



Housing Opportunities
Commission

Of Montgomery County

A Component Unit of Montgomery County,
Maryland

**Comprehensive
Annual Financial Report**

For the Fiscal Year Ended

June 30, 2008

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

June 30, 2008

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

For the Year Ended June 30, 2008

Table of Contents

I. INTRODUCTORY SECTION

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

II. FINANCIAL SECTION

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

Basic Financial Statements

Commission-wide Financial Statements:

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

Fund Financial Statements:

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

Supplementary Information:

Statement and Certification of Actual Modernization Costs	59
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Component Unit Financial Statements	62
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III. STATISTICAL SECTION	68
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I. INTRODUCTORY SECTION



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

January 23, 2009

Members of the Commission
Housing Opportunities Commission of Montgomery County

We are pleased to present the Housing Opportunities Commission of Montgomery County (HOC or Commission) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. The report was prepared by the Commission's Finance staff and was audited by the independent public accounting firm of Clifton Gunderson, LLP.

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

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

This report includes all funds and component units of the Commission. The Commission's financial statements include five enterprise funds: General Fund, Opportunity Housing Fund, Public Fund, Single Family Bond Fund, and the Multi-Family Bond Fund. In addition, 18 low income housing tax credit partnerships (LIHTC) are consolidated and presented as a discretely presented component unit in the financial statements.

In 1966, the Montgomery County Council activated the Housing Authority of Montgomery County (HAMC). In 1974, parallel State and County legislation was enacted that established a broader housing mission for the County and restructured HAMC into the Housing Opportunities Commission of Montgomery County, Maryland (HOC). HOC is an independent agency and component unit of Montgomery County.

The governing body of HOC is the Board of Commissioners and is comprised of seven members, who are appointed by the County Executive and approved by the County Council. The Commission appoints an Executive Director to administer the affairs of the Commission. The primary sources of funding for the Commission are Housing Assistance Payments and Public Housing operating subsidy funded by the U.S. Department of Housing and Urban Development, dwelling rental income earned by Commission owned properties and interest on mortgage and construction loans earned by the Single Family and Multi-Family mortgage loan portfolios. The mission of the Commission is to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland. To accomplish these objectives, the Commission participates in a number of programs which are discussed in the Management's Discussion and Analysis and in the Notes to Financial Statements sections of this report.

Economic Condition and Outlook

The economic condition in the Montgomery County Maryland area typically out performs the national trend even during these difficult economic times. Construction activity is stable and there has been a deceleration in housing price declines. Through November 2008, unemployment rates in Montgomery County were 3.2% compared to 4.5% in Maryland and 6.1% in the United States. Although this is an increase of 18.5% when compared to 2.7% unemployment a year ago in Montgomery County, it is significantly less than Maryland and the United States overall which saw a 25% and 30% increase, respectively from one year ago.

The Commission's financial position is affected by several factors: including the real estate rental and homeownership markets, the housing bond market, the LIHTC market and Federal appropriations for both the Housing Choice Voucher program and Public Housing operations and modernization. During fiscal year 2008, the Commission issued or remarketed \$88 million in Single Family bonds and \$48 million in Multi-Family bonds. The ability to issue Housing Revenue bonds in the later part of calendar year 2008 and the beginning of 2009 both for multi-family and single family dwellings has been severely hampered by the current economic recession. Outside investors looking to invest in LIHTC projects are virtually nonexistent since these investors are no longer looking for tax credits to offset income. In addition, the rental market for market rate properties remains in a slump as a result of overproduction of multi-family apartments and condominiums. HUD continues to fund Public Housing at less than 100% of the full operating subsidy required for operations and, for the first, time the Housing Choice Voucher program was funded at 85% of the required operating amount. The impact of the current economic recession is expected to continue through the remainder of calendar year 2009.

Despite the current economic condition, the Commission continues to remain innovative and flexible in its approach to serving our residents. During fiscal year 2008, the Commission opened two customer service centers which are easily accessible through public transportation and provide a more convenient and all inclusive alternative for many of our residents. The Commission also opened its waitlist for both the Public Housing and Housing Choice Voucher programs during 2008. The number of applicants between the two programs is estimated to be 30,000 indicating the need for affordable housing may be greater than ever. The next wave of foreclosures is predicted to occur in 2009 and 2010 when Option/ARM loans reset causing more foreclosures. This has also affected landlords participating in the Housing Choice Voucher program with approximately 40 tenants displaced due to landlord foreclosures.

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 2008, construction was completed on four multi-family apartment buildings. First, MetroPointe a multi-family dwelling located in Wheaton Maryland was completed. MetroPointe was a ground-up construction project consisting of 173 mixed income units. MetroPointe sits atop a metro station and provides convenient access to transportation for its residents. Of the 173 units, 53 are LIHTC units and 120 are market rate units. The second project completed during FY 2008 was Dale Drive Apartments located in Silver Spring Maryland. Dale Drive Apartments consists of 10 units designed to house chronically homeless individuals. The third renovation project completed was Seneca Ridge a public housing multi-family dwelling consisting of 71 units. Lastly, Forest Oak Towers Apartments an elderly LIHTC property consisting of 175 units was completed.

In November 2008, the Commission entered into a partnership with Montgomery County to renovate and convert 49 apartments known as Kings Farm Village into workforce housing. These units will be renovated and sold as condominiums to employees of Montgomery County in an effort to provide affordable housing to employees of the county. In addition, the Commission in conjunction with Montgomery County, purchased two properties of a planned three purchases in Takoma Park, Maryland which will be renovated and rented to low-to-moderate income families.

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

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

Financial Information

The Commission's management is responsible for establishing and maintaining a proper internal control structure to safeguard its assets and ensure accounting data is accurately stated and presented in the financial statements in conformity with generally accepted accounting principles. So the cost of internal controls does not outweigh the benefit, the internal control structure provides reasonable assurance rather than absolute assurance that these objectives are met. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Commission is a recipient of Federal and County grants and must ensure the proper internal control structure for compliance with applicable laws and regulations related to these programs. The federal programs are subject to periodic review by an internal Federal Programs Division as well as an internal auditor.

Single Audit: In compliance with A-133, the Commission is subject to an annual audit of all federal expenditures in excess of \$500,000 to be performed by an independent public accounting firm. The Single Audit was performed by Clifton Gunderson LLP for the year ended June 30, 2008 with no material weaknesses or significant deficiencies noted in the internal control over financial reporting or the programs reviewed. The Commission's Single Audit is available under separate cover.

Budgeting Process: The Commission, on an annual basis in conjunction with Division Heads and Executive Staff, prepares an annual agency-wide budget by department and program. The annual budget is submitted to the Executive Director for approval and then presented to the Budget, Finance & Audit Committee (BF&A, a subset of the full Commission) and subsequently to the full Commission. Both groups must approve the annual budget. The Commission is no longer required to submit an annual budget to HUD for the Housing Choice Voucher program but is required to submit a budget for the Public Housing operating subsidy. During the year, budget amendments are presented to the BF&A Committee and the Commission for approval. Each Division Director or program head is responsible for monitoring actual to budget performance. On a quarterly basis, budget to actual reports are prepared and presented to both the BF&A Committee and the Commission.

Component Units: The authority has 18 discretely presented component units which consist of LIHTC limited partnerships. Each LIHTC limited partnership is made up of a property or series of properties which provide rental housing to qualified tenants. As the 15-year cycle for maintaining the LIHTC partnerships expire, units are donated to the Commission by the limited partners. These units are typically absorbed into the Commission's Opportunity Housing Fund and continue to provide rental housing for the Commission target population.

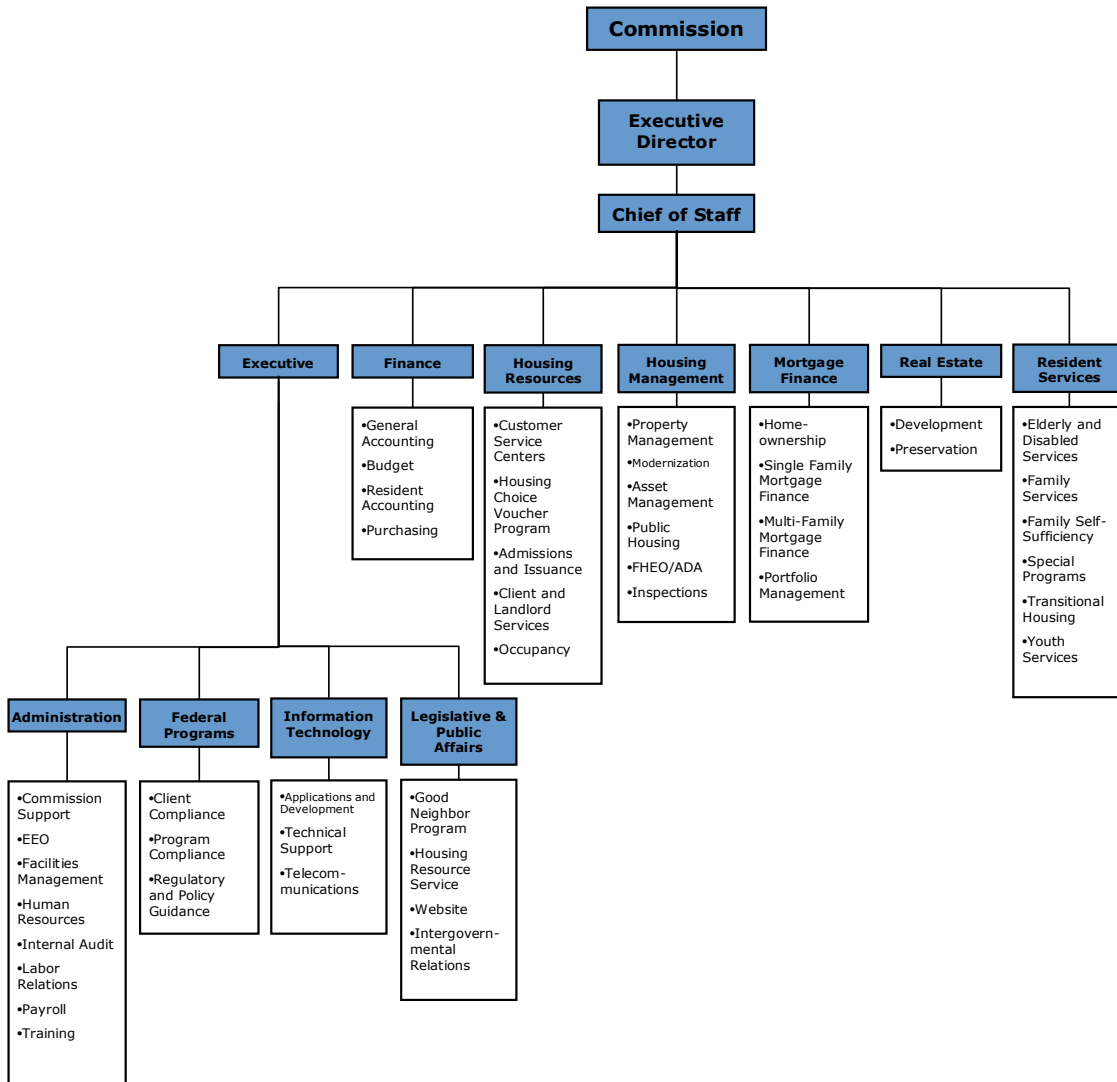
Acknowledgments: The preparation of this report has been accomplished by the efforts of the Finance Department in conjunction with the support of various Division Heads and staff throughout the Commission. We would also like to thank the Commission for their continued support and guidance throughout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

Respectfully submitted,

Gail Willison
Chief Financial Officer

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

Organizational Chart



HOUSING OPPORTUNITIES COMMISSION
OF
MONTGOMERY COUNTY, MARYLAND
List of Principal Officials

Name, Title	Expiration of Term
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BOARD OF COMMISSIONERS

Michael J. Kator, Chair	August, 2013
Roberto Piñero, Vice Chair	August, 2013
Norman Dreyfuss, Chair Pro Tem	August, 2009
Jean Banks, Commissioner	August, 2012
Norman Cohen, Commissioner	August, 2012
Pamela T. Lindstrom, Commissioner	August, 2009
Sally Roman, Commissioner	August, 2011

SENIOR MANAGEMENT

Annie, Alston, Executive Director
Ken Tecler, General Counsel

EXECUTIVE STAFF

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

II. FINANCIAL SECTION

Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2008, which along with the aggregate discretely presented component units of the Commission collectively comprise the Commission's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. The prior year partial comparative fund information has been derived from the Commission's 2007 financial statements, and in our report dated October 30, 2007, we expressed an unqualified opinion on the respective fund financial statements.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, and the aggregate discretely presented component units of the Commission as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2008, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clifton Gunderson LLP

Baltimore, Maryland
October 29, 2008

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

As management of the Housing Opportunities Commission of Montgomery County, Maryland (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the audited basic financial statements and related notes. This discussion and analysis is focused on the activities of the Commission as a primary government.

Financial Highlights

- The Commission's net assets increased by \$11.8 million from \$173.5 million at June 30, 2007 to \$185.3 million at June 30, 2008.
- The Commission's current ratio (ratio of current assets to current liabilities) decreased from 1.95 at June 30, 2007 to 1.73 at June 30, 2008. The decrease is due to an increase in Multi-Family bonds payable current from \$6.5 million at June 30, 2007 to \$44 million at June 30, 2008 due to the scheduled refinancing of the Metro Pointe bonds.
- The Commission issued \$138.3 million of new bonds for the Single Family Fund. A portion of the proceeds, \$86.8 million, was used to finance new mortgages and \$49.7 million was used to refund and redeem or pay at maturity prior bonds. The remaining \$1.8 million is capital accretion bonds.
- The Commission issued \$48.4 million of new bonds for the Multi-Family Fund. The bonds issued were used to finance new mortgage loans.
- The Commission retired and refunded bonds in the amount of \$51.0 million from the single family mortgage purchase program. The funds used to retire the bonds came from a combination of borrowers' prepayments of their mortgage loans, and the drawdown program.
- The Commission retired bonds in the amount of \$42 million from the Multi-Family Fund. The funds used to retire the bonds came from mortgage payments and the issuance of 2007 Series B and 2007 Series C bonds to refund and redeem existing bonds.
- Outstanding mortgage and construction loans receivable increased from \$341.1 million at June 30, 2007 to approximately \$367.3 million at June 30, 2008. The increase is attributable to continued loan origination activity in the Single Family Bond Fund.
- The amount of U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Assistance Payments (HAP) administered by the Commission increased slightly from \$65.5 million in fiscal year 07 to \$68.1 million in fiscal year 08.
- Unrealized gains on investments totaled \$0.4 million in fiscal year 08 compared to unrealized losses of \$0.8 million in fiscal year 07 due to the fluctuation in interest rates.

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

Overview of Financial Statements

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

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

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

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

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

Fund Structure

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

Major Funds

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

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

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

Single Family Fund – accounts for taxable and non-taxable bonds. These bonds are used to finance mortgage loans for qualifying first-time homebuyers. The primary assets are mortgage loans receivable and restricted cash and investments.

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

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

Component Units

Real Estate Limited Partnerships – The Commission is the managing general partner in 18 real estate limited partnerships. Sixteen 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, 2008.

Financial Analysis of the Commission as a Whole

The Commission's total net assets in fiscal year 2008 increased by 6.8%.

Capital assets, net of related debt, are 22% of the Commission's net assets. These capital assets are used primarily to provide housing to low-income residents.

24% of the Commission's net assets reflect cash and investments, which are restricted as to their use. The preponderance of these restricted net assets are used to finance and fund low-income housing.

54% of the Commission's net assets are not restricted. These non-restricted net assets are used in the operations of the Commission.

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

	<u>2008</u>	<u>2007</u>
Assets:		
Current and other assets	\$ 427.6	388.4
Capital assets	291.9	258.2
Mortgage and construction loans receivable	367.3	341.1
Total assets	<u>1,086.8</u>	<u>987.7</u>
Liabilities:		
Current liabilities (including current portion of long term debt and bonds payable)	120.6	101.1
Noncurrent liabilities:		
Bonds payable	670.8	604.1
Other liabilities	110.1	109.0
Total liabilities	<u>901.5</u>	<u>814.2</u>
Net assets:		
Invested in capital assets, net of related debt	40.0	43.4
Restricted for:		
Debt service	31.8	27.2
Customer deposits and other	12.3	2.6
Closing cost assistance program	0.7	1.0
Unrestricted	100.5	99.3
Total net assets	<u>\$ 185.3</u>	<u>173.5</u>

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

The primary reason for the increase in mortgage and construction loans receivable is due to an increase in mortgage loan origination activity in the Single Family Bond Fund. The increase in capital assets is due to the transfer of MHLF III, IV and V and Barclay Development Corporation to the Opportunity Housing Fund. The increase in non-current liabilities: bonds payable is due to the issuance of 2007 Series C, D, E and F, and 2008 Series A, B, C and D.

Net assets of the Commission increased by \$11.8 million or 6.8%. Some key elements of this increase are:

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

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Intergovernmental grants	\$ 92.3	86.8
Investment income	12.6	17.0
Unrealized gains (losses) on investments	0.4	(0.8)
Interest on mortgages and construction loans receivable	17.3	13.7
Dwelling rental	47.2	44.7
Management fees and other income	9.1	10.5
	<u>178.9</u>	<u>171.9</u>
Total operating revenues		
Operating expenses:		
Housing assistance payments	65.1	62.3
Administration	31.5	29.7
Maintenance	13.4	11.5
Depreciation and amortization	12.3	11.1
Utilities	5.4	5.2
Fringe benefits	7.2	6.3
Interest expense	35.0	33.0
Other expenses	5.9	5.8
	<u>175.8</u>	<u>164.9</u>
Total operating expenses		
Operating income (loss)	3.1	7.0
Nonoperating revenues, net	2.4	2.5
	<u>5.5</u>	<u>9.5</u>
Income (loss) before contributions		
Capital contributions and transfers	6.3	3.6
	<u>11.8</u>	<u>13.1</u>
Net increase (decrease) in net assets	\$	\$

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

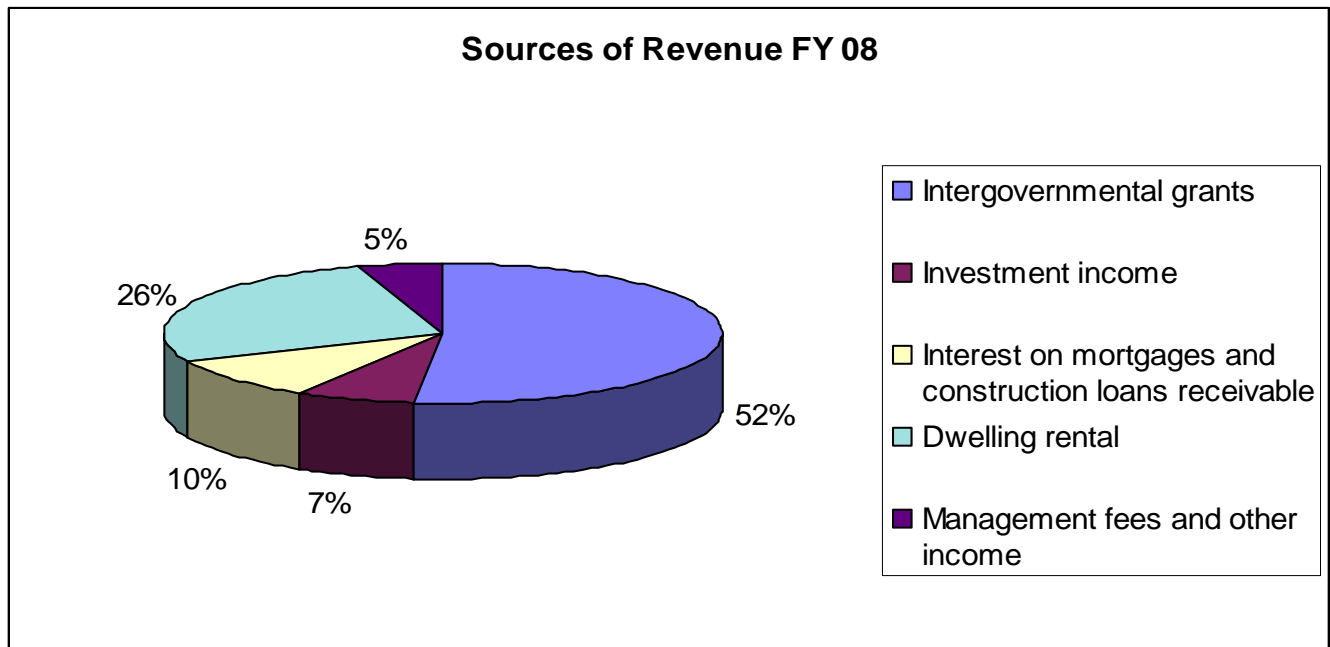
In January 2006, HUD issued PIH Notice 2006-03 which requires that the Annual Budget Authority (ABA) that the Commission receives be reported as income in the same fiscal year regardless of the total housing assistance payments incurred. As of June 30, 2008 the Commission has recorded all ABA received as income.

State and county grants and other grants increased due to an increase in capital grants received from the County and an increase in the Public Housing operating subsidy from HUD.

Investment interest income decreased by \$4.4 million as a result of declining interest rates received on investments in both bond funds. Unrealized gains on investments totaled \$0.4 million as compared to unrealized losses of \$0.8 million in fiscal year 07. The unrealized gain is a result of changing interest rates during the fiscal year.

