

Annual Financial Report

Enterprise Funds of
the State of Oregon

Housing and Community Services
Department

For the Year Ended June 30, 2023

Andrea Bell
Director

Dean Criscola
Controller

Prepared by:
Roger Schmidt
Matthew Harris
Siora Arce



Table of Contents

Financial Section

| | |
|--|----|
| Independent Auditor’s Report | 2 |
| Basic Financial Statements: | |
| Statement of Net Position | 6 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position | 8 |
| Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 12 |
| Supplementary Information: | |
| Combining Schedules - Housing Finance Fund: | |
| Combining Statement of Net Position - Housing Finance Fund | 34 |
| Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Housing Finance Fund | 38 |
| Combining Statement of Cash Flows - Housing Finance Fund | 40 |

Statistical Section

| | |
|--|----|
| Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position | 46 |
| Revenues, Expenses, and Changes in Net Position | 50 |
| Cash Flows | 52 |
| Weighted Average Interest Rate - New Mortgage Loans - Single-Family Mortgage Program | 54 |
| Principal Program Loan Interest Payers | 55 |
| Ratio of Outstanding Debt | 56 |
| Legal Debt Margin Information | 57 |
| Demographic and Economic Data - State of Oregon | 58 |
| Employment Data - State of Oregon | 59 |
| Loans Outstanding - By Interest Rate | 60 |
| Loans Outstanding - By Monthly Payment Amount | 61 |
| Loans Outstanding - By County | 62 |
| New Mortgage Loans - Single-Family Mortgage Program | 64 |
| Average New Mortgage Loan Amount Versus Median Household Income - Single-Family Mortgage Program | 65 |
| Mortgage Loans Paid Off - Single-Family Mortgage Program | 66 |
| Number of Employees | 67 |

Other Reports

| | |
|---|----|
| Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters | 70 |
|---|----|

Financial Section

Independent Auditor's Report

The Honorable Tina Kotek
Governor of Oregon

Andrea Bell, Director
Oregon Housing and Community Services Department

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, which collectively comprise the Housing and Community Service Fund, an enterprise fund of the State of Oregon, Housing and Community Services Department (department) as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing and Community Services Fund, an enterprise fund of the State of Oregon, Housing and Community Services Department, as of June 30, 2023, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Housing and Community Service Fund and do not purport to, and do not, present fairly the financial position of the State of Oregon or the Oregon Housing and Community Services Department, as of June 30, 2023, the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and the disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Housing and Community Services Department's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing and Community Service Fund's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issue our report dated October 30, 2023, 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 Housing and Community Services Department's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
October 30, 2023

[THIS PAGE INTENTIONALLY LEFT BLANK]

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Net Position
Proprietary Funds
June 30, 2023

| | 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 | \$ 1,121,341 | \$ 42,246,808 | \$ 43,368,149 |
| Cash and Cash Equivalents - Restricted | 1,979,708 | 94,311,396 | 96,291,104 |
| Securities Lending Cash Collateral | 25,843 | 21,656 | 47,499 |
| Accounts Receivable | 850 | 298,680 | 299,530 |
| Accrued Interest Receivable | 267,547 | 5,027,043 | 5,294,590 |
| Interfund Receivable | - | 47,806 | 47,806 |
| Due from Governmental Funds | 177 | 302,478 | 302,655 |
| Prepaid Expenses | - | 21,147 | 21,147 |
| Loans Receivable | 3,277,752 | 26,084,604 | 29,362,356 |
| Acquired Property | - | 780,339 | 780,339 |
| Total Current Assets | 6,673,218 | 169,141,957 | 175,815,175 |
| Noncurrent Assets | | | |
| Cash and Cash Equivalents - Restricted | 59,270,813 | 93,833,797 | 153,104,610 |
| Investments - Restricted | 1,279,736 | 67,292,900 | 68,572,636 |
| Loans Receivable | 35,574,970 | 841,622,231 | 877,197,201 |
| Swap Fair Value Asset | - | 16,842,159 | 16,842,159 |
| Net Other Postemployment Benefits Asset | 27,182 | 180,264 | 207,446 |
| Capital Assets (Net) | 598 | 2,179 | 2,777 |
| Leased Assets (Net) | 344 | 1,639 | 1,983 |
| Total Noncurrent Assets | 96,153,643 | 1,019,775,169 | 1,115,928,812 |
| Total Assets | 102,826,861 | 1,188,917,126 | 1,291,743,987 |
| Deferred Outflows of Resources | | | |
| Loss on Debt Refundings | - | 387,788 | 387,788 |
| Related to Pensions | 467,197 | 3,222,279 | 3,689,476 |
| Related to Other Postemployment Benefits | 3,951 | 24,558 | 28,509 |
| Total Deferred Outflows of Resources | 471,148 | 3,634,625 | 4,105,773 |
| Total Assets and Deferred Outflows of Resources | \$ 103,298,009 | \$ 1,192,551,751 | \$ 1,295,849,760 |

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

Continued on the next page

| | Business-Type Activities - Enterprise Funds | | |
|---|--|-------------------------------------|-------------------------|
| | Elderly and Disabled Housing Fund | Housing Finance Fund | Total |
| Liabilities, Deferred Inflows of Resources, and Net Position | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 37,681 | \$ 1,393,266 | \$ 1,430,947 |
| Accrued Interest Payable | 397,162 | 14,746,806 | 15,143,968 |
| Obligations Under Securities Lending | 25,843 | 21,656 | 47,499 |
| Interfund Payable | 47,806 | - | 47,806 |
| Due to Governmental Funds | 121,887 | 477,517 | 599,404 |
| Unearned Revenue | 1,087 | 431,160 | 432,247 |
| Compensated Absences Payable | 66,108 | 308,268 | 374,376 |
| Lease Obligations | 351 | 1,671 | 2,022 |
| Bonds Payable | 1,045,000 | 67,105,000 | 68,150,000 |
| Arbitrage Rebate Liability | - | 82,296 | 82,296 |
| Pension-related Debt Payable | 10,606 | 37,999 | 48,605 |
| Total Current Liabilities | 1,753,531 | 84,605,639 | 86,359,170 |
| Noncurrent Liabilities | | | |
| Compensated Absences Payable | 37,186 | 173,401 | 210,587 |
| Bonds Payable | 19,028,098 | 889,747,311 | 908,775,409 |
| Arbitrage Rebate Liability | - | 35,635 | 35,635 |
| Pension-related Debt Payable | 43,333 | 155,262 | 198,595 |
| Net Pension Liability | 1,024,689 | 7,318,524 | 8,343,213 |
| Total Other Postemployment Benefits Liability (PEBB) | 16,135 | 92,601 | 108,736 |
| Total Noncurrent Liabilities | 20,149,441 | 897,522,734 | 917,672,175 |
| Total Liabilities | 21,902,972 | 982,128,373 | 1,004,031,345 |
| Deferred Inflows of Resources | | | |
| Accumulated Increase in Fair Value of Hedging Derivatives | - | 16,842,159 | 16,842,159 |
| Gain on Debt Refundings | - | 41,467 | 41,467 |
| Deferred Loan Origination Fees | 260,207 | 3,634,436 | 3,894,643 |
| Related to Pensions | 306,999 | 2,192,650 | 2,499,649 |
| Related to Other Postemployment Benefits | 18,680 | 117,265 | 135,945 |
| Total Deferred Inflows of Resources | 585,886 | 22,827,977 | 23,413,863 |
| Net Position | | | |
| Net Investment in Capital Assets | 591 | 2,147 | 2,738 |
| Restricted for Residential Assistance | - | 1,141,817 | 1,141,817 |
| Restricted for Other Postemployment Benefits | 27,182 | 180,264 | 207,446 |
| Restricted by Trust Indentures | 79,778,663 | 151,814,011 | 231,592,674 |
| Unrestricted | 1,002,715 | 34,457,162 | 35,459,877 |
| Total Net Position | 80,809,151 | 187,595,401 | 268,404,552 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 103,298,009 | \$ 1,192,551,751 | \$ 1,295,849,760 |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|--|----------------------------|-----------------------|
| | Elderly and Disabled Housing Fund | Housing Finance Fund | Total |
| Operating Revenues | | | |
| Interest on Loans | \$ 1,657,506 | \$ 31,030,017 | \$ 32,687,523 |
| Investment Income | 1,729,782 | 6,516,934 | 8,246,716 |
| Administrative Charges and Fees | 62,182 | 7,978,502 | 8,040,684 |
| Low Income Housing Tax Credit Fees | - | 8,028,128 | 8,028,128 |
| Gain (Loss) on Debt Extinguishment | - | 1,327,661 | 1,327,661 |
| Miscellaneous Revenue | 65 | 1,657 | 1,722 |
| Total Operating Revenues | 3,449,535 | 54,882,899 | 58,332,434 |
| Operating Expenses | | | |
| Personal Services | 1,820,818 | 12,246,790 | 14,067,608 |
| Services and Supplies | 232,441 | 3,672,132 | 3,904,573 |
| Mortgage Service Fees | 15,185 | 2,996,051 | 3,011,236 |
| Foreclosure Costs | - | 24,621 | 24,621 |
| Interest Expense - Bonds | 968,743 | 25,479,446 | 26,448,189 |
| Interest Expense - Securities Lending | 9,027 | 9,088 | 18,115 |
| Other Related Program Expenses | - | 3,026,250 | 3,026,250 |
| Depreciation/Amortization | 1,333 | 7,541 | 8,874 |
| Total Operating Expenses | 3,047,547 | 47,461,919 | 50,509,466 |
| Operating Income | 401,988 | 7,420,980 | 7,822,968 |
| Nonoperating Revenues (Expenses) | | | |
| Interest Expense - Pension-related Debt | (3,776) | (13,528) | (17,304) |
| Interest Expense - Leased Assets | (11) | (53) | (64) |
| Total Nonoperating Revenues (Expenses) | (3,787) | (13,581) | (17,368) |
| Income Before Transfers | 398,201 | 7,407,399 | 7,805,600 |
| Transfers from Other Funds | - | 10,000,000 | 10,000,000 |
| Transfers to Other State Agencies | (51,984) | (315,577) | (367,561) |
| Increase in Net Position | 346,217 | 17,091,822 | 17,438,039 |
| Net Position - Beginning | 80,462,934 | 170,503,579 | 250,966,513 |
| Net Position - Ending | \$ 80,809,151 | \$ 187,595,401 | \$ 268,404,552 |

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, 2023

| | Business-Type Activities - Enterprise Funds | | |
|---|--|----------------------------|----------------------|
| | Elderly and Disabled Housing Fund | Housing Finance Fund | Total |
| Cash Flows from Operating Activities | | | |
| Received from Customers | \$ 61,332 | \$ 16,605,539 | \$ 16,666,871 |
| Program Loan Principal Repayments | 4,315,203 | 65,015,247 | 69,330,450 |
| Program Loan Interest Received | 1,641,757 | 29,838,714 | 31,480,471 |
| Program Loans Made | - | (136,638,159) | (136,638,159) |
| Payments to Employees for Services | (1,352,643) | (9,155,587) | (10,508,230) |
| Payments to Suppliers for Goods and Services | (284,944) | (6,424,163) | (6,709,107) |
| Other Receipts (Payments) | 65 | (1,937,684) | (1,937,619) |
| Net Cash Provided (Used) in Operating Activities | 4,380,770 | (42,696,093) | (38,315,323) |
| Cash Flows from Noncapital Financing Activities | | | |
| Proceeds from Bond Sales | - | 114,018,169 | 114,018,169 |
| Principal Payments - Bonds | (1,575,000) | (37,500,000) | (39,075,000) |
| Interest Payments - Bonds | (999,248) | (24,353,479) | (25,352,727) |
| Bond Issuance Costs | - | (989,191) | (989,191) |
| Principal Payments - Pension-related Debt | (14,883) | (53,322) | (68,205) |
| Interest Payments - Pension-related Debt | (3,776) | (13,528) | (17,304) |
| Transfers from Other Funds | - | 10,000,000 | 10,000,000 |
| Transfers to Other State Agencies | (50,930) | (335,906) | (386,836) |
| Net Cash Provided (Used) in Noncapital Financing Activities | (2,643,837) | 60,772,743 | 58,128,906 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Lease Principal Payments | (1,306) | (6,305) | (7,611) |
| Lease Interest Payments | (13) | (61) | (74) |
| Net Cash Provided (Used) in Capital and Related Financing Activities | (1,319) | (6,366) | (7,685) |
| Cash Flows from Investing Activities | | | |
| Purchase of Investments | - | (130,692,371) | (130,692,371) |
| Proceeds from Sales and Maturities of Investments | - | 246,326,867 | 246,326,867 |
| Interest on Cash and Investments | 1,828,852 | 4,935,878 | 6,764,730 |
| Investment Income on Securities Lending | 9,027 | 9,088 | 18,115 |
| Interest Paid on Securities Lending | (9,027) | (9,088) | (18,115) |
| Net Cash Provided (Used) in Investing Activities | 1,828,852 | 120,570,374 | 122,399,226 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 3,564,466 | 138,640,658 | 142,205,124 |
| Cash and Cash Equivalents Balance - Beginning | 58,807,396 | 91,751,343 | 150,558,739 |
| Cash and Cash Equivalents Balance - Ending | \$ 62,371,862 | \$ 230,392,001 | \$292,763,863 |
| Cash and Cash Equivalents | \$ 1,121,341 | \$ 42,246,808 | \$ 43,368,149 |
| Cash and Cash Equivalents - Restricted (Current) | 1,979,708 | 94,311,396 | 96,291,104 |
| Cash and Cash Equivalents - Restricted (Noncurrent) | 59,270,813 | 93,833,797 | 153,104,610 |
| Total Cash and Cash Equivalents | \$ 62,371,862 | \$ 230,392,001 | \$292,763,863 |

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 | \$ 401,988 | \$ 7,420,980 | \$ 7,822,968 |
| Adjustments to Reconcile Operating Income to | | | |
| Net Cash Provided by Operating Activities | | | |
| Capital Asset Depreciation/Amortization | 1,333 | 7,541 | 8,874 |
| Investment Income Reported as Operating Revenue | (1,729,782) | (6,516,934) | (8,246,716) |
| Interest Expense Reported as Operating Expense | 977,770 | 25,488,534 | 26,466,304 |
| Bond Issuance Costs Reported as Operating Expense | - | 1,041,405 | 1,041,405 |
| (Gain) Loss on Debt Extinguishment | - | (1,327,660) | (1,327,660) |
| (Increase)/Decrease in Assets: | | | |
| Loan Interest Receivable | 25,484 | (395,332) | (369,848) |
| Accounts Receivable | (850) | 23,021 | 22,171 |
| Interfund Receivable | 49,270 | 30,217 | 79,487 |
| Due from Governmental Funds | (1,517) | 270,768 | 269,251 |
| Prepaid Expenses | - | (21,147) | (21,147) |
| Loans Receivable | 4,315,203 | (71,241,042) | (66,925,839) |
| Acquired Property | - | (780,339) | (780,339) |
| Net Other Postemployment Benefits Asset | (2,051) | (46,149) | (48,200) |
| (Increase)/Decrease in Deferred Outflows of Resources: | | | |
| Related to Pensions | (69,736) | (682,276) | (752,012) |
| Related to Other Postemployment Benefits | (65) | (931) | (996) |
| Increase/(Decrease) in Liabilities: | | | |
| Accounts Payable | (6,521) | 802 | (5,719) |
| Interfund Payable | (30,217) | (49,270) | (79,487) |
| Due to Governmental Funds | 121,123 | 335,620 | 456,743 |
| Due to Other Governments | - | (41,180) | (41,180) |
| Unearned Revenue | 361 | (95,429) | (95,068) |
| Compensated Absences Payable | 95,404 | 353,913 | 449,317 |
| Net Pension Liability | 434,083 | 3,806,186 | 4,240,269 |
| Total Other Postemployment Benefits Liability | (3,044) | (8,515) | (11,559) |
| Increase/(Decrease) in Deferred Inflows of Resources: | | | |
| Deferred Loan Origination Fees | (41,593) | 279,111 | 237,518 |
| Related to Pensions | (154,107) | (549,545) | (703,652) |
| Related to Other Postemployment Benefits | (1,766) | 1,558 | (208) |
| Net Cash Provided (Used) in Operating Activities | \$ 4,380,770 | \$ (42,696,093) | \$ (38,315,323) |
| Noncash Investing, Capital, and Financing Activities | | | |
| Net Change in Fair Value of Investments | \$ (107,938) | \$ 1,250,622 | \$ 1,142,684 |
| Foreclosed Property | - | 780,339 | 780,339 |
| Loan Modifications | - | 398,469 | 398,469 |
| Total Noncash Investing, Capital, and Financing Activities | \$ (107,938) | \$ 2,429,430 | \$ 2,321,492 |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Notes to the Financial Statements
Enterprise Funds
June 30, 2023

NOTE 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Through sales of bonds, OHCS D finances home ownership and multi-family units for elderly, disabled, and lower to moderate income persons. OHCS D has issued revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds) and Multifamily Housing Revenue Bonds. OHCS D has issued State of Oregon general obligation bonds for the Elderly and Disabled Housing Program. State of Oregon general obligation bonds are authorized by Oregon Constitution Article XI-I(2).

The financial statements and notes include only the bonded debt financial activity of OHCS D's housing bond programs. OHCS D operates governmental fund programs which are not included in this report.

