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Secretary of State

State of Oregon

**OREGON HOUSING AND  
COMMUNITY SERVICES DEPARTMENT**

For the Years Ended June 30, 1999 and 1998



Audits Division

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**Audits Division**







OFFICE OF THE  
SECRETARY OF STATE  
Bill Bradbury  
Secretary of State  
Suzanne Townsend  
Deputy Secretary of State



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*Auditing for a Better Oregon*

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

Bob Repine, Director  
Oregon Housing and Community Services Department  
1600 State Street  
Salem, Oregon 97301-4206

This report presents the results of our annual audit of the Oregon Housing and Community Services Department (department).

As required by auditing standards, we performed the audit to obtain reasonable assurance about whether the financial statements and accompanying notes have been presented fairly by management. Our Independent Auditor's Report and the financial statements for the years ended June 30, 1999 and 1998, are included in the Financial Section of this report. We concluded that the financial statements are fairly presented in accordance with generally accepted accounting principles.

Auditing standards also require us to review the department's internal control and compliance with applicable laws and regulations. Our report on the results of those reviews is included in the Audit Results section of this report. We noted no instances of noncompliance that are required to be reported under government auditing standards. Similarly, we did not note any material weaknesses in internal control over financial reporting.

We appreciate the cooperation and assistance of the department's management and staff during the course of the audit.

OREGON AUDITS DIVISION

John N. Lattimer  
Director

Fieldwork Completion Date:  
November 15, 1999

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## 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, 1999, 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 also is 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, 1999, the housing programs reported operating revenues of \$75.9 million and operating expenses of \$72.7 million. Retained earnings increased to \$124 million as of June 30, 1999 from \$121.3 million as of June 30, 1998. As of June 30, 1999, revenue bonds outstanding totaled \$960.4 million. Total general obligation bonds outstanding were \$277 million. Loans receivable, net of an allowance for uncollectible accounts, totaled \$739.7 million.

## **AUDIT RESULTS**



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**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, 1999, and have issued our report thereon dated November 15, 1999. We conducted our audit in accordance with generally accepted auditing standards and *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, and contracts, 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 the 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 internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Oregon Housing and Community Services Department's management, the governor of the state of Oregon, and the Oregon Legislative Assembly and is not intended to be and should not be used by anyone other than those specified parties.

## OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE  
Deputy Director

Fieldwork Completion Date:  
November 15, 1999

## **COMMENDATION**

The courtesies and cooperation extended by officials and employees of the Oregon Housing and Community Services Department during the course of this review were commendable and sincerely appreciated.

## **AUDIT TEAM**

Joel Leming, CPA, Audit Administrator  
Robert Jordan, CPA  
Jennifer Kumm, CPA  
Debbie Ferguson  
Diana Barkelew



**FINANCIAL SECTION**



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1600 State Street  
Salem, Oregon 97301-4206

### **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, 1999 and 1998. 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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards required 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, 1999 and 1998, 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 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 Year 2000 supplementary information on page 35 is not a required part of the financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the department is or will become Year 2000 compliant, that the department's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the department does business are or will become Year 2000 compliant.

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 November 15, 1999, 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

November 15, 1999

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINED BALANCE SHEETS**  
 PROPRIETARY FUND TYPE  
 JUNE 30, 1999 AND 1998

	<b>Enterprise Funds</b>	
	<u>1999</u>	<u>Totals</u> <u>1998</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$ 77,604,596	\$ 61,993,782
Securities Lending Cash Collateral	6,662,430	5,245,295
Investments	551,622,578	432,395,558
Accrued Interest Receivable	10,546,434	9,218,001
Accounts Receivable	208,456	241,470
Interfund Receivable	175,201	189,486
Due from Other Agencies	276,349	-
Prepaid Expenses	31,611	72,273
Loans Receivable (Net)	739,726,979	656,585,678
Acquired Property	848,504	236,124
Deferred Charges	12,276,745	11,189,330
Fixed Assets (Net)	936,867	1,058,498
Advances to Other Funds	75,000	75,000
Advances to Other Agencies	3,616,175	-
<b>Total Assets</b>	<b>\$ 1,404,607,925</b>	<b>\$ 1,178,500,495</b>
<b><u>Liabilities and Fund Equity</u></b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 1,187,410	\$ 890,663
Vacation Payable	262,773	207,967
Interfund Payable	123,770	92,127
Deferred Income	38,988	43,994
Trust Funds Payable	398,002	333,992
Obligations Under Securities Lending	6,662,430	5,245,295
Accrued Interest Payable	29,571,659	27,425,001
Matured Bonds and Interest Payable	702,758	1,048,549
Bonds Payable	1,238,014,917	1,015,350,243
Loans Payable	268,500	-
Arbitrage Rebate Liability	2,426,984	853,774
Advances from Other Agencies	-	4,797,272
<b>Total Liabilities</b>	<b>1,279,658,191</b>	<b>1,056,288,877</b>
<b>Fund Equity:</b>		
Contributed Capital	906,154	906,154
Retained Earnings	124,043,580	121,305,464
<b>Total Fund Equity</b>	<b>124,949,734</b>	<b>122,211,618</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,404,607,925</b>	<b>\$ 1,178,500,495</b>

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

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**

	<b>Enterprise Funds</b>	
	<u>1999</u>	<u>Totals</u>
	<u>1999</u>	<u>1998</u>
<b><u>Operating Revenues:</u></b>		
Interest on Loans	\$ 51,599,437	\$ 49,470,569
Investment Income	21,504,499	29,290,017
Transfer/Commitment Fees	1,526,166	1,222,215
Administrative Fees	587,101	875,389
Mortgage Credit Certificate Fees	570	6,569
Low Income Housing Tax Credit Fees	510,704	466,363
Gain on Sale of Foreclosed Property	24,315	-
Miscellaneous Revenue	128,990	288,188
<b>Total Operating Revenues</b>	<u>75,881,782</u>	<u>81,619,310</u>
<b><u>Operating Expenses:</u></b>		
Interest on Bonds	60,580,845	55,619,972
Mortgage Service Fees	1,693,703	1,560,202
Foreclosure Costs	40,161	8,099
Bad Debt Expense	132,070	255,006
Amortization of Deferred Bond Issuance Costs	1,251,314	904,281
Real Estate Owned Expenses	1,716	-
Interest on Loans	3,968	-
Loss on Disposition of Fixed Assets	3,377	-
Other Related Program Expenses	1,260,801	983,742
Administrative Costs:		
Personal Services	4,370,317	3,340,984
Services and Supplies	2,911,380	2,209,847
Depreciation/Amortization	460,439	256,705
<b>Total Operating Expenses</b>	<u>72,710,091</u>	<u>65,138,838</u>
<b>Operating Income (Loss)</b>	<u>3,171,691</u>	<u>16,480,472</u>
<b><u>Operating Transfers-In (Out):</u></b>		
Operating Transfers-In	12,449,422	9,519,135
Operating Transfers-Out	(12,449,383)	(9,519,135)
Transfer from Other Agencies	67,208	-
<b>Total Operating Transfers-In (Out)</b>	67,247	-
<b>Net Income (Loss) Before Extraordinary Items</b>	3,238,938	16,480,472
Extraordinary Loss from Bond Call	(500,822)	(558,015)

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

	<b>Enterprise Funds</b>	
	<u>1999</u>	<u>Totals</u> <u>1998</u>
<b>Net Income (Loss)</b>	<u>2,738,116</u>	<u>15,922,457</u>
<b>Retained Earnings – Beginning</b>	121,305,464	101,639,530
Change in Accounting Principle (GASB 31)	<u>–</u>	<u>3,743,477</u>
<b>Retained Earnings – Beginning – As Restated</b>	<u>121,305,464</u>	<u>105,383,007</u>
<b>Retained Earnings – Ending</b>	<u><b>\$ 124,043,580</b></u>	<u><b>\$ 121,305,464</b></u>

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINED STATEMENTS OF CASH FLOWS**  
 PROPRIETARY FUND TYPE  
 FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>Enterprise Funds</u>	
	<u>1999</u>	<u>Totals</u> <u>1998</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Operating Income (Loss)	\$ 3,171,691	\$ 16,480,472
<b><u>Adjustments to Reconcile Operating Income to Net Cash</u></b>		
<b><u>Provided by Operating Activities:</u></b>		
Depreciation and Amortization	460,439	256,705
Amortization of Deferred Bond Issue Costs	1,251,314	904,281
Interest Income on Investments	(21,172,723)	(28,930,218)
Interest Expense on Bonds	60,580,845	55,619,972
Interest Expense on Loans	3,968	-
Loss on Disposition of Assets	3,377	-
<b><u>(Increase)/Decrease in Assets:</u></b>		
Loan Interest Receivable	(256,827)	(527,786)
Accounts Receivable	33,014	(149,944)
Interfund Receivable	14,285	468,403
Due from Other Agencies	(248,272)	225,000
Inventories	-	6,375
Prepaid Expenses	40,662	(72,206)
Loans Receivable (Net)	(83,141,301)	(31,332,911)
Acquired Property	(612,380)	(236,124)
Advances to Other Agencies	(3,616,175)	-
<b><u>Increase/(Decrease) in Liabilities:</u></b>		
Accounts Payable	296,747	(35,424)
Vacation Payable	54,806	26,873
Interfund Payable	31,643	(420,723)
Deferred Income	(5,006)	20,539
Trust Funds Payable	64,010	336
Matured Bonds and Interest Payable	(345,791)	(689,929)
Advances from Other Agencies	(4,797,272)	2,481,160
<b>Total Adjustments</b>	<u>(51,360,637)</u>	<u>(2,385,621)</u>
<b>Net Cash Provided (Used) in Operating Activities</b>	<u>(48,188,946)</u>	<u>14,094,851</u>

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

	<b>Enterprise Funds</b>	
	<u>1999</u>	<u>1998</u>
<b>Net Cash Provided (Used) in Operating Activities</b>	<u>(48,188,946)</u>	<u>14,094,851</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>		
Proceeds from Bond Sales	385,854,455	241,273,377
Principal Payments on Bonds	(162,835,000)	(143,865,000)
Interest Payments on Bonds	(59,006,836)	(53,676,506)
Loan Proceeds	268,500	-
Operating Transfers–In	12,488,553	9,519,135
Operating Transfers–Out	(12,449,383)	(9,519,135)
Bond Issue Costs	(2,838,771)	(2,144,518)
Bond Call Costs	(780)	(23,199)
Interest Paid on Securities Lending	(331,776)	(359,799)
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<u>161,148,962</u>	<u>41,204,355</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>		
Acquisition of Capital Assets	(342,185)	(1,043,122)
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<u>(342,185)</u>	<u>(1,043,122)</u>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of Investments	(752,885,785)	(585,667,736)
Proceeds from Sales and Maturities of Investments	633,489,166	503,890,975
Interest on Cash and Investments	22,057,826	17,042,175
Investment Income on Securities Lending	331,776	359,799
<b>Net Cash Provided (Used) in Investing Activities</b>	<u>(97,007,017)</u>	<u>(64,374,787)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	15,610,814	(10,118,703)
<b>Cash and Cash Equivalents Balance – Beginning</b>	<u>61,993,782</u>	<u>72,112,485</u>
<b>Cash and Cash Equivalents Balance – Ending</b>	<u><b>\$ 77,604,596</b></u>	<u><b>\$ 61,993,782</b></u>



STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PROPRIETARY FUND TYPE – ENTERPRISE FUNDS**  
JUNE 30, 1999

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 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 \$1,997,444,183 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 \$43,405,000 in revenue bonds for Multifamily Housing Revenue Bonds. OHCS D has issued \$415,855,000 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 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 statistical section.

**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.

**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 Assisted or Insured Multi-Unit, Multifamily Housing, 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 the Assisted or Insured Multi-Unit and Single-Family Mortgage Programs.

## Notes to the Financial Statements (Continued)

### Proprietary Fund Type — Enterprise Funds

June 30, 1999

- (2) The Elderly and Disabled Housing Program accounts for activities, including applicable administrative costs that are primarily financed by general obligation bonds of the State of Oregon.

#### **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.

#### **E. Cash Equivalents**

For purposes of the Statement of Cash Flows, all OHCS D moneys held in the State Treasury 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, 1999 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.

