

Annual Financial Report

Enterprise Funds of the State of Oregon

Housing and Community Services Department

For the Year Ended June 30, 2019

Margaret Salazar
Director

Caleb Yant
Chief Financial Officer

Prepared by:
Roger Schmidt
Amy Mettler, CPA
Roseanne Ward



Table of Contents

Financial Section

Independent Auditor's Report	2
Management's Discussion and Analysis	6
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Fund Net Position	12
Statement of Cash Flows	14
Notes to the Financial Statements	16
Supplementary Information:	
Combining Schedules - Housing Finance Fund:	
Combining Statement of Net Position - Housing Finance Fund	38
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Housing Finance Fund	42
Combining Statement of Cash Flows - Housing Finance Fund	44

Statistical Section

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position	50
Revenues, Expenses, and Changes in Net Position	54
Cash Flows	56
Weighted Average Interest Rate - New Mortgage Loans	58
Principal Program Loan Interest Payers	59
Ratio of Outstanding Debt	60
Legal Debt Margin Information	61
Demographic and Economic Data - State of Oregon	62
Employment Data - State of Oregon	63
Loans Outstanding - By Interest Rate	64
Loans Outstanding - By Monthly Payment Amount	65
Loans Outstanding - By County	66
New Mortgage Loans - Single-Family Mortgage Program	68
Average New Mortgage Loan Amount Versus Median Household Income - Single-Family Mortgage Program	69
Mortgage Loans Paid Off - Single-Family Mortgage Program	70
Number of Employees	71

Other Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	74
---	----

Financial Section



Independent Auditor's Report

The Honorable Kate Brown, Governor of Oregon
Margaret Salazar, Director, Oregon Housing and Community Services Department

Report on the Financial Statements

We have audited the accompanying financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (Department), as of and for the year ended June 30, 2019, and the related notes to the 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Elderly and Disabled Housing Fund and the Housing Finance Fund, enterprise funds of the State of Oregon, Oregon Housing and Community Services Department, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the enterprise funds of the Department and do not purport to, and do not, present fairly the financial position of the Department or the State of Oregon as of June 30, 2019, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance 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 on pages 6 to 9 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 Elderly and Disabled Housing Fund and Housing Finance Fund financial statements. The combining financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial 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 financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's 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.

Office of the Secretary of State, Audits Division

State of Oregon
October 30, 2019

[THIS PAGE INTENTIONALLY LEFT BLANK]

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Management's Discussion and Analysis

This section of the Oregon Housing and Community Services Department's (OHCS) Annual Financial Report presents our discussion and analysis of financial performance for the Proprietary Funds during the fiscal year ended June 30, 2019. The selected financial data presented was derived primarily from the financial statements of OHCS, which have been audited by the Oregon Secretary of State Audits Division.

Financial Highlights

- Loans purchased or financed totaled \$233.3 million for the fiscal year, up \$77.1 million from fiscal year 2018.
- Outstanding bond debt of \$1.05 billion on June 30, 2019 was \$110.3 million more than the amount outstanding on June 30, 2018. Debt issuance for the fiscal year totaled \$211.3 million (par value).
- Net position increased \$9.6 million, to \$236.9 million as of June 30, 2019. This represents an increase of 4.21%.
- Operating revenue was \$13.2 million higher in fiscal year 2019 than in fiscal year 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to OHCS's basic financial statements. The basic financial statements include proprietary fund financial statements and notes to the financial statements. OHCS'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 does have governmental funds that are included in the State of Oregon Comprehensive Annual Financial Report located at www.oregon.gov/das/Financial/Acctng/Pages/Pub.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 on June 30, 2019 were \$1.33 billion, up \$128.4 million from June 30, 2018. The change in assets and deferred outflows of resources consists primarily of a \$120.4 million increase in loans receivable, a \$33.1 million increase in investments, and a \$29.0 million decrease in accounts receivable.

Total liabilities and deferred inflows of resources increased by \$118.8 million to \$1.09 billion on June 30, 2019. This included an increase of \$110.3 million in bonds payable, an increase of \$5.1 million in swap fair value liability, and an increase of \$3.1 million in accrued interest payable.

OHCSO'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

	<u>Business-Type Activities</u>		<u>Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2018</u>		
Assets				
Current and Other Assets	\$ 1,317,829,765	\$ 1,194,249,086	\$ 123,580,679	10.35%
Capital Assets	43,223	51,674	(8,451)	-16.35%
Total Assets	<u>\$ 1,317,872,988</u>	<u>\$ 1,194,300,760</u>	<u>\$ 123,572,228</u>	10.35%
Deferred Outflows of Resources	<u>\$ 8,084,800</u>	<u>\$ 3,290,511</u>	<u>\$ 4,794,289</u>	145.70%
Liabilities				
Long-Term Liabilities	\$ 1,022,259,166	\$ 912,404,296	\$ 109,854,870	12.04%
Other Liabilities	62,051,758	52,099,017	9,952,741	19.10%
Total Liabilities	<u>\$ 1,084,310,924</u>	<u>\$ 964,503,313</u>	<u>\$ 119,807,611</u>	12.42%
Deferred Inflows of Resources	<u>\$ 4,790,854</u>	<u>\$ 5,811,202</u>	<u>\$ (1,020,348)</u>	-17.56%
Net Position				
Net Investment in Capital Assets	\$ 43,223	\$ 51,674	\$ (8,451)	-16.35%
Restricted for Residential Assistance	2,058,567	2,089,298	(30,731)	-1.47%
Restricted for Other Postemployment Benefits	31,100	11,451	19,649	171.59%
Restricted by Trust Indentures	220,241,383	212,669,994	7,571,389	3.56%
Unrestricted	14,481,737	12,454,339	2,027,398	16.28%
Total Net Position	<u>\$ 236,856,010</u>	<u>\$ 227,276,756</u>	<u>\$ 9,579,254</u>	4.21%

Cash and Cash Equivalents

Total cash and cash equivalents increased by \$0.2 million, or 0.3%, from June 30, 2018 to June 30, 2019.

Loans Receivable

Total mortgages and other loans receivable increased by \$120.4 million in fiscal year 2019. This increase included the following:

- Loans purchased or financed in fiscal year 2019 totaled \$233.3 million, \$77.1 million more than fiscal year 2018. All of the increase was from Single-family mortgage loan purchases.
- Scheduled mortgage and other loan repayments totaled \$30.8 million for fiscal year 2019.
- Prepayments on mortgage loans decreased in fiscal year 2019 by \$14.2 million. Prepayments for the fiscal year totaled \$82.0 million.
- Properties acquired during the fiscal year totaled \$0.6 million, a decrease of \$1.1 million over the previous fiscal year.

Bonds Payable

Bonds Payable increased by \$110.3 million from June 30, 2018 to June 30, 2019. OHCSO issued \$211.3 million (par value) in revenue bonds and bond redemptions totaled \$103.6 million (par value). The remainder of the change is from discount and premium transactions.

Net Position

Net position increased during fiscal year 2019 by 4.21%, or \$9.6 million. Of OHCS D's \$236.9 million in net position, 93.9% is restricted to bond indentures or other financial commitments. The remaining 6.1% is unrestricted and available to pay for current agency operations. Each fiscal year, OHCS D applies the required bond indenture restrictions to assess the allowable amount that can be released for the purpose of paying for agency operations. Once these funds are officially transferred from the bond indentures, they are classified as unrestricted, but until that point in time, they are considered a pledge to the bondholders and are appropriately classified as restricted.

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

Proprietary Funds Statement of Operating Activity

	<u>Business-Type Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Operating Revenues				
Interest on Loans	\$ 40,504,975	\$ 36,644,795	\$ 3,860,180	10.53%
Investment Income	11,846,649	3,650,448	8,196,201	224.53%
Administrative Charges and Fees	4,358,237	3,295,836	1,062,401	32.23%
Low Income Housing Tax Credit Fees	3,364,208	2,924,199	440,009	15.05%
Gain on Sale of Foreclosed Property	45,379	146,174	(100,795)	-68.96%
Gain (Loss) on Debt Extinguishment	984,697	1,129,267	(144,570)	-12.80%
Miscellaneous Revenue	6,938	93,062	(86,124)	-92.54%
Total Operating Revenues	<u>61,111,083</u>	<u>47,883,781</u>	<u>13,227,302</u>	<u>27.62%</u>
Operating Expenses				
Personal Services	5,712,702	5,206,618	506,084	9.72%
Services and Supplies	2,886,332	3,084,561	(198,229)	-6.43%
Mortgage Service Fees	2,931,395	2,394,668	536,727	22.41%
Foreclosure Costs	215,168	438,500	(223,332)	-50.93%
Interest Expense - Bonds	31,556,074	27,235,723	4,320,351	15.86%
Interest Expense - Securities Lending	95,991	21,699	74,292	342.38%
Other Related Program Expenses	7,832,586	5,778,673	2,053,913	35.54%
Depreciation/Amortization	8,451	8,452	(1)	-0.01%
Total Operating Expenses	<u>51,238,699</u>	<u>44,168,894</u>	<u>7,069,805</u>	<u>16.01%</u>
Operating Income	<u>9,872,384</u>	<u>3,714,887</u>	<u>6,157,497</u>	<u>165.75%</u>
Nonoperating Revenue/(Expenses)				
Interest Expense - Pension-related Debt	(31,857)	(32,996)	1,139	-3.45%
Total Nonoperating Revenue/(Expenses)	<u>(31,857)</u>	<u>(32,996)</u>	<u>1,139</u>	<u>-3.45%</u>
Income Before Transfers	<u>9,840,527</u>	<u>3,681,891</u>	<u>6,158,636</u>	<u>167.27%</u>
Transfer to Other State Agencies	(261,273)	(184,404)	(76,869)	-41.69%
Increase in Net Position	<u>9,579,254</u>	<u>3,497,487</u>	<u>6,081,767</u>	<u>173.89%</u>
Net Position - Beginning	<u>227,276,756</u>	<u>223,857,976</u>	<u>3,418,780</u>	<u>1.53%</u>
Change in Accounting Principle	-	(78,707)	78,707	100.00%
Net Position - Beginning (Restated)	<u>227,276,756</u>	<u>223,779,269</u>	<u>3,497,487</u>	<u>1.56%</u>
Net Position - Ending	<u>\$ 236,856,010</u>	<u>\$ 227,276,756</u>	<u>\$ 9,579,254</u>	<u>4.21%</u>

OHCS D's proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2019, revenue generated through proprietary funds totaled \$61.1 million, of which \$52.4 million, or 85.7%, 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 lending programs. The total expenses for proprietary fund activities totaled \$51.2 million, of which \$31.6 million, or 61.6%, is bond interest expense.

The change in net position for the year ended June 30, 2019 resulted in an increase of \$9.6 million compared to a \$3.4 million increase for the year ended June 30, 2018. Factors contributing to this change include:

- In fiscal year 2019, investment income was \$8.2 million more than in fiscal year 2018. Change in fair value of investments was \$5.9 million higher in fiscal year 2019 than in fiscal year 2018.
- Interest on loans for fiscal year 2019 was \$3.9 million more than fiscal year 2018. An increase in the total number of loans contributed to the increase in interest received.
- Interest expense on bonds was \$4.3 million higher than fiscal year 2018. Most of the increase was from the interest on Mortgage Revenue bonds issued in fiscal year 2018 and in fiscal year 2019.

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, 2019, OHCS D was authorized to issue up to \$3,384,375,594 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2019, OHCS D had a total of \$1,035,075,000 (par value) in outstanding bond debt. During fiscal year 2019, \$211,305,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program compared to \$274,030,000 in fiscal year 2018. No Multifamily Housing Revenue Bonds were issued in fiscal year 2019 or fiscal year 2018.

In addition, OHCS D issued \$261,355,571 (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 Statement of Net Position.

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

Additional information on the Oregon Housing and Community Services Department's long-term debt can be found in the Notes to the Financial Statements (Note 8).

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Net Position
Proprietary Funds
June 30, 2019

	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	\$ 752,419	\$ 11,878,143	\$ 12,630,562
Cash and Cash Equivalents - Restricted	2,984,086	2,369,391	5,353,477
Investments - Restricted	-	69,952,864	69,952,864
Securities Lending Cash Collateral	1,349,288	752,568	2,101,856
Accounts Receivable	198	139,734	139,932
Accrued Interest Receivable	265,841	3,867,751	4,133,592
Interfund Receivable	-	81,079	81,079
Due from Governmental Funds	-	114,050	114,050
Prepaid Expenses	-	4,563	4,563
Loans Receivable	4,554,086	24,390,224	28,944,310
Acquired Property	-	1,016,875	1,016,875
Total Current Assets	9,905,918	114,567,242	124,473,160
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	38,797,368	21,220,094	60,017,462
Investments - Restricted	1,704,373	205,940,566	207,644,939
Loans Receivable	62,205,146	863,457,958	925,663,104
Net Other Postemployment Benefits Asset	7,923	23,177	31,100
Capital Assets (Net)	6,158	37,065	43,223
Total Noncurrent Assets	102,720,968	1,090,678,860	1,193,399,828
Total Assets	112,626,886	1,205,246,102	1,317,872,988
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	5,221,906	5,221,906
Loss on Debt Refundings	3,015	1,432,958	1,435,973
Related to Pensions	345,981	1,040,079	1,386,060
Related to Other Postemployment Benefits	9,717	31,144	40,861
Total Deferred Outflows of Resources	358,713	7,726,087	8,084,800
Total Assets and Deferred Outflows of Resources	\$ 112,985,599	\$ 1,212,972,189	\$ 1,325,957,788

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

Continued on the next page

Continued from the previous page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 14,226	\$ 1,277,877	\$ 1,292,103
Accrued Interest Payable	617,253	16,123,798	16,741,051
Obligations Under Securities Lending	1,349,288	752,568	2,101,856
Interfund Payable	81,079	-	81,079
Due to Governmental Funds	16,566	47,988	64,554
Unearned Revenue	1,590	876,606	878,196
Compensated Absences Payable	43,035	147,718	190,753
Bonds Payable	1,535,000	39,125,000	40,660,000
Pension-related Debt Payable	9,201	32,965	42,166
Total Current Liabilities	3,667,238	58,384,520	62,051,758
Noncurrent Liabilities			
Compensated Absences Payable	22,170	76,097	98,267
Bonds Payable	28,858,643	984,261,833	1,013,120,476
Swap Fair Value Liability	-	5,221,906	5,221,906
Pension-related Debt Payable	92,042	329,785	421,827
Net Pension Liability	810,308	2,370,275	3,180,583
Net Other Postemployment Benefits Liability	8,414	25,259	33,673
Total Other Postemployment Benefits Liability	46,478	135,956	182,434
Total Noncurrent Liabilities	29,838,055	992,421,111	1,022,259,166
Total Liabilities	33,505,293	1,050,805,631	1,084,310,924
Deferred Inflows of Resources			
Deferred Loan Origination Fees	499,434	4,097,880	4,597,314
Related to Pensions	45,544	133,223	178,767
Related to Other Postemployment Benefits	3,764	11,009	14,773
Total Deferred Inflows of Resources	548,742	4,242,112	4,790,854
Net Position			
Net Investment in Capital Assets	6,158	37,065	43,223
Restricted for Residential Assistance	-	2,058,567	2,058,567
Restricted for Other Postemployment Benefits	7,923	23,177	31,100
Restricted by Trust Indentures	73,047,874	147,193,509	220,241,383
Unrestricted	5,869,609	8,612,128	14,481,737
Total Net Position	78,931,564	157,924,446	236,856,010
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 112,985,599	\$ 1,212,972,189	\$ 1,325,957,788

