

Comprehensive Annual Financial Report

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

For the Year Ended June 30, 2011

Margaret S. Van Vliet
Director

Nancy Cain
Chief Financial Officer

Prepared by:
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What We Do
Matters!



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Introductory Section



Oregon

John A. Kitzhaber, MD, Governor

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November 30, 2011

The Honorable John A. Kitzhaber, MD
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, 2011. The financial statements, included on pages 14 – 35, 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, 2011. The auditors used generally accepted government 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

Oregon's economy continues to be impacted by the weakness in the housing market and reduced public sector employment. Even so, the Oregon unemployment rate which was 9.6 percent in June 2011 has seen a reduction of about 1 percent from the rate of 10.5 percent in October 2010. The Oregon Office of Economic Analysis (OEA) forecasts employment to continue to increase through 2013. The OEA forecasts increases in employment for Oregon of 1.7 percent in 2011, 1.9 percent in 2012 and 2.3 percent in 2013.

Personal income is also predicted to improve through 2013. The State Economist predicts personal income will increase by 4.4 percent 2011. Personal income is also projected to increase by 4.6 percent in 2012 and 4.8 percent in 2013. Personal income increases for Oregon are expected to be slightly higher than the national average starting in 2012.

Long-Term Financial Planning

OHCS D manages funds available for its program and operational cost through comprehensive cash flow 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 analyzes cash flows at least yearly to determine what is appropriate for distribution.

Major Initiatives

Affordable Housing Preservation

OHCS D continues to prioritize the financing of preservation of housing with federal Section 8 project-based assistance 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 has partnered with HUD to develop strategies that allow continuation of federal assistance, and where necessary, provide new state resources that would enable rehabilitation of the project. As of June 30, 2011 74 of these projects had renewed or have agreed to renew their Housing Assistance Payments contracts. The 75th Oregon Legislative Assembly authorized the issuance of \$16 million of Lottery Revenue Bonds for use by the Department in conjunction 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 will continue to be one of our top priorities for the next several years.

Federal Initiatives

OHCSO issued \$120 million of variable rate bonds under the New Issue Bond Program (Housing Revenue Bonds) in December 2009 to be used for single family loans. In conjunction with conversion of these bonds to fixed rate bonds, 40% of the total issuance must be publically offered. The Department issued \$36 million of publically offered bonds during fiscal year 2011 concurrent with the conversion of \$54 million of NIPB bonds to fixed rate. As of July 30, 2011 the Department had \$66 million of NIBP bonds available for future conversion.

Oregon was a recipient of funding from the Housing Finance Agency (HFA) Hardest Hit Program (HHP) administered by the U.S. Treasury. These resources derive from the Troubled Asset Relief Program (TARP). The goal of the HHP is to help families retain homeownership and avoid foreclosure. The Department is not the direct recipient of the \$220 million award but administers the program on behalf of the Oregon Affordable Housing Assistance Corporation.

Acknowledgements

The preparation of this report reflects the combined efforts of OHCSO'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 OHCSO'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 OHCSO 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 OHCSO.

Respectfully submitted,

Margaret S. Van Vliet
Director



Nancy Cain
Chief Financial Officer

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Organization Structure

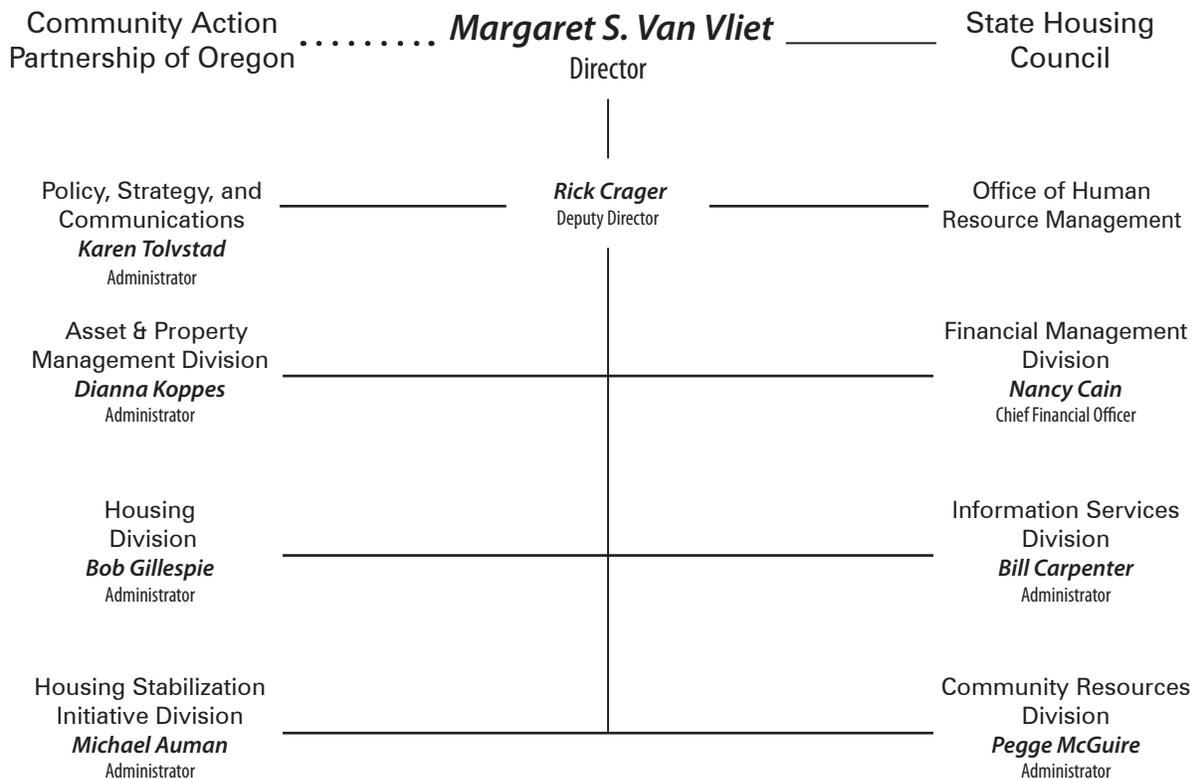
CAPO Executive Committee:

- Brenda Durbin, President
- Teresa Cox, Vice President
- Donna Kinnaman, Treasurer
- Ron Hauge, Secretary
- Sharon Miller, Past-President
- Jerralynn Ness, At Large



Housing Council Members:

- Tammy Baney
- John Epstein
- Michael Fieldman
- Adolph "Val" Valfre, Jr.
- 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 comprises eighteen member organizations (seventeen Community Action Agencies and Oregon Human Development Corporation) and five affiliate organizations, serving Oregonians in every county in the state. Together, they provide services to eradicate poverty in the state of 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 adopts rules necessary for the administration and enforcement of OHCS's housing related statutes.

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

Gary Blackmer
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The Honorable John Kitzhaber
Governor of Oregon
900 Court Street NE
Salem, Oregon 97301-4047

Margaret S. Van Vliet, Director
Oregon Housing and Community Services
725 Summer Street NE, Suite B
Salem, Oregon 97301-1266

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, 2011, 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 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 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, 2011, 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, 2011, 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 23, 2011, 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

A handwritten signature in black ink, appearing to read 'Kate Brown', with a long horizontal flourish extending to the right.

Kate Brown
Secretary of State

November 23, 2011

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, 2011. 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 \$3.2 million, to \$209.9 million as of June 30, 2011. This represents an increase of 1.57%.
- Expenses decreased by \$5.0 million from the previous fiscal year's results.
- Outstanding bond debt of \$1.46 billion on June 30, 2011 decreased \$103.2 million from the amount outstanding on June 30, 2010. Debt issuance for the fiscal year totaled \$226.6 million (par value).
- Mortgage loan purchases and originations for the fiscal year totaled \$76.1 million, up \$50.4 million from fiscal year 2010.

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 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 and deferred outflows at June 30, 2011 were \$1.74 billion, a decrease of \$128.3 million from June 30, 2010. The change in assets and deferred outflows consists primarily of a \$38.4 million decrease in net loans receivable, a \$35.8 million decrease in cash and cash equivalents, and a \$32.2 million decrease in investments.

Total liabilities decreased by \$131.5 million to \$1.53 billion at June 30, 2011. This included a decrease of \$103.2 million in bonds payable, a decrease of \$18.9 million in obligations under securities lending, and a decrease of \$5.8 million in swap fair value 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				
	2011	2010	Change	% Change
Assets and Deferred Outflows				
Current and Other Assets	\$ 1,717,648,403	\$ 1,840,125,813	\$ (122,477,410)	-6.66%
Capital Assets	-	2,604	(2,604)	-100.00%
Deferred Outflows	25,409,179	31,208,266	(5,799,087)	-18.58%
Total Assets and Deferred Outflows	\$ 1,743,057,582	\$ 1,871,336,683	\$ (128,279,101)	-6.85%
Liabilities				
Long-Term Liabilities	\$ 1,405,506,725	\$ 1,459,499,428	\$ (53,992,703)	-3.70%
Other Liabilities	127,589,988	205,113,306	(77,523,318)	-37.80%
Total Liabilities	\$ 1,533,096,713	\$ 1,664,612,734	\$ (131,516,021)	-7.90%
Net Assets				
Invested in Capital Assets	\$ -	\$ 2,604	\$ (2,604)	-100.00%
Restricted for Residential Assistance	2,219,237	1,835,608	383,629	20.90%
Restricted by Trust Indentures	200,498,355	199,185,070	1,313,285	0.66%
Unrestricted	7,243,277	5,700,667	1,542,610	27.06%
Total Net Assets	\$ 209,960,869	\$ 206,723,949	\$ 3,236,920	1.57%

- **Cash and Cash Equivalents**

Total cash and cash equivalents decreased by \$35.8 million, or -37.4%, from June 30, 2010 to June 30, 2011.

- **Loans Receivable**

Total mortgages and other loans receivable decreased by \$38.4 million in fiscal year 2011. This decrease included the following:

- New loans purchased or financed increased by \$62.3 million in fiscal year 2011 compared to fiscal year 2010. Single-family mortgage loan purchases increased by \$30.6 million, Elderly and Disabled Housing loans financed increased by \$19.8 million, multifamily construction loans financed increased by \$12.5 million, and predevelopment loans financed decreased by \$0.6 million. Loans purchased or financed in fiscal year 2011 totaled \$90.6 million.
- Predevelopment loans in the amount of \$2.1 million were financed in fiscal year 2011.
- Elderly and Disabled Housing loans in the amount of \$19.8 million were financed in fiscal year 2011.
- Scheduled mortgage and other loan repayments totaled \$35.8 million for fiscal year 2011.
- Prepayments on mortgage loans increased in fiscal year 2011 by \$1.9 million. Total prepayments for the fiscal year totaled \$64.4 million.
- Properties acquired during the fiscal year totaled \$28.9 million, an increase of \$9.9 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. For additional details, see the Notes to the Financial Statements (Note 4).

- **Bonds Payable**

Bonds Payable decreased by \$103.2 million from June 30, 2010 to June 30, 2011. As noted in the Debt Administration section of the Management's Discussion and Analysis OHCSO issued \$226.6 million (par value) in revenue bonds and bond redemptions totaled \$328.8 million. The remainder of the change is due to discount and premium transactions.

- **Net Assets**

Net assets increased during fiscal year 2011 by 1.57%. As in fiscal year 2010, OHCSO continued to experience growth within its net assets. Reductions in Bonds Payable resulted in significant reductions in interest expense. The interest rate on the escrow bonds in the Housing Revenue Bond indenture is based upon the 28 day U.S. Treasury rate which also contributed to reduced interest expense. OHCSO continues to maintain a positive spread of income from investments and mortgage loans to cover ongoing bond interest and operating costs.

Of OHCSO's \$209.9 million in net assets, 96.5% is restricted to bond indentures or other financial commitments. The remaining 3.5% is primarily unrestricted and available to pay for current agency operations. Each fiscal year, OHCSO 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 OHCSO's proprietary funds are presented below and at the top of the next page:

Proprietary Funds Statement of Operating Activity				
Business-Type Activities				
	2011	2010	Change	% Change
Operating Revenues				
Interest on Loans	\$ 72,357,706	\$ 79,035,078	\$ (6,677,372)	-8.45%
Investment Income	3,319,834	11,813,383	(8,493,549)	-71.90%
Administrative Charges and Fees	2,968,510	3,606,275	(637,765)	-17.68%
Low Income Housing Tax Credit Fees	2,149,904	1,936,433	213,471	11.02%
Transfer/Commitment Fees	728,323	182,855	545,468	298.31%
Gain on Sale of Foreclosed Property	-	66,272	(66,272)	-100.00%
Miscellaneous Revenue	14,230	17,984	(3,754)	-20.87%
Total Operating Revenues	81,538,507	96,658,280	(15,119,773)	-15.64%
Operating Expenses:				
Personal Services	4,194,543	4,959,949	(765,406)	-15.43%
Services and Supplies	3,600,289	3,663,290	(63,001)	-1.72%
Mortgage Service Fees	3,665,713	3,974,512	(308,799)	-7.77%
Foreclosure Costs	1,902,931	698,808	1,204,123	172.31%
Interest Expense - Bonds	62,458,803	68,618,190	(6,159,387)	-8.98%
Interest Expense - Loans	48,814	49,624	(810)	-1.63%
Interest Expense - Securities Lending	79,233	81,219	(1,986)	-2.45%
Other Program Related Expenses	1,085,204	209,575	875,629	417.81%
Loss on Sale of Foreclosed Property	259,296	-	259,296	N/A
Amortization of Deferred Bond Issuance Costs	884,674	937,454	(52,780)	-5.63%
Depreciation/Amortization	233	934	(701)	-75.05%
Bad Debt Expense	(54,028)	(100,788)	46,760	46.39%
Total Operating Expenses	78,125,705	83,092,767	(4,967,062)	-5.98%
Operating Income	3,412,802	13,565,513	(10,152,711)	-74.84%
Nonoperating Revenue (Expenses)				
Loss on Disposition of Capital Assets	(2,371)	-	(2,371)	N/A
Total Nonoperating Revenue (Expenses)	(2,371)	-	(2,371)	N/A

	2011	2010	Change	% Change
Income (Loss) Before Transfers	3,410,431	13,565,513	(10,155,082)	-74.86%
Transfers to Other State Agencies	(173,511)	(207,827)	34,316	-16.51%
Change in Net Assets	3,236,920	13,357,686	(10,120,766)	-75.77%
Net Assets – Beginning	206,723,949	193,366,263	13,357,686	6.91%
Net Assets – Ending	\$ 209,960,869	\$ 206,723,949	\$ 3,236,920	1.57%

OHCS D's proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2011, revenue generated through proprietary funds totaled \$81.5 million, of which \$75.7 million, or 92.8% 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 \$78.1 million, of which \$62.5 million, or 80.0% is bond interest expense.

