appreciation bonds	\$ 1,864,135	—

See accompanying notes to financial statements.

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

Statement of Net Assets – Enterprise Funds

June 30, 2009

(with comparative totals for June 30, 2008)

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Current assets:								
Unrestricted:								
Cash and cash equivalents	\$ 15,477,655	22,539,947	6,944,608	21,606,735	1,024,172	—	67,593,117	70,039,612
Interfund receivable (payable)	(10,004,420)	21,982,211	(5,867,823)	(4,633,104)	(1,476,864)	—	—	—
Advances to component units	14,067,805	7,491,254	—	—	—	—	21,559,059	15,894,395
Accounts receivable and other assets	2,099,436	9,339,284	4,952,731	54,744	9,650	(5,734,481)	10,721,364	8,162,924
Accrued interest receivable	186,371	1,037,255	—	2,458,256	1,929,493	(815,727)	4,795,648	4,845,291
Mortgage and construction loans receivable	4,985,948	—	—	5,926,755	6,683,797	(8,273,201)	9,323,299	8,444,903
Total unrestricted current assets	<u>26,812,795</u>	<u>62,389,951</u>	<u>6,029,516</u>	<u>25,413,386</u>	<u>8,170,248</u>	<u>(14,823,409)</u>	<u>113,992,487</u>	<u>107,387,125</u>
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	—	—	9,590,048	—	—	—	9,590,048	10,664,024
Current bonds payable	—	—	—	14,632,888	12,076,886	—	26,709,774	24,022,848
Customer deposits	—	1,738,828	2,086,297	—	—	—	3,825,125	3,794,960
Total restricted cash and cash equivalents	<u>—</u>	<u>1,738,828</u>	<u>11,676,345</u>	<u>14,632,888</u>	<u>12,076,886</u>	<u>—</u>	<u>40,124,947</u>	<u>38,481,832</u>
Total current assets	<u>26,812,795</u>	<u>64,128,779</u>	<u>17,705,861</u>	<u>40,046,274</u>	<u>20,247,134</u>	<u>(14,823,409)</u>	<u>154,117,434</u>	<u>145,868,957</u>
Noncurrent assets:								
Restricted cash and cash equivalents	108,707	7,862,938	364,238	32,933,290	33,050,000	—	74,319,173	62,657,006
Restricted short-term investments	—	—	—	—	1,226,621	—	1,226,621	44,313,039
Restricted long-term investments	—	—	—	32,071,028	83,259,174	—	115,330,202	165,988,947
Total noncurrent restricted assets	<u>108,707</u>	<u>7,862,938</u>	<u>364,238</u>	<u>65,004,318</u>	<u>117,535,795</u>	<u>—</u>	<u>190,875,996</u>	<u>272,958,992</u>
Mortgage and construction loans receivable	6,816,188	14,359,526	—	195,060,013	309,020,333	(188,451,560)	336,804,500	358,881,563
Capital assets, net of depreciation	8,611,437	252,448,561	63,142,274	—	—	(8,626,664)	315,575,608	276,641,020
Leased property under capital lease, net of amortization	548,977	13,991,459	—	—	—	—	14,540,436	15,293,562
Loans receivable from component units	6,592,226	—	—	—	—	—	6,592,226	8,659,700
Deferred charges	—	5,165,257	—	4,069,466	1,132,619	(21,246)	10,346,096	8,541,356
Total noncurrent assets	<u>22,677,535</u>	<u>293,827,741</u>	<u>63,506,512</u>	<u>264,133,797</u>	<u>427,688,747</u>	<u>(197,099,470)</u>	<u>874,734,862</u>	<u>940,976,193</u>
Total assets	<u>\$ 49,490,330</u>	<u>357,956,520</u>	<u>81,212,373</u>	<u>304,180,071</u>	<u>447,935,881</u>	<u>(211,922,879)</u>	<u>1,028,852,296</u>	<u>1,086,845,150</u>

(Continued)

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

Statement of Net Assets – Enterprise Funds (continued)

June 30, 2009

(with comparative totals for June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 1,890,384	7,030,075	1,948,608	1,218,312	7,064,300	(5,734,481)	13,417,198	11,137,598
Accrued interest payable	8,285	973,241	—	—	—	(815,727)	165,799	198,961
Loans payable to Montgomery County – current	1,558,816	2,761,023	—	—	—	—	4,319,839	7,252,494
Mortgage notes and loans payable – current	8,677,415	15,642,870	—	—	—	(8,273,201)	16,047,084	14,905,187
Capitalized lease obligations – current	238,503	2,309	—	—	—	—	240,812	230,696
Total current unrestricted liabilities	12,373,403	26,409,518	1,948,608	1,218,312	7,064,300	(14,823,409)	34,190,732	33,724,936
Current liabilities payable from restricted assets:								
Customer deposits payable	—	1,610,553	1,944,882	—	—	—	3,555,435	3,299,104
Accrued interest payable	—	—	—	4,442,888	8,999,704	—	13,442,592	12,240,287
Bonds payable – current	—	—	—	10,190,000	41,250,530	—	51,440,530	71,376,097
Total current liabilities payable from restricted assets	—	1,610,553	1,944,882	14,632,888	50,250,234	—	68,438,557	86,915,488
Total current liabilities	12,373,403	28,020,071	3,893,490	15,851,200	57,314,534	(14,823,409)	102,629,289	120,640,424
Noncurrent liabilities:								
Bonds payable	—	—	—	259,971,032	357,855,530	—	617,826,562	670,793,022
Mortgage notes and loans payable	1,747,287	213,265,334	1,465,004	4,400,000	2,963,426	(188,451,560)	35,389,491	29,823,148
Loans payable to Montgomery County	727,423	42,147,206	—	—	—	—	42,874,629	36,215,235
Capitalized lease obligations	285,293	19,967,949	—	—	—	—	20,253,242	20,494,054
Deferred revenue	14,282,764	2,240,847	1,580,728	—	1,905,362	(21,246)	19,988,455	18,609,343
Escrow and other deposits	—	—	—	—	4,910,269	—	4,910,269	4,933,088
Total noncurrent liabilities	17,042,767	277,621,336	3,045,732	264,371,032	367,634,587	(188,472,806)	741,242,648	780,867,890
Total liabilities	29,416,170	305,641,407	6,939,222	280,222,232	424,949,121	(203,296,215)	843,871,937	901,508,314
Net Assets								
Invested in capital assets, net of related debt	8,636,618	(27,346,671)	61,677,271	—	—	(8,626,664)	34,340,554	39,974,579
Restricted for:								
Debt service	—	7,862,938	—	2,351,104	21,962,588	—	32,176,630	31,833,018
Customer deposits and other	—	128,275	10,051,563	—	—	—	10,179,838	12,336,781
Closing cost assistance program	777,886	—	—	—	—	—	777,886	683,817
Unrestricted (deficit)	10,659,656	71,670,571	2,544,317	21,606,735	1,024,172	—	107,505,451	100,508,641
Total net assets	\$ 20,074,160	52,315,113	74,273,151	23,957,839	22,986,760	(8,626,664)	184,980,359	185,336,836

See accompanying notes to financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Funds

Year Ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Operating revenues:								
Dwelling rental	\$ 785,230	44,487,484	5,065,522	—	—	—	50,338,236	47,207,730
Investment income	—	—	—	2,476,360	5,161,803	—	7,638,163	12,594,626
Unrealized gains (losses) on investments	—	—	—	(231,657)	3,342,261	—	3,110,604	390,768
Interest on mortgage and construction loans receivable	—	—	—	10,916,933	17,618,575	(8,715,728)	19,819,780	17,297,737
Management fees and other income	16,124,368	3,213,597	2,594,288	—	55,582	(11,590,271)	10,397,564	9,115,619
U.S. Department of Housing and Urban Development grants:								
Housing Assistance Payments (HAP)	—	—	69,038,665	—	—	—	69,038,665	68,098,758
HAP administrative fees	—	—	5,266,978	—	—	—	5,266,978	5,132,533
Other grants	—	—	10,500,329	—	—	—	10,500,329	8,777,422
State and County grants	—	—	9,422,158	—	—	—	9,422,158	10,333,157
Total operating revenues	<u>16,909,598</u>	<u>47,701,081</u>	<u>101,887,940</u>	<u>13,161,636</u>	<u>26,178,221</u>	<u>(20,305,999)</u>	<u>185,532,477</u>	<u>178,948,350</u>
Operating expenses:								
Housing Assistance Payments	—	—	71,116,935	—	—	—	71,116,935	65,088,360
Administration	10,633,848	8,572,237	16,958,234	2,658,273	2,176,025	(7,484,196)	33,514,421	31,491,319
Maintenance	1,005,829	8,606,330	4,583,646	—	9,950	—	14,205,755	13,443,354
Depreciation and amortization	981,831	9,101,338	4,416,798	—	—	—	14,499,967	12,308,298
Utilities	280,101	3,580,161	1,769,089	—	—	—	5,629,351	5,381,832
Fringe benefits	2,928,452	719,531	4,025,460	—	—	—	7,673,443	7,176,063
Interest expense	—	11,802,053	—	11,792,238	19,641,650	(8,715,728)	34,520,213	35,012,776
Other expenses	3,567,075	4,421,384	3,004,993	41,730	3,215	(4,106,075)	6,932,322	5,269,845
Bad debt expense	36,520	259,030	83,642	—	—	—	379,192	634,021
Total operating expenses	<u>19,433,656</u>	<u>47,062,064</u>	<u>105,958,797</u>	<u>14,492,241</u>	<u>21,830,840</u>	<u>(20,305,999)</u>	<u>188,471,599</u>	<u>175,805,868</u>
Operating income (loss)	\$ <u>(2,524,058)</u>	<u>639,017</u>	<u>(4,070,857)</u>	<u>(1,330,605)</u>	<u>4,347,381</u>	<u>—</u>	<u>(2,939,122)</u>	<u>3,142,482</u>

(Continued)

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

Statement of Revenues, Expenses, and Changes in Net Assets – Enterprise Funds (continued)

Year Ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Nonoperating revenues (expenses):								
Investment income	\$ 786,605	444,082	120,631	—	—	—	1,351,318	2,472,198
Interest on mortgage and construction loans receivable	22,664	82,769	—	—	—	—	105,433	90,832
Interest expense	(142,965)	—	—	—	—	—	(142,965)	(247,225)
Other grants	—	39,698	—	—	—	—	39,698	31,034
State and County grants	—	368,694	—	—	—	—	368,694	3,857
Total nonoperating income	666,304	935,243	120,631	—	—	—	1,722,178	2,350,696
Income (loss) before contributions and transfers	(1,857,754)	1,574,260	(3,950,226)	(1,330,605)	4,347,381	—	(1,216,944)	5,493,178
Capital contributions	—	—	1,607,686	—	—	—	1,607,686	1,457,956
Operating transfers in (out)	7,104,087	(7,103,685)	1,638,303	—	(1,638,705)	—	—	—
Transfer of MHLP VI	—	(747,219)	—	—	—	—	(747,219)	4,801,834
Changes in net assets	5,246,333	(6,276,644)	(704,237)	(1,330,605)	2,708,676	—	(356,477)	11,752,968
Total net assets, beginning of year	14,827,827	58,591,757	74,977,388	25,288,444	20,278,084	(8,626,664)	185,336,836	173,583,868
Total net assets, end of year	\$ 20,074,160	52,315,113	74,273,151	23,957,839	22,986,760	(8,626,664)	184,980,359	185,336,836

See accompanying notes to financial statements.

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

Statement of Cash Flows – Enterprise Funds

Year Ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Cash flows from operating activities:								
Receipts from customers	\$ 16,743,417	47,598,073	7,649,741	—	55,582	(9,079,983)	62,966,830	58,883,268
Mortgage principle payments/receipts	—	—	—	(15,525,392)	2,254,410	38,195,193	24,924,211	(37,960,917)
Intergovernmental principal payments received	—	—	94,228,130	—	—	—	94,228,130	92,341,870
Investment income received	—	—	—	2,476,360	5,161,803	—	7,638,163	12,594,626
Mortgage interest received	—	—	—	10,967,928	17,591,181	(8,742,272)	19,816,837	18,201,884
Receipts from interfund services provided	6,528,741	—	2,497,942	—	—	—	9,026,683	3,569,372
Payments to suppliers	(6,925,030)	(16,266,925)	(16,070,909)	(1,714,027)	(1,615,465)	9,079,983	(33,512,373)	(40,632,043)
Payments to employees	(11,357,898)	(5,936,990)	(14,800,812)	(985,976)	(573,725)	—	(33,655,401)	(31,430,589)
Interest paid	(3,346)	(11,734,023)	—	(11,453,191)	(18,533,740)	8,742,272	(32,982,028)	(34,499,621)
Housing assistance payments	—	—	(71,116,935)	—	—	—	(71,116,935)	(65,088,360)
Payments to interfund services used	—	(7,122,451)	—	(300,749)	(1,603,483)	—	(9,026,683)	(3,569,372)
Net cash provided by (used in) operating activities	4,985,884	6,537,684	2,387,157	(16,535,047)	2,736,563	38,195,193	38,307,434	(27,589,882)
Cash flows from investing activities:								
Repayments of advances from (to) component units	(4,984,934)	(679,730)	—	—	—	—	(5,664,664)	(895,300)
Repayments of advances by component units	2,067,474	—	—	—	—	—	2,067,474	2,685,359
Investments purchased	—	—	—	(9,963,402)	(1,386,165)	—	(11,349,567)	(112,452,736)
Investments sold	—	—	—	104,377,249	3,828,086	—	108,205,335	74,766,564
Investment income received	786,605	444,082	120,631	—	—	—	1,351,318	2,472,198
Investment in mortgages receivable	(7,306,026)	(915,136)	—	—	—	—	(8,221,162)	(825,090)
Mortgage interest received	28,754	6,069	—	—	—	—	34,823	(15,974)
Net cash provided by (used in) investing activities	(9,408,127)	(1,144,715)	120,631	94,413,847	2,441,921	—	86,423,557	(34,264,979)
Cash flows from noncapital financing activities:								
Proceeds from sale of bonds	—	—	—	36,427,635	33,059,437	—	69,487,072	186,638,959
Bond repayments	—	—	—	(98,288,752)	(44,345,000)	—	(142,633,752)	(93,008,816)
Intergovernmental revenue	—	408,392	—	—	—	—	408,392	34,891
Net cash provided by (used in) noncapital financing activities	\$ —	408,392	—	(61,861,117)	(11,285,563)	—	(72,738,288)	93,665,034

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

Statement of Cash Flows – Enterprise Funds (continued)

Year Ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Cash flows from capital and related financing activities:								
Payments for property, equipment and capital financing fees	\$ (2,255,445)	(55,335,816)	(12,983,645)	—	—	—	(70,574,906)	(60,802,062)
Proceeds from sale of property and equipment	273,357	8,266,690	9,353,430	—	—	—	17,893,477	14,720,238
Proceeds from new mortgage notes and loans payable	4,495,780	34,811,327	1,465,004	4,400,000	2,963,426	—	48,135,537	33,064,254
Payments on mortgage notes and loans payable	(3,232,104)	—	—	—	—	(38,195,193)	(41,427,297)	(28,662,941)
Proceeds from new loans payable to Montgomery County	54,173	10,667,131	—	—	—	—	10,721,304	10,412,296
Payments on loans payable to Montgomery County	(4,097,287)	(2,897,278)	—	—	—	—	(6,994,565)	(1,031,027)
Interest paid on mortgages	(142,965)	—	—	—	—	—	(142,965)	(247,225)
Proceeds received for FHA risk-sharing losses reserve	625,728	—	—	—	—	—	625,728	589,891
Payment of principal on capital lease obligations	(228,553)	(2,143)	—	—	—	—	(230,696)	(221,010)
Capital contributions and transfers	—	(747,219)	1,607,686	—	—	—	860,467	6,259,790
Net cash provided by (used in) capital and related financing activities	(4,507,316)	(5,237,308)	(557,525)	4,400,000	2,963,426	(38,195,193)	(41,133,916)	(25,917,796)
Net increase (decrease) in cash and cash equivalents	(8,929,559)	564,053	1,950,263	20,417,683	(3,143,653)	—	10,858,787	5,892,377
Cash and cash equivalents, beginning of year	24,515,921	31,577,660	17,034,928	48,755,230	49,294,711	—	171,178,450	165,286,073
Cash and cash equivalents, end of year	\$ 15,586,362	32,141,713	18,985,191	69,172,913	46,151,058	—	182,037,237	171,178,450
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:								
Current unrestricted cash and cash equivalents	\$ 15,477,655	22,539,947	6,944,608	21,606,735	1,024,172	—	67,593,117	70,039,612
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	—	—	9,590,048	—	—	—	9,590,048	10,664,024
Current bonds payable	—	—	—	14,632,888	12,076,886	—	26,709,774	24,022,848
Customer deposits	—	1,738,828	2,086,297	—	—	—	3,825,125	3,794,960
Noncurrent restricted cash and cash equivalents	108,707	7,862,938	364,238	32,933,290	33,050,000	—	74,319,173	62,657,006
Total cash and cash equivalents	\$ 15,586,362	32,141,713	18,985,191	69,172,913	46,151,058	—	182,037,237	171,178,450