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 3,708,869	\$ 36,796,106	\$ 40,504,975
Investment Income	1,240,336	10,606,313	11,846,649
Administrative Charges and Fees	111,481	4,246,756	4,358,237
Low Income Housing Tax Credit Fees	-	3,364,208	3,364,208
Gain on Sale of Foreclosed Property	-	45,379	45,379
Gain (Loss) on Debt Extinguishment	(7,139)	991,836	984,697
Miscellaneous Revenue	-	6,938	6,938
Total Operating Revenues	5,053,547	56,057,536	61,111,083
Operating Expenses			
Personal Services	1,354,848	4,357,854	5,712,702
Services and Supplies	261,950	2,624,382	2,886,332
Mortgage Service Fees	29,350	2,902,045	2,931,395
Foreclosure Costs	-	215,168	215,168
Interest Expense - Bonds	1,611,589	29,944,485	31,556,074
Interest Expense - Securities Lending	47,567	48,424	95,991
Other Related Program Expenses	822	7,831,764	7,832,586
Depreciation/Amortization	1,025	7,426	8,451
Total Operating Expenses	3,307,151	47,931,548	51,238,699
Operating Income	1,746,396	8,125,988	9,872,384
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	(6,951)	(24,906)	(31,857)
Total Nonoperating Revenues (Expenses)	(6,951)	(24,906)	(31,857)
Income Before Transfers	1,739,445	8,101,082	9,840,527
Transfers to Other State Agencies	(61,513)	(199,760)	(261,273)
Increase in Net Position	1,677,932	7,901,322	9,579,254
Net Position - Beginning	77,253,632	150,023,124	227,276,756
Net Position - Ending	\$ 78,931,564	\$ 157,924,446	\$ 236,856,010

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 108,731	\$ 8,767,374	\$ 8,876,105
Program Loan Principal Repayments	14,404,673	99,555,446	113,960,119
Program Loan Interest Received	3,640,439	35,124,230	38,764,669
Program Loans Made	-	(233,252,858)	(233,252,858)
Payments to Employees for Services	(1,363,110)	(4,567,598)	(5,930,708)
Payments to Suppliers for Goods and Services	(293,443)	(5,547,632)	(5,841,075)
Other Receipts (Payments)	(822)	(5,472,199)	(5,473,021)
Net Cash Provided (Used) in Operating Activities	16,496,468	(105,393,237)	(88,896,769)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	216,176,306	216,176,306
Principal Payments - Bonds	(6,515,000)	(97,100,000)	(103,615,000)
Interest Payments - Bonds	(1,729,918)	(27,299,269)	(29,029,187)
Bond Issuance Costs	-	(1,677,569)	(1,677,569)
Principal Payments - Pension-related Debt	(8,082)	(28,957)	(37,039)
Interest Payments - Pension-related Debt	(6,951)	(24,906)	(31,857)
Transfers to Other State Agencies	(56,340)	(187,148)	(243,488)
Net Cash Provided (Used) in Noncapital Financing Activities	(8,316,291)	89,858,457	81,542,166
Cash Flows from Investing Activities			
Purchase of Investments	-	(510,891,434)	(510,891,434)
Proceeds from Sales and Maturities of Investments	-	512,301,216	512,301,216
Interest on Cash and Investments	1,074,318	5,111,180	6,185,498
Investment Income on Securities Lending	47,567	48,424	95,991
Interest Paid on Securities Lending	(47,567)	(48,424)	(95,991)
Net Cash Provided (Used) in Investing Activities	1,074,318	6,520,962	7,595,280
Net Increase (Decrease) in Cash and Cash Equivalents	9,254,495	(9,013,818)	240,677
Cash and Cash Equivalents Balance - Beginning	33,279,378	44,481,446	77,760,824
Cash and Cash Equivalents Balance - Ending	\$ 42,533,873	\$ 35,467,628	\$ 78,001,501
Cash and Cash Equivalents	\$ 752,419	\$ 11,878,143	\$ 12,630,562
Cash and Cash Equivalents - Restricted (Current)	2,984,086	2,369,391	5,353,477
Cash and Cash Equivalents - Restricted (Noncurrent)	38,797,368	21,220,094	60,017,462
Total Cash and Cash Equivalents	\$ 42,533,873	\$ 35,467,628	\$ 78,001,501

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

Continued on the next page

Continued from the previous 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	\$ 1,746,396	\$ 8,125,988	\$ 9,872,384
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	1,025	7,426	8,451
Investment Income Reported as Operating Revenue	(1,240,336)	(10,606,313)	(11,846,649)
Interest Expense Reported as Operating Expense	1,659,156	29,992,909	31,652,065
Bond Issuance Costs Reported as Operating Expense	-	1,662,274	1,662,274
(Gain) Loss on Debt Extinguishment	7,139	(991,836)	(984,697)
(Increase)/Decrease in Assets:			
Loan Interest Receivable	30,466	(410,168)	(379,702)
Accounts Receivable	(198)	59,978	59,780
Interfund Receivable	-	(73,538)	(73,538)
Due from Governmental Funds	8	(89,261)	(89,253)
Prepaid Expenses	-	(3,423)	(3,423)
Loans Receivable	14,404,673	(134,804,928)	(120,400,255)
Acquired Property	-	824,876	824,876
Net Other Postemployment Benefits Asset	(5,005)	(14,644)	(19,649)
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	(43,970)	(158,434)	(202,404)
Related to Other Postemployment Benefits	(2,809)	(11,084)	(13,893)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(12,486)	692,396	679,910
Interfund Payable	859	72,679	73,538
Due to Governmental Funds	4,752	6,113	10,865
Unearned Revenue	1,590	(122,217)	(120,627)
Compensated Absences Payable	10,365	(65,837)	(55,472)
Net Pension Liability	(17,398)	(77,693)	(95,091)
Net Other Postemployment Benefits Liability	(1,893)	(5,873)	(7,766)
Total Other Postemployment Benefits Liability	14,380	43,461	57,841
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	(100,486)	436,450	335,964
Related to Pensions	38,629	112,771	151,400
Related to Other Postemployment Benefits	1,611	4,691	6,302
Net Cash Provided (Used) in Operating Activities	\$ 16,496,468	\$(105,393,237)	\$ (88,896,769)
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 118,624	\$ 5,167,388	\$ 5,286,012
Foreclosed Property	-	583,559	583,559
Loan Modifications	-	532,422	532,422
Total Noncash Investing, Capital, and Financing Activities	\$ 118,624	\$ 6,283,369	\$ 6,401,993

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Notes to the Financial Statements
Enterprise Funds
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Oregon Housing and Community Services Department (OHCSO) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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

Through sales of bonds, OHCSO finances home ownership and multi-family units for elderly, disabled, and lower to moderate income persons. OHCSO has issued revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds and Housing Revenue Bonds) and Multifamily Housing Revenue Bonds. OHCSO 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 OHCSO's housing bond programs. OHCSO operates governmental fund programs which are not included in this report.

B. Basis of Presentation - Fund Accounting

OHCSO 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. OHCSO'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 OHCSO are accounted for in the Enterprise Funds.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. OHCSO 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 Fund 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. OHCSO 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 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. General and administrative costs of these programs are accounted for in the Housing Finance Account. In addition, fees or other monies received by OHCSO in carrying out the responsibilities outlined under Oregon Revised Statutes 456.548 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 Statement of Net Position. Assets and liabilities are segregated between current and non-current. Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted. 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 mutual funds are considered to be cash equivalents. The money market mutual funds do not have a floating net asset value (NAV).

F. Investments

OHCS D's investments are stated at fair value. Investment fair value is determined using quoted market prices or quoted market prices for similar investments.

G. Receivables

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. If the last day or days of the fiscal year are on a weekend and an investment matures that weekend, an accounts receivable in the amount of the matured investment is included in the Statement of Net Position.

H. Short-term Interfund Receivable/Payable and Due from/to Governmental Funds

During the course of operations, transactions occur between individual funds for various reasons. Receivable and payable transactions between OHCS D's enterprise funds are classified as "Interfund Receivable" and "Interfund Payable" on the Statement of Net Position. Receivables and payables between OHCS D's enterprise funds and OHCS D's governmental funds are classified as "Due from Governmental Funds" and "Due to Governmental Funds" on the Statement of Net Position.

I. Acquired Property

Acquired properties resulting from mortgage foreclosures are stated at the cost. 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. 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.

K. Rebatable Arbitrage

Internal Revenue Code (IRC) Section 148(f) requires issuers of tax-exempt bonds to rebate investment income earned from bond proceeds that exceeds 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% 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% of the calculated arbitrage liability. OHCSO records rebatable arbitrage as a reduction of investment revenue.

L. 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.

M. 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. The removal of unamortized bond discount or bond premium for bonds that are called is recorded in Gain (Loss) on Debt Extinguishment on the Statement of Revenues, Expenses, and Changes in Fund Net Position. Bond discounts and premiums are included in Bonds Payable on the Statement of Net Position.

N. Deferred Debt Refundings

Deferred debt refunding gains or losses are amortized over the shorter of the life of the new debt or the remaining life of the old debt using the bonds-outstanding method of amortization. The bonds-outstanding method of amortization most closely approximates the effective-interest method. The removal of unamortized deferred debt refunding gains or losses for bonds that are called is recorded in Gain (Loss) on Debt Extinguishment on the Statement of Revenues, Expenses, and Changes in Fund Net Position. Loss on Debt Refundings is shown as a Deferred Outflow of Resources on the Statement of Net Position.

O. Deferred Loan Origination Fees

Loan origination fees related to points are deferred and recognized as an adjustment to interest revenue over the life of the loan. Deferred loan origination fees are amortized using the interest method and are shown as a Deferred Inflow of Resources on the Statement of Net Position.

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, 2019 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. Since the principal activity of OHCS D's Enterprise Funds is lending, investment income is reported as operating revenue. 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 and pension-related debt interest payments.

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

Deposits

On June 30, 2019, the book balance of cash and cash equivalents was \$78,001,501 and the bank balance was \$78,041,412. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short-Term Fund totaled \$66,257,531. Additional information about the Oregon Short-Term Fund can be found at www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

The June 30, 2019 bank balance includes \$11,691,547 in money market mutual funds held at OHCS D's trustee. OHCS D considers money market mutual funds to be cash equivalents, not investments, and includes them in Cash and Cash Equivalents – Restricted on the Statement of Net Position. Information about OHCS D's money market mutual funds is included in the Investments section of this note.

A total of \$92,334 is held in money market deposit accounts by OHCS D's Bond Trustee as agent. These deposits are insured by FDIC up to \$250,000. Anything above \$250,000 is uninsured and uncollateralized. The uninsured and uncollateralized deposits are subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned.

OHCS D does not have a deposit policy.

Investments

OHCS D's Bond Indentures of Trust and investment policy authorize OHCS D to invest in the following types of investments: insured or registered securities explicitly or implicitly guaranteed by the U.S. Government; variable rate demand obligations of state agencies and 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 Trustee consisted of \$28,916,162 in U.S. Treasury securities, \$246,977,268 in U.S. Agency securities, and \$11,691,547 in money market mutual funds. The investments are held by OHCS D's Bond Trustee in OHCS D's name.

Investments with the State Treasurer consisted of \$1,146,074 in U.S. Treasury Securities and \$558,299 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.

Notes to the Financial Statements (Continued)
June 30, 2019

Fair value is categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of an investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. OHCS D's money market mutual funds are Level 1 and all other investments are Level 2.

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, 2019, OHCS D had the following investments and maturities:

Investment Type	Credit Rating		Fair Value	Investment Maturities (in Years)			
	Moody's	Standard & Poor's		Less than 1	1-5	6-10	More than 10
U.S. Treasury Securities	Exempt from Disclosure		\$ 30,062,236	\$ 27,583,613	\$ 1,332,548	\$ 119,043	\$ 1,027,031
U.S. Agency Securities	Aaa	AA+	67,784,460	15,479,427	5,789,597	15,806,818	30,708,618
U.S. Agency Securities	Not Rated *	Not Rated *	179,751,107	179,751,107	-	-	-
Subtotal			277,597,802	\$ 222,814,148	\$ 7,122,145	\$ 15,925,861	\$ 31,735,649
Money Market Mutual Funds **	Aaa-mf	AAAm	11,691,547				
Total			<u>\$ 289,289,349</u>				

* Also not rated by Fitch Ratings

** Included in Cash and Cash Equivalents - Restricted on the Statement of Net Position

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 U.S. Treasury securities, securities backed by the U.S. Government, or variable rate demand obligations of state agencies and Housing Finance Authorities outside of Oregon.

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, 2019, 74.17% of OHCS D's total investments are Federal Home Loan Bank securities, 10.83% are U.S. Treasury securities, 5.98% are Federal Farm Credit Bank securities, and 5.24% are Federal National Mortgage Association (Fannie Mae) 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, 2019, amounts allocated to OHCS D's Enterprise Funds are as follows:

	Fair Value
Securities on loan	\$ 2,985,697
Securities lending cash and noncash collateral	\$ 3,047,546
Investments purchased with cash collateral	\$ 2,102,510

Securities on loan from the OSTF included U.S. Treasury securities (65.96%), U.S. Agency securities (18.58%), and domestic fixed income securities (15.46%). 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/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 3. Loans Receivable

Loans receivable on June 30, 2019 consisted of:

	Loans Receivable
Elderly and Disabled Housing Fund	\$ 66,759,232
Housing Finance Fund:	
Single-Family Mortgage Program	
Mortgage Revenue Bonds	761,949,519
Housing Revenue Bonds	65,176,249
Multifamily Housing Revenue Bonds	60,114,048
Housing Finance Account	608,366
Total Housing Finance Fund	887,848,182
Total	<u>\$ 954,607,414</u>

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 on June 30, 2019, 59.28% is federally insured or guaranteed, 1.04% is covered by pool insurance and/or private mortgage insurance and 39.68% is uninsured. Based on prior experience, OHCS D does not anticipate any material loss in the collection of mortgage loans receivable or in the disposition of acquired properties.

Multifamily Housing Revenue Bonds 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.

Loans in the Housing Finance Account provide financing for the construction, acquisition and/or rehabilitation of affordable housing.

NOTE 4. Capital Assets

A summary of OHCS D's capital assets at June 30, 2019 is presented in the table below. OHCS D has no outstanding debt related to capital assets.

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:								
Equipment	\$ 1,494	\$ -	\$ -	\$ 1,494	\$ 3,905	\$ -	\$ -	\$ 3,905
Data Processing Software	35,125	-	-	35,125	195,264	-	-	195,264
Total Capital Assets	36,619	-	-	36,619	199,169	-	-	199,169
Less Accumulated Depreciation/Amortization:								
Equipment	(149)	(149)	-	(298)	(392)	(390)	-	(782)
Data Processing Software	(29,287)	(876)	-	(30,163)	(154,286)	(7,036)	-	(161,322)
Total Accumulated Depr/Amort	(29,436)	(1,025)	-	(30,461)	(154,678)	(7,426)	-	(162,104)
Capital Assets, Net	<u>\$ 7,183</u>	<u>\$ (1,025)</u>	<u>\$ -</u>	<u>\$ 6,158</u>	<u>\$ 44,491</u>	<u>\$ (7,426)</u>	<u>\$ -</u>	<u>\$ 37,065</u>

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 5. Interfund Balances

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2019:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 81,079
Housing Finance Fund	81,079	-
Total	<u>\$ 81,079</u>	<u>\$ 81,079</u>

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

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	\$ 854,185,000	\$ 211,305,000	\$ 96,450,000	\$ 969,040,000	\$ 38,620,000
Bond Principal (Direct Placements)	73,200,000	-	7,165,000	66,035,000	2,040,000
Bond Discount	(27,133)	-	(3,855)	(23,278)	-
Bond Premium	16,125,491	4,871,306	2,268,043	18,728,754	-
Bonds Payable	<u>943,483,358</u>	<u>216,176,306</u>	<u>105,879,188</u>	<u>1,053,780,476</u>	
Compensated Absences Payable	344,492	332,390	387,862	289,020	190,753
Swap Fair Value Liability	137,728	5,084,178	-	5,221,906	-
Pension-related Debt Payable	501,032	-	37,039	463,993	42,166
Net Pension Liability	3,275,674	468,866	563,957	3,180,583	-
Net OPEB Liability	41,439	7,685	15,451	33,673	-
Total OPEB Liability	<u>124,593</u>	<u>64,530</u>	<u>6,689</u>	<u>182,434</u>	<u>-</u>
Total Long Term Liabilities	<u>\$ 947,908,316</u>	<u>\$ 222,133,955</u>	<u>\$ 106,890,186</u>	<u>\$ 1,063,152,085</u>	<u>\$ 40,892,919</u>

NOTE 7. Pension-Related Debt

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.

