
Secretary of State

State of Oregon

**OREGON HOUSING AND
COMMUNITY SERVICES DEPARTMENT**

For the Years Ended June 30, 1998 and 1997



Audits Division

Secretary of State

State of Oregon

**OREGON HOUSING AND
COMMUNITY SERVICES DEPARTMENT**

For the Years Ended June 30, 1998 and 1997



Audits Division

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Bob Repine, Director
Oregon Housing and
Community Services Department
1600 State Street
Salem, Oregon 97301

This audit was conducted for the purpose of reporting on the financial statements of the Oregon Housing and Community Services Department's (department) enterprise funds as of and for the year ended June 30, 1998. Our opinion on these financial statements is presented in the Financial Section of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

As also required by those standards, we reviewed the department's internal control and compliance with applicable laws and regulations. Our report on the results of those reviews is presented in the Audit Results section of this report.

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
October 28, 1998

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	ix
INTRODUCTION.....	1
ORGANIZATION AND FUNCTIONS	1
FINANCIAL ACTIVITIES	2
AUDIT RESULTS	
REPORT ON INTERNAL CONTROL AND COMPLIANCE.....	5
REPORT DISTRIBUTION	7
COMMENDATION	7
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	11
Combined Balance Sheet Proprietary Fund Type – June 30, 1998 and 1997..... Exhibit A	13
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings Proprietary Fund Type For the Years Ended June 30, 1998 and 1997..... Exhibit B	16
Combined Statement of Cash Flows Proprietary Fund Type For the Years Ended June 30, 1998 and 1997..... Exhibit C	18
Notes to the Financial Statements	21
COMBINING ENTERPRISE FUNDS FINANCIAL STATEMENTS	
Combining Balance Sheet All Enterprise Funds – June 30, 1998 and 1997..... Schedule 1	40
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings All Enterprise Funds For The Years Ended June 30, 1998 And 1997 Schedule 2	42

	<u>Page</u>
Combining Statement of Cash Flows All Enterprise Funds For the Years Ended June 30, 1998 and 1997Schedule 3.....	44
STATISTICAL SECTION	
Operating Revenues, Expenses, and Transfers-In (Out) Enterprise Funds Last Ten Fiscal Years.....Schedule 4.....	52
Mortgage Loans Outstanding – by County Enterprise Funds June 30, 1998.....Schedule 5.....	54
New Mortgage Loans Enterprise Funds Last Five Fiscal Years.....Schedule 6.....	56
Enterprise Funds – Last Five Fiscal Years Single Family Mortgage Program Average New Mortgage Loan Amount versus Median IncomeSchedule 7.....	57
Enterprise Funds – Last Five Fiscal Years Single Family Mortgage Program Mortgage Loan Payoffs.....Schedule 8.....	58
Enterprise Funds – Last Five Fiscal Years Elderly and Disabled Housing Units Financed.....Schedule 9.....	59
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet Governmental Fund Types, Fiduciary Fund Types, and Account Groups June 30, 1998.....Schedule 10.....	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund Types and Expendable Trust Fund For the Year Ended June 30, 1998.....Schedule 11.....	64

Page

Combined Statement of Legislative Authorizations
 (Non-GAAP Budgetary Basis)
 Compared to Actual Expenditures
 Subject to Budget
 Governmental Fund Types
 For the Biennium Ending June 30, 1999 Schedule 12 66

Statement of Revenues, Expenses
 and Changes in Fund Balance
 Nonexpendable Trust Fund
 For the Year Ended June 30, 1998 Schedule 13 67

Statement of Cash Flows
 Nonexpendable Trust Fund
 For the Year Ended June 30, 1998 Schedule 14 68

SUMMARY

BACKGROUND

The Oregon Housing and Community Services Department (department) provides financing options for home ownership, rental, and specialized housing and administers federal anti-poverty programs. In addition to receiving federal funds, the department finances its housing programs primarily through the issuance of tax-exempt general obligation and revenue bonds. The department's various bond programs constitute the enterprise funds, which were the subject of our audit.

AUDIT PURPOSE

The audit was conducted for the purpose of reporting on the department's enterprise funds financial statements for the year ended June 30, 1998, and on the internal controls and compliance with applicable laws and regulations.

AUDIT RESULTS

Our audit concluded that the combined financial statements for the Oregon Housing and Community Services Department's enterprise funds are presented fairly. Our review and evaluation of internal controls and tests of compliance with applicable laws and regulations disclosed no significant findings.

INTRODUCTION

ORGANIZATION AND FUNCTIONS

The Oregon Housing and Community Services Department (department) was established in 1991 under the provisions of *Oregon Revised Statutes* 456.555. The department's mission is to work in partnership to develop, finance, and preserve locally supported affordable housing; and to provide appropriate community-based services. The department consists of the Director's office and two divisions.

The Director's Office, in addition to managing the overall operations of the department, is responsible for maintaining the department's information, computer, network, and telecommunications resources, and providing technical expertise and assistance to community supported sponsors and local governments in developing "needs driven" affordable housing throughout the state. The office is also responsible for the department's human resource management, and the implementation of the department's communication plan.

The Financial Management Division is responsible for the accounting and financial reporting functions of the department, and administers the department's bonded debt and loan programs. The division is also responsible for monitoring loan and grant programs after they have closed and the projects are in operation.

The Program Management Division is responsible for several functions that provide affordable housing and community-based services to low income Oregonians. They include underwriting loan applications to determine whether projects are financially feasible and program guidelines are met; providing financial assistance to develop, build and rehabilitate housing; administering programs that provide energy assistance and help for the homeless; and providing technical assistance, planning, research, and dispute resolutions services.

The department issues both revenue bonds and general obligation bonds to carry out its housing programs. The amount of revenue bonds issued and outstanding is

limited by statute to \$1.03 billion. General obligation bonds issued and outstanding are not to exceed 0.5 percent of the true cash value of all taxable property in the state. The resulting bond proceeds provide mortgage financing for programs focusing primarily on first-time home buyers, federally subsidized rental units for lower-income households, and housing to meet the special needs of elderly and disabled persons.

The State Housing Council serves as a policy-making board for the department's housing programs, and is responsible for approving any loan or grant in excess of \$100,000. The council consists of seven members appointed by the Governor, subject to Senate confirmation, to four-year terms.

The Community Action Directors of Oregon (CADO) is a private, not-for-profit organization which consists of directors of Oregon community action agencies and other private and public agencies. CADO serves as an advisory body to the department on anti-poverty planning and program initiatives.

The director of the department is appointed by the governor.

FINANCIAL ACTIVITIES

The primary sources of funding for the housing programs include bond proceeds, interest on cash and investments, and mortgage principal and interest repayments. These funding sources are used to make real estate loans to qualified individuals and entities, to call bonds, and to meet scheduled debt service payments.

For the year ended June 30, 1998, the housing programs reported operating revenues of \$81.6 million and operating expenses of \$65.1 million. Retained earnings increased to \$121.3 million at June 30, 1998 from \$101.6 million at June 30, 1997. As of June 30, 1998, revenue bonds outstanding totaled \$770.8 million. Total general obligation bonds outstanding were \$244.3 million. Loans receivable, net of an allowance for uncollectible accounts, totaled \$656.6 million.

AUDIT RESULTS

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol
Salem, Oregon 97310

Bob Repine, Director
Oregon Housing and
Community Services Department
1600 State Street
Salem, Oregon 97301

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the enterprise fund financial statements of the Oregon Housing and Community Services Department (department), as of and for the year ended June 30, 1998, and have issued our report thereon dated October 28, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and trust indentures, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE
Deputy Director

October 28, 1998

REPORT DISTRIBUTION

This report is a public record and is intended for the information of the Oregon Housing and Community Services Department's management, the governor of the state of Oregon, the Oregon Legislative Assembly, and all other interested parties.

COMMENDATION

The courtesies and cooperation extended by the officials and staff of the Oregon Housing and Community Services Department were commendable and much appreciated.

AUDIT TEAM

Joel Leming, CPA, Audit Administrator
Kay Boeder, CPA, CFE
Jennifer Stinson, CPA
Debbie Ferguson

FINANCIAL SECTION

OFFICE OF THE
SECRETARY OF STATE
Phil Keisling
Secretary of State
Suzanne Townsend
Deputy Secretary of State



AUDITS DIVISION
John Lattimer
Director

(503) 986-2255
FAX (503) 378-6767

Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol
Salem, Oregon 97310

Bob Repine, Director
Oregon Housing and
Community Services Department
1600 State Street
Salem, Oregon 97301

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined financial statements of the enterprise funds of the state of Oregon Housing and Community Services Department as of and for the years ended June 30, 1998, and June 30, 1997. These financial statements are the responsibility of the department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the combined financial statements present only the enterprise funds and are not intended to present fairly the financial position of the state of Oregon Housing and Community Services Department, and the results of its operations and cash flows of its governmental fund types, fiduciary fund types, and account groups in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds of the state of Oregon Housing and Community Services Department as of June 30, 1998, and June 30, 1997, and the results of

its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the enterprise funds combined financial statements taken as a whole. The combining enterprise funds financial statements are presented for purposes of an additional analysis and are not a required part of the enterprise funds combined financial statements of the department. Such information has been subjected to the auditing procedures applied in the audit of the enterprise funds combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the enterprise funds combined financial statements taken as a whole.

The other data in this report, designated as the statistical section and supplementary information in the table of contents, is presented for the purpose of additional analysis and is not a required part of the enterprise funds combined financial statements. This information has not been subjected to the auditing procedures applied in the audits of the enterprise funds combined financial statements and, accordingly, we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we also have issued a report dated October 28, 1998, on our consideration of the enterprise fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and trust indentures. That report is separately presented in the AUDIT RESULTS section of this report.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE
Deputy Director

October 28, 1998

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINED BALANCE SHEET
 PROPRIETARY FUND TYPE
 June 30, 1998 and 1997

	Enterprise Funds	
	<u>1998</u>	<u>Totals</u> <u>1997</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 67,239,077	\$ 75,641,437
Investments	432,395,558	333,936,664
Accrued Interest Receivable	9,218,001	9,740,828
Accounts Receivable	241,470	91,526
Interfund Receivable	189,486	657,889
Due from Other Agencies	-	225,000
Inventories	-	6,375
Prepaid Expenses	72,273	67
Loans Receivable (Net)	656,585,678	625,252,767
Acquired Property	236,124	-
Deferred Charges	11,189,330	10,441,236
Fixed Assets (Net)	1,058,498	272,081
Advances to Other Funds	75,000	75,000
	\$ 1,178,500,495	\$ 1,056,340,870
<u>Liabilities and Fund Equity</u>		
Liabilities:		
Accounts Payable	\$ 890,663	\$ 926,087
Vacation Payable	207,967	181,094
Interfund Payable	92,127	512,850
Deferred Income	43,994	23,455
Trust Funds Payable	333,992	333,656
Obligations Under Securities Lending	5,245,295	3,528,952
Accrued Interest Payable	27,425,001	25,532,038
Matured Bonds and Interest Payable	1,048,549	1,738,478
Bonds Payable	1,015,350,243	918,203,625
Arbitrage Rebate Liability	853,774	498,839
Advances from Other Agencies	4,797,272	2,316,112
	1,056,288,877	953,795,186
Fund Equity:		
Contributed Capital	906,154	906,154
Retained Earnings	121,305,464	101,639,530
	122,211,618	102,545,684
Total Fund Equity	122,211,618	102,545,684
Total Liabilities and Fund Equity	\$ 1,178,500,495	\$ 1,056,340,870

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

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 For the Years Ended June 30, 1998 and 1997

	Enterprise Funds	
	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
<u>Operating Revenues:</u>		
Interest on Loans	\$ 49,470,569	\$ 45,586,467
Investment Income	29,290,017	25,172,612
Transfer/Commitment Fees	1,222,215	1,096,097
Administrative Fees	875,389	722,154
Mortgage Credit Certificate Fees	6,569	14,406
Low Income Housing Tax Credit Fees	466,363	435,412
Net Gain on Sale of Investments	-	181,005
Gain on Sale of Foreclosed Property	-	22,894
Miscellaneous Revenue	288,188	103,457
Total Operating Revenues	<u>81,619,310</u>	<u>73,334,504</u>
<u>Operating Expenses:</u>		
Interest on Bonds	55,619,972	52,221,672
Mortgage Service Fees	1,560,202	1,434,703
Foreclosure Costs	8,099	28,218
Bad Debt Expense	255,006	126,822
Amortization of Deferred Bond Issuance Costs	904,281	822,151
Other Related Program Expenses	983,742	1,224,415
Administrative Costs:		
Personal Services	3,340,984	3,114,905
Services and Supplies	2,209,847	2,592,456
Depreciation/Amortization	256,705	95,349
Total Operating Expenses	<u>65,138,838</u>	<u>61,660,691</u>
Operating Income (Loss)	<u>16,480,472</u>	<u>11,673,813</u>
<u>Operating Transfers-In (Out):</u>		
Operating Transfers-In	9,519,135	11,673,721
Operating Transfers-Out	(9,519,135)	(11,665,847)
Transfer from Other Agencies	-	45,000
Total Operating Transfers-In (Out)	<u>-</u>	<u>52,874</u>
Net Income (Loss) Before Extraordinary Items	16,480,472	11,726,687
Extraordinary Loss from Bond Call	(558,015)	(607,505)
Net Income (Loss)	<u>15,922,457</u>	<u>11,119,182</u>

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

EXHIBIT B (continued)