B. Basis of Presentation - Fund Accounting

OHCS D programs and accounts are organized by "funds," each of which is a separate accounting entity. Each major program utilizes a separate set of self-balancing accounts to record the assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing bond programs of OHCS D are accounted for in the Enterprise Funds.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. OHCS D utilizes two enterprise funds which are differentiated primarily by the type of bond financing employed to support their respective programs:

- (1) The Elderly and Disabled Housing 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. OHCS D is responsible for the administration of this program.
- (2) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multifamily Housing 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 OHCS D 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). OHCS D records investments with original maturities of three months or less as investments, not cash equivalents.

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 OHCS D's 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. OHCS D 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. Employees are not paid for unused sick leave benefits when leaving State service, so no liability is recorded for accumulated sick leave benefits.

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 and Gain on Debt Refundings is shown as a Deferred Inflow 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 and 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, 2023 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 and bond proceeds that have not yet been loaned and required bond reserves are invested, 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, leased asset interest expense, and pension-related debt interest payments.

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

Deposits

On June 30, 2023, the book balance of cash and cash equivalents was \$292,763,863 and the bank balance was \$292,666,088. Monies held in demand accounts with the State Treasurer and amounts in the Oregon Short-Term Fund totaled \$114,790,444. 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, 2023 bank balance includes \$176,388,178 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 \$1,487,466 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 \$14,880,109 in U.S. Treasury securities, \$52,322,630 in U.S. Agency securities, and \$176,388,178 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 \$828,691 in U.S. Treasury Securities and \$451,045 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, 2023

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, 2023, 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 | | \$ 15,708,800 | \$ 9,404,762 | \$ 5,475,346 | \$ - | \$ 828,692 |
| U.S. Agency Securities | Aaa | AA+ | 36,282,530 | - | 8,662,674 | 9,114,004 | 18,505,852 |
| U.S. Agency Securities | Not Rated | Not Rated | 16,491,145 | 16,491,145 | - | - | - |
| Investment Derivative Instruments | Not Rated | Not Rated | 90,161 | - | - | - | 90,161 |
| Subtotal | | | 68,572,636 | \$ 25,895,907 | \$ 14,138,020 | \$ 9,114,004 | \$ 19,424,705 |
| Money Market Mutual Funds ** | Aaa-mf | AAAm | 176,388,178 | | | | |
| Total | | | \$ 244,960,814 | | | | |

** 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, 2023, 38.48% of OHCS D's total investments are Federal Home Loan Bank securities, 22.94% are U.S. Treasury securities, 15.97% are Federal National Mortgage Association (Fannie Mae) securities, 10.73% are Tennessee Valley Authority securities, and 10.28% are Federal Farm Credit Bank 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, 2023, amounts allocated to OHCS D's Enterprise Funds are as follows:

| | Fair Value |
|---|------------|
| Securites on loan | \$ 652,953 |
| Securites lending cash and noncash collateral | \$ 666,212 |
| Investments purchased with cash collateral | \$ 47,492 |

Securities on loan from the OSTF included U.S. Treasury securities (12.44%), U.S. Agency securities (80.44%), and domestic fixed income securities (7.12%). 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, 2023

NOTE 3. Loans Receivable

Loans receivable on June 30, 2023 consisted of:

| | Loans Receivable |
|-----------------------------------|---------------------|
| Elderly and Disabled Housing Fund | \$ 38,852,722 |
| Housing Finance Fund: | |
| Mortgage Revenue Bonds | 839,917,165 |
| Multifamily Housing Revenue Bonds | 26,552,175 |
| Housing Finance Account | 1,237,495 |
| Total Housing Finance Fund | 867,706,835 |
| Total | \$ 906,559,557 |

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

Mortgage Revenue Bonds provide financing for single-family homes for at or below median income home buyers. Loans are collateralized by first lien mortgages on the applicable real estate. Of the total mortgage principal balance outstanding on June 30, 2023, 57.98% is federally insured or guaranteed, 0.21% is covered by pool insurance and/or private mortgage insurance, and 41.81% 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 on June 30, 2023 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 |
| Software | 26,370 | - | - | 26,370 | 151,416 | - | - | 151,416 |
| Total Capital Assets | 27,864 | - | - | 27,864 | 155,321 | - | - | 155,321 |
| Less Accumulated Depreciation/Amortization: | | | | | | | | |
| Equipment | (747) | (149) | - | (896) | (1,954) | (390) | - | (2,344) |
| Software | (26,370) | - | - | (26,370) | (149,348) | (1,450) | - | (150,798) |
| Total Accumulated Depr/Amort | (27,117) | (149) | - | (27,266) | (151,302) | (1,840) | - | (153,142) |
| Capital Assets, Net | \$ 747 | \$ (149) | \$ - | \$ 598 | \$ 4,019 | \$ (1,840) | \$ - | \$ 2,179 |

Notes to the Financial Statements (Continued)
June 30, 2023

NOTE 5. Leases

OHCS has entered into lease agreements for office equipment. Equal monthly payments to the lessor are to be made for the life of the lease agreements.

The following table summarizes, as of June 30, 2023, the amounts needed to pay future lease principal and interest payments for each fiscal year.

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------------|-----------------|-------------|-----------------|
| 2024 | \$ 2,022 | \$ 7 | \$ 2,029 |
| Total | <u>\$ 2,022</u> | <u>\$ 7</u> | <u>\$ 2,029</u> |

A summary of OHCS's leased assets on June 30, 2023 is presented in the table below.

| | Elderly and Disabled Housing Fund | | | Housing Finance Fund | | | | |
|--------------------------------|-----------------------------------|-------------------|-------------|----------------------|----------------------|-------------------|-------------|-------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance | Beginning Balance | Increases | Decreases | Ending Balance |
| Leased Assets: | | | | | | | | |
| Leased Equipment | \$ 4,688 | \$ - | \$ - | \$ 4,688 | \$ 22,562 | \$ - | \$ - | \$ 22,562 |
| Less Accumulated Amortization: | | | | | | | | |
| Leased Equipment | (3,160) | (1,184) | - | (4,344) | (15,222) | (5,701) | - | (20,923) |
| Leased Assets, Net | <u>\$ 1,528</u> | <u>\$ (1,184)</u> | <u>\$ -</u> | <u>\$ 344</u> | <u>\$ 7,340</u> | <u>\$ (5,701)</u> | <u>\$ -</u> | <u>\$ 1,639</u> |

NOTE 6. Transfers and Interfund Balances

In fiscal year 2023, \$10,000,000 was transferred to the Housing Finance Account from OHCS's general fund. The funds are for a new down payment assistance loan program. The program will begin in fiscal year 2024.

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2023:

| | Interfund Receivable | Interfund Payable |
|-----------------------------------|-------------------------|----------------------|
| Elderly and Disabled Housing Fund | \$ - | \$ 47,806 |
| Housing Finance Fund | 47,806 | - |
| Total | <u>\$ 47,806</u> | <u>\$ 47,806</u> |

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

Notes to the Financial Statements (Continued)
June 30, 2023

NOTE 7. 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 | \$ 880,640,000 | \$ 112,025,000 | \$ 38,885,000 | \$ 953,780,000 | \$ 67,950,000 |
| Bond Principal (Direct Placements) | 5,195,000 | - | 190,000 | 5,005,000 | 200,000 |
| Bond Premium | 18,297,533 | 1,993,169 | 2,133,904 | 18,156,798 | |
| Bond Discount | (17,893) | - | (1,504) | (16,389) | |
| Bonds Payable | 904,114,640 | 114,018,169 | 41,207,400 | 976,925,409 | |
| Compensated Absences Payable | 135,646 | 449,317 | - | 584,963 | 374,376 |
| Lease Obligations | 8,926 | - | 6,904 | 2,022 | 2,022 |
| Arbitrage Rebate Liability | - | 117,931 | - | 117,931 | 82,296 |
| Pension-related Debt Payable | 315,405 | - | 68,205 | 247,200 | 48,605 |
| Net Pension Liability | 4,102,944 | 6,283,418 | 2,043,149 | 8,343,213 | - |
| Total OPEB Liability | 120,295 | 14,451 | 26,010 | 108,736 | - |
| Total Long Term Liabilities | \$ 908,797,856 | \$ 120,883,286 | \$ 43,351,668 | \$ 986,329,474 | \$ 68,657,299 |

NOTE 8. 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 were combined to form the SLGRP effective January 1, 2002. The unfunded actuarial liability 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, 2023 for each fiscal year during the next five years. The final principal and interest payment will be made in fiscal year 2028.

| Fiscal Year Ending June 30 | Principal | Interest | Total |
|----------------------------|------------|-----------|------------|
| 2024 | \$ 48,605 | \$ 16,232 | \$ 64,837 |
| 2025 | 52,016 | 12,821 | 64,837 |
| 2026 | 55,667 | 9,170 | 64,837 |
| 2027 | 59,574 | 5,263 | 64,837 |
| 2028 | 31,338 | 1,081 | 32,419 |
| Total | \$ 247,200 | \$ 44,567 | \$ 291,767 |

Notes to the Financial Statements (Continued)
June 30, 2023

NOTE 9. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2023:

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 | \$ 1,070,000 | \$ - | \$ 215,000 | \$ 855,000 | \$ 220,000 |
| 1994 B | 1996-2026 | 4.200 6.300% | 24,400,000 | 5,000 | - | - | 5,000 | - |
| 1995 A | 1996-2026 | 4.000 6.000% | 14,100,000 | 10,000 | - | - | 10,000 | - |
| 1995 B | 1997-2027 | 4.000 5.700% | 24,240,000 | 1,090,000 | - | 160,000 | 930,000 | 175,000 |
| 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 | 10,000 | - | - | 10,000 | - |
| 2001 C | 2002-2032 | 2.700 5.300% | 25,325,000 | 5,000 | - | - | 5,000 | - |
| 2002 A | 2003-2022 | 1.400 4.650% | 10,840,000 | 205,000 | - | 205,000 | - | - |
| 2002 B | 2003-2024 | 1.400 4.700% | 37,905,000 | 10,000 | - | - | 10,000 | - |
| 2002 C | 2003-2043 | 1.600 5.050% | 13,595,000 | 1,080,000 | - | 90,000 | 990,000 | - |
| 2007 A | 2008-2048 | 3.650 4.750% | 26,300,000 | 18,145,000 | - | 905,000 | 17,240,000 | 650,000 |
| Subtotal | | | | 21,645,000 | - | 1,575,000 | 20,070,000 | 1,045,000 |
| Direct Placements | | | | | | | | |
| 2003 C | 2013-2034 | 4.350 5.100% | 2,930,000 | 5,000 | - | - | 5,000 | - |
| Subtotal | | | | 5,000 | - | - | 5,000 | - |
| <i>Total General Obligation Bonds</i> | | | | \$ 21,650,000 | \$ - | \$ 1,575,000 | \$ 20,075,000 | \$ 1,045,000 |

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 | |
| 2013 A | 2020-2043 | 2.200 4.050% | \$ 21,885,000 | \$ 7,870,000 | \$ - | \$ 1,510,000 | \$ 6,360,000 | \$ 830,000 |
| 2013 B | 2014-2034 | 0.450 5.000% | 29,095,000 | 1,210,000 | - | 590,000 | 620,000 | 560,000 |
| 2013 C | 2014-2033 | 0.350 3.564% | 61,300,000 | 3,040,000 | - | 885,000 | 2,155,000 | 945,000 |
| 2013 D | 2018-2043 | 1.650 4.200% | 33,225,000 | 5,780,000 | - | 1,095,000 | 4,685,000 | 1,425,000 |
| 2013 F | 2033 | 3.900 3.900% | 8,335,000 | 4,445,000 | - | - | 4,445,000 | - |
| 2014 A | 2019-2044 | 1.550 4.000% | 57,710,000 | 20,210,000 | - | 1,550,000 | 18,660,000 | 2,455,000 |
| 2014 B | 2015-2044 | 0.300 4.000% | 29,960,000 | 1,865,000 | - | 455,000 | 1,410,000 | 615,000 |
| 2014 C | 2015-2044 | 0.200 3.750% | 30,900,000 | 10,500,000 | - | 770,000 | 9,730,000 | 990,000 |
| 2015 A | 2019-2036 | 1.500 3.500% | 79,195,000 | 9,890,000 | - | 2,225,000 | 7,665,000 | 2,135,000 |
| 2015 C | 2045 | *** | 33,600,000 | 33,600,000 | - | - | 33,600,000 | - |
| 2016 A | 2017-2047 | 0.550 4.000% | 56,275,000 | 8,755,000 | - | 1,675,000 | 7,080,000 | 1,600,000 |
| 2016 B | 2033 | *** | 13,140,000 | 13,140,000 | - | - | 13,140,000 | - |
| 2016 C | 2037 | *** | 15,000,000 | 15,000,000 | - | - | 15,000,000 | - |
| 2017 A | 2018-2047 | 0.940 4.000% | 81,510,000 | 18,720,000 | - | 2,735,000 | 15,985,000 | 2,630,000 |
| 2017 C | 2039 | *** | 44,000,000 | 41,605,000 | - | - | 41,605,000 | - |

Continued on the next page

Notes to the Financial Statements (Continued)
June 30, 2023

Mortgage Revenue Bonds

Continued from the previous page

| Original Issue | | | | Bonds Outstanding | | | | Due Within One Year |
|-------------------------------------|-----------|----------------|------------|-------------------|----------------|---------------|----------------|---------------------|
| Series | Due Dates | Interest Range | Amount | Beginning Balance | Increases | Decreases | Ending Balance | |
| 2017 D | 2022-2048 | 1.400 3.500% | 87,390,000 | 42,610,000 | - | 2,530,000 | 40,080,000 | 3,295,000 |
| 2017 E | 2018-2040 | 0.950 3.500% | 22,775,000 | 5,010,000 | - | 700,000 | 4,310,000 | 675,000 |
| 2017 F | 2042-2048 | 3.650 3.750% | 11,440,000 | 6,450,000 | - | - | 6,450,000 | - |
| 2017 G | 2018-2040 | 1.400 4.000% | 43,730,000 | 17,395,000 | - | 1,595,000 | 15,800,000 | 1,090,000 |
| 2017 H | 2023-2028 | 2.100 2.800% | 16,105,000 | 16,105,000 | - | 1,285,000 | 14,820,000 | 2,565,000 |
| 2018 A | 2019-2049 | 1.750 4.500% | 62,590,000 | 29,950,000 | - | 700,000 | 29,250,000 | 3,350,000 |
| 2018 B | 2035-2043 | 2.900 2.900% | 30,000,000 | 16,080,000 | - | - | 16,080,000 | - |
| 2018 C | 2020-2049 | 1.600 4.500% | 87,420,000 | 42,610,000 | - | 550,000 | 42,060,000 | 3,150,000 |
| 2018 D | 2020-2050 | 1.900 4.750% | 82,885,000 | 45,375,000 | - | 3,825,000 | 41,550,000 | 4,505,000 |
| 2018 E | 2043 | *** | 41,000,000 | 41,000,000 | - | - | 41,000,000 | - |
| 2019 A | 2020-2050 | 1.050 4.000% | 99,000,000 | 83,120,000 | - | 3,410,000 | 79,710,000 | 4,555,000 |
| 2020 A | 2021-2051 | 0.300 3.500% | 47,905,000 | 35,580,000 | - | 2,320,000 | 33,260,000 | 3,670,000 |
| 2020 B | 2037 | *** | 24,500,000 | 24,500,000 | - | - | 24,500,000 | - |
| 2020 C | 2021-2052 | 0.200 3.000% | 60,000,000 | 57,320,000 | - | 1,650,000 | 55,670,000 | 2,950,000 |
| 2021 A | 2022-2052 | 0.070 3.000% | 99,000,000 | 97,965,000 | - | 1,185,000 | 96,780,000 | 3,840,000 |
| 2022 A | 2025-2051 | 2.250 4.000% | 77,900,000 | 77,900,000 | - | 685,000 | 77,215,000 | 815,000 |
| 2022 B | 2023-2026 | 2.650 3.400% | 7,000,000 | 7,000,000 | - | - | 7,000,000 | 2,000,000 |
| 2022 C | 2024-2053 | 4.592 5.661% | 24,810,000 | - | 24,810,000 | - | 24,810,000 | 415,000 |
| 2022 D | 2047 | *** | 21,000,000 | - | 21,000,000 | - | 21,000,000 | - |
| 2022 E | 2023 | 3.625 3.625% | 15,000,000 | - | 15,000,000 | - | 15,000,000 | 15,000,000 |
| 2023 A | 2024-2053 | 2.800 5.500% | 40,005,000 | - | 40,005,000 | - | 40,005,000 | 415,000 |
| 2023 B | 2025-2036 | 4.819 5.482% | 11,210,000 | - | 11,210,000 | - | 11,210,000 | - |
| <i>Total Mortgage Revenue Bonds</i> | | | | \$ 841,600,000 | \$ 112,025,000 | \$ 33,925,000 | \$ 919,700,000 | \$ 66,475,000 |

*** 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 3.95% for 2015 C and 2017 C; 3.97% for 2016 B; 4.04% for 2016 C; 4.08% for 2018 E and 2020 B; and 5.10% for 2022 D.

