

BOARD APPROVED: SEPTEMBER 11, 2014

**NEW YORK STATE HOUSING FINANCE AGENCY
STATE OF NEW YORK MORTGAGE AGENCY
NEW YORK STATE AFFORDABLE HOUSING CORPORATION
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
TOBACCO SETTLEMENT FINANCING CORPORATION**

Administrative Budget Request

and

Financial Plans

Fiscal Year Ending October 31, 2015

(Fiscal Year Ending March 31, 2016 for AHC)

HFA, SONYMA, AHC, MBBA and TSFC

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TOBACCO SETTLEMENT FINANCING CORPORATION**

**Fiscal Year 2015 Financial Plans
(Fiscal Year 2016 Financial Plan for AHC)**

and the Agencies

Fiscal Year 2015 Administrative Budget Request

CERTIFICATION BY THE CHIEF OPERATING OFFICER

Presented herewith are financial plans for program revenues and expenses through fiscal year end October 31, 2018 (March 31, 2019 for AHC) and the proposed administrative budget request for the period November 1, 2014 to October 31, 2015 in a manner consistent with that prescribed by the State Comptroller. The financial plans and budget were prepared in accordance with generally accepted accounting principles on a modified accrual basis.

These budgets are an estimate of revenues and expenses for the fiscal years ending October 31, 2015, 2016, 2017 and 2018, (March 31, 2016, 2017, 2018 and 2019 for AHC) and to the best of my knowledge, after reasonable inquiry, are based on reasonable assumptions and methods of estimation. Certain estimates and assumptions are detailed in the section entitled "Significant Budget Changes". The Agencies have used their best efforts to prepare the financial plans and budget in accordance with the State Comptroller's Regulation 203.



Darryl C. Towns
President and Chief Executive Officer

HFA, SONYMA, AHC, MBBA and TSFC

EXPLANATION OF THE PUBLIC AUTHORITY'S RELATIONSHIP WITH THE UNIT OR UNITS OF GOVERNMENT, IF ANY, ON WHOSE BEHALF OR BENEFIT THE AUTHORITY WAS ESTABLISHED

The State of New York Mortgage Agency ("SONYMA"), the New York State Housing Finance Agency ("HFA"), and the State of New York Municipal Bond Bank Agency ("MBBA") (collectively, along with their subsidiaries, the "Agencies") are corporate governmental agencies, constituting public benefit corporations of the State of New York.

Each Agency is created pursuant to state statute, and each Agency's powers and obligations are set forth in their enabling statutes. Each is governed by Boards of Directors (or Members in the case of HFA). Each has adopted By-laws that govern the functioning of each Agency. None of the Agencies have taxing powers.

Their governing boards are comprised of certain ex officio members, the State Comptroller or a member appointed by the State Comptroller, the Chairman of HFA, and members appointed by (i) the Governor, with the advice and consent of the Senate, (ii) the Co-Leaders of the State Senate, and (iii) the Speaker of the Assembly. Each Agency has its own independent board.

The New York State Affordable Housing Corporation ("AHC"), and the Tobacco Settlement Financing Corporation ("TSFC") are subsidiaries of HFA and MBBA, respectively, and have the same boards as their parent corporations.

HFA, SONYMA, AHC, MBBA and TSFC

DESCRIPTION OF THE BUDGET PROCESS

General Information

The fiscal year end for HFA, SONYMA, MBBA and TSFC is October 31. AHC's fiscal year end is March 31.

Administrative Budget

The New York State Housing Finance Agency, the State of New York Mortgage Agency, the New York State Affordable Housing Corporation, the State of New York Municipal Bond Bank Agency and the Tobacco Settlement Financing Corporation (collectively referred to as the "Agencies" or individually the "Agency") share offices, administrative functions and staff. As such, one administrative budget accounts for the administrative expenses of all of the Agencies.

In general, expenses and contracts are processed through HFA or SONYMA. Common operating expenses are typically shared equally by HFA and SONYMA while other more specific expenses are directly charged to either Agency or allocated based on each respective Agencies' payroll allocation (discussed below). Certain expenses are allocated to the AHC, MBBA and TSFC on a direct charge or payroll allocation basis.

The Administrative budget is prepared on a modified accrual basis.