The change in net assets for the year ended June 30, 2011 resulted in an increase of \$3.2 million compared to a \$13.3 million increase for the year ended June 30, 2010, a decrease of \$10.1 million. Factors contributing to this change include:

- Interest on loans for fiscal year 2011 was \$6.7 million less than fiscal year 2010. Reduced outstanding mortgage loan balances resulted in a decrease in interest received.
- In fiscal year 2011, investment income was \$8.5 million less than in fiscal year 2010. Low interest rates and smaller investment balances resulted in a decrease in investment income.
- Interest expense on bonds was \$6.2 million lower than fiscal year 2010. This decrease was primarily due to a smaller outstanding bonds payable balance. The low interest rates on escrow bonds in the Housing Revenue Bond indenture also resulted in lower interest expense.
- Foreclosure costs increased by \$1.2 million in fiscal year 2011. This was primarily due to increased costs per loan and a larger number of foreclosures due to the current state of the economy.

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, 2011, OHCS D was authorized to issue up to \$2,292,594,338 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2011, OHCS D had a total of \$1,450,290,000 (par value) in outstanding bond debt. During fiscal year 2011, \$132,440,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program compared to \$120,000,000 in fiscal year 2010. Multifamily Housing Revenue Bonds totaling \$94,130,000 (par value) were issued during fiscal year 2011 compared to none in fiscal year 2010.

In addition, OHCS D issued \$31,683,000 (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.

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 and Community Services Department's long-term debt can be found in Note 7.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Balance Sheet

Proprietary Funds

June 30, 2011

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Assets and Deferred Outflows			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 5,873,763	\$ 5,873,763
Cash and Cash Equivalents - Restricted	8,879,963	-	8,879,963
Investments - Restricted	-	98,574,548	98,574,548
Securities Lending Cash Collateral	10,793,871	7,360,039	18,153,910
Accounts Receivable	1,225	1,403,565	1,404,790
Accrued Interest Receivable	838,138	6,870,582	7,708,720
Interfund Receivable	-	1,252	1,252
Prepaid Expenses	-	1,900	1,900
Acquired Property	190,553	10,593,370	10,783,923
Total Current Assets	20,703,750	130,679,019	151,382,769
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	26,302,677	18,961,811	45,264,488
Investments - Restricted	20,348,616	201,246,349	221,594,965
Deferred Charges	1,139,801	9,386,479	10,526,280
Loans Receivable (Net)	156,594,614	1,132,285,287	1,288,879,901
Total Noncurrent Assets	204,385,708	1,361,879,926	1,566,265,634
Deferred Outflows	-	25,409,179	25,409,179
Total Assets and Deferred Outflows	\$ 225,089,458	\$ 1,517,968,124	\$ 1,743,057,582
Liabilities and Net Assets			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 52,075	\$ 705,699	\$ 757,774
Accrued Interest Payable	3,209,963	25,733,998	28,943,961
Obligations Under Securities Lending	10,793,871	7,360,039	18,153,910
Interfund Payable	1,252	-	1,252
Deferred Income	13,718	1,031,995	1,045,713
Compensated Absences Payable	37,316	125,062	162,378
Bonds Payable	5,670,000	72,855,000	78,525,000
Total Current Liabilities	19,778,195	107,811,793	127,589,988
Noncurrent Liabilities			
Compensated Absences Payable	19,223	64,426	83,649
Bonds Payable	140,368,240	1,237,976,866	1,378,345,106
Swap Fair Value Liability	-	25,409,179	25,409,179
Arbitrage Rebate Liability	102,194	-	102,194
Loans Payable	-	1,500,000	1,500,000
Net OPEB Obligation	18,020	48,577	66,597
Total Noncurrent Liabilities	140,507,677	1,264,999,048	1,405,506,725
Total Liabilities	160,285,872	1,372,810,841	1,533,096,713
Net Assets			
Restricted for Residential Assistance	-	2,219,237	2,219,237
Restricted by Trust Indentures	64,803,586	135,694,769	200,498,355
Unrestricted	-	7,243,277	7,243,277
Total Net Assets	64,803,586	145,157,283	209,960,869
Total Liabilities and Net Assets	\$ 225,089,458	\$ 1,517,968,124	\$ 1,743,057,582

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, 2011

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 10,486,241	\$ 61,871,465	\$ 72,357,706
Investment Income	719,176	2,600,658	3,319,834
Administrative Charges and Fees	15,000	2,953,510	2,968,510
Low Income Housing Tax Credit Fees	-	2,149,904	2,149,904
Transfer/Commitment Fees	56,882	671,441	728,323
Miscellaneous Revenue	2,500	11,730	14,230
Total Operating Revenues	11,279,799	70,258,708	81,538,507
Operating Expenses			
Personal Services	1,048,083	3,146,460	4,194,543
Services and Supplies	518,922	3,081,367	3,600,289
Mortgage Service Fees	66,473	3,599,240	3,665,713
Foreclosure Costs	673	1,902,258	1,902,931
Interest Expense - Bonds	8,226,122	54,232,681	62,458,803
Interest Expense - Loans	-	48,814	48,814
Interest Expense - Securities Lending	32,192	47,041	79,233
Other Related Program Expenses	337,718	747,486	1,085,204
Loss on Sale of Foreclosed Property	-	259,296	259,296
Amortization of Deferred Bond Issuance Costs	117,509	767,165	884,674
Depreciation/Amortization	30	203	233
Bad Debt Expense	(47,339)	(6,689)	(54,028)
Total Operating Expenses	10,300,383	67,825,322	78,125,705
Operating Income (Loss)	979,416	2,433,386	3,412,802
Nonoperating Revenue (Expenses)			
Loss on Disposition of Capital Assets	(308)	(2,063)	(2,371)
Total Nonoperating Revenues (Expenses)	(308)	(2,063)	(2,371)
Income (Loss) Before Transfers	979,108	2,431,323	3,410,431
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
Transfers to Other State Agencies	(41,653)	(131,858)	(173,511)
Change in Net Assets	819,639	2,417,281	3,236,920
Net Assets - Beginning	63,983,947	142,740,002	206,723,949
Net Assets - Ending	\$ 64,803,586	\$ 145,157,283	\$ 209,960,869

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, 2011

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 71,882	\$ 5,879,003	\$ 5,950,885
Program Loan Principal Repayments	6,413,566	110,733,578	117,147,144
Program Loan Interest Received	10,499,884	62,165,170	72,665,054
Program Loans Made	(19,782,736)	(70,867,612)	(90,650,348)
Payments to Employees for Services	(1,058,761)	(3,272,497)	(4,331,258)
Payments to Suppliers for Goods and Services	(620,803)	(7,005,898)	(7,626,701)
Other Receipts (Payments)	(115,989)	5,219,211	5,103,222
Net Cash Provided (Used) in Operating Activities	(4,592,957)	102,850,955	98,257,998
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	229,409,935	229,409,935
Principal Payments on Bonds	(26,180,000)	(302,620,000)	(328,800,000)
Interest Payments on Bonds	(8,696,106)	(57,426,446)	(66,122,552)
Bond Issue Costs	-	(2,599,161)	(2,599,161)
Bond Call Costs	-	(50,101)	(50,101)
Interest Payments on Loans	-	(48,685)	(48,685)
Transfers from Other Funds	-	117,816	117,816
Transfers to Other Funds	(117,816)	-	(117,816)
Transfers to Other State Agencies	(41,597)	(131,644)	(173,241)
Net Cash Provided (Used) in Noncapital Financing Activities	(35,035,519)	(133,348,286)	(168,383,805)
Cash Flows from Investing Activities			
Purchase of Investments	-	(1,956,792,819)	(1,956,792,819)
Proceeds from Sales and Maturities of Investments	4,450,434	1,981,773,620	1,986,224,054
Interest on Cash and Investments	1,462,027	3,390,189	4,852,216
Investment Income on Securities Lending	32,192	47,041	79,233
Interest Paid on Securities Lending	(32,192)	(47,041)	(79,233)
Net Cash Provided (Used) in Investing Activities	5,912,461	28,370,990	34,283,451
Net Increase (Decrease) in Cash and Cash Equivalents	(33,716,015)	(2,126,341)	(35,842,356)
Cash and Cash Equivalents Balance - Beginning	68,898,655	26,961,915	95,860,570
Cash and Cash Equivalents Balance - Ending	\$ 35,182,640	\$ 24,835,574	\$ 60,018,214
Cash and Cash Equivalents	\$ -	\$ 5,873,763	\$ 5,873,763
Cash and Cash Equivalents - Restricted (Current)	8,879,963	-	8,879,963
Cash and Cash Equivalents - Restricted (Noncurrent)	26,302,677	18,961,811	45,264,488
Total Cash and Cash Equivalents	\$ 35,182,640	\$ 24,835,574	\$ 60,018,214

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

Continued on the next page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 979,416	\$ 2,433,386	\$ 3,412,802
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	30	203	233
Amortization of Deferred Bond Issuance Costs	117,509	767,165	884,674
Bad Debt Expense	(47,339)	(6,689)	(54,028)
Investment Income Reported as Operating Revenue	(719,176)	(2,600,658)	(3,319,834)
Interest Expense Reported as Operating Expense	8,258,314	54,328,536	62,586,850
Bond Call Expenses	219,903	(1,418,302)	(1,198,399)
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	118,923	415,040	533,963
Accounts Receivable	(1,225)	(44,370)	(45,595)
Interfund Receivable	-	(507)	(507)
Prepaid Expenses	-	(1,900)	(1,900)
Loans Receivable	(13,312,494)	51,758,586	38,446,092
Acquired Property	(190,553)	(2,543,553)	(2,734,106)
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	(17,018)	(273,316)	(290,334)
Interfund Payable	507	-	507
Deferred Income	(1,020)	132,379	131,359
Compensated Absences Payable	(4,544)	(96,303)	(100,847)
Net OPEB Obligation	5,810	1,258	7,068
Net Cash Provided (Used) in Operating Activities	\$ (4,592,957)	\$ 102,850,955	\$ 98,257,998
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (621,211)	\$ (1,724,051)	\$ (2,345,262)
Foreclosed Property	190,553	28,689,268	28,879,821
Loan Modifications	133,877	113,111	246,988
Total Noncash Investing, Capital, and Financing Activities	\$ (296,781)	\$ 27,078,328	\$ 26,781,547

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 Housing 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, 2011 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 Housing Revenue Bonds 2009 Series A 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 and Premiums

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, 2011 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, 2011, the book balance of cash and cash equivalents was \$60,018,214 and the bank balance was \$60,718,086. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short Term Fund totaled \$59,375,027. Additional information about the Oregon Short Term Fund can be found at www.ost.state.or.us/about/ostf/.

The bank balance of money market accounts held by OHCS D's Bond Trustees as agents totaled \$1,343,059. 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 \$108,372,584 in U.S. Government securities, \$141,968,313 in U.S. Agency securities, and \$49,480,000 in municipal bonds. They are held by the Trust Department of OHCS D's Bond Trustee as agent in OHCS D's name. Included in the U.S. Agency securities total is \$1,812,177 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 \$8,464,651 in U.S. Government Securities and \$11,883,965 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, 2011, 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	\$ 116,837,235	\$ 106,683,649	\$ -	\$ 4,780,361	\$ 5,373,225
U.S. Agency Securities	153,852,278	69,252,890	27,603,176	5,306,725	51,689,487
Municipal Bonds	49,480,000	-	-	-	49,480,000
Total	\$ 320,169,513	\$ 175,936,539	\$ 27,603,176	\$ 10,087,086	\$ 106,542,712

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, 2011, \$102,479,377 of OHCS D's investments in U.S. Agency securities are rated Aaa by Moody's Investor Service, \$44,067,390 are U.S. Agency discount notes which have a Moody's Investor Service short-term Issuer Level Rating of P-1, and \$7,305,511 are U.S. Agency discount notes which are unrated. OHCS D's municipal bond investments are rated Aaa/VMIG 1 by Moody's Investor Service.

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, 2011, 36.5% of OHCS D's total investments are in U.S. Treasury, 25.5% are in Federal Home Loan Bank, and 8.8% are in Federal National Mortgage Association.

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, 2011, the amount of the fair value of all securities on loan from OSTF allocated to OHCS D's Enterprise Funds was \$19,544,537. The amount allocated to OHCS D's Enterprise Funds of the fair value of all investments made with the cash collateral received for those securities on loan was \$18,153,644. The amount of total collateral received for the securities on loan from OSTF allocated to OHCS D's Enterprise Funds was \$18,153,909. Additional information about the Oregon Short Term Fund and securities lending can be found at <http://www.ost.state.or.us/About/OSTF/Statements/OSTF-6-30-2011.pdf>.

NOTE 3. Loans Receivable

Loans receivable on June 30, 2011 consisted of:

	Loans Receivable	Less: Allowance for Uncollectible Accounts	Loans Receivable (Net)
Elderly and Disabled Housing Fund:	\$ 157,435,580	\$ (840,966)	\$ 156,594,614
Housing Finance Fund:			
Single-Family Mortgage Program:			
Mortgage Revenue Bonds	910,323,934	-	910,323,934
Housing Revenue Bonds	51,780,601	-	51,780,601
Multifamily Housing Revenue Bonds	161,119,784	(402,798)	160,716,986
Multiple Purpose Bonds	5,220,819	(13,742)	5,207,077
Housing Finance Account	4,278,079	(21,390)	4,256,689
Total Housing Finance Fund	1,132,723,217	(437,930)	1,132,285,287
Total	\$ 1,290,158,797	\$ (1,278,896)	\$ 1,288,879,901

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 and Housing 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, 52 percent is federally insured or guaranteed, 23 percent is covered by pool insurance and/or private mortgage insurance and 25 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.