**Notes to the Financial Statements** (Continued)  
Proprietary Fund Type — Enterprise Funds  
June 30, 1999

**I. Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items.

**J. Acquired Property**

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.

**K. 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.

**L. 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.

**M. 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, 1999, were sufficient to meet all legal requirements.

**N. 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.

**O. 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.

**Notes to the Financial Statements** (Continued)  
 Proprietary Fund Type — Enterprise Funds  
 June 30, 1999

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.

**P. Comparative Data and Reclassifications**

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. Certain prior amounts have been reclassified so that they conform with the current presentation. Additional information about the prior year can be found in OHCS D's Annual Financial Report for the year ended June 30, 1998.

**Q. Change in Accounting Principle**

Beginning retained earnings for the year ended June 30, 1998 was 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: as of June 30, 1999, the book balance of cash and cash equivalents was \$77,604,596. The bank balance was \$77,618,927 of which \$76,889,294 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 \$26,875, all of which was insured by FDIC. Cash with Fiscal Agent was \$702,758, of which \$491,922 was held by the bond trustees and \$210,836 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.

Securities in the Short Term Fund are held by the Treasury's agent in the name of the State of Oregon. They consist of 61 percent in government securities and 39 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.

Cash	\$ 76,874,962
Cash with Fiscal Agent	702,758
Money Market Accounts held by Bond Trustees	26,876
Total Cash and Cash Equivalents	<u>\$ 77,604,596</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.

**Notes to the Financial Statements** (Continued)  
**Proprietary Fund Type — Enterprise Funds**  
**June 30, 1999**

Investments at year-end included \$24,826,824 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 \$439,946,004 in U.S. government securities and \$86,849,750 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.

	Risk Category			Reported Amount	Fair Value
	- 1 -	- 2 -	- 3 -		
U.S. Government and Agency Securities	\$ 464,772,828	\$ -	\$ -	\$ 464,772,828	\$ 464,772,828
Repurchase Agreements	86,849,750	-	-	86,849,750	86,849,750
Subtotal	<u>\$ 551,622,578</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 551,622,578	\$ 551,622,578
Not Categorized:					
Securities Lending short-term collateral Investment Pool				6,664,503	6,664,503
Investments held by broker-dealers under securities loans with cash collateral:					
U.S. Government and Agency Securities				<u>6,448,403</u>	<u>6,448,403</u>
Subtotal				\$ 564,735,484	\$ 564,735,484
Less: Balances treated as Cash and Cash Equivalents on the Balance Sheet				(6,664,503)	(6,664,503)
Less: Balances treated as Securities Lending Cash Collateral on the Balance Sheet				<u>(6,448,403)</u>	<u>(6,448,403)</u>
Total Investments				<u>\$ 551,622,578</u>	<u>\$ 551,622,578</u>

**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 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, 1999, the State had no credit risk exposure to borrowers. On June 30, 1999, 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, 1999, the market value of the collateral held and of securities on loan, including accrued income, from the OSTF was \$532,087,901 and \$514,834,680, 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, 1999

**NOTE 3. Loans Receivable**

Loans receivable on June 30, 1999, consisted of:

	Loans Receivable	Less: Allowance for Uncollectible Accounts	Loans Receivable (Net)
Housing Finance Account	\$ 1,404,415	\$ (39,222)	\$ 1,365,193
Housing Finance Revenue Bonds	22,649,867	-	22,649,867
Mortgage Revenue Bonds	433,849,017	-	433,849,017
Assisted or Insured Multi-Unit Program	60,038,509	(126,813)	59,911,696
Multifamily Housing Revenue Bonds	17,312,686	(43,281)	17,269,405
Elderly and Disabled Housing Program	205,832,577	(1,150,776)	204,681,801
Total	<u>\$ 741,087,071</u>	<u>\$ (1,360,092)</u>	<u>\$ 739,726,979</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, 81 percent is federally insured or guaranteed, 15 percent is covered by pool insurance and/or private mortgage insurance and 4 percent is uninsured. 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.

**NOTE 4. Fixed Assets**

A summary of OHCS D's fixed assets as of June 30, 1999 follows:

	Housing Finance Account	Elderly & Disabled Housing Program	Total
Equipment/Furniture	\$ 1,511,654	\$ 51,217	\$ 1,562,871
Data Processing Software	279,117	3,833	282,950
Leasehold Improvements	134,075	8,920	142,995
Less Depreciation/Amortization	(987,979)	(63,970)	(1,051,949)
Total Fixed Assets (Net)	<u>\$ 936,867</u>	<u>\$ -</u>	<u>\$ 936,867</u>

**Notes to the Financial Statements** (Continued)  
Proprietary Fund Type — Enterprise Funds  
June 30, 1999

**NOTE 5. Interfund Transactions**

The following schedule summarizes interfund receivables and payables for the year ended June 30, 1999:

	Interfund Receivables	Interfund Payables
Housing Finance Account	\$ 146,389	\$ 21
Housing Finance Revenue Bonds	28,791	-
Mortgage Revenue Bonds	-	90,028
Multifamily Housing Revenue Bonds	21	-
Elderly and Disabled Housing Program	-	33,721
Total	<u>\$ 175,201</u>	<u>\$ 123,770</u>

The difference of \$51,431 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, 1999:

	Operating Transfers In	Operating Transfers Out
Housing Finance Account	\$ 8,199,422	\$ 2,760,296
Combined Program Account	1,500,000	1,500,000
Housing Finance Revenue Bonds	-	3,000,000
Mortgage Revenue Bonds	2,450,000	1,500,000
Assisted or Insured Multi-Unit Program	-	3,481,893
Multifamily Housing Revenue Bonds	300,000	-
Elderly and Disabled Housing Program	-	207,194
Total	<u>\$ 12,449,422</u>	<u>\$ 12,449,383</u>

The difference of \$39 between transfers-in and transfers-out is attributable to activity in OHCS D's governmental and trust funds that is not reflected in the financial statements.

**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 OHCS D's inception in 1977, revenue and general obligation bonds and notes totaling \$2,685,789,183 have been issued, of which \$1,237,514,827 was outstanding as of June 30, 1999. All issues of interim housing and construction loan revenue notes totaling \$24,885,000 were repaid prior to fiscal year 1988.

**Notes to the Financial Statements** (Continued)  
**Proprietary Fund Type — Enterprise Funds**  
**June 30, 1999**

The following table summarizes bond issues by program and series as of June 30, 1999:

**Revenue Bonds**

Single Family Mortgage Program

**Housing Finance Revenue Bonds**

Series	Due Dates	Interest Range		Bonds Issued	Bonds Outstanding
		From	To		
1977 A	1979–2009	4.550	8.000%	\$ 43,800,000	\$ 12,075,000
1978 A	1979–2009	4.250	6.700%	55,945,000	2,720,000
1978 B	1980–2009	4.700	6.625%	48,000,000	4,050,000
1980 A	1981–2011	6.600	8.500%	100,000,000	–
1980 B	1981–2011	6.700	9.500%	42,000,000	–
1982 A	1985–2014	6.500	11.375%	111,969,082	–
1983 A	1995–1997	9.500	9.625%	14,925,000	–
1985 A	1986–2016	6.000	10.500%	25,000,512	–
1985 B	1986–2016	5.750	10.750%	40,003,986	–
1985 C	1987–2017	6.000	10.000%	30,001,101	–
Total				<u>\$ 511,644,681</u>	<u>\$ 18,845,000</u>

**Mortgage Revenue Bonds**

Series	Due Dates	Interest Range		Bonds Issued	Bonds Outstanding
		From	To		
1988 A	1990–2014	5.400	7.750%	\$ 19,215,362	\$ –
1988 B	2019	8.500	8.500%	784,313	–
1988 C	1991–2017	6.900	7.700%	27,545,000	–
1989 A	2016	6.300	6.300%	25,000,000	–
1990 A	1991–2016	5.900	7.450%	25,000,000	–
1990 B	2016	6.250	6.250%	25,000,000	–
1990 C	2020	7.700	7.700%	10,645,000	–
1990 D	1992–2014	6.000	7.350%	6,960,000	–
1990 E	2021	7.600	7.600%	5,540,000	–
1990 F	2014	6.125	6.125%	5,540,000	–
1990 G	2016	6.250	6.250%	4,460,000	–
1991 A	1992–2015	5.000	7.200%	30,540,000	–
1991 B	2020	7.375	7.375%	18,650,000	–
1991 C	2016	4.800	4.800%	44,000,000	–
1991 D	1993–2027	4.750	6.800%	21,250,000	20,005,000
1991 E	1993–2016	4.750	6.750%	17,305,000	275,000
1991 F	2022	7.000	7.000%	6,345,000	1,920,000
1991 G	1994–2027	3.750	6.800%	25,000,000	6,135,000
1992 A	1994–2016	4.500	6.800%	32,874,827	18,044,827
1992 B	2028	6.875	6.875%	47,670,000	47,670,000
1992 C	1994–2016	2.400	5.550%	20,585,000	16,810,000
1992 D	2019	5.650	5.650%	4,415,000	3,890,000
1993 A	1994–2024	2.750	5.450%	36,720,000	30,190,000
1993 B	1995–2017	3.250	5.375%	18,795,000	15,140,000
1993 C	1994	2.800	2.800%	8,465,000	–
1994 A	1995–2018	3.750	6.400%	18,150,000	14,710,000
1994 B	2024	5.850	5.850%	6,850,000	3,235,000
1994 C	1996–2016	4.200	6.250%	12,440,000	11,135,000
1994 D	2020–2024	6.125	6.500%	10,610,000	8,005,000
1994 E	1996–2025	5.000	7.150%	35,000,000	7,465,000
1995 A	1996–2026	4.400	6.450%	25,000,000	24,175,000
1995 B	1997–2012	3.900	6.000%	9,800,000	8,940,000
1995 C	2015–2026	6.200	6.400%	20,200,000	19,895,000
1995 D	1996	4.100	4.100%	35,000,000	–
1995 E	1997–2027	4.000	6.000%	25,000,000	24,455,000
1995 F	2028	3.550	3.550%	24,740,000	–
1996 A	2008–2016	5.500	6.000%	6,465,000	6,465,000
1996 B	1998–2027	4.200	6.200%	18,535,000	17,035,000
1996 C	1997	3.850	3.850%	25,000,000	–
1996 D	1998–2027	4.300	6.375%	27,300,000	26,935,000
1996 E	2027	7.650	7.650%	3,700,000	2,475,000

**Notes to the Financial Statements** (Continued)  
**Proprietary Fund Type — Enterprise Funds**  
**June 30, 1999**

1996 F	2016	4.000	4.000%	3,880,000	—
1996 G	2027	4.050	4.050%	9,315,000	—
1996 H	1998–2027	4.050	6.000%	27,300,000	26,910,000
1996 I	2027	6.860	6.860%	3,700,000	3,400,000
1996 J	1997	3.550	3.550%	4,275,000	—
1996 K	1997	3.650	3.650%	47,845,000	—
1997 A	1999–2027	4.600	6.200%	25,000,000	25,000,000
1997 B	2028	7.500	7.500%	4,750,000	4,535,000
1997 C	2018	3.950	3.950%	16,165,000	—
1997 D	2027	4.050	4.050%	10,650,000	—
1997 E	1999–2015	3.900	5.250%	8,475,000	8,475,000
1997 F	2017–2028	5.500	5.650%	14,025,000	14,025,000
1997 G	2028	6.700	6.700%	7,500,000	7,500,000
1997 H	1999–2028	4.000	5.650%	33,570,000	33,570,000
1997 I	2028	6.640	6.640%	7,500,000	7,500,000
1997 J	1998	3.850	3.850%	4,595,000	—
1997 K	1998	3.875	3.875%	47,450,000	—
1998 A	2000–2015	4.000	5.150%	10,655,000	10,655,000
1998 B	2018–2029	4.900	5.450%	19,345,000	19,345,000
1998 C	1999	3.750	3.750%	52,620,000	—
1998 D	2000–2029	3.850	5.300%	35,000,000	35,000,000
1998 E	1999	3.600	3.600%	36,140,000	36,140,000
1998 F	1999	3.650	3.650%	21,330,000	21,330,000
1998 G	2000–2029	3.650	5.250%	35,000,000	35,000,000
1998 H	2015	3.100	3.100%	2,025,000	2,025,000
1998 I	2030	3.150	3.150%	29,235,000	29,235,000
1999 A	2001–2027	3.600	5.150%	25,480,000	25,480,000
1999 B	2030	5.250	5.250%	5,450,000	5,450,000
1999 C	2000	3.150	3.150%	37,615,000	37,615,000
1999 D	2000	3.200	3.200%	12,610,000	12,610,000
1999 E	2019–2027	4.850	5.400%	20,350,000	20,350,000
1999 F	2001–2028	3.850	5.500%	14,650,000	14,650,000
1999 G	2000	3.450	3.450%	46,310,000	46,310,000
1999 H	2000	3.480	3.480%	13,895,000	13,895,000
Total Mortgage Revenue Bonds				<u>\$ 1,485,799,502</u>	<u>\$ 831,009,827</u>
Total Single Family Mortgage Program				<u>\$ 1,997,444,183</u>	<u>\$ 849,854,827</u>