Interest on mortgage and construction loans receivable increased by \$3.6 million due to an increase in the outstanding mortgage and construction loans receivable balance in the Single Family Fund of approximately \$41 million.

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

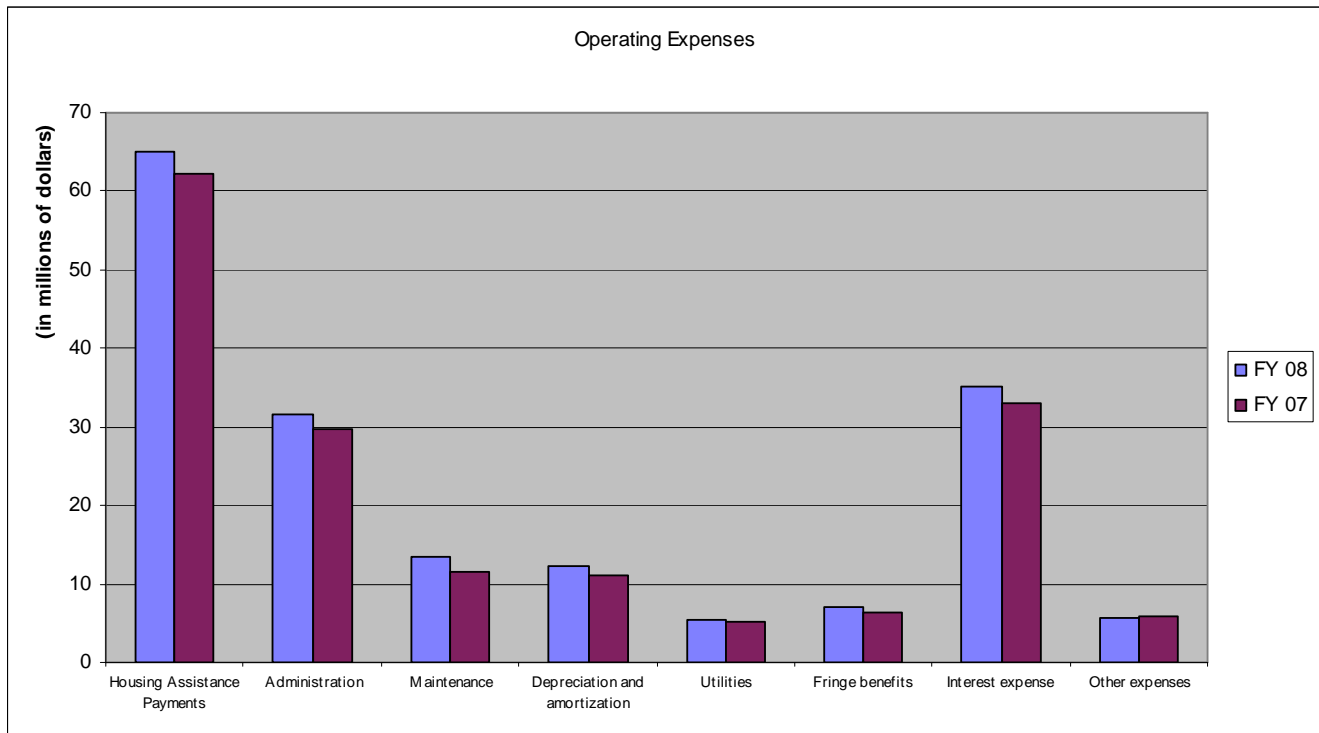


HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND
 (A Component Unit of Montgomery County, Maryland)

Management's Discussion and Analysis

For the Year Ended June 30, 2008

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 08. The increase in administration expenses is attributable to increases in salary expenses in the General Fund, Opportunity Housing Fund and Public Fund.

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

The increase in fringe benefits is primarily due to the initial funding of the Other Post Employment Benefits trust account held at Montgomery County for retirees.

The increase in interest expense is a result of bond issues in the Single Family and Multi-Family Bond Funds.

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

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

	<u>2008</u>	<u>2007</u>
Capital assets:		
Property and equipment, net of depreciation	\$ 276.6	242.2
Capitalized lease (net of amortization)	<u>15.3</u>	<u>16.0</u>
Total capital assets, net	\$ <u>291.9</u>	<u>258.2</u>

Real property is depreciated using a straight line method over a 40 year period. During the year, the Commission acquired assets of approximately \$49.2 million, while disposing of capital assets with a net book value of approximately \$14.7 million. The increase is largely attributable to the transfer of MHLP III, IV and V and the Barclay Development Corporation to the Opportunity Housing Fund from the Component Units and the purchase of Aspen Court, Kings Farm Village and Jubilee Housing. Capital leases are recorded net of amortization, explaining the decrease from the prior year.

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

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

Outstanding Debt

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

	<u>2008</u>	<u>2007</u>
Multi-Family bonds	\$ 410.3	403.7
Single Family Mortgage Purchase Program bonds	331.9	243.9
Mortgage notes and loans payable	44.7	40.3
Capitalized lease obligation	20.7	20.9
Loans payable to Montgomery County	<u>43.5</u>	<u>34.1</u>
Total	\$ <u><u>851.1</u></u>	<u><u>742.9</u></u>

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

Management's Discussion and Analysis

For the Year Ended June 30, 2008

The following are key elements of the Commission's outstanding debt as of June 30, 2008:

- \$331.9 million of single family mortgage bonds outstanding. Sources of payments for the bonds are: single family mortgages of \$185.7 million and cash, cash equivalents and investments of \$175.5 million.
- \$410.3 million of multi-family mortgage bonds outstanding. Sources of payments for the bonds are: multi-family mortgages of \$322.2 million and cash, cash equivalents and investments of \$132.9 million.

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

Economic Outlook

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

The Commission expects an increase in revenues from property related income, and real estate activity. Cash flows from federal, state and county grants are expected to increase slightly as compared to fiscal year 08. Overall, the Commission expects an increase in operating revenues that will be used to increase the funding of operating and replacement reserves.

These factors were considered in preparing the Commission's budget for the 2009 fiscal year.

Request for information

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

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

June 30, 2008

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 11,137,598	5,197,375
Accrued interest payable	198,961	4,612,079
Advances from primary government	—	13,583,063
Loans payable to Montgomery County – current	7,252,494	658,000
Mortgage notes and loans payable – current	14,905,187	4,181,817
Capitalized lease obligations – current	230,696	—
Total current unrestricted liabilities	<u>33,724,936</u>	<u>28,232,334</u>
Current liabilities payable from restricted assets:		
Customer deposits payable	3,299,104	602,782
Accrued interest payable	12,240,287	—
Bonds payable – current	71,376,097	—
Total current liabilities payable from restricted assets	<u>86,915,488</u>	<u>602,782</u>
Total current liabilities	<u>120,640,424</u>	<u>28,835,116</u>
Noncurrent liabilities:		
Bonds payable	670,793,022	—
Mortgage notes and loans payable	29,823,148	127,972,955
Loans payable to Montgomery County	36,215,235	17,221,218
Capitalized lease obligations	20,494,054	—
Deferred revenue	18,609,343	113,169
Escrow and other deposits	4,933,088	1,574,866
Total noncurrent liabilities	<u>780,867,890</u>	<u>146,882,208</u>
Total liabilities	<u>901,508,314</u>	<u>175,717,324</u>
Net Assets		
Invested in capital assets, net of related debt	39,974,579	(16,727,375)
Restricted for:		
Debt service	31,833,018	9,116,667
Customer deposits and other	12,336,781	87,528
Closing cost assistance program	683,817	—
Unrestricted	100,508,641	15,620,202
Total net assets	<u>\$ 185,336,836</u>	<u>8,097,022</u>

See accompanying notes to financial statements.

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

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

Year Ended June 30, 2008

	Business-Type Activities	Real Estate Limited Partnership Component Units
Operating revenues:		
Dwelling rental	\$ 47,207,730	16,653,565
Investment income	12,594,626	—
Unrealized gains on investments	390,768	—
Interest on mortgage and construction loans receivable	17,297,737	—
Management fees and other income	9,115,619	496,807
U.S. Department of Housing and Urban Development grants:		
Housing Assistance Payments (HAP)	68,098,758	—
HAP administrative fees	5,132,533	—
Other grants	8,777,422	—
State and county grants	10,333,157	—
Total operating revenues	178,948,350	17,150,372
Operating expenses:		
Housing Assistance Payments	65,088,360	—
Administration	31,491,319	2,679,036
Maintenance	13,443,354	3,699,613
Depreciation and amortization	12,308,298	5,054,442
Utilities	5,381,832	1,539,627
Fringe benefits	7,176,063	531,380
Interest expense	35,012,776	4,974,314
Other expenses	5,269,845	2,884,069
Bad debt expense	634,021	92,218
Total operating expenses	175,805,868	21,454,699
Operating income/(loss)	3,142,482	(4,304,327)
Nonoperating revenues (expenses):		
Investment income	2,472,198	264,603
State and County grants	3,857	—
Interest on mortgage and construction loans receivable	90,832	—
Interest expense	(247,225)	—
Other grants	31,034	—
Total nonoperating income	2,350,696	264,603
Income/(Loss) before contributions and transfers	5,493,178	(4,039,724)
Capital contributions	1,457,956	7,301,844
Transfer of MHLP III, IV, V and Barclay Development Corporation	4,801,834	(4,801,834)
Change in net assets	11,752,968	(1,539,714)
Total net assets, beginning of year	173,583,868	9,636,736
Total net assets, end of year	\$ 185,336,836	8,097,022

See accompanying notes to financial statements.

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

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

Year Ended June 30, 2008

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Cash flows from operating activities:		
Receipts from customers	\$ 58,883,268	31,724,507
Mortgage principal payments	(37,960,917)	—
Intergovernmental revenue	92,341,870	—
Investment income received	12,594,626	—
Mortgage interest received	18,201,884	—
Payments to suppliers	(40,632,043)	(9,175,419)
Payments to employees	(31,430,589)	(1,797,201)
Interest paid	(34,499,621)	(4,178,630)
Housing assistance payments	(65,088,360)	—
Net cash (used in) provided by operating activities	<u>(27,589,882)</u>	<u>16,573,257</u>
Cash flows from investing activities:		
Repayments of advances to component units	(895,300)	1,805,608
Repayment of advances by component units	2,685,359	—
Investments purchased	(112,452,736)	—
Investments sold	74,766,564	—
Investment income received	2,472,198	264,603
Investment in mortgages receivable	(825,090)	—
Mortgage interest received	(15,974)	—
Net cash (used in) provided by investing activities	<u>(34,264,979)</u>	<u>2,070,211</u>
Cash flows from noncapital financing activities:		
Proceeds from sale of bonds	186,638,959	—
Bond repayments	(93,008,816)	—
Intergovernmental revenue	34,891	—
Net cash provided by noncapital financing activities	<u>93,665,034</u>	<u>—</u>
Cash flows from capital and related financing activities:		
Payments for property, equipment and committed financing fees	(60,802,062)	(39,415,689)
Proceeds from sale of property and equipment	14,720,238	18,100,035
Proceeds from new mortgage notes and loans payable	33,064,254	21,546,897
Payments on mortgage notes and loans payable	(28,662,941)	(15,365,183)
Proceeds from new loans payable to Montgomery County	10,412,296	1,500,000
Payments on loans payable to Montgomery County	(1,031,027)	(1,000,000)
Interest paid on mortgages	(247,225)	—
Proceeds received for FHA risk-sharing loss reserve	589,891	—
Proceeds received from capital lease obligations	(221,010)	—
Capital contributions and transfers	6,259,790	2,500,010
Net cash (used in) provided by capital and related financing activities	<u>(25,917,796)</u>	<u>(12,133,930)</u>
Net increase (decrease) in cash and cash equivalents	5,892,377	6,509,538
Cash and cash equivalents, beginning of year	165,286,073	8,749,887
Cash and cash equivalents, end of year	\$ <u>171,178,450</u>	<u>15,259,425</u>

(Continued)

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

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

Year Ended June 30, 2008

	<u>Business-Type Activities</u>	<u>Real Estate Limited Partnership Component Units</u>
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:		
Current unrestricted cash and cash equivalents	\$ 70,039,612	5,452,448
Restricted cash and cash equivalents:		
Restricted cash and cash equivalents	10,664,024	—
Current bonds payable	24,022,848	—
Customer deposits	3,794,960	690,310
Noncurrent restricted cash and cash equivalents	<u>62,657,006</u>	<u>9,116,667</u>
Total cash and cash equivalents	\$ <u>171,178,450</u>	<u>15,259,425</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 3,142,482	(4,304,327)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,308,298	5,054,442
Unrealized gains on investments	(390,768)	—
Change in assets and liabilities:		
(Increase) decrease in accounts receivable and other assets	(12,842,740)	13,709,106
(Increase) decrease in mortgage and construction loans receivables	(25,418,116)	—
(Increase) decrease in accrued interest receivable	936,429	—
(Increase) decrease in deferred charges	(1,366,137)	(467,989)
Increase (decrease) in accounts payable	(4,310,721)	453,323
Increase (decrease) in deferred revenue	(623,639)	(197,586)
Increase (decrease) in accrued interest payable	463,088	795,684
Increase (decrease) in escrow and other deposits	<u>511,942</u>	<u>1,530,604</u>
Net cash (used in) provided by operating activities	\$ <u>(27,589,882)</u>	<u>16,573,257</u>
Noncash items:		
Interest on capital appreciation bonds	\$ 1,761,303	—

See accompanying notes to financial statements.

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

Statement of Net Assets – Enterprise Funds

June 30, 2008

(with comparative totals for June 30, 2007)

Assets	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Current assets:								
Unrestricted:								
Cash and cash equivalents	\$ 23,370,677	23,326,709	3,098,598	19,147,572	1,096,056	—	70,039,612	73,812,544
Interfund receivable (payable)	(10,579,766)	21,963,445	(5,008,184)	(4,933,853)	(1,441,642)	—	—	—
Advances to component units	9,082,871	6,811,524	—	—	—	—	15,894,395	17,393,920
Accounts receivable and other assets	2,273,853	10,320,787	3,747,465	65,588	—	(8,244,769)	8,162,924	11,809,722
Accrued interest receivable	192,461	960,555	—	2,498,407	1,911,749	(717,881)	4,845,291	5,674,914
Mortgage and construction loans receivable	4,124,939	12,091	—	4,940,105	6,028,054	(6,660,286)	8,444,903	8,832,475
Total unrestricted current assets	<u>28,465,035</u>	<u>63,395,111</u>	<u>1,837,879</u>	<u>21,717,819</u>	<u>7,594,217</u>	<u>(15,622,936)</u>	<u>107,387,125</u>	<u>117,523,575</u>
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	—	—	10,664,024	—	—	—	10,664,024	—
Current bonds payable	—	—	—	12,174,193	11,848,655	—	24,022,848	26,469,873
Customer deposits	—	1,740,833	2,054,127	—	—	—	3,794,960	3,626,894
Other current restricted liabilities	—	—	—	—	—	—	—	22,951
Total restricted cash and cash equivalents	<u>—</u>	<u>1,740,833</u>	<u>12,718,151</u>	<u>12,174,193</u>	<u>11,848,655</u>	<u>—</u>	<u>38,481,832</u>	<u>30,119,718</u>
Total current assets	<u>28,465,035</u>	<u>65,135,944</u>	<u>14,556,030</u>	<u>33,892,012</u>	<u>19,442,872</u>	<u>(15,622,936)</u>	<u>145,868,957</u>	<u>147,643,293</u>
Noncurrent assets:								
Restricted cash and cash equivalents	1,145,244	6,510,118	1,218,179	17,433,465	36,350,000	—	62,657,006	61,353,811
Restricted short-term investments	—	—	—	43,071,688	1,241,351	—	44,313,039	49,081,417
Restricted long-term investments	—	—	—	83,644,844	82,344,103	—	165,988,947	123,143,631
Total noncurrent restricted assets	<u>1,145,244</u>	<u>6,510,118</u>	<u>1,218,179</u>	<u>144,149,997</u>	<u>119,935,454</u>	<u>—</u>	<u>272,958,992</u>	<u>233,578,859</u>
Mortgage and construction loans receivable	371,171	13,432,299	—	180,767,996	316,179,379	(151,869,282)	358,881,563	332,250,785
Capital assets, net of depreciation	7,357,749	213,981,078	63,928,857	—	—	(8,626,664)	276,641,020	242,199,408
Leased property under capital lease, net of amortization	802,408	14,491,154	—	—	—	—	15,293,562	15,961,648
Loans receivable from component units	8,659,700	—	—	—	—	—	8,659,700	8,950,234
Deferred charges	—	4,015,319	—	3,823,348	729,233	(26,544)	8,541,356	7,175,219
Total noncurrent assets	<u>18,336,272</u>	<u>252,429,968</u>	<u>65,147,036</u>	<u>328,741,341</u>	<u>436,844,066</u>	<u>(160,522,490)</u>	<u>940,976,193</u>	<u>840,116,153</u>
Total assets	<u>\$ 46,801,307</u>	<u>317,565,912</u>	<u>79,703,066</u>	<u>362,633,353</u>	<u>456,286,938</u>	<u>(176,145,426)</u>	<u>1,086,845,150</u>	<u>987,759,446</u>

(Continued)

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

Statement of Net Assets – Enterprise Funds, continued

June 30, 2008

(with comparative totals for June 30, 2007)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	\$ 1,721,487	3,075,317	2,395,265	1,218,919	10,971,379	(8,244,769)	11,137,598	31,937,860
Accrued interest payable	11,631	905,211	—	—	—	(717,881)	198,961	291,786
Loans payable to Montgomery County – current	4,558,816	2,693,678	—	—	—	—	7,252,494	4,217,218
Mortgage notes and loans payable – current	7,477,109	14,088,364	—	—	—	(6,660,286)	14,905,187	5,176,508
Capitalized lease obligations – current	228,553	2,143	—	—	—	—	230,696	221,010
Total current unrestricted liabilities	<u>13,997,596</u>	<u>20,764,713</u>	<u>2,395,265</u>	<u>1,218,919</u>	<u>10,971,379</u>	<u>(15,622,936)</u>	<u>33,724,936</u>	<u>41,844,382</u>
Current liabilities payable from restricted assets:								
Customer deposits payable	—	1,524,203	1,774,901	—	—	—	3,299,104	3,089,485
Mortgage notes and loans payable – current	—	—	—	—	—	—	—	22,951
Accrued interest payable	—	—	—	4,229,193	8,011,094	—	12,240,287	12,571,578
Bonds payable – current	—	—	—	27,021,661	44,354,436	—	71,376,097	43,539,581
Total current liabilities payable from restricted assets	<u>—</u>	<u>1,524,203</u>	<u>1,774,901</u>	<u>31,250,854</u>	<u>52,365,530</u>	<u>—</u>	<u>86,915,488</u>	<u>59,223,595</u>
Total current liabilities	<u>13,997,596</u>	<u>22,288,916</u>	<u>4,170,166</u>	<u>32,469,773</u>	<u>63,336,909</u>	<u>(15,622,936)</u>	<u>120,640,424</u>	<u>101,067,977</u>
Noncurrent liabilities:								
Bonds payable	—	—	—	304,875,136	365,917,886	—	670,793,022	604,112,190
Mortgage notes and loans payable	1,683,917	180,008,513	—	—	—	(151,869,282)	29,823,148	35,127,563
Loans payable to Montgomery County	1,770,537	34,444,698	—	—	—	—	36,215,235	29,869,242
Capitalized lease obligations	523,796	19,970,258	—	—	—	—	20,494,054	20,724,750
Deferred revenue	13,997,634	2,261,770	555,512	—	1,820,971	(26,544)	18,609,343	18,643,091
Escrow and other deposits	—	—	—	—	4,933,088	—	4,933,088	4,630,765
Total noncurrent liabilities	<u>17,975,884</u>	<u>236,685,239</u>	<u>555,512</u>	<u>304,875,136</u>	<u>372,671,945</u>	<u>(151,895,826)</u>	<u>780,867,890</u>	<u>713,107,601</u>
Total liabilities	<u>31,973,480</u>	<u>258,974,155</u>	<u>4,725,678</u>	<u>337,344,909</u>	<u>436,008,854</u>	<u>(167,518,762)</u>	<u>901,508,314</u>	<u>814,175,578</u>
Net Assets								
Invested in capital assets, net of related debt	7,407,808	(22,735,422)	63,928,857	—	—	(8,626,664)	39,974,579	43,431,423
Restricted for:								
Debt service	—	6,510,118	—	6,140,872	19,182,028	—	31,833,018	27,244,175
Customer deposits and other	—	216,630	12,120,151	—	—	—	12,336,781	2,580,554
Closing cost assistance program	683,817	—	—	—	—	—	683,817	985,064
Unrestricted (deficit)	<u>6,736,202</u>	<u>74,600,431</u>	<u>(1,071,620)</u>	<u>19,147,572</u>	<u>1,096,056</u>	<u>—</u>	<u>100,508,641</u>	<u>99,342,652</u>
Total net assets	<u>\$ 14,827,827</u>	<u>58,591,757</u>	<u>74,977,388</u>	<u>25,288,444</u>	<u>20,278,084</u>	<u>(8,626,664)</u>	<u>185,336,836</u>	<u>173,583,868</u>

See accompanying notes to financial statements.

