

Annual Financial Report

Enterprise Funds of the State of Oregon

Housing and Community Services Department

For the Year Ended June 30, 2022

Andrea Bell
Director

Dean Criscola
Controller

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Financial Section

Independent Auditor's Report

The Honorable Kate Brown
Governor of Oregon

Andrea Bell, Director
Oregon Housing and Community Services Department

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (department) as of and for the year ended June 30, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department, as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Elderly and Disabled Housing Fund and Housing Finance Fund and do not purport to, and do not, present fairly the financial position of the State of Oregon or the Housing and Community Services Department, as of June 30, 2022, the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and the disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing and Community Services Department's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Elderly and Disabled Housing Fund and Housing Finance Fund's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing and Community Services Department's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
November 14, 2022

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OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Statement of Net Position

Proprietary Funds

June 30, 2022

	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	\$ 683,990	\$ 26,857,356	\$ 27,541,346
Cash and Cash Equivalents - Restricted	2,480,439	12,596,555	15,076,994
Investments - Restricted	-	22,481,190	22,481,190
Securities Lending Cash Collateral	341,867	238,161	580,028
Accounts Receivable	-	321,701	321,701
Accrued Interest Receivable	293,190	3,049,989	3,343,179
Interfund Receivable	49,270	78,023	127,293
Due from Governmental Funds	-	573,246	573,246
Loans Receivable	3,316,504	25,111,189	28,427,693
Total Current Assets	7,165,260	91,307,410	98,472,670
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	55,642,967	52,297,432	107,940,399
Investments - Restricted	1,387,674	159,120,558	160,508,232
Loans Receivable	39,851,421	771,354,604	811,206,025
Swap Fair Value Asset	-	12,368,910	12,368,910
Net Other Postemployment Benefits Asset	25,131	134,115	159,246
Capital Assets (Net)	747	4,019	4,766
Leased Assets (Net)	1,528	7,340	8,868
Total Noncurrent Assets	96,909,468	995,286,978	1,092,196,446
Total Assets	104,074,728	1,086,594,388	1,190,669,116
Deferred Outflows of Resources			
Loss on Debt Refundings	13	464,586	464,599
Related to Pensions	397,461	2,540,003	2,937,464
Related to Other Postemployment Benefits	3,886	23,627	27,513
Total Deferred Outflows of Resources	401,360	3,028,216	3,429,576
Total Assets and Deferred Outflows of Resources	\$ 104,476,088	\$ 1,089,622,604	\$ 1,194,098,692

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

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Statement of Net Position

Proprietary Funds

June 30, 2022

	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	\$ 44,608	\$ 1,329,422	\$ 1,374,030
Accrued Interest Payable	428,575	11,636,346	12,064,921
Obligations Under Securities Lending	341,867	238,161	580,028
Interfund Payable	78,023	49,270	127,293
Due to Governmental Funds	764	173,651	174,415
Due to Other Governments	-	41,180	41,180
Unearned Revenue	726	526,589	527,315
Compensated Absences Payable	5,050	81,764	86,814
Lease Obligations	1,188	5,716	6,904
Bonds Payable	1,485,000	10,850,000	12,335,000
Pension-related Debt Payable	10,682	38,272	48,954
Total Current Liabilities	2,396,483	24,970,371	27,366,854
Noncurrent Liabilities			
Compensated Absences Payable	2,840	45,992	48,832
Lease Obligations	351	1,671	2,022
Bonds Payable	20,162,203	871,617,437	891,779,640
Pension-related Debt Payable	58,140	208,311	266,451
Net Pension Liability	590,606	3,512,338	4,102,944
Total Other Postemployment Benefits Liability (PEBB)	19,179	101,116	120,295
Total Noncurrent Liabilities	20,833,319	875,486,865	896,320,184
Total Liabilities	23,229,802	900,457,236	923,687,038
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	-	12,368,910	12,368,910
Gain on Debt Refundings	-	79,652	79,652
Deferred Loan Origination Fees	301,800	3,355,325	3,657,125
Related to Pensions	461,106	2,742,195	3,203,301
Related to Other Postemployment Benefits	20,446	115,707	136,153
Total Deferred Inflows of Resources	783,352	18,661,789	19,445,141
Net Position			
Net Investment in Capital Assets	2,275	11,359	13,634
Restricted for Residential Assistance	-	1,130,120	1,130,120
Restricted for Other Postemployment Benefits	25,131	134,115	159,246
Restricted by Trust Indentures	77,540,422	146,920,748	224,461,170
Unrestricted	2,895,106	22,307,237	25,202,343
Total Net Position	80,462,934	170,503,579	250,966,513
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 104,476,088	\$ 1,089,622,604	\$ 1,194,098,692

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 1,983,720	\$ 30,339,734	\$ 32,323,454
Investment Income	115,058	(4,752,242)	(4,637,184)
Administrative Charges and Fees	143,958	9,500,448	9,644,406
Low Income Housing Tax Credit Fees	-	9,508,721	9,508,721
Gain (Loss) on Debt Extinguishment	-	4,417,587	4,417,587
Miscellaneous Revenue	-	4,911	4,911
Total Operating Revenues	2,242,736	49,019,159	51,261,895
Operating Expenses			
Personal Services	924,534	7,921,091	8,845,625
Services and Supplies	331,316	3,982,193	4,313,509
Mortgage Service Fees	17,677	2,827,209	2,844,886
Foreclosure Costs	-	45,154	45,154
Interest Expense - Bonds	1,039,849	25,333,600	26,373,449
Interest Expense - Securities Lending	2,430	2,914	5,344
Other Related Program Expenses	395	4,683,117	4,683,512
Loss on Sale of Foreclosed Property	-	12,461	12,461
Depreciation/Amortization	1,604	9,172	10,776
Total Operating Expenses	2,317,805	44,816,911	47,134,716
Operating Income (Loss)	(75,069)	4,202,248	4,127,179
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	(4,010)	(14,368)	(18,378)
Interest Expense - Leased Assets	(26)	(123)	(149)
Total Nonoperating Revenues (Expenses)	(4,036)	(14,491)	(18,527)
Income (Loss) Before Transfers	(79,105)	4,187,757	4,108,652
Transfers to Other Funds	-	(2,899,555)	(2,899,555)
Transfers to Other State Agencies	(45,724)	(328,311)	(374,035)
Increase (Decrease) in Net Position	(124,829)	959,891	835,062
Net Position - Beginning	80,587,763	169,543,688	250,131,451
Net Position - Ending	\$ 80,462,934	\$ 170,503,579	\$ 250,966,513

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, 2022

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 143,958	\$ 19,693,669	\$ 19,837,627
Program Loan Principal Repayments	3,809,785	164,032,729	167,842,514
Program Loan Interest Received	1,952,282	29,064,509	31,016,791
Program Loans Made	-	(150,727,831)	(150,727,831)
Payments to Employees for Services	(1,221,063)	(8,129,581)	(9,350,644)
Payments to Suppliers for Goods and Services	(277,167)	(7,210,709)	(7,487,876)
Other Receipts (Payments)	(395)	(3,008,446)	(3,008,841)
Net Cash Provided (Used) in Operating Activities	4,407,400	43,714,340	48,121,740
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	188,634,844	188,634,844
Principal Payments - Bonds	(1,335,000)	(257,370,000)	(258,705,000)
Interest Payments - Bonds	(1,065,387)	(28,677,429)	(29,742,816)
Bond Issuance Costs	-	(1,572,368)	(1,572,368)
Bond Call Costs	-	(277)	(277)
Principal Payments - Pension-related Debt	(12,182)	(43,651)	(55,833)
Interest Payments - Pension-related Debt	(4,010)	(14,368)	(18,378)
Transfers to Other Funds	-	(2,899,555)	(2,899,555)
Transfers to Other State Agencies	(44,458)	(293,024)	(337,482)
Net Cash Provided (Used) in Noncapital Financing Activities	(2,461,037)	(102,235,828)	(104,696,865)
Cash Flows from Capital and Related Financing Activities			
Lease Payments	(1,325)	(6,428)	(7,753)
Lease Interest	(24)	(115)	(139)
Net Cash Provided (Used) in Capital and Related Financing Activities	(1,349)	(6,543)	(7,892)
Cash Flows from Investing Activities			
Purchase of Investments	-	(305,323,565)	(305,323,565)
Proceeds from Sales and Maturities of Investments	-	369,503,258	369,503,258
Interest on Cash and Investments	382,452	2,444,963	2,827,415
Investment Income on Securities Lending	2,430	2,914	5,344
Interest Paid on Securities Lending	(2,430)	(2,914)	(5,344)
Net Cash Provided (Used) in Investing Activities	382,452	66,624,656	67,007,108
Net Increase (Decrease) in Cash and Cash Equivalents	2,327,466	8,096,625	10,424,091
Cash and Cash Equivalents Balance - Beginning	56,479,930	83,654,718	140,134,648
Cash and Cash Equivalents Balance - Ending	\$ 58,807,396	\$ 91,751,343	\$150,558,739
Cash and Cash Equivalents	\$ 683,990	\$ 26,857,356	\$ 27,541,346
Cash and Cash Equivalents - Restricted (Current)	2,480,439	12,596,555	15,076,994
Cash and Cash Equivalents - Restricted (Noncurrent)	55,642,967	52,297,432	107,940,399
Total Cash and Cash Equivalents	\$ 58,807,396	\$ 91,751,343	\$150,558,739

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

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (75,069)	\$ 4,202,248	\$ 4,127,179
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	1,604	9,172	10,776
Investment Income Reported as Operating Revenue	(115,058)	4,752,242	4,637,184
Interest Expense Reported as Operating Expense	1,042,279	25,336,514	26,378,793
Bond Issuance Costs Reported as Operating Expense	-	1,703,852	1,703,852
(Gain) Loss on Debt Extinguishment	-	(4,417,587)	(4,417,587)
(Increase)/Decrease in Assets:			
Loan Interest Receivable	15,982	475,167	491,149
Accounts Receivable	9	40,273	40,282
Interfund Receivable	(49,270)	(53,025)	(102,295)
Due from Governmental Funds	18,295	(486,591)	(468,296)
Prepaid Expenses	-	115	115
Loans Receivable	3,801,730	12,305,276	16,107,006
Acquired Property	-	122,985	122,985
Net Other Postemployment Benefits Asset	(21,431)	(116,912)	(138,343)
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	(9,087)	(498,143)	(507,230)
Related to Other Postemployment Benefits	1,340	3,510	4,850
Increase/(Decrease) in Liabilities:			
Accounts Payable	2,026	121,230	123,256
Interfund Payable	53,025	49,270	102,295
Due to Governmental Funds	(17,624)	136,297	118,673
Due to Other Governments	-	35,404	35,404
Unearned Revenue	421	(116,973)	(116,552)
Compensated Absences Payable	(38,644)	(112,057)	(150,701)
Net Pension Liability	(601,015)	(2,326,767)	(2,927,782)
Net Other Postemployment Benefits Liability	(1,964)	(9,626)	(11,590)
Total Other Postemployment Benefits Liability	(8,658)	(32,328)	(40,986)
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	(39,785)	(104,670)	(144,455)
Related to Pensions	434,033	2,609,535	3,043,568
Related to Other Postemployment Benefits	14,261	85,929	100,190
Net Cash Provided (Used) in Operating Activities	\$ 4,407,400	\$ 43,714,340	\$ 48,121,740
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (269,824)	\$ (7,144,365)	\$ (7,414,189)
Loan Modifications	8,055	892,098	900,153
Total Noncash Investing, Capital, and Financing Activities	\$ (261,769)	\$ (6,252,267)	\$ (6,514,036)

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Notes to the Financial Statements
Enterprise Funds
June 30, 2022

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, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing bond programs of OHCS D are accounted for in the Enterprise Funds.

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

- (1) The Elderly and Disabled Housing Fund accounts for programs that are supported by State of Oregon General Obligation Bonds. Bond proceeds are used to finance elderly housing and residential facilities for elderly households, disabled persons, and their family members. OHCS D is responsible for the administration of this program.
- (2) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multifamily Housing and Single-Family Mortgage Programs. Revenue bond proceeds are used to finance home ownership and multi-family units for lower and moderate income persons. Also part of the Housing Finance Fund are the Combined Program Account and the Housing Finance Account. The Combined Program Account is maintained to act as a reserve against possible deficiencies that may arise in the payment of debt service or related expenses of the Single-Family Mortgage Program. General and administrative costs of these programs are accounted for in the Housing Finance Account. In addition, fees or other monies received by OHCS D in carrying out the responsibilities outlined under Oregon Revised Statutes 456.548 to 456.725 are also included in the Housing Finance Account.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned

and expenses are recorded at the time related liabilities are incurred. All assets and liabilities associated with the operations of these funds are included on the Statement of Net Position. Assets and liabilities are segregated between current and non-current. Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted. The Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. This statement segregates operating revenue, operating expenses, non-operating revenue and expense, and capital contributions and transfers.

D. Budgets

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to limitation and bond related expenses are subject to administrative limitation. Both types of limitation lapse at the end of the biennium. Budgets are adopted on a basis which differs from generally accepted accounting principles and financial reporting standards in the treatment of bond proceeds and loan purchases. For budgetary purposes, these transactions are treated on a cash basis and other operating revenues and expenses are on an accrual basis.

E. Cash Equivalents

For purposes of the Statement of Cash Flows, all OHCSF monies held in the State Treasury Oregon Short-Term Fund and monies 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). OHCSF records investments with original maturities of three months or less as investments, not cash equivalents.

F. Investments

OHCSF'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 OHCSF's enterprise funds are classified as "Interfund Receivable" and "Interfund Payable" on the Statement of Net Position. Receivables and payables between OHCSF's enterprise funds and OHCSF'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. Employees are not paid for unused sick leave benefits when leaving State service, so no liability is recorded for accumulated sick leave benefits.

M. Bond Discounts and Premiums

Bond discount or premium arising from the sale of serial or term bonds is charged or credited to interest expense over the life of the related bond issue using the bonds-outstanding method of amortization. The removal of unamortized bond discount or bond premium for bonds that are called is recorded in Gain (Loss) on Debt Extinguishment on the Statement of Revenues, Expenses, and Changes in Fund Net Position. Bond discounts and premiums are included in Bonds Payable on the Statement of Net Position.

N. Deferred Debt Refundings

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

O. Deferred Loan Origination Fees

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

P. Restricted Assets

The use of all cash, cash equivalents, and investments of the Enterprise Fund are generally restricted as to purpose and use by the Bond Declarations and Indentures of Trust. The bond program funds are restricted for acquisition of loans, payment of debt service, and payment of operating costs. Individual reserve accounts have been established to meet certain requirements and the balances of these accounts as of June 30, 2022 were sufficient to meet all legal requirements. When both restricted and unrestricted resources are available to use, it is OHCS D's policy to use restricted resources before using unrestricted resources.