The following table summarizes the amounts necessary to pay OHCS D's share of future pension-related debt principal and interest requirements as of June 30, 2019 for each fiscal year during the next five year period ending June 30, 2024, and in five year increments thereafter.

Year Ending June 30	Principal	Interest	Total
2020	\$ 42,166	\$ 31,374	\$ 73,540
2021	45,202	28,338	73,540
2022	48,457	25,083	73,540
2023	51,946	21,594	73,540
2024	55,686	17,854	73,540
2025-2028	220,536	28,331	248,867
Total	<u>\$ 463,993</u>	<u>\$ 152,574</u>	<u>\$ 616,567</u>

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 8. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2019:

General Obligation Bonds

Elderly and Disabled Housing Fund

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1993 C	1994-2026	2.850	5.650%	\$ 13,915,000	\$ 1,965,000	\$ -	\$ 485,000	\$ 1,480,000	\$ -
1994 B	1996-2026	4.200	6.300%	24,400,000	45,000	-	40,000	5,000	-
1995 A	1996-2026	4.000	6.000%	14,100,000	1,010,000	-	1,000,000	10,000	-
1995 B	1997-2027	4.000	5.700%	24,240,000	5,700,000	-	445,000	5,255,000	470,000
1997 A	1999-2028	4.050	5.375%	8,475,000	5,000	-	-	5,000	-
1998 B	2001-2030	3.550	4.875%	10,285,000	5,000	-	-	5,000	-
1999 B	2000-2031	3.350	5.250%	4,485,000	5,000	-	-	5,000	-
1999 E	2001-2031	5.000	6.250%	19,105,000	20,000	-	10,000	10,000	-
2001 C	2002-2032	2.700	5.300%	25,325,000	100,000	-	95,000	5,000	-
2002 A	2003-2022	1.400	4.650%	10,840,000	2,985,000	-	1,530,000	1,455,000	510,000
2002 B	2003-2024	1.400	4.700%	37,905,000	215,000	-	30,000	185,000	35,000
2002 C	2003-2043	1.600	5.050%	13,595,000	3,555,000	-	2,475,000	1,080,000	-
2007 A	2008-2048	3.650	4.750%	26,300,000	19,775,000	-	-	19,775,000	520,000
Subtotal					35,385,000	-	6,110,000	29,275,000	1,535,000
Direct Placements									
2003 C	2013-2034	4.350	5.100%	2,930,000	1,530,000	-	405,000	1,125,000	-
Subtotal					1,530,000	-	405,000	1,125,000	-
<i>Total General Obligation Bonds</i>					\$ 36,915,000	\$ -	\$ 6,515,000	\$ 30,400,000	\$ 1,535,000

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	
2010 A	2011-2030	0.350	4.375%	\$ 35,900,000	\$ 3,980,000	\$ -	\$ 2,000,000	\$ 1,980,000	\$ 500,000
2010 B	2011-2030	1.000	5.000%	52,540,000	6,135,000	-	1,890,000	4,245,000	210,000
2010 C	2042	4.750	4.750%	8,000,000	1,320,000	-	545,000	775,000	120,000
2013 A	2020-2043	2.200	4.050%	21,885,000	17,240,000	-	875,000	16,365,000	265,000
2013 B	2014-2034	0.450	5.000%	29,095,000	10,225,000	-	2,880,000	7,345,000	1,965,000
2013 C	2014-2033	0.350	3.564%	61,300,000	21,680,000	-	4,285,000	17,395,000	2,425,000
2013 D	2018-2043	1.650	4.200%	33,225,000	21,010,000	-	2,325,000	18,685,000	1,920,000
2013 E	2014-2018	0.230	2.100%	6,360,000	465,000	-	465,000	-	-
2013 F	2033	3.900	3.900%	8,335,000	6,490,000	-	85,000	6,405,000	-
2014 A	2019-2044	1.550	4.000%	57,710,000	45,645,000	-	2,495,000	43,150,000	3,170,000
2014 B	2015-2044	0.300	4.000%	29,960,000	11,220,000	-	4,030,000	7,190,000	500,000
2014 C	2015-2044	0.200	3.750%	30,900,000	25,340,000	-	2,105,000	23,235,000	1,350,000
2015 A	2019-2036	1.500	3.500%	79,195,000	59,705,000	-	5,130,000	54,575,000	3,875,000
2015 B	2017-2019	0.950	1.700%	8,645,000	2,750,000	-	2,615,000	135,000	135,000
2015 C	2045	****		33,600,000	33,600,000	-	-	33,600,000	-
2016 A	2017-2047	0.550	4.000%	56,275,000	45,510,000	-	5,805,000	39,705,000	3,400,000
2016 B	2033	****		13,140,000	13,140,000	-	-	13,140,000	-
2016 C	2037	****		15,000,000	15,000,000	-	-	15,000,000	-

Notes to the Financial Statements (Continued)
June 30, 2019

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2017 A	2018-2047	0.940	4.000%	81,510,000	70,805,000	-	5,830,000	64,975,000	1,525,000
2017 B	2019-2020	1.400	1.650%	5,050,000	4,295,000	-	1,585,000	2,710,000	2,710,000
2017 C	2039	****		44,000,000	44,000,000	-	-	44,000,000	-
2017 D	2022-2048	1.400	3.500%	87,390,000	86,410,000	-	2,770,000	83,640,000	865,000
2017 E	2018-2040	0.950	3.500%	22,775,000	21,840,000	-	2,325,000	19,515,000	3,260,000
2017 F	2042-2048	3.650	3.750%	11,440,000	11,040,000	-	590,000	10,450,000	-
2017 G	2018-2040	1.400	4.000%	43,730,000	41,815,000	-	4,925,000	36,890,000	2,570,000
2017 H	2023-2028	2.100	2.800%	16,105,000	16,105,000	-	-	16,105,000	-
2018 A	2019-2049	1.750	4.500%	62,590,000	62,590,000	-	275,000	62,315,000	865,000
2018 B	2043	****		30,000,000	30,000,000	-	-	30,000,000	-
2018 C	2020-2049	1.600	4.500%	87,420,000	-	87,420,000	5,000	87,415,000	505,000
2018 D	2020-2050	1.900	4.750%	82,885,000	-	82,885,000	-	82,885,000	1,030,000
2018 E	2043	****		41,000,000	-	41,000,000	-	41,000,000	-
Total Mortgage Revenue Bonds					\$ 729,355,000	\$ 211,305,000	\$ 55,835,000	\$ 884,825,000	\$ 33,165,000

**** 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 1.920% for 2016 B, 2018 B, and 2018 E; 1.970% for 2016 C; and 2.000% for 2015 C and 2017 C.

Housing Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2010 A	2011-2027	0.400	5.250%	\$ 12,000,000	\$ 3,145,000	\$ -	\$ 615,000	\$ 2,530,000	\$ 475,000
2011 A	2012-2028	0.500	5.250%	24,000,000	7,900,000	-	1,535,000	6,365,000	900,000
2011 B	2012-2028	0.500	5.250%	18,000,000	6,190,000	-	1,085,000	5,105,000	695,000
2012 A	2013-2042	0.350	5.000%	9,460,000	3,580,000	-	695,000	2,885,000	435,000
2012 B	2013-2042	0.300	5.000%	6,540,000	2,140,000	-	595,000	1,545,000	485,000
Subtotal					22,955,000	-	4,525,000	18,430,000	2,990,000
Direct Placements									
2009 A-1	2041	0.830	3.280%	18,000,000	7,430,000	-	440,000	6,990,000	230,000
2009 A-2	2041	0.770	3.700%	36,000,000	16,400,000	-	2,030,000	14,370,000	230,000
2009 A-3	2041	0.760	2.920%	27,000,000	12,490,000	-	1,540,000	10,950,000	230,000
2009 A-4	2041	0.800	3.090%	20,540,000	12,140,000	-	1,200,000	10,940,000	350,000
2009 A-5	2041	0.760	2.790%	18,460,000	11,170,000	-	1,170,000	10,000,000	620,000
Subtotal					59,630,000	-	6,380,000	53,250,000	1,660,000
<i>Total Housing Revenue Bonds</i>					\$ 82,585,000	\$ -	\$ 10,905,000	\$ 71,680,000	\$ 4,650,000

Notes to the Financial Statements (Continued)
June 30, 2019

Multifamily Housing Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2004 B	2046	***		\$ 14,950,000	\$ 12,850,000	\$ -	\$ 240,000	\$ 12,610,000	\$ 255,000
2005 A	2007-2047	3.050	5.000%	9,855,000	3,555,000	-	55,000	3,500,000	60,000
2010 A	2011-2042	0.900	5.150%	77,705,000	25,090,000	-	16,360,000	8,730,000	355,000
2010 B	2013-2052	0.950	4.875%	16,425,000	8,860,000	-	125,000	8,735,000	130,000
2012 A	2013-2032	0.300	3.250%	1,425,000	1,125,000	-	65,000	1,060,000	70,000
2012 B	2013-2043	0.550	4.125%	35,335,000	15,010,000	-	13,135,000	1,875,000	60,000
Subtotal					66,490,000	-	29,980,000	36,510,000	930,000
Direct Placements									
2003 A	2013-2044	4.400	5.150%	5,675,000	4,520,000	-	90,000	4,430,000	85,000
2004 A	2014-2045	4.300	5.100%	5,120,000	4,095,000	-	80,000	4,015,000	80,000
2006 A	2036	4.620	4.620%	5,680,000	3,425,000	-	210,000	3,215,000	215,000
Subtotal					12,040,000	-	380,000	11,660,000	380,000
Total Multifamily Housing Revenue Bonds					\$ 78,530,000	\$ -	\$ 30,360,000	\$ 48,170,000	\$ 1,310,000

*** 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 2.020%.

<i>Total Revenue Bonds</i>	\$ 890,470,000	\$ 211,305,000	\$ 97,100,000	\$ 1,004,675,000	\$ 39,125,000
<i>Total General Obligation and Revenue Bonds</i>	<u>\$ 927,385,000</u>	<u>\$ 211,305,000</u>	<u>\$ 103,615,000</u>	<u>\$ 1,035,075,000</u>	<u>\$ 40,660,000</u>

Bonds Payable:

Bonds payable are presented on the Statement of Net Position at their carrying value. The carrying value is the outstanding bond principal plus unamortized bond premium less unamortized bond discount. Bonds payable balances on June 30, 2019 are summarized below:

	Principal	Principal (Direct Placements)	Premium	Discount	Bonds Payable
General Obligation Bonds:					
Elderly and Disabled Housing Fund	\$ 29,275,000	\$ 1,125,000	\$ -	\$ (6,357)	\$ 30,393,643
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	884,825,000	-	18,098,267	-	902,923,267
Housing Revenue Bonds	18,430,000	53,250,000	630,487	-	72,310,487
Multifamily Housing Revenue Bonds	36,510,000	11,660,000	-	(16,921)	48,153,079
Total Revenue Bonds	939,765,000	64,910,000	18,728,754	(16,921)	1,023,386,833
Total General Obligation and Revenue Bonds	<u>\$ 969,040,000</u>	<u>\$ 66,035,000</u>	<u>\$ 18,728,754</u>	<u>\$ (23,278)</u>	<u>\$ 1,053,780,476</u>

Notes to the Financial Statements (Continued)
June 30, 2019

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, 2019 for each fiscal year during the next five year period ending June 30, 2024, and in five year increments thereafter.

Year Ending June 30	Bonds				
	Principal	Interest	Direct Placements		Total
			Principal	Interest	
General Obligation Bonds					
2020	\$ 1,535,000	\$ 1,391,711	\$ -	\$ 57,375	\$ 2,984,086
2021	1,420,000	1,320,519	-	57,375	2,797,894
2022	1,770,000	1,242,121	-	57,375	3,069,496
2023	1,940,000	1,152,098	-	57,375	3,149,473
2024	1,535,000	1,064,788	35,000	57,375	2,692,163
2025-2029	7,220,000	4,111,311	425,000	232,815	11,989,126
2030-2034	4,955,000	2,757,006	600,000	104,167	8,416,173
2035-2039	6,385,000	1,452,350	65,000	1,658	7,904,008
2040-2044	1,740,000	350,111	-	-	2,090,111
2045-2048	775,000	85,619	-	-	860,619
Subtotal	\$ 29,275,000	\$ 14,927,634	\$ 1,125,000	\$ 625,515	\$ 45,953,149
Revenue Bonds					
2020	\$ 37,085,000	\$ 28,935,948	\$ 2,040,000	\$ 2,244,655	\$ 70,305,603
2021	31,860,000	27,745,436	385,000	2,201,199	62,191,635
2022	31,575,000	27,025,607	465,000	2,182,706	61,248,313
2023	33,105,000	26,258,226	850,000	2,158,654	62,371,880
2024	33,285,000	25,379,278	1,145,000	2,126,363	61,935,641
2025-2029	164,265,000	112,910,271	9,550,000	9,854,809	296,580,080
2030-2034	167,635,000	87,451,396	18,065,000	7,433,759	280,585,155
2035-2039	167,785,000	61,488,945	20,065,000	4,190,596	253,529,541
2040-2044	146,275,000	39,336,448	11,795,000	948,356	198,354,804
2045-2049	119,865,000	14,504,272	550,000	24,264	134,943,536
2050	7,030,000	314,566	-	-	7,344,566
Subtotal	\$ 939,765,000	\$ 451,350,393	\$ 64,910,000	\$ 33,365,361	\$ 1,489,390,754
Total	\$ 969,040,000	\$ 466,278,027	\$ 66,035,000	\$ 33,990,876	\$ 1,535,343,903

The interest stated above includes coupon interest OHCS D expects to pay over the life of the bonds outstanding. Coupon interest for revenue bonds is paid semiannually on January 1 and July 1. Coupon interest for general obligation bonds is paid February 1 and August 1.

The Mortgage Revenue Bond and Housing Revenue Bond indentures identify the following events that would lead to a default; payment of principal is not made when due, payment of interest is not made when due, or OHCS D defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 90 days after written notice for remedy has been provided to OHCS D by the Trustee. The Trustee may give such notice at their discretion or at the written request of the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default does occur for Mortgage Revenue Bonds or Housing Revenue Bonds the Trustee may, or upon the written direction of the owners of not less than 51% of the bonds outstanding the Trustee shall, declare via written notice to OHCS D that any principal and interest related to that bond is due and payable immediately.

Notes to the Financial Statements (Continued)
June 30, 2019

The Multifamily Housing Revenue Bond indenture identifies the following events that would lead to a default; payment of principal is not made when due, payment of interest is not made when due, or OHCS D defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 60 days after written notice for remedy has been provided to OHCS D by the Trustee, or written notice provided to OHCS D and the Trustee by the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default does occur for Multifamily Housing Revenue Bond the Trustee may, or upon the written direction of the owners of not less than 25% of the bonds outstanding the Trustee shall, proceed, in its own name, to protect and enforce the rights of the bond owners. Protecting and enforcing the rights of the bond owners could include declaring all outstanding bonds due and payable.

As of June 30, 2019, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$3,384,375,594 in general obligation bonds.

Demand Bonds

Included in OHCS D's long-term debt is \$189,350,000 in variable rate demand bonds. OHCS D's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the Official Statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS D has entered into standby bond purchase agreements to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The standby bond purchase agreement requires the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the standby bond purchase agreement. The maximum rate is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption in ten equal installments are to be paid on the first business day of January and July, commencing on the first such date to occur after the bonds become liquidity provider bonds (State Street Bank and Trust Company) or at least ninety days after the related purchase date (Bank of America, N.A.). There were no bank bonds on June 30, 2019.

