



Housing Opportunities Commission
of Montgomery County

A Component Unit of Montgomery County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2013

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

(A Component Unit of Montgomery County, Maryland)

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

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

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

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I. INTRODUCTORY SECTION



Government Finance Officers Association

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

Presented to

**Housing Opportunities Commission
of Montgomery County
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



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



November 6, 2013

Members of the Commission
Housing Opportunities Commission of Montgomery County

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Housing Opportunities Commission of Montgomery County (the "Commission") for the fiscal year ended June 30, 2013. The report was prepared by the Commission's Finance staff and audited by the independent public accounting firm of CliftonLarsonAllen, LLP.

The data presented in this report are the responsibility of the management of the Commission. To the best of our knowledge and belief, the data presented are accurate in all material respects; presented in a manner designed to fairly state the financial position and results of operations of the Commission; and all necessary disclosures have been included to enable the reader to gain a complete understanding of the Commission's financial affairs.

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

This report includes all funds and component units of the Commission. The Commission's Financial Statements include five enterprise funds: General Fund, Opportunity Housing Fund, Public Fund, Single Family Fund, and the Multifamily Fund. In addition, 17 Low Income Housing Tax Credit partnerships (LIHTC) are consolidated and presented as component units in the Financial Statements.

In 1966, the Montgomery County Council activated the Housing Authority of Montgomery County (HAMC). In 1974, parallel State and County legislation 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 confirmed by the County Council. The Commission appoints an Executive Director to administer the affairs of the Commission. The primary sources of funding for the Commission are dwelling rental income earned by Commission owned properties, interest on mortgage and construction loans earned by the Single Family and Multifamily mortgage loan portfolios as well as Housing Assistance Payments and Public Housing operating subsidy funded by the U.S. Department of Housing and Urban Development.

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 (MD&A) and in the notes to financial statements sections of this report.

Economic Condition and Outlook

The release of national economic data for the third quarter of 2013 has been delayed by the government shutdown. Trends from the first and second quarters of the year were positive, with the national Gross Domestic Product (GDP) increasing by 1.1% and 2.5% respectively. A declining unemployment rate has also boosted optimism. As of August 2013, the national unemployment rate was 7.3%, down from 8.1% from August 2012.

Nationally, foreclosure activity has declined by 32% over 2012, a sign that the housing market is improving. However, as the result of delayed court activity, foreclosures in Maryland are up by 275%; the worst nationwide. Residential construction (homebuilding) decreased by 3.8% from July to August 2013, but is up 11% from August 2012.

Overall, most analysts view the economic trends as positive. Consumer confidence should be on the rise as well. Over the past year, consumers have weathered the payroll tax increase and the first round of sequestration cuts, yet the economy has still grown at a tepid pace. Personal income is expected to rise by at least 3.5% over the next year with wages rising faster than inflation for the first time since the Great Recession.

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

- Continued low unemployment (5.4% compared to the national average of 7.3%);
- Continued employment growth (50,600 jobs added over the last 12 months; though significantly lower than the 60,000-80,000 growth during expansionary cycles);
- A healthier housing market (home prices increased 7.94% during the 12 months ending June 2013); and

- Montgomery County's economic performance improved in fiscal year 2013 compared to fiscal year 2012. Unemployment remains low (5%) while employment and home prices continue to increase. Residential construction also picked up in fiscal year 2013.

Housing Bond Market: During the past fiscal year, the financial markets, including the municipal markets, have experienced a period of exceptionally low interest rates. Consequently, the portfolio has experienced significant prepayments of mortgages by private developers and the Commission has taken the opportunity to convert a number of its floating rate bonds to fixed rate bonds. In other cases, the Commission has lowered its borrowing costs by issuing refunding bonds to refund and redeem prior fixed rate bonds.

The Commission retired bonds totaling \$107.535 million for four privately-owned properties during fiscal year 2013. The bond redemptions included \$16.6 million of 2003 Series B bonds for Gramax, \$38.450 million of 2009 Series A-1 bonds for Galaxy, \$27.790 million of 2002 Series B bonds for The Bennington, and \$24.695 million of 1985 Issue II bonds for Falkland Apartments.

The Commission retired and refunded \$184.93 million of bonds from the Multifamily Bond Fund using mortgage payments or prepayments and refunding bond proceeds.

Under its Multifamily Housing Development Bonds Resolution (1996 Indenture), the Commission issued \$76.7 million of refunding and new bonds in fiscal year 2013. This included \$17.9 million of 2012 Series B non-AMT tax-exempt bonds for Timberlawn, Pomander Court, 59 MPDU, Dring's Reach, and Oaks at Four Corners and \$23.7 million of 2012 Series C AMT bonds for Shady Grove, Willows, Manchester Manor, Stewartown, MHLP X (Tax Credit 10), and Georgian Court. These amounts refunded and redeemed \$2.435 million of 1996 Series A bonds for Oaks at Four Corners, \$8.950 million of 1998 Series A bonds for Timberlawn, Pomander and 59 MPDU, \$12.725 million of 1998 Series B bonds for Shady Grove, Willows, and Manchester Manor, \$11.505 million of 2000 Series B bonds for Stewartown, Tax Credit 10 and Georgian Court, and \$6.805 million of 2002 Series A bonds for Dring's Reach.

Included in the Commission's issuance of Multifamily Housing Development Bonds in 2013 was the \$34.975 million of 2012 Series D non-AMT, tax-exempt bonds for the refunding and redemption of bonds for Diamond Square, Brookside Glen, Montgomery Arms (totaling \$16.485 million), and new bonds issued for the permanent financing of Pooks Hill High-rise Apartments (\$19.890 million). These amounts refunded and redeemed \$16.485 million of 2003 Series A bonds for Diamond Square, The Glen and Montgomery Arms and financed a new mortgage for Pooks Hill High-rise Apartments.

The Commission completed one fixed-rate bond issuance (\$8.4 million) for the construction and permanent financing of Victory Court Apartments, an 86-unit senior housing facility for independent elderly residents in Rockville Heights, owned by Victory Housing, Inc. The bonds for Victory Court Apartments were issued as 501(c)(3) tax-exempt bonds and were privately placed with Capital One Bank, N.A.

For its single family program, the Commission issued \$24.9 million of 2009 Series C-4 and C-5, and 2012 Series A bonds under the 2009 Single Family Housing Revenue Bond Resolution (the "2009 Indenture"), which enabled the Commission to utilize fully, the remaining NIBP bonds. The Commission also issued \$56.6 million of non-AMT and AMT fixed rate bonds, 2013 Series ABC Single Family Mortgage Revenue Bonds, to fund new mortgages and refund prior bonds under the 1979 Indenture, in support of the Single Family Mortgage Purchase Program. This transaction will result in lower borrowing cost for the program as well as created \$6.6 million of new funds that may be loaned at zero percent interest rate and may be used to blend with other program funds to lower overall mortgage rates to program borrowers.

Housing Choice Voucher and Public Housing Operating Subsidy: Federal funding for the year ahead is uncertain at best. Although President Obama signed a continuing resolution to end the government shutdown in October, this resolution only provides funding through January 15, 2014. A longer term solution will require compromise on a new spending bill in Congress. Complicating the federal picture is the second round of sequestration cuts expected in January. These cuts are anticipated to be 8% of current funding levels, regardless of the details of a new spending bill. These cuts will affect all federal subsidies, including administrative fees for the Housing Choice Voucher (HCV) and Public Housing programs.

In response to the sequestration cuts of 2013, HOC reduced the payment standards to 95% of the HUD Fair Market Rents. It is possible that the next round of sequestration cuts will force the Commission to revisit the payment standards and reduce them even further.

HOC expects to continue receiving operating subsidy from HUD to bridge the gap between what residents pay in rent, which equals 30% of their adjusted gross income, and the cost of operating Public Housing units. The amount of HUD funding continues to fall short of what is required. The Fiscal Year 2014 Budget was based on a 77% appropriation of eligibility and anticipates that HOC will receive approximately \$5.3 million in operating subsidy. The Fiscal Year 2014 Adopted Budget also includes funding from Montgomery County via the County Main Grant to help offset rising utility and Home Owner Association (HOA) fees.

In September 2010, staff introduced the Commission to an initiative that would permit HOC to alter the status of its 669 Scattered Site Public Housing units while maintaining the same affordability. In June 2011, an application was submitted to HUD requesting the disposition of these units and on March 8, 2012, HUD approved the Agency's application for the disposition of 669 Public Housing units.

On September 27, 2013, HOC submitted a feasibility application with HUD to participate in the Rental Assistance Demonstration (RAD) Program. Similar to the scattered site disposition, RAD would convert multifamily Public Housing properties to a Project Based Section 8 funding. Additionally, RAD would allow HOC to take ownership of these properties and access private capital for the purpose of rehabilitating or redeveloping the properties.

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

During fiscal year 2013, construction and renovation continued on several of the Commissions' multifamily and scattered site projects:

- **Tanglewood and Sligo Hills** - The construction at Tanglewood and Sligo Hills represent a nearly gut renovation of a six-building, 132-unit garden project located in the Long Branch section of Silver Spring. The buildings are on Manchester Road (8900, 8902, 8904, 9000 – 9006) and Schuyler Road (104-106). The redevelopment commenced construction in January 2013, and is expected to be completed in December 2013. The first two buildings have been completed, and tenants are moving into the renovated units. The community space has been completed and the remaining vacant buildings are all under construction. The site will include two new decks, and a playground as well as a fitness room, cyber lounge, activity center and new management offices.
- **Brookside Glen** - Brookside Glen is a 90-unit townhouse/apartment community located in Silver Spring, Maryland, just north of the Wheaton Central Business District. Renovation of the property was approved by the Commission and the Maryland Department of Housing and Community Development, using available property reserves. Fiscal Year 2013 was the fourth year of a five-year renovation plan. The renovation of 61 units has been completed and total completion is expected to occur towards the end of calendar year 2014.
- **Greenhills Apartments** - In March 2012, the Commission approved a Preliminary Development Plan for Greenhills Apartments, a 78-unit townhome/apartment community located in Damascus, Maryland, to refinance and renovate its major components. It is anticipated that this project will increase energy efficiency and extend the property's useful life, while also improving its competitiveness in the market. In March 2013, the Commission approved a Final Development Plan and authorized the selection of Hamel Builders to perform a not to exceed renovation of \$4.1 million. The Commission approved the Financing Plan to include bond financing with mortgage insurance under the FHA Risk Sharing program on June 5, 2013. This refinancing will be bundled with two other properties and is anticipated to close during the winter of fiscal year 2014.

- **Jubilee Housing** - The renovation of a single family home, in partnership with Jubilee Housing, located at 2715 Woodedge, Silver Spring, MD has been completed as of May 2012. Three developmentally disabled individuals live in the home with a full time resident manager. A second home, in partnership with Jubilee Housing, located at 2408 Falling Creek, Silver Spring, MD underwent renovation and was completed in May 2013 and is currently operating. The home provides housing for three developmentally challenged adults with a full time resident manager. Final grant monies from the Maryland Department of Mental Health & Hygiene were requested July 10, 2013. Staff is working with DHCA to close on two (2) County HIF Program loans, which are the permanent source for the state grant's matching fund requirement. Staff anticipates closing in fiscal year 2014.
- **Magruder's Discovery** - A substantial renovation at Magruder's Discovery, located at 10508 Westlake Drive, Bethesda, MD, was completed at the end of 2011. The property consists of 134 garden style apartments and was originally constructed in 1979. The property benefits from 100% Section 8 project based funding. A new community room was constructed and placed in service in March 2013. Staff is preparing to submit the loan for final mortgage insurance approval in early fiscal year 2014.
- **Paddington Square Apartments** - Paddington Square Apartments is a 165-unit garden style, mixed-income multifamily apartment community located in Silver Spring, Maryland that serves market and low-to-moderate income residents. A comprehensive renovation was completed in December 2011. Paddington Square Apartments was refinanced in January 2013 using proceeds from the PNC Bank, N.A. Line of Credit to repay the REMIC loan which matured. HOC is evaluating the project and plans to implement a permanent financing plan for this development in fiscal year 2014.
- **Southbridge** - A substantial renovation at the Southbridge Apartment Community, located at 7423, 7425, 7427, 7419 & 7411 Aspen Court in Takoma Park, MD was completed this year. The property consists of three separate buildings, with five addresses, and is a total of 39 apartment units. HOC acquired the property in 7423-27 Aspen Court in 2007 and 717 Sligo Creek Parkway (re-addressed to 7419 Aspen Court) in 2008. In 2009, HOC acquired 7411 Aspen Court. The acquisition and rehabilitation of this project was done with the support of DHCA and the City of Takoma Park. DHCA has provided a total of \$8.1 million to finance the acquisition and construction of the property. HOC is applying for \$1.5 million in permanent financing through the DHCA Partnership Rental Housing Program which requires 20 units to be affordable at 50% of state area median income. HOC is simultaneously seeking approximately \$1.8 million in conventional financing for the project.
- **Scattered Site One Development Corp.** - On August 3, 2011, the Commission approved a Development Plan for 297 scattered site units pursuant to which on May 9, 2012, the Commission issued \$9.2 million of tax exempt bonds to fund a mortgage for Scattered Site One

Development Corporation (the "Development"). The Development consists of 190 units formed of tax credit units of MHLP II, III, IV, V, and VI which had reached the end of their respective compliance period and were transferred to HOC, as well as units from MPDU 2007. The in-place renovation began in February 2013 and is expected to take 18 months to complete. The renovation is approximately 20% complete (34 units) thus far. Radon mitigation work is occurring within units with high radon levels. Staff continues to review the existing scope of work for opportunities to expand where possible within the approved budget.

- **Scattered Site Two Development Corp.** - On August 3, 2011, the Commission approved a Development Plan for 297 scattered site units pursuant to which PNC Bank, N.A. provided a loan of \$4.9 million for the financing, renovation and soft costs for the 54 unit project. The units are now being transferred to the new owner. Staff is confirming the scope of the renovation and once completed, the renovation work is expected to commence and be completed by the end of calendar year 2014.
- **The Ambassador** - In 2011, staff drafted a Preliminary Development Plan to renovate and refinance The Ambassador, which consists of 162 residential apartments, located in Wheaton, Maryland. In November 2011, the Commission requested that staff consider a larger redevelopment opportunity for the site. In April 2012, HOC issued a Request for Qualifications/Request for Proposals (RFP) for a developer to redevelop The Ambassador and its neighboring parcel, Lot 1, owned by an affiliate of Willco Companies. On June 5, 2013, the Commission approved the selection of Pennrose Properties, LLC (Pennrose), as the developer. Staff and Pennrose are currently negotiating a Master Development Agreement that will define ownership structure, fees and roles and responsibilities of the parties. The construction is projected to commence in 2016.
- **Rental Assistance Demonstration Program** - The Commission submitted an application to the U.S. Department of Housing and Urban Development pursuant to which it intends to dispose of its multifamily Public Housing assets and convert the subsidy to project-based vouchers. If approved, the initial application under the Rental Assistance Demonstration (RAD) to determine feasibility will commence the disposition process and would significantly change the way the Commission delivers affordable housing to its most vulnerable constituents.

As the Commission works to implement its strategic plan, implement RAD and expand the supply of affordable housing, it will pursue opportunities to collaborate with development partners. The Commission will also continue to access the bond market and look for opportunities to issue Housing Revenue Bonds in an effort to continue to add 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 Montgomery County grants and must ensure the proper internal control structure for compliance with applicable laws and regulations related to these programs. The Federal programs are subject to periodic review by an internal compliance department as well as an internal auditor.

Single Audit: In compliance with the A-133 requirements, the Commission is subject to an annual audit of all federal expenditures in excess of \$500,000 to be performed by an independent public accounting firm. The Single Audit was performed by CliftonLarsonAllen LLP for the year ended June 30, 2013 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 and 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 budget to actual performance. On a quarterly basis, budget to actual reports are prepared and presented to both the BF&A Committee and the Commission.

Component Units: The Commission has 17 discretely presented component units which consist of 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.

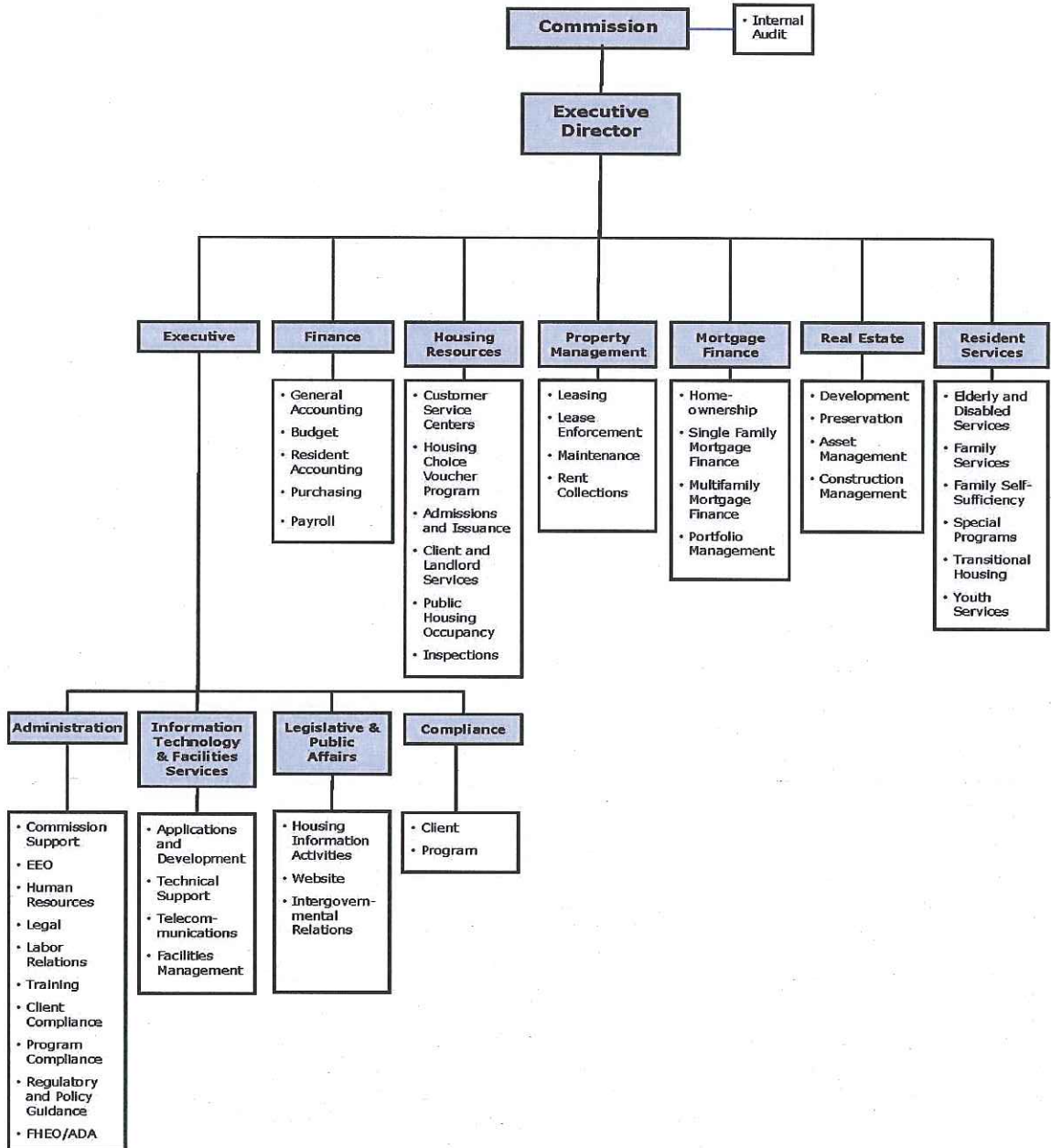
Acknowledgements: The preparation of this report has been accomplished by the efforts of the Finance Department in conjunction with the support of various division heads and staff throughout the Commission. We would also like to thank the Commission for their continued support and guidance throughout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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Gail Willison". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gail Willison
Chief Financial Officer

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



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

Name, Title	Expiration of Term
--------------------	---------------------------

BOARD OF COMMISSIONERS

Roberto Pinero, Chair	August, 2013
Sally Roman, Vice Chair	August, 2016
Michael Kator, Chair Pro Tem	August, 2013
Jean Banks, Commissioner	August, 2017
Rick Edson, Commissioner	August, 2014
Pamela T. Lindstrom, Commissioner	August, 2014
Michael Wiencek, Commissioner	August, 2015

SENIOR MANAGEMENT

Stacy Spann, Executive Director
Ken Tecler, General Counsel

EXECUTIVE STAFF

Gail Willison, Chief Financial Officer
Kayrine Brown, Director of Mortgage Finance, Real Estate Development
Joy Flood, Director of Housing Resources
Scott Ewart, Director of Information Technology & Facilities
Patrick Mattingly, Director of Human Resources
Andrew Oxendine, Acting Director of Property Management
Lillian Durham, Acting Director of Resident Services

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II. FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and 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, 2013, and the related notes to the financial statements, which along with the aggregate discretely presented component units of the Commission collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, which represent 100 percent, respectively, of the assets, net position, and revenues of the component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units and each major fund of the Commission as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2012, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, statistical section and real estate limited partnerships component unit financial statements has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in

accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland

November 5, 2013

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary governmental entity.

Financial Highlights

- The Commission's net position decreased by \$1.0 million (or 0.5%) from \$196.4 million at June 30, 2012 to \$195.4 million at June 30, 2013.
- The Commission's current ratio (ratio of current assets to current liabilities) increased from 2.87 at June 30, 2012 to 3.98 at June 30, 2013, due to a decrease in current bonds payable in the Single Family Fund.
- Under the 2009 Indenture, the Commission issued \$24.9 million of new bonds on October 25, 2012 for the Single Family Fund to finance new mortgages, closing cost assistance and reserves under the New Issue Bond Program (NIBP), pursuant to a resolution of the Commission providing for the issuance of Single Family Housing Revenue Bonds. This used the remainder of the escrowed Single Family NIBP bond funds. Under the 1979 Indenture, the Commission issued \$56.7 million on June 11, 2013 of new Mortgage Revenue Bonds to refund and redeem outstanding bonds and to fund new mortgages.
- The Commission retired and refunded bonds in the amount of \$94.7 million from the 1979 Single Family Fund and \$14.8 million from the 2009 indenture, for a total of \$109.5 million. The funds used to retire the bonds consisted of borrowers' mortgage loan payments and prepayments. The funds to refund bonds came from the issuance of new Single Family Mortgage Revenue Bonds.
- Under its Multifamily Housing Development Bonds Resolution (1996 Indenture), the Commission issued \$76.7 million of refunding and new bonds in fiscal year 2013. This included \$17.9 million of 2012 Series B non-AMT tax-exempt bonds for Timberlawn, Pomander Court, 59 MPDU, Dring's Reach, and Oaks at Four Corners and \$23.7 million of 2012 Series C AMT bonds for Shady Grove, Willows, Manchester Manor, Stewartown, MHLP X (Tax Credit 10), and Georgian Court. These amounts refunded and redeemed \$2.4 million of 1996 Series A bonds for Oaks at Four Corners, \$9.0 million of 1998 Series A bonds for Timberlawn, Pomander and 59 MPDU, \$12.7 million of 1998 Series B bonds for Shady Grove, Willows, and Manchester Manor, \$11.5 million of 2000 Series B bonds for Stewartown, Tax Credit 10 and Georgian Court, and \$6.8 million of 2002 Series A bonds for Dring's Reach.
- Included in the Commission's issuance of Multifamily Housing Development Bonds in 2013 was the \$34.9 of 2012 Series D non-AMT, tax-exempt bonds for the refunding and redemption of bonds for Diamond Square, Brookside Glen, Montgomery Arms (totaling \$16.5 million), and new

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

bonds issued for the permanent financing of Pooks Hill high rise apartments (\$19.9 million). These amounts refunded and redeemed \$16.5 million of 2003 Series A bonds for Diamond Square, The Glen and Montgomery Arms and financed a new mortgage for Pooks Hill.

