

New York State Housing Finance Agency

**HFA**

**2013**

**Fiscal Year  
Statutory Report**

# New York State Housing Finance Agency

## Financial Statements

Fiscal Years Ended October 31, 2013 and 2012

### Contents

#### **Introductory Section**

Project Statistics.....	1
Summary of Financing and Repayment.....	8
Responsibility for Financial Reporting.....	9

#### **Financial Section**

Report of Independent Auditors.....	10
Management's Discussion and Analysis.....	13
Statements of Net Position.....	27
Statements of Revenues, Expenses and Changes in Net Position.....	28
Statements of Cash Flows.....	29
Notes to Financial Statements.....	30

#### **Required Supplementary Information**

Schedule of Funding Progress .....	53
------------------------------------	----

#### **Supplementary Section**

Supplemental Schedule I.....	55
Supplemental Schedule II.....	57
Supplemental Schedule III.....	59
Supplemental Schedule IV.....	61

#### **Government Auditing Standards Section**

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards.....	77
--	----

New York State Housing Finance Agency  
PROJECT STATISTICS  
As of October 31, 2013

**MORTGAGE AND OTHER LOANS FOR HOUSING PROJECTS**

Development	Location	No. of Apts.	Mortgage Commitment	Subsidy Loan Commitment
<b>Affordable Housing Revenue Bond</b>				
3361 Third Avenue Apartments	Bronx	62	\$ 10,450,000	\$ -
625 West 140th Street Apartments	New York	114	21,700,000	4,000,000
774 West Main Street Apartments	Monroe	113	22,800,000	9,600,000 *
2240 Washington Avenue Residence	Bronx	80	14,250,000	200,000
Abraham Lincoln Apartments	Monroe	69	3,950,000	921,832
Abyssinian Towers	New York	100	11,700,000	-
Adams Court	Nassau	84	9,130,000	2,660,000
Amsterdam Senior Housing	Montgomery	68	4,680,000	1,220,000
Artspace Patchogue Apartments	Suffolk	45	9,100,000	1,700,000
Bayshore Apartments	Onondaga	186	7,900,000	2,992,500 *
Bedell Terrace Apartments	Nassau	245	22,390,000	6,013,033 *
Birches at Chambers	Ulster	67	7,600,000	2,680,000
Birches at Esopus	Ulster	81	8,600,000	2,180,000
Boston Road Apartments	Bronx	154	23,900,000	-
Bridleside Apartments	Westchester	64	14,630,000	-
Brookdale Village	Queens	547	13,590,000	5,500,000
Brookside II Apartments	Ontario	88	6,500,000	2,670,000
Calkins Corner Seniors	Monroe	60	9,000,000	-
Cedar Avenue Apts	Bronx	106	26,900,000	2,951,000
Children's Village Residence	Westchester	112	1,580,000	3,000,000
Clinton-Mohawk Apartments	Oneida	140	5,460,000	800,000
Colon Plaza Apartments	New York	55	8,300,000	2,185,000
Colonial Square Apartments	Montgomery	199	8,500,000	3,100,000
Concern MacDougal Apartments	Kings	65	13,465,000	-
Cornerstone Senior Apartments	Kings	150	13,750,000	8,500,000
Creek Bend	Erie	129	6,870,000	4,750,000
Creston Avenue Residence	Bronx	65	11,400,000	-
David E. Podell House	New York	49	5,770,000	-
Enclave on 5th Apartments	Westchester	39	5,225,000	-
Farmington Senior Apartments	Ontario	88	6,650,000	7,100,000 *
F.I.G.H.T. Village Apartments	Monroe	246	11,705,000	2,886,374
Gananda Senior Apartments	Wayne	62	4,300,000	1,820,000
Genesis Neighborhood Plaza II	Kings	98	17,500,000	3,958,000
Goodwin Himrod Apartments	Kings	160	17,200,000	3,010,000
Grant Park Apartments	Westchester	100	22,500,000	6,400,000 *
Greater Hempstead Apartments	Nassau	99	18,250,000	-
Greenacres Apartments	Chautauqua	101	4,550,000	-
Hughes House Apartments	Bronx	55	11,050,000	-
John Crawford Apartments	Sullivan	96	4,375,000	-
Loguen Homes	Onondaga	28	3,800,000	970,000
Los Sures Housing for the Elderly	Kings	55	6,850,000	-
Madison Plaza Apartments	Oneida	127	5,415,000	5,368,171 *
Mariner Tower Apartments	Erie	292	20,700,000	2,800,000
Mills At High Falls	Monroe	67	8,600,000	2,410,000
Montcalm Apartments	Warren	227	8,765,000	-
O'Neil Apartments	Rensselaer	122	6,400,000	1,700,000
Ogden Heights Senior Apartments	Monroe	89	6,790,000	5,270,000 *
Park Drive Manor I Apartments	Oneida	102	5,100,000	2,998,122
Parkside Commons	Onondaga	393	14,830,000	8,666,796 *
Pine Harbor Apartments (Harborview)	Erie	208	11,470,000	4,770,000
Pine Street Homes	Rockland	28	3,120,000	686,000
Pinnacle Place Apartments	Monroe	407	17,790,000	200,000
Public School 6 Apartments	Westchester	120	31,100,000	1,200,000
Ridgeview Special Needs Apartments	Monroe	64	5,300,000	1,927,696
River Park Towers Apartments	Bronx	1,650	157,500,000	8,500,000
Selfhelp Kissena Apartments	Queens	424	21,900,000	5,820,000 *

Development	Location	No. of Apts.		Mortgage Commitment	Subsidy Loan Commitment
St. Philips Senior Apartments	New York	200	\$	22,615,000	\$ 3,868,500
St. Simon's Terrace	Monroe	256		7,800,000	5,000,000
Stonewood Village Apartments	Monroe	188		15,500,000	5,992,000
Surrey Carlton Apartments	Rockland	175		20,270,000	1,725,000
The Hamilton	Monroe	203		9,900,000	2,167,205
The Gardens at Town Center Apartments	Monroe	175		15,500,000	1,800,000
The Mews at Baldwin Place	Westchester	75		11,000,000	880,000
The Orenstein Building Apartments	Manhattan	127		27,400,000	-
Tri Veterans Housing	Monroe	516		30,460,000	5,126,000
Washington Avenue Apartments	Bronx	118		18,200,000	2,100,000
Wesley Hall	Westchester	118		9,545,000	3,540,000
Westfall Heights Apartments	Monroe	101		5,650,000	500,000
Wilcox Lane Apartments	Ontario	120		3,140,000	2,100,000
Willoughby Court Apartments	Kings	266		23,445,000	-
Woodlands and Barkley Apartments	Sullivan	111		6,500,000	2,103,476
Woodstock Manor Apartments	Westchester	60		6,550,000	550,000
Yonkers Apartments	Westchester	129		19,260,000	1,595,000
<b>Total</b>		<b>9,033</b>	<b>\$</b>	<b>808,410,000</b>	<b>\$ 148,229,524</b>

\* The subsidy loan commitment for these loans was funded through a onetime federal program - the Tax Credit Assistance Program ("TCAP") - authorized by the American Recovery and Reinvestment Act of 2009, through which funds were made available to assist affordable housing developments.

#### Affordable Housing Revenue Bond - NIBP

25 State Street Apartments	Westchester	50	\$	8,760,000	\$ 2,500,000
Bradmar Village	Chautauqua	99		8,320,000	2,140,000
Burt Farms II Apartments	Orange	50		3,350,000	-
CAMBA Gardens Apartments	Kings	209		34,060,000	-
Ennis Francis House	New York	219		38,565,000	-
Erie Harbor Apartments	Monroe	131		18,390,000	2,700,000
Fairway Richmond	Richmond	217		23,500,000	-
Gateway Gardens Villas	Suffolk	40		6,000,000	-
Geneseo Highlands Apartments	Livingston	89		4,950,000	-
Grote Street Apartments	Bronx	249		22,270,000	750,000
HANAC Senior Apartments	Queens	99		12,100,000	-
Heritage Homes Apartments	Westchester	130		18,390,000	2,800,000
James Street Apartments	Onondaga	82		8,775,000	850,000
Kennedy Plaza Tower Apartments	Oneida	204		10,780,000	-
Liberty Green III Apartments	Orange	83		7,870,000	3,462,280
Machackemach Village Apartments	Orange	50		2,310,000	-
Monteagle	Niagara	149		5,720,000	1,865,401
North Country Rural Preservation Apartments	St. Lawrence,				
	Franklin and Jefferson	254		14,390,000	-
Phillips Village II	Monroe	497		27,050,000	2,614,642
Pine Town Apartments	Nassau	130		19,650,000	-
Radisson Lysabder Greenway Apartments	Onondaga	207		12,790,000	2,990,000
Roundtop Commons Apartments	Westchester	92		15,500,000	1,500,000
Spring Valley Apartments	Rockland	55		8,400,000	1,335,000
Towpath Senior	Wayne	97		5,430,000	1,030,894
Twin Oaks Apartments	Nassau	94		15,610,000	3,400,000
Twin Parks Apartments	Bronx	274		25,550,000	-
Village Square Apartments	Steuben	74		3,450,000	362,000
Wartberg Marie Heins Residence (Friedrichs Supportive)	Westchester	61		8,600,000	500,000
Warburton Riverview Apartments	Westchester	92		16,200,000	2,500,000
		<b>4,077</b>	<b>\$</b>	<b>406,730,000</b>	<b>\$ 33,300,217</b>

#### Multi-Family Housing Revenue (Secured Mortgage Program)

244 North Main Street	Spring Valley	95	\$	4,400,000	\$ -
Airmont Gardens Apartments	Airmont	140		12,000,000	1,201,183
Bedford Lake	Bedford	64		4,000,000	-
Berkeley Square Apartments	Wappingers Falls	150		9,500,000	-
Brookview Gardens	Deer Park	208		14,400,000	1,500,000
Community Re-Entry Project	Middletown	26		1,000,000	189,500
Dominican Village Apartments	Amityville	116		7,500,000	-

Development	Location	No. of Apts.		Mortgage Commitment		Subsidy Loan Commitment
Dominican Village Apartments, Phase II	Amityville	150	\$	17,933,000	\$	500,000
Eagle View Court	Middle Island	150		6,955,000		-
Evergreen Hills Apartment	Macedon	72		1,700,000		-
Meadow Ridge Apartments	Beacon	54		4,600,000		675,000
Patchogue Senior Apartments I	East Patchogue	87		6,415,000		700,000
Senior Horizons at Silver Lake	Wallkill	85		4,500,000		830,000
Stuyvesant Hotel Conversion Project	Kingston	40		1,245,000		-
Sycamore Crest Apartments	Spring Valley	96		7,000,000		2,200,000
Webster Place Apartments	Bronx	69		6,500,000		1,500,000
Woodland Place Apartments	Lancaster	86		3,500,000		800,000
<b>Total</b>		<b>1,688</b>	<b>\$</b>	<b>113,148,000</b>	<b>\$</b>	<b>10,095,683</b>

#### Secured Loan Program

8 East 102nd Street Apartments	Manhattan	232	\$	143,700,000	\$	-
10 Barclay Street Housing	Manhattan	396		135,000,000		-
10 Liberty Street Housing	Manhattan	287		95,000,000		-
11th Street	Queens	59		21,000,000		-
100 Maiden Lane Housing	Manhattan	336		98,000,000		-
101 West End Avenue Housing	Manhattan	507		126,000,000		-
111 Nassau Street	Manhattan	168		71,500,000		-
125 West 31st Street Housing	Manhattan	459		176,800,000		-
150 East 44th Street Housing	Manhattan	361		110,000,000		-
1500 Lexington Avenue Housing	Manhattan	211		50,000,000		-
1501 Lexington Avenue Housing	Manhattan	160		35,600,000		-
160 West 62nd Street	Manhattan	339		260,000,000		-
175 West 60th Street	Manhattan	257		165,000,000		-
188 Ludlow Street Housing	Manhattan	243		83,000,000		-
2180 Broadway Housing	Manhattan	181		123,620,000		-
20 River Terrace Housing	Manhattan	293		116,500,000		-
240 East 39th Street Housing	Manhattan	466		119,000,000		-
25 Washington Street Housing	Brooklyn	106		19,700,000		-
250 West 50th Street Housing	Manhattan	550		118,900,000		-
250 West 93rd Street Housing	Manhattan	143		66,800,000		-
29 Flatbush Avenue Housing	Brooklyn	327		90,000,000		-
316 Eleventh Avenue Housing	Manhattan	369		224,100,000		-
320 West 38th Street	Manhattan	569		396,000,000		-
330 Riverdale Avenue Apartments	Yonkers	153		28,700,000		5,700,000
330 West 39th Street Housing	Manhattan	199		65,000,000		-
345 East 94th Street Housing	Manhattan	208		49,300,000		-
350 West 43rd Street Housing	Manhattan	321		113,000,000		-
360 West 43rd Street Housing	Manhattan	256		82,000,000		-
363 West 30th Street Housing	Manhattan	77		17,700,000		-
388 Bridge Street	Brooklyn	234		86,000,000		-
455 West 37th Street Housing	Manhattan	394		168,000,000		-
44th Drive Apartments	Queens	105		24,500,000		-
505 West 37th Street Housing	Manhattan	835		454,000,000		-
55 West 25th Street Housing	Manhattan	407		173,300,000		-
600 West 42nd Street Housing	Manhattan	1,169		609,000,000		-
626 Flatbush Avenue Housing	Brooklyn	254		50,940,000		-
66 West 38th Street Housing	Manhattan	374		119,700,000		-
70 Battery Place Housing	Manhattan	209		37,000,000		-
750 Sixth Avenue Housing	Manhattan	301		76,600,000		-
80 Dekalb Avenue	Brooklyn	365		159,260,000		-
88 Leonard Street Housing	Manhattan	352		132,000,000		-
900 Eighth Avenue Apartments Housing	Manhattan	393		135,000,000		-
Admiral Halsey Senior Apartments Housing Rental	Poughkeepsie	119		6,650,000		3,920,000
Archstone Westbury Apartments Housing	Westbury	396		85,200,000		-
Avalon Bowery Place I Housing	Manhattan	206		93,800,000		-
Avalon Chrystie Place I Housing	Manhattan	361		117,000,000		-
Baisley Park Housing	Queens	212		18,800,000		-
Biltmore Tower Housing	Manhattan	464		145,000,000		-
Cannon Street Senior Apartments	Poughkeepsie	40		3,350,000		295,000
Chelsea Apartments Housing	Manhattan	269		104,000,000		-

Development	Location	No. of Apts.	Mortgage Commitment	Subsidy Loan Commitment
Chelsea Arms Housing	Manhattan	98	\$ 18,000,000	\$ -
Clinton Green North Housing	Manhattan	339	147,000,000	-
Clinton Green South Housing	Manhattan	288	121,500,000	-
Clinton Park Housing	Manhattan	222	70,000,000	-
Clinton Park Phase II	Manhattan	480	145,000,000	-
College Arms Apartments	Mount Pleasant	164	11,390,000	-
Crotona Estates Apartments	Bronx	56	3,845,000	93,021
Division Street Multi-Family Housing	Hastings-on-Hudson	14	2,600,000	350,000
Dock Street Apartments Housing	Brooklyn	289	100,500,000	-
East 84th Street Housing	Manhattan	180	60,000,000	-
Extra Place Apartments	Manhattan	42	6,225,000	-
Framark Place Apartments	Victor	50	2,750,000	1,275,000
Friendship House Apartments	Cortland	101	2,840,000	-
Gateway at New Cassel Housing	North Hempstead	57	9,500,000	1,994,850
Golden Age Apartments	Norwich	100	2,800,000	-
Gotham West Housing	Manhattan	1,237	520,000,000	-
Grace Towers Housing	Westchester	133	19,900,000	4,056,500
Highland Avenue Senior Apartments	Yonkers	88	10,370,000	2,200,000
Historic Front Street Housing	Manhattan	96	46,300,000	-
Horizons at Fishkill Apartments	Fishkill	90	6,975,000	2,250,000
Horizons at Wawayanda Housing	Orange	107	12,100,000	3,710,000
Jackson Avenue	Queens	98	32,380,000	-
Keeler Park Apartments Housing	Rochester	525	17,900,000	-
Kensico Terrace Apartments	White Plains	42	7,080,000	945,000
Kew Gardens Hills Housing	Queens	388	87,000,000	-
Nathan Hale Senior Village Housing	Lynbrook	126	5,745,000	-
Normandie Court I	Manhattan	1,094	99,567,349	-
North End Avenue Housing	Manhattan	253	102,200,000	-
North Street Y Senior Apartments	Buffalo	64	3,900,000	1,415,000
Park Drive Manor II Apartments	Rome	168	6,640,000	-
Parkledge Apartments Housing	Yonkers	311	39,000,000	-
Prospect Plaza Apartments Housing	Brooklyn	151	23,300,000	4,140,000
Related - 42th Street & 10th Avenue	Manhattan	590	350,000,000	-
Related - Capitol Green Apartments Housing	Albany	308	16,500,000	-
Related - Caroline Apartments	Manhattan	126	16,900,000	-
Related - Clarkston Maplewood Gardens	Rockland	51	4,085,000	-
Related - East 39th Street Housing	Manhattan	254	75,500,000	-
Related - McCarthy Manor Apartments Housing	Syracuse	176	6,800,000	-
Related - Ocean Park Apartments Housing	Queens	602	39,000,000	-
Related - Overlook Apartments	Middletown	100	5,400,000	-
Related - Taconic West 17th Street Housing	Manhattan	288	126,000,000	-
Related - Tribeca Green Housing	Manhattan	274	110,000,000	-
Related - Warren Knolls Apartments Housing	Haverstraw	97	6,700,000	-
Related - West 20th Street Housing	Manhattan	254	88,000,000	-
Related - West 23rd Street Housing	Manhattan	313	110,000,000	-
Related - West 29th Street Housing	Manhattan	139	45,000,000	-
Related - West 30th Street Housing	Manhattan	385	188,400,000	-
Related - West Haverstraw Senior Citizen Apartments Housing	West Haverstraw	100	6,700,000	-
Related - Weyant Green Apartments Housing	Highfalls	51	3,800,000	785,000
Remeeder Houses	Brooklyn	260	18,900,000	-
Reverend Polite Avenue Apartments Housing	Bronx	161	16,000,000	-
Rip Van Winkle House Housing	Poughkeepsie	179	11,500,000	-
Riverside Center 2 Housing	Manhattan	616	275,000,000	-
Saville Housing	Manhattan	229	55,000,000	-
Sea Park East Housing	Brooklyn	332	18,700,000	-
Sea Park West Housing	Brooklyn	362	22,900,000	-
Shore Hill	Brooklyn	559	39,000,000	-
South Cove Plaza Housing	Manhattan	208	34,900,000	-
St. Philips Housing	Manhattan	260	16,250,000	740,000
Tall Oaks Apartments	Middletown	150	5,930,000	-
Talleyrand Crescent Housing	Tarrytown	300	36,500,000	-
Terrace Gardens Housing	Richmond	198	27,020,000	-

Development	Location	No. of Apts.		Mortgage Commitment		Subsidy Loan Commitment
The Helena Housing	Manhattan	597	\$	143,000,000	\$	-
The Northfield Apartments Housing	Perinton	69		4,990,000		2,120,000
The Victory Housing	Manhattan	417		120,000,000		-
Theatre Row Tower Housing	Manhattan	264		74,800,000		-
Tiffany Gardens Apartments	Bronx	105		9,880,000		800,000
Tower 31 Housing	Manhattan	283		93,800,000		-
Tribeca Landing Housing	Manhattan	340		64,400,000		-
Tribeca Park Housing	Manhattan	396		84,000,000		-
Tri-Senior Housing	Brooklyn	203		15,200,000		-
Union Square South Housing	Manhattan	240		49,000,000		-
Walnut Hill Apartments	Haverstraw	180		10,030,000		-
Washington Apartments Housing	Buffalo	82		4,165,000		2,325,000
Watergate II Apartments Housing	Buffalo	195		7,800,000		-
West 33rd Street Housing	Manhattan	168		50,700,000		-
West 37th Street Housing	Manhattan	207		106,500,000		-
West Village Apartments	Tompkins	235		9,700,000		4,900,000
Worth Street Housing	Manhattan	330		113,900,000		-
<b>Total</b>		<b>35,376</b>	<b>\$</b>	<b>10,482,577,349</b>	<b>\$</b>	<b>44,014,371</b>
<b>Non-Profit Housing Program</b>						
Bernardine Apartments	Syracuse	216	\$	5,250,000	\$	-
Brighton Towers Apartments	Syracuse	607		12,390,000		-
Cambray	Gouverneur	101		2,340,000		-
Findlay House	Bronx	227		1,145,000		-
Springbrook Apartments	Pulaski	120		3,300,000		-
St. Philip's Church Housing	Manhattan	200		6,200,000		-
The Meadows at Middle Settlement	New Hartford	149		3,300,000		-
<b>Total</b>		<b>16,993</b>	<b>\$</b>	<b>3,554,617,349</b>	<b>\$</b>	<b>23,954,371</b>
<b>Housing Project Bonds</b>						
Simeon DeWitt Apartments	Oswego	130		4,180,000		-
Towpath Towers	Fulton	121		3,490,000		-
<b>Total</b>		<b>251</b>	<b>\$</b>	<b>7,670,000</b>	<b>\$</b>	<b>-</b>
<b>Housing Project Mortgage Revenue</b>						
Baptist Manor	Buffalo	128	\$	3,785,000	\$	1,079,700
Clinton Plaza	Syracuse	305		8,495,000		-
Fort Schuyler House	Bronx	143		4,005,000		-
Maple Center	New Rochelle	109		3,320,000		-
Mayfield Apartments	Potsdam	153		3,705,000		925,000
Regina Pacis	Brooklyn	167		5,615,000		-
Stuypark House	Brooklyn	103		3,605,000		875,000
<b>Total</b>		<b>1,108</b>	<b>\$</b>	<b>32,530,000</b>	<b>\$</b>	<b>2,879,700</b>
<b>Multi-Family FHA-Insured Housing</b>						
Diamond Rock	Troy	81	\$	2,397,500	\$	-
<b>FHA-Insured Multi-Family Housing</b>						
Cedarwood Towers	Rochester	206	\$	8,010,000	\$	-
Jonas Bronck Apartments	Bronx	215		4,470,000		-
Senior Horizons at Newburgh	Newburgh	70		3,290,000		400,000
Terrace Pines Apartments	Ballston	192		4,800,000		-
The Mill at Saugerties	Saugerties	90		1,000,000		595,433
<b>Total</b>		<b>773</b>	<b>\$</b>	<b>21,570,000</b>	<b>\$</b>	<b>995,433</b>
<b>Multi-Family Housing Revenue (Fannie Mae-Backed)</b>						
Jefferson Woods Apartments	Yorktown	90	\$	3,169,097	\$	-
<b>Transitional Housing Project Revenue</b>						
Children's Rescue Fund	Bronx	65	\$	10,660,000	\$	-