Multifamily Housing Revenue Bonds

| Original Issue | | | | Bonds Outstanding | | | | Due Within One Year |
|---|-----------|----------------|------------|-------------------|----------------|---------------|----------------|---------------------|
| Series | Due Dates | Interest Range | Amount | Beginning Balance | Increases | Decreases | Ending Balance | |
| 2005 A | 2007-2047 | 3.050 5.000% | 9,855,000 | \$ 3,275,000 | \$ - | \$ 2,970,000 | \$ 305,000 | \$ 10,000 |
| 2010 A | 2011-2042 | 0.900 5.150% | 77,705,000 | 3,235,000 | - | 140,000 | 3,095,000 | 145,000 |
| 2010 B | 2013-2052 | 0.950 4.875% | 16,425,000 | 8,340,000 | - | 135,000 | 8,205,000 | 135,000 |
| 2012 A | 2013-2032 | 0.300 3.250% | 1,425,000 | 850,000 | - | 70,000 | 780,000 | 70,000 |
| 2012 B | 2013-2043 | 0.550 4.125% | 35,335,000 | 1,695,000 | - | 70,000 | 1,625,000 | 70,000 |
| Subtotal | | | | 17,395,000 | - | 3,385,000 | 14,010,000 | 430,000 |
| Direct Placements | | | | | | | | |
| 2004 A | 2014-2045 | 4.300 5.100% | 5,120,000 | 3,780,000 | - | 80,000 | 3,700,000 | 90,000 |
| 2006 A | 2036 | 4.620 4.620% | 5,680,000 | 1,410,000 | - | 110,000 | 1,300,000 | 110,000 |
| Subtotal | | | | 5,190,000 | - | 190,000 | 5,000,000 | 200,000 |
| <i>Total Multifamily Housing Revenue Bonds</i> | | | | \$ 22,585,000 | \$ - | \$ 3,575,000 | \$ 19,010,000 | \$ 630,000 |
| <i>Total Revenue Bonds</i> | | | | \$ 864,185,000 | \$ 112,025,000 | \$ 37,500,000 | \$ 938,710,000 | \$ 67,105,000 |
| <i>Total General Obligation and Revenue Bonds</i> | | | | \$ 885,835,000 | \$ 112,025,000 | \$ 39,075,000 | \$ 958,785,000 | \$ 68,150,000 |

Notes to the Financial Statements (Continued)
June 30, 2023

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, 2023 are summarized below:

| | Principal | Principal (Direct Placements) | Premium | Discount | Bonds Payable |
|--|----------------|----------------------------------|---------------|-------------|----------------|
| General Obligation Bonds: | | | | | |
| Elderly and Disabled Housing Fund | \$ 20,070,000 | \$ 5,000 | \$ - | \$ (1,902) | \$ 20,073,098 |
| Revenue Bonds (Housing Finance Fund): | | | | | |
| Mortgage Revenue Bonds | 919,700,000 | - | 18,156,798 | - | 937,856,798 |
| Multifamily Housing Revenue Bonds | 14,010,000 | 5,000,000 | - | (14,487) | 18,995,513 |
| Total Revenue Bonds | 933,710,000 | 5,000,000 | 18,156,798 | (14,487) | 956,852,311 |
| Total General Obligation and Revenue Bonds | \$ 953,780,000 | \$ 5,005,000 | \$ 18,156,798 | \$ (16,389) | \$ 976,925,409 |

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, 2023 for each fiscal year during the next five year period ending June 30, 2028 and in five year increments thereafter.

| Fiscal Year Ending June 30 | Bonds | | | | |
|----------------------------------|----------------|----------------|-------------------|--------------|------------------|
| | Principal | Interest | Direct Placements | | Total |
| | | | Principal | Interest | |
| General Obligation Bonds | | | | | |
| 2024 | \$ 1,045,000 | \$ 934,453 | \$ - | \$ 255 | \$ 1,979,708 |
| 2025 | 1,105,000 | 881,471 | - | 255 | 1,986,726 |
| 2026 | 1,155,000 | 825,779 | - | 255 | 1,981,034 |
| 2027 | 1,160,000 | 768,901 | - | 255 | 1,929,156 |
| 2028 | 995,000 | 716,985 | - | 255 | 1,712,240 |
| 2029-2033 | 4,690,000 | 2,954,323 | - | 1,275 | 7,645,598 |
| 2034-2038 | 6,055,000 | 1,725,878 | 5,000 | 382 | 7,786,260 |
| 2039-2043 | 2,885,000 | 468,916 | - | - | 3,353,916 |
| 2044-2048 | 980,000 | 129,371 | - | - | 1,109,371 |
| Subtotal | \$ 20,070,000 | \$ 9,406,077 | \$ 5,000 | \$ 2,932 | \$ 29,484,009 |
| Revenue Bonds | | | | | |
| 2024 | \$ 66,905,000 | \$ 30,176,385 | \$ 200,000 | \$ 244,826 | \$ 97,526,211 |
| 2025 | 28,665,000 | 30,501,520 | 205,000 | 235,379 | 59,606,899 |
| 2026 | 30,110,000 | 29,793,493 | 220,000 | 225,359 | 60,348,852 |
| 2027 | 29,945,000 | 28,999,405 | 290,000 | 214,122 | 59,448,527 |
| 2028 | 29,600,000 | 28,194,592 | 305,000 | 200,084 | 58,299,676 |
| 2029-2033 | 161,880,000 | 126,465,988 | 1,020,000 | 824,548 | 290,190,536 |
| 2034-2038 | 177,955,000 | 97,461,428 | 1,045,000 | 579,570 | 277,040,998 |
| 2039-2043 | 170,875,000 | 65,619,732 | 1,075,000 | 319,005 | 237,888,737 |
| 2044-2048 | 149,110,000 | 35,288,879 | 640,000 | 49,852 | 185,088,731 |
| 2049-2053 | 87,435,000 | 8,154,936 | - | - | 95,589,936 |
| 2054 | 1,230,000 | 33,828 | - | - | 1,263,828 |
| Subtotal | \$ 933,710,000 | \$ 480,690,186 | \$ 5,000,000 | \$ 2,892,745 | \$ 1,422,292,931 |
| Total | \$ 953,780,000 | \$ 490,096,263 | \$ 5,005,000 | \$ 2,895,677 | \$ 1,451,776,940 |

Notes to the Financial Statements (Continued)
June 30, 2023

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 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 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 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.

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, 2023, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$4,823,464,807 in general obligation bonds.

Demand Bonds

Included in OHCS D's long-term debt is \$189,845,000 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 with State Street Bank and Trust Company and U.S. Bancorp Investments, Inc., together with U.S. Bank Municipal Products Group, a division of U.S. Bank National Association and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") 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 liquidity facilities require 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 relevant liquidity facility. The maximum rate for the liquidity facilities 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 installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semiannual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds on June 30, 2023.

Notes to the Financial Statements (Continued)
June 30, 2023

Certain terms of the liquidity facilities and remarketing agreements are listed in the following table:

| Series | Outstanding Amount | Liquidity Provider | Expiration Date | Commitment Fee | Remarketing Agent | Remarketing Fee |
|-------------------------|--------------------|-------------------------------------|-----------------|----------------|---------------------------------|-----------------|
| MRB [*] 2015 C | \$ 33,600,000 | Sumitomo Mitsui Banking Corporation | 01/27/2025 | 0.2700% | J.P. Morgan Securities LLC | 0.07% |
| MRB 2016 B | 13,140,000 | State Street Bank and Trust Company | 01/27/2025 | 0.3000% | Bank of America Securites, Inc. | 0.07% |
| MRB 2016 C | 15,000,000 | State Street Bank and Trust Company | 01/27/2025 | 0.3000% | Bank of America Securites, Inc. | 0.07% |
| MRB 2017 C | 41,605,000 | State Street Bank and Trust Company | 01/27/2027 | 0.3300% | J.P. Morgan Securities LLC | 0.07% |
| MRB 2018 E | 41,000,000 | Sumitomo Mitsui Banking Corporation | 01/27/2025 | 0.2700% | Bank of America Securites, Inc. | 0.07% |
| MRB 2020 B | 24,500,000 | Sumitomo Mitsui Banking Corporation | 01/27/2027 | 0.3100% | Bank of America Securites, Inc. | 0.07% |
| MRB 2022 D | 21,000,000 | U.S. Bank National Association | 10/27/2027 | 0.2200% | ** | 0.07% |

* Mortgage Revenue Bonds

** U.S. Bancorp Investments, Inc., together with U.S. Bank Municipal Products Group, a division of U.S. Bank National Association

NOTE 10. 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 seven 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, 2023 totaled \$16,932,320 and the notional amount totaled \$192,240,000. The fair value of hedging derivatives totaled \$16,842,159. Hedging derivative instrument swaps with positive fair values are shown on the Statement of Net Position as Swap Fair Value Asset and Accumulated Increase in Fair Value of Hedging Derivatives. During the fiscal year the fair value of hedging derivatives increased by \$4,473,249.

A portion of the MRB 2017 C swap was reclassified from hedging derivative instruments to investment derivative instruments when the associated bonds were called. The fair value of the investment derivatives on June 30, 2023 was \$90,161 and is included in Investments – Restricted on the Statement of Net Position. During the fiscal year the fair value of investment derivatives increased by \$75,026. A total of \$83,977 from investment derivative instruments is included in investment income.

Notes to the Financial Statements (Continued)
June 30, 2023

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2023.

| Series | Notional Amounts | Effective Date | Fixed Rate Paid | Variable Rate Received | Fair Values | Swap Termination Date | Counterparty | Counterparty Rating** |
|--|-----------------------|----------------|-----------------|--------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Hedging Derivative Instruments | | | | | | | | |
| MRB* 2015 C | \$ 33,600,000 | 9/6/2018 | 2.751% | 70.0% of SOFR [®] +.130136% | \$ 1,764,734 | 7/1/2045 | Royal Bank of Canada | Aa1 / AA- / AA- |
| MRB 2016 B | 13,140,000 | 1/1/2019 | 1.710% | 66.5% of SOFR +.1561292% | 870,658 | 1/1/2033 | Royal Bank of Canada | Aa1 / AA- / AA- |
| MRB 2016 C | 15,000,000 | 1/1/2019 | 2.000% | 66.5% of SOFR +.2261292% | 1,194,072 | 7/1/2037 | Royal Bank of Canada | Aa1 / AA- / AA- |
| MRB 2017 C | 41,605,000 | 7/1/2019 | 2.407% | 70.0% of SOFR +.130136% | 1,566,237 | 7/1/2039 | Bank of America, N.A. | Aa1 / A+ / AA |
| MRB 2018 E | 41,000,000 | 5/4/2019 | 1.120% | @@ | 7,698,430 | 7/1/2043 | Bank of America, N.A. | Aa1 / A+ / AA |
| MRB 2020 B | 24,500,000 | 7/13/2020 | 0.899% | @@@ | 3,721,630 | 7/1/2037 | Royal Bank of Canada | Aa1 / AA- / AA- |
| MRB 2022 D | 21,000,000 | 10/27/2022 | 4.417% | 100% of SOFR + 0.15% | 26,398 | 7/1/2047 | Royal Bank of Canada | Aa1 / AA- / AA- |
| | 189,845,000 | | | | 16,842,159 | | | |
| Investment Derivative Instruments | | | | | | | | |
| MRB 2017 C | 2,395,000 | 7/1/2019 | 2.407% | 70.0% of SOFR +.130136% | 90,161 | 7/1/2039 | Bank of America, N.A. | Aa1 / A+ / AA |
| | 2,395,000 | | | | 90,161 | | | |
| | <u>\$ 192,240,000</u> | | | | <u>\$ 16,932,320</u> | | | |

* Mortgage Revenue Bonds

** Moody's / S&P / Fitch

® Secured Overnight Financing Rate

@@ USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to, but excluding, January 1, 2028 and 70% of SOFR + .080136% thereafter.

@@@ USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to, but excluding, July 1, 2026 and 70% of SOFR + .080136% thereafter.

The MRB swaps include options giving OHCS D the right to call (cancel) 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), July 1, 2026 (2017 C and 2020 B), January 1, 2028 (2018 E), and January 1, 2031 (2022 D). 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 instrument 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 SOFR rate or the SIFMA rate, do not offset the variable rates paid on the bonds. As of June 30, 2023, the SOFR rate was 4.01% and the SIFMA rate was 5.06528%. OHCS D's variable interest rates as of June 30, 2023 can be found in Note 9.

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, 2023

Hedging Derivative Instrument Payments and Hedged Debt Using rates as of June 30, 2023, debt service requirements of variable-rate debt with interest rate swaps and net swap payments for each fiscal year during the next five year period ending June 30, 2028 and in five year increments thereafter are as follows:

| Fiscal Year Ending June 30 | Variable-Rate Bonds | | Net Swap | Total |
|----------------------------------|---------------------|----------------|-----------------|----------------|
| | Principal | Interest | Payments | |
| 2024 | \$ - | \$ 7,056,591 | \$ (3,258,330) | \$ 3,798,261 |
| 2025 | 3,340,000 | 7,814,351 | (3,960,859) | 7,193,492 |
| 2026 | 4,010,000 | 7,670,100 | (3,892,706) | 7,787,394 |
| 2027 | 4,120,000 | 7,510,610 | (3,793,514) | 7,837,096 |
| 2028 | 4,240,000 | 7,346,675 | (3,616,782) | 7,969,893 |
| 2029-2033 | 37,250,000 | 33,130,744 | (16,108,049) | 54,272,695 |
| 2034-2038 | 65,490,000 | 23,190,743 | (11,074,812) | 77,605,931 |
| 2039-2043 | 51,340,000 | 10,354,176 | (4,785,017) | 56,909,159 |
| 2044-2048 | 20,055,000 | 1,727,020 | (785,368) | 20,996,652 |
| Total | \$ 189,845,000 | \$ 105,801,010 | \$ (51,275,437) | \$ 244,370,573 |

Contingencies OHCS D's swaps include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (Mortgage Revenue Bonds) is not above either Baa1 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, 2023 of swaps that include these provisions is \$16,932,320. As of June 30, 2023 the bonds subject to these provisions are rated Aa2 by Moody's and are not rated by Standard & Poor's.

NOTE 11. Conduit Debt Obligations

OHCS D issues conduit debt to facilitate the building of multifamily affordable housing. 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, 2023, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$1,260,270,984. 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, 2023

NOTE 12. Segment Information

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

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds |
|---|------------------------------|--|
| Condensed Statement of Net Position | | |
| Assets: | | |
| Other Current Assets | \$ 122,710,772 | \$ 3,287,888 |
| Noncurrent Assets | 946,212,425 | 52,392,952 |
| Total Assets | <u>1,068,923,197</u> | <u>55,680,840</u> |
| Deferred Outflows of Resources | <u>340,288</u> | <u>47,500</u> |
| Liabilities: | | |
| Other Current Liabilities | 81,563,871 | 1,074,474 |
| Noncurrent Liabilities | 871,417,433 | 18,365,513 |
| Total Liabilities | <u>952,981,304</u> | <u>19,439,987</u> |
| Deferred Inflows of Resources | <u>20,301,563</u> | <u>216,499</u> |
| Net Position | | |
| Restricted by Trust Indentures | <u>95,980,618</u> | <u>36,071,854</u> |
| Total Net Position | <u>\$ 95,980,618</u> | <u>\$ 36,071,854</u> |
| Condensed Statement of Revenues, Expenses, and Changes in Net Position | | |
| Interest on Loans | \$ 29,324,928 | \$ 1,688,921 |
| Investment Income | 4,829,467 | 662,320 |
| Other Operating Revenues | 1,328,765 | 335 |
| Operating Expenses | <u>(30,552,532)</u> | <u>(1,005,417)</u> |
| Operating Income (Loss) | 4,930,628 | 1,346,159 |
| Transfers Out | <u>(1,500,000)</u> | <u>-</u> |
| Increase (Decrease) in Net Position | 3,430,628 | 1,346,159 |
| Beginning Net Position | 92,549,990 | 34,725,695 |
| Ending Net Position | <u>\$ 95,980,618</u> | <u>\$ 36,071,854</u> |
| Condensed Statement of Cash Flows | | |
| Net Cash Provided (Used) by: | | |
| Operating Activities | \$ (52,161,368) | \$ 6,038,493 |
| Noncapital Financing Activities | 54,256,566 | (4,581,067) |
| Investing Activities | <u>99,636,587</u> | <u>19,308,189</u> |
| Net Increase (Decrease) | 101,731,785 | 20,765,615 |
| Beginning Cash and Cash Equivalents | <u>58,787,629</u> | <u>5,197,497</u> |
| Ending Cash and Cash Equivalents | <u>\$ 160,519,414</u> | <u>\$ 25,963,112</u> |

Notes to the Financial Statements (Continued)
June 30, 2023

NOTE 13. Restricted Assets

Restricted asset account balances are as follows:

| <u>Purpose:</u> | Elderly and Disabled Housing Fund | Housing Finance Fund |
|---|--|----------------------------|
| Loan Acquisition | \$ - | \$ 44,833,423 |
| Current Debt Service | 1,979,708 | 94,267,880 |
| Future Debt Service | 55,353,415 | 47,914,304 |
| Debt Reserves | 5,197,134 | 26,589,466 |
| Insurance Reserves | - | 22,063,149 |
| Combined Program Account | - | 19,594,671 |
| Residential Assistance | - | 175,200 |
| Total | <u>\$ 62,530,257</u> | <u>\$ 255,438,093</u> |
| <u>Statement of Net Position Amounts:</u> | | |
| Restricted Cash and Cash Equivalents – Current | \$ 1,979,708 | \$ 94,311,396 |
| Restricted Cash and Cash Equivalents – Noncurrent | 59,270,813 | 93,833,797 |
| Restricted Investments - Noncurrent | 1,279,736 | 67,292,900 |
| Total | <u>\$ 62,530,257</u> | <u>\$ 255,438,093</u> |

NOTE 14. 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, 2023 were 21.03% for Tier One and Tier Two General Service Members and 17.12% 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, 2023, the State of Oregon reported a liability of \$4.6 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 \$8,343,213. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. 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, 2023, the State’s proportion was 29.83% (the State’s proportion at June 30, 2022 was 27.60%). As part of the State of Oregon, OHCS D’s enterprise funds were allocated 0.18494460% of the State’s proportionate share.

