

# Comprehensive Annual Financial Report

## Enterprise Funds of the State of Oregon Housing and Community Services Department

For the Year Ended June 30, 2009



**Victor Merced**  
Director

**Nancy Cain**  
Chief Financial Officer

**Prepared by:**  
Nancy Cain  
Robert Larson, CPA  
Roger Schmidt  
Roseanne Ward



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# Introductory Section



# Oregon

Theodore R. Kulongoski, Governor

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November 30, 2009

The Honorable Theodore R. Kulongoski  
Governor of the State of Oregon  
State Capitol  
Salem, Oregon 97310

We are pleased to submit the Comprehensive Annual Financial Report of the Oregon Housing and Community Services Department's (OHCS) Enterprise Funds, for the fiscal year ended June 30, 2009. The financial statements, included on pages 16 – 36, do not present all activities and financial positions of OHCS, but the enterprise activities only. These activities are reported as a separate fund of OHCS and an annual financial report is issued for these activities in accordance with OHCS's Indentures of Trust.

OHCS management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Secretary of State, Audits Division, has audited the financial records, books of account, and transactions of OHCS's Enterprise Funds for the year ended June 30, 2009. The auditors used generally accepted auditing standards in conducting the engagement. Their unqualified opinion on the Enterprise Fund financial statements is included in the Financial Section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements entitled Management's Discussion and Analysis (MD&A). The Oregon Housing and Community Services Department's MD&A can be found in the Financial Section immediately following the audit opinion. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **Profile of Oregon Housing and Community Services Department**

OHCS is the state's housing finance agency and community services program administrator that provides financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of lower and moderate income. OHCS helps finance single-family homes, and the new construction or rehabilitation of multifamily affordable housing developments, as well as administer grants and tax credits to promote affordable housing and many community service programs including federal and state antipoverty, homeless, and energy assistance programs.

Working closely with its partners at the local level, OHCS D has streamlined the process to deliver resources more efficiently. OHCS D has chosen the model of healthy, viable communities as the way to facilitate a better quality of life for all Oregonians, while still supporting special needs populations.

### **Economic Condition and Outlook**

In the December 2009 Oregon Economic Forecast the Oregon Office of Economic Analysis (OEA) indicates that it appears that the recession in Oregon has ended or is very close to ending. Even if Oregon has reached a technical end to the recession, employment is not expected to improve until the last half of 2010.

OEA forecasts job declines of 3.7 percent in the fourth quarter of 2009 followed by a decrease of 0.1 percent in the first quarter of 2010. The OEA forecasts a decrease in employment for Oregon of 5.1 percent in 2009 and a decrease by 0.9 percent in 2010. Oregon's employment decreased by 0.6 percent in 2008. Employment in 2011 is expected to increase by 2.2 percent.

Personal income is predicted to decrease by 1.0 percent in 2009 compared to an estimated 3.1 percent increase experienced in 2008. The State Economist predicts personal income to increase by 2.5 percent and wages and salaries to increase by 1.4 percent in 2010. Continuing into 2011, personal income is projected to increase by 4.0 percent while wages and salaries is forecasted to continue to grow at 4.3 percent. Personal income increases for Oregon are expected to be slightly higher than the national average in 2010 and to be equal to the national average in 2011.

### **Long Term Financial Planning**

OHCS D manages funds available for its program and operational cost through comprehensive cash flows analyses that determine the prudent level of funding that can be distributed from the Housing Finance Fund and the Elderly and Disabled Housing Fund. OHCS D reanalyzes cash flows at least yearly to determine what is appropriate for distribution.

OHCS D implemented programmatic and operational efficiencies to generate administrative savings. The Department reduced its workforce by 11 positions for the 2007-09 biennium. OHCS D requested and received \$2.0 million from the 74<sup>th</sup> Oregon Legislative Assembly which allowed the Department to increase funds available for pre-development loans and to add back two of the eliminated positions.

### **Major Initiatives**

#### ***Affordable Housing Preservation***

OHCS D continues to pursue opportunities in which affordable housing can be preserved; particularly housing that carries federal Section 8 project-based or Rural Development rental assistance. These projects serve the lowest income population of 30 percent area median income. Between Rural Development and Section 8 Rent Subsidy, there are over 450 projects, containing approximately 15,000 units of housing that include rent subsidy in Oregon. Many of these projects are at risk of converting to market rate housing. OHCS D is faced with developing funding solutions to assist in preserving these projects.

The Department's original portfolio consisted of 122 Section 8 project based assistance loans that have maturities that are consistent with the housing assistance payment contracts through Housing and Urban Development (HUD). The loan maturities and housing assistance payment contracts began expiring in late 2006 and will continue through 2013. OHCS D is partnering with HUD to investigate strategies that would allow continuation of federal assistance, and where necessary, provide new state resources that would enable rehabilitation of the project. As of June 30, 2009, 52 of these projects had renewed their Housing Assistance Payments contracts. The 74<sup>th</sup> Oregon Legislative Assembly appropriated \$8.1 million to the Department to be used with existing bond and tax credit programs to finance projects that elect to renew their Housing Assistance Payment contracts with HUD and need additional resources. This continues to be one of our top priorities moving into the next several years.

### ***Federal Initiatives***

OHCS D is incorporating many of the opportunities provided in the Housing and Economic Recovery Act of 2008 ("HERA") into the Department's programs. The Department also received funding from seven federal programs authorized under the American Recovery and Reinvestment Act of 2009 ("ARRA"). In late October 2009 the New Issuance Bond Program was announced. The new resources will improve OHCS D's ability to meet Oregon's need for affordable housing.

HERA made \$117 million additional private activity bond authority available to Oregon for housing. OHCS D applied to the State of Oregon Private Activity Bond Committee and received the additional allocation. OHCS D is optimistic that the Department will be able to use a portion of this additional bond authority by participating in the New Issuance Bond Program. If successful, OHCS D may be able to increase the amount of bonds issued to purchase mortgage loans under our Residential Loan Program.

Another provision of HERA exempts non-refunding tax exempt bonds issued after July 30, 2008 from the Alternative Minimum Tax ("AMT"). OHCS D anticipates that AMT relief will lower the Department's cost of borrowing which can result in lower interest rates charged to borrowers.

HERA makes refinancing an eligible private activity bond use for 2008-2010 for adjustable rate single-family mortgages. This applies to mortgages made after December 31, 2001, and before January 1, 2008 where the bond issuer determines the refinancing is needed to avoid financial hardship to the borrower. OHCS D does not currently have a refinancing program but is considering expanding the Residential Loan Program to include a refinancing option.

Significant changes to Low Income Housing Tax Credits were made through HERA. Three of the most significant provisions were increases in the amount of tax credits allocated to states, a requirement to use an applicable credit factor of at least 9 percent for competitively allocated projects placed in service after July 30, 2008 and before December 31, 2013 and allowing allocating agencies to designate certain projects or regions of the state as eligible for a "basis boost" to calculate the amount of tax credits to be awarded. OHCS D is currently implementing these and other Low Income Housing Tax Credits.

The provisions of HERA were complimented by the addition of two resources made available by ARRA. The Tax Credit Assistance Program and the Tax Credit Exchange Program both provided funding for stalled multifamily developments.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OHCS D for its annual financial report for the fiscal year ended June 30, 2008. A Certificate of Achievement is valid for a period of one year only. OHCS D has received a Certificate of Achievement for the last fourteen consecutive years. The Certificate of Achievement is a prestigious national award, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized financial report, whose contents conform to program standards. The annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

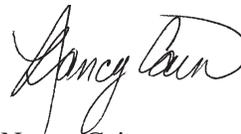
The preparation of this report reflects the combined efforts of OHCS D's Financial Management Division staff. It is intended to provide complete and reliable information as a basis for making management decisions and for presenting the financial condition of OHCS D's Enterprise Funds to the officials of the State of Oregon and to the finance community.

We would like to express our gratitude to all OHCS D staff, the State Housing Council, the Community Action partnership of Oregon, and our many partners and advisors who work so diligently to assure the successful operation of OHCS D.

Respectfully submitted,



Victor Merced  
Director



Nancy Cain  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oregon Housing  
and Community Services  
Department

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director

# OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

## Organization Structure

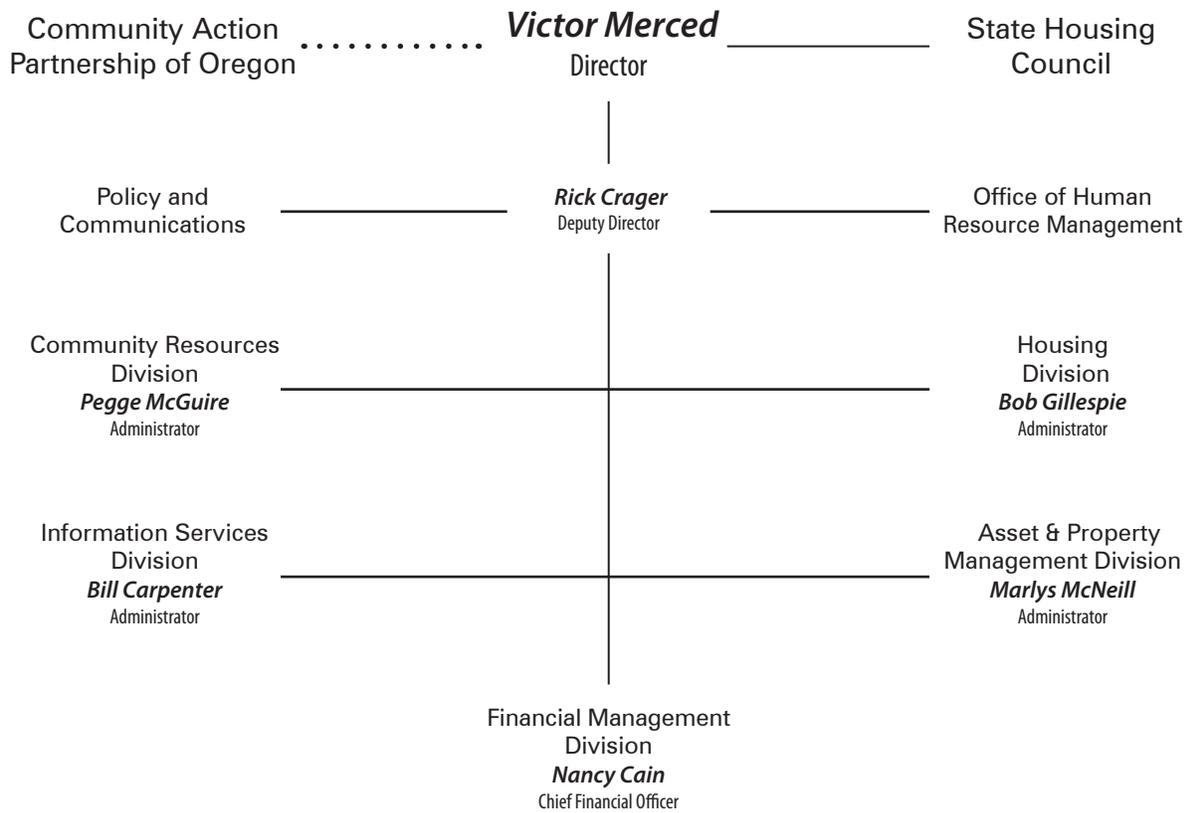


**CAPO Executive Committee:**

Sharon Miller, President  
 Brenda Durbin, Vice President  
 Theresa Cox, Treasurer  
 Ron Hauge, Secretary  
 Mike Fieldman, Past President  
 Jim Slusher, Energy

**Housing Council Members:**

Maggie LaMont, Chair  
 Scott R. Cooper  
 John Epstein  
 Stuart E. Liebowitz  
 Francisco Lopez  
 Nancy McLaughlin  
 Jeana Woolley



***Community Action Partnership of Oregon***

The Community Action Partnership of Oregon (CAPO) serves in an advisory capacity to the Department on programs which assist the homeless and other at-risk populations to obtain the services and skills necessary to move toward self-reliance. CAPO is a private, non-profit association comprised of the Executive Directors of Oregon’s Community Action Agencies, the Oregon Human Development Corporation and the associate member agencies. The mission of CAPO is to eradicate the causes and conditions of poverty that exist in Oregon.

<http://caporegon.org>

***State Housing Council***

The State Housing Council consists of seven members appointed to four year terms by the Governor. Members, who serve on a volunteer basis, come from a variety of occupations and geographical locations. The Council develops policies to stimulate and increase the supply of affordable housing for lower income individuals and families in Oregon. The Council advises the Governor, Legislature, state agencies, and local governments on actions that affect the cost or supply of housing, and adopt rules necessary for the administration and enforcement of OHCS’s housing related statutes.

<http://www.ohcs.oregon.gov/OHCS/OSHC/index.shtml>



# Financial Section

**Office of the Secretary of State**

Kate Brown  
Secretary of State

Barry Pack  
Deputy Secretary of State



**Audits Division**

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The Honorable Theodore R. Kulongoski  
Governor of Oregon  
900 Court Street NE  
Salem, Oregon 97301-4047

Victor Merced, Director  
Oregon Housing and Community Services  
725 Summer Street NE, Suite B  
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**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying basic financial statements of the enterprise funds of the State of Oregon, Housing and Community Services Department (department), as of and for the year ended June 30, 2009, as listed in the table of contents. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control over financial reporting relating to the enterprise funds. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the basic financial statements of the enterprise funds of the State of Oregon Housing and Community Services Department are intended to present the financial position, the changes in financial position and cash flows that are attributable to the transactions of the enterprise funds. They do not purport to, and do not, present fairly the financial position of the State of Oregon, as of June 30, 2009, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the enterprise funds of the department, as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the department's internal control over financial reporting related to the enterprise funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report is separately presented in the other reports section as listed in the table of contents.

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

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

OREGON AUDITS DIVISION



Kate Brown  
Secretary of State

November 30, 2009

# OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

## Management's Discussion and Analysis

This section of the Oregon Housing and Community Services Department's (OHCS D) Comprehensive Annual Financial Report presents our discussion and analysis of financial performance for the Proprietary Funds during the fiscal year ended June 30, 2009. The selected financial data presented was derived primarily from the financial statements of OHCS D, which have been audited by the Oregon Secretary of State Audits Division.

### FINANCIAL HIGHLIGHTS

- Net assets increased \$6.3 million, to \$193.4 million as of June 30, 2009. This represents an increase of 3.39%.
- Expenses decreased by \$8.7 million from the previous fiscal year's results.
- Outstanding bond debt of \$1.58 billion on June 30, 2009 decreased \$104.1 million from the amount outstanding on June 30, 2008. Debt issuance for the fiscal year totaled \$92.7 million (par value).
- Mortgage loan purchases and originations for the fiscal year totaled \$138.6 million, down \$183.4 million from fiscal year 2008. Single-Family Mortgage Program purchases were down \$182.7 million and multifamily housing development programs were down \$0.7 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to OHCS D's basic financial statements. The basic financial statements include proprietary fund financial statements and notes to the financial statements. OHCS D's basic financial statements do not include department-wide financial statements since only the proprietary funds are audited by the Secretary of State Audits Division. OHCS D does have a minimal portion of governmental funds that are included in the State of Oregon Comprehensive Annual Financial Report located at <http://www.oregon.gov/DAS/SCD/SARS/publications.shtml>.

- The proprietary fund financial statements include major enterprise funds, which operate similarly to business activities and follow an accrual basis of accounting.
- The notes to the financial statements provide additional information essential to a full understanding of the data provided in the proprietary fund financial statements.

### OVERVIEW OF THE PROPRIETARY FUNDS FINANCIAL POSITION AND OPERATIONS

Total assets at June 30, 2009 were \$1.86 billion, a decrease of \$82.3 million from June 30, 2008. The change in assets consists primarily of a \$165.3 million decrease in investments, a \$35.0 million increase in net loans receivable, a \$30.9 million increase in cash and cash equivalents, and an increase of \$17.0 million in securities lending cash collateral.

Total liabilities decreased by \$88.6 million to \$1.67 billion at June 30, 2009. This included a decrease of \$104.1 million in bonds payable, an increase of \$17.0 million in obligations under securities lending, and a decrease of \$2.2 million in arbitrage rebate liability.

OHCS D's proprietary fund financial position and operations for the past two years are summarized below based on the information included in the basic financial statements.

Proprietary Funds Statement of Net Assets				
Business Type Activities				
	2009	2008	Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 1,862,881,911	\$ 1,945,132,535	\$ (82,250,624)	-4.23%
Capital Assets	3,538	4,822	(1,284)	-26.63%
<b>Total Assets</b>	<b>\$ 1,862,885,449</b>	<b>\$ 1,945,137,357</b>	<b>\$ (82,251,908)</b>	<b>-4.23%</b>
<b>Liabilities:</b>				
Long Term Liabilities	\$ 1,549,142,014	\$ 1,662,168,319	\$ (113,026,305)	-6.80%
Other Liabilities	120,377,172	95,943,585	24,433,587	25.47%
<b>Total Liabilities</b>	<b>\$ 1,669,519,186</b>	<b>\$ 1,758,111,904</b>	<b>\$ (88,592,718)</b>	<b>-5.04%</b>
<b>Net Assets:</b>				
Invested in Capital Assets	\$ 3,538	\$ 4,822	\$ (1,284)	-26.63%
Restricted for Residential Assistance	1,540,902	1,700,405	(159,503)	-9.38%
Restricted by Trust Indentures	185,650,034	176,322,945	9,327,089	5.29%
Unrestricted	6,171,789	8,997,281	(2,825,492)	-31.40%
<b>Total Net Assets</b>	<b>\$ 193,366,263</b>	<b>\$ 187,025,453</b>	<b>\$ 6,340,810</b>	<b>3.39%</b>

- **Cash and Cash Equivalents**

Total cash and cash equivalents increased by \$30.9 million, or 45.2%, from June 30, 2008 to June 30, 2009.

- **Loans Receivable**

Total mortgages and other loans receivable increased by \$35.2 million in fiscal year 2009. This increase included the following:

- New mortgage loans purchased or financed decreased by \$183.4 million in fiscal year 2009 compared to fiscal year 2008. Single-family mortgage loan purchases decreased by \$182.7 million and multifamily mortgage loans financed decreased by \$0.7 million. Mortgage loans purchased or financed in fiscal year 2009 totaled \$138.6 million.
- Predevelopment loans in the amount of \$2.4 million were financed in fiscal year 2009.
- Scheduled mortgage and other loan repayments totaled \$36.6 million for fiscal year 2009.
- Prepayments on mortgage loans increased in fiscal year 2009 by \$5.7 million. Total prepayments for the fiscal year totaled \$63.6 million.
- Properties acquired during the fiscal year totaled \$5.6 million, an increase of \$3.7 million over the previous fiscal year. OHCS D has not financed any subprime mortgage loans. OHCS D's Residential Loan Program currently offers only fixed rate mortgage loans.