(Continued)

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

Statement of Cash Flows – Enterprise Funds (continued)

Year Ended June 30, 2009

(with comparative totals for year ended June 30, 2008)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2009	2008
Reconciliation of operating loss to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (2,524,058)	639,017	(4,070,857)	(1,330,605)	4,347,381		(2,939,122)	3,142,482
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	981,831	9,101,338	4,416,798	—	—	—	14,499,967	12,308,298
Unrealized losses (gains) on investments	—	—	—	231,657	(3,342,261)	—	(3,110,604)	(390,768)
Change in assets and liabilities:								
Decrease (increase) in accounts receivable and other assets	174,417	981,503	(1,205,266)	10,844	(9,650)	2,510,288	2,462,136	(12,842,740)
Decrease (increase) in mortgage and construction loans receivable	—	—	—	(15,278,667)	6,503,303	38,195,193	29,419,829	(25,418,116)
Decrease (increase) in accrued interest receivable	—	—	—	40,151	(17,744)	97,846	120,253	936,429
Decrease (increase) in deferred charges	—	(1,149,938)	—	(246,118)	(403,386)	(5,298)	(1,804,740)	(1,366,137)
Decrease (increase) in interfund receivable	6,528,741	(7,122,451)	2,497,942	(300,749)	(1,603,483)	—	—	—
(Decrease) increase in accounts payable	168,897	3,954,758	(446,657)	(607)	(3,907,079)	(2,510,288)	(2,740,976)	(4,310,721)
(Decrease) increase in deferred revenue	(340,598)	(20,923)	1,025,216	—	84,391	5,298	753,384	(623,639)
(Decrease) increase in accrued interest payable	(3,346)	68,030	—	339,047	1,107,910	(97,846)	1,413,795	463,088
(Decrease) increase in escrow and other deposits	—	86,350	169,981	—	(22,819)	—	233,512	511,942
Net cash provided by (used in) operating activities	\$ 4,985,884	6,537,684	2,387,157	(16,535,047)	2,736,563	38,195,193	38,307,434	(27,589,882)

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2009

(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 established by the State of Maryland and Montgomery County law to act as a builder, developer, financier, owner and manager of housing for eligible participants. The Commission was established as a result of the following:

- Article 44A of the Annotated Code of Maryland.
- Chapter 41 of the laws of Montgomery County, Maryland, known as the Housing Opportunities Act, which 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 a minimum of 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 OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)

Notes to Financial Statements

June 30, 2009

- Section 8 Housing Assistance Payments 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 Section 8 Housing Choice Voucher program allows eligible families to obtain adequate rental housing while paying a minimum of 30% of their monthly income for rent;
- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing; and
- Tax Credit Partnerships, which provide rental housing for low and moderate income households. The Commission manages these properties and is a 1% 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 Multi-Family 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 Multi-Family Housing Revenue Bonds provide below-market rental units within Multi-Family developments for low- to moderate-income families.

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multi-Family 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 Multi-Family Housing Revenue Bonds, 1998 Issue A and 2008 Issue A, are guaranteed as general obligation bonds of Montgomery County.

Management of the Commission and Montgomery County have determined that the Commission is a component unit of the County. Accordingly, the County is required to report the Commission, 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 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.

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

Notes to Financial Statements

June 30, 2009

Real Estate Limited Partnerships. The Commission is the managing general partner in 17 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. Fifteen 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, 2009. Separate financial statements for the individual limited partnerships can be obtained from the Commission.

(c) ***Basis of Accounting***

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

- *General Fund* – Includes all operations with the exception of public-funded programs, opportunity housing programs and bond-funded activities. This fund also includes any private grants received and the development costs of tax credit partnerships.
- *Opportunity Housing Fund* – Includes all operating, capital improvements and capital development related to the Commission's opportunity housing portfolio.
- *Public Fund* – Includes all funds the Commission receives from federal, state and local government agencies, and related activities.
- *Multi-Family Fund* – Used to account for the proceeds of Multi-Family 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 Multi-Family rental housing in the County.
- *Single Family 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 *nonoperating* 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 Funds are dwelling rentals, management fees and other income. The principal operating revenues of the Public Fund are intergovernmental grants. The principal operating revenues of the Single Family and Multi-Family Funds are investment interest and interest on mortgage and construction loans receivable. Operating expenses for the General, Opportunity Housing and Public funds include administrative, maintenance, depreciation and amortization, utilities, and other

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

Notes to Financial Statements

June 30, 2009

expenses. Interest expense is included as an operating expense of the Opportunity Housing fund. Housing assistance payments are considered operating expenses of the Public Fund. The principal operating expenses of the Single Family and Multi-Family Funds are interest and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The effect of interfund activity has been eliminated from the combined financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* allows governments to choose not to implement, in proprietary fund types, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, provided that this is applied on a consistent basis, or to continue to follow FASB standards. The Commission has elected not to implement FASB pronouncements issued after that date.

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 Fund, the Public Fund, and the Opportunity Housing 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 Multi-Family Program Fund and the Single Family Mortgage Purchase Program 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, 2009, there were no reserves for loan losses. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on non-accrual status because they are insured or otherwise guaranteed. Historically, the Commission's loan losses have been insignificant.

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

Notes to Financial Statements

June 30, 2009

(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 request of 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 days. The instrument will be dated as of the date that the initial claim payment is issued. In the instrument, the Commission will agree to reimburse HUD over a five-year period for its portion of the loss upon the sale of the project based on the proportion of risk borne by the Commission. 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. The Commission's maximum potential risk of loss as of June 30, 2009 is \$115,586,208, which is collateralized primarily by the underlying properties. Management has established what it deems to be an adequate reserve of \$6,501,677 against this potential loss in excess of the value of the real estate securing the notes.

(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 fixed assets used in operations that costs \$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 10 years for building 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.

Fixed assets used in operations consist of furniture and equipment. Estimated useful lives range from 3 to 10 years.

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

Notes to Financial Statements

June 30, 2009

(i) *Loan Origination, Commitment, and Monitoring Fees*

The Commission charges commitment and financing fees to developers within the Multi-Family Fund. Loan origination and commitment fees are deferred and recognized over the life of the related loan as an adjustment of yield. Net deferred fees are amortized to income in a manner approximating the effective interest method. The Commission also incurs cost of issuance expenses for the Single Family bond issues which are deferred and amortized over the life of the bonds. Net deferred fees amounted to \$5,202,085 at June 30, 2009 and are included in deferred charges on the Statement of Net Assets. The Commission also annually receives loan monitoring fees for the ongoing costs of monitoring mortgages and bonds for compliance under the Multi-Family Fund. These fees are recognized as earned and are included in management fees and other income in the accompanying Statement of Revenues, Expenses and Changes in Net Assets.

(j) *Bond Discounts*

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

(k) *Bond Accretion*

Interest expense on capital appreciation bonds is not paid in cash during the term of the bonds, but is added to the principal balance. Accretion is computed using the effective interest method and is included in bond interest expense in the accompanying Statement of Revenues, Expenses and Changes in Net Assets.

(l) *Cash Equivalents*

For purposes of the Statement of Cash Flows, the Commission considers all highly liquid investments with maturities of twelve months or less when purchased to be cash equivalents.

(m) *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, 2009 amounted to \$1,720,851 and is included in accounts payable and accrued liabilities in the accompanying Statement of Net Assets.

In July 2006, the Commission adopted a personnel policy for senior executive staff which provides for a severance package which includes payments up to thirty-six week of wages, in addition to other benefits. The outstanding annual leave accrual includes the severance package accruals for senior executive staff up to thirty-six weeks as appropriate.

(n) *Prior-Period Comparative Financial Information*

The basic financial statements include certain prior-year partial comparative information that is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2008, from which the partial information was derived.

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

Notes to Financial Statements

June 30, 2009

(o) Accounting Changes

The Commission has adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations (GASB 49)*. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. Once any one of five specified obligating events occurs, a government is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

Obligating events include: 1) the government is compelled to take pollution remediation action because of imminent endangerment; 2) the government violates a pollution prevention-related permit or license; 3) the government is named or will be named as a responsible party for remediation or for sharing costs; 4) the government is named or will be named in a lawsuit to compel participation in pollution remediation; and 5) the government commences or legally obligates itself to commence pollution remediation.

For fiscal year 2009 the Commission has not encountered any obligating events which would result in an accrued liability or capitalized asset.

(2) Cash, Cash Equivalents, and Investments

Business-Type Activities

(a) Cash

The Commission's cash balances as of June 30, 2009 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	Carrying Amount	Bank Balances
Cash:		
General Fund	\$ 6,414,075	6,409,675
Opportunity Housing Fund	11,092,945	11,084,491
Public Fund	3,552,495	3,551,695
Total cash	\$ 21,059,515	21,045,861

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

Notes to Financial Statements

June 30, 2009

(b) Cash Equivalents & Investments

The General Fund cash and cash equivalents balance at June 30, 2009 includes \$108,707 of cash and cash equivalents restricted for reserves for tax credit programs, closing cost programs, replacement and other reserves. The Opportunity Housing Fund cash and cash equivalents balance at June 30, 2009 includes \$9,601,766 of cash and cash equivalents restricted in accordance with various loan agreements with agencies of the State of Maryland and Montgomery County, and in bond indentures. The Public Fund cash balance includes \$12,040,583 as of June 30, 2009, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

The Commission and its discretely presented component units investments are subject to interest rate, credit and custodial risk as described below:

Interest Rate Risk. The Commission's investment policy which applies to the General Fund, Public Fund and the Opportunity Housing Fund 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 Multi-Family Fund and Single Family Fund 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 that 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 Fund, Public Fund and the Opportunity Housing Fund permits the following investment types: U.S. government and federal agencies; repurchase agreements; banker's 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 Montgomery County Local Government Investment Pool and the Maryland Local Government Investment Pool (MLGIP). The pools are not subject to regulatory oversight by the SEC. However the County pool is subject to oversight by the County's investment committee.

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 AAA 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 quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be

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

Notes to Financial Statements

June 30, 2009

obtained by writing: PNC Bank, Maryland Local Government Investment Pool, Mr. David Rommel, 2 Hopkins Plaza, 4th Floor, Baltimore, Maryland 21201; or by calling 1-800-492-5160.

The Single Family and Multi-Family 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 Fund, the Opportunity Housing Fund and the Public Fund 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 Maryland Local Government Investment Pool which is segregated and held in the name of PNC Banks 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, 2009 was P-1.

Amounts held in money market funds and investment agreements within the Multi-Family and Single Family 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, 2009, the Commission held investments in agency securities which were not collateralized but were rated A and AAA.

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

Notes to Financial Statements

June 30, 2009

As of June 30, 2009 the Commission had the following cash, cash equivalents, investments and maturities:

	Cash Equivalents	Fair Value	Ratings
Cash equivalents:			
General Fund			
<i>Money Market Accounts</i>	\$	9,172,287	N/A
<i>Opportunity Housing Fund</i>			
<i>Investment in Montgomery County</i>			
<i>Local Government Investment Pool</i>		8,158,997	N/A
<i>Investment in Maryland Local</i>			
<i>Government Investment Pool</i>		393,053	AAA
<i>Money Market Accounts</i>		12,496,718	N/A
Public Fund			
<i>Investment in Maryland Local</i>			
<i>Government Investment Pool</i>		3,712,909	AAA
<i>Money Market Accounts</i>		11,719,787	N/A
Multi-Family Fund			
<i>Money Market Accounts</i>		45,911,058	AAA
<i>Certificate of Deposit</i>		240,000	N/A
Single Family Fund			
<i>Money Market Accounts</i>		69,172,913	AAA
<i>Total cash equivalents</i>	\$	160,977,722	
Short-term Investments:			
Multi-Family Fund			
<i>US Treasuries</i>	\$	1,226,621	AAA
<i>Total short-term investments</i>	\$	1,226,621	

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

Notes to Financial Statements

June 30, 2009

<u>Long Term Investments</u>	<u>Fair Value</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Greater than 10 years</u>	<u>Rating</u>
Long-term Investments:					
Multi-Family Fund					
<i>US Treasuries</i>	\$ 1,467,998	-	-	1,467,998	AAA
<i>Fannie Mae</i>	3,856,662	-	-	3,856,662	AAA
<i>Freddie Mac</i>	3,739,901	2,267,808	-	1,472,093	AAA
<i>GNMA Pool</i>	73,603,088	-	-	73,603,088	AAA
<i>Bank One Investment Agreement</i>	591,525	-	-	591,525	AA/Aa2
Single Family Fund					
<i>Federal Farm Credit Banks</i>	5,636,054	-	-	5,636,054	AAA
<i>Federal Home Loan Banks</i>	8,853,895	156,102	-	8,697,793	AAA
<i>US Treasuries</i>	8,543,549	-	2,812,453	5,731,096	AAA
<i>Fannie Mae</i>	923,095	-	-	923,095	AAA
<i>Solomon Repurchase Agreement</i>	2,345,800	-	2,345,800	-	A
<i>Tennessee Valley Authority</i>	5,768,635	-	2,462,453	3,306,182	AAA
<i>Total long-term investments</i>	<u>115,330,202</u>	<u>2,423,910</u>	<u>7,620,706</u>	<u>105,285,586</u>	
<i>Cash balances</i>	21,059,515				
	<u>\$ 298,594,060</u>				
Reconciliation of cash, cash equivalents and investments to amounts in the statement of net assets:					
Current unrestricted cash and cash equivalents	\$ 67,593,117				
Total restricted cash and cash equivalents for current liabilities	40,124,947				
Total noncurrent restricted assets	190,875,996				
	<u>\$ 298,594,060</u>				

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

Notes to Financial Statements

June 30, 2009

(c) Real Estate Limited Partnership Component Units

The Real Estate Limited partnership Component unit cash and cash equivalents balance as of December 31, 2008 was as follows:

	Carrying Amount	Bank Balances
Cash	\$ 4,943,984	\$ 4,939,939
Cash Equivalents	Fair Value	Rating
<i>Investment in Maryland Local Government Investment Pool</i>	\$ 1,517,744	AAA
<i>Money Market Accounts</i>	4,196,009	N/A
	5,713,753	
Total Cash, Cash Equivalents and Investments	\$ 10,657,737	
Reconciliation of cash and cash equivalents to amounts in the statement of net assets:		
Current unrestricted cash and cash equivalents	\$ 3,118,821	
Restricted cash and cash equivalents for current liabilities	755,528	
Non-current restricted assets	6,783,388	
	\$ 10,657,737	

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

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

Notes to Financial Statements

June 30, 2009

(3) Mortgage and Construction Loans Receivable

Mortgage and construction loans receivable are secured by deeds of trust evidencing first mortgage liens on applicable real property and are either insured by private mortgage insurance, the U.S. Federal Housing Administration or the Maryland Housing Fund or are guaranteed by the U.S. Department of Veterans Affairs. Mortgage and construction loans receivable as of June 30, 2009 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
General Fund		
Closing Cost Assistance Loans	4.83% \$	1,019,364
		<u>1,019,364</u>
Opportunity Housing Fund		
Home-Ownership Assistance Loan Fund (HALF)	4.500 to 6.500%	17,890
Rental Assistance Security Deposit Loan	—	4,760
Metropolitan of Bethesda Limited Partnership	—	1,142,000
Strathmore Court Associates Limited Partnership	—	1,000,000
Barclay One Associates Limited Partnership	—	5,347,969
Spring Garden One Associates Limited Partnership	—	3,274,431
		<u>10,787,050</u>
Multifamily Fund		
Metropolitan of Bethesda Limited Partnership	6.38%	6,741,092
Landings Edge	4.95%	6,207,828
Strathmore Court at White Flint - B	7.62%	4,545,905
Dring's Reach	4.75%	6,639,689
Ambassador	7.16%	2,500,770
TC IX Pond Ridge	6.30%	1,849,561
TC IX MPDU's	6.30%	3,156,266
Croydon Manor	6.35%	2,838,951
Silver Spring House	6.35%	2,140,741
Paint Branch II	6.46%	3,704,927

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

Notes to Financial Statements

June 30, 2009

Shady Grove	5.20%	\$	6,887,801
Willows	5.20%		5,075,090
Manchester	5.20%		2,058,716
Tax Credit X	6.20%		3,467,536
Ring House	6.10%		15,923,621
Stewartown	6.20%		4,048,872
Georgian Court	6.20%		5,093,914
Charter House	6.02%		13,354,406
Rockville Housing	5.21%		3,759,234
Barclay	4.55%		6,465,534
Spring Gardens	4.55%		6,548,741
Forest Oak	4.93%		17,496,473
MetroPointe	6.50%		2,963,426
			<u>133,469,094</u>
Less deferred commitment fees			(134,477)
			<u>133,334,617</u>
Single Family Fund			
Mortgage loans receivable, net	4.900 to 13.445%		<u>200,986,768</u>
Total		\$	<u><u>346,127,799</u></u>

As of June 30, 2009, the amounts available or committed for additional advances or new loans are \$6,708,406 and \$35,498,925 for the Multi-Family Fund and the Single Family Fund, respectively.