Development	Location	No. of Apts.	Mortgage Commitment	Subsidy Loan Commitment
<b>Taxable Mortgage Initiative</b>				
Bronx Care	Bronx	52	\$ –	\$ 1,050,000
Forrest Pointe Apartments	East Greenbush	104	–	2,600,000
Old Brookside I Apartments	Ontario	64	1,347,748	1,392,000
Prospect Heights Apartments	Nassau	50	3,158,000	–
Village Green Apartments	Glens Falls	136	3,430,000	1,795,000
Westview Apartments	Saratoga	105	3,650,000	633,750
<b>Total</b>		<b>511</b>	<b>\$ 11,585,748</b>	<b>\$ 7,470,750</b>

**Subsidy Loans/ Other Subordinate Loans - No Agency**

<b>First Mortgage</b>				
902 Liberty Avenue	Brooklyn	47	\$	1,400,000
Allen By the Bay Senior Housing	Queens	65		1,033,530
Andrews House Project	Manhattan	146		581,000
Brighton Towers	Brooklyn	600		1,210,000
Bloomfield Meadows Apartments	Bloomfield	24		400,000
Bristow-Stebbins Apartments	Bronx	80		960,000
Carnes McKinney Apartments	Bronx	111		275,000
Champlain Family Housing	Rouses Point	56		125,000
Concourse Flatiron Apartments	Bronx	44		835,000
Croton Heights Apartments	Westchester	60		900,000
Dorothy Ross Friedman Residence	Manhattan	97		2,246,000
Fairport Apartments	Fairport	105		625,000
Greene Park Arms	Brooklyn	84		560,000
Hegeman Residence Apartments	Brooklyn	161		910,209
Hotel Seneca	Geneva	51		635,000
Howard Beach Senior Apartments	Queens	96		4,188,000
Hudson Pointe Apartments	Newburgh	64		400,000
Inwood Heights	Manhattan	207		1,500,000
Lakeview Family Homes	Buffalo	154		1,000,000
Lakeview Senior Homes	Buffalo	138		2,300,000
Lisle Avenue	Broome	8		238,018
Marien-Heim Towers	Brooklyn	182		200,000
McGraw House	Ithaca	106		2,900,000
Pastures Preservation	Albany	101		533,500
Rochester Manor	Brooklyn	96		69,960
Rolling Green Estates	Syracuse	394		1,305,500
Shiloh Senior Housing Apartments	Westchester	40		35,871
Spring Manor Apartments	Poughkeepsie	88		1,250,000
St. Mary's Commons Senior Apartments	Buffalo	100		1,000,000
St. Michaels Windmill Apartments	Suffolk	40		334,819
Sutter Houses	Brooklyn	120		88,000
Trinity Towers	Buffalo	88		1,412,000
Waterville Schoolhouse Apartments	Waterville	56		115,000
Woodcreek Apartments	Rome	192		5,680,350
<b>Total</b>		<b>3,889</b>	<b>\$</b>	<b>34,813,227</b>

Project	Location	No. of Spaces		
<b>Agri-Business Child Development Day Care</b>				
<b>Center Facilities Pilot Program</b>				
Grace's Place	Orleans	90	\$	1,000,000 \$ –
<b>Manufactured Home Cooperative Fund Program</b>				
Bush Gardens	Erie	154	\$	2,600,000
Champion Homes, Inc.	Onondaga	172		2,650,000
Cobblestone Creek/Clarkson Estates, Inc.	Monroe	27		420,000
Greenhurst Village, Inc.	Jamestown	79		1,415,680
Hidden Brooks Estates V	Dutchess	115		1,444,045
Hidden Meadows Cooperative Corp.	Geneseo	100		1,573,100
High Meadows Mobile Home Park	Dutchess	203		1,905,000
Maple Ridge/Greenridge Cooperative Community Corporation	Monroe	76		1,293,000



## MORTGAGE LOANS FOR HOSPITAL AND NURSING HOME PROJECTS

Project	Location	No. of Apts.	Mortgage Commitment
Meadow Valley	Otsego	54	600,000
Ogden Lane Cooperative Corp.	Ulster	15	361,890
Parkview Community, Inc.	Suffolk	47	1,620,400
Ridley Road	Erie	8	118,750
Three Mile Harbor Mobile Home Park, Inc.	Suffolk	16	500,000
<b>Total</b>		<b>1,066</b>	<b>16,501,865</b>

### Hospital and Nursing Homes

Bezalel	Queens	120	\$	3,515,000
Brookdale (Shulman Institute for Nursing and Rehabilitation)	Kings	220		8,070,000
Brothers of Mercy	Erie	240		6,435,000
CABS	Kings	160		6,055,000
Gloversville Extended Care	Fulton	84		2,315,000
Greater Harlem Health Related	Manhattan	200		7,625,000
Jennie B. Richmond Chaffee	Erie	80		1,890,000
Long Beach Memorial	Nassau	200		5,895,000
Palisade	Bronx	348		14,800,000
Rutland	Kings	594		21,345,000
<b>Total</b>		<b>2,246</b>	<b>\$</b>	<b>77,945,000</b>

## COMMUNITY RELATED FACILITIES

Project	Location	Type of Facility	Estimated Cost
<b>Mortgage Loans for Community Mental Health Services and Mental Retardation Services Projects</b>			
Brooklyn Rehabilitation Campus	Kings	Mental Retardation	\$ 4,266,000
The Charles A. Mastronardi Center for Mental Retardation	Kings	Mental Retardation	421,000
Jefferson County A.R.C. Training Center	Jefferson	Mental Retardation	661,199
Rehabilitation Services Center of United Cerebral Palsy of Queens	Queens	Mental Health and Retardation	789,306
Steinberg Vocational Training Center	Nassau	Mental Retardation	1,371,000
<b>Total</b>			<b>\$ 7,508,505</b>

Project	Location	No. of Apts.	Mortgage Commitment
<b>Mortgage Loans for Youth Facilities Projects</b>			
Edenwald Residential Child Care Facility	Westchester	96	\$ 7,193,734
Mount Vernon Day Care Center	Westchester	140	675,000
Queens Daughters Day Care Center	Westchester	145	832,000
Wyandanch Day Care Center	Suffolk	170	911,000
<b>Total</b>		<b>551</b>	<b>\$ 9,611,734</b>

# SUMMARY OF FINANCING AND REPAYMENT

## Long-Term Financing and Debt Service Repayments

(cumulative through October 31, 2013)

Program	Number of Issues	Total Amount Issued	Debt Service Repayments	
			Principal	Interest
(\$ in thousands)				
Bonds				
General Housing Loan	7	\$ 385,729	\$ 385,729	\$ 381,558
Non-Profit Housing Project	7	636,200	628,730	1,125,901
Urban Rental Housing	5	514,835	514,835	653,817
Revenue Bonds (Section 8 Assisted)				
Insured Mortgages	3	18,320	18,320	18,057
Revenue Bonds (Section 8 Assisted)				
Non-Insured Mortgages	6	50,360	50,360	36,266
Insured Mortgage Multi-Family				
Revenue Housing	4	87,235	87,235	111,496
Insured Multi-Family Mortgage				
Revenue Housing	2	94,600	94,600	95,359
Multi-Family Insured Mortgage				
Revenue Housing	6	54,325	54,325	62,737
Insured Multi-Family Mortgage Housing Revenue	5	188,970	188,970	127,944
FHA-Insured Multi-Family Housing Revenue	10	51,015	35,595	40,386
Multi-Family FHA-Insured Mortgage Housing Revenue	2	20,035	17,770	13,761
Fulton Manor FHA-Insured Mortgage Revenue	1	11,480	11,480	6,662
Housing Project Bonds	16	122,545	119,385	187,775
Secured Loan Rental Housing	348	11,784,749	2,605,933	2,360,006
Housing Project Mortgage Revenue	1	484,540	477,300	502,968
Affordable Housing Revenue	27	1,078,990	265,040	74,601
Affordable Housing Revenue				
(Federal New Issue Bond Program)	9	545,295	214,797	17,228
Revenue Bonds (Secured by				
HUD Section 236 Payments)	1	64,996	64,996	50,010
Hospital and Nursing Home Project	6	822,965	822,965	943,076
Hospital and Health Care Project Revenue	1	42,090	42,080	11,540
Nursing Home and Health Care Project Revenue	1	190,080	181,430	71,099
State University Construction	43	3,628,295	3,628,295	2,334,445
Special Obligation (State University)	3	179,330	179,330	—
Mental Hygiene Improvement	9	705,000	705,000	541,943
Health Facilities	4	508,385	508,385	492,095
Health Facilities Revenue	3	556,325	556,325	274,436
Special Obligation (Health Facilities)	2	228,405	228,405	—
Service Contract Revenue	43	2,536,331	2,298,836	941,308
State Personal Income Tax Revenue	15	1,161,855	547,105	289,108
House New York Revenue Bonds	1	46,440	—	—
Total Bonds	591	\$ 26,799,720	\$ 15,533,556	\$ 11,765,582
Long-Term Notes				
The Mount Sinai Hospital Project	1	\$ 41,490	\$ 41,490	\$ 32,195
State Funds				
Community Related and Other Loan Programs	5	\$ 31,814	\$ 31,814	\$ 23,542
Equity Loan	1	193	193	7
Total State Funds	6	\$ 32,007	\$ 32,007	\$ 23,549
Grand Total	598	\$ 26,873,217	\$ 15,607,053	\$ 11,821,326

## COMPARATIVE HIGHLIGHTS 2009-2013

Year Ended October 31,	2013	2012	2011	2010	2009
(in millions)					
<b>Assets and Bond Indebtedness</b>					
Loan Receivables	\$ 10,594	9,841	9,270	8,870	8,868
Total Assets	\$ 12,117	11,540	10,861	10,426	10,417
Bond and Note Indebtedness	\$ 11,280	10,802	10,156	9,737	9,698

# RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the New York State Housing Finance Agency (the "Agency"), for the fiscal years ended October 31, 2013 and 2012, are the responsibility of management. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

The Agency maintains a system of internal control. The objectives of an internal control system are to provide reasonable assurance as to the protection of, and accountability for, assets; compliance with applicable laws and regulations; proper authorization and recording of transactions; and the reliability of financial records for preparing financial statements. The system of internal control is subject to periodic review by management and the internal audit staff.

The Agency's annual financial statements have been audited by Ernst & Young LLP, independent auditors appointed by the Members of the Agency. Management has made available to Ernst & Young LLP all the financial records and related data of the Agency as well as having provided access to all the minutes of the meetings of the Members of the Agency. The independent auditors periodically meet with the Members of the Agency.

The independent auditors conducted their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. The audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, the independent auditors do not express an opinion on the effectiveness of the Agency's internal control over financial reporting. The audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The independent auditors' unmodified report attests that the financial statements are presented, in all material respects, in accordance with accounting principles generally accepted in the United States of America.



Darryl C. Towns  
President/Chief Executive Officer



Sheila Robinson  
Senior Vice President/Chief Financial Officer

January 29, 2014

## Report of Independent Auditors

Management and Members of the Board  
New York State Housing Finance Agency  
New York, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the New York State Housing Finance Agency (the “Agency”), a component unit of the State of New York, as of and for the years ended October 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of October 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### ***Adoption of GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”***

As discussed in Note 3 to the financial statements, the Agency restated its financial statements as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 65, “Items Previously Reported as Assets and Liabilities” effective November 1, 2011. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency’s basic financial statements. The Supplementary Section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we also have issued our report dated January 29, 2014 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Agency's internal control over financial reporting and compliance.

*Ernst & Young LLP*

January 29, 2014

# NEW YORK STATE HOUSING FINANCE AGENCY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FISCAL YEARS ENDED OCTOBER 31, 2013 AND 2012

---

#### Overview of the Financial Statements

The following is a narrative overview of the financial performance of the New York State Housing Finance Agency (the "Agency") for the fiscal years ended October 31, 2013 ("fiscal 2013") and October 31, 2012 ("fiscal 2012") with selected comparative information for the fiscal year ended October 31, 2011 ("fiscal 2011"). This analysis must be read in conjunction with the financial statements.

The annual financial statements consist of five parts: (1) management's discussion and analysis (this section); (2) the financial statements; (3) the notes to the financial statements; (4) required supplementary information and (5) the supplemental schedules that report programs of the Agency individually.

The Agency's financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### Management's Discussion and Analysis

- This section of the Agency's financial statements, Management's Discussion and Analysis (the "MD&A"), presents an overview of the Agency's financial performance during fiscal 2013 and fiscal 2012. It provides a discussion of financial highlights and an assessment of how the Agency's financial position has changed from the past years. It identifies the factors that, in management's view, significantly affected the Agency's overall financial position. It may contain opinions, assumptions or conclusions by the Agency's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements and other information described below.

#### The Financial Statements

- The "Statement of Net Position" provides information about the liquidity and solvency of the Agency by indicating the assets, deferred inflows and outflows, liabilities and net position.
- The "Statement of Revenues, Expenses and Changes in Net Position" accounts for all of the current year's revenues and expenses in order to measure the success of the Agency's operations over the past year. It can be used to determine how the Agency has funded its costs. By presenting the financial performance of the Agency, the change in net position is similar to net profit or loss for a business.
- The "Statement of Cash Flows" is presented on the direct method of reporting. It provides information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. Cash collections and payments are presented in this statement to arrive at the net increases or decreases in cash for each year.

#### The Notes to the Financial Statements

- The notes provide information that is essential to understanding the financial statements, such as the Agency's accounting methods and policies, providing information about the content of the financial statements.
- Details are included of contractual obligations, future commitments and contingencies of the Agency.
- Information is given regarding any other events or developing situations that could materially affect the Agency's financial position.

## **Required Supplementary Information (“RSI”)**

- The RSI presents the information regarding the Agency’s progress in funding its obligation to provide postemployment benefits other than pensions to its employees.

## **Supplementary Information**

- Presentations of the Agency’s financial information by program are listed in accordance with the requirements of the various bond resolutions.

## **Background**

The Agency was created as a public benefit corporation in 1960, under Article III of the Private Housing Finance Law, to finance low and moderate income housing, primarily through the issuance of municipal securities and the making of mortgage loans to eligible borrowers. Since its inception, the Agency has issued over \$17.6 billion in bonds to finance low and moderate income housing. The Agency administers finance programs which, combined with other federal, state, and local resources, benefit the families and communities of New York State (the “State”).

During its 53 year history, the Agency’s mandate has been legislatively expanded to allow for the financing of housing which meets a variety of needs of the people of New York. As a result, the Agency is authorized to issue bonds to reimburse the State for appropriated expenditures for various housing capital programs.

The Agency and its corporate existence shall continue until terminated by law; provided, however that no such law shall take effect so long as the Agency has bonds, notes or other obligations outstanding.



## Financial Markets

The Agency continued its activities in fiscal 2013 in a market still impacted by the continued slow recovery from the housing collapse and recent recession. While the economy, both domestic and international showed signs of improvement, the municipal bond market experienced significant volatility, especially between June and October as investors departed in reaction to both credit and interest rate risk concerns. According to Lipper FMI, municipal mutual funds have reported nearly non-stop outflows since mid-March 2013 resulting in interest rates rising to highs not seen since early 2011.

At the start of the fiscal year 30 year MMD was 2.82% and increased to 4.04% by the end of the fiscal year. Starting in late May, indications that the Federal Reserve could soon reduce its \$85 billion in monthly asset purchases sent all fixed income markets into a tailspin. In reaction, municipal market rates jumped 100 bps in the course of four weeks. Compounding uncertainty in the municipal market were a number of significant credit negatives, most notably the financial deterioration of Puerto Rico and Detroit and the pension funding challenges facing a number of states including Illinois. Other turbulence in 2013 stemmed from October's 16 day government shut down, a looming debt ceiling deadline and the possibility that tax reform could threaten current municipal tax-exemption. While stories of the financial weakness of the above municipalities weighed down the market, they are not representative of the majority of municipal issuers.

In fiscal 2013, the Agency issued \$1.87 billion of bonds, including refinancings. The Agency continued to broaden its group of Community Reinvestment Act ("CRA") motivated buyers who actively participate in the Agency's bond sales. This interest has complemented retail investor demand and has helped the Agency continue to achieve strong positive reception for its bond offerings.

Rental housing continues as a critical source of growth in the current housing market and the expectation is that this will continue for the next few years. Rents in downstate communities continue to trend upwards, reaching and even exceeding pre-recession highs. Areas for development in the New York City continue to spread throughout Manhattan and into the boroughs, notably Queens and Brooklyn. The Agency experienced increased interest from possible participants in its 80/20 program. The Agency also actively engaged in the preservation of existing affordable housing particularly with respect to the State's aging Mitchell Lama portfolio acquired in June 2013.

Fiscal 2013 saw a stabilization in the financial health of many U.S. and international lenders which has positively affected new and existing transactions. Lenders have returned to the market, with an increased availability of construction credit enhancement with some easing of underwriting criteria for affordable housing developments and "80/20s". The Agency continued to benefit from its close affiliation with the State of New York Mortgage Agency ("SONYMA"), which through its Mortgage Insurance Fund, provides permanent credit enhancement at competitive pricing for affordable housing developments. The GSEs have also participated in providing credit enhancement for larger affordable housing developments. With limited long term credit enhancement options available for 80/20 developments financed on a floating rate basis, the Agency continued to see an increase in demand from borrowers seeking to execute through an unrated private placement structure.

In fiscal 2013, the Agency saw a continuation of the 2012 trends in the Federal Low Income Housing Tax Credit equity market, a key component of the capital structure of affordable housing developments. We saw pricing remain at all-time highs and investor interest in all geographic areas of the state, though there continues to be a significant pricing advantage for transactions in areas where CRA investment interest is the strongest, particularly New York City and its immediately surrounding suburban areas.

## Bond Issuances and Mortgage Financings - Fiscal 2013

During fiscal 2013, the Agency issued bonds totaling \$968.3 million to finance 27 new projects that contain 5,919 housing units, of which 83% or 4,905 are set aside for low income households.

Details are as follows:

Project Name	Total Units	Affordable Units	Mortgage Amount	Bonds Issued
<b><u>PROJECTS FINANCED UNDER INDIVIDUAL REVENUE BOND RESOLUTIONS</u></b>				
44th Drive Apartments	105	21	\$ 28,520,000 *	\$ 24,500,000
626 Flatbush Avenue Housing	254	51	71,265,000 *	50,940,000
Dock Street Apartments Housing	289	51	103,200,000 *	103,200,000
Related West 29th Street	139	139	45,000,000	45,000,000
Riverside Center 2 Apartments	616	127	275,000,000 *	275,000,000
Terrace Gardens Housing	198	198	27,020,000	27,020,000
SUBTOTAL	<u>1,601</u>	<u>587</u>	<u>550,005,000</u>	<u>525,660,000</u>
<b><u>PROJECTS FINANCED UNDER THE AFFORDABLE HOUSING REVENUE BOND RESOLUTION**</u></b>				
3361 Third Avenue Apartments	62	62	\$ 10,450,000	\$ 10,485,000
Abraham Lincoln Apartments	69	69	3,950,000	3,975,000
Amsterdam Senior Housing	68	68	4,680,000	4,710,000
Boston Road Apartments	154	154	23,900,000	23,960,000
Bridleside Apartments	64	64	14,630,000	14,685,000
Calkins Corner Seniors	60	60	9,000,000	9,000,000
Colonial Square Apartments	199	199	8,500,000	8,570,000
Cornerstone Senior Apartments	150	150	13,750,000	13,855,000
Creston Avenue Residence	65	65	11,400,000	11,430,000
Enclave on 5th Apartments	39	39	5,225,000	5,255,000
Greater Hempstead	99	99	18,250,000	18,340,000
Los Sures Housing for the Elderly	55	55	6,850,000	6,905,000
Mariner Tower Apartments	292	292	20,700,000	20,820,000
O'Neil Apartments	122	122	6,400,000	6,455,000
Pinnacle Place Apartments	407	407	17,790,000	17,995,000
Public School 6 Apartments	120	120	31,100,000	31,185,000
River Park Tower Apartments	1,650	1,650	157,500,000	157,500,000
The Gardens At Town Center Apartments	175	175	15,500,000	15,635,000
The Mews at Baldwin Place Phase II	75	75	11,000,000	11,075,000
The Orenstein Building Apartments	127	127	27,400,000	27,400,000
Willoughby Court Apartments	266	266	23,445,000	23,445,000
SUBTOTAL	<u>4,318</u>	<u>4,318</u>	<u>441,420,000</u>	<u>442,680,000</u>
<b>GRAND TOTAL</b>	<b><u>5,919</u></b>	<b><u>4,905</u></b>	<b><u>\$ 991,425,000</u></b>	<b><u>\$ 968,340,000</u></b>

\* In connection with the making of the mortgage loan for this project, the amount shown includes the funds to be available from additional bonds anticipated to be issued in fiscal year 2013 and 2014 by the Agency.

\*\* The amount shown as "Bonds Issued" under this resolution includes the allocable portion of a debt service reserve fund.

The Agency issued an additional \$102.2 million in bonds to finance one project under a multi-year program and one project under a Revenue Bond Resolution previously issued:

Project Name	Bonds Issued Under Multi- Year Programs
Related West 30th Street	\$ 53,200,000
Gotham West	40,000,000
175 West 60th Street	9,000,000
	<u>\$ 102,200,000</u>

The Agency issued an additional \$46.4 million in bonds to fund the acquisition of the Mitchell Lama portfolio of mortgages and loans previously held by the Empire State Development Corporation (“ESD”) .

The Agency had five credit substitutions whereby the short term letters of credit were substituted with either Freddie Mac or Helaba Bank, N.A. credit enhancement:

Project Name	Amount
Related 42nd & 10th Avenue	\$ 320,000,000
80 Dekalb Avenue	104,000,000
455 West 37th Street	144,700,000
505 West 37th Street	374,400,000
Clinton Park I	70,000,000
	<u>\$ 1,013,100,000</u>

## Bond Issuances and Mortgage Financings - Fiscal 2012

During fiscal 2012, the Agency issued or released from NIBP escrow, bonds totaling \$964.2 million to finance 25 new projects that contain 4,467 housing units, of which 62% or 2,785 are set aside for low income households.