Q. Operating Revenues and Expenses

Operating revenues include interest and fees on program loans as well as earnings on cash and investments related to OHCS D's loan programs. Since the principal activity of OHCS D's Enterprise Funds is lending and bond proceeds that have not yet been loaned and required bond reserves are invested, investment income is reported as operating revenue. Administrative expenses, depreciation and amortization of capital assets, and bond program related expenses are considered operating expenses. Nonoperating revenues and expenses include any gain or loss on the disposition of capital assets and pension-related debt interest payments.

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

Deposits

On June 30, 2022, the book balance of cash and cash equivalents was \$150,558,739 and the bank balance was \$150,535,611. Monies held in demand accounts with the State Treasurer and amounts invested in the Oregon Short-Term Fund totaled \$99,776,391. Additional information about the Oregon Short-Term Fund can be found at www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

The June 30, 2022 bank balance includes \$49,993,288 in money market mutual funds held at OHCS D's trustee. OHCS D considers money market mutual funds to be cash equivalents, not investments, and includes them in Cash and Cash Equivalents – Restricted on the Statement of Net Position. Information about OHCS D's money market mutual funds is included in the Investments section of this note.

A total of \$765,932 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 \$123,254,176 in U.S. Treasury securities, \$58,332,437 in U.S. Agency securities, and \$49,993,288 in money market mutual funds. The investments are held by OHCS D's Bond Trustee in OHCS D's name.

Investments with the State Treasurer consisted of \$905,596 in U.S. Treasury Securities and \$482,078 in U.S. Agency securities. OHCS D's investments with the State Treasurer are held with the State Treasurer's agent in the name of the State of Oregon and segregated in the Treasurer's records in OHCS D's name.

Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022, 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		\$ 124,159,773	\$ 117,742,046	\$ 5,512,131	\$ -	\$ 905,596
U.S. Agency Securities	Aaa	AA+	38,829,188	4,056,155	5,602,636	13,189,184	15,981,213
U.S. Agency Securities	Not Rated	Not Rated	19,985,326	19,985,326	-	-	-
Investment Derivative Instruments	Not Rated	Not Rated	15,035	-	-	-	15,035
Subtotal			182,989,322	<u>\$ 141,783,527</u>	<u>\$ 11,114,767</u>	<u>\$ 13,189,184</u>	<u>\$ 16,901,844</u>
Money Market Mutual Funds **	Aaa-mf	AAAm	49,993,288				
Total			<u>\$ 232,982,610</u>				

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. According to OHCS D's investment policy, to mitigate credit risk, funds shall be invested in U.S. Treasury securities, securities backed by the U.S. Government, or variable rate demand obligations of state agencies and Housing Finance Authorities outside of Oregon.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2022, 67.86% of OHCS D's total investments are U.S. Treasury securities, 10.81% are Federal Home Loan Bank securities, 6.41% are Federal National Mortgage Association (Fannie Mae) securities, and 5.46% are Federal Agriculture Mortgage Corporation (Farmer Mac) securities.

Securities Lending

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. OHCS D is involved in securities lending only with cash balances invested in the Oregon Short-Term Fund (OSTF). As of June 30, 2022, amounts allocated to OHCS D's Enterprise Funds are as follows:

	Fair Value
Securites on loan	\$ 710,789
Securites lending cash and noncash collateral	\$ 724,425
Investments purchased with cash collateral	\$ 579,849

Securities on loan from the OSTF included U.S. Treasury securities (0.95%), U.S. Agency securities (26.17%), and domestic fixed income securities (72.88%). Additional information about the Oregon Short-Term Fund and securities lending can be found in the Oregon Short-Term Fund financial statements at www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 3. Loans Receivable

Loans receivable on June 30, 2022 consisted of:

	Loans Receivable
Elderly and Disabled Housing Fund	\$ 43,167,925
Housing Finance Fund:	
Mortgage Revenue Bonds	764,170,423
Multifamily Housing Revenue Bonds	31,030,338
Housing Finance Account	1,265,032
Total Housing Finance Fund	796,465,793
Total	<u>\$ 839,633,718</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 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, 2022, 56.91% is federally insured or guaranteed, 0.35% is covered by pool insurance and/or private mortgage insurance and 42.74% is uninsured. Based on prior experience, OHCS D does not anticipate any material loss in the collection of mortgage loans receivable or in the disposition of acquired properties.

Multifamily Housing Revenue Bonds provide interim and permanent mortgage financing for the construction, acquisition, or rehabilitation of multi-family housing developments within the State that primarily contain housing units for persons or families of lower and moderate income.

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

NOTE 4. Capital Assets

A summary of OHCS D's capital assets on June 30, 2022 is presented in the table below. OHCS D has no outstanding debt related to capital assets.

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:								
Equipment	\$ 1,494	\$ -	\$ -	\$ 1,494	\$ 3,905	\$ -	\$ -	\$ 3,905
Software	26,370	-	-	26,370	151,416	-	-	151,416
Total Capital Assets	27,864	-	-	27,864	155,321	-	-	155,321
Less Accumulated Depreciation/Amortization:								
Equipment	(597)	(150)	-	(747)	(1,563)	(391)	-	(1,954)
Software	(26,370)	-	-	(26,370)	(147,631)	(1,717)	-	(149,348)
Total Accumulated Depr/Amort	(26,967)	(150)	-	(27,117)	(149,194)	(2,108)	-	(151,302)
Capital Assets, Net	<u>\$ 897</u>	<u>\$ (150)</u>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 6,127</u>	<u>\$ (2,108)</u>	<u>\$ -</u>	<u>\$ 4,019</u>

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 5. Leases

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

The following table summarizes, as of June 30, 2022, the amounts needed to pay future lease principal and interest payments for each fiscal year. The final principal and interest payment will be made in fiscal year 2024.

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 6,904	\$ 64	\$ 6,968
2024	2,022	7	2,029
Total	<u>\$ 8,926</u>	<u>\$ 71</u>	<u>\$ 8,997</u>

A summary of OHCS's leased assets on June 30, 2022 is presented in the table below.

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Leased Assets:								
Leased Equipment	\$ 6,725	\$ -	\$ 2,037	\$ 4,688	\$ 30,003	\$ -	\$ 7,441	\$ 22,562
Less Accumulated Amortization:								
Leased Equipment	(3,743)	(1,454)	(2,037)	(3,160)	(15,599)	(7,064)	(7,441)	(15,222)
Capital Assets, Net	<u>\$ 2,982</u>	<u>\$ (1,454)</u>	<u>\$ -</u>	<u>\$ 1,528</u>	<u>\$ 14,404</u>	<u>\$ (7,064)</u>	<u>\$ -</u>	<u>\$ 7,340</u>

NOTE 6. Transfers and Interfund Balances

A total of \$2,899,555 was transferred funds in fiscal year 2022 from the Housing Finance Account to the Housing Acquisition Fund, which is in OHCS's governmental funds. The Housing Acquisition Fund was established in 2019 by HB5030 section 9. Funds in the Housing Acquisition Fund are to be used to provide funding for loans to purchasers of land for affordable housing and naturally occurring affordable housing. No funding was provided at the time the fund was established, so OHCS used available funds in the Housing Finance Account to make loans. All of those loans were repaid in fiscal year 2022. The loan repayments received were transferred from the Housing Finance Account to the Housing Acquisition Fund.

The following schedule summarizes interfund receivables and payables for the year ended June 30, 2022:

	Interfund Receivable	Interfund Payable
Elderly and Disabled Housing Fund	\$ 49,270	\$ 78,023
Housing Finance Fund	78,023	49,270
Total	<u>\$ 127,293</u>	<u>\$ 127,293</u>

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

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 7. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Principal	\$ 933,655,000	\$ 183,900,000	\$ 236,915,000	\$ 880,640,000	\$ 12,145,000
Bond Principal (Direct Placements)	26,985,000	-	21,790,000	5,195,000	190,000
Bond Premium	19,065,792	4,734,844	5,503,103	18,297,533	
Bond Discount	(19,547)	-	(1,654)	(17,893)	
Bonds Payable	979,686,245	188,634,844	264,206,449	904,114,640	
Compensated Absences Payable	286,347	233,900	384,601	135,646	86,814
Swap Fair Value Liability	6,386,956	-	6,386,956	-	-
Lease Obligations	17,386	-	8,460	8,926	6,904
Pension-related Debt Payable	371,238	-	55,833	315,405	48,954
Net Pension Liability	7,030,726	1,635,463	4,563,245	4,102,944	-
Net OPEB Liability	11,590	2,305	13,895	-	-
Total OPEB Liability	161,281	-	40,986	120,295	-
Total Long Term Liabilities	<u>\$ 993,951,769</u>	<u>\$ 190,506,512</u>	<u>\$ 275,660,425</u>	<u>\$ 908,797,856</u>	<u>\$ 12,477,672</u>

NOTE 8. Pension-Related Debt

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools were combined to form the SLGRP effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the State is being amortized over the period ending December 31, 2027.

The following table summarizes the amounts necessary to pay OHCS D's share of future pension-related debt principal and interest requirements as of June 30, 2022 for each fiscal year during the next six years. The final principal and interest payment will be made in fiscal year 2028.

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 48,954	\$ 20,933	\$ 69,887
2024	52,390	17,497	69,887
2025	56,067	13,819	69,886
2026	60,002	9,884	69,886
2027	64,214	5,673	69,887
2028	33,778	1,165	34,943
Total	<u>\$ 315,405</u>	<u>\$ 68,971</u>	<u>\$ 384,376</u>

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 9. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2022:

General Obligation Bonds

Elderly and Disabled Housing Fund

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1993 C	1994-2026	2.850	5.650%	\$ 13,915,000	\$ 1,295,000	\$ -	\$ 225,000	\$ 1,070,000	\$ 215,000
1994 B	1996-2026	4.200	6.300%	24,400,000	5,000	-	-	5,000	-
1995 A	1996-2026	4.000	6.000%	14,100,000	10,000	-	-	10,000	-
1995 B	1997-2027	4.000	5.700%	24,240,000	1,245,000	-	155,000	1,090,000	160,000
1997 A	1999-2028	4.050	5.375%	8,475,000	5,000	-	-	5,000	-
1998 B	2001-2030	3.550	4.875%	10,285,000	5,000	-	-	5,000	-
1999 B	2000-2031	3.350	5.250%	4,485,000	5,000	-	-	5,000	-
1999 E	2001-2031	5.000	6.250%	19,105,000	10,000	-	-	10,000	-
2001 C	2002-2032	2.700	5.300%	25,325,000	5,000	-	-	5,000	-
2002 A	2003-2022	1.400	4.650%	10,840,000	590,000	-	385,000	205,000	205,000
2002 B	2003-2024	1.400	4.700%	37,905,000	10,000	-	-	10,000	-
2002 C	2003-2043	1.600	5.050%	13,595,000	1,080,000	-	-	1,080,000	-
2007 A	2008-2048	3.650	4.750%	26,300,000	18,715,000	-	570,000	18,145,000	905,000
Subtotal					22,980,000	-	1,335,000	21,645,000	1,485,000
Direct Placements									
2003 C	2013-2034	4.350	5.100%	2,930,000	5,000	-	-	5,000	-
Subtotal					5,000	-	-	5,000	-
<i>Total General Obligation Bonds</i>					\$ 22,985,000	\$ -	\$ 1,335,000	\$ 21,650,000	\$ 1,485,000

Revenue Bonds

Mortgage Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2013 A	2020-2043	2.200	4.050%	\$ 21,885,000	\$ 12,905,000	\$ -	\$ 5,035,000	\$ 7,870,000	\$ 350,000
2013 B	2014-2034	0.450	5.000%	29,095,000	2,480,000	-	1,270,000	1,210,000	-
2013 C	2014-2033	0.350	3.564%	61,300,000	8,320,000	-	5,280,000	3,040,000	195,000
2013 D	2018-2043	1.650	4.200%	33,225,000	10,505,000	-	4,725,000	5,780,000	390,000
2013 F	2033	3.900	3.900%	8,335,000	5,170,000	-	725,000	4,445,000	-
2014 A	2019-2044	1.550	4.000%	57,710,000	28,335,000	-	8,125,000	20,210,000	900,000
2014 B	2015-2044	0.300	4.000%	29,960,000	3,645,000	-	1,780,000	1,865,000	-
2014 C	2015-2044	0.200	3.750%	30,900,000	14,785,000	-	4,285,000	10,500,000	235,000
2015 A	2019-2036	1.500	3.500%	79,195,000	26,610,000	-	16,720,000	9,890,000	-
2015 C	2045	***		33,600,000	33,600,000	-	-	33,600,000	-
2016 A	2017-2047	0.550	4.000%	56,275,000	20,890,000	-	12,135,000	8,755,000	-
2016 B	2033	***		13,140,000	13,140,000	-	-	13,140,000	-
2016 C	2037	***		15,000,000	15,000,000	-	-	15,000,000	-

Continued on the next page

Notes to the Financial Statements (Continued)
June 30, 2022

Mortgage Revenue Bonds

Continued from the previous page

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2017 A	2018-2047	0.940 4.000%	81,510,000	36,695,000	-	17,975,000	18,720,000	-
2017 C	2039	***	44,000,000	44,000,000	-	2,395,000	41,605,000	-
2017 D	2022-2048	1.400 3.500%	87,390,000	67,335,000	-	24,725,000	42,610,000	835,000
2017 E	2018-2040	0.950 3.500%	22,775,000	10,260,000	-	5,250,000	5,010,000	-
2017 F	2042-2048	3.650 3.750%	11,440,000	8,675,000	-	2,225,000	6,450,000	-
2017 G	2018-2040	1.400 4.000%	43,730,000	24,530,000	-	7,135,000	17,395,000	-
2017 H	2023-2028	2.100 2.800%	16,105,000	16,105,000	-	-	16,105,000	1,285,000
2018 A	2019-2049	1.750 4.500%	62,590,000	50,850,000	-	20,900,000	29,950,000	575,000
2018 B	2035-2043	2.900 2.900%	30,000,000	25,565,000	-	9,485,000	16,080,000	-
2018 C	2020-2049	1.600 4.500%	87,420,000	68,545,000	-	25,935,000	42,610,000	550,000
2018 D	2020-2050	1.900 4.750%	82,885,000	72,090,000	-	26,715,000	45,375,000	740,000
2018 E	2043	***	41,000,000	41,000,000	-	-	41,000,000	-
2019 A	2020-2050	1.050 4.000%	99,000,000	96,480,000	-	13,360,000	83,120,000	1,075,000
2020 A	2021-2051	0.300 3.500%	47,905,000	44,700,000	-	9,120,000	35,580,000	1,040,000
2020 B	2037	***	24,500,000	24,500,000	-	-	24,500,000	-
2020 C	2021-2052	0.200 3.000%	60,000,000	60,000,000	-	2,680,000	57,320,000	820,000
2021 A	2022-2052	0.070 3.000%	99,000,000	-	99,000,000	1,035,000	97,965,000	1,185,000
2022 A	2025-2051	2.250 4.000%	77,900,000	-	77,900,000	-	77,900,000	-
2022 B	2023-2026	2.650 3.400%	7,000,000	-	7,000,000	-	7,000,000	-
<i>Total Mortgage Revenue Bonds</i>				\$ 886,715,000	\$ 183,900,000	\$ 229,015,000	\$ 841,600,000	\$ 10,175,000

*** 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 0.95% for 2015 C, 2017 C, 2018 E, and 2020 B; 0.94% for 2016 B; and 0.97% for 2016 C.