Included in the mortgage and construction loans receivable balance of the Multi-Family Fund are interfund mortgage loans receivable from the Opportunity Housing Fund amounting to \$182,369,513 as of June 30, 2009, which have been eliminated. The related interest revenue, amounting to \$8,279,468 for the year ended June 30, 2009 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the General Fund at June 30, 2009 are interfund mortgage loans receivable from the Opportunity Housing Fund, the Public Fund and the Single Family Bond Fund amounting to \$10,782,772 which has been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$361,690 for the year ended June 30, 2009 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Fund at June 30, 2009 are interfund mortgage loans receivable from the OHRF Fund amounting to \$3,572,477, which has been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$74,570 for the year ended June 30, 2009 has also been eliminated.

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

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

Notes to Financial Statements

June 30, 2009

(4) Capital Assets

The Commission's capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land:				
General Fund	\$ 4,328,892	-	273,357	4,055,535
Opportunity Housing Fund	28,918,058	1,701,377	11,255	30,608,180
Public Fund	16,181,721	-	-	16,181,721
Total land	<u>49,428,671</u>	<u>1,701,377</u>	<u>284,612</u>	<u>50,845,436</u>
Site improvements:				
Public Fund	2,945,910	-	-	2,945,910
Accumulated depreciation	<u>(2,859,789)</u>	<u>(31,316)</u>	<u>-</u>	<u>(2,891,105)</u>
Total site improvements, net	<u>86,121</u>	<u>(31,316)</u>	<u>-</u>	<u>54,805</u>
Building and improvements:				
General Fund	3,146,569	1,358,857	-	4,505,426
Accumulated depreciation	<u>(1,945,402)</u>	<u>(106,300)</u>	<u>-</u>	<u>(2,051,702)</u>
Opportunity Housing Fund	231,456,101	43,882,663	3,258,932	272,079,832
Accumulated depreciation	<u>(68,442,783)</u>	<u>(7,715,580)</u>	<u>(35,609)</u>	<u>(76,122,754)</u>
Public Fund	84,177,839	9,244,187	-	93,422,026
Accumulated depreciation	<u>(48,620,855)</u>	<u>(4,336,622)</u>	<u>-</u>	<u>(52,957,477)</u>
Total building and improvements, net	<u>199,771,469</u>	<u>42,327,205</u>	<u>3,223,323</u>	<u>238,875,351</u>
Furniture and equipment:				
General Fund	6,723,265	894,873	-	7,618,138
Accumulated depreciation	<u>(4,895,575)</u>	<u>(622,100)</u>	<u>(50)</u>	<u>(5,517,625)</u>
Opportunity Housing Fund	4,656,167	2,120,555	120,897	6,655,825
Accumulated depreciation	<u>(3,409,175)</u>	<u>(306,787)</u>	<u>(31,411)</u>	<u>(3,684,551)</u>
Public Fund	3,395,103	932,922	155,603	4,172,422
Accumulated depreciation	<u>(3,267,940)</u>	<u>(48,861)</u>	<u>-</u>	<u>(3,316,801)</u>
Total furniture and equipment, net	<u>3,201,845</u>	<u>2,970,602</u>	<u>245,039</u>	<u>5,927,408</u>
Construction in progress:				
Opportunity Housing Fund	12,176,045	7,056,796	4,947,476	14,285,365
Public Fund	11,976,869	2,604,515	8,995,806	5,585,578
General Fund	<u>-</u>	<u>1,665</u>	<u>-</u>	<u>1,665</u>
Total construction in progress	<u>24,152,914</u>	<u>9,662,976</u>	<u>13,943,282</u>	<u>19,872,608</u>
Total capital assets, net	\$ <u>276,641,020</u>	<u>56,630,844</u>	<u>17,696,256</u>	<u>315,575,608</u>

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

Notes to Financial Statements

June 30, 2009

<u>Real estate limited partnerships component units</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Land	\$ 18,031,560	2,043,240	—	20,074,800
Site Improvements	233,498	2,016,519	—	2,250,017
Building and improvements	160,692,389	24,914,168	(1,627,921)	183,978,636
Furniture and equipment	4,451,078	807,637	(35,175)	5,223,540
Total accumulated depreciation	<u>(36,518,847)</u>	<u>(5,055,673)</u>	<u>637,400</u>	<u>(40,937,120)</u>
Net component unit capital assets	\$ <u>146,889,678</u>	<u>24,725,891</u>	<u>(1,025,696)</u>	<u>170,589,873</u>

Included in operating properties for the Opportunity Housing Fund is an interfund elimination for interest paid to the Multi-Family Fund amounting to \$8,626,664 as of June 30, 2009, which was capitalized during construction of the property.

Included in the Component Units section of the Commission's financial statements for fiscal year 2009 is the MetroPointe Apartments project, a 173 unit apartment building with approximately \$51 million in capital assets located in Wheaton, Maryland. In January 2009 the Commission transferred the market side of the MetroPointe Apartments project consisting of 120 units and approximately \$39.2 million in capital assets to the Opportunity Housing Fund. As a result, the market side of the project representing \$39.2 million in capital assets is included in both the component units section and the Opportunity Housing Fund for the fiscal year 2009 Commission financial statements.

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

(5) 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 Fund. Ground rent for the year ended June 30, 2009, amounted to \$785,230.
- 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 6.0% of monthly rental collections. Management fees paid to the Commission for the year ended June 30, 2009, amounted to \$269,036.
- Require the Commission to maintain \$100,000 in a segregated account for certain partnerships to be available for the exclusive use and benefit of the respective partnership. The purpose of this account is to provide assurance to the limited partnership that funds will be available in the event the project experiences an operating deficit.

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

Notes to Financial Statements

June 30, 2009

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2009.

(6) Accounts Receivable and Other Assets

Accounts receivable consists of grants and loans due from HUD and Montgomery County, tenant rents receivable, and amounts due from property managers. All amounts are deemed to be collectible within one year. Accounts receivable and other assets consisted of the following as of June 30, 2009:

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi Family Fund</u>	<u>Total</u>
Accounts receivable:						
U.S. Department of Housing and Urban Development \$	—	3,064	852,568	—	—	855,632
Montgomery County, Maryland	1,252	256,634	2,820,878	—	—	3,078,764
Other	1,294,778	1,396,331	1,279,285	—	—	3,970,394
Other assets	803,406	1,948,774	—	54,744	9,650	2,816,574
	<u>\$ 2,099,436</u>	<u>3,604,803</u>	<u>4,952,731</u>	<u>54,744</u>	<u>9,650</u>	<u>10,721,364</u>

Included in the accounts receivable and other assets balance of the Opportunity Housing Fund are interfund accounts receivable from the Multi-Family Fund amounting to \$5,734,481 as of June 30, 2009, which have been eliminated upon consolidation.

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

Notes to Financial Statements

June 30, 2009

(7) Interfund Receivables, Payables, and Transfers

Interfund receivables and payables result from cash collections and disbursements for all funds being processed through the General Fund. All amounts are expected to be repaid within one year. The composition of interfund balances as of June 30, 2009, is as follows:

Opportunity Housing Fund	General Fund	\$	21,982,211
General Fund	Public Fund		(5,867,823)
General Fund	Multi-Family Fund		(1,476,864)
General Fund	Single Family Fund		(4,633,104)
		\$	<u>10,004,420</u>

Due to / from primary government and component units:

<u>Receivable entity</u>	<u>Payable entity</u>	<u>Amount</u>
Primary government -- General Fund	Component units - tax credit limited partnerships	\$ 20,660,031
Opportunity Housing Fund	Component units - tax credit limited partnerships	7,491,254
		\$ <u>28,151,285</u>

Interfund transfers were made during the fiscal year to reduce interfund receivables and payables. The transfers occur routinely and are approved by the Board of Commissioners.

Interfund transfers:

	<u>Transfer in</u> <u>General</u> <u>Fund</u>
Transfer (in) out:	
Opportunity Housing Fund	\$ 7,103,685
Public Fund	(1,638,303)
Single Family Fund	—
Multi-Family Fund	1,638,705
Net transfers in: General Fund	\$ <u>7,104,087</u>

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

Notes to Financial Statements

June 30, 2009

(8) Bonds, Mortgage Notes, and Loans Payable – Primary Government

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

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

Interest rates on bonds payable ranged from 0.875% to 8.50% as of June 30, 2009.

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

Notes to Financial Statements

June 30, 2009

(a) Bonds Payable

The Commission has the following bonds payable outstanding as of June 30, 2009:

	<u>Out standing 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>
Single Family Fund:					
1986 Series A	\$ 5,000	—	—	5,000	5,000
1988 Series A	5,000	—	—	5,000	5,000
1988 Series B	5,000	—	—	5,000	5,000
1998 Series A -- Accretions	29,758,110	1,705,879	—	31,463,989	—
2001 Series A	2,655,000	—	410,000	2,245,000	245,000
2002 Series A	5,515,000	—	1,330,000	4,185,000	615,000
2002 Series B -- Accretions	2,484,338	148,820	—	2,633,158	—
2002 Series C	16,890,000	—	—	16,890,000	—
2004 Series A	13,845,000	—	900,000	12,945,000	925,000
2004 Series B	3,385,000	—	620,000	2,765,000	240,000
2005 Series A	16,625,000	—	1,140,000	15,485,000	1,170,000
2005 Series B	4,730,000	—	820,000	3,910,000	430,000
2005 Series C	10,555,000	—	725,000	9,830,000	750,000
2005 Series D	11,375,000	—	405,000	10,970,000	370,000
2006 Series A	18,100,000	—	1,250,000	16,850,000	1,300,000
2006 Series B	11,185,000	—	315,000	10,870,000	570,000
2007 Series A	15,875,000	—	1,115,000	14,760,000	1,155,000
2007 Series B	19,100,000	—	115,000	18,985,000	360,000
2007 Series C	1,000,000	—	—	1,000,000	—
2007 Series D	20,000,000	—	365,000	19,635,000	910,000
2007 Series E	13,000,000	—	13,000,000	—	—
2007 Series F	10,000,000	—	—	10,000,000	—
2008 Series A	13,205,000	—	—	13,205,000	1,085,000
2008 Series B	3,900,000	—	5,000	3,895,000	50,000
2008 Series C	8,450,000	—	—	8,450,000	—
2008 Series D	17,200,000	—	—	17,200,000	—
2009 Series A	—	20,000,000	—	20,000,000	—
Draw Down 2005	61,200,816	14,572,936	75,773,752	—	—
	<u>330,048,264</u>	<u>36,427,635</u>	<u>98,288,752</u>	268,187,147	<u>10,190,000</u>
Less: unamortized discount	1,848,533			1,973,885	
	<u>\$ 331,896,797</u>			<u>270,161,032</u>	

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

Notes to Financial Statements

June 30, 2009

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Multi-Family Fund Bonds:					
1992 Series C	\$ 2,785,000	—	100,000	2,685,000	105,000
1993 Issue II	1,620,000	—	510,000	1,110,000	540,000
1984 Series A – Accretions	81,572	9,436	—	91,008	10,530
1995 Series A	3,130,000	—	120,000	3,010,000	125,000
1996 Series A	2,920,000	—	85,000	2,835,000	95,000
1996 Series B	3,255,000	—	85,000	3,170,000	90,000
1998 Issue A	10,800,000	—	310,000	10,490,000	325,000
1998 Series A	10,290,000	—	245,000	10,045,000	255,000
1998 Series B	15,520,000	—	510,000	15,010,000	530,000
2000 Series A	17,330,000	—	380,000	16,950,000	395,000
2000 Series B	25,635,000	—	580,000	25,055,000	595,000
2001 Series A	7,885,000	—	80,000	7,805,000	85,000
2002 Series A	22,325,000	—	335,000	21,990,000	440,000
2002 Series C	12,965,000	—	—	12,965,000	—
2002 Series A	7,695,000	—	165,000	7,530,000	175,000
2002 Series B	30,285,000	—	500,000	29,785,000	520,000
2003 Series A	18,665,000	—	415,000	18,250,000	425,000
2003 Series B	17,840,000	—	410,000	17,430,000	200,000
2004 Series A	13,700,000	—	250,000	13,450,000	255,000
2004 Series B	3,995,000	—	40,000	3,955,000	45,000
2004 Series C	18,905,000	—	385,000	18,520,000	400,000
2004 Series D	13,715,000	—	275,000	13,440,000	290,000
2005 Series A	11,415,000	—	375,000	11,040,000	385,000
2005 Series B	5,875,000	—	140,000	5,735,000	145,000
2005 Series C	30,540,000	—	615,000	29,925,000	635,000
2006 Issue A	36,350,000	—	36,350,000	—	—
2007 Series A	19,055,000	—	325,000	18,730,000	340,000
2007 Series B	26,645,000	—	490,000	26,155,000	515,000
2007 Series C	8,145,000	—	270,000	7,875,000	280,000
2008 Series A	13,355,000	—	—	13,355,000	—
2008 Issue A	—	33,050,000	—	33,050,000	33,050,000
	412,721,572	33,059,436	44,345,000	401,436,008	41,250,530
Less: unamortized discount	(2,449,250)			(2,329,948)	
	\$ 410,272,322			399,106,060	

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

Notes to Financial Statements

June 30, 2009

(b) Mortgage Notes and Loans Payable

The Commission has the following Opportunity Housing Fund and General Fund mortgage notes and loans payable as of June 30, 2009:

	<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 Fund:					
Paint Branch Townhouses	\$ 204,005	—	29,544	174,461	31,998
State Partnership Rental Programs	8,795,567	—	—	8,795,567	—
State Partnership VII	4,712,864	—	—	4,712,864	—
Alexander House	375,000	—	150,000	225,000	150,000
Diamond Square	2,000,000	—	—	2,000,000	—
The Glen	1,211,707	—	—	1,211,707	—
Tanglewood	100,000	—	7,500	92,500	7,500
Holiday Park	1,350,000	—	—	1,350,000	—
Paddington Square	7,097,984	—	112,560	6,985,424	51,587
Paddington Square - PNCBank LOC	—	3,000,000	—	3,000,000	—
Montgomery Arms	138,615	—	3,478	135,137	3,584
Kings Farm	7,125,000	—	—	7,125,000	7,125,000
Barclay Development Corporation	2,456,567	—	—	2,456,567	—
	<u>35,567,309</u>	<u>3,000,000</u>	<u>303,082</u>	<u>38,264,227</u>	<u>7,369,669</u>
General Fund:					
Line of Credit with PNC Bank	4,336,170	4,280,000	91,165	8,525,005	8,525,005
Tax Credit IX	50,500	—	—	50,500	—
Stewartown CDA Loan	1,774,356	—	140,939	1,633,417	152,410
Wachovia Bank Loan	3,000,000	—	3,000,000	—	—
	<u>9,161,026</u>	<u>4,280,000</u>	<u>3,232,104</u>	<u>10,208,922</u>	<u>8,677,415</u>
Multi-Family Bond Fund:					
Wheaton Metro Limited Partnership	—	2,970,000	6,574	2,963,426	—
Total mortgage notes and loans payable	\$ <u>44,728,335</u>	<u>10,250,000</u>	<u>3,541,760</u>	<u>51,436,575</u>	<u>16,047,084</u>

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

Notes to Financial Statements

June 30, 2009

Interest rates on mortgage notes and loans payable ranged from .70% to 8% as of June 30, 2009.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2009 are interfund mortgage loans payable to the Multi-Family Fund amounting to \$182,369,513 which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$8,279,468 for the year ended June 30, 2009 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2009 are interfund mortgage loans payable to the General Fund amounting to \$4,917,768, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$340,741 for the year ended June 30, 2009 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2009 are interfund mortgage loans payable to the OHRF Fund amounting to \$3,572,477, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$74,570 for the year ended June 30, 2009 has also been eliminated.

