

Comprehensive Annual Financial Report

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

For the Year Ended June 30, 2013

Margaret S. Van Vliet

Director

Diana Koppes

Business Operations Division Administrator

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Introductory Section



Oregon

John A. Kitzhaber, MD, Governor

Housing and Community Services

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December 2, 2013

The Honorable John A. Kitzhaber, MD
Governor of the State of Oregon
State Capitol
Salem, Oregon 97310

Dear Governor Kitzhaber,

We are pleased to submit the Comprehensive Annual Financial Report of the Oregon Housing and Community Services Department's Enterprise Funds, for the fiscal year ending June 30, 2013. The financial statements, included on pages 16 – 40, present only the enterprise activities of the agency. These activities are reported as a separate fund of the agency and an annual financial report is issued for these activities in accordance with the agency's Indentures of Trust.

The agency's 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. The objective of this report is to provide 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 the agency's Enterprise Funds for the year ending June 30, 2013. 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 Service'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.



Profile of Oregon Housing and Community Services

Oregon Housing and Community Service is the state's housing finance agency and community services program administrator that provides financial, technical and program support to create and preserve opportunities to enhance the quality of life and health of low and moderate income Oregonians. Through the administration of bond-financed loans, grants and tax credits, affordable housing is constructed, maintained, and retained throughout the state. In addition, community service programs funded with federal and state resources provide safety net, energy assistance, and weatherization in both rural and urban communities.

Working closely with its partners at the local level, the agency has streamlined the process to deliver resources more efficiently. The agency believes that healthy, viable communities facilitate a better quality of life for all Oregonians, while still supporting special needs populations.

Economic Condition and Outlook

Oregon's economy is affected by the regional housing market that is beginning to improve and to offset the weaker market conditions among many of Oregon's major manufacturers and exporters and the continued high rates of unemployment. Even so, the Oregon unemployment rate of 8.1 percent in August 2013 has seen a reduction from the rate of 8.6 percent in September 2012. The Oregon Office of Economic Analysis forecasts employment to continue to increase through 2014. The OEA forecasts increases in employment for Oregon slightly higher than the U.S. level.

Long-Term Financial Planning

The agency manages funds available for its program and operational activities through comprehensive cash flow analyses that determine prudent levels of funding distributed from the Housing Finance Fund and the Elderly and Disabled Housing Fund. The agency also analyzes cash flows at least yearly to determine what is appropriate for distribution.

Major Initiatives

Affordable Housing Preservation

The agency continues to support preservation of housing that receives federal rental assistance. These projects serve the lowest income population of 30 percent area median income. Between US Department of Agriculture (USDA) Rural Development and US Department of Housing and Urban Development (HUD), there are 162 developments with over 9,600 units of housing that include project-based rent subsidy which are at risk of expiring rental assistance contracts and then potential of converting to market rate housing. The agency continues to consider additional funding solutions to assist in preserving these projects.

The Department's original portfolio consisted of 122 Section 8 project-based assistance loans. The loan maturities and housing assistance payment contracts began expiring in late 2006 and will continue through 2013. The agency 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. Currently, 98 of these projects had renewed or have agreed to renew their Housing Assistance Payments contracts. The Oregon Legislative Assembly authorized the issuance 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

The agency 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 agency issued \$6.5 million of publically offered bonds during fiscal year 2013 concurrent with the conversion of \$18.5 million of NIPB bonds to fixed rate.

Oregon was a recipient of funding from the 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 the agency's Business Operations 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 the agency'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 agency 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 Oregon Housing and Community Services.

Respectfully submitted,



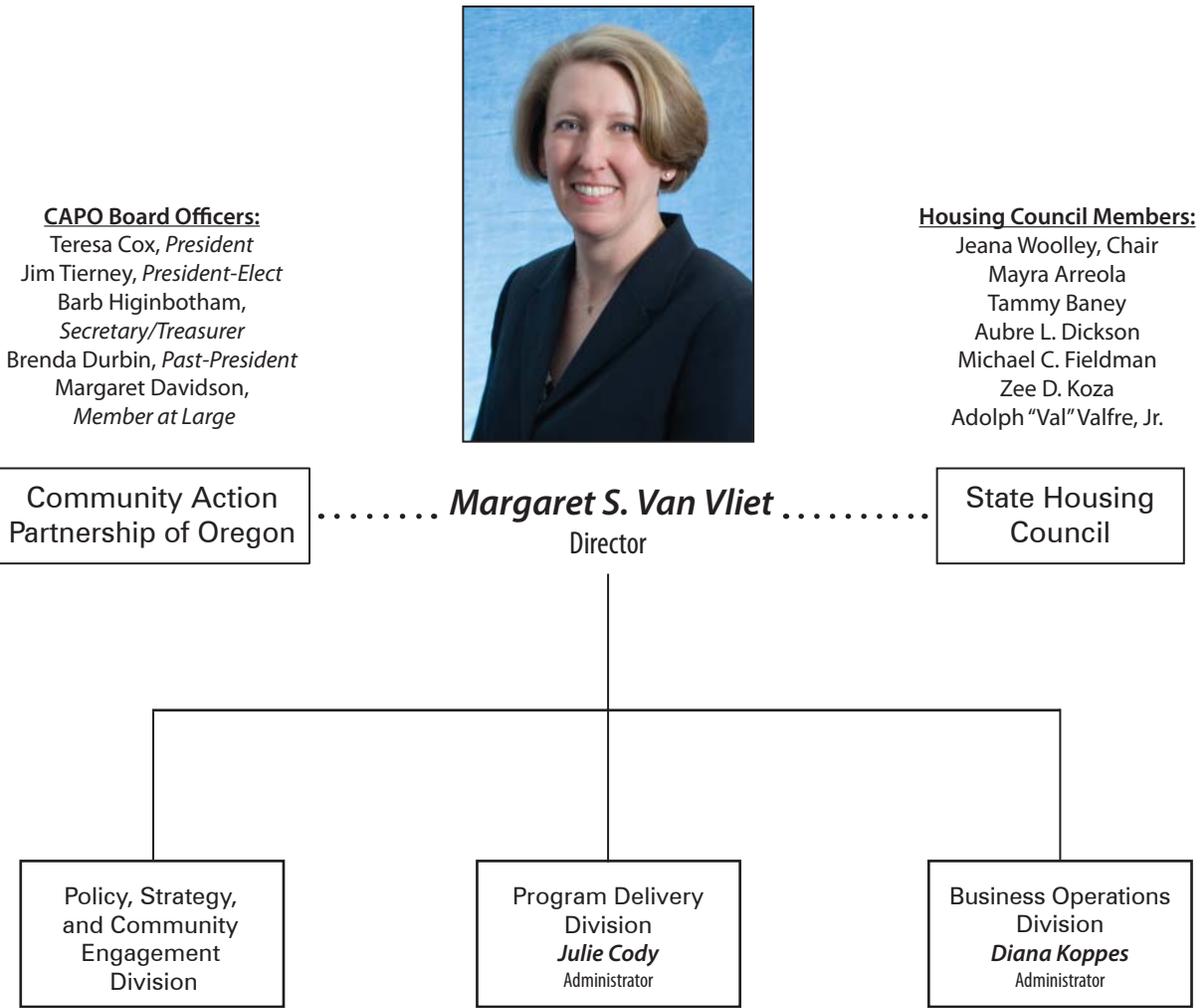
Margaret S. Van Vliet
Director



Diana Koppes
Business Operations Division Administrator

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Organization Structure



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, a non-profit association that serves the agencies that serve Oregonians in need, comprises eighteen member organizations (seventeen Community Action Agencies and Oregon Human Development Corporation), 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.oregon.gov/OHCS/OSHC



Financial Section

Office of the Secretary of State

Kate Brown
Secretary of State



Audits Division

Gary Blackmer
Director

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Independent Auditor's Report

The Honorable John Kitzhaber
Governor of Oregon

Margaret S. Van Vliet, Director
Oregon Housing and Community Services

Report on the Financial Statements

We have audited the accompanying financial statements of the enterprise funds of the State of Oregon, Housing & Community Services Department (Department), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise funds of the Department, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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 of only that portion that is 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, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining statements, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Department's internal control over financial reporting 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

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

December 2, 2013

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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, 2013. 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 position decreased \$5.2 million, to \$214.9 million as of June 30, 2013. This represents a decrease of 2.36%.
- Loans purchased or financed totaled \$50.6 million for the fiscal year, down \$29.8 million from fiscal year 2012.
- Outstanding bond debt of \$1.28 billion on June 30, 2013 was \$68.3 million less than the amount outstanding on June 30, 2012. Debt issuance for the fiscal year totaled \$155.6 million (par value).
- Expenses were \$8.4 million lower than in fiscal year 2012.

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/CFO/SARS/Pages/index.aspx.

- 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 of resources at June 30, 2013 were \$1.56 billion, down \$87.9 million from June 30, 2012. The change in assets and deferred outflows of resources consists primarily of a \$143.9 million decrease in net loans receivable, a \$93.4 million increase in investments, and a \$17.3 million decrease in cash and cash equivalents.

Total liabilities decreased by \$82.7 million to \$1.34 billion at June 30, 2013. This included a decrease of \$68.3 million in bonds payable, a decrease of \$9.6 million in swap fair value liability, and a decrease of \$4.1 million in accrued interest payable.

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 Position				
Business-Type Activities				
	2013	2012	Change	% Change
Assets				
Current and Other Assets	\$ 1,529,236,677	\$ 1,607,507,388	\$ (78,270,711)	-4.87%
Capital Assets	9,874	11,074	(1,200)	-10.84%
Total Assets	\$ 1,529,246,551	\$ 1,607,518,462	\$ (78,271,911)	-4.87%
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 27,550,227	\$ 37,196,930	\$ (9,646,703)	-25.93%
Total Deferred Outflows of Resources	\$ 27,550,227	\$ 37,196,930	\$ (9,646,703)	-25.93%
Liabilities				
Long-Term Liabilities	\$ 1,291,428,894	\$ 1,356,802,378	\$ (65,373,484)	-4.82%
Other Liabilities	50,431,252	67,784,920	(17,353,668)	-25.60%
Total Liabilities	\$ 1,341,860,146	\$ 1,424,587,298	\$ (82,727,152)	-5.81%
Net Position				
Invested in Capital Assets	\$ 9,874	\$ 11,074	\$ (1,200)	-10.84%
Restricted for Residential Assistance	2,272,946	2,581,560	(308,614)	-11.95%
Restricted by Trust Indentures	208,167,826	211,381,841	(3,214,015)	-1.52%
Unrestricted	4,485,986	6,153,619	(1,667,633)	-27.10%
Total Net Position	\$ 214,936,632	\$ 220,128,094	\$ (5,191,462)	-2.36%

- **Cash and Cash Equivalents**

Total cash and cash equivalents decreased by \$17.3 million, or 20.5%, from June 30, 2012 to June 30, 2013.

- **Loans Receivable**

Total mortgages and other loans receivable decreased by \$144.7 million in fiscal year 2013. This decrease included the following:

- Loans purchased or financed in fiscal year 2013 totaled \$50.7 million, \$29.8 million less than fiscal year 2012. Single-family mortgage loan purchases decreased by \$25.7 million, Multifamily Housing Revenue Bond construction loans financed decreased by \$3.1 million, and predevelopment loans financed decreased by \$1.0 million.
- Scheduled mortgage and other loan repayments totaled \$33.5 million for fiscal year 2013.
- Prepayments on mortgage loans increased in fiscal year 2013 by \$64.5 million. Total prepayments for the fiscal year totaled \$148.9 million.
- Properties acquired during the fiscal year totaled \$13.3 million, a decrease of \$10.8 million over the previous fiscal year. OHCS D has not financed any subprime mortgage loans. OHCS D's Residential Loan Program only offers 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 \$68.3 million from June 30, 2012 to June 30, 2013. As noted in the Debt Administration section of the Management's Discussion and Analysis, OHCS D issued \$155.6 million (par value) in revenue bonds and bond redemptions totaled \$223.0 million. The remainder of the change is due to discount and premium transactions.

- **Net Position**

Net position decreased during fiscal year 2013 by 2.36%, or \$5.2 million. The main reason net position decreased in fiscal year 2013 was the change in investment fair value. Investment fair value decreased by \$7.0 million in fiscal year 2013, compared to an increase of \$9.6 million in fiscal year 2012. Of the \$7.0 million decrease in investment fair value in fiscal year 2013, \$6.8 million occurred in May and June.

Of OHCS D's \$214.9 million in net position, 97.9% is restricted to bond indentures or other financial commitments. The remaining 2.1% is primarily unrestricted and available to pay for current agency operations. Each fiscal year, OHCS D applies the required bond indenture restrictions to assess the allowable amount that can be released for the purpose of paying for agency operations. Once these funds are officially transferred from the bond indentures, they are classified as unrestricted, but until that point in time, they are considered a pledge to the bondholders and are appropriately classified as restricted.

The results of operations for OHCS D's proprietary funds are presented below and at the top of the next page:

Proprietary Funds Statement of Operating Activity				
Business-Type Activities				
	2013	2012	Change	% Change
Operating Revenues				
Interest on Loans	\$ 59,217,071	\$ 68,917,920	\$ (9,700,849)	-14.08%
Investment Income (Loss)	(2,508,456)	13,938,305	(16,446,761)	-118.00%
Administrative Charges and Fees	969,193	1,095,375	(126,182)	-11.52%
Low Income Housing Tax Credit Fees	2,350,450	1,968,720	381,730	19.39%
Transfer/Commitment Fees	496,361	503,495	(7,134)	-1.42%
Gain on Sale of Foreclosed Property	408,021	-	408,021	N/A
Miscellaneous Revenue	2,474,127	110,579	2,363,548	2,137.43%
Total Operating Revenues	63,406,767	86,534,394	(23,127,627)	-26.73%
Operating Expenses				
Personal Services	3,982,480	4,091,672	(109,192)	-2.67%
Services and Supplies	2,139,476	2,753,928	(614,452)	-22.31%
Mortgage Service Fees	3,148,492	3,534,690	(386,198)	-10.93%
Foreclosure Costs	1,728,780	1,427,384	301,396	21.12%
Interest Expense - Bonds	52,057,391	58,695,970	(6,638,579)	-11.31%
Interest Expense - Loans	48,750	48,801	(51)	-0.10%
Interest Expense - Securities Lending	42,107	20,787	21,320	102.56%
Interest Expense - Pension-related Debt	40,754	-	40,754	N/A
Other Program Related Expenses	3,973,210	2,385,223	1,587,987	66.58%
Loss on Sale of Foreclosed Property	-	276,931	(276,931)	-100.00%
Amortization of Deferred Bond Issuance Costs	641,555	752,880	(111,325)	-14.79%
Depreciation/Amortization	1,200	934	266	28.48%
Bad Debt Expense	-	2,211,594	(2,211,594)	-100.00%
Total Operating Expenses	67,804,195	76,200,794	(8,396,599)	-11.02%
Operating Income (Loss)	(4,397,428)	10,333,600	(14,731,028)	-142.55%
Transfers to Other State Agencies	(163,735)	(166,375)	2,640	-1.59%
Change in Net Position	(4,561,163)	10,167,225	(14,728,388)	-144.86%

	2013	2012	Change	% Change
Net Position – Beginning	220,128,094	209,960,869	10,167,225	4.84%
Prior Period Adjustment	(630,299)	-	(630,299)	N/A
Net Position – Beginning (Restated)	219,497,795	209,960,869	9,536,926	4.54%
Net Position – Ending	\$ 214,936,632	\$ 220,128,094	\$ (5,191,462)	-2.36%

OHCS D’s proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2013, revenue generated through proprietary funds totaled \$63.4 million, of which \$56.7 million, or 89.4%, 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 \$67.8 million, of which \$52.1 million, or 76.8%, is bond interest expense.