Housing Revenue Bonds

Original Issue				Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range	Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2011 B	2012-2028	0.500 5.250%	\$ 18,000,000	\$ 2,490,000	\$ -	\$ 2,490,000	\$ -	\$ -
2012 A	2013-2042	0.350 5.000%	9,460,000	1,480,000	-	1,480,000	-	-
2012 B	2013-2042	0.300 5.000%	6,540,000	390,000	-	390,000	-	-
Subtotal				4,360,000	-	4,360,000	-	-
Direct Placements								
2009 A-3	2041	0.760 2.920%	27,000,000	6,920,000	-	6,920,000	-	-
2009 A-4	2041	0.800 3.090%	20,540,000	7,730,000	-	7,730,000	-	-
2009 A-5	2041	0.760 2.790%	18,460,000	5,690,000	-	5,690,000	-	-
Subtotal				20,340,000	-	20,340,000	-	-
<i>Total Housing Revenue Bonds</i>				\$ 24,700,000	\$ -	\$ 24,700,000	\$ -	\$ -

Notes to the Financial Statements (Continued)
June 30, 2022

Multifamily Housing Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2007-2047	3.050	5.000%	\$ 9,855,000	\$ 3,345,000	\$ -	\$ 70,000	\$ 3,275,000	\$ 70,000
2010 A	2011-2042	0.900	5.150%	77,705,000	5,105,000	-	1,870,000	3,235,000	140,000
2010 B	2013-2052	0.950	4.875%	16,425,000	8,475,000	-	135,000	8,340,000	135,000
2012 A	2013-2032	0.300	3.250%	1,425,000	920,000	-	70,000	850,000	70,000
2012 B	2013-2043	0.550	4.125%	35,335,000	1,755,000	-	60,000	1,695,000	70,000
Subtotal					19,600,000	-	2,205,000	17,395,000	485,000
Direct Placements									
2004 A	2014-2045	4.300	5.100%	5,120,000	3,860,000	-	80,000	3,780,000	80,000
2006 A	2036	4.620	4.620%	5,680,000	2,780,000	-	1,370,000	1,410,000	110,000
Subtotal					6,640,000	-	1,450,000	5,190,000	190,000
<i>Total Multifamily Housing Revenue Bonds</i>					\$ 26,240,000	\$ -	\$ 3,655,000	\$ 22,585,000	\$ 675,000
<i>Total Revenue Bonds</i>					\$ 937,655,000	\$ 183,900,000	\$ 257,370,000	\$ 864,185,000	\$ 10,850,000
<i>Total General Obligation and Revenue Bonds</i>					<u>\$ 960,640,000</u>	<u>\$ 183,900,000</u>	<u>\$ 258,705,000</u>	<u>\$ 885,835,000</u>	<u>\$ 12,335,000</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, 2022 are summarized below:

	Principal	Principal (Direct Placements)	Premium	Discount	Bonds Payable
General Obligation Bonds:					
Elderly and Disabled Housing Fund	\$ 21,645,000	\$ 5,000	\$ -	\$ (2,797)	\$ 21,647,203
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	841,600,000	-	18,297,533	-	859,897,533
Multifamily Housing Revenue Bonds	17,395,000	5,190,000	-	(15,096)	22,569,904
Total Revenue Bonds	858,995,000	5,190,000	18,297,533	(15,096)	882,467,437
Total General Obligation and Revenue Bonds	<u>\$ 880,640,000</u>	<u>\$ 5,195,000</u>	<u>\$ 18,297,533</u>	<u>\$ (17,893)</u>	<u>\$ 904,114,640</u>

Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022 for each fiscal year during the next five year period ending June 30, 2027, and in five year increments thereafter.

Fiscal Year Ending June 30	Bonds					
	Principal	Interest	Direct Placements		Total	
			Principal	Interest		
General Obligation Bonds						
2023	\$ 1,485,000	\$ 999,951	\$ -	\$ 255	\$ 2,485,206	
2024	1,045,000	938,988	-	255	1,984,243	
2025	1,105,000	886,006	-	255	1,991,261	
2026	1,155,000	830,314	-	255	1,985,569	
2027	1,160,000	773,436	-	255	1,933,691	
2028-2032	4,645,000	3,190,717	-	1,275	7,836,992	
2033-2037	5,805,000	2,016,380	5,000	637	7,827,017	
2038-2042	4,010,000	652,450	-	-	4,662,450	
2043-2047	1,025,000	177,998	-	-	1,202,998	
2048	210,000	7,481	-	-	217,481	
Subtotal	\$ 21,645,000	\$ 10,473,721	\$ 5,000	\$ 3,187	\$ 32,126,908	
Revenue Bonds						
2023	\$ 10,660,000	\$ 21,936,785	\$ 190,000	\$ 253,909	\$ 33,040,694	
2024	23,465,000	22,993,691	200,000	244,825	46,903,516	
2025	27,475,000	22,532,809	205,000	235,379	50,448,188	
2026	29,290,000	21,974,928	220,000	225,359	51,710,287	
2027	28,795,000	21,354,052	290,000	214,122	50,653,174	
2028-2032	153,515,000	96,654,139	1,130,000	877,830	252,176,969	
2033-2037	169,410,000	77,065,592	1,050,000	631,640	248,157,232	
2038-2042	169,830,000	55,662,353	1,030,000	372,045	226,894,398	
2043-2047	153,465,000	32,478,768	875,000	91,545	186,910,313	
2048-2052	92,050,000	7,471,344	-	-	99,521,344	
2053	1,040,000	40,216	-	-	1,080,216	
Subtotal	\$ 858,995,000	\$ 380,164,677	\$ 5,190,000	\$ 3,146,654	\$ 1,247,496,331	
Total	\$ 880,640,000	\$ 390,638,398	\$ 5,195,000	\$ 3,149,841	\$ 1,279,623,239	

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

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

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

The Multifamily Housing Revenue Bond indenture identifies the following events that would lead to a default; payment of principal is not made when due, payment of interest is not made when due, or OHCS D defaults in the performance of any

Notes to the Financial Statements (Continued)
June 30, 2022

other covenants or agreements included in the bond or indenture and such default continues for 60 days after written notice for remedy has been provided to OHCS D by the Trustee, or written notice provided to OHCS D and the Trustee by the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

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

As of June 30, 2022, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$4,118,468,847 in general obligation bonds.

Demand Bonds

Included in OHCS D's long-term debt is \$168,845,000 in variable rate demand bonds. OHCS D's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the Official Statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS D has entered into a standby bond purchase agreement with State Street Bank and Trust Company and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The liquidity facilities require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the relevant liquidity facility. The maximum rate for both liquidity facilities is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semiannual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds on June 30, 2022.

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

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

* Mortgage Revenue Bonds

NOTE 10. Debt Refundings

On April 27, 2022, OHCS D issued \$77.9 million in 2022 Series A Mortgage Revenue Bonds with an average interest rate of 3.7276 percent. \$18.935 million of the bond proceeds were used to refund various outstanding Housing Revenue Bonds with an average interest rate of 3.225 percent. The current refunding was undertaken to reduce the total debt service payments over the next 20 years by \$1,336,800 and resulted in an economic loss of \$661,901.

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 11. Interest Rate Swaps

OHCSO 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. OHCSO had six 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, 2022 totaled \$12,384,045 and the notional amount totaled \$171,240,000. The fair value of hedging derivatives totaled \$12,368,910. Hedging derivative instrument swaps with positive fair values are shown on the Statement of Net Position as Swap Fair Value Asset and Accumulated Increase in Fair Value of Hedging Derivatives. During the fiscal year the fair value of hedging derivatives increased by \$16,068,545.

During the fiscal year, a portion of the MRB 2017 C swap was reclassified from hedging derivative instruments to investment derivative instruments when the associated bonds were called. The fair value of investment derivatives at the time of reclassification was \$(125,431). The fair value of the investment derivatives was \$15,135 on June 30, 2022 and is included in Investments – Restricted on the Statement of Net Position. A total of \$(9,226) from investment derivative instruments is included in investment income.

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2022.

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating **
<u>Hedging Derivative Instruments</u>								
MRB* 2015 C	\$ 33,600,000	9/6/2018	2.751%	70.0% of 1-mo. LIBOR @ +.05%	\$ 651,343	7/1/2045	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2016 B	13,140,000	1/1/2019	1.710%	66.5% of 1-mo. LIBOR +.08%	557,705	1/1/2033	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2016 C	15,000,000	1/1/2019	2.000%	66.5% of 1-mo. LIBOR +.15%	774,846	7/1/2037	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2017 C	41,605,000	7/1/2019	2.407%	70.0% of 1-mo. LIBOR +.05%	262,921	7/1/2039	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2018 E	41,000,000	5/4/2019	1.120%	@@	6,874,038	7/1/2043	Bank of America, N.A.	Aa2 / A+ / AA
MRB 2020 B	24,500,000	7/13/2020	0.899%	@@@	3,248,057	7/1/2037	Royal Bank of Canada	Aa1 / AA- / AA-
	168,845,000				12,368,910			
<u>Investment Derivative Instruments</u>								
MRB 2017 C	2,395,000	7/1/2019	2.407%	70.0% of 1-mo. LIBOR +.05%	15,135	7/1/2039	Bank of America, N.A.	Aa2 / A+ / AA
	2,395,000				15,135			
	<u>\$ 171,240,000</u>				<u>\$ 12,384,045</u>			

* Mortgage Revenue Bonds

** Moody's / S&P / Fitch

@ London Interbank Offering Rate

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

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

The MRB swaps include options giving OHCSO the right to call (cancel) the swaps in whole or in part, depending on the exercise date, semiannually on or after July 1, 2023 (2016 B and 2016 C), January 1, 2025 (2015 C), July 1, 2026 (2017 C and 2020 B) and January 1, 2028 (2018 E). These options provide flexibility to manage the prepayments of loans and the related bonds.

Basis Risk Basis risk is the risk that arises when variable interest rates on a derivative instrument and the associated bond are based on different indexes. All variable interest rates on OHCSO's tax exempt bonds are determined weekly by a Remarketing Agent. OHCSO is exposed to basis risk when the variable rates received, which are based on the one-month LIBOR rate or the SIFMA rate, do not offset the variable rates paid on the bonds. As of June 30, 2022, the one-month

Notes to the Financial Statements (Continued)
June 30, 2022

LIBOR rate was 1.71314% and the SIFMA rate was 0.91%. OHCS D's variable interest rates as of June 30, 2022 can be found in Note 9.

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

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

Hedging Derivative Instrument Payments and Hedged Debt Using rates as of June 30, 2022, debt service requirements of variable-rate debt with interest rate swaps and net swap payments are as follows:

Fiscal Year Ending June 30	Variable-Rate Bonds		Net Swap	Total
	Principal	Interest	Payments	
2023	\$ -	\$ 1,178,274	\$ 1,870,135	\$ 3,048,409
2024	-	1,605,713	1,241,891	2,847,604
2025	3,340,000	1,600,851	1,228,339	6,169,190
2026	4,010,000	1,564,454	1,189,767	6,764,221
2027	4,120,000	1,526,095	1,104,888	6,750,983
2028-2032	32,910,000	6,900,599	4,146,989	43,957,588
2033-2037	58,235,000	4,871,849	3,145,861	66,252,710
2038-2042	46,095,000	2,088,306	1,731,969	49,915,275
2043-2046	20,135,000	318,835	400,440	20,854,275
Total	<u>\$ 168,845,000</u>	<u>\$ 21,654,976</u>	<u>\$ 16,060,279</u>	<u>\$ 206,560,255</u>

Contingencies OHCS D's swaps include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (Mortgage Revenue Bonds) is not above either Baa1 as determined by Moody's or BBB+ as determined by Standard and Poor's. If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest \$10,000) is required to be posted. The minimum transfer amount is \$100,000 or \$0 if neither rating agency rates the bonds. The total fair value on June 30, 2022 of swaps that include these provisions is \$12,384,045. As of June 30, 2022 the bonds subject to these provisions are rated Aa2 by Moody's and are not rated by Standard & Poor's.