- \$6.4 million was drawn from the Line of Credit with PNC Bank, N.A and used to redeem bonds and provide interim financing for Paddington Square and Fairfax Court until a permanent financing plan may be implemented.
- The Commission redeemed \$2.9 million of 2007 Series B-2 Variable Rate Demand Obligation (VRDO) bonds for Sligo Hills Development Corporation. The refinancing was part of a larger strategy to substantially renovate two adjacent rental properties, Tanglewood and Sligo Hills Apartments, under one ownership entity, Tanglewood & Sligo LP. The developments are currently under renovation.
- The Commission retired bonds totaling \$107.5 million for four privately-owned properties during fiscal year 2013. The bond redemptions included \$16.6 million of 2003 Series B bonds for Gramax, \$38.4 million of 2009 Series A-1 bonds for Galaxy, and \$27.8 million of 2002 Series B bonds for The Bennington, and \$24.7 million of 1985 Issue II bonds for Falkland Apartments.
- In total, the Commission retired and refunded \$166.4 million of bonds from the Multifamily Bond Fund using mortgage payments or prepayments and refunding bond proceeds.
- The Commission issued \$8.4 million of 501 (c)(3) tax-exempt conduit debt bonds to finance the construction of Victory Court Apartments, an 86-unit senior housing facility located in Rockville and owned by an entity formed by Victory Housing, Inc.
- Outstanding mortgage and construction loans receivable decreased from \$375.1 million at June 30, 2012 to approximately \$335.5 million at June 30, 2013.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased by 8.9% from \$77.9 million in fiscal year 2012 to \$84.8 million in fiscal year 2013.

Overview of Financial Statements

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

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

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

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

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

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

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 – the Commission's 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.

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

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, 2013.

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

Financial Analysis of the Commission as a Whole

The Commission's total net position in fiscal year 2013 decreased by 0.5%.

Net investment in capital assets is 10.7% of the Commission's net position. These capital assets are used primarily to provide housing to low-income residents.

31.7% of the Commission's net position reflects cash and investments, which are restricted as to their use. The preponderance of these restricted net assets are used to finance and fund low-income housing.

57.6% of the Commission's net position is unrestricted. These non-restricted resources are used in the operations of the Commission.

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

	<u>2013</u>	<u>2012</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Assets:				
Current and other assets	\$ 328.6	\$ 421.4	\$ (92.8)	(22.0)%
Capital assets	351.1	334.0	17.1	5.1%
Mortgage and construction loans receivable	335.5	375.1	(39.6)	(10.6)%
Total assets	<u>1,015.2</u>	<u>1,130.5</u>	<u>(115.3)</u>	<u>(10.2)%</u>
Liabilities:				
Current liabilities (including current portion of long-term debt and bonds payable)	<u>64.9</u>	<u>90.1</u>	<u>(25.2)</u>	<u>(28.0)%</u>
Noncurrent liabilities:				
Bonds payable	594.1	700.2	(106.1)	(15.2)%
Other liabilities	149.1	126.6	22.5	17.8%
Total liabilities	<u>808.1</u>	<u>916.9</u>	<u>(108.8)</u>	<u>(11.9)%</u>
Deferred inflows of resources	<u>11.7</u>	<u>17.2</u>	<u>(5.5)</u>	<u>(32.0)%</u>
Net position				
Net investment in capital assets	21.0	28.8	(7.8)	(27.1)%
Restricted for:				
Debt service	53.9	56.7	(2.8)	(4.9)%
Customer deposits and other	7.5	8.5	(1.0)	(11.8)%
Closing cost assistance program	0.6	0.6	-	0.0%
Unrestricted	<u>112.4</u>	<u>101.8</u>	<u>10.6</u>	<u>10.4%</u>
Total net position	<u>\$ 195.4</u>	<u>\$ 196.4</u>	<u>\$ (1.0)</u>	<u>(0.5)%</u>

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

Total assets of the Commission decreased by \$115.3 million or 10.2%, with a corresponding decrease in total liabilities of \$108.8 million or 11.9% from fiscal year 2012.

The decrease in total assets was largely due to a decrease of \$33.8 million within the Single Family Fund due to mortgage loan pay offs, foreclosures and a decrease of \$106.2 million in the Multifamily Fund due to the redemption of various bonds. This is partially offset by a net increase of \$38.1 million in the Opportunity Housing Fund resulting from the purchase of Glenmont Apartments and the sale of Tanglewood/Sligo Apartments to the Tax Credit Limited Partnership.

Based on Accounting Standards Board (GASB) No. 53, the changes in fair values of hedging derivative instruments are presented as either deferred inflows or outflows in the statement of net position. HOC has experienced a decrease in fair value of \$5.5 million in both Single Family Fund and Multifamily Fund in its interest rate swaps.

Net position of the Commission decreased by approximately \$1.0 million or 0.5%. Some key elements of this decrease are:

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

	<u>2013</u>	<u>2012</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Operating revenues:				
Intergovernmental grants	\$ 110.4	\$ 105.7	\$ 4.7	4.5%
Investment income	7.3	7.7	(0.4)	(5.5)%
Unrealized gains (losses) on investments	(8.3)	9.2	(17.5)	(189.7)%
Interest on mortgages and construction loans receivable	16.9	16.9	(0.0)	(0.1)%
Dwelling rental	62.2	58.5	3.7	6.3%
Management fees and other income	18.5	9.2	9.3	101.1%
Total operating revenues	<u>207.0</u>	<u>207.2</u>	<u>(0.2)</u>	<u>(0.1)%</u>
Operating expenses:				
Housing assistance payments	86.9	84.0	2.9	3.4%
Administration	33.9	33.9	(0.0)	(0.1)%
Maintenance	15.8	15.6	0.2	1.4%
Depreciation and amortization	19.4	16.6	2.8	17.0%
Utilities	5.3	6.2	(0.9)	(13.8)%
Fringe benefits	10.1	8.4	1.7	20.1%
Interest expense	29.3	31.5	(2.2)	(7.0)%
Other expenses	9.2	7.1	2.1	29.6%
Total operating expenses	<u>209.9</u>	<u>203.3</u>	<u>6.6</u>	<u>3.3%</u>
Operating income (loss)	(2.9)	3.9	(6.8)	(174.0)%
Nonoperating revenues, net	0.8	1.4	(0.6)	(40.7)%
Income (loss) before contributions	(2.1)	5.3	(7.4)	(138.8)%
Capital contributions and transfers	1.1	1.2	(0.1)	(8.3)%
Net increase (decrease) in net position	<u>\$ (1.0)</u>	<u>\$ 6.5</u>	<u>\$ (7.5)</u>	<u>(114.7)%</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

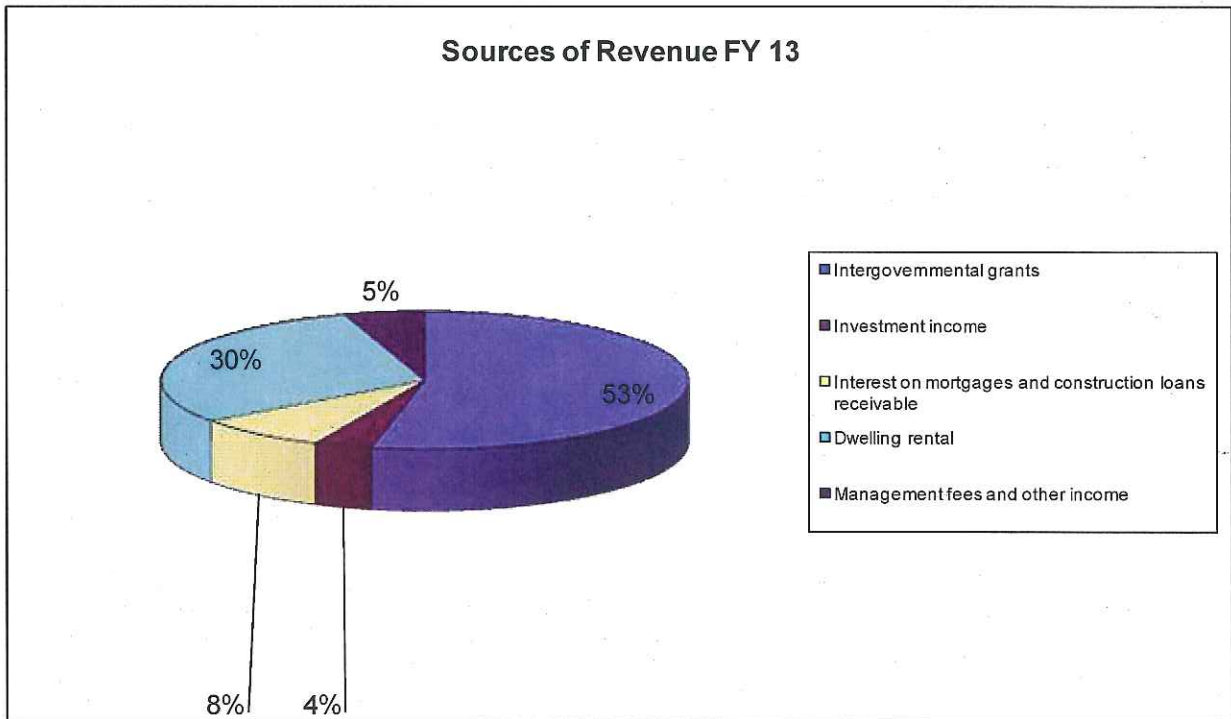
In January 2006, HUD issued PIH Notice 2006-03 which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2013, the Commission has recorded all ABA received as income.

Intergovernmental grants increased by \$4.7 million as a result of an increase in housing assistance payments. The unrealized gain or loss decreased by \$17.5 million in 2013 in both the Single Family fund and Multifamily Fund. Unrealized loss on investments totaled \$8.3 million as compared to an unrealized gain of \$9.2 million in fiscal year 2012. The unrealized gains (losses) on investments reflect the hypothetical gains and/or losses on investments if those investments have been sold on the last day of the reporting period. The unrealized gains are attributed to the changing interest rate environment.

Dwelling rental income increased by \$3.7 million as a result of the acquisition of Glenmont Crossing and Westerly as well as a general rent increase of 3% and improved vacancies at several properties within the fund such as The Metropolitan and Strathmore Court.

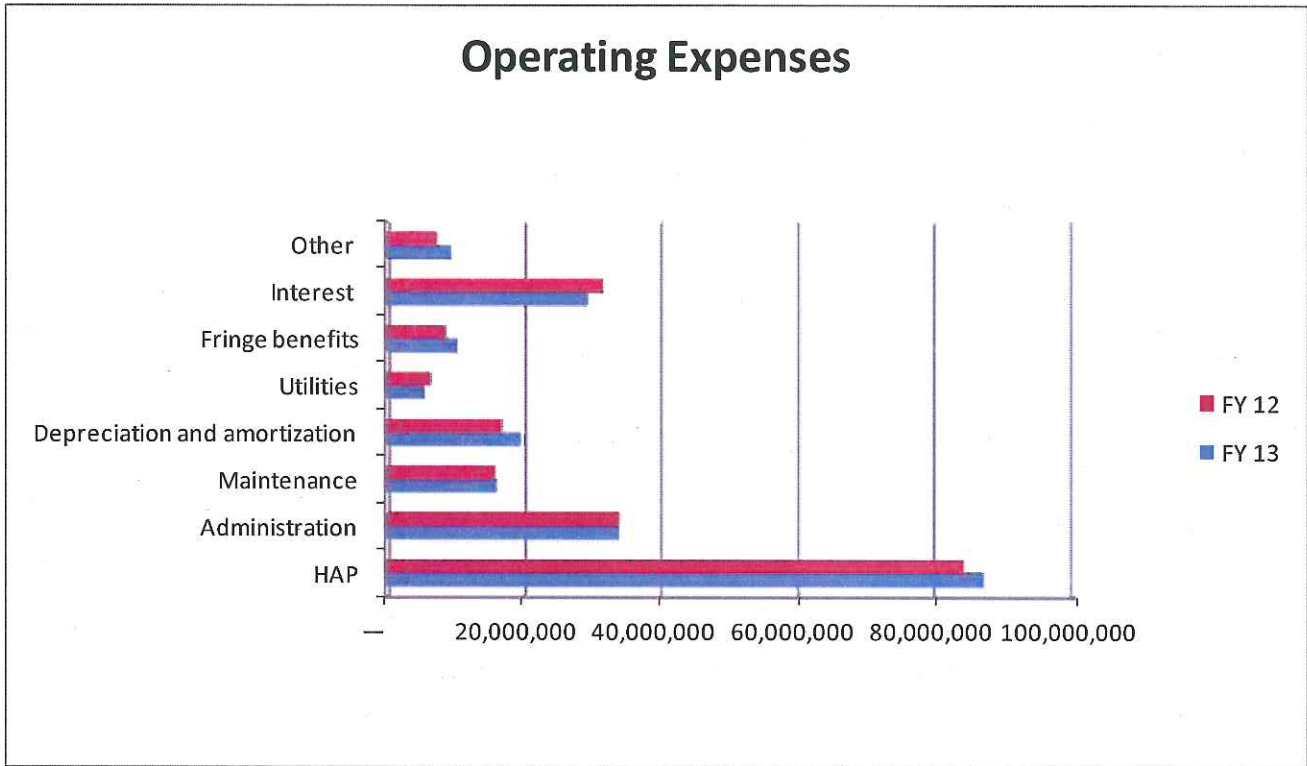
Management fees and other income increased by \$9.3 million due to gains on sale of scattered site units and the acquisition of Tanglewood/Sligo Apartments.

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
Year Ended June 30, 2013

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 2013 as a result of increased utilization and the average payment per voucher.

The increase in maintenance expenses is attributable to increases in maintenance salary expenses as well as various maintenance contracts in both Opportunity Housing Fund and Public Housing properties.

The decrease in utility expenses is a result of a decrease in water and electric consumption at several of the properties within the Opportunity Housing and Public Funds.

The decrease in interest expense is attributable to a decrease in outstanding bonds payable of approximately \$122.6 million.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Capital assets				
Property and equipment, net of depreciation	\$ 338.7	\$ 321.0	\$ 17.7	5.5%
Capitalized lease (net of amortization)	12.4	13.0	(0.6)	(4.6)%
Total capital assets, net	<u>\$ 351.1</u>	<u>\$ 334.0</u>	<u>\$ 17.1</u>	<u>5.1%</u>

Real property is depreciated using a straight line method over a 40 year period. During the year, the Commission acquired assets of approximately \$44.5 million, while disposing of capital assets with a net book value of approximately \$23.7 million. The increase is largely attributable to the acquisition of Glenmont Crossing and Glenmont Westerly properties. 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 Tanglewood/Sligo Apartments, Greenhills and Southbridge (formerly Aspen Court).

Note 4 (Capital Assets) provides detailed information about capital asset activity.

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

	<u>2013</u>	<u>2012</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Multifamily bonds	\$ 328.6	\$ 426.9	\$ (98.3)	(23.0)%
Single Family Mortgage Purchase Program bonds	281.4	305.7	(24.3)	(7.9)%
Mortgage notes and loans payable	59.4	36.4	23.0	63.2%
Capitalized lease obligation	20.3	20.5	(0.2)	(1.0)%
Loans payable to Montgomery County	61.9	62.9	(1.0)	(1.6)%
Total	<u>\$ 751.6</u>	<u>\$ 852.4</u>	<u>\$ (100.8)</u>	<u>(11.8)%</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2013

The following are key elements of the Commission's outstanding debt as of June 30, 2013:

- \$328.6 million of multifamily mortgage bonds outstanding. Sources of payments for the bonds are multifamily mortgages receivable of \$310.9 million and cash, cash equivalents and investments of \$51.5 million.
- \$281.4 million of Single Family mortgage bonds outstanding. Sources of payment for the bonds are Single Family mortgages receivable of \$195.7 million and cash, cash equivalents and investments of \$112.0 million.

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

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

Economic Outlook

The Board of Commissioners, management team and staff have wrestled with a broad range of economic uncertainties in preparing the FY 2014 budget. These uncertainties extend across all levels of public funding. In particular, federal funding cuts from sequestration pose challenges for the operation of the Housing Choice Voucher (HCV) and Public Housing programs.

It is anticipated that in January 2014 the agency will experience an 8% cut affecting all federal funding. In addition to cuts from sequestration, Public Housing funding continues to be targeted in an effort to reduce federal spending. Because of the higher capital expenses associated with Public Housing properties, the Commission views Public Housing funding as less stable than HCV subsidies.

Because of the uncertain outlook for public funding, HOC is applying for participation in the Rental Assistance Demonstration (RAD) program through HUD. This program will allow HOC to take ownership of public housing properties and access private equity to rehabilitate and financially stabilize properties which have long been underfunded in terms of meeting capital needs.

The funding challenges come at a time when the need for affordable housing in Montgomery County is increasing. Numerous regional studies have projected a growing shortage of housing due to job growth, especially in Montgomery County. The job market, while better than national and state averages, still left 5.3% of Montgomery County residents unemployed as of August 2013.

Request for information

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

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2013

	Business-Type Activities	Real Estate Limited Partnership Component Units
ASSETS		
CURRENT ASSETS		
Unrestricted:		
Cash and cash equivalents	\$ 83,470,275	\$ 4,365,746
Advances to component units	23,253,200	-
Accounts receivable and other assets	8,012,116	1,600,619
Accrued interest receivable	5,260,038	-
Mortgage and construction loans receivable, current	10,061,435	-
Total unrestricted current assets	130,057,064	5,966,365
Restricted cash and cash equivalents and investments:		
Restricted cash and cash equivalents	90,476,350	6,612,710
Restricted short-term investments	7,850,690	-
Current bonds payable	25,642,917	-
Customer deposits	4,566,522	672,638
Total restricted cash and cash equivalents and investments	128,536,479	7,285,348
Total current assets	258,593,543	13,251,713
NONCURRENT ASSETS		
Restricted long-term investments	54,105,893	-
Mortgage and construction loans receivable, net of current portion	325,413,687	-
Capital assets, net of depreciation	338,752,386	124,822,313
Leased property under capital lease, net of amortization	12,376,315	-
Loans receivable from component units	2,291,820	-
Investment in real estate partnerships	1,873,221	-
Deferred charges	10,125,931	2,603,834
Fair value of hedging derivatives	11,712,520	-
Total noncurrent assets	756,651,773	127,426,147
TOTAL ASSETS	\$ 1,015,245,316	\$ 140,677,860

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

HOUSING OPPORTUNITES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – BUSINESS-TYPE ACTIVITIES AND
DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2013

	Business-Type Activities	Real Estate Limited Partnership Component Units
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,821,963	\$ 2,208,206
Accrued interest payable	2,201,453	2,660,215
Advances from primary government	-	21,612,511
Loans payable to Montgomery County - current	332,560	-
Mortgage notes and loans payable - current	17,495,905	3,057,844
Capitalized lease obligations - current	174,875	-
Total current unrestricted liabilities	<u>35,026,756</u>	<u>29,538,776</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	4,176,735	659,434
Accrued interest payable	9,785,678	-
Bonds payable - current	15,906,304	-
Total current liabilities payable from restricted assets	<u>29,868,717</u>	<u>659,434</u>
Total current liabilities	<u>64,895,473</u>	<u>30,198,210</u>
NONCURRENT LIABILITIES		
Bonds payable	594,135,670	-
Mortgage notes and loans payable	41,870,890	91,534,482
Loans payable to Montgomery County	61,568,241	12,681,326
Capitalized lease obligations	20,133,711	-
Deferred revenue	12,157,253	17,506
Other noncurrent liabilities	-	3,686,672
Escrow and other deposits	13,377,243	1,424,817
Total noncurrent liabilities	<u>743,243,008</u>	<u>109,344,803</u>
Total liabilities	<u>808,138,481</u>	<u>139,543,013</u>
DEFERRED INFLOWS OF RESOURCES		
Interest rate swap	11,712,520	-
NET POSITION		
Net investment in capital assets	21,051,981	17,548,661
Restricted for:		
Debt service	53,868,821	6,605,351
Customer deposits and other	7,475,473	13,204
Closing cost assistance program	591,138	-
Unrestricted	112,406,902	(23,032,369)
Total net position	<u>195,394,315</u>	<u>1,134,847</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,015,245,316</u>	<u>\$ 140,677,860</u>

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

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUSINESS-TYPE ACTIVITIES
AND DISCREETLY PRESENTED COMPONENT UNITS
Year ended June 30, 2013

	Business-Type Activities	Real Estate Limited Partnership Component Units
OPERATING REVENUES		
Dwelling rental	\$ 62,210,614	\$ 17,460,151
Investment income	7,274,297	-
Unrealized gains (losses) on investments	(8,251,610)	-
Interest on mortgage and construction loans receivable	16,877,656	-
Management fees and other income	18,504,567	302,876
U.S. Department of Housing and Urban Development grants:		
Housing Assistance Payments (HAP)	84,760,830	-
HAP administrative fees	5,352,487	-
Other grants	10,152,883	-
State and County grants	10,158,784	-
Total operating revenues	<u>207,040,508</u>	<u>17,763,027</u>
OPERATING EXPENSES		
Housing Assistance Payments	86,882,476	-
Administration	33,869,057	2,839,709
Maintenance	15,810,786	4,153,707
Depreciation and amortization	19,428,350	5,184,405
Utilities	5,342,576	1,432,160
Fringe benefits	10,086,973	874,015
Interest expense	29,306,374	4,119,963
Other expenses	8,134,409	2,773,844
Bad debt expense	1,067,155	80,355
Total operating expenses	<u>209,928,156</u>	<u>21,458,158</u>
Operating loss	<u>(2,887,648)</u>	<u>(3,695,131)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	452,092	11,119
State and County grants	241,004	-
Interest on mortgage and construction loans receivable	203,121	-
Interest expense	(108,011)	-
Other grants	42,325	193,514
Total nonoperating income	<u>830,531</u>	<u>204,633</u>
Loss before contributions and transfers	(2,057,117)	(3,490,498)
Capital contributions (distributions)	<u>1,049,107</u>	<u>4,137,279</u>
CHANGE IN NET POSITION	(1,008,010)	646,781
TOTAL NET POSITION, BEGINNING OF YEAR	<u>196,402,325</u>	<u>488,066</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 195,394,315</u>	<u>\$ 1,134,847</u>

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
Year ended June 30, 2013

	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 63,327,264
Intergovernmental revenue	110,424,984
Investment income received	7,199,374
Mortgage interest received	55,619,040
Management fees and other income	22,206,422
Payments to suppliers	(28,030,234)
Payments to employees	(50,386,252)
Interest paid	(29,970,035)
Housing assistance payments	(86,882,476)
Net cash provided by operating activities	63,508,087
CASH FLOWS FROM INVESTING ACTIVITIES	
Advances to component units	(3,839,342)
Issuance of notes receivable	(7,068,204)
Repayment of notes receivable	18,323,372
Investments purchased	(9,094,234)
Investments sold	92,473,494
Investment income received	452,092
Investment in mortgages receivable	(15,242,300)
Mortgage interest received	88,386
Net cash provided by investing activities	76,093,264
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from sale of bonds	159,907,213
Intergovernmental revenue	283,329
Bond repayments	(284,585,022)
Net cash used in investing activities	(124,394,480)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for property, equipment and committed financing fees	(33,718,003)
Proceeds from sale of property and equipment	97,931
Proceeds from new mortgage notes and loans payable	99,783,914
Payments on mortgage notes and loans payable	(82,843,553)
Proceeds from new loans payable to Montgomery County	4,755,968
Proceeds received for FHA risk-sharing loss reserve	701,487
Interest paid on mortgages	(108,011)
Payments on capital lease obligations	(169,628)
Capital contributions and transfers	1,049,107
Net cash used in capital and related financing activities	(10,450,788)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,756,083
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	199,399,981
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 204,156,064

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – BUSINESS-TYPE ACTIVITIES
Year ended June 30, 2013
(Continued)