The change in net position for the year ended June 30, 2013 resulted in a decrease of \$5.2 million compared to a \$10.2 million increase for the year ended June 30, 2012, a decrease of \$15.4 million. Factors contributing to this change include:

- In fiscal year 2013, investment income was \$16.4 million less than in fiscal year 2012. Investment fair values decreased by \$7.0 million in fiscal year 2013, compared to an increase in fair value of \$9.6 million in fiscal year 2012.
- Interest on loans for fiscal year 2013 was \$9.7 million less than fiscal year 2012. Reduced mortgage loan balances resulted in a decrease in interest received.
- Interest expense on bonds was \$6.6 million lower than fiscal year 2012. This decrease was primarily due to a smaller outstanding bonds payable balance.

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, 2013, OHCS D was authorized to issue up to \$2,107,955,009 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2013, OHCS D had a total of \$1,276,115,000 (par value) in outstanding bond debt. During fiscal year 2013, \$118,820,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program compared to \$27,460,000 in fiscal year 2012. Multifamily Housing Revenue Bonds totaling \$36,760,000 (par value) were issued during fiscal year 2013 compared none in fiscal year 2012.

In addition, OHCS D issued \$33,002,000 (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, 2013

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 5,469,303	\$ 5,469,303
Cash and Cash Equivalents - Restricted	7,917,061	-	7,917,061
Investments - Restricted	-	33,987,515	33,987,515
Securities Lending Cash Collateral	2,157,702	1,691,596	3,849,298
Accounts Receivable	5,518	240,555	246,073
Accrued Interest Receivable	785,319	5,114,606	5,899,925
Interfund Receivable	-	4,019	4,019
Prepaid Expenses	140	15,165	15,305
Acquired Property	-	3,809,023	3,809,023
Total Current Assets	10,865,740	50,331,782	61,197,522
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	24,564,291	29,097,567	53,661,858
Investments - Restricted	15,169,785	310,449,862	325,619,647
Deferred Charges	843,727	8,175,631	9,019,358
Loans Receivable (Net)	144,600,341	935,137,951	1,079,738,292
Capital Assets (Net)	-	9,874	9,874
Total Noncurrent Assets	185,178,144	1,282,870,885	1,468,049,029
Total Assets	196,043,884	1,333,202,667	1,529,246,551
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	27,550,227	27,550,227
Total Deferred Outflows of Resources	-	27,550,227	27,550,227
Total Assets and Deferred Outflows of Resources	\$ 196,043,884	\$ 1,360,752,894	\$ 1,556,796,778

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
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 24,948	\$ 954,183	\$ 979,131
Accrued Interest Payable	2,647,062	21,084,669	23,731,731
Obligations Under Securities Lending	2,157,702	1,691,596	3,849,298
Interfund Payable	4,019	-	4,019
Deferred Income	1,174	1,665,444	1,666,618
Compensated Absences Payable	38,666	132,889	171,555
Bonds Payable	5,270,000	12,915,000	18,185,000
Arbitrage Rebate Liability	330,200	-	330,200
Loans Payable	-	1,500,000	1,500,000
Pension-related Debt Payable	2,989	10,711	13,700
Total Current Liabilities	10,476,760	39,954,492	50,431,252
Noncurrent Liabilities			
Compensated Absences Payable	20,820	71,556	92,376
Bonds Payable	114,197,635	1,148,864,305	1,263,061,940
Swap Fair Value Liability	-	27,550,227	27,550,227
Arbitrage Rebate Liability	36,689	-	36,689
Pension-related Debt Payable	131,542	471,308	602,850
Net OPEB Obligation	20,670	64,142	84,812
Total Noncurrent Liabilities	114,407,356	1,177,021,538	1,291,428,894
Total Liabilities	124,884,116	1,216,976,030	1,341,860,146
Net Position			
Invested in Capital Assets	-	9,874	9,874
Restricted for Residential Assistance	-	2,272,946	2,272,946
Restricted by Trust Indentures	71,159,768	137,008,058	208,167,826
Unrestricted	-	4,485,986	4,485,986
Total Net Position	71,159,768	143,776,864	214,936,632
Total Liabilities and Net Position	\$ 196,043,884	\$ 1,360,752,894	\$ 1,556,796,778

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 9,365,335	\$ 49,851,736	\$ 59,217,071
Investment Income (Loss)	(457,331)	(2,051,125)	(2,508,456)
Administrative Charges and Fees	34,454	934,739	969,193
Low Income Housing Tax Credit Fees	-	2,350,450	2,350,450
Transfer/Commitment Fees	96,467	399,894	496,361
Gain on Sale of Foreclosed Property	-	408,021	408,021
Miscellaneous Revenue	1,096,899	1,377,228	2,474,127
Total Operating Revenues	10,135,824	53,270,943	63,406,767
Operating Expenses			
Personal Services	971,064	3,011,416	3,982,480
Services and Supplies	230,861	1,908,615	2,139,476
Mortgage Service Fees	59,557	3,088,935	3,148,492
Foreclosure Costs	-	1,728,780	1,728,780
Interest Expense - Bonds	6,464,750	45,592,641	52,057,391
Interest Expense - Loans	-	48,750	48,750
Interest Expense - Securities Lending	13,601	28,506	42,107
Interest Expense - Pension-related Debt	8,893	31,861	40,754
Other Related Program Expenses	98,180	3,875,030	3,973,210
Amortization of Deferred Bond Issuance Costs	90,253	551,302	641,555
Depreciation/Amortization	-	1,200	1,200
Total Operating Expenses	7,937,159	59,867,036	67,804,195
Operating Income (Loss)	2,198,665	(6,596,093)	(4,397,428)
Transfers from Other Funds	-	68,726	68,726
Transfers to Other Funds	(68,726)	-	(68,726)
Transfers to Other State Agencies	(39,325)	(124,410)	(163,735)
Change in Net Position	2,090,614	(6,651,777)	(4,561,163)
Net Position - Beginning	69,206,685	150,921,409	220,128,094
Prior Period Adjustment	(137,531)	(492,768)	(630,299)
Net Position - Beginning (Restated)	69,069,154	150,428,641	219,497,795
Net Position - Ending	\$ 71,159,768	\$ 143,776,864	\$ 214,936,632

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

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OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 130,421	\$ 4,101,067	\$ 4,231,488
Program Loan Principal Repayments	6,774,460	188,367,111	195,141,571
Program Loan Interest Received	9,548,544	52,047,267	61,595,811
Program Loans Made	-	(50,657,880)	(50,657,880)
Payments to Employees for Services	(977,964)	(2,977,307)	(3,955,271)
Payments to Suppliers for Goods and Services	(292,950)	(4,986,301)	(5,279,251)
Other Receipts (Payments)	(98,180)	1,838,874	1,740,694
Net Cash Provided (Used) in Operating Activities	15,084,331	187,732,831	202,817,162
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	156,930,314	156,930,314
Principal Payments on Bonds	(5,000,000)	(217,950,000)	(222,950,000)
Interest Payments on Bonds	(6,474,830)	(49,944,090)	(56,418,920)
Bond Issue Costs	-	(1,564,025)	(1,564,025)
Interest Payments on Loans	-	(48,709)	(48,709)
Transfers from Other Funds	-	68,726	68,726
Transfers to Other Funds	(68,726)	-	(68,726)
Transfers to Other State Agencies	(39,377)	(124,012)	(163,389)
Net Cash Provided (Used) in Noncapital Financing Activities	(11,582,933)	(112,631,796)	(124,214,729)
Cash Flows from Investing Activities			
Purchase of Investments	-	(574,207,348)	(574,207,348)
Proceeds from Sales and Maturities of Investments	-	473,758,011	473,758,011
Interest on Cash and Investments	910,195	3,638,069	4,548,264
Investment Income on Securities Lending	13,601	28,506	42,107
Interest Paid on Securities Lending	(13,601)	(28,506)	(42,107)
Net Cash Provided (Used) in Investing Activities	910,195	(96,811,268)	(95,901,073)
Net Increase (Decrease) in Cash and Cash Equivalents	4,411,593	(21,710,233)	(17,298,640)
Cash and Cash Equivalents Balance - Beginning	28,069,759	56,277,103	84,346,862
Cash and Cash Equivalents Balance - Ending	\$ 32,481,352	\$ 34,566,870	\$ 67,048,222
Cash and Cash Equivalents	\$ -	\$ 5,469,303	\$ 5,469,303
Cash and Cash Equivalents - Restricted (Current)	7,917,061	-	7,917,061
Cash and Cash Equivalents - Restricted (Noncurrent)	24,564,291	29,097,567	53,661,858
Total Cash and Cash Equivalents	\$ 32,481,352	\$ 34,566,870	\$ 67,048,222

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)	\$ 2,198,665	\$ (6,596,093)	\$ (4,397,428)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	-	1,200	1,200
Amortization of Deferred Bond Issuance Costs	90,253	551,302	641,555
Investment Income Reported as Operating Revenue	457,331	2,051,125	2,508,456
Interest Expense Reported as Operating Expense	6,478,351	45,669,897	52,148,248
Bond Call Expenses	-	(540,302)	(540,302)
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	195,399	1,096,269	1,291,668
Accounts Receivable	(5,518)	(57,218)	(62,736)
Interfund Receivable	-	7,415	7,415
Prepaid Expenses	(140)	29,236	29,096
Loans Receivable (Net)	5,677,561	138,178,679	143,856,240
Acquired Property	-	6,831,012	6,831,012
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	(13,443)	56,402	42,959
Interfund Payable	(7,415)	-	(7,415)
Deferred Income	(12,190)	428,069	415,879
Compensated Absences Payable	25,071	30,547	55,618
Pension-related Debt Payable	(3,000)	(10,749)	(13,749)
Net OPEB Obligation	3,406	6,040	9,446
Net Cash Provided (Used) in Operating Activities	\$ 15,084,331	\$ 187,732,831	\$ 202,817,162
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (1,418,056)	\$ (5,577,491)	\$ (6,995,547)
Foreclosed Property	-	13,328,720	13,328,720
Loan Modifications	-	175,585	175,585
Total Noncash Investing, Capital, and Financing Activities	\$ (1,418,056)	\$ 7,926,814	\$ 6,508,758

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).

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 position, 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 Position is segregated into capital assets, net of related debt; restricted assets; and unrestricted assets. The Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. 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.

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.

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, 2013 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, 2013, the book balance of cash and cash equivalents was \$67,048,222 and the bank balance was \$67,069,085. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short-Term Fund totaled \$57,946,759. Additional information about the Oregon Short-Term Fund can be found at www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-%28OSTF%29.aspx.

The bank balance of money market accounts held by OHCS D’s Bond Trustees as agents totaled \$9,122,326. OHCS D does not have a deposit policy.

Investments

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

Investments with OHCS D’s Trustees consisted of \$1,711,650 in U.S. Government securities, \$322,980,727 in U.S. Agency securities, and \$19,745,000 in municipal bonds. They are held at the Federal Reserve under the name of OHCS D’s Bond Trustee for the benefit of OHCS D.

Investments with the State Treasurer consisted of \$4,701,567 in U.S. Government Securities and \$10,468,218 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, 2013, 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	\$ 6,413,217	\$ -	\$ -	\$ 3,014,446	\$ 3,398,771
U.S. Agency Securities	333,448,945	271,648,645	2,949,072	10,510,554	48,340,674
Municipal Bonds	19,745,000	-	-	-	19,745,000
Total	\$ 359,607,162	\$ 271,648,645	\$ 2,949,072	\$ 13,525,000	\$ 71,484,445

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, 2013, of OHCS D’s investments in U.S. Agency securities, \$74,182,373 are rated Aaa by Moody’s Investor Service and \$257,573,094 are discount notes which have a Moody’s Investor Service short-term Issuer Level Rating of P-1. Included in the U.S. Agency securities total is \$1,693,478 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. These securities are unrated. As of June 30, 2013, \$2,330,000 of OHCS D’s municipal bond investments are rated Aaa/VMIG1, \$3,855,000 are rated Aa1/VMIG1, and \$13,560,000 are rated Aa2/VMIG2 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, 2013, 54.3% of OHCS D's total investments are Federal Home Loan Bank securities and 29.1% are Federal National Mortgage Association securities.

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, 2013, the amount of the fair value of all securities on loan from OSTF allocated to OHCS D's Enterprise Funds was \$5,378,254. OSTF securities on loan in total included U.S. Treasury securities (81.06%), U.S. Agency securities (4.08%), and domestic fixed income securities (14.86%). 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 \$3,849,306. The amount of total collateral received for the securities on loan from OSTF allocated to OHCS D's Enterprise Funds was \$3,849,298. Additional information about the Oregon Short-Term Fund and securities lending can be found in the Oregon Short-Term Fund financial statements at www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-%28OSTF%29.aspx#stat.

NOTE 3. Loans Receivable

Loans receivable on June 30, 2013 consisted of:

	Loans Receivable	Less: Allowance for Uncollectible Accounts	Less: Allowance for Estimated Loan Modifications	Loans Receivable (Net)
Elderly and Disabled Housing Fund:	\$ 144,600,341	\$ -	\$ -	\$ 144,600,341
Housing Finance Fund:				
Single-Family Mortgage Program:				
Mortgage Revenue Bonds	631,464,004	(289,400)	-	631,174,604
Housing Revenue Bonds	149,021,769	-	-	149,021,769
Multifamily Housing Revenue Bonds	151,992,749	-	-	151,992,749
Multiple Purpose Bonds	1,289,256	-	(1,289,256)	-
Housing Finance Account	2,948,829	-	-	2,948,829
Total Housing Finance Fund	936,716,607	(289,400)	(1,289,256)	935,137,951
Total	\$ 1,081,316,948	\$ (289,400)	\$ (1,289,256)	\$ 1,079,738,292

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, 21 percent is covered by pool insurance and/or private mortgage insurance and 27 percent is uninsured. Except for short sales, 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 provide 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.