NOTE 12. 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, 2022, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$949,504,691. 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, 2022

NOTE 13. Segment Information

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

	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds
Condensed Statement of Net Position			
Assets:			
Other Current Assets	\$ 59,683,337	\$ -	\$ 3,471,674
Noncurrent Assets	919,642,983	-	54,603,885
Total Assets	979,326,320	-	58,075,559
Deferred Outflows of Resources	408,255	-	56,331
Liabilities:			
Interfund Payables	17,821	-	-
Other Current Liabilities	21,913,566	-	1,238,069
Noncurrent Liabilities	849,722,533	-	21,894,904
Total Liabilities	871,653,920	-	23,132,973
Deferred Inflows of Resources	15,530,665	-	273,222
Net Position			
Restricted by Trust Indentures	92,549,990	-	34,725,695
Total Net Position	\$ 92,549,990	\$ -	\$ 34,725,695
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Interest on Loans	\$ 27,489,780	\$ 889,878	\$ 1,949,138
Investment Income	(3,146,070)	(16,580)	(543,364)
Other Operating Revenues	4,390,380	41,329	(9,211)
Operating Expenses	(31,054,432)	(682,193)	(1,217,566)
Operating Income (Loss)	(2,320,342)	232,434	178,997
Transfers In	22,677,495	19,018,642	-
Transfers Out	(21,018,642)	(23,677,495)	-
Increase (Decrease) in Net Position	(661,489)	(4,426,419)	178,997
Beginning Net Position	93,211,479	4,426,419	34,546,698
Ending Net Position	\$ 92,549,990	\$ -	\$ 34,725,695
Condensed Statement of Cash Flows			
Net Cash Provided (Used) by:			
Operating Activities	\$ 26,313,126	\$ 4,590,058	\$ 4,946,087
Noncapital Financing Activities	(87,576,386)	(9,548,320)	(4,860,524)
Investing Activities	68,951,016	865,122	(3,832,516)
Net Increase (Decrease)	7,687,756	(4,093,140)	(3,746,953)
Beginning Cash and Cash Equivalents	51,099,873	4,093,140	8,944,450
Ending Cash and Cash Equivalents	\$ 58,787,629	\$ -	\$ 5,197,497

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 14. Restricted Assets

Restricted asset account balances are as follows:

Purpose:	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 71,748,505
Current Debt Service	2,485,206	34,910,829
Future Debt Service	51,720,803	70,456,651
Debt Reserves	5,305,071	28,345,474
Insurance Reserves	-	21,377,136
Combined Program Account	-	19,514,211
Residential Assistance	-	142,929
Total	<u>\$ 59,511,080</u>	<u>\$ 246,495,735</u>
<u>Statement of Net Position Amounts:</u>		
Restricted Cash and Cash Equivalents – Current	\$ 2,480,439	\$ 12,596,555
Restricted Cash and Cash Equivalents – Noncurrent	55,642,967	52,297,432
Restricted Investments – Current	-	22,481,190
Restricted Investments - Noncurrent	1,387,674	159,120,558
Total	<u>\$ 59,511,080</u>	<u>\$ 246,495,735</u>

NOTE 15. 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, 2022 were 21.03% for Tier One and Tier Two General Service Members and 17.12% for OPSRP Pension Program General Service Members.

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

At June 30, 2022, the State of Oregon reported a liability of \$3.3 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 \$4,102,944. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. 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, 2022, the State's proportion was 27.60% (the State's proportion at June 30, 2021 was 26.62%). As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.12585990% of the State's proportionate share.

Notes to the Financial Statements (Continued)
June 30, 2022

For the year ended June 30, 2022, OHCSO recognized pension expense of \$809,584. At June 30, 2022, OHCSO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 325,284	\$ 155,125
Difference between expected and actual experience	384,062	-
Net difference between projected and actual earnings on investments	-	3,037,378
Change in Assumptions	1,027,090	10,798
Subtotal	1,736,436	3,203,301
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	(1,466,865)	
Contributions subsequent to measurement date	1,201,028	
Net Deferred Outflows (Inflows) of Resources	(265,837)	

NOTE 16. Other Postemployment Benefit Plans

OHCSO's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. The Oregon Public Employees Retirement System annual financial report is located at www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

At June 30, 2022, OHCSO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 6,846	\$ 29,285
Difference between expected and actual experience	-	27,059
Net difference between projected and actual earnings on investments	-	42,883
Change in Assumptions	6,998	36,926
Subtotal	13,844	136,153
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	(122,309)	
Contributions subsequent to measurement date	13,669	
Net Deferred Outflows (Inflows) of Resources	(108,640)	

Retirement Health Insurance Account plan

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees Retirement Board. The plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2022 were 0.05% for Tier One and Tier Two General Service Members and zero for OPSRP Pension Program General Service Members.

Notes to the Financial Statements (Continued)

June 30, 2022

At June 30, 2022, the State of Oregon reported an asset of \$138.0 million for its proportionate share of the net OPEB asset. OHCSO's allocated amount of the proportionate share of the net OPEB asset for its enterprise funds was \$140,665. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. The net OPEB asset was measured as of June 30, 2021 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. 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, 2021, the State's proportion was 40.18% (the State's proportion at June 30, 2021 was 16.80%). As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.01025881% of the State's proportionate share. For the year ended June 30, 2022, OHCSO recognized OPEB income for RHIA of \$55,256.

Retiree Health Insurance Premium Account plan

The Retiree Health Insurance Premium Account (RHIPA) is a single-employer OPEB plan administered by the Oregon Public Employees Retirement Board (Board). The plan provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the Board, and health insurance premiums paid by active state employees. OHCSO is required by statute to contribute actuarially computed amounts as determined by PERS. The rates in effect for the fiscal year ended June 30, 2022 were 0.28% for Tier One and Tier Two General Service Members and 0.17% for OPSRP Pension Program General Service Members.

At June 30, 2022, the State of Oregon reported a net OPEB asset of \$15.5 million. The net OPEB asset was measured as of June 30, 2021 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.11994439% of the State's internal allocation, which was based on fiscal year 2021 actual contributions. OHCSO's share of the net OPEB asset for the RHIPA plan on June 30, 2022 for its enterprise funds was \$18,581. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2022, OHCSO recognized OPEB income for RHIPA of \$2,719.

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, 2022, the State of Oregon reported a total OPEB liability of \$123.3 million. As part of the State of Oregon, OHCSO's enterprise funds were allocated 0.09753162% of the State's total. The State's internal allocation of the total OPEB liability is based on fiscal year 2022 health insurance premium costs. OHCSO's share of the total OPEB liability on June 30, 2022 for its enterprise funds was \$120,295. It is shown on the Statement of Net Position as Total Other Postemployment Benefits Liability. For the year ended June 30, 2022, OHCSO recognized OPEB income for the PEBB plan of \$7,363.

NOTE 17. Other Commitments

As of June 30, 2022, OHCSO has made commitments for loans in the Single-Family Mortgage Program totaling \$37,830,747 and for grants totaling \$2,340.

Notes to the Financial Statements (Continued)
June 30, 2022

NOTE 18. Risk Financing

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

OHCSO has not had any claim settlements that exceeded insurance coverage in any of the past three fiscal years.

NOTE 19. Subsequent Events

On September 15, 2022, OHCSO called the following Multifamily Housing Revenue Bonds prior to maturity:

	<u>Amount Called</u>
2005 Series C	\$ 2,930,000

On September 29, 2022, OHCSO entered into a swap transaction with Royal Bank of Canada (the counterparty) for Mortgage Revenue Bonds 2022 Series D. The notional amount of the swap is \$21,000,000, the effective date is October 27, 2022, and the termination date is July 1, 2047. OHCSO will pay the counterparty a fixed rate of 4.417% and receive a variable payment of the USD-SOFR-COMPOUND plus 0.15 percent.

On October 27, 2022, OHCSO issued the following Mortgage Revenue Bonds:

	<u>Amount Issued</u>
2022 Series C	\$ 24,810,000
2022 Series D	21,000,000
2022 Series E	15,000,000

On November 1, 2022, OHCSO called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
2013 Series A	\$ 1,510,000	2017 Series E	\$ 700,000
2013 Series B	590,000	2017 Series G	1,595,000
2013 Series C	885,000	2017 Series H	160,000
2013 Series D	1,095,000	2018 Series A	700,000
2014 Series A	1,550,000	2018 Series C	550,000
2014 Series B	455,000	2018 Series D	3,825,000
2014 Series C	770,000	2019 Series A	3,410,000
2015 Series A	2,225,000	2020 Series A	2,320,000
2016 Series A	1,675,000	2020 Series C	1,650,000
2017 Series A	2,735,000	2021 Series A	885,000
2017 Series D	2,530,000	2022 Series A	685,000

On October 1, 2022, OHCSO published notices to call, on November 15, 2022, the following Elderly and Disabled Housing Bonds prior to maturity:

	<u>Amount Called</u>
2002 Series C	\$ 90,000

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Supplementary Information

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2022

	Single-Family Mortgage Program		Multifamily
	Mortgage	Housing	Housing
	Revenue	Revenue	Revenue
	Bonds	Bonds	Bonds
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	11,693,167	-	903,388
Investments - Restricted	21,660,976	-	820,214
Securities Lending Cash Collateral	56,489	-	24,858
Accounts Receivable	-	-	-
Accrued Interest Receivable	2,795,707	-	116,559
Interfund Receivable	-	-	-
Due from Governmental Funds	-	-	-
Loans Receivable	23,476,998	-	1,606,655
Total Current Assets	59,683,337	-	3,471,674
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	47,094,462	-	4,294,109
Investments - Restricted	119,486,186	-	20,886,093
Loans Receivable	740,693,425	-	29,423,683
Swap Fair Value Asset	12,368,910	-	-
Net Other Postemployment Benefits Asset	-	-	-
Capital Assets (Net)	-	-	-
Leased Assets (Net)	-	-	-
Total Noncurrent Assets	919,642,983	-	54,603,885
Total Assets	979,326,320	-	58,075,559
Deferred Outflows of Resources			
Loss on Debt Refundings	408,255	-	56,331
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Outflows of Resources	408,255	-	56,331
Total Assets and Deferred Outflows of Resources	\$ 979,734,575	\$ -	\$ 58,131,890

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 26,857,356	\$ 26,857,356
-	-	12,596,555
-	-	22,481,190
-	156,814	238,161
-	321,701	321,701
130,852	6,871	3,049,989
-	95,844	95,844 **
-	573,246	573,246
-	27,536	25,111,189
<u>130,852</u>	<u>28,039,368</u>	<u>91,325,231</u>
765,932	142,929	52,297,432
18,748,279	-	159,120,558
-	1,237,496	771,354,604
-	-	12,368,910
-	134,115	134,115
-	4,019	4,019
-	7,340	7,340
<u>19,514,211</u>	<u>1,525,899</u>	<u>995,286,978</u>
<u>19,645,063</u>	<u>29,565,267</u>	<u>1,086,612,209</u>
-	-	464,586
-	2,540,003	2,540,003
-	23,627	23,627
<u>-</u>	<u>2,563,630</u>	<u>3,028,216</u>
<u>\$ 19,645,063</u>	<u>\$ 32,128,897</u>	<u>\$1,089,640,425</u>

Continued on the next page

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$17,821 are not included in the Statement of Net Position on pages 6 and 7.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Net Position - Housing Finance Fund
June 30, 2022

Continued from the previous page

	Single-Family Mortgage Program		Multifamily
	Mortgage	Housing	Housing
	Revenue	Revenue	Revenue
	Bonds	Bonds	Bonds
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 562,591	\$ -	\$ 10,541
Accrued Interest Payable	11,108,676	-	527,670
Obligations Under Securities Lending	56,489	-	24,858
Interfund Payable	17,821	-	-
Due to Governmental Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	10,810	-	-
Compensated Absences Payable	-	-	-
Lease Obligations	-	-	-
Bonds Payable	10,175,000	-	675,000
Pension-related Debt Payable	-	-	-
Total Current Liabilities	21,931,387	-	1,238,069
Noncurrent Liabilities			
Compensated Absences Payable	-	-	-
Lease Obligations	-	-	-
Bonds Payable	849,722,533	-	21,894,904
Pension-related Debt Payable	-	-	-
Net Pension Liability	-	-	-
Total Other Postemployment Benefits Liability	-	-	-
Total Noncurrent Liabilities	849,722,533	-	21,894,904
Total Liabilities	871,653,920	-	23,132,973
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	12,368,910	-	-
Gain on Debt Refundings	79,652	-	-
Deferred Loan Origination Fees	3,082,103	-	273,222
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Inflows of Resources	15,530,665	-	273,222
Net Position			
Net Investment in Capital Assets	-	-	-
Restricted for Residential Assistance	-	-	-
Restricted for Other Postemployment Benefits	-	-	-
Restricted by Trust Indentures	92,549,990	-	34,725,695
Unrestricted	-	-	-
Total Net Position	92,549,990	-	34,725,695
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 979,734,575	\$ -	\$ 58,131,890

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 756,290	\$ 1,329,422
-	-	11,636,346
-	156,814	238,161
-	49,270	67,091 **
-	173,651	173,651
-	41,180	41,180
-	515,779	526,589
-	81,764	81,764
-	5,716	5,716
-	-	10,850,000
-	38,272	38,272
-	1,818,736	24,988,192
-	45,992	45,992
-	1,671	1,671
-	-	871,617,437
-	208,311	208,311
-	3,512,338	3,512,338
-	101,116	101,116
-	3,869,428	875,486,865
-	5,688,164	900,475,057
-	-	12,368,910
-	-	79,652
-	-	3,355,325
-	2,742,195	2,742,195
-	115,707	115,707
-	2,857,902	18,661,789
-	11,359	11,359
-	1,130,120	1,130,120
-	134,115	134,115
19,645,063	-	146,920,748
-	22,307,237	22,307,237
19,645,063	23,582,831	170,503,579
\$ 19,645,063	\$ 32,128,897	\$1,089,640,425

** Interfund Receivables and Payables within the Housing Finance Fund totaling \$17,821 are not included in the Statement of Net Position on pages 6 and 7.