	Enterprise Funds	
	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
Net Income (Loss)	<u>15,922,457</u>	<u>11,119,182</u>
Retained Earnings – Beginning	101,639,530	90,520,348
Change in Accounting Principle (GASB 31)	<u>3,743,477</u>	<u>–</u>
Retained Earnings – Beginning – As Restated	<u>105,383,007</u>	<u>90,520,348</u>
Retained Earnings – Ending	<u>\$ 121,305,464</u>	<u>\$ 101,639,530</u>

Continued

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 For the Years Ended June 30, 1998 and 1997

	Enterprise Funds	
	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income (Loss)	\$ 16,480,472	\$ 11,673,813
<u>Adjustments to Reconcile Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Depreciation and Amortization	256,705	95,349
Amortization of Deferred Bond Issue Costs	904,281	822,151
Interest Received on Investments	(28,930,218)	(24,235,710)
Gain on Sale of Investments	-	(189,177)
Loss on Sale of Investments	-	8,172
Interest Expense on Bonds	55,619,972	52,221,672
<u>(Increase)/Decrease in Assets:</u>		
Loan Interest Receivable	(527,786)	(336,592)
Accounts Receivable	(149,944)	405,204
Interfund Receivable	468,403	(266,927)
Due from Other Agencies	225,000	(225,000)
Inventories	6,375	975
Prepaid Expenses	(72,206)	(67)
Loans Receivable (Net)	(31,332,911)	(78,547,639)
Acquired Property	(236,124)	-
<u>Increase/(Decrease) in Liabilities:</u>		
Accounts Payable	(35,424)	402,538
Vacation Payable	26,873	(3,152)
Interfund Payable	(420,723)	261,346
Deferred Income	20,539	7,209
Trust Funds Payable	336	10,047
Obligations Under Securities Lending	1,716,343	3,528,952
Matured Bonds and Interest Payable	(689,929)	(152,621)
Advances from Other Agencies	2,481,160	52,527
Total Adjustments	(669,278)	(46,140,743)
Net Cash Provided (Used) in Operating Activities	15,811,194	(34,466,930)

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

EXHIBIT C (Continued)

	Enterprise Funds	
	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
Net Cash Provided (Used) in Operating Activities	15,811,194	(34,466,930)
<u>Cash Flows from Noncapital Financing Activities:</u>		
Proceeds from Bond Sales	241,273,377	202,267,670
Principal Payments on Bonds	(143,865,000)	(154,215,000)
Interest Payments on Bonds	(53,676,506)	(50,548,581)
Operating Transfers-In	9,519,135	11,718,721
Operating Transfers-Out	(9,519,135)	(11,665,847)
Bond Issue Costs	(2,144,518)	(1,891,855)
Bond Call Costs	(23,199)	(29,908)
Interest Paid on Securities Lending	(359,799)	(936,902)
Net Cash Provided (Used) in Noncapital Financing Activities	41,204,355	(5,301,702)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(1,043,122)	(156,748)
Net Cash Provided (Used) in Capital and Related Financing Activities	(1,043,122)	(156,748)
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investments	(585,667,736)	(483,044,067)
Proceeds from Sales and Maturities of Investments	503,890,975	495,718,851
Interest on Cash and Investments	17,042,175	21,023,732
Investment Income on Securities Lending	359,799	936,902
Net Cash Provided (Used) in Investing Activities	(64,374,787)	34,635,418
Net Increase (Decrease) in Cash and Cash Equivalents	(8,402,360)	(5,289,962)
Cash and Cash Equivalents Balance – Beginning	75,641,437	80,931,399
Cash and Cash Equivalents Balance – Ending	\$ 67,239,077	\$ 75,641,437

Continued

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
PROPRIETARY FUND TYPE – ENTERPRISE FUNDS
June 30, 1998

The accompanying financial statements of the Oregon Housing and Community Services Department (OHCS D) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants. Under the auspices of GASB Statement No. 20, OHCS D does not apply FASB pronouncements issued after November 30, 1989, for proprietary activities, unless GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date.

NOTE 1. Summary of Significant Accounting Policies

A. Reporting Entity

OHCS D is a part of the State of Oregon reporting entity. OHCS D currently operates under the provisions of Sections 456.515 to 456.725 of the Oregon Revised Statutes.

Through sales of bonds, OHCS D finances home ownership and multi-family units for elderly, disabled, and lower to moderate-income persons. OHCS D has issued \$1,662,354,183 in revenue bonds for the Single-Family Mortgage Program, \$19,065,000 in revenue bonds for the Loans to Lenders Program, \$185,135,000 in revenue bonds for the Assisted or Insured Multi-Unit Program, and \$30,965,000 in revenue bonds for Multifamily Housing Revenue Bonds. OHCS D has issued \$378,160,000 in State of Oregon general obligation bonds for the Elderly and Disabled Housing Program. State of Oregon general obligation bonds are authorized by Oregon Constitution Article XI-I(2).

The combined financial statements and notes include only the bonded debt financial activity of OHCS D. OHCS D operates a variety of other programs which have no impact on the bond related activity of OHCS D. The financial activity for these non-bond related programs is presented as supplemental schedules following the combining enterprise fund statements.

B. Basis of Presentation – Fund Accounting

OHCS D programs and accounts are organized by "funds," each of which is a separate accounting entity. Each major program utilizes a separate set of self-balancing accounts to record the assets, liabilities, retained earnings, revenues, and expenses of their activities. All bond programs are classified in the proprietary fund type. The proprietary fund type contains two types of funds: Enterprise Funds and Internal Service Funds. All bond programs of OHCS D are accounted for in the Enterprise Funds.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

Proprietary Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. OHCS D utilizes two enterprise funds which are differentiated primarily by the type of bond financing employed to support their respective programs:

- (1) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multi-Unit, Multifamily, and Single-Family Mortgage Programs. General and administrative costs of these programs are accounted for in the Housing Finance Account. The Combined Program Account is maintained to act as a reserve against possible deficiencies that may arise in the payment of debt service or related expenses of any program.
- (2) The Elderly and Disabled Housing Program accounts for activities, including applicable administrative costs, that are primarily financed by general obligation bonds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All proprietary fund types are accounted for using the flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time related liabilities are incurred. All assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

D. Budgets

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to limitation and bond related expenses are subject to administrative limitation. Both types of limitation lapse at the end of the biennium. Budgets are adopted on a basis which differs from generally accepted accounting principles and financial reporting standards in the treatment of bond proceeds and loan purchases. For budgetary purposes, these transactions are treated on a cash basis and other operating revenues and expenses are on an accrual basis.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

E. Cash Equivalents

For purposes of the Statement of Cash Flows, all OHCS D moneys held in the State Treasury Oregon Short Term Fund, securities lending collateral on all OHCS D moneys in the Oregon Short Term Fund, and moneys held in money market funds are considered to be cash equivalents. All short term U.S. Treasury and U.S. Agency securities and repurchase agreements are considered to be investments.

F. Investments

OHCS D's investments are stated at fair value. Investment fair value is determined using quoted market prices. Securities lending cash collateral reinvested by the State Treasury Oregon Short Term Fund in short-term debt investments with remaining maturities of up to ninety days on June 30, 1998 is reported at amortized cost.

G. Receivables

Receivables are shown net of an allowance for uncollectible accounts. Receivables included are amounts due that represent revenues earned or accrued in the current period. Types included in this classification relate to interest, mortgage loans receivable, and other miscellaneous receivables.

H. Short-term Interfund Receivable/Payable

During the course of operations, many transactions occur between individual funds for various reasons. These receivables and payables are classified as "Interfund Receivables" and "Interfund Payables" on the balance sheet.

I. Inventories

Inventories of office supplies are now held only at immaterial levels. Office supplies are recorded as an expense when purchased.

J. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 1998, are recorded as prepaid items.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

K. Acquired Property Inventory

Acquired properties resulting from mortgage foreclosures are stated at the lower of cost or fair market value. Cost is defined as the outstanding balance of the mortgage loan, plus major repairs, less any mortgage insurance payments received. Costs relating to the acquisition of such properties are charged to expense as they are incurred.

L. Fixed Assets

Fixed assets are reported at historical cost or estimated historical cost if the original cost is not determinable. Donated fixed assets are reported at their estimated fair market value at the time received. Fixed assets costing less than \$5,000 or having a useful life of less than two years are not capitalized.

Depreciation or amortization of fixed assets is charged as an expense against operations over the estimated useful lives using the straight-line method of depreciation. The estimated useful life of all fixed assets is three years.

M. Deferred Charges

Bond issuance costs, including underwriters' discounts, are reflected as deferred charges and amortized over the term of the related bond issue using the bonds-outstanding method of amortization.

N. Restricted Assets and Retained Earnings

The use of all cash, cash equivalents, and investments of the Enterprise Fund are generally restricted as to purpose and use by the Bond Declarations and Indentures of Trust. The bond program funds are restricted for acquisition of loans, payment of debt service, and payment of operating costs. Individual reserve accounts have been established to meet certain requirements and the balances of these accounts as of June 30, 1998, were sufficient to meet all legal requirements.

O. Compensated Absences

Employees accrue vacation leave at various accrual rates and may generally be paid for up to a maximum of 250 hours of accrued vacation leave at termination. Accumulated vacation leave that is expected to be paid within 90 days is reported as an expense. Accumulated vacation leave is recorded as an expense and a liability of those funds as the benefits accrue to the employees. No liability is recorded for nonvesting, accumulated sick pay benefits.

P. Bond Discounts, Premiums, and Interest Accretion

Bond discount or premium arising from the sale of serial or term bonds is charged or credited to interest expense over the life of the related bond issue using the bonds-outstanding method of amortization.

The capital appreciation bonds and deep discount bonds increase in value based on the initial yield to maturity as set forth in Accreted Value Tables in the bond issue's Official Statement. This increase in value is reflected as an increased liability in bonds payable on the Combined Balance Sheet and as interest expense on the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings.

Q. Comparative Data

Comparative total data for the prior year is presented in selected sections of this report in order to provide an understanding of the changes in OHCS D's financial position and operations. Additional information about the prior year can be found in OHCS D's Annual Financial Report for the year ended June 30, 1997.

R. Change in Accounting Principle

Beginning retained earnings for the year ended June 30, 1998 has been restated to reflect the application of GASB Statement No. 31. GASB Statement No. 31 requires investments to be reported at fair value instead of at amortized cost. It is effective for periods beginning after June 15, 1997. The cumulative effect of this change in accounting principle totals \$3,743,477. Prior periods were not restated because it was not practical to do so.

NOTE 2. Cash and Cash Equivalents, Investments, and Security Lending

Deposits: At June 30, 1998, the book balance of cash and cash equivalents was \$67,239,077. The bank balance was \$62,198,963 of which \$60,881,643 was held in demand accounts with the State Treasurer and amounts invested in the Oregon Short Term Fund. State Treasurer demand deposit accounts and time certificates of deposit investments of the Short Term Fund held in state banks are insured or collateralized in excess of FDIC coverage for a minimum of 25 percent in accordance with State statute. Money market accounts held by the Bond Trustees as agents consisted of \$268,769, of which \$121,439 was insured by FDIC. Cash with Fiscal Agent was \$1,048,549, of which \$706,371 was held by the bond trustees and \$342,178 held at Bank of New York. The funds held by the trustees are collateralized with securities held by their Trust Departments, but not in the State's name. The funds deposited at Bank of New York are backed by the faith and credit of Bank of New York, and are neither insured nor collateralized.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

Securities in the Short Term Fund are held by the Treasury's agent in the name of the State of Oregon. They consist of 49 percent in government securities and 51 percent in time certificates of deposit, bankers acceptances, and other short-term commercial paper. Earnings on the Short Term Fund are allocated based on daily account balances.

	<u>Cash and Cash Equivalents</u>
Cash	\$ 60,676,464
Cash with Fiscal Agent	1,048,549
Money Market Accounts held by Bond Trustees	268,769
Cash – Securities Lending Collateral	<u>5,245,295</u>
Total Cash and Cash Equivalents	<u><u>67,239,077</u></u>

Investments: The Bond Indentures authorize OHCS D to invest in direct obligations of, or obligations guaranteed by, the United States of America; bonds, debentures, notes, participation certifications, or other similar obligations issued by specified Federal Agencies; specified Public Housing Bonds; direct and general obligations of or obligations guaranteed by the State; investment agreements, secured or unsecured, with any institution whose debt securities are rated at least equal to the then existing rating on the bonds by the rating agencies; and deposits in interest-bearing time or demand deposits, or certificates of deposit secured by obligations described above. These are permissible investments under State statute. The Elderly and Disabled Housing Program Indenture also permits other investments for the State of Oregon under this statute.

Investments at year-end included \$ 23,855,883 held by the State Treasurer in U.S. Treasury securities. Investments with the State Treasurer are held with the State Treasurer's agent in the name of the State of Oregon and segregated in the Treasurer's records in OHCS D's name.

Additional investments were held by the Trust Departments of the Bond Trustees as agents in OHCS D's name. Total Trust Departments investments consisted of \$313,344,604 in U.S. government securities and \$95,195,071 in repurchase agreements. Repurchase agreements are collateralized with securities held by a custodian in OHCS D's name.

OHCS D's investments are categorized below to give an indication of the level of risk assumed by OHCS D at year-end. Category 1 includes investments that are insured or registered, with securities held by OHCS D or its agent in OHCS D's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in OHCS D's name. Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty or by its trust department or agent but not in OHCS D's name.