- **Capital Assets**

Capital asset activity during the year included the disposal of equipment and computer hardware. For additional details, see the Notes to the Financial Statements (Note 4).

- **Bonds Payable**

Bonds Payable decreased by \$104.1 million from June 30, 2008 to June 30, 2009. As noted in the Debt Administration section of the Management's Discussion and Analysis OHCS D issued \$92.7 million (par value) in revenue bonds and bond redemptions totaled \$194.2 million. The remainder of the change is due to discount, premium and interest accretion transactions.

- **Net Assets**

Net assets increased during fiscal year 2009 by 3.39%. As in fiscal year 2008, OHCS D continued to experience growth within its net assets for fiscal year 2009. Continued net growth in the OHCS D's loan portfolio has had a positive impact on net assets. OHCS D continues to maintain a positive spread of income from investments and mortgage loans to cover ongoing bond interest and operating costs.

Of OHCS D's \$193.4 million in net assets, 96.8% is restricted to bond indentures or other financial commitments. The remaining 3.2% is primarily unrestricted and available to pay for current agency operations. Each fiscal year, OHCS D applies the required bond indenture restrictions to assess the allowable amount that can be released for the purpose of paying for agency operations. Once these funds are officially transferred from the bond indentures, they are classified as unrestricted, but until that point in time, they are considered a pledge to the bondholders and are appropriately classified as restricted.

The results of operations for OHCS D's proprietary funds are presented below:

Proprietary Funds Statement of Operating Activity				
Business Type Activities				
	2009	2008	Change	% Change
<b>Operating Revenues:</b>				
Interest on Loans	\$ 82,876,589	\$ 74,586,167	\$ 8,290,422	11.12%
Investment Income	13,333,320	30,603,348	(17,270,028)	-56.43%
Low Income Housing Tax Credit Fees	1,381,961	1,807,144	(425,183)	-23.53%
Transfer/Commitment Fees	801,746	1,655,620	(853,874)	-51.57%
Administrative Charges and Fees	649,210	1,973,996	(1,324,786)	-67.11%
Gain on Sale of Foreclosed Property	51,044	105,897	(54,853)	-51.80%
Miscellaneous Revenue	41,151	6,885	34,266	497.69%
<b>Total Operating Revenues</b>	<b>99,135,021</b>	<b>110,739,057</b>	<b>(11,604,036)</b>	<b>-10.48%</b>
<b>Operating Expenses:</b>				
Personal Services	5,127,493	6,056,329	(928,836)	-15.34%
Services and Supplies	3,312,232	3,399,918	(87,686)	-2.58%
Mortgage Service Fees	4,171,676	3,523,632	648,044	18.39%
Foreclosure Costs	313,141	101,769	211,372	207.70%
Interest Expense - Bonds	75,927,690	77,550,847	(1,623,157)	-2.09%
Interest Expense - Loans	57,417	70,431	(13,014)	-18.48%
Interest Expense - Securities Lending	838,652	1,424,138	(585,486)	-41.11%
Other Program Related Expenses	1,150,806	7,726,515	(6,575,709)	-85.11%
Amortization of Deferred Bond Issuance Costs	905,772	894,984	10,788	1.21%
Depreciation/Amortization	1,284	17,279	(15,995)	-92.57%
Bad Debt Expense	193,911	(77,802)	271,713	349.24%
<b>Total Operating Expenses</b>	<b>92,000,074</b>	<b>100,688,040</b>	<b>(8,687,966)</b>	<b>-8.63%</b>
<b>Operating Income</b>	<b>7,134,947</b>	<b>10,051,017</b>	<b>(2,916,070)</b>	<b>-29.01%</b>
Transfers to Other State Agencies	(204,782)	-	(204,782)	N/A
Transfers from State General Fund	-	4,647,232	(4,647,232)	-100.00%
Transfers to State General Fund	(589,355)	-	(589,355)	N/A
<b>Change in Net Assets</b>	<b>6,340,810</b>	<b>14,698,249</b>	<b>(8,357,439)</b>	<b>-56.86%</b>
<b>Net Assets – Beginning</b>	<b>187,025,453</b>	<b>172,327,204</b>	<b>14,698,249</b>	<b>8.53%</b>
<b>Net Assets – Ending</b>	<b>\$ 193,366,263</b>	<b>\$ 187,025,453</b>	<b>\$ 6,340,810</b>	<b>3.39%</b>

OHCS D's proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2009, revenue generated through proprietary funds totaled \$99.1 million, of which \$96.2 million, or 97.0% is from income earned on loans and investments. Expenses of OHCS D's proprietary funds consist primarily of interest expense on debt incurred to fund various lending programs. The total expenses for proprietary fund activities totaled \$92.0 million, of which \$75.9 million, or 82.5% is bond interest expense.

The change in net assets for the year ended June 30, 2009 resulted in an increase of \$6.3 million compared to a \$14.7 million increase for the year ended June 30, 2008, a decrease of \$8.4 million. Factors contributing to this change include:

- In fiscal year 2009, investment income was \$17.3 million less than in fiscal year 2008. Lower interest rates and smaller investment balances resulted in a decrease in investment income.
- Interest expense on bonds was \$1.6 million lower than fiscal year 2008. This decrease was primarily due to a smaller outstanding bonds payable balance.
- Interest on loans for fiscal year 2009 was \$8.3 million more than fiscal year 2008. Interest received for a full year on the large number of loans purchased in fiscal year 2008 was the primary reason for this increase.
- Other related program expenses decreased by \$6.6 million in fiscal year 2009. This was primarily due to a decrease in down payment assistance in fiscal year 2009.

### **Debt Administration**

Oregon Revised Statutes authorize OHCS D to issue up to \$2.5 billion in revenue bonds to finance the construction, purchase and rehabilitation of housing for low and moderate income persons and families. OHCS D also has constitutional authority to issue general obligation bonds to finance housing for elderly and disabled persons. As of June 30, 2009, OHCS D was authorized to issue up to \$2,626,781,365 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2009, OHCS D had a total of \$1,573,985,000 (par value) in outstanding bond debt. During fiscal year 2009, \$92,710,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program compared to \$438,715,000 in fiscal year 2008.

In addition, OHCS D issued \$6,893,754 (par value) of Housing Development Revenue Bonds. These bonds were issued as conduit debt obligations as described in the Notes to the Financial Statements (Note 10) and are not included in the outstanding bonds payable balance on the Balance Sheet.

In fiscal year 2009, OHCS D entered into an interest rate swap for one series of variable rate Mortgage Revenue Bonds. The notional amount of the swap totals \$34,650,000 as described in the Notes to the Financial Statements (Note 8).

The proceeds from revenue bonds issued for the Single-Family Mortgage Program are used to provide below-market interest loans made to low and moderate income households. The proceeds from the Multifamily Housing Revenue Bonds, Housing Development Revenue Bonds, and Elderly and Disabled Housing Bonds are used to provide low interest rate financing to developers for new construction, remodeling, and/or acquisition of rental housing. The proceeds from the Multifamily Housing Revenue Bond and Housing Development Revenue Bond programs are used to finance housing for persons or families with lower and moderate incomes. Elderly and Disabled Housing Bond proceeds are used for projects housing the elderly and persons with disabilities.

Additional information on the Oregon Housing & Community Services Department's long-term debt can be found in Note 7.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Balance Sheet

Proprietary Funds

June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ -	\$ 5,917,589	\$ 5,917,589
Cash and Cash Equivalents - Restricted	10,263,464	5,145	10,268,609
Investments - Restricted	-	56,128,816	56,128,816
Securities Lending Cash Collateral	31,699,479	13,218,781	44,918,260
Accounts Receivable	3	21,171	21,174
Accrued Interest Receivable	976,856	7,596,351	8,573,207
Interfund Receivable	-	979	979
Acquired Property	-	1,660,608	1,660,608
<b>Total Current Assets</b>	<b>42,939,802</b>	<b>84,549,440</b>	<b>127,489,242</b>
<b>Noncurrent Assets</b>			
Cash and Cash Equivalents - Restricted	58,766,291	24,483,400	83,249,691
Investments - Restricted	24,088,905	198,517,056	222,605,961
Deferred Charges	1,579,534	11,015,369	12,594,903
Loans Receivable (Net)	151,220,150	1,265,721,964	1,416,942,114
Capital Assets (Net)	459	3,079	3,538
<b>Total Noncurrent Assets</b>	<b>235,655,339</b>	<b>1,499,740,868</b>	<b>1,735,396,207</b>
<b>Total Assets</b>	<b>\$ 278,595,141</b>	<b>\$ 1,584,290,308</b>	<b>\$ 1,862,885,449</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 44,452	\$ 890,057	\$ 934,509
Accrued Interest Payable	3,998,464	31,719,108	35,717,572
Obligations Under Securities Lending	31,699,479	13,218,781	44,918,260
Interfund Payable	979	-	979
Due to Other Governments	-	75,000	75,000
Matured Bonds and Interest Payable	-	5,145	5,145
Deferred Income	1,241	961,893	963,134
Compensated Absences Payable	35,287	229,145	264,432
Bonds Payable	6,265,000	28,945,000	35,210,000
Arbitrage Rebate Liability	-	788,141	788,141
Loans Payable	-	1,500,000	1,500,000
<b>Total Current Liabilities</b>	<b>42,044,902</b>	<b>78,332,270</b>	<b>120,377,172</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	17,380	112,862	130,242
Bonds Payable	175,292,460	1,373,254,884	1,548,547,344
Arbitrage Rebate Liability	-	414,319	414,319
Net OPEB Obligation	7,229	42,880	50,109
<b>Total Noncurrent Liabilities</b>	<b>175,317,069</b>	<b>1,373,824,945</b>	<b>1,549,142,014</b>
<b>Total Liabilities</b>	<b>217,361,971</b>	<b>1,452,157,215</b>	<b>1,669,519,186</b>
<b>Net Assets</b>			
Invested in Capital Assets	459	3,079	3,538
Restricted for Residential Assistance	-	1,540,902	1,540,902
Restricted by Trust Indentures	61,232,711	124,417,323	185,650,034
Unrestricted	-	6,171,789	6,171,789
<b>Total Net Assets</b>	<b>61,233,170</b>	<b>132,133,093</b>	<b>193,366,263</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 278,595,141</b>	<b>\$ 1,584,290,308</b>	<b>\$ 1,862,885,449</b>

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
<b>Operating Revenues</b>			
Interest on Loans	\$ 10,707,075	\$ 72,169,514	\$ 82,876,589
Investment Income	3,602,699	9,730,621	13,333,320
Low Income Housing Tax Credit Fees	-	1,381,961	1,381,961
Transfer/Commitment Fees	26,990	774,756	801,746
Administrative Charges and Fees	10,000	639,210	649,210
Gain on Sale of Foreclosed Property	-	51,044	51,044
Miscellaneous Revenue	15,000	26,151	41,151
<b>Total Operating Revenues</b>	<b>14,361,764</b>	<b>84,773,257</b>	<b>99,135,021</b>
<b>Operating Expenses</b>			
Personal Services	1,065,705	4,061,788	5,127,493
Services and Supplies	377,909	2,934,323	3,312,232
Mortgage Service Fees	70,735	4,100,941	4,171,676
Foreclosure Costs	-	313,141	313,141
Interest Expense - Bonds	9,787,625	66,140,065	75,927,690
Interest Expense - Loans	-	57,417	57,417
Interest Expense - Securities Lending	418,692	419,960	838,652
Other Related Program Expenses	119,330	1,031,476	1,150,806
Amortization of Deferred Bond Issuance Costs	142,518	763,254	905,772
Depreciation/Amortization	209	1,075	1,284
Bad Debt Expense	180,366	13,545	193,911
<b>Total Operating Expenses</b>	<b>12,163,089</b>	<b>79,836,985</b>	<b>92,000,074</b>
<b>Operating Income (Loss)</b>	<b>2,198,675</b>	<b>4,936,272</b>	<b>7,134,947</b>
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
Transfers to Other State Agencies	(43,473)	(161,309)	(204,782)
Transfers to State General Fund	-	(589,355)	(589,355)
<b>Change in Net Assets</b>	<b>2,037,386</b>	<b>4,303,424</b>	<b>6,340,810</b>
<b>Net Assets - Beginning</b>	<b>59,195,784</b>	<b>127,829,669</b>	<b>187,025,453</b>
<b>Net Assets - Ending</b>	<b>\$ 61,233,170</b>	<b>\$ 132,133,093</b>	<b>\$ 193,366,263</b>

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	<b>Business-Type Activities - Enterprise Funds</b>		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
<b>Cash Flows from Operating Activities</b>			
Received from Customers	\$ 38,490	\$ 3,014,491	\$ 3,052,981
Program Loan Principal Repayments	6,410,033	96,791,539	103,201,572
Program Loan Interest Received	10,778,103	71,567,889	82,345,992
Program Loans Made	-	(140,938,966)	(140,938,966)
Payments to Employees for Services	(1,064,982)	(3,875,035)	(4,940,017)
Payments to Suppliers for Goods and Services	(481,442)	(7,182,425)	(7,663,867)
Other Receipts (Payments)	(102,816)	(185,622)	(288,438)
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>15,577,386</b>	<b>19,191,871</b>	<b>34,769,257</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Proceeds from Bond Sales	-	92,710,000	92,710,000
Principal Payments on Bonds	(7,425,000)	(186,806,011)	(194,231,011)
Interest Payments on Bonds	(9,759,573)	(66,878,585)	(76,638,158)
Bond Issue Costs	-	(861,070)	(861,070)
Interest Payments on Loans	-	(59,249)	(59,249)
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
Transfers to Other State Agencies	(43,473)	(161,309)	(204,782)
Transfers to State General Fund	-	(589,355)	(589,355)
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<b>(17,345,862)</b>	<b>(162,527,763)</b>	<b>(179,873,625)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Investments	-	(410,856,041)	(410,856,041)
Proceeds from Sales and Maturities of Investments	19,875,000	557,970,150	577,845,150
Interest on Cash and Investments	3,244,754	5,808,504	9,053,258
Investment Income on Securities Lending	418,692	419,960	838,652
Interest Paid on Securities Lending	(418,692)	(419,960)	(838,652)
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>23,119,754</b>	<b>152,922,613</b>	<b>176,042,367</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>21,351,278</b>	<b>9,586,721</b>	<b>30,937,999</b>
<b>Cash and Cash Equivalents Balance - Beginning</b>	<b>47,678,477</b>	<b>20,819,413</b>	<b>68,497,890</b>
<b>Cash and Cash Equivalents Balance - Ending</b>	<b>\$ 69,029,755</b>	<b>\$ 30,406,134</b>	<b>\$ 99,435,889</b>
Cash and Cash Equivalents	\$ -	\$ 5,917,589	\$ 5,917,589
Cash and Cash Equivalents - Restricted (Current)	10,263,464	5,145	10,268,609
Cash and Cash Equivalents - Restricted (Noncurrent)	58,766,291	24,483,400	83,249,691
<b>Total Cash and Cash Equivalents</b>	<b>\$ 69,029,755</b>	<b>\$ 30,406,134</b>	<b>\$ 99,435,889</b>

	<b>Business-Type Activities - Enterprise Funds</b>		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ 2,198,675	\$ 4,936,272	\$ 7,134,947
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>			
Depreciation/Amortization	209	1,075	1,284
Amortization of Deferred Bond Issuance Costs	142,518	763,254	905,772
Bad Debt Expense	180,366	13,545	193,911
Investment Income Reported as Operating Revenue	(3,602,699)	(9,730,621)	(13,333,320)
Interest Expense Reported as Operating Expense	10,206,317	66,617,442	76,823,759
Bond Call Expenses	-	(512,078)	(512,078)
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	71,058	(510,559)	(439,501)
Accounts Receivable	1,766	45,970	47,736
Interfund Receivable	-	996	996
Loans Receivable	6,410,033	(41,588,176)	(35,178,143)
Acquired Property	-	(1,010,430)	(1,010,430)
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	(29,662)	(134,938)	(164,600)
Interfund Payable	(996)	-	(996)
Due to Other Governments	-	75,000	75,000
Deferred Income	(30)	79,107	79,077
Compensated Absences Payable	(1,389)	124,644	123,255
Net OPEB Obligation	1,220	21,368	22,588
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>\$ 15,577,386</b>	<b>\$ 19,191,871</b>	<b>\$ 34,769,257</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Net Change in Fair Value of Investments	\$ 143,605	\$ 1,962,335	\$ 2,105,940
Foreclosed Property	-	5,594,325	5,594,325
Loan Modifications	-	87,587	87,587
<b>Total Noncash Investing, Capital, and Financing Activities</b>	<b>\$ 143,605</b>	<b>\$ 7,644,247</b>	<b>\$ 7,787,852</b>

**NOTE 1. Summary of Significant Accounting Policies**

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). Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed for the proprietary fund financial statements to the extent that those standards do not conflict with or contradict GASB pronouncements. OHCS D does not apply private sector standards issued after November 30, 1989.

**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 revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds and Homeowner Revenue Bonds), Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds. OHCS D has issued 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 financial statements and notes include only the bonded debt financial activity of OHCS D's housing bond programs. OHCS D operates governmental fund programs which are not included in this report.

**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, net assets, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing 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 Elderly and Disabled Housing Program accounts for programs that are supported by State of Oregon General Obligation Bonds. Bond proceeds are used to finance elderly housing and residential facilities for elderly households, disabled persons, and their family members. OHCS D is responsible for the administration of this program.
- (2) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multifamily Housing, Multiple Purpose, and Single-Family Mortgage Programs. Revenue bond proceeds are used to finance home ownership and multi-family units for lower and moderate income persons. Also part of the Housing Finance Fund are the Combined Program Account and 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 Single-Family Mortgage Program and the Multiple Purpose Bonds. General and administrative costs of these programs are accounted for in the Housing Finance Account. In addition, fees or other monies received by OHCS D in carrying out the responsibilities outlined under Oregon Revised Statutes 456.550 to 456.725 are also included in the Housing Finance Account.

### **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 funds 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 recognized 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. Assets and liabilities are segregated between current and non-current. Net total assets are segregated into capital assets, net of related debt; restricted assets; and unrestricted assets. Proprietary fund Statement of Revenues, Expenses and Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. This statement segregates operating revenue, operating expenses, non-operating revenue and expense, and capital contributions and transfers.

### **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. Government and U.S. Agency securities and municipal bonds 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. Since the principal activity of OHCS D is lending, investment income is reported as operating activity. Securities lending cash collateral reinvested by the Oregon State Treasury Oregon Short Term Fund in short-term debt investments with remaining maturities of up to ninety days on June 30, 2009 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, transactions occur between individual funds for various reasons. These receivable and payable transactions are classified as "Interfund Receivable" and "Interfund Payable" on the balance sheet.