Notes to the Financial Statements (Continued)
June 30, 2023

For the year ended June 30, 2023, OHCS D recognized pension expense of \$3,867,698. At June 30, 2023, OHCS D 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 | \$ 892,293 | \$ 944,055 |
| Difference between expected and actual experience | 404,996 | 52,029 |
| Net difference between projected and actual earnings on investments | - | 1,491,605 |
| Change in Assumptions | 1,309,095 | 11,960 |
| Subtotal | <u>2,606,384</u> | <u>2,499,649</u> |
| Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date | 106,735 | |
| Contributions subsequent to measurement date | <u>1,083,092</u> | |
| Net Deferred Outflows (Inflows) of Resources | <u><u>1,189,827</u></u> | |

NOTE 15. Other Postemployment Benefit Plans

OHCS D's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. 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, 2023, OHCS D 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 | \$ 10,528 | \$ 14,806 |
| Difference between expected and actual experience | - | 43,137 |
| Net difference between projected and actual earnings on investments | - | 15,223 |
| Change in Assumptions | 4,931 | 62,779 |
| Subtotal | <u>15,459</u> | <u>135,945</u> |
| Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date | (120,486) | |
| Contributions subsequent to measurement date | <u>13,050</u> | |
| Net Deferred Outflows (Inflows) of Resources | <u><u>(107,436)</u></u> | |

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. OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2023 were 0.05% for Tier One and Tier Two General Service Members and zero for OPSRP Pension Program General Service Members.

Notes to the Financial Statements (Continued)
June 30, 2023

At June 30, 2023, the State of Oregon reported an asset of \$123.8 million for its proportionate share of the net OPEB asset. OHCS D's allocated amount of the proportionate share of the net OPEB asset for its enterprise funds was \$154,242. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. The net OPEB asset was measured as of June 30, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. 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, 2022, the State's proportion was 34.85% (the State's proportion at June 30, 2021 was 40.18%). As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.12737794% of the State's proportionate share. For the year ended June 30, 2023, OHCS D recognized OPEB income of \$47,803 for RHIA.

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. OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2023 were 0.28% for Tier One and Tier Two General Service Members and 0.17% for OPSRP Pension Program General Service Members.

At June 30, 2023, the State of Oregon reported a net OPEB asset of \$34.2 million. The net OPEB asset was measured as of June 30, 2022 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.15544736% of the State's internal allocation, which was based on fiscal year 2022 actual contributions. OHCS D's share of the net OPEB asset for the RHIPA plan on June 30, 2023 for its enterprise funds was \$53,204. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2023, OHCS D recognized OPEB income of \$7,060 for RHIPA.

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, 2023, the State of Oregon reported a total OPEB liability of \$105.6 million. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.10295626% of the State's total. The State's internal allocation of the total OPEB liability is based on fiscal year 2023 health insurance premium costs. OHCS D's share of the total OPEB liability on June 30, 2023 for its enterprise funds was \$108,736. It is shown on the Statement of Net Position as Total Other Postemployment Benefits Liability. For the year ended June 30, 2023, OHCS D recognized OPEB expense of \$14,451 for the PEBB plan.

NOTE 16. Other Commitments

As of June 30, 2023, OHCS D has made commitments for loans in the Single-Family Mortgage Program totaling \$35,656,263.

Notes to the Financial Statements (Continued)
June 30, 2023

NOTE 17. Risk Financing

The State or Oregon Department of Administrative Services directs and manages all risk management and insurance programs of state government except for employee benefit insurance programs. The state uses both self-insurance and commercial insurance policies to insure its risk of loss.

For more information about risk financing, see the Risk Financing note in the State of Oregon Annual Comprehensive Financial Report found at www.oregon.gov/DAS/Financial/Acctng/pages/index.aspx.

NOTE 18. Subsequent Events

On July 1, 2023, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

| | <u>Amount Called</u> | | <u>Amount Called</u> |
|---------------|----------------------|---------------|----------------------|
| 2013 Series B | \$ 560,000 | 2017 Series G | \$ 1,090,000 |
| 2013 Series C | 840,000 | 2018 Series A | 2,185,000 |
| 2013 Series D | 670,000 | 2018 Series C | 2,060,000 |
| 2014 Series A | 615,000 | 2018 Series D | 3,000,000 |
| 2014 Series B | 615,000 | 2019 Series A | 2,375,000 |
| 2014 Series C | 510,000 | 2020 Series A | 1,595,000 |
| 2015 Series A | 2,135,000 | 2020 Series C | 1,305,000 |
| 2016 Series A | 1,600,000 | 2021 Series A | 1,330,000 |
| 2017 Series A | 2,630,000 | 2022 Series A | 815,000 |
| 2017 Series D | 1,620,000 | 2022 Series C | 65,000 |
| 2017 Series E | 675,000 | 2022 Series E | 15,000,000 |

On September 28, 2023, OHCS D issued the following Mortgage Revenue Bonds:

| | <u>Amount Issued</u> |
|---------------|----------------------|
| 2023 Series C | \$ 127,665,000 |
| 2023 Series D | 20,000,000 |

[THIS PAGE INTENTIONALLY LEFT BLANK]

Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2023

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds | Combined Program Account |
|--|------------------------------|--|--------------------------------|
| Assets and Deferred Outflows of Resources | | | |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| Cash and Cash Equivalents - Restricted | 92,812,181 | 1,499,215 | - |
| Securities Lending Cash Collateral | 2,377 | 1,783 | - |
| Accounts Receivable | - | - | - |
| Accrued Interest Receivable | 4,694,226 | 145,591 | 166,868 |
| Interfund Receivable | - | - | - |
| Due from Governmental Funds | - | - | - |
| Prepaid Expenses | - | - | - |
| Loans Receivable | 24,421,649 | 1,641,299 | - |
| Acquired Property | 780,339 | - | - |
| Total Current Assets | 122,710,772 | 3,287,888 | 166,868 |
| Noncurrent Assets | | | |
| Cash and Cash Equivalents - Restricted | 67,707,233 | 24,463,897 | 1,487,467 |
| Investments - Restricted | 46,167,517 | 3,018,179 | 18,107,204 |
| Loans Receivable | 815,495,516 | 24,910,876 | - |
| Swap Fair Value Asset | 16,842,159 | - | - |
| Net Other Postemployment Benefits Asset | - | - | - |
| Capital Assets (Net) | - | - | - |
| Leased Assets (Net) | - | - | - |
| Total Noncurrent Assets | 946,212,425 | 52,392,952 | 19,594,671 |
| Total Assets | 1,068,923,197 | 55,680,840 | 19,761,539 |
| Deferred Outflows of Resources | | | |
| Loss on Debt Refundings | 340,288 | 47,500 | - |
| Related to Pensions | - | - | - |
| Related to Other Postemployment Benefits | - | - | - |
| Total Deferred Outflows of Resources | 340,288 | 47,500 | - |
| Total Assets and Deferred Outflows of Resources | \$1,069,263,485 | \$ 55,728,340 | \$ 19,761,539 |

| Housing Finance Account | Total |
|-------------------------------|------------------------|
| \$ 42,246,808 | \$ 42,246,808 |
| - | 94,311,396 |
| 17,496 | 21,656 |
| 298,680 | 298,680 |
| 20,358 | 5,027,043 |
| 47,806 | 47,806 |
| 302,478 | 302,478 |
| 21,147 | 21,147 |
| 21,656 | 26,084,604 |
| - | 780,339 |
| <u>42,976,429</u> | <u>169,141,957</u> |
| 175,200 | 93,833,797 |
| - | 67,292,900 |
| 1,215,839 | 841,622,231 |
| - | 16,842,159 |
| 180,264 | 180,264 |
| 2,179 | 2,179 |
| 1,639 | 1,639 |
| <u>1,575,121</u> | <u>1,019,775,169</u> |
| <u>44,551,550</u> | <u>1,188,917,126</u> |
| - | 387,788 |
| 3,222,279 | 3,222,279 |
| 24,558 | 24,558 |
| <u>3,246,837</u> | <u>3,634,625</u> |
| <u>\$ 47,798,387</u> | <u>\$1,192,551,751</u> |

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2023

Continued from the previous page

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds | Combined Program Account |
|---|------------------------------|--|--------------------------------|
| Liabilities, Deferred Inflows of Resources, and Net Position | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 682,476 | \$ 218 | \$ - |
| Accrued Interest Payable | 14,304,333 | 442,473 | - |
| Obligations Under Securities Lending | 2,377 | 1,783 | - |
| Due to Governmental Funds | - | - | - |
| Unearned Revenue | 17,389 | - | - |
| Compensated Absences Payable | - | - | - |
| Lease Obligations | - | - | - |
| Bonds Payable | 66,475,000 | 630,000 | - |
| Arbitrage Rebate Liability | 82,296 | - | - |
| Pension-related Debt Payable | - | - | - |
| Total Current Liabilities | 81,563,871 | 1,074,474 | - |
| Noncurrent Liabilities | | | |
| Compensated Absences Payable | - | - | - |
| Bonds Payable | 871,381,798 | 18,365,513 | - |
| Arbitrage Rebate Liability | 35,635 | - | - |
| Pension-related Debt Payable | - | - | - |
| Net Pension Liability | - | - | - |
| Total Other Postemployment Benefits Liability | - | - | - |
| Total Noncurrent Liabilities | 871,417,433 | 18,365,513 | - |
| Total Liabilities | 952,981,304 | 19,439,987 | - |
| Deferred Inflows of Resources | | | |
| Accumulated Increase in Fair Value of Hedging Derivatives | 16,842,159 | - | - |
| Gain on Debt Refundings | 41,467 | - | - |
| Deferred Loan Origination Fees | 3,417,937 | 216,499 | - |
| Related to Pensions | - | - | - |
| Related to Other Postemployment Benefits | - | - | - |
| Total Deferred Inflows of Resources | 20,301,563 | 216,499 | - |
| Net Position | | | |
| Net Investment in Capital Assets Restricted for Residential Assistance | - | - | - |
| Restricted for Other Postemployment Benefits | - | - | - |
| Restricted by Trust Indentures | 95,980,618 | 36,071,854 | 19,761,539 |
| Unrestricted | - | - | - |
| Total Net Position | 95,980,618 | 36,071,854 | 19,761,539 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$1,069,263,485 | \$ 55,728,340 | \$ 19,761,539 |

| <u>Housing Finance Account</u> | <u>Total</u> |
|--|------------------------|
| \$ 710,572 | \$ 1,393,266 |
| - | 14,746,806 |
| 17,496 | 21,656 |
| 477,517 | 477,517 |
| 413,771 | 431,160 |
| 308,268 | 308,268 |
| 1,671 | 1,671 |
| - | 67,105,000 |
| - | 82,296 |
| 37,999 | 37,999 |
| <u>1,967,294</u> | <u>84,605,639</u> |
| 173,401 | 173,401 |
| - | 889,747,311 |
| - | 35,635 |
| 155,262 | 155,262 |
| 7,318,524 | 7,318,524 |
| 92,601 | 92,601 |
| <u>7,739,788</u> | <u>897,522,734</u> |
| <u>9,707,082</u> | <u>982,128,373</u> |
| - | 16,842,159 |
| - | 41,467 |
| - | 3,634,436 |
| 2,192,650 | 2,192,650 |
| 117,265 | 117,265 |
| <u>2,309,915</u> | <u>22,827,977</u> |
| 2,147 | 2,147 |
| 1,141,817 | 1,141,817 |
| 180,264 | 180,264 |
| - | 151,814,011 |
| 34,457,162 | 34,457,162 |
| <u>35,781,390</u> | <u>187,595,401</u> |
| <u>\$ 47,798,387</u> | <u>\$1,192,551,751</u> |

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, 2023

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds | Combined Program Account |
|---|------------------------------|--|--------------------------------|
| Operating Revenues | | | |
| Interest on Loans | \$ 29,324,928 | \$ 1,688,921 | \$ - |
| Investment Income | 4,829,467 | 662,320 | 116,451 |
| Administrative Charges and Fees | - | - | - |
| Low Income Housing Tax Credit Fees | - | - | - |
| Gain (Loss) on Debt Extinguishment | 1,327,661 | - | - |
| Miscellaneous Revenue | 1,104 | 335 | 25 |
| Total Operating Revenues | <u>35,483,160</u> | <u>2,351,576</u> | <u>116,476</u> |
| Operating Expenses | | | |
| Personal Services | - | - | - |
| Services and Supplies | 258,862 | 69,308 | - |
| Mortgage Service Fees | 2,991,036 | 5,015 | - |
| Foreclosure Costs | 24,621 | - | - |
| Interest Expense - Bonds | 24,549,136 | 930,310 | - |
| Interest Expense - Securities Lending | 3,696 | 784 | - |
| Other Related Program Expenses | 2,725,181 | - | - |
| Depreciation/Amortization | - | - | - |
| Total Operating Expenses | <u>30,552,532</u> | <u>1,005,417</u> | <u>-</u> |
| Operating Income (Loss) | <u>4,930,628</u> | <u>1,346,159</u> | <u>116,476</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest Expense - Pension-related Debt | - | - | - |
| Interest Expense - Leased Assets | - | - | - |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Income (Loss) Before Transfers | 4,930,628 | 1,346,159 | 116,476 |
| Transfers from Other Funds | - | - | - |
| Transfers to Other Funds | (1,500,000) | - | - |
| Transfers to Other State Agencies | - | - | - |
| Increase (Decrease) in Net Position | <u>3,430,628</u> | <u>1,346,159</u> | <u>116,476</u> |
| Net Position - Beginning | 92,549,990 | 34,725,695 | 19,645,063 |
| Net Position - Ending | <u>\$ 95,980,618</u> | <u>\$ 36,071,854</u> | <u>\$ 19,761,539</u> |

| Housing Finance Account | Total | |
|-------------------------------|-----------------------|----|
| \$ 16,168 | \$ 31,030,017 | |
| 908,696 | 6,516,934 | |
| 7,978,502 | 7,978,502 | |
| 8,028,128 | 8,028,128 | |
| - | 1,327,661 | |
| 193 | 1,657 | |
| <u>16,931,687</u> | <u>54,882,899</u> | |
| 12,246,790 | 12,246,790 | |
| 3,343,962 | 3,672,132 | |
| - | 2,996,051 | |
| - | 24,621 | |
| - | 25,479,446 | |
| 4,608 | 9,088 | |
| 301,069 | 3,026,250 | |
| 7,541 | 7,541 | |
| <u>15,903,970</u> | <u>47,461,919</u> | |
| 1,027,717 | 7,420,980 | |
| (13,528) | (13,528) | |
| (53) | (53) | |
| <u>(13,581)</u> | <u>(13,581)</u> | |
| 1,014,136 | 7,407,399 | |
| 11,500,000 | 11,500,000 | ** |
| - | (1,500,000) | ** |
| (315,577) | (315,577) | |
| <u>12,198,559</u> | <u>17,091,822</u> | |
| 23,582,831 | 170,503,579 | |
| <u>\$ 35,781,390</u> | <u>\$ 187,595,401</u> | |

** Transfers within the Housing Finance Fund totaling \$1,500,000 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 8.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2023

