

Annual Financial Report

Enterprise Funds of
the State of Oregon

Housing and Community Services
Department

For the Year Ended June 30, 2018

Margaret Salazar
Director

Caleb Yant
Chief Financial Officer

Prepared by:
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Table of Contents

Financial Section

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

Statistical Section

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

Other Reports

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters.....	74
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Financial Section

Office of the Secretary of State

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Secretary of State

Leslie Cummings, Ph.D.
Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (Department), as of and for the year ended June 30, 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Elderly and Disabled Housing Fund and the Housing Finance Fund, enterprise funds of the State of Oregon, Oregon Housing and Community Services Department, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 1, the financial statements present only the enterprise funds of the Department and do not purport to, and do not, present fairly the financial position of the Department or the State of Oregon as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's Elderly and Disabled Housing Fund and Housing Finance Fund financial statements. The combining financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
October 29, 2018

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OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Management's Discussion and Analysis

This section of the Oregon Housing and Community Services Department's (OHCS) Annual Financial Report presents our discussion and analysis of financial performance for the Proprietary Funds during the fiscal year ended June 30, 2018. The selected financial data presented was derived primarily from the financial statements of OHCS, which have been audited by the Oregon Secretary of State Audits Division.

Financial Highlights

- Loans purchased or financed totaled \$156.2 million for the fiscal year, up \$59.2 million from fiscal year 2017.
- Outstanding bond debt of \$943.5 million on June 30, 2018 was \$74.4 million more than the amount outstanding on June 30, 2017. Debt issuance for the fiscal year totaled \$274.0 million (par value).
- Net position increased \$3.4 million, to \$227.3 million as of June 30, 2018. This represents an increase of 1.53%.
- Operating revenue was \$1.9 million higher in fiscal year 2018 than in fiscal year 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to OHCS's basic financial statements. The basic financial statements include proprietary fund financial statements and notes to the financial statements. OHCS's basic financial statements do not include department-wide financial statements since only the proprietary funds are audited by the Secretary of State Audits Division. OHCS does have governmental funds that are included in the State of Oregon Comprehensive Annual Financial Report located at www.oregon.gov/das/Financial/Acctng/Pages/Pub.aspx.

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

Overview of the Proprietary Funds Financial Position and Operations

Total assets and deferred outflows of resources on June 30, 2018 were \$1.20 billion, up \$77.2 million from June 30, 2017. The change in assets and deferred outflows of resources consists primarily of a \$11.9 million increase in investments, a \$28.8 million increase in accounts receivable, a \$30.1 million increase in loans receivable, and a \$8.4 million increase in cash and cash equivalents.

Total liabilities and deferred inflows of resources increased by \$73.7 million to \$970.3 million on June 30, 2018. This included an increase of \$74.4 million in bonds payable and a decrease of \$1.7 million in swap fair value liability.

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

**Proprietary Funds
Statement of Net Position**

	<u>Business-Type Activities</u>		<u>Change</u>	<u>% Change</u>
	<u>2018</u>	<u>2017</u>		
Assets				
Current and Other Assets	\$ 1,194,249,086	\$ 1,114,567,147	\$ 79,681,939	7.15%
Capital Assets	51,674	59,925	(8,251)	-13.77%
Total Assets	<u>\$ 1,194,300,760</u>	<u>\$ 1,114,627,072</u>	<u>\$ 79,673,688</u>	7.15%
Deferred Outflows of Resources	<u>\$ 3,290,511</u>	<u>\$ 5,796,616</u>	<u>\$ (2,506,105)</u>	-43.23%
Liabilities				
Long-Term Liabilities	\$ 912,404,296	\$ 858,354,828	\$ 54,049,468	6.30%
Other Liabilities	52,099,017	32,917,451	19,181,566	58.27%
Total Liabilities	<u>\$ 964,503,313</u>	<u>\$ 891,272,279</u>	<u>\$ 73,231,034</u>	8.22%
Deferred Inflows of Resources	<u>\$ 5,811,202</u>	<u>\$ 5,293,433</u>	<u>\$ 517,769</u>	9.78%
Net Position				
Net Investment in Capital Assets	\$ 51,674	\$ 59,925	\$ (8,251)	-13.77%
Restricted for Residential Assistance	2,089,298	2,074,043	15,255	0.74%
Restricted for Other Postemployment Benefits	11,451	-	11,451	100.00%
Restricted by Trust Indentures	212,669,994	207,706,209	4,963,785	2.39%
Unrestricted	12,454,339	14,017,799	(1,563,460)	-11.15%
Total Net Position	<u>\$ 227,276,756</u>	<u>\$ 223,857,976</u>	<u>\$ 3,418,780</u>	1.53%

Cash and Cash Equivalents

Total cash and cash equivalents increased by \$8.4 million, or 12.1%, from June 30, 2017 to June 30, 2018.

Loans Receivable

Total mortgages and other loans receivable increased by \$30.1 million in fiscal year 2018. This increase included the following:

- Loans purchased or financed in fiscal year 2018 totaled \$156.2 million, \$59.2 million more than fiscal year 2017. All of the increase was from Single-family mortgage loan purchases.
- Scheduled mortgage and other loan repayments totaled \$28.3 million for fiscal year 2018.
- Prepayments on mortgage loans decreased in fiscal year 2018 by \$13.9 million. Prepayments for the fiscal year totaled \$96.2 million.
- Properties acquired during the fiscal year totaled \$1.7 million, a decrease of \$1.7 million over the previous fiscal year.

Bonds Payable

Bonds Payable increased by \$74.4 million from June 30, 2017 to June 30, 2018. OHCS D issued \$274.0 million (par value) in revenue bonds and bond redemptions totaled \$203.5 million. The remainder of the change is from discount and premium transactions.

Net Position

Net position increased during fiscal year 2018 by 1.53%, or \$3.4 million. Of OHCS D's \$227.3 million in net position, 94.5% is restricted to bond indentures or other financial commitments. The remaining 5.5% is unrestricted and available to pay for current agency operations. Each fiscal year, OHCS D applies the required bond indenture restrictions to assess the allowable amount that can be released for the purpose of paying for agency operations. Once these funds are officially transferred from the bond indentures, they are classified as unrestricted, but until that point in time, they are considered a pledge to the bondholders and are appropriately classified as restricted.

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

Proprietary Funds Statement of Operating Activity

	<u>Business-Type Activities</u>		<u>Change</u>	<u>% Change</u>
	<u>2018</u>	<u>2017</u>		
Operating Revenues				
Interest on Loans	\$ 36,644,795	\$ 39,626,363	\$ (2,981,568)	-7.52%
Investment Income	3,650,448	332,374	3,318,074	998.30%
Administrative Charges and Fees	3,295,836	2,537,227	758,609	29.90%
Low Income Housing Tax Credit Fees	2,924,199	1,604,511	1,319,688	82.25%
Gain on Sale of Foreclosed Property	146,174	373,502	(227,328)	-60.86%
Miscellaneous Revenue	93,062	358,328	(265,266)	-74.03%
Total Operating Revenues	<u>46,754,514</u>	<u>44,832,305</u>	<u>1,922,209</u>	<u>4.29%</u>
Operating Expenses				
Personal Services	5,206,618	5,126,065	80,553	1.57%
Services and Supplies	3,084,561	2,508,940	575,621	22.94%
Mortgage Service Fees	2,394,668	2,264,580	130,088	5.74%
Foreclosure Costs	438,500	616,407	(177,907)	-28.86%
Interest Expense - Bonds	27,235,723	28,487,108	(1,251,385)	-4.39%
Interest Expense - Securities Lending	21,699	1,974	19,725	999.24%
Other Related Program Expenses	4,649,406	3,307,065	1,342,341	40.59%
Depreciation/Amortization	8,452	7,910	542	6.85%
Bad Debt Expense	-	33,583	(33,583)	-100.00%
Total Operating Expenses	<u>43,039,627</u>	<u>42,353,632</u>	<u>685,995</u>	<u>1.62%</u>
Operating Income	<u>3,714,887</u>	<u>2,478,673</u>	<u>1,236,214</u>	<u>49.87%</u>
Nonoperating Revenue/(Expenses)				
Interest Expense - Pension-related Debt	(32,996)	(38,010)	5,014	-13.19%
Total Nonoperating Revenue/(Expenses)	<u>(32,996)</u>	<u>(38,010)</u>	<u>5,014</u>	<u>-13.19%</u>
Income Before Transfers	<u>3,681,891</u>	<u>2,440,663</u>	<u>1,241,228</u>	<u>50.86%</u>
Transfer to Other State Agencies	(184,404)	(187,777)	3,373	1.80%
Increase in Net Position	<u>3,497,487</u>	<u>2,252,886</u>	<u>1,244,601</u>	<u>55.24%</u>
Net Position - Beginning	<u>223,857,976</u>	<u>221,605,090</u>	<u>2,252,886</u>	<u>1.02%</u>
Change in Accounting Principle	(78,707)	-	(78,707)	100.00%
Net Position - Beginning (Restated)	<u>223,779,269</u>	<u>221,605,090</u>	<u>2,174,179</u>	<u>0.98%</u>
Net Position - Ending	<u>\$ 227,276,756</u>	<u>\$ 223,857,976</u>	<u>\$ 3,418,780</u>	<u>1.53%</u>

OHCS D's proprietary fund revenue is generated principally from interest earned on mortgages and investments. In fiscal year 2018, revenue generated through proprietary funds totaled \$46.8 million, of which \$40.3 million, or 86.2%, is from income earned on loans and investments.

Expenses of OHCS D's proprietary funds consist primarily of interest expense on debt incurred to fund lending programs. The total expenses for proprietary fund activities totaled \$43.0 million, of which \$27.2 million, or 63.3%, is bond interest expense.

The change in net position for the year ended June 30, 2018 resulted in an increase of \$3.4 million compared to a \$2.3 million increase for the year ended June 30, 2017. Factors contributing to this change include:

- In fiscal year 2018, investment income was \$3.3 million more than in fiscal year 2017. Change in fair value of investments was \$2.1 million higher in fiscal year 2018 than in fiscal year 2017.
- Interest on loans for fiscal year 2018 was \$3.0 million less than fiscal year 2017. Payoffs of higher interest rate loans contributed to the decrease in interest received.
- Interest expense on bonds was \$1.3 million lower than fiscal year 2017. This decrease was due to lower outstanding Elderly and Disabled Housing bonds, Housing Finance Revenue bonds, and Multifamily Housing Revenue bonds and the refunding of higher interest rate Mortgage Revenue bonds with bonds that have lower interest rates.

Debt Administration

Oregon Revised Statutes authorize OHCS D to issue up to \$2.5 billion in revenue bonds to finance the construction, purchase and rehabilitation of housing for low and moderate income persons and families. OHCS D also has constitutional authority to issue general obligation bonds to finance housing for elderly and disabled persons. As of June 30, 2018, OHCS D was authorized to issue up to \$3,104,548,584 in State of Oregon General Obligation bonds for this purpose.

As of June 30, 2018, OHCS D had a total of \$927,385,000 (par value) in outstanding bond debt. During fiscal year 2018, \$274,030,000 (par value) in revenue bonds were issued for the Single-Family Mortgage Program compared to \$130,560,000 in fiscal year 2017. No Multifamily Housing Revenue Bonds were issued in fiscal year 2018 or fiscal year 2017.

In addition, OHCS D issued \$140,675,944 (par value) of Housing Development Revenue Bonds. These bonds were issued as conduit debt obligations as described in the Notes to the Financial Statements (Note 11) and are not included in the outstanding bonds payable balance on the Statement of Net Position.

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

Additional information on the Oregon Housing and Community Services Department's long-term debt can be found in the Notes to the Financial Statements (Note 7).

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Net Position
Proprietary Funds
June 30, 2018

	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	\$ 1,213,778	\$ 8,174,843	\$ 9,388,621
Cash and Cash Equivalents - Restricted	3,383,063	3,233,358	6,616,421
Investments - Restricted	-	57,390,771	57,390,771
Securities Lending Cash Collateral	760,456	431,241	1,191,697
Accounts Receivable	-	29,182,712	29,182,712
Accrued Interest Receivable	296,480	3,628,507	3,924,987
Interfund Receivable	-	80,220	80,220
Due from Governmental Funds	8	24,789	24,797
Prepaid Expenses	-	1,140	1,140
Loans Receivable	5,771,945	21,318,224	27,090,169
Acquired Property	-	1,841,751	1,841,751
Total Current Assets	11,425,730	125,307,556	136,733,286
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	28,682,537	33,073,245	61,755,782
Investments - Restricted	1,585,749	185,531,814	187,117,563
Loans Receivable	75,391,960	731,725,030	807,116,990
Swap Fair Value Asset	-	1,514,014	1,514,014
Net Other Postemployment Benefits Asset	2,918	8,533	11,451
Capital Assets (Net)	7,183	44,491	51,674
Total Noncurrent Assets	105,670,347	951,897,127	1,057,567,474
Total Assets	117,096,077	1,077,204,683	1,194,300,760
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	137,728	137,728
Loss on Debt Refundings Related to Pensions	26,787	1,915,372	1,942,159
Related to Other Postemployment Benefits	302,011	881,645	1,183,656
	6,908	20,060	26,968
Total Deferred Outflows of Resources	335,706	2,954,805	3,290,511
Total Assets and Deferred Outflows of Resources	\$ 117,431,783	\$ 1,080,159,488	\$ 1,197,591,271

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	\$ 21,539	\$ 588,164	\$ 609,703
Accrued Interest Payable	755,461	12,905,404	13,660,865
Obligations Under Securities Lending	760,456	431,241	1,191,697
Interfund Payable	80,220	-	80,220
Due to Governmental Funds	11,814	41,875	53,689
Unearned Revenue	-	998,823	998,823
Compensated Absences Payable	35,646	188,274	223,920
Bonds Payable	1,610,000	33,640,000	35,250,000
Pension-related Debt Payable	6,568	23,532	30,100
Total Current Liabilities	3,281,704	48,817,313	52,099,017
Noncurrent Liabilities			
Compensated Absences Payable	19,194	101,378	120,572
Bonds Payable	35,295,397	872,937,961	908,233,358
Swap Fair Value Liability	-	137,728	137,728
Pension-related Debt Payable	102,757	368,175	470,932
Net Pension Liability	827,706	2,447,968	3,275,674
Net Other Postemployment Benefits Liability	10,307	31,132	41,439
Total Other Postemployment Benefits Liability	32,098	92,495	124,593
Total Noncurrent Liabilities	36,287,459	876,116,837	912,404,296
Total Liabilities	39,569,163	924,934,150	964,503,313
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	-	1,514,014	1,514,014
Deferred Loan Origination Fees	599,920	3,661,430	4,261,350
Related to Pensions	6,915	20,452	27,367
Related to Other Postemployment Benefits	2,153	6,318	8,471
Total Deferred Inflows of Resources	608,988	5,202,214	5,811,202
Net Position			
Net Investment in Capital Assets	7,183	44,491	51,674
Restricted for Residential Assistance	-	2,089,298	2,089,298
Restricted for Other Postemployment Benefits	2,918	8,533	11,451
Restricted by Trust Indentures	69,950,568	142,719,426	212,669,994
Unrestricted	7,292,963	5,161,376	12,454,339
Total Net Position	77,253,632	150,023,124	227,276,756
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 117,431,783	\$ 1,080,159,488	\$ 1,197,591,271