	Activities
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR	
TO AMOUNTS IN THE STATEMENT OF NET POSITION	
Current unrestricted cash and cash equivalents	\$ 83,470,275
Restricted cash and cash equivalents:	
Restricted cash and cash equivalents	90,476,350
Current bonds payable	25,642,917
Customer deposits	4,566,522
Total cash and cash equivalents	204,156,064
RECONCILIATION OF OPERATING LOSS TO NET CASH	
PROVIDED BY OPERATING ACTIVITIES	
Operating loss	(2,887,648)
Adjustments to reconcile operating loss to net cash	
provided by operating activities:	
Depreciation and amortization	19,428,350
Unrealized gains on investments	8,251,610
Effects of changes in operating assets and liabilities:	
Accounts receivable and other assets	1,269,786
Mortgage and construction loans receivables	45,990,447
Accrued interest receivable	52,829
Deferred charges	(2,207,885)
Interfund receivable	138,244
Accounts payable	(5,332,589)
Deferred revenue	(1,479,265)
Accrued interest payable	(663,661)
Escrow and other deposits	947,869
	947,869
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 63,508,087
NONCASH ITEMS	
Interest on capital appreciation bonds	\$ 1,677,213

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – ENTERPRISE FUNDS
June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity		Public Fund	Single Family		Multifamily	Eliminations	Combined Totals	
	General Fund	Housing Fund		Fund	Fund	Fund		2013	2012
ASSETS									
CURRENT ASSETS									
Unrestricted:									
Cash and cash equivalents	\$ 29,678,743	\$ 34,302,749	\$ 5,337,710	\$ 13,038,813	\$ 1,112,260	\$ -	\$ 83,470,275	\$ 71,528,211	
Interfund receivable	-	25,077,229	-	-	-	(25,077,229)	-	-	
Advances to component units	11,728,225	11,524,975	-	-	-	-	23,253,200	22,182,146	
Accounts receivable and other assets	1,460,745	4,372,013	2,608,216	18,575	-	(447,433)	8,012,116	8,989,428	
Accrued interest receivable	247,249	1,305,705	-	2,993,913	1,529,046	(815,875)	5,260,038	5,435,660	
Mortgage and construction loans receivable, current	7,733,340	45,158	-	4,748,319	8,254,429	(10,719,811)	10,061,435	9,445,171	
Total unrestricted current assets	<u>50,848,302</u>	<u>76,627,829</u>	<u>7,945,926</u>	<u>20,799,620</u>	<u>10,895,735</u>	<u>(37,060,348)</u>	<u>130,057,064</u>	<u>117,580,616</u>	
Restricted cash and cash equivalents and investments:									
Restricted cash and cash equivalents	115,192	21,549,409	7,126,332	45,013,363	16,672,054	-	90,476,350	90,655,793	
Restricted short-term investments	-	-	-	-	7,850,690	-	7,850,690	13,116,240	
Current bonds payable	-	-	-	9,848,172	15,794,745	-	25,642,917	32,883,628	
Customer deposits	-	2,072,770	2,493,752	-	-	-	4,566,522	4,332,349	
Total restricted cash and cash equivalents and investments	<u>115,192</u>	<u>23,622,179</u>	<u>9,620,084</u>	<u>54,861,535</u>	<u>40,317,489</u>	<u>-</u>	<u>128,536,479</u>	<u>140,988,010</u>	
Total current assets	<u>50,963,494</u>	<u>100,250,008</u>	<u>17,566,010</u>	<u>75,661,155</u>	<u>51,213,224</u>	<u>(37,060,348)</u>	<u>258,593,543</u>	<u>258,568,626</u>	
NONCURRENT ASSETS									
Restricted long-term investments	-	-	-	44,050,905	10,054,988	-	54,105,893	140,471,213	
Mortgage and construction loans receivable, net of current portion	12,393,738	22,157,782	-	190,930,129	308,647,069	(208,715,031)	325,413,687	365,557,453	
Capital assets, net of depreciation	7,428,992	278,883,171	61,066,887	-	-	(8,626,664)	338,752,386	321,001,739	
Leased property under capital lease, net of amortization	383,636	11,992,679	-	-	-	-	12,376,315	12,987,493	
Loans receivable from component units	2,291,820	-	-	-	-	-	2,291,820	2,291,820	
Investment in Real Estate Partnerships	1,873,221	-	-	-	-	-	1,873,221	1,873,220	
Deferred charges	-	4,500,396	8,439	3,873,407	2,157,791	(414,102)	10,125,931	10,583,577	
Fair value of hedging derivatives	-	-	-	3,287,677	8,424,843	-	11,712,520	17,190,178	
Total noncurrent assets	<u>24,371,407</u>	<u>317,534,028</u>	<u>61,075,326</u>	<u>242,142,118</u>	<u>329,284,691</u>	<u>(217,755,797)</u>	<u>756,651,773</u>	<u>871,956,693</u>	
TOTAL ASSETS	<u>75,334,901</u>	<u>417,784,036</u>	<u>78,641,336</u>	<u>317,803,273</u>	<u>380,497,915</u>	<u>(254,816,145)</u>	<u>1,015,245,316</u>	<u>1,130,525,319</u>	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF NET POSITION – ENTERPRISE FUNDS
June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity		Single Family		Multifamily	Eliminations	Combined Totals	
	General Fund	Housing Fund	Public Fund	Fund	Fund		2013	2012
LIABILITIES								
CURRENT LIABILITIES								
Accounts payable and accrued liabilities	\$ 5,246,954	\$ 7,139,686	\$ 1,628,074	\$ 664,701	\$ 589,981	\$ (447,433)	\$ 14,821,963	\$ 20,154,552
Interfund payable	15,826,758	-	1,585,481	5,444,744	2,220,246	(25,077,229)	-	-
Accrued interest payable	-	3,017,328	-	-	-	(815,875)	2,201,453	1,930,652
Loans payable to Montgomery County - current	-	332,560	-	-	-	-	332,560	2,844,220
Mortgage notes and loans payable - current	17,043,616	11,172,100	-	-	-	(10,719,811)	17,495,905	15,824,341
Capitalized lease obligations - current	171,761	3,114	-	-	-	-	174,875	169,628
Total current unrestricted liabilities	<u>38,289,089</u>	<u>21,664,788</u>	<u>3,213,555</u>	<u>6,109,445</u>	<u>2,810,227</u>	<u>(37,060,348)</u>	<u>35,026,756</u>	<u>40,923,393</u>
Current liabilities payable from restricted assets:								
Customer deposits payable	-	1,953,279	2,223,456	-	-	-	4,176,735	3,930,353
Accrued interest payable	-	-	-	3,817,692	5,967,986	-	9,785,678	12,769,058
Bonds payable - current	-	-	-	6,030,000	9,876,304	-	15,906,304	32,479,323
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,953,279</u>	<u>2,223,456</u>	<u>9,847,692</u>	<u>15,844,290</u>	<u>-</u>	<u>29,868,717</u>	<u>49,178,734</u>
Total current liabilities	<u>38,289,089</u>	<u>23,618,067</u>	<u>5,437,011</u>	<u>15,957,137</u>	<u>18,654,517</u>	<u>(37,060,348)</u>	<u>64,895,473</u>	<u>90,102,127</u>
NONCURRENT LIABILITIES								
Bonds payable	-	-	-	275,363,715	318,771,955	-	594,135,670	700,191,542
Mortgage notes and loans payable	250,496	242,842,045	1,048,580	-	6,444,800	(208,715,031)	41,870,890	20,547,968
Loans payable to Montgomery County	7,196,021	54,372,220	-	-	-	-	61,568,241	60,072,522
Capitalized lease obligations	176,935	19,956,776	-	-	-	-	20,133,711	20,308,586
Deferred revenue	9,485,973	2,277,225	220,272	-	587,885	(414,102)	12,157,253	21,597,853
Escrow and other deposits	9,039,069	-	-	-	4,338,174	-	13,377,243	4,112,218
Total noncurrent liabilities	<u>26,148,494</u>	<u>319,448,266</u>	<u>1,268,852</u>	<u>275,363,715</u>	<u>330,142,814</u>	<u>(209,129,133)</u>	<u>743,243,008</u>	<u>826,830,689</u>
Total liabilities	<u>64,437,583</u>	<u>343,066,333</u>	<u>6,705,863</u>	<u>291,320,852</u>	<u>348,797,331</u>	<u>(246,189,481)</u>	<u>808,138,481</u>	<u>916,932,816</u>
DEFERRED INFLOWS								
Interest rate swap	-	-	-	3,287,677	8,424,843	-	11,712,520	17,190,178
NET POSITION								
Net investment in capital assets	7,463,930	(37,803,591)	60,018,306	-	-	(8,626,664)	21,051,981	28,827,815
Restricted for:								
Debt service	-	21,549,409	-	10,155,932	22,163,480	-	53,868,821	56,670,527
Customer deposits and other	-	119,009	7,356,464	-	-	-	7,475,473	8,531,564
Closing cost assistance program	591,138	-	-	-	-	-	591,138	617,268
Unrestricted (deficit)	<u>2,842,250</u>	<u>90,852,876</u>	<u>4,560,703</u>	<u>13,038,812</u>	<u>1,112,261</u>	<u>-</u>	<u>112,406,902</u>	<u>101,755,151</u>
TOTAL NET POSITION	<u>10,897,318</u>	<u>74,717,703</u>	<u>71,935,473</u>	<u>23,194,744</u>	<u>23,275,741</u>	<u>(8,626,664)</u>	<u>195,394,315</u>	<u>196,402,325</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 75,334,901</u>	<u>\$ 417,784,036</u>	<u>\$ 78,641,336</u>	<u>\$ 317,803,273</u>	<u>\$ 380,497,915</u>	<u>\$ (254,816,145)</u>	<u>\$ 1,015,245,316</u>	<u>\$ 1,130,525,319</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – ENTERPRISE FUNDS
Year ended June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity			Single Family	Multifamily	Eliminations	Combined Totals	
	General Fund	Housing Fund	Public Fund	Fund	Fund		2013	2012
OPERATING REVENUES								
Dwelling rental	\$ 720,983	\$ 55,835,752	\$ 5,653,879	\$ -	\$ -	\$ -	\$ 62,210,614	\$ 58,531,965
Investment income	-	-	-	1,960,063	5,314,234	-	7,274,297	7,720,354
Unrealized gains (losses) on investments	-	-	-	(3,060,629)	(5,190,981)	-	(8,251,610)	9,190,260
Interest on mortgage and construction loans receivable	-	-	-	10,832,193	16,424,630	(10,379,167)	16,877,656	16,880,359
Management fees and other income	13,392,435	13,486,374	1,348,321	-	102,410	(9,824,973)	18,504,567	9,180,604
U.S. Department of Housing and Urban Development grants:								
Housing Assistance Payments (HAP)	-	-	84,760,830	-	-	-	84,760,830	77,868,323
HAP administrative fees	-	-	5,352,487	-	-	-	5,352,487	5,799,380
Other grants	-	-	10,152,883	-	-	-	10,152,883	11,249,981
State and County grants	-	-	10,158,784	-	-	-	10,158,784	10,831,271
Total operating revenues	<u>14,113,418</u>	<u>69,322,126</u>	<u>117,427,184</u>	<u>9,731,627</u>	<u>16,650,293</u>	<u>(20,204,140)</u>	<u>207,040,508</u>	<u>207,252,497</u>
OPERATING EXPENSES								
Housing Assistance Payments	-	-	86,882,476	-	-	-	86,882,476	83,980,027
Administration	10,210,090	9,207,253	16,321,845	2,338,822	2,212,149	(6,421,102)	33,869,057	33,932,375
Maintenance	1,058,134	9,952,018	4,800,634	-	-	-	15,810,786	15,554,691
Depreciation and amortization	941,767	10,904,847	4,916,205	1,954,389	711,142	-	19,428,350	16,607,553
Utilities	249,606	3,446,785	1,646,185	-	-	-	5,342,576	6,180,231
Fringe benefits	3,877,050	841,402	4,788,381	359,423	220,717	-	10,086,973	8,372,560
Interest expense	-	13,671,410	-	10,541,172	15,472,957	(10,379,165)	29,306,374	31,544,664
Other expenses	750,762	8,135,672	2,247,595	24,509	379,744	(3,403,873)	8,134,409	6,363,970
Bad debt expense	-	295,219	82,555	689,381	-	-	1,067,155	784,371
Total operating expenses	<u>17,087,409</u>	<u>56,454,606</u>	<u>121,685,876</u>	<u>15,907,696</u>	<u>18,996,709</u>	<u>(20,204,140)</u>	<u>209,928,156</u>	<u>203,320,442</u>
Operating income (loss)	<u>\$ (2,973,991)</u>	<u>\$ 12,867,520</u>	<u>\$ (4,258,692)</u>	<u>\$ (6,176,069)</u>	<u>\$ (2,346,416)</u>	<u>\$ -</u>	<u>\$ (2,887,648)</u>	<u>\$ 3,932,055</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – ENTERPRISE FUNDS
Year ended June 30, 2013
(with comparative totals for June 30, 2012)
(Continued)

	Opportunity		Single Family		Multifamily	Eliminations	Combined Totals	
	General Fund	Housing Fund	Public Fund	Fund	Fund		2013	2012
NONOPERATING REVENUES (EXPENSES)								
Investment income	\$ 456,753	\$ (6,108)	\$ 1,447	\$ -	\$ -	\$ -	\$ 452,092	\$ 577,972
Interest on mortgage and construction loans receivable	123,256	79,865	-	-	-	-	203,121	166,394
Interest expense	(96,343)	(11,668)	-	-	-	-	(108,011)	(115,534)
Other grants	-	42,325	-	-	-	-	42,325	41,229
State and County grants	-	241,004	-	-	-	-	241,004	765,279
Total nonoperating income	<u>483,666</u>	<u>345,418</u>	<u>1,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,531</u>	<u>1,435,340</u>
Income (loss) before contributions and transfers	<u>(2,490,325)</u>	<u>13,212,938</u>	<u>(4,257,245)</u>	<u>(6,176,069)</u>	<u>(2,346,416)</u>	<u>-</u>	<u>(2,057,117)</u>	<u>5,367,395</u>
Capital contributions	-	-	1,049,107	-	-	-	1,049,107	1,181,515
Operating transfers in (out)	<u>(10,480,224)</u>	<u>10,802,667</u>	<u>-</u>	<u>-</u>	<u>(322,443)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	<u>(12,970,549)</u>	<u>24,015,605</u>	<u>(3,208,138)</u>	<u>(6,176,069)</u>	<u>(2,668,859)</u>	<u>-</u>	<u>(1,008,010)</u>	<u>6,548,910</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>23,867,867</u>	<u>50,702,098</u>	<u>75,143,611</u>	<u>29,370,813</u>	<u>25,944,600</u>	<u>(8,626,664)</u>	<u>196,402,325</u>	<u>189,853,415</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 10,897,318</u>	<u>\$ 74,717,703</u>	<u>\$ 71,935,473</u>	<u>\$ 23,194,744</u>	<u>\$ 23,275,741</u>	<u>\$ (8,626,664)</u>	<u>\$ 195,394,315</u>	<u>\$ 196,402,325</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year ended June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity		Single Family	Multifamily	Eliminations	Combined Totals		
	General Fund	Housing Fund				Public Fund	Fund	Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 720,983	\$ 55,986,306	\$ 6,285,369	\$ -	\$ -	\$ 334,606	\$ 63,327,264	\$ 68,115,223
Mortgage principle payments/receipts	-	-	-	-	-	-	-	8,986,405
Intergovernmental principal payments received	-	-	110,424,984	-	-	-	110,424,984	105,748,955
Investment income received	-	-	-	1,885,140	5,314,234	-	7,199,374	7,720,354
Mortgage interest received	-	-	-	39,036,620	16,582,420	-	55,619,040	17,957,684
Management fees and other income	14,650,096	13,132,809	452,040	-	4,183,778	(10,212,301)	22,206,422	4,307,175
Payments to suppliers	(1,357,015)	(20,593,817)	(8,776,969)	(713,890)	(379,744)	3,791,201	(28,030,234)	(38,331,236)
Payments to employees	(13,150,635)	(9,008,137)	(21,137,333)	(2,261,604)	(11,542,119)	6,713,576	(50,386,252)	(34,046,696)
Interest paid	-	(13,430,647)	-	(9,448,362)	(17,500,229)	10,409,203	(29,970,035)	(31,862,743)
Housing assistance payments	-	-	(86,882,476)	-	-	-	(86,882,476)	(83,980,027)
Payments to interfund services used	-	-	-	-	-	-	-	(4,307,175)
Net cash provided by (used in) operating activities	<u>863,429</u>	<u>26,086,514</u>	<u>365,615</u>	<u>28,497,904</u>	<u>(3,341,660)</u>	<u>11,036,285</u>	<u>63,508,087</u>	<u>20,307,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Repayments of advances from (to) component units	-	-	-	-	-	-	-	(1,116,468)
Advances to component units	(2,594,737)	(952,131)	-	-	-	(292,474)	(3,839,342)	-
Issuance of notes receivable	-	(7,068,204)	-	-	-	-	(7,068,204)	-
Repayments of notes receivable	17,157,493	1,165,879	-	-	-	-	18,323,372	-
Investments purchased	-	-	-	(9,094,234)	-	-	(9,094,234)	(14,635,267)
Investments sold	-	-	-	13,052,140	79,421,354	-	92,473,494	50,932,581
investment income received	456,753	(6,108)	1,447	-	-	-	452,092	577,972
Investment in mortgages receivable	(15,242,300)	-	-	-	-	-	(15,242,300)	(1,105,353)
Mortgage interest received	<u>85,221</u>	<u>3,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,386</u>	<u>151,537</u>
Net cash provided by (used in) investing activities	<u>(137,570)</u>	<u>(6,857,399)</u>	<u>1,447</u>	<u>3,957,906</u>	<u>79,421,354</u>	<u>(292,474)</u>	<u>76,093,264</u>	<u>34,805,002</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds from sale of bonds	-	-	-	83,247,595	76,659,618	-	159,907,213	94,337,313
Bond repayments	-	-	-	(109,480,022)	(175,105,000)	-	(284,585,022)	(99,064,015)
Bond premium received	-	-	-	-	-	-	-	584,508
Intergovernmental revenue	-	283,329	-	-	-	-	283,329	806,508
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>283,329</u>	<u>-</u>	<u>(26,232,427)</u>	<u>(98,445,382)</u>	<u>-</u>	<u>(124,394,480)</u>	<u>(3,335,686)</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year ended June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity		Single Family	Multifamily	Eliminations	Combined Totals		
	General Fund	Housing Fund	Public Fund	Fund		Fund	2013	2012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Payments for property, equipment and capital financing fees	\$ (831,035)	\$ (30,062,317)	\$ (2,824,651)	\$ -	\$ -	\$ -	\$ (33,718,003)	\$ (24,449,263)
Proceeds from sale of property and equipment	19	87,798	10,114	-	-	-	97,931	11,210,900
Proceeds from new mortgage notes and loans payable	15,819,793	90,431,632	471,500	(2,640,000)	6,444,800	(10,743,811)	99,783,914	14,506,898
Payments on mortgage notes and loans payable	(11,986,539)	(69,739,326)	(1,117,688)	-	-	-	(82,843,553)	(22,006,832)
Proceeds from new loans payable to Montgomery County	-	4,755,968	-	-	-	-	4,755,968	2,598,223
Payments on loans payable to Montgomery County	-	-	-	-	-	-	-	(2,476,455)
Interest paid on mortgages	(96,343)	(11,668)	-	-	-	-	(108,011)	(115,534)
Proceeds received for FHA risk-sharing losses reserve	701,487	-	-	-	-	-	701,487	607,957
Payment of principal on capital lease obligations	(166,738)	(2,890)	-	-	-	-	(169,628)	(246,437)
Capital contributions and transfers	-	-	1,049,107	-	-	-	1,049,107	1,181,515
Net cash provided by (used in) capital and related financing activities	<u>3,440,644</u>	<u>(4,540,803)</u>	<u>(2,411,618)</u>	<u>(2,640,000)</u>	<u>6,444,800</u>	<u>(10,743,811)</u>	<u>(10,450,788)</u>	<u>(19,189,028)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,166,503	14,971,641	(2,044,556)	3,583,383	(15,920,888)	-	4,756,083	32,588,208
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	25,627,432	42,953,287	17,002,350	64,316,965	49,499,947	-	199,399,981	166,811,773
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 29,793,935</u>	<u>\$ 57,924,928</u>	<u>\$ 14,957,794</u>	<u>\$ 67,900,348</u>	<u>\$ 33,579,059</u>	<u>\$ -</u>	<u>\$ 204,156,064</u>	<u>\$ 199,399,981</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS, END OF YEAR TO AMOUNTS IN THE STATEMENT OF NET ASSETS								
Current unrestricted cash and cash equivalents	\$ 29,678,743	\$ 34,302,749	\$ 5,337,710	\$ 13,038,813	\$ 1,112,260	\$ -	\$ 83,470,275	\$ 71,528,211
Restricted cash and cash equivalents	115,192	21,549,409	7,126,332	45,013,363	16,672,054	-	90,476,350	90,655,793
Current bonds payable	-	-	-	9,848,172	15,794,745	-	25,642,917	32,883,628
Customer deposits	-	2,072,770	2,493,752	-	-	-	4,566,522	4,332,349
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 29,793,935</u>	<u>\$ 57,924,928</u>	<u>\$ 14,957,794</u>	<u>\$ 67,900,348</u>	<u>\$ 33,579,059</u>	<u>\$ -</u>	<u>\$ 204,156,064</u>	<u>\$ 199,399,981</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year ended June 30, 2013
(with comparative totals for June 30, 2012)

	Opportunity		Public Fund	Single Family	Multifamily	Eliminations	Combined Totals	
	General Fund	Housing Fund		Fund	Fund		2013	2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES								
Operating income (loss)	\$ (2,973,991)	\$ 12,867,520	\$ (4,258,692)	\$ (6,176,069)	\$ (2,346,416)	\$ -	\$ (2,887,648)	\$ 3,932,055
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	941,767	10,904,847	4,916,205	1,954,389	711,142	-	19,428,350	16,607,553
Unrealized losses (gains) on investments	-	-	-	3,060,629	5,190,981	-	8,251,610	(9,190,260)
Effects of changes in operating assets and liabilities:								
Accounts receivable and other assets	1,257,661	(567,058)	535,662	43,521	-	-	1,269,786	152,137
Mortgage and construction loans receivable	-	-	-	29,108,251	6,138,385	10,743,811	45,990,447	1,501,713
Accrued interest receivable	-	-	-	(74,923)	157,790	(30,038)	52,829	-
Deferred charges	-	414,563	(5,414)	(947,345)	(2,057,017)	387,328	(2,207,885)	920,723
Interfund receivable	(1,759,469)	1,040,518	265,973	256,184	335,038	-	138,244	173,722
Accounts payable and accrued liabilities	2,695,974	1,235,877	(293,080)	180,457	(9,444,291)	292,474	(5,332,589)	7,190,260
Deferred revenue	-	(201,070)	(890,867)	-	-	(387,328)	(1,479,265)	(724,799)
Accrued interest payable	-	240,763	-	1,092,810	(2,027,272)	30,038	(663,661)	(199,828)
Escrow and other deposits	701,487	150,554	95,828	-	-	-	947,869	(55,357)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 863,429</u>	<u>\$ 26,086,514</u>	<u>\$ 365,615</u>	<u>\$ 28,497,904</u>	<u>\$ (3,341,660)</u>	<u>\$ 11,036,285</u>	<u>\$ 63,508,087</u>	<u>\$ 20,307,919</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of the Commission

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

Specific powers of the Commission include:

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

Housing activities sponsored by the Commission include:

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Description of the Commission (continued)

- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing; and
- Tax Credit Partnerships, which provide rental housing for low and moderate income households. The Commission manages these properties and is a 1% or less general partner.

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

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

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multifamily Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland (the State) or any political subdivision thereof and are not backed by the full faith and credit of the Commission, the State or any political subdivision thereof, but are limited obligations of the Commission payable solely from the revenue and other assets of the Commission pursuant to individual Bond Resolutions. The Multifamily Housing Revenue Bonds, 1998 Issue A and 2009 Issue A, are guaranteed as general obligation bonds of Montgomery County.