Cash Budgets

HFA and MBBA annually prepare "Program Budgets" which are required by bond resolution, and are filed with the bond trustees. These budgets account for the "restricted" funds held by HFA and MBBA- those used to collect principal and interest on loans and pay debt service on bonds. These budgets are prepared on a cash basis and demonstrate to bond holders that there will be sufficient cash to pay debt service on the bonds in the upcoming year.

Financial Plan

The financial plan for each Agency is prepared on a modified accrual basis. Each Agency files its own financial plan.

Budget Process

Administrative Budget

The budget process begins with a review of the current expense categories and accounts to determine if reclassifications of expenses or new expense categories are warranted. This review takes place in early May to insure that all system changes can be made on a timely basis. At this time the budget officer also reviews the Agencies' organization chart and insures that the proper authorizations for the unit budget preparation, entry and approval are in place.

The second step in the budget process, which also takes place in May, is to circulate to each unit head a "Staff Allocation Table". This report lists each employee and the time allocated to each of the five Agencies (based on each employee's best estimate). This allocation becomes the basis for the monthly allocation of salaries and employee benefits to each of the five Agencies.

A meeting is scheduled with the President of Professional Services, Chief Financial Officer ("CFO") and budget officer to discuss the staffing levels and overall budget plan. Based on current and anticipated fiscal needs, a general direction for discretionary spending is determined. Restrictions on travel and any other State mandates are taken into consideration as well.

By mid-June, unit supervisors are asked to submit a budget for select administrative expenses expected to be incurred by their unit. For example, all units will be asked to justify expenditures for travel, consultants, membership fees, education, books & periodicals and temporary help. The Facilities Administration unit will also be asked to budget for postage, auto expenses, office supplies and purchase of furniture & fixtures among other things. To assist in the budget process, each unit is provided with two years of expense information, as well as the current year-to-date data. At this time, the Agencies' Comptroller ("Comptroller") is asked to prepare the program budgets (fiscal plans) with a forecast of revenues and expenses for the next three years.

Once each unit has entered their budget request, the budget officer compiles all of the unit requests and begins the review process. Budget requests may be reduced where expenses are not substantiated, or prior spending does not support the current request. A proposed budget request is then drafted and circulated to the Chief Executive Officer ("CEO"), the CFO and the President of Professional Services for comment. Final changes are incorporated and the budget is prepared for distribution. Ninety days before the beginning of the fiscal year (August 1st for HFA, SONYMA, MBBA and TSFC; January 1st for AHC) the proposed budget is posted on the Public Authorities Reporting Information System ("PARIS") and notification of such posting is delivered to the Authority Budget Office, Chairman of the Assembly Ways and Means Committee, NYS Division of the Budget and the Chairman of the Senate Finance Committee. Thirty days before the September board meetings, the budget is posted on the Agencies' web site for public inspection. The proposed budget is presented to and approved by the respective Boards at the September Board meetings. In accordance with the State Comptrollers' regulations, within seven days of the beginning of the fiscal year, the approved budget is to be posted on the Agencies' web site and in no less than five convenient places for the public to inspect. An approved budget is also sent to the State Comptroller.

Every other month, a year to date expenditure report is circulated to unit supervisors, as well as the

President of Professional Services and the CFO. The report highlights any expenditures over the budgeted amounts.

On a quarterly basis, an information report is prepared for the Boards, updating them on the status of the Agencies' budget.

Cash Budget

During May and June the Assistant Treasurer (in the Treasury unit) collects information from various sources and prepares preliminary cash budgets for HFA and MBBA as required by each bond resolution. The cash budget demonstrates to the respective trustees that the Agencies will be able to meet their debt service requirements.

Financial Plan

In late June to early July the Comptroller collects information from various sources and prepares a financial plan for each Agency. The financial plans do not include information on conduit debt. The financial plans are prepared using the modified accrual basis and are intended to give information to the reader as to whether the Agencies will have excess revenues or a deficit based on a particular year's projected activities. The financial plan includes a three year projection of revenues and expenses. All budgetary assumptions are reviewed and documented. On a quarterly basis, an information report is prepared for the Boards updating them on the status of each Agency's Financial Plan.