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

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

Year Ended June 30, 2008

(with comparative totals for June 30, 2007)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Operating revenues:								
Dwelling rental	\$ 851,942	41,176,763	5,179,025	—	—	—	47,207,730	44,708,879
Investment income	—	—	—	5,805,263	6,789,363	—	12,594,626	16,949,098
Unrealized gains (losses) on investments	—	—	—	1,040,663	(649,895)	—	390,768	(834,397)
Interest on mortgage and construction loans receivable	—	—	—	8,867,000	16,671,492	(8,240,755)	17,297,737	13,710,886
Management fees and other income	14,086,690	1,637,887	3,725,819	—	112,460	(10,447,237)	9,115,619	10,485,337
U.S. Department of Housing and Urban Development grants:								
Housing Assistance Payments (HAP)	—	—	68,098,758	—	—	—	68,098,758	65,497,448
HAP administrative fees	—	—	5,132,533	—	—	—	5,132,533	4,260,881
Other grants	—	—	8,777,422	—	—	—	8,777,422	7,950,894
State and County grants	—	—	10,333,157	—	—	—	10,333,157	9,147,060
Total operating revenues	<u>14,938,632</u>	<u>42,814,650</u>	<u>101,246,714</u>	<u>15,712,926</u>	<u>22,923,420</u>	<u>(18,687,992)</u>	<u>178,948,350</u>	<u>171,876,086</u>
Operating expenses:								
Housing Assistance Payments	—	—	65,088,360	—	—	—	65,088,360	62,250,457
Administration	10,118,019	8,125,199	15,607,073	2,557,462	1,645,756	(6,562,190)	31,491,319	29,693,342
Maintenance	1,005,731	8,247,557	4,185,342	—	4,724	—	13,443,354	11,540,628
Depreciation and amortization	851,376	8,060,736	3,396,186	—	—	—	12,308,298	11,092,722
Utilities	217,479	3,345,071	1,819,282	—	—	—	5,381,832	5,244,849
Fringe benefits	2,866,090	663,533	3,646,440	—	—	—	7,176,063	6,293,777
Interest expense	—	12,072,005	—	12,018,678	19,162,848	(8,240,755)	35,012,776	33,017,662
Other expenses	807,900	4,875,220	2,893,860	415,068	162,844	(3,885,047)	5,269,845	5,519,503
Bad debt expense	51,514	273,607	308,900	—	—	—	634,021	269,722
Total operating expenses	<u>15,918,109</u>	<u>45,662,928</u>	<u>96,945,443</u>	<u>14,991,208</u>	<u>20,976,172</u>	<u>(18,687,992)</u>	<u>175,805,868</u>	<u>164,922,662</u>
Operating income (loss)	\$ <u>(979,477)</u>	<u>(2,848,278)</u>	<u>4,301,271</u>	<u>721,718</u>	<u>1,947,248</u>	<u>—</u>	<u>3,142,482</u>	<u>6,953,424</u>

(Continued)

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

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

Year Ended June 30, 2008

(with comparative totals for June 30, 2007)

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi-Family Fund</u>	<u>Eliminations</u>	<u>Combined Totals</u>	
							<u>2008</u>	<u>2007</u>
Nonoperating revenues (expenses):								
Investment income	\$ 1,299,949	1,010,388	161,861	—	—	—	2,472,198	2,510,513
Unrealized losses on investments	—	—	—	—	—	—	—	—
Interest on mortgage and construction loans receivable	14,132	76,700	—	—	—	—	90,832	102,502
Interest expense	(247,225)	—	—	—	—	—	(247,225)	(214,060)
Other grants	—	31,034	—	—	—	—	31,034	40,689
State and County grants	—	3,857	—	—	—	—	3,857	51,286
Total nonoperating income	1,066,856	1,121,979	161,861	—	—	—	2,350,696	2,490,930
Income (loss) before contributions and transfers	87,379	(1,726,299)	4,463,132	721,718	1,947,248	—	5,493,178	9,444,354
Capital contributions	—	—	1,457,956	—	—	—	1,457,956	3,692,041
Operating transfers in (out)	2,352,590	473,401	(1,577,593)	—	(1,248,398)	—	—	—
Transfer of MHLP III, IV, V and Barclay Develop- ment Corporation to Opportunity Housing Fund	—	4,801,834	—	—	—	—	4,801,834	—
Changes in net assets	2,439,969	3,548,936	4,343,495	721,718	698,850	—	11,752,968	13,136,395
Total net assets, beginning of year	12,387,858	55,042,821	70,633,893	24,566,726	19,579,234	(8,626,664)	173,583,868	160,447,473
Total net assets, end of year	\$ 14,827,827	58,591,757	74,977,388	25,288,444	20,278,084	(8,626,664)	185,336,836	173,583,868

See accompanying notes to financial statements.

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

Statement of Cash Flows – Enterprise Funds

Year Ended June 30, 2008

(with comparative totals for June 30, 2007)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Cash flows from operating activities:								
Receipts from customers	\$ 16,380,769	33,922,176	10,670,331	—	112,460	(2,202,468)	58,883,268	51,724,614
Mortgage principle payments/receipts	—	—	—	(41,865,037)	(18,708,407)	22,612,527	(37,960,917)	(75,816,928)
Intergovernmental principal payments received	—	—	92,341,870	—	—	—	92,341,870	86,856,283
Investment income received	—	—	—	5,805,263	6,789,363	—	12,594,626	16,949,098
Mortgage interest received	—	—	—	9,514,024	16,953,648	(8,265,788)	18,201,884	13,541,639
Receipts from interfund services provided	3,074,817	494,555	—	—	—	—	3,569,372	2,621,463
Payments to suppliers	(4,385,900)	(20,616,570)	(14,485,922)	(2,063,504)	(1,282,615)	2,202,468	(40,632,043)	(28,537,358)
Payments to employees	(11,014,981)	(5,507,240)	(13,468,633)	(909,026)	(530,709)	—	(31,430,589)	(28,760,229)
Interest paid	(3,093)	(12,136,704)	—	(10,475,705)	(20,149,907)	8,265,788	(34,499,621)	(31,159,963)
Housing assistance payments	—	—	(65,088,360)	—	—	—	(65,088,360)	(62,250,457)
Payments to interfund services used	—	—	(1,835,675)	(415,784)	(1,317,913)	—	(3,569,372)	(2,621,463)
Net cash provided by (used in) operating activities	4,051,612	(3,843,783)	8,133,611	(40,409,769)	(18,134,080)	22,612,527	(27,589,882)	(57,453,301)
Cash flows from investing activities:								
Repayments of advances from (to) component units	—	(895,300)	—	—	—	—	(895,300)	(4,312,934)
Repayments of advances by component units	2,685,359	—	—	—	—	—	2,685,359	72,780
Investments purchased	—	—	—	(108,068,952)	(4,383,784)	—	(112,452,736)	(21,133,020)
Investments sold	—	—	—	64,824,161	9,942,403	—	74,766,564	64,456,678
Investment income received	1,299,949	1,010,388	161,861	—	—	—	2,472,198	2,510,513
Investment in mortgages receivable	(992,948)	167,858	—	—	—	—	(825,090)	(1,321,452)
Mortgage interest received	(15,974)	—	—	—	—	—	(15,974)	(13,634)
Net cash provided by (used in) investing activities	2,976,386	282,946	161,861	(43,244,791)	5,558,619	—	(34,264,979)	40,258,931
Cash flows from noncapital financing activities:								
Proceeds from sale of bonds	—	—	—	138,255,506	48,383,453	—	186,638,959	183,860,143
Bond repayments	—	—	—	(51,038,816)	(41,970,000)	—	(93,008,816)	(130,780,308)
Intergovernmental revenue	—	34,891	—	—	—	—	34,891	91,975
Net cash provided by (used in) noncapital financing activities	\$ —	34,891	—	87,216,690	6,413,453	—	93,665,034	53,171,810

(Continued)

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

Statement of Cash Flows – Enterprise Funds, continued

Year Ended June 30, 2008

(with comparative totals for June 30, 2007)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Cash flows from capital and related financing activities:								
Payments for property, equipment and capital financing fees	\$ (2,141,591)	(46,143,536)	(12,516,935)	—	—	—	(60,802,062)	(20,637,687)
Proceeds from sale of property and equipment	—	7,855,420	6,864,818	—	—	—	14,720,238	9,690,550
Proceeds from new mortgage notes and loans payable	5,436,043	27,628,211	—	—	—	—	33,064,254	2,354,874
Payments on mortgage notes and loans payable	(6,050,414)	—	—	—	—	(22,612,527)	(28,662,941)	(545,951)
Proceeds from new loans payable to Montgomery County	—	10,412,296	—	—	—	—	10,412,296	464,235
Payments on loans payable to Montgomery County	—	(1,031,027)	—	—	—	—	(1,031,027)	(2,108,153)
Interest paid on mortgages	(247,225)	—	—	—	—	—	(247,225)	(214,060)
Proceeds received for FHA risk-sharing losses reserve	589,891	—	—	—	—	—	589,891	606,075
Payment of principal on capital lease obligations	(219,023)	(1,987)	—	—	—	—	(221,010)	605,377
Capital contributions and transfers	—	4,801,834	1,457,956	—	—	—	6,259,790	3,692,041
Net cash provided by (used in) capital and related financing activities	(2,632,319)	3,521,211	(4,194,161)	—	—	(22,612,527)	(25,917,796)	(6,092,699)
Net increase (decrease) in cash and cash equivalents	4,395,679	(4,735)	4,101,311	3,562,130	(6,162,008)	—	5,892,377	29,884,741
Cash and cash equivalents, beginning of year	20,120,242	31,582,395	12,933,617	45,193,100	55,456,719	—	165,286,073	135,401,332
Cash and cash equivalents, end of year	\$ 24,515,921	31,577,660	17,034,928	48,755,230	49,294,711	—	171,178,450	165,286,073
Reconciliation of cash and cash equivalents, end of year to amounts in the statement of net assets:								
Current unrestricted cash and cash equivalents	\$ 23,370,677	23,326,709	3,098,598	19,147,572	1,096,056	—	70,039,612	73,812,544
Restricted cash and cash equivalents:								
Restricted cash and cash equivalents	—	—	10,664,024	—	—	—	10,664,024	22,951
Current bonds payable	—	—	—	12,174,193	11,848,655	—	24,022,848	26,469,873
Customer deposits	—	1,740,833	2,054,127	—	—	—	3,794,960	3,626,894
Noncurrent restricted cash and cash equivalents	1,145,244	6,510,118	1,218,179	17,433,465	36,350,000	—	62,657,006	61,353,811
Total cash and cash equivalents	\$ 24,515,921	31,577,660	17,034,928	48,755,230	49,294,711	—	171,178,450	165,286,073

(Continued)

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

Statement of Cash Flows – Enterprise Funds, continued

Year Ended June 30, 2008

(with comparative totals for June 30, 2007)

	General Fund	Opportunity Housing Fund	Public Fund	Single Family Fund	Multi-Family Fund	Eliminations	Combined Totals	
							2008	2007
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (979,477)	(2,848,278)	4,301,271	721,718	1,947,248	—	3,142,482	6,953,424
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	851,376	8,060,736	3,396,186	—	—	—	12,308,298	11,092,722
Unrealized losses (gains) on investments	—	—	—	(1,040,663)	649,895	—	(390,768)	834,397
Change in assets and liabilities:								
Decrease (increase) in accounts receivable and other assets	1,402,982	(8,389,412)	2,370,675	(5,493)	23,277	(8,244,769)	(12,842,740)	(345,035)
Decrease (increase) in mortgage and construction loans receivable	—	—	—	(41,288,658)	(6,741,985)	22,612,527	(25,418,116)	(95,644,367)
Decrease (increase) in accrued interest receivable	—	—	—	652,517	258,879	25,033	936,429	(121,878)
Decrease (increase) in deferred charges	—	(555,803)	—	(582,907)	(222,130)	(5,297)	(1,366,137)	(370,939)
Decrease (increase) in interfund receivable	3,074,817	494,555	(1,835,675)	(415,784)	(1,317,913)	—	—	—
(Decrease) increase in accounts payable	(334,148)	(593,623)	506,341	6,528	(12,140,588)	8,244,769	(4,310,721)	19,602,219
(Decrease) increase in deferred revenue	39,155	(50,798)	(711,267)	—	93,974	5,297	(623,639)	(2,120,678)
(Decrease) increase in accrued interest payable	(3,093)	(64,699)	—	1,542,973	(987,060)	(25,033)	463,088	1,835,891
(Decrease) increase in escrow and other deposits	—	103,539	106,080	—	302,323	—	511,942	830,943
Net cash provided by (used in) operating activities	\$ <u>4,051,612</u>	<u>(3,843,783)</u>	<u>8,133,611</u>	<u>(40,409,769)</u>	<u>(18,134,080)</u>	<u>22,612,527</u>	<u>(27,589,882)</u>	<u>(57,453,301)</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2008

(1) Organization and Summary of Significant Accounting Policies

(a) Description of the Commission

The Housing Opportunities Commission of Montgomery County, Maryland (a component unit of Montgomery County, Maryland) (the Commission) is a public body corporate and politic established by the State of Maryland and Montgomery County law to act as a builder, developer, financier, owner and manager of housing for eligible participants. The Commission was established as a result of the following:

- Article 44A of the Annotated Code of Maryland.
- Chapter 41 of the laws of Montgomery County, Maryland, known as the Housing Opportunities Act, which permits Montgomery County (the County) to authorize the Commission to perform various housing functions either through a contract with the County or by local law.

Specific powers of the Commission include:

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

Housing activities sponsored by the Commission include:

- The Public Housing Rental Program, which provides housing for low- and moderate-income families and elderly and disabled individuals who pay either a flat rent or a minimum of 30% of their adjusted gross income for rent;
- Home-Ownership Program, whereby families pay a minimum of 30% of their adjusted gross income each month to the Commission. A portion of this monthly payment is placed in an earned home-payment account, and another sum is placed in a non-routine maintenance reserve. Once a family's income is high enough to secure a mortgage, these reserve accounts can be used for the down payment and/or closing costs. Title to the home is then transferred to the family, and they assume ownership of the home along with all rights and responsibilities of home ownership;

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

Notes to Financial Statements

June 30, 2008

- Section 8 Housing Assistance Payments Program, sponsored by the U.S. Department of Housing and Urban Development (HUD), through which eligible persons may seek housing in the private marketplace. The Section 8 Housing Choice Voucher program allows eligible families to obtain adequate rental housing while paying a minimum of 30% of their monthly income for rent;
- Opportunity Housing Program, which is a local program administered by the Commission for families of eligible income, and includes both sales and rental housing; and
- Tax Credit Partnerships, which provide rental housing for low and moderate income households. The Commission manages these properties and is a 1% general partner.

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

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

Except as noted below, neither the Single Family Mortgage Revenue Bonds nor the Multi-Family Housing Revenue Bonds constitute a liability or obligation, either direct or indirect, of Montgomery County, the State of Maryland (the State) or any political subdivision thereof and are not backed by the full faith and credit of the Commission, the State or any political subdivision thereof, but are limited obligations of the Commission payable solely from the revenue and other assets of the Commission pursuant to individual Bond Resolutions. The Multi-Family Housing Revenue Bonds, 1998 Issue A and 2006 Issue A, are guaranteed as general obligation bonds of Montgomery County.

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

(b) *Financial Reporting Entity*

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

Development Corporations. The Development Corporations (the Corporations) operate exclusively for non-profit purposes and were created to assist in carrying out housing projects for persons of eligible income. Housing projects undertaken, financed, or assisted by the Corporations and their related expenditures must be approved by the Commission. The Corporations are legally separate from the Commission, and are included in the Opportunity Housing Fund as blended component units, since the Commission can significantly influence the programs, projects, or activities of, or the level of service performed by the Corporations, and their boards of directors are substantially the same as the Commission.

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

Notes to Financial Statements

June 30, 2008

Real Estate Limited Partnerships. The Commission is the managing general partner in 18 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. Sixteen 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, 2008. Separate financial statements for the individual limited partnerships can be obtained from the Commission.

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

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

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

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

Commission financial statements distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a fund's principal ongoing operations. The principal operating revenues of the General and Opportunity Housing Funds are dwelling rentals, management fees and other income. The principal operating revenues of the Public Fund are intergovernmental grants. The principal operating revenues of the Single Family and Multi-Family Funds are investment interest and interest on mortgage and construction loans receivable. Operating expenses for the General, Opportunity

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

Notes to Financial Statements

June 30, 2008

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 Multi-Family Funds are interest and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

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

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

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

(d) Investments

Investments of the General Fund, the Public Fund, and the Opportunity Housing Fund consist of those permitted by the investment policy including obligations of the U.S. government and federal agencies, bankers' acceptances, repurchase agreements, certificates of deposit, money market mutual funds, investments in the Maryland Local Government Investment Pool, commercial paper, and investments in the Montgomery County investment pool. Investments of the Multi-Family Program Fund and the Single Family Mortgage Purchase Program Fund consist of those permitted by the respective bond trust indentures adopted by the Commission providing for the issuance of bonds. Investments are recorded at fair value. Fair value is based upon quoted market prices. The Commission classifies its investments as current or non-current based on the maturity dates. Short-term investments have maturities within one year.

(e) Mortgage and Construction Loans Receivable

Mortgage and construction loans are carried at amounts advanced, net of collections and reserves for loan losses, if any. As of June 30, 2008, there were no reserves for loan losses. Loans that become past due as to principal and interest are evaluated for collectability. Generally, loans are not placed on non-accrual status because they are insured or otherwise guaranteed. Historically, the Commission's loan losses have been insignificant.

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

Notes to Financial Statements

June 30, 2008

(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 50-90% of the risk of loss from mortgage default and Level II participants assume either 25% or 10% of the risk of loss from mortgage default.

Upon default of a mortgage and request of the Commission, HUD will pay the claim in full, so the Commission can redeem the bonds. Upon receipt of the cash payment from FHA, the Commission will execute a debenture, promissory note or some other instrument, with HUD for the full amount of the claim. In the instrument, the Commission will agree to reimburse HUD over a five-year period for its portion of the loss upon the sale of the project based on the proportion of risk borne by the Commission. The Commission must pay annual interest on the debenture at HUD's cost of borrowing from the U.S. Treasury. The Commission's maximum potential risk of loss as of June 30, 2008 is \$108,598,399 which is collateralized primarily by the underlying properties. Management has established what it deems to be an adequate reserve of \$5,875,945 against this potential loss in excess of the value of the real estate securing the notes.

(g) *Grants/Contributions from Governmental Agencies*

The Commission receives reimbursement from federal, state and county governmental agencies for the cost of sponsored projects, including administrative costs. Revenue is recognized to the extent of reimbursable costs incurred subject to limitations in the agreements with the sponsoring governmental agencies.

(h) *Capital Assets*

Capital assets include property held for and under development, operating properties, and fixed assets used in operations that 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 10 years for building equipment.

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

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

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

Notes to Financial Statements

June 30, 2008

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

The Commission charges commitment and financing fees to developers within the Multi-Family Fund. Loan origination and commitment fees are deferred and recognized over the life of the related loan as an adjustment of yield. Net deferred fees are amortized to income in a manner approximating the effective interest method. The Commission also incurs cost of issuance expenses for the Single Family bond issues which are deferred and amortized over the life of the bonds. Net deferred fees amounted to \$4,552,581 at June 30, 2008 and are included in deferred charges on the statement of net assets. The Commission also annually receives loan monitoring fees for the ongoing costs of monitoring mortgages and bonds for compliance under the Multi-Family Fund. These fees are recognized as earned and are included in management fees and other income in the accompanying statement of revenues, expenses and changes in net assets.

(j) *Bond Discounts*

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

(k) *Bond Accretion*

Interest expense on capital appreciation bonds is not paid in cash during the term of the bonds, but is added to the principal balance. Accretion is computed using the effective interest method and is included in bond interest expense in the accompanying statement of revenues, expenses and changes in net assets.

(l) *Cash Equivalents*

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

(m) *Compensated absences and severance*

The Commission's policy provides for the accrual of annual leave only. The accrual is based on the employees' 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, 2008 amounted to \$1,670,059 and is included in accounts payable and accrued liabilities in the accompanying Statement of Net Assets.

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

(n) *Prior-Period Comparative Financial Information*

The basic financial statements include certain prior-year partial comparative information that is not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2007, 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, 2008

(o) *Accounting Changes*

The Commission has adopted GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45)*. Other Post Employment Benefits (OPEB) includes postemployment healthcare, as well as other forms of postemployment benefits (such as life insurance) when provided separately from a pension plan. GASB 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), and note disclosures. GASB 45 improves the relevance and usefulness of financial reporting by (a) requiring systemic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

For fiscal year 2008 the Commission funded the OPEB annual required contribution of \$524,000 to Montgomery County's Retiree Benefits Trust, a cost-sharing multiple-employer defined benefit healthcare plan.

(2) **Cash, Cash Equivalents, and Investments**

Business-Type Activities

A. Cash

The Commission's cash balances as of June 30, 2008 were entirely insured or collateralized with securities held by the Commission's agent in the Commission's name.