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

(b) Financial Reporting Entity

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

Development Corporations. The Development Corporations (the Corporations) operate exclusively for non-profit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and their related expenditures must be approved by the Commission. The Corporations are legally separate from the Commission, and are included in the Opportunity Housing 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, 2013

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

Financial Reporting Entity (continued)

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, 2013. Separate financial statements for the individual limited partnerships can be obtained from the Commission. All limited partnerships follow FASB pronouncements and have not been converted for purposes of these financial statements.

(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.
- *Multifamily Fund* – Used to account for the proceeds of Multifamily Housing Revenue Bonds, the debt service requirements on the bonds, investments held pursuant to the indenture authorizing the issuance of the bonds and the related mortgage-loan financing for newly constructed or rehabilitated 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Basis of Accounting (continued)

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 Multifamily 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 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 Multifamily 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.

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP). The Commission is required to follow all statements of the GASB. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate GASB and AICPA guidance into GASB authoritative literature. The Commission has elected not to follow any FASB pronouncements issued after November 30, 1989.

Use of Estimates in Preparing Financial Statements

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

(d) Investments

Investments of the General 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 Multifamily 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

(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, 2013, there were no reserves for loan losses; however, the Commission has experienced a decrease in loan foreclosures. Note 3, Mortgage and Construction Loans Receivable, provides detailed information about loans in foreclosure and Real Estate Owned (REO) status. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are placed on non-accrual status when the mortgage insurance claim has settled. The Commission continually monitors the collectability of all loans in foreclosure and REO status against the sales proceeds and mortgage insurance held by the Commission in determining the need for an allowance for loan loss. Additionally, the Commission has an active loan mitigation procedure in place which ensures that servicer activities are monitored and losses to the Commission are minimized. Historically, the Commission's loan losses have been insignificant. Generally, loans are placed on non-accrual status when the mortgage insurance claim has settled.

(f) Mortgage Risk-Sharing Agreement

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

Upon default of a mortgage and the filing of a claim with FHA by the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture with HUD for the full amount of the claim within 30 calendar days of the initial claim payment. The instrument will be dated as of the date that the initial claim payment is issued. The debenture shall have a term of 5 years. The Commission will agree to reimburse HUD the full amount of the debenture upon maturity. The Commission must pay annual interest on the debenture at HUD's published debenture rate as of the earlier of the initial endorsement date or the final endorsement date. Upon the sale of the project and settlement of the claim, the Commission will assume a portion of the loss based on the proportion of risk borne by the Commission. The Commission's maximum potential risk of loss as of June 30, 2013 is \$122,045,920 which is collateralized primarily by the underlying properties. Management has established what it deems to be an adequate reserve of \$9,039,070 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

(h) Capital Assets

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

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

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

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

(i) Loan Origination, Commitment, and Monitoring Fees

The Commission charges commitment and financing fees to developers within the Multifamily 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 \$6,031,196 at June 30, 2013 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 Multifamily 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 and Premiums

Bond discounts and premiums 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.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

(l) Cash Equivalents

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

(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, 2013 amounted to \$1,840,841 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 including payments up to thirty-six weeks of wages and other benefits. The outstanding annual leave accrual includes the severance package accruals for senior executive staff up to thirty-six weeks as appropriate.

(n) Net Position

Net position is displayed in three components as follows:

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

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

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

It is the Commission's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

(o) 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, 2012, 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, 2013

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

(p) New Accounting Pronouncements

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity. This includes the concept of financial burden or benefit on the relationship between the primary government and the component unit. The implementation of this new standard had no impact on the Commission’s 2013 financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, APB, and AICPA guidance issued before November 30, 1989. The implementation of this new standard updated the language discussed in Note 1 under Basis of Accounting. There were no other changes applicable to the Commission.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* revised the financial reporting for elements of the financial statements as a consumption or acquisition of net assets that are applicable to a future reporting period. These items are distinct from assets and liabilities. This statement also modified the previous financial statement caption and definition of Net Assets to Net Position. This new standard required revising the presentation in the financial statements for those items identified as deferred outflows and inflows, and revising the names of the statements presented and certain classifications within those statements.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Business-Type Activities

(a) Cash

The Commission’s cash balances as of June 30, 2013 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	\$ 23,548,213	\$ 24,796,151
Opportunity Housing Fund	43,205,716	43,987,621
Public Fund	5,411,138	5,409,737
Total cash	\$ 72,165,067	\$ 74,193,509

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

(b) Cash Equivalents & Investments

The General Fund cash and cash equivalents balance at June 30, 2013 includes \$115,192 of cash and cash equivalents restricted for closing cost programs. The Opportunity Housing Fund cash and cash equivalents balance at June 30, 2013 includes \$23,622,179 of cash and cash equivalents restricted in accordance with various loan agreements with agencies of the State of Maryland and Montgomery County, in bond indentures and security deposits. The Public Fund cash and cash equivalent balance includes \$9,620,084 as of June 30, 2013, 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 unit's 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 Multifamily 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 and will mature or be subject to redemption with the objective that sufficient money will be available for the purposes intended in accordance with the Indenture.

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

The Commission invests in the Maryland Local Government Investment Pool (MLGIP). The pool is not subject to regulatory oversight by the SEC. The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by PNC Bank. The pool has a AAAM rating from Standard and Poors and maintains a \$1.00 per share value. An MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: PNC Bank, Maryland Local Government Investment Pool, Mr. David Rommel, 2 Hopkins Plaza, 5th Floor, Baltimore, Maryland 21201; or by calling 1-800-492-5160.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Cash Equivalents & Investments (continued)

The Single Family and Multifamily 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 MLGIP which is segregated and held in the name of PNC Bank's Safe Deposit and Trust's account at the Federal Reserve Bank. The cash and cash equivalents held by PNC Bank for the General Fund, Opportunity Housing Fund and Public Fund are in bank money market accounts and interest bearing accounts. These accounts are not rated by an independent rating agency. The Moody's rating for PNC Bank short-term deposits as of June 30, 2013 was P-1.

Amounts held in money market funds and investment agreements within the Multifamily 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, 2013, the Commission held investments in agency securities which were not collateralized but were rated A, AA, Aa2, and AAA.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Cash Equivalents & Investments (continued)

As of June 30, 2013 the Commission had the following cash, cash equivalents, investments and maturities:

<u>Cash Equivalents</u>	<u>Fair Value</u>	<u>Ratings</u>
Cash Equivalents		
General Fund:		
Money Market Accounts	\$ 6,245,722	N/A
Opportunity Housing Fund:		
Investment in Maryland Local Government Investment Pool	261,532	AAAm
Money Market Accounts	14,457,680	N/A
Public Fund:		
Investment in Maryland Local Government Investment Pool	4,069,484	AAAm
Money Market Accounts	5,477,172	N/A
Multifamily Fund:		
Money Market Accounts	33,579,059	N/A
Single Family Fund:		
Money Market Accounts	<u>67,900,348</u>	N/A
Total cash equivalents	<u>\$ 131,990,997</u>	
Short-term investments		
Multifamily Fund:		
GNMA Pool	\$ 7,178,745	AAA
Federal Farm Credit Banks	<u>671,945</u>	AAA
Total short-term investments	<u>\$ 7,850,690</u>	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Cash Equivalents & Investments (continued)

As of June 30, 2013, the Commission had the following cash, cash equivalents, investments and maturities:

Long-Term Investments	Fair Value	1-5 Years	6-10 Years	Greater Than 10 Years	Rating
Long-term investments					
Multifamily Fund:					
US Treasuries	\$ 2,825,645	\$ -	\$ 2,164,355	\$ 661,290	AAA
Fannie Mae	3,035,008	-	-	3,035,008	AAA
Freddie Mac	848,403	-	-	848,403	AAA
Federal Farm Credit Banks	860,894	-	-	860,894	AAA
Federal Home Loan Banks	905,317	-	-	905,317	AAA
Israel ST Bonds	447,160	-	-	447,160	AAA
Federal Home Loan Mortgage	541,036	-	-	541,036	AAA
Bank One Investment Agreement	591,525	-	-	591,525	AA/Aa2
Single Family Fund:					
Federal Farm Credit Banks	6,631,759	-	-	6,631,759	AAA
Federal Home Loan Banks	8,735,527	-	-	8,735,527	Aaa
Federal Home Loan Mtg Corp	1,605,593	-	-	1,605,593	AAA
Fannie Mae	1,027,182	-	-	1,027,182	AAA
GNMA Pass-through certificates	8,479,931	-	-	8,479,931	AAA
Solomon Repurchase Agreement	2,345,800	2,345,800	-	-	AAA
US Treasuries	8,777,795	2,618,983	4,875,696	1,283,116	N/A
Tennessee Valley Authority	6,447,318	2,577,296	-	3,870,022	Aaa
Total long-term investments	<u>54,105,893</u>				
Cash balances	<u>72,165,067</u>				
Total	<u><u>\$ 266,112,647</u></u>				
Reconciliation of cash, cash equivalents and investments to amounts in the statement of net position:					
Current unrestricted cash and cash equivalents	\$ 83,470,275				
Restricted cash and cash equivalents	90,476,350				
Restricted short-term investments	7,850,690				
Restricted cash and cash equivalents for current liabilities	30,209,439				
Noncurrent restricted assets	<u>54,105,893</u>				
Total	<u><u>\$ 266,112,647</u></u>				

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

(c) Real Estate Limited Partnership Component Units

The Real Estate Limited Partnership Component unit cash and cash equivalents balance as of December 31, 2012 were as follows:

	Carrying Amount	Bank Balances
Cash	\$ 6,415,420	\$ 6,413,057
	Fair Value	Rating
Cash Equivalents		
Investment in Maryland Local Government Investment Pool	\$ 1,118,312	AAAm
Money Market Accounts	4,117,362	N/A
Total cash, cash equivalents and investments	\$ 11,651,094	
Reconciliation of cash and cash equivalents to amounts in the statement of net position:		
Current unrestricted cash and cash equivalents	\$ 4,365,746	
Restricted cash and cash equivalents for current liabilities	6,612,710	
Restricted cash and cash equivalents	672,638	
Total	\$ 11,651,094	

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

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NOTE 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, 2013 consisted of the following:

Description	Interest Rate	Balance
General Fund		
Component unit loans	-	\$ 1,860,258
Closing Cost Assistance Loans	5.00%	2,537,898
	Subtotal	<u>4,398,156</u>
Opportunity Housing Fund		
Home-Ownership Assistance Loan Fund (HALF)	4.50 to 6.50%	26,503
Rental Assistance Security Deposit Loan	-	7,909
Metropolitan of Bethesda Limited Partnership	-	1,142,000
Strathmore Court Associates Limited Partnership	-	1,000,000
Barclay One LP & Development Corporation	-	2,891,404
Spring Garden One Associates Limited Partnership	-	3,263,952
Sligo Development Corporation	-	1,199,402
Tanglewood Apartments	-	1,991,008
	Subtotal	<u>11,522,178</u>
Multifamily Fund		
Landings Edge	4.95%	5,261,491
Strathmore Court at White Flint - B	7.62%	4,083,567
Manchester	5.20%	1,816,486
Shady Grove	5.20%	6,010,376
The Willows	5.20%	3,709,790
Stewarttown	6.20%	3,111,278
Tax Credit X	6.20%	3,109,954
Georgian Court	6.20%	4,153,122
Dring's Reach	6.02%	5,962,322
Forest Oak Towers	4.93%	16,198,396
Silver Spring House	6.35%	1,845,982
Tax Credit 9 Pond Ridge	6.30%	1,609,085
Tax Credit 9 MPDUs	6.30%	2,745,896
Charter House	6.02%	12,525,288
Rockville Housing	5.21%	3,597,919
The Barclay	4.55%	5,939,218
Spring Gardens	4.55%	6,015,651
Metropolitan Tax Credit	6.38%	6,329,756
Argent - A-2	3.92%	12,685,000
MetroPointe LP	6.50%	2,890,405
Ring House	6.10%	14,275,358
	Subtotal	123,876,340
Single Family Fund		
Mortgage loans receivable, net	Subtotal	<u>195,678,448</u>
Total		<u>\$ 335,475,122</u>

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NOTE 3 – MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

As of June 30, 2013, the amounts available or committed for additional advances or new loans are \$1,332,550 and \$25,651,885 for the Multifamily Fund and the Single Family Fund, respectively.

Included in the mortgage and construction loans receivable balance of the General Fund at June 30, 2013 are interfund mortgage loans receivable from the Opportunity Housing Fund \$8,235,539, the Public Fund \$1,048,580 and the Multifamily Bond Fund \$6,444,800 which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$211,555 for the year ended June 30, 2013 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Fund at June 30, 2013 are interfund mortgage loans receivables from the OHRF Fund (internal capital fund) amounting to \$10,480,766 and interfund mortgage loans receivable from the General Fund amounting to \$199,996, which have been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$11,907 for the year ended June 30, 2013 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Multifamily Fund are interfund mortgage loans receivable from the Opportunity Housing Fund amounting to \$193,025,163 as of June 30, 2013, which have been eliminated. The related interest revenue, amounting to \$10,155,705 for the year ended June 30, 2013 has also been eliminated.

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

Single Family Fund

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

During fiscal year 2013, the Commission experienced a decrease in the number of Single Family mortgage loans in foreclosure and Real Estate Owned (REO) status. As of June 30, 2013, approximately \$7.1 million Single Family mortgage loans were in various stages of the loan foreclosure status. An additional \$4.2 million were in REO status. During fiscal year 2013, the Commission incurred \$689,381 in loan losses as a result of Single Family mortgage loan disposition.

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NOTE 3 – MORTGAGE AND CONSTRUCTION LOANS RECEIVABLE (CONTINUED)

Management takes into consideration the potential for loan losses based on the number of loans in foreclosure and REO status against the sale proceeds from properties sold as well as the mortgage insurance received in determining if an allowance for loan losses is necessary. It employs an active loss mitigation process to ensure that servicer activities are monitored and losses to the Commission are minimized. Based on the history of loan losses and the potential exposure to the Commission after sales proceeds and mortgage insurance receipts the Commission does not believe that an allowance for loan losses is necessary at this time. Further, based on prior analysis, losses are not expected to reach a material threshold for establishing an allowance at this time. The following table provides a breakdown of foreclosures and REO's by type of mortgage loan as of June 30, 2013.

<u>Status</u>	<u>Principal FHA</u>	<u>Interest Receivable</u>	<u>Principal Conventional</u>	<u>Interest Receivable</u>	<u>Total</u>
Foreclosure	\$ 1,800,671	\$ 88,253	\$ 4,833,048	\$ 393,580	\$ 7,115,552
REO	<u>1,822,298</u>	<u>123,590</u>	<u>2,084,725</u>	<u>156,816</u>	<u>4,187,429</u>
Total	3,622,969	211,843	6,917,773	550,396	11,302,981
Total Single Family Mortgage loans outstanding as of June 30, 2013					\$ 195,678,448
Percentage of loans in foreclosure & REO status to outstanding mortgage loans		1.96%		3.82%	5.78%

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

(a) Capital Assets by Proprietary Fund

The Commission's capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Transfer in / Out	Acc. Depr.	Ending Balance
Land						
General Fund	\$ 3,447,287	\$ -	\$ -	\$ -	\$ -	\$ 3,447,287
Opportunity Housing Fund	34,081,195	9,505,720	-	-	-	43,586,915
Public Fund	16,171,397	-	(3,441)	-	-	16,167,956
Total land	<u>53,699,879</u>	<u>9,505,720</u>	<u>(3,441)</u>	<u>-</u>	<u>-</u>	<u>63,202,158</u>
Site improvements:						
Public Fund	2,945,910	-	-	-	(2,933,475)	12,435
Total site improvements, net	<u>2,945,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,933,475)</u>	<u>12,435</u>
Building and improvements:						
General Fund	5,164,902	107,605	-	-	(2,771,928)	2,500,579
Opportunity Housing Fund	315,140,377	25,040,369	(18,547,199)	-	(104,783,620)	216,849,927
Public Fund	104,867,838	-	(40,607)	3,784,410	(71,825,942)	36,785,699
Total building and improvements, net	<u>425,173,117</u>	<u>25,147,974</u>	<u>(18,587,806)</u>	<u>3,784,410</u>	<u>(179,381,490)</u>	<u>256,136,205</u>
Furniture and equipment:						
General Fund	8,464,541	604,951	-	-	(7,656,376)	1,413,116
Opportunity Housing Fund	10,550,639	326,998	(1,056,512)	-	(5,505,011)	4,316,114
Public Fund	3,543,757	-	-	-	(3,473,703)	70,054
Total furniture and equipment, net	<u>22,558,937</u>	<u>931,949</u>	<u>(1,056,512)</u>	<u>-</u>	<u>(16,635,090)</u>	<u>5,799,284</u>
Construction in progress:						
Opportunity Housing Fund	3,459,901	6,102,221	(4,058,569)	-	-	5,503,553
Public Fund	8,990,500	2,824,651	-	(3,784,410)	-	8,030,741
General Fund	57,166	10,844	-	-	-	68,010
Total construction in progress	<u>12,507,567</u>	<u>8,937,716</u>	<u>(4,058,569)</u>	<u>(3,784,410)</u>	<u>-</u>	<u>13,602,304</u>
Total capital assets, net	<u>\$ 516,885,410</u>	<u>\$ 44,523,359</u>	<u>\$ (23,706,328)</u>	<u>\$ -</u>	<u>\$ (198,950,055)</u>	<u>\$ 338,752,386</u>

Included in operating properties for the Opportunity Housing Fund is an interfund elimination for interest paid to the Multifamily Bond Fund amounting to \$8,626,664 as of June 30, 2013, which was capitalized during construction of the property.

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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NOTE 4 - CAPITAL ASSETS (CONTINUED)

(b) Capital Lease

In September 2010, the Commission entered into a Master Equipment Lease Purchase Agreement with Banc of America Public Capital Corp for \$750,000 with an interest rate of 2.99%. The lease agreement is now owned by Huntington National Bank. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. The Commission has the following General Fund capital lease obligation as of June 30, 2013.

<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>
\$ 515,434	\$ -	\$ 166,738	\$ 348,696	\$ 171,761
				<u>Future Minimum Payments</u>
Year ending June 30,				
2014				\$ 180,913
2015				180,913
Total payments				361,826
Less interest				(13,130)
				348,696
Less: current portion				(171,761)
Long-term portion				<u>\$ 176,935</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, 2013.

<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>
\$ 19,962,780	\$ -	\$ 2,890	\$ 19,959,890	\$ 3,114

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NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital Lease (continued)

Future minimum rentals under the lease are as follows:

Year ending June 30,	<u>Future Minimum Payments</u>
2014	\$ 1,814,403
2015	1,814,403
2016	1,814,403
2017	1,814,403
2018	1,814,403
2019-2023	9,072,015
2024-2028	9,072,015
2029-2033	9,072,015
2034-2038	9,072,015
2039-2043	9,072,015
2044-2048	9,072,015
2049-2053	9,072,015
2054-2058	9,072,015
2059-2063	9,072,015
2064-2068	9,072,015
2069-2073	9,072,015
2074-2078	9,072,015
2079-2083	9,072,015
2084-2088	9,072,015
2089-2093	9,072,015
2094-2098	<u>5,594,409</u>
Total payments	150,746,649
Less interest	<u>(130,786,759)</u>
	19,959,890
Less: current portion	<u>(3,114)</u>
Long-term portion	<u>\$ 19,956,776</u>

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

Westwood Towers	\$ 19,987,798
Less accumulated amortization	<u>(7,995,119)</u>
Total	<u>\$ 11,992,679</u>

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NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital Lease (continued)

The Commission's capital lease activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accumulated Amortization</u>	<u>Ending Balance</u>
Fund:					
<i>General Fund:</i>					
Furniture and equipment	\$ 1,808,145	\$ 107,615	\$ -	\$ (1,532,124)	\$ 383,636
Total furniture and equipment - General Fund	<u>1,808,145</u>	<u>107,615</u>	<u>-</u>	<u>(1,532,124)</u>	<u>383,636</u>
<i>Opportunity Housing Fund:</i>					
Building and improvements	19,987,798	-	-	(7,995,119)	11,992,679
Total building and improvements - Opportunity Housing Fund	<u>19,987,798</u>	<u>-</u>	<u>-</u>	<u>(7,995,119)</u>	<u>11,992,679</u>
Total capital leases, net	<u>\$ 21,795,943</u>	<u>\$ 107,615</u>	<u>\$ -</u>	<u>\$ (9,527,243)</u>	<u>\$ 12,376,315</u>

(c) Component Unit Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accumulated Depreciation</u>	<u>Ending Balance</u>
Real estate limited partnership component units					
Land	\$ 18,465,578	\$ 3,330,000	\$ -	\$ -	\$ 21,795,578
Building and improvements	145,474,263	7,964,099	-	(51,920,054)	101,518,308
Furniture and equipment	<u>4,689,852</u>	<u>279,149</u>	<u>-</u>	<u>(3,460,574)</u>	<u>1,508,427</u>
Net component unit capital assets	<u>\$ 168,629,693</u>	<u>\$ 11,573,248</u>	<u>\$ -</u>	<u>\$ (55,380,628)</u>	<u>\$ 124,822,313</u>

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NOTE 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, 2013, amounted to \$720,916.
- 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, 2013, amounted to \$68,389.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2013.

NOTE 6 – ACCOUNTS RECEIVABLE AND OTHER ASSETS

Accounts receivable consists of grants and loans due from HUD and Montgomery County, tenant rents receivable, and amounts due from property managers. All amounts are deemed to be collectible within one year. Accounts receivable and other assets consisted of the following as of June 30, 2013:

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi Family Fund	Total
Accounts receivable:						
U.S. Department of Housing and Urban Development	\$ -	\$ -	\$ 533,127	\$ -	\$ -	\$ 533,127
Montgomery County, Maryland	-	95,483	1,187,031	-	-	1,282,514
Other	1,005,852	2,442,128	888,058	-	-	4,336,038
Other assets	454,893	1,834,402	-	18,575	-	2,307,870
Total	<u>\$ 1,460,745</u>	<u>\$ 4,372,013</u>	<u>\$ 2,608,216</u>	<u>\$ 18,575</u>	<u>\$ -</u>	<u>\$ 8,459,549</u>

Included in the accounts receivable and other assets balance of the Opportunity Housing Fund are interfund accounts receivable from the Multifamily Fund amounting to \$447,433 as of June 30, 2013, which have been eliminated upon consolidation.

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NOTE 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, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
Opportunity Housing Fund	General Fund	\$ 25,077,229
General Fund	Public Fund	(1,585,481)
General Fund	Multifamily fund	(2,220,246)
General Fund	Single Family Fund	(5,444,744)
Total		\$ 15,826,758

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Primary government - General Fund	Component units - tax credit limited partnerships	\$ 15,893,266
Opportunity Housing Fund	Component units - tax credit limited partnerships	11,524,975
Total		\$ 27,418,241

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:

	Transfer out General Fund
Transfer (in) out:	
Opportunity Housing Fund	\$ (10,802,667)
Multifamily Fund	322,443
Net transfers out: General Fund	\$ (10,480,224)

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

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

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

Interest rates on bonds payable ranged from 0.20% to 11.26% as of June 30, 2013. Maturity dates of the bonds payable range from 2014 to 2053.