Allowance for estimated loan modifications reflects the principal amount of mortgage loans expected to be forgiven by OHCS D to remain in compliance with mortgage yield restrictions for tax-exempt bonds.

Notes to the Financial Statements (Continued)
June 30, 2013

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.

NOTE 4. Capital Assets

A summary of OHCS D's capital assets at June 30, 2013 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	\$ -	\$ -	\$ -	\$ -	\$ 10,482	\$ -	\$ 10,482	\$ -
Data Processing Software	26,370	-	-	26,370	136,916	-	-	136,916
Total Capital Assets	26,370	-	-	26,370	147,398	-	10,482	136,916
Less Accumulated Depreciation/Amortization:								
Equipment	-	-	-	-	(10,482)	-	(10,482)	-
Data Processing Software	(26,370)	-	-	(26,370)	(125,842)	(1,200)	-	(127,042)
Total Accumulated Depreciation/Amortization	(26,370)	-	-	(26,370)	(136,324)	(1,200)	(10,482)	(127,042)
Capital Assets, Net	\$ -	\$ -	\$ -	\$ -	\$ 11,074	\$ (1,200)	\$ -	\$ 9,874

NOTE 5. Interfund Balances and Transfers

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2013:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 4,019
Housing Finance Fund	4,019	-
Total	\$ 4,019	\$ 4,019

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, 2013:

	Transfer from Other Funds	Transfer to Other Funds
Elderly and Disabled Housing Fund	\$ -	\$ (68,726)
Housing Finance Fund	68,726	-
Total	\$ 68,726	\$ (68,726)

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	\$ 1,343,485,000	\$ 155,580,000	\$ 222,950,000	\$ 1,276,115,000	\$ 18,185,000
Bond Discount	(154,319)	-	(15,683)	(138,636)	-
Bond Premium	7,905,714	1,350,314	2,159,811	7,096,217	-
Deferred Amount on Refunding	(1,739,215)	(355,953)	(269,527)	(1,825,641)	-
Bonds Payable	1,349,497,180	156,574,361	224,824,601	1,281,246,940	-
Compensated Absences Payable	208,313	55,618	-	263,931	171,555
Swap Fair Value Liability	37,196,930	-	9,646,703	27,550,227	-
Arbitrage Rebate Liability	482,076	-	115,187	366,889	330,200
Loans Payable	1,500,000	-	-	1,500,000	1,500,000
Pension-related Debt Payable	-	630,299	13,749	616,550	13,700
Net OPEB Obligation	75,366	9,446	-	84,812	-
Total Long-Term Liabilities	\$ 1,388,959,865	\$ 157,269,724	\$ 234,600,240	\$ 1,311,629,349	\$ 20,200,455

NOTE 7. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2013:

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
1993 C	1994-2026	2.850 - 5.650%	\$13,915,000	\$ 7,125,000	\$ -	\$ 340,000	\$ 6,785,000	\$ 360,000
1994 B	1996-2026	4.200 - 6.300%	24,400,000	11,140,000	-	465,000	10,675,000	505,000
1995 A	1996-2026	4.000 - 6.000%	14,100,000	7,425,000	-	315,000	7,110,000	340,000
1995 B	1997-2027	4.000 - 5.700%	24,240,000	9,570,000	-	385,000	9,185,000	405,000
1996 B	1998-2027	4.200 - 5.800%	10,605,000	6,915,000	-	280,000	6,635,000	290,000
1997 A	1999-2028	4.050 - 5.375%	8,475,000	3,535,000	-	130,000	3,405,000	135,000
1998 B	2001-2030	3.550 - 4.875%	10,285,000	2,680,000	-	100,000	2,580,000	100,000
1999 A	2000-2030	3.250 - 5.150%	10,840,000	1,785,000	-	180,000	1,605,000	185,000
1999 B	2000-2031	3.350 - 5.250%	4,485,000	645,000	-	20,000	625,000	20,000
1999 E	2001-2031	5.000 - 6.250%	19,105,000	14,215,000	-	390,000	13,825,000	410,000
2001 C	2002-2032	2.700 - 5.300%	25,325,000	13,975,000	-	785,000	13,190,000	845,000
2002 A	2003-2022	1.400 - 4.650%	10,840,000	6,860,000	-	505,000	6,355,000	525,000
2002 B	2003-2024	1.400 - 4.700%	37,905,000	380,000	-	20,000	360,000	20,000
2002 C	2003-2043	1.600 - 5.050%	13,595,000	6,005,000	-	235,000	5,770,000	245,000
2003 B	2004-2024	1.300 - 4.800%	9,265,000	6,575,000	-	385,000	6,190,000	400,000
2003 C	2013-2034	4.350 - 5.100%	2,930,000	2,535,000	-	60,000	2,475,000	70,000
2007 A	2008-2048	3.650 - 4.750%	26,300,000	23,620,000	-	405,000	23,215,000	415,000
<i>Total General Obligation Bonds</i>				\$ 124,985,000	\$ -	\$ 5,000,000	\$ 119,985,000	\$ 5,270,000

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	
2001 C	2032	***	\$ 7,500,000	\$ 1,165,000	\$ -	\$ 235,000	\$ 930,000	\$ 20,000
2001 J	2003-2030	3.000 - 5.150%	26,435,000	4,095,000	-	1,095,000	3,000,000	-
2001 L	2032	***	9,100,000	1,715,000	-	250,000	1,465,000	-
2001 Q	2003-2024	2.350 - 5.125%	19,015,000	5,045,000	-	1,730,000	3,315,000	-
2001 R	2027-2033	4.200 - 5.375%	15,985,000	2,120,000	-	620,000	1,500,000	-
2002 A	2004-2024	2.350 - 5.200%	18,620,000	6,555,000	-	1,485,000	5,070,000	-
2002 B	2004-2033	2.700 - 5.450%	16,380,000	3,815,000	-	660,000	3,155,000	-
2002 F	2005-2022	3.150 - 5.250%	15,190,000	4,520,000	-	1,190,000	3,330,000	-
2002 G	2003-2033	2.400 - 5.600%	19,810,000	6,085,000	-	1,250,000	4,835,000	-
2002 H	2006-2023	2.450 - 5.000%	16,315,000	8,075,000	-	2,065,000	6,010,000	-
2002 I	2004-2033	2.000 - 5.250%	18,685,000	2,905,000	-	540,000	2,365,000	-
2002 M	2006-2023	2.400 - 5.050%	16,285,000	7,860,000	-	1,795,000	6,065,000	-
2002 N	2004-2033	2.200 - 5.250%	18,715,000	5,665,000	-	950,000	4,715,000	-
2003 A	2007-2030	2.150 - 4.900%	22,810,000	13,990,000	-	2,920,000	11,070,000	-
2003 E	2004-2030	1.100 - 4.600%	24,665,000	14,940,000	-	2,920,000	12,020,000	-
2003 J	2005-2023	1.300 - 4.700%	22,880,000	9,045,000	-	3,570,000	5,475,000	-
2003 K	2005-2029	1.700 - 5.625%	12,120,000	5,000	-	5,000	-	-
2003 L	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 A	2005-2023	1.100 - 4.500%	23,720,000	8,295,000	-	5,295,000	3,000,000	-
2004 B	2029	5.625 - 5.625%	11,280,000	365,000	-	365,000	-	-
2004 C	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 G	2005-2023	1.350 - 4.500%	23,410,000	8,015,000	-	3,505,000	4,510,000	-
2004 H	2029	5.125 - 5.125%	11,590,000	1,255,000	-	1,255,000	-	-
2004 I	2034	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 J	2006-2019	1.950 - 4.350%	15,560,000	5,485,000	-	1,525,000	3,960,000	-
2004 K	2020-2030	4.800 - 5.100%	19,440,000	7,540,000	-	2,855,000	4,685,000	-
2004 L	2035	****	15,000,000	15,000,000	-	-	15,000,000	-
2004 M	2007-2025	2.250 - 4.600%	7,510,000	4,665,000	-	750,000	3,915,000	-
2004 N	2035	4.900 - 4.900%	8,390,000	5,100,000	-	715,000	4,385,000	-
2005 A	2006-2024	2.600 - 4.500%	16,055,000	8,005,000	-	3,260,000	4,745,000	-
2005 B	2034	5.375 - 5.375%	8,445,000	1,430,000	-	1,025,000	405,000	-
2005 C	2035	****	10,500,000	10,500,000	-	-	10,500,000	-
2005 D	2007-2025	3.000 - 4.650%	26,340,000	14,355,000	-	3,000,000	11,355,000	-
2005 E	2006-2031	3.150 - 5.750%	13,775,000	3,225,000	-	1,645,000	1,580,000	-
2005 F	2036	****	14,885,000	14,885,000	-	-	14,885,000	-
2006 A	2007-2021	3.125 - 4.350%	20,210,000	10,070,000	-	4,545,000	5,525,000	-
2006 B	2007-2030	3.350 - 5.625%	19,790,000	7,410,000	-	3,110,000	4,300,000	-
2006 C	2036	****	20,000,000	20,000,000	-	-	20,000,000	-
2006 D	2007-2021	3.500 - 4.500%	18,705,000	7,150,000	-	4,110,000	3,040,000	-
2006 E	2025-2031	5.000 - 6.250%	21,295,000	7,980,000	-	3,530,000	4,450,000	-
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	7,870,000	-	2,220,000	5,650,000	-
2006 I	2026-2036	4.600 - 6.250%	27,680,000	17,910,000	-	3,745,000	14,165,000	-
2006 J	2008-2021	3.350 - 4.050%	13,235,000	9,065,000	-	2,580,000	6,485,000	-
2006 K	2026-2036	4.450 - 5.375%	26,765,000	20,200,000	-	3,905,000	16,295,000	-
2007 A	2008-2022	3.400 - 4.250%	20,210,000	12,850,000	-	3,340,000	9,510,000	-
2007 B	2027-2037	4.750 - 5.500%	39,790,000	26,995,000	-	5,155,000	21,840,000	-
2007 C	2008-2022	3.550 - 4.700%	27,025,000	14,845,000	-	5,775,000	9,070,000	-
2007 D	2026-2038	5.000 - 5.875%	32,975,000	17,390,000	-	5,370,000	12,020,000	-
2007 E	2038	****	30,000,000	30,000,000	-	-	30,000,000	-
2007 F	2014-2022	3.700 - 4.450%	18,855,000	13,300,000	-	6,460,000	6,840,000	-
2007 G	2009-2038	3.650 - 5.500%	41,145,000	20,410,000	-	7,760,000	12,650,000	-
2007 H	2038	****	30,000,000	30,000,000	-	-	30,000,000	-
2008 A	2009-2022	1.650 - 4.125%	15,140,000	12,385,000	-	4,370,000	8,015,000	-
2008 B	2010-2038	2.625 - 6.000%	54,860,000	33,545,000	-	11,530,000	22,015,000	-
2008 C	2038	****	35,000,000	35,000,000	-	-	35,000,000	-
2008 D	2009-2023	2.500 - 4.800%	11,790,000	8,660,000	-	3,920,000	4,740,000	-
2008 E	2010-2039	3.900 - 6.500%	58,210,000	37,575,000	-	14,565,000	23,010,000	-
2008 F	2039	****	35,000,000	35,000,000	-	-	35,000,000	-

Notes to the Financial Statements (Continued)
June 30, 2013

Original Issue				Bonds Outstanding			Ending Balance	Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases		
2008 G	2013-2030	3.500 - 5.350%	52,530,000	42,960,000	-	10,740,000	32,220,000	-
2008 I	2037	****	34,650,000	34,650,000	-	-	34,650,000	-
2010 A	2011-2030	0.350 - 4.375%	35,900,000	29,905,000	-	3,125,000	26,780,000	1,015,000
2010 B	2011-2030	1.000 - 5.000%	52,540,000	36,695,000	-	9,510,000	27,185,000	20,000
2010 C	2042	4.750 - 4.750%	8,000,000	6,685,000	-	1,060,000	5,625,000	-
2013 A	2020-2043	2.200 - 4.050%	21,885,000	-	21,885,000	-	21,885,000	-
2013 B	2014-2034	0.450 - 5.000%	29,095,000	-	29,095,000	-	29,095,000	1,015,000
2013 C	2014-2033	0.350 - 3.564%	61,300,000	-	61,300,000	-	61,300,000	1,935,000
Total Mortgage Revenue Bonds				\$ 873,330,000	\$ 112,280,000	\$ 168,900,000	\$ 816,710,000	\$ 4,005,000

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

Housing Revenue Bonds

Original Issue				Bonds Outstanding			Ending Balance	Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases		
2009 A	2012	**	\$ 120,000,000	\$ 18,460,000	\$ (18,460,000)	\$ -	\$ -	\$ -
2009 A-1	2041	0.830 - 3.280%	18,000,000	17,980,000	-	720,000	17,260,000	-
2009 A-2	2041	0.770 - 3.700%	36,000,000	35,900,000	-	1,480,000	34,420,000	-
2009 A-3	2041	0.760 - 2.920%	27,000,000	27,000,000	-	350,000	26,650,000	-
2009 A-4	2041	0.800 - 3.090%	20,540,000	20,540,000	-	-	20,540,000	-
2009 A-5	2041	0.760 - 2.790%	18,460,000	-	18,460,000	-	18,460,000	-
2010 A	2011-2027	0.400 - 5.250%	12,000,000	11,595,000	-	1,010,000	10,585,000	610,000
2011 A	2012-2028	0.500 - 5.250%	24,000,000	23,395,000	-	2,000,000	21,395,000	1,095,000
2011 B	2012-2028	0.500 - 5.250%	18,000,000	18,000,000	-	1,075,000	16,925,000	875,000
2012 A	2013-2042	0.350 - 5.000%	9,460,000	9,460,000	-	-	9,460,000	675,000
2012 B	2013-2042	0.300 - 5.000%	6,540,000	-	6,540,000	-	6,540,000	590,000
Total Housing Revenue Bonds				\$ 182,330,000	\$ 6,540,000	\$ 6,635,000	\$ 182,235,000	\$ 3,845,000