Fiscal Year 2015 Financial Plan and Administrative Budget Time Line

2014

- May 1 - 14 CFO/PRES/CEO have preliminary discussions on budget parameters, staffing, changes to budget categories and changes to departmental structure
- May 15 - July 17 Preparation of cash budgets by Treasury (HFA and MBBA) [email to MO]
- May 16 - 23 Update budget software and load April 2014 year-to-date expense data
- May 19 Issue Staff Allocation memo to Senior Vice Presidents (responses due May 27)
- May 27 Issue Fiscal 2015 Budget Request memo to Senior Vice Presidents (responses due Jun 13)
- May 28 Request debt issuance and financing projections from appropriate sources (responses due Jun 20)
- June 16 CFO/President have preliminary meeting to discuss conceptual overview of 2015 budget and current status of 2014 budget
- June 16 - July 11 Formulation of financial plans and administrative budgets
- July 11 Preliminary budget to CFO/PRES for review and comment
- July 18 CFO/CEO/President meeting for review and comment on draft budget request
- July 21 - July 31 Production of budget and supporting documentation
- August 1 Mail proposed Budget to ABO, Assembly Ways & Means, DOB & Senate Finance Committee. Enter budget data on PARIS (to transmit to OSC)
- August 8 Post proposed FY 2015 Financial Plan and Administrative Budget on website (Legal will post to five other locations)
- September 3 Transmit Budget to Audit Committee & Board for approval
- September 9 Present to Audit Committee for Approval
- September 11 Request Board Approval
- October 17 Make approved budget available on website (Legal will post to five other locations)
- December 15 Prepare Final 2014 Budget Analysis for Board Presentation

2015

- January 2 Send agenda item to Legal for 2014 budget analysis
- January 9 Finalize budget data for Board Presentation
- January 14 Finalize Board memo with 2014 data
- January 28 Present final 2014 budget vs actual to the Board

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Administrative Budget Request

Fiscal Year Ending October 31, 2015

**NEW YORK STATE HOUSING FINANCE AGENCY
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FISCAL YEAR 2015 ADMINISTRATIVE BUDGET REQUEST

The administrative budget is an estimate of the resources needed to administer the New York State Housing Finance Agency (HFA), the State of New York Mortgage Agency (SONYMA), the Affordable Housing Corporation (AHC), the State of New York Municipal Bond Bank Agency (MBBA), and the Tobacco Settlement Financing Corporation (TSFC) (together the “Agencies” or individually the “Agency”). Although a consolidated budget request is presented for approval, all expenses are tracked by Agency.

Expenses that are not directly attributable to a particular Agency are allocated. The allocation of expenses among the Agencies is as follows:

- Salaries and benefits are allocated to each Agency based on a “Salary Allocation” table which is updated as employee responsibilities change.
- Rent, office supplies and other “common” costs are allocated 50% to HFA and 50% to SONYMA. HFA’s share is further allocated to MBBA and TSFC.

Please refer to the “Expense Allocation” section for more detailed information on allocation of expenses.

Expenses are subdivided into five categories:

- Personal Services (which includes salaries and benefits)
- Other Than Personal Services
- Capital Expenses (which includes leasehold improvements and purchases of furniture, office equipment and computer hardware)
- State Assessments and Other
- Banking, Financing and Servicing Fees

Individual expenses are detailed in each category.

The Agencies process three separate payrolls (HFA, SONYMA and AHC). The number of budgeted positions for the combined Agencies is 221.

Please note that this administrative budget does not include expenses or identify revenues pertaining to funds held by depositories or trustees that are restricted by bond resolution. A separate "Program Budget" is prepared by bond indenture, and is submitted to the Board for approval and distributed to the bond trustee in accordance with the requirements of the governing bond resolution. Other operating expenses and revenues are identified in each Agency's financial plan.

The attached Fiscal Year 2015 Administrative Budget Request (for the period November 1, 2014 to October 31, 2015) totals \$56.8 million. This is a \$1.103 million increase from the FY 2014 budget.

A brief summary by expense category is as follows:

	2013 <u>Actuals</u>	2014 <u>Budget</u>	2014 <u>Projected</u>	2015 <u>Request</u>	14/15 Budget <u>\$ Variance / %</u>
	<i>(dollars in thousands)</i>				
Personal Services	\$22,942	27,802	26,889	28,793	+991/3.56%
Other than Personal Services	10,260	10,709	9,519	10,747	+38/0.35%
Capital Expenses	442	586	558	738	+152/25.94%
State Assessments and Other	15,106	15,225	15,335	15,384	+159/1.04%
Banking, Financing & Servicing	<u>1,345</u>	<u>1,384</u>	<u>1,384</u>	<u>1,147</u>	<u>-237/-17.12%</u>
TOTALS:	\$50,095	55,706	53,685	56,809	+1,103/1.98%

Discretionary vs Non-Discretionary - 2014 budget request compared to the 2015 budget request:

	<u>2014</u>	<u>2015</u>	<u>% Change</u>	<u>\$ Change</u>
	<i>(dollars in thousands)</i>			
Non-Discretionary Spending:	\$51,836	52,904	2.06%	1,068
Discretionary Spending:	\$3,870	3,905	0.90%	35

Discretionary Spending

In this budget request, discretionary spending represents less than 7% of the Agencies' projected expenditures.