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 4,331,545	\$ 32,313,250	\$ 36,644,795
Investment Income	505,209	3,145,239	3,650,448
Administrative Charges and Fees	103,950	3,191,886	3,295,836
Low Income Housing Tax Credit Fees	-	2,924,199	2,924,199
Gain on Sale of Foreclosed Property	-	146,174	146,174
Miscellaneous Revenue	-	93,062	93,062
Total Operating Revenues	4,940,704	41,813,810	46,754,514
Operating Expenses			
Personal Services	1,343,054	3,863,564	5,206,618
Services and Supplies	282,380	2,802,181	3,084,561
Mortgage Service Fees	35,422	2,359,246	2,394,668
Foreclosure Costs	-	438,500	438,500
Interest Expense - Bonds	1,980,150	25,255,573	27,235,723
Interest Expense - Securities Lending	10,123	11,576	21,699
Other Related Program Expenses	16,711	4,632,695	4,649,406
Depreciation/Amortization	1,025	7,427	8,452
Total Operating Expenses	3,668,865	39,370,762	43,039,627
Operating Income	1,271,839	2,443,048	3,714,887
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	(7,200)	(25,796)	(32,996)
Total Nonoperating Revenues (Expenses)	(7,200)	(25,796)	(32,996)
Income Before Transfers	1,264,639	2,417,252	3,681,891
Transfers to Other State Agencies	(47,973)	(136,431)	(184,404)
Increase in Net Position	1,216,666	2,280,821	3,497,487
Net Position - Beginning	76,057,113	147,800,863	223,857,976
Change in Accounting Principle (GASB 75)	(20,147)	(58,560)	(78,707)
Net Position - Beginning (Restated)	76,036,966	147,742,303	223,779,269
Net Position - Ending	\$ 77,253,632	\$ 150,023,124	\$ 227,276,756

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

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OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 114,700	\$ 6,964,796	\$ 7,079,496
Program Loan Principal Repayments	10,191,176	116,462,886	126,654,062
Program Loan Interest Received	4,242,408	31,474,688	35,717,096
Program Loans Made	-	(156,182,704)	(156,182,704)
Payments to Employees for Services	(1,229,350)	(3,795,930)	(5,025,280)
Payments to Suppliers for Goods and Services	(326,056)	(5,096,023)	(5,422,079)
Other Receipts (Payments)	-	(3,658,826)	(3,658,826)
Net Cash Provided (Used) in Operating Activities	12,992,878	(13,831,113)	(838,235)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	280,205,736	280,205,736
Principal Payments - Bonds	(7,795,000)	(195,665,000)	(203,460,000)
Interest Payments - Bonds	(2,129,227)	(25,237,856)	(27,367,083)
Bond Issuance Costs	-	(1,763,294)	(1,763,294)
Principal Payments - Pension-related Debt	(6,579)	(23,571)	(30,150)
Interest Payments - Pension-related Debt	(7,200)	(25,796)	(32,996)
Transfers to Other State Agencies	(50,969)	(152,531)	(203,500)
Net Cash Provided (Used) in Noncapital Financing Activities	(9,988,975)	57,337,688	47,348,713
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,494)	6,939	5,445
Net Cash Provided (Used) in Capital and Related Financing Activities	(1,494)	6,939	5,445
Cash Flows from Investing Activities			
Purchase of Investments	-	(498,137,269)	(498,137,269)
Proceeds from Sales and Maturities of Investments	1,007,084	455,780,662	456,787,746
Interest on Cash and Investments	634,792	2,596,009	3,230,801
Investment Income on Securities Lending	10,123	11,576	21,699
Interest Paid on Securities Lending	(10,123)	(11,576)	(21,699)
Net Cash Provided (Used) in Investing Activities	1,641,876	(39,760,598)	(38,118,722)
Net Increase (Decrease) in Cash and Cash Equivalents	4,644,285	3,752,916	8,397,201
Cash and Cash Equivalents Balance - Beginning	28,635,093	40,728,530	69,363,623
Cash and Cash Equivalents Balance - Ending	\$ 33,279,378	\$ 44,481,446	\$ 77,760,824
Cash and Cash Equivalents	\$ 1,213,778	\$ 8,174,843	\$ 9,388,621
Cash and Cash Equivalents - Restricted (Current)	3,383,063	3,233,358	6,616,421
Cash and Cash Equivalents - Restricted (Noncurrent)	28,682,537	33,073,245	61,755,782
Total Cash and Cash Equivalents	\$ 33,279,378	\$ 44,481,446	\$ 77,760,824

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

Continued on the next page

Continued from the previous page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income	\$ 1,271,839	\$ 2,443,048	\$ 3,714,887
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	1,025	7,427	8,452
Investment Income Reported as Operating Revenue	(505,209)	(3,145,239)	(3,650,448)
Interest Expense Reported as Operating Expense	1,990,273	25,267,149	27,257,422
Bond Issuance Costs Reported as Operating Expense	-	1,777,843	1,777,843
Amortization of Discount/Premium/Loss on Debt			
Refunding - Bond Calls	16,711	(1,145,979)	(1,129,268)
(Increase)/Decrease in Assets:			
Loan Interest Receivable	48,489	49,589	98,078
Accounts Receivable	8,650	201,269	209,919
Interfund Receivable	2,070	(66,537)	(64,467)
Due from Governmental Funds	(8)	50,679	50,671
Prepaid Expenses	-	(626)	(626)
Loans Receivable	10,154,813	(40,290,332)	(30,135,519)
Acquired Property	-	1,154,206	1,154,206
Net Other Postemployment Benefits Asset	(2,918)	(8,533)	(11,451)
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	192,598	794,511	987,109
Related to Other Postemployment Benefits	130	758	888
Increase/(Decrease) in Liabilities:			
Accounts Payable	(8,781)	(170,720)	(179,501)
Interfund Payable	66,537	(2,070)	64,467
Due to Governmental Funds	11,659	21,745	33,404
Unearned Revenue	-	(131,687)	(131,687)
Compensated Absences Payable	8,974	64,332	73,306
Net Pension Liability	(155,541)	(685,736)	(841,277)
Net Other Postemployment Benefits Liability	(5,439)	(16,186)	(21,625)
Total Other Postemployment Benefits Liability	(1,887)	(4,464)	(6,351)
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	(101,262)	7,876	(93,386)
Related to Pensions	(1,998)	(9,754)	(11,752)
Related to Other Postemployment Benefits	2,153	6,318	8,471
Net Cash Provided (Used) in Operating Activities	\$ 12,992,878	\$ (13,831,113)	\$ (838,235)
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (116,317)	\$ (536,088)	\$ (652,405)
Foreclosed Property	-	1,710,234	1,710,234
Loan Modifications	36,363	109,383	145,746
Total Noncash Investing, Capital, and Financing Activities	\$ (79,954)	\$ 1,283,529	\$ 1,203,575

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Notes to the Financial Statements
Enterprise Funds
June 30, 2018

NOTE 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Through sales of bonds, OHCS D finances home ownership and multi-family units for elderly, disabled, and lower to moderate income persons. OHCS D has issued revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds and Housing Revenue Bonds) 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, liabilities, net position, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing bond programs of OHCS D are accounted for in the Enterprise Funds.

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).

F. Investments

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

G. Receivables

Receivables included are amounts due that represent revenues earned or accrued in the current period. Types included in this classification relate to interest, mortgage loans receivable, and other miscellaneous receivables. If the last day or days of the fiscal year are on a weekend and an investment matures that weekend, an accounts receivable in the amount of the matured investment is included in the Statement of Net Position.

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

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

I. Acquired Property

Acquired properties resulting from mortgage foreclosures are stated at the cost. Cost is defined as the outstanding balance of the mortgage loan, plus major repairs, less any mortgage insurance payments received. Costs relating to the acquisition of such properties are charged to expense as they are incurred.

J. Capital Assets

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

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

K. Rebatable Arbitrage

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

L. Compensated Absences

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

M. Bond Discounts and Premiums

Bond discount or premium arising from the sale of serial or term bonds is charged or credited to interest expense over the life of the related bond issue using the bonds-outstanding method of amortization. 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. Loss on Debt Refundings is shown as a Deferred Outflow of Resources on the Statement of Net Position.

O. Deferred Loan Origination Fees

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

P. Restricted Assets

The use of all cash, cash equivalents, and investments of the Enterprise Fund are generally restricted as to purpose and use by the Bond Declarations and Indentures of Trust. The bond program funds are restricted for acquisition of loans, payment of debt service, and payment of operating costs. Individual reserve accounts have been established to meet certain requirements and the balances of these accounts as of June 30, 2018 were sufficient to meet all legal requirements. When both restricted and unrestricted resources are available to use, it is OHCS D's policy to use restricted resources before using unrestricted resources.

Q. Operating Revenues and Expenses

Operating revenues include interest and fees on program loans as well as earnings on cash and investments related to OHCS D's loan programs. Since the principal activity of OHCS D's Enterprise Funds is lending, investment income is reported as operating revenue. Administrative expenses, depreciation and amortization of capital assets, and bond program related expenses are considered operating expenses. Nonoperating revenues and expenses include any gain or loss on the disposition of capital assets and pension-related debt interest payments.

R. Change in Accounting Principal

GASB Statement No. 75 changed how other postemployment benefits are accounted for. A net adjustment to beginning Net Position of \$(78,707) appears on the Statement of Revenues, Expenses, and Changes in Fund Net Position. The adjustment consists of the June 30, 2017 balances of \$(63,064) for Net Other Postemployment Benefits Liability, \$(130,944) for Total Other Postemployment Benefits Liability, \$27,856 for Deferred Outflows – Contributions Subsequent to Measurement Date, and \$87,445 for Net OPEB Obligation.

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

Deposits

On June 30, 2018, the book balance of cash and cash equivalents was \$77,760,824 and the bank balance was \$78,269,582. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short-Term Fund totaled \$52,173,639. Additional information about the Oregon Short-Term Fund can be found at www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-%28OSTF%29.aspx.

A total of \$2,739,678 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 \$23,028,594 in U.S. Treasury securities, \$207,554,230 in U.S. Agency securities, \$12,570,000 in municipal bonds, and \$23,356,265 in money market mutual funds. The investments are held by OHCS D's Bond Trustee in OHCS D's name.

Notes to the Financial Statements (Continued)
June 30, 2018

Investments with the State Treasurer consisted of \$1,063,787 in U.S. Treasury Securities and \$521,962 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.

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, 2018, 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		\$ 24,092,381	\$ 21,655,871	\$ 1,372,723	\$ -	\$ 1,063,787
U.S. Agency Securities	Aaa	AA+	40,920,761	991,700	7,395,604	10,104,024	22,429,433
U.S. Agency Securities	Not Rated *	Not Rated *	167,155,431	167,155,431	-	-	-
Municipal Bonds	Aaa/VMIG1	AA+/A-1	5,245,000	-	-	-	5,245,000
Municipal Bonds	Aa2/VMIG1	AA+/A-1+	7,325,000	-	-	-	7,325,000
Investment Derivative Instruments	Not Rated *	Not Rated *	(230,239)	-	-	-	(230,239)
Subtotal			244,508,334	\$ 189,803,002	\$ 8,768,327	\$ 10,104,024	\$ 35,832,981
Money Market Mutual Funds **	Aaa-mf	AAAm	23,356,265				
Total			\$ 267,864,599				

* Also not rated by Fitch Ratings

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

OHCS D has one investment derivative instruments. It is a pay-fixed, receive-variable interest rate swap with a total notional amount of \$23,550,000. At June 30, 2018 this interest rate swap had a total fair value of \$(230,239). Additional information about this swap can be found in Note 10.

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, 2018, 62.0% of OHCS D's total investments are Federal Home Loan Bank securities and 5.6% are Federal National Mortgage Association (Fannie Mae) securities.

Securities Lending

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. OHCS D is involved in securities lending only with cash balances invested in the Oregon Short-Term Fund (OSTF).

Notes to the Financial Statements (Continued)
June 30, 2018

As of June 30, 2018, amounts allocated to OHCS D's Enterprise Funds are as follows:

	<u>Fair Value</u>
Securites on loan	\$ 5,434,080
Securites lending cash and noncash collateral	\$ 5,546,483
Investments purchased with cash collateral	\$ 1,191,806

Securities on loan from the OSTF included U.S. Treasury securities (71.35%), U.S. Agency securities (15.32%), and domestic fixed income securities (13.33%). Additional information about the Oregon Short-Term Fund and securities lending can be found in the Oregon Short-Term Fund financial statements at www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-%28OSTF%29.aspx.

NOTE 3. Loans Receivable

Loans receivable on June 30, 2018 consisted of:

	<u>Loans Receivable</u>
Elderly and Disabled Housing Fund	\$ 81,163,905
Housing Finance Fund:	
Single-Family Mortgage Program	
Mortgage Revenue Bonds	588,518,843
Housing Revenue Bonds	75,052,905
Multifamily Housing Revenue Bonds	88,933,386
Housing Finance Account	<u>538,120</u>
Total Housing Finance Fund	753,043,254
Total	<u><u>\$ 834,207,159</u></u>

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

Mortgage Revenue Bonds and Housing Revenue Bonds provide financing for single-family homes for at or below median income home buyers. These loans are collateralized by first lien mortgages on the applicable real estate. Of the total mortgage principal balance outstanding on June 30, 2018, 57.1% is federally insured or guaranteed, 3.2% is covered by pool insurance and/or private mortgage insurance and 39.7% 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.

Notes to the Financial Statements (Continued)
June 30, 2018

NOTE 4. Capital Assets

A summary of OHCS D's capital assets at June 30, 2018 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	\$ 1,604	\$ -	\$ 110	\$ 1,494	\$ 3,594	\$ 311	\$ -	\$ 3,905
Data Processing Software	35,125	-	-	35,125	195,264	-	-	195,264
Total Capital Assets	36,729	-	110	36,619	198,858	311	-	199,169
Less Accumulated Depreciation/Amortization:								
Equipment	-	(149)	-	(149)	-	(392)	-	\$ (392)
Data Processing Software	(28,411)	(876)	-	(29,287)	(147,251)	(7,035)	-	(154,286)
Total Accumulated Depr/Amort	(28,411)	(1,025)	-	(29,436)	(147,251)	(7,427)	-	(154,678)
Capital Assets, Net	<u>\$ 8,318</u>	<u>\$ (1,025)</u>	<u>\$ 110</u>	<u>\$ 7,183</u>	<u>\$ 51,607</u>	<u>\$ (7,116)</u>	<u>\$ -</u>	<u>\$ 44,491</u>

NOTE 5. Interfund Balances

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2018:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ -	\$ 80,220
Housing Finance Fund	80,220	-
Total	<u>\$ 80,220</u>	<u>\$ 80,220</u>

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

NOTE 6. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Principal	\$ 856,815,000	\$ 274,030,000	\$ 203,460,000	\$ 927,385,000	\$ 35,250,000
Bond Discount	(42,617)	-	(15,484)	(27,133)	-
Bond Premium	12,277,931	6,175,735	2,328,175	16,125,491	-
Bonds Payable	869,050,314	280,205,735	205,772,691	943,483,358	-
Compensated Absences Payable	271,186	73,306	-	344,492	223,920
Swap Fair Value Liability	1,864,021	-	1,726,293	137,728	-
Pension-related Debt Payable	531,182	-	30,150	501,032	30,100
Net Pension Liability	4,116,951	461,940	1,303,217	3,275,674	-
Net OPEB Liability	63,064	1,389	23,014	41,439	-
Total OPEB Liability	130,944	2,900	9,251	124,593	-
Total Long Term Liabilities	<u>\$ 876,027,662</u>	<u>\$ 280,745,270</u>	<u>\$ 208,864,616</u>	<u>\$ 947,908,316</u>	<u>\$ 35,504,020</u>

Notes to the Financial Statements (Continued)
June 30, 2018

The beginning balances for Net OPEB Liability and Total OPEB Liability shown in the preceding table are the balances after the accounting change for GASB Statement No. 75. Both had a beginning balance of zero before the accounting change. The beginning balance for Net OPEB Obligation, which was \$87,445 before the accounting change for GASB Statement No. 75, is zero after the accounting change. Net OPEB Obligation is not shown in the preceding table because it does not have a beginning balance after the accounting change and has no increases or decreases.