2009 A bonds totaling \$18,460,000 were converted to long-term bonds and redesignated as 2009 A-5.

** The interest rate was based on the 28 day U.S. Treasury Bill.

Multifamily Housing Revenue Bonds

Original Issue				Bonds Outstanding			Ending Balance	Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases		
2001 A	2024-2032	4.600 - 5.100%	\$ 1,770,000	\$ 1,455,000	\$ -	\$ 1,455,000	\$ -	\$ -
2001 B	2004-2043	2.900 - 5.450%	31,935,000	29,455,000	-	29,455,000	-	-
2002 A	2004-2033	1.800 - 5.000%	7,875,000	6,620,000	-	6,620,000	-	-
2003 A	2013-2044	4.400 - 5.150%	5,675,000	5,275,000	-	70,000	5,205,000	70,000
2004 A	2014-2045	4.300 - 5.100%	5,120,000	4,790,000	-	60,000	4,730,000	60,000
2004 B	2046	***	14,950,000	14,115,000	-	190,000	13,925,000	200,000
2005 A	2007-2047	3.050 - 5.000%	9,855,000	8,765,000	-	100,000	8,665,000	105,000
2006 A	2036	4.620 - 4.620%	5,680,000	4,985,000	-	175,000	4,810,000	180,000
2010 A	2011-2042	0.900 - 5.150%	77,705,000	73,980,000	-	2,515,000	71,465,000	2,570,000
2010 B	2013-2052	0.950 - 4.875%	16,425,000	9,795,000	-	-	9,795,000	110,000
2012 A	2013-2032	0.300 - 3.250%	1,425,000	-	1,425,000	-	1,425,000	60,000
2012 B	2013-2043	0.550 - 4.125%	35,335,000	-	35,335,000	-	35,335,000	845,000
Total Multifamily Housing Revenue Bonds				\$ 159,235,000	\$ 36,760,000	\$ 40,640,000	\$ 155,355,000	\$ 4,200,000

*** 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				
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2005 A	2005-2024	1.900 - 4.300%	\$46,405,000	\$ 3,605,000	\$ -	\$ 1,775,000	\$ 1,830,000	\$ 865,000
<i>Total Multiple Purpose Bonds</i>				\$ 3,605,000	\$ -	\$ 1,775,000	\$ 1,830,000	\$ 865,000
Total Revenue Bonds				\$1,218,500,000	\$ 155,580,000	\$ 217,950,000	\$1,156,130,000	\$ 12,915,000
Total General Obligation and Revenue Bonds				\$1,343,485,000	\$ 155,580,000	\$ 222,950,000	\$1,276,115,000	\$ 18,185,000

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, 2013 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	\$ 119,985,000	\$ (117,321)	\$ -	\$ (400,044)	\$ 119,467,635
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	816,710,000	-	4,608,555	(346,831)	820,971,724
Housing Revenue Bonds	182,235,000	-	2,487,662	-	184,722,662
Multifamily Housing Revenue Bonds	155,355,000	(21,315)	-	(1,072,378)	154,261,307
Multiple Purpose Bonds	1,830,000	-	-	(6,388)	1,823,612
Total Revenue Bonds	1,156,130,000	(21,315)	7,096,217	(1,425,597)	1,161,779,305
Total General Obligation and Revenue Bonds	\$1,276,115,000	\$ (138,636)	\$ 7,096,217	\$ (1,825,641)	\$1,281,246,940

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, 2013 for each fiscal year during the next five year period ending June 30, 2018, and in five year increments thereafter.

Year Ending June 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 5,270,000	\$ 6,223,544	\$ 11,493,544	\$ 12,915,000	\$ 32,892,707	\$ 45,807,707
2015	5,560,000	5,953,734	11,513,734	31,600,000	33,727,870	65,327,870
2016	6,360,000	5,664,915	12,024,915	31,655,000	32,872,409	64,527,409
2017	6,225,000	5,343,210	11,568,210	32,560,000	31,910,821	64,470,821
2018	6,555,000	5,012,165	11,567,165	33,470,000	30,825,047	64,295,047
2019-2023	36,245,000	19,376,999	55,621,999	200,365,000	133,611,138	333,976,138
2024-2028	29,675,000	10,083,959	39,758,959	218,670,000	92,186,411	310,856,411
2029-2033	12,850,000	4,252,672	17,102,672	271,845,000	54,050,772	325,895,772
2034-2038	6,830,000	1,944,649	8,774,649	233,120,000	26,026,171	259,146,171
2039-2043	3,385,000	547,777	3,932,777	79,180,000	7,638,646	86,818,646
2044-2048	1,030,000	130,634	1,160,634	8,585,000	1,104,017	9,689,017
2049-2053	-	-	-	2,165,000	272,391	2,437,391
Total	\$ 119,985,000	\$ 64,534,258	\$ 184,519,258	\$ 1,156,130,000	\$ 477,118,400	\$ 1,633,248,400

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.

June 30, 2013

As of June 30, 2013, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$2,107,955,009 in general obligation bonds.

Debt Refunding

On October 31, 2012, OHCS issued \$36,760,000 of Multifamily Housing Revenue Bonds that refunded previously issued Multifamily Housing Revenue bonds totaling \$36,760,000. The current refunding of these bonds decreases the total debt service over the next 30 years by approximately \$7,192,048 and results in an economic gain of approximately \$6,528,269.

On June 12, 2013, OHCS issued Mortgage Revenue Bonds in an aggregate principal amount of \$112,280,000, of which \$97,180,000 together with premium received in the amount of \$903,986 will refund previously issued Mortgage Revenue bonds totaling \$98,083,836 on July 12, 2013 and July 17, 2013. The current refunding of these bonds decreases the total debt service over the next 20 years by approximately \$22,073,270 and results in an economic gain of approximately \$20,742,483.

Loans Payable

The following table summarizes the amounts necessary to pay all future loan principal and interest requirements as of June 30, 2013.

Year Ending June 30	Loans Payable		
	Principal	Interest	Total
2014	\$ 1,500,000	\$ 24,375	\$ 1,524,375
Total	\$ 1,500,000	\$ 24,375	\$ 1,524,375

NOTE 8. Interest Rate Swaps

OHCS 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 \$301,810,000 and the fair value of the swaps totaled \$(27,550,227) at the end of the fiscal year. During the fiscal year the swap fair value increased by \$9,646,703. The fair value balance, including any change during the fiscal year, is shown on the balance sheet as Accumulated Decrease in Fair Value of Hedging Derivatives 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, 2013.

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating**
MF [®] 2004 B	\$ 13,925,000	12/16/2004	3.894%	64% of 1-mo. LIBOR* +.27%	\$ (1,035,041)	07/01/2046	Merrill Lynch Capital Services ***	Baa2 A- A
MRB [®] 2003 L	15,000,000	04/21/2010	3.641%	64.7% of 3-mo. LIBOR +.23%	(459,413)	07/01/2034	Royal Bank of Canada	Aa3 AA- AA
MRB 2004 C	13,200,000	01/24/2006	4.032%	64% of 1-mo. LIBOR +.29%	(451,683)	07/01/2034	Morgan Stanley Capital Services	Baa1 A- A
MRB 2004 I	14,330,000	01/24/2006	4.012%	64% of 1-mo. LIBOR +.29%	(691,721)	07/01/2034	Morgan Stanley Capital Services	Baa1 A- A
MRB 2004 L	15,000,000	05/27/2010	3.425%	64.8% of 3-mo. LIBOR +.22%	(757,616)	07/01/2035	Royal Bank of Canada	Aa3 AA- AA
MRB 2005 C	10,500,000	05/27/2010	3.345%	64.8% of 3-mo. LIBOR +.22%	(518,424)	07/01/2035	Royal Bank of Canada	Aa3 AA- AA
MRB 2006 C	19,100,000	02/28/2006	4.184%	64% of 1-mo. LIBOR +.29%	(1,879,146)	07/01/2036	Morgan Stanley Capital Services	Baa1 A- A
MRB 2006 F	20,000,000	07/18/2006	4.430%	64% of 1-mo. LIBOR +.29%	(2,163,767)	07/01/2037	Bank of America, N.A. ***	A3 A A
MRB 2006 G	16,105,000	07/18/2006	3.833%	64% of 1-mo. LIBOR +.19%	(1,804,947)	07/01/2016	Merrill Lynch Capital Services ***	Baa2 A- A
MRB 2007 E	30,000,000	07/31/2007	4.388%	64% of 1-mo. LIBOR +.29%	(3,947,168)	07/01/2038	JP Morgan Chase Bank, N.A.	Aa3 A+ A+
MRB 2007 H	30,000,000	11/20/2007	4.060%	64% of 1-mo. LIBOR +.30%	(3,592,794)	07/01/2038	Merrill Lynch Capital Services ***	Baa2 A- A
MRB 2008 C	35,000,000	02/26/2008	3.747%	64% of 1-mo. LIBOR +.30%	(3,418,168)	07/01/2038	Bank of America, N.A. ***	A3 A A
MRB 2008 F	35,000,000	05/13/2008	3.738%	64% of 1-mo. LIBOR +.31%	(2,959,614)	07/01/2039	Bank of America, N.A. ***	A3 A A
MRB 2008 I	34,650,000	08/26/2008	3.723%	64% of 1-mo. LIBOR +.31%	(3,874,725)	07/01/2037	Bank of America, N.A. ***	A3 A A
	<u>\$ 301,810,000</u>				<u>\$(27,550,227)</u>			

[®] Multifamily Housing Revenue Bonds

[®] Mortgage Revenue Bonds

* London Interbank Offered Rate

** Moody's / S&P / Fitch

*** Termination payments are guaranteed by Merrill Lynch Derivative Products AG (MLDP). MLDP's counterparty ratings ** are Aa3 / AAA / NR.

Notes to the Financial Statements (Continued)
June 30, 2013

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, semiannually 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, do not offset the variable rates paid on the bonds. As of June 30, 2013, the one month LIBOR rate was 0.19378% and the three month LIBOR rate was 0.28360%. OHCS D’s variable interest rates as of June 30, 2013 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.

Using rates as of June 30, 2013, 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		
2014	\$ 200,000	\$ 383,723	\$ 10,531,266	\$ 11,114,989
2015	205,000	293,367	10,532,654	11,031,021
2016	215,000	293,160	10,525,403	11,033,563
2017	220,000	292,943	10,231,537	10,744,480
2018	235,000	292,720	9,943,997	10,471,717
2019-2023	5,745,000	1,455,953	49,479,399	56,680,352
2024-2028	37,895,000	1,380,650	47,287,194	86,562,844
2029-2033	122,280,000	1,008,092	36,374,138	159,662,230
2034-2038	116,515,000	384,002	13,580,829	130,479,831
2039-2043	19,175,000	35,017	1,160,274	20,370,291
2044-2048	2,495,000	5,090	178,049	2,678,139
Total	\$ 305,180,000	\$ 5,824,717	\$ 199,824,740	\$ 510,829,457

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) is 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, 2013 of swaps that include these provisions is \$(22,572,018). At June 30, 2013 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 \$320,065,000 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.

Notes to the Financial Statements (Continued)
June 30, 2013

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., State Street Bank and Trust Company, and JPMorgan Chase Bank, National Association). 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 is 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 JPMorgan Chase Bank, National Association). There were no bank bonds on June 30, 2013.

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	\$ 13,925,000	Bank of America, N.A.	08/27/2014	0.8000%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.08%
MRB 2003 L	15,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	J.P. Morgan Securities, LLC	0.07%
MRB 2004 C	15,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	CitiGroup Global Markets, Inc.	0.07%
MRB 2004 I	15,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	J.P. Morgan Securities, LLC.	0.07%
MRB 2004 L	15,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	CitiGroup Global Markets, Inc.	0.07%
MRB 2005 C	10,500,000	State Street Bank and Trust Company	11/01/2014	0.8000%	J.P. Morgan Securities, LLC	0.07%
MRB 2005 F	14,885,000	State Street Bank and Trust Company	11/01/2014	0.8000%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 C	20,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	J.P. Morgan Securities, LLC	0.07%
MRB 2006 F	20,000,000	State Street Bank and Trust Company	11/01/2014	0.8000%	CitiGroup Global Markets, Inc.	0.07%
MRB 2006 G	16,105,000	State Street Bank and Trust Company	11/01/2014	0.8000%	CitiGroup Global Markets, Inc.	0.07%
MRB 2007 E	30,000,000	JPMorgan Chase, National Association	12/31/2014	0.8500%	J.P. Morgan Securities, LLC	0.07%
MRB 2007 H	30,000,000	JPMorgan Chase, National Association	12/31/2014	0.8500%	J.P. Morgan Securities, LLC	0.07%
MRB 2008 C	35,000,000	JPMorgan Chase, National Association	12/31/2014	0.8500%	J.P. Morgan Securities, LLC	0.07%
MRB 2008 F	35,000,000	JPMorgan Chase, National Association	12/31/2014	0.8500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2008 I	34,650,000	JPMorgan Chase, National Association	12/31/2014	0.8500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%

NOTE 10. Conduit Debt Obligations

Bonds issued under the Housing Development Revenue Bond program are limited obligations of OHCS D payable only out of the trust estate specifically pledged to each bond issue. As of June 30, 2013, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$229,129,066. No recourse may be taken against any properties, funds, or assets of OHCS D for the payment of any amounts owing with respect to these bonds. Bond owners will have no right to compel the payment of any amount owing with respect to these bonds out of any tax revenues, funds, or other assets of OHCS D or the State of Oregon, other than the security pledged to each bond issue.

NOTE 11. Segment Information

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

	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Multiple Purpose Bonds
Condensed Statement of Net Position				
Assets:				
Interfund Receivable	\$ -	\$ 203,160	\$ -	\$ -
Other Current Assets	27,442,525	7,560,544	8,021,456	910,478
Noncurrent Assets	899,779,735	182,508,394	174,357,904	5,694,365
Total Assets	927,222,260	190,272,098	182,379,360	6,604,843
Deferred Outflows of Resources:				
Accumulated decrease in fair value of hedging derivatives	26,519,186	-	1,031,041	-
Total Deferred Outflows of Resources	26,519,186	-	1,031,041	-
Liabilities				
Interfund Payables	213,880	4,248	3,618	-
Other Current Liabilities	20,515,469	6,997,285	7,476,280	900,666
Noncurrent Liabilities	843,485,910	180,877,662	151,092,348	958,612
Total Liabilities	864,215,259	187,879,195	158,572,246	1,859,278
Net Position				
Restricted by Trust Indentures	89,526,187	2,392,903	24,838,155	4,745,565
Total Net Position	\$ 89,526,187	\$ 2,392,903	\$ 24,838,155	\$ 4,745,565

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	\$ 37,157,220	\$ 5,586,073	\$ 8,448,089	\$ (1,147,695)
Operating Expenses	(37,280,893)	(6,953,240)	(7,439,449)	(198,925)
Operating Income (Loss)	(123,673)	(1,367,167)	1,008,640	(1,346,620)
Transfers In	1,900,000	782,508	780,000	-
Transfers Out	(2,989,364)	-	(1,500,000)	(1,654,999)
Change in Net Position	(1,213,037)	(584,659)	288,640	(3,001,619)
Beginning Net Position	90,739,224	2,977,562	24,549,515	7,747,184
Ending Net Position	\$ 89,526,187	\$ 2,392,903	\$ 24,838,155	\$ 4,745,565

Condensed Statement of Cash Flows

Net Cash Provided (Used) by:				
Operating Activities	\$ 207,399,341	\$ (29,877,676)	\$ 11,799,998	\$ 1,518,297
Noncapital Financing Activities	(94,950,646)	(4,486,680)	(12,226,026)	(3,546,304)
Investing Activities	(123,185,440)	25,033,410	(1,265,114)	1,751,663
Net Increase (Decrease)	(10,736,745)	(9,330,946)	(1,691,142)	(276,344)
Beginning Cash and Cash Equivalents	32,508,870	13,162,532	3,103,453	608,672
Ending Cash and Cash Equivalents	\$ 21,772,125	\$ 3,831,586	\$ 1,412,311	\$ 332,328

NOTE 12. Restricted Assets

Restricted asset account balances are as follows:

<u>Purpose:</u>	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 40,643,466
Current Debt Service	11,493,544	45,807,707
Future Debt Service	19,515,635	206,380,917
Debt Reserves	16,641,958	40,892,559
Insurance Reserves	-	22,238,511
Combined Program Account	-	15,379,946
Residential Assistance	-	2,191,838
Total	<u>\$ 47,651,137</u>	<u>\$ 373,534,944</u>
 <u>Balance Sheet Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 7,917,061	\$ -
Restricted Cash and Cash Equivalents – Noncurrent	24,564,291	29,097,567
Restricted Investments – Current	-	33,987,515
Restricted Investments – Noncurrent	15,169,785	310,449,862
Total	<u>\$ 47,651,137</u>	<u>\$ 373,534,944</u>

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/Pages/section/financial_reports/financials.aspx.