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, 2022

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Operating Revenues			
Interest on Loans	\$ 27,489,780	\$ 889,878	\$ 1,949,138
Investment Income	(3,146,070)	(16,580)	(543,364)
Administrative Charges and Fees	-	-	-
Low Income Housing Tax Credit Fees	-	-	-
Gain (Loss) on Debt Extinguishment	4,388,041	41,329	(11,783)
Miscellaneous Revenue	2,339	-	2,572
Total Operating Revenues	<u>28,734,090</u>	<u>914,627</u>	<u>1,396,563</u>
Operating Expenses			
Personal Services	-	-	-
Services and Supplies	257,880	-	80,756
Mortgage Service Fees	2,738,987	82,274	5,948
Foreclosure Costs	45,154	-	-
Interest Expense - Bonds	23,603,151	599,834	1,130,615
Interest Expense - Securities Lending	1,723	85	247
Other Related Program Expenses	4,395,076	-	-
Loss on Sale of Foreclosed Property	12,461	-	-
Depreciation/Amortization	-	-	-
Total Operating Expenses	<u>31,054,432</u>	<u>682,193</u>	<u>1,217,566</u>
Operating Income (Loss)	<u>(2,320,342)</u>	<u>232,434</u>	<u>178,997</u>
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	-	-	-
Interest Expense - Leased Assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	(2,320,342)	232,434	178,997
Transfers from Other Funds	22,677,495	19,018,642	-
Transfers to Other Funds	(21,018,642)	(23,677,495)	-
Transfers to Other State Agencies	-	-	-
Increase (Decrease) in Net Position	<u>(661,489)</u>	<u>(4,426,419)</u>	<u>178,997</u>
Net Position - Beginning	93,211,479	4,426,419	34,546,698
Net Position - Ending	<u>\$ 92,549,990</u>	<u>\$ -</u>	<u>\$ 34,725,695</u>

Combined Program Account	Housing Finance Account	Total
\$ -	\$ 10,938	\$ 30,339,734
(1,161,904)	115,676	(4,752,242)
-	9,500,448	9,500,448
-	9,508,721	9,508,721
-	-	4,417,587
-	-	4,911
(1,161,904)	19,135,783	49,019,159
-	7,921,091	7,921,091
-	3,643,557	3,982,193
-	-	2,827,209
-	-	45,154
-	-	25,333,600
-	859	2,914
-	288,041	4,683,117
-	-	12,461
-	9,172	9,172
-	11,862,720	44,816,911
(1,161,904)	7,273,063	4,202,248
-	(14,368)	(14,368)
-	(123)	(123)
-	(14,491)	(14,491)
(1,161,904)	7,258,572	4,187,757
-	3,000,000	44,696,137 **
-	(2,899,555)	(47,595,692) **
-	(328,311)	(328,311)
(1,161,904)	7,030,706	959,891
20,806,967	16,552,125	169,543,688
<u>\$ 19,645,063</u>	<u>\$ 23,582,831</u>	<u>\$ 170,503,579</u>

** Transfers within the Housing Finance Fund totaling \$44,696,137 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 8.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2022

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Cash Flows from Operating Activities			
Received from Customers	\$ 750,140	\$ -	\$ -
Program Loan Principal Repayments	155,196,678	3,845,842	3,090,295
Program Loan Interest Received	26,233,977	868,199	1,929,846
Program Loans Made	(150,027,831)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(2,998,661)	(93,378)	(76,626)
Other Receipts (Payments)	(2,841,177)	(30,605)	2,572
Net Cash Provided (Used) in Operating Activities	26,313,126	4,590,058	4,946,087
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	188,634,844	-	-
Principal Payments - Bonds	(229,015,000)	(24,700,000)	(3,655,000)
Interest Payments - Bonds	(26,422,370)	(1,049,535)	(1,205,524)
Bond Issuance Costs	(1,572,368)	-	-
Bond Call Costs	-	(277)	-
Principal Payments - Pension-related Debt	-	-	-
Interest Payments - Pension-related Debt	-	-	-
Transfers from Other Funds	1,733,508	18,935,000	-
Transfers to Other Funds	(20,935,000)	(2,733,508)	-
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	(87,576,386)	(9,548,320)	(4,860,524)
Cash Flows from Capital and Related Financing Activities			
Lease Payments	-	-	-
Lease Interest	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Purchase of Investments	(249,810,497)	(1,899,824)	(37,224,578)
Proceeds from Sales and Maturities of Investments	317,227,382	2,704,876	33,221,000
Interest on Cash and Investments	1,534,131	60,070	171,062
Investment Income on Securities Lending	1,723	85	247
Interest Paid on Securities Lending	(1,723)	(85)	(247)
Net Cash Provided (Used) in Investing Activities	68,951,016	865,122	(3,832,516)
Net Increase (Decrease) in Cash and Cash Equivalents	7,687,756	(4,093,140)	(3,746,953)
Cash and Cash Equivalents Balance - Beginning	51,099,873	4,093,140	8,944,450
Cash and Cash Equivalents Balance - Ending	\$ 58,787,629	\$ -	\$ 5,197,497
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	11,693,167	-	903,388
Cash and Cash Equivalents - Restricted (Noncurrent)	47,094,462	-	4,294,109
Total Cash and Cash Equivalents	\$ 58,787,629	\$ -	\$ 5,197,497

Combined Program Account	Housing Finance Account	Total	
\$ -	\$ 18,943,529	\$ 19,693,669	
-	1,899,914	164,032,729	
-	32,487	29,064,509	
-	(700,000)	(150,727,831)	
-	(8,129,581)	(8,129,581)	
-	(4,042,044)	(7,210,709)	
-	(139,236)	(3,008,446)	
-	7,865,069	43,714,340	
-	-	188,634,844	
-	-	(257,370,000)	
-	-	(28,677,429)	
-	-	(1,572,368)	
-	-	(277)	
-	(43,651)	(43,651)	
-	(14,368)	(14,368)	
-	3,000,000	23,668,508	**
-	(2,899,555)	(26,568,063)	**
-	(293,024)	(293,024)	
-	(250,598)	(102,235,828)	
-	(6,428)	(6,428)	
-	(115)	(115)	
-	(6,543)	(6,543)	
(16,388,666)	-	(305,323,565)	
16,350,000	-	369,503,258	
564,882	114,818	2,444,963	
-	859	2,914	
-	(859)	(2,914)	
526,216	114,818	66,624,656	
526,216	7,722,746	8,096,625	
239,716	19,277,539	83,654,718	
\$ 765,932	\$ 27,000,285	\$ 91,751,343	
\$ -	\$ 26,857,356	\$ 26,857,356	
-	-	12,596,555	
765,932	142,929	52,297,432	
\$ 765,932	\$ 27,000,285	\$ 91,751,343	

Continued on the next page

** Transfers within the Housing Finance Fund totaling \$23,668,508 are not included in the Statement of Cash Flows on page 10.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2022

Continued from the previous page

	Single-Family Mortgage Program		Multifamily
	Mortgage Revenue Bonds	Housing Revenue Bonds	Housing Revenue Bonds
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (2,320,342)	\$ 232,434	\$ 178,997
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	-	-	-
Investment Income Reported as Operating Revenue	3,146,070	16,580	543,364
Interest Expense Reported as Operating Expense	23,604,874	599,919	1,130,862
Bond Issuance Costs Reported as Operating Expense	1,703,852	-	-
(Gain) Loss on Debt Extinguishment	(4,388,041)	(41,329)	11,783
(Increase)/Decrease in Assets:			
Loan Interest Receivable	328,325	104,632	20,662
Accounts Receivable	3,000	-	-
Interfund Receivable	30,605	-	-
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	4,207,451	3,807,616	3,090,295
Acquired Property	122,985	-	-
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	(163,358)	(11,104)	10,079
Interfund Payable	17,821	(30,605)	-
Due to Governmental Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	(2,940)	(546)	-
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	22,824	(87,539)	(39,955)
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Net Cash Provided (Used) in Operating Activities	\$ 26,313,126	\$ 4,590,058	\$ 4,946,087
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (4,655,234)	\$ (68,382)	\$ (715,100)
Loan Modifications	853,872	38,226	-
Loans Transferred Between Programs	20,943,987	(20,943,987)	-
Other NonCash Liabilities Transferred Between Programs	(83,642)	83,642	-
Total Noncash Investing, Capital, and Financing Activities	\$ 17,058,983	\$ (20,890,501)	\$ (715,100)

Combined Program Account	Housing Finance Account	Total	
\$ (1,161,904)	\$ 7,273,063	\$ 4,202,248	
-	9,172	9,172	
1,161,904	(115,676)	4,752,242	
-	859	25,336,514	
-	-	1,703,852	
-	-	(4,417,587)	
-	21,548	475,167	
-	37,273	40,273	
-	(70,846)	(40,241)	**
-	(486,591)	(486,591)	
-	115	115	
-	1,199,914	12,305,276	
-	-	122,985	
-	(116,912)	(116,912)	
-	(498,143)	(498,143)	
-	3,510	3,510	
-	285,613	121,230	
-	49,270	36,486	**
-	136,297	136,297	
-	35,404	35,404	
-	(113,487)	(116,973)	
-	(112,057)	(112,057)	
-	(2,326,767)	(2,326,767)	
-	(9,626)	(9,626)	
-	(32,328)	(32,328)	
-	-	(104,670)	
-	2,609,535	2,609,535	
-	85,929	85,929	
<u>\$ -</u>	<u>\$ 7,865,069</u>	<u>\$ 43,714,340</u>	
\$ (1,705,649)	\$ -	\$ (7,144,365)	
-	-	892,098	
-	-	-	
-	-	-	
<u>\$ (1,705,649)</u>	<u>\$ -</u>	<u>\$ (6,252,267)</u>	

** Interfund Receivables and Payables within the Housing Finance Fund totaling an increase of \$12,784 are not included in the Statement of Cash Flows on page 11.

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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 OHCSO's overall financial health.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

Pages 56 and 57 contain information to help the reader assess OHCSO's current levels of outstanding debt and the capacity to issue debt in the future.

Demographic and Economic Information

Pages 58 and 59 contain demographic, economic, and employment data to help the reader understand the environment OHCSO operates in.

Operating Information

Pages 60-67 contain information to help the reader understand how the information in the financial report relates to activities of OHCSO.

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

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

Enterprise Funds

Last Ten Fiscal Years

	2022	2021	2020	2019
Assets				
Cash and Cash Equivalents	\$ 27,541,346	\$ 19,753,000	\$ 13,886,704	\$ 12,630,562
Cash and Cash Equivalents - Restricted	123,017,393	120,381,648	154,695,669	65,370,939
Investments - Restricted	182,989,422	254,568,169	223,223,166	277,597,803
Securities Lending Cash Collateral	580,028	301,531	1,248,701	2,101,856
Accounts Receivable	321,701	361,983	266,455	139,932
Accrued Interest Receivable	3,343,179	3,880,856	4,518,523	4,133,592
Interfund Receivable	127,293	22,099	12,862	81,079
Due from Governmental Funds	573,246	131,442	391,789	114,050
Due from Other State Agencies	-	-	88,521	-
Prepaid Expenses	-	115	-	4,563
Acquired Property	-	122,985	817,484	1,016,875
Deferred Charges	-	-	-	-
Loans Receivable (Net)	839,633,718	855,740,724	982,544,056	954,607,414
Swap Fair Value Asset	12,368,910	2,687,321	-	-
Net Pension Asset	-	-	-	-
Net Other Postemployment Benefits Asset	159,246	20,903	72,037	31,100
Capital Assets (Net)	4,766	7,024	10,214	43,223
Leased Assets (Net)	8,868	-	-	-
Total Assets	1,190,669,116	1,257,979,800	1,381,776,181	1,317,872,988
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	-	6,386,956	10,726,213	5,221,906
Loss on Debt Refunding	464,599	674,944	1,107,604	1,435,973
Related to Pensions	2,937,464	2,430,234	1,951,568	1,386,060
Related to Other Postemployment Benefits	27,513	32,363	18,462	40,861
Total Deferred Outflows of Resources	3,429,576	9,524,497	13,803,847	8,084,800
Total Assets and Deferred Outflows of Resources	\$ 1,194,098,692	\$ 1,267,504,297	\$ 1,395,580,028	\$ 1,325,957,788

Unaudited

2018	2017	2016	2015	2014	2013
\$ 9,388,621	\$ 9,915,911	\$ 8,730,328	\$ 10,077,977	\$ 4,060,107	\$ 5,469,303
68,372,203	59,447,712	80,466,457	66,585,531	64,782,925	61,578,919
244,508,334	232,640,617	278,624,844	229,912,957	310,056,935	359,607,162
1,191,697	357,168	2,041,190	4,032,437	3,393,772	3,849,298
29,182,712	409,631	131,122	177,215	189,304	166,750
3,924,987	3,729,012	4,209,653	4,618,750	5,443,641	5,899,925
80,220	16,939	6,780	607	164	4,019
24,797	82,468	23,931	1,795	10,979	79,323
-	-	-	-	-	-
1,140	514	28,996	675	8,655	15,305
1,841,751	2,995,957	3,766,377	4,407,890	7,135,654	3,809,023
-	-	-	-	-	9,019,358
834,207,159	804,071,640	847,251,131	918,003,978	1,009,415,693	1,079,738,292
1,514,014	899,578	-	-	-	-
-	-	-	558,607	-	-
11,451	-	-	-	-	-
51,674	59,925	62,637	70,549	22,340	9,874
-	-	-	-	-	-
1,194,300,760	1,114,627,072	1,225,343,446	1,238,448,968	1,404,520,169	1,529,246,551
137,728	1,864,021	6,906,793	11,379,103	17,276,495	27,550,227
1,942,159	1,761,830	2,092,930	2,344,757	2,262,264	-
1,183,656	2,170,765	407,457	206,746	-	-
26,968	-	-	-	-	-
3,290,511	5,796,616	9,407,180	13,930,606	19,538,759	27,550,227
\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626	\$ 1,252,379,574	\$ 1,424,058,928	\$ 1,556,796,778

Continued on the next page

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

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

Enterprise Funds

Last Ten Fiscal Years

Continued from the previous page

	2022	2021	2020	2019
Liabilities				
Accounts Payable	\$ 1,374,030	\$ 1,139,884	\$ 1,347,392	\$ 1,292,103
Accrued Interest Payable	12,064,921	14,575,857	16,540,642	16,741,051
Obligations Under Securities Lending	580,028	301,531	1,248,701	2,101,856
Interfund Payable	127,293	22,099	12,862	81,079
Due to Governmental Funds	174,415	24,370	54,126	64,554
Due to Other Governments	41,180	5,776	-	-
Unearned Revenue	527,315	643,867	754,469	878,196
Compensated Absences Payable	135,646	286,347	284,985	289,020
Lease Obligations	8,926	-	-	-
Bonds Payable	904,114,640	979,686,245	1,107,569,224	1,053,780,476
Swap Fair Value Liability	-	6,386,956	10,726,213	5,221,906
Arbitrage Rebate Liability	-	-	-	-
Loans Payable	-	-	-	-
Pension-related Debt Payable	315,405	371,238	421,318	463,993
Net Pension Liability	4,102,944	7,030,726	5,804,785	3,180,583
Net Other Postemployment Benefits Liability	-	11,590	32,005	33,673
Total Other Postemployment Benefits Liability	120,295	161,281	153,434	182,434
Net Other Postemployment Benefits Obligation	-	-	-	-
Total Liabilities	923,687,038	1,010,647,767	1,144,950,156	1,084,310,924
Deferred Inflows of Resources				
Accumulated Increase in Fair Value of Hedging Derivatives	12,368,910	2,687,321	-	-
Gain on Debt Refunding	79,652	40,482	-	-
Deferred Loan Origination Fees	3,657,125	3,801,580	4,445,934	4,597,314
Related to Pensions	3,203,301	159,733	276,737	178,767
Related to Other Postemployment Benefits	136,153	35,963	40,745	14,773
Total Deferred Inflows of Resources	19,445,141	6,725,079	4,763,416	4,790,854
Net Position				
Net Investment in Capital Assets	13,634	7,024	10,214	43,223
Restricted for Residential Assistance	1,130,120	1,256,957	1,257,239	2,058,567
Restricted for Other Postemployment Benefits	159,246	20,903	72,037	31,100
Restricted by Trust Indentures	224,461,170	229,688,722	228,197,707	220,241,383
Unrestricted	25,202,343	19,157,845	16,329,259	14,481,737
Total Net Position	250,966,513	250,131,451	245,866,456	236,856,010
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,194,098,692	\$ 1,267,504,297	\$ 1,395,580,028	\$ 1,325,957,788