Notes to the Financial Statements (continued)
Proprietary Fund Type – Enterprise Funds
June 30, 1998

	RISK CATEGORY			Reported Amount	Fair Value
	-1-	-2-	-3-		
U.S. Government and Agency Securities	\$337,200,487	–	–	\$337,200,487	\$337,200,487
Repurchase Agreements	95,195,071	–	–	95,195,071	95,195,071
Allocated portion of reinvested cash collateral from OSTF:					
U.S. Government and Agency Securities	–	–	897,028	897,028	897,643
Commercial Paper	–	–	1,811,447	1,811,447	1,814,445
Corporate Bonds	–	–	401,353	401,353	401,353
Asset-Backed Securities	–	–	169,798	169,798	169,798
Repurchase Agreements	–	–	1,965,669	1,965,669	1,965,669
Subtotal	\$432,395,558	–	\$5,245,295	\$437,640,853	\$437,644,466
Not Categorized:					
Investments held under securities loans with cash collateral:					
U.S. Government and Agency Securities				5,149,330	5,149,330
Subtotal				442,790,183	442,793,796
Less: Balances treated as cash and cash equivalents on Balance Sheet				\$ (10,394,625)	\$ (10,398,238)
Total Investments				\$432,395,558	\$432,395,558

Securities Lending: In accordance with State of Oregon investment policies, state agencies may participate in securities lending and the State has, through Securities Lending Authorization Agreements, authorized its custodians to lend the State's securities pursuant to a form of loan agreement. There have been no significant violations of the provisions of securities lending agreements during the period of these financial statements.

During the year, the State's custodian lent short-term and fixed income securities and received as collateral U.S. dollar cash, U.S. government and agency securities, or letters of credit. Borrowers were required to deliver collateral for each loan equal to not less than 102% of the market value of the loaned security. The custodians did not have the ability to pledge or sell collateral securities absent a borrower default and the State did not impose any restrictions during the fiscal year on the amount of the loans the custodian made on its behalf. The State, through its Securities Lending Agreements, is fully indemnified against borrower default. There were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.

The maturities of investments made with cash collateral during the year generally do not match the maturities of their securities loans. On June 30, 1998, the State had no credit risk exposure to borrowers. On June 30, 1998, OHCS D had no securities on loan.

OHCS D's cash balances are invested in the Oregon Short Term Fund (OSTF), as is the cash of other state agencies. As of June 30, 1998, the market value of the collateral held and of securities on loan, including accrued income, from the OSTF was \$460,795,946 and \$452,054,000 respectively. OHCS D's allocated portion of the securities on loan and the related collateral is presented in the accompanying schedule of investments.

Notes to the Financial Statements (continued)
Proprietary Fund Type – Enterprise Funds
June 30, 1998

NOTE 3. Loans Receivable

Loans receivable on June 30, 1998, consisted of:

	Single-Family Mortgage Program						Total 6/30/98
	Housing Finance Account	Housing Finance Revenue Bonds	Mortgage Revenue Bonds	Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Program	
Loans Receivable	\$757,292	\$20,475,542	\$372,794,098	\$62,703,331	\$6,266,578	\$194,821,859	\$657,818,700
Less: Allowance for Uncollectible Accounts	-	-	-	(132,455)	(15,666)	(1,084,901)	(1,233,022)
Loans Receivable (Net)	<u>\$757,292</u>	<u>\$20,475,542</u>	<u>\$372,794,098</u>	<u>\$62,570,876</u>	<u>\$6,250,912</u>	<u>\$193,736,958</u>	<u>\$656,585,678</u>

The Single-Family Mortgage Program provides financing for single-family homes for below median income home buyers. These loans are collateralized by first lien mortgages on the applicable real estate. Of the total mortgage principal balance outstanding, 84 percent is federally insured or guaranteed, 12 percent is covered by pool insurance and/or private mortgage insurance and 4 percent is uninsured. OHCS D requires 25 percent down payment on all uninsured mortgage loans. Based on prior experience OHCS D does not anticipate any material loss in the collection of mortgage loans receivable or in the disposition of acquired properties.

The Assisted or Insured Multi-Unit Program provides permanent mortgage financing to qualified sponsors of multi-unit housing developments for persons of lower income within the State of Oregon. The mortgage loans made under this program must either be federally insured or made to finance housing for persons eligible for federal or state housing assistance.

Multifamily Housing Revenue Bonds finance mortgage loans for multi-family housing developments within the State that primarily contain housing units for persons or families of lower and moderate income.

The Elderly and Disabled Housing Program provides permanent mortgage financing for the construction or rehabilitation of structures or facilities which serve elderly or disabled persons.

OHCS D uses the allowance method to estimate uncollectible mortgage loans receivable. The composition of the loan portfolio is evaluated considering past loss experience, current economic conditions, amount of mortgage insurance, and the likelihood of properties being foreclosed upon. This evaluation, in management's judgment, is adequate to provide for potential losses.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

NOTE 4. Fixed Assets

A summary of OHCS D's fixed assets at June 30, 1998 follows:

	Housing Finance Account	Elderly and Disabled Housing Program	Total 6/30/98
Equipment/Furniture	\$ 1,367,505	\$ 67,041	\$ 1,434,546
Data Processing Software	130,317	3,833	134,150
Leasehold Improvements	134,075	8,920	142,995
Less Depreciation/Amortization	(574,209)	(78,984)	(653,193)
Total	<u><u>\$ 1,057,688</u></u>	<u><u>\$ 810</u></u>	<u><u>\$ 1,058,498</u></u>

NOTE 5. Interfund Transactions

The following schedule summarizes interfund receivables and payables for the year ended June 30, 1998:

	Interfund Receivables	Interfund Payables
Housing Finance Account	\$ 87,352	\$ 13,818
Housing Finance Revenue Bonds	34,017	905
Mortgage Revenue Bonds	-	25,633
Assisted or Insured Multi-Unit Program	54,317	-
Elderly and Disabled Housing Program	13,800	51,771
Total	<u><u>\$ 189,486</u></u>	<u><u>\$ 92,127</u></u>

The difference of \$97,359 between interfund receivables and payables is attributable to activity in OHCS D's governmental and trust funds that is not reflected in the financial statements.

The following schedule summarizes operating transfers for the year ended June 30, 1998:

	Operating Transfers In	Operating Transfers Out
Housing Finance Account	\$5,968,669	\$3,590,086
Housing Finance Revenue Bonds	-	2,750,466
Mortgage Revenue Bonds	3,050,466	-
Assisted or Insured Multi-Unit Program	-	2,981,893
Multifamily Housing Revenue Bonds	500,000	-
Elderly and Disabled Housing Program	-	196,690
Total	<u><u>\$9,519,135</u></u>	<u><u>\$9,519,135</u></u>

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

NOTE 6. Advances from/to Other Agencies

Under the Elderly and Disabled Housing Program Statutes, OHCS D receives funds from the Mental Health and Developmental Disability Services Division of the Oregon Department of Human Resources. These funds were committed by interagency agreements to fund maintenance reserve accounts and for loans and other associated costs for financing purchases of residential treatment/training homes for developmentally disabled persons. Funds continue to be committed by interagency agreement to provide funding of the treatment/training homes.

NOTE 7. Long Term Debt

Since inception and commencing in 1977, OHCS D has issued revenue and general obligation bonds and notes totaling \$2,300,564,183, of which \$1,015,124,827 were outstanding at June 30, 1998.

All issues of interim housing and construction loan revenue notes totaling \$24,885,000 were repaid prior to fiscal year 1988. The following table summarizes total bonds issued by program and series, with related bonds outstanding as of June 30, 1998:

REVENUE BONDS

Single-Family Mortgage Program:

Housing Finance Revenue Bonds:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1977 Series A, 1979-2009	4.550	8.000%	\$ 43,800,000	\$ 13,185,000
1978 Series A, 1979-2009	4.250	6.700%	55,945,000	2,720,000
1978 Series B, 1980-2009	4.700	6.625%	48,000,000	4,050,000
1980 Series A, 1981-2011	6.600	8.500%	100,000,000	–
1980 Series B, 1981-2011	6.700	9.500%	42,000,000	–
1982 Series A, 1985-2014	6.500	11.375%	111,969,082	–
1983 Series A, 1995-1997	9.500	9.625%	14,925,000	–
1985 Series A, 1986-2016	6.000	10.500%	25,000,512	–
1985 Series B, 1986-2016	5.750	10.750%	40,003,986	–
1985 Series C, 1987-2017	6.000	10.000%	30,001,101	–
Total Housing Finance Revenue Bonds			\$ 511,644,681	\$ 19,955,000

Mortgage Revenue Bonds:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1988 Series A, 1990-2014	5.400	7.750%	\$ 19,215,362	\$ –
1988 Series B, 2019	8.500	8.500%	784,313	–
1988 Series C, 1991-2017	6.900	7.700%	27,545,000	–
1989 Series A, 2016	6.300	6.300%	25,000,000	–
1990 Series A, 1991-2016	5.900	7.450%	25,000,000	–
1990 Series B, 2016	6.250	6.250%	25,000,000	–

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

1990 Series C, 2020	7.700	7.700%	10,645,000	–
1990 Series D, 1992-2014	6.000	7.350%	6,960,000	–
1990 Series E, 2021	7.600	7.600%	5,540,000	–
1990 Series F, 2014	6.125	6.125%	5,540,000	–
1990 Series G, 2016	6.250	6.250%	4,460,000	–
1991 Series A, 1992-2015	5.000	7.200%	30,540,000	6,125,000
1991 Series B, 2020	7.375	7.375%	18,650,000	–
1991 Series C, 2016	4.800	4.800%	44,000,000	–
1991 Series D, 1993-2027	4.750	6.800%	21,250,000	20,245,000
1991 Series E, 1993-2016	4.750	6.750%	17,305,000	10,070,000
1991 Series F, 2022	7.000	7.000%	6,345,000	5,325,000
1991 Series G, 1994-2027	3.750	6.800%	25,000,000	7,300,000
1992 Series A, 1994-2016	4.500	6.800%	32,874,827	22,764,827
1992 Series B, 2028	6.875	6.875%	47,670,000	47,670,000
1992 Series C, 1994-2016	2.400	5.550%	20,585,000	18,145,000
1992 Series D, 2019	5.650	5.650%	4,415,000	4,080,000
1993 Series A, 1994-2024	2.750	5.450%	36,720,000	31,620,000
1993 Series B, 1995-2017	3.250	5.375%	18,795,000	16,240,000
1993 Series C, 1994	2.800	2.800%	8,465,000	–
1994 Series A, 1995-2018	3.750	6.400%	18,150,000	16,185,000
1994 Series B, 2024	5.850	5.850%	6,850,000	4,615,000
1994 Series C, 1996-2016	4.200	6.250%	12,440,000	11,500,000
1994 Series D, 2020-2024	6.125	6.500%	10,610,000	9,350,000
1994 Series E, 1996-2025	5.000	7.150%	35,000,000	17,520,000
1995 Series A, 1996-2026	4.400	6.450%	25,000,000	24,520,000
1995 Series B, 1997-2012	3.900	6.000%	9,800,000	9,380,000
1995 Series C, 2015-2026	6.200	6.400%	20,200,000	20,060,000
1995 Series D, 1996	4.100	4.100%	35,000,000	–
1995 Series E, 1997-2027	4.000	6.000%	25,000,000	24,820,000
1995 Series F, 1996	3.550	3.550%	24,740,000	–
1996 Series A, 2008-2016	5.500	6.000%	6,465,000	6,465,000
1996 Series B, 1998-2027	4.200	6.200%	18,535,000	18,185,000
1996 Series C, 1997	3.850	3.850%	25,000,000	–
1996 Series D, 1998-2027	4.300	6.375%	27,300,000	27,300,000
1996 Series E, 2027	7.650	7.650%	3,700,000	3,590,000
1996 Series F, 1997	4.000	4.000%	3,880,000	–
1996 Series G, 1997	4.050	4.050%	9,315,000	–
1996 Series H, 1998-2027	4.050	6.000%	27,300,000	27,300,000
1996 Series I, 2027	6.860	6.860%	3,700,000	3,700,000
1996 Series J, 1997	3.550	3.550%	4,275,000	–
1996 Series K, 1997	3.650	3.650%	47,845,000	–
1997 Series A, 1999-2027	4.600	6.200%	25,000,000	25,000,000
1997 Series B, 2028	7.500	7.500%	4,750,000	4,750,000
1997 Series C, 1998	3.950	3.950%	16,165,000	–
1997 Series D, 1998	4.050	4.050%	10,650,000	–
1997 Series E, 1999-2015	3.900	5.250%	8,475,000	8,475,000
1997 Series F, 2017-2028	5.500	5.650%	14,025,000	14,025,000
1997 Series G, 2028	6.700	6.700%	7,500,000	7,500,000
1997 Series H, 1999-2028	4.000	5.650%	33,570,000	33,570,000
1997 Series I, 2028	6.640	6.640%	7,500,000	7,500,000
1997 Series J, 1998	3.850	3.850%	4,595,000	4,595,000
1997 Series K, 1998	3.875	3.875%	47,450,000	47,450,000
1998 Series A, 2000-2015	4.000	5.150%	10,655,000	10,655,000
1998 Series B, 2018-2029	4.900	5.450%	19,345,000	19,345,000
1998 Series C, 1999	3.750	3.750%	<u>52,620,000</u>	<u>52,620,000</u>

Notes to the Financial Statements (continued)
Proprietary Fund Type – Enterprise Funds
June 30, 1998

Total Mortgage Revenue Bonds \$ 1,150,709,502 \$ 649,559,827

Loans to Lenders Program:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1977 Series A, 1978-1987	4.650	6.500%	\$ 19,065,000	\$ –
Total Loans to Lenders Program			\$ 19,065,000	\$ –