Certain terms of the standby purchase agreements and remarketing agreements are listed in the following table:

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MF [@] 2004 B	\$ 12,610,000	Bank of America, N.A.	08/18/2020	0.5000%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.08%
MRB [*] 2015 C	33,600,000	State Street Bank and Trust Company	09/01/2020	0.5500%	J.P. Morgan Securities LLC	0.07%
MRB 2016 B	13,140,000	State Street Bank and Trust Company	09/01/2020	0.5500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2016 C	15,000,000	State Street Bank and Trust Company	09/01/2020	0.5500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2017 C	44,000,000	State Street Bank and Trust Company	09/01/2020	0.4500%	J.P. Morgan Securities LLC	0.07%
MRB 2018 B	30,000,000	State Street Bank and Trust Company	06/05/2021	0.3800%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2018 E	41,000,000	State Street Bank and Trust Company	06/05/2021	0.3700%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%

[@] Multifamily Housing Revenue Bonds

^{*} Mortgage Revenue Bonds

Liquidity Provider details changed on September 19, 2019 for all series except for MF 2004 B. Information about the changes can be found in Note 17.

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 9. Interest Rate Swaps

OHCS D has entered into 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. OHCS D had five swaps at the end of the fiscal year.

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 fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

The fair value of the swaps on June 30, 2019 totaled \$(5,221,906) and the notional amount totaled \$118,350,000. The fair value of the swaps is shown on the Statement of Net Position as Accumulated Decrease in Fair Value of Hedging Derivatives. During the fiscal year the fair value of hedging derivatives decreased by \$6,598,192.

OHCS D had one swap at the beginning of the fiscal year that was an investment derivative instrument. On January 1, 2019, OHCS D terminated the notional amount of the swap. The termination was made pursuant to an optional par termination provision in the swap agreement. A total of \$14,105 from this investment derivative instrument is included in investment income.

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2019.

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating ^{***}
Hedging Derivative Instruments								
MF [@] 2004 B	\$ 12,610,000	12/16/2004	3.894%	64.0% of 1-mo. LIBOR ^{**} +.27%	\$ (143,878)	7/1/2046	Merrill Lynch Capital Services ^{@@}	A2 / A- / A+
MRB* 2015 C	33,600,000	9/6/2018	2.751%	70.0% of 1-mo. LIBOR +.05%	(2,175,535)	7/1/2045	Royal Bank of Canada	Aa2 / AA- / AA
MRB 2016 B	13,140,000	1/1/2019	1.710%	66.5% of 1-mo. LIBOR +.08%	(8,279)	1/1/2033	Royal Bank of Canada	Aa2 / AA- / AA
MRB 2016 C	15,000,000	1/1/2019	2.000%	66.5% of 1-mo. LIBOR +.15%	(47,934)	7/1/2037	Royal Bank of Canada	Aa2 / AA- / AA
MRB 2017 C	44,000,000	7/1/2019	2.407%	70.0% of 1-mo. LIBOR +.05%	(2,846,280)	7/1/2039	Bank of America, N.A.	Aa2 / A+ / AA-
	<u>\$ 118,350,000</u>				<u>\$ (5,221,906)</u>			

[@] Multifamily Housing Revenue Bonds

* Mortgage Revenue Bonds

^{@@} Termination payments are guaranteed by Merrill Lynch Derivative Products AG (MLDP)

^{**} London Interbank Offered Rate

^{***} Moody's / S&P / Fitch

The MF 2004 B swap has a call option where OHCS D has the right to “call” (cancel) the swap in whole or in part semiannually on or after July 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 on or after July 1, 2023 (2016 B and 2016 C), January 1, 2025 (2015 C) and July 1, 2026 (2017 C). 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 month LIBOR rate, do not offset the variable rates paid on the bonds. As of June 30, 2019, the one month LIBOR rate was 2.40238%. OHCS D’s variable interest rates as of June 30, 2019 can be found in Note 8.

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 not exposed to rollover risk because the swap termination dates match the associated bond maturity dates.

Notes to the Financial Statements (Continued)
June 30, 2019

Hedging Derivative Instrument Payments and Hedged Debt Using rates as of June 30, 2019, debt service requirements of variable-rate debt with interest rate swaps and net swap payments are as follows:

Year Ending June 30	Variable-Rate Bonds		Net Swap	
	Principal	Interest	Payments	Total
2020	\$ 255,000	\$ 2,095,743	\$ 746,204	\$ 3,096,947
2021	265,000	1,923,641	904,059	3,092,700
2022	275,000	1,918,233	904,238	3,097,471
2023	290,000	1,912,576	898,467	3,101,043
2024	295,000	1,906,719	892,489	3,094,208
2025-2029	23,100,000	8,805,489	4,064,225	35,969,714
2030-2034	29,895,000	6,918,322	3,367,486	40,180,808
2035-2039	34,340,000	4,498,893	2,471,746	41,310,639
2040-2044	21,860,000	1,971,576	1,170,351	25,001,927
2045-2047	7,775,000	175,250	116,607	8,066,857
Total	<u>\$ 118,350,000</u>	<u>\$ 32,126,442</u>	<u>\$ 15,535,872</u>	<u>\$ 166,012,314</u>

Contingencies OHCS D's swaps, except for the MF 2004 B swap, 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 as determined by Moody's or BBB+ as determined by 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, 2019 of swaps that include these provisions is \$(5,078,028). At June 30, 2019 the bonds subject to these provisions are rated Aa2 by Moody's and are not rated by Standard & Poor's.

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, 2019, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$455,447,776. 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.

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 11. Segment Information

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

	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds
Condensed Statement of Net Position			
Assets:			
Interfund Receivables	\$ 258,314	\$ -	\$ 19,443
Other Current Assets	85,475,621	9,495,168	5,830,762
Noncurrent Assets	923,003,399	69,738,502	77,022,516
Total Assets	1,008,737,334	79,233,670	82,872,721
Deferred Outflows of Resources	6,386,718	-	268,146
Liabilities:			
Interfund Payables	2,110	73,098	-
Other Current Liabilities	47,885,466	6,049,313	2,412,113
Noncurrent Liabilities	874,836,295	67,660,487	46,986,957
Total Liabilities	922,723,871	73,782,898	49,399,070
Deferred Inflows of Resources	3,214,610	247,106	636,164
Net Position			
Restricted by Trust Indentures	89,185,571	5,203,666	33,105,633
Total Net Position	\$ 89,185,571	\$ 5,203,666	\$ 33,105,633
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Interest on Loans	\$ 28,736,040	\$ 3,069,518	\$ 4,983,411
Investment Income	7,731,573	416,286	859,369
Other Operating Revenues	1,159,033	75,853	(190,733)
Operating Expenses	(34,467,869)	(2,862,507)	(3,122,406)
Operating Income (Loss)	3,158,777	699,150	2,529,641
Transfers In	5,810,075	1,930	219,703
Transfers Out	(8,000,000)	-	(1,250,000)
Increase (Decrease) in Net Position	968,852	701,080	1,499,344
Beginning Net Position	88,216,719	4,502,586	31,606,289
Ending Net Position	\$ 89,185,571	\$ 5,203,666	\$ 33,105,633
Condensed Statement of Cash Flows			
Net Cash Provided (Used) by:			
Operating Activities	\$ (151,827,381)	\$ 12,911,774	\$ 33,337,226
Noncapital Financing Activities	135,396,591	(13,790,415)	(34,929,659)
Investing Activities	6,819,560	475,860	1,538,073
Net Increase (Decrease)	(9,611,230)	(402,781)	(54,360)
Beginning Cash and Cash Equivalents	29,515,203	2,409,793	864,539
Ending Cash and Cash Equivalents	\$ 19,903,973	\$ 2,007,012	\$ 810,179

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 12. Restricted Assets

Restricted asset account balances are as follows:

<u>Purpose:</u>	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 109,858,431
Current Debt Service	2,984,086	71,051,807
Future Debt Service	34,973,925	43,127,588
Debt Reserves	5,527,816	34,754,319
Insurance Reserves	-	19,412,136
Combined Program Account	-	19,547,734
Residential Assistance	-	1,730,900
Total	<u>\$ 43,485,827</u>	<u>\$ 299,482,915</u>
<u>Statement of Net Position Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 2,984,086	\$ 2,369,391
Restricted Cash and Cash Equivalents – Noncurrent	38,797,368	21,220,094
Restricted Investments – Current	-	69,952,864
Restricted Investments - Noncurrent	1,704,373	205,940,566
Total	<u>\$ 43,485,827</u>	<u>\$ 299,482,915</u>

NOTE 13. Employee Retirement Plans

The Oregon Public Employees Retirement System (PERS) provides defined benefit and defined contribution 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). PERS is a cost-sharing multiple-employer defined benefit pension plan. The Tier One/Tier Two Retirement Benefit Plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. The Individual Account Program (IAP) is a defined contribution plan. Beginning January 1, 2004, all member contributions are deposited into the member's IAP account. The pension plans provide pension benefits, death benefits and disability benefits.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The rates in effect for the fiscal year ended June 30, 2019 were 16.85% for Tier One and Tier Two General Service Members and 9.97% for OPSRP Pension Program General Service Members.

The Oregon Public Employees Retirement System annual financial report and Actuarial Valuation is located at www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

At June 30, 2019, the State of Oregon reported a liability of \$4.134 billion for its proportionate share of the net pension liability. OHCS D's allocated amount of the proportionate share of the net pension liability for its enterprise funds was \$3,180,583. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the State's proportion was 27.29% (the State's proportion at June 30, 2017 was 27.65%). As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.07776592% of the State's proportionate share.

Notes to the Financial Statements (Continued)
June 30, 2019

For the year ended June 30, 2019, OHCSO recognized pension expense of \$326,483. At June 30, 2019, OHCSO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 65,808	\$ 37,531
Difference between expected and actual experience	108,194	-
Net difference between projected and actual earnings on investments	-	141,236
Change in Assumptions	739,479	-
Subtotal	913,481	178,767
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	734,714	
Contributions subsequent to measurement date	472,579	
Net Deferred Outflows (Inflows) of Resources	1,207,293	

NOTE 14. Other Postemployment Benefit Plans

OHCSO'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. The Oregon Public Employees Retirement System annual financial report is located at www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

At June 30, 2019, OHCSO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 341	\$ -
Difference between expected and actual experience	-	4,256
Net difference between projected and actual earnings on investments	-	7,261
Change in Assumptions	5,285	3,256
Subtotal	5,626	14,773
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	(9,147)	
Contributions subsequent to measurement date	35,235	
Net Deferred Outflows (Inflows) of Resources	26,088	

Retirement Health Insurance Account plan

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees Retirement Board. The plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2019 were 0.50% for Tier One and Tier Two General Service Members and 0.43% for OPSRP Pension Program General Service Members.

Notes to the Financial Statements (Continued)
June 30, 2019

At June 30, 2019, the State of Oregon reported an asset of \$33,541,028 for its proportionate share of the net OPEB asset. OHCSO's allocated amount of the proportionate share of the net OPEB asset for its enterprise funds was \$31,100. The net OPEB asset was measured as of June 30, 2018 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The State's proportion of the net OPEB asset is determined by comparing the State's actual, legally required contributions made during the fiscal year with the total actual contributions made in the fiscal year of all employers. At June 30, 2018, the State's proportion was 30.05% (the State's proportion at June 30, 2017 was 31.18%). As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.09384831% of the State's proportionate share. OHCSO's share of the net OPEB asset for the RHIA plan is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2019, OHCSO recognized OPEB income for RHIA of \$2,611.

Retiree Health Insurance Premium Account plan

The Retiree Health Insurance Premium Account (RHIPA) is a single-employer OPEB plan administered by the Oregon Public Employees Retirement Board (Board). The plan provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the Board, and health insurance premiums paid by active state employees. OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2019 were 0.49% for Tier One and Tier Two General Service Members and 0.38% for OPSRP Pension Program General Service Members.

At June 30, 2019, the State of Oregon reported a net OPEB liability of \$35,331,449. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.09530511% of the State's internal allocation, which was based on fiscal year 2018 actual contributions. OHCSO's share of the net OPEB liability for the RHIPA plan on June 30, 2019 for its enterprise funds was \$33,673. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Liability. For the year ended June 30, 2019, OHCSO recognized OPEB expense for RHIPA of \$7,337.

Public Employees' Benefit Board Plan

The Public Employees' Benefit Board (PEBB) plan is a single-employer plan administered by the Oregon Public Employees' Benefit Board. The PEBB plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. The premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy. PEBB does not issue a separate, publicly available financial report.

At June 30, 2019, the State of Oregon reported a total OPEB liability of \$161,171,064. As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.11319277% of the State's total. The State's internal allocation of the total OPEB liability is based on fiscal year 2019 health insurance premium costs. OHCSO's share of the total OPEB liability on June 30, 2019 for its enterprise funds was \$182,434. It is shown on the Statement of Net Position as Total Other Postemployment Benefits Liability. For the year ended June 30, 2019, OHCSO recognized OPEB expense for the PEBB plan of \$59,593.

NOTE 15. Other Commitments

As of June 30, 2019, OHCSO has made commitments for loans in the Single-Family Mortgage Program totaling \$29,835,636 and for grants and other loans totaling \$1,668,345.

NOTE 16. Risk Financing

Under Oregon Revised Statutes (ORS) Chapter 278 and ORS 30.260-300, the state pays its own cost of resolving tort liability claims. The state Insurance Fund provides self-insurance that pays the state's legal liability for torts and legal defense cost. These services are provided to state agencies by the Department of Administrative Services, Enterprise Goods & Services Risk Management program. As a state agency, OHCSO participates in the Insurance Fund.

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

Notes to the Financial Statements (Continued)
June 30, 2019

NOTE 17. Subsequent Events

On July 1, 2019, OHCS called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 230,000
2009 Series A-2	230,000
2009 Series A-3	230,000
2009 Series A-4	350,000
2009 Series A-5	620,000
2010 Series A	105,000
2011 Series A	230,000
2011 Series B	180,000
2012 Series A	70,000
2012 Series B	20,000

On July 1, 2019, OHCS called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
2010 Series A	\$ 270,000	2015 Series A	\$ 2,130,000
2010 Series B	210,000	2016 Series A	1,585,000
2010 Series C	120,000	2017 Series A	1,215,000
2013 Series B	565,000	2017 Series D	865,000
2013 Series C	20,000	2017 Series E	355,000
2013 Series D	695,000	2017 Series G	405,000
2014 Series A	500,000	2018 Series A	215,000
2014 Series B	500,000	2018 Series C	45,000
2014 Series C	660,000	2018 Series D	35,000

On September 19, 2019, OHCS issued the following Mortgage Revenue Bonds:

	<u>Amount Issued</u>
2019 Series A	\$ 99,000,000

On September 19, 2019, all \$30,000,000 of the Mortgage Revenue Bonds 2018 Series B bonds were remarketed. They were converted from variable rate demand obligations to a fixed interest rate of 2.90%.

On September 19, 2019, OHCS entered into a liquidity provider agreement with State Street Bank and Trust Company for Mortgage Revenue Bonds Series 2016 B, 2016 C, and 2017 C. The expiration date for the agreements is September 19, 2024 and the commitment fee is 0.33%.

On September 19, 2019, OHCS entered into a liquidity provider agreement with Sumitomo Mitsui Banking Corporation for Mortgage Revenue Bonds Series 2015 C and 2018 E. The expiration date for the agreements is September 19, 2024 and the commitment fee is 0.34%.