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds | Combined Program Account |
|---|------------------------------|--|--------------------------------|
| Cash Flows from Operating Activities | | | |
| Received from Customers | \$ 683,192 | \$ - | \$ - |
| Program Loan Principal Repayments | 60,509,547 | 4,478,163 | - |
| Program Loan Interest Received | 28,191,392 | 1,644,641 | - |
| Program Loans Made | (136,638,159) | - | - |
| Payments to Employees for Services | - | - | - |
| Payments to Suppliers for Goods and Services | (3,244,752) | (84,646) | - |
| Other Receipts (Payments) | (1,662,588) | 335 | 25 |
| Net Cash Provided (Used) in Operating Activities | (52,161,368) | 6,038,493 | 25 |
| Cash Flows from Noncapital Financing Activities | | | |
| Proceeds from Bond Sales | 114,018,169 | - | - |
| Principal Payments - Bonds | (33,925,000) | (3,575,000) | - |
| Interest Payments - Bonds | (23,347,412) | (1,006,067) | - |
| Bond Issuance Costs | (989,191) | - | - |
| Principal Payments - Pension-related Debt | - | - | - |
| Interest Payments - Pension-related Debt | - | - | - |
| Transfers from Other Funds | - | - | - |
| Transfers to Other Funds | (1,500,000) | - | - |
| Transfers to Other State Agencies | - | - | - |
| Net Cash Provided (Used) in Noncapital Financing Activities | 54,256,566 | (4,581,067) | - |
| Cash Flows from Capital and Related Financing Activities | | | |
| Lease Principal Payments | - | - | - |
| Lease Interest Payments | - | - | - |
| Net Cash Provided (Used) in Capital and Related Financing Activities | - | - | - |
| Cash Flows from Investing Activities | | | |
| Purchase of Investments | (117,037,210) | (8,123,963) | (5,531,198) |
| Proceeds from Sales and Maturities of Investments | 213,562,867 | 27,080,000 | 5,684,000 |
| Interest on Cash and Investments | 3,110,930 | 352,152 | 568,708 |
| Investment Income on Securities Lending | 3,696 | 784 | - |
| Interest Paid on Securities Lending | (3,696) | (784) | - |
| Net Cash Provided (Used) in Investing Activities | 99,636,587 | 19,308,189 | 721,510 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 101,731,785 | 20,765,615 | 721,535 |
| Cash and Cash Equivalents Balance - Beginning | 58,787,629 | 5,197,497 | 765,932 |
| Cash and Cash Equivalents Balance - Ending | \$ 160,519,414 | \$ 25,963,112 | \$ 1,487,467 |
| Cash and Cash Equivalents | \$ - | \$ - | \$ - |
| Cash and Cash Equivalents - Restricted (Current) | 92,812,181 | 1,499,215 | - |
| Cash and Cash Equivalents - Restricted (Noncurrent) | 67,707,233 | 24,463,897 | 1,487,467 |
| Total Cash and Cash Equivalents | \$ 160,519,414 | \$ 25,963,112 | \$ 1,487,467 |

| Housing Finance Account | Total | |
|-------------------------------|-----------------------|----|
| \$ 15,922,347 | \$ 16,605,539 | |
| 27,537 | 65,015,247 | |
| 2,681 | 29,838,714 | |
| - | (136,638,159) | |
| (9,155,587) | (9,155,587) | |
| (3,094,765) | (6,424,163) | |
| (275,456) | (1,937,684) | |
| <u>3,426,757</u> | <u>(42,696,093)</u> | |
| - | 114,018,169 | |
| - | (37,500,000) | |
| - | (24,353,479) | |
| - | (989,191) | |
| (53,322) | (53,322) | |
| (13,528) | (13,528) | |
| 11,500,000 | 11,500,000 | ** |
| - | (1,500,000) | ** |
| (335,906) | (335,906) | |
| <u>11,097,244</u> | <u>60,772,743</u> | |
| (6,305) | (6,305) | |
| (61) | (61) | |
| <u>(6,366)</u> | <u>(6,366)</u> | |
| - | (130,692,371) | |
| - | 246,326,867 | |
| 904,088 | 4,935,878 | |
| 4,608 | 9,088 | |
| (4,608) | (9,088) | |
| <u>904,088</u> | <u>120,570,374</u> | |
| 15,421,723 | 138,640,658 | |
| 27,000,285 | 91,751,343 | |
| <u>\$ 42,422,008</u> | <u>\$ 230,392,001</u> | |
| \$ 42,246,808 | \$ 42,246,808 | |
| - | 94,311,396 | |
| 175,200 | 93,833,797 | |
| <u>\$ 42,422,008</u> | <u>\$ 230,392,001</u> | |

Continued on the next page

** Transfers within the Housing Finance Fund totaling \$1,500,000 are not included in the Statement of Cash Flows on page 10.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2023

Continued from the previous page

| | Mortgage Revenue Bonds | Multifamily Housing Revenue Bonds | Combined Program Account |
|---|------------------------------|--|--------------------------------|
| Reconciliation of Operating Income to | | | |
| Net Cash Provided by Operating Activities | | | |
| Operating Income (Loss) | \$ 4,930,628 | \$ 1,346,159 | \$ 116,476 |
| Adjustments to Reconcile Operating Income to | | | |
| Net Cash Provided by Operating Activities | | | |
| Capital Asset Depreciation/Amortization | - | - | - |
| Investment Income Reported as Operating Revenue | (4,829,467) | (662,320) | (116,451) |
| Interest Expense Reported as Operating Expense | 24,552,832 | 931,094 | - |
| Bond Issuance Costs Reported as Operating Expense | 1,041,405 | - | - |
| (Gain) Loss on Debt Extinguishment | (1,327,660) | - | - |
| (Increase)/Decrease in Assets: | | | |
| Loan Interest Receivable | (394,288) | 12,443 | - |
| Accounts Receivable | - | - | - |
| Interfund Receivable | - | - | - |
| Due from Governmental Funds | - | - | - |
| Prepaid Expenses | - | - | - |
| Loans Receivable | (75,746,742) | 4,478,163 | - |
| Acquired Property | (780,339) | - | - |
| 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 | 67,671 | (10,323) | - |
| Interfund Payable | (17,821) | - | - |
| Due to Governmental Funds | - | - | - |
| Due to Other Governments | - | - | - |
| Unearned Revenue | 6,579 | - | - |
| Compensated Absences Payable | - | - | - |
| Net Pension Liability | - | - | - |
| Total Other Postemployment Benefit Liability | - | - | - |
| Increase/(Decrease) in Deferred Inflows of Resources: | | | |
| Deferred Loan Origination Fees | 335,834 | (56,723) | - |
| Related to Pensions | - | - | - |
| Related to Other Postemployment Benefits | - | - | - |
| Net Cash Provided (Used) in Operating Activities | \$ (52,161,368) | \$ 6,038,493 | \$ 25 |
| Noncash Investing, Capital, and Financing Activities | | | |
| Net Change in Fair Value of Investments | \$ 1,470,986 | \$ 267,909 | \$ (488,273) |
| Foreclosed Property | 780,339 | - | - |
| Loan Modifications | 398,469 | - | - |
| Total Noncash Investing, Capital, and Financing Activities | \$ 2,649,794 | \$ 267,909 | \$ (488,273) |

| Housing Finance Account | Total | |
|-------------------------------|------------------------|----|
| \$ 1,027,717 | \$ 7,420,980 | |
| 7,541 | 7,541 | |
| (908,696) | (6,516,934) | |
| 4,608 | 25,488,534 | |
| - | 1,041,405 | |
| - | (1,327,660) | |
| (13,487) | (395,332) | |
| 23,021 | 23,021 | |
| 48,038 | 48,038 | ** |
| 270,768 | 270,768 | |
| (21,147) | (21,147) | |
| 27,537 | (71,241,042) | |
| - | (780,339) | |
| (46,149) | (46,149) | |
| (682,276) | (682,276) | |
| (931) | (931) | |
| (56,546) | 802 | |
| (49,270) | (67,091) | ** |
| 335,620 | 335,620 | |
| (41,180) | (41,180) | |
| (102,008) | (95,429) | |
| 353,913 | 353,913 | |
| 3,806,186 | 3,806,186 | |
| (8,515) | (8,515) | |
| - | 279,111 | |
| (549,545) | (549,545) | |
| 1,558 | 1,558 | |
| <u>\$ 3,426,757</u> | <u>\$ (42,696,093)</u> | |
| \$ - | \$ 1,250,622 | |
| - | 780,339 | |
| - | 398,469 | |
| <u>\$ -</u> | <u>\$ 2,429,430</u> | |

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$17,821 are not included in the Statement of Cash Flows on page 11.

[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 46-53 contain trend information to help the reader understand how OHCS D's financial performance has changed over time.

Revenue Capacity

Pages 54 and 55 contain information to help the reader understand OHCS D's most significant revenue source, Interest on Loans.

Debt Capacity

Pages 56 and 57 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 58 and 59 contain demographic, economic, and employment data to help the reader understand the environment OHCS D operates in.

Operating Information

Pages 60-67 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

| | 2023 | 2022 | 2021 | 2020 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 43,368,149 | \$ 27,541,346 | \$ 19,753,000 | \$ 13,886,704 |
| Cash and Cash Equivalents - Restricted | 249,395,714 | 123,017,393 | 120,381,648 | 154,695,669 |
| Investments - Restricted | 68,572,636 | 182,989,422 | 254,568,169 | 223,223,166 |
| Securities Lending Cash Collateral | 47,499 | 580,028 | 301,531 | 1,248,701 |
| Accounts Receivable | 299,530 | 321,701 | 361,983 | 266,455 |
| Accrued Interest Receivable | 5,294,590 | 3,343,179 | 3,880,856 | 4,518,523 |
| Interfund Receivable | 47,806 | 127,293 | 22,099 | 12,862 |
| Due from Governmental Funds | 302,655 | 573,246 | 131,442 | 391,789 |
| Due from Other State Agencies | - | - | - | 88,521 |
| Prepaid Expenses | 21,147 | - | 115 | - |
| Acquired Property | 780,339 | - | 122,985 | 817,484 |
| Loans Receivable (Net) | 906,559,557 | 839,633,718 | 855,740,724 | 982,544,056 |
| Swap Fair Value Asset | 16,842,159 | 12,368,910 | 2,687,321 | - |
| Net Pension Asset | - | - | - | - |
| Net Other Postemployment Benefits Asset | 207,446 | 159,246 | 20,903 | 72,037 |
| Capital Assets (Net) | 2,777 | 4,766 | 7,024 | 10,214 |
| Leased Assets (Net) | 1,983 | 8,868 | - | - |
| Total Assets | 1,291,743,987 | 1,190,669,116 | 1,257,979,800 | 1,381,776,181 |
| Deferred Outflows of Resources | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | - | - | 6,386,956 | 10,726,213 |
| Loss on Debt Refunding | 387,788 | 464,599 | 674,944 | 1,107,604 |
| Related to Pensions | 3,689,476 | 2,937,464 | 2,430,234 | 1,951,568 |
| Related to Other Postemployment Benefits | 28,509 | 27,513 | 32,363 | 18,462 |
| Total Deferred Outflows of Resources | 4,105,773 | 3,429,576 | 9,524,497 | 13,803,847 |
| Total Assets and Deferred Outflows of Resources | \$ 1,295,849,760 | \$ 1,194,098,692 | \$ 1,267,504,297 | \$ 1,395,580,028 |

Unaudited

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 12,630,562 | \$ 9,388,621 | \$ 9,915,911 | \$ 8,730,328 | \$ 10,077,977 | \$ 4,060,107 |
| 65,370,939 | 68,372,203 | 59,447,712 | 80,466,457 | 66,585,531 | 64,782,925 |
| 277,597,803 | 244,508,334 | 232,640,617 | 278,624,844 | 229,912,957 | 310,056,935 |
| 2,101,856 | 1,191,697 | 357,168 | 2,041,190 | 4,032,437 | 3,393,772 |
| 139,932 | 29,182,712 | 409,631 | 131,122 | 177,215 | 189,304 |
| 4,133,592 | 3,924,987 | 3,729,012 | 4,209,653 | 4,618,750 | 5,443,641 |
| 81,079 | 80,220 | 16,939 | 6,780 | 607 | 164 |
| 114,050 | 24,797 | 82,468 | 23,931 | 1,795 | 10,979 |
| - | - | - | - | - | - |
| 4,563 | 1,140 | 514 | 28,996 | 675 | 8,655 |
| 1,016,875 | 1,841,751 | 2,995,957 | 3,766,377 | 4,407,890 | 7,135,654 |
| 954,607,414 | 834,207,159 | 804,071,640 | 847,251,131 | 918,003,978 | 1,009,415,693 |
| - | 1,514,014 | 899,578 | - | - | - |
| - | - | - | - | 558,607 | - |
| 31,100 | 11,451 | - | - | - | - |
| 43,223 | 51,674 | 59,925 | 62,637 | 70,549 | 22,340 |
| - | - | - | - | - | - |
| <u>1,317,872,988</u> | <u>1,194,300,760</u> | <u>1,114,627,072</u> | <u>1,225,343,446</u> | <u>1,238,448,968</u> | <u>1,404,520,169</u> |
| 5,221,906 | 137,728 | 1,864,021 | 6,906,793 | 11,379,103 | 17,276,495 |
| 1,435,973 | 1,942,159 | 1,761,830 | 2,092,930 | 2,344,757 | 2,262,264 |
| 1,386,060 | 1,183,656 | 2,170,765 | 407,457 | 206,746 | - |
| 40,861 | 26,968 | - | - | - | - |
| <u>8,084,800</u> | <u>3,290,511</u> | <u>5,796,616</u> | <u>9,407,180</u> | <u>13,930,606</u> | <u>19,538,759</u> |
| <u>\$ 1,325,957,788</u> | <u>\$ 1,197,591,271</u> | <u>\$ 1,120,423,688</u> | <u>\$ 1,234,750,626</u> | <u>\$ 1,252,379,574</u> | <u>\$ 1,424,058,928</u> |

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

| | 2023 | 2022 | 2021 | 2020 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Liabilities | | | | |
| Accounts Payable | \$ 1,430,947 | \$ 1,374,030 | \$ 1,139,884 | \$ 1,347,392 |
| Accrued Interest Payable | 15,143,968 | 12,064,921 | 14,575,857 | 16,540,642 |
| Obligations Under Securities Lending | 47,499 | 580,028 | 301,531 | 1,248,701 |
| Interfund Payable | 47,806 | 127,293 | 22,099 | 12,862 |
| Due to Governmental Funds | 599,404 | 174,415 | 24,370 | 54,126 |
| Due to Other Governments | - | 41,180 | 5,776 | - |
| Unearned Revenue | 432,247 | 527,315 | 643,867 | 754,469 |
| Compensated Absences Payable | 584,963 | 135,646 | 286,347 | 284,985 |
| Lease Obligations | 2,022 | 8,926 | - | - |
| Bonds Payable | 976,925,409 | 904,114,640 | 979,686,245 | 1,107,569,224 |
| Swap Fair Value Liability | - | - | 6,386,956 | 10,726,213 |
| Arbitrage Rebate Liability | 117,931 | - | - | - |
| Pension-related Debt Payable | 247,200 | 315,405 | 371,238 | 421,318 |
| Net Pension Liability | 8,343,213 | 4,102,944 | 7,030,726 | 5,804,785 |
| Net Other Postemployment Benefits Liability | - | - | 11,590 | 32,005 |
| Total Other Postemployment Benefits Liability | 108,736 | 120,295 | 161,281 | 153,434 |
| Net Other Postemployment Benefits Obligation | - | - | - | - |
| Total Liabilities | 1,004,031,345 | 923,687,038 | 1,010,647,767 | 1,144,950,156 |
| Deferred Inflows of Resources | | | | |
| Accumulated Increase in Fair Value of Hedging Derivatives | 16,842,159 | 12,368,910 | 2,687,321 | - |
| Gain on Debt Refunding | 41,467 | 79,652 | 40,482 | - |
| Deferred Loan Origination Fees | 3,894,643 | 3,657,125 | 3,801,580 | 4,445,934 |
| Related to Pensions | 2,499,649 | 3,203,301 | 159,733 | 276,737 |
| Related to Other Postemployment Benefits | 135,945 | 136,153 | 35,963 | 40,745 |
| Total Deferred Inflows of Resources | 23,413,863 | 19,445,141 | 6,725,079 | 4,763,416 |
| Net Position | | | | |
| Net Investment in Capital Assets | 2,738 | 13,634 | 7,024 | 10,214 |
| Restricted for Residential Assistance | 1,141,817 | 1,130,120 | 1,256,957 | 1,257,239 |
| Restricted for Other Postemployment Benefits | 207,446 | 159,246 | 20,903 | 72,037 |
| Restricted by Trust Indentures | 231,592,674 | 224,461,170 | 229,688,722 | 228,197,707 |
| Unrestricted | 35,459,877 | 25,202,343 | 19,157,845 | 16,329,259 |
| Total Net Position | 268,404,552 | 250,966,513 | 250,131,451 | 245,866,456 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 1,295,849,760 | \$ 1,194,098,692 | \$ 1,267,504,297 | \$ 1,395,580,028 |

Unaudited

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 1,292,103 | \$ 609,703 | \$ 808,431 | \$ 626,684 | \$ 495,218 | \$ 1,021,618 |
| 16,741,051 | 13,660,865 | 13,031,173 | 15,411,597 | 17,957,672 | 20,477,454 |
| 2,101,856 | 1,191,697 | 357,168 | 2,041,190 | 4,032,437 | 3,393,772 |
| 81,079 | 80,220 | 16,939 | 6,780 | 607 | 164 |
| 64,554 | 53,689 | 6,959 | 50,880 | 101,511 | 47,284 |
| - | - | - | - | - | - |
| 878,196 | 998,823 | 1,130,510 | 1,265,880 | 1,402,406 | 1,539,946 |
| 289,020 | 344,492 | 271,186 | 252,162 | 276,849 | 296,128 |
| - | - | - | - | - | - |
| 1,053,780,476 | 943,483,358 | 869,050,314 | 979,243,468 | 997,155,163 | 1,170,857,616 |
| 5,221,906 | 137,728 | 1,864,021 | 6,906,793 | 11,379,103 | 17,276,495 |
| - | - | - | - | - | - |
| 463,993 | 501,032 | 531,182 | 556,146 | 575,223 | 600,689 |
| 3,180,583 | 3,275,674 | 4,116,951 | 1,580,442 | - | - |
| 33,673 | 41,439 | - | - | - | - |
| 182,434 | 124,593 | - | - | - | - |
| - | - | 87,445 | 85,234 | 92,770 | 88,299 |
| <u>1,084,310,924</u> | <u>964,503,313</u> | <u>891,272,279</u> | <u>1,008,027,256</u> | <u>1,033,468,959</u> | <u>1,215,599,465</u> |
| - | 1,514,014 | 899,578 | - | - | - |
| - | - | - | - | - | - |
| 4,597,314 | 4,261,350 | 4,354,736 | 4,733,476 | 5,281,561 | 5,905,347 |
| 178,767 | 27,367 | 39,119 | 384,804 | 1,077,887 | - |
| 14,773 | 8,471 | - | - | - | - |
| <u>4,790,854</u> | <u>5,811,202</u> | <u>5,293,433</u> | <u>5,118,280</u> | <u>6,359,448</u> | <u>5,905,347</u> |
| 43,223 | 51,674 | 59,925 | 62,637 | 70,549 | 22,340 |
| 2,058,567 | 2,089,298 | 2,074,043 | 2,098,015 | 2,029,118 | 2,019,413 |
| 31,100 | 11,451 | - | - | - | - |
| 220,241,383 | 212,669,994 | 207,706,209 | 213,665,954 | 201,453,112 | 196,447,800 |
| 14,481,737 | 12,454,339 | 14,017,799 | 5,778,484 | 8,998,388 | 4,064,563 |
| <u>236,856,010</u> | <u>227,276,756</u> | <u>223,857,976</u> | <u>221,605,090</u> | <u>212,551,167</u> | <u>202,554,116</u> |
| <u>\$ 1,325,957,788</u> | <u>\$ 1,197,591,271</u> | <u>\$ 1,120,423,688</u> | <u>\$ 1,234,750,626</u> | <u>\$ 1,252,379,574</u> | <u>\$ 1,424,058,928</u> |