Assisted or Insured Multi-Unit Program:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1978 Series A, 1981-2010	5.250	7.250%	\$ 26,150,000	\$ –
1979 Series A, 1982-2012	5.300	6.900%	34,660,000	–
1981 Series A, 1984-2013	7.500	10.500%	17,775,000	–
1981 Series B, 1984-2013	9.000	13.000%	18,175,000	–
1991 Series A, 1992-2013	4.700	6.800%	15,665,000	13,235,000
1991 Series B, 1992-2013	4.700	6.800%	18,270,000	15,430,000
1991 Series C, 1993-2022	5.000	6.850%	5,985,000	630,000
1993 Series A, 1994-2012	2.800	5.750%	48,455,000	41,030,000

Total Multi-Unit Bonds \$ 185,135,000 \$ 70,325,000

Multifamily Housing Revenue Bonds:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1996 Series A, 1999-2028	4.650	6.200%	\$ 4,505,000	\$ 4,505,000
1997 Series A, 1999-2029	4.100	5.700%	16,360,000	16,360,000
1997 Series B, 2000-2029	4.000	5.550%	10,100,000	10,100,000

Total Multifamily Housing Revenue Bonds \$ 30,965,000 \$ 30,965,000

Total Revenue Bonds Issued and Outstanding

\$ 1,897,519,183 \$ 770,804,827

GENERAL OBLIGATION BONDS

Elderly and Disabled Housing Program:

<u>Bonds Issued: Series & Due Dates</u>	<u>Interest Range</u>		<u>Bonds Issued</u>	<u>Bonds Outstanding</u>
	<u>From</u>	<u>To</u>		
1978 Series A, 1981-2008	5.100	8.000%	\$ 8,135,000	\$ 4,770,000
1980 Series A, 1983-2022	6.750	8.250%	14,890,000	–
1982 Series A, 1984-2023	10.250	12.250%	17,740,000	–
1982 Series B, 1985-2024	7.500	11.000%	47,150,000	–
1984 Series A, 1987-2026	7.500	10.250%	11,300,000	–
1988 Series A, 1990-2018	5.000	7.500%	3,475,000	2,890,000
1989 Series A, 1991-2030	6.300	7.125%	7,000,000	6,115,000
1990 Series A, 1991-2020	5.800	7.100%	5,305,000	4,820,000
1990 Series B, 1991-2020	5.600	7.000%	9,395,000	8,515,000
1990 Series C, 1992-2021	6.100	7.200%	4,190,000	1,835,000
1990 Series D, 1992-2021	6.200	7.500%	15,810,000	14,070,000
1992 Series A, 1993-2013	3.300	6.250%	11,985,000	10,180,000
1992 Series B, 1993-2024	3.300	6.375%	56,505,000	52,830,000

Notes to the Financial Statements (continued)
Proprietary Fund Type – Enterprise Funds
June 30, 1998

1992 Series C, 1993-2022	3.300	6.500%	14,695,000	13,020,000
1992 Series D, 1993-2022	3.400	6.600%	9,020,000	8,355,000
1993 Series A, 1995-2024	3.400	5.700%	11,140,000	10,290,000
1993 Series B, 1994-2026	2.700	5.500%	11,060,000	10,500,000
1993 Series C, 1994-2026	2.850	5.650%	13,915,000	13,580,000
1994 Series A, 1995-2025	3.500	6.150%	9,440,000	6,530,000
1994 Series B, 1996-2026	4.200	6.300%	24,400,000	23,055,000
1995 Series A, 1996-2026	4.000	6.000%	14,100,000	12,685,000
1995 Series B, 1997-2027	4.000	5.700%	24,240,000	18,350,000
1995 Series C, 1996	3.650	3.650%	11,340,000	–
1996 Series A, 1998-2027	4.050	5.600%	2,850,000	2,850,000
1996 Series B, 1998-2027	4.200	5.800%	10,605,000	10,605,000
1997 Series A, 1999-2028	4.050	5.500%	8,475,000	8,475,000

Total General Obligation Bonds Issued and Outstanding	\$ 378,160,000	\$ 244,320,000
--	----------------	----------------

Total Bonds Issued and Outstanding as of June 30, 1998	\$ 2,275,679,183	\$ 1,015,124,827
---	------------------	------------------

Bonds Payable Per Balance Sheet:

Bonds payable are presented on the balance sheet at their carrying value which is defined as initial bond principal less unamortized bond discount plus the semiannual accretion in principal for capital appreciation and deep discount bonds as summarized below:

	Revenue Bonds				General	Total 6/30/98
	Single Family		Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Obligation Bonds	
	Housing Finance Revenue Bonds	Mortgage Revenue Bonds			Elderly and Disabled Housing Program	
Principal (Per preceding schedule)	\$19,955,000	\$649,559,827	\$70,325,000	\$30,965,000	\$244,320,000	\$1,015,124,827
Less: Discount (Net)	–	(11,163)	(81,733)	–	(1,349,905)	(1,442,801)
Plus: Accretion	–	1,668,217	–	–	–	1,668,217
Bonds Payable (Per 6/30/98 Balance Sheet)	\$19,955,000	\$651,216,881	\$70,243,267	\$30,965,000	\$242,970,095	\$1,015,350,243

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

Debt Service Requirements to Maturity

The following table summarizes the amounts necessary to pay all future bonded debt principal and interest requirements as of June 30, 1998, for each fiscal year during the next five year period ending June 30, 2003, and in total for the succeeding period July 1, 2004, to June 30, 2031:

<u>Year Ending June 30</u>	<u>Revenue Bonds</u>	<u>General Obligation Bonds</u>	<u>Total as of 6/30/98</u>
1999	\$106,257,002	\$19,648,384	\$125,905,386
2000	105,713,389	19,618,846	125,332,235
2001	53,002,259	19,687,044	72,689,303
2002	52,906,635	19,199,062	72,105,697
2003	52,837,088	19,187,355	72,024,443
2004-2031	1,101,843,070	396,465,041	1,498,308,111
Totals	<u>\$1,472,559,443</u>	<u>\$493,805,732</u>	<u>\$1,966,365,175</u>
<u>Summary:</u>			
Principal	\$770,804,827	\$244,320,000	\$1,015,124,827
Interest	701,754,616	249,485,732	951,240,348
Totals	<u>\$1,472,559,443</u>	<u>\$493,805,732</u>	<u>\$1,966,365,175</u>

The interest stated above includes coupon interest and accreted interest OHCS D expects to pay over the life of the bonds outstanding. Coupon interest is paid semiannually on January 1 and July 1 for revenue bond programs, and February 1 and August 1 for general obligation bonds. Accreted interest on capital appreciation bonds and deep discount bonds accrue as shown in the respective Official Statements and is paid when the bonds mature or are redeemed.

As of June 30, 1998, various legislative or constitutional provisions limited the amount of bonds outstanding to \$1,030,000,000 in revenue bonds and approximately \$1,046,171,744 in general obligation bonds.

NOTE 8. Lease Obligations

OHCS D leases office space under operating leases. Total cost for the lease for the fiscal year ended June 30, 1998, was \$280,573. The future minimum lease payments for the next five years are:

<u>Fiscal Year Ending</u>	<u>Operating Lease</u>
June 30, 1999	\$285,189
June 30, 2000	27,912
June 30, 2001	22,896
June 30, 2002	–
June 30, 2003	–
Total	<u>\$335,997</u>

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

NOTE 9. Contributed Capital

In 1971, the Oregon Legislature appropriated \$100,000 to OHCS D from the State General Fund to establish a revolving fund to make cash advances to qualified housing sponsors and to pay OHCS D expenses. All such advances or expense payments must be repaid to the revolving fund. The revolving fund is accounted for within the Housing Finance Account.

The 1995 Oregon Legislature approved House Bill 2051, which transferred the Oregon Rural Rehabilitation Program (ORR), totaling \$806,154, from the Division of State Lands to OHCS D. OHCS D loans ORR moneys for farmworker housing projects.

NOTE 10. Segment Information

OHCS D provides mortgage loans for the Single-Family, Assisted or Insured Multi-Unit, Multifamily Housing Revenue Bonds, and Elderly and Disabled Housing Programs. The following schedule identifies selected financial information for major segments as of and for the year ending June 30, 1998:

	Housing Finance Account	Combined Program Account	Single-Family Mortgage Program		Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Program	Total 6/30/98
			Housing Finance Revenue Bonds	Mortgage Revenue Bonds				
Operating Revenue	\$2,142,762	\$ 546,787	\$ 3,774,303	\$41,303,753	\$ 9,091,516	\$ 1,786,460	\$22,973,729	\$ 81,619,310
Depreciation and Amortization	254,155	–	6,835	567,515	98,671	29,312	204,498	1,160,986
Operating Income (Loss)	(2,860,892)	546,787	2,473,268	5,429,442	4,462,794	460,333	5,968,740	16,480,472
Operating Transfer In	5,968,669	–	–	3,050,466	–	500,000	–	9,519,135
Operating Transfer Out	(3,590,086)	–	(2,750,466)	–	(2,981,893)	–	(196,690)	(9,519,135)
Net Income (Loss)	(482,309)	546,787	(277,198)	8,088,569	1,480,901	960,333	5,605,374	15,922,457
Equipment: Acquisitions	1,043,122	–	–	–	–	–	–	1,043,122
Net Working Capital	2,480,428	9,421,878	31,913,495	306,371,172	25,817,186	25,221,591	72,842,527	474,068,277
Total Assets	5,144,311	9,421,878	53,758,615	704,112,277	91,483,578	33,096,306	281,483,530	1,178,500,495
Bonds and Other Long-Term Liabilities Payable from Operating Revenues	–	–	19,955,000	651,718,058	70,483,829	30,969,110	247,875,292	1,021,001,289
Total Equity	\$4,370,408	\$9,421,878	\$32,565,922	\$33,995,507	\$18,706,912	\$ 1,228,216	\$21,922,775	\$ 122,211,618

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

NOTE 11. Defined Benefit Retirement Plan

OHCS D's employees participate in the Oregon Public Employee's Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. All OHCS D employees are eligible to participate in the system after completing six months of service. PERS is administered by the Public Employees Retirement Board under the guidelines of Oregon Revised Statutes, chapter 238. The PERS retirement allowance, payable monthly for life, may be selected from twelve retirement benefit options. Options include survivorship benefits and lump sum refunds. The basic benefit formula is 1.67 percent of a member's final average salary multiplied by the member's number of years of service. Benefits may also be calculated under either a money match or an annuity-plus-pension computation if a greater benefit results. PERS also provides death and disability benefits. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained from PERS, P.O. Box 23700, Tigard, Oregon 97281-3700.

Covered employees are required by State statute to contribute 6.0 percent of their salary to the plan. Current law permits employers to pay employee contributions to the Retirement Fund. OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. Rates are subject to change as a result of subsequent actuarial valuations. Currently the rate is 8.20 percent of each covered employee's salary. The amounts contributed by OHCS D for the years ending June 30, 1998, 1997, and 1996 were \$361,659, \$348,796 and \$325,697, respectively, equal to the required contributions for each year. No pension liability existed at June 30, 1998, determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board.

NOTE 12. Risk Financing

The State of Oregon administers property and casualty insurance programs covering State government through its Insurance Fund. The Insurance Fund services claims for: direct physical loss or damage to state property; tort liability claims brought against the State, its officers, employees, or agents; workers' compensation; and employees, elected officials, and members of commissions and boards for honesty and faithful performance.

As a state agency, OHCS D participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each State entity based on its share of services provided in a prior period. The total statewide assessment of each coverage is based on independent biennial actuarial forecasts and administrative expenses, less carry-forward or equity in the Insurance Fund.

NOTE 13. Contingent Liabilities

During the ordinary course of business, OHCS D becomes involved in litigation. OHCS D is represented in these actions by the Attorney General of the State of Oregon. In the opinion of OHCS D, based upon information furnished by counsel, the ultimate disposition of these actions will not have a material adverse effect on OHCS D's financial condition.

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

NOTE 14. Extraordinary Items

Loss on Early Retirement of Bonds - Fiscal Year 1998

On July 1, 1997, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$10,830,000 were called at par prior to maturity from prepayments of mortgages, excess reserves, and other excess revenues under the 1988 Indenture.

On October 1, 1997, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$7,590,000 were called at par prior to maturity from prepayments of mortgages, excess reserves, and other excess revenues under the 1988 Indenture.

On November 14, 1997, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$4,825,000 were called at par prior to maturity.

On December 1, 1997, Elderly and Disabled Housing Bonds with an aggregate principal amount of \$9,655,000 were called at par prior to maturity from unexpended bond proceeds.

On January 1, 1998, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$8,010,000 were called at par prior to maturity from prepayments of mortgages, excess reserves, and other excess revenues under the 1988 Indenture.

These early retirements resulted in a loss on bond call of \$558,015.