Details are as follows:

Project Name	Total Units	Affordable Units	Mortgage Amount	Bonds Issued/Released from Escrow***
<b>PROJECTS FINANCED UNDER INDIVIDUAL REVENUE BOND RESOLUTIONS</b>				
11th Street Apartments	59	12	\$ 18,255,000 *	\$ 2,750,000
111 Nassau Street	169	34	71,500,000	71,500,000
160 West 62nd Street	339	68	260,000,000	260,000,000
175 West 60th Street	257	52	165,000,000 *	51,000,000
388 Bridge Street	235	48	150,000,000	86,000,000
Clinton Park Phase II	480	96	145,000,000	145,000,000
Jackson Avenue Apartments	98	20	27,660,000 *	2,945,000
Related West 30th Street	385	77	188,400,000 *	110,000,000
SUBTOTAL	2,022	407	1,025,815,000	729,195,000
<b>PROJECTS FINANCED UNDER THE AFFORDABLE HOUSING REVENUE BOND RESOLUTION**</b>				
David E. Podell House	50	50	\$ 5,770,000	\$ 5,815,000
St. Michaels Windmill Apartments	40	40	5,600,000	5,600,000
St. Philips Senior Housing	200	200	22,615,000	22,795,000
Surrey Carlton Apartments	176	176	20,270,000	20,270,000
Yonkers Apartments	129	129	19,260,000	19,415,000
SUBTOTAL	595	595	73,515,000	73,895,000
<b>PROJECTS FINANCED UNDER THE AFFORDABLE HOUSING REVENUE BOND RESOLUTION (NIBP)***</b>				
Bradmar Village Apartments	100	100	\$ 8,320,000	\$ 8,360,000
Ennis Francis Apartments	220	220	38,565,000	38,565,000
Fairway-Richmond Apartments	219	219	23,500,000	23,500,000
Friedrichs Supportive Apartments	61	61	8,600,000	8,630,000
Gateway Gardens Housing Apartments	40	40	6,000,000	6,050,000
Greenway Apartments	208	208	12,790,000	12,930,000
HANAC Archbishop Iakovos Senior Apartments	100	100	12,100,000	12,190,000
James Street Apartments	83	16	8,775,000	8,815,000
Monteagle Ridge Estates Apartments	150	150	5,720,000	5,720,000
Phillips Village Apartments	497	497	27,050,000	27,370,000
Towpath Apartments	97	97	5,430,000	5,470,000
Village Square Senior Apartments	75	75	3,450,000	3,500,000
SUBTOTAL	1,850	1,783	160,300,000	161,100,000
<b>GRAND TOTAL</b>	<b>4,467</b>	<b>2,785</b>	<b>\$ 1,259,630,000</b>	<b>\$ 964,190,000</b>

\* In connection with the making of the mortgage loan for this project, the amount shown includes the funds to be available from additional bonds anticipated to be issued in fiscal year 2013 and 2014 by the Agency.

\*\* The amount shown as "Bonds Issued" under this resolution includes the allocable portion of a debt service reserve fund.

\*\*\* During fiscal 2012, \$119,700,000 of such NIBP bonds were released from escrow and together with \$41,400,000 of additional NIBP bonds, were used to finance the 12 projects listed above. As of the end of fiscal year 2012, \$0 remains in escrow.

## Condensed Financial Information

### NEW YORK STATE HOUSING FINANCE AGENCY

#### Statements of Net Position (in thousands)

	2013	October 31, 2012*	2011*	% Change	
				2013-2012	2012-2011
Assets:					
Cash	\$ 156,082	\$ 127,114	\$ 101,205	23%	26%
Mortgage loans receivable - net	10,594,239	9,840,951	9,269,513	8%	6%
Investments including accrued interest receivable	1,333,281	1,541,266	1,460,403	(13%)	6%
Other assets	34,138	18,323	16,575	86%	11%
Total assets	<u>12,117,740</u>	<u>11,527,654</u>	<u>10,847,696</u>	5%	6%
Deferred outflows of resources:					
Accumulated decrease in fair value of hedging derivatives	<u>30,964</u>	<u>46,140</u>	<u>43,933</u>	(33%)	5%
Liabilities:					
Bonds payable	11,280,031	10,801,562	10,155,491	4%	6%
Derivative instruments - interest rate swaps	30,964	46,140	43,933	(33%)	5%
Interest payable	27,033	24,903	23,091	9%	8%
Accounts payable	8,677	7,291	6,961	19%	5%
Amounts received in advance and other	236,499	226,747	192,069	4%	18%
Postemployment retirement benefits	40,472	36,617	32,779	11%	12%
Total liabilities	<u>11,623,676</u>	<u>11,143,260</u>	<u>10,454,324</u>	4%	7%
Deferred inflows of resources:					
Gain on defeasance - net	<u>790</u>	<u>721</u>	<u>652</u>	10%	11%
Net position	<u>\$ 524,238</u>	<u>\$ 429,813</u>	<u>\$ 436,653</u>	22%	(2%)

\*Restated for GASB No. 65 implementation (see note 3)

## **Assets**

### **Mortgage Loans Receivable**

As a result of continued lending activity and the acquisition of the State's aging Mitchell Lama mortgage portfolio in June 2013 (see note 4), mortgage loans receivable increased by \$753 million, or approximately 8% from approximately \$9.8 billion (85% of total assets) at October 31, 2012 to \$10.6 billion (87% of total assets) at October 31, 2013. This compares with an increase of \$571 million, or approximately 6% from \$9.3 million (85% of total assets) at October 31, 2011 to \$9.8 million (85% of total assets) at October 31, 2012.

Mortgage loans receivable are presented net of the allowance for losses on loans related to: subordinate loans in the amounts of \$228.7 million, \$206.8 million and \$171 million at October 31, 2013, 2012 and 2011, respectively, and the allowance related to the acquisition of the Mitchell Lama mortgage portfolio (see note 4), in fiscal 2013, in the amount of \$47.6 million at October 31, 2013 and other programs in the amounts of \$8.2 million, \$8.8 million and \$18.1 million at October 31, 2013, 2012 and 2011, respectively.

### **Cash and Investments**

Restricted cash and investments are held principally by a bond trustee or a depository. These funds are held for the following purposes:

- Bond proceeds held to fund construction loans for projects with mortgage commitments remaining to be funded. Such funds are invested until disbursed to borrowers and constitute the largest portion of restricted investments held.
- As reserves for debt held under the specific requirements of bond resolutions.
- To fund debt service on bonds when such payments are due.
- Funds received from governmental entities to be disbursed to projects on whose behalf such funds were received.
- Escrow and reserve funds held for the benefit of the projects on whose behalf such funds were remitted.
- Funds available to be advanced for subsidy loans.

Unrestricted cash and investments are held principally by a bond trustee or a depository in the form of cash and investments are held in order to fund the operating costs of the Agency. When unrestricted funds are committed to be advanced as subsidy loans, the funds are transferred to restricted assets.

Primarily as a result of a reduction in bond proceeds remaining on deposit at October 31, 2013, investments (including accrued interest receivable thereon) decreased \$208 million, or approximately 13%, as compared with an increase of \$81 million, or approximately 6% from October 31, 2011 to 2012.

### **Deferred Outflows of Resources**

The Agency has entered into various derivative instruments contracts ("interest rate swaps") in order to manage risks associated with interest on its State Revenue Bond Program bond portfolio. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASB No. 53"), the Agency recognizes the fair value of all derivative instruments as either an asset or liability on its statements of net position with the offsetting gains or losses recognized in earnings or as either deferred inflows or outflows, if deemed an effective hedge (see note 10). For fiscal 2013, 2012 and 2011, all of the

Agency's interest rate swaps were determined to be effective hedges. Therefore, the Agency recorded the amount of the fair values of these interest rate swaps along with a corresponding deferred outflow of resources.

Due to the rise in interest rates on interest rate swaps, the fair value of the interest rate swaps declined from approximately (\$46.1) million in fiscal 2012 to (\$31) million in fiscal 2013, an increase of \$15.1 million, or 33%. During fiscal 2012, there was a decrease in fair value from approximately (\$43.9) million in fiscal 2011 to (\$46.1) million in fiscal 2012, a decrease of \$2.2 million, or 5%.

### **Other Assets**

Other assets increased from approximately \$18.3 million at October 31, 2012 to \$34.1 million at October 31, 2013, an increase of \$15.8 million, or 86%. This compares with the increase from \$16.6 million in fiscal 2011 to \$18.3 million in fiscal 2012 an increase of \$1.7 million, or 11%.

The increase in fiscal 2013 was primarily a result of a component of the Current Enacted Budget of the State of New York (the "State") (2013-2014), requiring certain transfers of moneys from the State of New York Mortgage Agency ("SONYMA") to other entities of the State, including the Agency. The transfer to the Agency in the amount of \$17.5 million was made on November 14, 2013 and was recorded as a receivable within Other Assets as of October 31, 2013. Such funds will be used to rehabilitate certain housing projects in the Mitchell Lama mortgage portfolio.

### **Liabilities**

#### **Bonds Payable**

At approximately 97% of total liabilities in fiscal 2013 (96% in fiscal 2012 and 97% in fiscal 2011), bonds payable comprised the largest component of liabilities as of October 31, 2013, 2012 and 2011. Funds generated by the sale of bonds are used to fund mortgages. The payments due on mortgage loans receivable, together with interest earnings, are used to fund the debt service payments due on bonds payable.

Bonds payable increased from approximately \$10.8 billion at October 31, 2012 to \$11.3 billion at October 31, 2013, an increase of \$500 million, or 4%. This was a result of the activity during fiscal 2013 in which the bonds were issued in the amount of approximately \$866 million and retired or redeemed, in the amount of approximately \$385 million. This compares with the increase from \$10.2 billion in fiscal 2011 to \$10.8 billion in fiscal 2012 an increase of \$600 million, or 6%.

#### **Interest Payable**

Primarily as a result of continued bond issuance activity and a slight rise in interest rates, interest payable increased from approximately \$24.9 million at October 31, 2012 to \$27 million at October 31, 2013, an increase of \$2.1 million, or approximately 9%. This compares with the increase from \$23.1 million at October 31, 2011 to \$24.9 million at October 31, 2012, an increase of \$1.8 million, or approximately 8%.

## **Accounts Payable**

Accounts payable vary from year to year based on the timing of invoices received and the timing of payment on such invoices. Accounts payable increased from approximately \$7.3 million in fiscal 2012 to \$8.7 million in fiscal 2013, an increase of \$1.4 million, or approximately 19%. This compares with the increase from \$7 million in fiscal 2011 to \$7.3 million in fiscal 2012, an increase of \$300 thousand, or approximately 5%.

## **Amounts Received in Advance and Other**

Amounts Received in Advance and Other increased from approximately \$226.7 million in fiscal 2012 to \$236.5 million in fiscal 2013, an increase of \$9.8 million, or approximately 4%. This compares with the increase from \$192.1 million in fiscal 2011 to \$226.7 million in fiscal 2012, an increase of \$34.6 million, or approximately 18%. The increase in fiscal years 2013 and 2012 are primarily a result of amounts received from projects to fund bond redemptions, principal reserve fund payments and advance mortgage payments.

## **Postemployment Retirement Benefits**

The Agency provides certain group health care benefits to eligible retirees (and for eligible dependents and survivors of such retirees). The balance in postemployment retirement benefits represent the accumulated unfunded actuarial liability required to pay the cost to retirees. The accumulated amount of postemployment retirement benefits increased from \$36.6 million in fiscal 2012 to \$40.5 million in fiscal 2013, an increase of \$3.9 million, or approximately 11%. This compares with an increase from \$32.8 million in fiscal 2011 to \$36.6 million in fiscal 2012, an increase of \$3.8 million, or approximately 12%. The increases in fiscal 2013 and 2012 of 11% and 12%, respectively, were primarily due to the reduction in the discount rate used in the actuarial calculation, when compared to 2011, from 4% to 3.5%. The valuation in fiscal 2013 and 2012 were also impacted by the anticipation of increased costs related to the passage of the Patient Protection and Affordable Care Act (see note 12).



## NEW YORK STATE HOUSING FINANCE AGENCY

### Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	Fiscal Year Ended October 31,			% Change	
	2013	2012*	2011*	2013-2012	2012-2011
Operating revenues:					
Interest on mortgage loans	\$ 114,159	\$ 104,976	\$ 101,844	9%	3%
Investment income	4,549	5,971	5,555	(24%)	7%
Fees, charges and other	38,360	36,918	30,542	4%	21%
Recoveries	5,838	4,201	217	39%	1,836%
Total operating revenues	<u>162,906</u>	<u>152,066</u>	<u>138,158</u>	7%	10%
Operating expenses:					
Interest expense	94,308	93,768	93,887	1%	—
Earnings on investments credited to mortgagors	1,483	1,348	1,675	10%	(20%)
Postemployment retirement benefits	3,855	3,838	1,638	—	134%
General expenses	17,138	16,504	16,988	4%	(3%)
Cost of issuance and other financial expenses	4,538	3,048	10,046	49%	(70%)
Unrealized loss on investments held	1,199	2,179	771	(45%)	183%
Supervising agency fee	10,531	10,130	12,141	4%	(17%)
Expenditures related to federal and state grants	15,491	15,619	44,175	(1%)	(65%)
Allowances for losses on loans	69,380	27,697	19,279	150%	44%
Total operating expenses	<u>217,923</u>	<u>174,131</u>	<u>200,600</u>	25%	(13%)
Non-operating revenues (expenses):					
Transfers from Agencies of the State of New York	130,122	—	—	N/A	—
Federal and state grants	15,491	15,619	44,175	(1%)	(65%)
Reserve funds received from (disbursed to) mortgagors	3,829	(394)	(1,326)	1,072%	70%
Net non-operating revenues	<u>149,442</u>	<u>15,225</u>	<u>42,849</u>	882%	(64%)
Net position:					
Increase (decrease) in net position	94,425	(6,840)	(19,593)	1,480%	65%
Total net position - beginning of fiscal year	429,813	436,653	456,246	(2%)	(4%)
Total net position - end of fiscal year	<u>\$ 524,238</u>	<u>\$ 429,813</u>	<u>\$ 436,653</u>	22%	(2%)

"—" indicates a percentage of less than 1%

\*Restated for GASB No. 65 implementation (see note 3)

## **Operating revenues**

### **Interest on Mortgage Loans**

Interest on mortgage loans increased from \$105.0 million in fiscal 2012 to \$114.2 million in fiscal 2013, an increase of \$9.2 million, or approximately 9%, as a result of strong lending activity and a slight rise in interest rates. This compares with an increase from \$101.8 million in fiscal 2011 to \$105 million in fiscal 2012, an increase of \$3.2 million, or approximately 3%, which was a consequence of a slight rise in interest rates on variable rate mortgages. Interest on mortgage loans represents the Agency's primary source of funds available to pay interest expense.

### **Investment Income**

Primarily as a result of the decline in investment balances in fiscal 2013 (previously discussed), investment income decreased from \$6.0 million in fiscal 2012 to \$4.5 million in fiscal 2013, a decrease of \$1.5 million, or approximately 24%. This compares with an increase from \$5.6 million in fiscal 2011 to \$6 million in fiscal 2012, an increase of \$400 thousand, or approximately 7%.

### **Fees, Charges and Other**

Fees, charges and other represent monthly fees and charges payments due on mortgage loans, mortgage origination fees and other servicing fees. It also includes various one time payments due to the Agency, including public purpose fees due under certain conditions, in accordance with the terms of various Regulatory Agreements. As a result of increased mortgage closings and larger balances in mortgage loans receivable, fees, charges and other increased from \$36.9 million in fiscal 2012 to \$38.4 million in fiscal 2013, an increase of \$1.5 million, or approximately 4%. This compares with an increase from \$30.5 million in fiscal 2011 to \$36.9 million in fiscal 2012, an increase of \$6.4 million, or approximately 21%.

### **Recoveries**

Recoveries increased from \$4.2 million in 2012 to \$5.8 million in fiscal 2013, an increase of \$1.6 million or 39%. This compares with the increase from \$200 thousand in fiscal 2011 to \$4.2 million in fiscal 2012, an increase of \$4 million, or approximately 1,836%. Recoveries represent payments received relating to mortgages for which an allowance had previously been established.

## **Operating expenses**

### **Earnings on Investments Credited to Mortgagors**

During the construction period, certain mortgages are credited with the earnings on unadvanced bond proceeds held in the construction financing account and the capitalized interest account. Fluctuations result from the timing of the granting of credits to mortgagors and interest earned on investments during the period. Earnings on Investments Credited to Mortgagors increased from \$1.3 million in fiscal 2012 to \$1.5 million in fiscal 2013, representing an increase of \$200 thousand, or approximately 10%. This compares with a decrease from \$1.7 million in fiscal 2011 to \$1.3 million in fiscal 2012, a decrease of \$400 thousand, or approximately 20%.

## **General Expenses**

General Expenses include certain administrative expenses in addition to other financial expenses. General Expenses increased from approximately \$16.5 million in fiscal 2012 to \$17.1 million in fiscal 2013, an increase of \$600 thousand, or 4%, as compared with a decrease from approximately \$17 million in fiscal 2011 to \$16.5 million in fiscal 2012, a decrease of \$500 thousand, or 3%. The variations were primarily the result of a salary expense fluctuation.

## **Cost of Issuance and Other Financial Expenses**

Cost of issuance and other financial expenses represent the following: cost of issuance expenses, arbitrage rebate payments due to the federal government, bond premium funds remitted to the State, letter of credit fees and remarketing fees. Cost of issuance and other financial expenses increased from \$3 million in fiscal 2012 to \$4.5 million in fiscal 2013, an increase of \$1.5 million, or approximately 49%, as a result of cost of issuance expenses in the amount of \$1.1 million, related to the issuance of the House New York Revenue Bonds. This compares with a decrease from \$10 million in fiscal 2011 to \$3 million in fiscal 2011, a decrease of \$7 million, or 70%. The increase from fiscal 2010 to fiscal 2011 was primarily a result of the Agency expending approximately \$5.7 million in bond premium funds in fiscal 2011. There were no bond premium funds expended in fiscal 2013 and 2012. Proceeds from the issuance of bonds on State supported debt in excess of par value are capitalized and recorded as bond premium. Transfer of such funds to the State is recorded as an expense.

## **Unrealized loss on Investments Held**

Due to the liquidation and, or maturity of certain high yielding investments held at a gain during fiscal 2013, combined with market conditions, the unrealized loss on investments held decreased from approximately \$2.2 million in fiscal 2012 to \$1.2 million in fiscal 2013, a decrease of \$1 million, or approximately 45%. This compares with an increase from approximately \$800 thousand in fiscal 2011 to \$2.2 million in fiscal 2012, an increase of \$1.4 million, or approximately 183% which resulted from market conditions.

## **Supervising Agency Fee and Other Payments to the State**

Supervising Agency Fees and other payments to the State are paid by the Agency to the State and certain state agencies, including the New York State Division of Housing and Community Renewal ("DHCR"). During fiscal 2011, an additional one-time payment to the State in the amount of \$3.5 million was paid. The Supervising Agency Fee and other payments to the State increased by \$400 thousand, or 4% from \$10.1 million in fiscal 2012 to \$10.5 million in fiscal 2013. This compares with a decrease from \$12.1 million in fiscal 2011 to \$10.2 million in fiscal 2012, a decrease of \$1.9 million, or 16%.

## **Allowance for Losses on Loans**

On an annual basis, the Agency analyzes certain Mortgage Loan Receivable balances to determine their collectability. A determination is made by management to establish or adjust the Allowance for Losses on loans previously established based on this analysis.

Included in the Allowance for Losses on loans are mortgage advances made by the Agency using Agency funds which have been made available for making subsidy loans. Such loans are made in the form of subordinate mortgage loans and are recorded as mortgage loans receivable. The balance of such loans is included in the

allowance for losses on loans because they are not secured by credit enhancement and their terms require scheduled payments which are deferred until other obligations are satisfied. Therefore, an allowance is established for the full amount of each of these subsidy loans. When payments are made relating to Subsidy Mortgages, the amount received is recorded as Recovery Income.

Allowance for Losses on loans increased from \$27.7 million in fiscal 2012 to \$69.4 million in fiscal 2013, an increase of \$41.7 million, or 150%. The increase was primarily a result of the acquisition of the Mitchell Lama mortgage portfolio from ESD in fiscal 2013. An allowance was established relating to this portfolio in the amount of \$47.6 million.

This compares with an increase from \$19.3 million in fiscal 2011 to \$27.7 million in fiscal 2012, an increase of \$8.4 million, or approximately 44%, relating primarily to the issuance of subsidy loans.

### **Non-operating revenues (expenses)**

#### **Transfers from Agencies of the State of New York**

The amount of \$130.1 million is comprised of two items: The commitment by SONYMA to transfer the amount of \$17.6 million to the Agency by March, 2014 which was made in November, 2013 and a gain recognized on the acquisition of the Mitchell Lama mortgage portfolio from ESD in the amount of \$112.5 million (see note 4).

#### **Federal and State Grants**

Federal and State Grants represent funds received from the federal government and the State which are then remitted to various housing developments. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, revenue is recorded as non-operating and the related expense is recorded as an operating expense.

Federal and State Grants decreased from \$15.6 million in fiscal 2012 to \$15.5 million in fiscal 2013, a decrease of \$100 thousand, or approximately 1%. This compares with a decrease from \$44.2 million in fiscal 2011 to \$15.6 million in fiscal 2012, a decrease of \$28.6 million, or approximately 65%.

The declines are a result of the wind down of the Neighborhood Stabilization Program ("NSP") in fiscal 2013 and 2012 and the expiration of the Tax Credit Assistance Program ("TCAP") in 2012.

**\*\*\*\***

# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## STATEMENTS OF NET POSITION

(in thousands)

	October 31,	
	2013	2012*
<b>Assets</b>		
Current Assets:		
Cash held principally by Trustee and Depository - Restricted	\$ 152,854	\$ 121,130
Cash held principally by Trustee and Depository - Unrestricted	3,228	5,984
Investments - Restricted	1,122,055	1,345,464
Investments - Unrestricted	127,019	121,859
Accrued interest receivable on investments	1,315	1,631
Mortgage loans and other loans - net	202,643	216,360
Interest receivable and other	30,206	13,351
<b>Total current assets</b>	<b>1,639,320</b>	<b>1,825,779</b>
Non-current Assets:		
Investments - Restricted	40,590	51,826
Investments - Unrestricted	42,302	20,486
Mortgage loans and other loans - net	10,391,596	9,624,591
Interest receivable and other	3,932	4,972
<b>Total non-current assets</b>	<b>10,478,420</b>	<b>9,701,875</b>
<b>Total assets</b>	<b>12,117,740</b>	<b>11,527,654</b>
<b>Deferred outflows of resources</b>		
Accumulated decrease in fair value of hedging derivatives	30,964	46,140
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	8,677	7,291
Interest payable	27,033	24,903
Funds received from governmental entities	14,693	20,254
Earnings restricted to project development	3,336	3,833
Amounts received in advance and other	167,968	152,118
Bonds payable	635,091	149,035
Funds received from mortgagors	25,164	31,172
<b>Total current liabilities</b>	<b>881,962</b>	<b>388,606</b>
Non-current Liabilities:		
Bonds payable including unamortized bond premium and discount	10,644,940	10,652,527
Derivative instrument - interest rate swaps	30,964	46,140
Unearned revenues, amounts received in advance and other	25,338	19,370
Postemployment retirement benefits	40,472	36,617
<b>Total non-current liabilities</b>	<b>10,741,714</b>	<b>10,754,654</b>
<b>Total liabilities</b>	<b>11,623,676</b>	<b>11,143,260</b>
<b>Deferred inflows of resources</b>		
Gain on defeasance - net	790	721
<b>Net position</b>		
Restricted	418,043	331,768
Unrestricted	106,195	98,045
<b>Total net position</b>	<b>\$ 524,238</b>	<b>\$ 429,813</b>

See notes to financial statements.