Notes to the Financial Statements (Continued)
June 30, 2019

On October 1, 2019, OHCS D called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 410,000
2009 Series A-2	1,220,000
2009 Series A-3	890,000
2009 Series A-4	550,000
2009 Series A-5	1,040,000
2010 Series A	125,000
2011 Series A	480,000
2011 Series B	370,000
2012 Series A	120,000
2012 Series B	120,000

On October 1, 2019, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

<u>Amount Called</u>	<u>Amount Called</u>
2010 Series A \$ 100,000	2015 Series A \$ 4,225,000
2010 Series B 965,000	2016 Series A 3,095,000
2013 Series A 360,000	2017 Series A 5,045,000
2013 Series B 780,000	2017 Series B 115,000
2013 Series C 1,350,000	2017 Series D 2,190,000
2013 Series D 1,455,000	2017 Series E 675,000
2013 Series F 275,000	2017 Series G 1,295,000
2014 Series A 1,635,000	2018 Series A 1,240,000
2014 Series B 870,000	2018 Series C 975,000
2014 Series C 1,935,000	2018 Series D 160,000

On October 1, 2019, OHCS D called the following Multifamily Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2010 Series A	\$ 1,485,000

[THIS PAGE INTENTIONALLY LEFT BLANK]

Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2019

	Single-Family Mortgage Program		Multifamily
	Mortgage	Housing	Housing
	Revenue	Revenue	Revenue
	Bonds	Bonds	Bonds
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	1,550,302	444,390	318,599
Investments - Restricted	59,037,186	6,828,631	3,139,606
Securities Lending Cash Collateral	284,269	48,351	14,383
Accounts Receivable	45,991	-	-
Accrued Interest Receivable	3,157,433	283,435	271,134
Interfund Receivable	258,314	-	19,443
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	20,383,565	1,890,361	2,087,040
Acquired Property	1,016,875	-	-
Total Current Assets	85,733,935	9,495,168	5,850,205
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	18,353,671	1,562,622	491,580
Investments - Restricted	163,083,774	4,889,992	18,503,928
Loans Receivable	741,565,954	63,285,888	58,027,008
Net Other Postemployment Benefits Asset	-	-	-
Capital Assets (Net)	-	-	-
Total Noncurrent Assets	923,003,399	69,738,502	77,022,516
Total Assets	1,008,737,334	79,233,670	82,872,721
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	5,078,028	-	143,878
Loss on Debt Refundings	1,308,690	-	124,268
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Outflows of Resources	6,386,718	-	268,146
Total Assets and Deferred Outflows of Resources	\$1,015,124,052	\$ 79,233,670	\$ 83,140,867

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 11,878,143	\$ 11,878,143
-	56,100	2,369,391
-	947,441	69,952,864
-	405,565	752,568
-	93,743	139,734
150,905	4,844	3,867,751
-	83,189	360,946 **
-	114,050	114,050
-	4,563	4,563
-	29,258	24,390,224
-	-	1,016,875
<u>150,905</u>	<u>13,616,896</u>	<u>114,847,109</u>
84,862	727,359	21,220,094
19,462,872	-	205,940,566
-	579,108	863,457,958
-	23,177	23,177
-	37,065	37,065
<u>19,547,734</u>	<u>1,366,709</u>	<u>1,090,678,860</u>
<u>19,698,639</u>	<u>14,983,605</u>	<u>1,205,525,969</u>
-	-	5,221,906
-	-	1,432,958
-	1,040,079	1,040,079
-	31,144	31,144
<u>-</u>	<u>1,071,223</u>	<u>7,726,087</u>
<u>\$ 19,698,639</u>	<u>\$ 16,054,828</u>	<u>\$1,213,252,056</u>

Continued on the next page

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$279,867 are not included in the Statement of Net Position on pages 10 and 11.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2019

Continued from the previous page

	Single-Family Mortgage Program		Multifamily
	Mortgage	Housing	Housing
	Revenue	Revenue	Revenue
	Bonds	Bonds	Bonds
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 658,459	\$ 61,195	\$ 19,884
Accrued Interest Payable	13,767,355	1,288,597	1,067,846
Obligations Under Securities Lending	284,269	48,351	14,383
Interfund Payable	2,110	73,098	-
Due to Governmental Funds	-	-	-
Unearned Revenue	10,383	1,170	-
Compensated Absences Payable	-	-	-
Bonds Payable	33,165,000	4,650,000	1,310,000
Pension-related Debt Payable	-	-	-
Total Current Liabilities	47,887,576	6,122,411	2,412,113
Noncurrent Liabilities			
Compensated Absences Payable	-	-	-
Bonds Payable	869,758,267	67,660,487	46,843,079
Swap Fair Value Liability	5,078,028	-	143,878
Pension-related Debt Payable	-	-	-
Net Pension Liability	-	-	-
Net Other Postemployment Benefits Liability	-	-	-
Total Other Postemployment Benefits Liability	-	-	-
Total Noncurrent Liabilities	874,836,295	67,660,487	46,986,957
Total Liabilities	922,723,871	73,782,898	49,399,070
Deferred Inflows of Resources			
Accumulated Increase in Fair Value			
Deferred Loan Origination Fees	3,214,610	247,106	636,164
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Inflows of Resources	3,214,610	247,106	636,164
Net Position			
Net Investment in Capital Assets	-	-	-
Restricted for Residential Assistance	-	-	-
Restricted for Other Postemployment Benefits	-	-	-
Restricted by Trust Indentures	89,185,571	5,203,666	33,105,633
Unrestricted	-	-	-
Total Net Position	89,185,571	5,203,666	33,105,633
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$1,015,124,052	\$ 79,233,670	\$ 83,140,867

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 538,339	\$ 1,277,877
-	-	16,123,798
-	405,565	752,568
-	204,659	279,867 **
-	47,988	47,988
-	865,053	876,606
-	147,718	147,718
-	-	39,125,000
-	32,965	32,965
-	2,242,287	58,664,387
-	76,097	76,097
-	-	984,261,833
-	-	5,221,906
-	329,785	329,785
-	2,370,275	2,370,275
-	25,259	25,259
-	135,956	135,956
-	2,937,372	992,421,111
-	5,179,659	1,051,085,498
-	-	4,097,880
-	133,223	133,223
-	11,009	11,009
-	144,232	4,242,112
-	37,065	37,065
-	2,058,567	2,058,567
-	23,177	23,177
19,698,639	-	147,193,509
-	8,612,128	8,612,128
19,698,639	10,730,937	157,924,446
\$ 19,698,639	\$ 16,054,828	\$1,213,252,056

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$279,867 are not included in the Statement of Net Position on pages 10 and 11.

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, 2019

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Operating Revenues			
Interest on Loans	\$ 28,736,040	\$ 3,069,518	\$ 4,983,411
Investment Income	7,731,573	416,286	859,369
Administrative Charges and Fees	-	-	-
Low Income Housing Tax Credit Fees	-	-	-
Gain on Sale of Foreclosed Property	45,379	-	-
Gain (Loss) on Debt Extinguishment	1,107,086	75,853	(191,103)
Miscellaneous Revenue	6,568	-	370
Total Operating Revenues	37,626,646	3,561,657	5,652,047
Operating Expenses			
Personal Services	-	-	-
Services and Supplies	203,225	10,447	139,357
Mortgage Service Fees	2,587,817	301,968	12,260
Foreclosure Costs	213,627	1,541	-
Interest Expense - Bonds	24,514,128	2,543,630	2,886,727
Interest Expense - Securities Lending	27,914	4,921	5,909
Other Related Program Expenses	6,921,158	-	78,153
Depreciation/Amortization	-	-	-
Total Operating Expenses	34,467,869	2,862,507	3,122,406
Operating Income (Loss)	3,158,777	699,150	2,529,641
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income (Loss) Before Transfers	3,158,777	699,150	2,529,641
Transfers from Other Funds	5,810,075	1,930	219,703
Transfers to Other Funds	(8,000,000)	-	(1,250,000)
Transfers to Other State Agencies	-	-	-
Increase (Decrease) in Net Position	968,852	701,080	1,499,344
Net Position - Beginning	88,216,719	4,502,586	31,606,289
Net Position - Beginning (Restated)	88,216,719	4,502,586	31,606,289
Net Position - Ending	\$ 89,185,571	\$ 5,203,666	\$ 33,105,633

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 7,137	\$ 36,796,106
1,304,807	294,278	10,606,313
-	4,246,756	4,246,756
-	3,364,208	3,364,208
-	-	45,379
-	-	991,836
-	-	6,938
<u>1,304,807</u>	<u>7,912,379</u>	<u>56,057,536</u>
-	4,357,854	4,357,854
-	2,271,353	2,624,382
-	-	2,902,045
-	-	215,168
-	-	29,944,485
-	9,680	48,424
-	832,453	7,831,764
-	7,426	7,426
<u>-</u>	<u>7,478,766</u>	<u>47,931,548</u>
<u>1,304,807</u>	<u>433,613</u>	<u>8,125,988</u>
-	(24,906)	(24,906)
<u>-</u>	<u>(24,906)</u>	<u>(24,906)</u>
1,304,807	408,707	8,101,082
-	9,250,000	15,281,708 **
-	(6,031,708)	(15,281,708) **
-	(199,760)	(199,760)
<u>1,304,807</u>	<u>3,427,239</u>	<u>7,901,322</u>
18,393,832	7,303,698	150,023,124
<u>18,393,832</u>	<u>7,303,698</u>	<u>150,023,124</u>
<u>\$ 19,698,639</u>	<u>\$ 10,730,937</u>	<u>\$ 157,924,446</u>

** Transfers within the Housing Finance Fund totaling \$15,281,708 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 12.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2019

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Cash Flows from Operating Activities			
Received from Customers	\$ 1,166,018	\$ -	\$ -
Program Loan Principal Repayments	60,286,408	9,993,797	29,246,564
Program Loan Interest Received	27,768,716	3,048,788	4,303,415
Program Loans Made	(233,203,348)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(2,848,018)	(315,939)	(151,850)
Other Receipts (Payments)	(4,997,157)	185,128	(60,903)
Net Cash Provided (Used) in Operating Activities	(151,827,381)	12,911,774	33,337,226
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	216,176,306	-	-
Principal Payments - Bonds	(55,835,000)	(10,905,000)	(30,360,000)
Interest Payments - Bonds	(20,892,005)	(2,887,345)	(3,519,919)
Bond Issuance Costs	(1,677,569)	-	-
Principal Payments - Pension-related Debt	-	-	-
Interest Payments - Pension-related Debt	-	-	-
Transfers from Other Funds	5,624,859	1,930	200,260
Transfers to Other Funds	(8,000,000)	-	(1,250,000)
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	135,396,591	(13,790,415)	(34,929,659)
Cash Flows from Investing Activities			
Purchase of Investments	(437,844,792)	(16,826,481)	(36,422,383)
Proceeds from Sales and Maturities of Investments	441,314,034	17,028,541	37,373,350
Interest on Cash and Investments	3,350,318	273,800	587,106
Investment Income on Securities Lending	27,914	4,921	5,909
Interest Paid on Securities Lending	(27,914)	(4,921)	(5,909)
Net Cash Provided (Used) in Investing Activities	6,819,560	475,860	1,538,073
Net Increase (Decrease) in Cash and Cash Equivalents	(9,611,230)	(402,781)	(54,360)
Cash and Cash Equivalents Balance - Beginning	29,515,203	2,409,793	864,539
Cash and Cash Equivalents Balance - Ending	\$ 19,903,973	\$ 2,007,012	\$ 810,179
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	1,550,302	444,390	318,599
Cash and Cash Equivalents - Restricted (Noncurrent)	18,353,671	1,562,622	491,580
Total Cash and Cash Equivalents	\$ 19,903,973	\$ 2,007,012	\$ 810,179

Combined Program Account	Housing Finance Account	Total	
\$ -	\$ 7,601,356	\$ 8,767,374	
-	28,677	99,555,446	
-	3,311	35,124,230	
-	(49,510)	(233,252,858)	
-	(4,567,598)	(4,567,598)	
-	(2,231,825)	(5,547,632)	
-	(599,267)	(5,472,199)	
-	185,144	(105,393,237)	
-	-	216,176,306	
-	-	(97,100,000)	
-	-	(27,299,269)	
-	-	(1,677,569)	
-	(28,957)	(28,957)	
-	(24,906)	(24,906)	
-	9,250,000	15,077,049	**
-	(5,827,049)	(15,077,049)	**
-	(187,148)	(187,148)	
-	3,181,940	89,858,457	
(19,645,813)	(151,965)	(510,891,434)	
16,374,666	210,625	512,301,216	
645,704	254,252	5,111,180	
-	9,680	48,424	
-	(9,680)	(48,424)	
(2,625,443)	312,912	6,520,962	
(2,625,443)	3,679,996	(9,013,818)	
2,710,305	8,981,606	44,481,446	
\$ 84,862	\$ 12,661,602	\$ 35,467,628	
\$ -	\$ 11,878,143	\$ 11,878,143	
-	56,100	2,369,391	
84,862	727,359	21,220,094	
\$ 84,862	\$ 12,661,602	\$ 35,467,628	

Continued on the next page

** Transfers within the Housing Finance Fund totaling \$15,077,049 are not included in the Statement of Cash Flows on page 14.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2019

Continued from the previous page

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 3,158,777	\$ 699,150	\$ 2,529,641
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	-	-	-
Investment Income Reported as Operating Revenue	(7,731,573)	(416,286)	(859,369)
Interest Expense Reported as Operating Expense	24,542,042	2,548,551	2,892,636
Bond Issuance Costs Reported as Operating Expense	1,662,274	-	-
(Gain) Loss on Debt Extinguishment	(1,107,086)	(75,853)	191,103
(Increase)/Decrease in Assets:			
Loan Interest Receivable	(586,638)	36,053	94,831
Accounts Receivable	(44,288)	-	-
Interfund Receivable	(73,098)	-	-
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	(173,430,676)	9,876,656	28,819,338
Acquired Property	630,929	193,947	-
Net Other Postemployment Benefit Asset	-	-	-
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Increase/(Decrease) in Liabilities:			
Accounts Payable	318,036	26,466	16,646
Interfund Payable	(419)	73,098	-
Due to Governmental Funds	-	-	-
Unearned Revenue	683	(402)	-
Compensated Absences Payable	-	-	-
Net Pension Liability	-	-	-
Net Other Postemployment Benefit Liability	-	-	-
Total Other Postemployment Benefit Liability	-	-	-
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	833,656	(49,606)	(347,600)
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Net Cash Provided (Used) in Operating Activities	\$ (151,827,381)	\$ 12,911,774	\$ 33,337,226
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 4,090,009	\$ 139,829	\$ 247,186
Foreclosed Property	583,559	-	-
Loan Modifications	49,006	6,777	427,226
Total Noncash Investing, Capital, and Financing Activities	\$ 4,722,574	\$ 146,606	\$ 674,412

Combined Program Account	Housing Finance Account	Total	
\$ 1,304,807	\$ 433,613	\$ 8,125,988	
-	7,426	7,426	
(1,304,807)	(294,278)	(10,606,313)	
-	9,680	29,992,909	
-	-	1,662,274	
-	-	(991,836)	
-	45,586	(410,168)	
-	104,266	59,978	
-	(440)	(73,538)	**
-	(89,261)	(89,261)	
-	(3,423)	(3,423)	
-	(70,246)	(134,804,928)	
-	-	824,876	
-	(14,644)	(14,644)	
-	(158,434)	(158,434)	
-	(11,084)	(11,084)	
-	331,248	692,396	
-	-	72,679	**
-	6,113	6,113	
-	(122,498)	(122,217)	
-	(65,837)	(65,837)	
-	(77,693)	(77,693)	
-	(5,873)	(5,873)	
-	43,461	43,461	
-	-	436,450	
-	112,771	112,771	
-	4,691	4,691	
<u>\$ -</u>	<u>\$ 185,144</u>	<u>\$ (105,393,237)</u>	
\$ 659,760	\$ 30,604	\$ 5,167,388	
-	-	583,559	
-	49,413	532,422	
<u>\$ 659,760</u>	<u>\$ 80,017</u>	<u>\$ 6,283,369</u>	

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$72,679 are not included in the Statement of Cash Flows on page 15.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Statistical Section

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

Financial Trends

Pages 50-57 contain trend information to help the reader understand how OHCS D's financial performance has changed over time.