HFA / SONYMA / AHC / MBBA / TSFC - FY 2015 Analysis Worksheet

(dollars in thousands)

	FY 2013 Actuals	FY 2014 Approved Budget	FY 2015 Budget Request	2014 / 2015 Variance: Increase (Decrease)	2014 / 2015 Percent Change
Salaries - Regular	\$ 14,427	17,300	18,190	890	5.14%
Salaries - Overtime	62	95	81	(14)	-14.74%
Temporary / Hourly Employees	239	237	239	2	0.84%
Subtotal - Salaries	14,728	17,632	18,510	878	4.98%
Dental Insurance Premiums	320	395	440	45	11.39%
Disability Insurance	64	75	83	8	10.67%
Transportation Mobility Tax	47	56	63	7	12.50%
Education - Contractual	33	51	56	5	9.80%
FICA Taxes	1,059	1,267	1,373	106	8.37%
Health Insurance Premiums	3,763	4,700	4,990	290	6.17%
Miscellaneous	33	38	33	(5)	-13.16%
Optical Plan	75	92	92	0	0.00%
Pension Fund Payments	2,546	3,200	2,845	(355)	-11.09%
Unemployment Insurance	7	20	20	0	0.00%
Vacation Exchange	235	236	248	12	5.08%
Workers Compensation	32	40	40	0	0.00%
Subtotal - Benefits	8,214	10,170	10,283	113	1.11%
TOTAL PERSONAL SERVICE	22,942	27,802	28,793	991	3.56%
Audit Fees	524	446	440	(6)	-1.35%
Automobile Expenses	50	51	52	1	1.96%
Books and Periodicals	22	37	35	(2)	-5.41%
Cleaning and Minor Repairs	118	118	123	5	4.24%
Communication / Telephone	386	209	212	3	1.44%
Consultants	825	1,007	850	(157)	-15.59%
Courier Service	28	28	25	(3)	-10.71%
IT Disaster Recovery	92	102	105	3	2.94%
E - Services	118	129	149	20	15.50%
Education - Agency Directed	38	86	88	2	2.33%
Information Technology - Maintenance	576	539	640	101	18.74%
Insurance	252	284	298	14	4.93%
Legal Expenses	772	895	905	10	1.12%
Marketing and Advertising	811	740	740	0	0.00%
Membership Fees	30	48	48	0	0.00%
Miscellaneous Other Than Personal Services	1	3	3	0	0.00%
Office Equipment - Rental and Maintenance	144	129	129	0	0.00%
Office Supplies	133	130	110	(20)	-15.38%
Postage	12	25	21	(4)	-16.00%
Printing	4	30	30	0	0.00%
Rent	5,191	5,368	5,383	15	0.28%
Travel Expenses	130	300	355	55	18.33%
Workshops & Counseling Fees	3	5	6	1	20.00%
TOTAL OTHER THAN PERSONAL SERVICE	10,260	10,709	10,747	38	0.35%
TOTAL ADMINISTRATIVE EXPENSES	33,202	38,511	39,540	1,029	2.67%
Furniture and Fixtures	52	67	68	1	1.49%
Information Technology - Acquisition	387	461	620	159	34.49%
Leasehold Improvements	0	18	18	0	0.00%
Purchase of Office Equipment	3	40	32	(8)	-20.00%
TOTAL CAPITAL EXPENSES	442	586	738	152	25.94%
TOTAL ADMINISTRATIVE AND CAPITAL	33,644	39,097	40,278	1,181	3.02%
Cost Recovery	10,961	10,961	10,961	0	0.00%
Department of Civil Service	6	9	7	(2)	-22.22%
Department of Health Mortgage Servicing	50	25	25	0	0.00%
Department of Taxation and Finance	278	275	279	4	1.45%
DHCR Mortgage Servicing	3,524	3,703	3,833	130	3.51%
State Archives	12	2	4	2	100.00%
Funding of Capital Grant Program	275	250	275	25	10.00%
TOTAL STATE ASSESSMENTS & OTHER	15,106	15,225	15,384	159	1.04%
BANKING, FINANCING, SERVICING FEES	1,345	1,384	1,147	(237)	-17.12%
GRAND TOTAL	\$ 50,095	55,706	56,809	1,103	1.98% *
Discretionary	\$ 3,499	\$ 3,870	\$ 3,905	35	0.90%
Non-discretionary	\$ 46,596	51,836	52,904	1,068	2.06%
Grand Total	\$ 50,095	55,706	56,809	1,103	1.98%