\*Restated for GASB No. 65 implementation (see note 3)

# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)

	Fiscal Year Ended	
	October 31,	
	2013	2012*
<b>Operating revenues</b>		
Interest on mortgage loans	\$ 114,159	\$ 104,976
Fees, charges and other	38,360	36,918
Investment income	4,549	5,971
Recoveries	5,838	4,201
<b>Total operating revenues</b>	<b>162,906</b>	<b>152,066</b>
<b>Operating expenses</b>		
Interest	94,308	93,768
Earnings on investments and other funds credited to mortgagors and lessees	1,483	1,348
Postemployment retirement benefits	3,855	3,838
General expenses	17,138	16,504
Other financial expenses	4,538	3,048
Unrealized loss on investments held	1,199	2,179
Supervising agency fee	10,531	10,130
Expenditures related to federal and state grants	15,491	15,619
Allowance for losses on loans	69,380	27,697
<b>Total operating expenses</b>	<b>217,923</b>	<b>174,131</b>
<b>Operating loss</b>	<b>(55,017)</b>	<b>(22,065)</b>
<b>Non-operating revenues</b>		
Transfers from Agencies of New York State	130,122	—
Federal and state grants	15,491	15,619
Reserve funds received from (returned to) mortgagors	3,829	(394)
<b>Net non-operating revenues</b>	<b>149,442</b>	<b>15,225</b>
<b>Increase (decrease) in net position</b>	<b>94,425</b>	<b>(6,840)</b>
<b>Total net position - beginning of fiscal year</b>	<b>429,813</b>	<b>436,653</b>
<b>Total net position - end of fiscal year</b>	<b>\$ 524,238</b>	<b>\$ 429,813</b>

See notes to financial statements.

\*Restated for GASB No. 65 implementation (see note 3)

# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## STATEMENTS OF CASH FLOWS

(in thousands)

	Fiscal Year Ended October 31,	
	2013	2012*
<b>Cash flows from operating activities</b>		
Interest on loans	\$ 114,306	\$ 105,376
Fees, charges and other	38,361	40,127
Operating expenses	(34,822)	(32,028)
Principal payments on mortgage loans	392,826	519,349
Mortgage loans advanced	(1,103,820)	(1,115,071)
Funds received from mortgagors	66,779	57,014
Funds returned to mortgagors and lessees	(45,466)	(24,311)
Distribution of funds received from governmental entities	(5,831)	(1,055)
Payments and other	8,730	26
Expenditures related to Federal and State Grants	(15,491)	(15,619)
<b>Net cash used in operating activities</b>	<b>(584,428)</b>	<b>(466,192)</b>
<b>Cash flows from non-capital financing activities</b>		
Interest payments	(94,575)	(95,171)
Issuance of bonds	871,184	1,231,390
Retirement and redemption of bonds	(390,165)	(582,690)
Federal and State Grants	15,491	15,619
<b>Net cash provided by non-capital financing activities</b>	<b>401,935</b>	<b>569,148</b>
<b>Cash flows from investing activities</b>		
Investment income	4,988	5,067
Proceeds from sales or maturities of investments	6,922,812	5,358,505
Purchases of investments	(6,716,339)	(5,440,619)
<b>Net cash provided by (used in) investing activities</b>	<b>211,461</b>	<b>(77,047)</b>
Net increase in cash	28,968	25,909
Cash at beginning of fiscal year	127,114	101,205
<b>Cash at end of fiscal year</b>	<b>\$ 156,082</b>	<b>\$ 127,114</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (55,017)	\$ (22,065)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Net change provided by non-operating activities	161,928	59,841
Changes in assets and liabilities - net:		
Mortgage loan receivables	(711,043)	(571,664)
Accounts and other payables	2,313	7,003
Funds received from mortgagors and governmental entities	17,391	32,996
<b>Net cash used in operating activities</b>	<b>\$ (584,428)</b>	<b>\$ (493,889)</b>
<b>Non-cash investing activities</b>		
Unrealized loss on investments held	\$ 1,199	2,179

See notes to financial statements.

\*Restated for GASB No. 65 implementation (see note 3)

# NEW YORK STATE HOUSING FINANCE AGENCY

(A COMPONENT UNIT OF THE STATE OF NEW YORK)

## NOTES TO THE FINANCIAL STATEMENTS

### FISCAL YEARS ENDED OCTOBER 31, 2013 AND 2012

---

#### NOTE 1 – THE AGENCY

The New York State Housing Finance Agency (“Agency”), a component unit of the State of New York (“State”), is a corporate governmental agency constituted as a public benefit corporation under the provisions of the State Private Housing Finance Law. The Agency is empowered to finance or contract for the financing of the construction, acquisition or refinancing of loans for: (a) housing units for sale or rent to low and moderate income persons, families, and senior citizens, (b) municipal health facilities, (c) non-profit health care facilities, (d) community related facilities and (e) to provide funds to repay the State for amounts advanced to finance the cost of various housing assistance programs. The Agency is also empowered, through its Capital Grant Low Rent Assistance Program, to provide rental housing to low and middle income persons or families. Additionally, the Agency participates in the federal government’s housing assistance programs, principally those established by Section 236 of the National Housing Act and Section 8 of the U.S. Housing Act of 1937. These federal programs provide interest reduction and rental assistance subsidies, respectively, to eligible projects and tenants.

The Agency administers the State’s Housing Project Repair and Infrastructure Trust Fund Programs. The Housing Project Repair Program is to be used to correct construction-related and energy, health and safety problems or deficiencies at Mitchell-Lama housing projects that are at current economic rent or that enter into mortgage modification agreements with the Agency. The Infrastructure Trust Fund Programs provide grants for the development of affordable housing throughout New York State.

The Agency finances most of its activities through the issuance of bonds. As of October 31, 2013 and 2012, the Agency is authorized to issue bonds up to the amount of approximately \$17.28 billion to finance housing projects. Additionally, as of October 31, 2013, the Agency is authorized to issue Service Contract Obligation Revenue Bonds, Service Contract Revenue Bonds and Personal Income Tax Revenue Bonds in the amount of approximately \$2.84 billion (approximately \$2.74 billion as of October 31, 2012).

In accordance with section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, the Agency’s financial statements are included in the State of New York’s annual financial statements as a component unit of the State.

The Private Housing Finance Law, as amended in 1985, established the New York State Housing Trust Fund Corporation (“HTFC”) and the New York State Affordable Housing Corporation (“AHC”), both public benefit corporations, as subsidiary corporations of the Agency. In addition, as amended through 1990, such law established the New York State Homeless Housing and Assistance Corporation (“HHAC”). The Agency does not have financial accountability for these corporations; accordingly, they are not component units of the Agency in accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 61 (GASB Statement No. 61), *Financial Reporting Entity: Omnibus*.



## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **BASIS OF ACCOUNTING:** The Agency utilizes the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (“GASB”).
- B. **INVESTMENTS:** Investments, other than collateralized investment agreements, are recorded at their fair value, which are based on quoted market prices or matrix pricing for securities that are not traded actively. Collateralized investment agreements are reported at cost plus accrued interest. For the purpose of financial statement presentation, the Agency does not consider any of its investments to be cash equivalents.
- C. **INTEREST AND INVESTMENT REVENUE:** Interest and investment income is accrued and recognized as revenue when earned.
- D. **FEES, CHARGES AND OTHER REVENUE:** Servicing fees, mortgage origination fees, commitment fees and other fees due to the Agency, are recognized as revenue in the period in which they are earned.
- E. **ADMINISTRATIVE EXPENSES:** Administrative and other expenses are recognized as expense in the period incurred.
- F. **INTERAGENCY SERVICES:** The Agency has agreements with related public benefit corporations to provide managerial, administrative and financial functions for these organizations. Pursuant to these agreements, the Agency’s general expenses are allocated to reflect the services utilized by each of the respective related public benefit corporations. The Agency is reimbursed for such expenses, to the extent the related public benefit corporation have funds available.
- G. **COSTS OF ISSUANCE EXPENSE:** The costs of issuing bonds are expensed in the period incurred.
- H. **GRANTS:** Grants received from Federal, State and local governments are recognized as non-operating revenue when eligibility requirements are met.
- I. **ACCRUED VACATION BENEFITS:** Vacation benefits are recorded in the period earned.
- J. **BOND PREMIUM:** Bond premium is amortized over the life of the related bonds using the effective interest method.
- K. **RESTRICTED ASSETS:** The assets governed by bond or note resolutions are restricted. Cash and investments included in restricted fund accounts are held by trustee banks. Additionally, restricted assets include funds available to be advanced as subsidy loans which were committed but not yet disbursed.
- L. **USE OF RESTRICTED NET POSITION:** When both restricted and unrestricted resources are available for a particular restricted use, it is the Agency’s policy to use restricted resources first, and then unrestricted as needed.

M. ALLOWANCE FOR POTENTIAL LOSSES ON LOANS: An allowance has been established for possible uncollectible mortgage loans and accrued interest (see Note 4). Annually, the allowance is reviewed for reasonableness. Provisions for uncollectible receivables are recorded when it has been determined that a probable loss has occurred.

N. NET POSITION: The Agency's Net Position represents the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources. It consists largely of mortgage loans and investments. The Agency's net position is categorized as follows:

Restricted Net Position: Represents assets that have been restricted in use in accordance with the terms of bond indentures, grant awards, agreements or by State law, reduced by the outstanding balance of any debt that is attributable to those assets. This includes mortgage loan assets, bond proceeds and reserve funds that are pledged to bondholders and funds held pursuant to contractual obligations with New York State.

Unrestricted Net Position: Represent assets that do not meet the definition of restricted.

O. REFUNDINGS OF DEBT: Gains or losses in connection with advanced refundings are recorded as either a deferred outflows (loss) or deferred inflows (gain) of resources and amortized as an adjustment to interest expense over the original life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

P. DERIVATIVE INSTRUMENTS: The Agency has entered into various interest rate swaps in order to manage risks associated with interest on its State Revenue Bond Program bond portfolio. The Agency recognizes the fair value of all derivative instruments as either an asset or liability on its statements of net position with the offsetting gains or losses recognized in earnings or as either deferred inflows or outflows if deemed an effective hedge.

Q. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS: In March 2013, the Agency adopted the provisions of GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012; however the Agency elected to early-adopt GASB No. 65 during the year ended October 31, 2013. Refer to Note 3 "Impact of the Adoption of GASB No. 65" for further information regarding the impact of the adoption of GASB No. 65 on the financial statements.

R. UPCOMING ACCOUNTING PRONOUNCEMENTS: In March 2012, GASB issued Statement No. 66, *Technical Corrections-2012*. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements-Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Agency does not anticipate the implementation of this standard to have an impact on its financial statements.

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing

accountability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. The Agency does not anticipate that the implementation of this standard will have an impact on its financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Agency is currently evaluating the impact of the implementation of this standard will have on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB No. 69"). The objective of this Statement is to improve the accounting for mergers and acquisitions among state and local governments by providing guidance specific to the situations and circumstances encountered within the governmental environment. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. The Agency does not anticipate that the implementation of this standard will have an impact on its financial statements.

In February 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* ("GASB No. 70"). The objective of this Statement is to improve the comparability of financial statements among governments by requiring consistent reporting by those governments that extend and/or receive non-exchange financial guarantees. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. The Agency does not anticipate that the implementation of this standard will have an impact on its financial statements.

- S. RECLASSIFICATIONS: Certain reclassifications have been made to prior year balances in order to conform to current year presentation.

### NOTE 3 – IMPACT OF THE ADOPTION OF GASB NO. 65

As previously noted, the Agency adopted GASB Statement No. 65 during the current fiscal year. The implementation of this new standard resulted in the modification of the method previously used to account for mortgage origination fees, commitment fees and the cost of issuance associated with the Agency's numerous bond issuances and the reclassification of the Agency's deferred loss on bond defeasance to a deferred outflow of resources. In accordance with the requirements of this new standard, the Agency's Net Position as of October 31, 2011 and the Agency's Statement of Revenues, Expenses and Changes in Net Position were restated to retroactively adjust the Agency's financial statements. As a result, the following restatements have been made to the Agency's financial statements.

<u>As of October 31, 2011</u>	As Previously		
	Reported	Adjustment	Restated
	(in thousands)		
Net Position	\$ 403,263	\$ 33,390	\$ 436,653
<u>For the year ended October 31, 2012</u>			
Fees, Charges and Other	30,196	6,722	36,918
Interest Expense	(94,278)	510	(93,768)
General Expenses	(16,546)	42	(16,504)
Net Position	(14,114)	7,274	(6,840)
<u>As of October 31, 2012</u>			
Interest Receivable and Other	31,061	(12,738)	18,323
Bonds payable	10,802,085	(523)	10,801,562
Deferred inflow of resources:			
Gain on Defeasance - net	-	721	721
Unearned Revenues, Amounts			
Received in Advance and Other	225,088	(53,601)	171,487
Net Position	\$ 389,149	\$ 40,664	\$ 429,813

## NOTE 4 – RECEIVABLES

### MORTGAGE LOAN

Mortgage loans, which are financed by long-term indebtedness, are collectible through monthly payments. The Agency's bond resolutions, with respect to such mortgages, generally require among other provisions that:

- A. The Agency's mortgage is a first mortgage lien on the real property of the project;
- B. The mortgage loan shall not exceed the then established project cost or, for certain programs, a certain percentage thereof; and
- C. Mortgage repayments, together with other available monies, shall be sufficient to pay debt service on the bonds issued to finance the mortgage.

The Agency had outstanding, under various loan programs, mortgage loans receivable in the amounts of \$10.59 billion and \$9.84 billion at October 31, 2013 and 2012, respectively. The allowances for potential loan losses amounted to \$281.6 million and \$212.7 million at October 31, 2013 and 2012, respectively as described below.

While the New York State Division of Housing and Community Renewal ("DHCR") is required to set rental schedules for certain of the housing projects financed by the Agency at rates sufficient to meet current operating costs, including debt service and required reserves, mortgagors of certain projects (as described below) have experienced difficulty in collecting increased rents. The failure of a project to generate sufficient revenues may result in the inability of the mortgagor to meet its mortgage repayments, required reserves and, in certain cases, real estate taxes. The failure of a mortgagor to pay its real estate taxes could result in the Agency's mortgage lien being extinguished in foreclosure unless the Agency is able to apply its own funds or State appropriations to cure the default.

The collection of mortgage loans made to hospitals and nursing homes is dependent on the ability of each hospital and nursing home to generate sufficient funds to service its debt, which in turn, is predicated on its ability to obtain Medicare, Medicaid, Blue Cross or managed care reimbursement rate increases to offset increasing operating costs. Federal and State agencies have certain limitations on such reimbursement rates.

### MITCHELL LAMA MORTGAGE PORTFOLIO

On June 5, 2013 the Agency issued House New York Revenue Bonds (the "bonds") in the amount of \$46.4 million. Such bonds were issued in connection with the assignment, effective June 1, 2013, by the New York State Urban Development Corporation, doing business as Empire State Development ("ESD"), to the Agency of certain notes receivable (the "Notes"), mortgages (the "Mortgages") and interest reduction payment contracts (the "IRP Contracts") entered into with the Secretary of Housing and Urban Development ("HUD"). Proceeds of the Bonds in the amount of \$45.3 million were used to finance the acquisition price (the "Acquisition Price") that was paid to ESD as consideration for the assignment by ESD of the Notes, Mortgages and IRP Contracts. The remainder of the bond proceeds in the amount of \$1.1 million was used to fund the Cost of Issuance Account. Payment of the principal and interest on the Bonds will be payable solely from payments received or receivable by the Agency pursuant to the IRP Contracts (the "Revenues") and will be secured by the Notes, Mortgages, and IRP Contracts.

HUD and ESD entered into the IRP Contracts pursuant to Section 236(b) of the National Housing Act ("Section 236") when the mortgages were originally issued. At that time, the monthly IRP payments due from HUD were fixed for the life of each IRP contract.

As the Agency and ESD are discretely presented component units of the State of New York, they are considered intra-entities for financial reporting purposes and, accordingly, the Agency has recorded the transaction in accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. As per this standard, the Agency has recorded the assets received in this transaction at ESD's carrying value with the difference being recorded as a gain in its financial statements. For purposes of reporting this transaction in the State's Comprehensive Financial Report, such amounts will be reclassified and reported as a transfer.

As of March 31, 2013, ESD recorded a loss of \$116.3 million on the mortgage portfolio which they had valued at \$161.7 million. The loss was calculated after taking into account \$45.4 million paid by the Agency to ESD to acquire the portfolio. Taking into consideration IRP payments due to ESD from HUD covering the period from April 1, 2013 - May 31, 2013, the Agency adjusted the value of the mortgage portfolio to \$157.9 million as of the transfer date, June 1, 2013. The Agency's acquisition of the mortgage portfolio for \$45.4 million, resulted in a gain to the Agency in the amount of \$112.5 million.

Because the bonds are secured by the future IRP payments due from HUD, and the Agency has determined that other mortgage payments due from mortgagors are uncertain and cannot be reasonably valued, the Agency has valued the mortgages at the future value of the IRP payments in the amount of \$110.3 million as of June 1, 2013 (the date of the acquisition), resulting in the establishment of an allowance in the amount of \$47.6 million. The net balance of the mortgage loan receivable relating to the acquired loans was \$105.1 million as of October 31, 2013.

#### SUBORDINATE MORTGAGE LOANS

Subsidy loans are not secured by credit enhancement and their terms require payments which are deferred until other obligations are satisfied. Subsidy loans are made in the form of subordinate mortgage loans and are recorded as mortgage loans receivable. Therefore, an allowance is established for the full amount of the subordinate loans (including subsidy loans) not making current payments. As of October 31, 2013, subsidy mortgage loans were outstanding in the amount of \$228.7 million, with an allowance established in the amount of \$225.8 million. As of October 31, 2012, subsidy loans were outstanding in the amount of \$206.8 million, with an allowance established in the amount of \$203.9 million.

#### OTHER PROGRAMS

Allowances have been established in certain other programs in the amounts of \$8.2 million as of fiscal 2013 and \$8.8 million as of fiscal 2012.

## NOTE 5 – DEPOSITS AND INVESTMENTS

At October 31, 2013, the Agency's cash held by institutions, either with the New York State Department of Taxation and Finance or in depository institutions, was fully collateralized by securities held with a trustee in the Agency's name and amounted to \$155.1 million (\$104.2 million at October 31, 2012). Uncollateralized and uninsured cash held by paying agents and depositories amounted to \$1.0 million (\$23.0 million at October 31, 2012).

### CREDIT RISK

Investment guidelines and policies are designed to protect principal by limiting credit risk. Therefore, the Agency has a formal investment policy which governs the investment of all Agency monies. The Agency investment guidelines require that all bond proceeds and revenues can only be invested in securities [defined as (i) obligations the principal of and interest on which are guaranteed by the United States of America; (ii) obligations of the United States of America; (iii) obligations the principal of and interest on which are guaranteed by the state; (iv) obligations of the State; (v) obligations of any agency of the United States of America; (vi) obligations of any agency of the State; and (vii) obligations the principal of and interest on which are guaranteed by an agency of instrumentality of the United States of America; provided, however, that notwithstanding anything to the contrary herein, the Agency shall not be authorized to invest in Securities set forth in clauses (v) and (vi) hereof, unless specifically authorized under authority of Section 98 of the State Finance Law]; Collateralized Investment Agreements; Repurchase Agreements; and obligations which the Comptroller is authorized to invest in under Section 98 of the State Finance Law. Securities are only purchased from Primary Dealers, and Securities are delivered to the applicable Custodian/Trustee who records the interest of the Agency. Collateralized Investment Agreements may only be entered into with institutions rated at least within the second highest rating category without regard to gradations within such category by Moody's Investors Service or Standard & Poor's. Collateralized Investment Agreements are collateralized at a minimum of 103% of the principal amount of the agreement and marked to market weekly. Short-term repurchase agreements may only be entered into with primary dealers with whom the Agency has executed a Security Industry Financial Market Association (SIFMA) repurchase agreement, and are collateralized at a minimum of 100% of principal. The collateral consists of United States government obligations, other securities the principal of and interest on which are guaranteed by the United States, Government National Mortgage Association obligations and obligations of agencies and instrumentalities of the Congress of the United States. The collateral shall be delivered to the Trustee/Custodian and held for the benefit of the Agency. Agency funds are invested in accordance with the investment guidelines approved annually by the Agency's board, which are in compliance with the New York State Comptroller's Investment Guidelines.

All of the above investments that are securities are in registered form, and are held by agents of the Agency or by the trustee under the applicable bond resolution, in the Agency's name. The agents or their custodians take possession of the securities.

### DIVERSIFICATION STANDARDS

The Agency's investments, other than Securities, shall be diversified among Banks but not more than 35% of the Agency's total invested funds were invested with any single such institution, and investments with any single institution shall not exceed 20% of that institution's capital. These standards may be waived by the Agency's Chairman or the President and Chief Executive Officer. At October 31, 2013 and 2012, there was no single investment that exceeded 20% of the Agency's funds and not more than 35% of the Agency's total invested funds were invested with any single such institution.

## INTEREST RATE RISK

Interest rate risk is minimal due to the short term duration of the Agency's investments in the other than collateralized investment agreements category. Rates on collateralized investments are linked to interest rates on applicable bonds so that interest rate risk is minimal. Securities purchased from revenues are invested in U.S. Treasury Obligations with maturities as close as practicable to the next debt service payment date or date of usage, typically six months and under.

The fair value of investments excluding accrued interest as of October 31, 2013 and October 31, 2012 is as follows:

	<u>2013</u>	<u>2012</u>
	(in thousands)	
Investment Type		
Collateralized Investment Agreements	\$ 37,950	\$ 37,950
U.S. Treasury Obligations	1,292,263	1,498,543
Other	1,753	3,142
Total	<u>\$ 1,331,966</u>	<u>\$ 1,539,635</u>

(See Note 6 for investment detail by maturity)



## NOTE 6 – MATURITY OF INVESTMENTS

As of October 31, 2013, the Agency had the following investments and maturities in two categories: Restricted Funds and Unrestricted Funds.