NOTE 7. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2018:

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	\$ 2,545,000	\$ -	\$ 580,000	\$ 1,965,000	\$ -
1994 B	1996-2026	4.200	6.300%	24,400,000	45,000	-	-	45,000	15,000
1995 A	1996-2026	4.000	6.000%	14,100,000	2,030,000	-	1,020,000	1,010,000	-
1995 B	1997-2027	4.000	5.700%	24,240,000	6,535,000	-	835,000	5,700,000	445,000
1997 A	1999-2028	4.050	5.375%	8,475,000	1,520,000	-	1,515,000	5,000	-
1998 B	2001-2030	3.550	4.875%	10,285,000	840,000	-	835,000	5,000	-
1999 A	2000-2030	3.250	5.150%	10,840,000	60,000	-	60,000	-	-
1999 B	2000-2031	3.350	5.250%	4,485,000	65,000	-	60,000	5,000	-
1999 E	2001-2031	5.000	6.250%	19,105,000	20,000	-	-	20,000	-
2001 C	2002-2032	2.700	5.300%	25,325,000	300,000	-	200,000	100,000	-
2002 A	2003-2022	1.400	4.650%	10,840,000	3,970,000	-	985,000	2,985,000	1,150,000
2002 B	2003-2024	1.400	4.700%	37,905,000	265,000	-	50,000	215,000	-
2002 C	2003-2043	1.600	5.050%	13,595,000	4,065,000	-	510,000	3,555,000	-
2003 C	2013-2034	4.350	5.100%	2,930,000	1,695,000	-	165,000	1,530,000	-
2007 A	2008-2048	3.650	4.750%	26,300,000	20,755,000	-	980,000	19,775,000	-
<i>Total General Obligation Bonds</i>					\$ 44,710,000	\$ -	\$ 7,795,000	\$ 36,915,000	\$ 1,610,000

Notes to the Financial Statements (Continued)
June 30, 2018

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	
2006 G	2028	****	\$ 16,105,000	\$ 16,105,000	\$ -	\$ 16,105,000	\$ -	\$ -
2008 C	2038	****	35,000,000	24,785,000	-	24,785,000	-	-
2008 F	2039	****	35,000,000	25,510,000	-	25,510,000	-	-
2008 I	2037	****	34,650,000	27,460,000	-	27,460,000	-	-
2010 A	2011-2030	0.350 4.375%	35,900,000	6,030,000	-	2,050,000	3,980,000	1,200,000
2010 B	2011-2030	1.000 5.000%	52,540,000	8,465,000	-	2,330,000	6,135,000	-
2010 C	2042	4.750 4.750%	8,000,000	1,740,000	-	420,000	1,320,000	305,000
2013 A	2020-2043	2.200 4.050%	21,885,000	18,130,000	-	890,000	17,240,000	405,000
2013 B	2014-2034	0.450 5.000%	29,095,000	12,975,000	-	2,750,000	10,225,000	1,755,000
2013 C	2014-2033	0.350 3.564%	61,300,000	27,175,000	-	5,495,000	21,680,000	2,360,000
2013 D	2018-2043	1.650 4.200%	33,225,000	23,965,000	-	2,955,000	21,010,000	910,000
2013 E	2014-2018	0.230 2.100%	6,360,000	1,105,000	-	640,000	465,000	465,000
2013 F	2033	3.900 3.900%	8,335,000	6,910,000	-	420,000	6,490,000	45,000
2014 A	2019-2044	1.550 4.000%	57,710,000	48,865,000	-	3,220,000	45,645,000	350,000
2014 B	2015-2044	0.300 4.000%	29,960,000	14,840,000	-	3,620,000	11,220,000	2,665,000
2014 C	2015-2044	0.200 3.750%	30,900,000	27,215,000	-	1,875,000	25,340,000	1,275,000
2015 A	2019-2036	1.500 3.500%	79,195,000	66,625,000	-	6,920,000	59,705,000	1,420,000
2015 B	2017-2019	0.950 1.700%	8,645,000	4,360,000	-	1,610,000	2,750,000	2,615,000
2015 C	2045	****	33,600,000	33,600,000	-	-	33,600,000	-
2016 A	2017-2047	0.550 4.000%	56,275,000	50,280,000	-	4,770,000	45,510,000	2,200,000
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	81,510,000	-	10,705,000	70,805,000	2,010,000
2017 B	2019-2020	1.400 1.650%	5,050,000	5,050,000	-	755,000	4,295,000	1,475,000
2017 C	2039	****	44,000,000	44,000,000	-	-	44,000,000	-
2017 D	2022-2048	1.400 3.500%	87,390,000	-	87,390,000	980,000	86,410,000	1,025,000
2017 E	2018-2040	0.950 3.500%	22,775,000	-	22,775,000	935,000	21,840,000	1,840,000
2017 F	2042-2048	3.650 3.750%	11,440,000	-	11,440,000	400,000	11,040,000	345,000
2017 G	2018-2040	1.400 4.000%	43,730,000	-	43,730,000	1,915,000	41,815,000	2,395,000
2017 H	2023-2028	2.100 2.800%	16,105,000	-	16,105,000	-	16,105,000	-
2018 A	2019-2049	1.750 4.500%	62,590,000	-	62,590,000	-	62,590,000	-
2018 B	2043	****	30,000,000	-	30,000,000	-	30,000,000	-
<i>Total Mortgage Revenue Bonds</i>				\$ 604,840,000	\$ 274,030,000	\$ 149,515,000	\$ 729,355,000	\$ 27,060,000

**** Interest rates are adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 1.490% for 2016 B and 2018 B; 1.570% for 2016 C; and 1.600% for 2015 C and 2017 C.

Housing Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2009 A-1	2041	0.830 3.280%	18,000,000	\$ 8,960,000	\$ -	\$ 1,530,000	\$ 7,430,000	\$ 100,000
2009 A-2	2041	0.770 3.700%	36,000,000	18,650,000	-	2,250,000	16,400,000	190,000
2009 A-3	2041	0.760 2.920%	27,000,000	14,650,000	-	2,160,000	12,490,000	450,000
2009 A-4	2041	0.800 3.090%	20,540,000	14,360,000	-	2,220,000	12,140,000	360,000
2009 A-5	2041	0.760 2.790%	18,460,000	13,230,000	-	2,060,000	11,170,000	350,000
2010 A	2011-2027	0.400 5.250%	12,000,000	3,970,000	-	825,000	3,145,000	425,000
2011 A	2012-2028	0.500 5.250%	24,000,000	9,640,000	-	1,740,000	7,900,000	725,000
2011 B	2012-2028	0.500 5.250%	18,000,000	7,630,000	-	1,440,000	6,190,000	695,000
2012 A	2013-2042	0.350 5.000%	9,460,000	4,425,000	-	845,000	3,580,000	490,000
2012 B	2013-2042	0.300 5.000%	6,540,000	3,005,000	-	865,000	2,140,000	500,000
<i>Total Housing Revenue Bonds</i>				\$ 98,520,000	\$ -	\$ 15,935,000	\$ 82,585,000	\$ 4,285,000

Notes to the Financial Statements (Continued)
June 30, 2018

Multifamily Housing Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2003 A	2013-2044	4.400	5.150%	\$ 5,675,000	\$ 4,605,000	\$ -	\$ 85,000	\$ 4,520,000	\$ 90,000
2004 A	2014-2045	4.300	5.100%	5,120,000	4,170,000	-	75,000	4,095,000	80,000
2004 B	2046	***		14,950,000	13,085,000	-	235,000	12,850,000	240,000
2005 A	2007-2047	3.050	5.000%	9,855,000	7,875,000	-	4,320,000	3,555,000	55,000
2006 A	2036	4.620	4.620%	5,680,000	3,620,000	-	195,000	3,425,000	210,000
2010 A	2011-2042	0.900	5.150%	77,705,000	34,660,000	-	9,570,000	25,090,000	995,000
2010 B	2013-2052	0.950	4.875%	16,425,000	8,980,000	-	120,000	8,860,000	125,000
2012 A	2013-2032	0.300	3.250%	1,425,000	1,185,000	-	60,000	1,125,000	65,000
2012 B	2013-2043	0.550	4.125%	35,335,000	30,565,000	-	15,555,000	15,010,000	435,000
<i>Total Multifamily Housing Revenue Bonds</i>					\$ 108,745,000	\$ -	\$ 30,215,000	\$ 78,530,000	\$ 2,295,000

*** The interest rate is adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 1.580%.

<i>Total Revenue Bonds</i>	\$ 812,105,000	\$ 274,030,000	\$ 195,665,000	\$ 890,470,000	\$ 33,640,000
Total General Obligation and Revenue Bonds	<u>\$ 856,815,000</u>	<u>\$ 274,030,000</u>	<u>\$ 203,460,000</u>	<u>\$ 927,385,000</u>	<u>\$ 35,250,000</u>

Bonds Payable:

Bonds payable are presented on the Statement of Net Position at their carrying value. The carrying value is the outstanding bond principal plus unamortized bond premium less unamortized bond discount. Bonds payable balances on June 30, 2018 are summarized below:

	Principal: (per preceding schedule)	Plus: Premium	Less: Discount	Bonds Payable
General Obligation Bonds:				
Elderly and Disabled Housing Fund	\$ 36,915,000	\$ -	\$ (9,603)	\$ 36,905,397
Revenue Bonds (Housing Finance Fund):				
Mortgage Revenue Bonds	729,355,000	15,276,590	-	744,631,590
Housing Revenue Bonds	82,585,000	848,901	-	83,433,901
Multifamily Housing Revenue Bonds	78,530,000	-	(17,530)	78,512,470
Total Revenue Bonds	890,470,000	16,125,491	(17,530)	906,577,961
Total General Obligation and Revenue Bonds	<u>\$ 927,385,000</u>	<u>\$ 16,125,491</u>	<u>\$ (27,133)</u>	<u>\$ 943,483,358</u>

Notes to the Financial Statements (Continued)
June 30, 2018

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, 2018 for each fiscal year during the next five year period ending June 30, 2023, and in five year increments thereafter.

Year Ending June 30	General Obligation Bonds			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,610,000	\$ 1,773,063	\$ 3,383,063	\$ 33,640,000	\$ 25,946,742	\$ 59,586,742
2020	2,445,000	1,685,055	4,130,055	26,730,000	26,538,402	53,268,402
2021	2,195,000	1,571,034	3,766,034	29,595,000	25,921,831	55,516,831
2022	2,360,000	1,458,554	3,818,554	29,100,000	25,221,193	54,321,193
2023	2,425,000	1,337,897	3,762,897	31,155,000	24,474,993	55,629,993
2024-2028	9,515,000	5,130,330	14,645,330	159,920,000	108,408,825	268,328,825
2029-2033	5,665,000	3,285,835	8,950,835	172,000,000	82,546,501	254,546,501
2034-2038	6,525,000	1,850,340	8,375,340	171,080,000	55,055,918	226,135,918
2039-2043	3,165,000	516,386	3,681,386	137,035,000	30,241,345	167,276,345
2044-2048	1,010,000	130,129	1,140,129	92,175,000	10,323,522	102,498,522
2049-2053	-	-	-	8,040,000	436,578	8,476,578
Total	\$ 36,915,000	\$ 18,738,623	\$ 55,653,623	\$ 890,470,000	\$ 415,115,850	\$ 1,305,585,850

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.

As of June 30, 2018, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$3,104,548,584 in general obligation bonds.

NOTE 8. Demand Bonds

Included in OHCS D's long-term debt is \$148,590,000 in variable rate demand bonds. OHCS D's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the Official Statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS D has entered into standby bond purchase agreements to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The standby bond purchase agreement requires the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the standby bond purchase agreement. The maximum rate is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption in ten equal installments are to be paid on the first business day of January and July, commencing on the first such date to occur after the bonds become liquidity provider bonds (State Street Bank and Trust Company) or at least ninety days after the related purchase date (Bank of America, N.A.). There were no bank bonds on June 30, 2018.

Notes to the Financial Statements (Continued)
June 30, 2018

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

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MF [®] 2004 B	\$ 12,850,000	Bank of America, N.A.	08/18/2020	0.5000%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.08%
MRB [†] 2015 C	33,600,000	State Street Bank and Trust Company	09/01/2020	0.5500%	J.P. Morgan Securities LLC	0.07%
MRB 2016 B	13,140,000	State Street Bank and Trust Company	09/01/2020	0.5500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2016 C	15,000,000	State Street Bank and Trust Company	09/01/2020	0.5500%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%
MRB 2017 C	44,000,000	State Street Bank and Trust Company	09/01/2020	0.4500%	J.P. Morgan Securities LLC	0.07%
MRB 2018 B	30,000,000	State Street Bank and Trust Company	06/05/2021	0.3800%	Merrill Lynch, Pierce, Fenner & Smith Inc.	0.07%

[®] Multifamily Housing Revenue Bonds

[†] Mortgage Revenue Bonds

NOTE 9. Debt Refundings

On October 12, 2017, OHCS D issued \$110,165,000 in 2017 Series D and E Mortgage Revenue Bonds with an average interest rate of 2.3882%. The 2017 Series E proceeds (par of \$22,775,000 and premium of \$734,821) were used to refund 2008 Series F Mortgage Revenue Bonds on November 16, 2017. The refunded bonds had an average interest rate of 3.941%. This current refunding will reduce the total debt service payments over the next 21 years by \$12,895,993 and resulted in an economic gain of \$7,434,843.

On December 28, 2017, OHCS D issued \$71,275,000 in 2017 Series F, G, and H Mortgage Revenue Bonds with an average interest rate of 3.131%. The 2018 Series G and H proceeds (par of \$59,835,000 and premium of \$1,536,387) were used to refund 2006 Series G, 2008 Series C, and 2008 Series I Mortgage Revenue Bonds on February 1, 2018. The refunded bonds had an average interest rate of 3.8641%. This current refunding will reduce the total debt service payments over the next 21 years by \$5,329,292 and resulted in an economic gain of \$3,860,246.

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 four 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, 2018 totaled \$1,146,047 and the notional amount totaled \$64,540,000. The fair value of hedging derivatives is \$1,376,286. Hedging derivatives with positive fair values are shown on the Statement of Net Position as Accumulated Increase in Fair Value of Hedging Derivatives. Hedging derivatives with negative fair values are shown on the Statement of Net Position as Accumulated Decrease in Fair Value of Hedging Derivatives. During the fiscal year the fair value of hedging derivatives increased by \$2,340,729.

During the fiscal year the MRB 2008 F and MRB 2008 I swap fair values were reclassified from hedging derivative instruments to investment derivative instruments when the associated bonds were called. A total of \$746,205 was reclassified. The fair value of investment derivatives on June 30, 2018 is \$(230,239) and is included in Investments – Restricted on the Statement of Net Position. A total of \$6,113 from investment derivative instruments is included in investment income.

Notes to the Financial Statements (Continued)
June 30, 2018

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2018.