	<u>Carrying Amount</u>	<u>Bank Balances</u>
Cash:		
General Fund	\$ 29,560	25,160
Opportunity Housing Fund	4,197,115	4,189,011
Public Fund	800	—
Total cash	<u>\$ 4,227,475</u>	<u>4,214,171</u>

B. Cash Equivalents & Investments

The General Fund cash and cash equivalents balance at June 30, 2008 includes \$1,145,244 of cash and cash equivalents restricted for reserves for tax credit programs, closing cost programs, replacement and other reserves. The Opportunity Housing Fund cash and cash equivalents balance at June 30, 2008 includes \$8,250,951 of cash and cash equivalents restricted in accordance with various loan agreements with agencies of the State of Maryland and Montgomery County, and in bond indentures. The Public Fund cash

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

Notes to Financial Statements

June 30, 2008

balance includes \$13,936,330 as of June 30, 2008, of security deposits, housing choice voucher funding and home ownership reserves restricted in accordance with the HUD regulations.

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

Interest Rate Risk. The Commission's investment policy which applies to the General Fund, Public Fund and the Opportunity Housing Fund requires that the majority of the investments of the Commission must be on a short-term basis (less than one year); however a portion of the portfolio may be invested in investments with longer maturities (up to two years). The investment requirements for the Multi-Family Fund and Single Family Fund are specified within each of the bond trust indentures. The bond trustee is required to invest money in obligations with the objective that sufficient money will be available to pay the interest due on the Bonds 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; banker's acceptances; money market mutual funds; Maryland Local Government Investment Pool; Montgomery County Local Government Investment Pool; certificate of deposits and time deposits; and commercial paper. Bankers Acceptances of domestic banks and commercial paper must maintain the highest rating from one of the Nationally Recognized Statistical Rating Organizations (NRSRO) as designated by the SEC or State Treasurer. Repurchase agreements require collateralization at 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities provided the collateral is held by a custodian, other than the seller. Certificates of deposit or time deposits must be collateralized at 102% of the market value and held by a custodian other than the seller.

The Commission invests in the Montgomery County Local Government Investment Pool and the Maryland Local Government Investment Pool (MLGIP). The pools are not subject to regulatory oversight by the SEC. However the County pool is subject to oversight by the County's investment committee.

The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore-based financial institution, Mercantile-Safe Deposit and Trust Company. The pool has a AAA rating from Standard and Poors and maintains a \$1.00 per share value. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair market value of the pool is the same as the value of the pool shares. The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: PNC Bank, Maryland Local Government Investment Pool, Mr. David Rommel, 2 Hopkins Plaza, 4th Floor, Baltimore, Maryland 21201; or by calling 1-800-492-5160.

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

Notes to Financial Statements

June 30, 2008

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

Custodial Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Amounts held in trust accounts and other demand accounts within the General Fund, the Opportunity Housing Fund and the Public Fund are covered by federal depository insurance, or collateralized at a level of at least 102% of market value of principal and accrued interest. The collateral is held by the bank's agent in the Commission's name with the exception of the repurchase agreement collateral for the Maryland Local Government Investment Pool which is segregated and held in the name of PNC Banks Safe Deposit and Trust's account at the Federal Reserve Bank.

Amounts held in money market funds and investment agreements within the Multi-Family and Single Family Funds are typically collateralized at 102% by either U.S. Treasuries or other government guaranteed securities. The Bond Indenture agreements permit investments in funds that contain agency debt which are not collateralized by U.S. Treasuries or other guaranteed government securities. As of June 30, 2008, the Commission held investments in agency securities which were not collateralized but were rated AA and AAA.

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

Notes to Financial Statements

June 30, 2008

As of June 30, 2008, the Commission had the following cash, cash equivalents, investments and maturities:

Cash Equivalents	Fair Value
Cash equivalents:	
General Fund	
<i>Repurchase Agreements</i>	\$ 8,974,186
<i>Money Market Accounts</i>	7,260,033
<i>US Treasury Bills</i>	8,252,142
Opportunity Housing Fund	
<i>Investment in Montgomery County Local</i>	
<i>Government Investment Pool</i>	8,362,401
<i>Investment in Maryland Local</i>	
<i>Government Investment Pool</i>	396,534
<i>Money Market Accounts</i>	18,621,610
Public Fund	
<i>Money Market Accounts</i>	12,487,279
<i>Investment in Maryland Local</i>	
<i>Government Investment Pool</i>	4,546,849
Multi-Family Fund	
<i>Money Market Accounts</i>	49,294,711
Single Family Fund	
<i>Money Market Accounts</i>	48,755,230
<i>Total cash equivalents</i>	166,950,975
Short-term Investments:	
Multi-Family Fund	
<i>GNMA Pool</i>	\$ 943,454
<i>US Treasuries</i>	297,897
Single Family Fund	
<i>DEPFA Repurchase Agreement</i>	35,206,661
<i>Royal Bank of Canada</i>	4,335,407
<i>Society General Repurchase Agreement</i>	3,529,620
<i>Total short-term investments</i>	44,313,039

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

Notes to Financial Statements

June 30, 2008

<u>Long Term Investments</u>	<u>Fair Value</u>	<u>1-5 years</u>	<u>Long Term</u>	<u>Rating</u>
Long-term Investments:				
Multi-Family Fund				
<i>US Treasuries</i>	\$ 2,644,314	-	2,644,314	AAA
<i>Fannie Mae</i>	3,715,661	-	3,715,661	AAA
<i>Freddie Mac</i>	3,600,886	2,217,888	1,382,998	AAA
<i>GNMA Pool</i>	69,189,469	-	69,189,469	AAA
<i>Citigroup Global Markets</i>	2,602,247	-	2,602,247	AAA
<i>Bank One Investment Agreement</i>	591,526	-	591,526	AA/Aa2
Single Family Fund				
<i>Federal Farm Credit Banks</i>	5,769,248	-	5,769,248	AAA
<i>Federal Home Loan Banks</i>	1,565,231	153,337	1,411,894	AAA
<i>US Treasuries</i>	8,383,759	1,011	8,382,748	AAA
<i>Fannie Mae</i>	890,317	-	890,317	AAA
<i>Solomon Repurchase Agreement</i>	2,345,800	-	2,345,800	AA1
<i>Trinity Plus Investment Agreement</i>	61,304,551	61,304,551	-	AAA
<i>Tennessee Valley Authority</i>	3,385,938	-	3,385,938	AAA
<i>Total long-term investments</i>	<u>165,988,947</u>	<u>63,676,787</u>	<u>102,312,160</u>	
<i>Cash balances</i>	<u>4,227,475</u>			
<i>Total cash, cash equivalents and investments</i>	\$ <u><u>381,480,436</u></u>			
Reconciliation of cash, cash equivalents and investments to amounts in the statement of net assets:				
Current unrestricted cash and cash equivalents	\$ 70,039,612			
Total restricted cash and cash equivalents for current liabilities	38,481,832			
Total noncurrent restricted assets	<u>272,958,992</u>			
	\$ <u><u>381,480,436</u></u>			

C. Real Estate Limited Partnership Component Units

The Real Estate Limited Partnership Component Units cash and cash equivalents balance as of December 31, 2007 was \$15,259,425 consisting of \$4,432,954 in cash, \$1,457,208 in the Maryland Local Government Investment Pool and \$9,369,263 in money market accounts. All cash equivalents have maturities of one year or less. The Real Estate Limited Partnership Component Units follow the Commission's investment policy.

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

Notes to Financial Statements

June 30, 2008

(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, 2008 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
General Fund		
Closing Cost Assistance Loans	4.53%	\$ 435,861
Leafy House		523,951
		<u>\$ 959,812</u>
Opportunity Housing Fund		
Home-Ownership Assistance Loan Fund (HALF)	4.500 to 6.500%	15,281
Rental Assistance Security Deposit Loan	—	1,109
Metropolitan of Bethesda Limited Partnership	—	1,142,000
Strathmore Court Associates Limited Partnership	—	1,000,000
Barclay One Associates Limited Partnership	—	5,347,969
Spring Garden One Associates Limited Partnership	—	3,274,431
		<u>10,780,790</u>
Multifamily Fund		
Metropolitan of Bethesda Limited Partnership	6.38%	6,828,592
Landings Edge	4.95%	6,416,609
Strathmore Court at White Flint - B	7.62%	4,633,858
Dring's Reach	4.75%	6,789,894
Ambassador	7.16%	2,595,679
TC IX Pond Ridge	6.30%	1,900,814
TC IX MPDU's	6.30%	3,243,729
Croydon Manor	6.35%	2,913,688
Silver Spring House	6.35%	2,203,483
Paint Branch II	6.46%	3,826,933

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

Notes to Financial Statements

June 30, 2008

Shady Grove	5.20%	\$ 7,080,147
Willows	5.20%	5,359,944
Manchester	5.20%	2,111,817
Tax Credit X	6.20%	3,543,944
Ring House	6.10%	16,276,723
Stewartown	6.20%	4,243,104
Georgian Court	6.20%	5,294,940
Charter House	6.02%	13,532,390
Rockville Housing	5.21%	3,794,588
Barclay	4.55%	6,582,839
Spring Gardens	4.55%	6,667,556
Forest Oak	4.93%	17,783,022
MetroPointe	—	36,350,000
		<u>169,974,293</u>
Less deferred commitment fees		<u>(96,530)</u>
		169,877,763
Single Family Fund		
Mortgage loans receivable, net	4.900 to 13.445%	<u>185,708,101</u>
Total		\$ <u>367,326,466</u>

As of June 30, 2008, the amounts available or committed for additional advances or new loans are \$10,860,639 and \$56,369,928 for the Multi-Family Fund and the Single Family Fund, respectively.

Included in the mortgage and construction loans receivable balance of the Multi-Family Fund are interfund mortgage loans receivable from the Opportunity Housing Fund amounting to \$152,329,669 as of June 30, 2008, which have been eliminated. The related interest revenue, amounting to \$7,902,970 for the year ended June 30, 2008 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the General Fund at June 30, 2008 are interfund mortgage loans receivable from the Opportunity Housing Fund amounting to \$3,536,298 which has been eliminated in the accompanying financial statements. The related interest revenue, amounting to \$337,786 for the year ended June 30, 2008 has also been eliminated.

Included in the mortgage and construction loans receivable balance of the Opportunity Housing Fund at June 30, 2008 are interfund mortgage loans receivable from the OHRF Fund amounting to \$2,663,600, which has been eliminated in the accompanying financial statements.

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

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

Notes to Financial Statements

June 30, 2008

(4) Capital Assets

The Commission's capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Land:				
General Fund	\$ 4,328,892	—	—	4,328,892
Opportunity Housing Fund	27,820,577	1,097,481	—	28,918,058
Public Fund	<u>16,243,515</u>	<u>—</u>	<u>61,794</u>	<u>16,181,721</u>
Total land	<u>48,392,984</u>	<u>1,097,481</u>	<u>61,794</u>	<u>49,428,671</u>
Site improvements:				
Public Fund	2,945,910	—	—	2,945,910
Accumulated depreciation	<u>(2,828,473)</u>	<u>(31,316)</u>	<u>—</u>	<u>(2,859,789)</u>
Total site improvements, net	<u>117,437</u>	<u>(31,316)</u>	<u>—</u>	<u>86,121</u>
Building and improvements:				
General Fund	2,785,592	360,977	—	3,146,569
Accumulated depreciation	<u>(1,883,441)</u>	<u>(61,961)</u>	<u>—</u>	<u>(1,945,402)</u>
Opportunity Housing Fund	188,926,374	42,550,869	21,142	231,456,101
Accumulated depreciation	<u>(56,209,065)</u>	<u>(12,233,718)</u>	<u>—</u>	<u>(68,442,783)</u>
Public Fund	78,303,077	6,229,907	355,145	84,177,839
Accumulated depreciation	<u>(45,549,060)</u>	<u>(3,330,739)</u>	<u>(258,944)</u>	<u>(48,620,855)</u>
Total building and improvements, net	<u>166,373,477</u>	<u>33,515,335</u>	<u>117,343</u>	<u>199,771,469</u>
Furniture and equipment:				
General Fund	5,164,806	1,706,018	147,559	6,723,265
Accumulated depreciation	<u>(4,496,706)</u>	<u>(546,428)</u>	<u>(147,559)</u>	<u>(4,895,575)</u>
Opportunity Housing Fund	3,782,028	874,139	—	4,656,167
Accumulated depreciation	<u>(2,569,520)</u>	<u>(839,655)</u>	<u>—</u>	<u>(3,409,175)</u>
Public Fund	3,444,921	—	49,818	3,395,103
Accumulated depreciation	<u>(3,219,078)</u>	<u>(48,862)</u>	<u>—</u>	<u>(3,267,940)</u>
Total furniture and equipment, net	<u>2,106,451</u>	<u>1,145,212</u>	<u>49,818</u>	<u>3,201,845</u>
Construction in progress:				
Opportunity Housing Fund	12,876,945	9,196,711	9,897,611	12,176,045
Public Fund	<u>12,332,114</u>	<u>4,814,402</u>	<u>5,169,647</u>	<u>11,976,869</u>
Total construction in progress	<u>25,209,059</u>	<u>14,011,113</u>	<u>15,067,258</u>	<u>24,152,914</u>
Total capital assets, net	\$ <u><u>242,199,408</u></u>	\$ <u><u>49,737,825</u></u>	\$ <u><u>15,296,213</u></u>	\$ <u><u>276,641,020</u></u>

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

Notes to Financial Statements

June 30, 2008

<u>Real estate limited partnerships component units</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Land	\$ 11,906,560	6,125,000	—	18,031,560
Site Improvements	220,541	12,957	—	233,498
Building and improvements	150,631,404	32,114,209	(22,053,224)	160,692,389
Furniture and equipment	5,123,044	154,667	(826,633)	4,451,078
Total accumulated depreciation	<u>(37,253,083)</u>	<u>(4,045,586)</u>	<u>4,779,822</u>	<u>(36,518,847)</u>
Net component unit capital assets	\$ <u>130,628,466</u>	<u>34,361,247</u>	<u>(18,100,035)</u>	<u>146,889,678</u>

Included in operating properties for the Opportunity Housing Fund is an interfund elimination for interest paid to the Multi-Family Fund amounting to \$8,626,664 as of June 30, 2008, which was capitalized during construction of the property.

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

(5) Advances to Real Estate Partnership Component Units

Advances to component units represent additional funds provided by the Commission to facilitate the purchase of the rental Moderately Priced Dwelling Units (MPDUs) and to fund operating deficits incurred by the Partnerships. The purchases of the rental MPDUs are collateralized by certain notes receivable of the Partnerships due from the limited partners in connection with the purchase of their limited partnership interests. The Partnerships' agreements:

- Include ground rent to be paid by the Partnerships to the Commission's General Fund. Ground rent for the year ended June 30, 2008, amounted to \$824,441.
- 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, 2008, amounted to \$262,235.
- Require the Commission to maintain \$100,000 in a segregated account for certain partnerships to be available for the exclusive use and benefit of the respective partnership. The purpose of this account is to provide assurance to the limited partnership that funds will be available in the event the project experiences an operating deficit.

Due to differences in fiscal year ends, Advances to Component Units differ from Advances from the Primary Government at June 30, 2008.

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

Notes to Financial Statements

June 30, 2008

(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, 2008:

	<u>General Fund</u>	<u>Opportunity Housing Fund</u>	<u>Public Fund</u>	<u>Single Family Fund</u>	<u>Multi Family Fund</u>	<u>Total</u>
Accounts receivable:						
U.S. Department of Housing and Urban Development \$	—	139,289	569,225	—	—	708,514
Montgomery County, Maryland	—	154,801	1,853,803	—	—	2,008,604
Other	1,913,693	406,962	1,324,437	—	—	3,645,092
Other assets	<u>360,160</u>	<u>1,374,966</u>	<u>—</u>	<u>65,588</u>	<u>—</u>	<u>1,800,714</u>
	<u>\$ 2,273,853</u>	<u>2,076,018</u>	<u>3,747,465</u>	<u>65,588</u>	<u>—</u>	<u>8,162,924</u>

Included in the accounts receivable and other assets balance of the Opportunity Housing Fund are interfund accounts receivable from the Multi-Family Fund amounting to \$8,244,769 as of June 30, 2008, which have been eliminated upon consolidation.

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

Notes to Financial Statements

June 30, 2008

(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, 2008, is as follows:

Due to / from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Opportunity Housing Fund	General Fund	\$ 21,963,445
General Fund	Public Fund	(5,008,184)
General Fund	Multi-Family Fund	(1,441,642)
General Fund	Single Family Fund	(4,933,853)
		<u>\$ 10,579,766</u>

Due to / from primary government and component units:

<u>Receivable entity</u>	<u>Payable entity</u>	<u>Amount</u>
Primary government – General Fund	Component units-tax credit limited partnerships	\$ 17,742,571
Opportunity Housing Fund	Component units-tax credit limited partnerships	6,811,524
		<u>\$ 24,554,095</u>

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

Interfund transfers:

	<u>Transfer in</u> <u>General</u> <u>Fund</u>
Transfer (in) out:	
Opportunity Housing Fund	\$ (473,401)
Public Fund	1,577,593
Single Family Fund	—
Multi-Family Fund	1,248,398
Net transfers in: General Fund	<u>\$ 2,352,590</u>

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

Notes to Financial Statements

June 30, 2008

(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.

Amounts reflected as drawdown bonds payable in the Single Family Mortgage Purchase Program (Single Family Fund) represent outstanding bonds. Such amounts are secured by an escrow fund, bear interest at the BMA Index plus 75 basis points for non-AMT and 80 basis points for AMT bonds but not lower than 95% of LIBOR and not more than the sum of 100% of LIBOR plus 5.25 basis points. In no event shall the interest rate per annum on the 2005 Series A Bonds or 2005 Series B Bonds exceed the interest rate per annum on the Investment Agreement.

Interest rates on bonds payable ranged from 2.0% to 8.50% as of June 30, 2008.

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

Notes to Financial Statements

June 30, 2008

(a) **Bonds Payable**

The Commission has the following bonds payable outstanding as of June 30, 2008:

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Single Family Fund:					
1986 Series A	\$ 5,000	—	—	5,000	—
1988 Series A	5,000	—	—	5,000	—
1988 Series B	5,000	—	—	5,000	—
1998 Series A – Accretions	28,145,642	1,612,468	—	29,758,110	—
1998 Series B	1,600,000	—	1,600,000	—	—
2000 Series A	240,000	—	240,000	—	—
2000 Series A – Accretions	6,060	66	6,126	—	—
2001 Series A	3,005,000	—	350,000	2,655,000	405,000
2001 Series C	10,000,000	—	10,000,000	—	—
2002 Series A	6,600,000	—	1,085,000	5,515,000	930,000
2002 Series B – Accretions	2,344,022	140,316	—	2,484,338	—
2002 Series C	16,890,000	—	—	16,890,000	—
2004 Series A	14,735,000	—	890,000	13,845,000	900,000
2004 Series B	3,825,000	—	440,000	3,385,000	425,000
2005 Series A	17,735,000	—	1,110,000	16,625,000	1,140,000
2005 Series B	5,460,000	—	730,000	4,730,000	380,000
2005 Series C	11,255,000	—	700,000	10,555,000	725,000
2005 Series D	13,120,000	—	1,745,000	11,375,000	40,000
2006 Series A	18,705,000	—	605,000	18,100,000	1,250,000
2006 Series B	11,275,000	—	90,000	11,185,000	190,000
2006 Series C	18,705,000	—	18,705,000	—	—
2006 Series D	11,295,000	—	11,295,000	—	—
2007 Series A	15,875,000	—	—	15,875,000	1,115,000
2007 Series B	19,125,000	—	25,000	19,100,000	90,000
2007 Series C	—	1,000,000	—	1,000,000	—
2007 Series D	—	20,000,000	—	20,000,000	355,000
2007 Series E	—	13,000,000	—	13,000,000	—
2007 Series F	—	10,000,000	—	10,000,000	—
2008 Series A	—	13,205,000	—	13,205,000	—
2008 Series B	—	3,900,000	—	3,900,000	—
2008 Series C	—	8,450,000	—	8,450,000	—
2008 Series D	—	17,200,000	—	17,200,000	—
Draw Down 2005	12,875,850	49,747,656	1,422,690	61,200,816	19,076,661
	<u>242,831,574</u>	<u>138,255,506</u>	<u>51,038,816</u>	330,048,264	<u>27,021,661</u>
Less: unamortized discount	1,080,629			1,848,533	
	\$ <u>243,912,203</u>			\$ <u>331,896,797</u>	