### **I. 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.

**J. Deferred Charges**

Bond issuance costs, including underwriters' discounts, are reflected as deferred charges and amortized over the term of the related bond issue. The bonds-outstanding method of amortization is used to amortize all deferred charges except for Homeowner Revenue Bonds deferred charges, which are amortized using the straight-line method of amortization.

**K. Capital Assets**

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

Depreciation or amortization of capital assets is charged as an expense against operations over the estimated useful life using the straight-line method of depreciation. The estimated useful life of capital assets is from three to ten years.

**L. Rebatable Arbitrage**

Internal Revenue Code (IRC) Section 148(f) requires issuers of tax-exempt bonds to rebate investment income earned from bond proceeds that exceed limits established for each bond issue. These limits are based on the bond yield as calculated for federal tax purposes for each bond issue and are subject to certain exceptions. Arbitrage rebate payments are due not later than 60 days after the end of the fifth anniversary of each bond issue (or other date in compliance with IRC Section 148(f)) and every five years thereafter in an amount at least equal to 90 percent of the calculated arbitrage liability. Final arbitrage rebate payments are due not later than 60 days after the final retirement of all bonds in an issue in an amount equal to 100 percent of the calculated arbitrage liability. OHCS D records rebatable arbitrage as a reduction of investment revenue.

**M. Compensated Absences**

Employees accumulate earned but unused vacation and sick leave benefits. Accumulated vacation leave (compensated absences) is recorded as an expense and a liability as the benefits accrue to the employees. No liability is recorded for accumulated sick leave benefits since employees are not paid for unused sick leave benefits when leaving State service.

**N. 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.

**O. Deferred Amount on Debt Refunding**

Deferred Amount on Debt Refunding is reflected as a reduction to Bonds Payable and is amortized over the shorter of the term of the refunding or refunded bonds using the bonds-outstanding method of amortization. The bonds-outstanding method of amortization most closely approximates the effective-interest method.

**P. Restricted Assets**

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, 2009 were sufficient to meet all legal requirements. When both restricted and unrestricted resources are available to use, it is OHCS D's policy to use restricted resources before using unrestricted resources.

**Q. Operating Revenues and Expenses**

Operating revenues include interest and fees on program loans as well as earnings on cash and investments

related to OHCS D's loan programs. Administrative expenses, depreciation and amortization of capital assets, and bond program related expenses are considered operating expenses. Nonoperating revenues and expenses include any gain or loss on the disposition of capital assets.

**NOTE 2. Cash and Cash Equivalents, Investments, and Securities Lending**

**Deposits**

On June 30, 2009, the book balance of cash and cash equivalents was \$99,435,889 and the bank balance was \$99,477,855. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short Term Fund totaled \$98,164,581. Additional information about the Oregon Short Term Fund can be found at [www.ost.state.or.us/1.about/boards/OSTF/About.htm](http://www.ost.state.or.us/1.about/boards/OSTF/About.htm).

The bank balance of money market accounts held by OHCS D's Bond Trustees as agents totaled \$1,308,129. Total Cash with Fiscal Agents was \$5,145, which was collateralized and held at the Fiscal Agent but not in OHCS D's name and is exposed to custodial credit risk. OHCS D does not have a deposit policy.

**Investments**

Oregon Revised Statute 293.726 (1), Bond Indentures of Trust, and OHCS D's investment policy allow OHCS D to invest in insured or registered securities explicitly or implicitly guaranteed by the U.S. Government, variable rate demand obligations of other state agencies and other Housing Finance Authorities outside of Oregon, and investment agreements, collateralized or uncollateralized, with institutions that are rated by nationally recognized rating agencies and rated at least equal to the initial rating on the bonds.

Investments with OHCS D's Trustees consisted of \$1,637,114 in U.S. Government securities, \$233,008,758 in U.S. Agency securities, and \$20,000,000 in municipal bonds. They are held by the Trust Departments of OHCS D's Bond Trustees as agents in OHCS D's name. Included in the U.S. Agency securities total is \$1,922,839 invested in Student Loan Marketing Association (SLMA) investments issued before SLMA, a government-sponsored enterprise, was dissolved on December 29, 2004. SLMA's remaining debt as of that date was transferred to a trust and maintains the attributes accorded SLMA debt prior to its dissolution.

Investments with the State Treasurer consisted of \$11,682,522 in U.S. Government Securities and \$12,406,383 in U.S. Agency securities. OHCS D's 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.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. OHCS D's investment policy specifies that, in order to mitigate interest rate risk, the investment portfolio shall be structured so that securities mature to meet cash requirements, limiting the need to sell securities on the open market before maturity. As of June 30, 2009, OHCS D had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Government Securities	\$ 13,319,636	\$ -	\$ 1,523	\$ 1,467,745	\$ 11,850,368
U.S. Agency Securities	245,415,141	163,574,425	23,322,201	3,102,366	55,416,149
Municipal Bonds	20,000,000	-	-	-	20,000,000
<b>Total</b>	<b>\$ 278,734,777</b>	<b>\$ 163,574,425</b>	<b>\$ 23,323,724</b>	<b>\$ 4,570,111</b>	<b>\$ 87,266,517</b>

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. According to OHCS D's investment policy, to mitigate credit risk, funds shall be invested in insured or registered securities explicitly or implicitly guaranteed by the U.S. Government or variable rate demand obligations of other state agencies and other Housing Finance Authorities outside of Oregon. As of June 30, 2009, \$82,208,944 of OHCS D's investments in U.S. Agency securities are rated Aaa by Moody's Investor Service and \$163,206,197 are U.S. Agency discount notes that were privately placed and the ratings are not published in Moody's publications. OHCS D's municipal bond investments are rated Aa2/VMIG 1 by Moody's Investor Service.

June 30, 2009

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2009, 39.0% of OHCS D's total investments are in Federal Home Loan Bank, 24.0% are in Federal Home Loan Mortgage Corporation, 18.2% are in Federal National Mortgage Association, and 7.9% are in Maryland Community Development Authority.

### Securities Lending

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. OHCS D is involved in securities lending only with cash balances invested in the Oregon Short Term Fund (OSTF). As of June 30, 2009, the fair value of all securities on loan from OSTF was \$3,843,361,213. The total cash collateral received for the securities on loan from OSTF was \$3,923,673,246. The fair value of all investments made with the cash collateral received for those securities on loan was \$3,890,281,485. The portion of these balances allocated to OHCS D's Enterprise Funds are \$43,998,847, \$44,918,260, and \$44,535,991, respectively.

The Office of the State Treasurer has authorized its custodian to act as its agent in the lending of OSTF securities pursuant to a form of loan agreement, in accordance with OSTF investment policies. 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 securities lending agent lent short-term and fixed income securities and received as collateral U.S. dollar-denominated cash. Borrowers were required to deliver cash collateral for each loan equal to not less than 102 percent of the market value of the loaned security. The State did not impose any restrictions during the fiscal year on the amount of loans the securities lending agent made on its behalf. The State is fully indemnified by its securities lending agent against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

### NOTE 3. Loans Receivable

Loans receivable on June 30, 2009 consisted of:

	Loans Receivable	Less: Allowance for Uncollectible Accounts	Loans Receivable (Net)
Elderly and Disabled Housing Fund:	\$ 152,187,085	\$ (966,935)	\$ 151,220,150
Housing Finance Fund:			
Mortgage Revenue Bonds	1,092,773,268	-	1,092,773,268
Multifamily Housing Revenue Bonds	153,294,195	(383,236)	152,910,959
Multiple Purpose Bonds	16,373,508	(64,802)	16,308,706
Housing Finance Account	3,747,770	(18,739)	3,729,031
Total Housing Finance Fund	1,266,188,741	(466,777)	1,265,721,964
Total	\$ 1,418,375,826	\$ (1,433,712)	\$ 1,416,942,114

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

Mortgage Revenue Bonds provide financing for single-family homes for at or 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, 51 percent is federally insured or guaranteed, 25 percent is covered by pool insurance and/or private mortgage insurance and 24 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.

Multifamily Housing Revenue Bonds provides interim and permanent mortgage financing for the construction, acquisition, or rehabilitation of multi-family housing developments within the State that primarily contain housing units for persons or families of lower and moderate income.

Multiple Purpose Bonds provide funds to carry out its public purposes and programs, including, without limitation, the financing and refinancing of multi-family rental housing developments within the state.

Notes to the Financial Statements (Continued)  
June 30, 2009

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. Capital Assets**

A summary of OHCS D's capital assets at June 30, 2009 is presented in the table below. OHCS D has no outstanding debt related to capital assets.

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:								
Equipment	\$ 1,474	\$ -	\$ 1,474	\$ -	\$ 34,643	\$ -	\$ 4,197	\$ 30,446
Data Processing Hardware	12,573	-	12,573	-	52,496	-	52,496	-
Data Processing Software	27,581	-	-	27,581	133,033	-	-	133,033
Total Capital Assets	41,628	-	14,047	27,581	220,172	-	56,693	163,479
Less Accumulated Depreciation/Amortization:								
Equipment	(1,474)	-	(1,474)	-	(34,643)	-	(4,197)	(30,446)
Data Processing Hardware	(12,573)	-	(12,573)	-	(52,496)	-	(52,496)	-
Data Processing Software	(26,913)	(209)	-	(27,122)	(128,879)	(1,075)	-	(129,954)
Total Accumulated Depreciation/Amortization	(40,960)	(209)	(14,047)	(27,122)	(216,018)	(1,075)	(56,693)	(160,400)
Capital Assets, Net	\$ 668	\$ (209)	\$ -	\$ 459	\$ 4,154	\$ (1,075)	\$ -	\$ 3,079

**NOTE 5. Interfund Balances and Transfers**

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2009:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 979
Housing Finance Fund	979	-
Total	\$ 979	\$ 979

All balances between funds are the result of timing differences related to the reallocation of expenses.

The following schedule summarizes transfers for the year ended June 30, 2009:

	Transfer from Other Funds	Transfer to Other Funds
Elderly and Disabled Housing Fund	\$ -	\$ (117,816)
Housing Finance Fund	117,816	-
Total	\$ 117,816	\$ (117,816)

The transfer from the Elderly and Disabled Housing Fund to the Housing Finance Fund helps to provide housing for very low income Oregonians.

**NOTE 6. Changes in Long Term Liabilities**

Long term liability activity for the fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Principal	\$ 1,675,506,011	\$ 92,710,000	\$ 194,231,011	\$ 1,573,985,000	\$ 35,210,000
Bond Discount	(279,018)	-	(24,488)	(254,530)	-
Bond Premium	13,242,484	-	1,720,067	11,522,417	-
Accreted Interest	1,098,989	-	1,098,989	-	-
Deferred Amount on Refunding	(1,733,462)	-	(237,919)	(1,495,543)	-
Bonds Payable	1,687,835,004	92,710,000	196,787,660	1,583,757,344	
Compensated Absences Payable	271,419	305,106	181,851	394,674	264,432
Arbitrage Rebate Liability	3,397,237	215,964	2,410,741	1,202,460	788,141
Loans Payable	1,500,000	-	-	1,500,000	1,500,000
Net OPEB Obligation	27,521	22,588	-	50,109	-
Total Long Term Liabilities	\$ 1,693,031,181	\$ 93,253,658	\$ 199,380,252	\$ 1,586,904,587	\$ 37,762,573

**NOTE 7. Long Term Debt**

The following table summarizes outstanding bonds by program and series as of June 30, 2009:

**General Obligation Bonds**

**Elderly and Disabled Housing Program**

Original Issue				Bonds Outstanding				
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
1992 A	1993-2013	3.300 - 6.250%	\$ 11,985,000	\$ 2,735,000	\$ -	\$ 390,000	\$ 2,345,000	\$ 415,000
1992 C	1993-2022	3.300 - 6.500%	14,695,000	545,000	-	25,000	520,000	25,000
1993 B	1994-2026	2.700 - 5.500%	11,060,000	1,330,000	-	40,000	1,290,000	45,000
1993 C	1994-2026	2.850 - 5.650%	13,915,000	10,370,000	-	345,000	10,025,000	360,000
1994 A	1995-2025	3.500 - 6.150%	9,440,000	2,345,000	-	75,000	2,270,000	70,000
1994 B	1996-2026	4.200 - 6.300%	24,400,000	18,990,000	-	545,000	18,445,000	585,000
1995 A	1996-2026	4.000 - 6.000%	14,100,000	10,350,000	-	305,000	10,045,000	325,000
1995 B	1997-2027	4.000 - 5.700%	24,240,000	12,130,000	-	345,000	11,785,000	365,000
1996 A	1998-2027	4.050 - 5.600%	2,850,000	470,000	-	15,000	455,000	15,000
1996 B	1998-2027	4.200 - 5.800%	10,605,000	8,615,000	-	240,000	8,375,000	260,000
1997 A	1999-2028	4.050 - 5.375%	8,475,000	5,160,000	-	140,000	5,020,000	140,000
1998 A	2000-2029	3.400 - 4.500%	8,870,000	1,220,000	-	30,000	1,190,000	30,000
1998 B	2001-2030	3.550 - 4.875%	10,285,000	3,640,000	-	105,000	3,535,000	105,000
1998 C	2000-2029	4.900 - 6.000%	1,880,000	310,000	-	5,000	305,000	5,000
1999 A	2000-2030	3.250 - 5.150%	10,840,000	2,975,000	-	695,000	2,280,000	155,000
1999 B	2000-2031	3.350 - 5.250%	4,485,000	3,930,000	-	90,000	3,840,000	90,000
1999 D	2000-2030	3.950 - 6.000%	5,695,000	1,520,000	-	30,000	1,490,000	30,000
1999 E	2001-2031	5.000 - 6.250%	19,105,000	17,000,000	-	345,000	16,655,000	365,000
2001 A	2002-2032	2.550 - 5.100%	5,210,000	1,305,000	-	60,000	1,245,000	60,000
2001 B	2002-2020	2.550 - 4.950%	7,805,000	6,230,000	-	305,000	5,925,000	330,000
2001 C	2002-2032	2.700 - 5.300%	25,325,000	21,530,000	-	790,000	20,740,000	835,000
2002 A	2003-2022	1.400 - 4.650%	10,840,000	8,735,000	-	450,000	8,285,000	460,000
2002 B	2003-2024	1.400 - 4.700%	37,905,000	4,975,000	-	215,000	4,760,000	220,000
2002 C	2003-2043	1.600 - 5.050%	13,595,000	6,865,000	-	205,000	6,660,000	210,000
2003 B	2004-2024	1.300 - 4.800%	9,265,000	7,980,000	-	335,000	7,645,000	345,000
2003 C	2013-2034	4.350 - 5.100%	2,930,000	2,760,000	-	50,000	2,710,000	55,000
2007 A	2008-2048	3.650 - 4.750%	26,300,000	26,300,000	-	1,250,000	25,050,000	365,000
<i>Total General Obligation Bonds</i>				\$ 190,315,000	\$ -	\$ 7,425,000	\$ 182,890,000	\$ 6,265,000

**Revenue Bonds**

**Mortgage Revenue Bonds**

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1991 D	1993-2027	4.750 - 6.800%	\$21,250,000	\$ 3,695,000	\$ -	\$ 965,000	\$ 2,730,000	\$ -
1992 A	1994-2016	4.500 - 6.800%	32,874,827	581,011	-	581,011	-	-
1992 C	1994-2016	2.400 - 5.550%	20,585,000	790,000	-	790,000	-	-
1993 B	1995-2017	3.250 - 5.375%	18,795,000	1,900,000	-	510,000	1,390,000	155,000
1994 A	1995-2018	3.750 - 6.400%	18,150,000	1,890,000	-	305,000	1,585,000	120,000
1994 C	1996-2016	4.200 - 6.250%	12,440,000	1,720,000	-	885,000	835,000	-
1995 A	1996-2026	4.400 - 6.450%	25,000,000	4,060,000	-	1,105,000	2,955,000	100,000
1995 C	2015-2026	6.200 - 6.400%	20,200,000	4,110,000	-	670,000	3,440,000	-
1995 E	1997-2027	4.000 - 6.000%	25,000,000	4,365,000	-	705,000	3,660,000	125,000
1996 A	2008-2016	5.500 - 6.000%	6,465,000	60,000	-	60,000	-	-
1996 B	1998-2027	4.200 - 6.200%	18,535,000	3,285,000	-	680,000	2,605,000	-
1996 D	1998-2027	4.300 - 6.375%	27,300,000	3,715,000	-	1,200,000	2,515,000	45,000
1996 H	1998-2027	4.050 - 6.000%	27,300,000	3,310,000	-	885,000	2,425,000	65,000
1997 A	1999-2027	4.600 - 6.200%	25,000,000	3,325,000	-	1,270,000	2,055,000	65,000
1997 F	2017-2028	5.500 - 5.650%	14,025,000	6,015,000	-	1,130,000	4,885,000	-
1997 H	1999-2028	4.000 - 5.650%	33,570,000	6,945,000	-	1,425,000	5,520,000	145,000
1998 A	2000-2015	4.000 - 5.150%	10,655,000	2,185,000	-	625,000	1,560,000	205,000
1998 B	2018-2029	4.900 - 5.450%	19,345,000	4,030,000	-	1,155,000	2,875,000	-
1998 D	2000-2029	3.850 - 5.300%	35,000,000	9,225,000	-	1,980,000	7,245,000	-
1998 G	2000-2029	3.650 - 5.250%	35,000,000	9,930,000	-	2,475,000	7,455,000	-
1999 A	2001-2027	3.600 - 5.150%	25,480,000	7,850,000	-	2,925,000	4,925,000	175,000
1999 E	2019-2027	4.850 - 5.400%	20,350,000	8,125,000	-	2,710,000	5,415,000	-
1999 I	2001-2020	4.100 - 5.550%	25,555,000	1,670,000	-	525,000	1,145,000	50,000
1999 J	2023-2030	5.200 - 5.750%	29,320,000	8,655,000	-	1,920,000	6,735,000	-
1999 M	2002-2031	4.650 - 6.200%	32,260,000	6,525,000	-	2,055,000	4,470,000	95,000
2000 A	2001-2028	4.300 - 6.050%	18,265,000	4,880,000	-	1,660,000	3,220,000	-
2000 B	2025-2030	5.750 - 6.250%	16,735,000	185,000	-	185,000	-	-
2000 E	2002-2030	4.850 - 6.150%	29,160,000	7,350,000	-	1,990,000	5,360,000	-
2000 H	2009-2030	4.650 - 5.750%	30,070,000	8,290,000	-	1,435,000	6,855,000	60,000
2000 K	2003-2022	4.500 - 5.700%	14,825,000	680,000	-	680,000	-	-
2000 L	2031-2033	5.900 - 5.900%	20,175,000	9,590,000	-	795,000	8,795,000	-
2001 A	2003-2030	3.600 - 5.350%	23,465,000	9,245,000	-	1,625,000	7,620,000	315,000
2001 C	2032	**	7,500,000	2,530,000	-	360,000	2,170,000	50,000
2001 F	2003-2030	3.350 - 5.550%	24,025,000	8,510,000	-	1,610,000	6,900,000	240,000
2001 G	2026-2032	4.850 - 5.700%	10,975,000	1,095,000	-	405,000	690,000	-
2001 J	2003-2030	3.000 - 5.150%	26,435,000	9,500,000	-	1,945,000	7,555,000	235,000
2001 L	2032	**	9,100,000	3,120,000	-	510,000	2,610,000	45,000
2001 Q	2003-2024	2.350 - 5.125%	19,015,000	9,805,000	-	1,075,000	8,730,000	385,000
2001 R	2027-2033	4.200 - 5.375%	15,985,000	5,310,000	-	1,225,000	4,085,000	-
2002 A	2004-2024	2.350 - 5.200%	18,620,000	11,985,000	-	950,000	11,035,000	485,000
2002 B	2004-2033	2.700 - 5.450%	16,380,000	6,990,000	-	930,000	6,060,000	-
2002 F	2005-2022	3.150 - 5.250%	15,190,000	8,160,000	-	400,000	7,760,000	410,000
2002 G	2003-2033	2.400 - 5.600%	19,810,000	9,550,000	-	880,000	8,670,000	-
2002 H	2006-2023	2.450 - 5.000%	16,315,000	12,130,000	-	650,000	11,480,000	600,000
2002 I	2004-2033	2.000 - 5.250%	18,685,000	6,860,000	-	1,305,000	5,555,000	-
2002 M	2006-2023	2.400 - 5.050%	16,285,000	12,385,000	-	1,190,000	11,195,000	550,000
2002 N	2004-2033	2.200 - 5.250%	18,715,000	9,715,000	-	755,000	8,960,000	-
2003 A	2007-2030	2.150 - 4.900%	22,810,000	18,260,000	-	1,135,000	17,125,000	545,000
2003 B	2004-2034	1.400 - 5.000%	12,190,000	3,780,000	-	705,000	3,075,000	-
2003 E	2004-2030	1.100 - 4.600%	24,665,000	19,525,000	-	1,625,000	17,900,000	610,000
2003 F	2032-2034	3.200 - 4.750%	10,335,000	3,695,000	-	600,000	3,095,000	-
2003 J	2005-2023	1.300 - 4.700%	22,880,000	14,670,000	-	1,875,000	12,795,000	670,000
2003 K	2005-2029	1.700 - 5.625%	12,120,000	6,080,000	-	1,330,000	4,750,000	-
2003 L	2034	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 A	2005-2023	1.100 - 4.500%	23,720,000	13,715,000	-	2,065,000	11,650,000	635,000
2004 B	2029	5.625 - 5.625%	11,280,000	6,545,000	-	1,585,000	4,960,000	-
2004 C	2034	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 G	2005-2023	1.350 - 4.500%	23,410,000	14,600,000	-	2,045,000	12,555,000	660,000
2004 H	2029	5.125 - 5.125%	11,590,000	7,555,000	-	1,305,000	6,250,000	-
2004 I	2034	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 J	2006-2019	1.950 - 4.350%	15,560,000	10,260,000	-	1,350,000	8,910,000	685,000