NOTE 15. Subsequent Events

On September 1, 1998, OHCS D issued the following Mortgage Revenue Bonds (Single-Family Mortgage Program):

	<u>Issue Amount</u>
1998 Series D	\$ 35,000,000
1998 Series E	36,140,000
1998 Series F	21,330,000

On October 27, 1998, OHCS D issued the following Elderly & Disabled Housing Bonds:

	<u>Issue Amount</u>
1998 Series A	\$ 8,870,000
1998 Series B	10,285,000
1998 Series C	1,880,000

Notes to the Financial Statements (continued)

Proprietary Fund Type – Enterprise Funds

June 30, 1998

On July 1, 1998, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>
1991 Series A	\$ 6,090,000
1991 Series E	8,975,000
1991 Series F	2,955,000
1992 Series A	190,000
1994 Series B	570,000
1994 Series D	560,000
1996 Series B	260,000
1996 Series E	360,000
1996 Series I	105,000

On October 1, 1998, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>
1991 Series E	\$ 410,000
1991 Series F	380,000
1991 Series G	865,000
1992 Series A	1,070,000
1992 Series C	445,000
1992 Series D	105,000
1993 Series B	275,000
1994 Series A	1,105,000
1994 Series B	550,000
1994 Series D	485,000
1994 Series E	6,570,000
1995 Series C	165,000
1996 Series B	115,000
1996 Series E	315,000
1996 Series I	75,000
1997 Series B	105,000

On October 23, 1998, OHCS D published notices to call on November 25, 1998, the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount to be Called</u>
1997 Series J	\$ 4,595,000
1997 Series K	47,450,000

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 June 30, 1998 and 1997

	Housing Finance Fund			
	Housing Finance Account	Combined Program Account	<u>Single-Family Mortgage Program</u>	
Housing Finance Revenue Bonds			Mortgage Revenue Bonds	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,085,462	\$ 610	\$ 1,178,662	\$ 4,443,952
Investments	789,842	9,300,542	31,624,319	314,823,861
Accrued Interest Receivable	12,039	120,726	306,865	5,476,218
Accounts Receivable	207,432	-	7,325	25,853
Interfund Receivable	87,352	-	34,017	-
Due from Other Agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid Expenses	72,204	-	-	-
Loans Receivable (Net)	757,292	-	20,475,542	372,794,098
Acquired Property	-	-	78,411	157,713
Deferred Charges	-	-	53,474	6,390,582
Fixed Assets (Net)	1,057,688	-	-	-
Advances to Other Funds	75,000	-	-	-
Total Assets	<u>\$ 5,144,311</u>	<u>9,421,878</u>	<u>\$ 53,758,615</u>	<u>\$ 704,112,277</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts Payable	\$ 414,755	\$ -	\$ 6,986	\$ 214,038
Vacation Payable	168,882	-	-	-
Interfund Payable	13,818	-	905	25,633
Deferred Income	-	-	2,080	14,194
Trust Funds Payable	-	-	-	-
Obligations Under Securities Lending	176,448	-	46,937	340,240
Accrued Interest Payable	-	-	607,641	17,671,380
Matured Bonds and Interest Payable	-	-	573,144	133,227
Bonds Payable	-	-	19,955,000	651,216,881
Arbitrage Rebate Liability	-	-	-	501,177
Advances from Other Agencies	-	-	-	-
Total Liabilities	<u>773,903</u>	<u>-</u>	<u>21,192,693</u>	<u>670,116,770</u>
Fund Equity:				
Contributed Capital	906,154	-	-	-
Retained Earnings	3,464,254	9,421,878	32,565,922	33,995,507
Total Fund Equity	<u>4,370,408</u>	<u>9,421,878</u>	<u>32,565,922</u>	<u>33,995,507</u>
Total Liabilities and Fund Equity	<u>\$ 5,144,311</u>	<u>\$ 9,421,878</u>	<u>\$ 53,758,615</u>	<u>\$ 704,112,277</u>

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1998	1997
\$ 622,563	\$ 279,453	\$ 8,610,702	\$ 58,628,375	\$ 67,239,077	\$ 75,641,437
26,921,523	25,079,588	408,539,675	23,855,883	432,395,558	333,936,664
511,620	761,530	7,188,998	2,029,003	9,218,001	9,740,828
-	-	240,610	860	241,470	91,526
54,317	-	175,686	13,800	189,486	657,889
-	-	-	-	-	225,000
-	-	-	-	-	6,375
-	-	72,204	69	72,273	67
62,570,876	6,250,912	462,848,720	193,736,958	656,585,678	625,252,767
-	-	236,124	-	236,124	-
802,679	724,823	7,971,558	3,217,772	11,189,330	10,441,236
-	-	1,057,688	810	1,058,498	272,081
-	-	75,000	-	75,000	75,000
\$ 91,483,578	\$ 33,096,306	\$ 897,016,965	\$ 281,483,530	\$ 1,178,500,495	\$ 1,056,340,870
\$ 2,202	\$ 58	\$ 638,039	\$ 252,624	\$ 890,663	\$ 926,087
-	-	168,882	39,085	207,967	181,094
-	-	40,356	51,771	92,127	512,850
8,999	-	25,273	18,721	43,994	23,455
13,818	-	13,818	320,174	333,992	333,656
31,354	4,813	599,792	4,645,503	5,245,295	3,528,952
2,076,407	894,109	21,249,537	6,175,464	27,425,001	25,532,038
160,057	-	866,428	182,121	1,048,549	1,738,478
70,243,267	30,965,000	772,380,148	242,970,095	1,015,350,243	918,203,625
240,562	4,110	745,849	107,925	853,774	498,839
-	-	-	4,797,272	4,797,272	2,316,112
72,776,666	31,868,090	796,728,122	259,560,755	1,056,288,877	953,795,186
-	-	906,154	-	906,154	906,154
18,706,912	1,228,216	99,382,689	21,922,775	121,305,464	101,639,530
18,706,912	1,228,216	100,288,843	21,922,775	122,211,618	102,545,684
\$ 91,483,578	\$ 33,096,306	\$ 897,016,965	\$ 281,483,530	\$ 1,178,500,495	\$ 1,056,340,870

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
For the Years Ended June 30, 1998 and 1997

	Housing Finance Fund			
	Housing Finance Account	Combined Program Account	<u>Single-Family Mortgage Program</u>	
Housing Finance Revenue Bonds			Mortgage Revenue Bonds	
<u>Operating Revenues:</u>				
Interest on Loans	\$ 8,090	\$ –	\$ 1,571,391	\$ 26,523,094
Investment Income	220,701	546,787	2,202,912	14,777,966
Transfer/Commitment Fees	1,057,088	–	–	–
Administrative Fees	115,254	–	–	–
Mortgage Credit Certificate Fees	6,569	–	–	–
Low Income Housing Tax Credit Fees	466,363	–	–	–
Net Gain on Sale of Investments	–	–	–	–
Gain on Sale of Foreclosed Property	–	–	–	–
Miscellaneous Revenue	268,697	–	–	2,693
Total Operating Revenues	<u>2,142,762</u>	<u>546,787</u>	<u>3,774,303</u>	<u>41,303,753</u>
<u>Operating Expenses:</u>				
Interest on Bonds	–	–	1,215,282	33,797,239
Mortgage Service Fees	–	–	72,005	1,374,343
Foreclosure Costs	–	–	(5,792)	13,891
Bad Debt Expense	–	–	–	–
Amortization of Deferred Bond Issuance Costs	–	–	6,835	567,515
Other Related Program Expenses	397,751	–	12,705	121,323
Administrative Costs:				
Personal Services	2,693,742	–	–	–
Services and Supplies	1,658,006	–	–	–
Depreciation/Amortization	254,155	–	–	–
Total Operating Expenses	<u>5,003,654</u>	<u>–</u>	<u>1,301,035</u>	<u>35,874,311</u>
Operating Income (Loss)	<u>(2,860,892)</u>	<u>546,787</u>	<u>2,473,268</u>	<u>5,429,442</u>
<u>Operating Transfers–In (Out):</u>				
Operating Transfers–In	5,968,669	–	–	3,050,466
Operating Transfers–Out	(3,590,086)	–	(2,750,466)	–
Transfer from Other Agencies	–	–	–	–
Total Operating Transfers–In (Out)	<u>2,378,583</u>	<u>–</u>	<u>(2,750,466)</u>	<u>3,050,466</u>
Net Income (Loss) Before Extraordinary Items	<u>(482,309)</u>	<u>546,787</u>	<u>(277,198)</u>	<u>8,479,908</u>
Extraordinary Loss from Bond Call	–	–	–	(391,339)
Net Income (Loss)	<u>(482,309)</u>	<u>546,787</u>	<u>(277,198)</u>	<u>8,088,569</u>
Retained Earnings – Beginning	3,946,593	8,875,589	31,625,397	25,144,265
Change in Accounting Principle (GASB 31)	(30)	(498)	1,217,723	762,673
Retained Earnings – Beginning – As Restated	<u>3,946,563</u>	<u>8,875,091</u>	<u>32,843,120</u>	<u>25,906,938</u>
Retained Earnings – Ending	<u>\$ 3,464,254</u>	<u>\$ 9,421,878</u>	<u>\$ 32,565,922</u>	<u>\$ 33,995,507</u>

				Totals	
Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	1998	1997
\$ 5,918,063	\$ 117,860	\$ 34,138,498	\$ 15,332,071	\$ 49,470,569	\$ 45,586,467
2,606,497	1,668,600	22,023,463	7,266,554	29,290,017	25,172,612
-	-	1,057,088	165,127	1,222,215	1,096,097
566,956	-	682,210	193,179	875,389	722,154
-	-	6,569	-	6,569	14,406
-	-	466,363	-	466,363	435,412
-	-	-	-	-	181,005
-	-	-	-	-	22,894
-	-	271,390	16,798	288,188	103,457
<u>9,091,516</u>	<u>1,786,460</u>	<u>58,645,581</u>	<u>22,973,729</u>	<u>81,619,310</u>	<u>73,334,504</u>
4,254,447	1,269,638	40,536,606	15,083,366	55,619,972	52,221,672
39,558	329	1,486,235	73,967	1,560,202	1,434,703
-	-	8,099	-	8,099	28,218
(4,725)	15,666	10,941	244,065	255,006	126,822
98,671	29,312	702,333	201,948	904,281	822,151
240,771	11,182	783,732	200,010	983,742	1,224,415
-	-	2,693,742	647,242	3,340,984	3,114,905
-	-	1,658,006	551,841	2,209,847	2,592,456
-	-	254,155	2,550	256,705	95,349
<u>4,628,722</u>	<u>1,326,127</u>	<u>48,133,849</u>	<u>17,004,989</u>	<u>65,138,838</u>	<u>61,660,691</u>
<u>4,462,794</u>	<u>460,333</u>	<u>10,511,732</u>	<u>5,968,740</u>	<u>16,480,472</u>	<u>11,673,813</u>
-	500,000	9,519,135	-	9,519,135	11,673,721
(2,981,893)	-	(9,322,445)	(196,690)	(9,519,135)	(11,665,847)
-	-	-	-	-	45,000
<u>(2,981,893)</u>	<u>500,000</u>	<u>196,690</u>	<u>(196,690)</u>	<u>-</u>	<u>52,874</u>
1,480,901	960,333	10,708,422	5,772,050	16,480,472	11,726,687
-	-	(391,339)	(166,676)	(558,015)	(607,505)
<u>1,480,901</u>	<u>960,333</u>	<u>10,317,083</u>	<u>5,605,374</u>	<u>15,922,457</u>	<u>11,119,182</u>
16,753,026	268,591	86,613,461	15,026,069	101,639,530	90,520,348
472,985	(708)	2,452,145	1,291,332	3,743,477	-
<u>17,226,011</u>	<u>267,883</u>	<u>89,065,606</u>	<u>16,317,401</u>	<u>105,383,007</u>	<u>90,520,348</u>
<u>\$ 18,706,912</u>	<u>\$ 1,228,216</u>	<u>\$ 99,382,689</u>	<u>\$ 21,922,775</u>	<u>\$ 121,305,464</u>	<u>\$ 101,639,530</u>

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 For the Years Ended June 30, 1998 and 1997

	Housing Finance Fund			
	Housing Finance Account	Combined Program Account	<u>Single-Family Mortgage Program</u> Housing Finance Revenue Bonds	Mortgage Revenue Bonds
<u>Cash Flows from Operating Activities:</u>				
Operating Income (Loss)	\$ (2,860,892)	\$ 546,787	\$ 2,473,268	\$ 5,429,442
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>				
Depreciation and Amortization	254,155	-	-	-
Amortization of Deferred Bond Issue Costs	-	-	6,835	567,515
Interest Received on Investments	(207,372)	(546,787)	(2,198,335)	(14,706,509)
Gain on Sale of Investments	-	-	-	-
Loss on Sale of Investments	-	-	-	-
Interest Expense on Bonds	-	-	1,215,282	33,797,239
<u>(Increase)/Decrease in Assets:</u>				
Loan Interest Receivable	(771)	-	(487)	(114,039)
Accounts Receivable	(160,619)	-	(7,325)	14,147
Interfund Receivable	82,192	-	13,678	53,953
Due from Other Agencies	-	-	-	-
Inventories	6,375	-	-	-
Prepaid Expenses	(72,137)	-	-	-
Loans Receivable (Net)	(23,822)	-	(1,234,258)	(18,853,743)
Acquired Property	-	-	(78,411)	(157,713)
<u>Increase/(Decrease) in Liabilities:</u>				
Accounts Payable	(210,156)	-	613	20,828
Vacation Payable	22,017	-	-	-
Interfund Payable	(357,584)	-	(46,813)	(37,007)
Deferred Income	-	-	498	3,943
Trust Funds Payable	-	-	(47,196)	(194)
Obligations Under Securities Lending	41,332	-	10,131	242,658
Matured Bonds and Interest Payable	-	-	(566,689)	(23,302)
Advances from Other Agencies	-	-	-	-
Total Adjustments	(626,390)	(546,787)	(2,932,477)	807,776
Net Cash Provided (Used) in Operating Activities	(3,487,282)	-	(459,209)	6,237,218