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

Notes to Financial Statements

June 30, 2008

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Multi-Family Fund Bonds:					
1993 Series A	3,495,000	—	3,495,000	—	—
1992 Series C	2,875,000	—	90,000	2,785,000	100,000
1993 Issue II	2,100,000	—	480,000	1,620,000	510,000
1984 Series A – Accretions	73,119	8,453	—	81,572	9,436
1995 Series A	3,245,000	—	115,000	3,130,000	120,000
1996 Series A	3,000,000	—	80,000	2,920,000	85,000
1996 Series B	11,750,000	—	8,495,000	3,255,000	85,000
1996 Series B	23,865,000	—	23,865,000	—	—
1998 Issue A	11,100,000	—	300,000	10,800,000	310,000
1998 Series A	10,525,000	—	235,000	10,290,000	245,000
1998 Series B	16,010,000	—	490,000	15,520,000	510,000
2000 Series A	17,685,000	—	355,000	17,330,000	380,000
2000 Series B	26,180,000	—	545,000	25,635,000	580,000
2001 Series A	7,960,000	—	75,000	7,885,000	80,000
2002 Series A	22,325,000	—	—	22,325,000	335,000
2002 Series B	290,000	—	290,000	—	—
2002 Series C	12,965,000	—	—	12,965,000	—
2002 Series A	7,860,000	—	165,000	7,695,000	165,000
2002 Series B	30,775,000	—	490,000	30,285,000	500,000
2003 Series A	19,070,000	—	405,000	18,665,000	415,000
2003 Series B	17,840,000	—	—	17,840,000	410,000
2004 Series A	13,700,000	—	—	13,700,000	250,000
2004 Series B	4,035,000	—	40,000	3,995,000	40,000
2004 Series C	19,280,000	—	375,000	18,905,000	385,000
2004 Series D	13,980,000	—	265,000	13,715,000	275,000
2005 Series A	11,780,000	—	365,000	11,415,000	375,000
2005 Series B	6,005,000	—	130,000	5,875,000	140,000
2005 Series C	31,135,000	—	595,000	30,540,000	615,000
2006 Issue A	36,350,000	—	—	36,350,000	36,350,000
2007 Series A	19,055,000	—	—	19,055,000	325,000
2007 Series B	—	26,800,000	155,000	26,645,000	490,000
2007 Series C	—	8,220,000	75,000	8,145,000	270,000
2008 Series A	—	13,355,000	—	13,355,000	—
	<u>406,308,119</u>	<u>48,383,453</u>	<u>41,970,000</u>	<u>412,721,572</u>	<u>44,354,436</u>
Less: unamortized discount	<u>(2,568,551)</u>			<u>(2,449,250)</u>	
\$	<u>403,739,568</u>			<u>410,272,322</u>	

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

Notes to Financial Statements

June 30, 2008

(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, 2008:

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
Opportunity Housing Fund:					
Paint Branch Townhouses	\$ 231,287	—	27,282	204,005	29,546
State Partnership Rental Programs	8,795,567	—	—	8,795,567	—
State Partnership VII	4,712,864	—	—	4,712,864	—
Alexander House	525,000	—	150,000	375,000	150,000
Diamond Square	2,000,000	—	—	2,000,000	—
The Glen	1,211,707	—	—	1,211,707	—
Green Hills	4,000,000	—	4,000,000	—	—
Tanglewood	107,500	—	7,500	100,000	7,500
Holiday Park	1,350,000	—	—	1,350,000	—
Paddington Square	7,201,680	—	103,696	7,097,984	112,554
Montgomery Arms	141,990	—	3,375	138,615	3,478
Kings Farm	—	7,125,000	—	7,125,000	7,125,000
Barclay Development Corporation	—	2,456,567	—	2,456,567	—
HOC/HOP	274,030	—	274,030	—	—
	<u>30,551,625</u>	<u>9,581,567</u>	<u>4,565,883</u>	<u>35,567,309</u>	<u>7,428,078</u>
General Fund:					
FNMA Closing Cost Assistance	65,885	—	65,885	—	—
Line of Credit with M&T Bank	4,754,325	1,099,873	5,854,198	—	—
Line of Credit with PNC Bank	—	4,336,170	—	4,336,170	4,336,170
Tax Credit IX	50,500	—	—	50,500	—
Stewartown CDA Loan	1,904,687	—	130,331	1,774,356	140,939
Wachovia Bank Loan	3,000,000	—	—	3,000,000	3,000,000
	<u>9,775,397</u>	<u>5,436,043</u>	<u>6,050,414</u>	<u>9,161,026</u>	<u>7,477,109</u>
Total mortgage notes and loans payable	\$ <u>40,327,022</u>	<u>15,017,610</u>	<u>10,616,297</u>	<u>44,728,335</u>	<u>14,905,187</u>

Interest rates on mortgage notes and loans payable ranged from 3% to 8% as of June 30, 2008.

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

Notes to Financial Statements

June 30, 2008

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2008 are interfund mortgage loans payable to the Multi-Family Fund amounting to \$152,329,669, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$7,902,970 for the year ended June 30, 2008 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2008 are interfund mortgage loans payable to the General Fund amounting to \$3,536,298, which has been eliminated in the accompanying financial statements. The related interest expense, amounting to \$337,786 for the year ended June 30, 2008 has also been eliminated.

Included in the mortgage notes and loans payable balance of the Opportunity Housing Fund at June 30, 2008 are interfund mortgage loans payable to the OHRF Fund amounting to \$2,663,600, which has been eliminated in the accompanying financial statements.

On April 3, 2008 the Commission entered into a variable rate balance loan agreement with PNC Bank for an amount not to exceed \$20,000,000. A portion of the loan in the principal amount not to exceed \$5,000,000 may be used for working capital purposes. Prior to the loan agreement with PNC Bank, the Commission had a \$20,000,000 variable rate loan facility with M&T Bank. The agreement was terminated in April 2008 and all outstanding balances at the time were paid off. The proceeds of each advance of the PNC Bank loan shall be used solely for the purposes of providing interim financing of the costs of existing residential properties and land acquired by the Commission for future development and for working capital of the Commission. Interest is payable monthly for tax exempt borrowings at 60% of the prime rate and for taxable borrowings at LIBOR plus 30 basis points. At June 30, 2008, the Commission had approximately \$4,336,170 due under this arrangement. The promissory note has a termination date of April 1, 2010.

Multi-Family Housing Development bonds, 2007 Series B (non-AMT) for \$26,800,000 and 2007 Series C (AMT) for \$8,220,000, were issued in August 2007 as Variable Rate Demand Obligation bonds. The Series B Bonds were issued to refund and redeem \$3,230,000 aggregate principal amount of Multi-Family Mortgage Revenue Bonds 1993 Series A and \$23,570,000 aggregate principal amount of Multi-Family Housing Development Bonds, 1996 Series B. The Series C Bonds were issued to provide funds to refund and redeem \$8,220,000 aggregate principal amount of Multi-Family Housing Revenue Bonds, 1996 Series B.

The Commission remarketed \$12,965,000 of Multiple Purpose Bonds 2002 Series C (non-AMT) Variable Rate Demand Obligation bonds in December 2007 and replaced the liquidity facility, meeting the requirements of the remarketed bonds supplemental indenture.

Multiple Purpose Bonds, 2008 Series A (non-AMT) for \$13,355,000, were issued in March 2008 as Variable Rate Demand Obligation bonds. The bonds were issued to provide funds to finance two mortgage loans. A mortgage loan for \$8.2 million financed the rehabilitation of Pooks Hill Apartments, and a mortgage loan for \$4.2 million refinanced the bridge loan for Greenhill Apartments.

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

Notes to Financial Statements

June 30, 2008

In April 2008, the Commission remarketed variable rate Multifamily Housing Development Bonds 2004 Series C (non-AMT) \$18,905,000, and 2004 Series D (AMT) \$13,715,000. The bonds were converted from R-Floats, a form of auction rate bonds, to Variable Rate Demand Obligation bonds.

Single Family Mortgage Revenue bonds, 2007 Series C (non-AMT) for \$1,000,000, 2007 Series D (AMT) for \$20,000,000, Series E (Federally Taxable) for \$13,000,000, and Series F (AMT) for \$10,000,000 were issued in October 2007 to refund outstanding bonds and provide funds to make or purchase qualified mortgage loans. Single Family Mortgage Revenue Bonds, 2008 Series A (non-AMT) for \$13,205,000, 2008 Series B (AMT) for \$3,900,000, 2008 Series C (AMT) for \$8,450,000 and 2008 Series D (Federally taxable) for \$17,200,000 were issued in June 2008.

The Commission remarketed \$16,890,000 of Single Family Mortgage Revenue Bonds 2002 Series C (non-AMT) as Variable Rate Demand Obligation bonds in December 2007 and replaced the liquidity facility meeting the requirements of the Series Resolution.

(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	Multi-Family Fund Bonds Payable	Single Family Fund Notes Payable	
Years ending June 30,					
2009	7,477,109	7,428,078	44,354,436	27,021,661	86,281,284
2010	152,410	1,663,741	8,200,530	49,639,156	59,655,837
2011	164,813	250,198	8,511,741	7,715,000	16,641,752
2012	178,228	6,784,255	8,908,104	7,990,000	23,860,587
2013	243,233	52,066	8,394,619	8,260,000	16,949,918
2014 - 2018	945,233	88,599	38,027,714	45,000,000	84,061,546
2019 - 2023	—	49,936	55,292,548	12,885,000	68,227,484
2024 - 2028	—	28,967	49,076,880	19,940,000	69,045,848
2029 - 2033	—	33,648	101,245,000	41,553,110	142,831,758
2034 - 2038	—	11,117	45,590,000	39,699,337	85,300,454
2039 - 2043	—	—	33,090,000	70,345,000	103,435,000
2044 - 2048	—	—	12,030,000	—	12,030,000
Upon sale of property	—	19,176,704	—	—	19,176,704
	\$ 9,161,026	35,567,309	412,721,572	330,048,264	787,498,171
Less unamortized bond discount	—	—	(2,449,250)	1,848,533	(600,717)
	\$ 9,161,026	35,567,309	410,272,322	331,896,797	786,897,454

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

Notes to Financial Statements

June 30, 2008

	Interest				Combined
	General Fund Notes Payable	Opportunity Housing Fund Notes Payable	Multi-Family Fund Bonds Payable	Single Family Fund Notes Payable	
Years ending June 30,					
2009	\$ 137,457	717,292	13,816,437	8,989,106	23,660,292
2010	—	507,052	12,142,155	8,863,540	21,512,747
2011	—	488,846	11,876,030	8,737,317	21,102,193
2012	—	285,144	11,588,460	8,581,484	20,455,088
2013	—	7,821	11,305,231	8,415,238	19,728,290
2014 - 2018	—	17,393	52,906,844	39,197,898	92,122,135
2019 - 2023	—	13,008	45,050,567	38,401,113	83,464,688
2024 - 2028	—	8,978	36,522,438	41,149,635	77,681,051
2029 - 2033	—	4,296	23,689,980	15,761,499	39,455,775
2034 - 2038	—	288	10,920,006	8,028,570	18,948,864
2039 - 2043	—	—	7,285,940	263,250	7,549,190
2044 - 2048	—	—	1,117,260	—	1,117,260
Upon sale of property	—	—	—	—	—
Upon sale of property	—	—	—	—	—
	<u>\$ 137,457</u>	<u>2,050,118</u>	<u>238,221,348</u>	<u>186,388,650</u>	<u>426,797,573</u>

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

Objective of the interest rate swaps. In order to protect against the potential of rising interest rates, the Commission entered into seven separate pay-fixed, receive variable interest rate swaps at a cost anticipated to be less than what the Authority would have paid to issue fixed-rate debt. In April 2006, the Commission entered into two pay-fixed, receive variable forward rate swap agreements in conjunction with the 2006 Issue A Housing Development Bonds to fund the Metro Pointe project. The effective dates of these swap agreements are both October 1, 2008 to coincide with the payoff of the 2006 Issue A Housing Development Bonds and the issuance of long term variable rate bonds. In October 2007, the Commission entered into a pay-fixed, receive variable interest rate swap contract in conjunction with the 2007 Series F Bonds with a notional amount of \$10,000,000. In June 2008, the Commission entered into a pay-fixed, receive variable interest rate swap contract in conjunction with the 2008 Series C Bonds with a notional amount of \$8,450,000.

Terms, fair values, and credit risk. The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2008, are contained in the table below. The notional amounts of the swaps match the principal amounts of the associated debt. The two swap agreements entered into in November 2004, 2004 Series C and Series D contain schedule reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated “bonds payable” category.

Fair value. Because interest rates have decreased, the termination value of all swaps had a negative fair value as of June 30, 2008. 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.

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

Notes to Financial Statements

June 30, 2008

Credit risk. As of June 30, 2008, the Commission was exposed to credit risk in the amount of the derivatives' negative fair value. The swap agreements do not contain any collateral agreements with the counterparties.

Termination Risk. The Commission or the counterparties may terminate the swap at market value if the other party fails to perform under the terms of the contract. The counterparty for the Commissions swaps is Merrill Lynch Capital Services (MLCS). The Commission may terminate the swap at market value at any time. Under the 2004 Series C, 2004 Series D, 2006 Issue A, 2007 Series F swap agreements, Merrill Lynch Derivative Products (MLDP), a AAA structured entity guarantees termination payment.

<u>Associated Bond Issue</u>	<u>Notional Amounts</u>	<u>Trade Date</u>	<u>Fixed Rate Paid</u>	<u>Fair Values</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>	<u>Counterparty</u>
(1) Single Family 2002 Series C	\$16,890,000	12/12/2002	3.630%	(\$520,390)	1/01/2013	A1/A/A+	MLCS
(2) Multifamily 2004 Series C	\$18,905,000	11/05/2004	3.653%	(\$296,922)	7/01/2036	A1/A/A+	MLCS
(3) Multifamily 2004 Series D	\$13,715,000	11/05/2004	3.760%	(\$220,023)	7/01/2036	A1/A/A+	MLCS
(4) Multifamily 2006 Issue A	\$33,380,000	4/3/2006	4.020%	(\$1,800,883)	1/1/2049	A1/A/A+	MLCS
(5) Multifamily 2006 Issue A	\$2,970,000	4/3/2006	6.067%	(\$245,236)	1/1/2049	A1/A/A+	MLCS
(6) Single Family 2007 Series F	\$10,000,000	10/17/2007	4.111%	(\$433,373)	7/1/2038	A1/A/A+	MLCS
(7) Single Family 2008 Series C	\$8,450,000	6/10/2008	3.865%	(\$137,107)	7/1/2039	Aaa/AAA/AAA	MLDP
<u>Total</u>	<u>\$104,310,000</u>			<u>(\$3,653,934)</u>			

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

Notes to Financial Statements

June 30, 2008

(9) Long-Term Debt – Component Units

The long-term debt of the component units are primarily non-recourse debt of each of the limited partnerships, which is collateralized by the land, structures, and equipment of each limited partnership and have varying repayment terms and interest rates ranging from 4.00% to 8.95%.

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

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2009	4,181,817	4,368,887
2010	39,082,882	4,236,227
2011	2,201,159	4,100,901
2012	2,340,974	6,532,145
2013	2,490,186	16,466,944
2014 - 2018	14,561,386	11,693,473
2019 - 2023	15,836,949	6,860,341
2024 - 2028	17,359,369	3,058,171
2029 - 2033	11,743,415	764,358
2034 - 2038	9,008,008	—
Upon sale of property	13,348,627	—
	<u>\$ 132,154,772</u>	<u>58,081,447</u>

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

Notes to Financial Statements

June 30, 2008

(10) Loans Payable to Montgomery County

The County advances funds to the Commission and the real estate limited partnership component units (component units) through two Capital Improvement Program Funds. The Commission and the component units use County funds to purchase or construct various housing developments in expectation that permanent financing will be provided through a combination of state, county or federal grants or that loans or bonds will be issued by the Commission or the component units. If the development is funded from another source, the Commission or the component units repay the County. If no alternative funding is found for a development, the County may agree to forgive the Commission's or the component unit's debt. The Commission and the component units paid no interest on funds received from the County for the year ended June 30, 2008. 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, 2008:

	<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	\$ 27,757,107	10,412,296	1,031,027	37,138,376	2,693,678
General fund	6,329,353	—	—	6,329,353	4,558,816
	<u>\$ 34,086,460</u>	<u>10,412,296</u>	<u>1,031,027</u>	<u>43,467,729</u>	<u>7,252,494</u>
Real estate limited partnership component units	\$ <u>17,379,218</u>	<u>1,500,000</u>	<u>1,000,000</u>	<u>17,879,218</u>	<u>658,000</u>

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

Notes to Financial Statements

June 30, 2008

(11) Lease Commitments

(a) Operating Leases

The Commission has leases for its offices in Montgomery County. During fiscal year 08 the Commission entered into two additional office leases for Customer Service Centers within Montgomery County. The Customer Service Centers contain office space and client walk-in and meeting facilities. On November 21, 2007 the Commission signed a ten year lease with Professional Equity Limited Partnership for the first customer service center located in Gaithersburg, Maryland. The base annual rent is \$189,774 with an annual adjustment to base annual rent of 3%. On January 28, 2008 the Commission signed a ten year lease with Thayer Avenue Limited Partnership for the second Customer Service Center in Silver Spring, Maryland. The base annual rent is \$180,480 with an annual adjustment of 3% per year of the minimum rent in the previous lease year.

Lease expense for the year ended June 30, 2008 for all office space was \$516,207. Future minimum lease obligations under these leases are as follows:

Year ending June 30,	
2009	\$ 611,902
2010	445,317
2011	457,781
2012	421,700
2013	384,811
2014 - 2018	<u>2,043,766</u>
	<u>\$ 4,365,277</u>

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

Notes to Financial Statements

June 30, 2008

(b) Capital Lease

In November 2005, the Commission entered into a lease purchase agreement with M&T Bank for equipment with an interest rate of 4.82%. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. The Commission has the following General Fund capital lease obligation as of June 30, 2008.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>289,834</u>	<u>-</u>	<u>77,941</u>	<u>211,893</u>	<u>81,742</u>

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

Year ending June 30,	Future minimum payments
2009	\$ 90,982
2010	90,982
2011	<u>45,494</u>
Total payments	227,458
Less Interest	<u>(15,565)</u>
	211,893
Less: current portion	<u>(81,742)</u>
Long-term portion	<u>\$ 130,151</u>

In July 2006, the Commission entered into a lease purchase agreement with Bank of America for equipment with an interest rate of 4.0209%. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 5 year term, with an option to purchase the equipment upon expiration of the lease for \$1.00. The Commission has the following General Fund capital lease obligation as of June 30, 2008.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>681,538</u>	<u>-</u>	<u>141,082</u>	<u>540,456</u>	<u>146,811</u>

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

Notes to Financial Statements

June 30, 2008

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

Year ending June 30,	Future minimum payments
2009	\$ 167,081
2010	167,081
2011	167,081
2012	<u>83,540</u>
Total payments	584,783
Less interest	<u>(44,327)</u>
	540,456
Less: current portion	<u>(146,811)</u>
Long-term portion	<u><u>\$ 393,645</u></u>

In August 1997, the Commission entered into a lease agreement for building and land with an interest rate of 7.50%. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is for a 99-year-term, with an option to purchase the land and building after 20 years for approximately \$20,000,000. The Commission has the following Opportunity Housing Fund capital lease obligation as of June 30, 2008.

	Outstanding beginning of year	Issued this year	Retired this year	Outstanding end of year	Amount due within one year
\$	<u>19,974,388</u>	<u>—</u>	<u>1,987</u>	<u>19,972,401</u>	<u>2,143</u>

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

Notes to Financial Statements

June 30, 2008

Future minimum rentals under the lease are as follows:

Year ending June 30,	<u>Future minimum rentals</u>
2009	\$ 1,511,428
2010	1,511,428
2011	1,511,428
2012	1,511,428
2013	1,511,428
2014 - 2018	7,557,139
2019 - 2023	7,557,139
2024 - 2028	7,557,139
2029 - 2033	7,557,139
2034 - 2038	7,557,139
2039 - 2043	7,557,139
2044 - 2048	7,557,139
2049 - 2053	7,557,139
2054 - 2058	7,557,139
2059 - 2063	7,557,139
2064 - 2068	7,557,139
2069 - 2073	7,557,139
2074 - 2078	7,557,139
2079 - 2083	7,557,139
2084 - 2088	7,557,139
2089 - 2093	7,557,139
2094 - 2097	4,660,238
Total payments	133,131,602
Less interest	<u>(113,159,201)</u>
	19,972,401
Less: current portion	<u>(2,143)</u>
Long-term portion	<u><u>\$ 19,970,258</u></u>

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

Westwood Towers	\$ 19,987,798
Less accumulated amortization	<u>(5,496,644)</u>
	<u><u>\$ 14,491,154</u></u>

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

Notes to Financial Statements

June 30, 2008

(12) Restricted Net Assets

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

(13) Pension Plan and Postretirement Health Care Benefits

(a) Pension Plan

All the Commission's full-time employees hired before October 1, 1994, participate in the Employees' Retirement System of Montgomery County (the System), a cost-sharing multiple-employer defined benefit pension plan. The System was established under Chapter 33 of the Montgomery County Code, 1965, as amended. The payroll from Commission employees covered by the System for the year ended June 30, 2008 was \$5,952,094; the Commission's total payroll was \$21,097,700.

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

During the fiscal year 2008, 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, 2008 is as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commission contribution	\$ 1,318,380	1,250,640	1,175,216
Employee contribution	233,804	234,301	250,963
Total contribution requirement	<u>\$ 1,552,184</u>	<u>1,484,941</u>	<u>1,426,179</u>
Contribution requirements as a percentage of covered payroll:			
Commission	22.15%	21.64%	18.96%
Employees	3.92%	4.05%	4.05%

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's financial statements, as of and for the year ended June 30, 2008. A publicly available annual report that includes financial statements and required supplementary information for the System and the Defined Contribution Plan can be obtained by writing the Board of Investment Trustees, Montgomery County Government, 101 Monroe Street, Rockville, Maryland, 20850.

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

Notes to Financial Statements

June 30, 2008

(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, 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 3% of their salaries. Participants earning salaries exceeding the Social Security wage base, which approximated \$97,500 at June 30, 2008, must contribute 6% of the excess over the wage base. The Commission must contribute 6% of each participant's annual salary. Employee and employer contributions must remain in the participant's account until retirement or termination of employment. No loans are allowed.