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.

Notes to the Financial Statements (Continued)
June 30, 2013

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 9.55% (9.86% for covered salary paid after June 30, 2013); and the OPSRP Pension Employer Rate was 8.05% (8.14% for covered salary paid after June 30, 2013).

Combined employer contributions for the years ended June 30, 2013, 2012, and 2011 were \$231,632, \$243,034, and \$83,655 respectively. The actual contributions equaled the contractually required contributions in each fiscal year.

Combined employee contributions for the years ended June 30, 2013, 2012, and 2011 were \$155,963, \$161,279, and \$173,380 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.

OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. For Tier One and Tier Two members, OHCS D contributed 0.09% of PERS-covered salary to fund the normal cost portion of RHIA benefits. The rate changes to 0.10% for salary paid after June 30, 2013. In addition, OHCS D contributed an additional 0.50% of all PERS-covered salary to amortize the unfunded actuarial accrued liability. The rate changes to 0.49% for salary paid after June 30, 2013. These rates are embedded within the total PERS and OPSRP Pension Employer Rates.

OHCS D's contributions for the years ended June 30, 2013, 2012, and 2011, were approximately \$14,304, \$15,039, and \$8,214, respectively. The actual contributions equaled the contractually required contributions 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.

OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. For Tier One and Tier Two members, OHCS D contributed 0.05% of PERS-covered salary to fund the normal cost portion of RHIPA benefits. The rate changes to 0.07% for salary paid after June 30, 2013. In addition, OHCS D contributed an additional 0.11% of all PERS-covered salary to amortize the unfunded actuarial accrued liability. The rate changes to 0.20% for salary paid after June 30, 2013. These rates are embedded within the total PERS and OPSRP Pension Employer Rates.

OHCS D's contributions for the years ended June 30, 2013, 2012, and 2011, were approximately \$3,800, \$3,845, and \$1,965, 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

OHCS D has made commitments for loans in the Single-Family Mortgage Program totaling \$26,292,400.

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. Prior Period Adjustment

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the State is being amortized over the period ending December 31, 2027. OHCS D's allocated share of the pre-SLGRP pooled liability as of June 30, 2012 was \$630,299. This liability was not reported in prior fiscal years.

NOTE 18. Subsequent Events

On July 1, 2013, OHCS D terminated notional amounts of swaps related to the Mortgage Revenue Bonds listed below. These terminations were made pursuant to optional par termination provisions included in each of these swap agreements.

	<u>Notional Amount</u>
2004 Series C	\$ 1,005,000
2004 Series I	965,000
2006 Series C	800,000
2006 Series F	1,100,000
2008 Series F	2,100,000

On July 1, 2013, 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 \$ 60,000	2004 Series A \$ 920,000	2006 Series K \$ 380,000
2001 Series J 35,000	2004 Series G 955,000	2007 Series A 660,000
2001 Series Q 165,000	2004 Series J 660,000	2007 Series B 1,210,000
2001 Series R 65,000	2004 Series K 750,000	2007 Series C 2,555,000
2002 Series A 330,000	2004 Series M 50,000	2007 Series D 1,275,000
2002 Series B 200,000	2004 Series N 130,000	2007 Series F 1,560,000
2002 Series F 430,000	2005 Series A 660,000	2007 Series G 1,005,000
2002 Series G 615,000	2005 Series D 770,000	2008 Series A 1,290,000
2002 Series H 370,000	2006 Series A 1,365,000	2008 Series B 1,805,000
2002 Series I 140,000	2006 Series B 480,000	2008 Series D 1,430,000
2002 Series M 675,000	2006 Series D 1,205,000	2008 Series E 3,445,000
2002 Series N 520,000	2006 Series E 565,000	2008 Series G 2,120,000
2003 Series A 595,000	2006 Series H 280,000	2010 Series A 720,000
2003 Series E 1,010,000	2006 Series I 580,000	2010 Series B 1,755,000
2003 Series J 770,000	2006 Series J 190,000	2010 Series C 415,000

On July 1, 2013, OHCS D called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 290,000
2009 Series A-2	460,000
2009 Series A-3	570,000
2010 Series A	165,000
2011 Series A	270,000
2011 Series B	360,000

On July 12, 2013, 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 J \$ 2,965,000	2002 Series F \$ 2,900,000	2002 Series N \$ 4,195,000
2001 Series Q 3,150,000	2002 Series G 4,220,000	2003 Series A 10,475,000
2001 Series R 1,435,000	2002 Series H 5,640,000	2003 Series E 11,010,000
2002 Series A 4,740,000	2002 Series I 2,225,000	2003 Series J 4,705,000
2002 Series B 2,955,000	2002 Series M 5,390,000	2004 Series A 2,080,000

On July 17, 2013, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2003 Series L	\$ 15,000,000
2004 Series C	15,000,000

Notes to the Financial Statements (Continued)
June 30, 2013

On October 1, 2013, 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	\$ 30,000	2006 Series A	\$ 245,000	2008 Series A	\$ 225,000
2001 Series L	60,000	2006 Series B	960,000	2008 Series B	2,060,000
2004 Series G	650,000	2006 Series E	765,000	2008 Series D	260,000
2004 Series J	235,000	2006 Series H	135,000	2008 Series E	2,365,000
2004 Series K	405,000	2006 Series I	910,000	2008 Series G	3,325,000
2004 Series M	495,000	2006 Series J	170,000	2010 Series A	270,000
2004 Series N	600,000	2006 Series K	970,000	2010 Series B	2,320,000
2005 Series A	595,000	2007 Series A	215,000	2010 Series C	105,000
2005 Series B	405,000	2007 Series B	1,330,000	2013 Series A	880,000
2005 Series D	525,000	2007 Series D	880,000	2013 Series B	1,395,000
2005 Series E	780,000	2007 Series G	600,000	2013 Series C	3,540,000

On October 1, 2013, OHCS D called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 290,000
2009 Series A-2	660,000
2009 Series A-3	530,000
2010 Series A	170,000
2011 Series A	390,000
2011 Series B	315,000

On November 20, 2013, OHCS D issued the following Mortgage Revenue Bonds:

	<u>Amount Issued</u>
2013 Series D	\$ 33,225,000
2013 Series E	6,360,000
2013 Series F	8,335,000

On November 25, 2013, OHCS D distributed notices to call, on January 1, 2014, the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>		<u>Amount Called</u>
2001 Series L	\$ 30,000	2006 Series E	\$ 240,000	2007 Series G	\$ 930,000
2004 Series G	2,905,000	2006 Series H	340,000	2008 Series A	1,595,000
2004 Series I	15,000,000	2006 Series I	705,000	2008 Series B	2,265,000
2004 Series J	350,000	2006 Series J	140,000	2008 Series D	695,000
2004 Series K	405,000	2006 Series K	365,000	2008 Series E	1,710,000
2004 Series N	180,000	2007 Series A	435,000	2008 Series G	1,720,000
2005 Series A	380,000	2007 Series B	825,000	2010 Series A	425,000
2005 Series D	1,075,000	2007 Series C	665,000	2010 Series B	805,000
2006 Series A	1,045,000	2007 Series D	905,000	2010 Series C	185,000
2006 Series B	380,000	2007 Series F	50,000	2013 Series C	535,000
2006 Series D	170,000				

On November 25, 2013, OHCS D distributed notices to call, on January 1, 2014, the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 170,000
2009 Series A-2	140,000
2009 Series A-3	620,000
2010 Series A	100,000
2011 Series A	70,000
2011 Series B	380,000

Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
 Combining Balance Sheet - Housing Finance Fund
 June 30, 2013

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Investments - Restricted	18,796,132	6,883,593	7,408,400
Securities Lending Cash Collateral	1,143,066	57,261	66,761
Accounts Receivable	1,643	-	-
Accrued Interest Receivable	3,692,661	619,690	546,295
Interfund Receivable	-	203,160	-
Prepaid Expenses	-	-	-
Acquired Property	3,809,023	-	-
Total Current Assets	27,442,525	7,763,704	8,021,456
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	21,772,125	3,831,586	1,412,311
Investments - Restricted	241,644,977	28,329,249	19,297,763
Deferred Charges	5,188,029	1,325,790	1,655,081
Loans Receivable (Net)	631,174,604	149,021,769	151,992,749
Capital Assets (Net)	-	-	-
Total Noncurrent Assets	899,779,735	182,508,394	174,357,904
Total Assets	927,222,260	190,272,098	182,379,360
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	26,519,186	-	1,031,041
Total Deferred Outflows of Resources	26,519,186	-	1,031,041
Total Assets and Deferred Outflows of Resources	\$ 953,741,446	\$ 190,272,098	\$ 183,410,401

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ -	\$ -	\$ 5,469,303	\$ 5,469,303
899,390	-	-	33,987,515
688	-	423,820	1,691,596
-	-	238,912	240,555
10,400	125,302	120,258	5,114,606
-	-	22,605	225,765 **
-	-	15,165	15,165
-	-	-	3,809,023
910,478	125,302	6,290,063	50,553,528
332,328	201,839	1,547,378	29,097,567
5,355,306	15,178,107	644,460	310,449,862
6,731	-	-	8,175,631
-	-	2,948,829	935,137,951
-	-	9,874	9,874
5,694,365	15,379,946	5,150,541	1,282,870,885
6,604,843	15,505,248	11,440,604	1,333,424,413
-	-	-	27,550,227
-	-	-	27,550,227
\$ 6,604,843	\$ 15,505,248	\$ 11,440,604	\$ 1,360,974,640

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$221,746 are not included in the Balance Sheet on pages 14 and 15.

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
 Combining Balance Sheet - Housing Finance Fund
 June 30, 2013

Continued from the previous page

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Liabilities and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 562,303	\$ 55,344	\$ 1,119
Accrued Interest Payable	14,791,132	3,038,593	3,208,400
Obligations Under Securities Lending	1,143,066	57,261	66,761
Interfund Payable	213,880	4,248	3,618
Deferred Income	13,968	1,087	-
Compensated Absences Payable	-	-	-
Bonds Payable	4,005,000	3,845,000	4,200,000
Loans Payable	-	-	-
Pension-related Debt Payable	-	-	-
Total Current Liabilities	20,729,349	7,001,533	7,479,898
Noncurrent Liabilities			
Compensated Absences Payable	-	-	-
Bonds Payable	816,966,724	180,877,662	150,061,307
Swap Fair Value Liability	26,519,186	-	1,031,041
Pension-related Debt Payable	-	-	-
Net OPEB Obligation	-	-	-
Total Noncurrent Liabilities	843,485,910	180,877,662	151,092,348
Total Liabilities	864,215,259	187,879,195	158,572,246
Net Position			
Invested in Capital Assets	-	-	-
Restricted for Residential Assistance	-	-	-
Restricted by Trust Indentures	89,526,187	2,392,903	24,838,155
Unrestricted	-	-	-
Total Net Position	89,526,187	2,392,903	24,838,155
Total Liabilities and Net Position	\$ 953,741,446	\$ 190,272,098	\$ 183,410,401

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ 588	\$ -	\$ 334,829	\$ 954,183
34,390	-	12,154	21,084,669
688	-	423,820	1,691,596
-	-	-	221,746 **
-	-	1,650,389	1,665,444
-	-	132,889	132,889
865,000	-	-	12,915,000
-	-	1,500,000	1,500,000
-	-	10,711	10,711
900,666	-	4,064,792	40,176,238
-	-	71,556	71,556
958,612	-	-	1,148,864,305
-	-	-	27,550,227
-	-	471,308	471,308
-	-	64,142	64,142
958,612	-	607,006	1,177,021,538
1,859,278	-	4,671,798	1,217,197,776
-	-	9,874	9,874
-	-	2,272,946	2,272,946
4,745,565	15,505,248	-	137,008,058
-	-	4,485,986	4,485,986
4,745,565	15,505,248	6,768,806	143,776,864
\$ 6,604,843	\$ 15,505,248	\$ 11,440,604	\$ 1,360,974,640

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$221,746 are not included in the Balance Sheet on pages 14 and 15.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Housing Finance Fund
For the Year Ended June 30, 2013

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Operating Revenues			
Interest on Loans	\$ 36,278,374	\$ 5,807,478	\$ 8,865,228
Investment Income (Loss)	(460,109)	(221,405)	(804,803)
Administrative Charges and Fees	-	-	-
Low Income Housing Tax Credit Fees	-	-	-
Transfer/Commitment Fees	-	-	-
Gain on Sale of Foreclosed Property	408,021	-	-
Miscellaneous Revenue	930,934	-	387,664
Total Operating Revenues	37,157,220	5,586,073	8,448,089
Operating Expenses			
Personal Services	-	-	-
Services and Supplies	187,420	6,852	387,311
Mortgage Service Fees	2,528,298	534,045	25,298
Foreclosure Costs	1,728,780	-	-
Interest Expense - Bonds	32,943,918	5,647,595	6,911,947
Interest Expense - Loans	-	-	-
Interest Expense - Securities Lending	21,891	1,413	1,624
Interest Expense - Pension-related Debt	-	-	-
Other Related Program Expenses	(487,734)	688,811	-
Amortization of Deferred Bond Issuance Costs	358,320	74,524	113,269
Depreciation/Amortization	-	-	-
Total Operating Expenses	37,280,893	6,953,240	7,439,449
Operating Income (Loss)	(123,673)	(1,367,167)	1,008,640
Transfers from Other Funds	1,900,000	782,508	780,000
Transfers to Other Funds	(2,989,364)	-	(1,500,000)
Transfers to Other State Agencies	-	-	-
Change in Net Position	(1,213,037)	(584,659)	288,640
Net Position - Beginning	90,739,224	2,977,562	24,549,515
Prior Period Adjustment	-	-	-
Net Position - Beginning (Restated)	90,739,224	2,977,562	24,549,515
Net Position - Ending	\$ 89,526,187	\$ 2,392,903	\$ 24,838,155