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

(a) Bonds Payable

The Commission has the following bonds payable outstanding as of June 30, 2013:

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Single Family Fund:					
1998 Series A - Accretions	\$ 28,582,533	\$ 1,487,313	\$ 30,069,846	\$ -	\$ -
2001 Series A	875,000	-	875,000	-	-
2002 Series A	1,905,000	-	1,905,000	-	-
2002 Series B - Accretions	3,134,894	175,282	3,310,176	-	-
2002 Series C	16,890,000	-	16,890,000	-	-
2004 Series A	9,720,000	-	9,720,000	-	-
2004 Series B	350,000	-	350,000	-	-
2005 Series A	11,280,000	-	11,280,000	-	-
2005 Series B	1,000,000	-	1,000,000	-	-
2005 Series C	7,035,000	-	1,230,000	5,805,000	-
2005 Series D	7,580,000	-	3,510,000	4,070,000	-
2006 Series A	12,200,000	-	2,310,000	9,890,000	-
2006 Series B	6,765,000	-	1,385,000	5,380,000	-
2007 Series A	10,595,000	-	2,050,000	8,545,000	-
2007 Series B	14,640,000	-	1,680,000	12,960,000	-
2007 Series C	1,000,000	-	165,000	835,000	-
2007 Series D	14,630,000	-	2,330,000	12,300,000	-
2007 Series E	8,315,000	-	-	8,315,000	-
2007 Series F	10,000,000	-	-	10,000,000	-
2008 Series A	7,010,000	-	1,795,000	5,215,000	-
2008 Series B	2,665,000	-	905,000	1,760,000	-
2008 Series C	8,450,000	-	-	8,450,000	-
2008 Series D	17,200,000	-	-	17,200,000	-
2009 Series A	18,450,000	-	1,905,000	16,545,000	-
NIBP 2009 Series A	9,490,000	-	630,000	8,860,000	1,060,000
NIBP 2009 Series B	14,980,000	-	200,000	14,780,000	860,000
NIBP 2009 Series C	12,380,000	-	12,380,000	-	-
NIBP 2009 Series C-1	9,000,000	-	120,000	8,880,000	320,000
NIBP 2010 Series A	5,720,000	-	380,000	5,340,000	510,000
NIBP 2011 Series A	12,425,000	-	835,000	11,590,000	845,000
NIBP 2009 Series C-2	16,170,000	-	240,000	15,930,000	250,000
NIBP 2009 Series C-3	2,450,000	-	30,000	2,420,000	40,000
NIBP 2009 Series C-4	-	9,770,000	-	9,770,000	-
NIBP 2009 Series C-5	-	2,610,000	-	2,610,000	-
NIBP 2012 Series A	-	12,545,000	-	12,545,000	555,000
2013 Series A	-	38,645,000	-	38,645,000	-
2013 Series B	-	14,825,000	-	14,825,000	-
2013 Series C	-	3,190,000	-	3,190,000	1,590,000
	<u>302,887,427</u>	<u>83,247,595</u>	<u>109,480,022</u>	<u>276,655,000</u>	<u>6,030,000</u>
Add: Unamortized premium	2,809,099	1,835,736	93,877	4,738,712	-
Total Single Family Bonds Payable	<u>\$ 305,696,526</u>	<u>\$ 85,083,331</u>	<u>\$ 109,573,899</u>	<u>\$ 281,393,712</u>	<u>\$ 6,030,000</u>

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

Bonds Payable (continued)

	Outstanding Beginning of Year	Issued This Year	Retired/ Refunded This Year	Outstanding End of Year	Amount Due Within One Year
Multi Family Fund Bonds:					
1998 Issue A	\$ 9,470,000	\$ -	\$ 370,000	\$ 9,100,000	\$ 385,000
2002 Series A	20,610,000	-	505,000	20,105,000	525,000
2002 Series C	12,965,000	-	12,965,000	-	-
2008 Series A	13,355,000	-	8,825,000	4,530,000	-
1991 Series C	2,345,000	-	130,000	2,215,000	140,000
1995 Series A	2,600,000	-	155,000	2,445,000	165,000
1996 Series A	2,545,000	-	2,545,000	-	-
1984 Series A - Accretions	126,383	14,618	-	141,001	16,304
1998 Series A	9,245,000	-	9,245,000	-	-
1998 Series B	13,335,000	-	13,335,000	-	-
2000 Series B	19,375,000	-	12,205,000	7,170,000	85,000
2002 Series A	6,995,000	-	6,995,000	-	-
2002 Series B	28,270,000	-	28,270,000	-	-
2003 Series A	16,945,000	-	16,945,000	-	-
2003 Series B	16,815,000	-	16,815,000	-	-
2007 Series A	17,675,000	-	375,000	17,300,000	390,000
2007 Series B-1	21,555,000	-	535,000	21,020,000	540,000
2007 Series B-2	2,945,000	-	2,945,000	-	-
2007 Series C-1	4,880,000	-	240,000	4,640,000	240,000
2007 Series C-2	2,095,000	-	100,000	1,995,000	105,000
2004 Series A	12,670,000	-	270,000	12,400,000	270,000
2004 Series B	3,820,000	-	45,000	3,775,000	50,000
2004 Series C	17,275,000	-	445,000	16,830,000	465,000
2004 Series D	12,550,000	-	320,000	12,230,000	330,000
2005 Series B	5,280,000	-	160,000	5,120,000	160,000
2005 Series C	27,940,000	-	690,000	27,250,000	700,000
2009 Series A-1	38,450,000	-	38,450,000	-	-
2009 Series A-2	8,040,000	-	-	8,040,000	-
2010 Series A	4,860,000	-	140,000	4,720,000	155,000
2010 Series A	12,375,000	-	245,000	12,130,000	245,000
2011 Series A	33,585,000	-	365,000	33,220,000	375,000
2011 Series B	3,020,000	-	30,000	2,990,000	30,000
2012 Series A	24,935,000	-	445,000	24,490,000	890,000
2012 Series B	-	17,935,000	-	17,935,000	850,000
2012 Series C	-	23,735,000	-	23,735,000	1,680,000
2012 Series D	-	34,975,000	-	34,975,000	1,085,000
	<u>428,946,383</u>	<u>76,659,618</u>	<u>175,105,000</u>	<u>330,501,001</u>	<u>9,876,304</u>
Less: Unamortized premium	<u>(1,972,045)</u>	<u>(119,303)</u>	<u>-</u>	<u>(1,852,742)</u>	<u>-</u>
Total	<u>\$ 426,974,338</u>	<u>\$ 76,540,315</u>	<u>\$ 175,105,000</u>	<u>\$ 328,648,259</u>	<u>\$ 9,876,304</u>

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

(b) Mortgage Notes and Loans Payable

The Commission has the following Opportunity Housing Fund and General Fund mortgage notes and loans payable as of June 30, 2013:

	<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:					
State Partnership Rental Programs	\$ 8,795,567	\$ -	\$ -	\$ 8,795,567	\$ -
State Partnership VII	4,712,864	-	-	4,712,864	-
Diamond Square	2,000,000	-	-	2,000,000	-
The Glen	1,211,707	-	-	1,211,707	-
Tanglewood	70,000	-	70,000	-	-
Dale Drive	600,000	-	-	600,000	-
Montgomery Arms	124,052	-	3,915	120,137	4,041
CDBG-9611 McAlpine	84,913	22,580	-	107,493	-
Scattered Site Two Dev Corp	-	4,900,000	-	4,900,000	-
Glenmont Crossing Dev Corp	-	11,861,453	-	11,861,453	191,862
Glenmont Westerly Dev Corp	-	7,453,390	-	7,453,390	119,428
MHLP II	-	13,968	-	13,968	13,968
MHLP III	-	42,891	-	42,891	42,891
The Ambassador Apartments	530,172	3,136	80,099	453,209	80,099
	<u>18,129,275</u>	<u>24,297,418</u>	<u>154,014</u>	<u>42,272,679</u>	<u>452,289</u>
General Fund:					
Line of Credit with PNC Bank	15,735,967	12,944,800	11,637,151	17,043,616	17,043,616
Tax Credit IX	50,500	-	-	50,500	-
	<u>15,786,467</u>	<u>12,944,800</u>	<u>11,637,151</u>	<u>17,094,116</u>	<u>17,043,616</u>
Total mortgage notes and loans payable	<u>\$ 33,915,742</u>	<u>\$ 37,242,218</u>	<u>\$ 11,791,165</u>	<u>\$ 59,366,795</u>	<u>\$ 17,495,905</u>

Interest rates on mortgage notes and loans payable ranged from the 30-day Libor rate plus 90 basis points to 7.67% as of June 30, 2013.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2013 are interfund mortgage loans payable to the Multi-Family Fund amounting to \$193,025,163 which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$10,155,705 for the year ended June 30, 2013 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2013 are interfund mortgage loans payable to the General Fund amounting to \$8,235,539, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$38,530 for the year ended June 30, 2013 has also been eliminated.

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

Mortgage Notes and Loans Payable

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2013 are interfund mortgage loans payable to the Opportunity Housing Reserve Fund (OHRF) Fund and Barclay Development Corporation amounting to \$10,480,766, which have been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the General Fund at June 30, 2013 are interfund mortgage loans payable to the Opportunity Housing Fund amounting to \$199,996, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$11,907 for the year ended June 30, 2013 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Public Fund at June 30, 2013 are interfund mortgage loans payable to the General Fund amounting to \$1,048,580, which have been eliminated in the accompanying financial statements.

Included in the mortgage notes and loans payable balance of the Multifamily Fund are interfund mortgage notes and loans payable to the General Fund amounting to \$6,444,800, which have been eliminated in the accompanying financial statements. The related interest expense, amounting to \$173,025 for the year ended June 30, 2013 has been eliminated.

On August 15, 2012, the Commission closed on the issuance of \$8.4 million of non-profit bonds pursuant to Section 501(c)(3) of the Internal Revenue Code, to provide funding for the construction of Victory Court Apartments, an 86-unit development that will serve seniors in the City of Rockville. The unenhanced bonds were privately placed with Capital One Bank, N.A., the sole purchaser.

On September 12, 2012, the Commission issued \$42.4 million of refunding bonds under its Multifamily Housing Development Bond Resolution as 2012 Series B and Series C bonds. These bonds refunded prior bonds in five series for nine properties in the multifamily bond portfolio. This refunding will reduce the overall debt service cost on the bonds by lowering the bond yields. The mortgages for the underlying projects were not refinanced; therefore, the underlying mortgages and mortgage insurance remain unchanged.

The Series B non-AMT bonds (\$18.2 million) were issued to support Timberlawn, Pomander Court, 59 MPDU, Dring's Reach, and The Oaks at Four Corners and the Series C AMT bonds (\$24.2 million) were issued to support Shady Grove, The Willows, Manchester Manor, Stewartown, MHLX (Tax Credit 10), and Georgian Court. As with the Series B bonds, the underlying mortgages and mortgage insurance remain unchanged.

On December 5, 2012, the Commission issued \$34.9 million of 2012 Series D non-AMT, tax-exempt bonds under its Multifamily Housing Development Bonds Resolution for the refunding and redemption of prior bonds issued for Diamond Square, Brookside Glen, Montgomery Arms (totaling \$16.5 million), and the issuance of new bonds for the permanent financing of Pooks Hill High-rise apartments (\$19.9 million).

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

Mortgage Notes and Loans Payable

The bond issued for the refunding of Diamond Square, The Glen and Montgomery Arms will lower the bonds costs while leaving the mortgages and mortgage insurance unchanged.

On May 5, 2012, the Commission approved a proposal to add Mortgaged Backed Securities (MBS) option to the Single Family Mortgage Purchase Program and approved U.S. Bank National Association as the Master Servicer for the program. Consistent with this approval, the Commission may issue tax exempt bonds or it may utilize the secondary market to raise capital to purchase securities for the program. Servicing rights and responsibilities will transfer to U.S. Bank, thereby reducing delinquency and foreclosure risks for the Commission while continuing to provide low cost mortgages to Montgomery County residents. The existing pool of whole loans will continue to be serviced by the current servicers.

On October 25, 2012, the Commission converted \$12.5 million of the remaining \$13.0 million of escrowed Single Family NIBP bonds as 2009 Series C-4 and 2009 Series C-5. The Commission also issued \$12.0 million of 2012 Series A bonds, which together with the converted NIBP bonds constitute the total issuance of Single Family Housing Revenue Bonds (\$24.9 million). Pursuant to the NIBP requirements, all bonds were required to be converted by December 25, 2012 or be redeemed. The bond issuance will generate mortgage proceeds for the purchase of Qualified Mortgage Loans as well as Guaranteed Mortgage Backed Securities pursuant to the an Amended and Restated Housing Revenue Bond Resolution.

On June 11, 2013, the Commission issued \$56.6 million of Single Family Mortgage Revenue Bonds to refund and issue new bonds in support of the Single Family Mortgage Purchase Program. This transaction will result in lower borrowing cost for the program as well as created \$6.6 million of new funds that may be loaned at zero percent interest rate and may be used to blend with other program funds to lower overall mortgage rates to program borrowers.

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

(c) Maturities

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

	Principal				Combined
	General Fund Notes Payable	Opportunity Housing Fund Notes Payable	Multifamily Fund Bonds & Notes Payable	Single Family Fund Bonds Payable	
Years ending June 30,					
2014	\$ 17,043,616	\$ 452,288	\$ 9,876,304	\$ 6,030,000	\$ 33,402,208
2015	50,500	510,585	10,143,199	11,795,000	22,499,284
2016	-	533,451	10,325,299	12,045,000	22,903,750
2017	-	563,004	10,857,645	12,255,000	23,675,649
2018	-	591,247	11,010,266	12,895,000	24,496,513
2019-2023	-	18,206,437	57,872,548	47,280,000	123,358,985
2024-2028	-	4,050,760	65,835,741	48,600,000	118,486,501
2029-2033	-	33,648	65,765,000	40,765,000	106,563,648
2034-2038	-	11,117	48,715,000	39,895,000	88,621,117
2039-2043	-	-	25,825,000	45,095,000	70,920,000
2044-2048	-	-	12,300,000	-	12,300,000
2049-2053	-	-	1,975,000	-	1,975,000
2054-2057	-	-	-	-	-
Upon sale of property	-	17,320,142	-	-	17,320,142
	<u>17,094,116</u>	<u>42,272,679</u>	<u>330,501,002</u>	<u>276,655,000</u>	<u>666,522,797</u>
Less unamortized bond discount	-	-	(1,852,744)	4,738,715	2,885,971
Total	<u>\$ 17,094,116</u>	<u>\$ 42,272,679</u>	<u>\$ 328,648,258</u>	<u>\$ 281,393,715</u>	<u>\$ 669,408,768</u>

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

Maturities (continued)

	Interest				Combined
	General Fund Notes Payable	Opportunity Housing Fund Notes Payable	Multifamily Fund Bonds & Notes Payable	Single Family Fund Bonds Payable	
Years ending June 30,					
2014	\$ 185,775	\$ 1,077,583	\$ 9,992,987	\$ 9,811,621	\$ 21,067,966
2015	-	1,231,347	9,836,837	9,535,082	20,603,266
2016	-	1,208,572	9,646,874	9,239,557	20,095,003
2017	-	1,178,979	9,433,619	8,878,485	19,491,083
2018	-	1,154,380	9,180,453	8,479,270	18,814,103
2019-2023	-	2,238,323	41,181,161	34,551,651	77,971,135
2024-2028	-	206,700	30,943,468	20,423,363	51,573,531
2029-2033	-	4,296	18,902,489	10,704,243	29,611,028
2034-2038	-	288	8,073,523	5,129,753	13,203,564
2039-2043	-	-	2,299,076	910,993	3,210,069
2044-2048	-	-	94,658	-	94,658
2049-2053	-	-	-	-	-
2054-2057	-	-	-	-	-
Total	<u>\$ 185,775</u>	<u>\$ 8,300,468</u>	<u>\$ 149,585,145</u>	<u>\$ 117,664,018</u>	<u>\$ 275,735,406</u>

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NOTE 9 – DERIVATIVE INSTRUMENTS

At June 30, 2013, the Commission had several derivative instruments outstanding as noted in the table below. The Commission used the synthetic instrument method to evaluate the hedge effectiveness of the interest rate swaps. This method evaluates effectiveness by combining the cash flows on the derivative with the cash flows on the hedged item to create a new instrument. The synthetic rate on the cash flows is calculated based on the combination of all the cash flows and is compared against the fixed rate on the derivative. A potential hedging derivative instrument is effective if the actual synthetic rate is within a range of 90-111 percent of the fixed rate of the potential hedging derivative instrument to be substantially fixed. At June 30, 2013, all hedging derivative instruments shown on the next page met the criteria for effectiveness.

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. The net interest paid on the swaps and variable rate debt is anticipated to be less than the interest paid had the Commission issued fixed-rate debt.

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

Fair value. The termination value of all swaps had a negative fair value as of June 30, 2013 as a result of low interest rates. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

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NOTE 9 – DERIVATIVE INSTRUMENTS (CONTINUED)

Associated Bond Issue	Notional Amounts	Trade Date	Terms	Fair Values	Swap Termination Date	Counterparty/ Credit Rating
Multifamily 2004 Series C	\$ 16,830,000	11/5/2004	Receive 63.3% LIBOR + 0.19%, pay 3.653%	\$ (998,573)	7/1/2036	MLCS, Aa3/A/AA-
Multifamily 2004 Series D	12,230,000	11/5/2004	Receive 63.3% LIBOR + 0.29%, pay 3.76%	(727,425)	7/1/2036	MLCS, Aa3/A/AA-
Single Family 2007 Series F	10,000,000	10/17/2007	Receive 64.0% LIBOR + 0.30%, pay 4.111%	(1,318,675)	7/1/2038	MLCS, A2* /A/A+*-
Single Family 2008 Series C	8,450,000	6/10/2008	Receive 63.6% LIBOR + 0.31%, pay 3.865%	(1,969,002)	7/1/2039	MLDP, Aa3/AAA/NR
Multifamily 2011 Series A	32,060,000	4/3/2006	Receive 64.0% LIBOR + 0.19%, pay 4.02%	(5,887,731)	1/1/2049	MLCS, Aa3/A/AA-
2011 Series B	<u>2,850,000</u>	4/3/2006	LIBOR + 0.10%, pay	<u>(811,114)</u>	1/1/2049	Aa3/A/AA-
Total	<u>\$ 82,420,000</u>			<u>\$ (11,712,520)</u>		

Credit risk. The Commission's counterparties may become unable to meet their obligations under the swap agreement. The counterparty for the Commission's swaps is Merrill Lynch Capital Services (MLCS) and Merrill Lynch Derivative Products AG (MLDP). Under the 2004 Series C, 2004 Series D, 2009 Issue A, Note Payable (previously called 2006 Issue A) and 2007 Series F swap agreements, Merrill Lynch Derivative Products (MLDP), a Aaa rated structured entity, guarantees termination payment. As of June 30, 2013, the Commission was not exposed to credit risk with respect to termination payments as all of its swap agreements had negative fair value on this date. However, should interest rates change such that the fair value of the swap becomes positive, the Commission would be exposed to credit risk in the amount of the swap's fair value. The swap agreements do not contain any collateral agreements with the counterparties.

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

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NOTE 9 – DERIVATIVE INSTRUMENTS (CONTINUED)

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

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

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

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

NOTE 10 - LONG-TERM DEBT – COMPONENT UNITS

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

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

Year ending June 30,	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,057,845	\$ 3,974,766
2015	7,611,930	3,787,904
2016	2,783,757	3,488,617
2017	2,964,490	3,313,069
2018	2,671,252	3,137,553
2019-2023	14,850,657	13,294,247
2024-2028	17,318,727	8,585,984
2029-2033	12,056,676	4,417,753
2034-2038	9,435,846	1,567,128
2039-2043	599,076	444,208
2044-2048	828,413	214,871
2049-2052	2,747,703	8,343
Upon sale of property	17,665,954	-
Total	<u>\$ 94,592,326</u>	<u>\$ 46,234,443</u>

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NOTE 11 - LONG-TERM DEBT – COMPENSATED ABSENCES

A summary of changes in compensated absences is as follows:

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year	Amount Due Within One Year
Compensated absences	\$ 1,931,712	\$ 801,540	\$ 892,412	\$ 1,840,840	\$ 1,840,840

NOTE 12 - 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, 2013. 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, 2013:

	Outstanding Beginning of Year	Issued This Year	Retired This Year	Outstanding End of Year	Amount Due Within One Year
Opportunity Housing Fund	\$ 58,367,333	\$ 4,466,218	\$ 8,128,771	\$ 54,704,780	\$ 332,560
General Fund	4,549,409	2,850,000	203,388	7,196,021	-
Total	<u>\$ 62,916,742</u>	<u>\$ 7,316,218</u>	<u>\$ 8,332,159</u>	<u>\$ 61,900,801</u>	<u>\$ 332,560</u>
Real estate limited partnership component units	<u>\$ 12,837,740</u>	<u>\$ 93,586</u>	<u>\$ 250,000</u>	<u>\$ 12,681,326</u>	<u>\$ -</u>

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NOTE 13 - OPERATING LEASE COMMITMENTS

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

Lease expense for the year ended June 30, 2013 for all office space was \$568,123. Future minimum lease obligations under these leases are as follows:

Year ending June 30,	
2014	\$ 536,714
2015	442,205
2016	419,960
2017	432,559
2018	<u>419,459</u>
Total	<u>\$ 2,250,897</u>

NOTE 14 - RESTRICTED NET POSITION

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

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

OHRF

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

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NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 - RESTRICTED NET POSITION (CONTINUED)

As of June 30, 2013, the Commission committed the following OHRF obligations by resolutions of the Board of Commissioners:

Scattered site pre-development/relocation/renovation	\$ 10,992,552
Paddington Square loan and contribution	580,202
Glenmont Crossing Apartment Loan	462,660
MetroPointe equity contribution	512,861
Real estate division personnel expenses	340,000
Ambassador/Greenhills pre-development loan	32,871
Montgomery Consultants	<u>14,155</u>
Total	<u>\$ 12,935,301</u>

In Fiscal 2013, the Commission committed \$700,000 from the OHRF to be used for tenant relocation, counseling and legal expenses and \$10,000,000 for rehabilitation of the 669 units.

FHA Risk Sharing

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

On September 5, 2012, the Commission approved the Financing Plan for Tanglewood and Sligo Hills LP and agreed to fund a loan that provides the permanent financing for the development, in the approximate amount of \$9,671,091. Upon completion of the construction and conversion to the permanent phase, the loan would be funded from the Risk Sharing reserve account and would amortize over 30 years for a term of 15 years at 5.50% interest rate.

NOTE 15 - 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, 2013 was \$4,291,946 and the Commission's total payroll was \$29,660,676.

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.

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NOTE 15 - PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Pension Plan (continued)

During fiscal year 2013, 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, 2013 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commission contribution	\$ 1,467,940	\$ 1,116,040	\$ 1,360,983
Employee contribution	<u>256,205</u>	<u>223,078</u>	<u>213,520</u>
Total contribution requirement	<u>\$ 1,724,145</u>	<u>\$ 1,339,118</u>	<u>\$ 1,574,503</u>
Contribution requirements as a percentage of covered payroll:			
Commission	34.20%	24.87%	25.85%
Employees	5.97%	4.97%	4.05%

In July 2009 a new retirement option, the Guaranteed Retirement Income Plan (GRIP), was implemented for employees hired after October 1, 1994. During fiscal year 2009, employees participating in the Retirement Savings Plan (RSP) were provided a one-time irrevocable election opportunity to transfer from the RSP to the GRIP effective July 1, 2009. New employees hired after July 1, 2009 have the option to participate in RSP or GRIP. The one time irrevocable election must be made within 150 days of date of hire.

GRIP is a tax-deferred cash balance defined benefit retirement plan under IRS Code Section 401(a). As part of the Employees' Retirement System, the GRIP is a multiple-employer plan of Montgomery County. Participant account balances are determined by credited interest rate, and members must have 3 years participation to become vested in employer contributions. Normal retirement is age 62. Loans and hardship withdrawals are not permitted.

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 contributed 5.69% of each participant's annual salary in fiscal year 2013. The contribution requirements for the three years ended June 30, 2013 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commission contribution	\$ 283,951	\$ 195,212	\$ 222,220
Employee contribution	<u>153,533</u>	<u>151,041</u>	<u>142,866</u>
Total contribution requirement	<u>\$ 437,484</u>	<u>\$ 346,253</u>	<u>\$ 365,086</u>
Contribution requirements as a percentage of covered payroll:			
Commission	7.55%	5.69%	6.53%
Employees	4.08%	4.40%	4.09%

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NOTE 15 - PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Pension Plan (continued)

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, 2013. 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.

(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 \$113,700 at June 30, 2013, must contribute 8% of the excess over the wage base. The plan provides that the Commission must contribute 8% of each participant's annual salary. The County amended the employer contribution from 8% to 6% for fiscal year 2012 only. In addition to a 4% mandatory contribution, participating employees were granted the option to contribute 2% of the after tax salary for fiscal year 2012 only. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2013 totaled \$11,754,746. Commission and employee contributions to the plan totaled \$930,819 and \$479,452, respectively, for the year ended June 30, 2013.