Values below are at Fair Value excluding accrued interest as of October 31, 2013:

	Investment Maturities (In Years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
	(in thousands)				
<b><u>Restricted Funds:</u></b>					
Collateralized Investment Agreements	\$ 37,950	\$ —	\$ 23,300	\$ 14,650	\$ —
U.S. Treasury Bills	1,111,291	1,111,291	—	—	—
U.S. Treasury Bonds	1,878	494	—	125	1,259
U.S. Treasury Strips	10,047	10,021	—	—	26
Government Agencies	1,753	523	195	—	1,035
	<u>1,162,919</u>	<u>1,122,329</u>	<u>23,495</u>	<u>14,775</u>	<u>2,320</u>
<b><u>Unrestricted:</u></b>					
U.S. Treasury Bills	31,356	31,356	—	—	—
U.S. Treasury Bonds	295	38	—	257	—
U.S. Treasury Notes	30,519	—	30,519	—	—
U.S. Treasury Strips	95,464	83,938	11,524	—	2
	<u>157,634</u>	<u>115,332</u>	<u>42,043</u>	<u>257</u>	<u>2</u>
<b><u>Escrow Funds:</u></b>					
U.S. Treasury Bills	11,413	11,413	—	—	—
	<u>11,413</u>	<u>11,413</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b><u>Grand Total:</u></b>					
Collateralized Investment Agreements	37,950	—	23,300	14,650	—
U.S. Treasury Bills	1,154,060	1,154,060	—	—	—
U.S. Treasury Bonds	2,173	532	—	382	1,259
U.S. Treasury Notes	30,519	—	30,519	—	—
U.S. Treasury Strips	105,511	93,959	11,524	—	28
Government Agencies	1,753	523	195	—	1,035
	<u>\$ 1,331,966</u>	<u>\$ 1,249,074</u>	<u>\$ 65,538</u>	<u>\$ 15,032</u>	<u>\$ 2,322</u>

## NOTE 7 – BOND INDEBTEDNESS

The Agency has obtained construction and/or long-term financing for all applicable projects within all programs. The issuance of debt for the financing of projects by the Agency is subject to the approval of the New York State Public Authorities Control Board. Bonds are issued under various bond resolutions adopted by the Agency to permanently finance and/or provide financing during the construction period for qualified projects.

Substantially all of the assets of each bond program of the Agency are pledged as collateral for the payment of principal and interest on bond indebtedness only of that program. The obligations of the Agency are not obligations of the State, and the State is not liable for such obligations. The ability of the Agency to meet the debt service requirements on the bonds issued to finance mortgage loans is dependent upon the ability of the mortgagors in such programs to generate sufficient funds to meet their respective mortgage payments as well as to meet the operating and maintenance costs of the applicable projects.

At October 31, 2013 and 2012, the total debt service reserve requirements were \$36.0 million and \$37.0 million, respectively. The Agency has sufficient funds on deposit within the debt service reserve funds to fully satisfy these requirements. In addition, as of both October 31, 2013 and 2012, included in the FHA-Insured Multi-Family Housing Revenue Bond Program, the Agency has funded the amount of approximately \$1.1 million in a dedicated Risk Sharing account. This deposit is required by agreement with HUD.

Included in the bond indebtedness of the Secured Loan Rental Housing Bond Program, the Service Contract Revenue Bonds Program, and the State Personal Income Tax Revenue Bond Program are variable debt as of October 31, 2013 and 2012.

The balance of the variable rate bonds outstanding are as follows:

Secured Loan Rental Housing - \$8.9 billion and \$8.7 billion at October 31, 2013 and 2012, respectively;  
Service Contract Revenue - \$200.0 million and \$232.2 million at October 31, 2013 and 2012, respectively;  
State Personal Income Tax Revenue - \$80.0 million at October 31, 2013 and 2012.

The variable rate demand bonds are subject to purchase on the demand of the holder, at a price equal to par plus accrued interest, on seven days notice and delivery of the bonds to the respective tender agents. For each variable rate financing, there is a remarketing agent which is authorized to use its best effort to sell the repurchased bonds at par and a liquidity provider in the form of an irrevocable letter of credit or credit instrument, issued by a major bank, or government sponsored entity, on behalf of the project being financed. The letters of credit are valid with maturity dates ranging from September 8, 2014 to May 6, 2049. The tender agent/trustee is entitled to draw on the liquidity facility in an amount sufficient to pay the par value of and accrued interest on bonds delivered to it in the event bonds are not remarketed to, or monies are not received from, a new bondholder in a timely manner.

The Agency classifies such bonds with a maturity in excess of one year as long term debt in accordance with GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governments*. For certain variable rate bonds, Fannie Mae and Freddie Mac credit enhancements have been substituted for letters of credit.

Defeasances were accomplished by placing in irrevocable trustee escrow accounts, cash and amounts invested in U.S. Treasury obligations that will generate funds sufficient to meet future payments of all interest, principal and call premiums, if applicable, on the defeased bonds. Accordingly, the defeased bonds and related assets placed in the irrevocable escrow accounts are not included in the Agency's financial statements since the Agency has legally

The principal amount outstanding for bond obligations defeased with respect to the Hospital and Nursing Home Program, State University Construction Program, State Personal Income Tax Revenue Bonds (Economic Development and Housing) Program and the Secured Loan Rental Housing Programs were as follows:

Projects or Bond Issues Defeased	Fiscal Year Defeased	Principal Amount Remaining of Obligations Defeased	
		October 31, 2013	2012
		(\$ in thousands)	
St. Camillus Nursing Home - 1970 Series A and 1974 Series A	1982	\$30	\$55
North Shore University Hospital - 1970 Series A, 1974 Series A 1977 Series A	1983	6,779	8,224
Wesley Nursing Home - 1971 Series A and 1977 Series A	1984	332	662
Crouse Irving Memorial Hospital - 1972 Series A and 1977 Series A	1985	4,160	5,140
Community Memorial Hospital - 1971 Series A and 1977 Series A	1985	120	180
St. Joseph's Hospital Health Center - 1972 Series A and 1977 Series A	1986	3,868	4,768
Tioga Nursing Home - 1971 Series A and 1977 Series A	1989	—	150
Eger Nursing Home - 1972 Series A and 1977 Series A	1989	580	1,125
State University Construction - various series	1990	—	19,340
Saint Luke's Nursing Home - 1974 Series A and 1977 Series A	1992	433	593
Charles T. Sitrin Nursing Home - 1974 Series A	1992	292	437
Downtown Nursing Home - 1974 Series A and 1977 Series A	1992	346	481
Millard-Fillmore Hospital - 1972 Series A	1993	2,604	3,959
Isabella Nursing Home - 1971 Series A	1994	—	900
St. Johnland Nursing Home - 1974 Series A and 1977 Series A	1994	795	1,135
Adirondack Tri-County Nursing Home - 1974 Series A	1994	140	210
Brookdale Hospital - 1974 Series A and 1977 Series A	1995	2,790	3,840
Consolation Nursing Home - 1974 Series A	1996	625	955
Goodman Gardens Nursing Home - 1974 Series A	1996	395	605
St. John's Nursing Home - 1971 Series A	1996	—	375
The Martin Luther King Jr. Nursing Home - 1974 Series A	1996	305	480
Teresian Nursing Home - 1972 Series A	1997	365	620
Loretto Rest Nursing Home - 1974 Series A	1997	1,210	1,910
State Personal Income Tax Revenue Bonds - 2003 Series A	2005	—	71,210
State Personal Income Tax Revenue Bonds - 2003 Series A	2006	4,750	31,365
State Personal Income Tax Revenue Bonds - various series	2007	8,300	19,180
State Personal Income Tax Revenue Bonds - various series	2013	33,355	—
<b>TOTAL</b>		<b>\$72,574</b>	<b>\$177,899</b>

Bonded debt previously issued by the Agency for the Non-Profit Housing, the Housing Project Bonds Programs, and the Hospital and Health Care Project Revenue Bond Program together totaling \$10.6 million and \$14.9 million in outstanding bonds as of October 31, 2013 and 2012, respectively is classified as “moral obligation” debt. Moral obligation debt is not a debt or a liability of the State. Rather, in the event of a deficiency in the debt service and capital reserve funds established by bond resolutions, the State is obliged to consider, annually, providing funds to restore such reserve funds to the required level. The State is not legally required to provide such funding.

## NOTE 8 - SUMMARY OF BOND INDEBTEDNESS

Fiscal Year Ended October 31, 2013

(in thousands)

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013	Final Maturity Date
<b>Mortgage Programs:</b>						
Non-Profit Housing Project Bonds-5.80% to 8.40%	\$ 186,085	11,305	—	3,835	7,470	2019
Housing Project Bonds-7.75% to 8%	8,380	3,580	—	420	3,160	2019
House New York Revenue Bonds 0.35% to 1.80%	46,440	—	46,440	—	46,440	2018
Hospital and Health Care Project Revenue Bonds- 3.60% to 5.15%	42,090	20	—	10	10	2016
Nursing Home and Health Care Project Revenue Bonds-3.60% to 5.15%	190,080	16,915	—	8,265	8,650	2016
FHA-Insured Multi-Family Mortgage Housing Revenue Bonds-1% to 8.45%	34,750	23,945	—	8,525	15,420	2043
Multi-Family FHA-Insured Mortgage Housing Revenue Bonds-6.79%	2,540	2,295	—	30	2,265	2039
Secured Loan Rental Housing Bonds- 1.10% to 9%	10,023,915	8,904,475	377,064	102,725	9,178,814	2049
Housing Project Mortgage Revenue Bonds- 3.60% to 6.125%	484,540	9,970	—	2,730	7,240	2020
Affordable Housing Revenue Bonds- 0.25% to 6.80%	1,078,990	430,830	442,680	59,560	813,950	2047
Affordable Housing Revenue Bonds- (Federal New Issue Bond Program) - ("NIBP") 2009 Series 1 2.47% to 3.68%	259,460	257,604	—	43,217	214,387	2051
New Issues: 0.30% to 3.80%	149,465	140,287	—	24,174	116,113	2022
<b>Total Mortgage Programs</b>	<b>12,506,735</b>	<b>9,801,226</b>	<b>866,184</b>	<b>253,491</b>	<b>10,413,919</b>	
<b>Other Programs:</b>						
State Revenue Bond Programs - 1.35% to 5.35%	1,470,810	983,920	—	131,675	852,245	2039
<b>Total Other Programs</b>	<b>1,470,810</b>	<b>983,920</b>	<b>—</b>	<b>131,675</b>	<b>852,245</b>	
<b>Total Bond Indebtedness</b>	<b>13,977,545</b>	<b>10,785,146</b>	<b>866,184</b>	<b>385,166</b>	<b>11,266,164</b>	
Bond Premium	—	16,416			13,867	
<b>Total Net Bond Indebtedness</b>	<b>\$ 13,977,545</b>	<b>10,801,562</b>	<b>*</b>		<b>11,280,031</b>	

**NOTE 9 - DEBT SERVICE REQUIREMENTS**  
**(in thousands)**

		Non-Profit Housing Project Bonds	Housing Project Bonds	Hospital and Health Care Project Revenue Bonds	Affordable Housing Revenue Bonds	Affordable Housing Revenue Bonds (NIBP)
<b>Principal:</b>						
Fiscal Year ending October 31,						
2014	\$	3,360	455	10	25,390	13,435
2015		1,860	495	—	34,910	62,430
2016		495	530	—	60,245	5,990
2017		535	575	—	106,755	5,785
2018		590	620	—	14,290	5,805
Five years ending October 31,						
2023		630	485	—	77,230	31,785
2028		—	—	—	81,140	34,850
2033		—	—	—	95,510	42,280
2038		—	—	—	123,330	51,550
2043		—	—	—	124,070	61,450
2048		—	—	—	60,170	15,140
2053 (final year)		—	—	—	10,910	—
	\$	<b>7,470</b>	<b>3,160</b>	<b>10</b>	<b>813,950</b>	<b>330,500</b>
<b>Interest expense:</b>						
Fiscal Year ending October 31,						
2014	\$	423	244	1	26,602	8,480
2015		252	207	—	27,108	8,155
2016		168	166	—	26,518	7,167
2017		125	123	—	25,530	7,007
2018		78	76	—	24,449	6,846
Five years ending October 31,						
2023		26	26	—	115,874	31,518
2028		—	—	—	101,508	26,761
2033		—	—	—	83,489	21,374
2038		—	—	—	59,203	14,826
2043		—	—	—	28,590	6,832
2048		—	—	—	7,571	465
2053 (final year)		—	—	—	624	—
	\$	<b>1,072</b>	<b>842</b>	<b>1</b>	<b>527,066</b>	<b>139,431</b>
<b>Total debt service requirements:</b>						
Fiscal Year ending October 31,						
2014	\$	3,783	699	11	51,992	21,915
2015		2,112	702	—	62,018	70,585
2016		663	696	—	86,763	13,157
2017		660	698	—	132,285	12,792
2018		668	696	—	38,739	12,651
Five years ending October 31,						
2023		656	511	—	193,104	63,303
2028		—	—	—	182,648	61,611
2033		—	—	—	178,999	63,654
2038		—	—	—	182,533	66,376
2043		—	—	—	152,660	68,282
2048		—	—	—	67,741	15,605
2053 (final year)		—	—	—	11,534	—
	\$	<b>8,542</b>	<b>4,002</b>	<b>11</b>	<b>1,341,016</b>	<b>469,931</b>

\*Final maturity date

House New York Revenue Bonds	Nursing Home And Health Care Project Revenue Bonds	Secured Loan Rental Housing Bonds (and Other)*	Housing Project Mortgage Revenue Bonds	SCOR/ State Revenue/ Personal Income/Bond Programs**	Total
6,795	3,500	10,600	1,210	83,055	147,810
11,095	2,460	10,905	1,375	61,815	187,345
9,590	1,460	11,500	995	55,775	146,580
8,875	1,230	9,815	1,065	63,645	198,280
7,235	—	8,685	1,155	54,025	92,405
2,850	—	42,505	1,440	149,880	306,805
—	—	129,065	—	120,420	365,475
—	—	1,501,945	—	167,230	1,806,965
—	—	2,529,005	—	93,440	2,797,325
—	—	2,836,200	—	2,960	3,024,680
—	—	1,957,189	—	—	2,032,499
—	—	149,085	—	—	159,995
<b>46,440</b>	<b>8,650</b>	<b>9,196,499</b>	<b>7,240</b>	<b>852,245</b>	<b>11,266,164</b>
408	355	1,085,307	417	56,672	1,178,909
407	202	1,091,580	341	52,292	1,180,544
338	101	1,091,029	270	47,986	1,173,743
251	32	1,090,461	208	43,744	1,167,481
137	—	1,089,950	142	38,937	1,160,615
25	—	5,443,105	84	141,910	5,732,568
—	—	5,407,907	—	105,750	5,641,926
—	—	5,067,333	—	54,462	5,226,658
—	—	3,849,021	—	11,600	3,934,650
—	—	2,196,975	—	74	2,232,471
—	—	539,756	—	—	547,792
—	—	26,713	—	—	27,337
<b>1,566</b>	<b>690</b>	<b>27,979,137</b>	<b>1,462</b>	<b>553,427</b>	<b>29,204,694</b>
7,203	3,855	1,095,907	1,627	139,727	1,326,719
11,502	2,662	1,102,485	1,716	114,107	1,367,889
9,928	1,561	1,102,529	1,265	103,761	1,320,323
9,126	1,262	1,100,276	1,273	107,389	1,365,761
7,372	—	1,098,635	1,297	92,962	1,253,020
2,875	—	5,485,610	1,524	291,790	6,039,373
—	—	5,536,972	—	226,170	6,007,401
—	—	6,569,278	—	221,692	7,033,623
—	—	6,378,026	—	105,040	6,731,975
—	—	5,033,175	—	3,034	5,257,151
—	—	2,496,945	—	—	2,580,291
—	—	175,798	—	—	187,332
<b>48,006</b>	<b>9,340</b>	<b>37,175,636</b>	<b>8,702</b>	<b>1,405,672</b>	<b>40,470,858</b>

\*\*Interest rate on variable rate demand bonds in these programs are set by the Remarketing Agent and the Broker Dealer. The maximum interest rate as defined in respective bond resolutions cannot exceed 15%.

## NOTE 10 – INTEREST RATE EXCHANGE AGREEMENTS (SWAPS)

The Agency has entered into three negotiated swaps as part of its risk management program, serving to increase financial flexibility and reduce interest costs. These swaps were entered into with two financial institutions, J.P. Morgan Chase and Bear Stearns, now one entity – J.P. Morgan Chase (the Counterparty) for a total notional principal of \$237,900,000. Together the maturity and amortization of these swaps correspond to the maturity and amortization of the underlying Service Contract Revenue Refunding Bonds (SCR) 2003 Series L and M and the State Personal Income Tax Revenue Bonds (Economic Development and Housing) (PIT) 2005 Series C.

The fair value balances and notional amounts of derivative instruments outstanding at October 31, 2013, classified by type, and the changes in fair value of such derivative instruments are as follows:

	Changes in fair value		Fair value at October 31, 2013		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedge	Deferred inflow	\$15,176,207	Debt	(\$30,964,125)	\$237,900,000

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the LIBOR swap curve correctly anticipate future spot LIBOR interest rates. These payments are then discounted using the spot rates implied by the current LIBOR swap curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

## OBJECTIVE AND TERMS OF HEDGING DERIVATIVE INSTRUMENTS

The following table displays the objective and terms of the Agency's hedging derivative instruments outstanding at October 31, 2013, along with the credit rating of the associated counterparty:

Type	Objective	Terms				Fair value	Counterparty: J.P.Morgan Credit Rating
		Notional Amount	Effective Date	Maturity Date	Fixed rate paid		
Synthetic fixed rate swap	Hedge of changes in cash flows of SCR 2003 Series L (1) and M (2) bonds and PIT 2005 Series C (3) bonds.*	(1)\$78,950,000	8/28/2003	9/15/2021	3.656%	(\$8,953,519)	Moody's: Aa3
		(2)\$78,950,000	8/28/2003	9/15/2021	3.660%	(\$8,968,077)	S&P: A+
		(3)\$80,000,000	3/10/2005	3/15/2033	3.336%	(\$13,042,529)	Fitch: A+

\*The variable rate payment received is 65% of one month LIBOR received on all hedges.

**CREDIT RISK:** The Agency is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Agency's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating not be within the two highest investment grade categories by at least one nationally recognized statistical rating agency or the rating by any nationally recognized statistical rating agency fall below the three highest investment grade rating categories. The Agency has never been required to access collateral.

It is the Agency's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

**INTEREST RATE RISK:** The Agency is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swap, as LIBOR decreases, the Agency's net payment on the swap increases.

**BASIS RISK:** The Agency is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by the Agency on these hedging derivative instruments are based on a rate other than interest rates the Agency pays on its hedged variable-rate debt, which is remarketed every 30 days. As of October 31, 2013, the weighted-average interest rate on the Agency's hedged variable-rate debt is 0.1037 percent, while the applicable 65% percent of LIBOR rate is 0.1131 percent.

**TERMINATION RISK:** The Agency or its counterparty may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Agency would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

**ROLLOVER RISK:** The Agency is exposed to rollover risk on hedging derivative instruments should a termination event occur prior to the maturity of the hedged debt.

The table that follows represents debt service payments relating to the Agency's hedged derivative instrument payments and debt. As of October 31, 2013, the debt service requirements of the Agency's hedged variable rate debt and net receipts or payments on associated derivative instruments for the period hedged are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for the term of the respective swaps. As these rates vary, interest payments on variable-rate bonds and net receipts or payments on the hedging derivative instruments will vary.

Year Ended October 31,	Principal	Interest	Fixed Interest Rate Swaps, net	Total
(in thousands)				
2014	\$ 20,350	\$ 241	\$ 7,996	\$ 28,587
2015	11,200	225	7,446	18,871
2016	22,200	208	6,862	29,270
2017	23,000	184	6,068	29,252
2018	24,300	159	5,243	29,702
2019-2023	61,050	476	15,450	76,976
2024-2028	33,800	317	10,213	44,330
2029-2033	42,000	108	3,466	45,574
<b>TOTAL</b>	<b>\$ 237,900</b>	<b>\$ 1,918</b>	<b>\$ 62,744</b>	<b>\$ 302,562</b>



## **NOTE 11 – RETIREMENT BENEFITS**

### **STATE EMPLOYEES' RETIREMENT SYSTEM**

The Agency participates in the New York State and Local Employees' Retirement System (the "System") which is a cost sharing multiple employer public employee retirement system offering a wide range of plans and benefits which are related to years of service and final average salary, and provide for death and disability benefits and for optional methods of benefit payments. All benefits vest after five years of credited service. Obligations of participating employers and employees to contribute, and benefits payable to employees, are governed by the System and social security laws. The laws provide that all participating employers in the System are jointly and severally liable for any actuarial unfunded amounts. The Agency is billed annually for contributions.

The financial report of the System can be obtained from:

Office of the State Comptroller  
New York State and Local Retirement System  
110 State Street  
Albany, NY 12244

Generally, all employees, except certain part-time and temporary employees, participate in the System. The System is contributory for the first ten years for employees who joined after July, 1976 at the rate of 3% of their salary. Employee contributions are deducted from employees' compensation for remittance to the System.

The covered payroll for the fiscal years ended October 31, 2013, 2012 and 2011 was \$3.0 million, \$3.2 million and \$3.4 million, respectively.

Based upon the actuarially determined contribution requirements, the Agency contributed 100% of its required portion in the amounts of \$1.3 million in fiscal 2013 and \$1.5 million in fiscal 2012.

Changes in benefit provisions and actuarial assumptions did not have a material effect on contributions during fiscal 2013 and 2012.

### **DEFERRED COMPENSATION**

Some employees of the Agency have elected to participate in the State's deferred compensation plan in accordance with Internal Revenue Code Section 457. Agency employees contributed \$265,068 and \$309,872 during fiscal 2013 and fiscal 2012, respectively.

### **OTHER POSTEMPLOYMENT BENEFITS**

The Agency is a participating employer in the New York State Health Insurance Program ("NYSHIP"), which is administered by the State of New York as a multiple employer agent defined benefit plan. Under the plan as participated in by the Agency, eligible retired employees receive health care benefits with employees paying 25% of dependent coverage costs and 10% of individual employee costs. The Agency's plan complies with the NYSHIP benefit provisions. In addition, as provided for in Civil Service Law Section 167, the Agency applies the value of accrued sick leave of employees who retire out of service to the retiree's share of costs for health benefits.

The Agency provides certain group health care, death benefits and reimbursement of Medicare Part B premium for retirees (and for eligible dependents and survivors of retirees). Contributions towards part of the costs of these benefits are required of the retirees.

Retiree contributions towards the cost of the benefit are calculated depending on a number of factors, including hire date, years of service, and/or retirement date. An actuarially determined valuation of these benefits was performed by a consultant to calculate the impact of GASB accounting rules applicable to the retiree medical benefits for retired employees and their eligible dependents. GASB Statement No. 45 requires the valuation must be performed at least biennially. The most recent biennial valuation was performed with a valuation date of November 1, 2011 and was used as the basis for the determination of costs for the year ended October 31, 2012 (updated for October 31, 2013). This valuation takes into consideration the National Health Care Reform Act. The total number of plan participants receiving OPEB from the Agency as of November 1, 2011 was 73.

The Agency elected to record the entire amount of the net OPEB obligation in the fiscal year ended October 31, 2006. The Agency also elected not to fund the net OPEB obligation more rapidly than on a pay-as-you-go basis. The net OPEB obligation relating to postemployment benefits is in the approximate amounts of \$40.5 million and \$36.6 million as of October 31, 2013 and 2012, respectively.