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ (1,221,334)	\$ -	\$ 121,990	\$ 49,851,736
64,948	(656,423)	26,667	(2,051,125)
-	-	934,739	934,739
-	-	2,350,450	2,350,450
-	-	399,894	399,894
-	-	-	408,021
8,691	-	49,939	1,377,228
(1,147,695)	(656,423)	3,883,679	53,270,943
-	-	3,011,416	3,011,416
-	-	1,327,032	1,908,615
1,294	-	-	3,088,935
-	-	-	1,728,780
89,181	-	-	45,592,641
-	-	48,750	48,750
180	-	3,398	28,506
-	-	31,861	31,861
103,081	-	3,570,872	3,875,030
5,189	-	-	551,302
-	-	1,200	1,200
198,925	-	7,994,529	59,867,036
(1,346,620)	(656,423)	(4,110,850)	(6,596,093)
-	-	6,213,089	9,675,597 **
(1,654,999)	-	(3,462,508)	(9,606,871) **
-	-	(124,410)	(124,410)
(3,001,619)	(656,423)	(1,484,679)	(6,651,777)
7,747,184	16,161,671	8,746,253	150,921,409
-	-	(492,768)	(492,768)
7,747,184	16,161,671	8,253,485	150,428,641
\$ 4,745,565	\$ 15,505,248	\$ 6,768,806	\$ 143,776,864

** Transfers within the Housing Finance Fund totaling \$9,606,871 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 16.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2013

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Cash Flows from Operating Activities			
Received from Customers	\$ -	\$ 5,424	-
Program Loan Principal Repayments	172,688,670	9,989,463	3,073,323
Program Loan Interest Received	36,995,666	5,679,356	9,136,308
Program Loans Made	(6,103,661)	(44,073,219)	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(2,746,858)	(526,078)	(409,633)
Other Receipts (Payments)	6,565,524	(952,622)	-
Net Cash Provided (Used) in Operating Activities	207,399,341	(29,877,676)	11,799,998
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	113,183,836	6,986,478	36,760,000
Principal Payments on Bonds	(168,900,000)	(6,635,000)	(40,640,000)
Interest Payments on Bonds	(37,358,876)	(5,239,873)	(7,229,036)
Bond Issue Costs	(786,242)	(380,793)	(396,990)
Interest Payments on Loans	-	-	-
Transfers from Other Funds	1,900,000	782,508	780,000
Transfers to Other Funds	(2,989,364)	-	(1,500,000)
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	(94,950,646)	(4,486,680)	(12,226,026)
Cash Flows from Investing Activities			
Purchase of Investments	(334,553,786)	(156,218,442)	(59,499,132)
Proceeds from Sales and Maturities of Investments	209,321,922	180,925,912	57,703,343
Interest on Cash and Investments	2,046,424	325,940	530,675
Investment Income on Securities Lending	21,891	1,413	1,624
Interest Paid on Securities Lending	(21,891)	(1,413)	(1,624)
Net Cash Provided (Used) in Investing Activities	(123,185,440)	25,033,410	(1,265,114)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,736,745)	(9,330,946)	(1,691,142)
Cash and Cash Equivalents Balance - Beginning	32,508,870	13,162,532	3,103,453
Cash and Cash Equivalents Balance - Ending	\$ 21,772,125	\$ 3,831,586	\$ 1,412,311
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Noncurrent)	21,772,125	3,831,586	1,412,311
Total Cash and Cash Equivalents	\$ 21,772,125	\$ 3,831,586	\$ 1,412,311

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ -	\$ -	\$ 4,095,643	\$ 4,101,067
1,527,962	-	1,087,693	188,367,111
86,676	-	149,261	52,047,267
-	-	(481,000)	(50,657,880)
-	-	(2,977,307)	(2,977,307)
(1,343)	-	(1,302,389)	(4,986,301)
(94,998)	-	(3,679,030)	1,838,874
1,518,297	-	(3,107,129)	187,732,831
-	-	-	156,930,314
(1,775,000)	-	-	(217,950,000)
(116,305)	-	-	(49,944,090)
-	-	-	(1,564,025)
-	-	(48,709)	(48,709)
-	-	6,213,089	9,675,597 **
(1,654,999)	-	(3,462,508)	(9,606,871) **
-	-	(124,012)	(124,012)
(3,546,304)	-	2,577,860	(112,631,796)
(8,053,840)	(14,775,255)	(1,106,893)	(574,207,348)
9,619,907	14,409,996	1,776,931	473,758,011
185,596	482,680	66,754	3,638,069
180	-	3,398	28,506
(180)	-	(3,398)	(28,506)
1,751,663	117,421	736,792	(96,811,268)
(276,344)	117,421	207,523	(21,710,233)
608,672	84,418	6,809,158	56,277,103
\$ 332,328	\$ 201,839	\$ 7,016,681	\$ 34,566,870
\$ -	\$ -	\$ 5,469,303	\$ 5,469,303
332,328	201,839	1,547,378	29,097,567
\$ 332,328	\$ 201,839	\$ 7,016,681	\$ 34,566,870

** Transfers within the Housing Finance Fund totaling \$9,606,871 are not included in the Statement of Cash Flows on page 18.

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2013

Continued from the previous page

	<i>Single-Family Mortgage Program</i>		Multifamily Housing Revenue Bonds
	Mortgage Revenue Bonds	Housing Revenue Bonds	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (123,673)	\$ (1,367,167)	\$ 1,008,640
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation/Amortization	-	-	-
Amortization of Deferred Bond Issuance Costs	358,320	74,524	113,269
Investment Income Reported as Operating Revenue	460,109	221,405	804,803
Interest Expense Reported as Operating Expense	32,965,809	5,649,008	6,913,571
Bond Call Expenses	(487,734)	(60,651)	-
<i>(Increase)/Decrease in Assets:</i>			
Loan Interest Receivable	905,021	(125,325)	271,079
Accounts Receivable	(1,643)	-	-
Interfund Receivable	-	(197,735)	-
Prepaid Expenses	-	-	-
Loans Receivable (Net)	166,181,462	(34,085,885)	2,685,659
Acquired Property	6,831,012	-	-
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	111,050	10,571	(641)
Interfund Payable	213,880	4,248	3,618
Deferred Income	(14,272)	(669)	-
Compensated Absences Payable	-	-	-
Pension-related Debt Payable	-	-	-
Net OPEB Obligation	-	-	-
Net Cash Provided (Used) in Operating Activities	\$ 207,399,341	\$ (29,877,676)	\$ 11,799,998
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (2,434,788)	\$ (524,021)	\$ (1,297,446)
Foreclosed Property	13,328,720	-	-
Loan Modifications	173,456	2,129	-
Total Noncash Investing, Capital, and Financing Activities	\$ 11,067,388	\$ (521,892)	\$ (1,297,446)

Multiple Purpose Bonds	Combined Program Account	Housing Finance Account	Total
\$ (1,346,620)	\$ (656,423)	\$ (4,110,850)	\$ (6,596,093)
-	-	1,200	1,200
5,189	-	-	551,302
(64,948)	656,423	(26,667)	2,051,125
89,361	-	52,148	45,669,897
8,083	-	-	(540,302)
18,223	-	27,271	1,096,269
-	-	(55,575)	(57,218)
-	-	(11,171)	(208,906) **
-	-	29,236	29,236
2,808,527	-	588,916	138,178,679
-	-	-	6,831,012
482	-	(65,060)	56,402
-	-	(5,425)	216,321 **
-	-	443,010	428,069
-	-	30,547	30,547
-	-	(10,749)	(10,749)
-	-	6,040	6,040
\$ 1,518,297	\$ -	\$ (3,107,129)	\$ 187,732,831
\$ (138,323)	\$ (1,139,101)	\$ (43,812)	\$ (5,577,491)
-	-	-	13,328,720
-	-	-	175,585
\$ (138,323)	\$ (1,139,101)	\$ (43,812)	\$ 7,926,814

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$216,321 are not included in the Statement of Cash Flows on page 19.



Statistical Section

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

Financial Trends

Pages 54-57 contain trend information to help the reader understand how OHCSO's financial performance has changed over time.

Revenue Capacity

Pages 58 and 59 contain information to help the reader assess OHCSO's most significant revenue source, Interest on Loans.

Debt Capacity

Pages 60 and 61 contain information to help the reader assess OHCSO's current levels of outstanding debt and the capacity to issue outstanding debt in the future.

Demographic and Economic Information

Pages 62 and 63 contain demographic, economic, and employment data to help the reader understand the environment OHCSO operates in.

Operating Information

Pages 64-72 contain information to help the reader understand how the information in the financial report relates to the activities of OHCSO.

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
 Assets, Deferred Outflows of Resources, Liabilities, and Net Position
 Enterprise Funds
 Last Ten Fiscal Years

	2013	2012	2011	2010
Assets				
Cash and Cash Equivalents	\$ 5,469,303	\$ 5,746,697	\$ 5,873,763	\$ 4,367,875
Cash and Cash Equivalents - Restricted	61,578,919	78,600,165	54,144,451	91,492,695
Investments - Restricted	359,607,162	266,227,125	320,169,513	352,352,552
Securities Lending Cash Collateral	3,849,298	5,600,831	18,153,910	37,016,172
Accounts Receivable	246,073	183,337	1,404,790	165,054
Accrued Interest Receivable	5,899,925	7,336,307	7,708,720	8,280,181
Interfund Receivable	4,019	11,434	1,252	745
Prepaid Expenses	15,305	44,401	1,900	-
Acquired Property	3,809,023	10,640,035	10,783,923	8,049,817
Deferred Charges	9,019,358	9,522,524	10,526,280	11,128,757
Loans Receivable (Net)	1,079,738,292	1,223,594,532	1,288,879,901	1,327,271,965
Capital Assets (Net)	9,874	11,074	-	2,604
Total Assets	\$ 1,529,246,551	\$ 1,607,518,462	\$ 1,717,648,403	\$ 1,840,128,417
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 27,550,227	\$ 37,196,930	\$ 25,409,179	\$ 31,208,266
Total Deferred Outflows of Resources	\$ 27,550,227	\$ 37,196,930	\$ 25,409,179	\$ 31,208,266
Liabilities				
Accounts Payable	\$ 979,131	\$ 920,629	\$ 757,774	\$ 1,040,636
Accrued Interest Payable	23,731,731	27,843,800	28,943,961	32,391,722
Obligations Under Securities Lending	3,849,298	5,600,831	18,153,910	37,016,172
Interfund Payable	4,019	11,434	1,252	745
Due to Other Governments	-	-	-	-
Matured Bonds and Interest Payable	-	-	-	-
Deferred Income	1,666,618	1,250,739	1,045,713	914,354
Compensated Absences Payable	263,931	208,313	246,027	346,874
Bonds Payable	1,281,246,940	1,349,497,180	1,456,870,106	1,560,048,696
Swap Fair Value Liability	27,550,227	37,196,930	25,409,179	31,208,266
Arbitrage Rebate Liability	366,889	482,076	102,194	85,740
Loans Payable	1,500,000	1,500,000	1,500,000	1,500,000
Pension-related Debt Payable	616,550	-	-	-
Net OPEB Obligation	84,812	75,366	66,597	59,529
Total Liabilities	\$ 1,341,860,146	\$ 1,424,587,298	\$ 1,533,096,713	\$ 1,664,612,734
Net Position				
Invested in Capital Assets	\$ 9,874	\$ 11,074	\$ -	\$ 2,604
Restricted for Residential Assistance	2,272,946	2,581,560	2,219,237	1,835,608
Restricted by Trust Indentures	208,167,826	211,381,841	200,498,355	199,185,070
Unrestricted	4,485,986	6,153,619	7,243,277	5,700,667
Total Net Position	\$ 214,936,632	\$ 220,128,094	\$ 209,960,869	\$ 206,723,949

Unaudited

	2009	2008	2007	2006	2005	2004
\$	5,917,589	\$ 9,535,291	\$ 7,012,746	\$ 4,606,282	\$ 5,386,744	\$ 3,856,659
	93,518,300	58,962,599	70,430,213	69,408,645	72,302,891	73,104,838
	278,734,777	444,075,698	578,490,370	712,791,097	829,746,883	797,367,789
	44,918,260	27,937,118	25,836,141	9,253,194	11,809,193	35,166,002
	21,174	68,910	42,246	65,160	91,840	36,279
	8,573,207	8,535,261	7,332,201	6,717,595	7,663,814	9,792,224
	979	1,975	160,404	790	274	736
	-	-	-	-	-	7,600
	1,660,608	650,178	305,365	370,188	1,274,752	2,010,283
	12,594,903	13,407,623	12,097,666	11,538,403	12,506,193	12,551,858
	1,416,942,114	1,381,957,882	1,159,044,260	1,076,206,182	1,038,932,304	974,766,986
	3,538	4,822	22,101	38,262	58,222	144,792
	<u>\$ 1,862,885,449</u>	<u>\$ 1,945,137,357</u>	<u>\$ 1,860,773,713</u>	<u>\$ 1,890,995,798</u>	<u>\$ 1,979,773,110</u>	<u>\$ 1,908,806,046</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	934,509	\$ 1,250,330	\$ 711,347	\$ 910,893	\$ 809,374	\$ 1,567,117
	35,717,572	34,981,663	30,721,560	30,037,256	34,763,251	32,206,359
	44,918,260	27,937,118	25,836,141	9,253,194	11,809,193	35,166,002
	979	1,975	160,404	790	274	736
	75,000	-	-	-	-	-
	5,145	25,580	114,659	67,269	116,063	157,106
	963,134	884,057	237,243	32,235	22,840	29,948
	394,674	271,419	280,383	234,026	284,300	300,154
	1,583,757,344	1,687,835,004	1,626,193,952	1,686,591,346	1,767,850,894	1,680,431,309
	-	-	-	-	-	-
	1,202,460	3,397,237	2,690,820	823,863	219,184	595,301
	1,500,000	1,500,000	1,500,000	1,500,000	4,421,200	5,716,450
	-	-	-	-	-	-
	50,109	27,521	-	-	-	-
	<u>\$ 1,669,519,186</u>	<u>\$ 1,758,111,904</u>	<u>\$ 1,688,446,509</u>	<u>\$ 1,729,450,872</u>	<u>\$ 1,820,296,573</u>	<u>\$ 1,756,170,482</u>
\$	3,538	\$ 4,822	\$ 22,101	\$ 38,262	\$ 58,222	\$ 144,792
	1,540,902	1,700,405	1,741,444	1,546,849	1,545,107	1,547,749
	185,650,034	176,322,945	161,115,591	154,284,714	152,183,757	147,604,729
	6,171,789	8,997,281	9,448,068	5,675,101	5,689,451	3,338,294
	<u>\$ 193,366,263</u>	<u>\$ 187,025,453</u>	<u>\$ 172,327,204</u>	<u>\$ 161,544,926</u>	<u>\$ 159,476,537</u>	<u>\$ 152,635,564</u>