(c) Other Postemployment Benefits (OPEB)

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

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NOTE 15 - PENSION PLAN AND POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Other Postemployment Benefits (continued)

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 \$486,797 during fiscal year 2013. The Commission paid the annual required contribution to the (ARC) in fiscal year 2013 of \$1,850,572, which represents 79% of the Commission's required obligation. The County has waived the remaining \$489,028 contribution requirement. The County provided a phase-in period and expects the Commission to begin paying the full annual required contribution by fiscal year 2017.

Annual OPEB cost and Net OPEB Obligation: The ARC, or annual OPEB cost (AOC) for fiscal year 2013 was based on the actuarial valuation as of July 1, 2012 presented to Montgomery County on May 9, 2013.

Actuarial Methods and Assumptions: The actuarial valuation for fiscal year projected 2013 was performed by AON Hewitt with a valuation date of July 1, 2012. The actuarial method used was the Projected Unit Credit Actuarial Cost Method.

The contribution requirements for the three years ended June 30, 2013 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actual contribution	\$ 1,850,572	\$ 1,020,300	\$ -
Annual required contribution	<u>2,340,000</u>	<u>2,040,000</u>	<u>1,053,300</u>
Percentage contributed	<u>79.1%</u>	<u>50.0%</u>	<u>0.0%</u>

NOTE 16 - CONTINGENCIES

(a) Litigation

On April 11, 2012, a lawsuit was filed in the Circuit Court for Montgomery County against the Commission by a former tenant in its public housing program charging negligence, breach of lease, retaliatory actions and discriminatory housing practices. The claim for damages, including a request for punitive damages, was \$31,287,128. A portion of the claims made by the former tenant would be covered by insurance. An investigation by the Maryland Commission on Civil Rights found no probable cause to believe that discrimination on any covered basis had occurred. The former tenant's original complaint was stricken after a motion to dismiss was filed on behalf of the Commission. An amended complaint (the "Amended

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NOTE 16 – CONTINGENCIES (CONTINUED)

(a) Litigation (continued)

Complaint”) was filed and the Commission then filed a motion to dismiss the Amended Complaint. On October 10, 2012, the Amended Complaint was dismissed by the Circuit Court, without leave to amend. The former tenant has filed a motion requesting that the Circuit Court permit further amendment of the Complaint which was denied. The plaintiff then filed an appeal to the Court of Special Appeals where the matter is now pending. The Commission will vigorously defend the matter and has significant defenses to any claim by the former tenant. There is no other litigation pending regarding the Commission, which is not covered by insurance.

(b) HUD Program Grants

The Commission participates in a number of Federal, State and County assisted grant programs, principal of which are the Department of Housing and Urban Development Housing Assistance Payments (Housing Choice Voucher), Low Rent Public Housing, Comprehensive Grants, Lower Income Housing Assistance Program (Housing Choice Voucher Moderate Rehabilitation), Public Housing Capital Fund and Supportive Housing. These programs are subject to financial and compliance audits by grantors or their representatives. The audits of most of these programs for, or including, the year ended June 30, 2013, 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.

NOTE 17 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in Montgomery County’s self-insurance fund or purchases insurance to address such exposures. The County fund is maintained for general liability and property coverage under which participants share the costs of workers’ compensation, comprehensive general, automobile and professional liability, fire and theft, the liability for errors, omissions, and other selected areas which require coverage. Commercial insurance is purchased for claims in excess of coverage by the self-insurance fund and for other risks not covered by the fund. The Commission’s liability for claims is limited to insurance premiums paid to the self-insurance fund. During the year, there were no significant reductions in commercial insurance coverage. For the past five years, no insurance settlements exceeded commercial insurance coverage.

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NOTE 18 – CONDUIT DEBT OBLIGATIONS

Conduit debt obligations refer to certain limited-obligation revenue bonds or similar debt instruments issued by the Commission for the purpose of providing capital financing for a third party that is not part of the Commission’s reporting entity. The Commission has issued a number of individual bonds for financing for Multifamily developments for which the Commission has no legal liability for repayment or administration. The Commission participates in such issuances in order to increase the availability of affordable housing in the County. The bonds are secured by the facilities financed and are payable from revenues or monies made available to the Commission for such purpose. The bonds do not constitute a debt or charge against the general credit of the Commission, the County, the State or a political subdivision thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2013 are summarized below:

Bonds outstanding, beginning of year	\$ 191,962,190
Issuances during the year	8,400,000
Redemptions during the year	<u>(36,709,943)</u>
Bonds outstanding, end of year	<u>\$ 163,652,247</u>

NOTE 19 – ARBITRAGE

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

At June 30, 2013, there is a liability of \$119,263 and \$50,591 for the Single Family and Multifamily Fund Programs, respectively, which may be due in future years. The liability is included in the liabilities balance of each fund.

NOTE 20 – PENDING GASB STANDARDS

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

Statement No. 65, Items Previously Reported as Assets and Liabilities

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. It also requires that certain items previously capitalized or deferred be treated as a period cost. GASB Statement No. 65 will become effective for the reporting period ending June 30, 2014.

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NOTE 20 – PENDING GASB STANDARDS (CONTINUED)

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*

The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pension in which they are involved. This Statement will become effective for the reporting period ending June 30, 2015. The Commission is currently evaluating the effect of the implementation of this Statement.

NOTE 21 – SUBSEQUENT EVENTS

Public Fund

On September 6, 2006, the Department of Housing and Urban Development issued two companion documents providing guidance related to financial reporting under the final rule on the Operating Fund Program.

The implementation of the Public Housing Operating Fund Final Rule triggered significant changes to the FDS reporting model, including adding a Central Office Cost Center (COCC), project level financial reporting and a stand-alone section (elimination column) for intra-entity elimination. The Commission will implement the COCC as part of the financial reporting in FY 2014.

Compensation Adjustments of Represented Employees

On October 2, 2013, the Commission approved compensation increases for represented employees for fiscal year 2014 and fiscal year 2015. The wage increases were the result of negotiations between HOC and MCGEO. The negotiations led to an Agreement which was subsequently ratified by the union membership and approved by the Commission. The Agreement provides a 3% Wage Adjustment, or Cost of Living Increase (COLA), for each fiscal year. The 3% COLA is also applied to the General Salary Schedule for Represented Employees each year. Each COLA is effective with the first full pay of the respective fiscal year. In addition, the Agreement provides 2.75% Salary Increment, for fiscal year 2014 and 2015, for represented employees who receive a fully satisfactory rating on their Annual Performance Evaluation for the prior fiscal year. The Salary increments are effective with the first pay date in September of the respective year.

Compensation Adjustments for Unrepresented Employees

On October 2, 2013, the Commission approved compensation adjustments for unrepresented staff for fiscal year 2014. The Commission approved a 3% Wage Adjustment, or COLA, for fiscal year 2014, which is also applied to the General Salary Schedule for Unrepresented Employees. In addition, the Commission approved 2.75% Salary Increment for fiscal year 2014 for unrepresented employees who received a fully satisfactory rating on their fiscal year 2013 Annual Performance Evaluation. The COLA is effective with the first full pay of fiscal year 2014 and the Salary Increment is effective with the first pay date in September 2013.

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NOTE 21 – SUBSEQUENT EVENTS (CONTINUED)

Rental Assistance Demonstration (RAD)

On September 27, 2013, the HOC submitted seven applications to the U.S. Department of HUD for participation in its Rental Assistance Demonstration Program (the “RAD Program”). The remaining four applications will be submitted in early November 2013. Pursuant to the RAD Program provisions, HOC would convert its multifamily Public Housing subsidy to Project-based voucher subsidy or project-based rental assistance.

The conversion of the Public Housing assets to another form of subsidy provides HOC with flexibility in determining the long-term use of the properties for the benefit of residents not otherwise available in the Public Housing program. This move is precipitated by the growing challenges HOC faces in its aging multifamily Public Housing properties – most prominently, functional obsolescence and pervasive systems issues as a result of age and constrained federal capital support.

If HUD approves the application, process for conversion of the Public Housing assets will commence with approval by the Commission for the methods and alternatives for conversion of each individual development. Given the RAD Program requirements, the process is expected to extend beyond fiscal year 2014.

Chevy Chase Lake Development

Chevy Chase Lake Apartments (CCLA) is a 68-unit development, which is owned by Chevy Chase Lake Development Corp., with HOC as its single member. CCLA is strategically located near the planned Metro Purple Line station.

On July 30, 2013, the Montgomery County council approved the Chevy Chase Lake Sector Plan (the “Sector Plan”) and the same plan was adopted by the Maryland National Capital Park and Planning Commission on October 16, 2013. The approved Sector Plan includes a proposed redevelopment plan for the Chevy Chase Lake Apartments site based on joint development of mixed-use housing with a private developer. The approval presents a unique opportunity for HOC to expand its housing presence in an underserved down county location, near planned public transportation and other amenities. The redevelopment plan proposes providing between 20-40 affordable rental units and 30-40 workforce rental units in a 150-200 mixed-income mid-rise building. In addition, it contemplates 60-70 for-sale townhomes.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
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Real Estate Limited Partnerships
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 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. The partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

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 partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

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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. The partnership reports on a calendar year end.

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. The partnership reports on a June 30 year end.

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. The partnership reports on a June 30 year end.

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. The partnership reports on a calendar year end.

Barclay One Associates 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. The partnership reports on a calendar year end.

Wheaton University Boulevard Limited Partnership – which is reported as a component unit, owns and operates 40 rental unit apartments for moderate income families located in Wheaton, Montgomery County, Maryland. The partnership reports on a calendar year end.

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. The partnership reports on a calendar year end.

The Willows of Gaithersburg Associates Limited Partnership – which is reported as a component unit, owns and operates 195 unit rental unit apartments for low income families located in Gaithersburg, Montgomery County, Maryland. The partnership reports on a calendar year end.

Hampden Lane Limited Partnership – which is reported as a component unit, owns and operates 12 rental unit apartments for low and moderate income families located in Bethesda, Montgomery County, Maryland. The partnership reports on a calendar year end.

Tanglewood-Sligo Hills – which is reported as a component unit, owns and operates 132 rental unit apartments for low and moderate income families located in Silver Spring, Montgomery County, Maryland. The partnership reports on a calendar year end.

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Real Estate Limited Partnerships
Component Units Financial Statements

	MHLP VII	MHLP VIII	MHLP IX	MHLP X	Shady Grove	Manchester	Willows	Georgian	Stewartown
Assets									
Current Assets									
Cash and Cash Equivalents	\$ -	\$ 42,712	\$ 200	\$ -	\$ 1,322,595	\$ 11,120	\$ 14,601	\$ 139,949	\$ 71,831
Accounts Receivable and Other Assets	15,090	17,061	75,245	71,693	30,366	9,807	43,410	53,160	22,280
Interfund Receivable (Payable)	-	-	-	115,541	-	-	15,137	-	-
Total current assets	15,090	59,773	75,445	187,234	1,352,961	20,927	73,148	193,109	94,111
Restricted Cash and Cash Equivalents									
Restricted Cash and Cash equivalents	30,489	-	130,184	57,932	521,609	117,349	810,787	461,509	390,282
Customer Deposits	14,676	24,582	49,494	28,460	53,846	26,700	130,073	96,714	48,837
Total Restricted Cash and Cash Equivalents	45,165	24,582	179,678	86,392	575,455	144,049	940,860	558,223	439,119
Noncurrent Assets									
Property & equipment, net of depreciation	1,857,891	2,362,760	6,678,560	3,742,949	7,127,529	2,202,841	6,046,745	6,707,719	6,888,469
Deferred Charges	-	-	63,248	126,292	150,441	66,820	141,266	120,699	159,917
Total Noncurrent Assets	1,857,891	2,362,760	6,741,808	3,869,241	7,277,970	2,269,661	6,188,011	6,828,418	7,048,386
Total Assets	\$ 1,918,146	\$ 2,447,115	\$ 6,996,931	\$ 4,142,867	\$ 9,206,386	\$ 2,434,637	\$ 7,202,019	\$ 7,579,750	\$ 7,581,616
Liabilities									
Current Liabilities									
Accounts payable and accrued liabilities	\$ 18,762	\$ 14,782	\$ 550,042	\$ 50,426	\$ 109,801	\$ 313,888	\$ 248,723	\$ 119,087	\$ 71,129
Accrued interest payable	-	-	23,339	16,325	26,753	8,015	-	14,963	18,097
Mortgage notes and loans payable-Current	543,825	-	184,045	100,924	258,014	67,067	392,399	290,756	285,057
Advances from primary government	-	-	-	-	-	-	-	-	-
Total Current Liabilities	562,587	14,782	757,426	167,675	394,568	388,970	641,122	424,806	374,283
Current Liabilities Payable from Restricted Assets									
Customer Deposit Payable	12,304	19,181	46,637	27,061	53,066	19,341	129,949	95,798	47,908
Total Current Liabilities Payable from Restricted Assets	12,304	19,181	46,637	27,061	53,066	19,341	129,949	95,798	47,908
Non-Current Liabilities									
Mortgage notes and loans payable	-	-	5,414,689	4,197,356	5,887,335	1,782,517	3,803,270	4,106,937	3,364,167
Loans payable to Montgomery County	-	-	1,405,500	800,000	282,000	800,000	600,000	1,676,298	2,425,420
Deferred revenue	-	-	-	-	4,680	-	7,313	5,513	-
Interfund Payable	1,981,553	2,493,904	2,161,256	-	10,255	362,757	-	30,795	73,778
Other noncurrent liabilities	-	-	1,253,821	716,368	-	-	233,664	187,229	-
Escrow and other deposits	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,981,553	2,493,904	10,235,266	5,713,724	6,184,270	2,945,274	4,644,247	6,006,772	5,863,365
Total Liabilities	2,556,444	2,527,867	11,039,329	5,908,460	6,631,904	3,353,585	5,415,318	6,527,376	6,285,556
Net Assets									
Investment in Capital Assets, Net of Related Debt	1,314,066	2,362,760	(325,674)	(1,355,331)	700,180	(446,743)	1,251,076	633,728	813,825
Restricted Net Assets	32,861	5,401	133,041	59,331	522,389	117,349	810,911	462,425	391,211
Unrestricted Net Assets	(1,985,225)	(2,448,913)	(3,849,765)	(469,593)	1,351,913	(589,554)	(275,286)	(43,779)	91,024
Total Net Assets	(638,298)	(80,752)	(4,042,398)	(1,765,593)	2,574,482	(918,948)	1,786,701	1,052,374	1,296,060
Total Liabilities and Partners' Equity	\$ 1,918,146	\$ 2,447,115	\$ 6,996,931	\$ 4,142,867	\$ 9,206,386	\$ 2,434,637	\$ 7,202,019	\$ 7,579,750	\$ 7,581,616

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Real Estate Limited Partnerships
Component Units Financial Statements

	Strathmore	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Oak	Tanglewood Sligo	Hampden Lane	Reclass	Totals
Assets										
Current Assets										
Cash and Cash Equivalents	\$ 10,276	\$ 173,898	\$ 284,507	\$ 615,814	\$ 207,003	\$ 1,197,026	\$ 51,385	\$ 222,829	\$ -	\$ 4,365,746
Accounts Receivable and Other Assets	19,033	45,661	39,351	38,319	115,439	88,817	913,542	2,345	-	1,600,619
Interfund Receivable (Payable)	37,374	-	6,622	175,697	-	-	-	-	(350,371)	-
Total current assets	66,683	219,559	330,480	829,830	322,442	1,285,843	964,927	225,174	(350,371)	5,965,365
Restricted Cash and Cash Equivalents										
Restricted Cash and Cash equivalents	107,716	377,807	457,555	259,904	334,026	2,098,072	-	457,489	-	6,612,710
Customer Deposits	24,499	39,480	29,123	27,215	27,627	49,961	-	1,351	-	672,638
Total Restricted Cash and Cash Equivalents	132,215	417,287	486,678	287,119	361,653	2,148,033	-	458,840	-	7,285,348
Noncurrent Assets										
Property & equipment, net of depreciation	3,792,623	7,277,445	10,122,221	8,829,993	12,696,654	23,209,218	10,958,231	4,320,465	-	124,822,313
Deferred Charges	-	-	332,976	399,397	389,474	636,212	-	17,092	-	2,603,834
Total Noncurrent Assets	3,792,623	7,277,445	10,455,197	9,229,390	13,086,128	23,845,430	10,958,231	4,337,557	-	127,426,147
Total Assets	\$ 3,991,521	\$ 7,914,291	\$ 11,272,355	\$ 10,346,339	\$ 13,770,223	\$ 27,279,306	\$ 11,923,158	\$ 5,021,571	\$ (350,371)	\$ 140,677,860
Liabilities										
Current Liabilities										
Accounts payable and accrued liabilities	\$ 11,529	\$ 102,101	\$ 92,234	\$ 75,822	\$ 124,109	\$ 264,605	\$ -	\$ 41,166	\$ -	\$ 2,208,206
Accrued interest payable	25,929	33,627	1,413,697	850,175	111,320	117,975	-	-	-	2,660,215
Mortgage notes and loans payable-Current	147,609	120,247	145,756	143,904	20,728	357,513	-	-	-	3,057,844
Advances from primary government	-	-	-	-	-	-	-	-	21,612,511	21,612,511
Total Current Liabilities	185,067	255,975	1,651,687	1,069,901	256,157	740,093	-	41,166	21,612,511	29,538,776
Current Liabilities Payable from Restricted Assets										
Customer Deposit Payable	23,932	38,959	27,113	26,109	22,118	45,288	23,427	1,243	-	659,434
Total Current Liabilities Payable from Restricted Assets	23,932	38,959	27,113	26,109	22,118	45,288	23,427	1,243	-	659,434
Non-Current Liabilities										
Mortgage notes and loans payable	4,935,958	7,186,509	9,216,376	8,757,851	6,043,560	16,789,521	9,009,207	1,039,229	-	91,534,482
Loans payable to Montgomery County	-	-	1,382,000	-	865,279	1,500,000	-	944,829	-	12,681,326
Deferred revenue	-	-	-	-	-	-	-	-	-	17,506
Interfund Payable	2,695,454	9,622,595	-	-	1,853,496	8,759	108,331	559,949	(21,962,882)	-
Other noncurrent liabilities	1,295,590	-	-	-	-	-	-	-	-	3,686,672
Escrow and other deposits	-	-	-	-	-	1,424,817	-	-	-	1,424,817
Total Non-Current Liabilities	8,927,002	16,809,104	10,598,376	8,757,851	8,762,335	19,723,097	9,117,538	2,544,007	(21,962,882)	109,344,803
Total Liabilities	9,136,001	17,104,038	12,277,176	9,853,861	9,040,610	20,508,478	9,140,965	2,586,416	(350,371)	139,543,013
Net Assets										
Investment in Capital Assets, Net of Related Debt	(1,290,944)	(29,311)	(621,911)	(71,762)	5,767,087	4,562,184	1,949,024	2,336,407	-	17,548,661
Restricted Net Assets	108,283	378,328	459,565	261,010	339,535	2,102,745	(23,427)	457,597	-	6,618,555
Unrestricted Net Assets	(3,961,819)	(9,538,764)	(842,475)	303,230	(1,377,009)	105,899	856,596	(358,849)	-	(23,032,369)
Total Net Assets	(5,144,480)	(9,189,747)	(1,004,821)	492,478	4,729,613	6,770,828	2,782,193	2,435,155	-	1,134,847
Total Liabilities and Partners' Equity	\$ 3,991,521	\$ 7,914,291	\$ 11,272,355	\$ 10,346,339	\$ 13,770,223	\$ 27,279,306	\$ 11,923,158	\$ 5,021,571	\$ (350,371)	\$ 140,677,860

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnerships
Component Units Financial Statements

	MHLP VII	MHLP VIII	MHLP IX	MHLP X	Shady Grove	Manchester	Willows	Georgian	Stewartown
Operating Revenues:									
Dwelling Rental	\$ 464,073	\$ 645,838	\$ 1,513,816	\$ 1,004,054	\$ 1,972,717	\$ 640,527	\$ 1,801,243	\$ 1,387,354	\$ 1,245,668
Management fees and other income	6,164	8,369	648	9,954	3,499	1,988	99,551	47,217	8,110
Total Operating Revenues	470,237	654,207	1,514,464	1,014,008	1,976,216	642,515	1,900,794	1,434,571	1,253,778
Operating Expenses:									
Administration	39,611	59,199	127,650	87,787	275,250	48,786	349,748	314,013	218,807
Maintenance	169,465	201,018	422,954	359,546	358,314	199,103	656,134	334,140	353,393
Depreciation and amortization	88,751	140,359	389,853	291,830	357,945	146,592	276,718	330,789	371,336
Utilities	4,061	1,521	13,577	3,221	125,614	163,274	359,132	97,518	95,269
Fringe benefits	18,548	28,535	74,882	45,693	103,744	27,209	107,544	116,231	93,530
Interest Expense	32,879	-	361,878	256,783	325,288	97,710	14,249	130,179	62,534
Other	243,154	297,036	447,096	212,376	187,430	107,942	122,152	180,090	167,617
Bad Debt Expense	3,200	6,522	19,253	-	2,646	767	2,227	955	83
Total Operating Expenses	599,669	734,190	1,857,143	1,257,236	1,736,231	791,383	1,887,904	1,503,915	1,362,569
Operating Income (loss)	(129,432)	(79,983)	(342,679)	(243,228)	239,985	(148,868)	12,890	(69,344)	(108,791)
Nonoperating revenues (expense)									
Investment income	56	118	404	135	1,626	175	1,545	1,232	554
Other grants	47,714	26,599	101,641	17,560	-	-	-	-	-
Total Nonoperating Income (Loss)	47,770	26,717	102,045	17,695	1,626	175	1,545	1,232	554
Income (loss) before capital contributions	(81,662)	(53,266)	(240,634)	(225,533)	241,611	(148,693)	14,435	(68,112)	(108,237)
Capital Contributions	-	-	-	-	(140,936)	-	(20,370)	-	-
Change in Net Assets	\$ (81,662)	\$ (53,266)	\$ (240,634)	\$ (225,533)	\$ 100,675	\$ (148,693)	\$ (5,935)	\$ (68,112)	\$ (108,237)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Real Estate Limited Partnerships
Component Units Financial Statements

	Strathmore	Metropolitan	Spring Garden	Barclay	Wheaton Metro	Forest Dak	Tanglewood/Sligo	Hampden Lane	Reclass	Totals
Operating Revenues:										
Dwelling Rental	\$ 594,279	\$ 705,821	\$ 1,010,324	\$ 1,007,822	\$ 654,830	\$ 2,583,591	\$ 44,130	\$ 184,064	\$ -	\$ 17,460,151
Management fees and other income	5,515	17,674	3,557	15,770	6,909	66,692	356	903	-	302,876
Total Operating Revenues	599,794	723,495	1,013,881	1,023,592	661,739	2,650,283	44,486	184,967	-	17,763,027
Operating Expenses:										
Administration	133,601	235,346	160,408	138,292	196,512	367,140	5,224	82,335	-	2,839,709
Maintenance	165,133	191,566	153,286	126,318	87,447	340,166	10,937	24,787	-	4,153,707
Depreciation and amortization	277,656	320,122	401,665	466,721	582,474	586,043	12,271	143,280	-	5,184,405
Utilities	56,026	142,914	69,803	81,245	57,494	119,663	15,124	26,704	-	1,432,160
Fringe benefits	21,201	46,211	22,619	26,152	37,941	78,505	9,468	16,002	-	874,015
Interest Expense	392,606	406,857	507,132	447,774	218,804	865,290	-	-	-	4,119,963
Other	38,099	133,053	97,279	217,851	79,956	222,793	652	19,268	-	2,773,844
Bad Debt Expense	-	-	28,996	6,202	3,232	6,121	-	151	-	80,355
Total Operating Expenses	1,084,322	1,476,069	1,441,188	1,510,555	1,263,860	2,585,721	53,676	312,527	-	21,458,158
Operating Income (loss)	(484,528)	(752,574)	(427,307)	(486,963)	(602,121)	64,562	(9,190)	(127,560)	-	(3,695,131)
Nonoperating revenues (expense)										
Investment income	85	136	922	480	726	1,985	-	940	-	11,119
Other grants	-	-	-	-	-	-	-	-	-	193,514
Total Nonoperating Income (Loss)	85	136	922	480	726	1,985	-	940	-	204,633
Income (loss) before capital contributions	(484,443)	(752,438)	(426,385)	(486,483)	(601,395)	66,547	(9,190)	(126,620)	-	(3,490,498)
Capital Contributions	136,346	1,527	-	-	-	-	2,791,383	1,369,329	-	4,137,279
Change in Net Assets	\$ (348,097)	\$ (750,911)	\$ (426,385)	\$ (486,483)	\$ (601,395)	\$ 66,547	\$ 2,782,193	\$ 1,242,709	\$ -	\$ 646,781

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III. STATISTICAL SECTION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Statistical Section Narrative
For the fiscal year ended June 30, 2013

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 76-77.