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1998	1997
\$ 4,462,794	\$ 460,333	\$ 10,511,732	\$ 5,968,740	\$ 16,480,472	\$ 11,673,813
-	-	254,155	2,550	256,705	95,349
98,671	29,312	702,333	201,948	904,281	822,151
(2,596,144)	(1,668,465)	(21,923,612)	(7,006,606)	(28,930,218)	(24,235,710)
-	-	-	-	-	(189,177)
-	-	-	-	-	8,172
4,254,447	1,269,638	40,536,606	15,083,366	55,619,972	52,221,672
(17,338)	(28,244)	(160,879)	(366,907)	(527,786)	(336,592)
-	-	(153,797)	3,853	(149,944)	405,204
18,479	300,000	468,302	101	468,403	(266,927)
-	-	-	225,000	225,000	(225,000)
-	-	6,375	-	6,375	975
-	-	(72,137)	(69)	(72,206)	(67)
2,352,518	(3,550,138)	(21,309,443)	(10,023,468)	(31,332,911)	(78,547,639)
-	-	(236,124)	-	(236,124)	-
243	58	(188,414)	152,990	(35,424)	402,538
-	-	22,017	4,856	26,873	(3,152)
(3,534)	(15,892)	(460,830)	40,107	(420,723)	261,346
(616)	-	3,825	16,714	20,539	7,209
-	-	(47,390)	47,726	336	10,047
4,164	4,795	303,080	1,413,263	1,716,343	3,528,952
-	-	(589,991)	(99,938)	(689,929)	(152,621)
-	-	-	2,481,160	2,481,160	52,527
4,110,890	(3,658,936)	(2,845,924)	2,176,646	(669,278)	(46,140,743)
8,573,684	(3,198,603)	7,665,808	8,145,386	15,811,194	(34,466,930)

continued on next page

SCHEDULE 3 (continued)

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 For the Years Ended June 30, 1998 and 1997

	Housing Finance Fund			
	<u>Single-Family Mortgage Program</u>			
	Housing Finance Account	Combined Program Account	Housing Finance Revenue Bonds	Mortgage Revenue Bonds
Net Cash Provided (Used) in Operating Activities	(3,487,282)	-	(459,209)	6,237,218
<u>Cash Flows from Noncapital Financing Activities:</u>				
Proceeds from Bond Sales	-	-	-	206,344,426
Principal Payments on Bonds	-	-	(825,000)	(125,740,000)
Interest Payments on Bonds	-	-	(1,239,207)	(32,423,931)
Operating Transfers-In	5,968,669	-	-	3,050,466
Operating Transfers-Out	(3,590,086)	-	(2,750,466)	-
Bond Issue Costs	-	-	-	(1,569,819)
Bond Call Costs	-	-	-	(18,672)
Interest Paid on Securities Lending	(13,329)	-	(4,577)	(71,457)
Net Cash Provided (Used) in Noncapital Financing Activities	2,365,254	-	(4,819,250)	49,571,013
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(1,043,122)	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities:	(1,043,122)	-	-	-
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(1,413,292)	(14,021,733)	(46,035,388)	(466,661,437)
Proceeds from Sales and Maturities of Investments	1,211,600	13,899,850	49,706,586	403,876,442
Interest on Cash and Investments	169,099	121,627	745,635	9,763,269
Investment Income on Securities Lending	13,329	-	4,577	71,457
Net Cash Provided (Used) in Investing Activities:	(19,264)	(256)	4,421,410	(52,950,269)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,184,414)	(256)	(857,049)	2,857,962
Cash and Cash Equivalents Balance – Beginning	4,269,876	866	2,035,711	1,585,990
Cash and Cash Equivalents Balance – Ending	\$ 2,085,462	\$ 610	\$ 1,178,662	\$ 4,443,952

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1998	1997
8,573,684	(3,198,603)	7,665,808	8,145,386	15,811,194	(34,466,930)
-	26,521,116	232,865,542	8,407,835	241,273,377	202,267,670
(3,000,000)	-	(129,565,000)	(14,300,000)	(143,865,000)	(154,215,000)
(4,224,069)	(655,763)	(38,542,970)	(15,133,536)	(53,676,506)	(50,548,581)
-	500,000	9,519,135	-	9,519,135	11,718,721
(2,981,893)	-	(9,322,445)	(196,690)	(9,519,135)	(11,665,847)
-	(450,821)	(2,020,640)	(123,878)	(2,144,518)	(1,891,855)
-	-	(18,672)	(4,527)	(23,199)	(29,908)
(10,353)	(135)	(99,851)	(259,948)	(359,799)	(936,902)
(10,216,315)	25,914,397	62,815,099	(21,610,744)	41,204,355	(5,301,702)
-	-	(1,043,122)	-	(1,043,122)	(156,748)
-	-	(1,043,122)	-	(1,043,122)	(156,748)
(26,843,961)	(30,075,969)	(585,051,780)	(615,956)	(585,667,736)	(483,044,067)
27,363,800	6,942,601	503,000,879	890,096	503,890,975	495,718,851
847,731	863,244	12,510,605	4,531,570	17,042,175	21,023,732
10,353	135	99,851	259,948	359,799	936,902
1,377,923	(22,269,989)	(69,440,445)	5,065,658	(64,374,787)	34,635,418
(264,708)	445,805	(2,660)	(8,399,700)	(8,402,360)	(5,289,962)
887,271	(166,352)	8,613,362	67,028,075	75,641,437	80,931,399
\$ 622,563	\$ 279,453	\$ 8,610,702	\$ 58,628,375	\$ 67,239,077	\$ 75,641,437

continued on next page

STATISTICAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
OPERATING REVENUES, EXPENSES, AND TRANSFERS-IN (OUT)
 ENTERPRISE FUNDS
 Last Ten Fiscal Years

	<u>1998</u>	<u>1997</u>	<u>1996</u>
<u>Operating Revenues:</u>			
Interest on Loans	\$ 49,470,569	\$ 45,586,467	\$ 42,217,704
Investment Income	29,290,017	25,172,612	20,716,644
Transfer/Commitment Fees	1,222,215	1,096,097	678,957
Administrative Fees	875,389	722,154	677,743
Mortgage Credit Certificate Fees	6,569	14,406	73,316
Low Income Housing Tax Credit Fees	466,363	435,412	376,154
Gain (Loss) on Disposition of Equipment	-	-	(10,959)
Gain (Loss) on Sale of Investments	-	181,005	149,023
Gain on Sale of Foreclosed Property	-	22,894	49,115
Rental Income	-	-	-
Miscellaneous Revenue	288,188	103,457	150,327
Total Operating Revenues	\$ 81,619,310	\$ 73,334,504	\$ 65,078,024
<u>Operating Expenses:</u>			
Interest on Bonds	\$ 55,619,972	\$ 52,221,672	\$ 47,278,234
Mortgage Service Fees	1,560,202	1,434,703	1,541,821
Foreclosure Costs	8,099	28,218	10,123
Closing Costs	-	-	-
Bond Issuance Costs	-	-	-
Bad Debt Expense	255,006	126,822	99,748
Asset Protection Expenses	-	-	-
Loss on Acquisition of Acquired Property	-	-	-
Amortization of Deferred Bond Issuance Costs	904,281	822,151	651,782
Real Estate Owned Expenses	-	-	-
Other Related Program Expenses	983,742	1,224,415	364,105
<u>Administrative Costs:</u>			
Personal Services	3,340,984	3,114,905	3,016,443
Services and Supplies	2,209,847	2,592,456	1,725,836
Depreciation/Amortization	256,705	95,349	80,743
Total Operating Expenses	\$ 65,138,838	\$ 61,660,691	\$ 54,768,835
<u>Operating Transfers-In (Out):</u>			
Operating Transfers-In	\$ 9,519,135	\$ 11,673,721	\$ 7,484,622
Operating Transfers-Out	(9,519,135)	(11,665,847)	(7,476,205)
Transfer from Other Agencies	-	45,000	-
Transfer to Other Agencies	-	-	-
Total Operating Transfers-In (Out)	\$ -	\$ 52,874	\$ 8,417

UNAUDITED

	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>	<u>1989</u>
\$	39,849,335	\$ 39,508,204	\$ 41,742,248	\$ 41,581,361	\$ 39,409,772	\$ 39,322,585	\$ 38,699,217
	14,450,783	10,209,311	12,644,391	16,678,574	18,681,040	16,147,622	14,407,551
	1,271,136	448,466	375,700	546,354	579,885	—	11,652
	656,698	545,663	498,436	498,431	456,357	454,095	437,798
	257,897	153,657	63,005	33,805	41,850	65,418	76,543
	316,791	467,651	84,196	477,428	121,724	10,757	73,156
	—	—	(891)	—	—	—	—
	146,304	4,376,995	790,146	5,894,242	29,301	2,488,967	(27,840)
	35,651	89,245	95,893	134,092	367,297	460,221	1,022,036
	—	43,000	6,909	902,756	1,274,049	681,814	501,267
	147,347	100,976	202,192	33,967	76,427	24,273	86,721
	<u>\$ 57,131,942</u>	<u>\$ 55,943,168</u>	<u>\$ 56,502,225</u>	<u>\$ 66,781,010</u>	<u>\$ 61,037,702</u>	<u>\$ 59,655,752</u>	<u>\$ 55,288,101</u>
\$	40,263,376	\$ 39,663,119	\$ 45,311,622	\$ 49,292,039	\$ 49,561,978	\$ 47,445,075	\$ 45,913,821
	1,414,408	1,352,979	1,399,008	1,344,156	1,244,434	1,252,791	1,224,745
	56,286	71,273	82,630	141,958	314,022	742,217	1,005,994
	—	—	—	—	—	—	440,663
	—	—	—	—	—	—	326
	187,591	132,673	340,812	90,497	—	149,734	899,123
	—	—	—	—	—	—	70,933
	—	—	—	—	741,746	—	386,755
	565,316	621,290	981,868	848,208	673,457	655,864	588,012
	—	—	11,433	809,607	973,741	467,817	293,545
	1,264,734	790,836	1,080,460	338,464	793,532	218,307	28,316
	2,736,183	2,398,642	2,388,498	2,044,421	1,597,248	1,372,910	1,342,470
	1,434,329	1,448,007	1,100,175	1,131,099	902,727	754,069	541,822
	39,874	278,342	137,324	113,433	53,688	37,377	16,823
	<u>\$ 47,962,097</u>	<u>\$ 46,757,161</u>	<u>\$ 52,833,830</u>	<u>\$ 56,153,882</u>	<u>\$ 56,856,573</u>	<u>\$ 53,096,161</u>	<u>\$ 52,753,348</u>
\$	1,823,859	\$ 47,191,263	\$ 14,894,106	\$ 184,258,583	\$ 11,540,780	\$ 7,517,970	\$ 123,177
	(1,728,203)	(47,202,486)	(14,888,925)	(184,236,118)	(11,318,640)	(7,703,450)	—
	486	188	15,415	—	—	—	—
	—	—	—	(1,576,751)	—	—	—
	<u>\$ 96,142</u>	<u>\$ (11,035)</u>	<u>\$ 20,596</u>	<u>\$ (1,554,286)</u>	<u>\$ 222,140</u>	<u>\$ (185,480)</u>	<u>\$ 123,177</u>

SCHEDULE 5

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
MORTGAGE LOANS OUTSTANDING – BY COUNTY
 ENTERPRISE FUNDS
 June 30, 1998

County	Housing Finance Account		Housing Finance Revenue Bonds		Mortgage Revenue Bonds	
	Number of Projects	Principal Amount	Number of Projects	Principal Amount	Number of Projects	Principal Amount
Baker	–	\$ –	4	\$ 100,770	30	\$ 1,359,114
Benton	–	–	4	104,691	29	1,259,348
Clackamas	–	–	16	504,336	216	14,440,741
Clatsop	–	–	3	73,273	19	1,008,985
Columbia	–	–	6	396,710	37	2,690,554
Coos	–	–	10	331,722	149	8,133,904
Crook	–	–	7	423,343	27	1,315,076
Curry	–	–	1	64,133	4	287,926
Deschutes	–	–	15	803,517	162	8,600,432
Douglas	–	–	19	948,824	47	2,134,098
Gilliam	–	–	–	–	3	176,122
Grant	–	–	1	64,023	5	202,122
Harney	–	–	1	72,656	5	212,284
Hood River	–	–	1	30,301	10	507,635
Jackson	–	–	13	310,397	381	24,210,804
Jefferson	–	–	6	227,928	21	1,208,673
Josephine	–	–	14	875,052	160	11,043,861
Klamath	–	–	12	248,977	143	7,020,107
Lake	–	–	–	–	4	161,625
Lane	–	–	30	705,087	643	34,150,870
Lincoln	1	16,122	1	78,006	11	544,826
Linn	–	–	14	343,205	156	8,105,488
Malheur	1	96,317	10	320,624	59	2,671,652
Marion	2	155,948	44	1,153,698	727	42,699,094
Morrow	–	–	5	197,730	37	1,692,855
Multnomah	–	–	206	4,444,009	2,278	137,125,338
Polk	1	55,000	27	1,882,345	71	3,560,917
Sherman	–	–	–	–	2	114,176
Tillamook	–	–	1	23,320	16	794,003
Umatilla	–	–	38	1,251,768	360	16,928,907
Union	–	–	8	425,222	120	5,974,441
Wallowa	–	–	1	70,574	13	657,765
Wasco	–	–	1	10,373	14	634,314
Washington	–	–	23	1,076,535	372	25,913,197
Wheeler	–	–	–	–	1	65,534
Yamhill	2	157,678	32	2,912,393	81	5,187,310
Total	7	\$ 481,065	574	\$ 20,475,542	6,413	\$ 372,794,098

Non-Mortgage Loans totaling \$276,227 for Housing Finance Account and \$13,106,076 for Elderly and Disabled Housing Program are not included.