**Loans to Lenders Program**

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

**Assisted or Insured Multi-Unit Program**

Series	Due Dates	Interest Range		Bonds Issued	Bonds Outstanding
		From	To		
1978 A	1981–2010	5.250	7.250%	\$ 26,150,000	\$ —
1979 A	1982–2012	5.300	6.900%	34,660,000	—
1981 A	1984–2013	7.500	10.500%	17,775,000	—
1981 B	1984–2013	9.000	13.000%	18,175,000	—
1991 A	1992–2013	4.700	6.800%	15,665,000	12,735,000
1991 B	1992–2013	4.700	6.800%	18,270,000	14,850,000
1991 C	1993–2022	5.000	6.850%	5,985,000	620,000
1993 A	1994–2012	2.800	5.750%	48,455,000	38,985,000
Total Assisted or Insured Multi-Unit Program				<u>\$ 185,135,000</u>	<u>\$ 67,190,000</u>

**Notes to the Financial Statements** (Continued)  
**Proprietary Fund Type — Enterprise Funds**  
**June 30, 1999**

**Multifamily Housing Revenue Bonds**

Series	Due Dates	Interest Range		Bonds Issued	Bonds Outstanding
		From	To		
1996 A	1999–2028	4.650	6.200%	\$ 4,505,000	\$ 4,505,000
1997 A	1999–2029	4.100	5.700%	16,360,000	16,360,000
1997 B	2000–2029	4.000	5.550%	10,100,000	10,100,000
1999 A	2001–2030	3.450	5.150%	12,440,000	12,440,000
Total Multifamily Housing Revenue Bonds				<u>\$ 43,405,000</u>	<u>\$ 43,405,000</u>
Total Revenue Bonds				<u>\$ 2,245,049,183</u>	<u>\$ 960,449,827</u>

**General Obligation Bonds**

**Elderly and Disabled Housing Program**

Series	Due Dates	Interest Range		Bonds Issued	Bonds Outstanding
		From	To		
1978 A	1981–2008	5.100	8.000%	\$ 8,135,000	\$ 4,450,000
1980 A	1983–2022	6.750	8.250%	14,890,000	–
1982 A	1984–2023	10.250	12.250%	17,740,000	–
		0			
1982 B	1985–2024	7.500	11.000%	47,150,000	–
1984 A	1987–2026	7.500	10.250%	11,300,000	–
1988 A	1990–2018	5.000	7.500%	3,475,000	2,820,000
1989 A	1991–2030	6.300	7.125%	7,000,000	6,075,000
1990 A	1991–2020	5.800	7.100%	5,305,000	4,730,000
1990 B	1991–2020	5.600	7.000%	9,395,000	8,355,000
1990 C	1992–2021	6.100	7.200%	4,190,000	1,805,000
1990 D	1992–2021	6.200	7.500%	15,810,000	13,825,000
1992 A	1993–2013	3.300	6.250%	11,985,000	9,780,000
1992 B	1993–2024	3.300	6.375%	56,505,000	52,010,000
1992 C	1993–2022	3.300	6.500%	14,695,000	12,640,000
1992 D	1993–2022	3.400	6.600%	9,020,000	8,205,000
1993 A	1995–2024	3.400	5.700%	11,140,000	10,095,000
1993 B	1994–2026	2.700	5.500%	11,060,000	10,330,000
1993 C	1994–2026	2.850	5.650%	13,915,000	13,355,000
1994 A	1995–2025	3.500	6.150%	9,440,000	6,085,000
1994 B	1996–2026	4.200	6.300%	24,400,000	22,740,000
1995 A	1996–2026	4.000	6.000%	14,100,000	12,500,000
1995 B	1997–2027	4.000	5.700%	24,240,000	18,090,000
1995 C	2028	3.650	3.650%	11,340,000	–
1996 A	1998–2027	4.050	5.600%	2,850,000	2,555,000
1996 B	1998–2027	4.200	5.800%	10,605,000	10,450,000
1997 A	1999–2028	4.050	5.375%	8,475,000	8,475,000
1998 A	2000–2029	3.400	4.500%	8,870,000	8,870,000
1998 B	2001–2030	3.550	4.875%	10,285,000	10,285,000
1998 C	2000–2029	4.900	6.000%	1,880,000	1,880,000
1999 A	2000–2030	3.250	5.150%	10,840,000	10,840,000
1999 B	2000–2031	3.350	5.250%	4,485,000	4,485,000
1999 C	2000–2005	5.400	6.160%	1,335,000	1,335,000
Total General Obligation Bonds				<u>\$ 415,855,000</u>	<u>\$ 277,065,000</u>
Total: June 30, 1999				<u>\$ 2,660,904,183</u>	<u>\$ 1,237,514,827</u>

**Notes to the Financial Statements** (Continued)  
Proprietary Fund Type — Enterprise Funds  
June 30, 1999

**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 Obligation Bonds	Total June 30, 1999
	Single Family Mortgage Program				Elderly and Disabled Housing Program	
	Housing Finance Revenue Bonds	Mortgage Revenue Bonds	Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds		
Principal: (per preceding Schedule)	\$ 18,845,000	\$ 831,009,827	\$ 67,190,000	\$ 43,405,000	\$ 277,065,000	\$ 1,237,514,827
Less: Discount (Net)	—	(10,500)	(74,446)	—	(1,419,356)	(1,504,302)
Plus: Accretion	—	2,004,392	—	—	—	2,004,392
Bonds Payable (per 6/30/99 Balance Sheet)	\$ 18,845,000	\$ 833,003,719	\$ 67,115,554	\$ 43,405,000	\$ 275,645,644	\$ 1,238,014,917

**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, 2000, for each fiscal year during the next five year period ending June 30, 2004, and in total for the succeeding period July 1, 2005, to June 30, 2031:

Year Ending June 30	Revenue Bonds	General Obligation Bonds	Total as of June 30, 1999
2000	\$ 261,115,611	\$ 21,080,562	\$ 282,196,173
2001	57,815,942	23,367,679	81,183,621
2002	59,177,814	23,547,773	82,725,587
2003	59,104,923	23,545,104	82,650,027
2004	58,982,775	23,908,780	82,891,555
2005–2031	1,236,705,005	418,632,082	1,655,337,087
Total	\$ 1,732,902,070	\$ 534,081,980	\$ 2,266,984,050
<b>Summary</b>			
Principal	960,449,827	277,065,000	1,237,514,827
Interest	772,452,243	257,016,980	1,029,469,223
Total	\$ 1,732,902,070	\$ 534,081,980	\$ 2,266,984,050

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, 1999, various legislative or constitutional provisions limited the amount of bonds outstanding to \$1,030,000,000 in revenue bonds and approximately \$1,111,054,649 in general obligation bonds.

**Notes to the Financial Statements** (Continued)  
Proprietary Fund Type — Enterprise Funds  
June 30, 1999

**NOTE 8. Lease Obligations**

OHCS D leases office space under operating leases. Total cost for the lease for the fiscal year ended June 30, 1999, was \$285,601. The future minimum lease payments for the next five years are:

Fiscal Year Ending:	Operating Lease
June 30, 2000	\$ 291,204
June 30, 2001	286,896
June 30, 2002	1,908
June 30, 2003	-
June 30, 2004	-
Total	<u>\$ 580,008</u>

**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, 1999:

	Housing Finance Account	Combined Program Account	Housing Finance Revenue Bonds	Mortgage Revenue Bonds	Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Program	Total June 30, 1999
Operating Revenue	\$ 2,018,622	\$ 520,985	\$ 3,033,524	\$ 42,546,453	\$ 6,693,693	\$ 1,648,751	\$ 19,419,754	\$ 75,881,782
Depreciation and Amortization	459,629	-	(15,587)	938,362	90,215	40,049	199,085	1,711,753
Operating Income (Loss)	(4,983,392)	520,985	1,793,077	1,772,971	2,316,591	(381,552)	2,133,011	3,171,691
Operating Transfer In	8,199,422	1,500,000	-	2,450,000	-	300,000	67,208	12,516,630
Operating Transfer Out	(2,760,296)	(1,500,000)	(3,000,000)	(1,500,000)	(3,481,893)	-	(207,194)	(12,449,383)
Net Income (Loss)	455,734	520,985	(1,206,923)	2,222,149	(1,165,302)	(81,552)	1,993,025	2,738,116
Equipment: Acquisitions	342,185	-	-	-	-	-	-	342,185
Equipment: Dispositions	(49,235)	-	-	-	-	-	(15,825)	(65,060)
Net Working Capital	2,717,582	9,942,863	27,485,071	429,480,669	24,153,639	26,360,824	88,039,217	608,179,865
Total Assets Bonds and Other Long- Term Liabilities Payable from Operating Revenue	5,944,782	9,942,863	51,213,182	891,483,798	86,915,530	45,660,202	313,447,568	1,404,607,925
	-	-	18,845,000	835,064,555	67,236,189	43,405,000	275,891,157	1,240,441,901
Total Equity	4,826,142	9,942,863	31,358,999	36,217,656	17,541,610	1,146,664	23,915,800	124,949,734

**Notes to the Financial Statements** (Continued)  
Proprietary Fund Type — Enterprise Funds  
June 30, 1999

**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 9.73 percent of each covered employee's salary. The amounts contributed by OHCS D for the years ending June 30, 1999, 1998, and 1997 were \$448,375, \$361,659 and \$348,796, respectively, equal to the required contributions for each year. No pension liability existed as of June 30, 1999, 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.

**NOTE 14. Extraordinary Items**

**Loss on Early Retirement of Bonds – Fiscal Year 1999**

On July 1, 1998, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$19,995,000 were called at par prior to maturity from prepayments of mortgages, excess reserves, and other excess revenues under the 1988 Indenture.

On October 1, 1998, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$13,035,000 were called at par prior to maturity from prepayments of mortgages, excess reserves, and other excess revenues under the 1988 Indenture.

On November 25, 1998, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$52,045,000 were called at par prior to maturity.

**Notes to the Financial Statements** (Continued)

Proprietary Fund Type — Enterprise Funds

June 30, 1999

On January 4, 1999, Mortgage Revenue Bonds (Single-Family Mortgage Program) with an aggregate principal amount of \$8,450,000 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 \$500,822.