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 78-80.

Debt Capacity

These schedules present information to assist the reader in assessing the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future. See pages 81-85.

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 86-90.

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within the Commission's financial activities and to assist in making comparisons over time with other housing authorities. See pages 91-95.

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

<u>Fiscal year</u>	<u>Net investment in</u>			<u>Total net position</u>
	<u>capital assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	
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
2010	26,296,666	51,999,283	110,783,129	189,079,078
2011	29,990,548	56,057,347	103,805,520	189,853,415
2012	28,827,815	65,819,359	101,755,151	196,402,325
2013	21,051,981	61,935,432	112,406,902	195,394,315

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

Fiscal year	General Fund			Opportunity Housing Fund			Public Fund		
	Operating and Non-operating revenues	Operating and Non-operating expenses	Change in net position	Operating and Non-operating revenues	Operating and Non-operating expenses	Change in net position	Operating and Non-operating revenues	Operating and Non-operating expenses	Change in net position
	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
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)
2006	13,101,933	13,271,621	(169,688)	47,084,754	39,944,912	7,139,842	92,719,426	89,976,339	2,743,087
2007	18,398,540	14,669,524	3,729,016	43,925,076	40,419,947	3,505,129	97,655,029	92,205,862	5,449,167
2008	18,605,303	16,165,334	2,439,969	49,211,864	45,662,928	3,548,936	102,866,531	98,523,036	4,343,495
2009	24,822,954	19,576,621	5,246,333	48,636,324	54,912,968	(6,276,644)	105,254,560	105,958,797	(704,237)
2010	17,829,253	17,470,766	358,487	48,723,294	50,219,840	(1,496,546)	114,291,104	110,705,670	3,585,434
2011	19,019,403	16,660,574	2,358,829	54,067,494	55,672,103	(1,604,609)	116,369,807	114,476,830	1,892,977
2012	17,333,709	16,257,318	1,076,391	56,295,371	54,807,231	1,488,140	113,904,951	118,512,902	(4,607,951)
2013	14,693,427	27,663,976	(12,970,549)	80,481,879	56,466,274	24,015,605	118,477,738	121,685,876	(3,208,138)

Fiscal year	Single Family Fund			Multifamily Fund		
	Operating and Non-operating revenues	Operating and Non-operating expenses	Change in net position	Operating and Non-operating revenues	Operating and Non-operating expenses	Change in net position
	2004	\$ 5,552,530	\$ 12,957,459	\$ (7,404,929)	\$ 18,110,910	\$ 19,871,624
2005	13,209,525	12,635,470	574,055	25,473,068	22,784,625	2,688,443
2006	8,332,078	13,075,152	(4,743,074)	17,328,986	24,679,371	(7,350,385)
2007	14,593,737	15,147,917	(554,180)	23,204,209	22,056,056	1,148,153
2008	15,712,926	14,991,208	721,718	22,923,420	22,224,570	698,850
2009	13,161,636	14,492,241	(1,330,605)	26,178,221	23,469,545	2,708,676
2010	16,233,034	13,946,235	2,286,799	22,665,023	23,300,478	(635,455)
2011	13,307,006	13,855,788	(548,782)	22,444,823	23,768,901	(1,324,078)
2012	17,881,445	14,206,488	3,674,957	25,288,101	20,370,728	4,917,373
2013	9,731,627	15,907,696	(6,176,069)	16,650,293	19,319,152	(2,668,859)

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING REVENUES										
Dwelling rental	\$ 62,210,614	\$ 58,531,965	\$ 57,304,024	\$ 51,602,384	\$ 50,338,236	\$ 47,207,730	\$ 44,708,879	\$ 45,050,127	\$ 48,423,150	\$ 47,249,298
Investment income	7,274,297	7,720,354	8,169,267	6,925,130	7,638,163	12,594,626	16,949,098	15,319,779	10,620,043	13,180,090
Unrealized gains (losses) on investments	(8,251,610)	9,190,260	(2,183,851)	3,848,207	3,110,604	390,768	(834,397)	(9,850,434)	7,766,629	(11,187,026)
Interest on mortgage and construction loans receivable	16,877,656	16,880,359	18,438,510	17,731,617	19,819,780	17,297,737	13,710,886	12,192,024	11,603,179	12,564,013
Management fees and other income	18,504,567	9,180,604	8,712,644	7,911,157	10,397,564	9,115,619	10,485,337	9,785,159	11,599,202	6,882,011
U.S. Department of Housing and Urban Development grants:										
Housing Assistance Payments (HAP)	84,760,830	77,868,323	78,529,266	75,384,843	69,038,665	68,098,758	65,497,448	64,550,179	65,636,655	60,454,965
HAP administrative fees	5,352,487	5,799,380	6,091,862	5,866,937	5,266,978	5,132,533	4,260,881	4,580,067	4,685,801	4,683,912
Other grants	10,152,883	11,249,981	10,889,692	11,254,618	10,500,329	8,777,422	7,950,894	6,976,369	6,780,137	7,302,864
State and County grants	10,158,784	10,831,271	10,069,139	10,629,223	9,422,158	10,333,157	9,147,060	6,881,222	7,084,539	7,555,629
Total operating revenues	<u>207,040,508</u>	<u>207,252,497</u>	<u>196,020,553</u>	<u>191,154,116</u>	<u>185,532,477</u>	<u>178,948,350</u>	<u>171,876,086</u>	<u>155,484,492</u>	<u>174,199,335</u>	<u>148,685,756</u>
OPERATING EXPENSES										
Housing Assistance Payments	86,882,476	83,980,027	79,201,987	74,850,432	71,116,935	65,088,360	62,250,457	63,239,005	66,539,618	61,371,348
Administration	33,869,057	33,932,375	34,412,838	34,285,500	33,514,421	31,491,319	29,693,342	27,965,154	30,254,371	32,835,872
Maintenance	15,810,786	15,554,691	14,834,381	14,202,508	14,205,755	13,443,354	11,540,628	11,064,356	10,495,885	10,846,509
Depreciation and amortization	19,428,350	16,607,553	16,075,783	15,658,584	14,499,967	12,308,298	11,092,722	10,567,281	10,709,532	10,065,346
Utilities	5,342,576	6,180,231	6,804,381	6,001,107	5,629,351	5,381,832	5,244,849	5,231,525	4,944,260	4,059,732
Fringe benefits	10,086,973	8,372,560	7,845,250	8,038,944	7,673,443	7,176,063	6,293,777	5,620,301	5,102,332	4,682,620
Interest expense	29,306,374	31,544,664	34,009,553	32,711,853	34,520,213	35,012,776	33,017,662	33,003,609	30,781,800	29,701,596
Other expenses	8,134,409	6,363,970	6,546,617	5,662,593	6,932,322	5,269,845	5,519,503	6,443,315	7,071,134	3,605,644
Bad debt expense	1,067,155	784,371	361,871	436,581	379,192	634,021	269,722	250,235	181,126	203,948
Total operating expenses	<u>209,928,156</u>	<u>203,320,442</u>	<u>200,092,661</u>	<u>191,848,102</u>	<u>188,471,599</u>	<u>175,805,868</u>	<u>164,922,662</u>	<u>163,384,781</u>	<u>166,080,058</u>	<u>157,372,615</u>
Operating income (loss)	(2,887,648)	3,932,055	(4,072,108)	(693,986)	(2,939,122)	3,142,482	6,953,424	(7,900,289)	8,119,277	(8,686,859)
NONOPERATING REVENUES (EXPENSES)										
Investment income	452,092	577,972	609,386	683,595	1,351,318	2,472,198	2,510,513	2,327,025	1,151,508	949,588
Interest on mortgage and construction loans receivable	203,121	166,394	187,259	141,505	105,433	90,832	102,502	112,598	174,377	243,090
Interest expense	(108,011)	(115,534)	(138,314)	(73,480)	(142,965)	(247,225)	(214,060)	(186,428)	(103,156)	(188,613)
Other grants	42,325	41,229	37,219	38,146	39,698	31,034	40,689	41,099	40,601	-
State and County grants	241,004	765,279	131,020	253,857	368,694	3,851	51,286	-	100,000	366,666
Unrealized losses on investments	-	-	-	-	-	-	-	(1,275)	(12,550)	(23,190)
Total nonoperating income	<u>830,531</u>	<u>1,435,340</u>	<u>826,570</u>	<u>1,043,623</u>	<u>1,722,178</u>	<u>2,350,690</u>	<u>2,490,930</u>	<u>2,293,019</u>	<u>1,350,780</u>	<u>1,347,541</u>
Income (loss) before contributions and transfers	(2,057,117)	5,367,395	(3,245,538)	349,637	(1,216,944)	5,493,172	9,444,354	(5,607,270)	9,470,057	(7,339,318)
Capital contributions	1,049,107	1,181,515	3,283,006	3,749,082	1,607,686	1,457,956	3,692,041	3,008,994	1,172,636	3,047,653
Transfer of component unit entities	-	-	736,869	-	(747,219)	4,801,834	-	-	486,489	-
CHANGES IN NET ASSETS	<u>\$ (1,008,010)</u>	<u>\$ 6,548,910</u>	<u>\$ 774,337</u>	<u>\$ 4,098,719</u>	<u>\$ (356,477)</u>	<u>\$ 11,752,962</u>	<u>\$ 13,136,395</u>	<u>\$ (2,598,276)</u>	<u>\$ 11,129,182</u>	<u>\$ (4,291,665)</u>

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

<u>Fiscal year</u>	<u>Tenant Revenue Total</u>	<u>% Total Operating Revenue</u>
2004	\$ 47,249,298	31.76%
2005	48,423,150	27.80%
2006	45,050,127	28.97%
2007	44,708,879	26.01%
2008	42,207,730	26.38%
2009	50,338,236	27.13%
2010	51,602,384	27.00%
2011	57,304,024	29.23%
2012	58,531,965	28.24%
2013	62,210,614	30.05%
Average	\$ <u>50,762,641</u>	28.26%

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

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

Fiscal year	Dwelling Rental		Investment Income		Unrealized Gains (Losses) on Investments		Interest on mortgage and construction loans receivable	
	% Total Op		% Total Op		% Total Op		% Total Op	
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
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%
2010	51,602,384	27.00%	6,925,130	3.62%	3,848,207	2.01%	17,731,617	9.28%
2011	57,304,024	29.23%	8,169,267	4.17%	(2,183,851)	(1.11)%	18,438,510	9.41%
2012	58,531,965	28.24%	7,720,354	3.73%	9,190,260	4.43%	16,880,359	8.14%
2013	62,210,614	30.05%	7,274,297	3.51%	(8,251,610)	(3.99)%	16,877,656	8.15%

Fiscal year	Management fees and other income		Housing assistance payment subsidies		State and County grants		Total	
	% Total Op		% Total Op		% Total Op		% Total Op	
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
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%
2010	7,911,157	4.14%	92,506,398	48.39%	10,629,223	5.56%	191,154,116	100.00%
2011	8,712,644	4.44%	95,510,820	48.72%	10,069,139	5.14%	196,020,553	100.00%
2012	9,180,604	4.43%	94,917,684	45.80%	10,831,271	5.23%	207,252,497	100.00%
2013	18,504,567	8.94%	90,113,317	43.52%	20,311,667	9.81%	207,040,508	100.00%

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

<u>Fiscal year</u>	<u>Bonds payable</u>	<u>Mortgage notes and loans payable</u>	<u>Loans payable to Montgomery County</u>	<u>Capitalized lease obligations</u>	<u>Other</u>	<u>Total</u>	<u>% Net position to debt</u>	<u>\$ Total debt per capita</u>	<u>\$ Total debt to personal income</u>
2004	\$ 580,346,279	\$ 43,106,686	\$ 33,196,697	\$ 19,979,535	\$ 4,302,520	\$ 680,931,717	22.31%	\$ 746	1300%
2005	610,493,486	39,254,052	32,832,896	19,977,946	4,674,722	707,233,102	23.05%	770	1263%
2006	593,664,161	38,518,098	35,730,378	20,340,383	3,726,854	691,979,874	23.19%	742	1144%
2007	647,651,771	40,327,022	34,086,460	20,945,760	4,630,765	747,641,778	23.22%	803	1189%
2008	742,169,119	44,728,335	43,467,729	20,724,750	4,933,088	856,023,021	21.65%	900	1329%
2009	669,267,092	51,436,575	47,194,468	20,494,054	4,910,269	793,302,458	23.32%	816	1231%
2010	767,261,719	40,468,317	56,851,638	20,208,821	4,875,177	889,665,672	21.25%	916	(a)
2011	736,693,760	43,872,243	62,794,974	20,724,651	4,380,786	868,466,414	21.86%	(a) (b)	(a) (b)
2012	732,670,865	36,372,309	62,916,742	20,478,214	4,112,218	856,550,348	22.93%	(a) (b)	(a) (b)
2013	610,041,974	59,366,795	61,900,801	20,308,586	13,377,243	764,995,399	25.54%	(a) (b)	(a) (b)

(a) Total personal income data not available for 2010, 2011, 2012 or 2013
(b) Population for Montgomery County not available for 2011, 2012 or 2013

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

Amount			Amount		
Property	Purpose	Outstanding	Property	Purpose	Outstanding
<u>Intra-Commission mortgages made from bond issues</u>			<u>Loans from Montgomery County Revolving Fund</u>		
Alexander House	Mortgage	\$ 20,826,321	Brook Farm	Interim Financing	\$ 152,723
Chevy Chase Lake	Mortgage	7,230,742	Alexander House	Interim Financing	471,666
Diamond Square	Mortgage	1,460,197	Holiday Park Townhouses	Interim Financing	1,117,193
Fairfax Court	Mortgage	695,525	Pooks Hill Land (mid-rise)	Interim Financing	332,500
Magruder's Discovery	Mortgage	11,503,290	Ambassador	Interim Financing	2,284,066
Montgomery Arms	Mortgage	8,717,041		Subtotal	<u>4,358,148</u>
MPDU's (59)	Mortgage	2,379,839	<u>Notes Payable to State of Maryland</u>		
MPDU's (64)	Mortgage	1,937,050	Diamond Square	RHPP	2,000,000
Pomander Court	Mortgage	480,105	The Glen	RHPP	1,211,706
Pooks Hill high-rise	Mortgage	18,048,963	State Rental Consolidated	PHRP	8,795,567
Pooks Hill mid-rise	Mortgage	2,811,064	State Rental VII	PHRP	4,712,863
Strathmore Court	Mortgage	15,798,857	CDBG McAlpine Road	Rehab	107,493
The Glen	Mortgage	5,719,775	Montgomery Arms	PHRP	120,136
The Metropolitan	Mortgage	26,627,083	Dale Drive	RHPP	600,000
The Oaks at Four Corners	Mortgage	2,461,659	Ambassador	RHPP	453,209
Timberlawn Crescent	Mortgage	4,824,822		Subtotal	<u>18,000,974</u>
Barclay Development Corporation	Mortgage	9,235,043	<u>Notes Payable to Montgomery County</u>		
Wheaton Metro Development Corporation	Mortgage	31,923,667	527 Dale Drive	Construction	1,742,309
Greenhills	Mortgage	3,921,131	Southbridge	Acquisition/Rehab	7,041,901
Paddington Square	Mortgage	5,313,215	Alexander House	Construction	1,000,000
Ambassador	Mortgage	2,045,514	Ambassador	Acquisition	2,000,000
Scattered Site One Dev Corp	Mortgage	9,064,261	Glenmont Crossing	Rehab	2,850,000
	Subtotal	<u>193,025,164</u>	CDBG McAlpine Road	Acquisition/Rehab	101,168
<u>Other Mortgages</u>			CDBG Properties	Acquisition/Rehab	604,275
Paddington Square	Mortgage	6,409,539	Chelsea Towers	Home Funds	483,000
MHLP II*	Mortgage	13,968	Chelsea Towers	Acquisition	1,218,104
MHLP III*	Mortgage	42,891	Chevy Chase	Rehab	1,250,000
Glenmont Crossing	Mortgage	2,152,055	Diamond Square	Acquisition	2,746,344
Glenmont Crossing	Mortgage	9,709,397	Jubilee Housing	Acquisition	754,466
Glenmont Westerly	Mortgage	7,453,390	HOC/HOP	Acquisition/Rehab	169,387
Scattered Site Two Dev Corp	Mortgage	4,900,000	King Farm Village Center	Acquisition	2,219,816
		<u>30,681,240</u>	McHome	Acquisition	2,005,646
<u>Other Loans/OHRF</u>			Montgomery Arms	Rehab	1,699,307
Montgomery Arms	Rehab	1,340,037	MPDU 2004	Acquisition	678,768
Wheaton Metro Development Corporation	Rehab	1,379,283	NCI Properties	Acquisition/Rehab	4,039,752
Paddington Square	Rehab	1,137,103	NSP Properties	Acquisition/Rehab	1,993,071
Paddington Square	Rehab	1,173,038	Paddington Square	Acquisition/Rehab	12,144,902
Glenmont Crossing	OHRF	1,826,000	Pooks Hill mid-rise	Rehab	349,615
Paint Branch	OHRF	45,158	Revolving County Closing Cost Program	Acquisition	2,061,955
	Subtotal	<u>6,900,619</u>	State Rental Consolidated	Acquisition	60,000
<u>Other Loans</u>			State Rental VII	Acquisition	1,668,050
Barclay	Rehab	2,456,565	The Glen	Home Funds	722,693
Glenmont Crossing	Rehab/purchase	197,400	The Oaks at Four corners	Acquisition	1,953,403
Glenmont Westerly	Rehab/purchase	2,752,183	Timberlawn	Acquisition	1,000,000
	Subtotal	<u>5,406,148</u>	Wheaton Metro Development Corporation	Acquisition	2,984,721
				Subtotal	<u>57,542,653</u>
Total Property Related Debt					\$ 315,914,946

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Single Family Bonds – Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2013

Series	Authorized	Outstanding Beginning of Year	Issued		Retired/Refunded		Outstanding End of Year	Interest Expensed This Year	Current Maturities
			Prior Years	This Year	Prior Years	This Year			
1998 Series A - Accretions	\$ 28,582,533	\$ 28,582,533	\$ 30,356,551	\$ 1,487,313	\$ 1,774,015	\$ 30,069,846	\$ -	\$ 1,487,313	\$ -
2001 Series A	17,590,000	875,000	17,590,000	-	16,715,000	875,000	-	20,608	-
2002 Series A	13,200,000	1,905,000	13,200,000	-	11,295,000	1,905,000	-	61,997	-
2002 Series B - Accretions	3,134,894	3,134,894	3,134,894	175,282	-	3,310,176	-	175,282	-
2002 Series C	16,890,000	16,890,000	16,890,000	-	-	16,890,000	-	315,814	-
2004 Series A	19,645,000	9,720,000	19,645,000	-	9,925,000	9,720,000	-	325,989	-
2004 Series B	5,355,000	350,000	5,355,000	-	5,005,000	350,000	-	9,565	-
2005 Series A	18,500,000	11,280,000	18,500,000	-	7,220,000	11,280,000	-	393,726	-
2005 Series B	6,500,000	1,000,000	6,500,000	-	5,500,000	1,000,000	-	29,357	-
2005 Series C	11,600,000	7,035,000	11,600,000	-	4,565,000	1,230,000	5,805,000	257,860	-
2005 Series D	13,400,000	7,580,000	13,400,000	-	5,852,000	3,510,000	4,070,000	349,625	-
2006 Series A	18,705,000	12,200,000	18,705,000	-	6,505,000	2,310,000	9,890,000	413,810	-
2006 Series B	11,295,000	6,765,000	11,295,000	-	4,530,000	1,385,000	5,380,000	289,729	-
2007 Series A	15,875,000	10,595,000	15,875,000	-	5,280,000	2,050,000	8,545,000	354,602	-
2007 Series B	19,125,000	14,640,000	19,125,000	-	4,485,000	1,680,000	12,960,000	677,169	-
2007 Series C	1,000,000	1,000,000	1,000,000	-	-	165,000	835,000	33,749	-
2007 Series D	20,000,000	14,630,000	20,000,000	-	5,370,000	2,330,000	12,300,000	670,364	-
2007 Series E	13,000,000	8,315,000	13,000,000	-	4,685,000	-	8,315,000	15,050	-
2007 Series F	10,000,000	10,000,000	10,000,000	-	-	-	10,000,000	382,342	-
2008 Series A	13,205,000	7,010,000	13,205,000	-	6,195,000	1,795,000	5,215,000	221,834	-
2008 Series B	3,900,000	2,665,000	3,900,000	-	1,235,000	905,000	1,760,000	149,773	-
2008 Series C	8,450,000	8,450,000	8,450,000	-	-	-	8,450,000	301,514	-
2008 Series D	17,200,000	17,200,000	17,200,000	-	-	-	17,200,000	31,132	-
2009 Series A	20,000,000	18,450,000	20,000,000	-	1,550,000	1,905,000	16,545,000	752,896	-
NIBP 2009 Series A	10,000,000	9,490,000	10,000,000	-	510,000	630,000	8,860,000	316,632	1,060,000
NIBP 2009 Series B	15,000,000	14,980,000	15,000,000	-	-	200,000	14,780,000	587,268	860,000
NIBP 2009 Series C	40,000,000	12,380,000	40,000,000	-	27,620,000	12,380,000	-	5,006	-
NIBP 2009 Series C-1	9,000,000	9,000,000	9,000,000	-	-	120,000	8,880,000	281,556	320,000
NIBP 2010 Series A	6,000,000	5,720,000	6,000,000	-	280,000	380,000	5,340,000	177,081	510,000
2011 Series A	12,425,000	12,425,000	12,425,000	-	-	835,000	11,590,000	411,020	845,000
2009 Series C-2	16,170,000	16,170,000	16,170,000	-	-	240,000	15,930,000	394,953	250,000
2009 Series C-3	2,450,000	2,450,000	2,450,000	-	-	30,000	2,420,000	59,959	40,000
2009 Series C-4	-	-	-	9,770,000	-	-	9,770,000	176,381	-
2009 Series C-5	-	-	-	2,610,000	-	-	2,610,000	41,860	-
NIBP 2012 Series A	-	-	-	12,545,000	-	-	12,545,000	269,959	555,000
2013 Series A	-	-	-	38,645,000	-	-	38,645,000	65,901	-
2013 Series B	-	-	-	14,825,000	-	-	14,825,000	18,409	-
2013 Series C	-	-	-	3,190,000	-	-	3,190,000	621	1,590,000
SUB-TOTAL	437,197,427	302,887,427	438,971,445	83,247,595	136,096,015	109,480,022	276,655,000	10,527,706	6,030,000
Add: Unamortized discount	-	2,809,099	-	1,835,727	-	93,889	4,738,715	13,468	-
Total Single Family Bonds Payable	\$ 437,197,427	\$ 305,696,526	\$ 438,971,445	\$ 85,083,322	\$ 136,096,015	\$ 109,573,911	\$ 281,393,715	\$ 10,541,174	\$ 6,030,000

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Multifamily Bonds – Debt Outstanding, Issued and Retired
Fiscal Year Ended June 30, 2013