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating ^{***}
Hedging Derivative Instruments								
MF [@] 2004 B	\$ 12,850,000	12/16/2004	3.894%	64% of 1-mo. LIBOR ^{**} +.27%	\$ (137,728)	7/1/2046	Merrill Lynch Capital Services ^{@@}	A3 / A- / A+
MRB 2016 B	13,140,000	1/1/2019	1.710%	66.5% of 1-mo. LIBOR +.08%	680,108	1/1/2033	Royal Bank of Canada	Aa3 / AA- / AA
MRB 2016 C	15,000,000	1/1/2019	2.000%	66.5% of 1-mo. LIBOR +.15%	833,906	7/1/2037	Royal Bank of Canada	Aa3 / AA- / AA
	40,990,000				1,376,286			
Investment Derivative Instruments								
MRB 2008 I	23,550,000	8/26/2008	3.723%	64% of 1-mo. LIBOR +.31%	(230,239)	7/1/2037	Bank of America, N.A. @@	Aa3 / A+ / AA-
	23,550,000				(230,239)			
	<u>\$ 64,540,000</u>				<u>\$ 1,146,047</u>			

[@] Multifamily Housing Revenue Bonds

^{*} Mortgage Revenue Bonds

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

^{**} London Interbank Offered Rate

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

The MF 2004 B swap has a call option where OHCS D has the right to “call” (cancel) the swap in whole or in part semiannually on or after July 1, 2015. The MRB swaps include options giving OHCS D the right to call the swaps in whole or in part, depending on the exercise date, semiannually on or after January 1, 2016 (2008 I) and July 1, 2023 (2016 B and 2016 C). These options provide flexibility to manage the prepayments of loans and the related bonds.

Basis Risk Basis risk is the risk that arises when variable interest rates on a derivative and the associated bond are based on different indexes. All variable interest rates on OHCS D’s tax exempt bonds are determined weekly by a Remarketing Agent. OHCS D is exposed to basis risk when the variable rates received, which are based on the one month LIBOR rate, do not offset the variable rates paid on the bonds. As of June 30, 2018, the one month LIBOR rate was 2.09213%. OHCS D’s variable interest rates as of June 30, 2018 can be found in Note 7.

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

Rollover Risk Rollover risk is the risk that occurs when the swap termination date does not extend to the maturity date of the associated debt. OHCS D is not exposed to rollover risk because the swap termination dates match the associated bond maturity dates.

Notes to the Financial Statements (Continued)
June 30, 2018

Hedging Derivative Instrument Payments and Hedged Debt Using rates as of June 30, 2018, debt service requirements of variable-rate debt with interest rate swaps and net swap payments are as follows:

Year Ending June 30	Variable-Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2019	\$ 240,000	\$ 599,899	\$ 303,031	\$ 1,142,930
2020	255,000	629,529	378,203	1,262,732
2021	265,000	625,462	370,646	1,261,108
2022	275,000	621,233	366,324	1,262,557
2023	290,000	616,808	359,990	1,266,798
2024-2028	1,615,000	3,011,636	1,694,584	6,321,220
2029-2033	16,550,000	2,404,205	1,424,747	20,378,952
2034-2038	16,010,000	1,037,467	915,022	17,962,489
2039-2043	2,995,000	330,999	474,051	3,800,050
2044-2048	2,495,000	80,416	115,298	2,690,714
Total	<u>\$ 40,990,000</u>	<u>\$ 9,957,654</u>	<u>\$ 6,401,896</u>	<u>\$ 57,349,550</u>

Contingencies OHCS D's swaps, except for the MF 2004 B swap, include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (Mortgage Revenue Bonds) is not above either Baa1 (Moody's) or BBB+ (Standard and Poor's). If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest \$10,000) is required to be posted. The minimum transfer amount is \$100,000 or \$0 if neither rating agency rates the bonds. The total fair value on June 30, 2018 of swaps that include these provisions is \$1,283,775. At June 30, 2018 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

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, 2018, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$280,014,982. 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, 2018

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	Housing Revenue Bonds	Multifamily Housing Revenue Bonds
Condensed Statement of Net Position			
Assets:			
Other Current Assets	\$ 90,030,106	\$ 10,541,097	\$ 15,767,482
Noncurrent Assets	755,357,396	79,262,109	96,738,607
Total Assets	<u>845,387,502</u>	<u>89,803,206</u>	<u>112,506,089</u>
Deferred Outflows of Resources	<u>1,573,533</u>	<u>-</u>	<u>479,567</u>
Liabilities:			
Interfund Payables	2,529	-	-
Other Current Liabilities	37,275,229	5,855,007	4,040,405
Noncurrent Liabilities	717,571,590	79,148,901	76,355,198
Total Liabilities	<u>754,849,348</u>	<u>85,003,908</u>	<u>80,395,603</u>
Deferred Inflows of Resources	<u>3,894,968</u>	<u>296,712</u>	<u>983,764</u>
Net Position			
Restricted by Trust Indentures	<u>88,216,719</u>	<u>4,502,586</u>	<u>31,606,289</u>
Total Net Position	<u>\$ 88,216,719</u>	<u>\$ 4,502,586</u>	<u>\$ 31,606,289</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Interest on Loans	\$ 22,743,023	\$ 3,645,424	\$ 5,914,434
Investment Income	2,597,121	164,806	303,943
Other Operating Revenues	202,698	-	23,269
Operating Expenses	<u>(25,616,116)</u>	<u>(3,317,856)</u>	<u>(4,645,626)</u>
Operating Income (Loss)	(73,274)	492,374	1,596,020
Transfers In	5,145,901	-	281,458
Transfers Out	<u>(4,300,000)</u>	<u>-</u>	<u>(750,000)</u>
Increase (Decrease) in Net Position	772,627	492,374	1,127,478
Beginning Net Position	<u>87,444,092</u>	<u>4,010,212</u>	<u>30,478,811</u>
Ending Net Position	<u>\$ 88,216,719</u>	<u>\$ 4,502,586</u>	<u>\$ 31,606,289</u>
Condensed Statement of Cash Flows			
Net Cash Provided (Used) by:			
Operating Activities	\$ (66,423,587)	\$ 18,583,249	\$ 33,525,362
Noncapital Financing Activities	112,820,916	(19,418,454)	(35,389,693)
Investing Activities	<u>(44,738,825)</u>	<u>1,159,808</u>	<u>1,885,718</u>
Net Increase (Decrease)	1,658,504	324,603	21,387
Beginning Cash and Cash Equivalents	<u>27,856,699</u>	<u>2,085,190</u>	<u>843,152</u>
Ending Cash and Cash Equivalents	<u>\$ 29,515,203</u>	<u>\$ 2,409,793</u>	<u>\$ 864,539</u>

Notes to the Financial Statements (Continued)
June 30, 2018

NOTE 13. Restricted Assets

Restricted asset account balances are as follows:

<u>Purpose:</u>	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 128,113,445
Current Debt Service	3,383,063	60,381,487
Future Debt Service	24,859,095	28,226,261
Debt Reserves	5,409,191	27,504,757
Insurance Reserves	-	14,978,708
Combined Program Account	-	18,242,270
Residential Assistance	-	1,782,260
Total	<u>\$ 33,651,349</u>	<u>\$ 279,229,188</u>
 <u>Statement of Net Position Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 3,383,063	\$ 3,233,358
Restricted Cash and Cash Equivalents – Noncurrent	28,682,537	33,073,245
Restricted Investments – Current	-	57,390,771
Restricted Investments - Noncurrent	1,585,749	185,531,814
Total	<u>\$ 33,651,349</u>	<u>\$ 279,229,188</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, 2018 were 16.85% for Tier One and Tier Two General Service Members, 9.97% for OPSRP Pension Program General Service Members.

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

At June 30, 2018, the State of Oregon reported a liability of \$3.727 billion for its proportionate share of the net pension liability. OHCS D’s allocated amount of the proportionate share of the net pension liability for its enterprise funds was \$3,275,674. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to June 30, 2017. 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, 2017, the State’s proportion was 27.65% (the State’s proportion at June 30, 2016 was 27.09%). As part of the State of Oregon, OHCS D’s enterprise funds were allocated 0.08882715% of the State’s proportionate share.

Notes to the Financial Statements (Continued)
June 30, 2018

For the year ended June 30, 2018, OHCS D recognized pension expense of \$427,982. At June 30, 2018, 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	\$ 100,497	\$ 27,367
Difference between expected and actual experience	158,413	-
Net difference between projected and actual earnings on investments	33,747	-
Change in Assumptions	597,097	-
Subtotal	<u>889,754</u>	<u>27,367</u>
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	862,387	
Contributions subsequent to measurement date	<u>293,902</u>	
Net Deferred Outflows (Inflows) of Resources	<u><u>1,156,289</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, 2018, 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	\$ 247	\$ -
Net difference between projected and actual earnings on investments	-	5,754
Change in Assumptions	-	2,717
Subtotal	<u>247</u>	<u>8,471</u>
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	(8,224)	
Contributions subsequent to measurement date	<u>26,721</u>	
Net Deferred Outflows (Inflows) of Resources	<u><u>18,497</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, 2018 were 0.50% for Tier One and Tier Two General Service Members and 0.43% for OPSRP Pension Program General Service Members.

At June 30, 2018, the State of Oregon reported an asset of \$13,013,780 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 \$11,451. The net

Notes to the Financial Statements (Continued)
June 30, 2018

OPEB asset was measured as of June 30, 2017 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015, rolled forward to June 30, 2017. 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, 2017, the State's proportion was 31.18% (the State's proportion at June 30, 2016 was 29.76%). As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.08882715% of the State's proportionate share. OHCS D's share of the net OPEB asset for the RHIA plan is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2018, OHCS D recognized OPEB expense for RHIA of \$1,143.

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, 2018 were 0.49% for Tier One and Tier Two General Service Members and 0.38% for OPSRP Pension Program General Service Members.

At June 30, 2018, the State of Oregon reported a net OPEB liability of \$46,651,269. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.08882715% of the State's internal allocation, which was based on fiscal year 2017 actual contributions. OHCS D's share of the net OPEB liability for the RHIPA plan on June 30, 2018 for its enterprise funds was \$41,439. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Liability. For the year ended June 30, 2018, OHCS D recognized OPEB income for RHIPA of \$855.

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, 2018, the State of Oregon reported a total OPEB liability of \$148,562,772. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.08386577% of the State's total. The State's internal allocation of the total OPEB liability is based on fiscal year 2018 health insurance premium costs. OHCS D's share of the total OPEB liability on June 30, 2018 for its enterprise funds was \$124,593. It is shown on the Statement of Net Position as Total Other Postemployment Benefits Liability. For the year ended June 30, 2018, OHCS D recognized OPEB expense for the PEBB plan of \$2,900.

NOTE 16. Other Commitments

As of June 30, 2018, OHCS D has made commitments for loans in the Single-Family Mortgage Program totaling \$66,442,052 and for grants totaling \$973,000.

NOTE 17. Risk Financing

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

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

Notes to the Financial Statements (Continued)
June 30, 2018

NOTE 18. Subsequent Events

On July 1, 2018, OHCS D terminated the notional amount of the swap related to the Mortgage Revenue Bond series listed below. The termination was made pursuant to an optional par termination provisions included in the swap agreement.

	<u>Notional Amount</u>
2008 Series I	\$ 1,600,000

On July 1, 2018, OHCS D called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 100,000
2009 Series A-2	190,000
2009 Series A-3	450,000
2009 Series A-4	360,000
2009 Series A-5	350,000
2010 Series A	35,000
2011 Series A	80,000
2011 Series B	200,000
2012 Series A	95,000
2012 Series B	45,000

On July 1, 2018, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

<u>Amount Called</u>	<u>Amount Called</u>
2010 Series A \$ 830,000	2015 Series B \$ 60,000
2010 Series C 305,000	2016 Series A 280,000
2013 Series A 405,000	2017 Series A 315,000
2013 Series B 105,000	2017 Series B 35,000
2013 Series D 140,000	2017 Series D 1,025,000
2013 Series F 45,000	2017 Series E 180,000
2014 Series A 50,000	2017 Series F 345,000
2014 Series C 585,000	2017 Series G 780,000
2015 Series A 1,420,000	

On July 17, 2018, OHCS D called the following Elderly and Disabled Housing Bonds prior to maturity:

	<u>Amount Called</u>
1994 Series B	\$ 15,000
2002 Series A	735,000

On August 16, 2018, OHCS D called the following Elderly and Disabled Housing Bonds prior to maturity:

	<u>Amount Called</u>
1994 Series B	\$ 25,000
1999 Series E	10,000
2002 Series C	1,755,000

Notes to the Financial Statements (Continued)
June 30, 2018

On September 6, 2018, OHCS D entered into a swap transaction for MRB 2015 Series C. The notional amount of the swap is \$33,600,000, the effective date is September 6, 2018, and the termination date is July 1, 2045. OHCS D will pay the counterparty (Royal Bank of Canada) a fixed rate of 2.751% and receive a variable payment of 70% of the LIBOR one month rate plus 0.05%.

On September 6, 2018, OHCS D entered into a swap transaction for MRB 2017 Series C. The notional amount of the swap is \$44,000,000, the effective date is July 1, 2019, and the termination date is July 1, 2039. OHCS D will pay the counterparty (Bank of America, N.A.) a fixed rate of 2.407% and receive a variable payment of 70% of the LIBOR one month rate plus 0.05%.

On September 25, 2018, OHCS D issued the following Mortgage Revenue Bonds:

	<u>Amount Issued</u>
2018 Series C	\$ 87,420,000

On October 1, 2018, OHCS D called the following Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2009 Series A-1	\$ 120,000
2009 Series A-2	380,000
2009 Series A-3	480,000
2009 Series A-4	450,000
2009 Series A-5	370,000
2010 Series A	40,000
2011 Series A	165,000
2011 Series B	210,000
2012 Series A	105,000
2012 Series B	40,000

On October 1, 2018, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
2010 Series B	\$ 695,000	2015 Series A	\$ 2,065,000
2013 Series A	5,000	2016 Series A	1,625,000
2013 Series B	840,000	2017 Series A	2,155,000
2013 Series C	880,000	2017 Series B	55,000
2013 Series D	635,000	2017 Series D	860,000
2014 Series A	625,000	2017 Series E	310,000
2014 Series B	620,000	2017 Series G	850,000
2014 Series C	90,000		

On October 15, 2018, OHCS D called the following Elderly and Disabled Housing Bonds prior to maturity:

	<u>Amount Called</u>
1995 Series A	\$ 1,000,000
2001 Series C	95,000
2002 Series A	380,000
2002 Series B	30,000

Notes to the Financial Statements (Continued)
June 30, 2018

On October 15, 2018, OHCSD called the following Multifamily Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2010 Series A	\$ 2,800,000

Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2018

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	2,578,543	404,777	200,528
Investments - Restricted	44,978,883	6,885,227	5,526,661
Securities Lending Cash Collateral	162,273	43,955	14,052
Accounts Receivable	21,210,703	644,000	7,130,000
Accrued Interest Receivable	2,757,708	321,752	346,797
Interfund Receivable	-	-	-
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	16,694,192	2,047,439	2,549,444
Acquired Property	1,647,804	193,947	-
Total Current Assets	90,030,106	10,541,097	15,767,482
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	26,936,660	2,005,016	664,011
Investments - Restricted	155,082,071	4,251,627	9,690,654
Loans Receivable	571,824,651	73,005,466	86,383,942
Swap Fair Value Asset	1,514,014	-	-
Net Other Postemployment Benefits Asset	-	-	-
Capital Assets (Net)	-	-	-
Total Noncurrent Assets	755,357,396	79,262,109	96,738,607
Total Assets	845,387,502	89,803,206	112,506,089
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	137,728
Loss on Debt Refundings Related to Pensions	1,573,533	-	341,839
Related to Other Postemployment Benefits	-	-	-
Total Deferred Outflows of Resources	1,573,533	-	479,567
Total Assets and Deferred Outflows of Resources	\$ 846,961,035	\$ 89,803,206	\$ 112,985,656