**NOTE 15. Subsequent Events**

On August 18, 1999, OHCS D issued the following Mortgage Revenue Bonds (Single-Family Mortgage Program):

	<u>Issue Amount</u>
1999 Series I	\$ 25,555,000
1999 Series J	29,320,000
1999 Series K	30,000,000

On September 28, 1999, OHCS D issued the following Multifamily Housing Revenue Bonds:

	<u>Issue Amount</u>
1999 Series B	\$ 34,920,000

On November 4, 1999, OHCS D issued the following Mortgage Revenue Bonds (Single-Family Mortgage Program):

	<u>Issue Amount</u>
1999 Series L	\$ 10,000,000
1999 Series M	32,260,000
1999 Series N	22,180,000
1999 Series O	2,210,000

On November 4, 1999, OHCS D issued the following Elderly and Disabled Housing Bonds:

	<u>Issue Amount</u>
1999 Series D	\$ 5,695,000
1999 Series E	19,105,000
1999 Series F	1,375,000

On July 1, 1999, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
1991 Series F	\$ 1,620,000	1995 Series C	1,165,000
1991 Series G	2,740,000	1996 Series B	85,000
1992 Series A	7,355,000	1996 Series E	2,440,000
1992 Series C	310,000	1996 Series I	755,000
1992 Series D	75,000	1997 Series B	485,000
1994 Series A	55,000	1997 Series G	240,000
1994 Series B	170,000	1997 Series I	235,000
1994 Series D	940,000	1998 Series A	30,000
1994 Series E	6,445,000	1998 Series B	50,000
1995 Series A	675,000		

**Notes to the Financial Statements** (Continued)

Proprietary Fund Type — Enterprise Funds

June 30, 1999

On July 14, 1999, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>
1998 Series I	\$ 1,465,000

On August 1, 1999, OHCS D called the following Elderly and Disabled Housing Bonds prior to maturity:

	<u>Amount Called</u>
1978 Series A	\$ 4,110,000
1988 Series A	2,820,000
1989 Series A	1,485,000

On August 16, 1999, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
1991 Series E	\$ 170,000	1995 Series A	\$ 1,130,000
1991 Series F	300,000	1995 Series C	1,765,000
1991 Series G	3,280,000	1995 Series E	295,000
1992 Series A	1,310,000	1996 Series B	370,000
1993 Series B	305,000	1996 Series I	380,000
1994 Series A	245,000	1997 Series B	525,000
1994 Series B	330,000	1997 Series G	140,000
1994 Series D	1,510,000	1997 Series I	245,000
1994 Series E	800,000		

On October 1, 1999, OHCS D called the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
1992 Series A	\$ 4,140,000	1995 Series E	\$ 595,000
1992 Series C	480,000	1996 Series A	60,000
1992 Series D	115,000	1996 Series B	140,000
1993 Series B	265,000	1996 Series I	115,000
1994 Series A	315,000	1997 Series B	400,000
1994 Series B	230,000	1997 Series F	45,000
1994 Series C	130,000	1997 Series G	155,000
1994 Series D	140,000	1998 Series B	90,000
1995 Series A	725,000	1998 Series H	2,025,000
1995 Series C	310,000	1998 Series I	27,770,000

On November 12, 1999, OHCS D published notices to call on December 15, 1999, the following Mortgage Revenue Bonds (Single-Family Mortgage Program) prior to maturity:

	<u>Amount to be Called</u>		<u>Amount to be Called</u>
1992 Series A	\$ 540,000	1995 Series E	\$ 520,000
1992 Series C	2,290,000	1996 Series B	115,000
1992 Series D	105,000	1996 Series D	850,000
1993 Series B	195,000	1996 Series I	345,000
1994 Series A	355,000	1997 Series B	255,000
1994 Series C	275,000	1997 Series G	85,000
1994 Series D	55,000	1997 Series I	150,000
1995 Series A	460,000	1998 Series B	145,000
1995 Series C	180,000	1998 Series G	250,000



## ***Required Supplementary Information***

UNAUDITED

### **Year 2000 Readiness**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment related to date processing and could adversely affect the operations of the government of the State of Oregon.

As of June 30, 1999, the Oregon Housing and Community Services Department (OHCS D) had either completed or was in process of completing all actions in its Year 2000 (Y2K) Plan which are intended to make OHCS D Y2K ready. Following is a summary of each stage of OHCS D's Y2K plan. Completion of these stages is not a guarantee that OHCS D systems and equipment will be Y2K ready, or that the parties with whom OHCS D does business will be Y2K ready.

For the purposes of the information provided herein, "Y2K ready" with respect to an organization means that it has taken reasonable steps meant to ensure that it will be able to continue providing services on and beyond January 1, 2000. "Y2K ready" with respect to a system means that the entity responsible for operation of the system has taken reasonable steps meant to ensure that the system will continue to operate on and beyond January 1, 2000.

**Awareness:** OHCS D has followed the project plan that has been developed by the state of Oregon for addressing issues related to Y2K. This project plan has incorporated an internal assessment of OHCS D systems and equipment, inquiries related to business partners' Y2K readiness, inventory and assessment of OHCS D interfaces, business continuation planning and testing, and certification processes. The state of Oregon Statewide Y2K Project Office has monitored and assisted OHCS D in preparing for Y2K. As of June 30, 1999, OHCS D had performed all the necessary work and provided documentation sufficient to meet the requirements of the Statewide Year 2000 Project Office within the timelines and due dates established by the Statewide Y2K Project Office.

**Assessment:** OHCS D has conducted a Y2K readiness assessment of all hardware, software, and interfaces that OHCS D believes could be affected by the Y2K issue, and which are used to conduct department business. Mission critical systems were identified and given the highest priority for any required action. In addition, OHCS D contacted its key business partners and asked them to provide information regarding their own Y2K risk and readiness.

**Remediation:** As of June 30, 1999, all but two systems either within OHCS D or relied upon by OHCS D were certified as Y2K ready. The Statewide ACH Network System (STAN), a system for transferring funds, became Y2K ready as of August 31, 1999. The Property Management Information System (PROMIS), an in-house system used to monitor Section 8 sub-recipients, became Y2K ready as of September 30, 1999. All OHCS D systems and equipment identified in the Assessment Stage have now been classified as Y2K ready.

**Validation/Testing Stage:** OHCS D has developed a comprehensive testing system for all agency hardware, software, and interfaces. All systems and equipment identified in the Assessment Stage have been tested according to the plan to provide additional assurance that they are Y2K ready.

This statement is a Year 2000 Readiness Disclosure for the purposes of the Information and Readiness Disclosure Act, Pub. L. No. 105-271, 112 Stat. 2386.

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINING BALANCE SHEET**  
 ALL ENTERPRISE FUNDS  
 June 30, 1999

	<b>Housing Finance Fund</b>			
	Housing Finance Account	Combined Program Account	Single-Family Mortgage Program Housing Finance Revenue Bonds	Mortgage Revenue Bonds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 2,237,752	\$ 372	\$ 704,416	\$ 5,111,754
Securities Lending Cash Collateral	230,159	-	24,370	409,249
Investments	860,388	9,802,300	27,120,699	436,872,743
Accrued Interest Receivable	22,425	140,191	603,138	7,277,605
Accounts Receivable	38,998	-	12,840	10,905
Interfund Receivable	146,389	-	28,791	-
Due from Other Agencies	-	-	-	-
Prepaid Expenses	31,611	-	-	-
Loans Receivable (Net)	1,365,193	-	22,649,867	433,849,017
Acquired Property	-	-	-	848,504
Deferred Charges	-	-	69,061	7,104,021
Fixed Assets (Net)	936,867	-	-	-
Advances to Other Funds	75,000	-	-	-
Advances to Other Agencies	-	-	-	-
<b>Total Assets</b>	<b>\$ 5,944,782</b>	<b>\$ 9,942,863</b>	<b>\$ 51,213,182</b>	<b>\$ 891,483,798</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 399,399	\$ -	\$ 7,734	\$ 277,609
Vacation Payable	216,593	-	-	-
Interfund Payable	21	-	-	90,028
Deferred Income	-	-	1,935	11,654
Trust Funds Payable	-	-	-	-
Obligations Under Securities Lending	230,159	-	24,370	409,249
Accrued Interest Payable	3,968	-	575,451	19,320,818
Matured Bonds and Interest Payable	-	-	399,693	92,229
Bonds Payable	-	-	18,845,000	833,003,719
Loans Payable	268,500	-	-	-
Arbitrage Rebate Liability	-	-	-	2,060,836
Advances from Other Agencies	-	-	-	-
<b>Total Liabilities</b>	<b>1,118,640</b>	<b>-</b>	<b>19,854,183</b>	<b>855,266,142</b>
<b>Fund Equity:</b>				
Contributed Capital	906,154	-	-	-
Retained Earnings	3,919,988	9,942,863	31,358,999	36,217,656
<b>Total Fund Equity</b>	<b>4,826,142</b>	<b>9,942,863</b>	<b>31,358,999</b>	<b>36,217,656</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 5,944,782</b>	<b>\$ 9,942,863</b>	<b>\$ 51,213,182</b>	<b>\$ 891,483,798</b>

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1999	1998
\$ 721,988	\$ 92,916	\$ 8,869,198	\$ 68,735,398	\$ 77,604,596	\$ 61,993,782
50,291	5,554	719,623	5,942,807	6,662,430	5,245,295
25,006,842	27,132,782	526,795,754	24,826,824	551,622,578	432,395,558
512,249	238,089	8,793,697	1,752,737	10,546,434	9,218,001
-	-	62,743	145,713	208,456	241,470
-	21	175,201	-	175,201	189,486
-	-	-	276,349	276,349	-
-	-	31,611	-	31,611	72,273
59,911,696	17,269,405	535,045,178	204,681,801	739,726,979	656,585,678
-	-	848,504	-	848,504	236,124
712,464	921,435	8,806,981	3,469,764	12,276,745	11,189,330
-	-	936,867	-	936,867	1,058,498
-	-	75,000	-	75,000	75,000
-	-	-	3,616,175	3,616,175	-
<b>\$ 86,915,530</b>	<b>\$ 45,660,202</b>	<b>\$ 1,091,160,357</b>	<b>\$ 313,447,568</b>	<b>\$ 1,404,607,925</b>	<b>\$ 1,178,500,495</b>
\$ 2,765	\$ 1,766	\$ 689,273	\$ 498,137	\$ 1,187,410	\$ 890,663
-	-	216,593	46,180	262,773	207,967
-	-	90,049	33,721	123,770	92,127
8,337	-	21,926	17,062	38,988	43,994
-	-	-	398,002	398,002	333,992
50,291	5,554	719,623	5,942,807	6,662,430	5,245,295
1,999,296	1,101,218	23,000,751	6,570,908	29,571,659	27,425,001
77,042	-	568,964	133,794	702,758	1,048,549
67,115,554	43,405,000	962,369,273	275,645,644	1,238,014,917	1,015,350,243
-	-	268,500	-	268,500	-
120,635	-	2,181,471	245,513	2,426,984	853,774
-	-	-	-	-	4,797,272
69,373,920	44,513,538	990,126,423	289,531,768	1,279,658,191	1,056,288,877
-	-	906,154	-	906,154	906,154
17,541,610	1,146,664	100,127,780	23,915,800	124,043,580	121,305,464
17,541,610	1,146,664	101,033,934	23,915,800	124,949,734	122,211,618
<b>\$ 86,915,530</b>	<b>\$ 45,660,202</b>	<b>\$ 1,091,160,357</b>	<b>\$ 313,447,568</b>	<b>\$ 1,404,607,925</b>	<b>\$ 1,178,500,495</b>

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS**  
 ALL ENTERPRISE FUNDS  
 For the Year Ended June 30, 1999