UNAUDITED

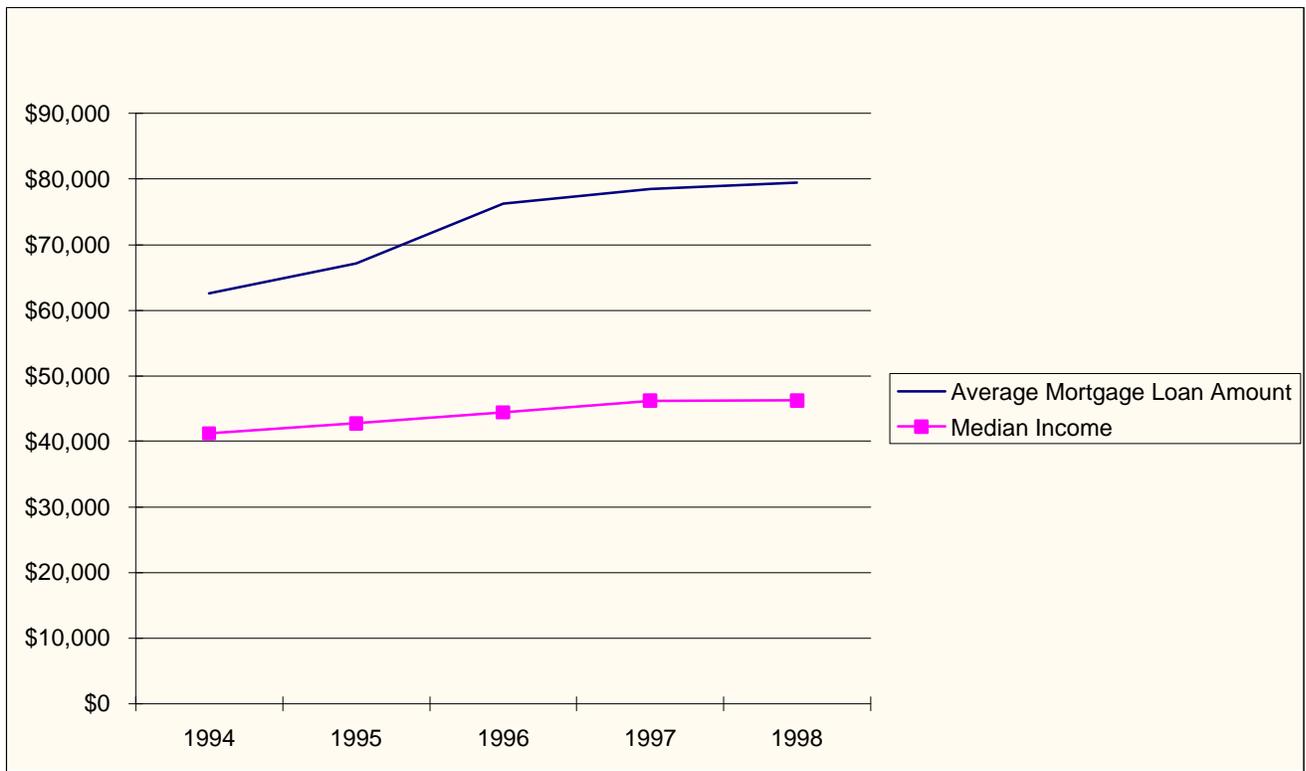
Assisted or Insured Multi-Unit Program		Multifamily Housing Revenue Bonds		Elderly and Disabled Housing Program		Total	
Number of Projects	Principal Amount	Number of Projects	Principal Amount	Number of Projects	Principal Amount	Number of Projects	Principal Amount
1	\$ 229,572	–	\$ –	1	\$ 305,700	36	\$ 1,995,156
2	1,703,081	–	–	5	1,729,503	40	4,796,623
7	3,359,062	–	–	26	15,643,943	265	33,948,082
1	1,241,577	–	–	4	466,223	27	2,790,058
1	1,081,090	–	–	6	1,467,422	50	5,635,776
2	974,792	–	–	7	3,733,001	168	13,173,419
3	598,144	–	–	1	1,615,153	38	3,951,716
–	–	–	–	2	106,745	7	458,804
7	1,717,473	–	–	5	4,557,012	189	15,678,434
7	2,098,379	–	–	8	8,636,770	81	13,818,071
–	–	–	–	1	1,233,977	4	1,410,099
5	1,115,608	–	–	2	107,318	13	1,489,071
1	147,420	–	–	1	1,759,799	8	2,192,159
2	1,361,454	–	–	2	1,796,100	15	3,695,490
15	4,972,210	–	–	11	11,356,585	420	40,849,996
4	850,282	–	–	1	1,067,656	32	3,354,539
3	491,775	–	–	4	6,388,703	181	18,799,391
2	1,442,426	–	–	2	121,507	159	8,833,017
–	–	–	–	–	–	4	161,625
12	7,684,085	–	–	22	18,767,618	707	61,307,660
2	1,485,136	–	–	5	4,034,005	20	6,158,095
3	526,527	–	–	6	2,771,115	179	11,746,335
5	559,930	–	–	2	79,780	77	3,728,303
12	3,438,718	–	–	37	24,801,615	822	72,249,073
–	–	–	–	–	–	42	1,890,585
9	10,345,739	1	2,690,112	38	33,185,025	2,532	187,790,223
2	942,544	–	–	11	5,307,945	112	11,748,751
–	–	–	–	–	–	2	114,176
1	88,501	–	–	2	1,703,086	20	2,608,910
6	1,887,038	–	–	8	3,197,946	412	23,265,659
4	1,368,521	–	–	3	1,905,841	135	9,674,025
–	–	–	–	2	1,685,639	16	2,413,978
1	771,738	–	–	1	53,771	17	1,470,196
7	9,084,932	1	3,576,466	19	10,628,782	422	50,279,912
–	–	–	–	1	546,040	2	611,574
1	1,135,577	–	–	11	10,954,458	127	20,347,416
<u>128</u>	<u>\$ 62,703,331</u>	<u>2</u>	<u>\$ 6,266,578</u>	<u>257</u>	<u>\$ 181,715,783</u>	<u>7,381</u>	<u>\$ 644,436,397</u>

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
NEW MORTGAGE LOANS
ENTERPRISE FUNDS
Last Five Fiscal Years

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
<u>Housing Finance Account</u>					
Original Loan Amount	\$ 99,950	\$ 100,000	\$ 55,000	\$ 273,999	–
Average Loan Amount	99,950	100,000	55,000	68,500	–
Number of New Loans	1	1	1	4	–
<u>Housing Finance Revenue Bonds</u>					
Original Loan Amount	\$ 5,152,647	\$ 5,040,297	\$ 2,709,750	\$ 283,709	–
Average Loan Amount	79,271	82,628	82,114	56,742	–
Number of New Loans	65	61	33	5	–
<u>Mortgage Revenue Bonds</u>					
Original Loan Amount	\$ 70,370,617	\$ 84,253,924	\$ 60,721,967	\$ 71,623,660	\$ 39,339,351
Average Loan Amount	79,425	78,303	75,997	67,189	62,543
Number of New Loans	886	1,076	799	1,066	629
<u>Assisted or Insured Multi-Unit Program</u>					
Original Loan Amount	\$ 85,000	–	\$ 1,250,503	\$ 821,900	\$ 30,000
Average Loan Amount	85,000	–	625,252	164,380	15,000
Number of New Loans	1	–	2	5	2
<u>Multifamily Housing Revenue Bonds</u>					
Original Loan Amount	\$ 6,277,240	–	–	–	–
Average Loan Amount	3,138,620	–	–	–	–
Number of New Loans	2	–	–	–	–
<u>Elderly and Disabled Housing Program</u>					
Original Loan Amount	\$ 10,249,689	\$ 26,569,176	\$ 23,990,131	\$ 17,349,841	\$ 3,237,275
Average Loan Amount	788,438	885,639	1,332,785	693,994	1,618,638
Number of New Loans	13	30	18	25	2

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
ENTERPRISE FUNDS
Last Five Fiscal Years

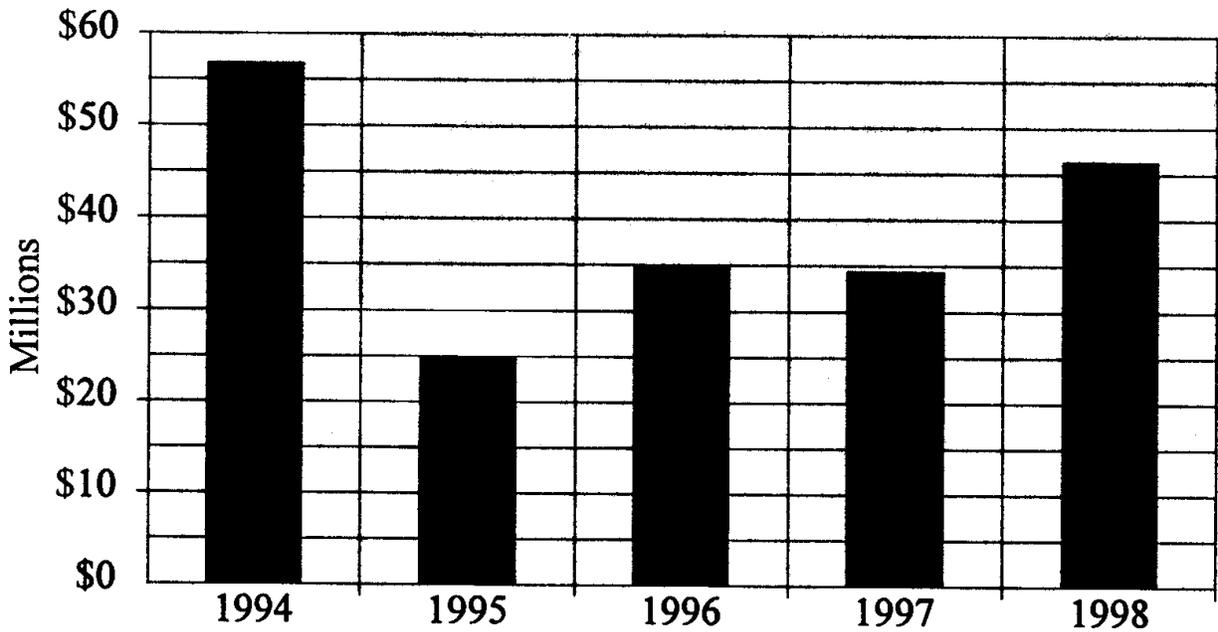
Single Family Mortgage Program
Average New Mortgage Loan Amount
versus Median Income



	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Average Loan Amount	\$62,543	\$67,140	\$76,240	\$78,535	\$79,415
Median Income for a 4-Person Family in the State of Oregon	\$41,216	\$42,745	\$44,432	\$46,229	\$46,245

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
ENTERPRISE FUNDS
Last Five Fiscal Years

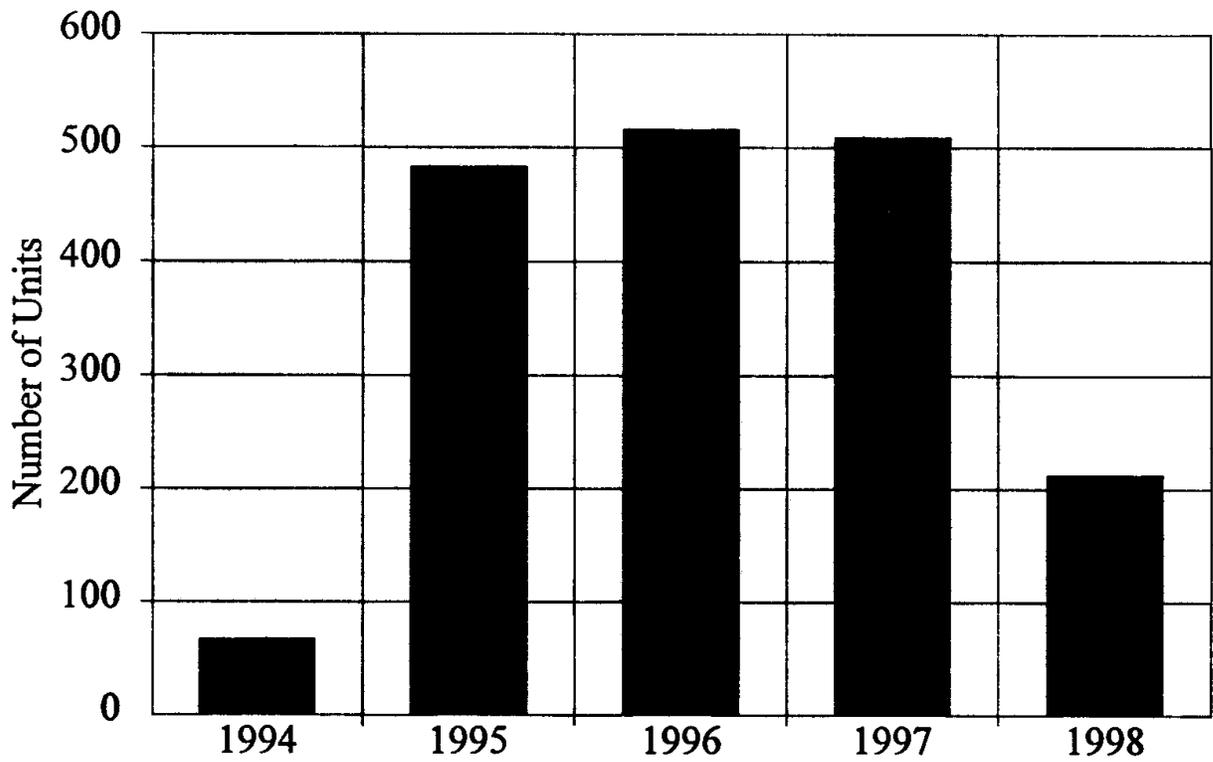
Single Family Mortgage Program
Mortgage Loan Payoffs