Included in the mortgage notes and loans payable balance of the General Fund at June 30, 2009 are interfund mortgage loans payable to the Opportunity Housing Fund amounting to \$215,780, which has been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Public Fund at June 30, 2009 are interfund mortgage loans payable to the General Fund amounting to \$1,465,004, which has been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Single Family Fund at June 30, 2009 is an interfund mortgage loan payable to the General Fund amounting to \$4,400,000, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$20,949 for the year ended June 30, 2009 has been eliminated.

On April 3, 2008 the Commission entered into a variable rate balance loan agreement with PNC Bank for an amount not to exceed \$20,000,000. A portion of the loan in the principal amount not to exceed \$5,000,000 may be used for working capital purposes. Prior to the loan agreement with PNC Bank, the Commission had a \$20,000,000 variable rate loan facility with M&T Bank. The agreement was terminated in April 2008 and all outstanding balances at the time were paid off. The proceeds of each advance of the PNC Bank loan shall be used solely for the purposes of providing interim financing of the costs of existing residential properties and land acquired by the Commission for future development and for working capital of the Commission. Interest is payable monthly for tax exempt borrowings at 60% of the prime rate and for taxable borrowings at LIBOR plus 30 basis points. At June 30, 2009, the Commission had approximately \$11,525,005 due under this arrangement. The promissory note has a termination date of April 1, 2010.

The Commission remarketed \$12,965,000 of Multiple Purpose 2002 Series C (Non-AMT) Variable Rate Demand Obligation bonds in December 2008 and extended the PNC Bank credit facility until December 10, 2009.

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

Notes to Financial Statements

June 30, 2009

In December 2008, the Commission remarketed Multifamily Housing Development Bonds 2005 Series B (AMT) for \$5,805,000, 2005 Series C (Non-AMT) for \$30,235,000, 2007 Series B (Non-AMT) for \$26,400,000 and 2007 Series C (AMT) for \$8,010,000. The Remarketed Bonds are subject to mandatory tender on January 1, 2011.

In December 2008 the Commission issued Housing Development Bonds 2008 Issue A (Non-Amt) guaranteed by Montgomery County, Maryland for \$33,050,000 to refund at maturity the Commission's Housing Development Bonds 2006 A and finance a mortgage loan in the principal amount of \$33,380,000. The bonds are expected to be refunded on or before January 1, 2010.

In December 2008, the Commission remarketed Single Family Mortgage Revenue Bonds 2002 Series C (Non-AMT) for \$16,890,000 and 2007 Series F (AMT) for \$10,000,000 extending the PNC Bank liquidity facility until December 10, 2009.

Single Family Mortgage Revenue bonds, 2009 Series A (Non-AMT) for \$20,000,000, were issued in June 2009 to refund outstanding bonds and provide funds to make or purchase qualified mortgage loans.

(c) *Maturities*

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

	<u>General Fund Notes Payable</u>	<u>Opportunity Housing Fund Notes Payable</u>	<u>Principal Multi-Family Fund Bonds and Notes Payable</u>	<u>Single Family Fund Bonds and Notes Payable</u>	<u>Combined</u>
Years ending June 30,					
2010	\$ 8,677,415	7,369,669	41,250,530	10,190,000	67,487,614
2011	164,813	4,669,266	8,511,741	8,045,000	21,390,820
2012	178,228	6,784,255	8,908,104	8,770,000	24,640,587
2013	192,733	52,066	8,394,619	9,240,000	17,879,418
2014	258,919	41,172	8,591,304	9,520,000	18,411,395
2015 - 2019	736,814	59,620	37,114,601	44,200,000	82,111,035
2020 - 2024	—	43,195	62,328,081	12,595,000	74,966,276
2025 - 2029	—	29,848	48,297,028	55,393,990	103,720,866
2030 - 2034	—	34,672	101,775,000	39,438,157	141,247,829
2035 - 2039	—	3,761	45,945,000	41,300,000	87,248,761
2040 - 2044	—	—	20,155,000	29,495,000	49,650,000
2045 - 2049	—	—	10,165,000	—	10,165,000
Upon sale or refinancing of property	—	19,176,703	2,963,426	—	22,140,129
	<u>10,208,922</u>	<u>38,264,227</u>	<u>404,399,434</u>	<u>268,187,147</u>	<u>721,059,730</u>
Less unamortized bond discount	—	—	(2,329,948)	1,973,885	(356,063)
	<u>\$ 10,208,922</u>	<u>38,264,227</u>	<u>402,069,486</u>	<u>270,161,032</u>	<u>720,703,667</u>

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

Notes to Financial Statements

June 30, 2009

Years ending June 30,	General Fund Notes Payable	Opportunity Housing Fund Notes Payable	Interest		Combined
			Multi-Family Fund Bonds and Notes Payable	Single Family Fund Bonds and Notes Payable	
2010	\$ 53,283	507,052	17,065,568	9,445,570	27,071,473
2011	—	488,846	16,003,855	9,317,024	25,809,725
2012	—	285,144	15,615,047	9,149,171	25,049,362
2013	—	7,821	15,227,069	8,961,725	24,196,615
2014	—	4,465	14,845,928	8,756,161	23,606,554
2015 - 2019	—	15,824	69,111,633	40,580,078	109,707,535
2020 - 2024	—	12,249	56,776,380	40,290,827	97,079,456
2025 - 2029	—	8,097	44,577,179	36,815,637	81,400,913
2030 - 2034	—	3,273	25,672,631	13,675,000	39,350,904
2035 - 2039	—	55	10,943,542	7,041,355	17,984,952
2040 - 2044	—	—	6,158,347	259,538	6,417,885
2045 - 2049	—	—	557,707	—	557,707
Upon sale of property	—	—	—	—	—
	\$ 53,283	1,332,826	292,554,886	184,292,086	478,233,081

(d) Multiple Pay-Fixed, Receive Variable Interest Rate Swaps

Objective of the interest rate swaps. In order to protect against the potential of rising interest rates, the Commission entered into seven separate pay-fixed, receive variable interest rate swaps at a cost anticipated to be less than what the Authority would have paid to issue fixed-rate debt.

Terms, fair values, and credit risk. The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2009, are contained in the table below. The notional amounts of the swaps match the principal amounts of the associated debt. The swap agreements contain schedule reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category during the period that the bonds are hedged. The Commission may terminate the swap at market value at any time.

Fair value. The termination value of all swaps had a negative fair value as of June 30, 2009 as a result of a decrease in 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.

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, MetroPointe Taxable, MetroPointe Tax Exempt and 2007 Series F swap agreements, Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payment. As of June 30, 2009, 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. The swap agreements do not contain any collateral agreements with the counterparties.

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

Notes to Financial Statements

June 30, 2009

Termination Risk. The Commission or the counterparties may terminate the swap at market value if the other party fails to perform under the terms of the contract.

<u>Associated Bond Issue</u>	<u>Notional Amounts</u>	<u>Trade Date</u>	<u>Fixed Rate Paid</u>	<u>Fair Values</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>	<u>Counterparty</u>
(1) Single Family 2002 Series C	\$16,890,000	12/12/2002	3.630%	(\$1,238,441)	1/01/2013	A2/A/A+	MLCS
(2) Multifamily 2004 Series C	18,520,000	11/05/2004	3.653%	(1,116,955)	7/01/2036	A2/A/A+	MLCS
(3) Multifamily 2004 Series D	13,440,000	11/05/2004	3.760%	(814,987)	7/01/2036	A2/A/A+	MLCS
(4) Multifamily 2006 Issue A	33,380,000	4/3/2006	4.020%	(4,503,171)	1/1/2049	A2/A/A+	MLCS
(5) Multifamily 2006 Issue A	2,970,000	4/3/2006	6.067%	(620,267)	1/1/2049	A2/A/A+	MLCS
(6) Single Family 2007 Series F	10,000,000	10/17/2007	4.111%	(987,643)	7/1/2038	A2/A/A+	MLCS
(7) Single Family 2008 Series C	8,450,000	6/10/2008	3.865%	(685,338)	7/1/2039	Aaa/AAA/AAA	MLDP
Total	<u>\$103,650,000</u>			<u>(\$9,966,802)</u>			

(9) 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 4.00% to 8.95%.

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

Notes to Financial Statements

June 30, 2009

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

	Principal	Interest
Year ending June 30:		
2010	\$ 4,081,526	5,208,308
2011	2,535,947	5,910,866
2012	2,691,501	5,759,791
2013	2,857,198	5,598,967
2014	3,032,402	7,903,023
2015 - 2019	16,982,216	23,255,904
2020 - 2024	19,517,388	17,984,973
2025 - 2029	20,071,522	12,676,883
2030 - 2034	15,309,413	8,117,272
2035 - 2039	12,479,425	4,915,366
2040 - 2044	16,115,373	—
Upon sale of property	18,376,860	—
	\$ 134,050,771	97,331,353

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

Notes to Financial Statements

June 30, 2009

(10) 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, 2009. There is no set maturity date or repayment term on borrowings from the County for the projects. The Commission has the following Opportunity Housing Fund, General Fund and component unit loans payable to Montgomery County as of June 30, 2009:

	<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 Fund	\$ 37,138,376	10,667,131	2,897,278	44,908,229	2,761,023
General fund	6,329,353	54,173	4,097,287	2,286,239	1,558,816
	<u>\$ 43,467,729</u>	<u>10,721,304</u>	<u>6,994,565</u>	<u>47,194,468</u>	<u>4,319,839</u>
Real estate limited partnership component units	\$ <u>17,879,218</u>	<u>4,207,982</u>	<u>1,209,995</u>	<u>20,877,205</u>	<u>4,000,000</u>

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

Notes to Financial Statements

June 30, 2009

(11) Lease Commitments

(a) Operating Leases

The Commission has leases for its offices in Montgomery County. During fiscal year 08 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 \$180,480 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, 2009 for all office space was \$631,798. Future minimum lease obligations under these leases are as follows:

Year ending June 30,	
2010	\$ 479,813
2011	493,312
2012	442,105
2013	421,856
2014	434,512
2015 - 2019	<u>1,575,254</u>
	<u>\$ 3,846,852</u>

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

Notes to Financial Statements

June 30, 2009

(b) Capital Lease

In November 2005, the Commission entered into a lease purchase agreement with M&T Bank for equipment with an interest rate of 4.82%. 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. The Commission has the following General Fund capital lease obligation as of June 30, 2009.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>211,893</u>	<u>-</u>	<u>81,742</u>	<u>130,151</u>	<u>85,730</u>

Future minimum lease payments under the General Fund lease are as follows:

Year ending June 30,	Future minimum payments
2010	\$ 90,982
2011	<u>45,494</u>
Total payments	136,476
Less interest	<u>(6,325)</u>
	130,151
Less: current portion	<u>(85,730)</u>
Long-term portion	\$ <u>44,421</u>

In July 2006, the Commission entered into a lease purchase agreement with Bank of America for equipment with an interest rate of 4.0209%. 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. The Commission has the following General Fund capital lease obligation as of June 30, 2009.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>540,456</u>	<u>-</u>	<u>146,811</u>	<u>393,645</u>	<u>152,773</u>

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

Notes to Financial Statements

June 30, 2009

Future minimum lease payments under the General Fund lease are as follows:

Year ending June 30,	Future minimum payments
2010	\$ 167,081
2011	167,081
2012	<u>83,540</u>
Total payments	417,702
Less interest	<u>(24,057)</u>
	393,645
Less: current portion	<u>(152,773)</u>
Long-term portion	<u><u>\$ 240,872</u></u>

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 Fund capital lease obligation as of June 30, 2009.

Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$ <u>19,972,401</u>	<u>—</u>	<u>2,143</u>	<u>19,970,258</u>	<u>2,309</u>

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

Notes to Financial Statements

June 30, 2009

Future minimum rentals under the lease are as follows:

Year ending June 30,	<u>Future minimum rentals</u>
2010	\$ 1,511,428
2011	1,511,428
2012	1,511,428
2013	1,511,428
2014	1,511,428
2015 - 2019	7,557,139
2020 - 2024	7,557,139
2025 - 2029	7,557,139
2030 - 2034	7,557,139
2035 - 2039	7,557,139
2040 - 2044	7,557,139
2045 - 2049	7,557,139
2050 - 2054	7,557,139
2055 - 2059	7,557,139
2060 - 2064	7,557,139
2065 - 2069	7,557,139
2070 - 2074	7,557,139
2075 - 2079	7,557,139
2080 - 2084	7,557,139
2085 - 2089	7,557,139
2090 - 2094	7,557,139
2095 - 2098	3,148,807
Total payments	131,620,171
Less interest	<u>(111,649,913)</u>
	19,970,258
Less: current portion	<u>(2,309)</u>
Long-term portion	<u><u>\$ 19,967,949</u></u>

The following is an analysis of the leased property under capital lease:

Westwood Towers	\$ 19,987,798
Less accumulated amortization	<u>(5,996,339)</u>
	<u><u>\$ 13,991,459</u></u>

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

Notes to Financial Statements

June 30, 2009

(12) Restricted Net Assets

Restricted net assets represent the portion of total net assets restricted by the requirements of the various bond indentures, the housing choice voucher program, the loan closing cost program and for capital projects. All restricted amounts are net of related liabilities.

(13) Pension Plan and Postretirement Health Care Benefits

(a) Pension Plan

All 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, 1965, as amended. The payroll from Commission employees covered by the System for the year ended June 30, 2009 was \$5,620,584; the Commission's total payroll was \$22,780,063.

Participation in the System is mandatory for employees hired before October 1, 1994, and provides normal retirement benefits equivalent to 2% of the average final earnings multiplied by years of credited service, up to a maximum of 36 years, plus sick leave credits. The benefit may be adjusted for cost of living annually. The average final earnings would be equal to the average earnings for the 36 months immediately preceding retirement or any consecutive 36-month period during employment, whichever is greater. Benefits fully vest on reaching five years of service. Vested employees may retire at or after age 45 and receive reduced retirement benefits.

During the fiscal year 2009, covered employees contributed between 4% to 6% of their salary to the system. The Commission is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirements for the three years ended June 30, 2009 is as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Commission contribution	\$ 1,246,154	1,318,380	1,250,640
Employee contribution	227,952	233,804	234,301
Total contribution requirement	<u>\$ 1,474,106</u>	<u>1,552,184</u>	<u>1,484,941</u>
Contribution requirements as a percentage of covered payroll:			
Commission	22.17%	22.15%	21.64%
Employees	4.05%	3.92%	4.05%

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's financial statements as of and for the year ended June 30, 2009. A publicly available annual report that includes financial statements and required supplementary information for the System and the Defined Contribution Plan can be obtained by writing the Board of Investment Trustees, Montgomery County Government, 101 Monroe Street, Rockville, Maryland, 20850.