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

Notes to the Financial Statements (Continued)
June 30, 2011

NOTE 4. Capital Assets

A summary of OHCS D's capital assets at June 30, 2011 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	\$ -	\$ -	\$ -	\$ -	\$ 20,964	\$ -	\$ 10,482	\$ 10,482
Data Processing Software	27,581	-	1,211	26,370	133,033	-	8,125	124,908
Total Capital Assets	27,581	-	1,211	26,370	153,997	-	18,607	135,390
Less Accumulated Depreciation/Amortization:								
Equipment	-	-	-	-	(20,964)	-	(10,482)	(10,482)
Data Processing Software	(27,243)	(30)	(903)	(26,370)	(130,767)	(203)	(6,062)	(124,908)
Total Accumulated Depreciation/Amortization	(27,243)	(30)	(903)	(26,370)	(151,731)	(203)	(16,544)	(135,390)
Capital Assets, Net	\$ 338	\$ (30)	\$ 308	\$ -	\$ 2,266	\$ (203)	\$ 2,063	\$ -

NOTE 5. Interfund Balances and Transfers

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2011:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 1,252
Housing Finance Fund	1,252	-
Total	\$ 1,252	\$ 1,252

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, 2011:

	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	\$ 1,552,520,000	\$ 280,570,000	\$ 382,800,000	\$ 1,450,290,000	\$ 78,525,000
Bond Discount	(230,963)	(22,982)	(64,762)	(189,183)	-
Bond Premium	8,982,762	2,862,917	2,897,148	8,948,531	-
Deferred Amount on Refunding	(1,223,103)	(1,310,032)	(353,893)	(2,179,242)	-
Bonds Payable	1,560,048,696	282,099,903	385,278,493	1,456,870,106	
Compensated Absences Payable	346,874	-	100,847	246,027	162,378
Swap Fair Value Liability	31,208,266	-	5,970,704	25,237,562	-
Arbitrage Rebate Liability	85,740	102,194	85,740	102,194	-
Loans Payable	1,500,000	-	-	1,500,000	-
Net OPEB Obligation	59,529	7,068	-	66,597	-
Total Long-Term Liabilities	\$ 1,593,249,105	\$ 282,209,165	\$ 391,435,784	\$ 1,484,022,486	\$ 78,687,378

NOTE 7. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2011:

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	\$ 1,930,000	\$ -	\$ 1,930,000	\$ -	\$ -
1992 C	1993-2022	3.300 - 6.500%	14,695,000	495,000	-	495,000	-	-
1993 B	1994-2026	2.700 - 5.500%	11,060,000	1,245,000	-	1,245,000	-	-
1993 C	1994-2026	2.850 - 5.650%	13,915,000	9,665,000	-	1,585,000	8,080,000	355,000
1994 A	1995-2025	3.500 - 6.150%	9,440,000	2,200,000	-	2,200,000	-	-
1994 B	1996-2026	4.200 - 6.300%	24,400,000	17,860,000	-	3,360,000	14,500,000	560,000
1995 A	1996-2026	4.000 - 6.000%	14,100,000	9,720,000	-	1,995,000	7,725,000	300,000
1995 B	1997-2027	4.000 - 5.700%	24,240,000	11,420,000	-	1,485,000	9,935,000	365,000
1996 A	1998-2027	4.050 - 5.600%	2,850,000	440,000	-	440,000	-	-
1996 B	1998-2027	4.200 - 5.800%	10,605,000	8,115,000	-	940,000	7,175,000	260,000
1997 A	1999-2028	4.050 - 5.375%	8,475,000	4,880,000	-	700,000	4,180,000	145,000
1998 A	2000-2029	3.400 - 4.500%	8,870,000	1,160,000	-	35,000	1,125,000	35,000
1998 B	2001-2030	3.550 - 4.875%	10,285,000	3,430,000	-	660,000	2,770,000	90,000
1998 C	2000-2029	4.900 - 6.000%	1,880,000	300,000	-	300,000	-	-
1999 A	2000-2030	3.250 - 5.150%	10,840,000	2,125,000	-	165,000	1,960,000	175,000
1999 B	2000-2031	3.350 - 5.250%	4,485,000	3,750,000	-	1,745,000	2,005,000	60,000
1999 D	2000-2030	3.950 - 6.000%	5,695,000	1,460,000	-	1,460,000	-	-
1999 E	2001-2031	5.000 - 6.250%	19,105,000	16,290,000	-	1,705,000	14,585,000	370,000
2001 A	2002-2032	2.550 - 5.100%	5,210,000	1,185,000	-	70,000	1,115,000	70,000
2001 B	2002-2020	2.550 - 4.950%	7,805,000	5,595,000	-	350,000	5,245,000	375,000
2001 C	2002-2032	2.700 - 5.300%	25,325,000	19,905,000	-	890,000	19,015,000	955,000
2002 A	2003-2022	1.400 - 4.650%	10,840,000	7,825,000	-	475,000	7,350,000	490,000
2002 B	2003-2024	1.400 - 4.700%	37,905,000	1,040,000	-	640,000	400,000	20,000
2002 C	2003-2043	1.600 - 5.050%	13,595,000	6,450,000	-	215,000	6,235,000	230,000
2003 B	2004-2024	1.300 - 4.800%	9,265,000	7,300,000	-	355,000	6,945,000	370,000
2003 C	2013-2034	4.350 - 5.100%	2,930,000	2,655,000	-	60,000	2,595,000	60,000
2007 A	2008-2048	3.650 - 4.750%	26,300,000	24,685,000	-	680,000	24,005,000	385,000
<i>Total General Obligation Bonds</i>				\$ 173,125,000	\$ -	\$ 26,180,000	\$ 146,945,000	\$ 5,670,000

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	\$ 1,665,000	\$ -	\$ 1,665,000	\$ -	\$ -
1993 B	1995-2017	3.250 - 5.375%	18,795,000	865,000	-	865,000	-	-
1994 A	1995-2018	3.750 - 6.400%	18,150,000	1,300,000	-	1,300,000	-	-
1994 C	1996-2016	4.200 - 6.250%	12,440,000	640,000	-	640,000	-	-
1995 A	1996-2026	4.400 - 6.450%	25,000,000	2,500,000	-	2,500,000	-	-
1995 C	2015-2026	6.200 - 6.400%	20,200,000	3,350,000	-	3,350,000	-	-
1995 E	1997-2027	4.000 - 6.000%	25,000,000	2,920,000	-	2,920,000	-	-
1996 B	1998-2027	4.200 - 6.200%	18,535,000	2,315,000	-	2,315,000	-	-
1996 D	1998-2027	4.300 - 6.375%	27,300,000	2,240,000	-	2,240,000	-	-
1996 H	1998-2027	4.050 - 6.000%	27,300,000	1,895,000	-	1,895,000	-	-
1997 A	1999-2027	4.600 - 6.200%	25,000,000	1,555,000	-	1,555,000	-	-
1997 F	2017-2028	5.500 - 5.650%	14,025,000	4,295,000	-	4,295,000	-	-
1997 H	1999-2028	4.000 - 5.650%	33,570,000	4,785,000	-	4,785,000	-	-
1998 A	2000-2015	4.000 - 5.150%	10,655,000	865,000	-	865,000	-	-
1998 B	2018-2029	4.900 - 5.450%	19,345,000	2,660,000	-	2,660,000	-	-
1998 D	2000-2029	3.850 - 5.300%	35,000,000	6,185,000	-	6,185,000	-	-
1998 G	2000-2029	3.650 - 5.250%	35,000,000	6,435,000	-	6,435,000	-	-
1999 A	2001-2027	3.600 - 5.150%	25,480,000	3,870,000	-	3,870,000	-	-
1999 E	2019-2027	4.850 - 5.400%	20,350,000	4,505,000	-	4,505,000	-	-
1999 I	2001-2020	4.100 - 5.550%	25,555,000	1,040,000	-	1,040,000	-	-
1999 J	2023-2030	5.200 - 5.750%	29,320,000	5,685,000	-	5,685,000	-	-
1999 M	2002-2031	4.650 - 6.200%	32,260,000	3,765,000	-	3,765,000	-	-
2000 A	2001-2028	4.300 - 6.050%	18,265,000	2,620,000	-	2,620,000	-	-
2000 E	2002-2030	4.850 - 6.150%	29,160,000	4,075,000	-	4,075,000	-	-
2000 H	2009-2030	4.650 - 5.750%	30,070,000	5,795,000	-	5,795,000	-	-
2000 L	2031-2033	5.900 - 5.900%	20,175,000	7,650,000	-	7,650,000	-	-
2001 A	2003-2030	3.600 - 5.350%	23,465,000	5,530,000	-	5,530,000	-	-
2001 C	2032	***	7,500,000	1,715,000	-	315,000	1,400,000	25,000
2001 F	2003-2030	3.350 - 5.550%	24,025,000	5,730,000	-	5,730,000	-	-
2001 J	2003-2030	3.000 - 5.150%	26,435,000	5,980,000	-	1,180,000	4,800,000	-
2001 L	2032	***	9,100,000	2,210,000	-	345,000	1,865,000	-
2001 Q	2003-2024	2.350 - 5.125%	19,015,000	7,275,000	-	1,470,000	5,805,000	-
2001 R	2027-2033	4.200 - 5.375%	15,985,000	2,670,000	-	300,000	2,370,000	-
2002 A	2004-2024	2.350 - 5.200%	18,620,000	9,475,000	-	1,150,000	8,325,000	-
2002 B	2004-2033	2.700 - 5.450%	16,380,000	4,835,000	-	275,000	4,560,000	-
2002 F	2005-2022	3.150 - 5.250%	15,190,000	6,925,000	-	1,405,000	5,520,000	-
2002 G	2003-2033	2.400 - 5.600%	19,810,000	7,650,000	-	755,000	6,895,000	-
2002 H	2006-2023	2.450 - 5.000%	16,315,000	10,265,000	-	865,000	9,400,000	-
2002 I	2004-2033	2.000 - 5.250%	18,685,000	4,370,000	-	1,205,000	3,165,000	-
2002 M	2006-2023	2.400 - 5.050%	16,285,000	10,075,000	-	760,000	9,315,000	-
2002 N	2004-2033	2.200 - 5.250%	18,715,000	7,830,000	-	1,530,000	6,300,000	-
2003 A	2007-2030	2.150 - 4.900%	22,810,000	15,980,000	-	780,000	15,200,000	-
2003 B	2004-2034	1.400 - 5.000%	12,190,000	1,430,000	-	640,000	790,000	-
2003 E	2004-2030	1.100 - 4.600%	24,665,000	16,565,000	-	630,000	15,935,000	-
2003 F	2032-2034	3.200 - 4.750%	10,335,000	2,250,000	-	1,500,000	750,000	-
2003 J	2005-2023	1.300 - 4.700%	22,880,000	11,440,000	-	1,515,000	9,925,000	-
2003 K	2005-2029	1.700 - 5.625%	12,120,000	3,080,000	-	1,895,000	1,185,000	-
2003 L	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 A	2005-2023	1.100 - 4.500%	23,720,000	10,125,000	-	1,155,000	8,970,000	-
2004 B	2029	5.625 - 5.625%	11,280,000	3,045,000	-	1,590,000	1,455,000	-
2004 C	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 G	2005-2023	1.350 - 4.500%	23,410,000	10,470,000	-	1,760,000	8,710,000	-
2004 H	2029	5.125 - 5.125%	11,590,000	4,320,000	-	1,945,000	2,375,000	-
2004 I	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 J	2006-2019	1.950 - 4.350%	15,560,000	7,135,000	-	970,000	6,165,000	-
2004 K	2020-2030	4.800 - 5.100%	19,440,000	10,230,000	-	1,735,000	8,495,000	-
2004 L	2035	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 M	2007-2025	2.250 - 4.600%	7,510,000	5,455,000	-	320,000	5,135,000	-
2004 N	2035	4.900 - 4.900%	8,390,000	6,255,000	-	615,000	5,640,000	-
2005 A	2006-2024	2.600 - 4.500%	16,055,000	10,290,000	-	1,395,000	8,895,000	-

Notes to the Financial Statements (Continued)
June 30, 2011

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 B	2034	5.375 - 5.375%	8,445,000	3,695,000	-	1,170,000	2,525,000	-
2005 C	2035	****	10,500,000	10,500,000	-	-	10,500,000	-
2005 D	2007-2025	3.000 - 4.650%	26,340,000	18,370,000	-	2,605,000	15,765,000	-
2005 E	2006-2031	3.150 - 5.750%	13,775,000	6,865,000	-	1,880,000	4,985,000	-
2005 F	2036	****	14,885,000	14,885,000	-	-	14,885,000	-
2006 A	2007-2021	3.125 - 4.350%	20,210,000	14,355,000	-	2,355,000	12,000,000	-
2006 B	2007-2030	3.350 - 5.625%	19,790,000	12,130,000	-	2,470,000	9,660,000	-
2006 C	2036	****	20,000,000	20,000,000	-	-	20,000,000	-
2006 D	2007-2021	3.500 - 4.500%	18,705,000	12,295,000	-	3,305,000	8,990,000	-
2006 E	2025-2031	5.000 - 6.250%	21,295,000	14,260,000	-	3,875,000	10,385,000	-
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	11,050,000	-	1,820,000	9,230,000	-
2006 I	2026-2036	4.600 - 6.250%	27,680,000	23,525,000	-	3,110,000	20,415,000	-
2006 J	2008-2021	3.350 - 4.050%	13,235,000	10,945,000	-	845,000	10,100,000	-
2006 K	2026-2036	4.450 - 5.375%	26,765,000	25,275,000	-	3,295,000	21,980,000	-
2007 A	2008-2022	3.400 - 4.250%	20,210,000	17,360,000	-	2,210,000	15,150,000	-
2007 B	2027-2037	4.750 - 5.500%	39,790,000	34,790,000	-	3,790,000	31,000,000	-
2007 C	2008-2022	3.550 - 4.700%	27,025,000	21,070,000	-	3,495,000	17,575,000	-
2007 D	2026-2038	5.000 - 5.875%	32,975,000	26,620,000	-	5,325,000	21,295,000	-
2007 E	2038	****	30,000,000	30,000,000	-	-	30,000,000	-
2007 F	2014-2022	3.700 - 4.450%	18,855,000	17,590,000	-	1,835,000	15,755,000	-
2007 G	2009-2038	3.650 - 5.500%	41,145,000	33,195,000	-	6,400,000	26,795,000	-
2007 H	2038	****	30,000,000	30,000,000	-	-	30,000,000	-
2008 A	2009-2022	1.650 - 4.125%	15,140,000	13,375,000	-	100,000	13,275,000	-
2008 B	2010-2038	2.625 - 6.000%	54,860,000	50,930,000	-	8,115,000	42,815,000	-
2008 C	2038	****	35,000,000	35,000,000	-	-	35,000,000	-
2008 D	2009-2023	2.500 - 4.800%	11,790,000	10,290,000	-	680,000	9,610,000	-
2008 E	2010-2039	3.900 - 6.500%	58,210,000	53,660,000	-	8,140,000	45,520,000	-
2008 F	2039	****	35,000,000	35,000,000	-	-	35,000,000	-
2008 G	2013-2030	3.500 - 5.350%	52,530,000	50,670,000	-	3,090,000	47,580,000	-
2008 H	2009-2012	3.000 - 4.150%	5,530,000	3,070,000	-	1,555,000	1,515,000	-
2008 I	2037	****	34,650,000	34,650,000	-	-	34,650,000	-
2010 A	2011-2030	0.350 - 4.375%	35,900,000	-	35,900,000	3,470,000	32,430,000	985,000
2010 B	2011-2030	1.000 - 5.000%	52,540,000	-	52,540,000	8,705,000	43,835,000	225,000
2010 C	2042	4.750 - 4.750%	8,000,000	-	8,000,000	625,000	7,375,000	-
Total Mortgage Revenue Bonds				\$1,087,605,000	\$ 96,440,000	\$ 211,000,000	\$ 973,045,000	\$ 1,235,000

*** 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 0.60%.

**** 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 0.100% for 2003 L, 2004 I, 2005 C, 2007 E, and 2008 F, 0.080% for 2004 C, 2004 L, and 2005 F, 0.120% for 2006 C and 2007 H, 0.070% for 2006 F, 0.060% for 2006 G, 0.130% for 2008 C, and 0.090% for 2008 I.