Notes to the Financial Statements (Continued)  
June 30, 2009

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2004 K	2020-2030	4.800 - 5.100%	19,440,000	15,005,000	-	1,850,000	13,155,000	-
2004 L	2035	***	15,000,000	15,000,000	-	-	15,000,000	-
2004 M	2007-2025	2.250 - 4.600%	7,510,000	6,695,000	-	465,000	6,230,000	280,000
2004 N	2035	4.900 - 4.900%	8,390,000	7,425,000	-	445,000	6,980,000	-
2005 A	2006-2024	2.600 - 4.500%	16,055,000	12,405,000	-	635,000	11,770,000	580,000
2005 B	2034	5.375 - 5.375%	8,445,000	6,515,000	-	1,345,000	5,170,000	-
2005 C	2035	***	10,500,000	10,500,000	-	-	10,500,000	-
2005 D	2007-2025	3.000 - 4.650%	26,340,000	22,890,000	-	1,675,000	21,215,000	910,000
2005 E	2006-2031	3.150 - 5.750%	13,775,000	10,990,000	-	2,120,000	8,870,000	-
2005 F	2036	***	14,885,000	14,885,000	-	-	14,885,000	-
2006 A	2007-2021	3.125 - 4.350%	20,210,000	18,420,000	-	1,530,000	16,890,000	1,035,000
2006 B	2007-2030	3.350 - 5.625%	19,790,000	17,360,000	-	2,080,000	15,280,000	-
2006 C	2036	***	20,000,000	20,000,000	-	-	20,000,000	-
2006 D	2007-2021	3.500 - 4.500%	18,705,000	17,250,000	-	955,000	16,295,000	980,000
2006 E	2025-2031	5.000 - 6.250%	21,295,000	19,705,000	-	1,895,000	17,810,000	-
2006 F	2037	***	20,000,000	20,000,000	-	-	20,000,000	-
2006 G	2028	***	16,105,000	16,105,000	-	-	16,105,000	-
2006 H	2008-2021	3.300 - 4.100%	13,905,000	13,720,000	-	1,090,000	12,630,000	780,000
2006 I	2026-2036	4.600 - 6.250%	27,680,000	26,760,000	-	815,000	25,945,000	-
2006 J	2008-2021	3.350 - 4.050%	13,235,000	13,235,000	-	735,000	12,500,000	765,000
2006 K	2026-2036	4.450 - 5.375%	26,765,000	26,590,000	-	410,000	26,180,000	-
2007 A	2008-2022	3.400 - 4.250%	20,210,000	20,210,000	-	650,000	19,560,000	1,080,000
2007 B	2027-2037	4.750 - 5.500%	39,790,000	39,560,000	-	970,000	38,590,000	-
2007 C	2008-2022	3.550 - 4.700%	27,025,000	27,025,000	-	545,000	26,480,000	1,440,000
2007 D	2026-2038	5.000 - 5.875%	32,975,000	32,725,000	-	1,295,000	31,430,000	-
2007 E	2038	***	30,000,000	30,000,000	-	-	30,000,000	-
2007 F	2014-2022	3.700 - 4.450%	18,855,000	18,465,000	-	75,000	18,390,000	-
2007 G	2009-2038	3.650 - 5.500%	41,145,000	41,010,000	-	525,000	40,485,000	1,450,000
2007 H	2038	***	30,000,000	30,000,000	-	-	30,000,000	-
2008 A	2009-2022	1.650 - 4.125%	15,140,000	15,140,000	-	-	15,140,000	1,765,000
2008 B	2010-2038	2.625 - 6.000%	54,860,000	54,860,000	-	475,000	54,385,000	-
2008 C	2038	***	35,000,000	35,000,000	-	-	35,000,000	-
2008 D	2009-2023	2.500 - 4.800%	11,790,000	11,790,000	-	-	11,790,000	1,500,000
2008 E	2010-2039	3.900 - 6.500%	58,210,000	58,210,000	-	335,000	57,875,000	-
2008 F	2039	***	35,000,000	35,000,000	-	-	35,000,000	-
2008 G	2013-2030	3.500 - 5.350%	52,530,000	-	52,530,000	-	52,530,000	-
2008 H	2009-2012	3.000 - 4.150%	5,530,000	-	5,530,000	100,000	5,430,000	490,000
2008 I	2037	***	34,650,000	-	34,650,000	-	34,650,000	-
<b>Total Mortgage Revenue Bonds</b>				<b>\$1,209,961,011</b>	<b>\$ 92,710,000</b>	<b>\$ 90,731,011</b>	<b>\$1,211,940,000</b>	<b>\$ 21,580,000</b>

\*\* Interest rates are adjusted monthly based on the one month LIBOR rate plus 0.40%, not to exceed 11.00% for 2001 C and 11.50% for 2001 L. The interest rate at the end of the fiscal year was 0.72%.

\*\*\* Interest rates are adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 0.40% for 2003 L, 2004 I, and 2005 C, 0.39% for 2004 C, 2004 L, and 2005 F, 0.35% for 2006 C, 0.37% for 2006 F and 2007 E, 0.27% for 2006 G, 0.45% for 2007 H, 0.30% for 2008 C, and 0.32% for 2008 F and 2008 I.

**Homeowner Revenue Bonds**

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2010	**	\$ 189,985,000	\$ 51,120,000	\$ -	\$ 51,120,000	\$ -	\$ -
2005 B	2010	**	362,645,000	36,300,000	-	36,300,000	-	-
<b>Total Homeowner Revenue Bonds</b>				<b>\$ 87,420,000</b>	<b>\$ -</b>	<b>\$ 87,420,000</b>	<b>\$ -</b>	<b>\$ -</b>

**Multifamily Housing Revenue Bonds**

Original Issue				Bonds Outstanding			Ending Balance	Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases		
1997 A	1999-2029	4.100 - 5.700%	\$ 16,360,000	\$ 14,010,000	\$ -	\$ 345,000	\$ 13,665,000	\$ 360,000
1997 B	2000-2029	4.000 - 5.550%	10,100,000	8,670,000	-	215,000	8,455,000	230,000
1999 A	2001-2030	3.450 - 5.150%	12,440,000	10,850,000	-	265,000	10,585,000	275,000
1999 B	2002-2031	4.300 - 6.000%	34,920,000	31,685,000	-	635,000	31,050,000	670,000
2000 A	2003-2042	4.600 - 6.050%	18,325,000	17,615,000	-	165,000	17,450,000	170,000
2001 A	2024-2032	4.600 - 5.100%	1,770,000	1,615,000	-	40,000	1,575,000	40,000
2001 B	2004-2043	2.900 - 5.450%	31,935,000	30,790,000	-	315,000	30,475,000	325,000
2002 A	2004-2033	1.800 - 5.000%	7,875,000	7,280,000	-	160,000	7,120,000	160,000
2003 A	2013-2044	4.400 - 5.150%	5,675,000	5,520,000	-	60,000	5,460,000	60,000
2004 A	2014-2045	4.300 - 5.100%	5,120,000	5,005,000	-	50,000	4,955,000	55,000
2004 B	2046	***	14,950,000	14,795,000	-	160,000	14,635,000	165,000
2005 A	2007-2047	3.050 - 5.000%	9,855,000	9,815,000	-	765,000	9,050,000	90,000
2006 A	2036	4.620 - 4.620%	5,680,000	5,610,000	-	150,000	5,460,000	150,000
<b>Total Multifamily Housing Revenue Bonds</b>				<b>\$ 163,260,000</b>	<b>\$ -</b>	<b>\$ 3,325,000</b>	<b>\$ 159,935,000</b>	<b>\$ 2,750,000</b>

\*\*\* The interest rate is adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 0.32%.

**Multiple Purpose Bonds**

Original Issue				Bonds Outstanding			Ending Balance	Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases		
2005 A	2005-2024	1.900 - 4.300%	\$ 46,405,000	\$ 24,550,000	\$ -	\$ 5,330,000	\$ 19,220,000	\$ 4,615,000
<b>Total Multiple Purpose Bonds</b>				<b>\$ 24,550,000</b>	<b>\$ -</b>	<b>\$ 5,330,000</b>	<b>\$ 19,220,000</b>	<b>\$ 4,615,000</b>

**Total Revenue Bonds** \$1,485,191,011 \$ 92,710,000 \$ 186,806,011 \$ 1,391,095,000 \$ 28,945,000

**Total General Obligation and Revenue Bonds** \$1,675,506,011 \$ 92,710,000 \$ 194,231,011 \$ 1,573,985,000 \$ 35,210,000

**Bonds Payable Per Balance Sheet**

Bonds payable are presented on the balance sheet at their carrying value. The carrying value is the outstanding bond principal plus unamortized bond premium less unamortized bond discount less the deferred amount on debt refunding. Bonds payable balances on June 30, 2009 are summarized below:

	Principal (per preceding Schedule)	Less: Discount	Plus: Premium	Less: Deferred Amount on Debt Refunding	Bonds Payable
General Obligation Bonds:					
Elderly and Disabled Housing Program	\$ 182,890,000	\$ (254,110)	\$ -	\$ (1,078,430)	\$ 181,557,460
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	1,211,940,000	(420)	11,522,417	(97,477)	1,223,364,520
Multifamily Housing Revenue Bonds	159,935,000	-	-	(204,985)	159,730,015
Multiple Purpose Bonds	19,220,000	-	-	(114,651)	19,105,349
<b>Total Revenue Bonds</b>	<b>1,391,095,000</b>	<b>(420)</b>	<b>11,522,417</b>	<b>(417,113)</b>	<b>1,402,199,884</b>
<b>Total General Obligation and Revenue Bonds</b>	<b>\$ 1,573,985,000</b>	<b>\$ (254,530)</b>	<b>\$ 11,522,417</b>	<b>\$ (1,495,543)</b>	<b>\$ 1,583,757,344</b>

**Debt Service Requirements to Maturity**

The table at the top of the next page summarizes the amounts necessary to pay all future bonded debt principal and

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interest requirements as of June 30, 2010 for each fiscal year during the next five year period ending June 30, 2014, and in five year increments thereafter.

Year Ending June 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 6,265,000	\$ 9,451,118	\$ 15,716,118	\$ 28,945,000	\$ 53,573,421	\$ 82,518,421
2011	6,605,000	9,147,561	15,752,561	31,130,000	52,155,066	83,285,066
2012	6,990,000	8,820,084	15,810,084	31,395,000	50,977,189	82,372,189
2013	7,350,000	8,468,108	15,818,108	31,680,000	49,728,790	81,408,790
2014	7,745,000	8,090,724	15,835,724	33,040,000	48,413,656	81,453,656
2015-2019	44,190,000	34,182,224	78,372,224	180,300,000	219,675,040	399,975,040
2020-2024	47,335,000	21,550,155	68,885,155	237,050,000	173,390,254	410,440,254
2025-2029	33,595,000	9,811,578	43,406,578	296,870,000	113,367,040	410,237,040
2030-2034	12,840,000	3,769,790	16,609,790	307,835,000	52,598,066	360,433,066
2035-2039	7,035,000	1,639,255	8,674,255	186,355,000	16,603,343	202,958,343
2040-2044	2,165,000	400,462	2,565,462	22,725,000	2,781,210	25,506,210
2045-2049	775,000	85,619	860,619	3,770,000	154,020	3,924,020
Total	\$ 182,890,000	\$ 115,416,678	\$ 298,306,678	\$ 1,391,095,000	\$ 833,417,095	\$ 2,224,512,095

The interest stated above includes coupon 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. Coupon interest for general obligation bonds is paid February 1 and August 1.

As of June 30, 2009, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$2,626,781,365 in general obligation bonds.

### Loans Payable

The following table summarizes the amounts necessary to pay all future loan principal and interest requirements as of June 30, 2009. The loan is due on October 15, 2009.

Year Ending June 30	Loans Payable		
	Principal	Interest	Total
2010	\$ 1,500,000	\$ 16,099	\$ 1,516,099
Total	\$ 1,500,000	\$ 16,099	\$ 1,516,099

### NOTE 8. Interest Rate Swaps

OHCS D has entered into eleven separate pay-fixed, receive-variable interest rate swaps to lower borrowing costs compared to fixed-rate bonds. The notional amounts of the swaps match the principal amounts of the associated debt. The table at the top of the next page lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2009.

Series	Notional Amounts	Effective Date	Fixed		Fair Values	Swap		Counterparty	Counterparty Rating <sup>®</sup>		
			Rate Paid	Variable Rate Received		Termination Date					
MF <sup>®</sup> 2004 B	\$ 14,635,000	12/16/2004	3.894%	64% of LIBOR** +.27%	\$ (988,032)	07/01/2046	Merrill Lynch Capital Services	A2	A	A+	
MRB* 2004 C	15,000,000	01/24/2006	4.032%	64% of LIBOR +.29%	(858,578)	07/01/2034	Morgan Stanley Capital Services	A2	A	A	
MRB 2004 I	15,000,000	01/24/2006	4.012%	64% of LIBOR +.29%	(1,043,976)	07/01/2034	Morgan Stanley Capital Services	A2	A	A	
MRB 2006 C	20,000,000	02/28/2006	4.184%	64% of LIBOR +.29%	(1,676,227)	07/01/2036	Morgan Stanley Capital Services	A2	A	A	
MRB 2006 F	20,000,000	07/18/2006	4.430%	64% of LIBOR +.29%	(2,048,110)	07/01/2037	Bank of America, N.A.	Aa3	A+	A+	
MRB 2006 G	16,105,000	07/18/2006	3.833%	64% of LIBOR +.19%	(1,807,050)	07/01/2016	Merrill Lynch Capital Services	A2	A	A+	
MRB 2007 E	30,000,000	07/31/2007	4.388%	64% of LIBOR +.29%	(3,440,822)	07/01/2038	Bear Stearns Financial Products	Aaa	AAA	N/A	
MRB 2007 H	30,000,000	11/20/2007	4.060%	64% of LIBOR +.30%	(2,587,835)	07/01/2038	Merrill Lynch Capital Services	A2	A	A+	
MRB 2008 C	35,000,000	02/26/2008	3.747%	64% of LIBOR +.30%	(1,934,186)	07/01/2038	Bank of America, N.A.	Aa3	A+	A+	
MRB 2008 F	35,000,000	05/13/2008	3.738%	64% of LIBOR +.31%	(1,711,883)	07/01/2039	Bank of America, N.A.	Aa3	A+	A+	
MRB 2008 I	34,650,000	08/26/2008	3.723%	64% of LIBOR +.31%	(2,304,378)	07/01/2037	Bank of America, N.A.	Aa3	A+	A+	
	\$ 265,390,000				\$ (20,401,077)						

<sup>®</sup> Multifamily Housing Revenue Bonds

\* Mortgage Revenue Bonds

\*\* 1-month London Interbank Offered Rate

<sup>®®</sup> Moody's / S&P / Fitch

The MF 2004 B swap has a call option where OHCS D has the right to “call” (cancel) the swap in whole or in part semiannually beginning in 2015. The MRB swaps include options giving OHCS D the right to call the swaps in whole or in part, depending on the exercise date, semi-annually beginning in 2012 (2004 C & 2004 I), 2013 (2006 C, 2006 F, & 2008 F), 2014 (2007 E), 2015 (2007 H & 2008 C), or 2016 (2008 I). These options provide flexibility to manage the prepayments of loans and the related bonds.

**Credit Risk** Credit risk is the risk that a counterparty will not fulfill its obligations. OHCS D is exposed to credit risk in the amount of the fair value for any swap with a positive fair value. As of June 30, 2009, OHCS D was not exposed to credit risk since all swaps had negative fair values. The valuations provided are derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions. This valuation methodology is believed to be consistent with accepted practice in the market for interest rate swaps.