	<b>Housing Finance Fund</b>			
	Housing Finance Account	Combined Program Account	<u>Single-Family Mortgage Program</u>	
Housing Finance Revenue Bonds			Mortgage Revenue Bonds	
<b><u>Operating Revenues:</u></b>				
Interest on Loans	\$ 34,235	\$ -	\$ 1,537,880	\$ 27,594,319
Investment Income	128,144	520,985	1,471,329	14,952,134
Transfer/Commitment Fees	1,190,774	-	-	-
Administrative Fees	29,084	-	-	-
Mortgage Credit Certificate Fees	570	-	-	-
Low Income Housing Tax Credit Fees	510,704	-	-	-
Gain on Sale of Foreclosed Property	-	-	24,315	-
Miscellaneous Revenue	125,111	-	-	-
<b>Total Operating Revenues</b>	<u>2,018,622</u>	<u>520,985</u>	<u>3,033,524</u>	<u>42,546,453</u>
<b><u>Operating Expenses:</u></b>				
Interest on Bonds	-	-	1,150,903	38,156,121
Mortgage Service Fees	126	-	77,785	1,483,928
Foreclosure Costs	-	-	16,969	23,192
Bad Debt Expense	44,222	-	-	-
Amortization of Deferred Bond Issuance Costs	-	-	(15,587)	938,362
Real Estate Owned Expenses	-	-	1,716	-
Interest on Loans	3,968	-	-	-
Loss on Disposition of Fixed Assets	3,377	-	-	-
Other Related Program Expenses	561,995	-	8,661	171,879
Administrative Costs:				
Personal Services	3,549,254	-	-	-
Services and Supplies	2,379,443	-	-	-
Depreciation/Amortization	459,629	-	-	-
<b>Total Operating Expenses</b>	<u>7,002,014</u>	<u>-</u>	<u>1,240,447</u>	<u>40,773,482</u>
<b>Operating Income (Loss)</b>	<u>(4,983,392)</u>	<u>520,985</u>	<u>1,793,077</u>	<u>1,772,971</u>
<b><u>Operating Transfers-In (Out):</u></b>				
Operating Transfers-In	8,199,422	1,500,000	-	2,450,000
Operating Transfers-Out	(2,760,296)	(1,500,000)	(3,000,000)	(1,500,000)
Transfer from Other Agencies	-	-	-	-
<b>Total Operating Transfers-In (Out)</b>	<u>5,439,126</u>	<u>-</u>	<u>(3,000,000)</u>	<u>950,000</u>
<b>Net Income (Loss) Before Extraordinary Items</b>	<u>455,734</u>	<u>520,985</u>	<u>(1,206,923)</u>	<u>2,722,971</u>
Extraordinary Loss from Bond Call	-	-	-	(500,822)
<b>Net Income (Loss)</b>	<u>455,734</u>	<u>520,985</u>	<u>(1,206,923)</u>	<u>2,222,149</u>
<b>Retained Earnings – Beginning</b>	3,464,254	9,421,878	32,565,922	33,995,507
Change in Accounting Principle (GASB 31)	-	-	-	-
<b>Retained Earnings – Beginning – As Restated</b>	<u>3,464,254</u>	<u>9,421,878</u>	<u>32,565,922</u>	<u>33,995,507</u>
<b>Retained Earnings – Ending</b>	<u>\$ 3,919,988</u>	<u>\$ 9,942,863</u>	<u>\$ 31,358,999</u>	<u>\$ 36,217,656</u>

Totals

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1999	1998
\$ 5,698,513	\$ 668,594	\$ 35,533,541	\$ 16,065,896	\$ 51,599,437	\$ 49,470,569
579,361	980,157	18,632,110	2,872,389	21,504,499	29,290,017
-	-	1,190,774	335,392	1,526,166	1,222,215
415,819	-	444,903	142,198	587,101	875,389
-	-	570	-	570	6,569
-	-	510,704	-	510,704	466,363
-	-	24,315	-	24,315	-
-	-	125,111	3,879	128,990	288,188
<u>6,693,693</u>	<u>1,648,751</u>	<u>56,462,028</u>	<u>19,419,754</u>	<u>75,881,782</u>	<u>81,619,310</u>
4,005,879	1,895,338	45,208,241	15,372,604	60,580,845	55,619,972
44,311	1,540	1,607,690	86,013	1,693,703	1,560,202
-	-	40,161	-	40,161	8,099
(5,642)	27,615	66,195	65,875	132,070	255,006
90,215	40,049	1,053,039	198,275	1,251,314	904,281
-	-	1,716	-	1,716	-
-	-	3,968	-	3,968	-
-	-	3,377	-	3,377	-
242,339	65,761	1,050,635	210,166	1,260,801	983,742
-	-	3,549,254	821,063	4,370,317	3,340,984
-	-	2,379,443	531,937	2,911,380	2,209,847
-	-	459,629	810	460,439	256,705
<u>4,377,102</u>	<u>2,030,303</u>	<u>55,423,348</u>	<u>17,286,743</u>	<u>72,710,091</u>	<u>65,138,838</u>
<u>2,316,591</u>	<u>(381,552)</u>	<u>1,038,680</u>	<u>2,133,011</u>	<u>3,171,691</u>	<u>16,480,472</u>
-	300,000	12,449,422	-	12,449,422	9,519,135
(3,481,893)	-	(12,242,189)	(207,194)	(12,449,383)	(9,519,135)
-	-	-	67,208	67,208	-
(3,481,893)	300,000	207,233	(139,986)	67,247	-
(1,165,302)	(81,552)	1,245,913	1,993,025	3,238,938	16,480,472
-	-	(500,822)	-	(500,822)	(558,015)
<u>(1,165,302)</u>	<u>(81,552)</u>	<u>745,091</u>	<u>1,993,025</u>	<u>2,738,116</u>	<u>15,922,457</u>
18,706,912	1,228,216	99,382,689	21,922,775	121,305,464	101,639,530
-	-	-	-	-	3,743,477
<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>105,383,007</u>
<b><u>\$ 17,541,610</u></b>	<b><u>\$ 1,146,664</u></b>	<b><u>\$ 100,127,780</u></b>	<b><u>\$ 23,915,800</u></b>	<b><u>\$ 124,043,580</u></b>	<b><u>\$ 121,305,464</u></b>

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
 ALL ENTERPRISE FUNDS  
 For the Year Ended June 30, 1999

	<b>Housing Finance Fund</b>			
	<u>Single-Family Mortgage Program</u>			
	<u>Housing Finance Account</u>	<u>Combined Program Account</u>	<u>Housing Finance Revenue Bonds</u>	<u>Mortgage Revenue Bonds</u>
<b><u>Cash Flows from Operating Activities:</u></b>				
Operating Income (Loss)	\$ (4,983,392)	\$ 520,985	\$ 1,793,077	\$ 1,772,971
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u></b>				
Depreciation and Amortization	459,629	-	-	-
Amortization of Deferred Bond Issue Costs	-	-	(15,587)	938,362
Interest Income on Investments	(120,726)	(520,985)	(1,468,451)	(14,858,986)
Interest Expense on Bonds	-	-	1,150,903	38,156,121
Interest Expense on Loans	3,968	-	-	-
Loss on Disposition of Assets	3,377	-	-	-
<b><u>(Increase)/Decrease in Assets:</u></b>				
Loan Interest Receivable	(10,387)	-	(5,287)	(266,268)
Accounts Receivable	168,434	-	(5,515)	14,948
Interfund Receivable	(59,037)	-	5,226	-
Due from Other Agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid Expenses	40,593	-	-	-
Loans Receivable (Net)	(607,901)	-	(2,174,325)	(61,054,919)
Acquired Property	-	-	78,411	(690,791)
Advances to Other Agencies	-	-	-	-
<b><u>Increase/(Decrease) in Liabilities:</u></b>				
Accounts Payable	(15,356)	-	748	63,571
Vacation Payable	47,711	-	-	-
Interfund Payable	(13,797)	-	(905)	64,395
Deferred Income	-	-	(145)	(2,540)
Trust Funds Payable	-	-	-	-
Matured Bonds and Interest Payable	-	-	(173,451)	(40,998)
Advances from Other Agencies	-	-	-	-
<b>Total Adjustments</b>	<u>(103,492)</u>	<u>(520,985)</u>	<u>(2,608,378)</u>	<u>(37,677,105)</u>
<b>Net Cash Provided (Used) in Operating Activities</b>	<u>(5,086,884)</u>	<u>-</u>	<u>(815,301)</u>	<u>(35,904,134)</u>

Assisted or Insured Multi-Unit Program	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	Totals	
				1999	1998
\$ 2,316,591	\$ (381,552)	\$ 1,038,680	\$ 2,133,011	\$ 3,171,691	\$ 16,480,472
-	-	459,629	810	460,439	256,705
90,215	40,049	1,053,039	198,275	1,251,314	904,281
(570,715)	(979,482)	(18,519,345)	(2,653,378)	(21,172,723)	(28,930,218)
4,005,879	1,895,338	45,208,241	15,372,604	60,580,845	55,619,972
-	-	3,968	-	3,968	-
-	-	3,377	-	3,377	-
(9,665)	(57,280)	(348,887)	92,060	(256,827)	(527,786)
-	-	177,867	(144,853)	33,014	(149,944)
54,317	(21)	485	13,800	14,285	468,403
-	-	-	(248,272)	(248,272)	225,000
-	-	-	-	-	6,375
-	-	40,593	69	40,662	(72,206)
2,659,180	(11,018,493)	(72,196,458)	(10,944,843)	(83,141,301)	(31,332,911)
-	-	(612,380)	-	(612,380)	(236,124)
-	-	-	(3,616,175)	(3,616,175)	-
563	1,708	51,234	245,513	296,747	(35,424)
-	-	47,711	7,095	54,806	26,873
-	-	49,693	(18,050)	31,643	(420,723)
(662)	-	(3,347)	(1,659)	(5,006)	20,539
(13,818)	-	(13,818)	77,828	64,010	336
(83,015)	-	(297,464)	(48,327)	(345,791)	(689,929)
-	-	-	(4,797,272)	(4,797,272)	2,481,160
6,132,279	(10,118,181)	(44,895,862)	(6,464,775)	(51,360,637)	(2,385,621)
8,448,870	(10,499,733)	(43,857,182)	(4,331,764)	(48,188,946)	14,094,851

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STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
 ALL ENTERPRISE FUNDS  
 For the Year Ended June 30, 1999

	<b>Housing Finance Fund</b>			
	Housing Finance Account	Combined Program Account	<u>Single-Family Mortgage Program</u>	
Housing Finance Revenue Bonds			Mortgage Revenue Bonds	
<b>Net Cash Provided (Used) in Operating Activities</b>	(5,086,884)	-	(815,301)	(35,904,134)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>				
Proceeds from Bond Sales	-	-	-	335,712,466
Principal Payments on Bonds	-	-	(1,110,000)	(153,640,000)
Interest Payments on Bonds	-	-	(1,183,093)	(36,792,311)
Loan Proceeds	268,500	-	-	-
Operating Transfers-In	8,199,422	1,500,000	-	2,450,000
Operating Transfers-Out	(2,760,296)	(1,500,000)	(3,000,000)	(1,500,000)
Bond Issue Costs	-	-	-	(2,151,843)
Bond Call Costs	-	-	-	(780)
Interest Paid on Securities Lending	(7,418)	-	(2,878)	(93,148)
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	5,700,208	-	(5,295,971)	143,984,384
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>				
Acquisition of Capital Assets	(342,185)	-	-	-
<b>Net Cash Provided (Used) in Capital and Related Financing Activities:</b>	(342,185)	-	-	-
<b><u>Cash Flows from Investing Activities:</u></b>				
Purchase of Investments	(1,230,327)	(10,390,149)	(32,190,569)	(618,012,529)
Proceeds from Sales and Maturities of Investments	1,162,134	10,127,200	36,834,984	497,833,146
Interest on Cash and Investments	118,374	262,711	1,036,670	13,014,027
Investment Income on Securities Lending	7,418	-	2,878	93,148
<b>Net Cash Provided (Used) in Investing Activities:</b>	57,599	(238)	5,683,963	(107,072,208)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	328,738	(238)	(427,309)	1,008,042
<b>Cash and Cash Equivalents Balance – Beginning</b>	1,909,014	610	1,131,725	4,103,712
<b>Cash and Cash Equivalents Balance – Ending</b>	<b>\$ 2,237,752</b>	<b>\$ 372</b>	<b>\$ 704,416</b>	<b>\$ 5,111,754</b>

				Totals	
	Multifamily Housing Revenue Bonds	Total	Elderly and Disabled Housing Program	1999	1998
8,448,870	(10,499,733)	(43,857,182)	(4,331,764)	(48,188,946)	14,094,851
–	12,495,378	348,207,844	37,646,611	385,854,455	241,273,377
(3,135,000)	–	(157,885,000)	(4,950,000)	(162,835,000)	(143,865,000)
(4,289,603)	(1,743,607)	(44,008,614)	(14,998,222)	(59,006,836)	(53,676,506)
–	–	268,500	–	268,500	–
–	300,000	12,449,422	39,131	12,488,553	9,519,135
(3,481,893)	–	(12,242,189)	(207,194)	(12,449,383)	(9,519,135)
–	(236,661)	(2,388,504)	(450,267)	(2,838,771)	(2,144,518)
–	–	(780)	–	(780)	(23,199)
(8,646)	(675)	(112,765)	(219,011)	(331,776)	(359,799)
(10,915,142)	10,814,435	144,287,914	16,861,048	161,148,962	41,204,355
–	–	(342,185)	–	(342,185)	(1,043,122)
–	–	(342,185)	–	(342,185)	(1,043,122)
(26,557,423)	(60,439,538)	(748,820,535)	(4,065,250)	(752,885,785)	(585,667,736)
28,331,400	57,773,000	632,061,864	1,427,302	633,489,166	503,890,975
814,428	2,169,437	17,415,647	4,642,179	22,057,826	17,042,175
8,646	675	112,765	219,011	331,776	359,799
2,597,051	(496,426)	(99,230,259)	2,223,242	(97,007,017)	(64,374,787)
130,779	(181,724)	858,288	14,752,526	15,610,814	(10,118,703)
591,209	274,640	8,010,910	53,982,872	61,993,782	72,112,485
<b>\$ 721,988</b>	<b>\$ 92,916</b>	<b>\$ 8,869,198</b>	<b>\$ 68,735,398</b>	<b>\$ 77,604,596</b>	<b>\$ 61,993,782</b>