Housing Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2009 A	2012	**	\$ 120,000,000	\$ 120,000,000	\$ -	\$ 54,000,000	\$ 66,000,000	\$ 66,000,000
2009 A-1	2041	0.830 - 3.280%	18,000,000	-	18,000,000	-	18,000,000	-
2009 A-2	2041	0.770 - 3.700%	36,000,000	-	36,000,000	-	36,000,000	-
2010 A	2011-2027	0.400 - 5.250%	12,000,000	-	12,000,000	-	12,000,000	395,000
2011 A	2012-2028	0.500 - 5.250%	24,000,000	-	24,000,000	-	24,000,000	545,000
Total Housing Revenue Bonds				\$ 120,000,000	\$ 90,000,000	\$ 54,000,000	\$ 156,000,000	\$ 66,940,000

2009 A bonds totaling \$18,000,000 and \$36,000,000 were converted to long-term bonds and redesignated as 2009 A-1 and 2009 A-2, respectively.

** The interest rate is based on the 28 day U.S. Treasury Bill. The interest rate at the end of the fiscal year was 0.000%

Multifamily Housing Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1997 A	1999-2029	4.100 - 5.700%	\$ 16,360,000	\$ 13,305,000	\$ -	\$ 13,305,000	\$ -	\$ -
1997 B	2000-2029	4.000 - 5.550%	10,100,000	8,225,000	-	8,225,000	-	-
1999 A	2001-2030	3.450 - 5.150%	12,440,000	10,310,000	-	10,310,000	-	-
1999 B	2002-2031	4.300 - 6.000%	34,920,000	30,380,000	-	30,380,000	-	-
2000 A	2003-2042	4.600 - 6.050%	18,325,000	17,280,000	-	17,280,000	-	-
2001 A	2024-2032	4.600 - 5.100%	1,770,000	1,535,000	-	40,000	1,495,000	40,000
2001 B	2004-2043	2.900 - 5.450%	31,935,000	30,150,000	-	340,000	29,810,000	355,000
2002 A	2004-2033	1.800 - 5.000%	7,875,000	6,960,000	-	165,000	6,795,000	175,000
2003 A	2013-2044	4.400 - 5.150%	5,675,000	5,400,000	-	60,000	5,340,000	65,000
2004 A	2014-2045	4.300 - 5.100%	5,120,000	4,900,000	-	50,000	4,850,000	60,000
2004 B	2046	****	14,950,000	14,470,000	-	175,000	14,295,000	180,000
2005 A	2007-2047	3.050 - 5.000%	9,855,000	8,960,000	-	95,000	8,865,000	100,000
2006 A	2036	4.620 - 4.620%	5,680,000	5,310,000	-	160,000	5,150,000	165,000
2010 A	2011-2042	0.900 - 5.150%	77,705,000	-	77,705,000	1,235,000	76,470,000	2,490,000
2010 B	2013-2052	0.950 - 4.875%	16,425,000	-	16,425,000	-	16,425,000	-
<i>Total Multifamily Housing Revenue Bonds</i>				\$ 157,185,000	\$ 94,130,000	\$ 81,820,000	\$ 169,495,000	\$ 3,630,000

**** 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 0.100%.

Multiple Purpose Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2005-2024	1.900 - 4.300%	\$ 46,405,000	\$ 14,605,000	\$ -	\$ 9,800,000	\$ 4,805,000	\$ 1,050,000
<i>Total Multiple Purpose Bonds</i>				\$ 14,605,000	\$ -	\$ 9,800,000	\$ 4,805,000	\$ 1,050,000

Total Revenue Bonds **\$1,379,395,000 \$ 280,570,000 \$ 356,620,000 \$1,303,345,000 \$ 72,855,000**

Total General Obligation and Revenue Bonds **\$1,552,520,000 \$ 280,570,000 \$ 382,800,000 \$1,450,290,000 \$ 78,525,000**

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, 2011 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	\$ 146,945,000	\$ (166,607)	\$ -	\$ (740,153)	\$ 146,038,240
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	973,045,000	-	7,787,112	(547,134)	980,284,978
Housing Revenue Bonds	156,000,000	-	1,161,419	-	157,161,419
Multifamily Housing Revenue Bonds	169,495,000	(22,576)	-	(868,060)	168,604,364
Multiple Purpose Bonds	4,805,000	-	-	(23,895)	4,781,105
Total Revenue Bonds	1,303,345,000	(22,576)	8,948,531	(1,439,089)	1,310,831,866
Total General Obligation and Revenue Bonds	\$ 1,450,290,000	\$ (189,183)	\$ 8,948,531	\$ (2,179,242)	\$ 1,456,870,106

Debt Service Requirements to Maturity

The following table summarizes the amounts necessary to pay all future bonded debt principal and interest requirements as of June 30, 2011 for each fiscal year during the next five year period ending June 30, 2016, and in five year increments thereafter.

Year Ending June 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 5,670,000	\$ 7,570,909	\$ 13,240,909	\$ 72,855,000	\$ 41,335,895	\$ 114,190,895
2013	5,960,000	7,293,483	13,253,483	36,215,000	41,337,792	77,552,792
2014	6,285,000	6,995,304	13,280,304	31,005,000	40,301,773	71,306,773
2015	6,640,000	6,674,795	13,314,795	32,280,000	39,229,856	71,509,856
2016	7,665,000	6,330,789	13,995,789	32,405,000	38,068,180	70,473,180
2017-2021	42,190,000	25,446,203	67,636,203	187,165,000	169,330,773	356,495,773
2022-2026	36,135,000	14,556,322	50,691,322	233,005,000	124,262,034	357,267,034
2027-2031	20,940,000	6,216,409	27,156,409	268,645,000	74,360,283	343,005,283
2032-2036	8,255,000	2,632,568	10,887,568	268,060,000	36,516,951	304,576,951
2037-2041	5,510,000	997,011	6,507,011	118,685,000	11,846,158	130,531,158
2042-2046	1,285,000	245,491	1,530,491	19,250,000	2,215,665	21,465,665
2047-2051	410,000	24,581	434,581	3,000,000	514,345	3,514,345
2052-2056	-	-	-	775,000	38,147	813,147
Total	\$ 146,945,000	\$ 84,983,865	\$ 231,928,865	\$ 1,303,345,000	\$ 619,357,852	\$ 1,922,702,852

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, 2011, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$2,292,594,338 in general obligation bonds.

Debt Refunding

On August 24, 2010, OHCS D issued \$88,440,000 of Mortgage Revenue Bonds that refunded previously issued Mortgage Revenue bonds totaling \$88,440,000. The current refunding of these bonds decreases the total debt service over the next 20 years by approximately \$20,725,293 and results in an economic gain of approximately \$13,638,618.

On August 25, 2010, OHCS D issued \$77,705,000 of Multifamily Housing Revenue Bonds that refunded previously issued Multifamily Housing Revenue bonds totaling \$77,705,000. The current refunding of these bonds decreases the total debt service over the next 32 years by approximately \$15,432,529 and results in an economic gain of approximately \$8,963,485.

Loans Payable

The following table summarizes the amounts necessary to pay all future loan principal and interest requirements as of June 30, 2011.

Year Ending June 30	Loans Payable		
	Principal	Interest	Total
2012	\$ -	\$ 48,750	\$ 48,750
2013	-	48,750	48,750
2014	1,500,000	24,375	1,524,375
Total	\$ 1,500,000	\$ 121,875	\$ 1,621,875

NOTE 8. Interest Rate Swaps

OHCS D has entered into fourteen separate pay-fixed, receive-variable interest rate swaps to hedge against changes in variable rate interest and to lower borrowing costs compared to fixed-rate bonds. The notional amounts of the swaps match the principal amounts of the associated debt. The notional amounts totaled \$305,550,000 and the fair value of the swaps totaled \$(25,409,179) at the end of the fiscal year. During the fiscal year the swap fair value declined by \$5,799,087. The fair value balance, including any change during the fiscal year, is shown on the balance sheet as Deferred Outflows and Swap Fair Value Liability. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. This methodology is believed to be consistent with accepted practice in the market for interest rate swaps.

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2011.

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating**
MF** 2004 B	\$ 14,295,000	12/16/2004	3.894%	64% of 1-mo. LIBOR* + .27%	\$ (1,071,288)	07/01/2046	Merrill Lynch Capital Services	A2 A A+
MRB* 2003 L	15,000,000	04/21/2010	3.641%	64.7% of 3-mo. LIBOR + .23%	(610,156)	07/01/2034	Royal Bank of Canada	Aa1 AA- AA
MRB 2004 C	15,000,000	01/24/2006	4.032%	64% of 1-mo. LIBOR + .29%	(960,208)	07/01/2034	Morgan Stanley Capital Services	A2 A A
MRB 2004 I	15,000,000	01/24/2006	4.012%	64% of 1-mo. LIBOR + .29%	(1,034,185)	07/01/2034	Morgan Stanley Capital Services	A2 A A
MRB 2004 L	15,000,000	05/27/2010	3.425%	64.8% of 3-mo. LIBOR + .22%	(470,106)	07/01/2035	Royal Bank of Canada	Aa1 AA- AA
MRB 2005 C	10,500,000	05/27/2010	3.345%	64.8% of 3-mo. LIBOR + .22%	(319,695)	07/01/2035	Royal Bank of Canada	Aa1 AA- AA
MRB 2006 C	20,000,000	02/28/2006	4.184%	64% of 1-mo. LIBOR + .29%	(1,925,544)	07/01/2036	Morgan Stanley Capital Services	A2 A A
MRB 2006 F	20,000,000	07/18/2006	4.430%	64% of 1-mo. LIBOR + .29%	(2,306,304)	07/01/2037	Bank of America, N.A.	Aa3 A+ A+
MRB 2006 G	16,105,000	07/18/2006	3.833%	64% of 1-mo. LIBOR + .19%	(2,118,943)	07/01/2016	Merrill Lynch Capital Services	A2 A A+
MRB 2007 E	30,000,000	07/31/2007	4.388%	64% of 1-mo. LIBOR + .29%	(3,794,797)	07/01/2038	JP Morgan Chase Bank, N.A.	Aa1 AA- AA-
MRB 2007 H	30,000,000	11/20/2007	4.060%	64% of 1-mo. LIBOR + .30%	(3,059,980)	07/01/2038	Merrill Lynch Capital Services	A2 A A+
MRB 2008 C	35,000,000	02/26/2008	3.747%	64% of 1-mo. LIBOR + .30%	(2,521,894)	07/01/2038	Bank of America, N.A.	Aa3 A+ A+
MRB 2008 F	35,000,000	05/13/2008	3.738%	64% of 1-mo. LIBOR + .31%	(2,230,615)	07/01/2039	Bank of America, N.A.	Aa3 A+ A+
MRB 2008 I	34,650,000	08/26/2008	3.723%	64% of 1-mo. LIBOR + .31%	(2,985,464)	07/01/2037	Bank of America, N.A.	Aa3 A+ A+
	<u>\$ 305,550,000</u>				<u>\$(25,409,179)</u>			

@@ Multifamily Housing Revenue Bonds

@ Mortgage Revenue Bonds

* London Interbank Offered Rate

** 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 on January 1, 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 on January 1, 2012 (2004 C), July 1, 2012 (2004 I), January 1, 2013 (2006 C), July 1, 2013 (2006 F & 2008 F), January 1, 2014 (2003 L), July 1, 2014 (2007 E), January 1, 2015 (2007 H & 2008 C), July 1, 2015 (2004 L & 2005 C), or January 1, 2016 (2008 I). These options provide flexibility to manage the prepayments of loans and the related bonds.

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 rates received, which are based on the one or three month LIBOR rates, does not offset the variable rates paid on the bonds. As of June 30, 2011, the one month LIBOR rate was 0.18555% and the three month LIBOR rate was 0.24575%. OHCS D's variable interest rates as of June 30, 2011 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.

Rollover Risk Rollover risk is the risk that occurs when the swap termination date does not extend to the maturity date of the associated debt. OHCS D is exposed to rollover risk for the MRB 2006 G swap, which has a swap termination date of July 1, 2016. The associated bonds do not mature until 2028.

Notes to the Financial Statements (Continued)
June 30, 2011

Using rates as of June 30, 2011, 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		
2012	\$ 180,000	\$ 532,965	\$ 10,647,798	\$ 11,360,763
2013	190,000	303,915	10,690,102	11,184,017
2014	200,000	303,723	10,686,806	11,190,529
2015	205,000	303,523	10,679,807	11,188,330
2016	215,000	303,315	10,672,545	11,190,860
2017-2021	1,220,000	1,513,138	50,684,915	53,418,053
2022-2026	14,920,000	1,482,208	49,293,111	65,695,319
2027-2031	93,655,000	1,277,364	43,316,497	138,248,861
2032-2036	139,295,000	669,943	23,064,300	163,029,243
2037-2041	51,705,000	116,371	3,877,564	55,698,935
2042-2046	3,385,000	11,496	402,578	3,799,074
2047-2051	380,000	188	6,656	386,844
Total	\$ 305,550,000	\$ 6,818,149	\$ 224,022,679	\$ 536,390,828

Contingencies OHCS D's swaps, except for the MF 2004 B and the MRB 2007 E swaps, include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (Mortgage Revenue Bonds) are not above either Baa1 (Moody's) or BBB+ (Standard and Poor's). If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest \$10,000) is required to be posted. The minimum transfer amount is \$100,000 or \$0 if neither rating agency rates the bonds. The total fair value on June 30, 2011 of swaps that include these provisions is \$(20,543,094). At June 30, 2011 the bonds subject to these provisions are rated Aa2 by Moody's and are not rated by Standard & Poor's.

NOTE 9. Demand Bonds

Included in OHCS D's long-term debt is \$320,435,000 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 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, 2011.

Notes to the Financial Statements (Continued)
June 30, 2011

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 *	\$ 14,295,000	Bank of America, N.A.	08/27/2011	0.4750%	Merrill Lynch, Pierce, Fenner & Smith Inc.	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.	05/12/2014	0.8000%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2008 I *	34,650,000	Bank of America, N.A.	08/25/2011	0.4750%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%

* After June 30, 2011, the expiration date was extended to 08/27/2014. The commitment fee increases to 0.800% in August 2011.

** After June 30, 2011, the expiration date was extended to 08/25/2014. The commitment fee increases to 0.800% in August 2011.

@ After June 30, 2011, the expiration date was extended to 11/01/2014. The commitment fee increases to 0.800% in December 2011.