The Agency is not required by law or contractual agreement to provide funding for other postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the fiscal years ended October 31, 2013 and 2012, the Agency paid \$795,951 and \$730,267, respectively.

*Annual OPEB Cost and Net OPEB Obligation:* The Agency's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount that was actuarially determined by using the Projected Unit Credit Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45).

The Agency is billed by NYSHIP for health care costs and also the health care costs relating to AHC. As a result, the Agency's actuarial valuation includes AHC's obligation for these benefits. Also the Agency's annual OPEB cost and net OPEB obligation includes the portion relating to AHC. The service agreement between the Agency and AHC provides for an allocation of these costs to AHC, representing its share of the billed amount.

Since the Agency is a participating employer in NYSHIP, the Agency does not issue a separate stand-alone financial report regarding postemployment retirement benefits. The NYSHIP financial report can be obtained from:

NYS Department of Civil Service  
Employee Benefits Division  
Alfred E. Smith Office Building  
Albany, NY 12239

The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective. The Agency uses a level dollar amount and an amortization period of ten years on an open basis.

The following table shows the elements of the Agency’s annual OPEB cost for the year, the amount actually paid, and changes in the Agency’s net OPEB obligation to the plan for the years ended October 31, 2013 and 2012:

	2013	2012
	(in thousands)	
Annual required contribution (ARC)	\$ 7,772	\$ 7,362
Interest on net OPEB obligation	1,282	1,147
Adjustment to ARC	(4,403)	(3,941)
Annual OPEB cost	4,651	4,568
Payments made	(796)	(730)
Increase in net OPEB obligation	3,855	3,838
Net OPEB obligation—beginning of year	36,617	32,779
Net OPEB obligation—end of year	\$ 40,472	\$ 36,617

The Agency’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended October 31, 2013, October 31, 2012 and October 31, 2011 are as follow:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid (\$ in thousands)	Net OPEB Obligation
10/31/2013	\$4,651	17.10%	\$40,472
10/31/2012	\$4,568	16.00%	\$36,617
10/31/2011	\$2,355	30.50%	\$32,779

*Actuarial Methods and Assumptions:* Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The OPEB-specific actuarial assumptions used in the Agency’s November 1, 2011 OPEB actuarial valuations were the projected unit credit method as its actuarial cost method, a 3.50% per annum discount rate and that retiree contributions are assumed to increase at the same rates as incurred claims.

The premium rate is used for retirees and dependents with basic medical coverage.

Initial monthly premium rates are shown in the following table:

Monthly Rate Effective July 31, 2013

Eligible-Medicare	<u>Basic</u>
Single	\$612.26
Family	\$1,423.94

*Health Care Cost Trend Rate (HCCTR).* Covered medical expenses are assumed to increase by the following percentages:

HCCTR Assumptions

<u>Year Ending</u>	<u>Rate</u>	<u>Year Ending</u>	<u>Rate</u>
2014	7.0%	2031	6.9%
2015	6.4%	2036	6.5%
2016	6.3%	2041	6.1%
2021	6.5%	2046	5.8%
2026	7.2%	2086	4.7%

Mortality rates listed below are those recommended by the actuary:

<u>Age</u>	<u>Male</u>	<u>Female</u>
60	00.686%	00.587%
65	01.149%	00.981%
70	01.880%	01.584%
75	03.240%	02.573%
80	05.763%	04.247%
85	10.252%	07.249%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **NOTE 12 – COMMITMENTS AND CONTINGENCIES**

### **LOANS**

The Agency originates commitments to lend mortgage funds to borrowers in the normal course of business to meet the financing needs of developers providing affordable housing in the State of New York. Commitments to advance such funds are contractual obligations to lend to developers so long as all established contractual conditions are satisfied.

As of October 31, 2013, the Agency had total outstanding commitments in the following amount \$1.37 billion.

## OFFICE LEASES

The Agency is obligated under leases for office locations in the City of New York (the “City”) and Buffalo. The Agency and the State of New York Mortgage Agency (“SONYMA”) entered into an operating lease for office space in the City which commenced in fiscal year 1994 for a term of fifteen years. The lease was renewed during the fiscal year ended October 31, 2007, effective January 1, 2009 for a term of ten years.

The lease for the office location in the City obligates the Agency to pay for escalations in excess of the minimum annual rental (ranging from \$2,434,266 to \$4,731,836) based on operating expenses and real estate taxes. The Agency bears approximately 50% of the minimum annual lease payments under this lease with the balance to be assumed by SONYMA with whom the Agency shares the leased space.

Rental expense for all office locations for the fiscal years ended October 31, 2013 and October 31, 2012 was \$2,513,829 and \$2,455,974, respectively, net of allocations to certain State-related agencies. As of October 31, 2013, the future minimum lease payments, which includes the Agency’s pro rata share of the annual payments for the office space leases, under the non-cancelable operating leases are as follows:

	(in thousands)
2014	\$2,639
2015	2,717
2016	2,766
2017	2,805
2018	2,844
Thereafter	3,366
Future minimum lease commitments	\$17,137

In the ordinary course of business, the Agency is party to various administrative and legal proceedings. While the ultimate outcome of these matters cannot presently be determined, it is the Agency’s opinion that the resolution of these matters will not have a material effect on its financial condition.

## RISK MANAGEMENT

The Agency is subject to normal risks associated with its operations, including property damage, general liability and crime. Such risks are managed through the purchase of commercial insurance. There have been no decreases in coverage in the last three years.

## NOTE 13 – SUBSEQUENT EVENTS

Subsequent to October 31, 2013, a total of \$696.5 million of bonds were issued to finance various housing projects in the course of the Agency’s normal business activities.

\*\*\*\*

# *Required Supplemental Schedule*

New York State Housing Finance Agency  
 (A Component Unit of the State of New York)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS -  
 POSTRETIREMENT HEALTHCARE PLAN  
 OCTOBER 31, 2013 AND 2012  
 (in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Ratio of UAAL to Covered Payroll
	(A)	(B)	(C=B-A)	(A/C)	(D)	(C/D)
November 1, 2011	—	\$47,012	\$47,012	—	\$7,639	615%
November 1, 2009	—	\$28,069	\$28,069	—	\$8,630	325%
November 1, 2007	—	\$22,615	\$22,615	—	\$7,400	306%

# *Supplementary Section*



# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## SCHEDULES OF NET POSITION

October 31, 2013

(in thousands)

	Programs with Bond Financing				
	Mortgage Programs				
	Affordable Housing Program	Affordable Housing Program (NIBP)	Secured Loan Rental Housing Program (and Other)	Moral Obligation Housing Programs	Hospital and Health Care (Moral Obligation) Program
<b>Assets</b>					
Current Assets:					
Cash held principally by Trustee and Depository - Restricted	\$ 52,633	14,787	56,390	4,746	36
Cash held principally by Trustee and Depository - Unrestricted	—	—	—	2	—
Investments - Restricted	284,126	15,700	677,478	18,578	11,771
Investments - Unrestricted	—	—	—	—	—
Accrued interest receivable on investments	77	—	34	—	120
Mortgage loans and other loans - net	25,585	53,110	20,850	1,735	—
Interest receivable and other	1,444	638	729	3	—
<b>Total current assets</b>	<b>363,865</b>	<b>84,235</b>	<b>755,481</b>	<b>25,064</b>	<b>11,927</b>
Non-current Assets:					
Investments - Restricted	—	—	1,486	—	4,200
Investments - Unrestricted	—	—	—	—	—
Mortgage loans and other loans - net	578,813	259,647	8,660,547	4,340	—
Interest receivable and other	—	—	—	322	—
<b>Total non-current assets</b>	<b>578,813</b>	<b>259,647</b>	<b>8,662,033</b>	<b>4,662</b>	<b>4,200</b>
<b>Total assets</b>	<b>942,678</b>	<b>343,882</b>	<b>9,417,514</b>	<b>29,726</b>	<b>16,127</b>
<b>Deferred outflows of resources</b>					
Accumulated decrease in fair value of hedging derivatives	—	—	—	—	—
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	—	—	—	—	—
Interest payable	12,893	4,265	4,068	316	—
Advances from (to) other programs	—	—	—	533	45
Funds received from governmental entities	—	—	—	—	—
Earnings restricted to project development	200	76	690	—	—
Amounts received in advance and other	4,386	388	160,863	—	—
Bonds payable	6,690	23,465	432,730	3,580	10
Funds received from mortgagors	3,388	294	2,346	—	16
<b>Total current liabilities</b>	<b>27,557</b>	<b>28,488</b>	<b>600,697</b>	<b>4,429</b>	<b>71</b>
Non-current Liabilities:					
Bonds and notes	807,273	307,035	8,763,768	7,050	—
Derivative instrument - interest rate swaps	—	—	—	—	—
Unearned revenues, amounts received in advance and other	—	—	23,031	—	—
Postemployment retirement benefits	—	—	—	—	—
<b>Total non-current liabilities</b>	<b>807,273</b>	<b>307,035</b>	<b>8,786,799</b>	<b>7,050</b>	<b>—</b>
<b>Total liabilities</b>	<b>834,830</b>	<b>335,523</b>	<b>9,387,496</b>	<b>11,479</b>	<b>71</b>
<b>Deferred inflows of resources</b>					
(Loss) gain on defeasance - net	—	—	—	—	—
<b>Net position</b>					
Restricted	107,848	8,359	30,018	18,751	16,056
Unrestricted	—	—	—	(504)	—
<b>Total net position (deficit)</b>	<b>\$ 107,848</b>	<b>8,359</b>	<b>30,018</b>	<b>18,247</b>	<b>16,056</b>

**Supplemental Schedule I**

Programs with Bond Financing				Programs without Bond Financing			Total
Mortgage Programs			Other Programs	Mortgage and Other Programs		Agency Operating Funds	
Nursing Home and Health Care Project Program	Mitchell Lama	Housing Project Mortgage Revenue Program	State Revenue Bond Programs	Community Related and Other Loan Programs	Project Improvement and Other Programs		
3,936	2,297	2,819	41	268	1,725	13,176	152,854
—	—	18	—	86	523	2,599	3,228
30,591	10,285	36,556	591	13,952	22,427	—	1,122,055
—	—	1,602	—	7,690	13,464	104,263	127,019
540	—	508	—	2	10	24	1,315
2,696	12,638	1,646	83,055	867	461	—	202,643
—	642	—	4,863	9	17,620	4,258	30,206
<b>37,763</b>	<b>25,862</b>	<b>43,149</b>	<b>88,550</b>	<b>22,874</b>	<b>56,230</b>	<b>124,320</b>	<b>1,639,320</b>
20,254	—	14,650	—	—	—	—	40,590
—	—	—	—	—	—	42,302	42,302
931	92,440	9,027	766,183	6,774	12,894	—	10,391,596
182	416	—	—	2,190	—	822	3,932
<b>21,367</b>	<b>92,856</b>	<b>23,677</b>	<b>766,183</b>	<b>8,964</b>	<b>12,894</b>	<b>43,124</b>	<b>10,478,420</b>
<b>59,130</b>	<b>118,718</b>	<b>66,826</b>	<b>854,733</b>	<b>31,838</b>	<b>69,124</b>	<b>167,444</b>	<b>12,117,740</b>
—	—	—	30,964	—	—	—	30,964
—	—	—	—	—	48	8,629	8,677
223	183	221	4,864	—	—	—	27,033
115	338	67	—	55	388	(1,541)	—
—	—	—	—	—	12,584	2,109	14,693
—	—	92	—	—	2,278	—	3,336
—	1,112	—	401	—	743	75	167,968
3,500	851	1,210	163,055	—	—	—	635,091
—	1,803	185	—	—	117	17,015	25,164
<b>3,838</b>	<b>4,287</b>	<b>1,775</b>	<b>168,320</b>	<b>55</b>	<b>16,158</b>	<b>26,287</b>	<b>881,962</b>
5,150	45,590	6,030	703,044	—	—	—	10,644,940
—	—	—	30,964	—	—	—	30,964
712	—	—	—	1,306	21	268	25,338
—	—	—	—	—	—	40,472	40,472
<b>5,862</b>	<b>45,590</b>	<b>6,030</b>	<b>734,008</b>	<b>1,306</b>	<b>21</b>	<b>40,740</b>	<b>10,741,714</b>
<b>9,700</b>	<b>49,877</b>	<b>7,805</b>	<b>902,328</b>	<b>1,361</b>	<b>16,179</b>	<b>67,027</b>	<b>11,623,676</b>
(425)	—	(212)	1,427	—	—	—	790
49,855	68,841	57,914	(18,058)	30,447	48,012	—	418,043
—	—	1,319	—	30	4,933	100,417	106,195
<b>49,855</b>	<b>68,841</b>	<b>59,233</b>	<b>(18,058)</b>	<b>30,477</b>	<b>52,945</b>	<b>100,417</b>	<b>524,238</b>

# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## SCHEDULES OF PROGRAM REVENUES, EXPENSES

## AND CHANGES IN NET POSITION

Fiscal Year Ended October 31, 2013

(in thousands)

	Programs with Bond Financing				
	Mortgage Programs				
	Affordable Housing Program	Affordable Housing Program (NIBP)	Secured Loan Rental Housing Program (and Other)	Moral Obligation Housing Programs	Hospital and Health Care (Moral Obligation) Program
<b>Operating revenues</b>					
Interest on mortgage loans	\$ 32,426	12,770	28,052	673	16
Fees, charges and other	—	—	4	116	7
Investment income	165	17	1,098	23	247
Recoveries	—	—	—	—	—
<b>Total operating revenues</b>	<b>32,591</b>	<b>12,787</b>	<b>29,154</b>	<b>812</b>	<b>270</b>
<b>Operating expenses</b>					
Interest	24,801	9,080	28,064	954	1
Earnings on investments and other funds credited to mortgagors and lessees	—	—	686	—	—
Postemployment retirement benefits	—	—	—	—	—
General expenses	—	—	—	430	510
Other financial expenses	4	—	172	—	7
Unrealized (loss) gain on investments held	(14)	—	652	3	—
Supervising agency fee	—	—	—	90	107
Expenditures related to federal and state grants	—	—	—	—	—
Allowance for losses on loans	6,440	—	—	—	—
<b>Total operating expenses</b>	<b>31,231</b>	<b>9,080</b>	<b>29,574</b>	<b>1,477</b>	<b>625</b>
<b>Operating income (loss)</b>	<b>1,360</b>	<b>3,707</b>	<b>(420)</b>	<b>(665)</b>	<b>(355)</b>
<b>Non-operating revenues (expenses)</b>					
Transfers from Agencies of New York State	—	—	—	—	—
Federal and state grants	—	—	—	—	—
Reserve funds received from (returned to) mortgagors	3,564	1,106	(397)	—	—
Transfers between programs	2,204	(2,203)	(131)	—	—
<b>Net non-operating revenues (expenses)</b>	<b>5,768</b>	<b>(1,097)</b>	<b>(528)</b>	<b>—</b>	<b>—</b>
<b>Increase (Decrease) in net position</b>	<b>7,128</b>	<b>2,610</b>	<b>(948)</b>	<b>(665)</b>	<b>(355)</b>
<b>Total net position (deficit) - beginning of fiscal year</b>	<b>100,720</b>	<b>5,749</b>	<b>30,966</b>	<b>18,912</b>	<b>16,411</b>
<b>Total net position (deficit) - end of fiscal year</b>	<b>\$ 107,848</b>	<b>8,359</b>	<b>30,018</b>	<b>18,247</b>	<b>16,056</b>

**Supplemental Schedule II**

Programs with Bond Financing				Programs without Bond Financing			Total
Mortgage Programs			Other Program	Mortgage and Other Programs		Agency Operating Funds	
Nursing Home and Health Care Project Program	Mitchell Lama	Housing Project Mortgage Revenue Program	State Revenue Bond Programs	Community Related and Other Loan Programs	Project Improvement and Other Programs		
266	5,390	1,103	32,716	266	481	—	114,159
793	—	167	3,133	42	5,120	28,978	38,360
1,120	1	1,052	—	23	47	756	4,549
—	—	1,260	—	—	4,578	—	5,838
<b>2,179</b>	<b>5,391</b>	<b>3,582</b>	<b>35,849</b>	<b>331</b>	<b>10,226</b>	<b>29,734</b>	<b>162,906</b>
587	184	537	30,100	—	—	—	94,308
797	—	—	—	—	—	—	1,483
—	—	—	—	—	—	3,855	3,855
1,182	355	946	—	206	68	13,441	17,138
75	967	2	1,885	500	229	697	4,538
17	—	4	—	(3)	4	536	1,199
295	—	198	—	43	—	9,798	10,531
—	—	—	—	—	15,491	—	15,491
(430)	47,584	4,475	—	—	11,311	—	69,380
<b>2,523</b>	<b>49,090</b>	<b>6,162</b>	<b>31,985</b>	<b>746</b>	<b>27,103</b>	<b>28,327</b>	<b>217,923</b>
<b>(344)</b>	<b>(43,699)</b>	<b>(2,580)</b>	<b>3,864</b>	<b>(415)</b>	<b>(16,877)</b>	<b>1,407</b>	<b>(55,017)</b>
—	112,540	—	—	—	17,582	—	130,122
—	—	—	—	—	15,491	—	15,491
—	—	(533)	—	—	89	—	3,829
—	—	(1,670)	(1,295)	—	1,658	1,437	—
<b>0</b>	<b>112,540</b>	<b>(2,203)</b>	<b>(1,295)</b>	<b>—</b>	<b>34,820</b>	<b>1,437</b>	<b>149,442</b>
(344)	68,841	(4,783)	2,569	(415)	17,943	2,844	94,425
50,199	—	64,016	(20,627)	30,892	35,002	97,573	429,813
<b>49,855</b>	<b>68,841</b>	<b>59,233</b>	<b>(18,058)</b>	<b>30,477</b>	<b>52,945</b>	<b>100,417</b>	<b>524,238</b>

# New York State Housing Finance Agency

(A Component Unit of the State of New York)

## SCHEDULES OF PROGRAM CASH FLOWS

Fiscal Year Ended October 31, 2013

(in thousands)

	Programs with Bond Financing				
	Mortgage Programs				
	Affordable Housing Program	Affordable Housing Program (NIBP)	Secured Loan Rental Housing Program (and Other)	Moral Obligation Housing Programs	Hospital and Health Care (Moral Obligation) Program
<b>Cash flows from operating activities</b>					
Interest on loans	\$ 31,709	13,140	28,888	674	16
Fees, charges and other	—	—	4	117	7
Operating expenses	(4)	—	(171)	(955)	(625)
Principal payments on mortgage loans	58,818	94,221	88,815	3,512	10
Mortgage loans advanced	(273,968)	(74,873)	(693,658)	—	—
Funds received from mortgagors	2,481	1,142	36,469	—	—
Funds returned to mortgagors	(19,234)	(4,723)	(1,716)	(2)	(3)
Distribution of funds received from governmental entities	—	—	—	—	—
Payments and other	2,204	(2,203)	158	—	(156)
Expenditures related to Federal and State Grants	—	—	—	—	—
<b>Net cash (used in) provided by operating activities</b>	<b>(197,994)</b>	<b>26,704</b>	<b>(541,211)</b>	<b>3,346</b>	<b>(751)</b>
<b>Cash flows from non-capital financing activities</b>					
Interest payments	(20,311)	(9,566)	(29,172)	(937)	—
Issuance of bonds	442,820	—	377,064	—	—
Retirement and redemption of bonds	(59,700)	(67,390)	(111,280)	(4,255)	(10)
Federal and State Grants	—	—	—	—	—
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>362,809</b>	<b>(76,956)</b>	<b>236,612</b>	<b>(5,192)</b>	<b>(10)</b>
<b>Cash flows from investing activities</b>					
Investment income	227	66	1,305	24	234
Proceeds from sales or maturities of investments	1,642,679	295,298	4,146,166	84,740	41,722
Purchases of investments	(1,771,178)	(236,382)	(3,861,065)	(78,397)	(41,168)
<b>Net cash (used in) provided by non-capital financing activities</b>	<b>(128,272)</b>	<b>58,982</b>	<b>286,406</b>	<b>6,367</b>	<b>788</b>
Net increase (decrease) in cash	36,543	8,730	(18,193)	4,521	27
Cash at beginning of fiscal year	16,090	6,057	74,583	227	9
<b>Cash at end of fiscal year</b>	<b>\$ 52,633</b>	<b>14,787</b>	<b>56,390</b>	<b>4,748</b>	<b>36</b>
<b>Reconciliation of operating income (loss) to net cash (used in) provided by operating activities:</b>					
Operating income (loss)	\$ 1,360	3,707	(420)	(665)	(355)
Adjustments to reconcile operating income (loss) to net cash (used in) provided by operating activities:					
Net change provided by (used in) non-operating activities	32,549	7,125	28,614	499	(403)
Changes in assets and liabilities - net:					
Mortgage loan receivables	(215,150)	19,348	(604,843)	3,512	10
Accounts and other payables	—	—	—	—	—
Funds received from mortgagors and governmental entities	(16,753)	(3,476)	35,438	—	(3)
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (197,994)</b>	<b>26,704</b>	<b>(541,211)</b>	<b>3,346</b>	<b>(751)</b>
<b>Non-cash investing activities</b>					
Unrealized (loss) gain on investments held	\$ (14)	—	652	3	—

**Supplemental Schedule III**

Programs with Bond Financing				Programs without Bond Financing			Total
Mortgage Programs			Other Program	Mortgage and Other Programs		Agency Operating Funds	
Nursing Home and Health Care Project Program	Mitchell Lama	Housing Project Mortgage Revenue Program	State Revenue Bond Programs	Community Related and Other Loan Programs	Project Improvement and Other Programs		
316	4,332	1,106	33,317	326	482	—	114,306
793	—	168	3,133	42	5,119	28,978	38,361
(1,859)	(1,322)	(1,451)	(1,886)	(775)	(297)	(25,477)	(34,822)
5,892	5,178	3,556	131,675	612	537	—	392,826
—	(45,300)	(4,615)	—	—	(11,406)	—	(1,103,820)
164	2,915	—	173	—	89	23,346	66,779
(797)	—	(1,390)	—	—	(31)	(17,570)	(45,466)
—	—	—	—	—	(5,831)	—	(5,831)
—	338	2,016	(1,295)	—	6,231	1,437	8,730
—	—	—	—	—	(15,491)	—	(15,491)
<b>4,509</b>	<b>(33,859)</b>	<b>(610)</b>	<b>165,117</b>	<b>205</b>	<b>(20,598)</b>	<b>10,714</b>	<b>(584,428)</b>
(692)	—	(580)	(33,317)	—	—	—	(94,575)
—	46,440	—	4,860	—	—	—	871,184
(8,265)	—	(2,730)	(136,535)	—	—	—	(390,165)
—	—	—	—	—	15,491	—	15,491
<b>(8,957)</b>	<b>46,440</b>	<b>(3,310)</b>	<b>(164,992)</b>	<b>—</b>	<b>15,491</b>	<b>—</b>	<b>401,935</b>
1,136	1	1,059	—	32	29	875	4,988
117,954	9,464	132,177	130,985	64,909	84,743	171,975	6,922,812
(110,858)	(19,749)	(127,121)	(131,103)	(65,397)	(88,349)	(185,572)	(6,716,339)
<b>8,232</b>	<b>(10,284)</b>	<b>6,115</b>	<b>(118)</b>	<b>(456)</b>	<b>(3,577)</b>	<b>(12,722)</b>	<b>211,461</b>
3,784	2,297	2,195	7	(251)	(8,684)	(2,008)	28,968
152	—	642	34	605	10,932	17,783	127,114
<b>3,936</b>	<b>2,297</b>	<b>2,837</b>	<b>41</b>	<b>354</b>	<b>2,248</b>	<b>15,775</b>	<b>156,082</b>
(344)	(43,699)	(2,580)	3,864	(415)	(16,877)	1,407	(55,017)
(1,203)	47,047	4,419	29,405	8	12,650	1,218	161,928
5,892	(40,122)	(1,059)	131,675	612	(10,918)	—	(711,043)
—	—	—	—	—	—	2,313	2,313
164	2,915	(1,390)	173	—	(5,453)	5,776	17,391
<b>4,509</b>	<b>(33,859)</b>	<b>(610)</b>	<b>165,117</b>	<b>205</b>	<b>(20,598)</b>	<b>10,714</b>	<b>(584,428)</b>
17	—	4	—	(3)	4	536	1,199