Unaudited

2018	2017	2016	2015	2014	2013
\$ 609,703	\$ 808,431	\$ 626,684	\$ 495,218	\$ 1,021,618	\$ 979,108
13,660,865	13,031,173	15,411,597	17,957,672	20,477,454	23,731,731
1,191,697	357,168	2,041,190	4,032,437	3,393,772	3,849,298
80,220	16,939	6,780	607	164	4,019
53,689	6,959	50,880	101,511	47,284	23
-	-	-	-	-	-
998,823	1,130,510	1,265,880	1,402,406	1,539,946	1,666,618
344,492	271,186	252,162	276,849	296,128	263,931
-	-	-	-	-	-
943,483,358	869,050,314	979,243,468	997,155,163	1,170,857,616	1,281,246,940
137,728	1,864,021	6,906,793	11,379,103	17,276,495	27,550,227
-	-	-	-	-	366,889
-	-	-	-	-	1,500,000
501,032	531,182	556,146	575,223	600,689	616,550
3,275,674	4,116,951	1,580,442	-	-	-
41,439	-	-	-	-	-
124,593	-	-	-	-	-
-	87,445	85,234	92,770	88,299	84,812
964,503,313	891,272,279	1,008,027,256	1,033,468,959	1,215,599,465	1,341,860,146
1,514,014	899,578	-	-	-	-
-	-	-	-	-	-
4,261,350	4,354,736	4,733,476	5,281,561	5,905,347	-
27,367	39,119	384,804	1,077,887	-	-
8,471	-	-	-	-	-
5,811,202	5,293,433	5,118,280	6,359,448	5,905,347	-
51,674	59,925	62,637	70,549	22,340	9,874
2,089,298	2,074,043	2,098,015	2,029,118	2,019,413	2,272,946
11,451	-	-	-	-	-
212,669,994	207,706,209	213,665,954	201,453,112	196,447,800	208,167,826
12,454,339	14,017,799	5,778,484	8,998,388	4,064,563	4,485,986
227,276,756	223,857,976	221,605,090	212,551,167	202,554,116	214,936,632
<u>\$ 1,197,591,271</u>	<u>\$ 1,120,423,688</u>	<u>\$ 1,234,750,626</u>	<u>\$ 1,252,379,574</u>	<u>\$ 1,424,058,928</u>	<u>\$ 1,556,796,778</u>

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

	2022	2021	2020	2019
Operating Revenues				
Interest on Loans	\$ 32,323,454	\$ 35,074,849	\$ 40,963,239	\$ 40,504,975
Investment Income (Loss)	(4,637,184)	339,398	11,696,263	11,846,649
Administrative Charges and Fees	9,644,406	7,650,839	5,162,478	4,358,237
Low Income Housing Tax Credit Fees	9,508,721	5,256,621	3,080,015	3,364,208
Gain (Loss) on Sale of Foreclosed Property	(12,461)	-	78,721	45,379
Gain (Loss) on Debt Extinguishment	4,417,587	2,694,649	1,939,403	984,697
Miscellaneous Revenue	4,911	26,459	9,004	6,938
Total Operating Revenues	51,249,434	51,042,815	62,929,123	61,111,083
Operating Expenses				
Personal Services	8,845,625	7,863,929	8,697,614	5,712,702
Services and Supplies	4,313,509	2,901,533	3,727,327	2,886,332
Mortgage Service Fees	2,844,886	2,958,124	3,200,538	2,931,395
Foreclosure Costs	45,154	143,493	13,605	215,168
Interest Expense - Bonds	26,373,449	29,815,332	33,161,052	31,556,074
Interest Expense - Securities Lending	5,344	2,266	39,099	95,991
Interest Expense - Loans	-	-	-	-
Other Related Program Expenses	4,683,512	2,870,685	4,850,144	7,832,586
Depreciation/Amortization	10,776	3,190	5,821	8,451
Amortization of Deferred Bond Issuance Costs	-	-	-	-
Total Operating Expenses	47,122,255	46,558,552	53,695,200	51,238,699
Operating Income (Loss)	4,127,179	4,484,263	9,233,923	9,872,384
Nonoperating Revenue/(Expenses)				
Federal Grant Subsidy	-	74,857	-	-
Gain/(Loss) on Disposition of Capital Assets	-	-	(27,188)	-
Interest Expense - Pension-related Debt	(18,378)	(29,168)	(32,788)	(31,857)
Interest Expense - Leased Assets	(149)	-	-	-
Total Nonoperating Revenue/(Expenses)	(18,527)	45,689	(59,976)	(31,857)
Transfers				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(2,899,555)	-	-	-
Transfers to Other State Agencies	(374,035)	(264,957)	(252,022)	(261,273)
Total Transfers	(3,273,590)	(264,957)	(163,501)	(261,273)
Increase (Decrease) in Net Position	\$ 835,062	\$ 4,264,995	\$ 9,010,446	\$ 9,579,254
Net Position - Beginning	250,131,451	245,866,456	236,856,010	227,276,756
Prior Period Adjustment	-	-	-	-
Change in Accounting Principle	-	-	-	-
Net Position - Beginning (Restated)	250,131,451	245,866,456	236,856,010	227,276,756
Net Position - Ending	\$ 250,966,513	\$ 250,131,451	\$ 245,866,456	\$ 236,856,010

Unaudited

2018	2017	2016	2015	2014	2013
\$ 36,644,795	\$ 39,626,363	\$ 46,381,931	\$ 50,954,045	\$ 52,542,197	\$ 59,217,071
3,650,448	332,374	6,767,972	3,484,174	4,844,825	(2,508,456)
3,295,836	2,537,227	2,111,542	2,444,692	833,012	1,465,554
2,924,199	1,604,511	1,126,415	3,174,641	1,566,180	2,350,450
146,174	373,502	314,222	288,970	548,575	408,021
1,129,267	1,039,870	1,034,419	1,311,768	1,329,839	1,625,184
93,062	358,328	115,962	60,801	16,350	2,474,127
47,883,781	45,872,175	57,852,463	61,719,091	61,680,978	65,031,951
5,206,618	5,126,065	5,828,772	3,868,949	4,250,998	3,982,480
3,084,561	2,508,940	2,437,292	2,392,345	2,429,232	2,139,476
2,394,668	2,264,580	2,393,209	2,619,687	2,820,877	3,148,492
438,500	616,407	422,662	324,684	995,546	1,728,780
27,235,723	28,487,108	33,287,518	38,491,579	43,280,173	52,057,391
21,699	1,974	22,326	12,347	13,410	42,107
-	-	-	-	24,575	48,750
5,778,673	4,346,935	4,169,306	2,740,696	4,554,711	5,598,394
8,452	7,910	7,912	4,394	2,034	1,200
-	-	-	-	-	641,555
44,168,894	43,393,502	48,568,997	50,454,681	58,371,556	69,388,625
3,714,887	2,478,673	9,283,466	11,264,410	3,309,422	(4,356,674)
-	-	-	-	-	-
-	-	-	-	-	-
(32,996)	(38,010)	(37,729)	(39,019)	(38,942)	(40,754)
-	-	-	-	-	-
(32,996)	(38,010)	(37,729)	(39,019)	(38,942)	(40,754)
-	-	-	-	-	68,726
-	-	-	-	-	(68,726)
(184,404)	(187,777)	(191,814)	(211,415)	(185,435)	(163,735)
(184,404)	(187,777)	(191,814)	(211,415)	(185,435)	(163,735)
\$ 3,497,487	\$ 2,252,886	\$ 9,053,923	\$ 11,013,976	\$ 3,085,045	\$ (4,561,163)
223,857,976	221,605,090	212,551,167	202,554,116	214,936,632	220,128,094
-	-	-	2,979	(6,448,203)	(630,299)
(78,707)	-	-	(1,019,904)	(9,019,358)	-
223,779,269	221,605,090	212,551,167	201,537,191	199,469,071	219,497,795
\$ 227,276,756	\$ 223,857,976	\$ 221,605,090	\$ 212,551,167	\$ 202,554,116	\$ 214,936,632

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

	2022	2021	2020
Cash Flows from Operating Activities			
Received from Customers	\$ 19,837,627	\$ 13,175,428	\$ 8,763,454
Program Loan Principal Repayments	167,842,514	222,941,663	139,616,140
Program Loan Interest Received	31,016,791	34,258,797	39,340,959
Program Loans Made	(150,727,831)	(95,332,814)	(167,580,729)
Payments to Employees for Services	(9,350,644)	(7,366,769)	(6,488,553)
Payments to Suppliers for Goods and Services	(7,487,876)	(5,684,303)	(6,787,757)
Other Receipts (Payments)	(3,008,841)	(2,057,220)	(3,391,482)
Net Cash Provided (Used) in Operating Activities	48,121,740	159,934,782	3,472,032
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	188,634,844	61,927,675	177,018,587
Principal Payments - Bonds	(258,705,000)	(185,740,000)	(120,100,000)
Interest Payments - Bonds	(29,742,816)	(32,682,384)	(34,221,158)
Bond Issuance Costs	(1,572,368)	(803,477)	(1,424,262)
Bond Call Costs	(277)	(596)	-
Principal Payments - Loans	-	-	-
Interest Payments - Loans	-	-	-
Principal Payments - Pension-related Debt	(55,833)	(50,080)	(42,675)
Interest Payments - Pension-related Debt	(18,378)	(29,168)	(32,788)
Federal Grant Subsidy	-	74,857	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(2,899,555)	-	-
Transfers from Other State Agencies	-	88,521	-
Transfers to Other State Agencies	(337,482)	(270,459)	(249,712)
Net Cash Provided (Used) in Noncapital Financing Activities	(104,696,865)	(157,485,111)	20,947,992
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	-
Lease Payments	(7,753)	-	-
Lease Interest	(139)	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(7,892)	-	-
Cash Flows from Investing Activities			
Purchase of Investments	(305,323,565)	(380,551,164)	(413,127,785)
Proceeds from Sales and Maturities of Investments	369,503,258	346,112,454	473,542,274
Interest on Cash and Investments	2,827,415	3,541,314	5,746,359
Investment Income on Securities Lending	5,344	2,266	39,099
Interest Paid on Securities Lending	(5,344)	(2,266)	(39,099)
Net Cash Provided (Used) in Investing Activities	67,007,108	(30,897,396)	66,160,848
Net Increase (Decrease) in Cash and Cash Equivalents	10,424,091	(28,447,725)	90,580,872
Cash and Cash Equivalents Balance - Beginning	140,134,648	168,582,373	78,001,501
Cash and Cash Equivalents Balance - Ending	\$ 150,558,739	\$ 140,134,648	\$ 168,582,373

2019	2018	2017	2016	2015	2014	2013
\$ 8,876,105	\$ 7,079,496	\$ 4,163,809	\$ 3,569,340	\$ 5,721,238	\$ 2,596,251	\$ 4,231,488
113,960,119	126,654,062	138,955,178	142,159,092	145,611,724	120,322,978	195,141,571
38,764,669	35,717,096	38,803,932	44,151,928	50,261,428	54,750,757	61,595,811
(233,252,858)	(156,182,704)	(97,014,283)	(71,715,430)	(54,220,431)	(61,116,633)	(50,657,880)
(5,930,708)	(5,025,280)	(4,707,259)	(4,609,749)	(4,587,915)	(4,175,801)	(3,955,271)
(5,841,075)	(5,422,079)	(4,650,950)	(4,923,555)	(5,064,173)	(5,182,403)	(5,279,251)
(5,473,021)	(3,658,826)	(791,680)	47,139	941,970	1,431,972	1,740,694
(88,896,769)	(838,235)	74,758,747	108,678,765	138,663,841	108,627,121	202,817,162
216,176,306	280,205,736	134,026,831	211,033,001	31,377,604	139,605,754	156,930,314
(103,615,000)	(203,460,000)	(242,255,000)	(227,045,000)	(202,930,000)	(249,975,000)	(222,950,000)
(29,029,187)	(27,367,083)	(31,402,394)	(36,186,445)	(40,849,857)	(46,745,465)	(56,418,920)
(1,677,569)	(1,763,294)	(774,512)	(1,514,836)	(565,215)	(1,409,003)	(1,564,025)
-	-	-	-	-	-	-
-	-	-	-	-	(1,500,000)	-
-	-	-	-	-	(36,729)	(48,709)
(37,039)	(30,150)	(24,964)	(19,077)	(22,487)	(15,861)	-
(31,857)	(32,996)	(38,010)	(37,729)	(39,019)	(38,942)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	68,726
-	-	-	-	-	-	(68,726)
-	-	-	-	-	-	-
(243,488)	(203,500)	(188,958)	(191,894)	(209,314)	(186,039)	(163,389)
81,542,166	47,348,713	(140,657,007)	(53,961,980)	(213,238,288)	(160,301,285)	(124,214,729)
-	5,445	(10,844)	-	(52,603)	(14,500)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,445	(10,844)	-	(52,603)	(14,500)	-
(510,891,434)	(498,137,269)	(368,836,911)	(441,963,836)	(289,867,498)	(390,462,021)	(574,207,348)
512,301,216	456,787,746	411,676,140	396,996,896	370,368,568	440,622,813	473,758,011
6,185,498	3,230,801	3,236,713	2,783,432	1,946,456	3,322,682	4,548,264
95,991	21,699	1,974	22,326	12,347	13,410	42,107
(95,991)	(21,699)	(1,974)	(22,326)	(12,347)	(13,410)	(42,107)
7,595,280	(38,118,722)	46,075,942	(42,183,508)	82,447,526	53,483,474	(95,901,073)
240,677	8,397,201	(19,833,162)	12,533,277	7,820,476	1,794,810	(17,298,640)
77,760,824	69,363,623	89,196,785	76,663,508	68,843,032	67,048,222	84,346,862
\$ 78,001,501	\$ 77,760,824	\$ 69,363,623	\$ 89,196,785	\$ 76,663,508	\$ 68,843,032	\$ 67,048,222

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

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

Enterprise Funds

Unaudited

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Overall Weighted Average Interest Rate	2.86%	2.60%	3.07%	4.05%	3.62%	3.26%	3.44%	3.29%	3.18%	3.24%
Mortgage Revenue Bonds	2.86%	2.60%	3.07%	4.05%	3.62%	3.26%	3.44%	3.29%	3.09%	0.45%
Housing Revenue Bonds	-	-	-	-	-	-	-	-	3.30%	3.63%

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Principal Program Loan Interest Payers