**STATISTICAL SECTION**

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

	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b><u>Operating Revenues:</u></b>			
Interest on Loans	\$ 51,599,437	\$ 49,470,569	\$ 45,586,467
Investment Income	21,504,499	29,290,017	25,172,612
Transfer/Commitment Fees	1,526,166	1,222,215	1,096,097
Administrative Fees	587,101	875,389	722,154
Mortgage Credit Certificate Fees	570	6,569	14,406
Low Income Housing Tax Credit Fees	510,704	466,363	435,412
Gain on Sale of Investments	-	-	181,005
Gain on Sale of Foreclosed Property	24,315	-	22,894
Rental Income	-	-	-
Miscellaneous Revenue	128,990	288,188	103,457
	<hr/>	<hr/>	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 75,881,782</b>	<b>\$ 81,619,310</b>	<b>\$ 73,334,504</b>
	<hr/>	<hr/>	<hr/>
<b><u>Operating Expenses:</u></b>			
Interest on Bonds	\$ 60,580,845	\$ 55,619,972	\$ 52,221,672
Mortgage Service Fees	1,693,703	1,560,202	1,434,703
Foreclosure Costs	40,161	8,099	28,218
Bad Debt Expense	132,070	255,006	126,822
Amortization of Deferred Bond Issuance Costs	1,251,314	904,281	822,151
Real Estate Owned Expenses	1,716	-	-
Interest on Loans	3,968	-	-
Other Related Program Expenses	1,260,801	983,742	1,224,415
Loss on Disposition of Fixed Assets	3,377	-	-
Loss on Acquisition of Acquired Property	-	-	-
<b><u>Administrative Costs:</u></b>			
Personal Services	4,370,317	3,340,984	3,114,905
Services and Supplies	2,911,380	2,209,847	2,592,456
Depreciation/Amortization	460,439	256,705	95,349
	<hr/>	<hr/>	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 72,710,091</b>	<b>\$ 65,138,838</b>	<b>\$ 61,660,691</b>
	<hr/>	<hr/>	<hr/>
<b><u>Operating Transfers-In (Out):</u></b>			
Operating Transfers-In	\$ 12,449,422	\$ 9,519,135	\$ 11,673,721
Operating Transfers-Out	(12,449,383)	(9,519,135)	(11,665,847)
Transfer from Other Agencies	67,208	-	45,000
Transfer to Other Agencies	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Operating Transfers-In (Out)</b>	<b>\$ 67,247</b>	<b>\$ -</b>	<b>\$ 52,874</b>
	<hr/>	<hr/>	<hr/>

UNAUDITED

	1996	1995	1994	1993	1992	1991	1990
\$	42,217,704	\$ 39,849,335	\$ 39,508,204	\$ 41,742,248	\$ 41,581,361	\$ 39,409,772	\$ 39,322,585
	20,716,644	14,450,783	10,209,311	12,644,391	16,678,574	18,681,040	16,147,622
	678,957	1,271,136	448,466	375,700	546,354	579,885	–
	677,743	656,698	545,663	498,436	498,431	456,357	454,095
	73,316	257,897	153,657	63,005	33,805	41,850	65,418
	376,154	316,791	467,651	84,196	477,428	121,724	10,757
	149,023	146,304	4,376,995	790,146	5,894,242	29,301	2,488,967
	49,115	35,651	89,245	95,893	134,092	367,297	460,221
	–	–	43,000	6,909	902,756	1,274,049	681,814
	150,327	147,347	100,976	202,192	33,967	76,427	24,273
<u>\$</u>	<u>65,088,983</u>	<u>\$ 57,131,942</u>	<u>\$ 55,943,168</u>	<u>\$ 56,503,116</u>	<u>\$ 66,781,010</u>	<u>\$ 61,037,702</u>	<u>\$ 59,655,752</u>
\$	47,278,234	\$ 40,263,376	\$ 39,663,119	\$ 45,311,622	\$ 49,292,039	\$ 49,561,978	\$ 47,445,075
	1,541,821	1,414,408	1,352,979	1,399,008	1,344,156	1,244,434	1,252,791
	10,123	56,286	71,273	82,630	141,958	314,022	742,217
	99,748	187,591	132,673	340,812	90,497	–	149,734
	651,782	565,316	621,290	981,868	848,208	673,457	655,864
	–	–	–	11,433	809,607	973,741	467,817
	–	–	–	–	–	–	–
	364,105	1,264,734	790,836	1,080,460	338,464	793,532	218,307
	10,959	–	–	891	–	–	–
	–	–	–	–	–	741,746	–
	3,016,443	2,736,183	2,398,642	2,388,498	2,044,421	1,597,248	1,372,910
	1,725,836	1,434,329	1,448,007	1,100,175	1,131,099	902,727	754,069
	80,743	39,874	278,342	137,324	113,433	53,688	37,377
<u>\$</u>	<u>54,779,794</u>	<u>\$ 47,962,097</u>	<u>\$ 46,757,161</u>	<u>\$ 52,834,721</u>	<u>\$ 56,153,882</u>	<u>\$ 56,856,573</u>	<u>\$ 53,096,161</u>
\$	7,484,622	\$ 1,823,859	\$ 47,191,263	\$ 14,894,106	\$ 184,258,583	\$ 11,540,780	\$ 7,517,970
	(7,476,205)	(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>\$</u>	<u>8,417</u>	<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>

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**MORTGAGE LOANS OUTSTANDING – BY COUNTY**  
 ENTERPRISE FUNDS  
 June 30, 1999

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
1 Baker	–	\$ –	4	\$ 88,635	35	\$ 1,830,582
2 Benton	–	–	4	99,780	46	3,244,494
3 Clackamas	–	–	10	343,931	225	17,163,961
4 Clatsop	–	–	1	102,264	16	901,473
5 Columbia	–	–	7	515,090	30	2,484,718
6 Coos	–	–	10	386,239	156	8,815,576
7 Crook	–	–	9	582,467	26	1,464,200
8 Curry	–	–	1	63,314	5	328,640
9 Deschutes	1	32,861	17	1,034,258	156	8,855,234
10 Douglas	–	–	16	862,107	48	2,472,123
11 Gilliam	–	–	1	57,045	3	173,893
12 Grant	–	–	2	131,479	5	268,620
13 Harney	–	–	2	118,309	5	237,388
14 Hood River	–	–	1	29,452	9	502,908
15 Jackson	–	–	14	365,897	405	27,780,481
16 Jefferson	–	–	5	210,556	27	1,615,393
17 Josephine	–	–	13	834,824	208	15,185,434
18 Klamath	–	–	12	259,359	152	7,780,718
19 Lake	–	–	1	44,747	11	616,149
20 Lane	–	–	29	874,898	642	38,249,890
21 Lincoln	1	13,644	2	169,807	16	1,049,564
22 Linn	–	–	12	365,113	174	10,375,989
23 Malheur	1	93,125	9	294,725	55	2,695,447
24 Marion	3	436,268	43	1,451,808	780	50,123,117
25 Morrow	–	–	4	189,068	40	2,069,677
26 Multnomah	–	–	171	3,457,432	2,282	157,442,856
27 Polk	1	55,000	26	1,918,016	73	4,187,601
28 Sherman	–	–	–	–	3	183,169
29 Tillamook	–	–	–	–	13	720,580
30 Umatilla	–	–	43	1,936,506	398	20,771,410
31 Union	–	–	14	902,258	137	7,305,115
32 Wallowa	–	–	2	154,180	17	979,148
33 Wasco	–	–	1	7,616	13	665,250
34 Washington	–	–	18	935,096	372	29,306,754
35 Wheeler	–	–	–	–	–	–
36 Yamhill	2	154,790	40	3,863,591	79	6,001,465
<b>Total</b>	<b>9</b>	<b>\$ 785,688</b>	<b>544</b>	<b>\$ 22,649,867</b>	<b>6,662</b>	<b>\$ 433,849,017</b>

*Non-Mortgage Loans totaling \$618,727 for Housing Finance Account and \$3,527,771 for Elderly and Disabled Housing Program are not included.*