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

Notes to Financial Statements

June 30, 2009

(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 \$102,000 at June 30, 2009, must contribute 8% of the excess over the wage base. The Commission must contribute 8% of each participant's annual salary. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2009 totaled \$14,908,173. Commission and employee contributions to the plan totaled \$1,191,357 and \$606,613, respectively, for the year ended June 30, 2009.

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 currently participating in the RSP were provided a one-time irrevocable election opportunity to transfer from the RSP to the GRIP effective July 1, 2009. 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. The Commission must contribute 7.50% of each participant's annual salary in fiscal year 2010.

New employees hired after July 1, 2009 will have the option to participate in RSP or GRIP. The one time irrevocable election must be made within 180 days of date of hire.

(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, 77 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 quarterly basis. The annual pay-as-you-go expenditures amounted to \$344,974 during fiscal year 2009. In addition, during fiscal year 09 the Commission paid the annual required contribution (ARC) amount of \$600,000 which represents the requirement over a five-year period. In fiscal year 09 the period changed to eight years.

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

Notes to Financial Statements

June 30, 2009

Annual OPEB Cost and Net OPEB Obligation: The ARC, or annual OPEB cost (AOC) for fiscal year 09 was based on the actuarial valuation as of June 30, 2007, the latest valuation on the date the County Council was required to approve the appropriate resolution.

Actuarial Methods and Assumptions: The actuarial valuation for fiscal year 09 was performed by AON Consulting with a valuation date of June 30, 2007. The actuarial method used was the Projected Unit Credit Actuarial Cost Method. The estimated cost to the Commission to fund the fiscal year 10 ARC is \$600,000.

(14) Contingencies

(a) Litigation

As a result of the normal course of operations, the Commission currently is involved in certain litigation and arbitration. This litigation involves former employee complaints, union matters, tenant matters and subcontractor claims. Management and legal counsel believe the outcome of any current litigation will not have a materially adverse impact on the financial position of the Commission.

(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 (Section 8), Low Rent Public Housing, Comprehensive Grants, Lower Income Housing Assistance Program (Section 8 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, 2009, 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.

(c) 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 coverages 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 five years, no insurance settlements exceeded commercial insurance coverage.

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

Notes to Financial Statements

June 30, 2009

(15) 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 Multi-Family 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, 2009 are summarized below:

Bonds outstanding, beginning of year	\$ 337,798,905
Issuances during the year	6,600,000
Redemptions during the year	<u>(74,320,239)</u>
Bonds outstanding, end of year	<u>\$ 270,078,666</u>

(16) 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, if an individual bond series has positive arbitrage five years after the original issuance, this amount must be refunded to the IRS.

At June 30, 2009, there is a liability of \$636,503 and \$302,226 for the Single Family and Multi-Family Fund Programs, respectively, which may be due in future years. The liability is included in the accounts payable and accrued liabilities balance of each fund.

(17) New GASB Pronouncements

The Commission is in the process of assessing the impact on its financial position or results of operations of implementing GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Both statements will be effective for the Commission in fiscal year 2010. GASB No. 53 addresses the recognition, measurement and disclosure of information regarding derivative instruments entered into by state and local governments. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Notes to Financial Statements

June 30, 2009

(18) Subsequent Events

Variable Rate Debt

Over the years, the Commission has issued Variable Rate Demand Obligation (VRDO) bonds in several series to support its activities in the multifamily and single family bond programs. Liquidity for a portion of these bonds were provided by DEPFA Bank, plc (DEPFA), but in 2008, following the severe disruption in the credit market, the DEPFA liquidity was replaced with liquidity from PNC Bank, N.A. (PNC) in the form of Standby Bond Purchase Agreements or Direct Pay Letters of Credit. Previous to failures in the financial markets, PNC Bank, N.A., provided liquidity for other series of VRDO bonds separately.

Except for one series of bonds (Multiple Purpose 2008A for \$13,355,000) that is supported by a PNC direct pay letter of credit for a three-year term; all other facilities are for a 364-day term. The total of VRDO bonds that continue to be affected by the availability or cost of liquidity is \$114,155,000 with various maturity dates. For each series of bonds, the credit support either has been extended, is being extended, or will expire in December 2009.

The multifamily 2004 Series C&D bonds for \$32,295,000 were extended by PNC through June 21, 2010; therefore, no action is being taken with respect to these bonds at this time.

The Single Family 2008 Series C&D bonds for \$25,650,000 are being extended through October 2010; closing is scheduled for October 20, 2009. The facility for the Multiple Purpose 2002 Series C bonds for \$12,965,000, the Single Family Series 2002 Series C for \$16,890,000, and the Single Family 2007 Series F bonds for \$10,000,000 will expire on December 10, 2009; a replacement facility is being discussed with a commercial bank.

Although there have been significant improvements in the overall bond market, the credit market is still restrictive, making the ease of obtaining replacement facilities difficult and expensive. The Commission is actively pursuing alternatives to the PNC facilities to diversify its overall credit support.

MetroPointe Bond Issue

In December 2009, the Commission anticipates issuing bonds in the amount of \$33,075,000 to refund at maturity the Multi-Family 2008 Issue A Housing Development Bonds for the MetroPointe Apartments development.

Single Family 2009 Series B and Series C Bond Issue

In November 2009, the Commission anticipates issuing Single Family Mortgage Revenue Bonds 2009 Series B (Non-AMT) in the approximate amount of \$23,425,000 and Series C (Non-AMT) in the approximate amount of \$24,470,000. The Commission intends to redeem or refund bonds previously issued and to provide funds to make or purchase mortgage loans and closing cost assistance.

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

Statement and Certification of Actual Modernization Costs

Modernization Project Number MD 39-P004-501-05

From Inception through June 30, 2009

Management improvements	\$	275,184
Operations		482,235
Administration		186,988
Fees and costs		117,599
Site improvements		204,103
Dwelling structures		784,342
Non-dwelling structures		<u>73,447</u>
Total development costs	\$	<u><u>2,123,898</u></u>

The total amount of modernization costs at June 30, 2009, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on January 28, 2008.

See accompanying independent auditor's report.

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

Real Estate Limited Partnership

Component Units Financial Statements

COMPONENT UNITS:

The following limited partnerships do not qualify for blending and are, therefore, classified as discreetly 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 II (MHLP II) – which is reported as a component unit, owns and operates 54 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 VII (MHLP VII) – which is reported as a component unit, owns and operates 35 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 VIII (MHLP VIII) – which is reported as a component unit, owns and operates 49 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 IX (MHLP IX) – which is reported as a component unit, 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) – which is reported as a component unit, 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 - which is reported as a component unit, 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 - which is reported as a component unit, owns and operates a 53 unit apartment rental complex for low and moderate income families Located in Silver Spring, Montgomery County, Maryland.

The Willows of Gaithersburg Associates Limited Partnership - which is reported as a component unit, owns and operates a 195 unit apartment rental complex for low and moderate income families under Section 236 of the National Housing Act located in Gaithersburg, Montgomery County, Maryland.

Georgian Court Silver Spring Limited Partnership - which is reported as a component unit, 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 - which is reported as a component unit, 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.

Strathmore Court Associates Limited Partnership - which is reported as a component unit, owns and operates 51 rental unit apartments for low and moderate income families located in Rockville, Montgomery County, Maryland.

Metropolitan of Bethesda Limited Partnership -- which is reported as a component unit, owns and operates 92 luxury residential apartment units for low and moderate income families in Bethesda, Montgomery County, Maryland.

Spring Garden One Associates Limited Partnership - which is reported as a component unit, 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.

Barclay One Associates Limited Partnership - which is reported as a component unit, owns and operates 81 rental unit apartments for low and moderate income families located in Bethesda, Montgomery County, Maryland.

Wheaton University Boulevard Limited Partnership - which is reported as a component unit, owns and operates a 162 rental unit apartments for moderate income families located in Wheaton, Montgomery County, Maryland.

Wheaton Metro Limited Partnership (Metro Pointe) -- which is reported as a component unit, owns and operates 40 rental unit apartments for low and moderate income families located in Wheaton, Montgomery County, Maryland.

Forest Oak Towers Limited Partnership - which is reported as a component unit, owns and operates a 175 unit apartment rental complex for elderly low and moderate income renters located in Gaithersburg, Montgomery County, Maryland.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2009

	<u>Totals</u>	<u>Reclassification</u>	<u>MHLP II</u>	<u>MHLP VII</u>	<u>MHLP VIII</u>	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester</u>	<u>Willows</u>	<u>Georgian</u>
Assets											
Current Assets											
Unrestricted:											
Cash and Cash Equivalents	\$ 3,118,821	\$ -	\$ -	\$ -	\$ 70,059	\$ 100	\$ -	\$ 539,425	\$ 11,013	\$ 303,750	\$ 261,026
Interfund Receivable (Payable)	-	(1,990,285)	71,412	-	-	-	154,883	-	-	19,466	-
Accounts Receivable and Other Assets	3,216,686	-	24,603	17,620	23,436	74,708	92,901	37,936	25,699	44,121	87,960
Total unrestricted current assets	6,335,507	(1,990,285)	96,015	17,620	93,495	74,808	247,784	577,361	36,712	367,337	348,986
Restricted cash and cash equivalents:											
Customer Deposits	755,528	-	28,835	15,918	24,174	48,672	27,987	50,206	26,257	93,015	86,602
Total restricted cash and cash equivalents	755,528	-	28,835	15,918	24,174	48,672	27,987	50,206	26,257	93,015	86,602
Total current assets	7,091,035	(1,990,285)	124,850	33,538	117,669	123,480	275,771	627,567	62,969	460,352	435,588
Noncurrent assets:											
Restricted Cash and Cash equivalents	6,783,388	-	129,254	21,888	-	247,012	43,803	799,630	201,891	151,280	495,074
Total noncurrent restricted assets	6,783,388	-	129,254	21,888	-	247,012	43,803	799,630	201,891	151,280	495,074
Property & equipment, net of depreciation	170,589,873	-	1,944,369	2,190,557	2,873,369	8,005,042	4,874,217	8,051,619	2,689,010	6,983,358	7,924,974
Deferred Charges	4,580,057	-	-	2,331	5,043	84,771	128,997	187,449	67,813	176,637	149,707
Total noncurrent assets	181,953,318	-	1,944,369	2,192,888	2,878,412	8,089,813	5,003,214	8,239,068	2,756,823	7,159,995	8,074,681
Total Assets	\$ 189,044,353	\$ (1,990,285)	\$ 2,198,473	\$ 2,248,314	\$ 2,996,081	\$ 8,460,305	\$ 5,322,788	\$ 9,666,265	\$ 3,021,683	\$ 7,771,627	\$ 9,005,343
Liabilities											
Current liabilities:											
Accounts payable and accrued liabilities	5,054,828	-	9,888	5,216	6,787	546,862	47,359	50,255	212,943	156,599	358,362
Accrued interest payable	5,864,004	2,633,734	10,922	0	512	26,650	18,116	31,124	9,038	6,042	50,939
Mortgage notes and loans payable-Current	4,081,526	-	770,365	598,999	65,377	143,143	78,807	197,401	54,497	295,134	207,340
Loans payable to Montgomery County	4,000,000	-	-	-	-	-	-	-	-	-	-
Advances from primary government	12,741,088	12,741,088	-	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	31,741,446	15,374,822	791,175	604,215	72,676	716,635	144,282	278,780	276,478	457,775	616,641
Current liabilities payable from restricted assets:											
Customer deposit payable	699,953	-	18,927	13,005	21,205	45,439	25,711	49,428	22,167	91,033	85,899
Total current liabilities payable from restricted assets	699,953	-	18,927	13,005	21,205	45,439	25,711	49,428	22,167	91,033	85,899
Non-Current Liabilities											
Mortgage notes and loans payable	129,969,245	14,899,624	-	-	-	4,933,132	4,566,169	6,856,233	2,031,114	5,218,091	4,988,641
Notes Payable HOC	-	(14,899,624)	-	-	-	1,153,175	-	-	-	-	241,435
Loans payable to Montgomery County	16,877,205	-	-	-	-	1,405,500	800,000	282,000	800,000	755,987	1,676,298
Deferred revenue	31,808	-	-	2,479	29,329	-	-	-	-	-	-
Interfund Payable	-	(14,731,373)	-	1,810,227	2,610,524	1,819,859	-	6,215	134,728	-	8,006
Deferred Interest Payable	-	(2,633,734)	-	-	-	946,780	483,730	-	-	144,701	-
Escrow and other deposits	1,599,190	-	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	148,477,448	(17,365,107)	0	1,812,706	2,639,853	10,258,446	5,849,899	7,144,448	2,965,842	6,118,779	6,914,380
Total liabilities	180,918,847	(1,990,285)	810,102	2,429,926	2,733,734	11,020,540	6,019,892	7,472,656	3,264,487	6,667,587	7,616,920
Net Assets											
Investment in Capital Assets, Net of Related Debt	2,920,809	2,920,809	-	-	-	-	-	-	-	-	-
Restricted Net Assets	6,838,963	6,838,963	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	(1,634,266)	(1,634,266)	-	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	-	(8,125,506)	1,388,371	(181,612)	262,347	(2,560,235)	(697,104)	2,193,609	(242,804)	1,104,040	1,388,423
Total net assets	8,125,506	-	1,388,371	(181,612)	262,347	(2,560,235)	(697,104)	2,193,609	(242,804)	1,104,040	1,388,423
Total liabilities and net assets	\$ 189,044,353	\$ (1,990,285)	\$ 2,198,473	\$ 2,248,314	\$ 2,996,081	\$ 8,460,305	\$ 5,322,788	\$ 9,666,265	\$ 3,021,683	\$ 7,771,627	\$ 9,005,343

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2009

	<u>Totals</u>	<u>Reclassification</u>	<u>MHLP II</u>	<u>MHLP VII</u>	<u>MHLP VIII</u>	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester</u>	<u>Willows</u>	<u>Georgian</u>
Operating revenues:											
Dwelling Rental	17,030,614	-	626,197	420,767	584,548	1,390,421	893,017	1,768,800	551,653	1,712,382	1,206,074
Management fees and other income	317,448	-	11,114	10,041	5,707	17,361	11,390	3,650	3,441	64,489	50,361
Total operating revenues	17,348,062	-	637,311	430,808	590,255	1,407,782	904,407	1,772,450	555,094	1,776,871	1,256,435
Operating expenses:											
Administration	3,053,897	-	138,507	63,352	85,271	198,917	130,597	217,373	42,535	296,303	247,254
Maintenance	3,671,755	-	108,794	131,405	142,336	328,400	250,189	289,211	176,490	463,786	278,532
Depreciation and amortization	5,279,500	-	105,385	91,126	140,579	376,922	290,199	344,388	135,072	269,016	322,636
Utilities	1,654,411	-	1,966	3,910	3,853	21,252	6,389	144,036	127,283	333,005	87,400
Fringe benefits	686,992	-	23,457	19,781	21,629	49,794	32,295	80,154	30,994	104,617	63,625
Interest Expense	5,163,214	-	58,120	58,273	15,467	400,491	277,680	371,334	109,696	101,617	188,854
Other	2,788,857	-	232,626	165,803	229,261	447,487	202,411	223,124	87,077	111,439	158,543
Bad Debt Expense	87,146	-	5,061	5,072	9,906	17,155	7,542	0	6,062	5,703	3,401
Total operating expenses	22,385,772	-	673,916	538,722	648,302	1,840,418	1,197,302	1,669,620	715,209	1,685,486	1,350,245
Operating Income (loss)	(5,037,710)	-	(36,605)	(107,914)	(58,047)	(432,636)	(292,895)	102,830	(160,115)	91,385	(93,810)
Nonoperating revenues (expenses)											
Investment income	177,363	-	2,572	666	1,490	4,658	1,592	26,386	6,285	7,972	10,628
Other grants	51,996	-	-	-	-	-	-	-	-	51,996	-
Total nonoperating income (loss)	229,359	-	2,572	666	1,490	4,658	1,592	26,386	6,285	59,968	10,628
Income (Loss)	\$ (4,808,351)	\$ -	\$ (34,033)	\$ (107,248)	\$ (56,557)	\$ (427,978)	\$ (291,303)	\$ 129,216	\$ (153,830)	\$ 151,353	\$ (83,182)
Capital contributions	4,089,616										
Transfer of MHLP VI	747,219										
Change in net assets	28,484										
Net assets, beginning of year	8,097,022										
Net assets, end of year	\$ 8,125,506										