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 8,174,843	\$ 8,174,843
-	49,510	3,233,358
-	-	57,390,771
-	210,961	431,241
-	198,009	29,182,712
151,562	50,688	3,628,507
-	82,749	82,749 **
-	24,789	24,789
-	1,140	1,140
-	27,149	21,318,224
-	-	1,841,751
151,562	8,819,838	125,310,085
2,710,305	757,253	33,073,245
15,531,965	975,497	185,531,814
-	510,971	731,725,030
-	-	1,514,014
-	8,533	8,533
-	44,491	44,491
18,242,270	2,296,745	951,897,127
18,393,832	11,116,583	1,077,207,212
-	-	137,728
-	-	1,915,372
-	881,645	881,645
-	20,060	20,060
-	901,705	2,954,805
\$ 18,393,832	\$ 12,018,288	\$1,080,162,017

Continued on the next page

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$2,529 are not included in the Statement of Net Position on pages 10 and 11.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2018

Continued from the previous page

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 355,718	\$ 34,729	\$ 3,238
Accrued Interest Payable	9,687,538	1,489,751	1,728,115
Obligations Under Securities Lending	162,273	43,955	14,052
Interfund Payable	2,529	-	-
Due to Governmental Funds	-	-	-
Unearned Revenue	9,700	1,572	-
Compensated Absences Payable	-	-	-
Bonds Payable	27,060,000	4,285,000	2,295,000
Pension-related Debt Payable	-	-	-
Total Current Liabilities	37,277,758	5,855,007	4,040,405
Noncurrent Liabilities			
Compensated Absences Payable	-	-	-
Bonds Payable	717,571,590	79,148,901	76,217,470
Swap Fair Value Liability	-	-	137,728
Pension-related Debt Payable	-	-	-
Net Pension Liability	-	-	-
Net Other Postemployment Benefits Liability	-	-	-
Total Other Postemployment Benefits Liability	-	-	-
Total Noncurrent Liabilities	717,571,590	79,148,901	76,355,198
Total Liabilities	754,849,348	85,003,908	80,395,603
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	1,514,014	-	-
Deferred Loan Origination Fees Related to Pensions	2,380,954	296,712	983,764
Related to Other Postemployment Benefits	-	-	-
Total Deferred Inflows of Resources	3,894,968	296,712	983,764
Net Position			
Net Investment in Capital Assets Restricted for Residential Assistance	-	-	-
Restricted for Other Postemployment Benefits	-	-	-
Restricted by Trust Indentures	88,216,719	4,502,586	31,606,289
Unrestricted	-	-	-
Total Net Position	88,216,719	4,502,586	31,606,289
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 846,961,035	\$ 89,803,206	\$ 112,985,656

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 194,479	\$ 588,164
-	-	12,905,404
-	210,961	431,241
-	-	2,529 **
-	41,875	41,875
-	987,551	998,823
-	188,274	188,274
-	-	33,640,000
-	23,532	23,532
-	1,646,672	48,819,842
-	101,378	101,378
-	-	872,937,961
-	-	137,728
-	368,175	368,175
-	2,447,968	2,447,968
-	31,132	31,132
-	92,495	92,495
-	3,041,148	876,116,837
-	4,687,820	924,936,679
-	-	1,514,014
-	-	3,661,430
-	20,452	20,452
-	6,318	6,318
-	26,770	5,202,214
-	44,491	44,491
-	2,089,298	2,089,298
-	8,533	8,533
18,393,832	-	142,719,426
-	5,161,376	5,161,376
18,393,832	7,303,698	150,023,124
\$ 18,393,832	\$ 12,018,288	\$1,080,162,017

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$2,529 are not included in the Statement of Net Position on pages 10 and 11.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Housing Finance Fund
For the Year Ended June 30, 2018

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Operating Revenues			
Interest on Loans	\$ 22,743,023	\$ 3,645,424	\$ 5,914,434
Investment Income	2,597,121	164,806	303,943
Administrative Charges and Fees	-	-	-
Low Income Housing Tax Credit Fees	-	-	-
Gain on Sale of Foreclosed Property	146,174	-	-
Miscellaneous Revenue	56,524	-	23,269
Total Operating Revenues	25,542,842	3,810,230	6,241,646
Operating Expenses			
Personal Services	-	-	-
Services and Supplies	709,805	1,799	227,618
Mortgage Service Fees	1,986,888	356,385	15,973
Foreclosure Costs	437,355	1,145	-
Interest Expense - Bonds	18,069,126	3,046,656	4,139,791
Interest Expense - Securities Lending	1,396	5,992	1,338
Other Related Program Expenses	4,411,546	(94,121)	260,906
Depreciation/Amortization	-	-	-
Total Operating Expenses	25,616,116	3,317,856	4,645,626
Operating Income (Loss)	(73,274)	492,374	1,596,020
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income (Loss) Before Transfers	(73,274)	492,374	1,596,020
Transfers from Other Funds	5,145,901	-	281,458
Transfers to Other Funds	(4,300,000)	-	(750,000)
Transfers to Other State Agencies	-	-	-
Increase (Decrease) in Net Position	772,627	492,374	1,127,478
Net Position - Beginning	87,444,092	4,010,212	30,478,811
Change in Accounting Principle (GASB 75)	-	-	-
Net Position - Beginning (Restated)	87,444,092	4,010,212	30,478,811
Net Position - Ending	\$ 88,216,719	\$ 4,502,586	\$ 31,606,289

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 10,369	\$ 32,313,250
(76,565)	155,934	3,145,239
-	3,191,886	3,191,886
-	2,924,199	2,924,199
-	-	146,174
-	13,269	93,062
<u>(76,565)</u>	<u>6,295,657</u>	<u>41,813,810</u>
-	3,863,564	3,863,564
-	1,862,959	2,802,181
-	-	2,359,246
-	-	438,500
-	-	25,255,573
-	2,850	11,576
-	54,364	4,632,695
-	7,427	7,427
<u>-</u>	<u>5,791,164</u>	<u>39,370,762</u>
<u>(76,565)</u>	<u>504,493</u>	<u>2,443,048</u>
-	(25,796)	(25,796)
<u>-</u>	<u>(25,796)</u>	<u>(25,796)</u>
(76,565)	478,697	2,417,252
-	5,050,000	10,477,359 **
-	(5,427,359)	(10,477,359) **
-	(136,431)	(136,431)
<u>(76,565)</u>	<u>(35,093)</u>	<u>2,280,821</u>
18,470,397	7,397,351	147,800,863
-	(58,560)	(58,560)
<u>18,470,397</u>	<u>7,338,791</u>	<u>147,742,303</u>
<u>\$ 18,393,832</u>	<u>\$ 7,303,698</u>	<u>\$ 150,023,124</u>

** Transfers within the Housing Finance Fund totaling \$10,477,359 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 12.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2018

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Cash Flows from Operating Activities			
Received from Customers	\$ 780,661	\$ -	\$ -
Program Loan Principal Repayments	72,875,472	15,368,336	28,151,838
Program Loan Interest Received	22,178,920	3,620,235	5,671,283
Program Loans Made	(156,131,888)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(2,659,610)	(374,624)	(243,918)
Other Receipts (Payments)	(3,467,142)	(30,698)	(53,841)
Net Cash Provided (Used) in Operating Activities	(66,423,587)	18,583,249	33,525,362
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	280,205,736	-	-
Principal Payments - Bonds	(149,515,000)	(15,935,000)	(30,215,000)
Interest Payments - Bonds	(17,048,251)	(3,483,454)	(4,706,151)
Bond Issuance Costs	(1,763,294)	-	-
Principal Payments - Pension-related Debt	-	-	-
Interest Payments - Pension-related Debt	-	-	-
Transfers from Other Funds	5,241,725	-	281,458
Transfers to Other Funds	(4,300,000)	-	(750,000)
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	112,820,916	(19,418,454)	(35,389,693)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Purchase of Investments	(426,614,121)	(13,483,904)	(45,848,963)
Proceeds from Sales and Maturities of Investments	380,639,961	14,436,033	47,437,977
Interest on Cash and Investments	1,235,335	207,679	296,704
Investment Income on Securities Lending	1,396	5,992	1,338
Interest Paid on Securities Lending	(1,396)	(5,992)	(1,338)
Net Cash Provided (Used) in Investing Activities	(44,738,825)	1,159,808	1,885,718
Net Increase (Decrease) in Cash and Cash Equivalents	1,658,504	324,603	21,387
Cash and Cash Equivalents Balance - Beginning	27,856,699	2,085,190	843,152
Cash and Cash Equivalents Balance - Ending	\$ 29,515,203	\$ 2,409,793	\$ 864,539
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	2,578,543	404,777	200,528
Cash and Cash Equivalents - Restricted (Noncurrent)	26,936,660	2,005,016	664,011
Total Cash and Cash Equivalents	\$ 29,515,203	\$ 2,409,793	\$ 864,539

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 6,184,135	\$ 6,964,796
-	67,240	116,462,886
-	4,250	31,474,688
-	(50,816)	(156,182,704)
-	(3,795,930)	(3,795,930)
-	(1,817,871)	(5,096,023)
-	(107,145)	(3,658,826)
-	483,863	(13,831,113)
-	-	280,205,736
-	-	(195,665,000)
-	-	(25,237,856)
-	-	(1,763,294)
-	(23,571)	(23,571)
-	(25,796)	(25,796)
-	5,050,000	10,573,183 **
-	(5,523,183)	(10,573,183) **
-	(152,531)	(152,531)
-	(675,081)	57,337,688
-	6,939	6,939
-	6,939	6,939
(12,030,926)	(159,355)	(498,137,269)
13,151,691	115,000	455,780,662
662,972	193,319	2,596,009
-	2,850	11,576
-	(2,850)	(11,576)
1,783,737	148,964	(39,760,598)
1,783,737	(35,315)	3,752,916
926,568	9,016,921	40,728,530
<u>\$ 2,710,305</u>	<u>\$ 8,981,606</u>	<u>\$ 44,481,446</u>
\$ -	\$ 8,174,843	\$ 8,174,843
-	49,510	3,233,358
2,710,305	757,253	33,073,245
<u>\$ 2,710,305</u>	<u>\$ 8,981,606</u>	<u>\$ 44,481,446</u>

Continued on the next page

** Transfers within the Housing Finance Fund totaling \$10,573,183 are not included in the Statement of Cash Flows on page 14.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2018

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (73,274)	\$ 492,374	\$ 1,596,020
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	-	-	-
Investment Income Reported as Operating Revenue	(2,597,121)	(164,806)	(303,943)
Interest Expense Reported as Operating Expense	18,070,522	3,052,648	4,141,129
Bond Issuance Costs Reported as Operating Expense	1,777,843	-	-
Amortization of Discount/Premium/Loss on Debt			
Refunding - Bond Calls	(1,233,091)	(94,122)	181,234
(Increase)/Decrease in Assets:			
Loan Interest Receivable	(121,087)	61,212	115,583
Accounts Receivable	9,855	-	-
Interfund Receivable	210	-	-
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	(83,926,051)	15,467,457	28,151,838
Acquired Property	1,260,256	(106,050)	-
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	(31,005)	(45,993)	2,235
Interfund Payable	(743)	-	-
Due to Governmental Funds	-	-	-
Unearned Revenue	(2,990)	(2,992)	-
Compensated Absences Payable	-	-	-
Net Pension Liability	-	-	-
Net Other Postemployment Benefit Liability	-	-	-
Total Other Postemployment Benefit Liability	-	-	-
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	443,089	(76,479)	(358,734)
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Net Cash Provided (Used) in Operating Activities	<u>\$ (66,423,587)</u>	<u>\$ 18,583,249</u>	<u>\$ 33,525,362</u>
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 284,183	\$ (49,542)	\$ (19,837)
Foreclosed Property	1,604,184	106,050	-
Loan Modifications	102,454	6,929	-
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 1,990,821</u>	<u>\$ 63,437</u>	<u>\$ (19,837)</u>

Combined Program Account	Housing Finance Account	Total	
\$ (76,565)	\$ 504,493	\$ 2,443,048	
-	7,427	7,427	
76,565	(155,934)	(3,145,239)	
-	2,850	25,267,149	
-	-	1,777,843	
-	-	(1,145,979)	
-	(6,119)	49,589	
-	191,414	201,269	
-	(65,794)	(65,584)	**
-	50,679	50,679	
-	(626)	(626)	
-	16,424	(40,290,332)	
-	-	1,154,206	
-	(8,533)	(8,533)	
-	794,511	794,511	
-	758	758	
-	(95,957)	(170,720)	
-	(2,280)	(3,023)	**
-	21,745	21,745	
-	(125,705)	(131,687)	
-	64,332	64,332	
-	(685,736)	(685,736)	
-	(16,186)	(16,186)	
-	(4,464)	(4,464)	
-	-	7,876	
-	(9,754)	(9,754)	
-	6,318	6,318	
<u>\$ -</u>	<u>\$ 483,863</u>	<u>\$ (13,831,113)</u>	
\$ (710,657)	\$ (40,235)	\$ (536,088)	
-	-	1,710,234	
-	-	109,383	
<u>\$ (710,657)</u>	<u>\$ (40,235)</u>	<u>\$ 1,283,529</u>	

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$953 are not included in the Statement of Cash Flows on page 15.

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	2018	2017	2016	2015
Assets				
Cash and Cash Equivalents	\$ 9,388,621	\$ 9,915,911	\$ 8,730,328	\$ 10,077,977
Cash and Cash Equivalents - Restricted	68,372,203	59,447,712	80,466,457	66,585,531
Investments - Restricted	244,508,334	232,640,617	278,624,844	229,912,957
Securities Lending Cash Collateral	1,191,697	357,168	2,041,190	4,032,437
Accounts Receivable	29,182,712	409,631	131,122	177,215
Accrued Interest Receivable	3,924,987	3,729,012	4,209,653	4,618,750
Interfund Receivable	80,220	16,939	6,780	607
Due from Governmental Funds	24,797	82,468	23,931	1,795
Prepaid Expenses	1,140	514	28,996	675
Acquired Property	1,841,751	2,995,957	3,766,377	4,407,890
Deferred Charges	-	-	-	-
Loans Receivable (Net)	834,207,159	804,071,640	847,251,131	918,003,978
Swap Fair Value Asset	1,514,014	899,578	-	-
Net Pension Asset	-	-	-	558,607
Net Other Postemployment Benefits Asset	11,451	-	-	-
Capital Assets (Net)	51,674	59,925	62,637	70,549
Total Assets	1,194,300,760	1,114,627,072	1,225,343,446	1,238,448,968
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	137,728	1,864,021	6,906,793	11,379,103
Loss on Debt Refunding	1,942,159	1,761,830	2,092,930	2,344,757
Related to Pensions	1,183,656	2,170,765	407,457	206,746
Related to Other Postemployment Benefits	26,968	-	-	-
Total Deferred Outflows of Resources	3,290,511	5,796,616	9,407,180	13,930,606
Total Assets and Deferred Outflows of Resources	\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626	\$ 1,252,379,574