Payroll from the Commission covered by the plan for the year ended June 30, 2008 totaled \$14,160,989. Commission and employee contributions to the plan totaled \$820,348 and \$411,677 respectively, for the year ended June 30, 2008.

(c) *Other Postemployment Benefits (OPEB)*

Plan Description: The Commission is a component unit of Montgomery County, Maryland and a participant in the cost-sharing multiple-employer defined healthcare plan sponsored by the County. The Commission provides postretirement health care benefits, in accordance with County statutes, to all employees who retire after achieving age and years of service requirements. Postemployment benefit provisions and eligibility requirements for retirees are described under the Montgomery County Group Insurance Summary Plan. Postemployment benefits include medical, life, dental, vision and prescription coverage. Currently, 77 retirees meet those eligibility requirements.

Funding Policy: The Commission pays 50% to 80% of the group medical and life insurance premiums of those retirees, depending on years of service in the plan. Expenditures for postretirement health care benefits are recognized as the County bills the Commission on a quarterly basis. The annual pay-as-you-go expenditures amounted to \$304,266 during fiscal year 2008. In addition during fiscal year 08 the Commission paid the annual required contribution (ARC) amount of \$524,000 which represents the requirement over a five year period. In fiscal year 09 the period changes to eight years.

Annual OPEB Cost and Net OPEB Obligation: The ARC, or annual OPEB cost (AOC) for fiscal year 08 was based on the actuarial valuation as of June 30, 2006, the latest valuation on the date the County Council was required to approve the appropriate resolution.

Actuarial Methods and Assumptions: The actuarial valuation for fiscal year 08 was performed by AON Consulting with a valuation date of June 30, 2006. The actuarial method used was the Projected Unit Credit Actuarial Cost Method. The estimated cost to the Commission to fund the fiscal year 09 ARC is \$600,000.

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

Notes to Financial Statements

June 30, 2008

(14) Contingencies

(a) *Litigation*

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

(b) *HUD Program Grants*

The Commission participates in a number of Federal, State and County assisted grant programs, principal of which are the Department of Housing and Urban Development Housing Assistance Payments (Section 8), Low Rent Public Housing, Comprehensive Grants, Lower Income Housing Assistance Program (Section 8 Moderate Rehabilitation), Public Housing Capital Fund and Supportive Housing. These programs are subject to financial and compliance audits by grantors or their representatives. The audits of most of these programs for, or including, the year ended June 30, 2006, have not yet been completed. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although management does not believe disallowed amounts, if any, would be material.

(c) *Risk Management*

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

(15) Conduit Debt Obligations

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

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

Notes to Financial Statements

June 30, 2008

thereof. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The bonds outstanding at June 30, 2008 are summarized below:

Bonds outstanding, beginning of year	\$ 338,437,152
Issuances during the year	—
Redemptions during the year	<u>(638,247)</u>
Bonds outstanding, end of year	<u>\$ 337,798,905</u>

(16) Arbitrage

The Internal Revenue Code of 1986 placed significant restrictions regarding arbitrage on housing finance agencies throughout the United States. Arbitrage occurs when investments of bond proceeds not used to purchase mortgage loans earn more than the interest rate on the bonds or when the housing finance agency has net earnings of more than 1.125% on mortgages purchased with bond proceeds. Under the Internal Revenue Service (IRS) regulations, if an individual bond series has positive arbitrage five years after the original issuance, this amount must be refunded to the IRS.

At June 30, 2008, there is a liability of \$940,244 and \$299,011 for the Single Family and Multi-Family Fund Programs, respectively, which may be due in future years. The liability is included in the accounts payable and accrued liabilities balance of each fund.

(17) Subsequent Events

Ambassador Land Donation

In August 2008 the Commission signed a confirmatory deed for the donation and transfer of Residential Unit 3 in the Ambassador apartments to the Housing Opportunities Commission. The property donated is comprised of the rear deck area above the underground parking garage and the existing one-story recreational building. The Commission is in the process of having a current appraisal done on Residential Unit 3 and will record the donation in fiscal year 2009.

Bank of America acquisition of Merrill Lynch & Co., Inc.

On September 15, 2008 the Bank of America Corporation agreed to acquire Merrill Lynch and Co., Inc. Merrill Lynch has served as the Commission's lead underwriter for Multi-Family and Single Family bond issuances for approximately twenty years. The Commission does not anticipate that the acquisition of Merrill Lynch and Co., Inc. will impact the current relationship.

The Commission entered into six separate pay-fixed, receive variable interest rate swaps with Merrill Lynch Capital Services (MLCS) and one separate pay-fixed, receive variable interest rate swap with Merrill Lynch Derivative Products (MLDP). As of October 15, 2008, the termination value of all swaps had a negative fair value of \$4,673,063 as compared to \$3,653,934 as of June 30, 2008. The Commission is exposed to credit risk in the amount of the derivatives' negative fair value. MLCS, the counterparty for six of the swaps was rated A2/A/A+ as of October 15, 2008. MLDP, the counterparty for one of the swaps was rated Aaa/AAA/AAA as of October 15, 2008.

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

Notes to Financial Statements

June 30, 2008

Investment Values

During 2008, financial markets as a whole have incurred significant declines in values. It is the intent of the Commission to hold all investment to maturity. However, because the values of individual investments fluctuate with market conditions, the amount of losses that the Commission will recognize in its future financial statements, if any, cannot be determined.

Variable Rate Debt

The Commission has, over the years, issued Variable Rate Demand Obligation (VRDO) bonds in several series to support its activities in the multifamily and single family bond programs. Liquidity for these bonds is provided by DEPFA Bank, plc (DEPFA). The total VRDO debt outstanding with DEPFA as the liquidity provider is \$123.3 million as of October 23, 2008. Due to the disrupted financial market over the past several weeks, many of these bonds have become bank bonds resulting in accelerated amortization. The Commission is currently evaluating alternate liquidity facility and is putting in place a plan to replace the DEPFA liquidity to preclude the accelerated amortization. Management believes the plan is sufficient to meet future liquidity requirements. The plan is expected to be finalized and implemented before December 31, 2008.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

Statement and Certification of Actual Modernization Costs

Modernization Project Number MD 39-P0004-501-03

From Inception through June 30, 2008

Management improvements	\$	257,250
Administration		206,203
Fees and costs		75,079
Site improvements		36,778
Dwelling structures		1,008,545
Non-dwelling structures		<u>164,770</u>
Total development costs	\$	<u><u>1,748,625</u></u>

The total amount of modernization costs at June 30, 2008, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on August 16, 2006.

See accompanying independent auditor's report.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

Statement and Certification of Actual Modernization Costs

Modernization Project Number MD 39-P0004-501-03

From Inception through June 30, 2008

Management improvements	\$	—
Administration		—
Fees and costs		651
Site improvements		—
Dwelling structures		436,588
Non-dwelling structures		—
Total development costs	\$	<u>437,239</u>

The total amount of modernization costs at June 30, 2008, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on June 27, 2007.

See accompanying independent auditor's report.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, MARYLAND

(A Component Unit of Montgomery County, Maryland)

Statement and Certification of Actual Modernization Costs

Modernization Project Number MD 39-P0004-501-03

From Inception through June 30, 2008

Management improvements	\$	285,172
Administration		224,444
Fees and costs		107,558
Site improvements		7,000
Dwelling structures		1,278,681
Non-dwelling structures		<u>43,278</u>
Total development costs	\$	<u><u>1,946,133</u></u>

The total amount of modernization costs at June 30, 2008, as shown above, is in agreement with the Annual Performance and Evaluation Form submitted to HUD on June 27, 2007.

See accompanying independent auditor's report.

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

Real Estate Limited Partnership

Component Units

COMPONENT UNITS:

The following limited partnerships do not qualify for blending and are, therefore, classified as discreetly presented component units of the Commission:

Montgomery Homes Limited Partnership II (MHLP II) – which is reported as a component unit, owns and operates 54 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

Montgomery Homes Limited Partnership VI (MHLP VI) – which is reported as a component unit, owns and operates 15 moderately priced dwelling units located in various parts of Montgomery County, Maryland to be operated as rental housing for low and moderate income families.

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

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

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

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

Shady Grove Apartments Limited Partnership - which is reported as a component unit, owns and operates a 144 unit apartment rental complex for low and moderate income families located in Rockville, Montgomery County, Maryland.

Manchester Manor Apartments Limited Partnership - which is reported as a component unit, owns and operates a 53 unit apartment rental complex for low and moderate income families Located in Silver Spring, Montgomery County, Maryland.

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

Georgian Court Silver Spring Limited Partnership - which is reported as a component unit, owns and operates a 147 unit apartment rental complex for low and moderate income families under Section 236 of the National Housing Act located in Silver Spring, Montgomery County, Maryland.

MV Affordable Housing Associates Limited Partnership - which is reported as a component unit, owns and operates 94 moderately priced dwelling units known as Stewartown Homes for low and moderate income families under Section 236 of the National Housing Act located in Gaithersburg, Montgomery County, Maryland.

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

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

Spring Garden One Associates Limited Partnership - which is reported as a component unit, owns and operates 58 low-income tax credit apartment units and 24 units at market rate for low and moderate income families in Silver Spring, Montgomery County, Maryland.

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

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

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

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

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

Tax Credit Financial Statements

As of June 30, 2008

	<u>Totals</u>	<u>Reclassification</u>	<u>MHLP II</u>	<u>MHLP VI</u>	<u>MHLP VII</u>	<u>MHLP VIII</u>	<u>MHLP IX</u>	<u>MHLP X</u>	<u>Shady Grove</u>	<u>Manchester Manor</u>	<u>Willows of Gaitersburg</u>	<u>Georgian Court</u>
Assets												
Current Assets:												
Unrestricted:												
Cash and Cash Equivalents	5,452,448	-	134,410	34,953	31,650	46,853	100	-	253,084	10,703	219,888	105,348
Total cash and Investments	5,452,448	-	134,410	34,953	31,650	46,853	100	-	253,084	10,703	219,888	105,348
Interfund Receivable (Payable)	-	(436,214)	18,253	10,213	-	-	-	151,175	-	-	20,999	-
Accounts Receivable and Other Assets	17,608,318	-	20,644	-	22,230	22,997	78,485	69,516	241,689	22,213	53,625	109,320
Total unrestricted current assets	23,060,766	(436,214)	173,307	45,166	53,880	69,850	78,585	220,691	494,773	32,916	294,512	214,668
Restricted cash and cash equivalents:												
Customer Deposits	690,310	-	28,345	9,587	15,649	23,797	47,914	27,552	47,004	25,847	77,955	85,545
Cash paid for current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Total restricted cash and cash equivalents	690,310	-	28,345	9,587	15,649	23,797	47,914	27,552	47,004	25,847	77,955	85,545
Total current assets	23,751,076	(436,214)	201,652	54,753	69,529	93,647	126,499	248,243	541,777	58,763	372,467	300,213
Noncurrent assets:												
Restricted cash and cash equivalents	9,116,667	-	-	-	-	-	196,918	67,445	735,070	194,097	210,111	558,465
Total noncurrent restricted assets	9,116,667	-	-	-	-	-	196,918	67,445	735,070	194,097	210,111	558,465
Capital assets, net of depreciation	146,889,678	-	2,044,104	1,021,193	2,277,972	3,003,782	8,371,326	5,152,836	8,284,905	2,809,907	7,121,094	8,232,560
Deferred Charges	4,056,925	-	-	2,517	6,042	9,294	95,410	134,928	196,691	70,967	185,427	157,257
Total noncurrent assets	160,063,270	-	2,044,104	1,023,710	2,284,014	3,013,076	8,663,654	5,355,209	9,216,666	3,074,971	7,516,632	8,948,282
Total assets	183,814,346	(436,214)	2,245,756	1,078,463	2,353,543	3,106,723	8,790,153	5,603,452	9,758,443	3,133,734	7,889,099	9,248,495
Liabilities and Net Assets												
Liabilities												
Current liabilities:												
Accounts payable and accrued liabilities	5,197,375	-	13,504	19,730	5,814	10,523	549,591	21,641	55,402	202,537	219,913	339,428
Accrued interest payable	4,612,079	2,402,064	10,892	4,722	1,530	2,244	27,356	18,499	32,083	9,262	7,669	39,817
Mortgage notes and loans payable-Current	4,181,817	-	780,194	759,286	76,000	237,164	134,425	74,081	187,420	51,741	378,942	194,906
Loans payable to Montgomery County	658,000	-	-	-	-	-	-	-	-	-	-	-
Advances from primary government	13,583,063	13,583,063	-	-	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	28,232,334	15,985,127	804,590	783,738	83,344	249,931	711,372	114,221	274,905	263,540	606,524	574,151
Current liabilities payable from restricted assets:												
Customer deposit payable	602,782	-	18,762	4,743	10,139	20,276	44,721	24,486	46,604	20,252	75,320	83,011
Total current liabilities payable from restricted assets	602,782	-	18,762	4,743	10,139	20,276	44,721	24,486	46,604	20,252	75,320	83,011
Total current liabilities	28,835,116	15,985,127	823,352	788,481	93,483	270,207	756,093	138,707	321,509	283,792	681,844	657,162
Noncurrent liabilities:												
Mortgage notes and loans payable	127,972,955	9,720,945	-	138,687	598,999	64,866	5,076,276	4,644,976	7,065,386	2,085,611	5,513,225	5,195,980
Notes Payable HOC	-	(9,720,945)	-	-	-	-	1,153,175	-	-	-	-	241,435
Loans payable to Montgomery County	17,221,218	-	-	-	-	-	1,405,500	800,000	282,000	800,000	600,000	1,676,298
Deferred revenue	113,169	-	-	-	45,485	67,684	-	-	-	-	-	-
Interfund Payable	-	(14,019,277)	-	898,514	1,689,940	2,385,062	1,661,347	-	4,828	53,305	-	6,015
Deferred Interest Payable	-	(2,402,064)	-	-	-	-	870,019	425,570	-	-	124,652	-
Escrow and other deposits	1,574,866	-	-	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	146,882,208	(16,421,341)	-	1,037,201	2,334,424	2,517,612	10,166,317	5,870,546	7,352,214	2,938,916	6,237,877	7,119,728
Total liabilities	175,717,324	(436,214)	823,352	1,825,682	2,427,907	2,787,819	10,922,410	6,009,253	7,673,723	3,222,708	6,919,721	7,776,890
Net Assets												
Investment in Capital Assets, Net of Related Debt	(16,727,375)	(16,727,375)	-	-	-	-	-	-	-	-	-	-
Restricted Net Assets	9,204,195	9,204,195	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	15,620,202	15,620,202	-	-	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	-	(8,097,022)	1,422,404	(747,219)	(74,364)	318,904	(2,132,257)	(405,801)	2,084,720	(88,974)	969,378	1,471,605
Total net assets	8,097,022	-	1,422,404	(747,219)	(74,364)	318,904	(2,132,257)	(405,801)	2,084,720	(88,974)	969,378	1,471,605
Total liabilities and net assets	183,814,346	(436,214)	2,245,756	1,078,463	2,353,543	3,106,723	8,790,153	5,603,452	9,758,443	3,133,734	7,889,099	9,248,495

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

Tax Credit Financial Statements

As of June 30, 2008

Operating Revenues:

Dwelling Rental	16,653,565	-	590,357	178,658	393,598	546,281	1,296,212	853,846	1,698,568	567,868	1,663,115	1,195,894
Management fees and other income	496,807	-	9,224	2,677	1,994	36,728	2,767	578	18,905	11,141	96,633	33,212
Total operating revenues	<u>17,150,372</u>	-	<u>599,581</u>	<u>181,335</u>	<u>395,592</u>	<u>583,009</u>	<u>1,298,979</u>	<u>854,424</u>	<u>1,717,473</u>	<u>579,009</u>	<u>1,759,748</u>	<u>1,229,106</u>

Operating Expenses:

Administration	2,679,036	-	93,994	32,118	59,747	80,778	171,443	115,720	210,113	40,929	259,557	226,441
Maintenance	3,699,613	-	183,953	87,236	166,851	158,589	326,740	205,315	221,413	152,842	499,452	362,740
Depreciation and amortization	5,054,442	-	106,043	43,213	91,175	140,905	376,922	290,097	339,020	134,518	262,781	320,238
Utilities	1,539,627	-	3,085	2,918	7,101	5,256	23,127	4,720	127,073	142,926	319,059	80,546
Fringe benefits	531,380	-	21,831	9,217	20,868	20,399	34,484	19,830	77,234	27,323	95,537	48,586
Interest Expense	4,974,314	-	58,832	57,481	64,748	36,072	408,721	282,146	381,431	112,324	119,712	199,920
Other	2,884,069	-	237,118	82,198	168,940	234,627	454,406	207,411	221,723	87,181	108,994	153,101
Bad Debt Expense	92,218	-	1,847	757	2,240	5,384	17,212	5,448	3,897	735	5,909	10,534
Total operating expenses	<u>21,454,699</u>	-	<u>706,703</u>	<u>315,138</u>	<u>581,670</u>	<u>682,010</u>	<u>1,813,055</u>	<u>1,130,687</u>	<u>1,581,904</u>	<u>698,778</u>	<u>1,671,001</u>	<u>1,402,106</u>
Operating income (loss)	<u>(4,304,327)</u>	-	<u>(107,122)</u>	<u>(133,803)</u>	<u>(186,078)</u>	<u>(99,001)</u>	<u>(514,076)</u>	<u>(276,263)</u>	<u>135,569</u>	<u>(119,769)</u>	<u>88,747</u>	<u>(173,000)</u>

Nonoperating revenues (expenses):

Investment income	264,603	-	3,375	1,813	3,469	2,981	10,110	3,869	37,068	9,330	13,312	22,626
Total Nonoperating Income (Loss)	<u>264,603</u>	-	<u>3,375</u>	<u>1,813</u>	<u>3,469</u>	<u>2,981</u>	<u>10,110</u>	<u>3,869</u>	<u>37,068</u>	<u>9,330</u>	<u>13,312</u>	<u>22,626</u>

Income (Loss)

Income (Loss)	(4,039,724)	-	(103,747)	(131,990)	(182,609)	(96,020)	(503,966)	(272,394)	172,637	(110,439)	102,059	(150,374)
Capital contributions	7,301,844											
Transfer of MHLP III, IV, V and Barclay Development Corporation	<u>(4,801,834)</u>											
Change in net assets	<u>(1,539,714)</u>											

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

Tax Credit Financial Statements

As of June 30, 2008

	<u>MV Affordable Housing</u>	<u>Strathmore Court</u>	<u>Metropolitan of Bethesda</u>	<u>Spring Garden One Associates</u>	<u>Barclay One Associates</u>	<u>Wheaton University</u>	<u>MetroPointe</u>	<u>Forest Oak</u>
Assets								
Current Assets:								
Unrestricted:								
Cash and Cash Equivalents	124,366	21,862	16,953	214,428	349,043	18,960	3,534,728	335,119
Total cash and Investments	124,366	21,862	16,953	214,428	349,043	18,960	3,534,728	335,119
Interfund Receivable (Payable)	-	40,634	-	33,315	161,625	-	-	-
Accounts Receivable and Other Assets	82,920	1,232	58,833	178,930	501,589	75,684	15,926,331	142,080
Total unrestricted current assets	207,286	63,728	75,786	426,673	1,012,257	94,644	19,461,059	477,199
Restricted cash and cash equivalents:								
Customer Deposits	45,770	24,594	43,835	28,236	56,026	58,501	-	44,153
Cash paid for current liabilities	-	-	-	-	-	-	-	-
Total restricted cash and cash equivalents	45,770	24,594	43,835	28,236	56,026	58,501	-	44,153
Total current assets	253,056	88,322	119,621	454,909	1,068,283	153,145	19,461,059	521,352
Noncurrent assets:								
Restricted cash and cash equivalents	348,031	30,923	363,051	479,524	395,494	753,298	-	4,784,240
Total noncurrent restricted assets	348,031	30,923	363,051	479,524	395,494	753,298	-	4,784,240
Capital assets, net of depreciation	8,533,689	4,930,002	8,496,835	12,563,301	11,337,380	5,265,223	24,678,585	22,764,984
Deferred Charges	166,480	-	-	272,498	445,734	205,930	1,106,430	1,001,320
Total noncurrent assets	9,048,200	4,960,925	8,859,886	13,315,323	12,178,608	6,224,451	25,785,015	28,550,544
Total assets	9,301,256	5,049,247	8,979,507	13,770,232	13,246,891	6,377,596	45,246,074	29,071,896
Liabilities and Net Assets								
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	200,883	81,538	80,104	1,079,546	391,527	94,422	1,495,471	335,801
Accrued interest payable	45,618	29,423	36,277	406,253	170,722	1,235,756	-	131,892
Mortgage notes and loans payable-Current	471,298	87,953	82,110	116,148	114,672	155,886	-	279,591
Loans payable to Montgomery County	-	-	-	-	658,000	-	-	-
Advances from primary government	-	-	-	-	-	-	-	-
Total current unrestricted liabilities	717,799	198,914	198,491	1,601,947	1,334,921	1,486,064	1,495,471	747,284
Current liabilities payable from restricted assets:								
Customer deposit payable	42,620	16,807	35,322	27,780	31,266	57,652	-	43,021
Total current liabilities payable from restricted assets	42,620	16,807	35,322	27,780	31,266	57,652	-	43,021
Total current liabilities	760,419	215,721	233,813	1,629,727	1,366,187	1,543,716	1,495,471	790,305
Noncurrent liabilities:								
Mortgage notes and loans payable	4,147,779	5,545,905	7,723,482	6,608,827	6,524,852	3,325,651	36,350,000	17,641,508
Notes Payable HOC	-	-	-	3,274,431	2,891,404	-	-	2,160,500
Loans payable to Montgomery County	2,425,420	-	-	1,382,000	-	2,000,000	4,350,000	1,500,000
Deferred revenue	-	-	-	-	-	-	-	-
Interfund Payable	44,915	1,136,904	6,067,192	-	-	-	33,466	37,789
Deferred Interest Payable	-	981,823	-	-	-	-	-	-
Escrow and other deposits	-	-	-	-	-	-	-	1,574,866
Total noncurrent liabilities	6,618,114	7,664,632	13,790,674	11,265,258	9,416,256	5,325,651	40,733,466	22,914,663
Total liabilities	7,378,533	7,880,353	14,024,487	12,894,985	10,782,443	6,869,367	42,228,937	23,704,968
Net Assets								
Investment in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-	-	-
Unrestricted Net Assets	-	-	-	-	-	-	-	-
Partners' Equity/Retained Earnings	1,922,723	(2,831,106)	(5,044,980)	875,247	2,464,448	(491,771)	3,017,137	5,366,928
Total net assets	1,922,723	(2,831,106)	(5,044,980)	875,247	2,464,448	(491,771)	3,017,137	5,366,928
Total liabilities and net assets	9,301,256	5,049,247	8,979,507	13,770,232	13,246,891	6,377,596	45,246,074	29,071,896