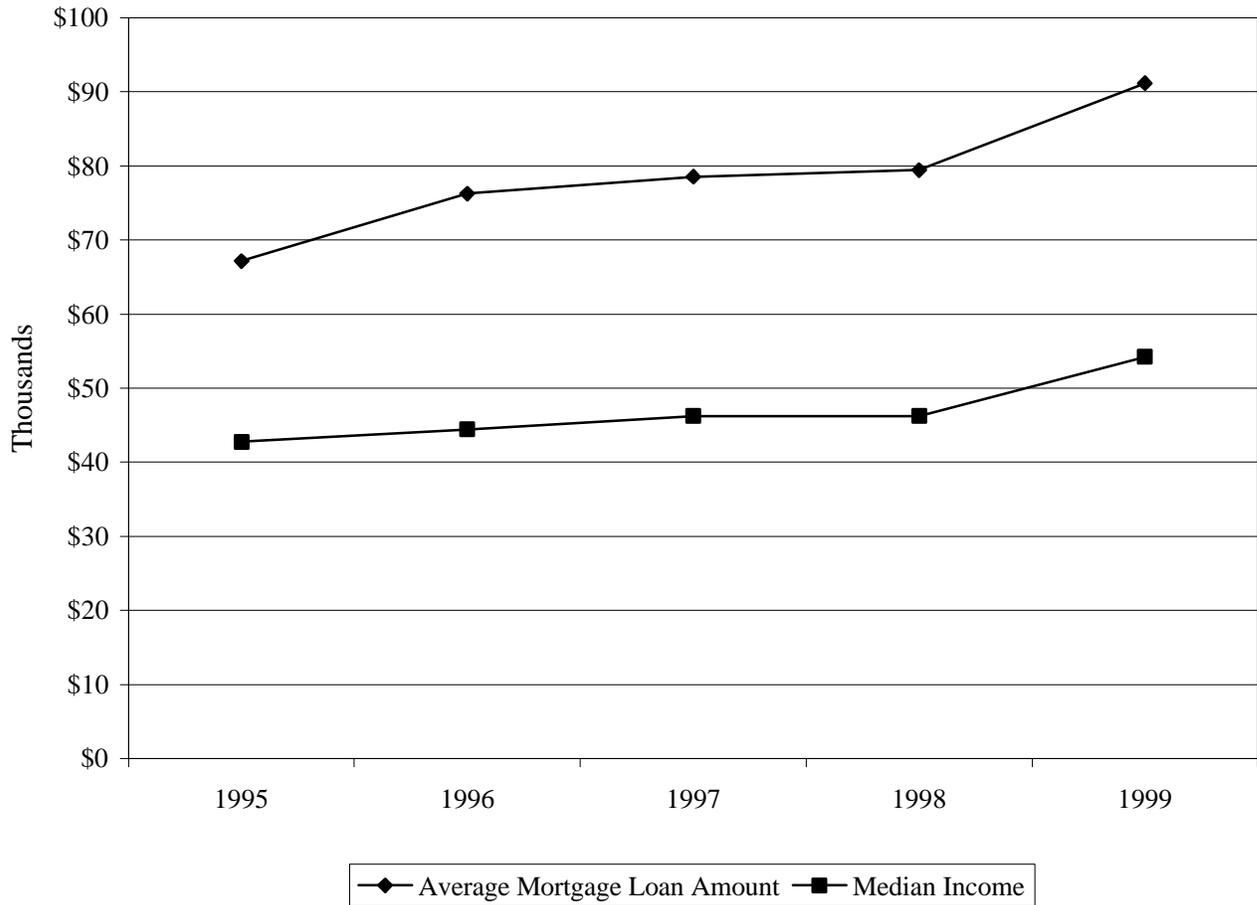
Assisted or Insured Multi-Unit Program		Multifamily Housing Revenue Bonds		Elderly and Disabled Housing Program		Total	
Number of Projects	Principal Amount	Number of Projects	Principal Amount	Number of Projects	Principal Amount	Number of Projects	Principal Amount
1	\$ 217,259	–	\$ –	1	\$ 298,539	41	\$ 2,435,015
2	1,630,878	–	–	5	1,860,816	57	6,835,968
7	3,242,418	–	–	24	13,078,592	266	33,828,902
1	1,186,360	–	–	3	160,943	21	2,351,040
1	1,043,420	–	–	6	1,443,969	44	5,487,197
2	927,074	–	–	7	3,610,726	175	13,739,615
3	565,378	–	–	1	1,599,905	39	4,211,950
–	–	–	–	2	105,280	8	497,234
7	1,624,442	–	–	7	5,125,662	188	16,672,457
7	2,007,884	–	–	9	8,815,967	80	14,158,081
–	–	–	–	1	1,196,773	5	1,427,711
4	1,081,156	–	–	2	105,906	13	1,587,161
1	138,575	–	–	1	1,725,152	9	2,219,424
2	1,308,490	–	–	2	1,777,220	14	3,618,070
15	4,697,304	–	–	11	11,193,867	445	44,037,549
3	815,437	–	–	2	1,055,964	37	3,697,350
3	453,995	–	–	5	6,626,673	229	23,100,926
2	1,363,093	–	–	2	119,109	168	9,522,279
–	–	–	–	–	–	12	660,896
12	7,407,067	–	–	24	19,835,128	707	66,366,983
2	1,432,354	–	–	6	6,693,507	27	9,358,876
3	496,664	–	–	9	8,456,986	198	19,694,752
4	584,803	–	–	2	76,932	71	3,745,032
11	3,214,313	–	–	41	26,085,455	878	81,310,961
–	–	–	–	–	–	44	2,258,745
8	9,995,949	4	13,767,804	45	43,375,094	2,510	228,039,135
1	910,223	–	–	13	8,053,913	114	15,124,753
–	–	–	–	–	–	3	183,169
1	82,274	–	–	3	3,936,462	17	4,739,316
6	1,773,858	–	–	8	3,160,613	455	27,642,387
3	1,318,895	–	–	4	2,143,444	158	11,669,712
–	–	–	–	2	1,662,868	21	2,796,196
1	732,836	–	–	1	53,075	16	1,458,777
7	8,687,633	1	3,544,882	18	10,801,970	416	53,276,335
–	–	–	–	1	533,784	1	533,784
1	1,098,477	–	–	10	10,534,512	132	21,652,835
<u>121</u>	<u>\$ 60,038,509</u>	<u>5</u>	<u>\$ 17,312,686</u>	<u>278</u>	<u>\$ 205,304,806</u>	<u>7,619</u>	<u>\$ 739,940,573</u>

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

		<u>1999</u>		<u>1998</u>		<u>1997</u>		<u>1996</u>		<u>1995</u>
<b><u>Housing Finance Account</u></b>										
Original Loan Amount	\$	333,013	\$	99,950	\$	100,000	\$	55,000	\$	273,999
Average Loan Amount		166,506		99,950		100,000		55,000		68,500
Number of New Loans		2		1		1		1		4
 <b><u>Housing Finance Revenue Bonds</u></b>										
Original Loan Amount	\$	5,303,636	\$	5,152,647	\$	5,040,297	\$	2,709,750	\$	283,709
Average Loan Amount		85,543		79,271		82,628		82,114		56,742
Number of New Loans		62		65		61		33		5
 <b><u>Mortgage Revenue Bonds</u></b>										
Original Loan Amount	\$	129,085,698	\$	70,370,617	\$	84,253,924	\$	60,721,967	\$	71,623,660
Average Loan Amount		91,420		79,425		78,303		75,997		67,189
Number of New Loans		1,412		886		1,076		799		1,066
 <b><u>Assisted or Insured Multi-Unit Program</u></b>										
Original Loan Amount	\$	—	\$	85,000	\$	—	\$	1,250,503	\$	821,900
Average Loan Amount		—		85,000		—		625,252		164,380
Number of New Loans		—		1		—		2		5
 <b><u>Multifamily Housing Revenue Bonds</u></b>										
Original Loan Amount	\$	11,130,000	\$	6,277,240	\$	—	\$	—	\$	—
Average Loan Amount		3,710,000		3,138,620		—		—		—
Number of New Loans		3		2		—		—		—
 <b><u>Elderly and Disabled Housing Program</u></b>										
Original Loan Amount	\$	24,318,182	\$	10,249,689	\$	26,569,176	\$	23,990,131	\$	17,349,841
Average Loan Amount		579,004		788,438		885,639		1,332,785		693,994
Number of New Loans		42		13		30		18		25

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

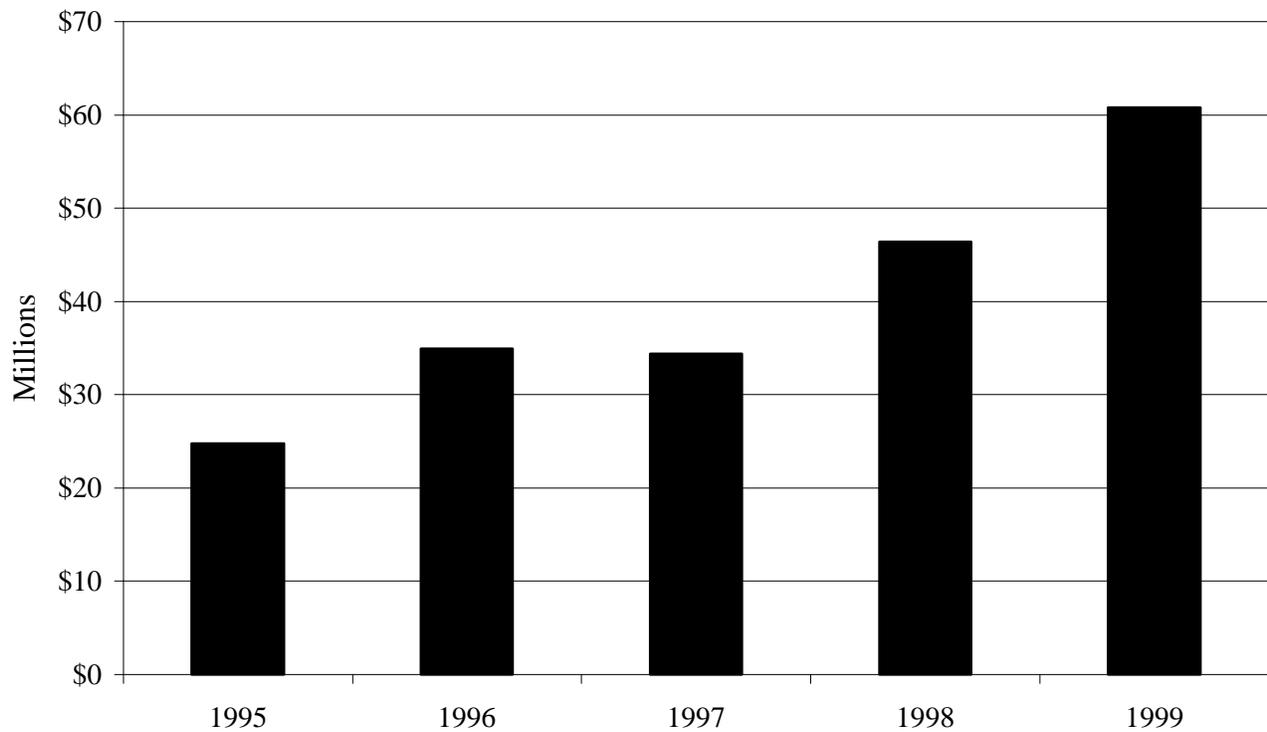
Single Family Mortgage Program  
Average New Mortgage Loan Amount  
versus Median Income



	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Average Loan Amount</b>	\$67,140	\$76,240	\$78,535	\$79,415	\$91,173
<b>Median Income for a 4-Person Family in the State of Oregon</b>	\$42,745	\$44,432	\$46,229	\$46,245	\$54,226

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

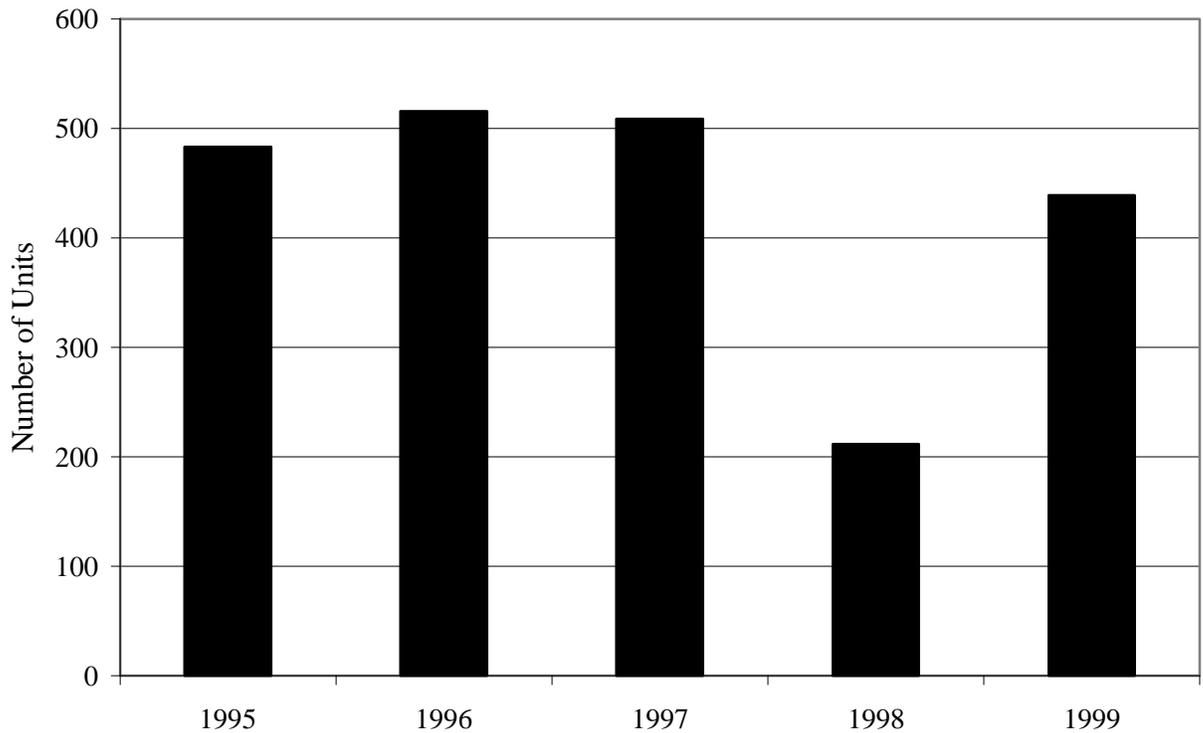
Single Family Mortgage Program  
 Mortgage Loan Payoffs



	1995	1996	1997	1998	1999
Prepaid Principal	\$24,742,152	\$34,934,262	\$34,410,395	\$46,365,256	\$60,786,689

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

Elderly and Disabled Housing  
Units Financed



	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Number of Units	483	516	509	212	439