NOTE 10. Conduit Debt Obligations

Bonds issued under the Housing Development Revenue Bond program are limited obligations of OHCS D payable only out of the trust estate specifically pledged to each bond issue. As of June 30, 2011, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$194,862,464. 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 and on the next page:

	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
Condensed Statement of Net Assets				
Assets and Deferred Outflows				
Interfund Receivable	\$ 4,832	\$ 8,206	\$ -	\$ -
Other Current Assets	44,124,476	68,020,465	8,586,784	1,322,449
Noncurrent Assets	1,050,697,289	92,232,092	184,990,177	13,093,440
Deferred Outflows	24,337,891	-	1,071,288	-
Total Assets and Deferred Outflows	1,119,164,488	160,260,763	194,648,249	14,415,889
Liabilities				
Interfund Payable	8,206	36,575	-	-
Other Current Liabilities	27,415,163	67,813,201	7,713,674	1,218,158
Noncurrent Liabilities	1,003,387,869	90,221,420	166,045,651	3,731,105
Total Liabilities	1,030,811,238	158,071,196	173,759,325	4,949,263
Net Assets				
Restricted by Trust Indentures	88,353,250	2,189,567	20,888,924	9,466,626
Total Net Assets	\$ 88,353,250	\$ 2,189,567	\$ 20,888,924	\$ 9,466,626

Notes to the Financial Statements (Continued)
June 30, 2011

	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
Operating Revenues	\$ 53,332,526	\$ 569,378	\$ 9,298,114	\$ 818,235
Operating Expenses	(50,331,436)	(2,087,864)	(8,347,935)	(661,526)
Operating Income (Loss)	3,001,090	(1,518,486)	950,179	156,709
Transfers In	1,955,000	3,563,138	1,425,000	-
Transfers Out	(4,300,000)	-	(2,000,000)	(2,924,725)
Change in Net Assets	656,090	2,044,652	375,179	(2,768,016)
Beginning Net Assets	87,697,160	144,915	20,513,745	12,234,642
Ending Net Assets	\$ 88,353,250	\$ 2,189,567	\$ 20,888,924	\$ 9,466,626

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:				
Operating Activities	\$ 149,737,833	\$ (52,586,942)	\$ (613,514)	\$ 6,639,070
Noncapital Financing Activities	(164,823,288)	39,993,489	2,464,341	(13,201,375)
Investing Activities	11,587,393	13,085,288	(2,129,047)	6,123,593
Net Increase (Decrease)	(3,498,062)	491,835	(278,220)	(438,712)
Beginning Cash and Cash Equivalents	19,504,190	13	1,611,172	715,553
Ending Cash and Cash Equivalents	\$ 16,006,128	\$ 491,848	\$ 1,332,952	\$ 276,841

NOTE 12. Restricted Assets

Restricted asset account balances are as follows:

Purpose:	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 50,789,277
Current Debt Service	13,240,909	114,190,895
Future Debt Service	21,159,513	69,601,154
Debt Reserves	21,130,834	45,502,125
Insurance Reserves	-	22,089,019
Combined Program Account	-	14,626,785
Residential Assistance	-	1,983,453
Total	\$ 55,531,256	\$ 318,782,708
Balance Sheet Amounts:		
Restricted Cash and Cash Equivalents – Current	\$ 8,879,963	\$ -
Restricted Cash and Cash Equivalents – Noncurrent	26,302,677	18,961,811
Restricted Investments – Current	-	98,574,548
Restricted Investments – Noncurrent	20,348,616	201,246,349
Total	\$ 55,531,256	\$ 318,782,708

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.

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 multiple-employer defined benefit pension plan. The PERS Pension has two tiers of benefits. Employees hired before January 1, 1996 are in Tier One. Tier One employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. Tier Two does not have the Tier One assumed earnings rate guarantee. 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 was 2.06% (9.55% for covered salary paid after June 30, 2011); and the OPSRP Pension Employer Rate was 2.84% (8.05% for covered salary paid after June 30, 2011).

Combined employer contributions for the years ended June 30, 2011, 2010, and 2009 were \$83,655, \$79,506, and \$223,440 respectively, equal to the required contributions each year.

Combined employee contributions for the years ended June 30, 2011, 2010, and 2009 were \$173,380, \$209,287, and \$206,074 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.

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.

OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. For Tier One and Tier Two members, OHCSO contributed 0.10% of PERS-covered salary to fund the normal cost portion of RHIA benefits. The rate is 0.09% for PERS-covered salary paid after June 30, 2011. In addition, OHCSO contributed an additional 0.19% of all PERS-covered salary to amortize the unfunded actuarial accrued liability. The rate is 0.50% for PERS-covered salary paid after June 30, 2011. These rates are embedded within the total PERS and OPSRP Pension Employer Rates.

OHCSO's contributions for the years ended June 30, 2011, 2010, and 2009, were approximately \$8,214, \$9,135, and \$11,565, respectively. The actual contribution equaled the annual required contribution in each fiscal 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.

OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. For Tier One and Tier Two members, OHCSO contributed 0.06% of PERS-covered salary to fund the normal cost portion of RHIPA benefits. The rate is 0.05% for PERS-covered salary paid after June 30, 2011. In addition, OHCSO contributed an additional 0.02% of all PERS-covered salary to amortize the unfunded actuarial accrued liability. The rate is 0.11% for PERS-covered salary paid after June 30, 2011. These rates are embedded within the total PERS and OPSRP Pension Employer Rates.

OHCSO's contributions for the years ended June 30, 2011, 2010, and 2009, were approximately \$1,965, \$2,202, and \$2,800, respectively. The actual contribution equaled the annual required contribution in each fiscal year.

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. PEBB does not issue a separate, publicly available financial report.

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

OHCSO has made commitments for loans in the Single-Family Mortgage Program totaling \$34,164,067 and for loans in the Multifamily Housing Revenue Bond program totaling \$3,339,606.

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 August 1, 2011, OHCS D called the following Elderly and Disabled Housing Program bonds prior to maturity:

	<u>Amount Called</u>
1993 Series C	\$ 600,000
1994 Series B	2,800,000
1997 Series A	500,000
1998 Series A	1,090,000
1999 Series B	1,300,000
2001 Series A	1,045,000
2001 Series B	4,870,000
2001 Series C	4,085,000

On August 25, 2011, OHCS D issued the following Housing Revenue Bonds:

	<u>Amount Issued</u>
2011 Series B	\$ 18,000,000

On August 25, 2011, Housing Revenue Bonds 2009 Series A bonds totaling \$27,000,000 were converted to long-term bonds and redesignated as 2009 Series A-3.

On September 30, 2011, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>		<u>Amount Called</u>
2001 Series C	\$ 65,000	2003 Series F	\$ 410,000	2006 Series K	\$ 365,000
2001 Series J	240,000	2003 Series K	335,000	2007 Series A	70,000
2001 Series L	65,000	2004 Series B	205,000	2007 Series B	1,155,000
2001 Series Q	190,000	2004 Series H	225,000	2007 Series C	455,000
2001 Series R	110,000	2004 Series K	160,000	2007 Series D	1,845,000
2002 Series A	600,000	2004 Series M	20,000	2007 Series G	1,025,000
2002 Series B	335,000	2004 Series N	175,000	2008 Series B	1,270,000
2002 Series F	275,000	2005 Series B	140,000	2008 Series D	110,000
2002 Series G	335,000	2005 Series E	395,000	2008 Series E	2,295,000
2002 Series H	300,000	2006 Series B	635,000	2008 Series G	1,485,000
2002 Series I	100,000	2006 Series D	270,000	2008 Series H	45,000
2002 Series M	345,000	2006 Series E	1,130,000	2010 Series B	2,490,000
2002 Series N	240,000	2006 Series H	365,000	2010 Series C	255,000
2003 Series B	335,000	2006 Series I	1,330,000		



Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Balance Sheet - Housing Finance Fund
June 30, 2011

	<i>Single-Family Mortgage Program</i>		Multifamily	Multiple Purpose
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds	Bonds
Assets and Deferred Outflows				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Investments - Restricted	22,299,315	67,757,663	7,380,061	1,137,509
Securities Lending Cash Collateral	4,713,884	15,147	330,791	78,587
Accounts Receivable	1,196,549	-	-	-
Accrued Interest Receivable	5,321,358	247,655	875,932	106,353
Interfund Receivable	4,832	8,206	-	-
Prepaid Expenses	-	-	-	-
Acquired Property	10,593,370	-	-	-
Total Current Assets	44,129,308	68,028,671	8,586,784	1,322,449
Noncurrent Assets				
Cash & Cash Equivalents - Restricted	16,006,128	491,848	1,332,952	276,841
Investments - Restricted	117,603,609	39,300,581	21,001,617	7,584,345
Deferred Charges	6,763,618	659,062	1,938,622	25,177
Loans Receivable (Net)	910,323,934	51,780,601	160,716,986	5,207,077
Total Noncurrent Assets	1,050,697,289	92,232,092	184,990,177	13,093,440
Deferred Outflows	24,337,891	-	1,071,288	-
Total Assets and Deferred Outflows	\$ 1,119,164,488	\$ 160,260,763	\$ 194,648,249	\$ 14,415,889
Liabilities and Net Assets				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 375,922	\$ 38,199	\$ 2,822	\$ 1,176
Accrued Interest Payable	21,064,315	819,855	3,750,061	87,509
Obligations Under Securities Lending	4,713,884	15,147	330,791	78,587
Interfund Payable	8,206	36,575	-	-
Deferred Income	26,042	-	-	886
Compensated Absences Payable	-	-	-	-
Bonds Payable	1,235,000	66,940,000	3,630,000	1,050,000
Total Current Liabilities	27,423,369	67,849,776	7,713,674	1,218,158
Noncurrent Liabilities				
Compensated Absences Payable	-	-	-	-
Bonds Payable	979,049,978	90,221,420	164,974,363	3,731,105
Swap Fair Value Liability	24,337,891	-	1,071,288	-
Loans Payable	-	-	-	-
Net OPEB Obligation	-	-	-	-
Total Noncurrent Liabilities	1,003,387,869	90,221,420	166,045,651	3,731,105
Total Liabilities	1,030,811,238	158,071,196	173,759,325	4,949,263
Net Assets				
Restricted for Residential Assistance	-	-	-	-
Restricted by Trust Indentures	88,353,250	2,189,567	20,888,924	9,466,626
Unrestricted	-	-	-	-
Total Net Assets	88,353,250	2,189,567	20,888,924	9,466,626
Total Liabilities and Net Assets	\$ 1,119,164,488	\$ 160,260,763	\$ 194,648,249	\$ 14,415,889

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 5,873,763	\$ 5,873,763
-	-	98,574,548
-	2,221,630	7,360,039
-	207,016	1,403,565
169,617	149,667	6,870,582
-	32,995	46,033 **
-	1,900	1,900
-	-	10,593,370
169,617	8,486,971	130,723,800
38,710	815,332	18,961,811
14,588,075	1,168,122	201,246,349
-	-	9,386,479
-	4,256,689	1,132,285,287
14,626,785	6,240,143	1,361,879,926
-	-	25,409,179
\$ 14,796,402	\$ 14,727,114	\$ 1,518,012,905
\$ -	\$ 287,580	\$ 705,699
-	12,258	25,733,998
-	2,221,630	7,360,039
-	-	44,781 **
-	1,005,067	1,031,995
-	125,062	125,062
-	-	72,855,000
-	3,651,597	107,856,574
-	64,426	64,426
-	-	1,237,976,866
-	-	25,409,179
-	1,500,000	1,500,000
-	48,577	48,577
-	1,613,003	1,264,999,048
-	5,264,600	1,372,855,622
-	2,219,237	2,219,237
14,796,402	-	135,694,769
-	7,243,277	7,243,277
14,796,402	9,462,514	145,157,283
\$ 14,796,402	\$ 14,727,114	\$ 1,518,012,905

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$44,781 are not included in the Balance Sheet.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Revenues, Expenses, and Changes in Fund Nets Assets -
Housing Finance Fund
For the Year Ended June 30, 2011

	<i>Single-Family Mortgage Program</i>		Multifamily	Multiple
	Mortgage	Housing	Housing	Purpose
	Revenue	Revenue	Revenue	Purpose
	Bonds	Bonds	Bonds	Bonds
Operating Revenues				
Interest on Loans	\$ 50,635,608	\$ 433,422	\$ 9,811,079	\$ 769,618
Investment Income	2,695,605	135,956	(512,965)	48,617
Administrative Charges and Fees	-	-	-	-
Low Income Housing Tax Credit Fees	-	-	-	-
Transfer/Commitment Fees	-	-	-	-
Miscellaneous Revenue	1,313	-	-	-
Total Operating Revenues	53,332,526	569,378	9,298,114	818,235
Operating Expenses				
Personal Services	-	-	-	-
Services and Supplies	102,446	22,802	367,778	1,000
Mortgage Service Fees	3,532,085	37,568	24,933	4,654
Foreclosure Costs	1,902,154	-	-	-
Interest Expense - Bonds	45,222,797	875,150	7,804,902	329,832
Interest Expense - Loans	-	-	-	-
Interest Expense - Securities Lending	38,155	26	2,539	891
Other Related Program Expenses	(1,231,764)	1,034,658	-	334,828
Loss on Sale of Foreclosed Property	259,296	-	-	-
Amortization of Deferred Bond Issuance Costs	506,267	117,660	122,589	20,649
Depreciation/Amortization	-	-	-	-
Bad Debt Expense	-	-	25,194	(30,328)
Total Operating Expenses	50,331,436	2,087,864	8,347,935	661,526
Operating Income (Loss)	3,001,090	(1,518,486)	950,179	156,709
Nonoperating Revenue (Expenses)				
Loss on Disposition of Capital Assets	-	-	-	-
Total Nonoperating Revenue (Expenses)	-	-	-	-
Income (Loss) Before Transfers	3,001,090	(1,518,486)	950,179	156,709
Transfers from Other Funds	1,955,000	3,563,138	1,425,000	-
Transfers to Other Funds	(4,300,000)	-	(2,000,000)	(2,924,725)
Transfers to Other State Agencies	-	-	-	-
Change in Net Assets	656,090	2,044,652	375,179	(2,768,016)
Net Assets - Beginning	87,697,160	144,915	20,513,745	12,234,642
Net Assets - Ending	\$ 88,353,250	\$ 2,189,567	\$ 20,888,924	\$ 9,466,626

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 221,738	\$ 61,871,465
185,403	48,042	2,600,658
-	2,953,510	2,953,510
-	2,149,904	2,149,904
-	671,441	671,441
-	10,417	11,730
185,403	6,055,052	70,258,708
-	3,146,460	3,146,460
-	2,587,341	3,081,367
-	-	3,599,240
-	104	1,902,258
-	-	54,232,681
-	48,814	48,814
-	5,430	47,041
-	609,764	747,486
-	-	259,296
-	-	767,165
-	203	203
-	(1,555)	(6,689)
-	6,396,561	67,825,322
185,403	(341,509)	2,433,386
-	(2,063)	(2,063)
-	(2,063)	(2,063)
185,403	(343,572)	2,431,323
-	9,342,541	16,285,679 **
-	(6,943,138)	(16,167,863) **
-	(131,858)	(131,858)
185,403	1,923,973	2,417,281
14,610,999	7,538,541	142,740,002
\$ 14,796,402	\$ 9,462,514	\$ 145,157,283