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

	Fiscal Year 2022			Fiscal Year 2013		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Emeralde Pointe	1	\$ 1,041,659	3.36%	1	\$ 1,160,308	1.88%
Beaver State Apartments	2	532,812	1.72%	6	573,865	0.93%
Autumn Park	3	259,232	0.84%			
Gateway Park Apts	4	228,684	0.74%	9	362,914	0.59%
Fifth Avenue Court	5	201,009	0.65%			
North Main Apartments	6	174,462	0.56%			
The Oaks Apartments	7	95,717	0.31%			
Brentwood Oaks Apartments	8	75,830	0.24%			
Rosemont Town Homes	9	65,373	0.21%			
Forest Park Apartments	10	64,872	0.21%			
Woodridge Apartments				2	960,519	1.56%
Westridge Meadows Apartments				3	910,517	1.48%
Willamette Garden Apts				4	826,715	1.34%
Troutdale Terrace Apts				5	785,596	1.28%
Lake Crest Apts				7	544,428	0.88%
Cascadia Village Retirement Center				8	382,422	0.62%
The Hazelwood				10	350,702	0.57%
Total		<u>\$ 2,739,650</u>	<u>8.84%</u>		<u>\$ 6,857,986</u>	<u>11.13%</u>

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Ratio of Outstanding Debt

Enterprise Fund

Unaudited

Last Ten Fiscal Years

Fiscal Year	Business-Type Activities - Enterprise Funds				Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Loans Payable	Total		
2022	\$ 21,650,000	\$ 864,185,000	\$ -	\$ 885,835,000	0.34%	\$ 209
2021	22,985,000	937,655,000	-	960,640,000	0.40%	226
2020	28,865,000	1,057,515,000	-	1,086,380,000	0.49%	258
2019	30,400,000	1,004,675,000	-	1,035,075,000	0.49%	247
2018	36,915,000	890,470,000	-	927,385,000	0.47%	224
2017	44,710,000	812,105,000	-	856,815,000	0.46%	209
2016	50,810,000	917,700,000	-	968,510,000	0.54%	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

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds, Multifamily Housing Revenue Bonds, and Multiple Purpose Bonds (FY 2013 - FY 2014)

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

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Legal Debt Margin Information

Enterprise Fund

Unaudited

Last Ten Fiscal Years

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
<u>General Obligation Bonds</u>				
2022	\$ 4,118,468,847	\$ 21,650,000	\$ 4,096,818,847	0.53%
2021	3,783,733,523	22,985,000	3,760,748,523	0.61%
2020	3,578,984,548	28,865,000	3,550,119,548	0.81%
2019	3,384,375,594	30,400,000	3,353,975,594	0.90%
2018	3,104,548,584	36,915,000	3,067,633,584	1.19%
2017	2,795,635,633	44,710,000	2,750,925,633	1.60%
2016	2,530,877,318	50,810,000	2,480,067,318	2.01%
2015	2,347,393,704	85,480,000	2,261,913,704	3.64%
2014	2,167,365,136	112,615,000	2,054,750,136	5.20%
2013	2,107,955,009	119,985,000	1,987,970,009	5.69%
<u>Revenue Bonds</u>				
2022	\$ 2,500,000,000	\$ 864,185,000	\$ 1,635,815,000	34.57%
2021	2,500,000,000	937,655,000	1,562,345,000	37.51%
2020	2,500,000,000	1,057,515,000	1,442,485,000	42.30%
2019	2,500,000,000	1,004,675,000	1,495,325,000	40.19%
2018	2,500,000,000	890,470,000	1,609,530,000	35.62%
2017	2,500,000,000	812,105,000	1,687,895,000	32.48%
2016	2,500,000,000	917,700,000	1,582,300,000	36.71%
2015	2,500,000,000	904,220,000	1,595,780,000	36.17%
2014	2,500,000,000	1,049,115,000	1,450,885,000	41.96%
2013	2,500,000,000	1,156,130,000	1,343,870,000	46.25%

Legal Debt Margin for Fiscal Year 2022

General Obligation Bonds

True cash value of all taxable property in the state	\$ 823,693,769,305
Debt Limit (0.5% of true cash value)	4,118,468,847
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(21,650,000)
Legal Debt Margin	<u><u>\$ 4,096,818,847</u></u>

Revenue Bonds

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Demographic and Economic Data - State of Oregon

Last Ten Years

Unaudited

Calendar Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in millions)	Per Capita Personal Income ⁽¹⁾	Annual Unemployment Rate ⁽²⁾
2021	4,246,155	\$ 261,546.5	\$ 61,596	5.2%
2020	4,241,544	241,790.3	57,005	7.6%
2019	4,215,976	222,257.0	52,718	3.7%
2018	4,183,414	211,541.6	50,567	4.0%
2017	4,147,186	198,957.5	47,974	4.1%
2016	4,093,179	188,283.3	45,999	4.7%
2015	4,018,466	179,600.2	44,694	5.5%
2014	3,965,387	167,077.3	42,134	6.7%
2013	3,924,064	156,130.0	39,788	7.8%
2012	3,900,071	153,548.0	39,371	8.8%

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

⁽²⁾ Source: Oregon Employment Department - www.qualityinfo.org/ed-uesti/?at=1&t1=4101000000~unemprate~y~2000~2022

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

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

Unaudited

	Calendar Year 2021		Calendar Year 2012		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	308,939	12.07%	256,988	11.58%	20.22%
Retail Trade	259,680	10.15%	232,008	10.45%	11.93%
Manufacturing	201,963	7.89%	186,778	8.41%	8.13%
Professional, Scientific, and Technical Services	176,991	6.92%	138,192	6.23%	28.08%
Accommodation and Food Services	173,376	6.77%	161,497	7.27%	7.36%
Construction	150,262	5.87%	103,187	4.65%	45.62%
Real Estate and Rental and Leasing	125,673	4.91%	101,123	4.56%	24.28%
Administrative and Support Services	123,686	4.83%	111,381	5.02%	11.05%
Transportation and Warehousing	123,175	4.81%	64,108	2.89%	92.14%
Finance and Insurance	101,551	3.97%	93,563	4.21%	8.54%
Wholesale Trade	81,845	3.20%	83,077	3.74%	-1.48%
Farm Employment	69,840	2.73%	62,508	2.82%	11.73%
Arts, Entertainment, and Recreation	57,662	2.25%	54,429	2.45%	5.94%
Management of Companies and Enterprises	50,637	1.98%	31,591	1.42%	60.29%
Educational Services	49,509	1.93%	54,800	2.47%	-9.66%
Information	43,247	1.69%	40,863	1.84%	5.83%
Forestry, Fishing, and Related Activities	32,073	1.25%	30,898	1.39%	3.80%
Waste Management and Remediation Services	6,307	0.25%	5,602	0.25%	12.58%
Utilities	5,199	0.20%	4,823	0.22%	7.80%
Mining, quarrying, and oil and gas extraction	4,442	0.17%	6,196	0.28%	-28.31%
Other Services	125,429	4.90%	116,864	5.26%	7.33%
Federal Government (Civilian)	28,561	1.12%	28,141	1.27%	1.49%
Military	11,155	0.44%	12,273	0.55%	-9.11%
State Government	42,770	1.67%	61,618	2.78%	-30.59%
Local Government	205,482	8.03%	177,391	7.99%	15.84%
Total Employment	<u>2,559,454</u>	<u>100.00%</u>	<u>2,219,899</u>	<u>100.00%</u>	15.30%

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Interest Rate

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Interest Rate	June 30, 2022				June 30, 2013			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans</u> ⁽¹⁾								
0.00 - 2.99%	1,114	23.24%	\$ 265,965,672	34.80%	28	0.42%	\$ 987,846	0.13%
3.00 - 3.99%	1,760	36.72%	304,776,641	39.88%	650	9.71%	88,513,562	11.34%
4.00 - 4.99%	1,048	21.87%	136,911,429	17.92%	2,118	31.63%	251,992,813	32.29%
5.00 - 5.99%	622	12.98%	43,981,234	5.76%	2,824	42.17%	341,923,920	43.81%
6.00 - 6.99%	184	3.84%	10,950,925	1.43%	803	11.99%	86,330,521	11.06%
7.00 - 7.99%	64	1.33%	1,572,195	0.21%	242	3.61%	10,238,561	1.31%
8.00 - 8.99%	1	0.02%	12,327	0.00%	28	0.42%	468,438	0.06%
9.00 - 9.99%	-	-	-	-	3	0.04%	22,951	0.00%
10.00 - 10.99%	-	-	-	-	1	0.01%	7,161	0.00%
Total	4,793	100.00%	\$ 764,170,423	100.00%	6,697	100.00%	\$ 780,485,773	100.00%
<u>Multi-Family Loans</u> ⁽²⁾								
0.00 - 2.99%	46	24.60%	\$ 5,922,352	7.85%	68	17.39%	\$ 9,115,889	3.03%
3.00 - 3.99%	8	4.28%	1,690,618	2.24%	7	1.79%	4,030,056	1.34%
4.00 - 4.99%	20	10.69%	7,372,587	9.77%	12	3.07%	3,019,816	1.00%
5.00 - 5.99%	18	9.63%	42,196,259	55.92%	38	9.72%	114,577,498	38.09%
6.00 - 6.99%	39	20.86%	17,113,476	22.68%	79	20.21%	100,980,775	33.57%
7.00 - 7.99%	49	26.20%	1,036,963	1.37%	82	20.97%	49,101,907	16.32%
8.00 - 8.99%	7	3.74%	131,040	0.17%	96	24.55%	11,928,956	3.97%
9.00 - 9.99%	-	-	-	-	9	2.30%	8,076,278	2.68%
Total	187	100.00%	\$ 75,463,295	100.00%	391	100.00%	\$ 300,831,175	100.00%
Grand Total	4,980		\$ 839,633,718		7,088		\$ 1,081,316,948	

⁽¹⁾ Mortgage Revenue Bonds and Housing Revenue Bonds

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

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Loans Outstanding - by Monthly Payment Amount

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Monthly Payment ⁽¹⁾	June 30, 2022				June 30, 2013			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans</u> ⁽²⁾								
\$ 0 - \$ 200	26	0.54%	\$ 472,622	0.06%	49	0.73%	\$ 1,289,462	0.17%
\$ 201 - \$ 400	260	5.42%	10,358,987	1.36%	575	8.59%	24,407,749	3.13%
\$ 401 - \$ 600	906	18.90%	63,304,798	8.28%	1,752	26.16%	136,528,846	17.49%
\$ 601 - \$ 800	1,140	23.78%	129,697,200	16.97%	1,948	29.09%	222,195,380	28.47%
\$ 801 - \$1,000	1,002	20.91%	173,661,538	22.73%	1,280	19.11%	186,466,263	23.89%
\$1,001 - \$1,200	753	15.71%	172,162,023	22.53%	703	10.50%	125,481,381	16.08%
\$1,201 - \$1,400	423	8.84%	118,624,131	15.52%	299	4.46%	61,752,977	7.91%
\$1,401 - \$1,600	178	3.71%	56,576,905	7.40%	70	1.05%	16,707,063	2.14%
\$1,601 - \$1,800	80	1.67%	29,196,884	3.82%	18	0.27%	4,792,107	0.61%
\$1,801 - \$2,000	20	0.42%	7,997,842	1.05%	3	0.04%	864,545	0.11%
\$2,001 - \$2,200	4	0.08%	1,671,337	0.22%	-	-	-	-
\$2,201 - \$2,400	1	0.02%	446,156	0.06%	-	-	-	-
Total	4,793	100.00%	764,170,423	100.00%	6,697	100.00%	780,485,773	100.00%
<u>Multi-Family Loans</u> ⁽³⁾								
\$ 0 - \$ 1,000	112	59.89%	2,674,273	3.54%	227	58.06%	8,056,911	2.68%
\$ 1,001 - \$ 5,000	41	21.93%	8,836,591	11.71%	54	13.81%	16,762,455	5.57%
\$ 5,001 - \$10,000	16	8.56%	8,185,058	10.85%	27	6.91%	23,776,647	7.90%
\$10,001 - \$15,000	5	2.67%	4,398,296	5.83%	24	6.14%	31,899,149	10.60%
\$15,001 - \$20,000	4	2.14%	6,503,400	8.62%	19	4.86%	35,349,067	11.75%
\$20,001 - \$25,000	1	0.53%	1,594,539	2.11%	13	3.32%	34,954,019	11.62%
\$25,001 - \$30,000	2	1.07%	6,291,439	8.34%	6	1.53%	21,564,959	7.17%
\$30,001 or more	4	2.14%	35,994,987	47.70%	14	3.58%	125,951,218	41.87%
Due at Maturity	2	1.07%	984,712	1.30%	7	1.79%	2,516,750	0.84%
Total	187	100.00%	75,463,295	100.00%	391	100.00%	300,831,175	100.00%
Grand Total	4,980		\$ 839,633,718		7,088		\$ 1,081,316,948	