**Basis Risk** Basis risk is the risk that arises when variable interest rates on a derivative and the associated bond are based on different indexes. All variable interest rates on OHCS D’s tax exempt bonds are determined weekly by a Remarketing Agent. OHCS D is exposed to basis risk when the variable rate received, which is based on the one month LIBOR rate, does not offset the variable rate paid on the bonds. As of June 30, 2009, the LIBOR rate was 0.30875%. OHCS D’s variable interest rates as of June 30, 2009 can be found in Note 7.

**Termination Risk** Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCS D or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the swap agreement. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and OHCS D would then be exposed to interest rate risk. Also, if any of the swaps had a negative value at termination, OHCS D would be liable to the counterparty for a payment equal to the fair value of the swap.

Using rates as of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments are as follows:

Year Ending June 30	Variable-Rate Bonds		Net Swap Payments	Total
	Principal	Interest		
2010	\$ 165,000	\$ 1,219,790	\$ 9,138,550	\$ 10,523,340
2011	175,000	926,030	9,240,235	10,341,265
2012	180,000	925,462	9,234,164	10,339,626
2013	190,000	924,879	9,224,331	10,339,210
2014	200,000	924,262	9,221,340	10,345,602
2015-2019	1,115,000	4,611,183	44,610,102	50,336,285
2020-2024	8,210,000	4,565,017	42,749,641	55,524,658
2025-2029	52,260,000	4,256,196	39,996,899	96,513,095
2030-2034	104,420,000	2,852,924	28,175,585	135,448,509
2035-2039	90,025,000	915,254	9,138,230	100,078,484
2040-2044	6,630,000	62,935	669,887	7,362,822
2045-2049	1,820,000	8,843	94,644	1,923,487
Total	\$ 265,390,000	\$ 22,192,775	\$ 211,493,608	\$ 499,076,383

**NOTE 9. Demand Bonds**

Included in OHCS D’s long-term debt is \$320,775,000 in variable rate demand bonds. OHCS D’s variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the Official Statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS D has entered into standby bond purchase agreements to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The standby bond purchase agreement requires the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the standby bond purchase agreement. The maximum rate is 12% (Bank of America, N. A. and State Street Bank and Trust Company) or 13% (KBC Bank N.V.). The bonds remain bank bonds until they are sold by the

Notes to the Financial Statements (Continued)  
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remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption in ten equal installments are to be paid on the first business day of January and July, commencing on the first such date to occur after the bonds become liquidity provider bonds (State Street Bank and Trust Company) or at least ninety days after the related purchase date (Bank of America, N.A. and KBC Bank N.V.). There were no bank bonds on June 30, 2009.

Certain terms of the standby purchase agreements and remarketing agreements are listed below:

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MF 2004 B	14,635,000	Bank of America, N.A.	08/27/2011	0.4750%	Banc of America Securities LLC	0.08%
MRB 2003 L	15,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	J.P. Morgan Securities, Inc.	0.07%
MRB 2004 C	15,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	CitiGroup Global Markets, Inc.	0.07%
MRB 2004 I	15,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	J.P. Morgan Securities, Inc.	0.07%
MRB 2004 L	15,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	CitiGroup Global Markets, Inc.	0.07%
MRB 2005 C	10,500,000	State Street Bank and Trust Company	12/16/2011	0.1300%	J.P. Morgan Securities, Inc.	0.07%
MRB 2005 F	14,885,000	State Street Bank and Trust Company	12/16/2011	0.1300%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 C	20,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	J.P. Morgan Securities, Inc.	0.07%
MRB 2006 F	20,000,000	State Street Bank and Trust Company	12/16/2011	0.1300%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 G	16,105,000	State Street Bank and Trust Company	12/16/2011	0.1300%	CitiGroup Global Markets, Inc.	0.07%
MRB 2007 E	30,000,000	KBC Bank N.V., New York Branch	07/30/2012	0.0775%	CitiGroup Global Markets, Inc.	0.07%
MRB 2007 H	30,000,000	KBC Bank N.V., New York Branch	07/30/2012	0.0775%	J.P. Morgan Securities, Inc.	0.07%
MRB 2008 C	35,000,000	KBC Bank N.V., New York Branch	07/30/2012	0.2300%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2008 F	35,000,000	Bank of America, N.A.	05/12/2011	0.4750%	Banc of America Securities LLC	0.07%
MRB 2008 I	34,650,000	Bank of America, N.A.	08/25/2011	0.4750%	Banc of America Securities LLC	0.07%

**NOTE 10. Conduit Debt Obligations**

Bonds issued under the Housing Development Revenue Bond program are limited obligations of OHCS D payable only out of trust estate specifically pledged to each bond issue. As of June 30, 2009, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$176,850,333. No recourse may be taken against any properties, funds, or assets of OHCS D for the payment of any amounts owing with respect to these bonds. Bond owners will have no right to compel the payment of any amount owing with respect to these bonds out of any tax revenues, funds, or other assets of OHCS D or the State of Oregon, other than the security pledged to each bond issue.

**NOTE 11. Segment Information**

OHCS D issues revenue bonds to finance mortgage loans. Summary financial information for OHCS D's revenue bonds is presented below:

	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
<b>Condensed Statement of Net Assets</b>				
<b>Assets</b>				
Other Current Assets	\$ 61,459,390	\$ -	\$ 7,916,942	\$ 6,114,300
Noncurrent Assets	1,278,342,806	-	174,332,769	27,823,133
Total Assets	1,339,802,196	-	182,249,711	33,937,433
<b>Liabilities</b>				
Interfund Payables	34	-	-	-
Other Current Liabilities	58,612,942	-	7,219,481	6,288,776
Noncurrent Liabilities	1,202,156,838	-	156,980,015	14,532,350
Total Liabilities	1,260,769,814	-	164,199,496	20,821,126
<b>Net Assets</b>				
Restricted by Trust Indentures	79,032,382	-	18,050,215	13,116,307
Total Net Assets	\$ 79,032,382	\$ -	\$ 18,050,215	\$ 13,116,307

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

Operating Revenues	\$ 67,033,402	\$ 551,636	\$ 11,010,184	\$ 2,738,752
Operating Expenses	(61,155,255)	(586,809)	(9,123,095)	(1,210,404)
Operating Income (Loss)	5,878,147	(35,173)	1,887,089	1,528,348
Transfers In	1,275,000	-	450,000	-
Transfers Out	-	(8,594)	(2,000,000)	(1,869,055)
Change in Net Assets	7,153,147	(43,767)	337,089	(340,707)
Beginning Net Assets	71,879,235	43,767	17,713,126	13,457,014
Ending Net Assets	\$ 79,032,382	\$ -	\$ 18,050,215	\$ 13,116,307

**Condensed Statement of Cash Flows**

Net Cash Provided (Used) by:				
Operating Activities	\$ 3,711,658	\$ -	\$ 11,678,361	\$ 9,084,211
Noncapital Financing Activities	(54,080,261)	(88,138,137)	(13,756,846)	(7,992,636)
Investing Activities	61,987,098	87,952,598	2,236,476	461,011
Net Increase (Decrease)	11,618,495	(185,539)	157,991	1,552,586
Beginning Cash and Cash Equivalents	9,251,331	185,539	595,082	637,966
Ending Cash and Cash Equivalents	\$ 20,869,826	\$ -	\$ 753,073	\$ 2,190,552

**NOTE 12. Restricted Assets**

Restricted asset account balances are as follows:

Purpose:	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ 20,053,964	\$ 32,615,004
Current Debt Service	15,716,118	82,518,421
Future Debt Service	32,360,935	71,913,699
Debt Reserves	24,987,643	54,596,033
Insurance Reserves	-	21,976,065
Combined Program Account	-	14,190,651
Residential Assistance	-	1,319,399
Matured Bonds and Coupons	-	5,145
Total	\$ 93,118,660	\$ 279,134,417
<u>Balance Sheet Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 10,263,464	\$ 5,145
Restricted Cash and Cash Equivalents – Noncurrent	58,766,291	24,483,400
Restricted Investments – Current	-	56,128,816
Restricted Investments – Noncurrent	24,088,905	198,517,056
Total	\$ 93,118,660	\$ 279,134,417

**NOTE 13. Employee Retirement Plans**

The Oregon Public Employees Retirement System (PERS) provides retirement plans for OHCS D employees. PERS is administered by the Public Employees Retirement Board (Board), as required by Chapters 238 and 238A of the Oregon Revised Statutes (ORS). The Oregon Public Employees Retirement System annual financial report is located at [www.oregon.gov/PERS/section/financial\\_reports/financials.shtml](http://www.oregon.gov/PERS/section/financial_reports/financials.shtml).

**Plan Descriptions and Funding Policies**

PERS Pension (Chapter 238)

OHCS D's employees who were plan members before August 29, 2003 participate in the PERS Pension, a cost-sharing

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multiple-employer defined benefit pension plan. The PERS retirement allowance is payable monthly for life and may be selected from several retirement benefit options as established by ORS Chapter 238. Options include survivorship benefits and lump sum refunds. PERS also provides death and disability benefits.

Oregon Public Service Retirement Plan (Chapter 238a)

The 2003 Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP), also a cost-sharing multiple-employer plan. OPSRP is a hybrid pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). OHCS D employees hired after August 28, 2003, participate in OPSRP after completing six months of service. The OPSRP Pension Program provides a monthly pension payable for life as well as death and disability benefits as established by ORS Chapter 238A.

Beginning January 1, 2004, PERS members became members of the Individual Account Program (IAP) portion of OPSRP. PERS members retain their existing PERS accounts, but member contributions are now deposited in the IAP account rather than into the member's PERS account. All covered employees are required by state statute to contribute a percentage of their salary to the IAP. Current law permits employers to pay the employee contribution, which OHCS D does.

For the PERS Pension and the OPSRP Pension, OHCS D is required by ORS 238.225 and ORS 238A.220, respectively, to contribute actuarially computed amounts as determined by the Board. The funding policies provide for monthly employer contributions. Rates are subject to change as a result of subsequent actuarial valuations.

The required State employee contributions and the required State employer contributions, shown as a percentage of covered salary, for the PERS multiple-employer plans are as follows: the Employee Rate is 6.00%; the PERS Pension Employer Rate is 2.06% (6.54% through June 30, 2009); and the OPSRP Pension Employer Rate is 2.84% (8.03% through June 30, 2009).

Combined employer contributions for the years ended June 30, 2009, 2008, and 2007 were \$223,440, \$261,419, and \$249,501 respectively, equal to the required contributions each year.

Combined employee contributions for the years ended June 30, 2009, 2008, and 2007 were \$206,074, \$241,498, and \$190,520 respectively.

**NOTE 14. Other Postemployment Benefit Plans**

OHCS D's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. A copy of the Oregon Public Employees Retirement System annual financial report may be obtained at [www.oregon.gov/PERS/section/financial\\_reports/financials.shtml](http://www.oregon.gov/PERS/section/financial_reports/financials.shtml).

Retirement Health Insurance Account

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer OPEB plan which provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible for the RHIA subsidy, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health insurance plan.

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. The rate of each covered employee's salary is 0.29% (0.37% through June 30, 2009) which is embedded within the total PERS contribution rate.

Combined employer contributions for the years ended June 30, 2009, 2008, and 2007 were \$12,474, \$14,892, and \$18,734 respectively, equal to the required contributions each year.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIA plan.

Retiree Health Insurance Premium Account

The Retiree Health Insurance Premium Account (RHIPA) is a single-employer OPEB plan that provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the PERS Board, and health insurance premiums paid by state employees who are not retired. Retired state employees are qualified to receive the RHIPA subsidy if they had eight or more years of qualifying service in PERS at the time of retirement or are receiving a disability pension calculated as if they had eight or more years of qualifying service, but are not eligible for federal Medicare coverage.

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. The rate of each covered employee's salary is 0.08% (0.10% through June 30, 2009) which is embedded within the total PERS contribution rate. OHCS D's actual contribution for the year ended June 30, 2009 totaled \$3,376 which was equal to the actuarial required contribution.

The Legislature has sole authority to amend the benefit provisions and funding policy for the RHIPA plan.

Public Employees Benefit Board Plan

The Public Employees Benefit Board (PEBB) plan is an agent multiple-employer plan which offers medical, dental and vision benefits to eligible retired employees. Retired employees not eligible for Medicare are eligible for PEBB coverage if the retiree is receiving a service or disability benefit from PERS or another state system, is eligible to receive a retirement allowance from PERS and has reached the earliest retirement age under ORS Chapter 238, or is eligible to receive a service allowance or pension under any system offered by the state and has attained the earliest retirement age under that system. The PEBB Plan funding policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis. Active employees do not make contributions. Participating retirees pay their own monthly premiums based on a blended premium rate since retirees are pooled together with active employees for insurance rating purposes.

Chapter 243 of the Oregon Revised Statutes assigns PEBB the authority to establish and amend the benefit provisions of the PEBB Plan. As the administrator of the PEBB Plan, PEBB has the authority to determine postretirement benefit increases and decreases.

**NOTE 15. Other Commitments**

OHCS D has made commitments for Elderly and Disabled Housing Fund loans totaling \$19,942,249, for grants totaling \$125,295 from the Housing Finance Account, and for services totaling \$515,690 from the Housing Finance Account.

**NOTE 16. 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; employee dishonesty; and faithful performance coverage for certain positions required by law to be covered, and other key positions.

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.

For OHCS D, the amount of claim settlements did not exceed insurance coverage for each of the past three fiscal years.

**NOTE 17. Subsequent Events**

On July 1, 2009, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>		<u>Amount Called</u>
1991 Series D	\$ 180,000	2000 Series E	\$ 230,000	2004 Series B	\$ 290,000
1993 Series B	45,000	2000 Series H	245,000	2004 Series H	495,000
1994 Series C	10,000	2000 Series L	345,000	2004 Series K	1,060,000
1995 Series A	35,000	2001 Series A	370,000	2004 Series N	65,000
1995 Series C	20,000	2001 Series C	145,000	2005 Series B	285,000
1996 Series B	45,000	2001 Series F	250,000	2005 Series E	80,000
1996 Series D	60,000	2001 Series G	390,000	2006 Series B	630,000
1997 Series F	140,000	2001 Series J	215,000	2006 Series E	1,185,000
1997 Series H	45,000	2001 Series L	105,000	2006 Series I	600,000
1998 Series D	355,000	2001 Series R	255,000	2007 Series B	430,000
1998 Series G	65,000	2002 Series B	205,000	2007 Series D	1,015,000
1999 Series E	160,000	2002 Series G	65,000	2007 Series G	365,000
1999 Series J	230,000	2002 Series I	120,000	2008 Series B	170,000
1999 Series M	90,000	2003 Series F	105,000	2008 Series E	85,000
2000 Series A	200,000				

On November 2, 2009, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>		<u>Amount Called</u>
1991 Series D	\$ 435,000	2000 Series E	\$ 430,000	2004 Series G	\$ 795,000
1993 Series B	90,000	2000 Series H	430,000	2004 Series H	915,000
1994 Series A	30,000	2000 Series L	490,000	2004 Series K	1,015,000
1994 Series C	70,000	2001 Series A	795,000	2004 Series N	410,000
1995 Series A	70,000	2001 Series C	185,000	2005 Series B	365,000
1995 Series C	15,000	2001 Series F	100,000	2005 Series D	595,000
1995 Series E	200,000	2001 Series G	300,000	2005 Series E	940,000
1996 Series B	155,000	2001 Series J	530,000	2006 Series A	460,000
1996 Series D	105,000	2001 Series L	145,000	2006 Series B	890,000
1996 Series H	230,000	2001 Series Q	500,000	2006 Series D	985,000
1997 Series A	195,000	2001 Series R	305,000	2006 Series E	1,240,000
1997 Series F	265,000	2002 Series A	400,000	2006 Series I	845,000
1997 Series H	240,000	2002 Series B	280,000	2006 Series K	370,000
1998 Series B	215,000	2002 Series G	600,000	2007 Series B	1,470,000
1998 Series D	355,000	2002 Series I	520,000	2007 Series D	2,055,000
1998 Series G	545,000	2002 Series N	545,000	2007 Series G	2,655,000
1999 Series A	285,000	2003 Series B	725,000	2008 Series B	520,000
1999 Series E	315,000	2003 Series E	115,000	2008 Series E	1,525,000
1999 Series J	470,000	2003 Series F	480,000	2008 Series G	1,015,000
1999 Series M	225,000	2003 Series K	680,000	2008 Series H	400,000
2000 Series A	140,000	2004 Series B	710,000		

# Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Combining Schedule of Housing Finance Fund Balance Sheet Activities  
June 30, 2009

	<i>Single-Family Mortgage Program</i>		Multifamily	Multiple
	Mortgage	Homeowner	Housing	Purpose
	Revenue	Revenue	Revenue	Bonds
	Bonds	Bonds	Bonds	Bonds
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	-	-	-	-
Investments - Restricted	44,468,841	-	6,721,273	4,938,702
Securities Lending Cash Collateral	9,021,416	-	251,698	968,669
Accounts Receivable	8,605	-	-	-
Accrued Interest Receivable	6,299,920	-	943,971	206,929
Interfund Receivable	-	-	-	-
Acquired Property	1,660,608	-	-	-
<b>Total Current Assets</b>	<b>61,459,390</b>	<b>-</b>	<b>7,916,942</b>	<b>6,114,300</b>
<b>Noncurrent Assets</b>				
Cash & Cash Equivalents - Restricted	20,869,826	-	753,073	2,190,552
Investments - Restricted	155,601,498	-	18,872,385	9,203,072
Deferred Charges	9,098,214	-	1,796,352	120,803
Loans Receivable (Net)	1,092,773,268	-	152,910,959	16,308,706
Capital Assets (Net)	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>1,278,342,806</b>	<b>-</b>	<b>174,332,769</b>	<b>27,823,133</b>
<b>Total Assets</b>	<b>\$ 1,339,802,196</b>	<b>\$ -</b>	<b>\$ 182,249,711</b>	<b>\$ 33,937,433</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 406,623	\$ -	\$ 1,896	\$ 683
Accrued Interest Payable	27,165,877	-	4,215,887	323,702
Obligations Under Securities Lending	9,021,416	-	251,698	968,669
Interfund Payable	34	-	-	-
Due to Other Governments	-	-	-	-
Matured Bonds and Interest Payable	-	-	-	-
Deferred Income	28,899	-	-	2,708
Compensated Absences Payable	-	-	-	-
Bonds Payable	21,580,000	-	2,750,000	4,615,000
Arbitrage Rebate Liability	410,127	-	-	378,014
Loans Payable	-	-	-	-
<b>Total Current Liabilities</b>	<b>58,612,976</b>	<b>-</b>	<b>7,219,481</b>	<b>6,288,776</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences Payable	-	-	-	-
Bonds Payable	1,201,784,520	-	156,980,015	14,490,349
Arbitrage Rebate Liability	372,318	-	-	42,001
Net OPEB Obligation	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>1,202,156,838</b>	<b>-</b>	<b>156,980,015</b>	<b>14,532,350</b>
<b>Total Liabilities</b>	<b>1,260,769,814</b>	<b>-</b>	<b>164,199,496</b>	<b>20,821,126</b>
<b>Net Assets</b>				
Invested in Capital Assets	-	-	-	-
Restricted for Residential Assistance	-	-	-	-
Restricted by Trust Indentures	79,032,382	-	18,050,215	13,116,307
Unrestricted	-	-	-	-
<b>Total Net Assets</b>	<b>79,032,382</b>	<b>-</b>	<b>18,050,215</b>	<b>13,116,307</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,339,802,196</b>	<b>\$ -</b>	<b>\$ 182,249,711</b>	<b>\$ 33,937,433</b>