** Transfers within the Housing Finance Fund totaling \$16,167,863 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2011

	<u>Single-Family Mortgage Program</u>		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Cash Flows from Operating Activities			
Received from Customers	\$ -	\$ -	\$ -
Program Loan Principal Repayments	99,685,995	149,465	2,439,227
Program Loan Interest Received	51,011,847	221,683	9,856,473
Program Loans Made	(4,341,866)	(51,930,066)	(12,517,320)
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(3,685,050)	(29,901)	(391,894)
Other Receipts (Payments)	7,066,907	(998,123)	-
Net Cash Provided (Used) in Operating Activities	149,737,833	(52,586,942)	(613,514)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	98,115,155	37,187,762	94,107,018
Principal Payments on Bonds	(211,000,000)	-	(81,820,000)
Interest Payments on Bonds	(48,690,430)	(120,067)	(8,139,299)
Bond Issue Costs	(911,178)	(629,706)	(1,058,277)
Bond Call Costs	-	-	(50,101)
Interest Payments on Loans	-	-	-
Transfers from Other Funds	1,963,165	3,555,500	1,425,000
Transfers to Other Funds	(4,300,000)	-	(2,000,000)
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	(164,823,288)	39,993,489	2,464,341
Cash Flows from Investing Activities			
Purchase of Investments	(318,086,226)	(1,490,727,306)	(117,943,611)
Proceeds from Sales and Maturities of Investments	327,305,747	1,503,666,900	115,727,731
Interest on Cash and Investments	2,367,872	145,694	86,833
Investment Income on Securities Lending	38,155	26	2,539
Interest Paid on Securities Lending	(38,155)	(26)	(2,539)
Net Cash Provided (Used) in Investing Activities	11,587,393	13,085,288	(2,129,047)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,498,062)	491,835	(278,220)
Cash and Cash Equivalents Balance - Beginning	19,504,190	13	1,611,172
Cash and Cash Equivalents Balance - Ending	\$ 16,006,128	\$ 491,848	\$ 1,332,952
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Noncurrent)	16,006,128	491,848	1,332,952
Total Cash and Cash Equivalents	\$ 16,006,128	\$ 491,848	\$ 1,332,952

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ -	\$ -	\$ 5,879,003	\$ 5,879,003
6,069,711	-	2,389,180	110,733,578
839,071	-	236,096	62,165,170
-	-	(2,078,360)	(70,867,612)
-	-	(3,272,497)	(3,272,497)
(4,986)	-	(2,894,067)	(7,005,898)
(264,726)	-	(584,847)	5,219,211
6,639,070	-	(325,492)	102,850,955
-	-	-	229,409,935
(9,800,000)	-	-	(302,620,000)
(476,650)	-	-	(57,426,446)
-	-	-	(2,599,161)
-	-	-	(50,101)
-	-	(48,685)	(48,685)
-	-	9,342,541	16,286,206 **
(2,924,725)	-	(6,943,665)	(16,168,390) **
-	-	(131,644)	(131,644)
(13,201,375)	-	2,218,547	(133,348,286)
(8,296,485)	(19,588,556)	(2,150,635)	(1,956,792,819)
14,048,485	19,241,757	1,783,000	1,981,773,620
371,593	370,692	47,505	3,390,189
891	-	5,430	47,041
(891)	-	(5,430)	(47,041)
6,123,593	23,893	(320,130)	28,370,990
(438,712)	23,893	1,572,925	(2,126,341)
715,553	14,817	5,116,170	26,961,915
\$ 276,841	\$ 38,710	\$ 6,689,095	\$ 24,835,574
\$ -	\$ -	\$ 5,873,763	\$ 5,873,763
276,841	38,710	815,332	18,961,811
\$ 276,841	\$ 38,710	\$ 6,689,095	\$ 24,835,574

** Transfers within the Housing Finance Fund totaling \$16,168,390 are not included in the Statement of Cash Flows.

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2011

Continued from the previous page

	<u>Single-Family Mortgage Program</u>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 3,001,090	\$ (1,518,486)	\$ 950,179
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	-	-	-
Amortization of Deferred Bond Issuance Costs	506,267	117,660	122,589
Bad Debt Expense	-	-	25,194
Investment Income Reported as Operating Revenue	(2,695,605)	(135,956)	512,965
Interest Expense Reported as Operating Expense	45,260,952	875,176	7,807,441
Bond Call Expenses	(1,488,404)	-	-
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	496,613	(211,739)	45,394
Accounts Receivable	(2,408)	-	-
Interfund Receivable	(12,997)	(41)	-
Prepaid Expenses	-	-	-
Loans Receivable	107,236,749	(51,780,601)	(10,078,093)
Acquired Property	(2,543,553)	-	-
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	(21,691)	30,470	817
Interfund Payable	8,083	36,575	-
Deferred Income	(7,263)	-	-
Compensated Absences Payable	-	-	-
Net OPEB Obligation	-	-	-
Net Cash Provided (Used) in Operating Activities	\$ 149,737,833	\$ (52,586,942)	\$ (613,514)
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (797,217)	\$ 69,936	\$ (475,114)
Foreclosed Property	28,689,268	-	-
Loan Modifications	113,111	-	-
Total Noncash Investing, Capital, and Financing Activities	\$ 28,005,162	\$ 69,936	\$ (475,114)

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ 156,709	\$ 185,403	\$ (341,509)	\$ 2,433,386
-	-	203	203
20,649	-	-	767,165
(30,328)	-	(1,555)	(6,689)
(48,617)	(185,403)	(48,042)	(2,600,658)
330,723	-	54,244	54,328,536
70,102	-	-	(1,418,302)
70,414	-	14,358	415,040
-	-	(41,962)	(44,370)
-	-	(32,127)	(45,165) **
-	-	(1,900)	(1,900)
6,069,711	-	310,820	51,758,586
-	-	-	(2,543,553)
668	-	(283,580)	(273,316)
-	-	-	44,658 **
(961)	-	140,603	132,379
-	-	(96,303)	(96,303)
-	-	1,258	1,258
<u>\$ 6,639,070</u>	<u>\$ -</u>	<u>\$ (325,492)</u>	<u>\$ 102,850,955</u>
\$ (273,012)	\$ (244,333)	\$ (4,311)	\$ (1,724,051)
-	-	-	28,689,268
-	-	-	113,111
<u>\$ (273,012)</u>	<u>\$ (244,333)</u>	<u>\$ (4,311)</u>	<u>\$ 27,078,328</u>

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$44,658 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 and Deferred Outflows, Liabilities, and Net Assets
 Enterprise Funds
 Last Ten Fiscal Years

	2011	2010	2009	2008
Assets and Deferred Outflows				
Cash and Cash Equivalents	\$ 5,873,763	\$ 4,367,875	\$ 5,917,589	\$ 9,535,291
Cash and Cash Equivalents - Restricted	54,144,451	91,492,695	93,518,300	58,962,599
Investments - Restricted	320,169,513	352,352,552	278,734,777	444,075,698
Securities Lending Cash Collateral	18,153,910	37,016,172	44,918,260	27,937,118
Accounts Receivable	1,404,790	165,054	21,174	68,910
Accrued Interest Receivable	7,708,720	8,280,181	8,573,207	8,535,261
Prepaid Expenses	1,900	-	-	-
Acquired Property	10,783,923	8,049,817	1,660,608	650,178
Deferred Charges	10,526,280	11,128,757	12,594,903	13,407,623
Loans Receivable (Net)	1,288,879,901	1,327,271,965	1,416,942,114	1,381,957,882
Capital Assets (Net)	-	2,604	3,538	4,822
Deferred Outflows	25,409,179	31,208,266	-	-
Total Assets and Deferred Outflows	\$ 1,743,056,330	\$ 1,871,335,938	\$ 1,862,884,470	\$ 1,945,135,382
Liabilities				
Accounts Payable	\$ 757,774	\$ 1,040,636	\$ 934,509	\$ 1,250,330
Accrued Interest Payable	28,943,961	32,391,722	35,717,572	34,981,663
Obligations Under Securities Lending	18,153,910	37,016,172	44,918,260	27,937,118
Due to Other Governments	-	-	75,000	-
Matured Bonds and Interest Payable	-	-	5,145	25,580
Deferred Income	1,045,713	914,354	963,134	884,057
Compensated Absences Payable	246,027	346,874	394,674	271,419
Bonds Payable	1,456,870,106	1,560,048,696	1,583,757,344	1,687,835,004
Swap Fair Value Liability	25,409,179	31,208,266	-	-
Arbitrage Rebate Liability	102,194	85,740	1,202,460	3,397,237
Loans Payable	1,500,000	1,500,000	1,500,000	1,500,000
Net OPEB Obligation	66,597	59,529	50,109	27,521
Total Liabilities	\$ 1,533,095,461	\$ 1,664,611,989	\$ 1,669,518,207	\$ 1,758,109,929
Net Assets				
Invested in Capital Assets	\$ -	\$ 2,604	\$ 3,538	\$ 4,822
Restricted for Residential Assistance	2,219,237	1,835,608	1,540,902	1,700,405
Restricted by Trust Indentures	200,498,355	199,185,070	185,650,034	176,322,945
Unrestricted	7,243,277	5,700,667	6,171,789	8,997,281
Total Net Assets	\$ 209,960,869	\$ 206,723,949	\$ 193,366,263	\$ 187,025,453

Unaudited

	2007	2006	2005	2004	2003	2002
\$	7,012,746	\$ 4,606,282	\$ 5,386,744	\$ 3,856,659	\$ 4,123,840	\$ 6,090,414
	70,430,213	69,408,645	72,302,891	73,104,838	66,599,975	72,845,538
	578,490,370	712,791,097	829,746,883	797,367,789	734,007,673	557,161,155
	25,836,141	9,253,194	11,809,193	35,166,002	9,201,365	5,381,403
	42,246	65,160	91,840	36,279	214,251	113,403
	7,332,201	6,717,595	7,663,814	9,792,224	7,268,314	11,453,337
	-	-	-	7,600	169	15,495
	305,365	370,188	1,274,752	2,010,283	2,485,589	1,858,656
	12,097,666	11,538,403	12,506,193	12,551,858	14,215,636	14,176,522
	1,159,044,260	1,076,206,182	1,038,932,304	974,766,986	1,016,408,800	1,077,824,363
	22,101	38,262	58,222	144,792	157,212	177,935
	-	-	-	-	-	-
	<u>\$ 1,860,613,309</u>	<u>\$ 1,890,995,008</u>	<u>\$ 1,979,772,836</u>	<u>\$ 1,908,805,310</u>	<u>\$ 1,854,682,824</u>	<u>\$ 1,747,098,221</u>
\$	711,347	\$ 910,893	\$ 809,374	\$ 1,567,117	\$ 1,017,577	\$ 3,909,628
	30,721,560	30,037,256	34,763,251	32,206,359	35,221,084	38,138,448
	25,836,141	9,253,194	11,809,193	35,166,002	9,201,365	5,381,403
	-	-	-	-	-	-
	114,659	67,269	116,063	157,106	480,540	529,517
	237,243	32,235	22,840	29,948	35,926	26,884
	280,383	234,026	284,300	300,154	296,259	305,702
	1,626,193,952	1,686,591,346	1,767,850,894	1,680,431,309	1,635,954,116	1,531,763,222
	-	-	-	-	-	-
	2,690,820	823,863	219,184	595,301	2,082,620	4,723,376
	1,500,000	1,500,000	4,421,200	5,716,450	3,891,071	4,000,000
	-	-	-	-	-	-
	<u>\$ 1,688,286,105</u>	<u>\$ 1,729,450,082</u>	<u>\$ 1,820,296,299</u>	<u>\$ 1,756,169,746</u>	<u>\$ 1,688,180,558</u>	<u>\$ 1,588,778,180</u>
\$	22,101	\$ 38,262	\$ 58,222	\$ 144,792	\$ 157,212	\$ 177,935
	1,741,444	1,546,849	1,545,107	1,547,749	1,994,293	1,824,609
	161,115,591	154,284,714	152,183,757	147,604,729	159,853,666	150,329,625
	9,448,068	5,675,101	5,689,451	3,338,294	4,497,095	5,987,872
	<u>\$ 172,327,204</u>	<u>\$ 161,544,926</u>	<u>\$ 159,476,537</u>	<u>\$ 152,635,564</u>	<u>\$ 166,502,266</u>	<u>\$ 158,320,041</u>

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

	2011	2010	2009	2008
Operating Revenues				
Interest on Loans	\$ 72,357,706	\$ 79,035,078	\$ 82,876,589	\$ 74,586,167
Investment Income	3,319,834	11,813,383	13,333,320	30,603,348
Administrative Charges and Fees	2,968,510	3,606,275	649,210	1,973,996
Low Income Housing Tax Credit Fees	2,149,904	1,936,433	1,381,961	1,807,144
Transfer/Commitment Fees	728,323	182,855	801,746	1,655,620
Mortgage Credit Certificate Fees	-	-	-	-
Gain on Sale of Foreclosed Property	-	66,272	51,044	105,897
Miscellaneous Revenue	14,230	17,984	41,151	6,885
Total Operating Revenues	81,538,507	96,658,280	99,135,021	110,739,057
Operating Expenses				
Personal Services	4,194,543	4,959,949	5,127,493	6,056,329
Services and Supplies	3,600,289	3,663,290	3,312,232	3,399,918
Mortgage Service Fees	3,665,713	3,974,512	4,171,676	3,523,632
Foreclosure Costs	1,902,931	698,808	313,141	101,769
Interest Expense - Bonds	62,458,803	68,618,190	75,927,690	77,550,847
Interest Expense - Loans	48,814	49,624	57,417	70,431
Interest Expense - Securities Lending	79,233	81,219	838,652	1,424,138
Other Related Program Expenses	1,085,204	209,575	1,150,806	7,726,515
Loss on Sale of Foreclosed Property	259,296	-	-	-
Amortization of Deferred Bond Issuance Costs	884,674	937,454	905,772	894,984
Depreciation/Amortization	233	934	1,284	17,279
Bad Debt Expense	(54,028)	(100,788)	193,911	(77,802)
Total Operating Expenses	78,125,705	83,092,767	92,000,074	100,688,040
Operating Income (Loss)	3,412,802	13,565,513	7,134,947	10,051,017
Nonoperating Revenue/(Expenses)				
Gain/(Loss) on Disposition of Capital Assets	(2,371)	-	-	-
Total Nonoperating Revenue/(Expenses)	(2,371)	-	-	-
Transfers				
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	(173,511)	(207,827)	(204,782)	-
Transfers from State General Fund	-	-	-	4,647,232
Transfers to State General Fund	-	-	(589,355)	-
Total Transfers	(173,511)	(207,827)	(794,137)	4,647,232
Change in Net Assets	\$ 3,236,920	\$ 13,357,686	\$ 6,340,810	\$ 14,698,249