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2009

	<u>Stewartown</u>	<u>Strathmore</u>	<u>Metropolitan</u>	<u>Spring Garden</u>	<u>Barclay</u>	<u>Ambassador</u>	<u>Wheaton Metro</u>	<u>Forest Oak</u>
Assets								
Current Assets								
Unrestricted:								
Cash and Cash Equivalents	\$ 131,651	\$ 1,984	\$ 21,203	\$ 305,374	\$ 724,410	\$ 138,660	\$ 217,544	\$ 392,622
Interfund Receivable (Payable)	-	39,917	-	32,012	174,102	-	1,498,493	-
Accounts Receivable and Other Assets	55,790	11,912	30,316	175,716	117,173	54,517	1,938,031	404,247
Total unrestricted current assets	187,441	53,813	51,519	513,102	1,015,685	193,177	3,654,068	796,869
Restricted cash and cash equivalents:								
Customer Deposits	46,527	24,908	44,493	28,689	38,465	60,379	66,186	44,215
Total restricted cash and cash equivalents	46,527	24,908	44,493	28,689	38,465	60,379	66,186	44,215
Total current assets	233,968	78,721	96,012	541,791	1,054,150	253,556	3,720,254	841,084
Noncurrent assets:								
Restricted Cash and Cash equivalents	417,955	12,348	328,045	426,855	176,360	838,018	269,001	2,224,974
Total noncurrent restricted assets	417,955	12,348	328,045	426,855	176,360	838,018	269,001	2,224,974
Property & equipment, net of depreciation	8,177,817	4,683,674	8,388,932	12,009,073	10,807,191	5,119,292	50,855,273	25,012,106
Deferred Charges	159,567	-	-	259,291	431,323	192,124	1,806,415	928,589
Total noncurrent assets	8,337,384	4,683,674	8,388,932	12,268,364	11,238,514	5,311,416	52,661,688	25,940,695
Total Assets	\$ 8,989,307	\$ 4,774,743	\$ 8,812,989	\$ 13,237,010	\$ 12,469,024	\$ 6,402,990	\$ 56,650,943	\$ 29,006,753
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	180,603	7,461	115,280	491,264	204,419	202,649	1,929,555	529,326
Accrued interest payable	44,465	28,865	35,812	588,571	315,834	1,215,209	658,978	189,193
Mortgage notes and loans payable-Current	485,624	97,416	93,244	121,544	120,000	165,282	293,671	293,682
Loans payable to Montgomery County	-	-	-	-	-	-	4,000,000	-
Advances from primary government	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	710,692	133,742	244,336	1,201,379	640,253	1,583,140	6,882,204	1,012,201
Current liabilities payable from restricted assets:								
Customer deposit payable	43,728	18,307	34,544	25,720	38,434	58,775	64,819	42,812
Total current liabilities payable from restricted assets	43,728	18,307	34,544	25,720	38,434	58,775	64,819	42,812
Non-Current Liabilities								
Mortgage notes and loans payable	3,946,249	5,448,489	7,624,848	6,487,278	6,404,851	3,160,370	36,056,329	17,347,827
Notes Payable HOC	-	-	-	3,274,431	2,891,404	-	5,178,679	2,160,500
Loans payable to Montgomery County	2,425,420	-	-	1,382,000	-	2,000,000	3,850,000	1,500,000
Deferred revenue	-	-	-	-	-	-	-	-
Interfund Payable	62,632	1,426,149	6,853,033	-	-	-	-	-
Deferred Interest Payable	-	1,058,523	-	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-	-	-	1,599,190
Total noncurrent liabilities	6,434,301	7,933,161	14,477,881	11,143,709	9,296,255	5,160,370	45,085,008	22,607,517
Total liabilities	7,188,721	8,085,210	14,756,761	12,370,808	9,974,942	6,802,285	52,032,031	23,662,530
Net Assets								
Investment in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-	-	-
Unrestricted Net Assets	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	1,800,586	(3,310,467)	(5,943,772)	866,202	2,494,082	(399,295)	4,618,912	5,344,223
Total net assets	1,800,586	(3,310,467)	(5,943,772)	866,202	2,494,082	(399,295)	4,618,912	5,344,223
Total liabilities and net assets	\$ 8,989,307	\$ 4,774,743	\$ 8,812,989	\$ 13,237,010	\$ 12,469,024	\$ 6,402,990	\$ 56,650,943	\$ 29,006,753

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnership Component Units Financial Statements
As of June 30, 2009

	<u>Stewartown</u>	<u>Strathmore</u>	<u>Metropolitan</u>	<u>Spring Garden</u>	<u>Barclav</u>	<u>Ambassador</u>	<u>Wheaton Metro</u>	<u>Forest Oak</u>
Operating revenues:								
Dwelling Rental	1,062,663	525,703	628,338	956,041	934,072	1,300,091	159,986	2,309,861
Management fees and other income	11,360	59,388		4,533	22,079	20,860	21,674	
Total operating revenues	1,074,023	585,091	628,338	960,574	956,151	1,320,951	181,660	2,309,861
Operating expenses:								
Administration	145,497	133,775	264,364	143,170	108,373	222,605	318,041	297,963
Maintenance	306,268	162,166	234,175	127,610	113,148	238,568	53,048	267,629
Depreciation and amortization	362,785	267,209	311,170	567,434	544,600	196,992	468,297	485,690
Utilities	73,943	58,172	158,891	80,246	72,341	277,069	90,208	114,447
Fringe benefits	67,902	-	46,670	14,334	11,354	20,679	56,918	42,789
Interest Expense	106,621	426,189	432,330	490,971	447,813	298,022	504,169	875,567
Other	140,864	17,171	87,637	86,917	182,613	78,242	63,749	273,893
Bad Debt Expense	4,339	409	1,498	6,885	2,151	11,962	-	-
Total operating expenses	1,208,219	1,065,091	1,536,735	1,517,567	1,482,393	1,344,139	1,554,430	2,357,978
Operating Income (loss)	(134,196)	(480,000)	(908,397)	(556,993)	(526,242)	(23,188)	(1,372,770)	(48,117)
Nonoperating revenues (expenses)								
Investment income	12,907	638	3,225	11,981	13,646	15,664	31,641	25,412
Other grants	-	-	-	-	-	-	-	-
Total nonoperating income (loss)	12,907	638	3,225	11,981	13,646	15,664	31,641	25,412
Income (Loss)	\$ (121,289)	\$ (479,362)	\$ (905,172)	\$ (545,012)	\$ (512,596)	\$ (7,524)	\$ (1,341,129)	\$ (22,705)
Capital contributions								
Transfer of MHLP VI								
Change in net assets								
Net assets, beginning of year								
Net assets, end of year								

III. STATISTICAL SECTION

**Housing Opportunities Commission of Montgomery County
Statistical Section Narrative
For the Fiscal Year Ended June 30, 2009**

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 69-70.

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 71-73.

Debt Capacity

These schedules present information to assist the reader in assess 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 74-78.

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 79-83.

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 take place and to assist in making comparisons over time with other housing authorities. See pages 84-87.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
NET ASSETS BY COMPONENT - UNAUDITED
LAST EIGHT YEARS ENDED JUNE 30, 2009

<u>Fiscal Year</u>	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total Net Assets</u>
2002	\$ 33,137,217	\$ 57,044,829	\$53,495,437	\$ 143,677,483
2003	25,804,778	60,325,677	70,077,777	156,208,232
2004	35,900,750	43,004,294	73,011,523	151,916,567
2005	31,118,443	45,091,955	86,835,351	163,045,749
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

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
CHANGE IN NET ASSETS BY ENTERPRISE FUND
LAST EIGHT YEARS ENDED JUNE 30, 2009**

General Fund				Opportunity Housing Fund			Public Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
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)
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
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
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
2005	15,343,680	11,750,449	3,593,231	50,709,551	45,697,221	5,012,330	91,068,923	91,551,693	(482,770)
2004	10,965,043	14,824,658	(3,859,615)	49,191,812	42,485,568	6,706,244	90,802,701	88,609,131	2,193,570
2003	14,019,632	10,927,084	3,092,548	44,004,260	42,938,552	1,065,708	74,148,345	73,862,004	286,341
2002	16,823,607	10,412,272	6,411,335	42,404,199	43,700,672	(1,296,473)	59,047,778	60,031,473	(983,695)
Average	\$ 16,510,087	\$ 13,949,695	\$ 2,560,391	\$ 46,895,980	\$ 44,470,346	\$ 2,425,634	\$ 89,195,412	\$ 87,589,792	\$ 1,605,620

Single Family Fund				Multi-Family Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
2009	\$ 13,161,636	\$ 14,492,241	\$ (1,330,605)	\$ 26,178,221	\$ 23,469,545	\$ 2,708,676
2008	15,712,926	14,991,208	721,718	22,923,420	22,224,570	698,850
2007	14,593,737	15,147,917	(554,180)	23,204,209	22,056,056	1,148,153
2006	8,332,078	13,075,152	(4,743,074)	17,328,986	24,679,371	(7,350,385)
2005	13,209,525	12,635,470	574,055	25,473,068	22,784,625	2,688,443
2004	5,552,530	12,957,459	(7,404,929)	18,110,910	19,871,624	(1,760,714)
2003	18,850,910	16,657,095	2,193,815	25,350,983	19,458,646	5,892,337
2002	20,715,720	17,769,623	2,946,097	21,770,474	23,842,724	(2,072,250)
Average	\$ 13,766,133	\$ 14,715,771	\$ (949,638)	\$ 22,542,534	\$ 22,298,395	\$ 244,139

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - UNAUDITED
LAST EIGHT YEARS ENDED JUNE 30, 2009**

	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenues:								
Dwelling rental	\$ 50,338,236	47,207,730	44,708,879	45,050,127	48,423,150	47,249,298	45,927,853	45,626,585
Investment income	7,638,163	12,594,626	16,949,098	15,319,779	10,620,043	13,180,090	7,077,255	8,832,261
Unrealized gains on investments	3,110,604	390,768	(834,397)	(9,850,434)	7,766,629	(11,187,026)	9,755,942	1,223,382
Interest on mortgage and construction loans receivable	19,819,780	17,297,737	13,710,886	12,192,024	11,603,179	12,564,013	18,173,298	21,568,065
Management fees and other income	10,397,564	9,115,619	10,485,337	9,785,159	11,599,202	6,882,011	8,718,342	5,346,584
U.S. Department of Housing and Urban Development grants:								
Housing Assistance Payments (HAP)	69,038,665	68,098,758	65,497,448	64,550,179	65,636,655	60,454,965	47,318,424	34,923,904
HAP administrative fees	5,266,978	5,132,533	4,260,881	4,580,067	4,685,801	4,683,912	4,163,245	3,303,148
Other grants	10,500,329	8,777,422	7,950,894	6,976,369	6,780,137	7,302,864	6,687,547	7,097,873
State and county grants	9,422,158	10,333,157	9,147,060	6,881,222	7,084,539	7,555,629	7,779,100	6,968,039
Total operating revenues	185,532,477	178,948,350	171,876,086	155,484,492	174,199,335	148,685,756	155,601,006	134,889,841
Operating expenses:								
Housing Assistance Payments	71,116,935	65,088,360	62,250,457	63,239,005	66,539,618	61,371,348	47,671,652	35,233,401
Administration	33,514,421	31,491,319	29,693,342	27,965,154	30,254,371	32,835,872	29,889,058	29,015,844
Maintenance	14,205,755	13,443,354	11,540,628	11,064,356	10,495,885	10,846,509	12,649,094	11,288,064
Depreciation and amortization	14,499,967	12,308,298	11,092,722	10,567,281	10,709,532	10,065,346	9,589,701	9,086,960
Utilities	5,629,351	5,381,832	5,244,849	5,231,525	4,944,260	4,059,732	3,371,986	3,246,185
Fringe benefits	7,673,443	7,176,063	6,293,777	5,620,301	5,102,332	4,682,620	4,083,488	3,148,372
Interest expense	34,520,213	35,012,776	33,017,662	33,003,609	30,781,800	29,701,596	34,443,381	37,437,659
Other expenses	6,932,322	5,269,845	5,519,503	6,443,315	7,071,134	3,605,644	4,806,847	4,779,546
Bad debt expense	379,192	634,021	269,722	250,235	181,126	203,948	209,544	221,268
Total operating expenses	188,471,599	175,805,868	164,922,662	163,384,781	166,080,058	157,372,615	146,714,751	133,457,299
Operating income/(loss)	(2,939,122)	3,142,482	6,953,424	(7,900,289)	8,119,277	(8,686,859)	8,886,255	1,432,542
Nonoperating revenues (expenses):								
Investment income	1,351,318	2,472,198	2,510,513	2,327,025	1,151,508	949,588	1,185,029	1,960,699
State and County grants	368,694	3,857	51,286	—	100,000	366,666	106,091	156,754
Unrealized losses on investments	—	—	—	(1,275)	(12,550)	(23,190)	(19,252)	14,170
Interest on mortgage and construction loans receivable	105,433	90,832	102,502	112,598	174,377	243,090	375,648	529,212
Interest expense	(142,965)	(247,225)	(214,060)	(186,428)	(103,156)	(188,613)	(320,342)	(478,489)
Other grants	39,698	31,034	40,689	41,099	40,601	—	34,200	99,443
Total nonoperating income	1,722,178	2,350,696	2,490,930	2,293,019	1,350,780	1,347,541	1,361,374	2,281,789
Income/(Loss) before contributions and transfers	(1,216,944)	5,493,178	9,444,354	(5,607,270)	9,470,057	(7,339,318)	10,247,629	3,714,331
Capital contributions	1,607,686	1,457,956	3,692,041	3,008,994	1,172,636	3,047,653	2,283,120	1,290,683
Transfer of MHLPI VI	(747,219)	4,801,834	—	—	486,489	—	—	—
Change in net assets \$	(356,477)	11,752,968	13,136,395	(2,598,276)	11,129,182	(4,291,665)	12,530,749	5,005,014

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
SIGNIFICANT OWN-SOURCE REVENUE - UNAUDITED
LAST EIGHT YEARS ENDED JUNE 30, 2009**

<u>Fiscal Year</u>	<u>Tenant Revenue Total</u>	<u>% Total Operating Revenues</u>
2009	\$ 50,338,236	27.13%
2008	47,207,730	26.38%
2007	44,708,879	26.01%
2006	45,050,127	28.97%
2005	48,423,150	27.80%
2004	47,249,298	31.78%
2003	45,927,853	29.52%
2002	45,626,585	33.83%
Average	46,816,482	29%

*Revenue Base
Principal Payers*

*Opportunity Housing Fund and Public Housing
Low and Moderate Income Residents*

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
 OPERATING REVENUES BY SOURCES - UNAUDITED
 LAST EIGHT YEARS ENDED JUNE 30, 2009**

Fiscal Year	Dwelling Rental		Investment Income		Unrealized gains (losses) on investments		Interest on mortgage and construction loans receivable	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 45,626,585	33.83%	\$ 8,832,261	6.55%	\$ 1,223,382	0.91%	\$ 21,568,065	15.99%
2003	45,927,853	29.52%	7,077,255	4.55%	9,755,942	6.27%	18,173,298	11.68%
2004	47,249,298	31.78%	13,180,090	8.86%	(11,187,026)	-7.52%	12,564,013	8.45%
2005	48,423,150	27.80%	10,620,043	6.10%	7,766,629	4.46%	11,603,179	6.66%
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%

Fiscal Year	Management fees and other income		Housing assistance payment subsidies		State and county grants		Total	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 5,346,584	3.96%	\$ 45,324,925	33.60%	\$ 6,968,039	5.17%	\$ 134,889,841	100.00%
2003	8,718,342	5.60%	58,169,216	37.38%	7,779,100	5.00%	155,601,006	100.00%
2004	6,882,011	4.63%	72,441,741	48.72%	7,555,629	5.08%	148,685,756	100.00%
2005	11,599,202	6.66%	77,102,593	44.26%	7,084,539	4.07%	174,199,335	100.00%
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%

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
LONG-TERM DEBT - UNAUDITED
LAST EIGHT YEARS ENDED JUNE 30, 2009**

<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 Assets To Debt</u>
2002	\$ 612,475,353	\$ 28,563,339	\$ 28,332,367	\$ 19,982,486	\$ 4,561,545	\$ 693,915,090	20.71%
2003	627,338,995	33,487,265	26,222,327	19,981,118	4,622,833	711,652,538	21.95%
2004	580,346,279	43,106,686	33,196,697	19,979,535	4,302,520	680,931,717	22.31%
2005	610,493,486	39,254,052	32,832,896	19,977,946	4,674,722	707,233,102	23.05%
2006	593,664,161	38,518,098	35,730,378	20,340,383	3,726,854	691,979,874	23.19%
2007	647,651,771	40,327,022	34,086,460	20,945,760	4,630,765	747,641,778	23.22%
2008	742,169,119	44,728,335	43,467,729	20,724,750	4,933,088	856,023,021	21.65%
2009	669,267,092	51,436,575	47,194,468	20,494,054	4,910,269	793,302,458	23.32%

Note: Prior years data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34.