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

| | 2023 | 2022 | 2021 | 2020 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenues | | | | |
| Interest on Loans | \$ 32,687,523 | \$ 32,323,454 | \$ 35,074,849 | \$ 40,963,239 |
| Investment Income (Loss) | 8,246,716 | (4,637,184) | 339,398 | 11,696,263 |
| Administrative Charges and Fees | 8,040,684 | 9,644,406 | 7,650,839 | 5,162,478 |
| Low Income Housing Tax Credit Fees | 8,028,128 | 9,508,721 | 5,256,621 | 3,080,015 |
| Gain (Loss) on Sale of Foreclosed Property | - | (12,461) | - | 78,721 |
| Gain (Loss) on Debt Extinguishment | 1,327,661 | 4,417,587 | 2,694,649 | 1,939,403 |
| Miscellaneous Revenue | 1,722 | 4,911 | 26,459 | 9,004 |
| Total Operating Revenues | 58,332,434 | 51,249,434 | 51,042,815 | 62,929,123 |
| Operating Expenses | | | | |
| Personal Services | 14,067,608 | 8,845,625 | 7,863,929 | 8,697,614 |
| Services and Supplies | 3,904,573 | 4,313,509 | 2,901,533 | 3,727,327 |
| Mortgage Service Fees | 3,011,236 | 2,844,886 | 2,958,124 | 3,200,538 |
| Foreclosure Costs | 24,621 | 45,154 | 143,493 | 13,605 |
| Interest Expense - Bonds | 26,448,189 | 26,373,449 | 29,815,332 | 33,161,052 |
| Interest Expense - Securities Lending | 18,115 | 5,344 | 2,266 | 39,099 |
| Interest Expense - Loans | - | - | - | - |
| Other Related Program Expenses | 3,026,250 | 4,683,512 | 2,870,685 | 4,850,144 |
| Depreciation/Amortization | 8,874 | 10,776 | 3,190 | 5,821 |
| Bad Debt Expense | - | - | - | - |
| Total Operating Expenses | 50,509,466 | 47,122,255 | 46,558,552 | 53,695,200 |
| Operating Income (Loss) | 7,822,968 | 4,127,179 | 4,484,263 | 9,233,923 |
| Nonoperating Revenue/(Expenses) | | | | |
| Federal Grant Subsidy | - | - | 74,857 | - |
| Gain/(Loss) on Disposition of Capital Assets | - | - | - | (27,188) |
| Interest Expense - Pension-related Debt | (17,304) | (18,378) | (29,168) | (32,788) |
| Interest Expense - Leased Assets | (64) | (149) | - | - |
| Total Nonoperating Revenue/(Expenses) | (17,368) | (18,527) | 45,689 | (59,976) |
| Transfers | | | | |
| Transfers from Other Funds | 10,000,000 | - | - | - |
| Transfers to Other Funds | - | (2,899,555) | - | - |
| Transfers from Other State Agencies | - | - | - | 88,521 |
| Transfers to Other State Agencies | (367,561) | (374,035) | (264,957) | (252,022) |
| Total Transfers | 9,632,439 | (3,273,590) | (264,957) | (163,501) |
| Increase (Decrease) in Net Position | \$ 17,438,039 | \$ 835,062 | \$ 4,264,995 | \$ 9,010,446 |
| Net Position - Beginning | 250,966,513 | 250,131,451 | 245,866,456 | 236,856,010 |
| Prior Period Adjustment | - | - | - | - |
| Change in Accounting Principle | - | - | - | - |
| Net Position - Beginning (Restated) | 250,966,513 | 250,131,451 | 245,866,456 | 236,856,010 |
| Net Position - Ending | \$ 268,404,552 | \$ 250,966,513 | \$ 250,131,451 | \$ 245,866,456 |

Unaudited

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 40,504,975 | \$ 36,644,795 | \$ 39,626,363 | \$ 46,381,931 | \$ 50,954,045 | \$ 52,542,197 |
| | 11,846,649 | 3,650,448 | 332,374 | 6,767,972 | 3,484,174 | 4,844,825 |
| | 4,358,237 | 3,295,836 | 2,537,227 | 2,111,542 | 2,444,692 | 833,012 |
| | 3,364,208 | 2,924,199 | 1,604,511 | 1,126,415 | 3,174,641 | 1,566,180 |
| | 45,379 | 146,174 | 373,502 | 314,222 | 288,970 | 548,575 |
| | 984,697 | 1,129,267 | 1,039,870 | 1,034,419 | 1,311,768 | 1,329,839 |
| | 6,938 | 93,062 | 358,328 | 115,962 | 60,801 | 16,350 |
| | <u>61,111,083</u> | <u>47,883,781</u> | <u>45,872,175</u> | <u>57,852,463</u> | <u>61,719,091</u> | <u>61,680,978</u> |
| | 5,712,702 | 5,206,618 | 5,126,065 | 5,828,772 | 3,868,949 | 4,250,998 |
| | 2,886,332 | 3,084,561 | 2,508,940 | 2,437,292 | 2,392,345 | 2,429,232 |
| | 2,931,395 | 2,394,668 | 2,264,580 | 2,393,209 | 2,619,687 | 2,820,877 |
| | 215,168 | 438,500 | 616,407 | 422,662 | 324,684 | 995,546 |
| | 31,556,074 | 27,235,723 | 28,487,108 | 33,287,518 | 38,491,579 | 43,280,173 |
| | 95,991 | 21,699 | 1,974 | 22,326 | 12,347 | 13,410 |
| | - | - | - | - | - | 24,575 |
| | 7,832,586 | 5,778,673 | 4,346,935 | 4,169,306 | 2,740,696 | 4,554,711 |
| | 8,451 | 8,452 | 7,910 | 7,912 | 4,394 | 2,034 |
| | - | - | 33,583 | - | - | - |
| | <u>51,238,699</u> | <u>44,168,894</u> | <u>43,393,502</u> | <u>48,568,997</u> | <u>50,454,681</u> | <u>58,371,556</u> |
| | <u>9,872,384</u> | <u>3,714,887</u> | <u>2,478,673</u> | <u>9,283,466</u> | <u>11,264,410</u> | <u>3,309,422</u> |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | (31,857) | (32,996) | (38,010) | (37,729) | (39,019) | (38,942) |
| | - | - | - | - | - | - |
| | <u>(31,857)</u> | <u>(32,996)</u> | <u>(38,010)</u> | <u>(37,729)</u> | <u>(39,019)</u> | <u>(38,942)</u> |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | (261,273) | (184,404) | (187,777) | (191,814) | (211,415) | (185,435) |
| | <u>(261,273)</u> | <u>(184,404)</u> | <u>(187,777)</u> | <u>(191,814)</u> | <u>(211,415)</u> | <u>(185,435)</u> |
| \$ | 9,579,254 | \$ 3,497,487 | \$ 2,252,886 | \$ 9,053,923 | \$ 11,013,976 | \$ 3,085,045 |
| | 227,276,756 | 223,857,976 | 221,605,090 | 212,551,167 | 202,554,116 | 214,936,632 |
| | - | - | - | - | 2,979 | (6,448,203) |
| | - | (78,707) | - | - | (1,019,904) | (9,019,358) |
| | <u>227,276,756</u> | <u>223,779,269</u> | <u>221,605,090</u> | <u>212,551,167</u> | <u>201,537,191</u> | <u>199,469,071</u> |
| \$ | <u>236,856,010</u> | <u>227,276,756</u> | <u>223,857,976</u> | <u>221,605,090</u> | <u>212,551,167</u> | <u>202,554,116</u> |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Cash Flows

Enterprise Funds

Last Ten Fiscal Years

| | 2023 | 2022 | 2021 |
|---|-----------------------|-----------------------|-----------------------|
| Cash Flows from Operating Activities | | | |
| Received from Customers | \$ 16,666,871 | \$ 19,837,627 | \$ 13,175,428 |
| Program Loan Principal Repayments | 69,330,450 | 167,842,514 | 222,941,663 |
| Program Loan Interest Received | 31,480,471 | 31,016,791 | 34,258,797 |
| Program Loans Made | (136,638,159) | (150,727,831) | (95,332,814) |
| Payments to Employees for Services | (10,508,230) | (9,350,644) | (7,366,769) |
| Payments to Suppliers for Goods and Services | (6,709,107) | (7,487,876) | (5,684,303) |
| Other Receipts (Payments) | (1,937,619) | (3,008,841) | (2,057,220) |
| Net Cash Provided (Used) in Operating Activities | (38,315,323) | 48,121,740 | 159,934,782 |
| Cash Flows from Noncapital Financing Activities | | | |
| Proceeds from Bond Sales | 114,018,169 | 188,634,844 | 61,927,675 |
| Principal Payments - Bonds | (39,075,000) | (258,705,000) | (185,740,000) |
| Interest Payments - Bonds | (25,352,727) | (29,742,816) | (32,682,384) |
| Bond Issuance Costs | (989,191) | (1,572,368) | (803,477) |
| Bond Call Costs | - | (277) | (596) |
| Principal Payments - Loans | - | - | - |
| Interest Payments - Loans | - | - | - |
| Principal Payments - Pension-related Debt | (68,205) | (55,833) | (50,080) |
| Interest Payments - Pension-related Debt | (17,304) | (18,378) | (29,168) |
| Federal Grant Subsidy | - | - | 74,857 |
| Transfers from Other Funds | 10,000,000 | - | - |
| Transfers to Other Funds | - | (2,899,555) | - |
| Transfers from Other State Agencies | - | - | 88,521 |
| Transfers to Other State Agencies | (386,836) | (337,482) | (270,459) |
| Net Cash Provided (Used) in Noncapital Financing Activities | 58,128,906 | (104,696,865) | (157,485,111) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition of Capital Assets | - | - | - |
| Lease Payments | (7,611) | (7,753) | - |
| Lease Interest | (74) | (139) | - |
| Net Cash Provided (Used) in Capital and Related Financing Activities | (7,685) | (7,892) | - |
| Cash Flows from Investing Activities | | | |
| Purchase of Investments | (130,692,371) | (305,323,565) | (380,551,164) |
| Proceeds from Sales and Maturities of Investments | 246,326,867 | 369,503,258 | 346,112,454 |
| Interest on Cash and Investments | 6,764,730 | 2,827,415 | 3,541,314 |
| Investment Income on Securities Lending | 18,115 | 5,344 | 2,266 |
| Interest Paid on Securities Lending | (18,115) | (5,344) | (2,266) |
| Net Cash Provided (Used) in Investing Activities | 122,399,226 | 67,007,108 | (30,897,396) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 142,205,124 | 10,424,091 | (28,447,725) |
| Cash and Cash Equivalents Balance - Beginning | 150,558,739 | 140,134,648 | 168,582,373 |
| Cash and Cash Equivalents Balance - Ending | \$ 292,763,863 | \$ 150,558,739 | \$ 140,134,648 |

Unaudited

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 8,763,454 | \$ 8,876,105 | \$ 7,079,496 | \$ 4,163,809 | \$ 3,569,340 | \$ 5,721,238 | \$ 2,596,251 |
| 139,616,140 | 113,960,119 | 126,654,062 | 138,955,178 | 142,159,092 | 145,611,724 | 120,322,978 |
| 39,340,959 | 38,764,669 | 35,717,096 | 38,803,932 | 44,151,928 | 50,261,428 | 54,750,757 |
| (167,580,729) | (233,252,858) | (156,182,704) | (97,014,283) | (71,715,430) | (54,220,431) | (61,116,633) |
| (6,488,553) | (5,930,708) | (5,025,280) | (4,707,259) | (4,609,749) | (4,587,915) | (4,175,801) |
| (6,787,757) | (5,841,075) | (5,422,079) | (4,650,950) | (4,923,555) | (5,064,173) | (5,182,403) |
| (3,391,482) | (5,473,021) | (3,658,826) | (791,680) | 47,139 | 941,970 | 1,431,972 |
| 3,472,032 | (88,896,769) | (838,235) | 74,758,747 | 108,678,765 | 138,663,841 | 108,627,121 |
| 177,018,587 | 216,176,306 | 280,205,736 | 134,026,831 | 211,033,001 | 31,377,604 | 139,605,754 |
| (120,100,000) | (103,615,000) | (203,460,000) | (242,255,000) | (227,045,000) | (202,930,000) | (249,975,000) |
| (34,221,158) | (29,029,187) | (27,367,083) | (31,402,394) | (36,186,445) | (40,849,857) | (46,745,465) |
| (1,424,262) | (1,677,569) | (1,763,294) | (774,512) | (1,514,836) | (565,215) | (1,409,003) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (1,500,000) |
| - | - | - | - | - | - | (36,729) |
| (42,675) | (37,039) | (30,150) | (24,964) | (19,077) | (22,487) | (15,861) |
| (32,788) | (31,857) | (32,996) | (38,010) | (37,729) | (39,019) | (38,942) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (249,712) | (243,488) | (203,500) | (188,958) | (191,894) | (209,314) | (186,039) |
| 20,947,992 | 81,542,166 | 47,348,713 | (140,657,007) | (53,961,980) | (213,238,288) | (160,301,285) |
| - | - | 5,445 | (10,844) | - | (52,603) | (14,500) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 5,445 | (10,844) | - | (52,603) | (14,500) |
| (413,127,785) | (510,891,434) | (498,137,269) | (368,836,911) | (441,963,836) | (289,867,498) | (390,462,021) |
| 473,542,274 | 512,301,216 | 456,787,746 | 411,676,140 | 396,996,896 | 370,368,568 | 440,622,813 |
| 5,746,359 | 6,185,498 | 3,230,801 | 3,236,713 | 2,783,432 | 1,946,456 | 3,322,682 |
| 39,099 | 95,991 | 21,699 | 1,974 | 22,326 | 12,347 | 13,410 |
| (39,099) | (95,991) | (21,699) | (1,974) | (22,326) | (12,347) | (13,410) |
| 66,160,848 | 7,595,280 | (38,118,722) | 46,075,942 | (42,183,508) | 82,447,526 | 53,483,474 |
| 90,580,872 | 240,677 | 8,397,201 | (19,833,162) | 12,533,277 | 7,820,476 | 1,794,810 |
| 78,001,501 | 77,760,824 | 69,363,623 | 89,196,785 | 76,663,508 | 68,843,032 | 67,048,222 |
| \$ 168,582,373 | \$ 78,001,501 | \$ 77,760,824 | \$ 69,363,623 | \$ 89,196,785 | \$ 76,663,508 | \$ 68,843,032 |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Weighted Average Interest Rate - New Mortgage Loans - Single-Family Mortgage Program

Enterprise Funds

Unaudited

Last Ten Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Overall Weighted Average Interest Rate | 5.24% | 2.86% | 2.60% | 3.07% | 4.05% | 3.62% | 3.26% | 3.44% | 3.29% | 3.18% |
| Mortgage Revenue Bonds | 5.24% | 2.86% | 2.60% | 3.07% | 4.05% | 3.62% | 3.26% | 3.44% | 3.29% | 3.09% |
| Housing Revenue Bonds | - | - | - | - | - | - | - | - | - | 3.30% |

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 2023 | | | Fiscal Year 2014 | | |
|------------------------------------|------------------|--------------------------------|---|------------------|--------------------------------|---|
| | 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 | \$ 1,024,111 | 3.25% | 1 | \$ 1,150,041 | 2.10% |
| Beaver State Apartments | 2 | 526,662 | 1.67% | 6 | 570,356 | 1.04% |
| Autumn Park | 3 | 253,993 | 0.81% | | | |
| Gateway Park Apts | 4 | 214,431 | 0.68% | | | |
| Fifth Avenue Court | 5 | 182,348 | 0.58% | | | |
| The Oaks Apartments | 6 | 80,350 | 0.26% | | | |
| Oakwood Manor Apartments | 7 | 61,419 | 0.20% | | | |
| Rosemont Town Homes | 8 | 58,801 | 0.19% | | | |
| Forest Park Apartments | 9 | 58,287 | 0.19% | | | |
| Westshore | 10 | 55,053 | 0.17% | | | |
| Westridge Meadows Apartments | | | | 2 | 830,611 | 1.52% |
| Willamette Garden Apts | | | | 3 | 818,902 | 1.50% |
| Woodridge Apartments | | | | 4 | 785,905 | 1.44% |
| Troutdale Terrace Apts | | | | 5 | 701,699 | 1.28% |
| Lake Crest Apts | | | | 7 | 486,804 | 0.89% |
| Cascadia Village Retirement Center | | | | 8 | 372,228 | 0.68% |
| The Hazelwood | | | | 9 | 349,139 | 0.64% |
| Buckman Heights Apartments | | | | 10 | 327,860 | 0.60% |
| Total | | \$ 2,515,455 | 8.00% | | \$ 6,393,545 | 11.69% |

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

Unaudited

| Fiscal Year | Business-Type Activities - Enterprise Funds | | | Percentage of Personal Income ⁽³⁾ | Per Capita ⁽³⁾ |
|-------------|---|------------------------------|----------------|--|---------------------------|
| | General Obligation Bonds ⁽¹⁾ | Revenue Bonds ⁽²⁾ | Total | | |
| 2023 | \$ 20,075,000 | \$ 938,710,000 | \$ 958,785,000 | 0.36% | \$ 226 |
| 2022 | 21,650,000 | 864,185,000 | 885,835,000 | 0.34% | 208 |
| 2021 | 22,985,000 | 937,655,000 | 960,640,000 | 0.40% | 226 |
| 2020 | 28,865,000 | 1,057,515,000 | 1,086,380,000 | 0.49% | 258 |
| 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 | 0.47% | 224 |
| 2017 | 44,710,000 | 812,105,000 | 856,815,000 | 0.46% | 209 |
| 2016 | 50,810,000 | 917,700,000 | 968,510,000 | 0.55% | 241 |
| 2015 | 85,480,000 | 904,220,000 | 989,700,000 | 0.60% | 250 |
| 2014 | 112,615,000 | 1,049,115,000 | 1,161,730,000 | 0.75% | 296 |

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (FY 2014 - FY 2021), Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds (FY 2014)

⁽³⁾ Personal Income and Population Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1)
<https://apps.bea.gov/itable/?ReqID=70&step=1>

Population and Personal Income information can be found on page 58.