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

Tax Credit Financial Statements

As of June 30, 2008

Operating Revenues:

Dwelling Rental	1,025,622	498,527	601,986	947,801	1,581,586	1,272,972	-	1,740,674
Management fees and other income	9,707	204,784	-	3,772	49,423	15,262	-	-
Total operating revenues	<u>1,035,329</u>	<u>703,311</u>	<u>601,986</u>	<u>951,573</u>	<u>1,631,009</u>	<u>1,288,234</u>	<u>-</u>	<u>1,740,674</u>

Operating Expenses:

Administration	153,704	138,480	251,613	176,649	208,244	241,317	821	217,368
Maintenance	216,957	156,783	147,045	100,957	154,167	401,990	-	156,583
Depreciation and amortization	363,916	265,080	307,708	567,472	886,936	197,342	-	361,076
Utilities	77,387	49,009	146,082	89,442	129,364	240,353	-	92,179
Fringe benefits	71,295	-	-	16,626	28,017	19,618	520	19,995
Interest Expense	119,993	432,514	437,748	566,951	596,132	306,887	-	792,702
Other	136,829	32,764	107,311	76,160	241,301	75,897	(4,725)	262,833
Bad Debt Expense	717	80	-	9,675	7,478	20,305	-	-
Total operating expenses	<u>1,140,798</u>	<u>1,074,710</u>	<u>1,397,507</u>	<u>1,603,932</u>	<u>2,251,639</u>	<u>1,503,709</u>	<u>(3,384)</u>	<u>1,902,736</u>
Operating income (loss)	<u>(105,469)</u>	<u>(371,399)</u>	<u>(795,521)</u>	<u>(652,359)</u>	<u>(620,630)</u>	<u>(215,475)</u>	<u>3,384</u>	<u>(162,062)</u>

Nonoperating revenues (expenses):

Investment income	21,619	1,074	14,534	17,990	67,203	32,261	29	1,940
Total Nonoperating Income (Loss)	<u>21,619</u>	<u>1,074</u>	<u>14,534</u>	<u>17,990</u>	<u>67,203</u>	<u>32,261</u>	<u>29</u>	<u>1,940</u>

Income (Loss)

Income (Loss)	(83,850)	(370,325)	(780,987)	(634,369)	(553,427)	(183,214)	3,413	(160,122)
Capital contributions								
Transfer of MHLP III, IV, V and Barclay Development Corporation								
Change in net assets								

III. STATISTICAL SECTION

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
NET ASSETS BY COMPONENT - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008

Fiscal Year	Invested in Capital Assets Net of Related Debt	Restricted	Unrestricted	Total Net Assets
2002	\$ 33,137,217	\$ 57,044,829	\$53,495,437	\$ 143,677,483
2003	25,804,778	60,325,677	70,077,777	156,208,232
2004	35,900,750	43,004,294	73,011,523	151,916,567
2005	31,118,443	45,091,955	86,835,351	163,045,749
2006	41,079,396	31,493,525	87,874,552	160,447,473
2007	43,431,423	30,809,793	99,342,652	173,583,868
2008	39,974,579	44,853,616	100,508,641	185,336,836

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
CHANGE IN NET ASSETS BY ENTERPRISE FUND
LAST SEVEN YEARS ENDED JUNE 30, 2008**

General Fund				Opportunity Housing Fund			Public Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
2008	\$ 18,605,303	\$ 16,165,334	\$ 2,439,969	\$ 49,211,864	\$ 45,662,928	\$ 3,548,936	\$ 102,866,531	\$ 98,523,036	\$ 4,343,495
2007	18,398,540	14,669,524	3,729,016	43,925,076	40,419,947	3,505,129	97,655,029	92,205,862	5,449,167
2006	13,101,933	13,271,621	(169,688)	47,084,754	39,944,912	7,139,842	92,719,426	89,976,339	2,743,087
2005	15,343,680	11,750,449	3,593,231	50,709,551	45,697,221	5,012,330	91,068,923	91,551,693	(482,770)
2004	10,965,043	14,824,658	(3,859,615)	49,191,812	42,485,568	6,706,244	90,802,701	88,609,131	2,193,570
2003	14,019,632	10,927,084	3,092,548	44,004,260	42,938,552	1,065,708	74,148,345	73,862,004	286,341
2002	16,823,607	10,412,272	6,411,335	42,404,199	43,700,672	(1,296,473)	59,047,778	60,031,473	(983,695)
Average	\$ 15,322,534	\$ 13,145,849	\$ 2,176,685	\$ 46,647,359	\$ 42,978,543	\$ 3,668,817	\$ 86,901,248	\$ 84,965,648	\$ 1,935,599

Single Family Fund				Multi-Family Fund		
Fiscal Year	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets	Operating and Non-operating Revenues	Operating and Non-operating Expenses	Change in Net Assets
2008	\$ 15,712,926	\$ 14,991,208	\$ 721,718	\$ 22,923,420	\$ 22,224,570	\$ 698,850
2007	14,593,737	15,147,917	(554,180)	23,204,209	22,056,056	1,148,153
2006	8,332,078	13,075,152	(4,743,074)	17,328,986	24,679,371	(7,350,385)
2005	13,209,525	12,635,470	574,055	25,473,068	22,784,625	2,688,443
2004	5,552,530	12,957,459	(7,404,929)	18,110,910	19,871,624	(1,760,714)
2003	18,850,910	16,657,095	2,193,815	25,350,983	19,458,646	5,892,337
2002	20,715,720	17,769,623	2,946,097	21,770,474	23,842,724	(2,072,250)
Average	\$ 13,852,489	\$ 14,747,703	\$ (895,214)	\$ 22,023,150	\$ 22,131,088	\$ (107,938)

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008

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

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
SIGNIFICANT OWN-SOURCE REVENUE - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008**

<u>Fiscal Year</u>	<u>Tenant Revenue Total</u>	<u>% Total Operating Revenues</u>
2008	\$ 47,207,730	26.38%
2007	44,708,879	26.01%
2006	45,050,127	28.97%
2005	48,423,150	27.80%
2004	47,249,298	31.78%
2003	45,927,853	29.52%
2002	45,626,585	33.83%
Average	46,313,375	29.18%

*Revenue Base
Principal Payers*

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

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
OPERATING REVENUES BY SOURCES - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008**

Fiscal Year	Dwelling Rental		Investment Income		Unrealized gains (losses) on investments		Interest on mortgage and construction loans receivable	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 45,626,585	33.83%	\$ 8,832,261	6.55%	\$ 1,223,382	0.91%	\$ 21,568,065	15.99%
2003	45,927,853	29.52%	7,077,255	4.55%	9,755,942	6.27%	18,173,298	11.68%
2004	47,249,298	31.78%	13,180,090	8.86%	(11,187,026)	-7.52%	12,564,013	8.45%
2005	48,423,150	27.80%	10,620,043	6.10%	7,766,629	4.46%	11,603,179	6.66%
2006	45,050,127	28.97%	15,319,779	9.85%	(9,850,434)	-6.34%	12,192,024	7.84%
2007	44,708,879	26.01%	16,949,098	9.86%	(834,397)	-0.49%	13,710,886	7.98%
2008	47,207,730	26.38%	12,594,626	7.04%	390,768	0.22%	17,297,737	9.67%

Fiscal Year	Management fees and other income		Housing assistance payment subsidies		State and county grants		Total	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total
2002	\$ 5,346,584	3.96%	\$ 45,324,925	33.60%	\$ 6,968,039	5.17%	\$ 134,889,841	100.00%
2003	8,718,342	5.60%	58,169,216	37.38%	7,779,100	5.00%	155,601,006	100.00%
2004	6,882,011	4.63%	72,441,741	48.72%	7,555,629	5.08%	148,685,756	100.00%
2005	11,599,202	6.66%	77,102,593	44.26%	7,084,539	4.07%	174,199,335	100.00%
2006	9,785,159	6.29%	76,106,615	48.95%	6,881,222	4.43%	155,484,492	100.00%
2007	10,485,337	6.10%	77,709,223	45.21%	9,147,060	5.32%	171,876,086	100.00%
2008	9,115,619	5.09%	82,008,713	45.83%	10,333,157	5.77%	178,948,350	100.00%

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
LONG-TERM DEBT - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008**

<u>Fiscal Year</u>	<u>Bonds Payable</u>	<u>Mortgage notes and loans payable</u>	<u>Loans payable to Montgomery County</u>	<u>Capitalized lease obligations</u>	<u>Other</u>	<u>Total</u>	<u>% Net Assets To Debt</u>
2002	\$ 612,475,353	\$ 28,563,339	\$ 28,332,367	\$ 19,982,486	\$ 4,561,545	\$ 693,915,090	20.71%
2003	627,338,995	33,487,265	26,222,327	19,981,118	4,622,833	711,652,538	21.95%
2004	580,346,279	43,106,686	33,196,697	19,979,535	4,302,520	680,931,717	22.31%
2005	610,493,486	39,254,052	32,832,896	19,977,946	4,674,722	707,233,102	23.05%
2006	593,664,161	38,518,098	35,730,378	20,340,383	3,726,854	691,979,874	23.19%
2007	647,651,771	40,327,022	34,086,460	20,945,760	4,630,765	747,641,778	23.22%
2008	742,169,119	44,728,335	43,467,729	20,724,750	4,933,088	856,023,021	21.65%

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

PROPERTY RELATED DEBT (As of June 30, 2008)

Property Name	Purpose	Amount Outstanding	Property Name	Purpose	Amount Outstanding
<u>Intra-Commission mortgages made from bond issues</u>			<u>Loans from Montgomery County Revolving Funds</u>		
Alexander House	Mortgage	22,557,430.60	Brook Farm	Interim Financing	\$218,174
Chevy Chase Lake	Mortgage	\$8,026,930	Alexander House	Interim Financing	808,572
Diamond Square	Mortgage	\$1,656,589	Holiday Park Townhouses	Interim Financing	\$62,589
Fairfax Court	Mortgage	\$746,000	Pooks Hill Land (Mid-rise)	Interim Financing	\$665,000
Magruder's Discovery	Mortgage	\$970,977	Ambassador	Interim Financing	\$1,558,816
Montgomery Arms	Mortgage	\$9,777,773	MPDU 2004	Interim Financing	\$3,145,788
MPDUs (59)	Mortgage	2,806,695.51	Tanglewood	Interim Financing	\$2,512,500
MPDUs (64)	Mortgage	\$2,400,046	General Fund (Paddington Square)	Interim Financing	\$3,000,000
Pomander Court	Mortgage	566,218.25			
Pooks Hill Highrise	Mortgage	\$14,667,737	Subtotal		\$11,971,439
Pooks Hill Midrise	Mortgage	\$3,428,212			
Sligo Hills	Mortgage	\$3,113,458	<u>Notes Payable to Montgomery County Government</u>		
Strathmore Court	Mortgage	\$17,591,180	Alexander House	Construction	\$1,000,000
The Glen	Mortgage	\$6,489,071	Chelsea Towers	Acquisition	\$1,163,725
The Metropolitan	Mortgage	\$28,725,516	Diamond Square	Acquisition	\$2,746,344
The Oaks at Four Corners	Mortgage	\$2,972,496	Pooks Hill Highrise	Rehab	\$400,000
Timberlawn Crescent	Mortgage	5,690,219.63	McHome	Acquisition	\$2,005,645
Barclay Dev Corp.	Mortgage	\$10,251,928	Pooks Hill Midrise	Rehab	\$426,678
Greenhills	Mortgage	\$4,192,386	Sligo Hills	Operating Deficit	\$300,000
Subtotal		\$146,630,864	State Rental Consolidated	Acquisition	\$74,142
			State Rental VII	Acquisition	\$1,668,050
<u>Other Mortgages</u>			Tanglewood	Rehab	\$52,532
Holiday Park	Mortgage	\$1,350,000	The Glen	Home Funds	\$793,487
Paint Branch	Mortgage	\$204,007	The Oaks at Four Corners	Acquisition	\$2,213,324
Paddington Square	Mortgage	\$7,097,983	Timberlawn	Acquisition	\$1,000,000
King Farm Village Center	Mortgage	\$7,125,000	Montgomery Arms	Rehab	\$1,750,000
Subtotal		\$15,776,990	Chelsea Towers	Acquisition	\$698,000
			Chevy Chase Lake	Rehab	\$1,250,000
<u>Other Loans</u>			Hampden Lane	Predevelopment	\$208,064
General Fund (Paddington Square)	Contribution	\$3,000,000	Dale Drive	Predevelopment	\$2,444,697
Subtotal		\$18,776,990	Aspen Court	Acquisition	\$1,600,000
			MPDU 2004	Acquisition	\$795,790
<u>Notes Payable to State of Maryland</u>			King Farm Village Center	Acquisition	\$6,400,000
Alexander House	RHPP	375,000.00	Jubilee Housing	Acquisition	\$526,310
Diamond Square	RHPP	\$2,000,000	Subtotal		\$29,516,788
The Glen	RHPP	\$1,211,706	TOTAL PROPERTY RELATED DEBT		
General Fund (Paddington Square)	RHPP	\$500,000			\$224,729,832
State Rental Consolidated	PHRP	\$8,795,567			
State Rental VII	PHRP	\$4,712,863			
Tanglewood	PHRP	\$100,000			
Montgomery Arms		\$138,616			
Subtotal		\$17,833,752			

Debt Outstanding, Issued and Retired - Fiscal Year Ended June 30, 2008

	Authorized (a)	Unissued (b)	Outstanding Beginning of Year (c)	Issued		Retired		Refunded		Outstanding End of Year (h)	Interest Expensed This Year (i)	Current Maturities
				Prior Years (d)	This Year (e)	Prior Years (f)	This Year (g)	Prior Years	This Year			
Housing Opportunities Commission:												
Single Family Bonds:												
1986 Series A	17,995,000	-	5,000	17,995,000	-	17,990,000	-	-	-	5,000	425	-
1988 Series A	27,035,000	-	5,000	27,035,000	-	27,030,000	-	-	-	5,000	381	-
1988 Series B	15,000,000	-	5,000	15,000,000	-	14,995,000	-	-	-	5,000	369	-
1998 Series A - Accretions	28,145,642	-	28,145,642	28,145,642	1,612,468	-	-	-	-	29,758,110	1,612,468	-
1998 Series B	18,115,000	-	1,600,000	18,115,000	-	16,515,000	1,600,000	-	-	-	8,574	-
2000 Series A	14,525,000	-	240,000	14,525,000	-	14,285,000	240,000	-	-	-	-	-
2000 Series A - Accretions	6,062	-	6,062	6,062	66	-	6,128	-	-	-	66	-
2001 Series A	17,590,000	-	3,005,000	17,590,000	-	14,585,000	350,000	-	-	2,655,000	121,277	405,000
2001 Series C	10,000,000	-	10,000,000	10,000,000	-	-	10,000,000	-	-	-	480,468	-
2002 Series A	13,200,000	-	6,600,000	13,200,000	-	6,600,000	1,085,000	-	-	5,515,000	254,402	930,000
2002 Series B - Accretions	2,344,021	-	2,344,019	2,344,021	140,316	-	-	-	-	2,484,335	140,316	-
2002 Series C	16,890,000	-	16,890,000	16,890,000	-	-	-	-	-	16,890,000	596,700	-
2004 Series A	19,645,000	-	14,735,000	19,645,000	-	4,910,000	890,000	-	-	13,845,000	480,005	900,000
2004 Series B	5,355,000	-	3,825,000	5,355,000	-	1,530,000	440,000	-	-	3,385,000	190,580	425,000
2005 Series A	18,500,000	-	17,735,000	18,500,000	-	765,000	1,110,000	-	-	16,625,000	610,620	1,140,000
2005 Series B	6,500,000	-	5,460,000	6,500,000	-	1,040,000	730,000	-	-	4,730,000	275,575	380,000
2005 Series C	11,600,000	-	11,255,000	11,600,000	-	345,000	700,000	-	-	10,555,000	408,018	725,000
2005 Series D	13,400,000	-	13,120,000	13,400,000	-	280,000	1,745,000	-	-	11,375,000	642,716	40,000
2006 Series A	18,705,000	-	18,705,000	18,705,000	-	-	605,000	-	-	18,100,000	667,160	1,250,000
2006 Series B	11,295,000	-	11,275,000	11,295,000	-	20,000	90,000	-	-	11,185,000	570,790	190,000
2006 Series C	18,705,000	-	18,705,000	18,705,000	-	-	18,705,000	-	-	-	210,327	-
2006 Series D	11,295,000	-	11,295,000	11,295,000	-	-	11,295,000	-	-	-	128,810	-
2007 Series A	15,875,000	-	15,875,000	15,875,000	-	-	-	-	-	15,875,000	590,761	1,115,000
2007 Series B	19,125,000	-	19,125,000	19,125,000	-	-	25,000	-	-	19,100,000	943,765	90,000
2007 Series C	1,000,000	-	-	-	1,000,000	-	-	-	-	1,000,000	24,278	-
2007 Series D	20,000,000	-	-	-	20,000,000	-	-	-	-	20,000,000	662,063	355,000
2007 Series E	13,000,000	-	-	-	13,000,000	-	-	-	-	13,000,000	339,999	-
2007 Series F	10,000,000	-	-	-	10,000,000	-	-	-	-	10,000,000	273,542	-
2008 Series A	13,205,000	-	-	-	13,205,000	-	-	-	-	13,205,000	6,361	-
2008 Series B	3,900,000	-	-	-	3,900,000	-	-	-	-	3,900,000	3,656	-
2008 Series C	8,450,000	-	-	-	8,450,000	-	-	-	-	8,450,000	2,309	-
2008 Series D	17,200,000	-	-	-	17,200,000	-	-	-	-	17,200,000	7,049	-
Draw Down 2005	157,649,999	-	12,875,850	107,902,343	49,747,656	95,026,493	1,422,690	-	-	61,200,817	1,764,847	19,076,661
SUB-TOTAL	595,250,724	-	242,831,573	458,748,068	138,255,506	215,916,493	51,038,817	-	-	330,048,262	12,018,678	27,021,661
Less: Unamortized discount			1,080,629	628,055	629,351				138,555	1,848,535		
Total Single Family Bonds Payable	595,250,724	-	243,912,202	459,376,123	138,884,857	215,916,493	51,038,817	-	138,555	331,896,797	12,018,678	27,021,661