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 5,917,589	\$ 5,917,589
-	5,145	5,145
-	-	56,128,816
-	2,976,998	13,218,781
-	12,566	21,171
27,768	117,763	7,596,351
-	1,013	1,013 **
-	-	1,660,608
27,768	9,031,074	84,549,474
37,778	632,171	24,483,400
14,152,873	687,228	198,517,056
-	-	11,015,369
-	3,729,031	1,265,721,964
-	3,079	3,079
14,190,651	5,051,509	1,499,740,868
\$ 14,218,419	\$ 14,082,583	\$ 1,584,290,342

\$ -	\$ 480,855	\$ 890,057
-	13,642	31,719,108
-	2,976,998	13,218,781
-	-	34 **
-	75,000	75,000
-	5,145	5,145
-	930,286	961,893
-	229,145	229,145
-	-	28,945,000
-	-	788,141
-	1,500,000	1,500,000
-	6,211,071	78,332,304
-	112,862	112,862
-	-	1,373,254,884
-	-	414,319
-	42,880	42,880
-	155,742	1,373,824,945
-	6,366,813	1,452,157,249
-	3,079	3,079
-	1,540,902	1,540,902
14,218,419	-	124,417,323
-	6,171,789	6,171,789
14,218,419	7,715,770	132,133,093
\$ 14,218,419	\$ 14,082,583	\$ 1,584,290,342

\*\* Interfund Receivables and Payables within the Housing Finance Fund totaling \$34 are not included in the Balance Sheet.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Combining Schedule of Housing Finance Fund Revenues, Expenses,  
and Changes in Fund Net Asset Activities  
For the Year Ended June 30, 2009

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
	Mortgage Revenue Bonds	Homeowner Revenue Bonds		
<b>Operating Revenues</b>				
Interest on Loans	\$ 60,052,341	\$ -	\$ 10,020,539	\$ 1,953,746
Investment Income	6,930,017	551,636	989,645	785,006
Low Income Housing Tax Credit Fees	-	-	-	-
Transfer/Commitment Fees	-	-	-	-
Administrative Charges and Fees	-	-	-	-
Gain on Sale of Foreclosed Property	51,044	-	-	-
Miscellaneous Revenue	-	-	-	-
<b>Total Operating Revenues</b>	<b>67,033,402</b>	<b>551,636</b>	<b>11,010,184</b>	<b>2,738,752</b>
<b>Operating Expenses</b>				
Personal Services	-	-	-	-
Services and Supplies	26,917	-	406,246	-
Mortgage Service Fees	4,063,964	-	25,463	11,479
Foreclosure Costs	313,141	-	-	-
Interest Expense - Bonds	56,279,918	538,231	8,560,387	761,529
Interest Expense - Loans	-	-	-	-
Interest Expense - Securities Lending	287,408	-	30,581	21,173
Other Related Program Expenses	(413,795)	41,954	-	350,037
Amortization of Deferred Bond Issuance Costs	597,702	6,624	105,658	53,270
Depreciation/Amortization	-	-	-	-
Bad Debt Expense	-	-	(5,240)	12,916
<b>Total Operating Expenses</b>	<b>61,155,255</b>	<b>586,809</b>	<b>9,123,095</b>	<b>1,210,404</b>
<b>Operating Income (Loss)</b>	<b>5,878,147</b>	<b>(35,173)</b>	<b>1,887,089</b>	<b>1,528,348</b>
Transfers from Other Funds	1,275,000	-	450,000	-
Transfers to Other Funds	-	(8,594)	(2,000,000)	(1,869,055)
Transfers to Other State Agencies	-	-	-	-
Transfer to State General Fund	-	-	-	-
<b>Change in Net Assets</b>	<b>7,153,147</b>	<b>(43,767)</b>	<b>337,089</b>	<b>(340,707)</b>
<b>Net Assets - Beginning</b>	<b>71,879,235</b>	<b>43,767</b>	<b>17,713,126</b>	<b>13,457,014</b>
<b>Net Assets - Ending</b>	<b>\$ 79,032,382</b>	<b>\$ -</b>	<b>\$ 18,050,215</b>	<b>\$ 13,116,307</b>

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 142,888	\$ 72,169,514
183,732	290,585	9,730,621
-	1,381,961	1,381,961
-	774,756	774,756
-	639,210	639,210
-	-	51,044
-	26,151	26,151
183,732	3,255,551	84,773,257
-	4,061,788	4,061,788
-	2,501,160	2,934,323
-	35	4,100,941
-	-	313,141
-	-	66,140,065
-	57,417	57,417
-	80,798	419,960
-	1,053,280	1,031,476
-	-	763,254
-	1,075	1,075
-	5,869	13,545
-	7,761,422	79,836,985
183,732	(4,505,871)	4,936,272
-	3,995,465	5,720,465 **
-	(1,725,000)	(5,602,649) **
-	(169,309)	(169,309)
-	(589,355)	(589,355)
183,732	(2,986,070)	4,303,424
14,034,687	10,701,840	127,829,669
\$ 14,218,419	\$ 7,715,770	\$ 132,133,093

\*\* Transfers within the Housing Finance Fund totaling \$5,602,649 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Combining Schedule of Housing Finance Fund Cash Flow Activities  
For the Year Ended June 30, 2009

	<u>Single-Family Mortgage Program</u>		Multifamily
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	Housing Revenue Bonds
<b>Cash Flows from Operating Activities</b>			
Received from Customers	\$ -	\$ -	\$ -
Program Loan Principal Repayments	85,797,686	-	2,095,763
Program Loan Interest Received	59,435,005	-	10,041,746
Program Loans Made	(138,570,444)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(4,052,186)	-	(459,148)
Other Receipts (Payments)	1,101,597	-	-
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>3,711,658</b>	<b>-</b>	<b>11,678,361</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Proceeds from Bond Sales	92,710,000	-	-
Principal Payments on Bonds	(90,731,011)	(87,420,000)	(3,325,000)
Interest Payments on Bonds	(56,473,180)	(709,543)	(8,881,846)
Bond Issue Costs	(861,070)	-	-
Interest Payments on Loans	-	-	-
Transfers from Other Funds	1,275,000	-	450,000
Transfers to Other Funds	-	(8,594)	(2,000,000)
Transfers to Other State Agencies	-	-	-
Transfers to State General Fund	-	-	-
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<b>(54,080,261)</b>	<b>(88,138,137)</b>	<b>(13,756,846)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Investments	(353,273,843)	(33,718)	(20,725,194)
Proceeds from Sales and Maturities of Investments	409,533,737	89,597,566	22,202,973
Interest on Cash and Investments	5,727,204	(1,611,250)	758,697
Investment Income on Securities Lending	287,408	-	30,581
Interest Paid on Securities Lending	(287,408)	-	(30,581)
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>61,987,098</b>	<b>87,952,598</b>	<b>2,236,476</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>11,618,495</b>	<b>(185,539)</b>	<b>157,991</b>
<b>Cash and Cash Equivalents Balance - Beginning</b>	<b>9,251,331</b>	<b>185,539</b>	<b>595,082</b>
<b>Cash and Cash Equivalents Balance - Ending</b>	<b>\$ 20,869,826</b>	<b>\$ -</b>	<b>\$ 753,073</b>
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	-	-	-
Cash and Cash Equivalents - Restricted (Noncurrent)	20,869,826	-	753,073
<b>Total Cash and Cash Equivalents</b>	<b>\$ 20,869,826</b>	<b>\$ -</b>	<b>\$ 753,073</b>

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ -	\$ -	\$ 3,014,491	\$ 3,014,491
7,406,113	-	1,491,977	96,791,539
1,998,972	-	92,166	71,567,889
-	-	(2,368,522)	(140,938,966)
-	-	(3,875,035)	(3,875,035)
(11,819)	-	(2,659,272)	(7,182,425)
(309,055)	-	(978,164)	(185,622)
9,084,211	-	(5,282,359)	19,191,871
-	-	-	92,710,000
(5,330,000)	-	-	(186,806,011)
(793,581)	-	(20,435)	(66,878,585)
-	-	-	(861,070)
-	-	(59,249)	(59,249)
-	-	3,995,465	5,720,465 **
(1,869,055)	-	(1,725,000)	(5,602,649) **
-	-	(161,309)	(161,309)
-	-	(589,355)	(589,355)
(7,992,636)	-	1,440,117	(162,527,763)
(15,347,554)	(20,230,908)	(1,244,824)	(410,856,041)
15,347,365	19,989,109	1,299,400	557,970,150
461,200	275,371	197,282	5,808,504
21,173	-	80,798	419,960
(21,173)	-	(80,798)	(419,960)
461,011	33,572	251,858	152,922,613
1,552,586	33,572	(3,590,384)	9,586,721
637,966	4,206	10,145,289	20,819,413
\$ 2,190,552	\$ 37,778	\$ 6,554,905	\$ 30,406,134
\$ -	\$ -	\$ 5,917,589	\$ 5,917,589
-	-	5,145	5,145
2,190,552	37,778	632,171	24,483,400
\$ 2,190,552	\$ 37,778	\$ 6,554,905	\$ 30,406,134

\*\* Transfers within the Housing Finance Fund totaling \$5,602,649 are not included in the Statement of Cash Flows.

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Combining Schedule of Housing Finance Fund Cash Flow Activities  
For the Year Ended June 30, 2009

Continued from the previous page

	<u>Single-Family Mortgage Program</u>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Homeowner Revenue Bonds	
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ 5,878,147	\$ (35,173)	\$ 1,887,089
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>			
Depreciation/Amortization	-	-	-
Amortization of Deferred Bond Issuance Costs	597,702	6,624	105,658
Bad Debt Expense	-	-	(5,240)
Investment Income Reported as Operating Revenue	(6,930,017)	(551,636)	(989,645)
Interest Expense Reported as Operating Expense	56,567,326	538,231	8,590,968
Bond Call Expenses	(595,014)	41,954	-
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	(527,042)	-	21,207
Accounts Receivable	(8,605)	-	-
Interfund Receivable	-	-	-
Loans Receivable	(50,213,507)	-	2,095,763
Acquired Property	(1,010,430)	-	-
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	62,105	-	(27,439)
Interfund Payable	(106,301)	-	-
Due to Other Governments	-	-	-
Deferred Income	(2,706)	-	-
Compensated Absences Payable	-	-	-
Net OPEB Obligation	-	-	-
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>\$ 3,711,658</b>	<b>\$ -</b>	<b>\$ 11,678,361</b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Net Change in Fair Value of Investments	\$ 1,548,949	\$ -	\$ 203,052
Foreclosed Property	5,594,325	-	-
Loan Modifications	87,587	-	-
<b>Total Noncash Investing, Capital, and Financing Activities</b>	<b>\$ 7,230,861</b>	<b>\$ -</b>	<b>\$ 203,052</b>

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ 1,528,348	\$ 183,732	\$ (4,505,871)	\$ 4,936,272
-	-	1,075	1,075
53,270	-	-	763,254
12,916	-	5,869	13,545
(785,006)	(183,732)	(290,585)	(9,730,621)
782,702	-	138,215	66,617,442
40,982	-	-	(512,078)
45,997	-	(50,721)	(510,559)
-	-	54,575	45,970
-	-	107,297	107,297 **
7,406,113	-	(876,545)	(41,588,176)
-	-	-	(1,010,430)
(341)	-	(169,263)	(134,938)
-	-	-	(106,301) **
-	-	75,000	75,000
(770)	-	82,583	79,107
-	-	124,644	124,644
-	-	21,368	21,368
<u>\$ 9,084,211</u>	<u>\$ -</u>	<u>\$ (5,282,359)</u>	<u>\$ 19,191,871</u>
\$ 283,815	\$ (85,998)	\$ 12,517	\$ 1,962,335
-	-	-	5,594,325
-	-	-	87,587
<u>\$ 283,815</u>	<u>\$ (85,998)</u>	<u>\$ 12,517</u>	<u>\$ 7,644,247</u>

\*\* Interfund Receivables and Payables within the Housing Finance Fund totaling a decrease of \$106,301 are not included in the Statement of Cash Flows.



# Statistical Section

The Statistical Section presents information as a context for understanding what the information in the financial statements and note disclosures says about OHCS&D's overall financial health.

## Financial Trends

Pages 48-51 contain trend information to help the reader understand how OHCS&D's financial performance has changed over time.

## Revenue Capacity

Pages 52 and 53 contain information to help the reader assess OHCS&D's most significant revenue source, Interest on Loans.

## Debt Capacity

Pages 54 and 55 contain information to help the reader assess OHCS&D's current levels of outstanding debt and the capacity to issue outstanding debt in the future.

## Demographic and Economic Information

Pages 56 and 57 contain demographic, economic, and employment data to help the reader understand the environment OHCS&D operates in.

## Operating Information

Pages 58-66 contain information to help the reader understand how the information in the financial report relates to the activities of OHCS&D.

Unless otherwise noted, the source of information in these schedules is derived from the comprehensive financial reports for the relevant year or from other OHCS&D sources.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
 Assets, Liabilities, and Net Assets  
 Enterprise Funds  
 Last Ten Fiscal Years

	2009	2008	2007	2006
<b>Assets</b>				
Cash and Cash Equivalents	\$ 5,917,589	\$ 9,535,291	\$ 7,012,746	\$ 4,606,282
Cash and Cash Equivalents - Restricted	93,518,300	58,962,599	70,430,213	69,408,645
Investments - Restricted	278,734,777	444,075,698	578,490,370	712,791,097
Securities Lending Cash Collateral	44,918,260	27,937,118	25,836,141	9,253,194
Accounts Receivable	21,174	68,910	42,246	65,160
Accrued Interest Receivable	8,573,207	8,535,261	7,332,201	6,717,595
Prepaid Expenses	-	-	-	-
Acquired Property	1,660,608	650,178	305,365	370,188
Deferred Charges	12,594,903	13,407,623	12,097,666	11,538,403
Loans Receivable (Net)	1,416,942,114	1,381,957,882	1,159,044,260	1,076,206,182
Capital Assets (Net)	3,538	4,822	22,101	38,262
<b>Total Assets</b>	<b>\$ 1,862,884,470</b>	<b>\$ 1,945,135,382</b>	<b>\$ 1,860,613,309</b>	<b>\$ 1,890,995,008</b>
<b>Liabilities</b>				
Accounts Payable	\$ 934,509	\$ 1,250,330	\$ 711,347	\$ 910,893
Accrued Interest Payable	35,717,572	34,981,663	30,721,560	30,037,256
Obligations Under Securities Lending	44,918,260	27,937,118	25,836,141	9,253,194
Due to Other Governments	75,000	-	-	-
Matured Bonds and Interest Payable	5,145	25,580	114,659	67,269
Deferred Income	963,134	884,057	237,243	32,235
Compensated Absences Payable	394,674	271,419	280,383	234,026
Bonds Payable	1,583,757,344	1,687,835,004	1,626,193,952	1,686,591,346
Trust Funds Payable	-	-	-	-
Arbitrage Rebate Liability	1,202,460	3,397,237	2,690,820	823,863
Loans Payable	1,500,000	1,500,000	1,500,000	1,500,000
Net OPEB Obligation	50,109	27,521	-	-
<b>Total Liabilities</b>	<b>\$ 1,669,518,207</b>	<b>\$ 1,758,109,929</b>	<b>\$ 1,688,286,105</b>	<b>\$ 1,729,450,082</b>
<b>Net Assets</b>				
Invested in Capital Assets	\$ 3,538	\$ 4,822	\$ 22,101	\$ 38,262
Restricted for Residential Assistance	1,540,902	1,700,405	1,741,444	1,546,849
Restricted by Trust Indentures	185,650,034	176,322,945	161,115,591	154,284,714
Unrestricted	6,171,789	8,997,281	9,448,068	5,675,101
<b>Total Net Assets</b>	<b>\$ 193,366,263</b>	<b>\$ 187,025,453</b>	<b>\$ 172,327,204</b>	<b>\$ 161,544,926</b>

						Unaudited
2005	2004	2003	2002	2001	2000	
\$ 5,386,744	\$ 3,856,659	\$ 4,123,840	\$ 6,090,414	\$ 3,465,030	\$ 1,384,757	
72,302,891	73,104,838	66,599,975	72,845,538	72,821,987	52,761,610	
829,746,883	797,367,789	734,007,673	557,161,155	507,259,928	542,800,226	
11,809,193	35,166,002	9,201,365	5,381,403	2,869,061	4,503,500	
91,840	36,279	214,251	113,403	668,591	190,977	
7,663,814	9,792,224	7,268,314	11,453,337	12,629,505	10,340,765	
-	7,600	169	15,495	87,822	111,313	
1,274,752	2,010,283	2,485,589	1,858,656	896,175	333,700	
12,506,193	12,551,858	14,215,636	14,176,522	13,948,807	13,436,006	
1,038,932,304	974,766,986	1,016,408,800	1,077,824,363	1,020,746,791	902,954,349	
58,222	144,792	157,212	177,935	247,503	435,222	
<u>\$ 1,979,772,836</u>	<u>\$ 1,908,805,310</u>	<u>\$ 1,854,682,824</u>	<u>\$ 1,747,098,221</u>	<u>\$ 1,635,641,200</u>	<u>\$ 1,529,252,425</u>	
\$ 809,374	\$ 1,567,117	\$ 1,017,577	\$ 3,909,628	\$ 928,075	\$ 952,434	
34,763,251	32,206,359	35,221,084	38,138,448	36,494,019	32,378,541	
11,809,193	35,166,002	9,201,365	5,381,403	2,869,061	4,503,500	
-	-	-	-	-	-	
116,063	157,106	480,540	529,517	412,016	534,798	
22,840	29,948	35,926	26,884	50,458	49,986	
284,300	300,154	296,259	305,702	285,583	273,943	
1,767,850,894	1,680,431,309	1,635,954,116	1,531,763,222	1,433,272,943	1,349,889,751	
-	-	-	-	-	1,430,749	
219,184	595,301	2,082,620	4,723,376	6,890,579	3,460,617	
4,421,200	5,716,450	3,891,071	4,000,000	748,606	75,000	
-	-	-	-	-	-	
<u>\$ 1,820,296,299</u>	<u>\$ 1,756,169,746</u>	<u>\$ 1,688,180,558</u>	<u>\$ 1,588,778,180</u>	<u>\$ 1,481,951,340</u>	<u>\$ 1,393,549,319</u>	
\$ 58,222	\$ 144,792	\$ 157,212	\$ 177,935	\$ 247,503	\$ 435,222	
1,545,107	1,547,749	1,994,293	1,824,609	1,528,174	1,745,403	
152,183,757	147,604,729	159,853,666	150,329,625	147,036,180	131,533,678	
5,689,451	3,338,294	4,497,095	5,987,872	4,878,003	1,988,803	
<u>\$ 159,476,537</u>	<u>\$ 152,635,564</u>	<u>\$ 166,502,266</u>	<u>\$ 158,320,041</u>	<u>\$ 153,689,860</u>	<u>\$ 135,703,106</u>	