Revenue Capacity

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

Debt Capacity

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

Operating Information

Pages 64-71 contain information to help the reader understand how the information in the financial report relates to activities of OHCS D.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow of Resources, and Net Position

Enterprise Funds

Last Ten Fiscal Years

	2019	2018	2017	2016
Assets				
Cash and Cash Equivalents	\$ 12,630,562	\$ 9,388,621	\$ 9,915,911	\$ 8,730,328
Cash and Cash Equivalents - Restricted	65,370,939	68,372,203	59,447,712	80,466,457
Investments - Restricted	277,597,803	244,508,334	232,640,617	278,624,844
Securities Lending Cash Collateral	2,101,856	1,191,697	357,168	2,041,190
Accounts Receivable	139,932	29,182,712	409,631	131,122
Accrued Interest Receivable	4,133,592	3,924,987	3,729,012	4,209,653
Interfund Receivable	81,079	80,220	16,939	6,780
Due from Governmental Funds	114,050	24,797	82,468	23,931
Prepaid Expenses	4,563	1,140	514	28,996
Acquired Property	1,016,875	1,841,751	2,995,957	3,766,377
Deferred Charges	-	-	-	-
Loans Receivable (Net)	954,607,414	834,207,159	804,071,640	847,251,131
Swap Fair Value Asset	-	1,514,014	899,578	-
Net Pension Asset	-	-	-	-
Net Other Postemployment Benefits Asset	31,100	11,451	-	-
Capital Assets (Net)	43,223	51,674	59,925	62,637
Total Assets	1,317,872,988	1,194,300,760	1,114,627,072	1,225,343,446
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	5,221,906	137,728	1,864,021	6,906,793
Loss on Debt Refunding	1,435,973	1,942,159	1,761,830	2,092,930
Related to Pensions	1,386,060	1,183,656	2,170,765	407,457
Related to Other Postemployment Benefits	40,861	26,968	-	-
Total Deferred Outflows of Resources	8,084,800	3,290,511	5,796,616	9,407,180
Total Assets and Deferred Outflows of Resources	\$ 1,325,957,788	\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626

Unaudited

2015	2014	2013	2012	2011	2010
\$ 10,077,977	\$ 4,060,107	\$ 5,469,303	\$ 5,746,697	\$ 5,873,763	\$ 4,367,875
66,585,531	64,782,925	61,578,919	78,600,165	54,144,451	91,492,695
229,912,957	310,056,935	359,607,162	266,227,125	320,169,513	352,352,552
4,032,437	3,393,772	3,849,298	5,600,831	18,153,910	37,016,172
177,215	189,304	166,750	150,640	1,351,777	155,045
4,618,750	5,443,641	5,899,925	7,336,307	7,708,720	8,280,181
607	164	4,019	11,434	1,252	745
1,795	10,979	79,323	32,697	53,013	10,009
675	8,655	15,305	44,401	1,900	-
4,407,890	7,135,654	3,809,023	10,640,035	10,783,923	8,049,817
-	-	9,019,358	9,522,524	10,526,280	11,128,757
918,003,978	1,009,415,693	1,079,738,292	1,223,594,532	1,288,879,901	1,327,271,965
-	-	-	-	-	-
558,607	-	-	-	-	-
-	-	-	-	-	-
70,549	22,340	9,874	11,074	-	2,604
1,238,448,968	1,404,520,169	1,529,246,551	1,607,518,462	1,717,648,403	1,840,128,417
11,379,103	17,276,495	27,550,227	37,196,930	25,409,179	31,208,266
2,344,757	2,262,264	-	-	-	-
206,746	-	-	-	-	-
-	-	-	-	-	-
13,930,606	19,538,759	27,550,227	37,196,930	25,409,179	31,208,266
\$ 1,252,379,574	\$ 1,424,058,928	\$ 1,556,796,778	\$ 1,644,715,392	\$ 1,743,057,582	\$ 1,871,336,683

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow of Resources, and Net Position

Enterprise Funds

Last Ten Fiscal Years

Continued from the previous page

	2019	2018	2017	2016
Liabilities				
Accounts Payable	\$ 1,292,103	\$ 609,703	\$ 808,431	\$ 626,684
Accrued Interest Payable	16,741,051	13,660,865	13,031,173	15,411,597
Obligations Under Securities Lending	2,101,856	1,191,697	357,168	2,041,190
Interfund Payable	81,079	80,220	16,939	6,780
Due to Governmental Funds	64,554	53,689	6,959	50,880
Due to Other Governments	-	-	-	-
Matured Bonds and Interest Payable	-	-	-	-
Unearned Revenue	878,196	998,823	1,130,510	1,265,880
Compensated Absences Payable	289,020	344,492	271,186	252,162
Bonds Payable	1,053,780,476	943,483,358	869,050,314	979,243,468
Swap Fair Value Liability	5,221,906	137,728	1,864,021	6,906,793
Arbitrage Rebate Liability	-	-	-	-
Loans Payable	-	-	-	-
Pension-related Debt Payable	463,993	501,032	531,182	556,146
Net Pension Liability	3,180,583	3,275,674	4,116,951	1,580,442
Net Other Postemployment Benefits Liability	33,673	41,439	-	-
Total Other Postemployment Benefits Liability	182,434	124,593	-	-
Net Other Postemployment Benefits Obligation	-	-	87,445	85,234
Total Liabilities	1,084,310,924	964,503,313	891,272,279	1,008,027,256
Deferred Inflows of Resources				
Accumulated Increase in Fair Value of Hedging Derivatives	-	1,514,014	899,578	-
Deferred Loan Origination Fees	4,597,314	4,261,350	4,354,736	4,733,476
Related to Pensions	178,767	27,367	39,119	384,804
Related to Other Postemployment Benefits	14,773	8,471	-	-
Total Deferred Inflows of Resources	4,790,854	5,811,202	5,293,433	5,118,280
Net Position				
Net Investment in Capital Assets	43,223	51,674	59,925	62,637
Restricted for Residential Assistance	2,058,567	2,089,298	2,074,043	2,098,015
Restricted for Other Postemployment Benefits	31,100	11,451	-	-
Restricted by Trust Indentures	220,241,383	212,669,994	207,706,209	213,665,954
Unrestricted	14,481,737	12,454,339	14,017,799	5,778,484
Total Net Position	236,856,010	227,276,756	223,857,976	221,605,090
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,325,957,788	\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626

Unaudited

2015	2014	2013	2012	2011	2010
\$ 495,218	\$ 1,021,618	\$ 979,108	\$ 913,537	\$ 742,263	\$ 997,085
17,957,672	20,477,454	23,731,731	27,843,800	28,943,961	32,391,722
4,032,437	3,393,772	3,849,298	5,600,831	18,153,910	37,016,172
607	164	4,019	11,434	1,252	745
101,511	47,284	23	7,092	15,511	43,551
-	-	-	-	-	-
-	-	-	-	-	-
1,402,406	1,539,946	1,666,618	1,250,739	1,045,713	914,354
276,849	296,128	263,931	208,313	246,027	346,874
997,155,163	1,170,857,616	1,281,246,940	1,349,497,180	1,456,870,106	1,560,048,696
11,379,103	17,276,495	27,550,227	37,196,930	25,409,179	31,208,266
-	-	366,889	482,076	102,194	85,740
-	-	1,500,000	1,500,000	1,500,000	1,500,000
575,223	600,689	616,550	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
92,770	88,299	84,812	75,366	66,597	59,529
1,033,468,959	1,215,599,465	1,341,860,146	1,424,587,298	1,533,096,713	1,664,612,734
-	-	-	-	-	-
5,281,561	5,905,347	-	-	-	-
1,077,887	-	-	-	-	-
-	-	-	-	-	-
6,359,448	5,905,347	-	-	-	-
70,549	22,340	9,874	11,074	-	2,604
2,029,118	2,019,413	2,272,946	2,581,560	2,219,237	1,835,608
-	-	-	-	-	-
201,453,112	196,447,800	208,167,826	211,381,841	200,498,355	199,185,070
8,998,388	4,064,563	4,485,986	6,153,619	7,243,277	5,700,667
212,551,167	202,554,116	214,936,632	220,128,094	209,960,869	206,723,949
<u>\$ 1,252,379,574</u>	<u>\$ 1,424,058,928</u>	<u>\$ 1,556,796,778</u>	<u>\$ 1,644,715,392</u>	<u>\$ 1,743,057,582</u>	<u>\$ 1,871,336,683</u>

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

	2019	2018	2017	2016
Operating Revenues				
Interest on Loans	\$ 40,504,975	\$ 36,644,795	\$ 39,626,363	\$ 46,381,931
Investment Income (Loss)	11,846,649	3,650,448	332,374	6,767,972
Administrative Charges and Fees	4,358,237	3,295,836	2,537,227	2,111,542
Low Income Housing Tax Credit Fees	3,364,208	2,924,199	1,604,511	1,126,415
Gain (Loss) on Sale of Foreclosed Property	45,379	146,174	373,502	314,222
Gain (Loss) on Sale of Foreclosed Property	984,697	1,129,267	1,039,870	1,034,419
Miscellaneous Revenue	6,938	93,062	358,328	115,962
Total Operating Revenues	61,111,083	47,883,781	45,872,175	57,852,463
Operating Expenses				
Personal Services	5,712,702	5,206,618	5,126,065	5,828,772
Services and Supplies	2,886,332	3,084,561	2,508,940	2,437,292
Mortgage Service Fees	2,931,395	2,394,668	2,264,580	2,393,209
Foreclosure Costs	215,168	438,500	616,407	422,662
Interest Expense - Bonds	31,556,074	27,235,723	28,487,108	33,287,518
Interest Expense - Securities Lending	95,991	21,699	1,974	22,326
Interest Expense - Loans	-	-	-	-
Other Related Program Expenses	7,832,586	5,778,673	4,346,935	4,169,306
Amortization of Deferred Bond Issuance Costs	-	-	-	-
Depreciation/Amortization	8,451	8,452	7,910	7,912
Bad Debt Expense	-	-	33,583	-
Total Operating Expenses	51,238,699	44,168,894	43,393,502	48,568,997
Operating Income (Loss)	9,872,384	3,714,887	2,478,673	9,283,466
Nonoperating Revenue/(Expenses)				
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
Interest Expense - Pension-related Debt	(31,857)	(32,996)	(38,010)	(37,729)
Total Nonoperating Revenue/(Expenses)	(31,857)	(32,996)	(38,010)	(37,729)
Transfers				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Transfers to Other State Agencies	(261,273)	(184,404)	(187,777)	(191,814)
Increase (Decrease) in Net Position	\$ 9,579,254	\$ 3,497,487	\$ 2,252,886	\$ 9,053,923
Net Position - Beginning	227,276,756	223,857,976	221,605,090	212,551,167
Prior Period Adjustment	-	-	-	-
Change in Accounting Principle	-	(78,707)	-	-
Net Position - Beginning (Restated)	227,276,756	223,779,269	221,605,090	212,551,167
Net Position - Ending	\$ 236,856,010	\$ 227,276,756	\$ 223,857,976	\$ 221,605,090

Unaudited

2015	2014	2013	2012	2011	2010
\$ 50,954,045	\$ 52,542,197	\$ 59,217,071	\$ 68,917,920	\$ 72,357,706	\$ 79,035,078
3,484,174	4,844,825	(2,508,456)	13,938,305	3,319,834	11,813,383
2,444,692	833,012	1,465,554	1,598,870	3,696,833	3,789,130
3,174,641	1,566,180	2,350,450	1,968,720	2,149,904	1,936,433
288,970	548,575	408,021	(276,931)	(259,296)	66,272
1,311,768	1,329,839	1,625,184	1,601,630	2,262,920	1,974,357
60,801	16,350	2,474,127	110,579	14,230	17,984
61,719,091	61,680,978	65,031,951	87,859,093	83,542,131	98,632,637
3,868,949	4,250,998	3,982,480	4,091,672	4,194,543	4,959,949
2,392,345	2,429,232	2,139,476	2,753,928	3,600,289	3,663,290
2,619,687	2,820,877	3,148,492	3,534,690	3,665,713	3,974,512
324,684	995,546	1,728,780	1,427,384	1,902,931	698,808
38,491,579	43,280,173	52,057,391	58,695,970	62,458,803	68,618,190
12,347	13,410	42,107	20,787	79,233	81,219
-	24,575	48,750	48,801	48,814	49,624
2,740,696	4,554,711	5,598,394	3,986,853	3,348,124	2,183,932
-	-	641,555	752,880	884,674	937,454
4,394	2,034	1,200	934	233	934
-	-	-	2,211,594	(54,028)	(100,788)
50,454,681	58,371,556	69,388,625	77,525,493	80,129,329	85,067,124
11,264,410	3,309,422	(4,356,674)	10,333,600	3,412,802	13,565,513
-	-	-	-	(2,371)	-
(39,019)	(38,942)	(40,754)	-	-	-
(39,019)	(38,942)	(40,754)	-	(2,371)	-
-	-	68,726	117,816	117,816	117,816
-	-	(68,726)	(117,816)	(117,816)	(117,816)
(211,415)	(185,435)	(163,735)	(166,375)	(173,511)	(207,827)
\$ 11,013,976	\$ 3,085,045	\$ (4,561,163)	\$ 10,167,225	\$ 3,236,920	\$ 13,357,686
202,554,116	214,936,632	220,128,094	209,960,869	206,723,949	193,366,263
2,979	(6,448,203)	(630,299)	-	-	-
(1,019,904)	(9,019,358)	-	-	-	-
201,537,191	199,469,071	219,497,795	209,960,869	206,723,949	193,366,263
\$ 212,551,167	\$ 202,554,116	\$ 214,936,632	\$ 220,128,094	\$ 209,960,869	\$ 206,723,949

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Cash Flows
Enterprise Funds
Last Ten Fiscal Years

	2019	2018	2017
Cash Flows from Operating Activities			
Received from Customers	\$ 8,876,105	\$ 7,079,496	\$ 4,163,809
Program Loan Principal Repayments	113,960,119	126,654,062	138,955,178
Program Loan Interest Received	38,764,669	35,717,096	38,803,932
Program Loans Made	(233,252,858)	(156,182,704)	(97,014,283)
Payments to Employees for Services	(5,930,708)	(5,025,280)	(4,707,259)
Payments to Suppliers for Goods and Services	(5,841,075)	(5,422,079)	(4,650,950)
Other Receipts (Payments)	(5,473,021)	(3,658,826)	(791,680)
Net Cash Provided (Used) in Operating Activities	(88,896,769)	(838,235)	74,758,747
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	216,176,306	280,205,736	134,026,831
Principal Payments - Bonds	(103,615,000)	(203,460,000)	(242,255,000)
Interest Payments - Bonds	(29,029,187)	(27,367,083)	(31,402,394)
Bond Issuance Costs	(1,677,569)	(1,763,294)	(774,512)
Bond Call Costs	-	-	-
Principal Payments - Loans	-	-	-
Interest Payments - Loans	-	-	-
Principal Payments - Pension-related Debt	(37,039)	(30,150)	(24,964)
Interest Payments - Pension-related Debt	(31,857)	(32,996)	(38,010)
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Transfers to Other State Agencies	(243,488)	(203,500)	(188,958)
Net Cash Provided (Used) in Noncapital Financing Activities	81,542,166	47,348,713	(140,657,007)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	5,445	(10,844)
Net Cash Provided (Used) in Capital and Related Financing Activities	-	5,445	(10,844)
Cash Flows from Investing Activities			
Purchase of Investments	(510,891,434)	(498,137,269)	(368,836,911)
Proceeds from Sales and Maturities of Investments	512,301,216	456,787,746	411,676,140
Interest on Cash and Investments	6,185,498	3,230,801	3,236,713
Investment Income on Securities Lending	95,991	21,699	1,974
Interest Paid on Securities Lending	(95,991)	(21,699)	(1,974)
Net Cash Provided (Used) in Investing Activities	7,595,280	(38,118,722)	46,075,942
Net Increase (Decrease) in Cash and Cash Equivalents	240,677	8,397,201	(19,833,162)
Cash and Cash Equivalents Balance - Beginning	77,760,824	69,363,623	89,196,785
Cash and Cash Equivalents Balance - Ending	\$ 78,001,501	\$ 77,760,824	\$ 69,363,623