## **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, 1999

	Governmental Funds				
	Special Revenue Funds				
	General Fund	Housing Programs	Food Programs	Energy Programs	Other Programs
<b>Assets</b>					
Cash	\$ —	\$ 9,847,933	\$ 120,491	\$ 126,100	\$ 775,097
Securities Lending Cash Collateral	—	808,965	—	—	68,579
Investments	—	—	—	—	—
Accrued Interest Receivable	—	—	—	—	—
Accounts Receivable	1,168	45,198	—	2,580	1,147
Federal Receivable	—	297,739	48,760	954,802	764,962
Interfund Receivable	—	437,883	—	39	—
Due from Other Agencies	—	15,112	—	—	15,422
Due from State General Fund	726,213	—	—	—	—
Prepaid Expenditures	—	—	—	—	—
Loans Receivable	—	299,999	—	—	—
Furniture and Equipment	—	—	—	—	—
Data Processing Software	—	—	—	—	—
Amount to Provide for Vacation Payable	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 727,381</b>	<b>\$ 11,752,829</b>	<b>\$ 169,251</b>	<b>\$ 1,083,521</b>	<b>\$ 1,625,207</b>
<b>Liabilities, Equity, and Other Credits</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 438,345	\$ 1,626,501	\$ 83,718	\$ 1,015,741	\$ 777,003
Vacation Payable	1,455	9,301	640	4,708	3,158
Interfund Payable	287,581	26,278	1,941	13,399	7,232
Due to Federal Government	—	1,443,157	—	—	—
Deferred Income	—	279,241	—	—	—
Obligations Under Securities Lending	—	808,965	—	—	68,579
Advance from Other Funds	—	50,000	—	—	25,000
<b>Total Liabilities</b>	<b>727,381</b>	<b>4,243,443</b>	<b>86,299</b>	<b>1,033,848</b>	<b>880,972</b>
<b>Equity and Other Credits:</b>					
Investment in Fixed Assets	—	—	—	—	—
Investment in Data Processing Software	—	—	—	—	—
<b>Fund Balances:</b>					
Reserved for Trust Fund Principal	—	—	—	—	—
Reserved for Prepaid Expenditures	—	—	—	—	—
Reserved for Loans Receivable	—	299,999	—	—	—
Unreserved, Undesignated	—	7,209,387	82,952	49,673	744,235
<b>Total Equities and Other Credits</b>	<b>—</b>	<b>7,509,386</b>	<b>82,952</b>	<b>49,673</b>	<b>744,235</b>
<b>Total Liabilities, Equities, and Other Credits</b>	<b>\$ 727,381</b>	<b>\$ 11,752,829</b>	<b>\$ 169,251</b>	<b>\$ 1,083,521</b>	<b>\$ 1,625,207</b>

		Fiduciary Funds		Account Groups		Totals (Memorandum Only)	
Total	Non- Expendable Trust Fund	Expendable Trust Fund	General Fixed Assets	General Long-Term Debt	1999	1998	
\$ 10,869,621	\$ 2,636,750	\$ 39	\$ -	\$ -	\$ 13,506,410	\$ 9,041,290	
877,544	229,340	3	-	-	1,106,887	726,498	
-	12,722,625	-	-	-	12,722,625	12,863,250	
-	293,508	-	-	-	293,508	334,369	
48,925	-	-	-	-	50,093	20,410	
2,066,263	-	-	-	-	2,066,263	957,475	
437,922	-	-	-	-	437,922	3,807,803	
30,534	-	-	-	-	30,534	66,479	
-	-	-	-	-	726,213	2,120,638	
-	-	-	-	-	-	138	
299,999	-	-	-	-	299,999	100,000	
-	-	-	34,227	-	34,227	34,227	
-	-	-	11,621	-	11,621	11,621	
-	-	-	-	57,784	57,784	64,856	
<b>\$ 14,630,808</b>	<b>\$ 15,882,223</b>	<b>\$ 42</b>	<b>\$ 45,848</b>	<b>\$ 57,784</b>	<b>\$ 31,344,086</b>	<b>\$ 30,149,054</b>	
\$ 3,502,963	\$ -	\$ -	\$ -	\$ -	\$ 3,941,308	\$ 1,093,881	
17,807	-	-	-	57,784	77,046	86,475	
48,850	152,883	39	-	-	489,353	3,905,162	
1,443,157	-	-	-	-	1,443,157	415,913	
279,241	-	-	-	-	279,241	-	
877,544	229,340	3	-	-	1,106,887	726,498	
75,000	-	-	-	-	75,000	75,000	
6,244,562	382,223	42	-	57,784	7,411,992	6,302,929	
-	-	-	34,227	-	34,227	34,227	
-	-	-	11,621	-	11,621	11,621	
-	15,500,000	-	-	-	15,500,000	15,500,000	
-	-	-	-	-	-	138	
299,999	-	-	-	-	299,999	100,000	
8,086,247	-	-	-	-	8,086,247	8,200,139	
8,386,246	15,500,000	-	45,848	-	23,932,094	23,846,125	
<b>\$ 14,630,808</b>	<b>\$ 15,882,223</b>	<b>\$ 42</b>	<b>\$ 45,848</b>	<b>\$ 57,784</b>	<b>\$ 31,344,086</b>	<b>\$ 30,149,054</b>	

STATE OF OREGON  
**OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
 GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 For the Year Ended June 30, 1999

	Governmental Funds			
	General Fund	Special Revenue Funds		
		Housing Programs	Food Programs	Energy Programs
<b>Revenues:</b>				
Federal Revenue	\$ —	\$ 36,609,000	\$ 656,297	\$ 17,053,299
Interest Income	—	458,357	—	24
Investment Income	—	47,726	—	—
Income from Others	—	341,041	—	—
Assessment Fees	—	—	—	—
Charges for Services	—	—	—	75
Miscellaneous Revenue	—	—	21,553	—
<b>Total Revenues</b>	<b>—</b>	<b>37,456,124</b>	<b>677,850</b>	<b>17,053,398</b>
<b>Expenditures:</b>				
Personal Services	74,445	651,501	(1,456)	348,095
Services and Supplies	13,905	222,883	541	222,122
Capital Outlay	—	—	—	—
Special Payments	2,092,132	42,762,984	656,128	16,778,595
<b>Total Expenditures</b>	<b>2,180,482</b>	<b>43,637,368</b>	<b>655,213</b>	<b>17,348,812</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,180,482)</b>	<b>(6,181,244)</b>	<b>22,637</b>	<b>(295,414)</b>
<b>Other Financing Sources (Uses):</b>				
Appropriations	7,576,918	—	—	—
Operating Transfers—In	—	6,343,379	—	70,000
Operating Transfers—Out	(5,396,436)	(170,849)	—	(70,039)
Transfer from Other Agencies	—	171,437	—	—
Transfer to Other Agencies	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>2,180,482</b>	<b>6,343,967</b>	<b>—</b>	<b>(39)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>—</b>	<b>162,723</b>	<b>22,637</b>	<b>(295,453)</b>
<b>Fund Balances – Beginning</b>	<b>—</b>	<b>7,146,802</b>	<b>60,315</b>	<b>345,126</b>
Changes in Reserved for Prepaid Expenditures	—	(138)	—	—
Changes in Reserved for Loans Receivable	—	199,999	—	—
Prior Period Adjustment	—	—	—	—
<b>Fund Balances – Ending</b>	<b>\$ —</b>	<b>\$ 7,509,386</b>	<b>\$ 82,952</b>	<b>\$ 49,673</b>

		Fiduciary Fund		Totals (Memorandum Only)	
Other Programs	Total	Expendable Trust Fund	1999	1998	
\$ 5,279,489	\$ 59,598,085	\$ -	\$ 59,598,085	\$ 57,628,559	
41,076	499,457	1,171	500,628	591,323	
3,313	51,039	95	51,134	(244,796)	
-	341,041	-	341,041	424,930	
269,996	269,996	-	269,996	263,114	
-	75	-	75	-	
1,432	22,985	-	22,985	58,339	
<u>5,595,306</u>	<u>60,782,678</u>	<u>1,266</u>	<u>60,783,944</u>	<u>58,721,469</u>	
343,423	1,341,563	-	1,416,008	1,438,373	
198,761	644,307	134	658,346	606,207	
-	-	-	-	575	
<u>5,168,152</u>	<u>65,365,859</u>	<u>26,848</u>	<u>67,484,839</u>	<u>63,454,982</u>	
<u>5,710,336</u>	<u>67,351,729</u>	<u>26,982</u>	<u>69,559,193</u>	<u>65,500,137</u>	
<u>(115,030)</u>	<u>(6,569,051)</u>	<u>(25,716)</u>	<u>(8,775,249)</u>	<u>(6,778,668)</u>	
-	-	-	7,576,918	6,394,520	
-	6,413,379	-	6,413,379	6,805,032	
-	(240,888)	-	(5,637,324)	(5,600,449)	
136,948	308,385	-	308,385	228,814	
-	-	-	-	(10,925)	
<u>136,948</u>	<u>6,480,876</u>	<u>-</u>	<u>8,661,358</u>	<u>7,816,992</u>	
<u>21,918</u>	<u>(88,175)</u>	<u>(25,716)</u>	<u>(113,891)</u>	<u>1,038,324</u>	
722,317	8,274,560	25,716	8,300,276	7,148,170	
-	(138)	-	(138)	138	
-	199,999	-	199,999	100,000	
-	-	-	-	13,645	
<u>\$ 744,235</u>	<u>\$ 8,386,246</u>	<u>\$ -</u>	<u>\$ 8,386,246</u>	<u>\$ 8,300,277</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 Actuals</u>	<u>Variance</u>
Governmental Fund Types	<u>\$ 88,772,095</u>	<u>\$ 39,970,761</u>	<u>\$ 44,263,698</u>	<u>\$ 4,537,636</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, 1999

	<u>1999</u>	<u>1998</u>
<b><u>Revenues:</u></b>		
Interest Income	\$ 133,345	\$ —
Investment Income	<u>642,749</u>	<u>1,533,509</u>
<b>Total Revenues</b>	776,094	1,533,509
<b><u>Operating Transfers–In (Out):</u></b>		
Operating Transfers–In	\$ —	\$ 328,926
Operating Transfers–Out	<u>(776,094)</u>	<u>(1,533,509)</u>
<b>Total Operating Transfers–In (Out)</b>	(776,094)	(1,204,583)
<b>Net Income</b>	<u>—</u>	<u>328,926</u>
<b>Fund Balance – Beginning</b>	15,500,000	15,500,000
Change in Accounting Principle (GASB 31)	<u>—</u>	<u>(328,926)</u>
<b>Retained Earnings – Beginning – As Restated</b>	<u>15,500,000</u>	<u>15,171,074</u>
<b>Fund Balance – Ending</b>	<u><u>\$ 15,500,000</u></u>	<u><u>\$ 15,500,000</u></u>

STATE OF OREGON  
OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT  
STATEMENT OF CASH FLOWS  
NONEXPENDABLE TRUST FUND  
For the Year Ended June 30, 1999

	<u>1999</u>	<u>1998</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Operating Income	\$ 776,094	\$ 1,533,509
 <b><u>Adjustments to Reconcile Operating Income to Net Cash</u></b>		
<b><u>Provided by Operating Activities:</u></b>		
Interest Received on Investments	(642,749)	(1,533,509)
<b><u>(Increase)/Decrease in Assets:</u></b>		
Interfund Receivable	-	2,586
<b><u>Increase/(Decrease) in Liabilities:</u></b>		
Interfund Payable	(359,759)	359,759
<b>Total Adjustments</b>	<u>(1,002,508)</u>	<u>(1,171,164)</u>
<b>Net Cash Provided (Used) in Operating Activities</b>	<u>(226,414)</u>	<u>362,345</u>
 <b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Operating Transfers-In	-	328,926
Operating Transfers-Out	(623,211)	(1,533,509)
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<u>(623,211)</u>	<u>(1,204,583)</u>
 <b><u>Cash Flows from Investing Activities:</u></b>		
Interest on Cash and Investments	781,250	781,250
<b>Net Cash Provided in Investing Activities</b>	<u>781,250</u>	<u>781,250</u>
<b>Net Increase (Decrease) in Cash</b>	(68,375)	(60,988)
<b>Cash Balance – Beginning</b>	<u>2,705,125</u>	<u>2,766,113</u>
<b>Cash Balance – Ending</b>	<u><u>\$ 2,636,750</u></u>	<u><u>\$ 2,705,125</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, which is a public record, 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.

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***Auditing to Protect the Public Interest and Improve Oregon Government***