OPPORTUNITY HOUSING PROPERTY RELATED DEBT (As of June 30, 2009)

Property Name	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>		
Alexander House	Mortgage	\$22,250,978
Chevy Chase Lake	Mortgage	\$7,881,516
Diamond Square	Mortgage	\$1,620,870
Fairfax Court	Mortgage	\$735,491
Magruder's Discovery	Mortgage	\$338,515
Montgomery Arms	Mortgage	\$9,584,848
MPDUs (59)	Mortgage	\$2,729,946
MPDUs (64)	Mortgage	\$2,318,014
Pomander Court	Mortgage	\$550,735
Pooks Hill Highrise	Mortgage	\$14,500,659
Pooks Hill Midrise	Mortgage	\$3,316,666
Sligo Hills	Mortgage	\$3,071,241
Strathmore Court	Mortgage	\$17,261,800
The Glen	Mortgage	\$6,349,152
The Metropolitan	Mortgage	\$28,357,434
The Oaks at Four Corners	Mortgage	\$2,882,748
Timberlawn Crescent	Mortgage	\$5,534,620
Barclay Development Corporation	Mortgage	\$10,066,205
Wheaton Metro Development Corporation	Mortgage	\$33,254,618
Subtotal		\$172,606,056
<u>Other Mortgages</u>		
Greenhills	Mortgage	\$4,144,931
Holiday Park	Mortgage	\$1,350,000
Paint Branch	Mortgage	\$174,461
Paddington Square	Mortgage	\$6,985,430
King Farm Village Center	Mortgage	\$7,125,000
MHLP I	Mortgage	\$732,036
MHLP III	Mortgage	\$662,088
MHLP IV	Mortgage	\$1,023,260
MHLP V	Mortgage	\$1,079,750
MHLP VI	Mortgage	\$730,614
Subtotal		\$24,007,570
<u>Notes Payable to State of Maryland</u>		
Alexander House	RHPP	\$225,000
Diamond Square	RHPP	\$2,000,000
The Glen	RHPP	\$1,211,706
General Fund (Paddington Square)	RHPP	\$500,000
State Rental Consolidated	PHRP	\$8,795,567
State Rental VII	PHRP	\$4,712,863
Tanglewood	PHRP	\$92,500
Montgomery Arms		\$135,138
Subtotal		\$17,672,774

Property Name	Purpose	Amount Outstanding
<u>Loans from Montgomery County Revolving Funds</u>		
Brook Farm	Interim Financing	\$218,174
Alexander House	Interim Financing	\$741,191
Holiday Park Townhouses	Interim Financing	\$42,026
Pooks Hill Land (Mid-Rise)	Interim Financing	\$532,000
MPDU 2004	Interim Financing	\$3,145,788
Tanglewood	Interim Financing	\$2,512,500
General Fund (Paddington Square)	Interim Financing	\$3,000,000
Subtotal		\$10,191,679
<u>Notes Payable to Montgomery County Government</u>		
Alexander House	Construction	\$1,000,000
Chelsea Towers	Acquisition	\$1,174,601
Diamond Square	Acquisition	\$2,746,344
Pooks Hill Highrise	Rehab	\$400,000
McHome	Acquisition	\$2,005,645
Pooks Hill Midrise	Rehab	\$478,071
Sligo Hills	Operating Deficit	\$300,000
State Rental Consolidated	Acquisition	\$70,285
State Rental VII	Acquisition	\$1,668,050
Tanglewood	Rehab	\$52,532
The Glen	Home Funds	\$780,197
The Oaks at Four Corners	Acquisition	\$2,213,324
Timberlawn	Acquisition	\$1,000,000
Montgomery Arms	Rehab	\$1,750,000
Chelsea Towers	Acquisition	\$655,000
Chevy Chase	Rehab	\$1,250,000
Hampden Lane	Predevelopment	\$299,262
Dale Drive	Predevelopment	\$2,584,297
7423 Aspen Court	Acquisition & Rehab	\$1,600,000
Sligo Creek	Acquisition & Rehab	\$1,145,207
MPDU 2004	Acquisition	\$768,470
King Farm Village Center	Acquisition	\$6,400,000
Jubilee Housing	Acquisition	\$536,310
Wheaton Metro Development Corporation	Acquisition	\$2,984,721
Subtotal		\$33,862,317
<u>Other Loans</u>		
General Fund (Paddington Square)	Contribution	\$3,000,000
Barclay Apartments Interim DC	Notes Payable	\$2,456,585
Paddington Square - Interim	Notes Payable	\$6,755,625
The Metropolitan	OHRF	\$284,220
Montgomery Arms Dev Corp	OHRF	\$1,449,236
Wheaton Metro Dev Corp	OHRF	\$486,138
Subtotal		\$14,431,804

TOTAL PROPERTY RELATED DEBT \$272,772,200

Single Family Fund - Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2009

	Authorized (a)	Unissued (b)	Outstanding Beginning of Year (c)	Issued		Retired		Refunded		Outstanding End of Year (h)	Interest Expensed This Year (i)	Current Maturities
				Prior Years (d)	This Year (e)	Prior Years (f)	This Year (g)	Prior Years (d)	This Year (e)			
Housing Opportunities Commission:												
Single Family Bonds:												
1986 Series A	\$ 17,995,000	\$ -	\$ 5,000	\$ 17,995,000		\$ 17,990,000				\$ 5,000	\$ 425	\$ 5,000
1988 Series A	27,035,000	-	5,000	27,035,000		27,030,000				5,000	381	5,000
1988 Series B	15,000,000	-	5,000	15,000,000		14,995,000				5,000	369	5,000
1998 Series A - Accretions	29,758,110	-	29,758,110	29,758,110	1,705,879	-				31,463,989	1,705,879	
2001 Series A	17,590,000	-	2,655,000	17,590,000		14,935,000	410,000			2,245,000	102,921	245,000
2002 Series A	13,200,000	-	5,515,000	13,200,000		7,685,000	1,330,000			4,185,000	196,325	615,000
2002 Series B - Accretions	2,484,338	-	2,484,338	2,484,337	148,820	-				2,633,158	148,820	
2002 Series C	16,890,000	-	16,890,000	16,890,000		-				16,890,000	693,007	
2004 Series A	19,645,000	-	13,845,000	19,645,000		5,800,000	900,000			12,945,000	461,555	925,000
2004 Series B	5,355,000	-	3,385,000	5,355,000		1,970,000	620,000			2,765,000	153,144	240,000
2005 Series A	18,500,000	-	16,625,000	18,500,000		1,875,000	1,140,000			15,485,000	583,260	1,170,000
2005 Series B	6,500,000	-	4,730,000	6,500,000		1,770,000	820,000			3,910,000	230,930	430,000
2005 Series C	11,600,000	-	10,555,000	11,600,000		1,045,000	725,000			9,830,000	384,818	750,000
2005 Series D	13,400,000	-	11,375,000	13,400,000		2,025,000	405,000			10,970,000	585,694	370,000
2006 Series A	18,705,000	-	18,100,000	18,705,000		605,000	1,250,000			16,850,000	625,285	1,300,000
2006 Series B	11,295,000	-	11,185,000	11,295,000		110,000	315,000			10,870,000	555,093	570,000
2007 Series A	15,875,000	-	15,875,000	15,875,000		-	1,115,000			14,760,000	552,851	1,155,000
2007 Series B	19,125,000	-	19,100,000	19,125,000		25,000	115,000			18,985,000	937,116	360,000
2007 Series C	1,000,000	-	1,000,000	1,000,000		-	-			1,000,000	36,418	
2007 Series D	20,000,000	-	20,000,000	20,000,000		-	365,000			19,635,000	979,030	910,000
2007 Series E	13,000,000	-	13,000,000	13,000,000		-	13,000,000			-	248,482	-
2007 Series F	10,000,000	-	10,000,000	10,000,000		-	-			10,000,000	483,258	-
2008 Series A	13,205,000	-	13,205,000	13,205,000		-	-			13,205,000	458,005	1,085,000
2008 Series B	3,900,000	-	3,900,000	3,900,000		-	5,000			3,895,000	263,081	50,000
2008 Series C	8,450,000	-	8,450,000	8,450,000		-	-			8,450,000	349,591	-
2008 Series D	17,200,000	-	17,200,000	17,200,000		-	-			17,200,000	520,268	-
2009 Series A	20,000,000	-	-	-	20,000,000	-	-			20,000,000	2,236	-
Draw Down 2005	172,222,935	-	61,200,816	157,649,999	14,572,936	96,449,183.00	75,773,752			-	622,658	-
SUB-TOTAL	\$ 558,930,383	\$ -	\$ 330,048,264	\$ 524,357,446	\$ 36,427,635	\$ 194,309,183	\$ 98,288,752	\$ -	\$ -	\$ 268,187,147	\$ 11,880,899	\$ 10,190,000
Less: Unamortized discount			1,848,533	629,351	-			125,352		1,973,885		
Total Single Family Bonds Payable	\$ 558,930,383	\$ -	\$ 331,896,797	\$ 524,986,797	\$ 36,427,635	\$ 194,309,183	\$ 98,288,752	\$ -	\$ 125,352	\$ 270,161,032	\$ 11,880,899	\$ 10,190,000

Multi-Family Fund - Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2009

	Authorized (a)	Unissued (b)	Outstanding		Retired		Refunded		Outstanding End of Year (h)	Interest Expensed This Year (i)	Current Maturities
			Beginning of Year (c)	Issued This Year (d)	Prior Years (e)	This Year (f)	Prior Years (g)	This Year			
Housing Opportunities Commission											
Multi Family Bonds:											
1993 Issue II	\$ 6,505,000	\$ -	\$ 1,620,000	\$ 6,505,000		\$ 4,885,000	\$ 510,000		\$ 1,110,000	\$ 65,490	\$ 540,000
2008 Issue A	33,050,000	-	-	-	33,050,000	-	-	-	33,050,000	1,053,055	33,050,000
1998 Issue A	12,900,000	-	10,800,000	12,900,000		2,100,000	310,000		10,490,000	517,478	325,000
2002 Series A	22,325,000	-	22,325,000	22,325,000		-	335,000		21,990,000	1,210,233	440,000
2002 Series C	12,965,000	-	12,965,000	12,965,000		-	-		12,965,000	237,874	
2008 Series A	13,355,000	-	13,355,000	13,355,000		-	-		13,355,000	174,587	
1992 Series C	4,423,000	-	2,785,000	4,423,000		1,640,000	100,000		2,685,000	191,743	105,000
1995 Series A	23,910,000	-	3,130,000	23,910,000		20,780,000	120,000		3,010,000	179,018	125,000
1996 Series A	3,625,000	-	2,920,000	3,625,000		705,000	85,000		2,835,000	175,540	95,000
1996 Series B	13,610,000	-	3,255,000	13,610,000		10,355,000	85,000		3,170,000	201,485	90,000
1984 Series A - Accretions	585,000	-	81,572	81,572	9,436	-	-		91,008	9,436	10,530
1998 Series A	11,935,000	-	10,290,000	11,935,000		1,645,000	245,000		10,045,000	513,308	255,000
1998 Series B	18,905,000	-	15,520,000	18,905,000		3,385,000	510,000		15,010,000	774,368	530,000
2000 Series A	19,465,000	-	17,330,000	19,465,000		2,135,000	380,000		16,950,000	1,012,298	395,000
2000 Series B	28,600,000	-	25,635,000	28,600,000		2,965,000	580,000		25,055,000	1,538,940	595,000
2001 Series A	8,240,000	-	7,885,000	8,240,000		355,000	80,000		7,805,000	428,688	85,000
2002 Series A	8,330,000	-	7,695,000	8,330,000		635,000	165,000		7,530,000	349,395	175,000
2002 Series B	31,465,000	-	30,285,000	31,465,000		1,180,000	500,000		29,785,000	1,488,070	520,000
2003 Series A	20,265,000	-	18,665,000	20,265,000		1,600,000	415,000		18,250,000	770,750	425,000
2003 Series B	17,840,000	-	17,840,000	17,840,000		-	410,000		17,430,000	797,033	200,000
2006 Issue A	36,350,000	-	36,350,000	36,350,000		-	36,350,000		-	1,138,552	
2007 Series A	19,055,000	-	19,055,000	19,055,000		-	325,000		18,730,000	837,156	340,000
2007 Series B	26,645,000	-	26,645,000	26,800,000		155,000	490,000		26,155,000	1,339,652	515,000
2007 Series C	8,145,000	-	8,220,000	8,220,000		75,000	270,000		7,875,000	421,217	280,000
2004 Series A	13,700,000	-	13,700,000	13,700,000		-	250,000		13,450,000	588,195	255,000
2004 Series B	4,085,000	-	3,995,000	4,085,000		90,000	40,000		3,955,000	186,133	45,000
2004 Series C	19,460,000	-	18,905,000	19,460,000		555,000	385,000		18,520,000	705,011	400,000
2004 Series D	14,110,000	-	13,715,000	14,110,000		395,000	275,000		13,440,000	533,973	290,000
2005 Series A	12,035,000	-	11,415,000	12,035,000		620,000	375,000		11,040,000	450,120	385,000
2005 Series B	6,200,000	-	5,875,000	6,200,000		325,000	140,000		5,735,000	339,132	145,000
2005 Series C	31,985,000	-	30,540,000	31,985,000		1,445,000	615,000		29,925,000	1,530,990	635,000
SUB-TOTAL	\$ 469,280,000	\$ -	\$ 412,721,572	\$ 470,746,572	\$ 33,059,436	\$ 58,025,000	\$ 44,345,000	\$ -	\$ 401,436,008	\$ 19,758,934	\$ 41,250,530
Less: Unamortized discount			(2,449,250)						(119,301)	(2,329,949)	
Total Multi Family Bonds Payable	\$ 469,280,000	\$ -	\$ 410,272,322	\$ 470,746,572	\$ 33,059,436	\$ 58,025,000	\$ 44,345,000	\$ -	\$ 399,106,059	\$ 19,758,934	\$ 41,250,530