⁽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

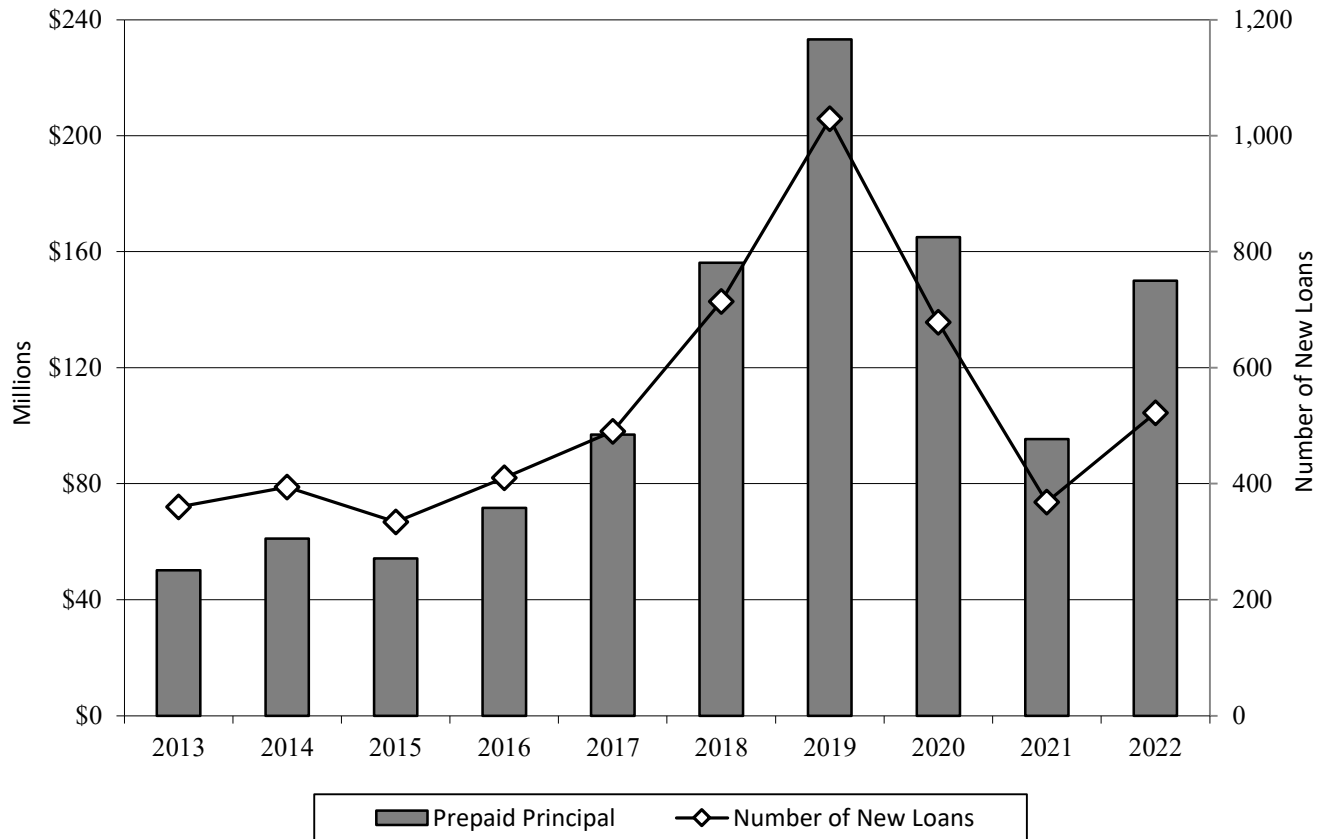
June 30, 2022

County	Elderly and Disabled Housing Program		Mortgage Revenue Bonds		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 73,131	17	\$ 1,236,153	-	\$ -
Benton	5	1,337,781	41	5,121,707	-	-
Clackamas	11	205,957	266	53,032,833	2	7,000,664
Clatsop	1	19,608	11	1,265,746	-	-
Columbia	3	331,580	99	23,681,830	1	1,040,157
Coos	2	22,321	103	14,175,521	-	-
Crook	-	-	67	13,305,946	-	-
Curry	-	-	7	909,544	-	-
Deschutes	2	61,312	300	54,512,102	-	-
Douglas	2	43,907	111	14,205,469	1	844,156
Gilliam	2	147,315	1	13,493	-	-
Grant	-	-	3	675,985	-	-
Harney	2	773,896	13	1,358,218	-	-
Hood River	-	-	12	1,962,250	-	-
Jackson	2	19,928	279	45,870,581	1	742,576
Jefferson	-	-	87	17,404,957	-	-
Josephine	3	502,623	336	59,131,571	-	-
Klamath	-	-	154	15,337,457	-	-
Lake	1	56,070	13	1,150,344	-	-
Lane	10	610,289	220	21,265,832	1	1,086,222
Lincoln	4	2,026,512	39	3,662,738	-	-
Linn	8	853,317	113	15,937,736	-	-
Malheur	3	727,804	29	2,062,381	-	-
Marion	35	19,335,398	365	40,213,052	1	153,712
Morrow	-	-	16	1,186,809	-	-
Multnomah	44	11,401,754	1,363	240,059,587	7	11,690,140
Polk	3	667,257	66	10,478,258	-	-
Sherman	1	133,871	1	158,657	-	-
Tillamook	1	198,613	12	1,614,490	-	-
Umatilla	-	-	128	9,517,805	-	-
Union	2	202,815	39	3,745,875	-	-
Wallowa	1	603,337	4	283,133	1	8,472,711
Wasco	-	-	6	897,397	-	-
Washington	8	1,818,628	352	66,616,402	-	-
Wheeler	1	29,027	1	192,537	-	-
Yamhill	4	963,874	119	21,926,027	-	-
Total	162	\$ 43,167,925	4,793	\$ 764,170,423	15	\$ 31,030,338

Housing Finance Account			Total		
Number of Loans		Principal Amount	Number of Loans		Principal Amount
-	\$	-	18	\$	1,309,284
-		-	46		6,459,488
-		-	279		60,239,454
-		-	12		1,285,354
-		-	103		25,053,567
-		-	105		14,197,842
-		-	67		13,305,946
-		-	7		909,544
-		-	302		54,573,414
-		-	114		15,093,532
-		-	3		160,808
-		-	3		675,985
-		-	15		2,132,114
-		-	12		1,962,250
1		700,000	283		47,333,085
6		249,138	93		17,654,095
-		-	339		59,634,194
-		-	154		15,337,457
-		-	14		1,206,414
-		-	231		22,962,343
-		-	43		5,689,250
-		-	121		16,791,053
-		-	32		2,790,185
-		-	401		59,702,162
-		-	16		1,186,809
-		-	1,414		263,151,481
-		-	69		11,145,515
-		-	2		292,528
-		-	13		1,813,103
-		-	128		9,517,805
-		-	41		3,948,690
-		-	6		9,359,181
1		284,712	7		1,182,109
2		31,182	362		68,466,212
-		-	2		221,564
-		-	123		22,889,901
10	\$	1,265,032	4,980	\$	839,633,718

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

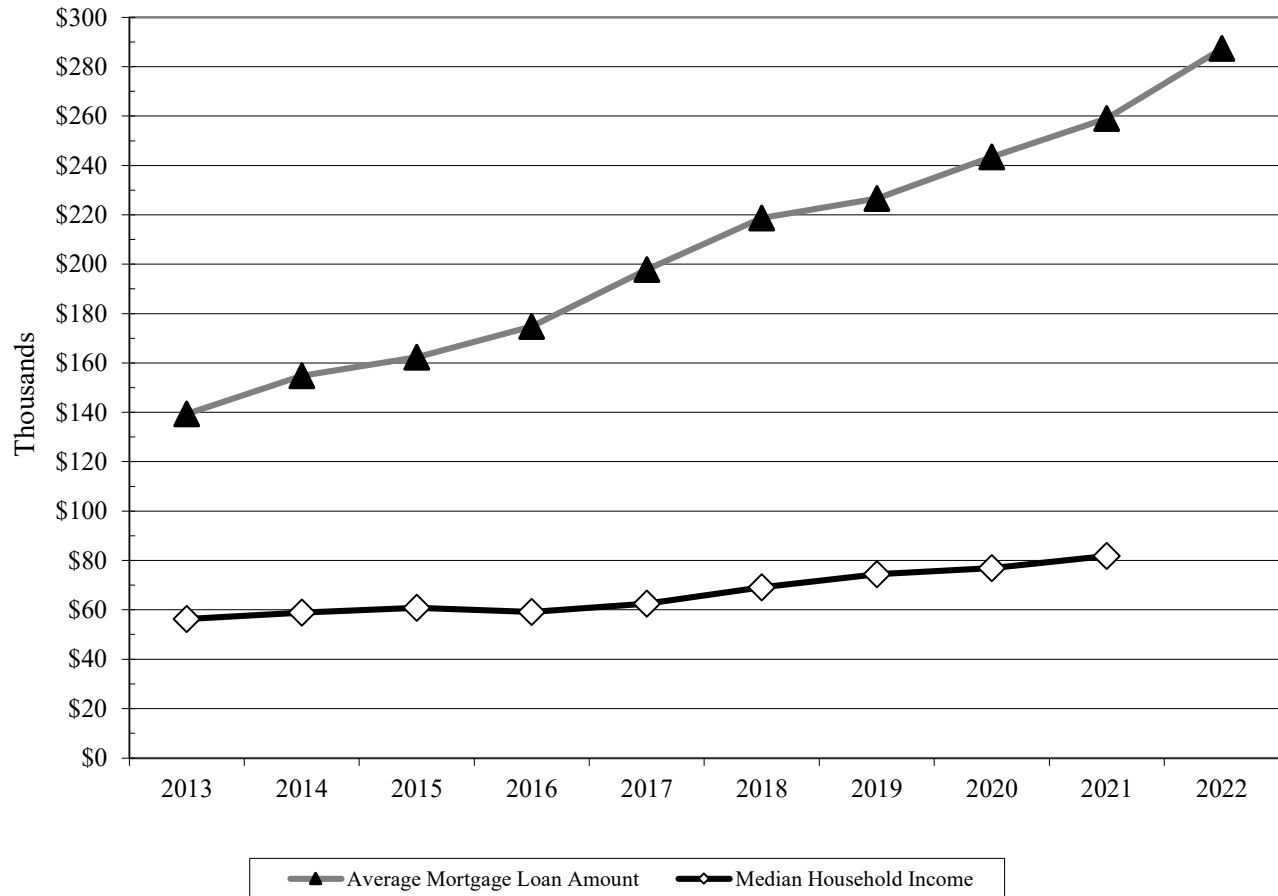
Unaudited



Fiscal Year	Number of New Loans	Original Loan Amount
2022	522	\$ 150,027,831
2021	368	95,332,814
2020	678	165,032,101
2019	1,029	233,203,348
2018	714	156,131,888
2017	490	96,914,554
2016	410	71,664,632
2015	334	54,219,431
2014	394	61,016,633
2013	360	50,176,880

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

Unaudited

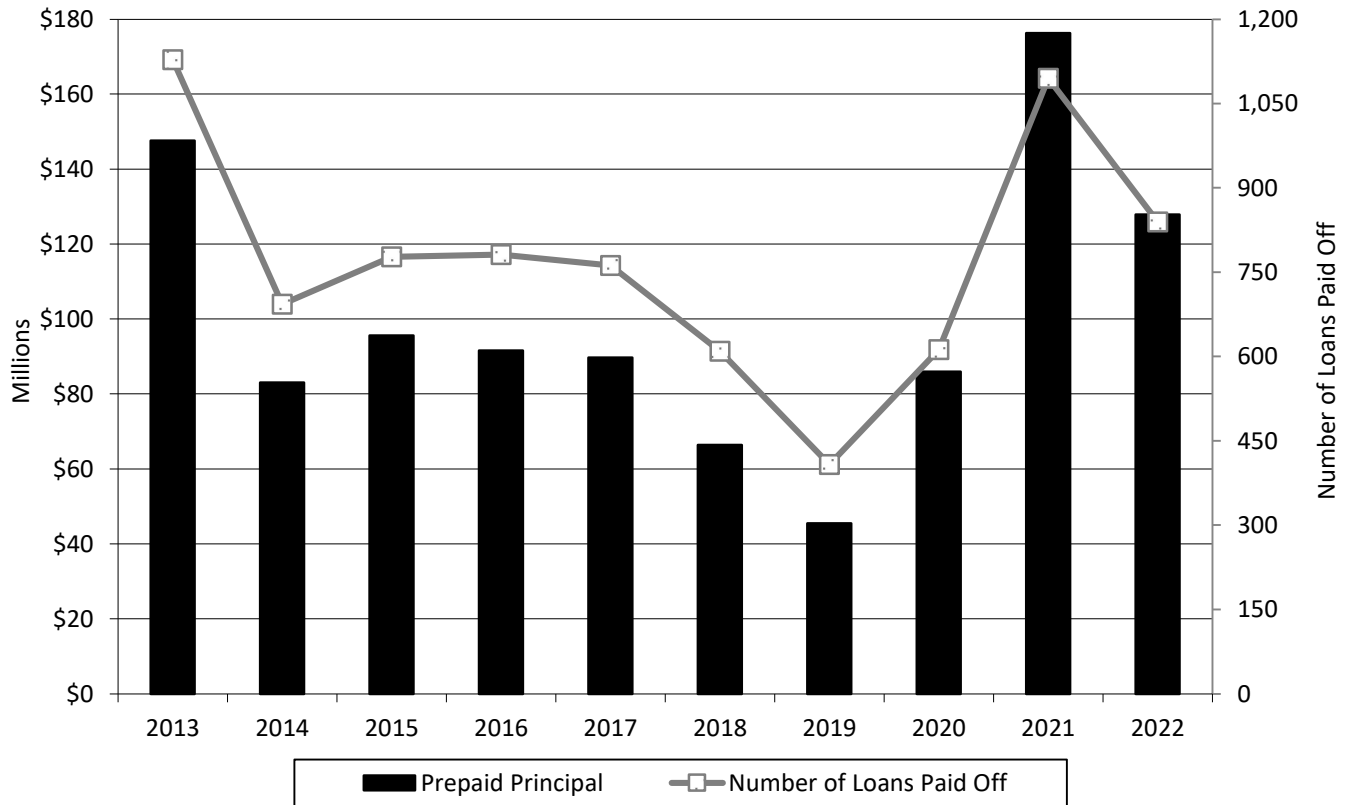


<u>Fiscal Year</u>	<u>Average Loan Amount</u>	<u>Calendar Year</u>	<u>Median Household Income in the State of Oregon</u> ⁽¹⁾
2022	\$ 287,410		
2021	259,057	2021	\$ 81,855
2020	243,410	2020	76,855
2019	226,631	2019	74,413
2018	218,672	2018	69,165
2017	197,785	2017	62,498
2016	174,792	2016	59,135
2015	162,334	2015	60,834
2014	154,865	2014	58,875
2013	139,380	2013	56,307

⁽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>
2022	839	\$ 127,881,513
2021	1,095	176,269,997
2020	612	85,890,206
2019	408	45,414,416
2018	609	66,400,638
2017	762	89,704,744
2016	781	91,544,807
2015	777	95,583,596
2014	693	83,050,591
2013	1,128	147,566,970

OREGON HOUSING & COMMUNITY SERVICES DEPARTMENT

Number of Employees Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Director's Office	10.0	4.0	3.0	3.0	3.0	13.0	11.0	10.0	2.0	5.0
Deputy Director's Office	18.0	63.0	52.0							
Central Services Division	66.0									
Public Affairs Division	17.0	10.0	11.0	9.0	9.0	7.0	7.0	10.0	9.0	13.0
Housing Stabilization Division	32.0	30.0	25.8	32.8	32.8	29.5	23.5	27.8		
Homeownership Division	34.0	21.0	24.0							
Affordable Rental Housing Division	81.0	71.0	60.0							
Housing Finance Division				79.0	71.0	65.5	51.5	53.5		
Chief Financial Office				19.0	19.0	22.0	21.0	20.0		
Chief Operations Office				21.0	18.0					
Business Operations Division									54.5	50.0
Program Delivery Division									60.0	79.5
Total	258.0	199.0	175.8	163.8	152.8	137.0	114.0	121.3	125.5	147.5

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

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Other Reports

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

The Honorable Kate Brown, Governor of Oregon
Andrea Bell, Director, Oregon Housing and Community Services Department

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Elderly and Disabled Housing Fund and Housing Finance Fund's basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Office of the Secretary of State, Audits Division

State of Oregon

November 14, 2022