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> | | | | |
| 2023 | \$ 4,823,464,807 | \$ 20,075,000 | \$ 4,803,389,807 | 0.42% |
| 2022 | 4,118,468,847 | 21,650,000 | 4,096,818,847 | 0.53% |
| 2021 | 3,783,733,523 | 22,985,000 | 3,760,748,523 | 0.61% |
| 2020 | 3,578,984,548 | 28,865,000 | 3,550,119,548 | 0.81% |
| 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% |
| <u>Revenue Bonds</u> | | | | |
| 2023 | \$ 2,500,000,000 | \$ 938,710,000 | \$ 1,561,290,000 | 37.55% |
| 2022 | 2,500,000,000 | 864,185,000 | 1,635,815,000 | 34.57% |
| 2021 | 2,500,000,000 | 937,655,000 | 1,562,345,000 | 37.51% |
| 2020 | 2,500,000,000 | 1,057,515,000 | 1,442,485,000 | 42.30% |
| 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% |

Legal Debt Margin for Fiscal Year 2023

General Obligation Bonds

| | |
|---|-------------------------|
| True cash value of all taxable property in the state | \$ 964,692,961,481 |
| Debt Limit (0.5% of true cash value) | 4,823,464,807 |
| Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds) | (20,075,000) |
| Legal Debt Margin | <u>\$ 4,803,389,807</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 ⁽¹⁾ | Annual Unemployment Rate ⁽²⁾ |
|------------------|---------------------------|--|---|---|
| 2022 | 4,240,137 | \$ 264,173.8 | \$ 62,303 | 4.2% |
| 2021 | 4,256,301 | 262,382.4 | 61,646 | 5.2% |
| 2020 | 4,244,795 | 239,862.5 | 56,507 | 7.6% |
| 2019 | 4,215,976 | 219,982.7 | 52,178 | 3.7% |
| 2018 | 4,183,414 | 210,044.9 | 50,209 | 4.0% |
| 2017 | 4,147,186 | 197,262.3 | 47,565 | 4.1% |
| 2016 | 4,093,179 | 186,105.0 | 45,467 | 4.7% |
| 2015 | 4,018,466 | 177,478.1 | 44,166 | 5.5% |
| 2014 | 3,965,387 | 165,171.9 | 41,653 | 6.7% |
| 2013 | 3,924,064 | 154,851.2 | 39,462 | 7.8% |

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1) - <https://apps.bea.gov/itable/?ReqID=70&step=1>

⁽²⁾ Source: Oregon Employment Department
www.qualityinfo.org/uesti?IfAreacode=4101000000&IfAdjusted=y&IfMeasure=unemprate&IfSyear=2013&IfRpt=summary&IfEyear=2023

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

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

Unaudited

| | Calendar Year 2022 | | Calendar Year 2013 | | Change |
|--|---------------------|------------------|---------------------|------------------|---------------|
| | Number of Employees | Percent of Total | Number of Employees | Percent of Total | |
| Health Care and Social Assistance | 312,843 | 11.77% | 260,929 | 11.54% | 19.90% |
| Retail Trade | 264,677 | 9.96% | 236,752 | 10.47% | 11.80% |
| Manufacturing | 206,906 | 7.78% | 191,642 | 8.48% | 7.96% |
| Accommodation and Food Services | 190,276 | 7.16% | 167,481 | 7.41% | 13.61% |
| Professional, Scientific, and Technical Services | 187,980 | 7.07% | 142,770 | 6.32% | 31.67% |
| Construction | 153,517 | 5.78% | 107,297 | 4.75% | 43.08% |
| Real Estate and Rental and Leasing | 143,199 | 5.39% | 102,831 | 4.55% | 39.26% |
| Transportation and Warehousing | 132,623 | 4.99% | 65,279 | 2.89% | 103.16% |
| Administrative and Support Services | 129,574 | 4.87% | 114,899 | 5.08% | 12.77% |
| Finance and Insurance | 108,772 | 4.09% | 94,217 | 4.17% | 15.45% |
| Wholesale Trade | 86,064 | 3.24% | 79,364 | 3.51% | 8.44% |
| Arts, Entertainment, and Recreation | 60,435 | 2.27% | 55,008 | 2.43% | 9.87% |
| Farm Employment | 57,344 | 2.16% | 63,721 | 2.82% | -10.01% |
| Management of Companies and Enterprises | 52,792 | 1.99% | 39,063 | 1.73% | 35.15% |
| Educational Services | 50,885 | 1.91% | 57,012 | 2.52% | -10.75% |
| Information | 49,275 | 1.85% | 40,416 | 1.79% | 21.92% |
| Forestry, Fishing, and Related Activities | 32,859 | 1.24% | 32,160 | 1.42% | 2.17% |
| Waste Management and Remediation Services | 6,736 | 0.25% | 5,429 | 0.24% | 24.07% |
| Utilities | 5,299 | 0.20% | 4,775 | 0.21% | 10.97% |
| Mining, quarrying, and oil and gas extraction | 4,621 | 0.17% | 5,776 | 0.26% | -20.00% |
| Other Services | 129,476 | 4.87% | 118,009 | 5.22% | 9.72% |
| Federal Government (Civilian) | 27,876 | 1.05% | 27,608 | 1.22% | 0.97% |
| Military | 10,604 | 0.40% | 12,151 | 0.54% | -12.73% |
| State Government | 43,172 | 1.62% | 60,965 | 2.70% | -29.19% |
| Local Government | 210,480 | 7.92% | 174,783 | 7.73% | 20.42% |
| Total Employment | 2,658,285 | 100.00% | 2,260,337 | 100.00% | 17.61% |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Interest Rate

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

| Interest Rate | June 30, 2023 | | | | June 30, 2014 | | | |
|---|-----------------|----------------|-----------------------|----------------|-----------------|----------------|-------------------------|----------------|
| | Number of Loans | Percent | Principal Amount | Percent | Number of Loans | Percent | Principal Amount | Percent |
| <u>Single Family Loans</u> ⁽¹⁾ | | | | | | | | |
| 0.00 - 2.99% | 1,090 | 21.98% | \$ 254,017,105 | 30.25% | 28 | 0.44% | \$ 913,456 | 0.13% |
| 3.00 - 3.99% | 1,673 | 33.74% | 283,569,153 | 33.76% | 963 | 15.30% | 135,177,559 | 18.68% |
| 4.00 - 4.99% | 1,114 | 22.47% | 166,960,570 | 19.88% | 1,980 | 31.45% | 229,888,185 | 31.77% |
| 5.00 - 5.99% | 800 | 16.14% | 103,327,198 | 12.30% | 2,426 | 38.54% | 281,405,699 | 38.88% |
| 6.00 - 6.99% | 227 | 4.58% | 30,837,784 | 3.67% | 666 | 10.58% | 67,405,418 | 9.31% |
| 7.00 - 7.99% | 53 | 1.07% | 1,193,251 | 0.14% | 202 | 3.21% | 8,566,043 | 1.18% |
| 8.00 - 8.99% | 1 | 0.02% | 12,104 | 0.00% | 26 | 0.41% | 356,439 | 0.05% |
| 9.00 - 9.99% | - | - | - | - | 3 | 0.05% | 12,302 | 0.00% |
| 10.00 - 10.99% | - | - | - | - | 1 | 0.02% | 4,313 | 0.00% |
| Total | 4,958 | 100.00% | \$ 839,917,165 | 100.00% | 6,295 | 100.00% | \$ 723,729,414 | 100.00% |
| <u>Multi-Family Loans</u> ⁽²⁾ | | | | | | | | |
| 0.00 - 2.99% | 33 | 19.53% | \$ 4,902,938 | 7.36% | 58 | 15.76% | \$ 7,649,550 | 2.65% |
| 3.00 - 3.99% | 6 | 3.55% | 1,369,512 | 2.05% | 7 | 1.90% | 3,815,442 | 1.32% |
| 4.00 - 4.99% | 19 | 11.24% | 5,113,197 | 7.67% | 4 | 1.09% | 2,825,357 | 0.98% |
| 5.00 - 5.99% | 17 | 10.06% | 37,803,732 | 56.73% | 37 | 10.05% | 112,224,391 | 38.90% |
| 6.00 - 6.99% | 39 | 23.08% | 16,484,230 | 24.74% | 79 | 21.47% | 98,339,760 | 34.09% |
| 7.00 - 7.99% | 49 | 28.99% | 856,279 | 1.28% | 80 | 21.74% | 45,310,403 | 15.70% |
| 8.00 - 8.99% | 6 | 3.55% | 112,504 | 0.17% | 94 | 25.54% | 10,880,147 | 3.77% |
| 9.00 - 9.99% | - | - | - | - | 9 | 2.45% | 7,463,991 | 2.59% |
| Total | 169 | 100.00% | \$ 66,642,392 | 100.00% | 368 | 100.00% | \$ 288,509,041 | 100.00% |
| Grand Total | 5,127 | | \$ 906,559,557 | | 6,663 | | \$ 1,012,238,455 | |

⁽¹⁾ Mortgage Revenue Bonds and Housing Revenue Bonds (2014)

⁽²⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, and Housing Finance Account Loans

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Monthly Payment Amount

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

| Monthly Payment ⁽¹⁾ | June 30, 2023 | | | | June 30, 2014 | | | |
|---|-----------------|----------------|-----------------------|----------------|-----------------|----------------|-------------------------|----------------|
| | Number of Loans | Percent | Principal Amount | Percent | Number of Loans | Percent | Principal Amount | Percent |
| <u>Single Family Loans</u> ⁽²⁾ | | | | | | | | |
| \$ 0 - \$ 200 | 24 | 0.48% | \$ 412,857 | 0.05% | 45 | 0.71% | \$ 1,163,208 | 0.16% |
| \$ 201 - \$ 400 | 236 | 4.76% | 9,574,812 | 1.14% | 536 | 8.51% | 23,127,329 | 3.20% |
| \$ 401 - \$ 600 | 829 | 16.72% | 56,555,459 | 6.73% | 1,712 | 27.21% | 134,440,911 | 18.57% |
| \$ 601 - \$ 800 | 1,080 | 21.78% | 118,066,409 | 14.06% | 1,929 | 30.64% | 222,425,656 | 30.73% |
| \$ 801 - \$1,000 | 979 | 19.75% | 165,381,704 | 19.69% | 1,181 | 18.76% | 172,917,123 | 23.89% |
| \$1,001 - \$1,200 | 757 | 15.27% | 168,573,549 | 20.07% | 589 | 9.36% | 104,768,958 | 14.48% |
| \$1,201 - \$1,400 | 465 | 9.38% | 125,226,848 | 14.91% | 233 | 3.70% | 47,919,360 | 6.62% |
| \$1,401 - \$1,600 | 238 | 4.80% | 71,870,126 | 8.56% | 58 | 0.92% | 13,872,250 | 1.92% |
| \$1,601 - \$1,800 | 152 | 3.07% | 50,589,747 | 6.02% | 12 | 0.19% | 3,094,619 | 0.43% |
| \$1,801 - \$2,000 | 97 | 1.95% | 33,862,236 | 4.03% | - | - | - | - |
| \$2,001 - \$2,200 | 47 | 0.95% | 17,260,404 | 2.06% | - | - | - | - |
| \$2,201 - \$2,400 | 36 | 0.73% | 14,730,852 | 1.75% | - | - | - | - |
| \$2,401 - \$2,600 | 11 | 0.22% | 4,618,188 | 0.55% | - | - | - | - |
| \$2,601 - \$2,800 | 6 | 0.12% | 2,710,677 | 0.32% | - | - | - | - |
| \$2,801 - \$3,000 | - | - | - | - | - | - | - | - |
| \$3,001 - \$3,200 | 1 | 0.02% | 483,297 | 0.06% | - | - | - | - |
| Total | 4,958 | <u>100.00%</u> | 839,917,165 | <u>100.00%</u> | 6,295 | <u>100.00%</u> | 723,729,414 | <u>100.00%</u> |
| <u>Multi-Family Loans</u> ⁽³⁾ | | | | | | | | |
| \$ 0 - \$ 1,000 | 100 | 59.17% | 2,308,183 | 3.46% | 210 | 57.07% | 7,282,643 | 2.52% |
| \$ 1,001 - \$ 5,000 | 38 | 22.49% | 7,980,179 | 11.97% | 50 | 13.59% | 14,986,444 | 5.19% |
| \$ 5,001 - \$10,000 | 15 | 8.88% | 7,119,479 | 10.68% | 27 | 7.34% | 22,891,714 | 7.94% |
| \$10,001 - \$15,000 | 5 | 2.96% | 3,836,083 | 5.76% | 24 | 6.52% | 30,442,236 | 10.55% |
| \$15,001 - \$20,000 | 3 | 1.78% | 3,129,785 | 4.70% | 18 | 4.89% | 32,443,699 | 11.25% |
| \$20,001 - \$25,000 | - | - | - | 0.00% | 13 | 3.53% | 33,700,293 | 11.68% |
| \$25,001 - \$30,000 | 2 | 1.18% | 5,981,531 | 8.98% | 6 | 1.63% | 20,925,478 | 7.25% |
| \$30,001 or more | 4 | 2.37% | 35,302,440 | 52.97% | 14 | 3.80% | 123,624,784 | 42.85% |
| Due at Maturity | 2 | 1.18% | 984,712 | 1.48% | 6 | 1.63% | 2,211,750 | 0.77% |
| Total | 169 | <u>100.01%</u> | 66,642,392 | <u>100.00%</u> | 368 | <u>100.00%</u> | 288,509,041 | <u>100.00%</u> |
| Grand Total | <u>5,127</u> | | <u>\$ 906,559,557</u> | | <u>6,663</u> | | <u>\$ 1,012,238,455</u> | |

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

⁽²⁾ Mortgage Revenue Bonds and Housing Revenue Bonds (2014)