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Revenues, Expenses, and Change in Net Assets  
Enterprise Funds  
Last Ten Fiscal Years

	2009	2008	2007	2006
<b>Operating Revenues</b>				
Interest on Loans	\$ 82,876,589	\$ 74,586,167	\$ 67,437,211	\$ 65,082,624
Investment Income	13,333,320	30,603,348	37,368,458	25,652,212
Low Income Housing Tax Credit Fees	1,381,961	1,807,144	1,426,011	1,312,453
Transfer/Commitment Fees	801,746	1,655,620	1,519,361	1,478,102
Administrative Charges and Fees	649,210	1,973,996	1,631,607	1,470,229
Mortgage Credit Certificate Fees	-	-	-	-
Gain on Sale of Foreclosed Property	51,044	105,897	80,291	198,983
Miscellaneous Revenue	41,151	6,885	18,741	245,240
<b>Total Operating Revenues</b>	<b>99,135,021</b>	<b>110,739,057</b>	<b>109,481,680</b>	<b>95,439,843</b>
<b>Operating Expenses</b>				
Personal Services	5,127,493	6,056,329	4,950,826	4,845,797
Services and Supplies	3,312,232	3,399,918	2,849,585	3,271,671
Mortgage Service Fees	4,171,676	3,523,632	2,988,871	2,664,045
Foreclosure Costs	313,141	101,769	63,516	137,702
Interest Expense - Bonds	75,927,690	77,550,847	80,753,939	75,721,114
Interest Expense - Loans	57,417	70,431	68,426	173,520
Interest Expense - Securities Lending	838,652	1,424,138	1,426,417	570,599
Other Related Program Expenses	1,150,806	7,726,515	4,770,778	4,879,984
Amortization of Deferred Bond Issuance Costs	905,772	894,984	874,064	1,129,185
Depreciation/Amortization	1,284	17,279	25,497	62,460
Bad Debt Expense	193,911	(77,802)	(72,517)	(84,623)
<b>Total Operating Expenses</b>	<b>92,000,074</b>	<b>100,688,040</b>	<b>98,699,402</b>	<b>93,371,454</b>
<b>Operating Income (Loss)</b>	<b>7,134,947</b>	<b>10,051,017</b>	<b>10,782,278</b>	<b>2,068,389</b>
<b>Nonoperating Revenue/(Expenses)</b>				
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
<b>Total Nonoperating Revenue/(Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers</b>				
Transfers from Other Funds	117,816	117,816	117,816	117,816
Transfers to Other Funds	(117,816)	(117,816)	(117,816)	(117,816)
Transfers to Other State Agencies	(204,782)	-	-	-
Transfers from State General Fund	-	4,647,232	-	-
Transfers to State General Fund	(589,355)	-	-	-
<b>Total Transfers</b>	<b>(794,137)</b>	<b>4,647,232</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>\$ 6,340,810</b>	<b>\$ 14,698,249</b>	<b>\$ 10,782,278</b>	<b>\$ 2,068,389</b>

						Unaudited
2005	2004	2003	2002	2001	2000	
\$ 64,114,118	\$ 65,650,387	\$ 71,465,435	\$ 72,928,497	\$ 67,714,244	\$ 59,712,811	
28,621,494	4,819,534	26,337,964	25,999,709	37,090,750	29,165,409	
1,179,279	1,122,706	1,117,418	884,634	791,355	582,379	
1,517,595	1,006,822	1,051,794	1,924,442	2,158,957	3,137,948	
1,584,686	2,346,977	1,287,564	866,827	892,201	839,522	
-	-	-	75	125	150	
269,196	337,473	118,817	45,516	29,757	61,394	
56,236	153,059	42,221	181,343	1,448,282	213,110	
97,342,604	75,436,958	101,421,213	102,831,043	110,125,671	93,712,723	
5,102,049	5,360,496	5,798,187	5,488,760	5,089,114	4,764,953	
2,849,854	3,688,026	2,852,514	2,842,198	2,921,737	2,688,021	
2,508,225	2,390,462	2,684,267	2,699,626	2,517,471	2,132,604	
208,736	327,082	214,978	99,046	39,964	44,019	
71,779,520	71,465,838	77,158,001	79,687,587	76,622,684	68,769,372	
226,258	174,574	129,231	65,467	36,213	29,377	
454,241	421,428	159,076	112,001	278,322	389,209	
5,992,723	3,739,067	2,748,849	5,527,426	2,522,261	1,991,381	
1,390,976	1,476,403	1,375,300	1,523,776	1,615,378	1,575,026	
86,570	122,702	104,076	147,903	348,529	515,674	
(97,521)	137,582	14,509	7,072	186,208	53,208	
90,501,631	89,303,660	93,238,988	98,200,862	92,177,881	82,952,844	
6,840,973	(13,866,702)	8,182,225	4,630,181	17,947,790	10,759,879	
-	-	-	-	38,965	(6,507)	
-	-	-	-	38,965	(6,507)	
10,408,430	207,194	207,194	207,194	207,194	207,194	
(10,408,430)	(207,194)	(207,194)	(207,194)	(207,194)	(207,194)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 6,840,973	\$ (13,866,702)	\$ 8,182,225	\$ 4,630,181	\$ 17,986,755	\$ 10,753,372	

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
 Weighted Average Interest Rate - New Mortgage Loans  
 Enterprise Funds  
 Last Ten Fiscal Years

Unaudited

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Overall Weighted Average Interest Rate	5.49%	5.65%	5.70%	5.26%	5.15%	5.22%	5.64%	6.08%	6.96%	6.59%
Elderly and Disabled Housing Program	5.97%	5.97%	-	6.53%	6.00%	6.70%	6.12%	5.64%	7.26%	6.83%
Housing Finance Revenue Bonds *	-	-	-	4.80%	-	-	-	-	7.40%	-
Mortgage Revenue Bonds	5.44%	5.65%	5.70%	5.24%	5.09%	4.85%	5.46%	6.09%	6.93%	6.60%
Multifamily Housing Revenue Bonds	5.90%	5.90%	5.90%	5.90%	6.22%	6.31%	7.05%	6.51%	6.87%	6.39%
Combined Program Account	-	-	-	6.40%	-	-	-	-	-	-
Housing Finance Account	-	-	-	1.00%	-	-	2.44%	-	1.00%	1.00%

\* All remaining Housing Finance Revenue Bonds were called in Fiscal Year 2007. All loans were moved to Mortgage Revenue Bonds.

Weighted average interest rate is calculated by multiplying each loan amount by the interest rate on the loan, adding all results together, then dividing by the total amount of new loans.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Principal Program Loan Interest Payers  
Enterprise Funds  
Current Year and Nine Years Ago

Unaudited

Project	Fiscal Year 2009			Fiscal Year 2000		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Woodridge Apartments	1	\$ 999,193	1.21%			
Westridge Meadows Apartments	2	974,008	1.18%			
Troutdale Terrace	3	891,817	1.08%			
Willamette Gardens Apartments	4	879,770	1.07%			
Lake Crest Apartments	5	618,940	0.75%			
The Hazelwood Apartments	6	480,600	0.58%	2	552,466	0.92%
Buckman Heights Apartments	7	429,787	0.52%	3	496,200	0.83%
Gateway Park Apartments	8	429,680	0.52%			
Cascadia Village Retirement Center	9	416,464	0.51%			
Fifth Avenue Court Apartments	10	409,994	0.50%			
Park Tower Apartments				1	686,029	1.14%
Fountain Plaza				4	489,267	0.82%
Carmen Oaks Manor				5	487,630	0.81%
Cascade Park Retirement Center				6	482,894	0.81%
1200 Building Apartments				7	474,694	0.79%
Park Place Living Center				8	453,764	0.76%
Pacific Pointe				9	449,975	0.75%
Lancaster Village				10	449,570	0.75%
Total		\$ 6,530,253	7.92%		\$ 5,022,489	8.38%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Ratio of Outstanding Debt  
Enterprise Fund  
Last Ten Fiscal Years

Unaudited

Business-Type Activities - Enterprise Funds						
Fiscal Year	General Obligation Bonds <sup>(1)</sup>	Revenue Bonds <sup>(2)</sup>	Loans Payable	Total	Percentage of Personal Income <sup>(3)</sup>	Per Capita <sup>(3)</sup>
2009	\$ 182,890,000	\$ 1,391,095,000	\$ 1,500,000	\$ 1,575,485,000	1.15%	\$ 416
2008	190,315,000	1,485,191,011	1,500,000	1,677,006,011	1.26%	449
2007	199,730,000	1,418,318,301	1,500,000	1,619,548,301	1.27%	440
2006	199,580,000	1,481,303,110	1,500,000	1,682,383,110	1.43%	464
2005	222,990,000	1,540,489,226	4,421,200	1,767,900,426	1.56%	494
2004	251,170,000	1,426,629,827	5,716,450	1,683,516,277	1.55%	474
2003	288,115,000	1,347,784,827	3,891,071	1,639,790,898	1.57%	466
2002	275,495,000	1,255,374,827	4,000,000	1,534,869,827	1.51%	442
2001	282,200,000	1,149,674,827	748,606	1,432,623,433	1.45%	418
2000	289,720,000	1,059,249,827	75,000	1,349,044,827	1.47%	397

<sup>(1)</sup> Elderly and Disabled Housing Bonds

<sup>(2)</sup> Mortgage Revenue Bonds, Homeowner Revenue Bonds, Multifamily Housing Revenue Bonds, Multiple Purpose Bonds (beginning in FY 2005), Housing Finance Revenue Bonds (through FY 2006), and Assisted or Insured Multi-Unit Bonds (through FY 2004)

<sup>(3)</sup> Population and Personal Income information can be found on page 56.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
 Legal Debt Margin Information  
 Enterprise Fund  
 Last Ten Fiscal Years

Unaudited

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
<b>General Obligation Bonds</b>				
2009	\$ 2,626,781,365	\$ 182,890,000	\$ 2,443,891,365	6.96%
2008	2,505,763,251	190,315,000	2,315,448,251	7.60%
2007	2,171,596,093	199,730,000	1,971,866,093	9.20%
2006	1,814,184,612	199,580,000	1,614,604,612	11.00%
2005	1,651,243,593	222,990,000	1,428,253,593	13.50%
2004	1,526,855,488	251,170,000	1,275,685,488	16.45%
2003	1,436,406,940	288,115,000	1,148,291,940	20.06%
2002	1,370,162,155	275,495,000	1,094,667,155	20.11%
2001	1,291,069,462	282,200,000	1,008,869,462	21.86%
2000	1,201,599,761	289,720,000	911,879,761	24.11%
<b>Revenue Bonds</b>				
2009	\$ 2,500,000,000	\$ 1,391,095,000	\$ 1,108,905,000	55.64%
2008	2,500,000,000	1,485,191,011	1,014,808,989	59.41%
2007	2,500,000,000	1,418,318,301	1,081,681,699	56.73%
2006	2,500,000,000	1,481,303,110	1,018,696,890	59.25%
2005	2,000,000,000	1,540,489,226	459,510,774	77.02%
2004	2,000,000,000	1,426,629,827	573,370,173	71.33%
2003	2,000,000,000	1,347,784,827	652,215,173	67.39%
2002	2,000,000,000	1,255,374,827	744,625,173	62.77%
2001	2,000,000,000	1,149,674,827	850,325,173	57.48%
2000	2,000,000,000	1,059,249,827	940,750,173	52.96%

Legal Debt Margin for Fiscal Year 2009

General Obligation Bonds

True cash value of all taxable property in the state	\$ 525,356,272,908
Debt Limit (0.5% of true cash value)	2,626,781,365
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(182,890,000)
Legal Debt Margin	<u>\$ 2,443,891,365</u>

Revenue Bonds

The legal debt margin for OHCS D's revenue bonds is set by statute (Oregon Revised Statute 456.661).

For additional bond information, see Note 7.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
 Demographic and Economic Data - State of Oregon  
 Last Ten Years

Unaudited

Calendar Year	Population <sup>(1)</sup>	Personal Income <sup>(1)</sup> (in thousands)	Per Capita Personal Income	Annual Unemployment Rate <sup>(2)</sup>
2008	3,790,060	\$ 137,569,686	\$ 36,297	6.4%
2007	3,735,549	133,405,144	35,712	5.1%
2006	3,680,968	127,447,708	34,623	5.3%
2005	3,621,939	117,670,842	32,488	6.2%
2004	3,576,262	113,001,122	31,598	7.3%
2003	3,551,877	108,506,328	30,549	8.1%
2002	3,517,982	104,697,062	29,761	7.6%
2001	3,470,716	101,475,954	29,238	6.4%
2000	3,430,828	98,529,806	28,719	5.1%
1999	3,393,941	91,691,427	27,016	5.5%

<sup>(1)</sup> Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce - [www.bea.gov/region/spi/](http://www.bea.gov/region/spi/)

<sup>(2)</sup> Source: Oregon Employment Department - [www.qualityinfo.org/olmisj/labforce](http://www.qualityinfo.org/olmisj/labforce)

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Employment Data - State of Oregon  
Current Year and Nine Years Ago

Unaudited

	Calendar Year 2008		Calendar Year 1999		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Retail Trade	248,349	10.62%	238,549	11.64%	4.11%
Health Care and Social Assistance	247,850	10.59%	183,260	8.95%	35.25%
Manufacturing	209,639	8.96%	231,801	11.31%	-9.56%
Accommodation and Food Services	162,608	6.95%	136,203	6.65%	19.39%
Construction	140,008	5.98%	122,729	5.99%	14.08%
Professional, Scientific, and Technical Services	137,468	5.88%	108,521	5.30%	26.67%
Administrative and Support Services	118,048	5.05%	101,539	4.96%	16.26%
Real Estate, Rental, and Leasing	110,235	4.71%	71,510	3.49%	54.15%
Finance and Insurance	91,339	3.90%	82,790	4.04%	10.33%
Wholesale Trade	88,713	3.79%	81,455	3.98%	8.91%
Transportation and Warehousing	70,083	3.00%	62,233	3.04%	12.61%
Farm Employment	66,102	2.83%	69,093	3.37%	-4.33%
Arts, Entertainment, and Recreation	54,142	2.31%	39,853	1.95%	35.85%
Educational Services	51,491	2.20%	31,568	1.54%	63.11%
Information	43,408	1.86%	41,665	2.03%	4.18%
Management of Companies and Enterprises	32,679	1.40%	26,017	1.27%	25.61%
Forestry, Fishing, and Related Activities	30,760	1.31%	30,314	1.48%	1.47%
Waste Management and Remediation Services	5,862	0.25%	4,699	0.23%	24.75%
Utilities	5,107	0.22%	5,569	0.27%	-8.30%
Mining	4,985	0.21%	3,544	0.17%	40.66%
Other Services	124,700	5.33%	107,206	5.23%	16.32%
Federal Government (Civilian)	29,542	1.26%	29,706	1.45%	-0.55%
Military	12,157	0.52%	12,601	0.62%	-3.52%
State Government	68,322	2.92%	59,003	2.88%	15.79%
Local Government	185,891	7.95%	167,260	8.16%	11.14%
Total Employment	2,339,488	100.00%	2,048,688	100.00%	14.19%

# OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

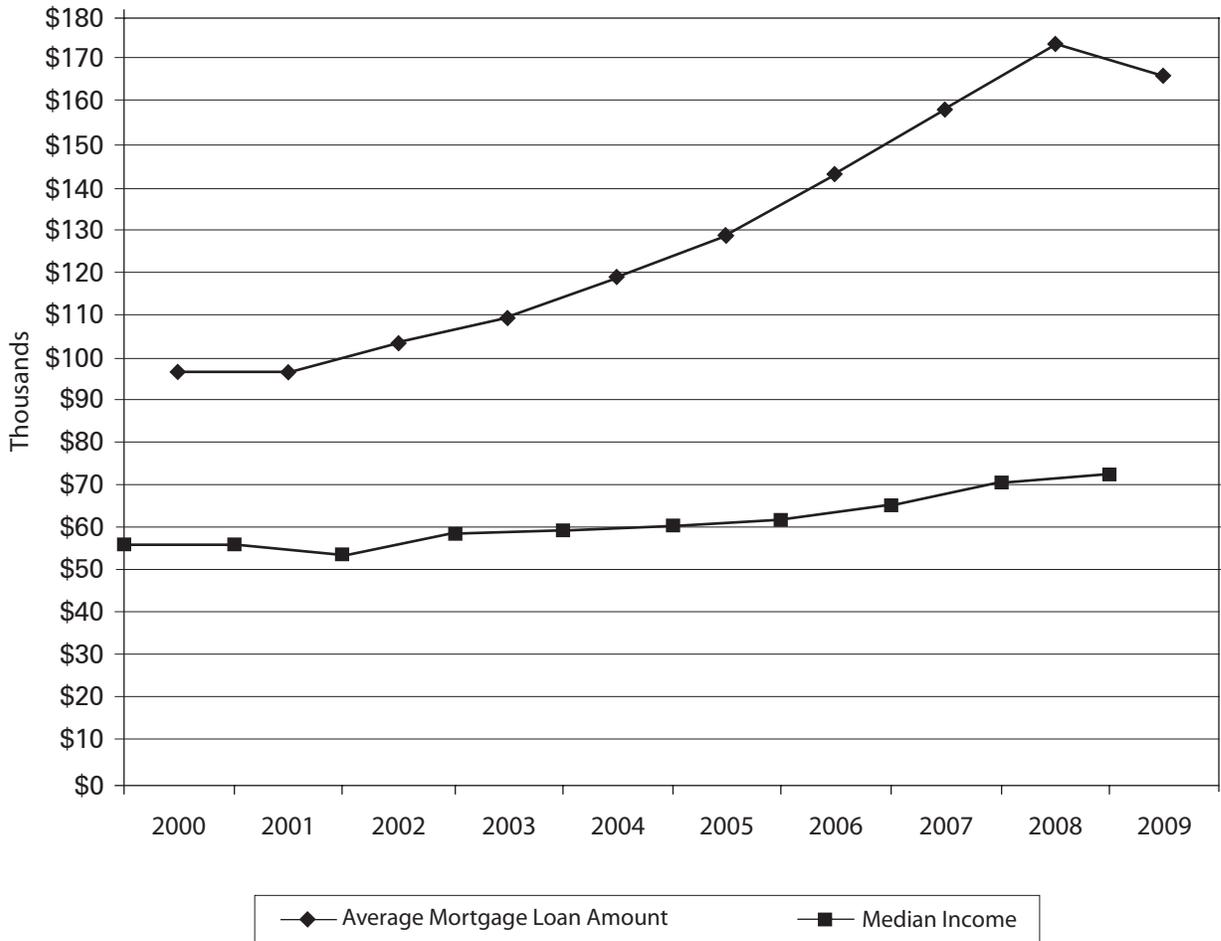
## Number of Employees

### Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Asset & Property Management Division	31.0	31.0	28.0	29.5	29.5	29.5	30.0	28.0	24.0	17.0
Housing Division	26.7	28.7	28.9	23.9	24.1	24.5	26.0	23.0	22.0	22.0
Community Resources Division	23.0	20.2	21.5	24.0	28.0	29.1	33.1	32.0	26.5	25.0
Financial Management Division	21.5	18.0	18.5	23.8	22.8	22.0	29.0	27.0	28.0	27.0
Information Services Division	12.8	13.3	18.0	17.9	19.6	18.5	20.0	21.5	16.5	14.5
Director's Office	9.0	10.0	9.0	9.0	15.6	14.0	13.0	15.5	13.5	13.0
Human Resources	2.0	4.0	2.0	4.0	3.5	3.5	3.0	3.5	3.5	3.0
<b>Total</b>	<b>126.0</b>	<b>125.2</b>	<b>125.9</b>	<b>132.1</b>	<b>143.1</b>	<b>141.1</b>	<b>154.1</b>	<b>150.5</b>	<b>134.0</b>	<b>121.5</b>