Unaudited

2014	2013	2012	2011	2010	2009
\$ 4,060,107	\$ 5,469,303	\$ 5,746,697	\$ 5,873,763	\$ 4,367,875	\$ 5,917,589
64,782,925	61,578,919	78,600,165	54,144,451	91,492,695	93,518,300
310,056,935	359,607,162	266,227,125	320,169,513	352,352,552	278,734,777
3,393,772	3,849,298	5,600,831	18,153,910	37,016,172	44,918,260
189,304	166,750	150,640	1,351,777	155,045	9,794
5,443,641	5,899,925	7,336,307	7,708,720	8,280,181	8,573,207
164	4,019	11,434	1,252	745	979
10,979	79,323	32,697	53,013	10,009	11,380
8,655	15,305	44,401	1,900	-	-
7,135,654	3,809,023	10,640,035	10,783,923	8,049,817	1,660,608
-	9,019,358	9,522,524	10,526,280	11,128,757	12,594,903
1,009,415,693	1,079,738,292	1,223,594,532	1,288,879,901	1,327,271,965	1,416,942,114
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,340	9,874	11,074	-	2,604	3,538
<u>1,404,520,169</u>	<u>1,529,246,551</u>	<u>1,607,518,462</u>	<u>1,717,648,403</u>	<u>1,840,128,417</u>	<u>1,862,885,449</u>
17,276,495	27,550,227	37,196,930	25,409,179	31,208,266	-
2,262,264	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,538,759</u>	<u>27,550,227</u>	<u>37,196,930</u>	<u>25,409,179</u>	<u>31,208,266</u>	<u>-</u>
<u>\$ 1,424,058,928</u>	<u>\$ 1,556,796,778</u>	<u>\$ 1,644,715,392</u>	<u>\$ 1,743,057,582</u>	<u>\$ 1,871,336,683</u>	<u>\$ 1,862,885,449</u>

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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

	2018	2017	2016	2015
Liabilities				
Accounts Payable	\$ 609,703	\$ 808,431	\$ 626,684	\$ 495,218
Accrued Interest Payable	13,660,865	13,031,173	15,411,597	17,957,672
Obligations Under Securities Lending	1,191,697	357,168	2,041,190	4,032,437
Interfund Payable	80,220	16,939	6,780	607
Due to Governmental Funds	53,689	6,959	50,880	101,511
Due to Other Governments	-	-	-	-
Matured Bonds and Interest Payable	-	-	-	-
Unearned Revenue	998,823	1,130,510	1,265,880	1,402,406
Compensated Absences Payable	344,492	271,186	252,162	276,849
Bonds Payable	943,483,358	869,050,314	979,243,468	997,155,163
Swap Fair Value Liability	137,728	1,864,021	6,906,793	11,379,103
Arbitrage Rebate Liability	-	-	-	-
Loans Payable	-	-	-	-
Pension-related Debt Payable	501,032	531,182	556,146	575,223
Net Pension Liability	3,275,674	4,116,951	1,580,442	-
Net Other Postemployment Benefits Liability	41,439	-	-	-
Total Other Postemployment Benefits Liability	124,593	-	-	-
Net Other Postemployment Benefits Obligation	-	87,445	85,234	92,770
Total Liabilities	964,503,313	891,272,279	1,008,027,256	1,033,468,959
Deferred Inflows of Resources				
Accumulated Increase in Fair Value of Hedging Derivatives	1,514,014	899,578	-	-
Deferred Loan Origination Fees	4,261,350	4,354,736	4,733,476	5,281,561
Related to Pensions	27,367	39,119	384,804	1,077,887
Related to Other Postemployment Benefits	8,471	-	-	-
Total Deferred Inflows of Resources	5,811,202	5,293,433	5,118,280	6,359,448
Net Position				
Net Investment in Capital Assets	51,674	59,925	62,637	70,549
Restricted for Residential Assistance	2,089,298	2,074,043	2,098,015	2,029,118
Restricted for Other Postemployment Benefits	11,451	-	-	-
Restricted by Trust Indentures	212,669,994	207,706,209	213,665,954	201,453,112
Unrestricted	12,454,339	14,017,799	5,778,484	8,998,388
Total Net Position	227,276,756	223,857,976	221,605,090	212,551,167
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626	\$ 1,252,379,574

Unaudited

	2014	2013	2012	2011	2010	2009
\$	1,021,618	\$ 979,108	\$ 913,537	\$ 742,263	\$ 997,085	\$ 910,380
	20,477,454	23,731,731	27,843,800	28,943,961	32,391,722	35,717,572
	3,393,772	3,849,298	5,600,831	18,153,910	37,016,172	44,918,260
	164	4,019	11,434	1,252	745	979
	47,284	23	7,092	15,511	43,551	24,129
	-	-	-	-	-	75,000
	-	-	-	-	-	5,145
	1,539,946	1,666,618	1,250,739	1,045,713	914,354	963,134
	296,128	263,931	208,313	246,027	346,874	394,674
	1,170,857,616	1,281,246,940	1,349,497,180	1,456,870,106	1,560,048,696	1,583,757,344
	17,276,495	27,550,227	37,196,930	25,409,179	31,208,266	-
	-	366,889	482,076	102,194	85,740	1,202,460
	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	600,689	616,550	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	88,299	84,812	75,366	66,597	59,529	50,109
	<u>1,215,599,465</u>	<u>1,341,860,146</u>	<u>1,424,587,298</u>	<u>1,533,096,713</u>	<u>1,664,612,734</u>	<u>1,669,519,186</u>
	-	-	-	-	-	-
	5,905,347	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>5,905,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	22,340	9,874	11,074	-	2,604	3,538
	2,019,413	2,272,946	2,581,560	2,219,237	1,835,608	1,540,902
	-	-	-	-	-	-
	196,447,800	208,167,826	211,381,841	200,498,355	199,185,070	185,650,034
	4,064,563	4,485,986	6,153,619	7,243,277	5,700,667	6,171,789
	<u>202,554,116</u>	<u>214,936,632</u>	<u>220,128,094</u>	<u>209,960,869</u>	<u>206,723,949</u>	<u>193,366,263</u>
	<u>\$ 1,424,058,928</u>	<u>\$ 1,556,796,778</u>	<u>\$ 1,644,715,392</u>	<u>\$ 1,743,057,582</u>	<u>\$ 1,871,336,683</u>	<u>\$ 1,862,885,449</u>

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

	2018	2017	2016	2015
Operating Revenues				
Interest on Loans	\$ 36,644,795	\$ 39,626,363	\$ 46,381,931	\$ 50,954,045
Investment Income (Loss)	3,650,448	332,374	6,767,972	3,484,174
Administrative Charges and Fees	3,295,836	2,537,227	2,111,542	2,444,692
Low Income Housing Tax Credit Fees	2,924,199	1,604,511	1,126,415	3,174,641
Gain (Loss) on Sale of Foreclosed Property	146,174	373,502	314,222	288,970
Miscellaneous Revenue	93,062	358,328	115,962	60,801
Total Operating Revenues	46,754,514	44,832,305	56,818,044	60,407,323
Operating Expenses				
Personal Services	5,206,618	5,126,065	5,828,772	3,868,949
Services and Supplies	3,084,561	2,508,940	2,437,292	2,392,345
Mortgage Service Fees	2,394,668	2,264,580	2,393,209	2,619,687
Foreclosure Costs	438,500	616,407	422,662	324,684
Interest Expense - Bonds	27,235,723	28,487,108	33,287,518	38,491,579
Interest Expense - Securities Lending	21,699	1,974	22,326	12,347
Interest Expense - Loans	-	-	-	-
Other Related Program Expenses	4,649,406	3,307,065	3,134,887	1,428,928
Amortization of Deferred Bond Issuance Costs	-	-	-	-
Depreciation/Amortization	8,452	7,910	7,912	4,394
Bad Debt Expense	-	33,583	-	-
Total Operating Expenses	43,039,627	42,353,632	47,534,578	49,142,913
Operating Income (Loss)	3,714,887	2,478,673	9,283,466	11,264,410
Nonoperating Revenue/(Expenses)				
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
Interest Expense - Pension-related Debt	(32,996)	(38,010)	(37,729)	(39,019)
Total Nonoperating Revenue/(Expenses)	(32,996)	(38,010)	(37,729)	(39,019)
Transfers				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Transfers to Other State Agencies	(184,404)	(187,777)	(191,814)	(211,415)
Transfers to State General Fund	-	-	-	-
Total Transfers	(184,404)	(187,777)	(191,814)	(211,415)
Increase (Decrease) in Net Position	\$ 3,497,487	\$ 2,252,886	\$ 9,053,923	\$ 11,013,976
Net Position - Beginning	223,857,976	221,605,090	212,551,167	202,554,116
Prior Period Adjustment	-	-	-	2,979
Change in Accounting Principle	(78,707)	-	-	(1,019,904)
Net Position - Beginning (Restated)	223,779,269	221,605,090	212,551,167	201,537,191
Net Position - Ending	\$ 227,276,756	\$ 223,857,976	\$ 221,605,090	\$ 212,551,167

Unaudited

	2014	2013	2012	2011	2010	2009
\$	52,542,197	\$ 59,217,071	\$ 68,917,920	\$ 72,357,706	\$ 79,035,078	\$ 82,876,589
	4,844,825	(2,508,456)	13,938,305	3,319,834	11,813,383	13,333,320
	833,012	1,465,554	1,598,870	3,696,833	3,789,130	1,450,956
	1,566,180	2,350,450	1,968,720	2,149,904	1,936,433	1,381,961
	548,575	408,021	(276,931)	(259,296)	66,272	51,044
	16,350	2,474,127	110,579	14,230	17,984	41,151
	<u>60,351,139</u>	<u>63,406,767</u>	<u>86,257,463</u>	<u>81,279,211</u>	<u>96,658,280</u>	<u>99,135,021</u>
	4,250,998	3,982,480	4,091,672	4,194,543	4,959,949	5,127,493
	2,429,232	2,139,476	2,753,928	3,600,289	3,663,290	3,312,232
	2,820,877	3,148,492	3,534,690	3,665,713	3,974,512	4,171,676
	995,546	1,728,780	1,427,384	1,902,931	698,808	313,141
	43,280,173	52,057,391	58,695,970	62,458,803	68,618,190	75,927,690
	13,410	42,107	20,787	79,233	81,219	838,652
	24,575	48,750	48,801	48,814	49,624	57,417
	3,224,872	3,973,210	2,385,223	1,085,204	209,575	1,150,806
	-	641,555	752,880	884,674	937,454	905,772
	2,034	1,200	934	233	934	1,284
	-	-	2,211,594	(54,028)	(100,788)	193,911
	<u>57,041,717</u>	<u>67,763,441</u>	<u>75,923,863</u>	<u>77,866,409</u>	<u>83,092,767</u>	<u>92,000,074</u>
	<u>3,309,422</u>	<u>(4,356,674)</u>	<u>10,333,600</u>	<u>3,412,802</u>	<u>13,565,513</u>	<u>7,134,947</u>
	-	-	-	(2,371)	-	-
	(38,942)	(40,754)	-	-	-	-
	<u>(38,942)</u>	<u>(40,754)</u>	<u>-</u>	<u>(2,371)</u>	<u>-</u>	<u>-</u>
	-	68,726	117,816	117,816	117,816	117,816
	-	(68,726)	(117,816)	(117,816)	(117,816)	(117,816)
	(185,435)	(163,735)	(166,375)	(173,511)	(207,827)	(204,782)
	-	-	-	-	-	(589,355)
	<u>(185,435)</u>	<u>(163,735)</u>	<u>(166,375)</u>	<u>(173,511)</u>	<u>(207,827)</u>	<u>(794,137)</u>
\$	<u>3,085,045</u>	<u>\$ (4,561,163)</u>	<u>\$ 10,167,225</u>	<u>\$ 3,236,920</u>	<u>\$ 13,357,686</u>	<u>\$ 6,340,810</u>
	214,936,632	220,128,094	209,960,869	206,723,949	193,366,263	187,025,453
	(6,448,203)	(630,299)	-	-	-	-
	(9,019,358)	-	-	-	-	-
	<u>199,469,071</u>	<u>219,497,795</u>	<u>209,960,869</u>	<u>206,723,949</u>	<u>193,366,263</u>	<u>187,025,453</u>
\$	<u>202,554,116</u>	<u>\$ 214,936,632</u>	<u>\$ 220,128,094</u>	<u>\$ 209,960,869</u>	<u>\$ 206,723,949</u>	<u>\$ 193,366,263</u>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Cash Flows

Enterprise Funds

Last Ten Fiscal Years

	2018	2017	2016
Cash Flows from Operating Activities			
Received from Customers	\$ 7,079,496	\$ 4,163,809	\$ 3,569,340
Program Loan Principal Repayments	126,654,062	138,955,178	142,159,092
Program Loan Interest Received	35,717,096	38,803,932	44,151,928
Program Loans Made	(156,182,704)	(97,014,283)	(71,715,430)
Payments to Employees for Services	(5,025,280)	(4,707,259)	(4,609,749)
Payments to Suppliers for Goods and Services	(5,422,079)	(4,650,950)	(4,923,555)
Other Receipts (Payments)	(3,658,826)	(791,680)	47,139
Net Cash Provided (Used) in Operating Activities	(838,235)	74,758,747	108,678,765
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	280,205,736	134,026,831	211,033,001
Principal Payments - Bonds	(203,460,000)	(242,255,000)	(227,045,000)
Interest Payments - Bonds	(27,367,083)	(31,402,394)	(36,186,445)
Bond Issuance Costs	(1,763,294)	(774,512)	(1,514,836)
Bond Call Costs	-	-	-
Principal Payments - Loans	-	-	-
Interest Payments - Loans	-	-	-
Principal Payments - Pension-related Debt	(30,150)	(24,964)	(19,077)
Interest Payments - Pension-related Debt	(32,996)	(38,010)	(37,729)
Transfers from Other Funds	10,573,183	-	-
Transfers to Other Funds	(10,573,183)	-	-
Transfers to Other State Agencies	(203,500)	(188,958)	(191,894)
Transfers to State General Fund	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	47,348,713	(140,657,007)	(53,961,980)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	5,445	(10,844)	-
Net Cash Provided (Used) in Capital and Related Financing Activities	5,445	(10,844)	-
Cash Flows from Investing Activities			
Purchase of Investments	(498,137,269)	(368,836,911)	(441,963,836)
Proceeds from Sales and Maturities of Investments	456,787,746	411,676,140	396,996,896
Interest on Cash and Investments	3,230,801	3,236,713	2,783,432
Investment Income on Securities Lending	21,699	1,974	22,326
Interest Paid on Securities Lending	(21,699)	(1,974)	(22,326)
Net Cash Provided (Used) in Investing Activities	(38,118,722)	46,075,942	(42,183,508)
Net Increase (Decrease) in Cash and Cash Equivalents	8,397,201	(19,833,162)	12,533,277
Cash and Cash Equivalents Balance - Beginning	69,363,623	89,196,785	76,663,508
Cash and Cash Equivalents Balance - Ending	\$ 77,760,824	\$ 69,363,623	\$ 89,196,785