						Unaudited
2007	2006	2005	2004	2003	2002	
\$ 67,437,211	\$ 65,082,624	\$ 64,114,118	\$ 65,650,387	\$ 71,465,435	\$ 72,928,497	
37,368,458	25,652,212	28,621,494	4,819,534	26,337,964	25,999,709	
1,631,607	1,470,229	1,584,686	2,346,977	1,287,564	866,827	
1,426,011	1,312,453	1,179,279	1,122,706	1,117,418	884,634	
1,519,361	1,478,102	1,517,595	1,006,822	1,051,794	1,924,442	
-	-	-	-	-	75	
80,291	198,983	269,196	337,473	118,817	45,516	
18,741	245,240	56,236	153,059	42,221	181,343	
109,481,680	95,439,843	97,342,604	75,436,958	101,421,213	102,831,043	
4,950,826	4,845,797	5,102,049	5,360,496	5,798,187	5,488,760	
2,849,585	3,271,671	2,849,854	3,688,026	2,852,514	2,842,198	
2,988,871	2,664,045	2,508,225	2,390,462	2,684,267	2,699,626	
63,516	137,702	208,736	327,082	214,978	99,046	
80,753,939	75,721,114	71,779,520	71,465,838	77,158,001	79,687,587	
68,426	173,520	226,258	174,574	129,231	65,467	
1,426,417	570,599	454,241	421,428	159,076	112,001	
4,770,778	4,879,984	5,992,723	3,739,067	2,748,849	5,527,426	
-	-	-	-	-	-	
874,064	1,129,185	1,390,976	1,476,403	1,375,300	1,523,776	
25,497	62,460	86,570	122,702	104,076	147,903	
(72,517)	(84,623)	(97,521)	137,582	14,509	7,072	
98,699,402	93,371,454	90,501,631	89,303,660	93,238,988	98,200,862	
10,782,278	2,068,389	6,840,973	(13,866,702)	8,182,225	4,630,181	
-	-	-	-	-	-	
-	-	-	-	-	-	
117,816	117,816	10,408,430	207,194	207,194	207,194	
(117,816)	(117,816)	(10,408,430)	(207,194)	(207,194)	(207,194)	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 10,782,278	\$ 2,068,389	\$ 6,840,973	\$ (13,866,702)	\$ 8,182,225	\$ 4,630,181	

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

Unaudited

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Overall Weighted Average Interest Rate	4.65%	4.50%	5.49%	5.65%	5.70%	5.26%	5.15%	5.22%	5.64%	6.08%
Elderly and Disabled Housing Program	5.97%	-	5.97%	5.97%	-	6.53%	6.00%	6.70%	6.12%	5.64%
Mortgage Revenue Bonds	0.91%	4.50%	5.44%	5.65%	5.70%	5.24%	5.09%	4.85%	5.46%	6.09%
Housing Revenue Bonds	4.46%	-	-	-	-	-	-	-	-	-
Multifamily Housing Revenue Bonds	-	-	5.90%	5.90%	5.90%	5.90%	6.22%	6.31%	7.05%	6.51%
Combined Program Account	-	-	-	-	-	6.40%	-	-	-	-
Housing Finance Account	-	-	-	-	-	1.00%	-	-	2.44%	-
Housing Finance Revenue Bonds *	-	-	-	-	-	4.80%	-	-	-	-

* 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 2011			Fiscal Year 2002		
	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	\$ 982,736	1.35%			
Emerald Pointe	2	981,365	1.35%			
Westridge Meadows Apartments	3	942,723	1.30%			
Troutdale Terrace	4	876,955	1.21%	7	\$ 482,958	0.65%
Willamette Gardens Apartments	5	841,028	1.16%			
Lake Crest Apartments	6	583,743	0.80%	1	828,697	1.12%
The Hazelwood Apartments	7	496,257	0.68%	3	585,431	0.79%
Gateway Park Apartments	8	414,196	0.57%			
Cascadia Village Retirement Center	9	400,693	0.55%	4	540,665	0.73%
Buckman Heights Apartments	10	397,470	0.55%	5	525,373	0.71%
Park Tower Apartments				2	640,939	0.87%
Fifth Avenue Court Apartments				6	496,403	0.67%
Fountain Plaza				8	473,531	0.64%
1200 Building Apartments				9	448,322	0.61%
Cascade Park Retirement Center				10	410,938	0.56%
Total		\$ 6,917,166	9.52%		\$ 5,433,257	7.35%

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 ⁽¹⁾	Revenue Bonds ⁽²⁾	Loans Payable	Total	Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
2011	\$ 146,945,000	\$ 1,303,345,000	\$ 1,500,000	\$ 1,451,790,000	1.04%	\$ 378
2010	173,125,000	1,379,395,000	1,500,000	1,554,020,000	1.15%	408
2009	182,890,000	1,391,095,000	1,500,000	1,575,485,000	1.12%	418
2008	190,315,000	1,485,191,011	1,500,000	1,677,006,011	1.25%	451
2007	199,730,000	1,418,318,301	1,500,000	1,619,548,301	1.27%	441
2006	199,580,000	1,481,303,110	1,500,000	1,682,383,110	1.43%	466
2005	222,990,000	1,540,489,226	4,421,200	1,767,900,426	1.56%	495
2004	251,170,000	1,426,629,827	5,716,450	1,683,516,277	1.55%	475
2003	288,115,000	1,347,784,827	3,891,071	1,639,790,898	1.57%	467
2002	275,495,000	1,255,374,827	4,000,000	1,534,869,827	1.51%	443

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (beginning in FY 2010), Homeowner Revenue Bonds, (FY 2005 - FY 2008), Housing Finance Revenue Bonds (through FY 2006), Multifamily Housing Revenue Bonds, Multiple Purpose Bonds (beginning in FY 2005), and Assisted or Insured Multi-Unit Bonds (through FY 2004)

⁽³⁾ 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
General Obligation Bonds				
2011	\$ 2,292,594,338	\$ 146,945,000	\$ 2,145,649,338	6.41%
2010	2,493,422,754	173,125,000	2,320,297,754	6.94%
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%
Revenue Bonds				
2011	\$ 2,500,000,000	\$ 1,303,345,000	\$ 1,196,655,000	52.13%
2010	2,500,000,000	1,379,395,000	1,120,605,000	55.18%
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%

Legal Debt Margin for Fiscal Year 2011

General Obligation Bonds

True cash value of all taxable property in the state	\$ 458,518,867,537
Debt Limit (0.5% of true cash value)	2,292,594,338
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(146,945,000)
Legal Debt Margin	<u>\$ 2,145,649,338</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 ⁽¹⁾	Personal Income ⁽¹⁾ (in thousands)	Per Capita Personal Income	Annual Unemployment Rate ⁽²⁾
2010	3,838,957	\$ 139,841,938	\$ 36,427	10.8%
2009	3,808,600	135,474,469	35,571	11.1%
2008	3,768,748	140,948,951	37,399	6.5%
2007	3,722,417	133,821,268	35,950	5.2%
2006	3,670,883	127,403,090	34,706	5.3%
2005	3,613,202	117,634,076	32,557	6.2%
2004	3,569,463	112,973,834	31,650	7.3%
2003	3,547,376	108,486,910	30,582	8.1%
2002	3,513,424	104,689,803	29,797	7.6%
2001	3,467,937	101,437,829	29,250	6.4%

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

⁽²⁾ Source: Oregon Employment Department - www.qualityinfo.org/olmisj/labforce

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

Unaudited

	Calendar Year 2010		Calendar Year 2001		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	253,186	11.50%	194,087	9.29%	30.45%
Retail Trade	230,401	10.47%	235,673	11.28%	-2.24%
Manufacturing	178,881	8.13%	226,667	10.85%	-21.08%
Accommodation and Food Services	154,223	7.01%	140,719	6.74%	9.60%
Professional, Scientific, and Technical Services	130,902	5.95%	114,982	5.50%	13.85%
Administrative and Support Services	106,919	4.86%	103,705	4.97%	3.10%
Construction	104,865	4.76%	119,886	5.74%	-12.53%
Real Estate and Rental and Leasing	99,621	4.53%	80,224	3.84%	24.18%
Finance and Insurance	96,304	4.38%	80,952	3.88%	18.96%
Wholesale Trade	80,858	3.67%	81,566	3.91%	-0.87%
Farm Employment	69,577	3.16%	67,687	3.24%	2.79%
Transportation and Warehousing	61,707	2.80%	63,613	3.05%	-3.00%
Arts, Entertainment, and Recreation	52,428	2.38%	42,183	2.02%	24.29%
Educational Services	52,412	2.38%	34,850	1.67%	50.39%
Information	39,098	1.78%	45,774	2.19%	-14.58%
Management of Companies and Enterprises	32,035	1.45%	27,632	1.32%	15.93%
Forestry, Fishing, and Related Activities	27,941	1.27%	28,829	1.38%	-3.08%
Waste Management and Remediation Services	5,516	0.25%	5,108	0.24%	7.99%
Utilities	4,828	0.22%	5,546	0.27%	-12.95%
Mining	4,415	0.20%	3,325	0.16%	32.78%
Other Services	115,565	5.25%	107,570	5.15%	7.43%
Federal Government (Civilian)	30,576	1.39%	29,106	1.39%	5.05%
Military	12,350	0.56%	12,681	0.61%	-2.61%
State Government	72,024	3.27%	60,829	2.91%	18.40%
Local Government	184,440	8.38%	175,504	8.40%	5.09%
Total Employment	2,201,072	100.00%	2,088,698	100.00%	5.38%

Note: Due to confidentiality issues, the names of the ten principal employers are not available. The categories presented are intended to provide alternative information regarding the concentration of employment in various business sectors.

Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce - www.bea.gov/bea/regional/spi/

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

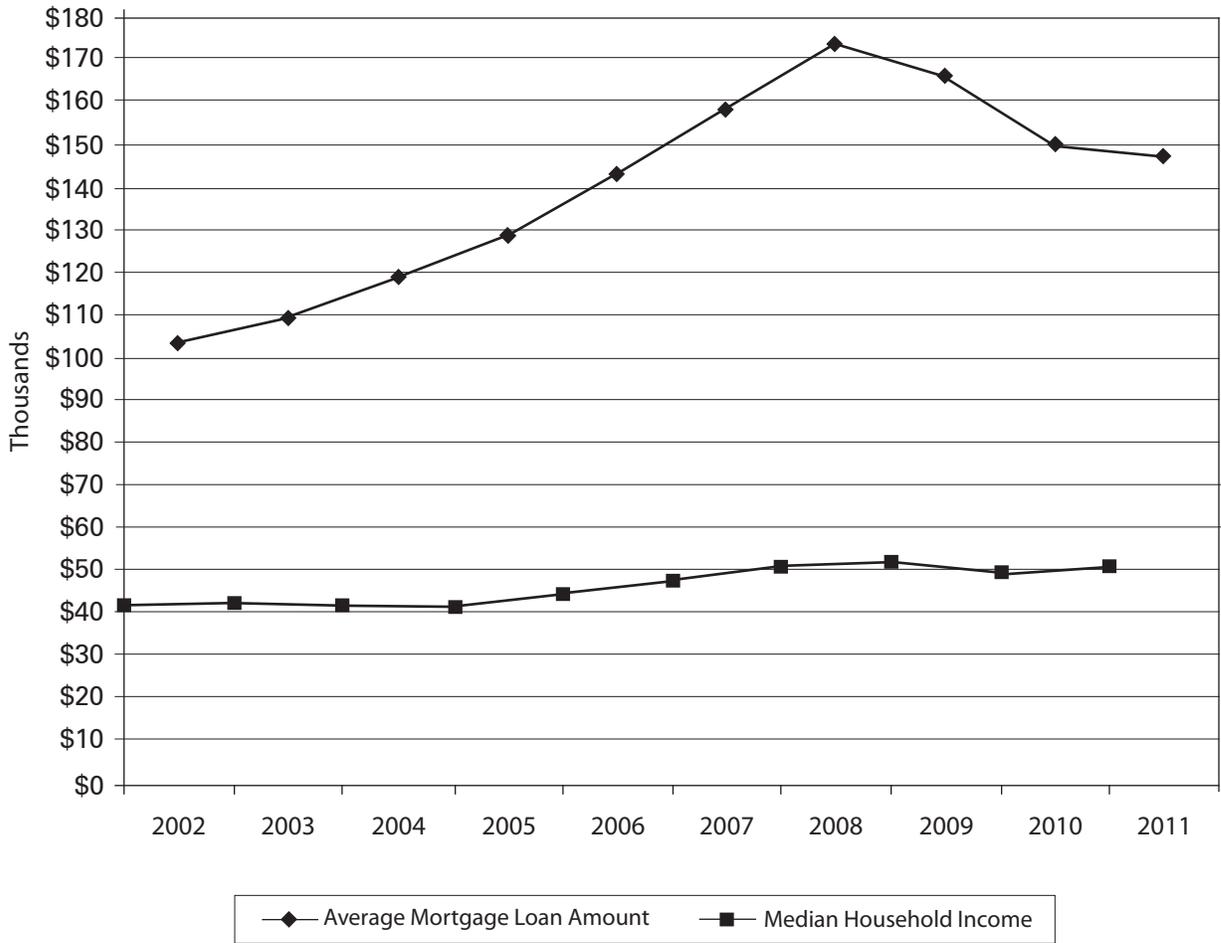
Number of Employees

Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Community Resources Division	33.0	29.0	23.0	20.2	21.5	24.0	28.0	29.1	33.1	32.0
Housing Division	31.0	31.5	26.7	28.7	28.9	23.9	24.1	24.5	26.0	23.0
Asset & Property Management Division	30.0	32.0	31.0	31.0	28.0	29.5	29.5	29.5	30.0	28.0
Housing Stabilization Initiative Division	22.0	-	-	-	-	-	-	-	-	-
Financial Management Division	21.8	24.0	21.5	18.0	18.5	23.8	22.8	22.0	29.0	27.0
Information Services Division	15.0	11.9	12.8	13.3	18.0	17.9	19.6	18.5	20.0	21.5
Director's Office	8.0	9.0	9.0	10.0	9.0	9.0	15.6	14.0	13.0	15.5
Human Resources	3.0	3.0	2.0	4.0	2.0	4.0	3.5	3.5	3.0	3.5
Total	163.8	140.4	126.0	125.2	125.9	132.1	143.1	141.1	154.1	150.5

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



Fiscal Year	Average Loan Amount	Calendar Year	Median Household Income in the State of Oregon ⁽¹⁾
2011	\$ 146,924	2010	\$ 50,526
2010	150,061	2009	49,098
2009	165,754	2008	51,727
2008	173,684	2007	50,236
2007	158,415	2006	47,091
2006	143,390	2005	44,159
2005	128,606	2004	40,994
2004	118,569	2003	41,638
2003	109,208	2002	41,802
2002	103,278	2001	41,273

⁽¹⁾ Source: US Census Bureau - www.census.gov/hhes/www/income/data/historical/household/index.html (Table H-8)

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

	2011	2010	2009	2008	2007
Elderly and Disabled Housing Program:					
Original Loan Amount	\$ 19,782,736	\$ -	\$ 2,898,340	\$ 651,100	\$ -
Average Loan Amount	19,782,736	-	579,668	651,100	-
Number of New Loans	1	-	5	1	-
Number of Units	144	-	83	15	-
Single-Family Mortgage Program:					
Original Loan Amount	\$ 56,271,932	\$ 25,660,493	\$ 138,570,444	\$ 321,315,907	\$ 189,306,233
Average Loan Amount	146,924	150,061	165,754	173,684	158,415
Number of New Loans	383	171	836	1,850	1,195
Multifamily Housing Revenue Bonds:					
Original Loan Amount	\$ -	\$ -	\$ 14,500,000	\$ 3,425,000	\$ 4,525,000
Average Loan Amount	-	-	14,500,000	3,425,000	4,525,000
Number of New Loans	-	-	1	1	1
Number of Units	-	-	240	64	97
Multiple Purpose Bonds:					
Original Loan Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Average Loan Amount	-	-	-	-	-
Number of New Loans	-	-	-	-	-
Combined Program Account: *					
Original Loan Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Average Loan Amount	-	-	-	-	-
Number of New Loans	-	-	-	-	-
Number of Units	-	-	-	-	-
Housing Finance Account:					
Original Loan Amount	\$ -	\$ -	\$ -	\$ -	\$ -
Average Loan Amount	-	-	-	-	-
Number of New Loans	-	-	-	-	-

* The loans made in fiscal year 2006 have been moved to Multifamily Housing Revenue Bonds.
 Construction, Seed Money, and Pre-development loans are not included.