MULTI-FAMILY HOUSING BONDS (As of June 30, 2009)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
<u>Multi-Family Housing Revenue Bonds</u>					
1996 Issue A	Wynnfield	Private	5/1/2026	\$31,680,000	\$31,680,000
1996 Issue E	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	5,379,321
2004 Issue A	Olney Manor	Private	1/1/2046	7,000,000	6,865,057
2004 Issue E	Blair Park	Private	10/15/2036	2,700,000	2,168,675
2004 Issue C	Cloppers Mill	Private	7/1/2046	7,800,000	7,673,823
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	6,402,790
2008 Issue A	Victory Forest	Private	9/1/2045	6,600,000	6,600,000
<u>Multi-Family Housing Revenue Refunding Bonds</u>					
2001 Issue	Draper Lane	Private	3/1/2040	35,000,000	35,000,000
2001 Issue	Draper Lane	Private	3/1/2040	11,000,000	11,000,000
2001 Issue	Draper Lane	Private	3/1/2040	6,000,000	6,000,000
<u>Variable Housing Revenue Bonds</u>					
1985 Issue II	Falkland Apartments	Private	12/1/2030	24,695,000	24,695,000
1993 Issue I	Windsor Court	Private	11/1/2022	20,200,000	20,200,000
1997 Issue I	The Grand	Private	6/1/2030	54,000,000	57,000,000
1998 Issue I	Byron Housing	Private	9/1/2023	2,319,000	1,814,000
TOTAL				\$268,512,000	\$270,078,666

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
 NUMBER OF UNITS BY PROGRAM-UNAUDITED
 LAST EIGHT YEARS ENDED JUNE 30, 2009

<u>Fiscal Year</u>	<u>Public Housing Rental</u>	<u>Public Housing Homeownership</u>	<u>Section 8</u>	<u>Opportunity Housing</u>	<u>Transitional Housing</u>	<u>Specialized Programs</u>	<u>Component Units</u>	<u>Total</u>
2002	1,547	16	4,874	3,041	158	315	1,283	11,234
2003	1,545	12	5,751	3,056	158	330	1,283	12,135
2004	1,545	12	5,804	3,088	158	330	1,251	12,188
2005	1,537	11	5,692	3,047	151	355	1,491	12,284
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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2009

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>	555
Family Communities		
Emory Grove Village	8211 Morningview Drive, Gaithersburg, MD 20877	54
Sandy Spring	1 Branchwood Court, Sandy Spring, MD 20860	55
Seneca Ridge	11400 Scenery Drive, Germantown, MD 20876	71
Tobytown	90 Monroe Street, Rockville, MD 20850	11
Towne Centre Place	3502 Morningwood Drive, Olney, MD 20832	49
Washington Square	8343 Fairhaven Drive, Gaithersburg, MD 20877	50
	<i>Total Family Communities</i>	290
Scattered Units		
Scattered Site Central	various addresses spread throughout Montgomery County	130
Scattered Site East	various addresses spread throughout Montgomery County	109
Scattered Site Gaithersburg	various addresses spread throughout Montgomery County	139
Scattered Site North	various addresses spread throughout Montgomery County	138
Scattered Site West	various addresses spread throughout Montgomery County	150
Ken Gar	various addresses spread throughout Montgomery County	19
Parkway Woods	various addresses spread throughout Montgomery County	24
	<i>Total units - Scattered units</i>	709
	<i>Total units - Public Housing</i>	1,554

Housing Choice Voucher/Transitional Housing		
Name of development	Address	Number of units
Housing Choice Vouchers	Various	5,793
Transitional Housing Programs	Various	165
Specialized Programs	Various	591
	<i>Total units - Housing Choice Voucher/Transitional Housing</i>	6,549

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2009

Opportunity Housing		
Name of development	Address	Number of units
Elderly Communities		
The Oaks @ Four Corners	321 University Boulevard, West, Silver Spring, MD 20901	120
	<i>Total Elderly Communities</i>	120
Family Communities		
Tanglewood	8902 Manchester Road, Silver Spring, MD 20901	83
Magruder's Discovery	10508 Westlake Drive, Bethesda, MD 20817	134
Chelsea Towers	7401 Westlake Terrace, Bethesda MD, 20817	21
Dale Drive	527 Dale Drive, Silver Spring, Maryland 20910	10
Sligo Hills	8902 Manchester Road, Silver Spring, MD 20901	50
Pomander Court	1620 University Boulevard West, Silver Spring, MD 20802	24
Paddington Square	8800 Lanier Drive, Silver Spring, MD 20910	166
Fairfax Court	1 Fairfax Court, Chevy Chase, MD 20815	18
Pooks Hill High-Rise	3 Pooks Hill Road, Bethesda, MD 20814	189
Pooks Hill Mid-Rise	3 Pooks Hill Road, Bethesda, MD 20814	50
Greenhills	10572 Tralee Terrace, Damascus, MD 20872	78
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda, MD 20852	151
Westwood Towers	5401 Westbard Avenue, Bethesda, MD 20816	212
The Glen	2399 Jones Lane, Wheaton, MD 20902	90
Diamond Square	80 Bureau Drive, Gaithersburg, MD 20878	124
Alexander House	8560 Second Avenue, Silver Spring, MD 20910	311
The Metropolitan	7600 Old Georgetown Road, Bethesda, MD 20814	216
Timberlawn	5707 Luxumburg Street, Rockville, MD 20852	107
Montgomery Arms	8627 Fenton Street, Silver Spring, MD 20910	129
Chevy Chase Lake	3719 Chevy Chase lake, Chevy Chase, MD 20815	68
The Barclay	4716 Bradley Boulevard, Chevy Chase, MD 20815	76
Metro Pointe	11175 Georgia Avenue, Silver Spring, MD 20902	120
7411 Aspen Court	7411 Aspen Court, Takoma Park, MD 20912	11
717 Sligo Creek Parkway	717 Sligo Creek Parkway, Takoma Park, MD 20912	12
	<i>Total Family Communities</i>	2,450
Scattered Units		
McHome	various addresses spread throughout Montgomery County	38
Holiday Park	various addresses spread throughout Montgomery County	20
Montgomery Homes Limited Partnership I	various addresses spread throughout Montgomery County	29
Montgomery Homes Limited Partnership III	various addresses spread throughout Montgomery County	44
Montgomery Homes Limited Partnership IV	various addresses spread throughout Montgomery County	60
Montgomery Homes Limited Partnership V	various addresses spread throughout Montgomery County	27
Montgomery Homes Limited Partnership VI-A	various addresses spread throughout Montgomery County	15
Paint Branch	various addresses spread throughout Montgomery County	14
McKendree	various addresses spread throughout Montgomery County	23
MPDU I	various addresses spread throughout Montgomery County	64
State Rental Combined	various addresses spread throughout Montgomery County	196
MPDU III	various addresses spread throughout Montgomery County	23
MPDU II	various addresses spread throughout Montgomery County	59
MPDU 2007	various addresses spread throughout Montgomery County	5
MPDU 2004	various addresses spread throughout Montgomery County	38
	<i>Total units - Scattered units</i>	655
	<i>Total units - Opportunity Housing</i>	<u>3,225</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2009

Component Units		
Name of development	Address	Number of units
Family Communities		
Manchester Manor Apartments, LP	8401 Manchester Road, Silver Spring MD 20901	53
Metro Pointe	11175 Georgia Avenue, Silver Spring, MD 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 20855	144
The Willows of Gaithersburg Associates, LP	407 West Diamond Avenue, Gaithersburg, MD 20877	195
MV Affordable Housing Associates LP	9310 Merust Lane, Gaithersburg, MD 20874	94
Georgian Court Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Barclay One Associates LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Spring Garden One Associates LP	8007A Eastern Avenue, Silver Spring, MD 20910	83
Ambassador One Associates LP	2715 University Boulevard West, Silver Spring, MD 20902	162
Forest Oak Towers LP		175
Scattered Units		<u>1,330</u>
Montgomery Homes Limited Partnership II	various addresses spread throughout Montgomery County	54
Montgomery Homes Limited Partnership VII	various addresses spread throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	various addresses spread throughout Montgomery County	49
Montgomery Homes Limited Partnership IX - Pond Ridge	18100 Pond Ridge Court, Olney, MD 20832	40
Montgomery Homes Limited Partnership IX - MPDU units	various addresses spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	various addresses spread throughout Montgomery County	75
		<u>329</u>
<i>Total units - Component Units</i>		<u><u>1,659</u></u>

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
 REGULAR STAFF HEADCOUNT BY DEPARTMENT - UNAUDITED
 LAST EIGHT YEARS ENDED JUNE 30, 2009**

<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>
2002	39.20	44.10	120.70	0.00	10.50	8.00	46.25	67.55	336.30
2003	36.70	44.10	121.35	0.00	10.50	9.00	58.75	71.55	351.95
2004	38.70	42.10	120.35	0.00	11.50	10.00	47.75	75.40	345.80
2005	38.70	44.10	126.35	0.00	13.50	10.00	41.00	76.90	350.55
2006	38.60	43.00	124.35	0.00	13.50	10.00	40.00	77.40	346.85
2007	41.00	42.00	125.35	0.00	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	0.00	80.60	372.80

Note: Staff headcount is expressed in terms of full-time equivalent work years.

* Division was desolved in FY 2008 - 2009 with staff reallocated to Executive and Housing Resources.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Demographics & Economic Statistics
Last Seven Years Ended December 31, 2008
Montgomery County, MD

Year	Population (1)	Median Age (1)	Households (1)	Per Capita Income (current dollars) (2)	Per Capita Income (constant 2000\$) (2)	Civilian Labor Force Number (1)	% of Pop 16+ (1)	Employment Number (1)	% of Pop 16+ (1)	Unemployment Number (3)	DLLR Rate (3)
2002	900,706	37.1	334,069	\$51,991	\$50,212	500,729	71.7%	475,441	68.1%	25,288	3.3
2003	909,411	38.0	336,613	\$53,219	\$50,398	494,030	70.2%	470,157	66.9%	23,873	3.2
2004	912,279	38.0	337,838	\$56,670	\$52,282	499,000	71.0%	475,522	67.7%	23,478	3.1
2005	918,046	38.3	344,038	\$60,389	\$54,118	505,157	70.6%	479,077	67.5%	22,308	2.8
2006	932,131	38.4	341,438	\$63,753	\$55,595	515,757	70.7%	495,236	67.8%	20,521	2.7
2007	930,813	38.9	343,540	\$67,525	\$57,373	521,226	71.3%	500,870	68.6%	20,356	3.0
2008	950,680	39.0	341,812	(4)	(4)	546,489	73.0%	520,287	69.5%	16,400	3.2

(1) Population and employment data from the American Community Survey series, U.S. Census Bureau.

(2) Per capita income data prepared by the Maryland Department of Planning, Planning Data Services, from U.S. BEA, May 2008.

(3) Unemployment rate from Civilian Labor Force, Employment & Unemployment by Place of Residence (LAUS) - Montgomery County; Department of Labor, Licensing and Regulation (DLLR)

(4) Per capita income for 2008 not yet released.

Data table compiled by Research & Technology Center, Montgomery County Planning Department, M-NCPPC (12/08 v2).

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
PERMITS ISSUED TO CONSTRUCT NEW RESIDENTIAL UNITS IN MONTGOMERY COUNTY, MD
LAST SEVEN YEARS ENDED DECEMBER 31, 2008**

Year	Dwelling Units	Construction Cost
2002	4,653	\$502,978,600
2003	4,428	\$440,212,306
2004	3,821	\$561,183,552
2005	3,591	\$717,384,014
2006	3,031	\$574,209,600
2007	3,459	\$664,048,150
2008	1,476	\$336,061,807

Source: U. S. Bureau of the Census

Income Source	# of Households
Business	11
Child Support	280
Federal Wage	1
General Assistance	18
Indian	0
Medical Reimburse	2
Military	0
No Income Reported	0
Other Non-Wage Income	168
Pension	111
Social Security	530
SSI	550
TANF	20
Unemployment	38
Wages	880

Average Length of Stay for Current Tenants (in Years)	8
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Public Housing Statistics
All Properties
As of 06/30/2009

Gender	Male	Female	Total
Count of Head of Household	322	1173	1495
% of Head of Households	21.54%	78.46%	
Count of All Family Members	1326	2301	3627
% of All Family Members	36.56%	63.44%	

Seniors	Under 62	62 +
Count of HOH	881	614
% of HOH	59.93%	41.77%
Count All Members	2869	758
% All Members	79.10%	20.90%

Disabled	
Count of Head of Household	282
Count of All Family Members	367

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
# of Families	198	451	214	149	101	97	75	87	38	24	49	12	1495
Average Income in Range	\$ 1,728	\$ 7,618	\$ 12,258	\$ 17,434	\$ 22,300	\$ 27,401	\$ 32,637	\$ 37,501	\$ 42,176	\$ 47,117	\$ 59,507	\$ 91,272	\$ 12,437
Cumulative % of Families	13.24%	43.41%	57.73%	67.69%	74.45%	80.94%	85.95%	91.77%	94.31%	95.92%	99.20%	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	1	106	220	291	263	132	304	159	19	1495
Count of All Family Members	203	660	378	301	371	277	356	323	175	375	187	21	3627

Race	White	Black	American Indian	Asian	Pacific Islander	Not Reported	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	459	845	1	187	3	0		211	1284	0
% of Head of Household	30.70%	56.52%	0.07%	12.51%	0.20%	0.00%		14.11%	85.89%	0.00%
Count of All Family Members	937	2304	2	362	10	12		519	3062	46
% of All Family Members	25.83%	63.52%	0.06%	9.98%	0.28%	0.33%		14.31%	84.42%	1.27%

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	46	43	43	0	0	0	0	0	0	0	1.0 Person
1 Bedroom	497	485	392	93	0	0	0	0	0	0	1.2 People
2 Bedrooms	301	287	66	158	50	12	1	0	0	0	2.0 People
3 Bedrooms	583	558	45	83	191	147	76	14	2	0	3.3 People
4 Bedrooms	123	118	5	12	12	20	30	26	11	2	4.6 People
5 Bedrooms	4	4	0	0	0	1	0	1	1	1	6.3 People
Total # of PH Units	1554	1495	551	346	253	180	107	41	14	3	2.4 People

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

Average Length of Stay for Current Tenants (in Years)	N/A
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Housing Choice Voucher Statistics
As of 6/30/2009

Gender	Male	Female	Total
Count of Head of Household	958	4,295	5,253
% of Head of Households	18.24%	81.76%	
Count of All Family Members	4,914	8,432	13,346
% of All Family Members	36.82%	63.18%	

Disabled	
Count of Head of Household	48
Count of All Family Members	53

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 - \$74,999	Over \$75,000	Totals
# of Families	782	1,420	789	559	418	372	348	239	326	-	-	-	5,253
Average Income in Range	\$ 1,938	\$ 7,838	\$ 12,237	\$ 17,338	\$ 22,508	\$ 27,411	\$ 32,327	\$ 37,314	\$ 48,197	\$ -	\$ -	\$ -	\$ 16,666
Cumulative % of Families	14.89%	41.92%	56.94%	67.58%	75.54%	82.62%	89.24%	93.79%	100.00%	100.00%	100.00%	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	6	582	1,217	1,274	1,145	392	360	276	1	5,253
Count of All Family Members	1,306	2,399	1,799	1,344	1,143	1,386	1,433	1,287	467	464	316	2	13,346

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Unknown	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	1,399	3,505	42	295	5	7			594	4,659	0
% of Head of Household	26.63%	66.72%	0.80%	5.62%	0.10%	0.13%			11.31%	88.69%	0.00%
Count of All Family Members	2,772	9,748	69	618	17	21	101		1,478	11,696	172
% of All Family Members	20.77%	73.04%	0.52%	4.63%	0.13%	0.16%	0.76%		11.07%	87.64%	1.29%

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	75	65	7	2	1	0	0	0	0	1.2 Person
1 Bedroom	0	1,404	1,273	128	3	0	0	0	0	0	1.1 People
2 Bedrooms	0	1,929	349	952	504	105	19	0	0	0	2.2 People
3 Bedrooms	0	1,493	39	180	422	512	267	67	4	2	3.7 People
4 Bedrooms	0	297	8	12	24	55	72	69	41	16	5.1 People
5 Bedrooms	0	55	0	1	0	4	4	7	10	29	6.9 People
Total # of PH Units	0	5,253	1,734	1,280	955	677	362	143	55	47	2.5 People