# BOND INDEBTEDNESS

(in thousands)

*Supplemental Schedule IV*

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>Non-Profit Housing Project Bonds:</b>					
5.80% to 7.50% — 1973 Series A, maturing in varying annual installments to 2014	\$ 136,500	7,470	—	3,105	4,365
8.40% — 1979 Series A, maturing in varying annual installments to 2019	49,585	3,835	—	730	3,105
	<b>186,085</b>	<b>11,305</b>	<b>—</b>	<b>3,835</b>	<b>7,470</b>
<b>Housing Project Bonds:</b>					
Simeon DeWitt Apartments, 8% — 1978, maturing in varying semi-annual installments to 2018	4,565	1,905	—	235	1,670
Towpath Towers, 8% — 1978, maturing in varying semi-annual installments to 2019	3,815	1,675	—	185	1,490
	<b>8,380</b>	<b>3,580</b>	<b>—</b>	<b>420</b>	<b>3,160</b>
<b>House New York Revenue Bonds</b>					
0.35% to 1.80% — Series 2013 (Federally Taxable)					
maturing in varying semi-annual installments to 2018	46,440	—	46,440	—	46,440
	<b>46,440</b>	<b>—</b>	<b>46,440</b>	<b>—</b>	<b>46,440</b>
<b>Secured Loan Rental Housing Bonds and Other:</b>					
FHA-Insured Multi-Family Housing Revenue Bonds					
6.75% — 1995 Series A, maturing in varying semi-annual installments to 2036	12,300	7,720	—	7,720	—
6.40% — 1996 Series A, maturing in varying semi-annual installments to 2027	2,515	2,515	—	—	2,515
7.65% to 8.45% — 1996 Series B (Federally Taxable), maturing in varying semi-annual installments to 2020	2,500	1,455	—	130	1,325
6.57% — 1998 Series A (Federally Taxable), maturing in varying semi-annual installments to 2030	1,045	865	—	25	840
5.15% to 5.30% — 1998 Series B, maturing in varying semi-annual installments to 2039	3,400	2,960	—	50	2,910
1% to 4.70% — 2003 Series A, maturing in varying semi-annual installments to 2043	8,290	6,190	—	270	5,920
1.25% to 4.95% — 2003 Series B, maturing in varying semi-annual installments to 2033	4,700	2,240	—	330	1,910
	<b>34,750</b>	<b>23,945</b>	<b>—</b>	<b>8,525</b>	<b>15,420</b>
<b>Multi-Family FHA Insured Mortgage Housing Revenue Bonds</b>					
6.79% — 1998 Series A (Federally Taxable), maturing in varying semi-annual installments to 2039	2,540	2,295	—	30	2,265
	<b>2,540</b>	<b>2,295</b>	<b>—</b>	<b>30</b>	<b>2,265</b>
<b>Multi-Family Housing Revenue Bonds (Fannie Mae-Backed Program)</b>					
4.60% to 6.85% — 1994 Series A, maturing in varying semi-annual installments to 2019	11,405	1,565	—	160	1,405
<b>Normandie Court I Housing Revenue Bonds</b>					
variable rate demand — 1991 Series A, maturing in varying annual installments to 2015	104,600	—	—	—	—
<b>Normandie Court II Multi-Family Housing Revenue Bonds</b>					
variable rate demand — 1999 Series A, maturing in 2029	40,500	33,000	—	1,000	32,000
<b>Children's Rescue Fund Housing Revenue Bonds</b>					
6.25% to 7.625% — 1991 Series A, maturing in varying semi-annual installments to 2018	11,020	4,335	—	645	3,690
<b>Newburgh Interfaith Housing Revenue Bonds</b>					
7.05% — 1991 Series A, maturing in varying semi-annual installments to 2012	2,450	115	—	115	—
<b>Phillips Village Project Housing Revenue Bonds</b>					
5% to 7.75% — 1994 Series A, maturing in varying semi-annual installments to 2017	16,880	—	—	—	—

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>Multi-Family Housing Revenue Bonds</b>					
(Secured Mortgage Program)					
5.40% to 6.25% — 1994 Series A, maturing in varying annual installments to 2025	3,560	865	—	865	—
7.95% to 9% — 1994 Series B (Federally Taxable), maturing in varying annual installments to 2026	12,220	1,325	—	55	1,270
4% to 5.50% — 1998 Series B, maturing in varying annual statements to 2030	3,685	2,755	—	100	2,655
6.72% to 6.82% — 1998 Series C (Federally Taxable), maturing in varying annual installments to 2030	3,545	2,785	—	90	2,695
3.65% to 5.35% — 1999 Series A, maturing in varying annual installments to 2031	7,565	5,910	—	190	5,720
5.15% to 5.65% — 1999 Series C, maturing in varying annual installments to 2031	4,560	—	—	—	—
7.31% to 7.70% — 1999 Series D (Federally Taxable), maturing in varying annual installments to 2031	6,570	—	—	—	—
5.65% — 1999 Series E, maturing in varying annual installments to 2030	1,255	990	—	990	—
4.25% to 5.65% — 1999 Series G, maturing in varying annual installments to 2030	5,595	4,370	—	4,370	—
4.65% to 6.25% — 1999 Series H, maturing in varying annual installments to 2032	5,755	4,770	—	125	4,645
4.65% to 6.30% — 1999 Series J, maturing in varying annual installments to 2032	3,960	3,280	—	85	3,195
6.25% — 2000 Series A, maturing in varying annual installments to 2031	930	—	—	—	—
7.95% — 2000 Series D (Federally Taxable), maturing in varying annual installments to 2032	2,870	2,495	—	2,495	—
4.05% to 5.60% — 2001 Series A, maturing in varying annual installments to 2033	2,150	1,780	—	45	1,735
3.75% to 5.45% — 2001 Series C, maturing in varying annual installments to 2033	12,400	10,265	—	275	9,990
4% to 5.70% — 2001 Series E, maturing in varying annual installments to 2033	3,620	3,025	—	3,025	—
3% to 5.40% — 2001 Series G, maturing in varying annual installments to 2034	10,465	8,790	—	230	8,560
5% to 5.65% — 2001 Series K, maturing in varying annual installments to 2034	3,795	3,285	—	80	3,205
4.90% to 5.375% — 2002 Series A, maturing in varying annual installments to 2035	6,640	5,720	—	140	5,580
6.37% — 2002 Series B (Federally Taxable), maturing in varying annual installments to 2034	3,310	—	—	—	—
4.50% to 5.375% — 2002 Series C, maturing in varying annual installments to 2034	3,170	2,705	—	70	2,635
5.375% — 2002 Series D, maturing in varying annual installments to 2034	1,600	360	—	10	350
2% to 5.30% — 2004 Series A refunding, maturing in varying semi-annual installments to 2028	4,090	3,190	—	135	3,055
1.75% to 5.10% — 2004 Series B refunding, maturing in varying semi-annual installments to 2027	32,245	23,270	—	1,315	21,955
4.46% to 5.96% — 2004 Series C refunding (Federally Taxable), maturing in varying semi-annual statements to 2022	2,350	1,415	—	125	1,290
<b>Walnut Hill Apartments Multi-Family Housing Revenue Bonds</b>					
1.10% to 5% — 2003 Series A, maturing in varying semi-annual installments to 2040	10,030	7,420	—	355	7,065



	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
Watergate II Apartments Multi-Family Housing Revenue Bonds					
1.10% to 4.90% — 2004 Series A, maturing in varying semi-annual installments to 2045	7,800	5,595	—	305	5,290
Framark Place Apartments Multi-Family Housing Revenue Bonds					
5.20% to 5.35% — 2004 Series A, maturing in varying semi-annual installments to 2036	1,800	1,600	—	40	1,560
The Northfield Apartments Multi-Family Housing Revenue Bonds					
4.30% to 5.20% — 2004 Series A, maturing in varying semi-annual installments to 2036	4,990	4,440	—	100	4,340
Washington Apartments Multi-Family Housing Revenue Bonds					
4.50% to 5.15% — 2004 Series A, maturing in varying semi-annual installments to 2036	2,695	2,375	—	60	2,315
Keeler Park Apartments Housing Revenue Bonds					
1.20% to 5.05% — 2003 Series A, maturing in varying semi-annual installments to 2033	17,900	12,630	—	675	11,955
Nathan Hale Senior Village Multi-Family Housing Revenue Bonds					
1.15% to 4.60% — 2004 Series A, maturing in varying semi-annual installments to 2039	5,745	4,195	—	210	3,985
Horizons at Fishkill Apartments Multi-Family Housing Revenue Bonds					
4.10% to 5% — 2004 Series A, maturing in varying semi-annual installments to 2036	5,975	5,335	—	125	5,210
Extra Place Apartments Multi-Family Housing Revenue Bonds					
4.25% to 5% — 2004 Series A, maturing in varying semi-annual installments to 2037	3,310	2,645	—	130	2,515
Tall Oaks Apartments Multi-Family Housing Revenue Bonds					
4.15% to 4.95% — 2004 Series A, maturing in varying semi-annual installments to 2036	5,930	4,015	—	310	3,705
East 84th Street Housing Revenue Bonds					
variable rate demand — 1995 Series A , maturing in 2028	61,200	60,000	—	—	60,000
Union Square South Housing Revenue Bonds					
variable rate demand — 1996 Series A , maturing in 2024	50,000	49,000	—	—	49,000
250 West 50th Street Housing Revenue Bonds					
variable rate demand — 1997 Series A, maturing in 2029	103,500	100,500	—	—	100,500
variable rate demand — 1997 Series B (Federally Taxable), maturing in 2029	15,400	—	—	—	—
Tribeca Landing Housing Revenue Bonds					
variable rate demand — 1997 Series A, maturing in 2029	59,000	54,800	—	—	54,800
240 East 39th Street Housing Revenue Bonds					
variable rate demand — 1997 Series A, maturing in 2030	119,000	119,000	—	—	119,000
345 East 94th Street Housing Revenue Bonds					
variable rate demand — 1998 Series A, maturing in 2030	29,000	28,700	—	—	28,700
variable rate demand — 1999 Series A, maturing in 2030	17,100	14,900	—	—	14,900
Tribeca Park Housing Revenue Bonds					
variable rate demand — 1997 Series A, maturing in 2029	82,000	77,500	—	—	77,500
variable rate demand — 1997 Series B (Federally Taxable), maturing in 2029	2,000	2,000	—	—	2,000

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
variable rate demand — 2000 Series A, (Federally Taxable), maturing in 2029	3,500	2,700	—	500	2,200
70 Battery Place Housing Revenue Bonds					
variable rate demand — 1998 Series A, maturing in 2029	10,000	10,000	—	—	10,000
variable rate demand — 1999 Series A, maturing in 2029	24,800	23,300	—	—	23,300
Chelsea Arms Housing Revenue Bonds					
variable rate demand — 1998 Series A, maturing in 2031	18,000	18,000	—	—	18,000
750 Sixth Avenue Housing Revenue Bonds					
variable rate demand — 1998 Series A, maturing in 2031	39,500	39,500	—	—	39,500
variable rate demand — 1999 Series A, maturing in 2031	28,500	28,500	—	—	28,500
variable rate demand — 2000 Series A, maturing in 2031	2,600	2,600	—	—	2,600
Talleyrand Crescent Housing Revenue Bonds					
variable rate demand — 1999 Series A, maturing in 2028	36,500	35,000	—	—	35,000
101 West End Avenue Housing Revenue Bonds					
variable rate demand — 1998 Series A, maturing in 2031	43,000	43,000	—	—	43,000
variable rate demand — 1999 Series A, maturing in 2031	62,000	62,000	—	—	62,000
variable rate demand — 2000 Series A, maturing in 2031	21,000	21,000	—	—	21,000
South Cove Plaza Housing Revenue Bonds					
variable rate demand — 1999 Series A, maturing in 2030	32,000	32,000	—	—	32,000
Related-East 39th Street Housing Revenue Bonds					
variable rate demand — 1999 Series A, maturing in 2032	33,700	33,700	—	—	33,700
variable rate demand — 2000 Series A, maturing in 2032	36,300	36,300	—	—	36,300
150 East 44th Street Housing Revenue Bonds					
variable rate demand — 2000 Series A, maturing in 2032	90,000	87,000	—	—	87,000
variable rate demand — 2001 Series A, maturing in 2032	13,000	11,000	—	—	11,000
1501 Lexington Avenue Housing Revenue Bonds					
variable rate demand — 2000 Series A, maturing in 2032	30,600	30,600	—	—	30,600
Theatre Row Tower Housing Revenue Bonds					
variable rate demand — 2000 Series A, maturing in 2032	50,000	50,000	—	—	50,000
variable rate demand — 2001 Series A, maturing in 2032	10,000	10,000	—	—	10,000
variable rate demand — 2002 Series A, maturing in 2032	14,800	14,800	—	—	14,800
Gethsemane Apartments Housing Revenue Bonds					
variable rate demand — 2000 Series A, maturing in 2033	15,400	—	—	—	—
363 West 30th Street Housing Revenue Bonds					
variable rate demand — 2000 Series A, maturing in 2032	17,000	17,000	—	—	17,000

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>66 West 38th Street Housing Revenue Bonds</b>					
variable rate demand — 2000 Series A, maturing in 2033	7,000	7,000	—	—	7,000
variable rate demand — 2000 Series B (Federally Taxable), maturing in 2033	31,000	16,600	—	1,600	15,000
variable rate demand — 2001 Series A, maturing in 2033	36,000	36,000	—	—	36,000
variable rate demand — 2002 Series A, maturing in 2033	46,800	46,800	—	—	46,800
<b>350 West 43rd Street Housing Revenue Bonds</b>					
variable rate demand — 2001 Series A, maturing in 2034	26,000	26,000	—	—	26,000
variable rate demand — 2002 Series A, maturing in 2034	60,000	60,000	—	—	60,000
variable rate demand — 2004 Series A, maturing in 2034	23,000	17,800	—	1,300	16,500
<b>Related-West 20th Street Housing Revenue Bonds</b>					
variable rate demand — 2000 Series A, maturing in 2033	29,000	29,000	—	—	29,000
variable rate demand — 2000 Series B (Federally Taxable), maturing in 2033	8,000	3,000	—	—	3,000
variable rate demand — 2001 Series A, maturing in 2033	51,000	51,000	—	—	51,000
<b>Saville Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2035	55,000	55,000	—	—	55,000
<b>Related-West 23rd Street Housing Revenue Bonds</b>					
variable rate demand — 2001 Series A, maturing in 2033	26,000	26,000	—	—	26,000
variable rate demand — 2001 Series B (Federally Taxable), maturing in 2033	27,500	8,000	—	—	8,000
variable rate demand — 2002 Series A, maturing in 2033	73,000	73,000	—	—	73,000
<b>The Victory Housing Revenue Bonds</b>					
variable rate demand — 2000 Series A, maturing in 2033	16,000	16,000	—	—	16,000
variable rate demand — 2001 Series A, maturing in 2033	44,000	44,000	—	—	44,000
variable rate demand — 2002 Series A, maturing in 2033	29,000	29,000	—	—	29,000
variable rate demand — 2004 Series A, maturing in 2033	25,500	25,500	—	—	25,500
<b>Worth Street Housing Revenue Bonds</b>					
variable rate demand — 2001 Series A, maturing in 2033	51,000	51,000	—	—	51,000
variable rate demand — 2001 Series B (Federally Taxable), maturing in 2033	27,900	16,100	—	1,700	14,400
variable rate demand — 2002 Series A, maturing in 2033	39,200	37,000	—	—	37,000
<b>360 West 43rd Street Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2033	33,700	33,700	—	—	33,700
variable rate demand — 2003 Series A, maturing in 2033	45,300	43,300	—	—	43,300
<b>900 Eighth Avenue Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2035	93,100	89,500	—	—	89,500

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>1500 Lexington Avenue Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2034	38,000	38,000	—	—	38,000
variable rate demand — 2004 Series A, maturing in 2034	5,000	5,000	—	—	5,000
<b>Bennington Hills Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2029	10,300	10,300	—	10,300	—
<b>Biltmore Tower Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2034	72,000	72,000	—	—	72,000
variable rate demand — 2002 Series B (Federally Taxable), maturing in 2034	36,000	2,700	—	1,800	900
variable rate demand — 2003 Series A, maturing in 2034	43,300	43,300	—	—	43,300
<b>20 River Terrace Housing Revenue Bonds</b>					
variable rate demand — 2002 Series A, maturing in 2035	100,000	100,000	—	—	100,000
variable rate demand — 2004 Series A, maturing in 2034	1,500	1,500	—	—	1,500
variable rate demand — 2004 Series B (Federally Taxable), maturing in 2034	15,000	5,600	—	1,700	3,900
<b>West 33rd Street Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	43,100	43,100	—	—	43,100
variable rate demand — 2003 Series B (Federally Taxable), maturing in 2036	7,600	4,200	—	700	3,500
<b>10 Liberty Street Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2035	95,000	95,000	—	—	95,000
<b>Kew Gardens Hills Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	72,000	72,000	—	—	72,000
variable rate demand — 2006 Series A, maturing in 2036	15,000	15,000	—	—	15,000
<b>Parkledge Apartments Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2035	39,000	35,100	—	500	34,600
<b>Chelsea Apartments Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	95,500	95,500	—	—	95,500
<b>Historic Front Street Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	46,300	46,300	—	—	46,300
<b>The Helena Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	42,000	42,000	—	—	42,000
variable rate demand — 2004 Series A, maturing in 2036	101,000	101,000	—	—	101,000
<b>Avalon Chrystie Place I Housing Revenue Bonds</b>					
variable rate demand — 2004 Series A, maturing in 2036	58,500	58,500	—	—	58,500
variable rate demand — 2004 Series B, maturing in 2036	58,500	58,500	—	—	58,500
<b>Related-Tribeca Green Housing Revenue Bonds</b>					
variable rate demand — 2003 Series A, maturing in 2036	109,200	103,800	—	—	103,800

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
variable rate demand — 2003 Series B (Federally Taxable), maturing in 2036	800	800	—	—	800
100 Maiden Lane Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2037	95,000	95,000	—	—	95,000
variable rate demand — 2004 Series B (Federally Taxable), maturing in 2037	3,000	3,000	—	—	3,000
North End Avenue Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2036	98,800	98,800	—	—	98,800
variable rate demand — 2004 Series B (Federally Taxable), maturing in 2036	3,400	3,400	—	—	3,400
Sea Park East Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2036	18,700	14,500	—	700	13,800
Sea Park West Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2036	22,900	16,500	—	1,000	15,500
Archstone Westbury Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2036	62,200	62,200	—	—	62,200
variable rate demand — 2004 Series B (Federally Taxable), maturing in 2036	15,800	15,295	—	1,055	14,240
4.57% — 2012 Series A (Federally Taxable), maturing in 2036	7,200	7,200	—	—	7,200
Rip Van Winkle House Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2034	11,500	10,700	—	—	10,700
10 Barclay Street Housing Revenue Bonds variable rate demand — 2004 Series A, maturing in 2037	135,000	135,000	—	—	135,000
Reverend Polite Avenue Apartments Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2036	16,000	7,435	—	—	7,435
125 West 31st Street Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2038	176,800	176,800	—	—	176,800
Clinton Green North Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2038	100,000	100,000	—	—	100,000
variable rate demand — 2006 Series A, maturing in 2038	47,000	47,000	—	—	47,000
Clinton Green South Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2038	75,000	75,000	—	—	75,000
variable rate demand — 2006 Series A, maturing in 2038	46,500	46,500	—	—	46,500
Related-Ocean Park Apartments Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2035	28,400	28,400	—	—	28,400
2.20% to 4.25% — 2005 Series B, maturing in varying semi-annual installments to 2016	10,600	4,845	—	1,080	3,765
250 West 93rd Street Housing Revenue Bonds variable rate demand — 2005 Series A, maturing in 2038	61,500	60,400	—	—	60,400

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
variable rate demand — 2005 Series B (Federally Taxable), maturing in 2038	5,300	5,300	—	—	5,300
variable rate demand — 2007 Series A (Federally Taxable), maturing in 2038	1,100	1,100	—	—	1,100
Tower 31 Housing Revenue Bonds					
variable rate demand — 2005 Series A, maturing in 2036	83,800	83,800	—	—	83,800
variable rate demand — 2005 Series B (Federally Taxable), maturing in 2036	2,000	2,000	—	—	2,000
variable rate demand — 2006 Series A (Federally Taxable), maturing in 2036	8,000	3,400	—	1,100	2,300
88 Leonard Street Housing Revenue Bonds					
variable rate demand — 2005 Series A, maturing in 2037	112,500	112,500	—	—	112,500
variable rate demand — 2005 Series B (Federally Taxable), maturing in 2037	7,500	7,500	—	—	7,500
variable rate demand — 2007 Series A (Federally Taxable), maturing in 2037	12,000	12,000	—	—	12,000
Tiffany Gardens Multi-Family Housing Revenue Bonds					
4.50% to 5.125% — 2005 Series A, maturing in varying semi-annual installments to 2037	5,550	5,090	—	110	4,980
Friendship House Apartments Multi-Family Housing Revenue Bonds					
5.10% — 2005 Series A, maturing in varying semi-annual installments to 2041	2,840	2,640	—	40	2,600
55 West 25th Street Housing Revenue Bonds					
variable rate demand — 2005 Series A, maturing in 2038	164,500	164,500	—	—	164,500
variable rate demand — 2005 Series B (Federally Taxable), maturing in 2038	8,800	2,400	—	1,800	600
188 Ludlow Street Housing Revenue Bonds					
variable rate demand — 2006 Series A, maturing in 2038	83,000	83,000	—	—	83,000
Division Street Multi-Family Housing Revenue Bonds					
5% to 5.10% — 2006 Series A, maturing in varying semi-annual installments to 2038	1,525	1,410	—	30	1,380
Gateway to New Cassel Housing Revenue Bonds					
variable rate demand — 2006 Series A, maturing in 2039	9,500	6,000	—	—	6,000
Golden Age Apartments Multi-Family Housing Revenue Bonds					
5% — 2006 Series A, maturing in varying semi-annual installments to 2037	2,800	2,270	—	105	2,165
Related - Taconic West 17th Street Housing Revenue Bonds					
variable rate demand — 2009 Series A, maturing in 2039	126,000	126,000	—	—	126,000
Crotona Estates Apartments Multi-Family Housing Revenue Bonds					
4.95% — 2006 Series A, maturing in varying semi-annual installments to 2038	2,760	2,375	—	95	2,280
Related - Capitol Green Apartments Housing Revenue Bonds					
variable rate demand — 2006 Series A, maturing in 2036	10,900	10,900	—	—	10,900
3.45% to 4.375% — 2006 Series B, maturing in varying semi-annual installments to 2017	5,600	3,205	—	540	2,665
Avalon Bowery Place I Housing Revenue Bonds					
variable rate demand — 2010 Series A, maturing in 2037	93,800	93,800	—	—	93,800