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

	2013	2012	2011	2010
Operating Revenues				
Interest on Loans	\$ 59,217,071	\$ 68,917,920	\$ 72,357,706	\$ 79,035,078
Investment Income (Loss)	(2,508,456)	13,938,305	3,319,834	11,813,383
Administrative Charges and Fees	969,193	1,095,375	2,968,510	3,606,275
Low Income Housing Tax Credit Fees	2,350,450	1,968,720	2,149,904	1,936,433
Transfer/Commitment Fees	496,361	503,495	728,323	182,855
Gain on Sale of Foreclosed Property	408,021	-	-	66,272
Miscellaneous Revenue	2,474,127	110,579	14,230	17,984
Total Operating Revenues	63,406,767	86,534,394	81,538,507	96,658,280
Operating Expenses				
Personal Services	3,982,480	4,091,672	4,194,543	4,959,949
Services and Supplies	2,139,476	2,753,928	3,600,289	3,663,290
Mortgage Service Fees	3,148,492	3,534,690	3,665,713	3,974,512
Foreclosure Costs	1,728,780	1,427,384	1,902,931	698,808
Interest Expense - Bonds	52,057,391	58,695,970	62,458,803	68,618,190
Interest Expense - Loans	48,750	48,801	48,814	49,624
Interest Expense - Securities Lending	42,107	20,787	79,233	81,219
Interest Expense - Pension-related Debt	40,754	-	-	-
Other Related Program Expenses	3,973,210	2,385,223	1,085,204	209,575
Loss on Sale of Foreclosed Property	-	276,931	259,296	-
Amortization of Deferred Bond Issuance Costs	641,555	752,880	884,674	937,454
Depreciation/Amortization	1,200	934	233	934
Bad Debt Expense	-	2,211,594	(54,028)	(100,788)
Total Operating Expenses	67,804,195	76,200,794	78,125,705	83,092,767
Operating Income (Loss)	(4,397,428)	10,333,600	3,412,802	13,565,513
Nonoperating Revenue/(Expenses)				
Gain/(Loss) on Disposition of Capital Assets	-	-	(2,371)	-
Total Nonoperating Revenue/(Expenses)	-	-	(2,371)	-
Transfers				
Transfers from Other Funds	68,726	117,816	117,816	117,816
Transfers to Other Funds	(68,726)	(117,816)	(117,816)	(117,816)
Transfers to Other State Agencies	(163,735)	(166,375)	(173,511)	(207,827)
Transfers from State General Fund	-	-	-	-
Transfers to State General Fund	-	-	-	-
Total Transfers	(163,735)	(166,375)	(173,511)	(207,827)
Change in Net Position	\$ (4,561,163)	\$ 10,167,225	\$ 3,236,920	\$ 13,357,686

						Unaudited
2009	2008	2007	2006	2005	2004	
\$ 82,876,589	\$ 74,586,167	\$ 67,437,211	\$ 65,082,624	\$ 64,114,118	\$ 65,650,387	
13,333,320	30,603,348	37,368,458	25,652,212	28,621,494	4,819,534	
649,210	1,973,996	1,631,607	1,470,229	1,584,686	2,346,977	
1,381,961	1,807,144	1,426,011	1,312,453	1,179,279	1,122,706	
801,746	1,655,620	1,519,361	1,478,102	1,517,595	1,006,822	
51,044	105,897	80,291	198,983	269,196	337,473	
41,151	6,885	18,741	245,240	56,236	153,059	
99,135,021	110,739,057	109,481,680	95,439,843	97,342,604	75,436,958	
5,127,493	6,056,329	4,950,826	4,845,797	5,102,049	5,360,496	
3,312,232	3,399,918	2,849,585	3,271,671	2,849,854	3,688,026	
4,171,676	3,523,632	2,988,871	2,664,045	2,508,225	2,390,462	
313,141	101,769	63,516	137,702	208,736	327,082	
75,927,690	77,550,847	80,753,939	75,721,114	71,779,520	71,465,838	
57,417	70,431	68,426	173,520	226,258	174,574	
838,652	1,424,138	1,426,417	570,599	454,241	421,428	
-	-	-	-	-	-	
1,150,806	7,726,515	4,770,778	4,879,984	5,992,723	3,739,067	
-	-	-	-	-	-	
905,772	894,984	874,064	1,129,185	1,390,976	1,476,403	
1,284	17,279	25,497	62,460	86,570	122,702	
193,911	(77,802)	(72,517)	(84,623)	(97,521)	137,582	
92,000,074	100,688,040	98,699,402	93,371,454	90,501,631	89,303,660	
7,134,947	10,051,017	10,782,278	2,068,389	6,840,973	(13,866,702)	
-	-	-	-	-	-	
-	-	-	-	-	-	
117,816	117,816	117,816	117,816	10,408,430	207,194	
(117,816)	(117,816)	(117,816)	(117,816)	(10,408,430)	(207,194)	
(204,782)	-	-	-	-	-	
-	4,647,232	-	-	-	-	
(589,355)	-	-	-	-	-	
(794,137)	4,647,232	-	-	-	-	
\$ 6,340,810	\$ 14,698,249	\$ 10,782,278	\$ 2,068,389	\$ 6,840,973	\$ (13,866,702)	

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

Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Overall Weighted Average Interest Rate	3.24%	3.97%	4.65%	4.50%	5.49%	5.65%	5.70%	5.26%	5.15%	5.22%
Elderly and Disabled Housing Program	-	-	5.97%	-	5.97%	5.97%	-	6.53%	6.00%	6.70%
Mortgage Revenue Bonds	0.45%	0.60%	0.91%	4.50%	5.44%	5.65%	5.70%	5.24%	5.09%	4.85%
Housing Revenue Bonds	3.63%	3.95%	4.46%	-	-	-	-	-	-	-
Multifamily Housing Revenue Bonds	-	6.25%	-	-	5.90%	5.90%	5.90%	5.90%	6.22%	6.31%
Combined Program Account	-	-	-	-	-	-	-	6.40%	-	-
Housing Finance Account	-	-	-	-	-	-	-	1.00%	-	-
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 2013			Fiscal Year 2004		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Emerald Pointe	1	\$ 1,160,308	1.88%			
Woodridge Apartments	2	960,519	1.56%			
Westridge Meadows Apartments	3	910,517	1.48%	1	\$ 918,431	1.40%
Willamette Gardens Apartments	4	826,715	1.34%			
Troutdale Terrace	5	785,596	1.28%	2	859,312	1.31%
Beaver State Apartments	6	573,865	0.93%			
Lake Crest Apartments	7	544,428	0.88%	3	611,646	0.93%
Cascadia Village Retirement Center	8	382,422	0.62%	9	447,086	0.68%
Gateway Park Apartments	9	362,914	0.59%	10	444,757	0.68%
The Hazelwood Apartments	10	350,702	0.57%	5	525,952	0.80%
Park Tower Apartments				4	582,831	0.89%
Fifth Avenue Court Apartments				6	483,952	0.74%
Buckman Heights Apartments				7	471,558	0.72%
Fountain Plaza				8	454,704	0.69%
Total		\$ 6,857,986	11.13%		\$ 5,800,229	8.84%

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⁾
2013	\$ 119,985,000	\$ 1,156,130,000	\$ 1,500,000	\$ 1,277,615,000	0.84%	\$ 328
2012	124,985,000	1,218,500,000	1,500,000	1,344,985,000	0.92%	347
2011	146,945,000	1,303,345,000	1,500,000	1,451,790,000	1.05%	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	1.14%	418
2008	190,315,000	1,485,191,011	1,500,000	1,677,006,011	1.26%	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	1.57%	495
2004	251,170,000	1,426,629,827	5,716,450	1,683,516,277	1.57%	475

⁽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 60.

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				
2013	\$ 2,107,955,009	\$ 119,985,000	\$ 1,987,970,009	5.69%
2012	2,172,146,238	124,985,000	2,047,161,238	5.75%
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%
Revenue Bonds				
2013	\$ 2,500,000,000	\$ 1,156,130,000	\$ 1,343,870,000	46.25%
2012	2,500,000,000	1,218,500,000	1,281,500,000	48.74%
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%

Legal Debt Margin for Fiscal Year 2013

General Obligation Bonds

True cash value of all taxable property in the state	\$ 421,591,001,829
Debt Limit (0.5% of true cash value)	2,107,955,009
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(119,985,000)
Legal Debt Margin	<u>\$ 1,987,970,009</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⁾
2012	3,899,353	\$ 152,721,624	\$ 39,166	8.7%
2011	3,871,859	146,001,498	37,744	9.6%
2010	3,838,332	137,671,666	35,869	10.7%
2009	3,808,600	135,667,041	35,621	11.1%
2008	3,768,748	138,582,602	36,772	6.5%
2007	3,722,417	133,245,788	35,796	5.2%
2006	3,670,883	127,173,356	34,644	5.3%
2005	3,613,202	117,579,338	32,542	6.2%
2004	3,569,463	112,783,369	31,597	7.3%
2003	3,547,376	106,932,078	30,144	8.1%

⁽¹⁾ Source: U.S. Department of Commerce Bureau of Economic Analysis (SA1 - 3) - www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdn=4

⁽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 2012		Calendar Year 2003		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	259,115	11.60%	216,904	10.40%	19.46%
Retail Trade	233,898	10.47%	231,782	11.12%	0.91%
Manufacturing	186,301	8.34%	205,301	9.85%	-9.25%
Accommodation and Food Services	163,068	7.30%	143,280	6.87%	13.81%
Professional, Scientific, and Technical Services	138,882	6.21%	111,927	5.37%	24.08%
Administrative and Support Services	112,771	5.05%	104,517	5.01%	7.90%
Construction	102,917	4.61%	114,114	5.47%	-9.81%
Real Estate and Rental and Leasing	102,272	4.58%	77,785	3.73%	31.48%
Finance and Insurance	96,808	4.33%	82,259	3.95%	17.69%
Wholesale Trade	83,925	3.76%	81,076	3.89%	3.51%
Farm Employment	65,613	2.94%	68,141	3.27%	-3.71%
Transportation and Warehousing	64,148	2.87%	62,323	2.99%	2.93%
Arts, Entertainment, and Recreation	54,549	2.44%	43,635	2.09%	25.01%
Educational Services	54,267	2.43%	41,022	1.97%	32.29%
Information	41,379	1.85%	39,591	1.90%	4.52%
Management of Companies and Enterprises	31,604	1.40%	26,068	1.25%	21.24%
Forestry, Fishing, and Related Activities	28,812	1.29%	29,144	1.40%	-1.14%
Waste Management and Remediation Services	5,594	0.25%	5,029	0.24%	11.23%
Utilities	4,809	0.21%	5,368	0.26%	-10.41%
Mining	4,651	0.21%	3,455	0.17%	34.62%
Other Services	119,374	5.34%	113,377	5.44%	5.29%
Federal Government (Civilian)	28,141	1.26%	30,771	1.48%	-8.55%
Military	12,246	0.55%	13,403	0.64%	-8.63%
State Government	62,005	2.77%	63,464	3.04%	-2.30%
Local Government	177,354	7.94%	171,002	8.20%	3.71%
Total Employment	2,234,503	100.00%	2,084,738	100.00%	7.18%

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: U.S. Department of Commerce Bureau of Economic Analysis (SA25N) - www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdn=4

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Number of Employees

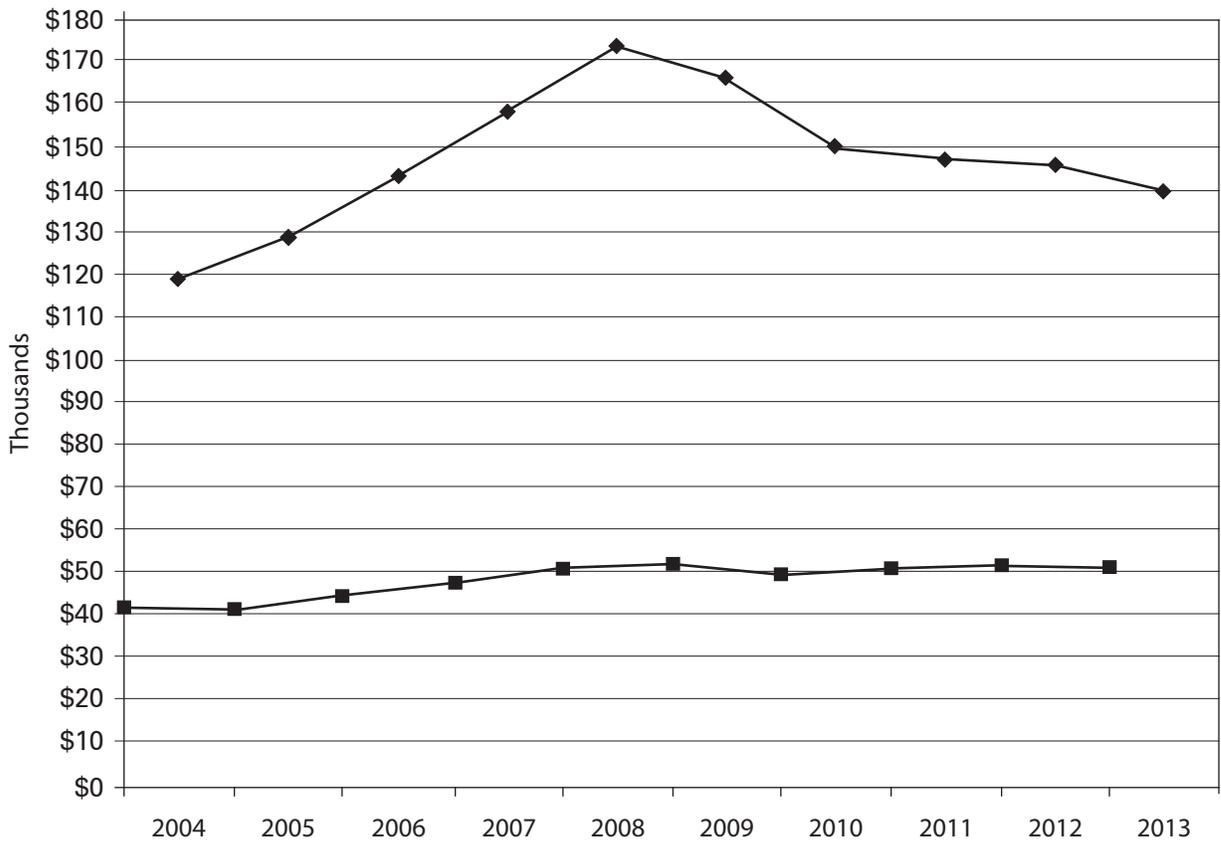
Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Director's Office	5.0	6.0	8.0	9.0	9.0	10.0	9.0	9.0	15.6	14.0
Policy, Strategy, & Community Engagement Division	13.0	15.0	-	-	-	-	-	-	-	-
Business Operations Division	50.0	46.8	-	-	-	-	-	-	-	-
Program Delivery Division	79.5	84.5	-	-	-	-	-	-	-	-
Community Resources Division	-	-	33.0	29.0	23.0	20.2	21.5	24.0	28.0	29.1
Housing Division	-	-	31.0	31.5	26.7	28.7	28.9	23.9	24.1	24.5
Asset & Property Management Division	-	-	30.0	32.0	31.0	31.0	28.0	29.5	29.5	29.5
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
Information Services Division	-	-	15.0	11.9	12.8	13.3	18.0	17.9	19.6	18.5
Human Resources	-	-	3.0	3.0	2.0	4.0	2.0	4.0	3.5	3.5
Total	147.5	152.3	163.8	140.4	126.0	125.2	125.9	132.1	143.1	141.1