2016	2015	2014	2013	2012	2011	2010
\$ 3,569,340	\$ 5,721,238	\$ 2,596,251	\$ 4,231,488	\$ 3,817,788	\$ 5,950,885	\$ 5,506,696
142,159,092	145,611,724	120,322,978	195,141,571	136,040,641	117,147,144	106,970,691
44,151,928	50,261,428	54,750,757	61,595,811	68,928,782	72,665,054	79,020,543
(71,715,430)	(54,220,431)	(61,116,633)	(50,657,880)	(80,485,104)	(90,650,348)	(28,336,930)
(4,609,749)	(4,587,915)	(4,175,801)	(3,955,271)	(4,127,721)	(4,331,258)	(4,990,333)
(4,923,555)	(5,064,173)	(5,182,403)	(5,279,251)	(6,491,400)	(7,626,701)	(7,392,663)
47,139	941,970	1,431,972	1,740,694	3,336,124	5,103,222	2,652,019
108,678,765	138,663,841	108,627,121	202,817,162	121,019,110	98,257,998	153,430,023
211,033,001	31,377,604	139,605,754	156,930,314	28,790,153	229,409,935	120,000,000
(227,045,000)	(202,930,000)	(249,975,000)	(222,950,000)	(134,265,000)	(328,800,000)	(141,465,000)
(36,186,445)	(40,849,857)	(46,745,465)	(56,418,920)	(60,092,434)	(66,122,552)	(72,216,962)
(1,514,836)	(565,215)	(1,409,003)	(1,564,025)	(489,166)	(2,599,161)	(251,803)
-	-	-	-	-	(50,101)	-
-	-	(1,500,000)	-	-	-	-
-	-	(36,729)	(48,709)	(48,946)	(48,685)	(51,137)
(19,077)	(22,487)	(15,861)	-	-	-	-
(37,729)	(39,019)	(38,942)	-	-	-	-
-	-	-	68,726	117,816	117,816	117,816
-	-	-	(68,726)	(117,816)	(117,816)	(117,816)
(191,894)	(209,314)	(186,039)	(163,389)	(166,413)	(173,241)	(207,827)
(53,961,980)	(213,238,288)	(160,301,285)	(124,214,729)	(166,271,806)	(168,383,805)	(94,192,729)
-	(52,603)	(14,500)	-	(12,008)	-	-
-	(52,603)	(14,500)	-	(12,008)	-	-
(441,963,836)	(289,867,498)	(390,462,021)	(574,207,348)	(725,126,170)	(1,956,792,819)	(1,028,085,776)
396,996,896	370,368,568	440,622,813	473,758,011	788,529,034	1,986,224,054	960,201,794
2,783,432	1,946,456	3,322,682	4,548,264	6,190,488	4,852,216	5,071,369
22,326	12,347	13,410	42,107	20,787	79,233	81,219
(22,326)	(12,347)	(13,410)	(42,107)	(20,787)	(79,233)	(81,219)
(42,183,508)	82,447,526	53,483,474	(95,901,073)	69,593,352	34,283,451	(62,812,613)
12,533,277	7,820,476	1,794,810	(17,298,640)	24,328,648	(35,842,356)	(3,575,319)
76,663,508	68,843,032	67,048,222	84,346,862	60,018,214	95,860,570	99,435,889
\$ 89,196,785	\$ 76,663,508	\$ 68,843,032	\$ 67,048,222	\$ 84,346,862	\$ 60,018,214	\$ 95,860,570

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Weighted Average Interest Rate - New Mortgage Loans

Enterprise Funds

Unaudited

Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Overall Weighted Average Interest Rate	4.05%	3.62%	3.26%	3.44%	3.29%	3.18%	3.24%	3.79%	4.65%	4.50%
Elderly and Disabled Housing Program	-	-	-	-	-	-	-	-	5.97%	-
Mortgage Revenue Bonds	4.05%	3.62%	3.26%	3.44%	3.29%	3.09%	0.45%	0.60%	0.91%	4.50%
Housing Revenue Bonds	-	-	-	-	-	3.30%	3.63%	3.95%	4.46%	-
Multifamily Housing Revenue Bonds	-	-	-	-	-	-	-	6.25%	-	-

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

Unaudited

Current Year and Nine Years Ago

	Fiscal Year 2019			Fiscal Year 2010		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Emeralde Pointe	1	\$ 1,088,446	2.81%			
Willamette Garden Apts	2	772,127	1.99%	4	847,577	1.07%
Beaver State Apartments	3	549,120	1.42%			
Westridge Meadows Apartments	4	455,963	1.18%	2	967,101	1.22%
The Hazelwood	5	342,247	0.88%	6	430,807	0.55%
Troutdale Terrace Apts	6	293,793	0.76%	3	884,621	1.12%
Autumn Park	7	273,112	0.70%			
Gateway Park Apts	8	267,341	0.69%	7	422,175	0.53%
Fifth Avenue Court	9	250,834	0.65%	10	401,132	0.51%
Arbor Glen	10	244,594	0.63%			
Woodridge Apartments				1	991,225	1.25%
Lake Crest Apts				5	607,067	0.77%
Buckman Heights Apts				8	419,609	0.53%
Cascadia Village Retirement Center				9	408,869	0.52%
Total		<u>\$ 4,537,577</u>	<u>11.71%</u>		<u>\$ 6,380,183</u>	<u>8.07%</u>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Ratio of Outstanding Debt

Enterprise Fund

Unaudited

Last Ten Fiscal Years

Fiscal Year	Business-Type Activities - Enterprise Funds				Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Loans Payable	Total		
2019	\$ 30,400,000	\$ 1,004,675,000	\$ -	\$ 1,035,075,000	0.49%	\$ 247
2018	36,915,000	890,470,000	-	927,385,000	0.46%	224
2017	44,710,000	812,105,000	-	856,815,000	0.45%	209
2016	50,810,000	917,700,000	-	968,510,000	0.53%	241
2015	85,480,000	904,220,000	-	989,700,000	0.59%	250
2014	112,615,000	1,049,115,000	-	1,161,730,000	0.74%	296
2013	119,985,000	1,156,130,000	1,500,000	1,277,615,000	0.83%	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

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds, Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds (FY 2010 - FY 2014)

⁽³⁾ Personal Income and Population Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1)
<https://apps.bea.gov/iTable/iTable.cfm?acrdn=6&isuri=1&reqid=70&step=1#reqid=70&step=1&isuri=1>

Population and Personal Income information can be found on page 62.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Legal Debt Margin Information

Enterprise Fund

Unaudited

Last Ten Fiscal Years

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
<u>General Obligation Bonds</u>				
2019	\$ 3,384,375,594	\$ 30,400,000	\$ 3,353,975,594	0.90%
2018	3,104,548,584	36,915,000	3,067,633,584	1.19%
2017	2,795,635,633	44,710,000	2,750,925,633	1.60%
2016	2,530,877,318	50,810,000	2,480,067,318	2.01%
2015	2,347,393,704	85,480,000	2,261,913,704	3.64%
2014	2,167,365,136	112,615,000	2,054,750,136	5.20%
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%
<u>Revenue Bonds</u>				
2019	\$ 2,500,000,000	\$ 1,004,675,000	\$ 1,495,325,000	40.19%
2018	2,500,000,000	890,470,000	1,609,530,000	35.62%
2017	2,500,000,000	812,105,000	1,687,895,000	32.48%
2016	2,500,000,000	917,700,000	1,582,300,000	36.71%
2015	2,500,000,000	904,220,000	1,595,780,000	36.17%
2014	2,500,000,000	1,049,115,000	1,450,885,000	41.96%
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%

Legal Debt Margin for Fiscal Year 2019

General Obligation Bonds

True cash value of all taxable property in the state	\$ 676,875,118,712
Debt Limit (0.5% of true cash value)	3,384,375,594
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(30,400,000)
Legal Debt Margin	<u>\$ 3,353,975,594</u>

Revenue Bonds

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Demographic and Economic Data - State of Oregon

Last Ten Years

Unaudited

Calendar Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in millions)	Per Capita Personal Income	Annual Unemployment Rate ⁽²⁾
2018	4,190,713	\$ 213,070.1	\$ 50,843	4.2%
2017	4,146,592	200,579.2	48,372	4.1%
2016	4,091,404	190,241.0	46,498	4.8%
2015	4,016,918	181,491.7	45,182	5.6%
2014	3,964,106	168,408.8	42,483	6.8%
2013	3,922,908	156,977.1	40,015	7.9%
2012	3,899,118	154,408.5	39,601	8.8%
2011	3,871,728	146,432.2	37,821	9.5%
2010	3,837,532	138,618.0	36,122	10.6%
2009	3,808,600	135,132.2	35,481	11.3%

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1)

<https://apps.bea.gov/iTable/iTable.cfm?acrdn=6&isuri=1&reqid=70&step=1#reqid=70&step=1&isuri=1>

⁽²⁾ Source: Oregon Employment Department - <https://www.qualityinfo.org/ed-uesti/?at=1&t1=4101000000~unemprate~n~2009~2018>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Employment Data - State of Oregon Current Year and Nine Years Ago

Unaudited

	Calendar Year 2018		Calendar Year 2009		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	298,520	11.56%	247,629	11.31%	20.55%
Retail Trade	261,088	10.11%	230,603	10.53%	13.22%
Manufacturing	213,599	8.27%	181,386	8.29%	17.76%
Accommodation and Food Services	202,374	7.84%	153,214	7.00%	32.09%
Professional, Scientific, and Technical Services	169,951	6.58%	130,219	5.95%	30.51%
Construction	141,900	5.50%	111,776	5.11%	26.95%
Administrative and Support Services	128,386	4.97%	103,885	4.75%	23.58%
Real Estate and Rental and Leasing	121,277	4.70%	100,681	4.60%	20.46%
Transportation and Warehousing	101,927	3.95%	62,492	2.85%	63.10%
Finance and Insurance	96,972	3.76%	94,108	4.30%	3.04%
Wholesale Trade	82,827	3.21%	82,925	3.79%	-0.12%
Farm Employment	68,035	2.63%	67,967	3.10%	0.10%
Arts, Entertainment, and Recreation	66,732	2.58%	52,167	2.38%	27.92%
Educational Services	59,451	2.30%	51,522	2.35%	15.39%
Management of Companies and Enterprises	50,566	1.96%	31,958	1.46%	58.23%
Information	43,637	1.69%	40,696	1.86%	7.23%
Forestry, Fishing, and Related Activities	33,856	1.31%	28,986	1.32%	16.80%
Waste Management and Remediation Services	6,056	0.23%	5,482	0.25%	10.47%
Mining, quarrying, and oil and gas extraction	5,960	0.23%	4,150	0.19%	43.61%
Utilities	5,113	0.20%	5,002	0.23%	2.22%
Other Services	130,261	5.04%	115,484	5.28%	12.80%
Federal Government (Civilian)	28,155	1.09%	29,976	1.37%	-6.07%
Military	11,327	0.44%	12,465	0.57%	-9.13%
State Government	47,843	1.85%	59,066	2.70%	-19.00%
Local Government	206,557	8.00%	185,309	8.46%	11.47%
Total Employment	<u>2,582,370</u>	<u>100.00%</u>	<u>2,189,148</u>	<u>100.00%</u>	17.96%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Interest Rate

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Interest Rate	Fiscal Year 2019				Fiscal Year 2010			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 2.99%	211	3.50%	\$ 37,011,803	3.88%	98	1.14%	\$ 12,364,817	0.93%
3.00 - 3.99%	2,421	40.14%	415,356,314	43.51%	7	0.08%	4,650,637	0.35%
4.00 - 4.99%	1,801	29.86%	288,507,221	30.22%	2,214	25.70%	273,994,942	20.62%
5.00 - 5.99%	1,050	17.41%	150,997,109	15.82%	4,266	49.54%	601,801,391	45.29%
6.00 - 6.99%	339	5.62%	53,178,664	5.57%	1,407	16.33%	300,803,635	22.64%
7.00 - 7.99%	170	2.82%	8,435,597	0.88%	425	4.93%	96,836,144	7.29%
8.00 - 8.99%	39	0.65%	1,120,706	0.12%	146	1.69%	18,340,796	1.38%
9.00 - 9.99%	-	-	-	-	19	0.22%	9,909,276	0.75%
10.00% or More	-	-	-	-	32	0.37%	9,903,251	0.75%
Total	6,031	100.00%	\$ 954,607,414	100.00%	8,614	100.00%	\$ 1,328,604,889	100.00%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Monthly Payment Amount

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Monthly Payment ⁽¹⁾	Fiscal Year 2019				Fiscal Year 2010			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans</u> ⁽²⁾								
\$ 0 - \$ 200	33	0.57%	\$ 679,963	0.08%	52	0.64%	\$ 1,458,197	0.14%
\$ 201 - \$ 400	363	6.28%	14,865,131	1.80%	611	7.48%	25,972,910	2.55%
\$ 401 - \$ 600	1,247	21.58%	93,712,146	11.33%	1,873	22.94%	141,896,704	13.95%
\$ 601 - \$ 800	1,541	26.67%	180,949,393	21.88%	2,188	26.79%	246,731,767	24.25%
\$ 801 - \$1,000	1,196	20.70%	197,415,566	23.87%	1,696	20.76%	250,972,678	24.66%
\$1,001 - \$1,200	755	13.07%	162,332,537	19.62%	1,026	12.56%	188,275,321	18.50%
\$1,201 - \$1,400	404	6.99%	103,231,135	12.48%	537	6.57%	115,493,633	11.35%
\$1,401 - \$1,600	180	3.12%	53,822,968	6.51%	139	1.70%	33,872,367	3.33%
\$1,601 - \$1,800	51	0.88%	17,018,423	2.06%	40	0.49%	11,054,005	1.09%
\$1,801 - \$2,000	6	0.10%	2,318,042	0.28%	6	0.07%	1,833,101	0.18%
\$2,001 or more	2	0.04%	780,464	0.09%	-	-	-	-
Total	5,778	100.00%	827,125,768	100.00%	8,168	100.00%	1,017,560,683	100.00%
<u>Multi-Family Loans</u> ⁽³⁾								
\$ 0 - \$ 1,000	158	62.45%	4,273,254	3.35%	233	52.24%	10,002,722	3.22%
\$ 1,001 - \$ 5,000	40	15.81%	10,366,478	8.13%	68	15.25%	20,796,019	6.69%
\$ 5,001 - \$10,000	24	9.49%	17,068,232	13.39%	39	8.74%	24,855,020	7.97%
\$10,001 - \$15,000	8	3.16%	8,551,012	6.71%	34	7.62%	38,912,030	12.51%
\$15,001 - \$20,000	7	2.77%	11,362,704	8.91%	21	4.71%	39,270,222	12.63%
\$20,001 - \$25,000	4	1.58%	7,245,522	5.69%	17	3.81%	39,364,915	12.66%
\$25,001 - \$30,000	4	1.58%	11,507,495	9.03%	6	1.35%	22,380,306	7.20%
\$30,001 or more	7	2.77%	56,822,237	44.57%	16	3.59%	111,673,595	35.90%
Due at Maturity	1	0.39%	284,712	0.22%	12	2.69%	3,789,377	1.22%
Total	253	100.00%	127,481,646	100.00%	446	100.00%	311,044,206	100.00%
Grand Total	6,031		\$ 954,607,414		8,614		\$ 1,328,604,889	

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

⁽²⁾ Mortgage Revenue Bonds and Housing Revenue Bonds

⁽³⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, and Housing Finance Account Loans

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By County

Enterprise Funds

June 30, 2019

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	\$ 108,085	22	\$ 1,556,351	-	-
Benton	7	1,709,583	66	8,188,735	-	-
Clackamas	15	4,723,160	346	64,152,351	2	7,368,121
Clatsop	2	35,271	18	2,283,798	-	-
Columbia	5	574,465	74	13,083,075	1	1,347,769
Coos	4	73,857	116	13,799,622	-	-
Crook	-	-	43	5,806,767	-	-
Curry	2	21,598	6	656,049	-	-
Deschutes	2	80,819	296	46,739,918	-	-
Douglas	3	1,004,551	118	13,510,368	1	1,043,610
Gilliam	2	320,353	1	20,053	-	-
Grant	-	-	2	320,239	-	-
Harney	2	1,137,102	12	748,871	-	-
Hood River	1	11,350	16	2,801,497	-	-
Jackson	7	2,100,089	318	48,134,001	1	783,342
Jefferson	-	-	51	6,422,584	-	-
Josephine	3	798,588	450	75,745,974	-	-
Klamath	-	-	203	18,103,755	-	-
Lake	1	67,133	17	1,174,270	-	-
Lane	16	1,197,083	289	29,073,520	2	14,340,712
Lincoln	6	3,347,642	49	4,612,522	-	-
Linn	10	1,092,056	147	18,782,384	-	-
Malheur	3	923,521	33	1,739,640	-	-
Marion	42	25,334,203	539	60,966,470	2	1,032,060
Morrow	-	-	29	1,873,270	-	-
Multnomah	50	14,835,317	1,579	246,660,601	10	22,333,383
Polk	6	1,088,474	92	12,796,055	-	-
Sherman	1	155,160	1	168,051	-	-
Tillamook	1	407,640	17	2,317,459	-	-
Umatilla	4	43,934	154	10,237,853	-	-
Union	2	358,437	49	3,887,527	2	1,287,828
Wallowa	1	765,968	5	352,570	1	8,742,550
Wasco	1	13,495	5	736,604	-	-
Washington	13	2,524,015	450	80,228,485	1	1,834,673
Wheeler	1	118,206	1	205,719	-	-
Yamhill	8	1,788,077	164	29,238,760	-	-
Total	222	\$ 66,759,232	5,778	\$ 827,125,768	23	\$ 60,114,048