Unaudited

2015	2014	2013	2012	2011	2010	2009
\$ 5,721,238	\$ 2,596,251	\$ 4,231,488	\$ 3,817,788	\$ 5,950,885	\$ 5,506,696	\$ 3,052,981
145,611,724	120,322,978	195,141,571	136,040,641	117,147,144	106,970,691	103,201,572
50,261,428	54,750,757	61,595,811	68,928,782	72,665,054	79,020,543	82,345,992
(54,220,431)	(61,116,633)	(50,657,880)	(80,485,104)	(90,650,348)	(28,336,930)	(140,938,966)
(4,587,915)	(4,175,801)	(3,955,271)	(4,127,721)	(4,331,258)	(4,990,333)	(4,940,017)
(5,064,173)	(5,182,403)	(5,279,251)	(6,491,400)	(7,626,701)	(7,392,663)	(7,663,867)
941,970	1,431,972	1,740,694	3,336,124	5,103,222	2,652,019	(288,438)
138,663,841	108,627,121	202,817,162	121,019,110	98,257,998	153,430,023	34,769,257
31,377,604	139,605,754	156,930,314	28,790,153	229,409,935	120,000,000	92,710,000
(202,930,000)	(249,975,000)	(222,950,000)	(134,265,000)	(328,800,000)	(141,465,000)	(194,231,011)
(40,849,857)	(46,745,465)	(56,418,920)	(60,092,434)	(66,122,552)	(72,216,962)	(76,638,158)
(565,215)	(1,409,003)	(1,564,025)	(489,166)	(2,599,161)	(251,803)	(861,070)
-	-	-	-	(50,101)	-	-
-	(1,500,000)	-	-	-	-	-
-	(36,729)	(48,709)	(48,946)	(48,685)	(51,137)	(59,249)
(22,487)	(15,861)	-	-	-	-	-
(39,019)	(38,942)	-	-	-	-	-
-	-	68,726	117,816	117,816	117,816	117,816
-	-	(68,726)	(117,816)	(117,816)	(117,816)	(117,816)
(209,314)	(186,039)	(163,389)	(166,413)	(173,241)	(207,827)	(204,782)
-	-	-	-	-	-	(589,355)
(213,238,288)	(160,301,285)	(124,214,729)	(166,271,806)	(168,383,805)	(94,192,729)	(179,873,625)
(52,603)	(14,500)	-	(12,008)	-	-	-
(52,603)	(14,500)	-	(12,008)	-	-	-
(289,867,498)	(390,462,021)	(574,207,348)	(725,126,170)	(1,956,792,819)	(1,028,085,776)	(410,856,041)
370,368,568	440,622,813	473,758,011	788,529,034	1,986,224,054	960,201,794	577,845,150
1,946,456	3,322,682	4,548,264	6,190,488	4,852,216	5,071,369	9,053,258
12,347	13,410	42,107	20,787	79,233	81,219	838,652
(12,347)	(13,410)	(42,107)	(20,787)	(79,233)	(81,219)	(838,652)
82,447,526	53,483,474	(95,901,073)	69,593,352	34,283,451	(62,812,613)	176,042,367
7,820,476	1,794,810	(17,298,640)	24,328,648	(35,842,356)	(3,575,319)	30,937,999
68,843,032	67,048,222	84,346,862	60,018,214	95,860,570	99,435,889	68,497,890
\$ 76,663,508	\$ 68,843,032	\$ 67,048,222	\$ 84,346,862	\$ 60,018,214	\$ 95,860,570	\$ 99,435,889

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Weighted Average Interest Rate - New Mortgage Loans

Enterprise Funds

Unaudited

Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Overall Weighted Average Interest Rate	3.62%	3.26%	3.44%	3.29%	3.18%	3.24%	3.79%	4.65%	4.50%	5.49%
Elderly and Disabled Housing Program	-	-	-	-	-	-	-	5.97%	-	5.97%
Mortgage Revenue Bonds	3.62%	3.26%	3.44%	3.29%	3.09%	0.45%	0.60%	0.91%	4.50%	5.44%
Housing Revenue Bonds	-	-	-	-	3.30%	3.63%	3.95%	4.46%	-	-
Multifamily Housing Revenue Bonds	-	-	-	-	-	-	6.25%	-	-	5.90%

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Principal Program Loan Interest Payers

Enterprise Funds

Current Year and Nine Years Ago

Unaudited

	Fiscal Year 2018			Fiscal Year 2009		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Emerald Pointe	1	\$ 1,102,274	3.09%			
Westridge Meadows Apartments	2	786,098	2.20%	2	974,008	1.18%
Willamette Gardens Apartments	3	782,614	2.19%	4	879,770	1.07%
Troutdale Terrace	4	658,451	1.84%	3	891,817	1.08%
Beaver State Apartments	5	553,912	1.55%			
The Hazelwood Apartments	6	348,487	0.98%	6	480,600	0.58%
Woodridge Apartments	7	312,216	0.87%	1	999,193	1.21%
Gateway Park Apartments	8	278,970	0.78%	8	429,680	0.52%
Autumn Park	9	277,187	0.78%			
Fifth Avenue Court Apartments	10	265,581	0.74%	10	409,994	0.50%
Lake Crest Apartments				5	618,940	0.75%
Buckman Heights Apartments				7	429,787	0.52%
Cascadia Village Retirement Center				9	416,464	0.51%
Total		\$ 5,365,790	15.02%		\$ 6,530,253	7.92%

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⁾	Loans Payable	Total		
2018	\$ 36,915,000	\$ 890,470,000	\$ -	\$ 927,385,000	0.47%	\$ 224
2017	44,710,000	812,105,000	-	856,815,000	0.45%	210
2016	50,810,000	917,700,000	-	968,510,000	0.54%	241
2015	85,480,000	904,220,000	-	989,700,000	0.59%	250
2014	112,615,000	1,049,115,000	-	1,161,730,000	0.74%	296
2013	119,985,000	1,156,130,000	1,500,000	1,277,615,000	0.83%	328
2012	124,985,000	1,218,500,000	1,500,000	1,344,985,000	0.92%	348
2011	146,945,000	1,303,345,000	1,500,000	1,451,790,000	1.05%	378
2010	173,125,000	1,379,395,000	1,500,000	1,554,020,000	1.15%	408
2009	182,890,000	1,391,095,000	1,500,000	1,575,485,000	1.13%	418

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (beginning in FY 2010), Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds (FY 2009 - FY 2014)

⁽³⁾ Personal Income and Population Source: Bureau of Economic Analysis, U.S. Department of Commerce (SA1) www.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Legal Debt Margin Information

Enterprise Fund

Unaudited

Last Ten Fiscal Years

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
<u>General Obligation Bonds</u>				
2018	\$ 3,104,548,584	\$ 36,915,000	\$ 3,067,633,584	1.19%
2017	2,795,635,633	44,710,000	2,750,925,633	1.60%
2016	2,530,877,318	50,810,000	2,480,067,318	2.01%
2015	2,347,393,704	85,480,000	2,261,913,704	3.64%
2014	2,167,365,136	112,615,000	2,054,750,136	5.20%
2013	2,107,955,009	119,985,000	1,987,970,009	5.69%
2012	2,172,146,238	124,985,000	2,047,161,238	5.75%
2011	2,292,594,338	146,945,000	2,145,649,338	6.41%
2010	2,493,422,754	173,125,000	2,320,297,754	6.94%
2009	2,626,781,365	182,890,000	2,443,891,365	6.96%
<u>Revenue Bonds</u>				
2018	\$ 2,500,000,000	\$ 890,470,000	\$ 1,609,530,000	35.62%
2017	2,500,000,000	812,105,000	1,687,895,000	32.48%
2016	2,500,000,000	917,700,000	1,582,300,000	36.71%
2015	2,500,000,000	904,220,000	1,595,780,000	36.17%
2014	2,500,000,000	1,049,115,000	1,450,885,000	41.96%
2013	2,500,000,000	1,156,130,000	1,343,870,000	46.25%
2012	2,500,000,000	1,218,500,000	1,281,500,000	48.74%
2011	2,500,000,000	1,303,345,000	1,196,655,000	52.13%
2010	2,500,000,000	1,379,395,000	1,120,605,000	55.18%
2009	2,500,000,000	1,391,095,000	1,108,905,000	55.64%

Legal Debt Margin for Fiscal Year 2018

General Obligation Bonds

True cash value of all taxable property in the state	\$ 620,909,716,704
Debt Limit (0.5% of true cash value)	3,104,548,584
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(36,915,000)
Legal Debt Margin	<u><u>\$ 3,067,633,584</u></u>

Revenue Bonds

The legal debt margin for OHCS D'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 thousands)	Per Capita Personal Income	Annual Unemployment Rate ⁽²⁾
2017	4,142,776	\$ 199,422,200	\$ 48,137	4.1%
2016	4,085,989	189,644,395	46,413	4.8%
2015	4,016,537	181,022,258	45,069	5.6%
2014	3,960,673	167,977,534	42,411	6.8%
2013	3,919,664	156,644,028	39,964	7.9%
2012	3,893,920	154,066,838	39,566	8.8%
2011	3,865,845	146,081,624	37,788	9.5%
2010	3,837,073	138,328,202	36,050	10.6%
2009	3,808,600	134,830,942	35,402	11.3%
2008	3,768,748	139,499,803	37,015	6.5%

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce (SA1)

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

⁽²⁾ Source: Oregon Employment Department - <https://www.qualityinfo.org/ed-uesti/?at=1&t1=4101000000~unemprate~y,n-2008~2017>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Employment Data - State of Oregon

Current Year and Nine Years Ago

Unaudited

	Calendar Year 2017		Calendar Year 2008		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	292,681	11.70%	245,292	10.72%	19.32%
Retail Trade	257,352	10.29%	243,880	10.66%	5.52%
Manufacturing	209,080	8.36%	207,650	9.07%	0.69%
Accommodation and Food Services	195,501	7.82%	161,766	7.07%	20.85%
Professional, Scientific, and Technical Services	163,551	6.54%	134,174	5.86%	21.89%
Construction	133,912	5.35%	134,797	5.89%	-0.66%
Administrative and Support Services	124,337	4.97%	114,654	5.01%	8.45%
Real Estate and Rental and Leasing	117,109	4.68%	103,615	4.53%	13.02%
Finance and Insurance	98,228	3.93%	91,612	4.00%	7.22%
Wholesale Trade	84,188	3.37%	87,828	3.84%	-4.14%
Transportation and Warehousing	81,895	3.28%	67,559	2.95%	21.22%
Arts, Entertainment, and Recreation	62,878	2.51%	53,154	2.32%	18.29%
Farm Employment	62,268	2.49%	65,329	2.86%	-4.69%
Educational Services	59,524	2.38%	49,883	2.18%	19.33%
Management of Companies and Enterprises	49,525	1.98%	33,517	1.47%	47.76%
Information	42,535	1.70%	42,780	1.87%	-0.57%
Forestry, Fishing, and Related Activities	32,075	1.28%	31,426	1.37%	2.07%
Mining, quarrying, and oil and gas extraction	6,769	0.27%	4,608	0.20%	46.90%
Waste Management and Remediation Services	5,797	0.23%	5,794	0.25%	0.05%
Utilities	5,621	0.23%	5,146	0.23%	9.23%
Other Services	128,142	5.12%	120,172	5.25%	6.63%
Federal Government (Civilian)	28,273	1.13%	29,552	1.29%	-4.33%
Military	11,427	0.46%	12,159	0.53%	-6.02%
State Government	44,703	1.79%	56,404	2.46%	-20.74%
Local Government	203,686	8.14%	185,868	8.12%	9.59%
Total Employment	2,501,057	100.00%	2,288,619	100.00%	9.28%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Interest Rate

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Interest Rate	Fiscal Year 2018				Fiscal Year 2009			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
0.00 - 2.99%	219	4.03%	\$ 40,764,466	4.89%	101	1.10%	\$ 13,273,303	0.94%
3.00 - 3.99%	2,253	41.48%	379,711,142	45.52%	7	0.08%	4,846,463	0.34%
4.00 - 4.99%	1,196	22.02%	144,679,452	17.34%	2,162	23.65%	268,690,863	18.94%
5.00 - 5.99%	1,174	21.61%	182,657,377	21.90%	4,607	50.39%	655,972,747	46.24%
6.00 - 6.99%	367	6.76%	74,037,239	8.87%	1,562	17.09%	326,020,267	22.99%
7.00 - 7.99%	181	3.33%	10,787,055	1.29%	475	5.20%	103,534,365	7.30%
8.00 - 8.99%	42	0.77%	1,570,428	0.19%	163	1.78%	22,775,841	1.61%
9.00 - 9.99%	-	-	-	-	33	0.36%	10,471,061	0.74%
10.00% or More	-	-	-	-	32	0.35%	12,790,916	0.90%
Total	5,432	100.00%	\$ 834,207,159	100.00%	9,142	100.00%	\$ 1,418,375,826	100.00%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Monthly Payment Amount

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Monthly Payment ⁽¹⁾	Fiscal Year 2018				Fiscal Year 2009			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans ⁽²⁾</u>								
\$ 0 - \$ 200	35	0.68%	\$ 751,215	0.11%	55	0.63%	\$ 1,545,802	0.14%
\$ 201 - \$ 400	396	7.67%	16,722,690	2.52%	676	7.79%	28,879,959	2.64%
\$ 401 - \$ 600	1,292	25.03%	99,353,420	14.96%	1,996	23.01%	153,968,330	14.09%
\$ 601 - \$ 800	1,544	29.91%	182,597,355	27.52%	2,319	26.73%	264,540,166	24.21%
\$ 801 - \$1,000	1,056	20.46%	171,922,062	25.91%	1,772	20.43%	266,078,241	24.35%
\$1,001 - \$1,200	523	10.13%	109,528,309	16.51%	1,075	12.39%	199,692,123	18.27%
\$1,201 - \$1,400	235	4.55%	58,450,105	8.81%	577	6.65%	125,538,879	11.49%
\$1,401 - \$1,600	70	1.36%	20,754,196	3.13%	155	1.79%	38,359,451	3.51%
\$1,601 - \$1,800	11	0.21%	3,492,396	0.53%	44	0.51%	12,315,926	1.13%
\$1,801 or more	-	0.00%	-	0.00%	6	0.07%	1,854,391	0.17%
Total	5,162	100.00%	663,571,748	100.00%	8,675	100.00%	1,092,773,268	100.00%
<u>Multi-Family Loans ⁽³⁾</u>								
\$ 0 - \$ 1,000	158	58.52%	4,781,642	2.80%	237	50.75%	10,677,947	3.28%
\$ 1,001 - \$ 5,000	44	16.30%	12,057,701	7.07%	76	16.27%	21,978,455	6.75%
\$ 5,001 - \$10,000	27	10.00%	19,534,891	11.45%	45	9.64%	27,077,191	8.32%
\$10,001 - \$15,000	14	5.19%	14,509,016	8.50%	34	7.28%	40,977,882	12.59%
\$15,001 - \$20,000	8	2.96%	13,382,377	7.84%	21	4.50%	40,688,681	12.50%
\$20,001 - \$25,000	5	1.85%	10,324,340	6.05%	18	3.85%	41,365,236	12.70%
\$25,001 - \$30,000	4	1.48%	12,093,118	7.09%	7	1.50%	25,542,696	7.84%
\$30,001 or more	10	3.70%	83,952,326	49.20%	16	3.43%	114,454,009	35.15%
Due at Maturity	-	-	-	-	13	2.78%	2,840,461	0.87%
Total	270	100.00%	170,635,411	100.00%	467	100.00%	325,602,558	100.00%
Grand Total	5,432		\$ 834,207,159		9,142		\$ 1,418,375,826	