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
St. Philip's Housing Revenue Bonds 4.05% to 4.65% — 2006 Series A, maturing in varying semi-annual installments to 2038	16,250	13,920	—	565	13,355
Kensico Terrace Apartments Multi-Family Housing Revenue Bonds 4.35% to 4.90% — 2006 Series A, maturing in varying semi-annual installments to 2038	4,130	3,815	—	80	3,735
Admiral Halsey Senior Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2037	6,650	3,350	—	200	3,150
Related - Weyant Green Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2037	3,800	3,800	—	—	3,800
Related - McCarthy Manor Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2037	6,800	6,800	—	—	6,800
600 West 42nd Street Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2041	268,000	249,335	—	—	249,335
variable rate demand — 2008 Series A, maturing in 2041	100,000	100,000	—	—	100,000
variable rate demand — 2009 Series A, maturing in 2041	108,000	119,975	—	—	119,975
316 Eleventh Avenue Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2041	152,000	152,000	—	—	152,000
variable rate demand — 2007 Series B (Federally Taxable), maturing in 2041	39,500	6,900	—	—	6,900
variable rate demand — 2009 Series A, maturing in 2041	32,600	32,600	—	—	32,600
455 West 37th Street Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2041	136,000	136,000	—	—	136,000
variable rate demand — 2007 Series B (Federally Taxable), maturing in 2041	32,000	8,700	—	—	8,700
Related - Warren Knolls Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2037	6,700	6,700	—	—	6,700
Related - West Haverstraw Senior Citizens Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2037	6,700	6,700	—	—	6,700
Prospect Plaza Apartments Housing Revenue Bonds variable rate demand — 2007 Series A, maturing in 2039	23,300	8,000	—	—	8,000
Horizons at Wawayanda Housing Revenue Bonds 5.15% — 2007 Series A, maturing in varying semi-annual installments to 2040	8,600	8,300	—	120	8,180
Park Drive Manor II Apartments Multi-Family Housing Revenue Bonds 4.85% — 2007 Series A, maturing in varying semi-annual installments to 2038	3,980	3,695	—	75	3,620
Highland Avenue Senior Apartments Multi-Family Housing Revenue Bonds 4.70% to 5% — 2007 Series A, maturing in varying semi-annual installments to 2039	6,920	6,565	—	125	6,440

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
North Street Y Senior Apartments Multi-Family Housing Revenue Bonds					
5.05% — 2007 Series A, maturing in varying semi-annual installments to 2039	2,100	2,005	—	40	1,965
Cannon Street Senior Apartments Multi-Family Housing Revenue Bonds					
5.30% — 2007 Series A, maturing in varying semi-annual installments to 2039	1,860	1,760	—	30	1,730
Related - 42nd and 10th Housing Revenue Bonds					
variable rate demand — 2007 Series A, maturing in 2041	166,100	166,100	—	—	166,100
variable rate demand — 2008 Series A, maturing in 2041	81,000	81,000	—	—	81,000
variable rate demand — 2010 Series A, maturing in 2041	102,900	102,900	—	30,000	72,900
Tri-Senior Development Housing Revenue Bonds					
5.10% to 5.40% — 2007 Series A, maturing in varying semi-annual installments to 2042	14,700	13,955	—	190	13,765
Related - Overlook Apartments Housing Revenue Bonds					
variable rate demand — 2007 Series A, maturing in 2037	5,400	4,500	—	—	4,500
Remeeder Houses Apartments Housing Revenue Bonds					
variable rate demand — 2007 Series A, maturing in 2039	18,900	17,500	—	400	17,100
Grace Towers Housing Revenue Bonds					
variable rate demand — 2007 Series A, maturing in 2040	19,900	11,530	—	—	11,530
Baisley Park Gardens Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2039	18,800	18,300	—	200	18,100
Related - Caroline Apartments Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2043	16,900	16,900	—	—	16,900
West 37th Street Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2042	18,900	18,900	—	—	18,900
variable rate demand — 2008 Series B (Federally Taxable), maturing in 2042	31,500	12,000	—	600	11,400
variable rate demand — 2009 Series A, maturing in 2042	25,200	25,200	—	—	25,200
variable rate demand — 2009 Series B, maturing in 2042	30,900	30,900	—	—	30,900
West Village Apartments Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2039	9,700	6,900	—	400	6,500
330 Riverdale Avenue Apartments Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2041	28,700	14,200	—	—	14,200
320 West 38th Street Housing Revenue Bonds					
variable rate demand — 2008 Series A, maturing in 2042	74,500	74,500	—	—	74,500
variable rate demand — 2009 Series A, maturing in 2042	119,500	119,500	—	—	119,500
variable rate demand — 2009 Series B, maturing in 2042	106,000	106,000	—	—	106,000



	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
Shore Hill Housing Revenue Bonds variable rate demand — 2008 Series A, maturing in 2045	39,000	19,500	—	—	19,500
505 West 37th Street Housing Revenue Bonds variable rate demand — 2008 Series A, maturing in 2042	95,600	95,600	—	—	95,600
variable rate demand — 2008 Series B (Federally Taxable), maturing in 2042	138,000	58,400	—	—	58,400
variable rate demand — 2009 Series A, maturing in 2042	100,800	100,800	—	—	100,800
variable rate demand — 2009 Series B, maturing in 2042	119,600	119,600	—	—	119,600
College Arms Apartments Housing Revenue Bonds variable rate demand — 2008 Series A, maturing in 2048	11,390	11,090	—	100	10,990
80 DeKalb Avenue Housing Revenue Bonds variable rate demand — 2008 Series A, maturing in 2042	32,850	5,090	—	—	5,090
variable rate demand — 2009 Series A, maturing in 2042	43,800	43,800	—	—	43,800
variable rate demand — 2009 Series B, maturing in 2042	55,110	55,110	—	—	55,110
Related - Clarkstown Maplewood Gardens Housing Revenue Bonds variable rate demand — 2009 Series A, maturing in 2049	4,085	4,085	—	—	4,085
8 East 102nd Street Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2044	95,630	135,690	—	—	135,690
variable rate demand — 2010 Series B (Federally Taxable), maturing in 2044	8,010	8,010	—	—	8,010
Hegeman Residence Apartments Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2040	22,800	22,800	—	22,800	—
330 West 39th Street Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2044	65,000	65,000	—	—	65,000
Clinton Park Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2044	70,000	70,000	—	—	70,000
25 Washington Street Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2044	19,700	19,700	—	—	19,700
29 Flatbush Avenue Housing Revenue Bonds variable rate demand — 2010 Series A, maturing in 2044	90,000	90,000	—	—	90,000
2180 Broadway Housing Revenue Bonds variable rate demand — 2011 Series A, maturing in 2044	96,300	96,300	—	—	96,300
variable rate demand — 2011 Series B (Federally Taxable), maturing in 2044	27,320	27,320	—	—	27,320
Gotham West Housing Revenue Bonds variable rate demand — 2011 Series A-1, maturing in 2045	133,000	133,000	—	—	133,000
variable rate demand — 2011 Series A-2, maturing in 2045	67,000	67,000	—	—	67,000

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
variable rate demand — 2011 Series B (Federally Taxable), maturing in 2045	20,000	20,000	—	—	20,000
variable rate demand — 2012 Series A-1, maturing in 2045	173,000	173,000	—	—	173,000
variable rate demand — 2012 Series A-2, maturing in 2045	87,000	87,000	—	—	87,000
variable rate demand — 2013 Series A (Federally Taxable) maturing in 2012	40,000	—	40,000	—	40,000
<b>160 West 62nd Street Housing Revenue Bonds</b>					
variable rate demand — 2011 Series A-1, maturing in 2044	155,000	155,000	—	—	155,000
variable rate demand — 2011 Series A-2, maturing in 2044	80,000	80,000	—	—	80,000
variable rate demand — 2011 Series B (Federally Taxable), maturing in 2044	25,000	25,000	—	—	25,000
<b>Clinton Park Phase II Housing Revenue Bonds</b>					
variable rate demand — 2011 Series A-1, maturing in 2049	83,000	83,000	—	—	83,000
variable rate demand — 2011 Series A-2, maturing in 2049	42,000	42,000	—	0	42,000
variable rate demand — 2011 Series B (Federally Taxable), maturing in 2049	20,000	20,000	—	—	20,000
<b>111 Nassau Street Housing Revenue Bonds</b>					
variable rate demand — 2011 Series A, maturing in 2044	65,240	65,240	—	—	65,240
variable rate demand — 2011 Series B (Federally Taxable), maturing in 2044	6,260	6,260	—	—	6,260
<b>Related West 30th Street Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A-1, maturing in 2045	73,000	73,000	—	—	73,000
variable rate demand — 2012 Series A-2, maturing in 2045	37,000	37,000	—	—	37,000
variable rate demand — 2013 Series A maturing in 2045	53,200	—	53,200	—	53,200
<b>388 Bridge Street Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2046	86,000	86,000	—	—	86,000
<b>175 West 60th Street Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A-1, maturing in 2046	40,000	31,000	9,000	—	40,000
variable rate demand — 2012 Series A-2, maturing in 2046	20,000	20,000	—	—	20,000
<b>Jackson Avenue Apartments Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2044	27,335	2,620	10,650	—	13,270
variable rate demand — 2012 Series B maturing in 2044	325	325	—	—	325
<b>11th Street Apartments Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2044	21,000	2,750	7,345	—	10,095
<b>Dock Street Apartments Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2046	34,700	—	34,700	—	34,700
variable rate demand — 2013 Series B, maturing in 2046	65,800	—	65,800	—	65,800

	Original Face Amount	Balance October 31, 2012	Issued	Retired / Principal Payments	Balance October 31, 2013
<b>626 Flatbush Avenue Apartments Housing Revenue Bonds</b>					
variable rate demand — 2013 Series A, maturing in 2046	40,000	—	13,305	—	13,305
variable rate demand — 2013 Series B, (Federally Taxable) maturing in 2046	10,940	—	835	—	835
<b>Riverside Center 2 Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2046	25,000	—	25,000	—	25,000
variable rate demand — 2013 Series A-1, maturing in 2046	41,200	—	41,200	—	41,200
<b>44th Drive Apartments Housing Revenue Bonds</b>					
variable rate demand — 2013 Series A, maturing in 2043	24,500	—	4,009	—	4,009
<b>Related West 29th Street Housing Revenue Bonds</b>					
variable rate demand — 2012 Series A, maturing in 2045	45,000	—	45,000	—	45,000
<b>Terrace Gardens Housing Revenue Bonds</b>					
5.34% — 2013 A, maturing in varying semi-annual installments to 2043	27,020	—	27,020	—	27,020
<b>Total Secured Loan Rental Housing Bonds and Other</b>	<b>10,061,205</b>	<b>8,930,715</b>	<b>377,064</b>	<b>111,280</b>	<b>9,196,499</b>
<b>Housing Project Mortgage Revenue Bonds:</b>					
3.60% to 6.125% — 1996 Series A Refunding, maturing in varying semi-annual installments to 2020	<b>484,540</b>	<b>9,970</b>	—	<b>2,730</b>	<b>7,240</b>
<b>Affordable Housing Bonds:</b>					
<b>Affordable Housing Revenue Bonds</b>					
3.65% to 5.25% — 2007 Series A, maturing in varying semi-annual installments to 2038	11,805	8,985	—	170	8,815
3.60% to 5.45% — 2007 Series B, maturing in varying semi-annual installments to 2045	81,570	35,435	—	615	34,820
2.375% to 5.45% — 2008 Series A, maturing in varying semi-annual installments to 2040	14,880	6,310	—	90	6,220
3.30% to 5.00% — 2008 Series B, maturing in varying semi-annual installments to 2045	23,000	11,905	—	850	11,055
5.00% — 2008 Series C, maturing in varying semi-annual installments to 2045	15,515	12,905	—	880	12,025
2.15% to 6.80% — 2008 Series D, maturing in varying semi-annual installments to 2041	53,740	15,905	—	375	15,530
1.80% to 5.25% — 2009 Series A, maturing in varying semi-annual installments to 2041	53,680	37,585	—	650	36,935
0.70% to 5.00% — 2009 Series B, maturing in varying semi-annual installments to 2045	80,525	63,890	—	1,180	62,710
1.10% to 4.95% — 2009 Series C, maturing in varying semi-annual installments to 2041	35,590	15,950	—	240	15,710
0.45% to 5.20% — 2009 Series D, maturing in varying semi-annual installments to 2045	70,795	38,695	—	960	37,735
0.50% to 5.00% — 2010 Series A, maturing in varying semi-annual installments to 2042	45,800	42,340	—	11,140	31,200
0.40% to 4.875% — 2010 Series B, maturing in varying semi-annual installments to 2042	24,600	16,295	—	320	15,975
2.625% to 5.25% — 2010 Series C, maturing in varying semi-annual installments to 2042	3,140	2,960	—	170	2,790
1.05% — 2011 Series A, maturing in 2013	9,800	9,800	—	9,800	—
0.55% to 5.20% — 2011 Series B, maturing in varying semi-annual installments to 2042	16,545	16,545	—	11,995	4,550

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
0.95% — 2011 Series C, maturing in 2013	6,800	6,800	—	6,800	—
0.55% to 4.875% — 2011 Series D, maturing in varying semi-annual installments to 2042	14,630	14,630	—	5,770	8,860
0.83% — 2011 Series E, maturing in 2013	5,600	5,600	—	5,600	—
0.75% to 4.13% — 2012 Series A, maturing in 2044	22,795	22,795	—	120	22,675
0.25% to 4.00% — 2012 Series B, maturing in varying semi-annual installments to 2047	45,500	45,500	—	145	45,355
0.25% to 3.85% — 2012 Series C, maturing in varying semi-annual installments to 2044	50,355	—	50,355	70	50,285
0.70% to 3.60% — 2012 Series D, maturing in varying semi-annual installments to 2045	23,685	—	23,685	—	23,685
0.33% to 3.75% — 2012 Series E, maturing in varying semi-annual installments to 2050	157,500	—	157,500	1,315	156,185
0.40% to 4.10% — 2012 Series F, maturing in varying semi-annual installments to 2048	91,500	—	91,500	305	91,195
0.30% to 4.65% — 2013 Series A, maturing in varying semi-annual installments to 2046	61,600	—	61,600	—	61,600
0.80% to 5.20% — 2013 Series B, maturing in varying semi-annual installments to 2046	36,085	—	36,085	—	36,085
0.625% to 5.10% — 2013 Series C, maturing in varying semi-annual installments to 2045	21,955	—	21,955	—	21,955
	<b>1,078,990</b>	<b>430,830</b>	<b>442,680</b>	<b>59,560</b>	<b>813,950</b>
<b>Affordable Housing Revenue Bonds</b>					
<b>(Federal New Issue Bond Program "NIBP")</b>					
Conversions:					
3.16% — 2009 Series 1, Subseries A, conversion: maturing in varying annual installments to 2043	47,660	46,382	—	22,852	23,530
3.16% — 2009 Series 1, Subseries B, conversion: maturing in 2043	45,080	45,062	—	13,144	31,918
3.68% — 2009 Series 1, Subseries C, conversion: maturing in 2044	24,760	24,666	—	167	24,499
2.47% — 2009 Series 1, Subseries D, conversion: maturing in varying semi-annual installments to 2043	22,260	22,260	—	3,647	18,613
2.47% — 2009 Series 1, Subseries E, conversion: maturing in varying semi-annual installments to 2043	21,320	21,248	—	1,616	19,632
2.47% — 2009 Series 1, Subseries F, conversion: maturing in varying semi-annual installments to 2044	98,380	97,986	—	1,791	96,195
New Issues:					
0.50% to 1.375% — 2010 Series 1, maturing in varying semi-annual installments to 2013	32,135	25,683	—	2,248	23,435
1.25% to 1.95% — 2010 Series 2, maturing in varying annual installments to 2014	30,460	27,998	—	10,416	17,582
1.85% — 2011 Series 1, maturing in 2015	29,000	28,885	—	204	28,681
0.55% to 3.80% — 2011 Series 2, maturing in varying semi-annual installments to 2022	16,470	16,470	—	3,728	12,742
0.375% to 1.625% — 2011 Series 3, maturing in varying semi-annual installments to 2015	5,890	5,872	—	3,254	2,618
0.30% to 1.70% — 2011 Series 4, maturing in varying semi-annual installments to 2016	35,510	35,379	—	4,324	31,055
	<b>408,925</b>	<b>397,891</b>	<b>—</b>	<b>67,391</b>	<b>330,500</b>
<b>Total Affordable Housing Bonds</b>	<b>1,487,915</b>	<b>828,721</b>	<b>442,680</b>	<b>126,951</b>	<b>1,144,450</b>

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>State Revenue Bond Programs:</b>					
Service Contract Revenue Bonds					
4% to 5% — 2003 Series K Refunding, maturing in varying semi-annual installments to 2021	60,290	—	—	—	—
variable rate demand — 2003 Series L Refunding, maturing in varying semi-annual installments to 2021	88,750	88,750	—	9,800	78,950
variable rate demand — 2003 Series M-1 Refunding, maturing in varying semi-annual installments to 2021	63,750	63,750	—	7,040	56,710
variable rate demand — 2003 Series M-2 Refunding, maturing in varying semi-annual installments to 2021	25,000	25,000	—	2,760	22,240
	<b>237,790</b>	<b>177,500</b>	<b>—</b>	<b>19,600</b>	<b>157,900</b>
Consolidated Service Contract Revenue Bonds					
2% to 5% — 2011 Series A Refunding, maturing in varying semi-annual installments to 2020	<b>71,165</b>	<b>54,695</b>	<b>—</b>	<b>12,600</b>	<b>42,095</b>
State Personal Income Tax Revenue Bonds					
(Economic Development and Housing)					
5% to 5.25% — 2003 Series A, maturing in varying semi-annual installments to 2033	128,330	19,625	—	19,625	—
1.37% to 4.46% — 2003 Series B (Federally Taxable), maturing in varying semi-annual installments to 2013	101,690	6,020	—	6,020	—
4.60% to 5.25% — 2004 Series A, maturing in varying semi-annual installments to 2034	54,085	41,035	—	12,740	28,295
1.35% to 4.79% — 2004 Series B (Federally Taxable), maturing in varying semi-annual installments to 2014	56,655	13,110	—	6,405	6,705
4% to 5% — 2005 Series A, maturing in varying semi-annual installments to 2034	57,215	57,215	—	20,615	36,600
3.58% to 4.88% — 2005 Series B (Federally Taxable), maturing in varying annual installments to 2015	34,985	12,155	—	3,865	8,290
variable rate demand — 2005 Series C, maturing in varying semi-annual installments to 2033	80,000	80,000	—	—	80,000
3.75% to 5% — 2006 Series A, maturing in varying semi-annual installments to 2036	47,525	47,525	—	—	47,525
5.04% to 5.22% — 2006 Series B (Federally Taxable), maturing in varying annual installments to 2015	83,435	29,710	—	9,390	20,320
3.625% to 5% — 2006 Series C, maturing in varying semi-annual installments to 2019	31,945	31,945	—	100	31,845
5% — 2007 Series A, maturing in varying semi-annual installments to 2037	71,075	71,075	—	—	71,075
4.957% to 5.167% — 2007 Series B (Federally Taxable), maturing in varying annual installments to 2016	45,695	21,020	—	4,860	16,160
4% to 5% — 2007 Series C (Federally Taxable), maturing in varying semi-annual installments to 2021	19,220	19,220	—	—	19,220
4% to 5% — 2008 Series A, maturing in varying annual installments to 2038	109,885	109,885	—	—	109,885
3.05% to 5.35% — 2008 Series B (Federally Taxable), maturing in varying annual installments to 2017	40,115	22,105	—	3,985	18,120
1.75% to 5% — 2009 Series A, maturing in varying annual installments to 2039	96,990	92,040	—	1,905	90,135
1.943% to 4.911% — 2009 Series B (Federally Taxable), maturing in varying annual installments to 2019	103,010	78,040	—	9,965	68,075
	<b>1,161,855</b>	<b>751,725</b>	<b>—</b>	<b>99,475</b>	<b>652,250</b>
<b>Total State Revenue Bond Programs</b>	<b>1,470,810</b>	<b>983,920</b>	<b>—</b>	<b>131,675</b>	<b>852,245</b>
<b>Hospital and Health Care Project Revenue Bonds</b>					
3.60% to 5.15% — 1998 Series A, maturing in varying annual installments to 2016	<b>42,090</b>	<b>20</b>	<b>—</b>	<b>10</b>	<b>10</b>

	Original Face Amount	Balance October 31, 2012	Issued	Retired/ Principal Payments	Balance October 31, 2013
<b>Nursing Home and Health Care Project Revenue Bonds</b>					
3.60% to 5.15% — 1998 Series A, maturing in varying annual installments to 2016	190,080	16,915	—	8,265	8,650
<b>Total Bond Indebtedness</b>	<b>13,977,545</b>	<b>10,785,146</b>	<b>866,184</b>	<b>385,166</b>	<b>11,266,164</b>
Bond Premium	—	16,416	—	—	13,867
<b>Total Net Bond Indebtedness</b>	<b>\$ 13,977,545</b>	<b>10,801,562 *</b>	<b>866,184</b>	<b>385,166</b>	<b>11,280,031</b>

\*\*\*

\*Restated for GASB 65 Implementation

## Report of Independent Auditors 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*

Management and Directors of the Board  
New York State Housing Finance Agency  
New York, New York

We have audited, in accordance with auditing standards generally accepted in the United States 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 New York State Housing Finance Agency (the “Agency”), a component unit of the State of New York, which comprise the statement of net position as of October 31, 2013, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January, 29, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Ernst & Young LLP*

January 29, 2014





## New York State Housing Finance Agency

641 Lexington Avenue

New York, NY 10022

212-688-4000

[www.nyshcr.org](http://www.nyshcr.org)