	Authorized	Unissued	Outstanding		Issued		Retired/Refunded		Outstanding	Interest	Current
			of Year	Prior Years	This Year	Prior Years	This Year	End of Year	Expensed This Year	Maturities	
Multi Family Fund Bonds:											
1998 Issue A	\$ 12,900,000	\$ -	\$ 9,470,000	\$ 12,900,000	\$ -	\$ 3,430,000	\$ 370,000	\$ 9,100,000	\$ 455,548	\$ 385,000	
2002 Series A	22,325,000	-	20,610,000	22,325,000	-	1,715,000	505,000	20,105,000	1,124,782	525,000	
2002 Series C	12,965,000	-	12,965,000	12,965,000	-	-	12,965,000	-	9,656	-	
2008 Series A	13,355,000	-	13,355,000	13,355,000	-	-	8,825,000	4,530,000	13,089	-	
1991 Series C	4,425,000	-	2,345,000	4,425,000	-	2,080,000	130,000	2,215,000	158,373	140,000	
1995 Series A	23,910,000	-	2,600,000	23,910,000	-	21,310,000	155,000	2,445,000	146,470	165,000	
1996 Series A	3,625,000	-	2,545,000	3,625,000	-	1,080,000	2,545,000	-	30,313	-	
1984 Series A - Accretions	585,000	-	126,383	126,383	14,618	-	-	141,001	14,618	16,304	
1998 Series A	11,935,000	-	9,245,000	11,935,000	-	2,690,000	9,245,000	-	92,465	-	
1998 Series B	18,905,000	-	13,335,000	18,905,000	-	5,570,000	13,335,000	-	132,911	-	
2000 Series B	28,600,000	-	19,375,000	28,600,000	-	9,225,000	12,205,000	7,170,000	589,141	85,000	
2002 Series A	8,330,000	-	6,995,000	8,330,000	-	1,335,000	6,995,000	-	114,849	-	
2002 Series B	31,465,000	-	28,270,000	31,465,000	-	3,195,000	28,270,000	-	302,358	-	
2003 Series A	20,265,000	-	16,945,000	20,265,000	-	3,320,000	16,945,000	-	322,047	-	
2003 Series B	17,840,000	-	16,815,000	17,840,000	-	1,025,000	16,815,000	-	672,080	-	
2007 Series A	19,055,000	-	17,675,000	19,055,000	-	1,380,000	375,000	17,300,000	783,301	390,000	
2007 Series B-1	22,085,000	-	21,555,000	22,085,000	-	530,000	535,000	21,020,000	930,850	540,000	
2007 Series B-2	3,020,000	-	2,945,000	3,020,000	-	75,000	2,945,000	-	2,917	-	
2007 Series C-1	5,110,000	-	4,880,000	5,110,000	-	230,000	240,000	4,640,000	174,385	240,000	
2007 Series C-2	2,190,000	-	2,095,000	2,190,000	-	95,000	100,000	1,995,000	3,384	105,000	
2004 Series A	13,700,000	-	12,670,000	13,700,000	-	1,030,000	270,000	12,400,000	557,433	270,000	
2004 Series B	4,085,000	-	3,820,000	4,085,000	-	265,000	45,000	3,775,000	179,967	50,000	
2004 Series C	19,460,000	-	17,275,000	19,460,000	-	2,185,000	445,000	16,830,000	585,162	465,000	
2004 Series D	14,110,000	-	12,550,000	14,110,000	-	1,560,000	320,000	12,230,000	428,052	330,000	
2005 Series B	5,440,000	-	5,280,000	5,440,000	-	160,000	160,000	5,120,000	216,410	160,000	
2005 Series C	28,630,000	-	27,940,000	28,630,000	-	690,000	690,000	27,250,000	1,207,261	700,000	
2009 Series A-1	38,450,000	-	38,450,000	38,450,000	-	-	38,450,000	-	1,507,240	-	
2009 Series A-2	8,040,000	-	8,040,000	8,040,000	-	-	-	8,040,000	315,168	-	
2010 Series A	4,860,000	-	4,860,000	4,860,000	-	-	140,000	4,720,000	173,625	155,000	
2010 Series A	12,375,000	-	12,375,000	12,375,000	-	-	245,000	12,130,000	495,543	245,000	
2011 Series A	33,585,000	-	33,585,000	33,585,000	-	-	365,000	33,220,000	1,229,413	375,000	
2011 Series B	3,020,000	-	3,020,000	3,020,000	-	-	30,000	2,990,000	169,608	30,000	
2012 Series A	24,935,000	-	24,935,000	24,935,000	-	-	445,000	24,490,000	720,706	890,000	
2012 Series B	18,190,000	-	-	-	17,935,000	-	-	17,935,000	364,944	850,000	
2012 Series C	24,230,000	-	-	-	23,735,000	-	-	23,735,000	519,321	1,680,000	
2012 Series D	34,975,000	-	-	-	34,975,000	-	-	34,975,000	503,223	1,085,000	
	570,975,000	-	428,946,383	493,121,383	76,659,618	64,175,000	175,105,000	330,501,001	15,246,613	9,876,304	
Less: Unamortized premium		-	(1,972,045)	-	(119,301)	(119,301)	-	(1,852,744)	-	-	
Total			<u>\$ 426,974,338</u>		<u>\$ 76,540,317</u>		<u>\$ 175,105,000</u>	<u>\$ 328,648,257</u>	<u>\$ 15,246,613</u>	<u>\$ 9,876,304</u>	

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Multifamily Bonds – Nonobligation Debt
Fiscal Year Ended June 30, 2013

<u>Bond Series</u>	<u>Current Property Name</u>	<u>Owner</u>	<u>Final Maturity</u>	<u>Original Bonds Issued</u>	<u>Amount Outstanding</u>
<u>Multifamily Housing Revenue Bonds</u>					
2010 Issue A	Wynnfield	Private	5/1/2026	\$ 31,680,000	\$ 31,680,000
2010 Issue B	Oak Mill II	Private	5/1/2026	9,600,000	9,600,000
2003 Issue A	Randolph Manor	Private	8/1/2045	5,500,000	5,216,008
2004 Issue A	Olney Manor	Private	1/1/2046	7,000,000	6,662,868
2004 Issue B	Blair Park	Private	10/15/2036	2,700,000	2,008,646
2004 Issue C	Cloppers Mill	Private	7/1/2046	7,800,000	7,455,875
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	6,234,800
2008 Issue A	Victory Forest	Private	9/1/2045	6,600,000	2,542,944
<u>Multifamily Housing Revenue Refunding Bonds</u>					
2001 Issue A	Draper Lane	Private	3/1/2040	35,000,000	35,000,000
2001 Issue B	Draper Lane	Private	3/1/2040	11,000,000	11,000,000
2001 Issue C	Draper Lane	Private	3/1/2040	6,000,000	6,000,000
<u>Variable Housing Revenue Bonds</u>					
1998 Issue I	Byron Housing	Private	9/1/2023	2,319,000	1,464,000
2012 Issue A	Victory Court	Private	10/1/2024	8,400,000	787,106
TOTAL				\$ 178,017,000	\$ 163,652,247

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

Fiscal Year	Public Housing Rental	Public Housing Homeownership	Housing Choice Voucher	Opportunity Housing	Transitional Housing	Specialized Program	Component Units	Total
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
2010	1,546	10	5,926	3,249	165	614	1,659	13,169
2011	1,546	9	6,306	3,495	165	566	1,455	13,542
2012	1,553	9	6,457	3,496	165	566	1,760	14,006
2013	1,546	7	6,429	3,638	165	557	1,893	14,235

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

Public Housing

Name of development	Address	Number of units
Elderly Communities		
Arcola Towers	1135 University Boulevard, Silver Spring MD 20902	141
Elizabeth House	1400 Fenwick Avenue, Silver Spring MD 20910	160
Holly Hall Apartments	10110 New Hampshire Avenue, Silver Spring MD 20903	96
Waverly House	4521 East West Highway, Bethesda MD 20814	158
<i>Total Elderly Communities</i>		555
Family Communities		
Emory Grove Village	8211 Morning View Drive, Gaithersburg MD 20877	54
Sandy Spring	1 Branchwood Court, Sandy Spring MD 20860	55
Seneca Ridge	11400 Scenery Drive, Germantown MD 20876	71
Towne Center Place	3502 Morningwood Drive, Olney MD 20832	49
Washington Square	8343 Fairhaven Drive, Gaithersburg MD 20877	50
<i>Total Family Communities</i>		279
Tobytown	90 Monroe Street, Rockville MD 20832	7
Scattered Units		
Scattered Site Central	Various addresses throughout Montgomery County	130
Scattered Site East	Various addresses throughout Montgomery County	110
Scattered Site Gaithersburg	Various addresses throughout Montgomery County	140
Scattered Site North	Various addresses throughout Montgomery County	139
Scattered Site West	Various addresses throughout Montgomery County	150
Ken Gar	Various addresses throughout Montgomery County	19
Parkway Woods	Various addresses throughout Montgomery County	24
<i>Total Scattered Sites</i>		712
<i>Total Public Housing units</i>		<u>1,553</u>

Housing Choice Voucher/Transitional Housing

Name of development	Address	Number of units
Housing Choice Voucher	Various	6,429
Transitional Housing Program	Various	165
Specialized Program	Various	557
<i>Total Housing Choice Voucher/Transitional Housing</i>		<u>7,151</u>

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

Opportunity Housing

Name of development	Address	Number of units
Elderly Communities		
The Oaks at Four Corners	321 University Boulevard West, Silver Spring MD 20901	120
	<i>Total Elderly Communities</i>	120
Family Communities		
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 MD 20910	10
Pomander Court	1620 University Boulevard West, Silver Spring MD 20802	24
Paddington Square	8800 Lanier Drive, Silver Spring MD 20910	165
Fairfax Court Apts	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 20810	216
Timberlawn	5707 Luxemburg 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
MetroPointe	11175 Georgia Avenue, Silver Spring MD 20902	120
7411 Aspen Court	7411 Aspen Court, Tacoma Park MD 20912	11
7423 Aspen Court	7423 Aspen Court, Tacoma Park MD 20912	16
717 Sligo Creek Parkway	717 Sligo Creek Parkway, Tacoma Park MD 20912	12
Jubilee Housing	2305 Hermitage Avenue, Silver Spring MD 20902	3
Jubilee Woodedge	2715 Woodedge Road, Silver Spring MD 20906	3
Jubilee Falling Creek	2408 Falling Creek Road, Silver Spring MD 20904	3
Ambassador One Assoc LP	2715 University Boulevard, Silver Spring MD 20902	162
Glenmont Crossing (Dev. Corp.)	2301 Shorefield Road, Silver Spring, MD 20902	97
Glenmont Westerly (Dev. Corp.)	12207 Georgia Avenue, Silver Spring, MD 20902	102
	<i>Total Family Communities</i>	2,822
Scattered Units		
McHome	Various addresses throughout Montgomery County	38
Holiday Park	Various addresses throughout Montgomery County	20
MHLP I	Various addresses throughout Montgomery County	16
Scattered Site One Dev Corp	Various addresses throughout Montgomery County	190
Paint Branch	Various addresses throughout Montgomery County	14
McKendree	Various addresses throughout Montgomery County	13
MPDU I	Various addresses throughout Montgomery County	64
State Rental Combined	Various addresses throughout Montgomery County	196
MPDU III	Various addresses throughout Montgomery County	23
MPDU III	Various addresses throughout Montgomery County	59
CDBG Units	Various addresses throughout Montgomery County	2
NSP Units	Various addresses throughout Montgomery County	6
NCI Units	Various addresses throughout Montgomery County	15
MPDU 2007	Various addresses throughout Montgomery County	2
MPDU 2004	Various addresses throughout Montgomery County	38
	<i>Total Scattered Sites</i>	696
	<i>Total Opportunity Housing units</i>	<u>3,638</u>

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

Component Units		
Name of development	Address	Number of units
Elderly Communities		
Bauer Park	14635 Bauer Park Drive, Rockville, MD 20853	142
Town Center Apts.	90 Monroe Street, Rockville, MD 20850	112
<i>Total Elderly Communities</i>		254
Family Communities		
Manchester Manor Apartments, LP	8401 Manchester Road, Silver Spring, MD 20901	53
MetroPoints, LP	1175 Georgia Avenue, Silver Spring, MD 20902	53
Camp Hill	17825 Laytonsville RD, Gaithersburg, MD 20877	51
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 Associate, LP	407 West Diamond Avenue, Gaithersburg, MD 20777	195
MV Affordable Housing Associates	9310 Merust Lane, Gaithersburg, MD 20874	94
Georgian Court, Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Barclay One Associate LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Spring Garden One Associates LP	8007A Eastern Avenue, Silver Spring, MD 20910	83
Hampden Lane LP	4912 Hampden Lane, Bethesda, MD 20814	12
Forst Oak Towers LP	101 Odenhal Road, Gaithersburg, MD 20877	175
Tanglewood/Sligo Hills	8902 Manchester Road, Silver Spring, MD 20901	133
<i>Total Family Communities</i>		1,364
Scattered Units		
Montgomery Homes Limited Partnership VII	Various address spread throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	Various address spread throughout Montgomery County	49
Montgomery Homes Limited Partnership IX - Pond Ridge	Various address spread throughout Montgomery County	40
Montgomery Homes Limited Partnership IX - MPDU units	Various address spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	Various address spread throughout Montgomery County	75
<i>Total units - Scattered units</i>		275
<i>Total units - Component units</i>		1,893

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

<u>Fiscal</u> <u>Year</u>	<u>Excutive</u>	<u>Finance</u>	<u>Housing</u> <u>Management</u>	<u>Housing</u> <u>Resources</u>	<u>Mortgage</u> <u>Finance</u>	<u>Real</u> <u>Estate</u>	<u>Rental</u> <u>Assistance *</u>	<u>Resident</u> <u>Services</u>	<u>Total</u>
2004	38.70	42.10	120.35	-	11.50	10.00	47.75	75.40	345.80
2005	38.70	44.10	126.35	-	13.50	10.00	41.00	76.90	350.55
2006	38.60	43.00	124.35	-	13.50	10.00	40.00	77.40	346.85
2007	41.00	42.00	125.35	-	13.50	12.00	42.00	80.50	356.35
2008	40.00	42.00	126.60	53.60	14.50	10.00	42.00	84.60	413.30
2009	49.50	42.00	128.60	49.60	14.50	8.00	-	80.60	372.80
2010	40.00	43.00	138.60	45.50	14.50	6.00	-	90.20	377.80
2011	40.00	43.00	139.10	50.00	14.50	6.00	-	92.20	384.80
2012	41.00	42.00	139.10	50.00	14.50	6.00	-	91.20	383.80
2013	41.00	46.00	138.10	48.00	14.50	6.00	-	89.70	383.30

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

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

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

<u>Fiscal</u> <u>Year</u>	<u>Population (1)</u>	<u>Median Age</u> <u>(1)</u>	<u>Households</u> <u>(1)</u>	<u>Per Capita</u>		<u>Civilian Labor Force</u>		<u>Employment</u>		<u>Unemployment</u>		<u>Total Personal</u> <u>Income</u>
				<u>Income (current</u> <u>dollars) (1)</u>	<u>Per Capita Income</u> <u>(constant 2005 \$)</u> <u>(2)</u>	<u>Number (2)</u>	<u>% of Pop 16+</u> <u>(2)</u>	<u>Number</u> <u>(1)</u>	<u>% of Pop 16+</u> <u>(1)</u>	<u>Number</u>	<u>DLLR Rate</u>	
2003	910,498	38.0	336,613	\$ 53,432	\$ 53,452	496,223	70.2%	470,157	69.9%	23,873	3.3	\$ 48,650,108
2004	914,991	38.0	337,838	57,092	57,092	497,204	71.0%	475,522	67.7%	23,478	3.2	52,238,928
2005	921,531	38.3	339,628	60,602	60,602	508,251	70.6%	479,077	67.5%	22,308	3.1	55,846,295
2006	926,492	38.4	341,438	65,162	65,162	518,142	70.7%	495,236	67.8%	20,521	2.8	60,372,289
2007	931,694	38.9	343,540	67,236	67,236	512,934	71.3%	500,870	68.6%	20,356	2.6	62,643,745
2008	942,748	39.0	341,812	69,844	69,844	519,957	73.0%	520,287	69.5%	16,400	3.2	65,845,731
2009	959,013	38.2	345,301	66,030	66,050	521,429	72.3%	514,836	67.7%	27,360	5.6	63,323,396
2010	971,777	38.5	357,086	67,894	67,894	522,913	73.8%	523,897	68.1%	28,834	5.8	65,977,456
2011	989,794	36.8	377,575	70,802	70,802	525,157	N/A	492,199	N/A	27,100	5.2	69,430,000
2012	989,540	38.0	363,722	\$ 73,317	\$ 73,317	527,829	N/A	506,730	N/A	27,448	5.0	72,550,000

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

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

(3) Unemployment rate from civilian labor force, employment and unemployment by place of residence (LAUS) - Montgomery County Dept of Labor, Licensing and Regulation

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

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

<u>Fiscal Year</u>	<u>Dwelling Units</u>	<u>Construction Cost</u>
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
2009	862	244,499,105
2010	1,899	343,321,569
2011	2,512	434,450,024
2012	3,981	503,817,038

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

Employer	Fiscal Year 2013			Fiscal Year 2004		
	# of Employees	Rank	Percentage of Total County Employees	# of Employees	Rank	Percentage of Total County Employees
	(1)		(2)	(1)		(2)
U.S. Department of Health and Human Services	28,195	1	5.91%	34,600	1	7.70%
Montgomery County Public Schools	24,913	2	5.22%	20,682	2	4.60%
U.S. Department of Defense	11,686	3	2.45%	13,030	3	2.90%
Montgomery County Government	10,485	4	2.20%	8,099	4	1.80%
U.S. Department of Commerce	7,334	5	1.54%	6,500	5	1.45%
Adventist Healthcare	5,669	6	1.19%	6,000	6	1.33%
Marriott International, Inc. (Headquarters)	5,497	7	1.15%	*		0.00%
Lockheed Martin	5,200	8	1.09%	3,896	10	0.87%
Verizon	3,571	9	0.75%	4,700	8	1.05%
Giant Food Corporation	3,493	10	0.73%	4,900	7	1.09%
Chevy Chase Bank	*			4,700	8	1.05%
Total	106,043		22.23%	107,107		23.84%

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

Source: Montgomery County Department of Economic Development

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

Department of Labor, Licensing & Regulation's Quarterly Census of Employment & Wages, 4th quarter 2012 data of public and private employers in Montgomery County.

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

(3) Total payroll employment in FY13 was 477,000.

Source: Montgomery County Department of Economic Development

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Public Housing Statistics – All Properties
As of June 30, 2013

Income Source	# Mbrs
Business	102
Child Support	427
Federal Wage	5
General Assistance	465
Indian	1
Medical Reimburse	0
Military	1
Other Non-Wage Income	215
Other Wages	909
Pension	125
PHA Wage	0
Social Security	510
SSI	524
TANF	50
Unemployment	76

Average Length of Stay for Current Tenants (in Years)	8
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Public Housing Statistics
All Properties
As of 06/30/2013

Gender	Female	Male	Total
Count of Head of Household	1,098	300	1,398
% of Head of Households	78.54%	21.46%	
Count of All Family Members	2,301	1,426	3,727
% of All Family Members	61.74%	38.26%	

Seniors	Under 62	62 +
Count of HOH	793	605
% of HOH	53.95%	41.16%
Count All Members	2,960	767
% All Members	79.42%	20.58%

Disabled	
Count of Head of Household	227
Count of All Family Members	304

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
Count of Head of Household	159	399	227	132	94	87	79	60	53	32	59	17	1,398
Average Income in Range	\$ 1,840	\$ 8,125	\$ 12,733	\$ 17,199	\$ 22,170	\$ 27,272	\$ 32,156	\$ 37,120	\$ 42,122	\$ 47,496	\$ 58,975	\$ 99,449	\$ 18,746
Cumulative % of Households	11.37%	39.91%	56.15%	65.59%	72.32%	78.54%	84.19%	88.48%	92.27%	94.56%	98.78%	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	3	73	245	249	223	105	279	192	29	1,398
Count of All Family Members	231	824	343	236	388	323	328	287	163	350	225	29	3,727

Race	American Indian	Asian	Black	Pacific Islander	White	Not Reported	Total
Count of Head of Household	4	218	791	2	383	0	1,398
% of Head of Household	0.29%	15.59%	56.58%	0.14%	27.40%	0.00%	100%
Count of All Family Members	11	415	2389	6	874	32	3,727
% of All Family Members	0.30%	11.13%	64.10%	0.16%	23.45%	0.86%	100%

Ethnicity	Hispanic	Non-Hispanic	Not Reported	Totals
HOH	214	1184	0	1,398
% HOH	15.31%	84.69%	0.00%	100%
Fam Mbrs	624	3047	56	3,727
% FM	16.74%	81.75%	1.50%	100%

Family Size by Bedroom Size	# of PH Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	43	40	40	0	0	0	0	0	0	0	1.0 Person
1 Bedroom	498	479	371	107	1	0	0	0	0	0	1.2 People
2 Bedrooms	305	265	35	143	71	15	1	0	0	0	2.3 People
3 Bedrooms	583	511	25	40	128	180	110	25	3	0	3.8 People
4 Bedrooms	122	101	1	3	6	13	24	28	16	10	5.5 People
5 Bedrooms	3	2	0	0	0	0	1	1	0	0	5.5 People
Total # of PH Units	1554	1398	472	293	206	208	136	54	19	10	2.7 People

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
(A Component Unit of Montgomery County, Maryland)
Housing Choice Voucher Statistics – All Properties
As of June 30, 2013

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

Gender	Male	Female	Total
Count of Head of Household	1,154	5,062	6,216
% of Head of Households	18.56%	81.44%	
Count of All Family Members	5,582	9,770	15,352
% of All Family Members	36.36%	63.64%	

Disabled	
Count of Head of Household	1994
Count of All Family Members	540

**Housing Choice Voucher
Statistics
As of 06/30/2013**
Includes Homeownership & Portables

Seniors	Under 62	62 +
Count of HOH	4,899	1,317
% of HOH	78.81%	21.19%
Count All Members	13,795	1,557
% All Members	89.86%	10.14%

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$40,000	Over \$40,000	Totals
# of Families	934	1,697	1,024	751	476	372	334	224	404	6,216
Average Income in Range	\$ 1,758	\$ 8,167	\$ 12,410	\$ 17,349	\$ 22,297	\$ 27,493	\$ 32,546	\$ 37,333	\$ 49,757	\$ 16,315
Cumulative % of Families	15.03%	42.33%	58.80%	70.88%	78.54%	84.52%	89.90%	93.50%	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	5	526	1,407	1,424	1,537	572	420	323	2	6,216
Count of All Family Members	1,620	2,559	1,996	1,324	1,323	1,646	1,596	1,731	662	511	382	2	15,352

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Unknown	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	1,629	4,239	44	282	8	14	0		720	5,496	0
% of Head of Household	28.51%	74.19%	0.77%	4.94%	0.14%	0.25%	0.00%		12.60%	96.18%	0.00%
Count of All Family Members	3,143	11,364	92	539	16	56	142		1,763	13,314	275
% of All Family Members	21.82%	78.91%	0.64%	3.74%	0.11%	0.39%	0.99%		12.24%	92.45%	1.91%

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	166	113	21	17	7	4	2	0	2	1.7 Person
1 Bedroom	0	1,775	1,638	132	4	0	1	0	0	0	1.1 People
2 Bedrooms	0	2,196	495	1,050	505	119	24	3	0	0	2.2 People
3 Bedrooms	0	1,647	54	193	476	561	261	87	12	3	3.7 People
4 Bedrooms	0	360	5	10	39	62	92	92	37	23	5.1 People
5 Bedrooms	0	62	0	1	2	4	8	11	8	28	6.6 People
6 Bedrooms	0	9	0	0	0	0	0	1	1	7	7.7 People
Total # of HCV Units	0	6215	2305	1407	1043	753	390	196	58	63	2.5 People