OHCSD's divisions were reorganized in 2012

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



◆ Average Mortgage Loan Amount ■ Median Household Income

Fiscal Year	Average Loan Amount	Calendar Year	Median Household Income in the State of Oregon ⁽¹⁾
2013	\$ 139,380	2012	\$ 51,775
2012	145,888	2011	51,526
2011	146,924	2010	50,602
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

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

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

	2013	2012	2011	2010	2009
Elderly and Disabled Housing Program:					
Original Loan Amount	\$ -	\$ -	\$ 19,782,736	\$ -	\$ 2,898,340
Average Loan Amount	-	-	19,782,736	-	579,668
Number of New Loans	-	-	1	-	5
Number of Units	-	-	144	-	83
Single-Family Mortgage Program:					
Original Loan Amount	\$ 50,176,880	\$ 75,861,516	\$ 56,271,932	\$ 25,660,493	\$ 138,570,444
Average Loan Amount	139,380	145,888	146,924	150,061	165,754
Number of New Loans	360	520	383	171	836
Multifamily Housing Revenue Bonds:					
Original Loan Amount	\$ -	\$ 9,224,000	\$ -	\$ -	\$ 14,500,000
Average Loan Amount	-	9,224,000	-	-	14,500,000
Number of New Loans	-	1	-	-	1
Number of Units	-	239	-	-	240
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

2008	2007	2006	2005	2004
\$ 651,100	\$ -	\$ 974,300	\$ 670,695	\$ 3,305,750
651,100	-	324,767	670,695	826,438
1	-	3	1	4
15	-	28	15	130
\$ 321,315,907	\$ 189,306,233	\$ 164,755,476	\$ 186,092,283	\$ 124,615,859
173,684	158,415	143,390	128,606	118,569
1,850	1,195	1,149	1,447	1,051
\$ 3,425,000	\$ 4,525,000	\$ 900,000	\$ 10,460,000	\$ 38,225,000
3,425,000	4,525,000	900,000	5,230,000	12,741,667
1	1	1	2	3
64	97	24	241	636
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ 1,695,000	\$ -	\$ -
-	-	847,500	-	-
-	-	2	-	-
-	-	60	-	-
\$ -	\$ -	\$ 101,382	\$ -	\$ -
-	-	101,382	-	-
-	-	1	-	-

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Loans Outstanding - By Interest Rate
Enterprise Funds
Current Year and Nine Years Ago

Unaudited

Interest Rate	Fiscal Year 2013				Fiscal Year 2004			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 4.99%	2,883	40.67%	\$ 357,659,983	33.08%	1,273	16.99%	\$ 161,099,254	16.50%
5.00 - 5.99%	2,862	40.39%	456,501,418	42.21%	2,603	34.75%	250,538,426	25.67%
6.00 - 6.99%	882	12.44%	187,311,296	17.32%	1,775	23.70%	269,207,092	27.57%
7.00 - 7.99%	324	4.57%	59,340,468	5.49%	1,407	18.78%	191,680,457	19.63%
8.00 - 8.99%	124	1.75%	12,397,394	1.15%	301	4.02%	63,869,231	6.54%
9.00 - 9.99%	12	0.17%	8,099,228	0.75%	84	1.12%	13,377,607	1.37%
10.00% or More	1	0.01%	7,161	0.00%	48	0.64%	26,567,183	2.72%
Total	7,088	100.00%	\$ 1,081,316,948	100.00%	7,491	100.00%	\$ 976,339,250	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 2013				Fiscal Year 2004			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
Single-Family Loans ⁽²⁾								
\$ 0 - \$ 200	49	0.73%	\$ 1,289,462	0.17%	174	2.53%	\$ 2,530,071	0.43%
\$ 201 - \$ 400	575	8.59%	24,407,749	3.13%	1,263	18.34%	50,734,208	8.68%
\$ 401 - \$ 600	1,752	26.16%	136,528,846	17.49%	2,794	40.57%	215,962,271	36.93%
\$ 601 - \$ 800	1,948	29.09%	222,195,380	28.47%	2,090	30.35%	234,560,489	40.11%
\$ 801 - \$ 1,000	1,280	19.11%	186,466,263	23.89%	548	7.96%	78,149,556	13.37%
\$ 1,001 - \$ 1,200	703	10.50%	125,481,381	16.08%	17	0.25%	2,793,848	0.48%
\$ 1,201 - \$ 1,400	299	4.46%	61,752,977	7.91%	-	-	-	-
\$ 1,401 - \$ 1,600	70	1.05%	16,707,063	2.14%	-	-	-	-
\$ 1,601 - \$ 1,800	18	0.27%	4,792,107	0.61%	-	-	-	-
\$ 1,801 - \$ 2,000	3	0.04%	864,545	0.11%	-	-	-	-
Total	6,697	100.00%	780,485,773	100.00%	6,886	100.00%	584,730,443	100.00%
Multi-Family Loans ⁽³⁾								
\$ 0 - \$ 1,000	227	58.06%	8,056,911	2.68%	260	42.98%	14,063,918	3.59%
\$ 1,001 - \$ 5,000	54	13.81%	16,762,455	5.57%	157	25.95%	29,823,794	7.62%
\$ 5,001 - \$10,000	27	6.91%	23,776,647	7.90%	61	10.08%	38,283,793	9.77%
\$10,001 - \$15,000	24	6.14%	31,899,149	10.60%	38	6.28%	52,966,581	13.53%
\$15,001 - \$20,000	19	4.86%	35,349,067	11.75%	23	3.80%	47,772,932	12.20%
\$20,001 - \$25,000	13	3.32%	34,954,019	11.62%	21	3.47%	55,427,639	14.15%
\$25,001 - \$30,000	6	1.53%	21,564,959	7.17%	9	1.49%	32,616,462	8.33%
\$30,001 or more	14	3.58%	125,951,218	41.87%	17	2.81%	114,725,238	29.30%
Due at Maturity	7	1.79%	2,516,750	0.84%	19	3.14%	5,928,450	1.51%
Total	391	100.00%	300,831,175	100.00%	605	100.00%	391,608,807	100.00%
Grand Total	7,088		\$1,081,316,948		7,491		\$ 976,339,250	

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

⁽²⁾ Housing Finance Revenue Bonds (FY 2004), Mortgage Revenue Bond Loans, and Housing Revenue Bonds (FY 2013)

⁽³⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, Multiple Purpose Bond (FY 2013), Assisted or Insured Multi-Unit Program (FY 2004), and Housing Finance Account Loans

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Loans Outstanding - By County
Enterprise Funds
June 30, 2013

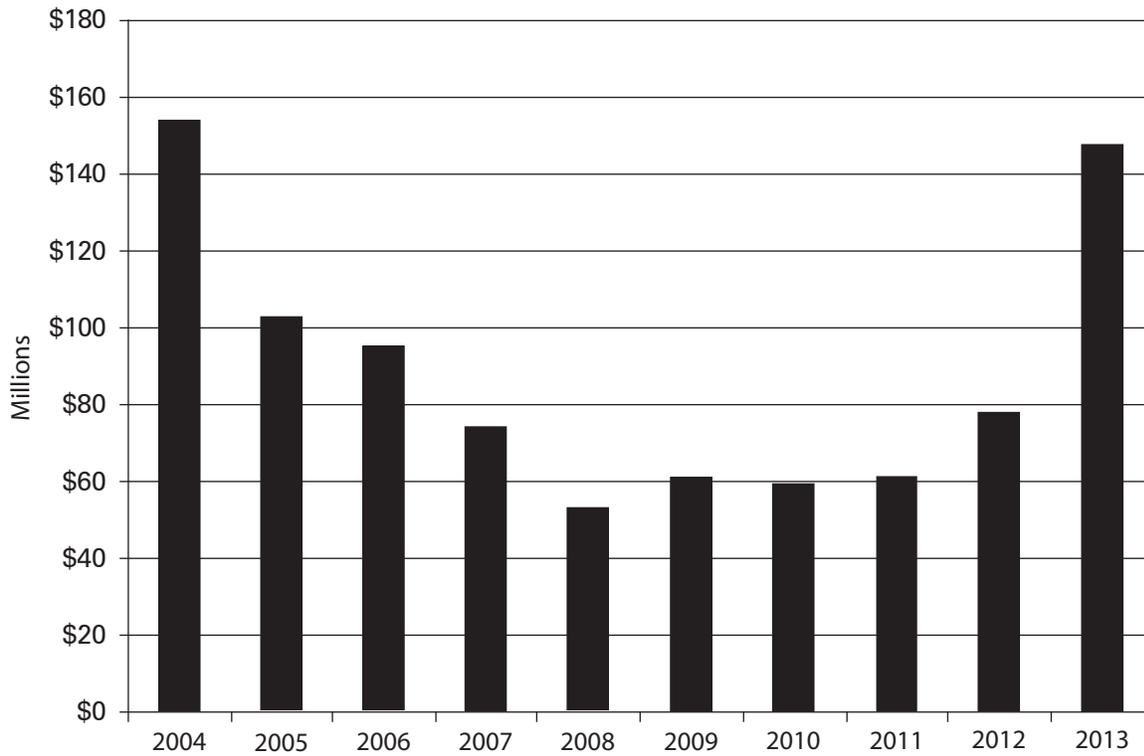
County	Elderly and Disabled Housing Program		Single-Family Mortgage Program		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 172,783	33	\$ 2,226,943	-	\$ -
Benton	8	2,269,591	97	11,644,381	1	1,106,658
Clackamas	25	13,772,128	346	50,326,238	5	22,420,709
Clatsop	5	1,057,665	15	1,437,864	-	-
Columbia	7	989,859	62	7,382,049	1	1,821,685
Coos	6	2,489,739	128	12,579,020	-	-
Crook	1	1,129,424	39	4,288,090	-	-
Curry	2	62,968	8	1,088,869	-	-
Deschutes	4	3,040,497	296	37,168,321	2	6,403,953
Douglas	9	7,287,500	104	10,869,127	2	3,391,324
Gilliam	2	626,179	1	31,907	-	-
Grant	2	64,901	5	319,973	-	-
Harney	2	1,727,545	22	1,345,826	-	-
Hood River	2	1,250,400	9	1,196,678	-	-
Jackson	11	6,080,228	320	40,246,077	2	3,786,548
Jefferson	2	230,362	44	4,417,023	-	-
Josephine	4	2,080,548	217	29,290,964	-	-
Klamath	2	49,876	319	30,343,624	-	-
Lake	1	83,686	31	2,922,334	-	-
Lane	24	9,551,742	490	50,942,559	2	15,789,563
Lincoln	9	7,221,059	58	5,439,683	-	-
Linn	12	4,396,292	169	17,124,966	-	-
Malheur	2	32,616	67	4,585,330	-	-
Marion	60	32,861,762	753	78,670,931	2	1,375,025
Morrow	-	-	49	2,939,457	-	-
Multnomah	59	19,928,886	1,860	237,545,840	13	51,179,366
Polk	13	5,360,498	90	9,981,485	-	-
Sherman	1	185,655	-	-	-	-
Tillamook	3	2,584,643	12	1,199,133	-	-
Umatilla	9	3,022,950	267	18,534,606	-	-
Union	3	669,732	80	5,840,182	3	2,701,319
Wallowa	1	1,085,707	9	605,068	1	9,152,002
Wasco	1	33,077	10	1,201,834	-	-
Washington	23	5,113,245	541	78,870,794	4	32,864,597
Wheeler	1	276,399	-	-	-	-
Yamhill	12	7,810,199	146	17,878,597	-	-
Total	329	\$ 144,600,341	6,697	\$ 780,485,773	38	\$ 151,992,749

Allowances are 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
-	\$ -	-	\$ -	34	\$ 2,399,726
-	-	-	-	106	15,020,630
1	15,814	1	11,247	378	86,546,136
-	-	1	289,750	21	2,785,279
1	506,037	-	-	71	10,699,630
-	-	-	-	134	15,068,759
-	-	-	-	40	5,417,514
-	-	-	-	10	1,151,837
-	-	1	50,000	303	46,662,771
-	-	-	-	115	21,547,951
-	-	-	-	3	658,086
2	380,575	-	-	9	765,449
-	-	-	-	24	3,073,371
-	-	-	-	11	2,447,078
-	-	-	-	333	50,112,853
1	35,955	-	-	47	4,683,340
-	-	-	-	221	31,371,512
-	-	-	-	321	30,393,500
-	-	-	-	32	3,006,020
1	40,581	2	1,484,000	519	77,808,445
-	-	-	-	67	12,660,742
1	32,391	-	-	182	21,553,649
2	35,069	-	-	71	4,653,015
-	-	1	40,000	816	112,947,718
-	-	-	-	49	2,939,457
-	-	1	382,000	1,933	309,036,092
1	238,695	2	321,108	106	15,901,786
-	-	-	-	1	185,655
-	-	-	-	15	3,783,776
-	-	-	-	276	21,557,556
1	4,139	-	-	87	9,215,372
-	-	-	-	11	10,842,777
-	-	2	251,292	13	1,486,203
-	-	2	119,432	570	116,968,068
-	-	-	-	1	276,399
-	-	-	-	158	25,688,796
11	\$ 1,289,256	13	\$ 2,948,829	7,088	\$1,081,316,948

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

Unaudited



<u>Fiscal Year</u>	<u>Prepaid Principal</u>
2013	\$ 147,566,970
2012	77,679,998
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

Other Reports



**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***

Independent Auditor's Report

The Honorable John Kitzhaber
Governor of Oregon

Margaret S. Van Vliet, Director
Oregon Housing and Community Services

We have audited, in accordance with the 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, the 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, 2013, and the related notes to the financial statements, which collectively comprise the Department's enterprise fund financial statements, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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 a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

OREGON AUDITS DIVISION



Kate Brown
Secretary of State

December 2, 2013