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

⁽²⁾ Mortgage Revenue Bonds and Housing Revenue Bonds

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - By County

Enterprise Funds

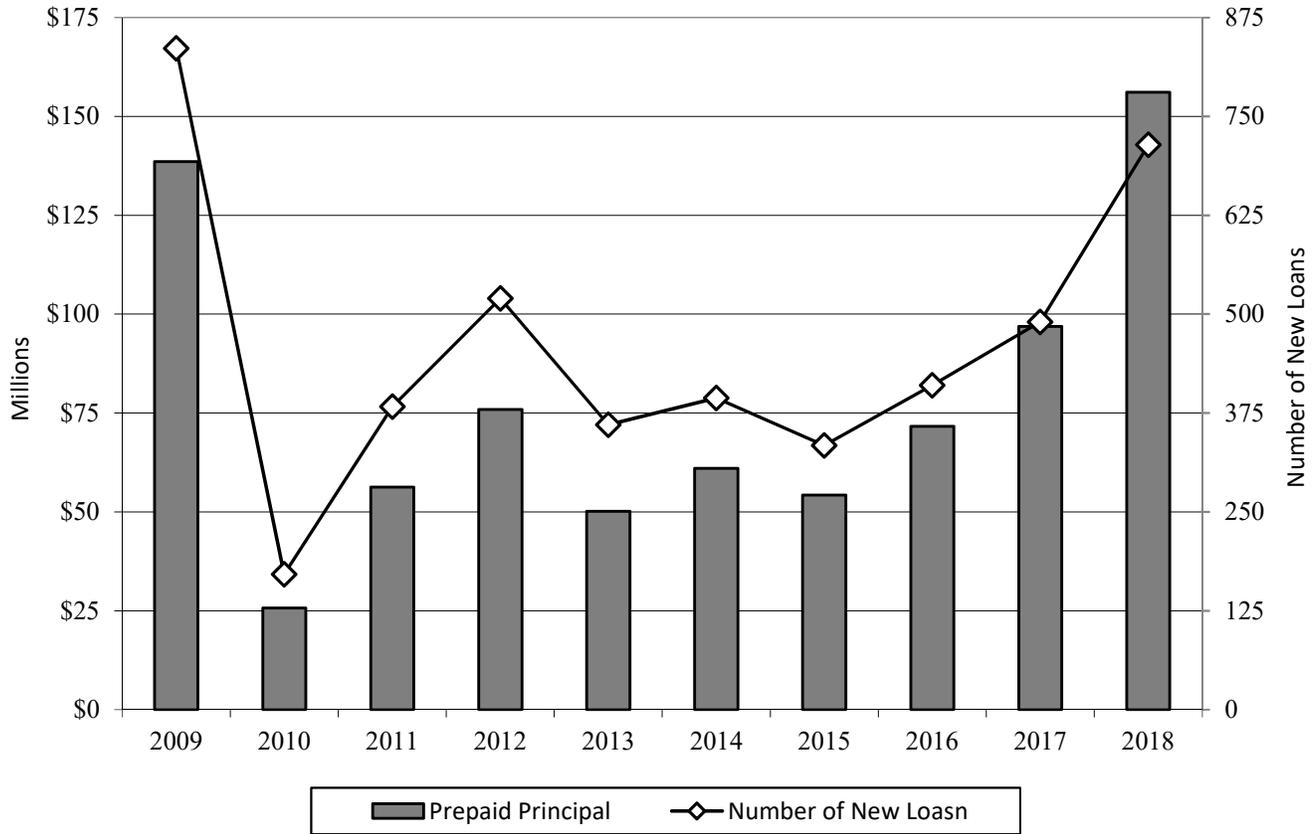
June 30, 2018

County	Elderly and Disabled Housing Program		Single-Family Mortgage Program		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 119,505	26	\$ 1,776,364	-	-
Benton	7	1,823,355	64	7,629,610	-	-
Clackamas	16	5,278,734	296	48,193,133	2	7,476,334
Clatsop	2	41,151	17	1,938,992	-	-
Columbia	5	649,371	60	9,221,252	1	1,438,815
Coos	4	88,940	93	9,431,301	-	-
Crook	1	796,784	34	3,919,168	-	-
Curry	2	30,087	7	784,553	-	-
Deschutes	4	2,136,277	253	35,724,744	-	-
Douglas	3	1,089,571	100	10,628,936	1	1,103,669
Gilliam	2	374,499	1	22,128	-	-
Grant	-	-	-	-	-	-
Harney	2	1,249,272	13	740,659	-	-
Hood River	2	875,236	13	2,260,696	-	-
Jackson	8	3,765,526	269	37,394,150	1	795,408
Jefferson	2	102,188	36	3,611,165	-	-
Josephine	3	896,654	377	61,107,961	-	-
Klamath	-	-	198	16,664,743	-	-
Lake	1	70,501	19	1,421,698	-	-
Lane	16	1,506,039	289	28,378,192	2	14,617,851
Lincoln	7	4,137,936	48	4,545,620	-	-
Linn	10	1,206,230	127	14,676,261	-	-
Malheur	3	987,132	34	1,913,734	-	-
Marion	43	26,955,865	527	55,042,661	2	1,097,242
Morrow	-	-	31	1,825,073	-	-
Multnomah	52	16,585,246	1,413	197,817,744	12	37,900,621
Polk	6	1,222,939	76	9,074,052	-	-
Sherman	1	161,967	-	-	-	-
Tillamook	1	475,592	11	1,148,777	-	-
Umatilla	6	1,850,268	152	8,886,487	-	-
Union	2	409,260	50	3,871,050	2	1,331,137
Wallowa	1	815,488	5	290,312	1	8,821,851
Wasco	1	17,514	5	669,828	-	-
Washington	13	2,743,508	398	65,685,714	2	14,350,458
Wheeler	1	146,054	1	209,790	-	-
Yamhill	9	2,555,216	119	17,065,200	-	-
Total	237	\$ 81,163,905	5,162	\$ 663,571,748	26	\$ 88,933,386

Housing Finance Account		Total	
Number of Loans	Principal Amount	Number of Loans	Principal Amount
-	-	27	\$ 1,895,869
-	-	71	9,452,965
-	-	314	60,948,201
-	-	19	1,980,143
-	-	66	11,309,438
-	-	97	9,520,241
-	-	35	4,715,952
-	-	9	814,640
-	-	257	37,861,021
-	-	104	12,822,176
-	-	3	396,627
-	-	-	-
-	-	15	1,989,931
-	-	15	3,135,932
-	-	278	41,955,084
4	192,113	42	3,905,466
-	-	380	62,004,615
-	-	198	16,664,743
-	-	20	1,492,199
-	-	307	44,502,082
-	-	55	8,683,556
-	-	137	15,882,491
-	-	37	2,900,866
-	-	572	83,095,768
-	-	31	1,825,073
-	-	1,477	252,303,611
-	-	82	10,296,991
-	-	1	161,967
-	-	12	1,624,369
-	-	158	10,736,755
-	-	54	5,611,447
-	-	7	9,927,651
1	235,299	7	922,641
2	110,708	415	82,890,388
-	-	2	355,844
-	-	128	19,620,416
<u>7</u>	<u>\$ 538,120</u>	<u>5,432</u>	<u>\$ 834,207,159</u>

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

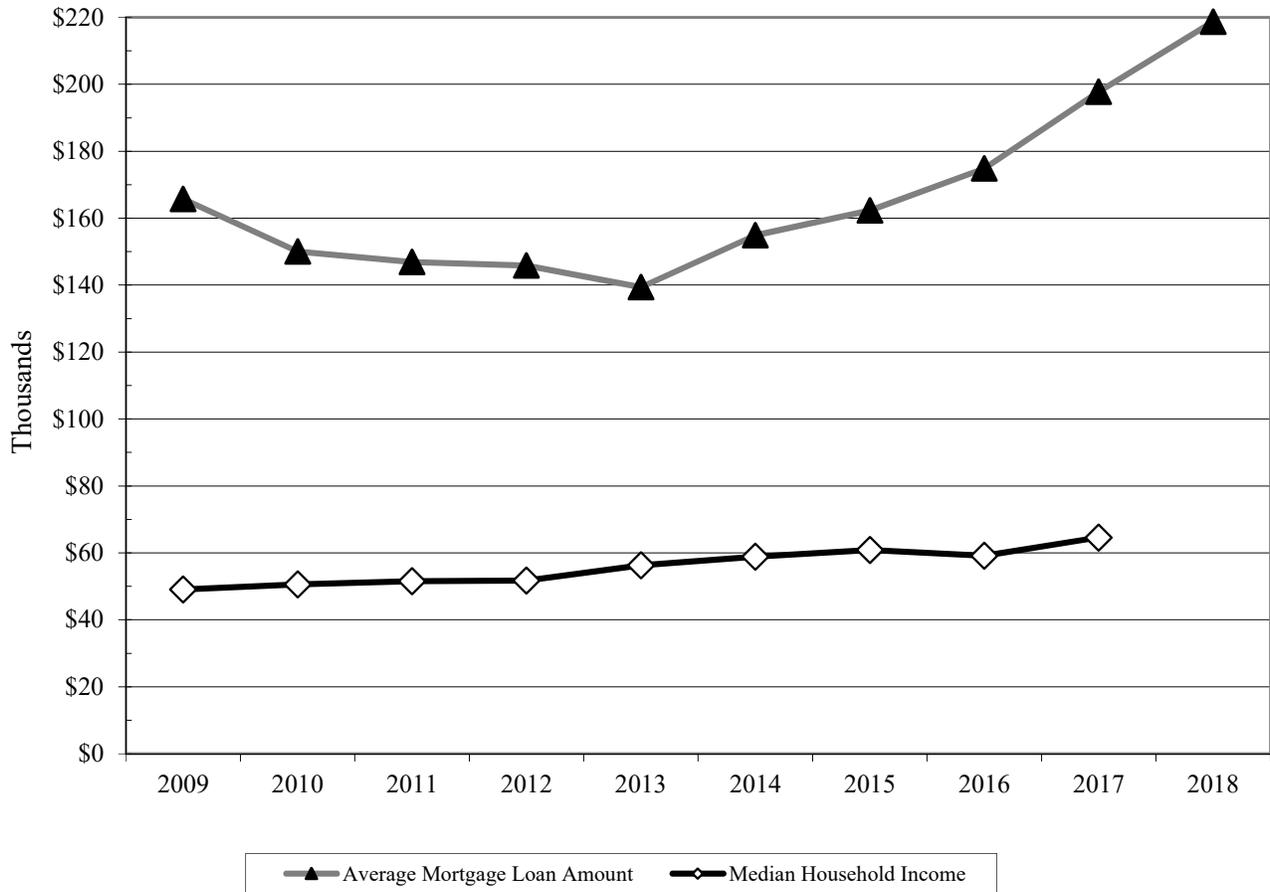
Unaudited



<u>Fiscal Year</u>	<u>Number of New Loans</u>	<u>Original Loan Amount</u>
2018	714	\$ 156,131,888
2017	490	96,914,554
2016	410	71,664,632
2015	334	54,219,431
2014	394	61,016,633
2013	360	50,176,880
2012	520	75,861,516
2011	383	56,271,932
2010	171	25,660,493
2009	836	138,570,444

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

Unaudited

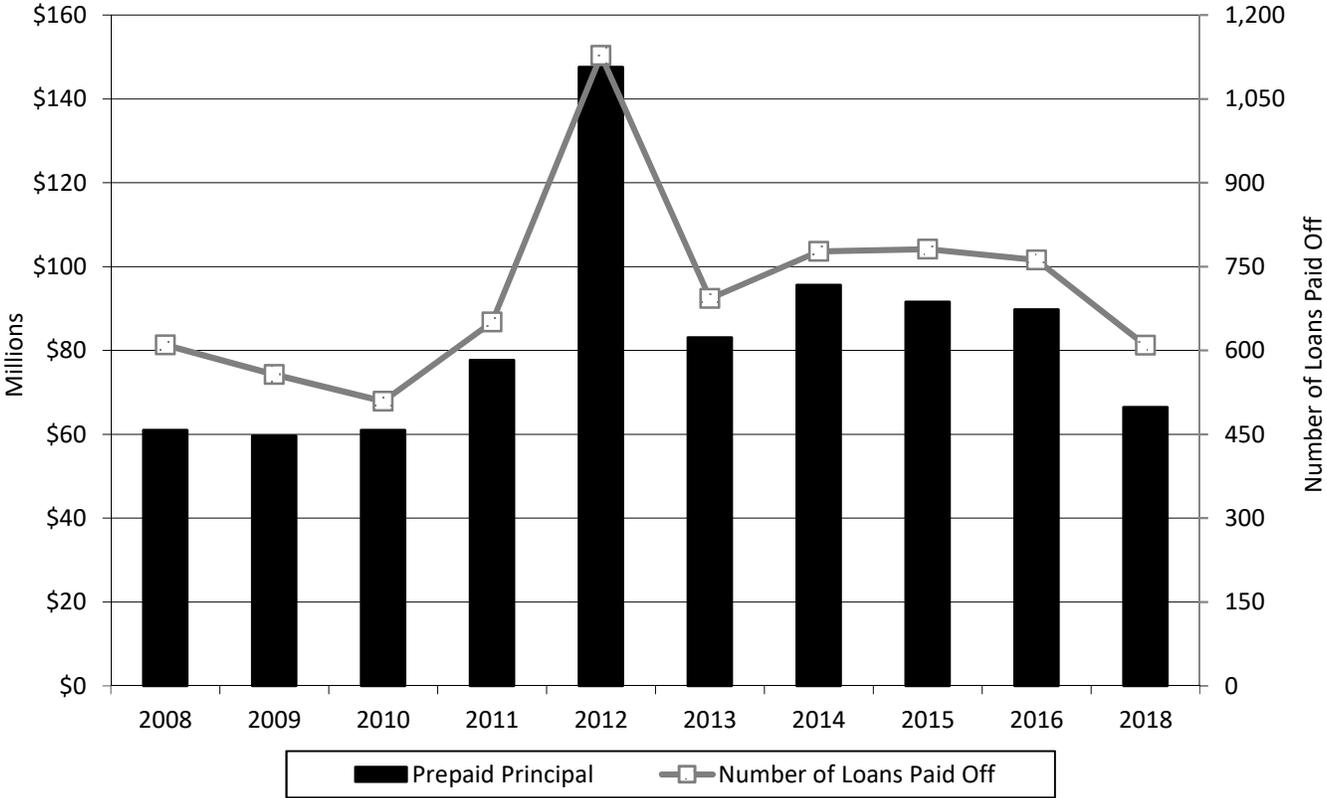


<u>Fiscal Year</u>	<u>Average Loan Amount</u>	<u>Calendar Year</u>	<u>Median Household Income in the State of Oregon</u> ⁽¹⁾
2018	\$ 218,672		
2017	197,785	2017	\$ 64,610
2016	174,792	2016	59,135
2015	162,334	2015	60,834
2014	154,865	2014	58,875
2013	139,380	2013	56,307
2012	145,888	2012	51,775
2011	146,924	2011	51,526
2010	150,061	2010	50,602
2009	165,754	2009	49,098

⁽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>
2018	609	\$ 66,400,638
2016	762	89,704,744
2015	781	91,544,807
2014	777	95,583,596
2013	693	83,050,591
2012	1128	147,566,970
2011	651	77,679,998
2010	509	60,939,133
2009	557	59,574,865
2008	610	60,988,051

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Number of Employees Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Director's Office	3.0	13.0	11.0	10.0	2.0	5.0	6.0	8.0	9.0	9.0
Public Affairs Division	9.0	7.0	7.0	10.0	9.0	13.0	15.0			
Housing Stabilization Division	32.8	29.5	23.5	27.8						
Housing Finance Division	71.0	65.5	51.5	53.5						
Chief Financial Office	19.0	22.0	21.0	20.0						
Chief Operations Office	18.0									
Business Operations Division					54.5	50.0	46.8			
Program Delivery Division					60.0	79.5	84.5			
Community Resources Division								33.0	29.0	23.0
Housing Division								31.0	31.5	26.7
Asset & Property Management Division								30.0	32.0	31.0
Oregon Housing Stabilization Initiative Division								22.0		
Financial Management Division								21.8	24.0	21.5
Information Services Division								15.0	11.9	12.8
Human Resources								3.0	3.0	2.0
Total	152.8	137.0	114.0	121.3	125.5	147.5	152.3	163.8	140.4	126.0

OHCS's divisions were reorganized in 2012 and in 2015.

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Other Reports

Office of the Secretary of State

Dennis Richardson
Secretary of State

Leslie Cummings, Ph.D.
Deputy Secretary of State



Audits Division

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Director

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (Department), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 29, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Office of the Secretary of State, Audits Division

State of Oregon
October 29, 2018