Unaudited

	2006	2005	2004	2003	2002
\$	974,300	\$ 670,695	\$ 3,305,750	\$ 2,619,450	\$ 5,378,782
	324,767	670,695	826,438	436,575	1,792,927
	3	1	4	6	3
	28	15	130	110	109
\$	164,755,476	\$ 186,092,283	\$ 124,615,859	\$ 110,737,283	\$ 136,533,418
	143,390	128,606	118,569	109,208	103,278
	1,149	1,447	1,051	1,014	1,322
\$	900,000	\$ 10,460,000	\$ 38,225,000	\$ 14,250,000	\$ 3,205,668
	900,000	5,230,000	12,741,667	14,250,000	1,068,556
	1	2	3	1	3
	24	241	636	276	97
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
\$	1,695,000	\$ -	\$ -	\$ -	\$ -
	847,500	-	-	-	-
	2	-	-	-	-
	60	-	-	-	-
\$	101,382	\$ -	\$ -	\$ 491,000	\$ -
	101,382	-	-	122,750	-
	1	-	-	4	-

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By Interest Rate

Enterprise Funds

Current Year and Nine Years Ago

Unaudited

Interest Rate	Fiscal Year 2011				Fiscal Year 2002			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 4.99%	2,521	30.42%	\$ 315,883,507	24.48%	109	1.13%	\$ 27,753,301	2.57%
5.00 - 5.99%	3,960	47.80%	588,753,222	45.64%	2,546	26.33%	249,713,676	23.14%
6.00 - 6.99%	1,243	15.00%	285,596,458	22.14%	2,947	30.47%	333,725,808	30.92%
7.00 - 7.99%	388	4.68%	69,687,859	5.40%	3,430	35.47%	346,061,359	32.07%
8.00 - 8.99%	136	1.64%	16,069,162	1.25%	424	4.38%	76,520,529	7.09%
9.00 - 9.99%	13	0.16%	9,350,628	0.72%	153	1.58%	15,477,099	1.43%
10.00% or More	25	0.30%	4,817,961	0.37%	62	0.64%	29,992,764	2.78%
Total	8,286	100.00%	\$ 1,290,158,797	100.00%	9,671	100.00%	\$ 1,079,244,536	100.00%

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

Unaudited

Monthly Payment ⁽¹⁾	Fiscal Year 2011				Fiscal Year 2002			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
Single-Family Loans ⁽²⁾								
\$ 0 - \$ 200	50	0.64%	\$ 1,353,883	0.14%	266	2.93%	\$ 3,974,060	0.56%
\$ 201 - \$ 400	582	7.41%	24,380,364	2.53%	1,879	20.72%	72,132,771	10.21%
\$ 401 - \$ 600	1,831	23.29%	137,411,529	14.27%	3,746	41.31%	277,516,875	39.30%
\$ 601 - \$ 800	2,157	27.45%	242,817,635	25.24%	2,459	27.12%	256,723,755	36.35%
\$ 801 - \$ 1,000	1,643	20.91%	242,035,093	25.16%	680	7.50%	89,962,106	12.74%
\$ 1,001 - \$ 1,200	964	12.27%	174,871,507	18.18%	38	0.42%	5,901,225	0.84%
\$ 1,201 - \$ 1,400	480	6.11%	101,581,582	10.56%	-	-	-	-
\$ 1,401 - \$ 1,600	113	1.44%	27,117,033	2.82%	-	-	-	-
\$ 1,601 - \$ 1,800	34	0.43%	9,309,134	0.97%	-	-	-	-
\$ 1,801 - \$ 2,000	4	0.05%	1,226,775	0.13%	-	-	-	-
Total	7,858	100.00%	962,104,535	100.00%	9,068	100.00%	706,210,792	100.00%
Multi-Family Loans ⁽³⁾								
\$ 0 - \$ 1,000	232	54.21%	9,404,799	2.87%	261	43.28%	15,036,691	4.03%
\$ 1,001 - \$ 5,000	62	14.49%	19,045,182	5.81%	157	26.04%	32,886,316	8.82%
\$ 5,001 - \$10,000	32	7.48%	26,040,699	7.93%	61	10.12%	41,155,130	11.03%
\$10,001 - \$15,000	34	7.94%	43,178,736	13.16%	38	6.30%	55,775,773	14.95%
\$15,001 - \$20,000	20	4.67%	38,404,991	11.71%	23	3.81%	49,773,466	13.34%
\$20,001 - \$25,000	16	3.74%	42,412,550	12.93%	22	3.65%	60,502,607	16.22%
\$25,001 - \$30,000	6	1.40%	22,729,517	6.93%	9	1.49%	33,532,681	8.99%
\$30,001 or more	15	3.50%	123,385,288	37.61%	14	2.32%	80,243,737	21.51%
Due at Maturity	11	2.57%	3,452,500	1.05%	18	2.99%	4,127,343	1.11%
Total	428	100.00%	328,054,262	100.00%	603	100.00%	373,033,744	100.00%
Grand Total	8,286		\$1,290,158,797		9,671		\$1,079,244,536	

⁽¹⁾ Principal and Interest only. Does not include taxes or insurance.

⁽²⁾ Housing Finance Revenue Bonds (FY 2002), Mortgage Revenue Bond Loans, and Housing Revenue Bonds (FY 2011)

⁽³⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, Multiple Purpose Bond (FY 2011), Assisted or Insured Multi-Unit Program (FY 2002), and Housing Finance Account Loans

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Loans Outstanding - By County
Enterprise Funds
June 30, 2011

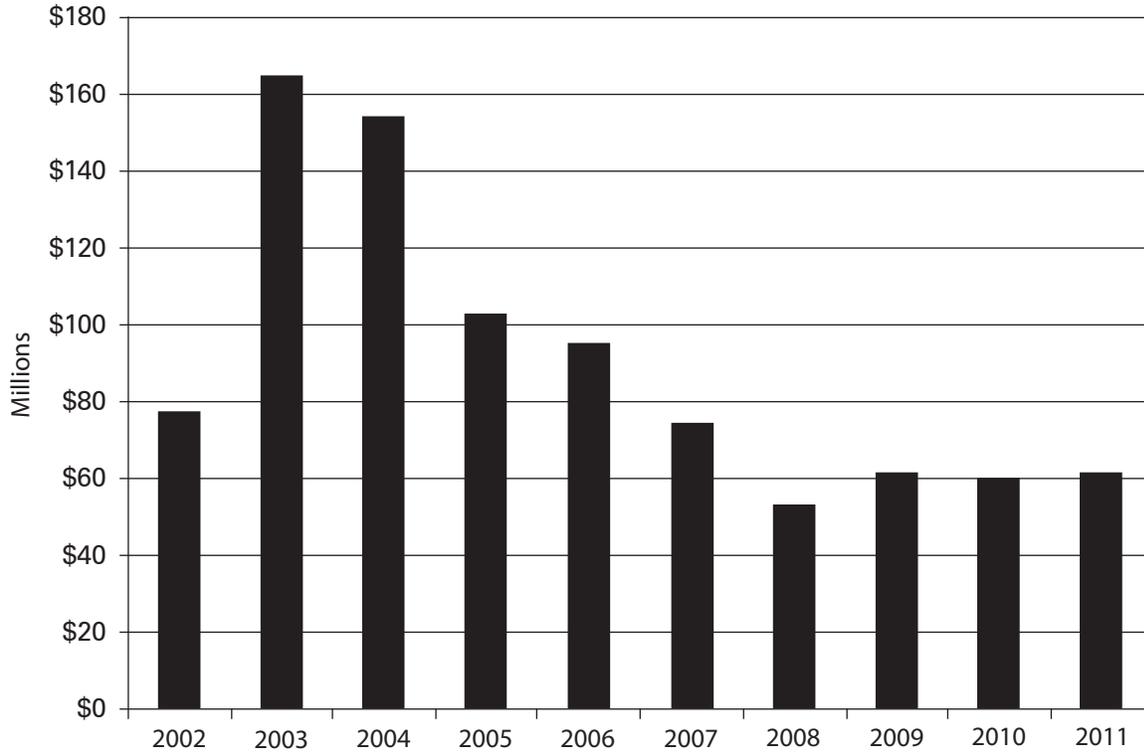
County	Elderly and Disabled Housing Program		Single-Family Mortgage Program		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 192,583	45	\$ 3,184,958	-	\$ -
Benton	8	2,400,051	123	15,000,457	1	1,131,861
Clackamas	25	14,831,733	350	53,619,177	6	27,873,922
Clatsop	5	1,141,053	23	2,515,246	-	-
Columbia	7	1,094,621	74	9,813,499	1	1,945,946
Coos	6	2,689,135	168	17,761,841	-	-
Crook	1	1,228,847	43	5,278,204	-	-
Curry	2	72,580	10	1,461,061	-	-
Deschutes	4	3,311,612	328	45,516,782	2	6,610,373
Douglas	9	7,842,187	124	13,394,140	2	3,592,381
Gilliam	2	718,929	2	93,441	-	-
Grant	2	74,202	6	400,187	-	-
Harney	2	1,886,656	27	1,889,363	-	-
Hood River	2	1,362,426	12	1,718,070	-	-
Jackson	11	6,775,516	370	49,695,561	3	6,813,168
Jefferson	2	271,256	49	5,256,753	-	-
Josephine	5	2,598,274	168	22,735,858	-	-
Klamath	2	65,798	386	38,718,486	-	-
Lake	1	87,773	35	3,646,374	-	-
Lane	24	10,601,484	578	62,016,926	2	16,172,426
Lincoln	9	7,688,659	67	6,541,529	1	2,307,469
Linn	12	4,730,833	173	18,332,799	-	-
Malheur	2	39,128	75	5,530,788	-	-
Marion	60	34,394,107	876	96,000,300	3	3,029,245
Morrow	-	-	51	3,072,064	-	-
Multnomah	61	22,638,777	2,294	309,958,838	13	53,646,349
Polk	13	5,861,371	111	12,565,915	-	-
Sherman	1	193,410	-	-	-	-
Tillamook	3	2,834,913	14	1,432,205	-	-
Umatilla	9	3,310,469	320	23,363,960	-	-
Union	3	765,166	103	8,351,279	3	2,830,572
Wallowa	1	1,186,169	10	765,829	-	-
Wasco	1	37,627	14	1,809,881	-	-
Washington	23	5,596,033	643	95,474,052	4	33,746,138
Wheeler	2	328,829	-	-	-	-
Yamhill	12	8,583,373	186	25,188,712	1	1,419,934
Total	333	\$ 157,435,580	7,858	\$ 962,104,535	42	\$ 161,119,784

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
-	\$ -	-	\$ -	46	\$ 3,377,541
1	119,766	-	-	133	18,652,135
4	239,238	1	35,430	386	96,599,500
1	104,386	-	-	29	3,760,685
1	583,962	1	300,000	84	13,738,028
-	-	-	-	174	20,450,976
-	-	-	-	44	6,507,051
-	-	-	-	12	1,533,641
1	10,371	2	473,000	337	55,922,138
-	-	1	67,000	136	24,895,708
-	-	-	-	4	812,370
4	453,346	-	-	12	927,735
-	-	-	-	29	3,776,019
-	-	1	350,000	15	3,430,496
2	105,780	-	-	386	63,390,025
2	79,751	-	-	53	5,607,760
-	-	-	-	173	25,334,132
-	-	1	57,428	389	38,841,712
-	-	-	-	36	3,734,147
7	707,170	1	720,000	612	90,218,006
-	-	-	-	77	16,537,657
1	37,585	-	-	186	23,101,217
2	41,901	1	20,808	80	5,632,625
2	175,526	2	355,000	943	133,954,178
-	-	-	-	51	3,072,064
4	1,875,345	1	195,000	2,373	388,314,309
1	278,919	1	58,770	126	18,764,975
-	-	-	-	1	193,410
-	-	-	-	17	4,267,118
-	-	-	-	329	26,674,429
1	4,786	-	-	110	11,951,803
-	-	-	-	11	1,951,998
-	-	2	319,643	17	2,167,151
1	402,987	3	1,326,000	674	136,545,210
-	-	-	-	2	328,829
-	-	-	-	199	35,192,019
35	\$ 5,220,819	18	\$ 4,278,079	8,286	\$ 1,290,158,797

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

Unaudited



Fiscal Year	Prepaid Principal
2011	\$ 60,939,133
2010	59,574,865
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

Other Reports

Office of the Secretary of State

Kate Brown
Secretary of State

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Deputy Secretary of State



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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, 2011, and have issued our report thereon dated November 23, 2011. 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

Management of the department is responsible for establishing and maintaining effective 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 deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, appearing to read 'Kate Brown', with a long horizontal flourish extending to the right.

Kate Brown
Secretary of State

November 23, 2011