⁽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

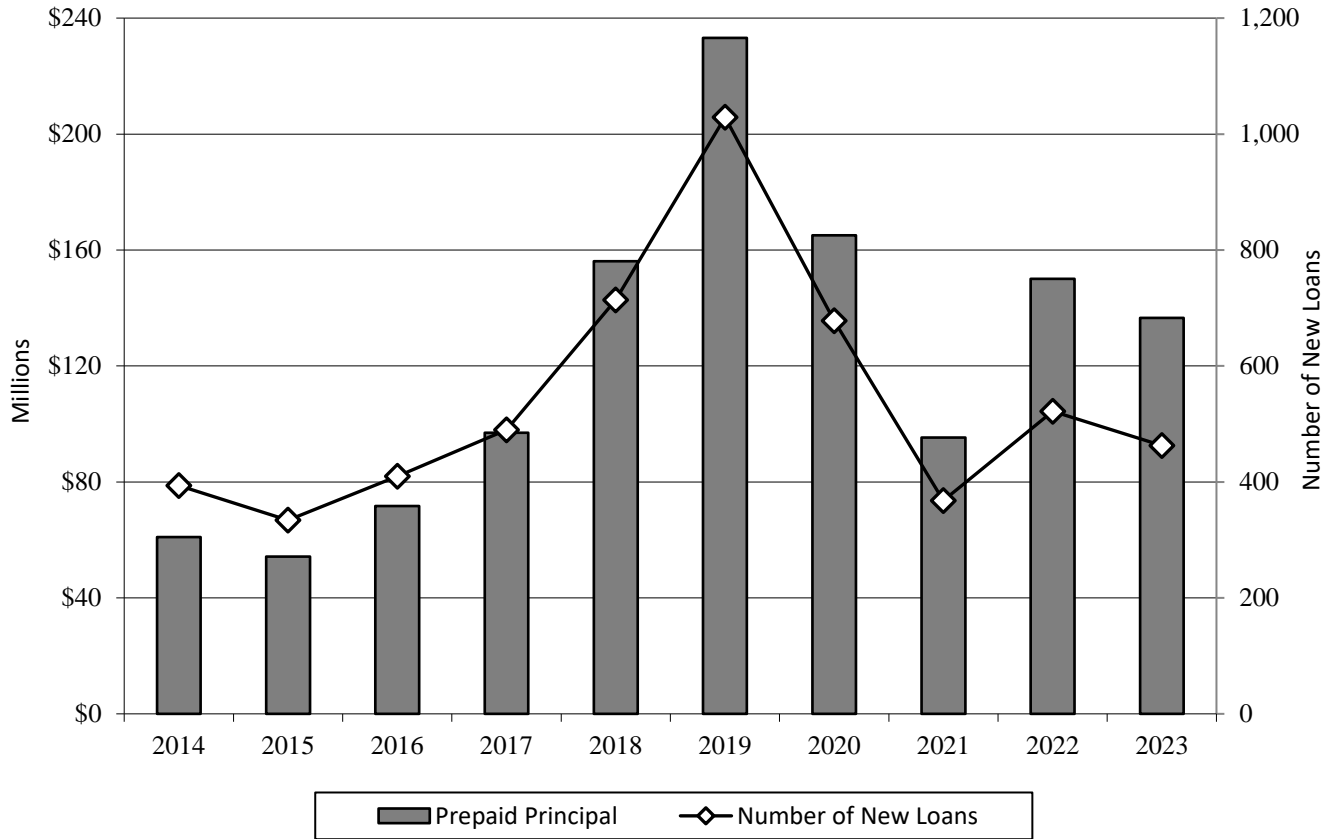
June 30, 2023

| County | Elderly and Disabled Housing Program | | Mortgage Revenue Bonds | | Multifamily Housing Revenue Bonds | |
|--------------|---|----------------------|---------------------------|-----------------------|--------------------------------------|----------------------|
| | Number of Loans | Principal Amount | Number of Loans | Principal Amount | Number of Loans | Principal Amount |
| Baker | 1 | \$ 61,245 | 21 | \$ 2,020,444 | - | \$ - |
| Benton | 4 | 1,208,930 | 43 | 5,663,748 | - | - |
| Clackamas | 10 | 169,697 | 277 | 57,730,428 | 1 | 3,984,594 |
| Clatsop | 1 | 17,559 | 10 | 1,076,871 | - | - |
| Columbia | 3 | 252,804 | 114 | 28,530,049 | 1 | 924,943 |
| Coos | 2 | 12,856 | 105 | 16,219,375 | - | - |
| Crook | - | - | 93 | 22,210,958 | - | - |
| Curry | - | - | 5 | 720,577 | - | - |
| Deschutes | 2 | 53,991 | 337 | 65,984,973 | - | - |
| Douglas | 2 | 35,677 | 118 | 15,819,535 | 1 | 776,949 |
| Gilliam | 2 | 89,161 | 2 | 302,609 | - | - |
| Grant | - | - | 6 | 1,269,767 | - | - |
| Harney | 2 | 654,261 | 14 | 1,574,217 | - | - |
| Hood River | - | - | 12 | 1,884,788 | - | - |
| Jackson | 2 | 11,434 | 286 | 49,024,405 | 1 | 727,308 |
| Jefferson | - | - | 104 | 22,945,907 | - | - |
| Josephine | 3 | 403,316 | 341 | 61,580,859 | - | - |
| Klamath | - | - | 145 | 15,111,826 | - | - |
| Lake | 1 | 52,039 | 15 | 1,619,935 | - | - |
| Lane | 10 | 517,995 | 225 | 23,988,976 | 1 | 956,631 |
| Lincoln | 4 | 1,777,082 | 35 | 3,123,027 | - | - |
| Linn | 7 | 824,344 | 127 | 20,251,082 | - | - |
| Malheur | 1 | 653,343 | 31 | 2,308,699 | - | - |
| Marion | 32 | 18,845,901 | 357 | 40,625,600 | 1 | 140,683 |
| Morrow | - | - | 17 | 1,589,328 | - | - |
| Multnomah | 42 | 10,840,193 | 1,373 | 250,219,024 | 7 | 10,670,114 |
| Polk | 3 | 533,015 | 63 | 10,284,426 | - | - |
| Sherman | 1 | 125,663 | 1 | 155,259 | - | - |
| Tillamook | - | - | 17 | 2,929,007 | - | - |
| Umatilla | - | - | 120 | 11,346,664 | - | - |
| Union | 2 | 149,918 | 39 | 4,080,864 | - | - |
| Wallowa | 1 | 544,071 | 5 | 505,265 | 1 | 8,370,953 |
| Wasco | - | - | 8 | 1,445,431 | - | - |
| Washington | 4 | 114,292 | 371 | 73,032,794 | - | - |
| Wheeler | - | - | 1 | 187,830 | - | - |
| Yamhill | 4 | 903,935 | 120 | 22,552,618 | - | - |
| Total | 146 | \$ 38,852,722 | 4,958 | \$ 839,917,165 | 14 | \$ 26,552,175 |

| Housing Finance Account | | Total | |
|-------------------------|---------------------|-----------------|-----------------------|
| Number of Loans | Principal Amount | Number of Loans | Principal Amount |
| - | \$ - | 22 | \$ 2,081,689 |
| - | - | 47 | 6,872,678 |
| - | - | 288 | 61,884,719 |
| - | - | 11 | 1,094,430 |
| - | - | 118 | 29,707,796 |
| - | - | 107 | 16,232,231 |
| - | - | 93 | 22,210,958 |
| - | - | 5 | 720,577 |
| - | - | 339 | 66,038,964 |
| - | - | 121 | 16,632,161 |
| - | - | 4 | 391,770 |
| - | - | 6 | 1,269,767 |
| - | - | 16 | 2,228,478 |
| - | - | 12 | 1,884,788 |
| 1 | 700,000 | 290 | 50,463,147 |
| 6 | 238,006 | 110 | 23,183,913 |
| - | - | 344 | 61,984,175 |
| - | - | 145 | 15,111,826 |
| - | - | 16 | 1,671,974 |
| - | - | 236 | 25,463,602 |
| - | - | 39 | 4,900,109 |
| - | - | 134 | 21,075,426 |
| - | - | 32 | 2,962,042 |
| - | - | 390 | 59,612,184 |
| - | - | 17 | 1,589,328 |
| - | - | 1,422 | 271,729,331 |
| - | - | 66 | 10,817,441 |
| - | - | 2 | 280,922 |
| - | - | 17 | 2,929,007 |
| - | - | 120 | 11,346,664 |
| - | - | 41 | 4,230,782 |
| - | - | 7 | 9,420,289 |
| 1 | 284,712 | 9 | 1,730,143 |
| 1 | 14,777 | 376 | 73,161,863 |
| - | - | 1 | 187,830 |
| - | - | 124 | 23,456,553 |
| <u>9</u> | <u>\$ 1,237,495</u> | <u>5,127</u> | <u>\$ 906,559,557</u> |

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

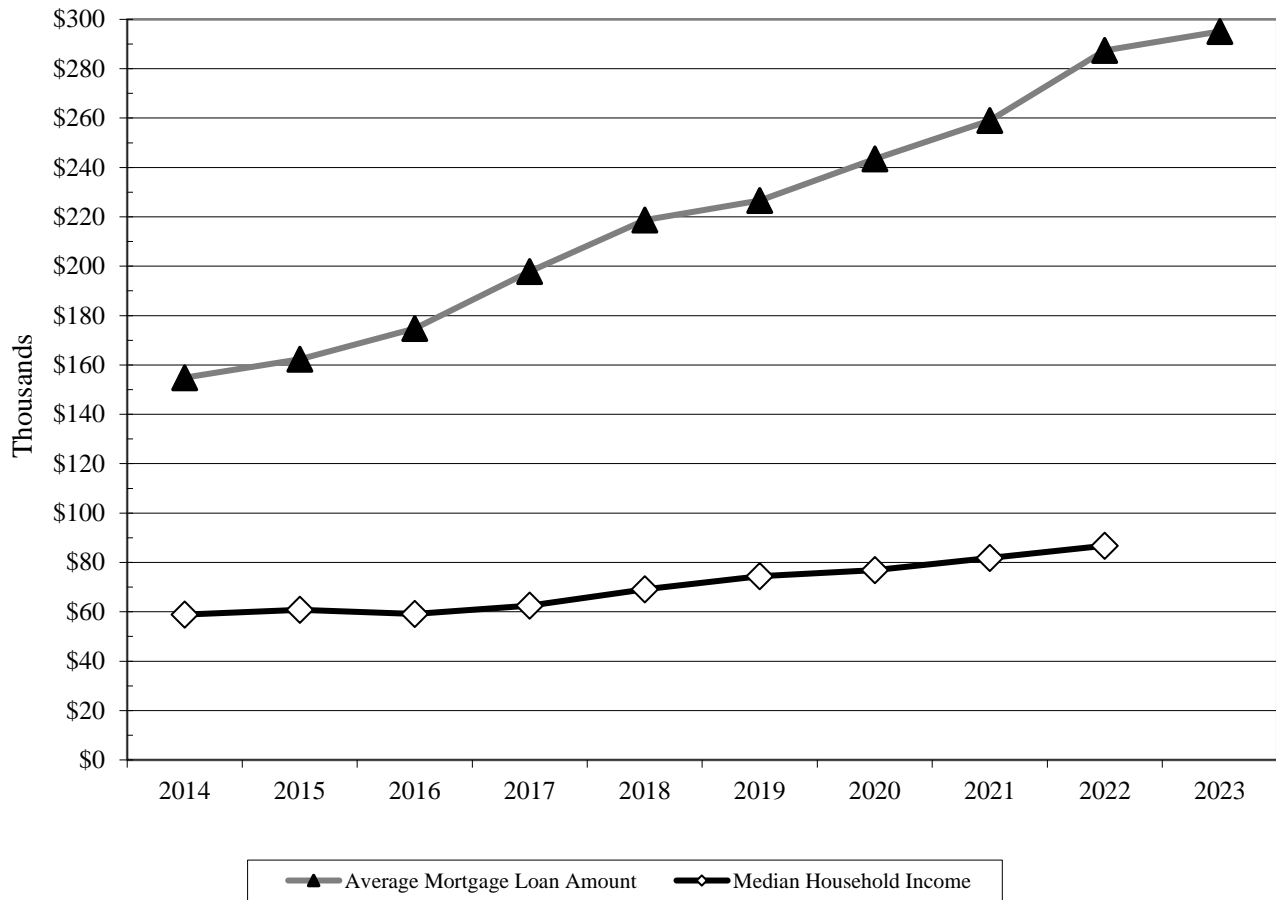
Unaudited



| <u>Fiscal Year</u> | <u>Number of New Loans</u> | <u>Original Loan Amount</u> |
|--------------------|----------------------------|-----------------------------|
| 2023 | 463 | \$ 136,638,159 |
| 2022 | 522 | 150,027,831 |
| 2021 | 368 | 95,332,814 |
| 2020 | 678 | 165,032,101 |
| 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 |

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

Unaudited

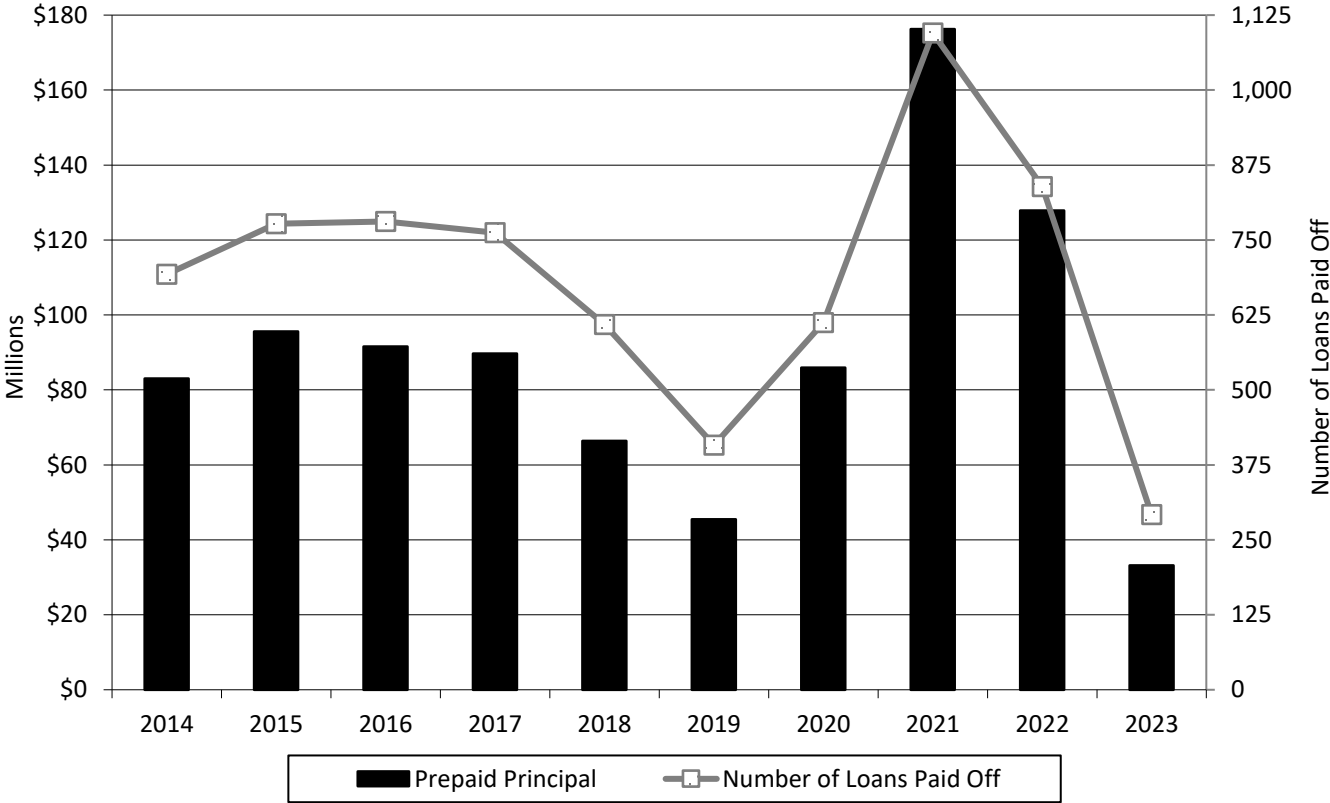


| <u>Fiscal Year</u> | <u>Average Loan Amount</u> | <u>Calendar Year</u> | <u>Median Household Income in the State of Oregon</u> ⁽¹⁾ |
|--------------------|----------------------------|----------------------|--|
| 2023 | \$ 295,115 | | |
| 2022 | 287,410 | 2022 | \$ 86,780 |
| 2021 | 259,057 | 2021 | 81,860 |
| 2020 | 243,410 | 2020 | 76,860 |
| 2019 | 226,631 | 2019 | 74,410 |
| 2018 | 218,672 | 2018 | 69,170 |
| 2017 | 197,785 | 2017 | 62,500 |
| 2016 | 174,792 | 2016 | 59,140 |
| 2015 | 162,334 | 2015 | 60,830 |
| 2014 | 154,865 | 2014 | 58,880 |

⁽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> |
|--------------------|---------------------------------|--------------------------|
| 2023 | 292 | \$ 33,150,016 |
| 2022 | 839 | 127,881,513 |
| 2021 | 1,095 | 176,269,997 |
| 2020 | 612 | 85,890,206 |
| 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 |

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Number of Employees
Last Ten Fiscal Years

Unaudited

| | Full-Time-Equivalent Employees as of June 30 | | | | | | | | | |
|------------------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Director's Office | 12.0 | 10.0 | 4.0 | 3.0 | 3.0 | 3.0 | 13.0 | 11.0 | 10.0 | 2.0 |
| Deputy Director's Office | 33.0 | 18.0 | 63.0 | 52.0 | | | | | | |
| Central Services Division | 72.0 | 66.0 | | | | | | | | |
| Public Affairs Division | 20.0 | 17.0 | 10.0 | 11.0 | 9.0 | 9.0 | 7.0 | 7.0 | 10.0 | 9.0 |
| Housing Stabilization Division | 52.0 | 32.0 | 30.0 | 25.8 | 32.8 | 32.8 | 29.5 | 23.5 | 27.8 | |
| Homeownership Division | 36.0 | 34.0 | 21.0 | 24.0 | | | | | | |
| Affordable Rental Housing Division | 96.0 | 81.0 | 71.0 | 60.0 | | | | | | |
| 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 |
| Program Delivery Division | | | | | | | | | | 60.0 |
| Total | 321.0 | 258.0 | 199.0 | 175.8 | 163.8 | 152.8 | 137.0 | 114.0 | 121.3 | 125.5 |

OHCS's divisions were reorganized in 2015 and in 2020.

[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 Tina Kotek, Governor of Oregon
Andrea Bell, 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 Elderly and Disabled Housing Fund and Housing Finance Fund, which collectively comprise the Housing and Community Services Fund, an enterprise fund of the State of Oregon, Housing and Community Services Department, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing and Community Service Fund's basic financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing and Community Services Department's (department) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 department'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 department'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, 2023