Housing Finance Account		Total	
Number of Loans	Principal Amount	Number of Loans	Principal Amount
-	-	23	\$ 1,664,436
-	-	73	9,898,318
-	-	363	76,243,632
-	-	20	2,319,069
-	-	80	15,005,309
-	-	120	13,873,479
-	-	43	5,806,767
-	-	8	677,647
-	-	298	46,820,737
-	-	122	15,558,529
-	-	3	340,406
-	-	2	320,239
-	-	14	1,885,973
-	-	17	2,812,847
-	-	326	51,017,432
5	232,956	56	6,655,540
-	-	453	76,544,562
-	-	203	18,103,755
-	-	18	1,241,403
-	-	307	44,611,315
-	-	55	7,960,164
-	-	157	19,874,440
-	-	36	2,663,161
-	-	583	87,332,733
-	-	29	1,873,270
-	-	1,639	283,829,301
-	-	98	13,884,529
-	-	2	323,211
-	-	18	2,725,099
-	-	158	10,281,787
-	-	53	5,533,792
-	-	7	9,861,088
1	284,712	7	1,034,811
2	90,698	466	84,677,871
-	-	2	323,925
-	-	172	31,026,837
8	\$ 608,366	6,031	\$ 954,607,414

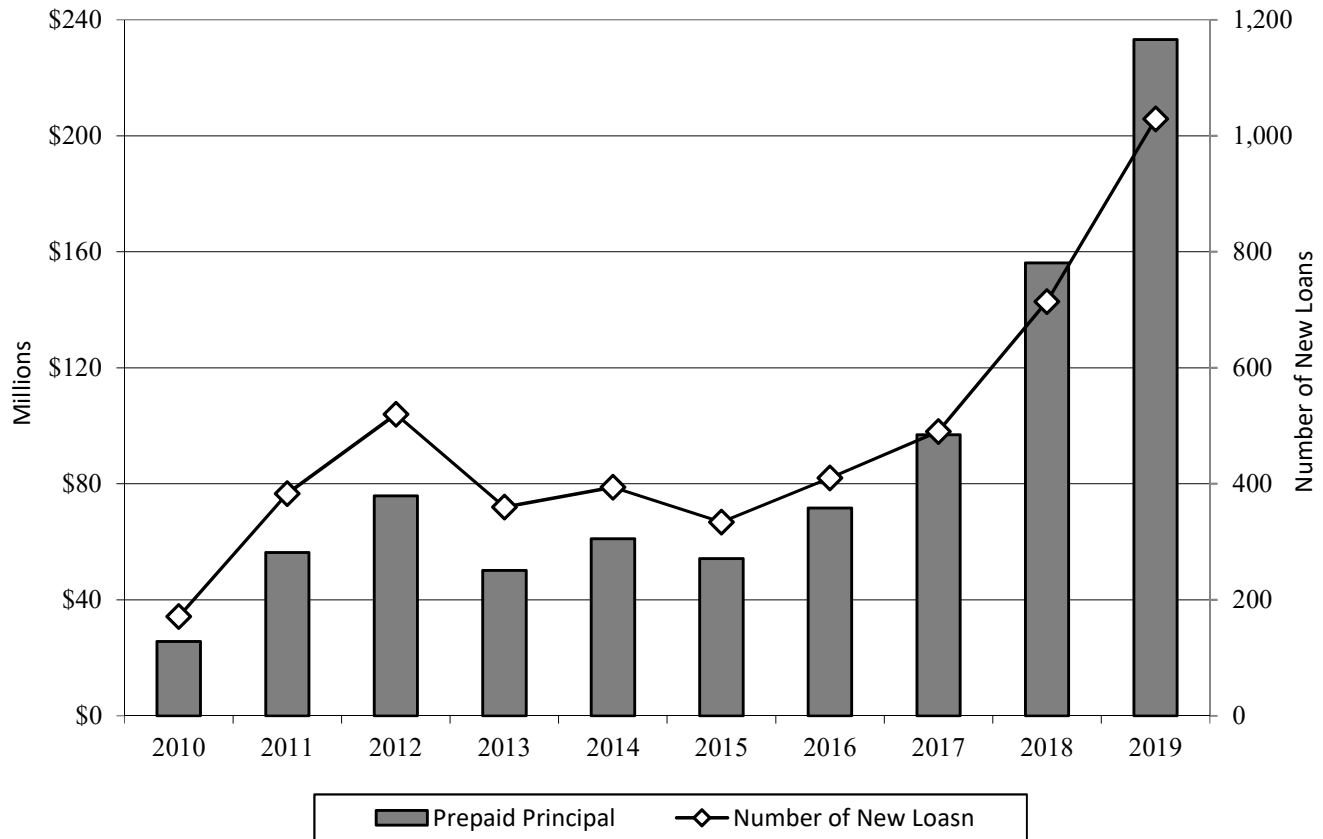
OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

New Mortgage Loans - Single-Family Mortgage Program

Enterprise Funds

Last Ten Fiscal Years

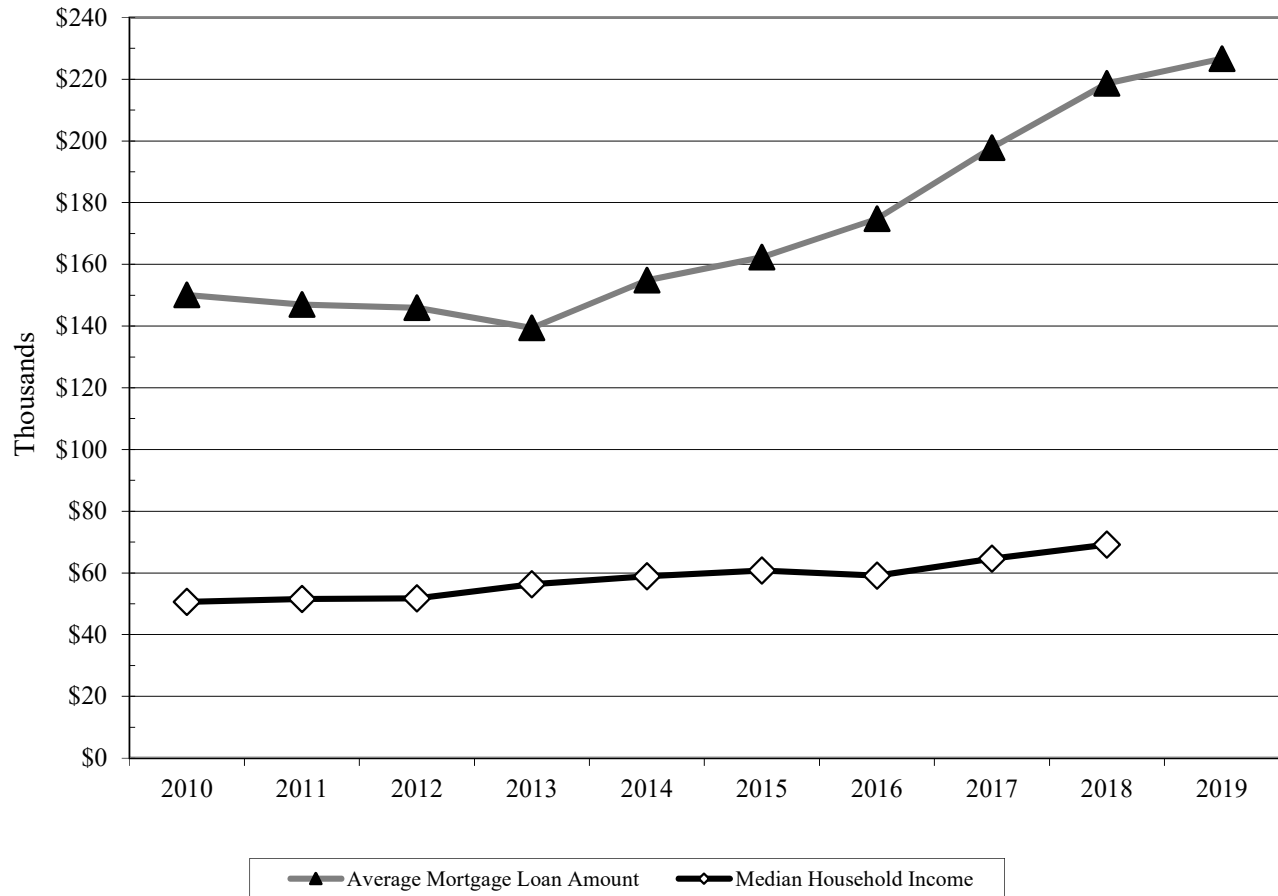
Unaudited



Fiscal Year	Number of New Loans	Original Loan Amount
2019	1,029	\$ 233,203,348
2018	714	156,131,888
2017	490	96,914,554
2016	410	71,664,632
2015	334	54,219,431
2014	394	61,016,633
2013	360	50,176,880
2012	520	75,861,516
2011	383	56,271,932
2010	171	25,660,493

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Average New Mortgage Loan Amount Versus Median Household Income -
Single Family Mortgage Program
Enterprise Funds
Last Ten Years

Unaudited

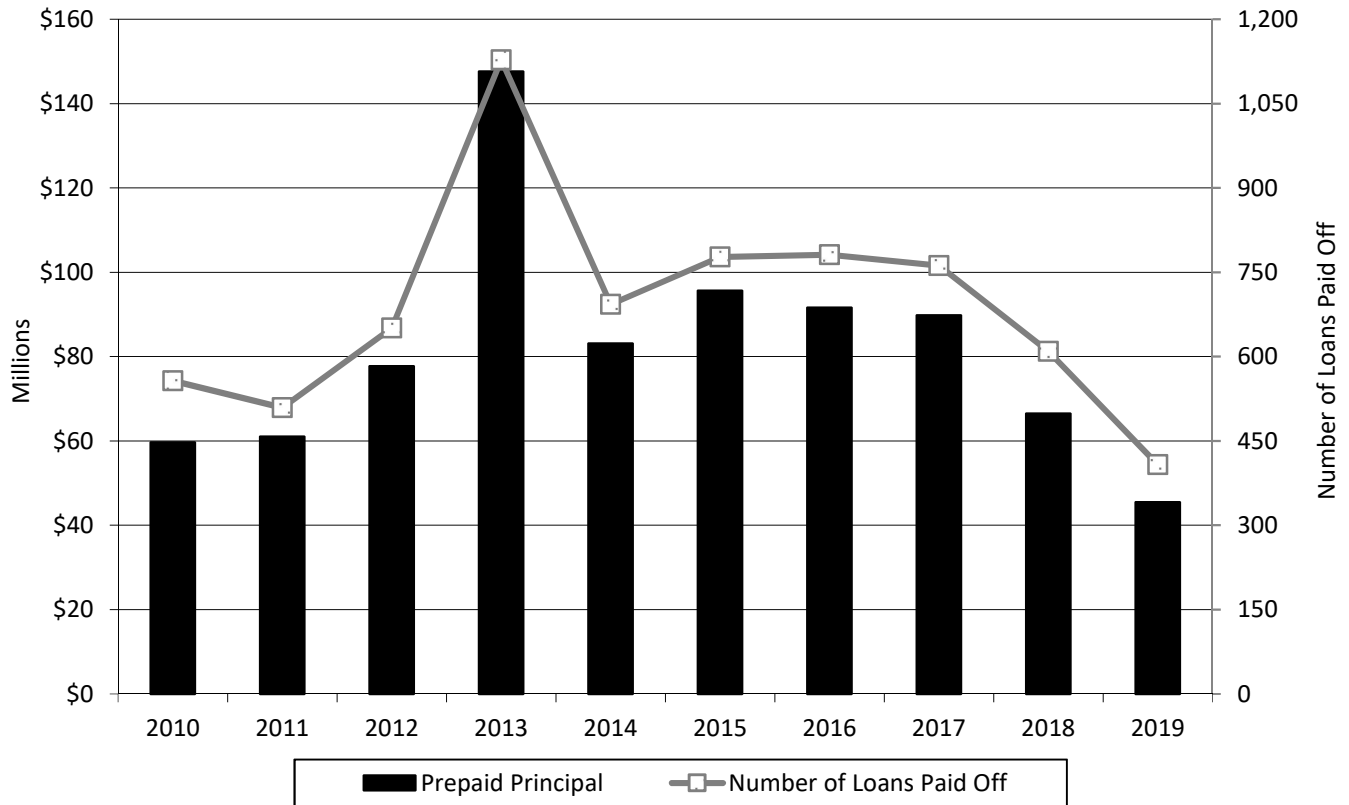


<u>Fiscal Year</u>	<u>Average Loan Amount</u>	<u>Calendar Year</u>	<u>Median Household Income in the State of Oregon</u> ⁽¹⁾
2019	\$ 226,631		
2018	218,672	2018	\$ 69,165
2017	197,785	2017	64,610
2016	174,792	2016	59,135
2015	162,334	2015	60,834
2014	154,865	2014	58,875
2013	139,380	2013	56,307
2012	145,888	2012	51,775
2011	146,924	2011	51,526
2010	150,061	2010	50,602

⁽¹⁾ Source: US Census Bureau - <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html> (Table H-8)

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Mortgage Loans Paid Off - Single-Family Mortgage Program
Enterprise Funds
Last Ten Fiscal Years

Unaudited



<u>Fiscal Year</u>	<u>Number of Loans Paid Off</u>	<u>Prepaid Principal</u>
2019	408	\$ 45,414,416
2018	609	66,400,638
2017	762	89,704,744
2016	781	91,544,807
2015	777	95,583,596
2014	693	83,050,591
2013	1,128	147,566,970
2012	651	77,679,998
2011	509	60,939,133
2010	557	59,574,865

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Number of Employees Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Director's Office	3.0	3.0	13.0	11.0	10.0	2.0	5.0	6.0	8.0	9.0
Public Affairs Division	9.0	9.0	7.0	7.0	10.0	9.0	13.0	15.0		
Housing Stabilization Division	32.8	32.8	29.5	23.5	27.8					
Housing Finance Division	79.0	71.0	65.5	51.5	53.5					
Chief Financial Office	19.0	19.0	22.0	21.0	20.0					
Chief Operations Office	21.0	18.0								
Business Operations Division						54.5	50.0	46.8		
Program Delivery Division						60.0	79.5	84.5		
Community Resources Division									33.0	29.0
Housing Division									31.0	31.5
Asset & Property Management Division									30.0	32.0
Oregon Housing Stabilization Initiative Division									22.0	
Financial Management Division									21.8	24.0
Information Services Division									15.0	11.9
Human Resources									3.0	3.0
Total	163.8	152.8	137.0	114.0	121.3	125.5	147.5	152.3	163.8	140.4

[THIS PAGE INTENTIONALLY LEFT BLANK]

Other Reports



Independent Auditor's 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*

The Honorable Kate Brown, Governor of Oregon
Margaret Salazar, Director, Oregon Housing and Community Services Department

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 Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (Department), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 30, 2019.

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.

Office of the Secretary of State, Audits Division

State of Oregon
October 30, 2019