Debt Outstanding, Issued and Retired - Fiscal Year Ended June 30, 2008

A. Long-Term Debt

Other Long-Term Debt	Date Issued	Authorized	Unissued	Outstanding Beginning of Year	Issued		Retired		Refunded		Outstanding End of Year	Interest Expensed This Year	Current Maturities
					Prior Years	This Year	Prior Years	This Year	Prior Years	This Year			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)			(h)	(i)	
Housing Opportunities Commission:													
Multi Family Bonds:													
1995 Issue A		27,705,000	-	-	27,705,000	-	27,705,000	-	-	-	-	-	-
1995 Issue B		6,200,000	-	-	6,200,000	-	6,200,000	-	-	-	-	-	-
1995 Issue C		6,595,000	-	-	6,595,000	-	6,595,000	-	-	-	-	-	-
1993 Issue II		6,505,000	-	2,100,000	6,505,000	-	4,405,000	480,000	-	-	1,620,000	95,580	510,000
1998 Issue A		12,900,000	-	11,100,000	12,900,000	-	1,800,000	300,000	-	-	10,800,000	530,498	310,000
1998 Issue II		17,480,000	-	-	17,480,000	-	17,480,000	-	-	-	-	-	-
2002 Series A		22,325,000	-	22,325,000	22,325,000	-	-	-	-	-	22,325,000	1,220,060	335,000
2002 Series B		1,990,000	-	290,000	1,990,000	-	1,700,000	290,000	-	-	-	9,220	-
2002 Series C		12,965,000	-	12,965,000	12,965,000	-	-	-	-	-	12,965,000	369,086	-
2008 Series A		-	-	-	-	13,355,000	-	-	-	-	13,355,000	66,793	-
1993 Series A		3,975,000	-	3,495,000	3,975,000	-	480,000	3,495,000	-	-	-	49,304	-
1992 Series C		4,425,000	-	2,875,000	4,425,000	-	1,550,000	90,000	-	-	2,785,000	198,843	100,000
1995 Series A		23,910,000	-	3,245,000	23,910,000	-	20,665,000	115,000	-	-	3,130,000	185,558	120,000
1996 Series A		3,625,000	-	3,000,000	3,625,000	-	625,000	80,000	-	-	2,920,000	180,385	85,000
1996 Series B		13,610,000	-	11,750,000	13,610,000	-	1,860,000	8,495,000	-	-	3,255,000	419,006	85,000
1994 Series A		14,210,000	-	-	14,210,000	-	14,210,000	-	-	-	-	-	-
1984 Series A - Accretions		585,000	-	73,119	73,119	8,453	-	-	-	-	81,572	8,453	9,436
1996 Series B		25,995,000	-	23,865,000	25,995,000	-	2,130,000	23,865,000	-	-	-	584,093	-
1998 Series A		11,935,000	-	10,525,000	11,935,000	-	1,410,000	235,000	-	-	10,290,000	524,088	245,000
1998 Series B		18,905,000	-	16,010,000	18,905,000	-	2,895,000	490,000	-	-	15,520,000	797,573	510,000
2000 Series A		19,465,000	-	17,685,000	19,465,000	-	1,780,000	355,000	-	-	17,330,000	1,032,058	380,000
2000 Series B		28,600,000	-	26,180,000	28,600,000	-	2,420,000	545,000	-	-	25,635,000	1,571,130	580,000
2001 Series A		8,240,000	-	7,960,000	8,240,000	-	280,000	75,000	-	-	7,885,000	432,168	80,000
2002 Series A		8,330,000	-	7,860,000	8,330,000	-	470,000	165,000	-	-	7,695,000	354,180	165,000
2002 Series B		31,465,000	-	30,775,000	31,465,000	-	690,000	490,000	-	-	30,285,000	1,504,070	500,000
2003 Series A		20,265,000	-	19,070,000	20,265,000	-	1,195,000	405,000	-	-	18,665,000	779,880	415,000
2003 Series B		17,840,000	-	17,840,000	17,840,000	-	-	-	-	-	17,840,000	807,098	410,000
2006 Issue A		36,350,000	-	36,350,000	36,350,000	-	-	-	-	-	36,350,000	1,901,105	36,350,000
2007 Series A		19,055,000	-	19,055,000	19,055,000	-	-	-	-	-	19,055,000	848,856	325,000
2007 Series B		-	-	-	-	26,800,000	-	155,000	-	-	26,645,000	600,203	490,000
2007 Series C		-	-	-	-	8,220,000	-	75,000	-	-	8,145,000	196,267	270,000
2004 Series A		13,700,000	-	13,700,000	13,700,000	-	-	-	-	-	13,700,000	593,945	250,000
2004 Series B		4,085,000	-	4,035,000	4,085,000	-	50,000	40,000	-	-	3,995,000	187,253	40,000
2004 Series C		19,460,000	-	19,280,000	19,460,000	-	180,000	375,000	-	-	18,905,000	913,928	385,000
2004 Series D		14,110,000	-	13,980,000	14,110,000	-	130,000	265,000	-	-	13,715,000	700,145	275,000
2005 Series A		12,035,000	-	11,780,000	12,035,000	-	255,000	365,000	-	-	11,415,000	460,995	375,000
2005 Series B		6,200,000	-	6,005,000	6,200,000	-	195,000	130,000	-	-	5,875,000	176,727	140,000
2005 Series C		31,985,000	-	31,135,000	31,985,000	-	850,000	595,000	-	-	30,540,000	864,305	615,000
SUB-TOTAL		527,025,000	-	406,308,119	526,513,119	48,383,453	120,205,000	41,970,000	-	-	412,721,572	19,162,849	44,354,436
Less: Unamortized discount				(2,449,250)							(2,449,250)		
Total Multi Family Bonds Payable		527,025,000	-	403,858,869	526,513,119	48,383,453	120,205,000	41,970,000	-	-	410,272,322	19,162,849	44,354,436

MULTI-FAMILY HOUSING BONDS (As of June 30, 2008)

Bond Series	Current Property Name	Owner	Final Maturity	Amount Issued	Amount Outstanding
Non-Obligation Bond Issues:					
<u>Multi-Family Housing Revenue Bonds</u>					
1991 Issue A	Oakwood-Gaithersburg	Private	11/1/2007	\$48,220,000	\$48,220,000
1996 Issue A	Wynnfield	Private	5/1/2026	\$31,680,000	\$31,680,000
1996 Issue B	Oak Mill II	Private	5/1/2026	\$9,600,000	\$9,600,000
1996 Issue C	Avalon Knoll Apts./Chase	Private	7/1/2026	\$14,130,000	\$11,670,000
2001 Issue A	Aston Woods	Private	5/15/2031	\$13,000,000	\$13,000,000
2003 Issue A	Randolph Manor	Private	8/1/2045	\$5,500,000	\$5,413,817
2004 Issue A	Olney Manor	Private	1/1/2046	\$7,000,000	\$6,907,764
2004 Issue B	Blair Park	Private	10/15/2036	\$2,700,000	\$2,203,465
2004 Issue C	Cloppers Mill	Private	7/1/2046	\$7,800,000	\$7,719,859
2005 Issue I	Oakfield	Private	7/1/2039	\$38,000,000	\$38,000,000
2006 Issue A	Covenant Village	Private	12/1/2048	\$6,418,000	\$6,418,000
2006 Issue B	Covenant Village	Private	2/1/2009	\$1,182,000	\$1,182,000
<u>Multi-Family Housing Revenue Refunding Bonds</u>					
2001 Isssue A	Draper Lane	Private	3/1/2040	\$35,000,000	\$35,000,000
2001 Isssue B	Draper Lane	Private	3/1/2040	\$11,000,000	\$11,000,000
2001 Isssue C	Draper Lane	Private	3/1/2040	\$6,000,000	\$6,000,000
<u>Variable Housing Revenue Bonds</u>					
1985 Issue II	Falkland Apartments	Private	12/1/2030	\$24,695,000	\$24,695,000
1993 Issue I	Windsor Court	Private	11/1/2022	\$20,200,000	\$20,200,000
1997 Issue I	The Grand	Private	6/1/2030	\$54,000,000	\$57,000,000
1998 Issue I	Byron Housing	Private	9/1/2023	\$2,319,000	\$1,889,000
SUBTOTAL				\$338,444,000	\$337,798,905

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
NUMBER OF UNITS BY PROGRAM-UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008**

<u>Fiscal Year</u>	<u>Public Housing Rental</u>	<u>Public Housing Homeownership</u>	<u>Section 8</u>	<u>Opportunity Housing</u>	<u>Transitional Housing</u>	<u>Specialized Programs</u>	<u>Component Units</u>	<u>Total</u>
2002	1,547	16	4,874	3,041	158	315	1283	11,234
2003	1,545	12	5,751	3,056	158	330	1283	12,135
2004	1,545	12	5,804	3,088	158	330	1251	12,188
2005	1,537	11	5,692	3,047	151	355	1491	12,284
2006	1,539	11	5,436	2,842	151	405	1653	12,037
2007	1,539	11	5,674	2,853	165	402	1653	12,297
2008	1,544	11	5,754	3,049	165	430	1621	12,574

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2008

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	<u>158</u>
	<i>Total Elderly Communities</i>	555
Family Communities		
Emory Grove Village	8211 Morningview Drive, Gaithersburg, MD 20877	54
Sandy Spring	1 Branchwood Court, Sandy Spring, MD 20860	55
Seneca Ridge	11400 Scenery Drive, Germantown, MD 20876	71
Tobytown	90 Monroe Street, Rockville, MD 20850	11
Towne Centre Place	3502 Morningwood Drive, Olney, MD 20832	49
Washington Square	8343 Fairhaven Drive, Gaithersburg, MD 20877	<u>50</u>
	<i>Total Family Communities</i>	290
Scattered Units		
Scattered Site Central	various addresses spread throughout Montgomery County	134
Scattered Site East	various addresses spread throughout Montgomery County	108
Scattered Site Gaithersburg	various addresses spread throughout Montgomery County	137
Scattered Site North	various addresses spread throughout Montgomery County	139
Scattered Site West	various addresses spread throughout Montgomery County	149
Ken Gar	various addresses spread throughout Montgomery County	19
Parkway Woods	various addresses spread throughout Montgomery County	<u>24</u>
	<i>Total units - Scattered units</i>	710
	<i>Total units - Public Housing</i>	<u><u>1,555</u></u>

Housing Choice Voucher/Transitional Housing		
Name of development	Address	Number of units
Housing Choice Vouchers	Various	5,754
Transitional Housing Programs	Various	165
Specialized Programs	Various	<u>430</u>
	<i>Total units - Housing Choice Voucher/Transitional Housing</i>	<u><u>6,349</u></u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2008

Opportunity Housing		
Name of development	Address	Number of units
Elderly Communities		
The Oaks @ Four Corners	321 University Boulevard, West, Silver Spring, MD 20901	120
	<i>Total Elderly Communities</i>	120
Family Communities		
Tanglewood	8902 Manchester Road, Silver Spring, MD 20901	81
Magruder's Discovery	10508 Westlake Drive, Bethesda, MD 20817	134
Chelsea Towers		21
Sligo Hills	8902 Manchester Road, Silver Spring, MD 20901	50
Pomander Court	1620 University Boulevard West, Silver Spring, MD 20802	24
Paddington Square	8800 Lanier Drive, Silver Spring, MD 20910	166
Fairfax Court	1 Fairfax Court, Chevy Chase, MD 20815	18
Pooks Hill High-Rise	3 Pooks Hill Road, Bethesda, MD 20814	189
Pooks Hill Mid-Rise	3 Pooks Hill Road, Bethesda, MD 20814	50
Greenhills	10572 Tralee Terrace, Damascus, MD 20872	78
Strathmore Court @ White Flint	5440 Marinelli Drive, North Bethesda, MD 20852	151
Westwood Towers	5401 Westbard Avenue, Bethesda, MD 20816	212
The Glen	2399 Jones Lane, Wheaton, MD 20902	90
Diamond Square	80 Bureau Drive, Gaithersburg, MD 20878	124
Alexander House	8560 Second Avenue, Silver Spring, MD 20910	311
The Metropolitan	7600 Old Georgetown Road, Bethesda, MD 20814	216
Timberlawn	5707 Luxumburg Street, Rockville, MD 20852	107
Montgomery Arms	8627 Fenton Street, Silver Spring, MD 20910	129
Chevy Chase Lake	3719 Chevy Chase lake, Chevy Chase, MD 20815	68
The Barclay	4716 Bradley Boulevard, Chevy Chase, MD 20815	76
	<i>Total Family Communities</i>	2,295
Scattered Units		
McHome	various addresses spread throughout Montgomery County	36
Holiday Park	various addresses spread throughout Montgomery County	20
Montgomery Homes Limited Partnership I	various addresses spread throughout Montgomery County	30
Montgomery Homes Limited Partnership III	various addresses spread throughout Montgomery County	44
Montgomery Homes Limited Partnership IV	various addresses spread throughout Montgomery County	60
Montgomery Homes Limited Partnership V	various addresses spread throughout Montgomery County	27
Paint Branch	various addresses spread throughout Montgomery County	14
McKendree	various addresses spread throughout Montgomery County	23
MPDU I	various addresses spread throughout Montgomery County	64
State Rental Combined	various addresses spread throughout Montgomery County	196
MPDU III	various addresses spread throughout Montgomery County	23
MPDU II	various addresses spread throughout Montgomery County	59
MPDU 2007	various addresses spread throughout Montgomery County	38
	<i>Total units - Scattered units</i>	634
	<i>Total units - Opportunity Housing</i>	<u>3,049</u>

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Property Characteristics and Dwelling Unit Composition
June 30, 2008

Component Units		
Name of development	Address	Number of units
Family Communities		
Manchester Manor Apartments, LP	8401 Manchester Road, Silver Spring MD 20901	53
Strathmore Court, LP	5440 Marinelli Drive, North Bethesda, MD 20852	51
The Metropolitan of Bethesda, LP	7600 Old Georgetown Road, Bethesda, MD 20814	92
Shady Grove Apartments, LP	16525 Crabbs Branch Way, Derwood, MD 20855	144
The Willows of Gaithersburg Associates, LP	407 West Diamond Avenue, Gaithersburg, MD 20877	195
MV Affordable Housing Associates LP	9310 Merust Lane, Gaithersburg, MD 20874	94
Georgian Court Silver Spring LP	3600 Bel Pre Road, Silver Spring, MD 20906	147
Barclay One Associates LP	4716 Bradley Boulevard, Chevy Chase, MD 20815	81
Spring Garden One Associates LP	8007A Eastern Avenue, Silver Spring, MD 20910	83
Ambassador One Associates LP	2715 University Boulevard West, Silver Spring, MD 20902	162
Forest Oak Towers LP		175
Scattered Units		1,277
Montgomery Homes Limited Partnership II	various addresses spread throughout Montgomery County	54
Montgomery Homes Limited Partnership VI-A	various addresses spread throughout Montgomery County	15
Montgomery Homes Limited Partnership VII	various addresses spread throughout Montgomery County	35
Montgomery Homes Limited Partnership VIII	various addresses spread throughout Montgomery County	49
Montgomery Homes Limited Partnership IX - Pond Ridge	18100 Pond Ridge Court, Olney, MD 20832	40
Montgomery Homes Limited Partnership IX - MPDU units	various addresses spread throughout Montgomery County	76
Montgomery Homes Limited Partnership X	various addresses spread throughout Montgomery County	75
		344
<i>Total units - Component Units</i>		1,621

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
REGULAR STAFF HEADCOUNT BY DEPARTMENT - UNAUDITED
LAST SEVEN YEARS ENDED JUNE 30, 2008**

Fiscal year	Executive	Finance	Housing Management	Housing Resources	Mortgage Finance	Real Estate	Rental Assistance	Resident Services	Total
2002	39.20	44.10	120.70	0.00	10.50	8.00	46.25	67.55	336.30
2003	36.70	44.10	121.35	0.00	10.50	9.00	58.75	71.55	351.95
2004	38.70	42.10	120.35	0.00	11.50	10.00	47.75	75.40	345.80
2005	38.70	44.10	126.35	0.00	13.50	10.00	41.00	76.90	350.55
2006	38.60	43.00	124.35	0.00	13.50	10.00	40.00	77.40	346.85
2007	41.00	42.00	125.35	0.00	13.50	12.00	42.00	80.50	356.35
2008	40.00	42.00	126.60	53.60	14.50	10.00	42.00	84.60	413.30

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

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Demographics & Economic Statistics
Last Six Years Ended December 31, 2007
Montgomery County, MD

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

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

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

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

(4) Per capita income for 2007 not yet released.

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

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
PERMITS ISSUED TO CONSTRUCT NEW RESIDENTIAL UNITS IN MONTGOMERY COUNTY, MD
LAST SIX YEARS ENDED DECEMBER 31, 2007**

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

Source: U. S. Bureau of the Census

Income Source	# of Households
Business	10
Child Support	272
Federal Wage	1
General Assistance	9
Indian	2
Medical Reimburse	2
Military	1
No Income Reported	21
Other Non-Wage Income	165
Pension	109
Social Security	530
SSI	527
TANF	15
Unemployment	16
Wages	898

Average Length of Stay for Current Tenants (in Years)	8
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**Public Housing Statistics
All Properties
As of 12/31/2008**

Gender	Male	Female	Total
Count of Head of Household	316	1180	1496
% of Head of Households	21.12%	78.88%	
Count of All Family Members	1320	2304	3624
% of All Family Members	36.42%	63.58%	

Seniors	Under 62	62 +
Count of HOH	896	600
% of HOH	60.95%	40.82%
Count All Members	2887	737
% All Members	79.66%	20.34%

Disabled	
Count of Head of Household	277
Count of All Family Members	362

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
# of Families	201	443	224	132	113	94	89	78	31	27	58	6	1496
Average Income in Range	\$ 1,728	\$ 7,618	\$ 12,258	\$ 17,434	\$ 22,300	\$ 27,401	\$ 32,637	\$ 37,501	\$ 42,176	\$ 47,117	\$ 59,507	\$ 91,272	\$ 12,437
Cumulative % of Families	13.44%	43.05%	58.02%	66.84%	74.40%	80.68%	86.63%	91.84%	93.92%	95.72%	99.60%	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	4	116	228	298	250	147	293	138	22	1496
Count of All Family Members	244	680	406	286	315	285	364	307	193	358	163	23	3624

Race	White	Black	American Indian	Asian	Pacific Islander	Not Reported	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	475	844	1	180	3	0		217	1279	0
% of Head of Household	31.60%	56.15%	0.07%	11.98%	0.20%	0.00%		14.51%	85.49%	0.00%
Count of All Family Members	1074	2305	2	353	10	10		531	3050	43
% of All Family Members	28.61%	61.40%	0.05%	9.40%	0.27%	0.27%		14.65%	84.16%	1.19%

Family Size by Bedroom Size	# of PH Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	46	41	41	0	0	0	0	0	0	0	1.0 Person
1 Bedroom	497	484	396	88	0	0	0	0	0	0	1.2 People
2 Bedrooms	302	286	71	155	49	10	1	0	0	0	2.0 People
3 Bedrooms	584	567	45	84	194	149	77	15	2	1	3.3 People
4 Bedrooms	122	114	4	15	11	19	27	26	10	2	4.6 People
5 Bedrooms	4	4	0	0	0	0	1	0	1	2	7.0 People
Total # of PH Units	1555	1496	557	342	254	178	106	41	13	5	2.4 People

Income Source	# of Households
Business	0
Child Support	0
Federal Wage	0
General Assistance	0
Indian	0
Medical Reimburse	0
Military	0
No Income Reported	0
Other Non-Wage Income	0
Pension	0
Social Security	0
SSI	0
TANF	0
Unemployment	0
Wages	0

Average Length of Stay for Current Tenants (in Years)	N/A
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**Housing Choice Voucher
Statistics
As of 1/15/2009**

Gender	Male	Female	Total
Count of Head of Household	1,032	4,448	5,480
% of Head of Households	18.83%	81.17%	
Count of All Family Members	5,165	8,753	13,918
% of All Family Members	37.11%	62.89%	

Disabled	
Count of Head of Household	49
Count of All Family Members	53

Seniors	Under 62	62 +
Count of HOH	4,464	1,016
% of HOH	81.46%	18.54%
Count All Members	12,670	1,248
% All Members	91.03%	8.97%

Income Ranges	Under \$5,000	\$5,000 - \$9,999	\$10,000 - \$14,999	\$15,000 - \$19,999	\$20,000 - \$24,999	\$25,000 - \$29,999	\$30,000 - \$34,999	\$35,000 - \$39,999	\$40,000 - \$44,999	\$45,000 - \$49,999	\$50,000 - \$75,000	Over \$75,000	Totals
# of Families	815	1,484	830	569	417	402	352	259	352	-	-	-	5,480
Average Income in Range	\$ 1,710	\$ 7,751	\$ 12,317	\$ 17,342	\$ 22,460	\$ 27,491	\$ 32,295	\$ 37,283	\$ 48,019	\$ -	\$ -	\$ -	16,666
Cumulative % of Families	14.87%	41.95%	57.10%	67.48%	75.09%	82.43%	88.85%	93.58%	100.00%	100.00%	100.00%	100.00%	

Age Ranges	0-5	6-12	13-17	18-21	22-29	30-39	40-49	50-61	62-69	70-79	80-89	90 +	Totals
Count of Head of Household	0	0	0	20	683	1,310	1,306	1,145	373	369	274	0	5,480
Count of All Family Members	1,502	2,524	1,965	1,308	1,146	1,479	1,461	1,285	457	476	267	48	13,918

Race	White	Black	American Indian	Asian	Pacific Islander	Multiple	Ethnicity	Hispanic	Non-Hispanic	Not Reported
Count of Head of Household	1,454	3,668	42	304	5	7		620	4,860	0
% of Head of Household	26.53%	66.93%	0.77%	5.55%	0.09%	0.13%		11.31%	88.69%	0.00%
Count of All Family Members	2,894	10,163	73	635	18	135		1,534	12,198	186
% of All Family Members	20.79%	73.02%	0.52%	4.56%	0.13%	0.97%		11.02%	87.64%	1.34%

Family Size by Bedroom Size	# of HCV Units	Occupied Units	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8+ People	Average Family Size
Efficiency	0	75	65	7	2	1	0	0	0	0	1.2 Person
1 Bedroom	0	1,478	1,338	135	4	1	0	0	0	0	1.1 People
2 Bedrooms	0	1,996	365	982	517	111	21	0	0	0	2.2 People
3 Bedrooms	0	1,565	34	191	456	527	292	57	7	1	3.7 People
4 Bedrooms	0	311	6	10	31	62	67	75	44	16	5.1 People
5 Bedrooms	0	46	0	1	0	4	3	7	10	21	6.8 People
6 Bedrooms	0	9	0	0	0	0	0	0	0	9	8.0 People
Total # of PH Units	0	5,480	1,808	1,326	1,010	706	383	139	61	47	2.5 People