	1994	1995	1996	1997	1998
Prepaid Principal	\$56,734,076	\$24,742,152	\$34,934,262	\$34,410,395	\$46,365,256

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
ENTERPRISE FUNDS
Last Five Fiscal Years

Elderly and Disabled Housing
Units Financed



	1994	1995	1996	1997	1998
Number of Units	67	483	516	509	212

SUPPLEMENTARY INFORMATION

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING BALANCE SHEET
 GOVERNMENTAL FUND TYPES, FIDUCIARY FUND TYPES, AND ACCOUNT GROUPS
 June 30, 1998

	Governmental Funds				
	Special Revenue Funds				
	General Fund	Housing Programs	Food Programs	Energy Programs	Other Programs
Assets					
Cash	\$ -	\$ 5,615,371	\$ 66,018	\$ 292,194	\$ 813,032
Investments	-	-	-	-	-
Accrued Interest Receivable	-	39,234	-	-	3,632
Accounts Receivable	5	19,928	-	477	-
Federal Receivable	-	300,509	18,309	467,001	171,656
Interfund Receivable	653,211	3,130,552	2,257	-	21,783
Due from Other Agencies	-	12,723	-	-	53,756
Due from State General Fund	2,120,638	-	-	-	-
Prepaid Expenditures	-	138	-	-	-
Loans Receivable	-	100,000	-	-	-
Furniture and Equipment	-	-	-	-	-
Data Processing Software	-	-	-	-	-
Amount to Provide for Vacation Payable	-	-	-	-	-
Total Assets	\$ 2,773,854	\$ 9,218,455	\$ 86,584	\$ 759,672	\$ 1,063,859
Liabilities, Equity, and Other Credits					
Liabilities:					
Accounts Payable	\$ 2,079	\$ 458,841	\$ 1,175	\$ 395,538	\$ 236,248
Vacation Payable	345	8,614	1,284	6,168	5,208
Interfund Payable	2,771,430	725,983	23,810	12,840	11,340
Due to Other Agencies	-	-	-	-	-
Due to Federal Government	-	415,913	-	-	-
Obligations Under Securities Lending	-	412,301	-	-	63,746
Advance from Other Funds	-	50,000	-	-	25,000
Total Liabilities	2,773,854	2,071,652	26,269	414,546	341,542
Equity, and Other Credits:					
Investment in Fixed Assets	-	-	-	-	-
Investment in Data Processing Software	-	-	-	-	-
Fund Balances:					
Reserved for Trust Fund Principal	-	-	-	-	-
Reserved for Prepaid Expenditures	-	138	-	-	-
Reserved for Loans Receivable	-	100,000	-	-	-
Unreserved, Undesignated	-	7,046,665	60,315	345,126	722,317
Total Equities and Other Credits	-	7,146,803	60,315	345,126	722,317
Total Liabilities, Equities, and Other Credits	\$ 2,773,854	\$ 9,218,455	\$ 86,584	\$ 759,672	\$ 1,063,859

UNAUDITED

Total	Fiduciary Funds		Account Groups		(Memorandum Only)	
	Non-Expendable Trust Fund	Expendable Trust Fund	General Fixed Assets	General Long-Term Debt	1998	1997
\$ 6,786,615	\$ 2,953,371	\$ 27,802	\$ -	\$ -	\$ 9,767,788	\$ 11,655,476
-	12,863,250	-	-	-	12,863,250	12,731,301
42,866	291,384	119	-	-	334,369	340,248
20,405	-	-	-	-	20,410	6,244
957,475	-	-	-	-	957,475	2,315,741
3,154,592	-	-	-	-	3,807,803	4,881
66,479	-	-	-	-	66,479	12,107
-	-	-	-	-	2,120,638	248,072
138	-	-	-	-	138	-
100,000	-	-	-	-	100,000	-
-	-	-	34,227	-	34,227	33,652
-	-	-	11,621	-	11,621	11,621
-	-	-	-	64,856	64,856	56,878
\$ 11,128,570	\$ 16,108,005	\$ 27,921	\$ 45,848	\$ 64,856	\$ 30,149,054	\$ 27,416,221
\$ 1,091,802	\$ -	\$ -	\$ -	\$ -	\$ 1,093,881	\$ 3,536,405
21,274	-	-	-	64,856	86,475	75,837
773,973	359,759	-	-	-	3,905,162	149,920
-	-	-	-	-	-	53,184
415,913	-	-	-	-	415,913	321,823
476,047	248,246	2,205	-	-	726,498	510,609
75,000	-	-	-	-	75,000	75,000
2,854,009	608,005	2,205	-	64,856	6,302,929	4,722,778
-	-	-	34,227	-	34,227	33,652
-	-	-	11,621	-	11,621	11,621
-	15,500,000	-	-	-	15,500,000	15,500,000
138	-	-	-	-	138	-
100,000	-	-	-	-	100,000	-
8,174,423	-	25,716	-	-	8,200,139	7,148,170
8,274,561	15,500,000	25,716	45,848	-	23,846,125	22,693,443
\$ 11,128,570	\$ 16,108,005	\$ 27,921	\$ 45,848	\$ 64,856	\$ 30,149,054	\$ 27,416,221

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
 GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 For the Year Ended June 30, 1998

	Governmental Funds			
	General Fund	Housing Programs	Food Programs	Energy Programs
Revenues:				
Federal Grants	\$ —	\$ 37,537,979	\$ 637,183	\$ 15,188,471
Interest Income	—	546,962	—	14
Investment Income	—	(248,290)	—	—
Income from Others	—	424,930	—	—
Assessment Fees	—	—	—	—
Miscellaneous Revenue	—	51,935	633	5,671
Total Revenues	<u>—</u>	<u>38,313,516</u>	<u>637,816</u>	<u>15,194,156</u>
Expenditures:				
Personal Services	13,747	580,379	61,668	414,582
Services and Supplies	3,509	171,261	4,641	184,118
Capital Outlay	—	—	—	575
Special Payments	1,265,827	42,704,839	573,097	14,779,963
Total Expenditures	<u>1,283,083</u>	<u>43,456,479</u>	<u>639,406</u>	<u>15,379,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,283,083)</u>	<u>(5,142,963)</u>	<u>(1,590)</u>	<u>(185,082)</u>
Other Financing Sources (Uses):				
Appropriations	6,394,520	—	—	—
Operating Transfers—In	—	6,685,032	—	120,000
Operating Transfers—Out	(5,111,437)	(369,012)	—	(120,000)
Lottery Proceeds	—	—	—	—
Transfer from Other Agencies	—	112,521	—	—
Transfer to Other Agencies	—	—	—	(10,925)
Total Other Financing Sources (Uses)	<u>1,283,083</u>	<u>6,428,541</u>	<u>—</u>	<u>(10,925)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>—</u>	<u>1,285,578</u>	<u>(1,590)</u>	<u>(196,007)</u>
Fund Balances – Beginning	—	5,761,087	61,905	541,133
Changes in Reserved for Prepaid Expenditures	—	138	—	—
Changes in Reserved for Loans Receivable	—	100,000	—	—
Prior Period Adjustment	—	—	—	—
Fund Balances – Ending	<u><u>\$ —</u></u>	<u><u>\$ 7,146,803</u></u>	<u><u>\$ 60,315</u></u>	<u><u>\$ 345,126</u></u>

		Fiduciary Fund	(Memorandum Only)	
Other Programs	Total	Expendable Trust Fund	1998	1997
\$ 4,264,926	\$ 57,628,559	\$ -	\$ 57,628,559	\$ 58,827,635
42,929	589,905	1,418	591,323	638,787
3,382	(244,908)	112	(244,796)	913,689
-	424,930	-	424,930	422,639
263,114	263,114	-	263,114	257,519
100	58,339	-	58,339	19,817
<u>4,574,451</u>	<u>58,719,939</u>	<u>1,530</u>	<u>58,721,469</u>	<u>61,080,086</u>
367,997	1,424,626	-	1,438,373	1,352,681
242,566	602,586	112	606,207	672,290
-	575	-	575	5,627
<u>4,131,256</u>	<u>62,189,155</u>	<u>-</u>	<u>63,454,982</u>	<u>66,585,518</u>
<u>4,741,819</u>	<u>64,216,942</u>	<u>112</u>	<u>65,500,137</u>	<u>68,616,116</u>
<u>(167,368)</u>	<u>(5,497,003)</u>	<u>1,418</u>	<u>(6,778,668)</u>	<u>(7,536,030)</u>
-	-	-	6,394,520	2,027,674
-	6,805,032	-	6,805,032	-
-	(489,012)	-	(5,600,449)	(41,815)
-	-	-	-	1,847,075
116,293	228,814	-	228,814	90,747
<u>-</u>	<u>(10,925)</u>	<u>-</u>	<u>(10,925)</u>	<u>(132,091)</u>
<u>116,293</u>	<u>6,533,909</u>	<u>-</u>	<u>7,816,992</u>	<u>3,791,590</u>
<u>(51,075)</u>	<u>1,036,906</u>	<u>1,418</u>	<u>1,038,324</u>	<u>(3,744,440)</u>
759,747	7,123,872	24,298	7,148,170	10,892,610
-	138	-	138	-
-	100,000	-	100,000	-
<u>13,645</u>	<u>13,645</u>	<u>-</u>	<u>13,645</u>	<u>-</u>
<u>\$ 722,317</u>	<u>\$ 8,274,561</u>	<u>\$ 25,716</u>	<u>\$ 8,300,277</u>	<u>\$ 7,148,170</u>

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
COMBINED STATEMENT OF LEGISLATIVE AUTHORIZATIONS (NON-GAAP BUDGETARY BASIS)
COMPARED TO ACTUAL EXPENDITURES SUBJECT TO BUDGET
GOVERNMENTAL FUND TYPES
For the Biennium Ending June 30, 1999

	<u>97-99 Budget</u>	<u>1st Year Actuals</u>	<u>2nd Year Balance</u>
Governmental Fund Types	<u>\$ 88,772,095</u>	<u>\$ 39,970,761</u>	<u>\$ 48,801,334</u>

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
NONEXPENDABLE TRUST FUND
For the Year Ended June 30, 1998

	<u>1998</u>	<u>1997</u>
<u>Revenues:</u>		
Investment Income	\$ 1,533,509	\$ (33,941)
<u>Operating Transfers-In (Out):</u>		
Operating Transfers-In	\$ 328,926	\$ 33,941
Operating Transfers-Out	(1,533,509)	-
Total Operating Transfers-In (Out)	(1,204,583)	33,941
Net Income	328,926	-
Fund Balance – Beginning	15,500,000	15,500,000
Change in Accounting Principle (GASB 31)	(328,926)	-
Retained Earnings – Beginning – As Restated	15,171,074	15,500,000
Fund Balance – Ending	\$ 15,500,000	\$ 15,500,000

STATE OF OREGON
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT
STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUND
For the Year Ended June 30, 1998

	<u>1998</u>	<u>1997</u>
<u>Cash Flows from Operating Activities:</u>		
Operating Income	\$ <u>1,533,509</u>	\$ <u>(33,941)</u>
<u>Adjustments to Reconcile Operating Income to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Interest Received on Investments	(1,533,509)	33,941
<u>(Increase) / Decrease in Assets:</u>		
Interfund Receivable	2,586	(2,586)
<u>Increase / (Decrease) in Liabilities:</u>		
Interfund Payable	359,759	-
Obligations Under Securities Lending	<u>248,246</u>	<u>-</u>
Total Adjustments	<u>(922,918)</u>	<u>31,355</u>
Net Cash (Used) in Operating Activities	<u>610,591</u>	<u>(2,586)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Operating Transfers-In	328,926	33,941
Operating Transfers-Out	<u>(1,533,509)</u>	<u>-</u>
Net Cash Provided in Noncapital Financing Activities	<u>(1,204,583)</u>	<u>33,941</u>
<u>Cash Flows from Investing Activities:</u>		
Interest on Cash and Investments	<u>781,250</u>	<u>-</u>
Net Cash Provided in Investing Activities	<u>781,250</u>	<u>-</u>
Net Increase (Decrease) in Cash	187,258	31,355
Cash Balance – Beginning	<u>2,766,113</u>	<u>2,734,758</u>
Cash Balance – Ending	<u>\$ <u>2,953,371</u></u>	<u>\$ <u>2,766,113</u></u>

FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The mission of the Audits Division is to “Protect the Public Interest and Improve Oregon Government.” The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

DIRECTORY OF KEY OFFICIALS

Director

Deputy Director

Deputy Director

John N. Lattimer

Sharron E. Walker, CPA, CFE

Catherine E. Pollino, CGFM



This report is intended to promote
the best possible management of public resources.

If you received a copy of an audit and no longer need it, you may return it to the
Audits Division. We maintain an inventory of past audit reports. Your
cooperation will help us save on printing costs.

Oregon Audits Division
Public Service Building
Salem, Oregon 97310

503-986-2255

We invite comments on our reports
through our Hotline or Internet address.

Hotline: 800-336-8218
Internet: Audits.Hotline@state.or.us
<http://www.sos.state.or.us/audits/auditthp.htm>

Auditing to Protect the Public Interest and Improve Oregon Government