Single-Family Mortgage Program  
 Average New Mortgage Loan Amount  
 Versus Median Income



Fiscal Year	Average Loan Amount	Calendar Year	Median Income for a 4-Person Family in the State of Oregon <sup>(1)</sup>
2009	\$ 165,754	2008	\$ 72,667
2008	173,684	2007	70,046
2007	158,415	2006	64,832
2006	143,390	2005	61,945
2005	128,606	2004	60,262
2004	118,569	2003	58,737
2003	109,208	2002	58,315
2002	103,278	2001	53,909
2001	96,591	2000	55,947
2000	96,648	1999	55,892

<sup>(1)</sup> Source: US Census Bureau - [www.census.gov/hhes/www/income/medincsizeandstate.html](http://www.census.gov/hhes/www/income/medincsizeandstate.html)

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
 New Mortgage Loans  
 Enterprise Funds  
 Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>Elderly and Disabled Housing Program:</b>					
Original Loan Amount	\$ 2,898,340	\$ 651,100	\$ -	\$ 974,300	\$ 670,695
Average Loan Amount	579,668	651,100	-	324,767	670,695
Number of New Loans	5	1	-	3	1
Number of Units	83	15	-	28	15
<b>Mortgage Revenue Bonds:</b>					
Original Loan Amount	\$ 138,570,444	\$ 321,315,907	\$ 189,306,233	\$ 163,786,944	\$ 186,092,283
Average Loan Amount	165,754	173,684	158,415	143,799	128,606
Number of New Loans	836	1,850	1,195	1,139	1,447
<b>Housing Finance Revenue Bonds: *</b>					
Original Loan Amount	\$ -	\$ -	\$ -	\$ 968,533	\$ -
Average Loan Amount	-	-	-	96,853	-
Number of New Loans	-	-	-	10	-
<b>Multifamily Housing Revenue Bonds:</b>					
Original Loan Amount	\$ 14,500,000	\$ 3,425,000	4,525,000	\$ 900,000	\$ 10,460,000
Average Loan Amount	14,500,000	3,425,000	4,525,000	900,000	5,230,000
Number of New Loans	1	1	1	1	2
Number of Units	240	64	97	24	241
<b>Multiple Purpose Bonds:</b>					
Original Loan Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Average Loan Amount	-	-	-	-	-
Number of New Loans	-	-	-	-	-
<b>Combined Program Account:</b>					
Original Loan Amount	\$ -	\$ -	\$ -	\$ 1,695,000	\$ -
Average Loan Amount	-	-	-	847,500	-
Number of New Loans	-	-	-	2	-
Number of Units	-	-	-	60	-
<b>Housing Finance Account:</b>					
Original Loan Amount	\$ -	\$ -	\$ -	\$ 101,382	\$ -
Average Loan Amount	-	-	-	101,382	-
Number of New Loans	-	-	-	1	-

\* All remaining Housing Finance Revenue Bonds were called in Fiscal Year 2007. All loans were moved to Mortgage Revenue Bonds.

Construction, Seed Money, and Pre-development loans are not included.

Unaudited

2004	2003	2002	2001	2000
\$ 3,305,750	\$ 2,619,450	\$ 5,378,782	\$ 23,316,965	\$ 13,979,021
826,438	436,575	1,792,927	777,232	199,700
4	6	3	30	70
130	110	109	322	264
\$ 124,615,859	\$ 110,737,283	\$ 136,533,418	\$ 128,935,731	\$ 179,765,331
118,569	109,208	103,278	96,581	96,648
1,051	1,014	1,322	1,335	1,860
\$ -	\$ -	\$ -	206,596	\$ -
-	-	-	103,298	-
-	-	-	2	-
\$ 38,225,000	\$ 14,250,000	\$ 3,205,668	\$ 37,328,926	\$ 19,935,507
12,741,667	14,250,000	1,068,556	3,732,893	3,322,585
3	1	3	10	6
636	276	97	1,005	444
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ 491,000	\$ -	\$ 100,000	\$ 100,000
-	122,750	-	100,000	100,000
-	4	-	1	1

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By Interest Rate

Enterprise Funds

Current Year and Nine Years Ago

Unaudited

Interest Rate	Fiscal Year 2009				Fiscal Year 2000			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 4.99%	2,270	24.83%	\$ 286,810,629	20.22%	95	1.06%	\$ 26,985,769	2.98%
5.00 - 5.99%	4,607	50.39%	655,972,747	46.24%	1,997	22.35%	176,153,355	19.48%
6.00 - 6.99%	1,562	17.09%	326,020,267	22.99%	2,496	27.93%	242,860,475	26.86%
7.00 - 7.99%	475	5.20%	103,534,365	7.30%	3,463	38.74%	319,794,729	35.37%
8.00 - 8.99%	163	1.78%	22,775,841	1.61%	589	6.59%	87,636,441	9.69%
9.00 - 9.99%	33	0.36%	10,471,061	0.74%	212	2.37%	17,680,250	1.96%
10.00% or More	32	0.35%	12,790,916	0.90%	86	0.96%	33,114,166	3.66%
Total	9,142	100.00%	\$ 1,418,375,826	100.00%	8,938	100.00%	\$ 904,225,185	100.00%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Loans Outstanding - By Monthly Payment Amount  
Enterprise Funds  
Current Year and Nine Years Ago

Unaudited

Monthly Payment <sup>(1)</sup>	Fiscal Year 2009				Fiscal Year 2000			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<b>Single Family Loans <sup>(2)</sup></b>								
\$ 0 - \$ 200	55	0.63%	\$ 1,545,802	0.14%	324	3.87%	\$ 4,677,731	0.79%
\$ 201 - \$ 400	676	7.79%	28,879,959	2.64%	2,309	27.58%	88,492,046	15.02%
\$ 401 - \$ 600	1,996	23.01%	153,968,330	14.09%	3,661	43.72%	270,094,895	45.85%
\$ 601 - \$ 800	2,319	26.73%	264,540,166	24.21%	1,748	20.88%	182,399,464	30.96%
\$ 801 - \$ 1,000	1,772	20.43%	266,078,241	24.35%	322	3.85%	42,154,042	7.16%
\$ 1,001 - \$ 1,200	1,075	12.39%	199,692,123	18.27%	8	0.10%	1,275,326	0.22%
\$ 1,201 - \$ 1,400	577	6.65%	125,538,879	11.49%	-	-	-	-
\$ 1,401 - \$ 1,600	155	1.79%	38,359,451	3.51%	-	-	-	-
\$ 1,601 - \$ 1,800	44	0.51%	12,315,926	1.13%	-	-	-	-
\$ 1,801 - \$ 2,000	6	0.07%	1,854,391	0.17%	-	-	-	-
<b>Total</b>	<b>8,675</b>	<b>100.00%</b>	<b>1,092,773,268</b>	<b>100.00%</b>	<b>8,372</b>	<b>100.00%</b>	<b>589,093,504</b>	<b>100.00%</b>
<b>Multi-Family Loans <sup>(3)</sup></b>								
\$ 0 - \$ 1,000	237	50.75%	10,677,947	3.28%	248	43.82%	15,198,979	4.82%
\$ 1,001 - \$ 5,000	76	16.27%	21,978,455	6.75%	163	28.80%	36,149,963	11.47%
\$ 5,001 - \$10,000	45	9.64%	27,077,191	8.32%	54	9.54%	38,142,183	12.10%
\$10,001 - \$15,000	34	7.28%	40,977,882	12.59%	36	6.36%	54,250,277	17.22%
\$15,001 - \$20,000	21	4.50%	40,688,681	12.50%	20	3.53%	43,496,009	13.80%
\$20,001 - \$25,000	18	3.85%	41,365,236	12.70%	19	3.36%	52,494,745	16.66%
\$25,001 - \$30,000	7	1.50%	25,542,696	7.84%	6	1.06%	22,334,317	7.09%
\$30,001 or more	16	3.43%	114,454,009	35.15%	11	1.94%	52,312,974	16.60%
Due at Maturity	13	2.78%	2,840,461	0.87%	9	1.59%	752,234	0.24%
<b>Total</b>	<b>467</b>	<b>100.00%</b>	<b>325,602,558</b>	<b>100.00%</b>	<b>566</b>	<b>100.00%</b>	<b>315,131,681</b>	<b>100.00%</b>
<b>Grand Total</b>	<b>9,142</b>		<b>\$ 1,418,375,826</b>		<b>8,938</b>		<b>\$ 904,225,185</b>	

<sup>(1)</sup> Principal and Interest only. Does not include taxes or insurance.

<sup>(2)</sup> Housing Finance Revenue Bond (FY 2000) and Mortgage Revenue Bond Loans

<sup>(3)</sup> Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, Multiple Purpose Bond (FY 2009), Assisted or Insured Multi-Unit Program (FY 2000), Combined Program Account, and Housing Finance Account Loans

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Loans Outstanding - By County  
Enterprise Funds  
June 30, 2009

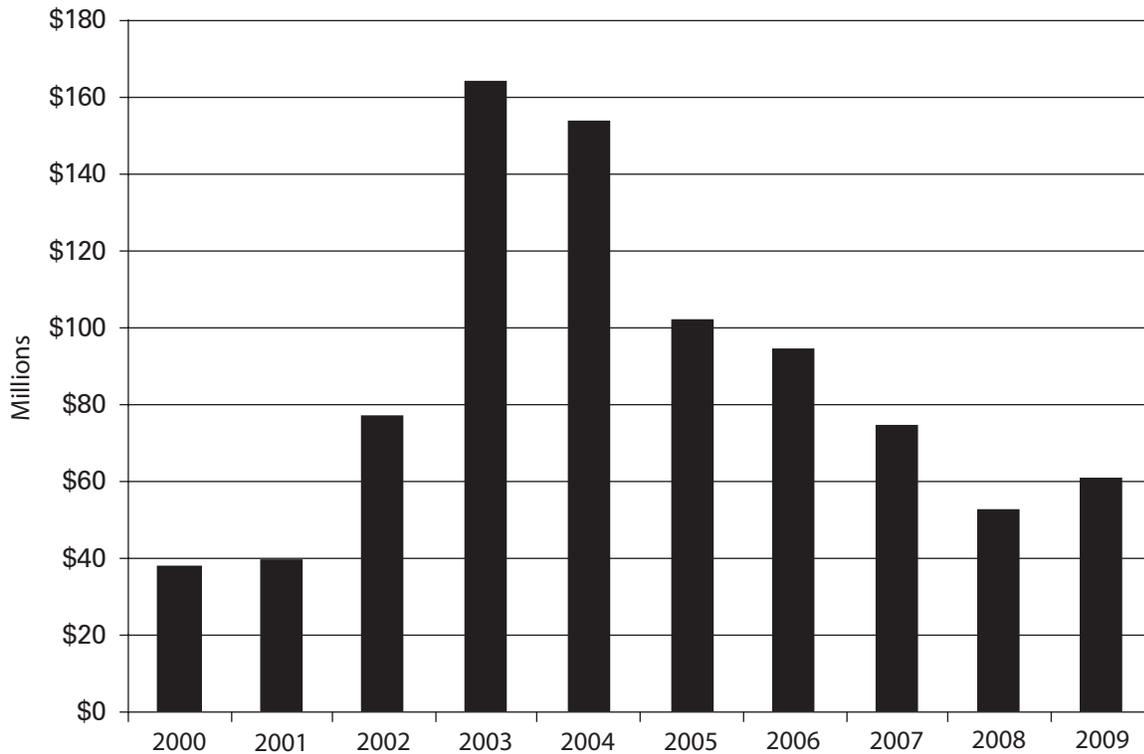
County	Elderly and Disabled Housing Program		Mortgage Revenue Bonds		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 211,702	48	\$ 3,559,010	-	\$ -
Benton	8	2,512,894	130	16,441,562	1	1,151,223
Clackamas	27	15,716,100	366	56,365,103	5	24,323,423
Clatsop	5	1,214,356	24	2,734,528	-	-
Columbia	7	1,187,020	88	12,305,809	1	2,048,212
Coos	6	2,860,345	210	22,950,451	-	-
Crook	1	1,314,674	50	6,448,233	-	-
Curry	2	80,645	15	2,258,606	-	-
Deschutes	5	3,736,043	364	54,557,469	2	6,779,296
Douglas	9	8,317,415	134	14,878,378	2	3,754,759
Gilliam	2	807,655	3	148,413	-	-
Grant	2	82,007	7	483,300	-	-
Harney	2	2,031,432	29	2,110,430	-	-
Hood River	2	1,459,018	13	1,961,595	-	-
Jackson	11	7,359,319	375	52,963,447	2	4,131,008
Jefferson	3	819,328	59	6,608,961	-	-
Josephine	5	2,775,634	187	25,788,158	-	-
Klamath	2	78,606	428	44,541,736	-	-
Lake	1	91,398	41	4,367,576	-	-
Lane	25	11,546,390	672	73,900,073	2	16,506,427
Lincoln	9	8,254,602	69	6,413,847	-	-
Linn	12	5,037,741	179	19,419,972	-	-
Malheur	2	45,437	85	6,577,594	-	-
Marion	58	15,817,173	963	109,032,272	2	1,543,765
Morrow	-	-	53	3,398,087	-	-
Multnomah	61	25,167,813	2,521	348,793,664	13	55,686,995
Polk	14	6,338,569	125	14,236,360	-	-
Sherman	1	199,740	-	-	-	-
Tillamook	3	3,070,662	17	1,814,740	-	-
Umatilla	9	3,505,670	364	27,636,672	-	-
Union	3	856,505	116	9,504,385	3	2,936,926
Wallowa	1	1,272,469	13	1,053,535	-	-
Wasco	1	41,445	16	2,060,941	-	-
Washington	24	8,752,688	700	107,319,882	4	34,432,161
Wheeler	2	378,233	-	-	-	-
Yamhill	12	9,246,357	211	30,138,479	-	-
<b>Total</b>	<b>338</b>	<b>\$ 152,187,085</b>	<b>8,675</b>	<b>\$1,092,773,268</b>	<b>37</b>	<b>\$ 153,294,195</b>

Allowance for Uncollectible Accounts is not included. See Note 3.

Multiple Purpose Bonds		Housing Finance Account		Total	
Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
1	\$ 29,546	-	\$ -	50	\$ 3,800,258
1	394,508	-	-	140	20,500,187
4	466,523	2	129,861	404	97,001,010
1	346,807	-	-	30	4,295,691
1	661,499	1	300,000	98	16,502,540
1	95,998	-	-	217	25,906,794
1	61,351	-	-	52	7,824,258
-	-	-	-	17	2,339,251
1	41,246	1	45,000	373	65,159,054
2	448,041	1	220,000	148	27,618,593
-	-	-	-	5	956,068
5	571,438	-	-	14	1,136,745
-	-	-	-	31	4,141,862
1	353,759	1	350,000	17	4,124,372
5	330,043	-	-	393	64,783,817
4	217,416	-	-	66	7,645,705
-	-	-	-	192	28,563,792
2	193,729	2	387,347	434	45,201,418
-	-	-	-	42	4,458,974
12	2,357,071	2	355,646	713	104,665,607
1	31,703	-	-	79	14,700,152
2	50,818	-	-	193	24,508,531
2	48,933	1	41,203	90	6,713,167
4	652,193	2	355,000	1,029	127,400,403
-	-	-	-	53	3,398,087
8	5,833,919	1	285,000	2,604	435,767,391
2	500,268	2	299,793	143	21,374,990
-	-	-	-	1	199,740
-	-	-	-	20	4,885,402
-	-	-	-	373	31,142,342
2	282,188	-	-	124	13,580,004
1	34,793	-	-	15	2,360,797
1	71,990	2	347,398	20	2,521,774
6	1,906,596	2	631,522	736	153,042,849
-	-	-	-	2	378,233
1	391,132	-	-	224	39,775,968
72	\$ 16,373,508	20	\$ 3,747,770	9,142	\$ 1,418,375,826

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT  
Mortgage Loan Payoffs - Single-Family Mortgage Program  
Enterprise Funds  
Last Ten Fiscal Years

Unaudited



Fiscal Year	Prepaid Principal
2009	\$ 60,988,051
2008	52,554,327
2007	73,983,041
2006	94,717,727
2005	102,327,105
2004	153,778,052
2003	164,283,221
2002	76,838,383
2001	39,766,779
2000	37,743,579

# Other Reports

**Office of the Secretary of State**

Kate Brown  
Secretary of State

Barry Pack  
Deputy Secretary of State



**Audits Division**

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Governor of Oregon  
900 Court Street NE  
Salem, Oregon 97301-4047

Victor Merced, Director  
Oregon Housing and Community Services  
725 Summer Street NE, Suite B  
Salem, Oregon 97301-1266

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

We have audited the basic financial statements of the enterprise funds of the State of Oregon, Housing and Community Services Department (department), as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the department's internal control over financial reporting related to the enterprise funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the department's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the department's financial

statements that is more than inconsequential will not be prevented or detected by the department's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the department's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the department's management, the Oregon State Housing Council, 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 these specified parties.

OREGON AUDITS DIVISION

A handwritten signature in black ink that reads "Kate Brown". The signature is written in a cursive style with a large, stylized "B".

Kate Brown  
Secretary of State

November 30, 2009



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