* FY 2015 Budget Request does not include costs for IT systems conversion.

**HFA, SONYMA, AHC, MBBA and TSFC
STAFFING TABLE - FISCAL YEAR 2015**

as of July 31, 2014

	FY 2014 Budgeted Positions	FY 2015 Budget Request	Variance Increase (Decrease)
EXECUTIVE OFFICE			
Office of the President / CEO	2	2	0
Internal Audit	7	4	(3)
Mortgage Insurance Fund	9	10	1
Legal Services	19	17	(2)
Office of the SVP / COO	2	3	1
Facilities and Administrative Services	7	11	4
Information Technology	13	14	1
	59	61	2
OFFICE OF THE PRESIDENT: Finance and Development			
Office of the President	2	3	1
Debt Issuance	3	6	3
Single Family	34	35	1
Multi Family Finance	11	13	2
Special Projects	5	4	(1)
Loan Servicing Department	6	6	0
Development	0	1	1
	61	68	7
OFFICE OF THE PRESIDENT: Professional Services			
Office of the President	4	3	(1)
Fair Housing / EEO	4	6	2
Intergovernmental	1	1	0
Policy	1	2	1
Office of the SVP / CFO	2	2	0
Accounting	21	20	(1)
Treasury	9	7	(2)
Office of the SVP / CAO	1	1	0
Human Resources	4	5	1
Procurement	0	3	3
External Communications	7	8	1
	54	58	4
OFFICE OF THE PRESIDENT: Community Renewal			
Affordable Housing	9	9	0
Neighborhood Stabilization	2	2	0
	11	11	0
OFFICE OF THE PRESIDENT: Housing Preservation			
Housing Portfolio Management	19	19	0
Construction & Environmental Services	4	4	0
	23	23	0
TOTAL	208	221	13
VACANCIES	13	0	(13)
TOTAL AUTHORIZED POSITIONS	221	221	0

(see notes to staffing table)

HFA, SONYMA, AHC, MBBA and TSFC

STAFFING NOTE

1. The Staffing Table includes all Agency staff, regardless of allocation. The following schedule shows the breakdown of staff allocation to the various Agencies.
2. The 221 full time equivalent (“FTE”) positions presented in the Staffing Table are anticipated to be allocated as follows:

	<u>FTEs</u>
New York State Housing Finance Agency	111.6
State of New York Mortgage Agency	88.8
Single Family Programs	70.1
Mortgage Insurance Fund (“MIF”)	18.7
New York State Affordable Housing Corporation	16.8
State of New York Municipal Bond Bank Agency	1.9
Tobacco Settlement Financing Corporation	<u>1.9</u>
TOTAL	<u>221.0</u>

HFA, SONYMA, AHC, MBBA and TSFC

SIGNIFICANT BUDGET ITEMS

Fiscal Years (“FY”) 2015 and 2014

Personal Service

Salaries – Regular	FY 2015:	\$18.19 million
	FY 2014:	\$17.30 million

The FY 2015 budget request will be used to pay current salaries, salaries for the vacancies expected to be filled, the cost of salary increases approved for eligible Management Confidential Staff and the cost of funding a contingency for collective bargaining negotiations.

Benefits

Dental Insurance Premiums	FY 2015:	\$440,000
	FY 2014:	\$395,000

The increase in the budget request is due to an anticipated increase in dental insurance premiums, as well as an increase in the number employees participating in the plan.

Health Insurance Premiums	FY 2015:	\$4.99 million
	FY 2014:	\$4.70 million

The Agencies anticipate a 4% increase in health insurance premiums over the FY 2014 budget request amount due to increased premiums as well as an increase in the number of employees participating in the plan.

Pension Fund	FY 2015:	\$2.85 million
	FY 2014:	\$3.20 million

The pension fund contribution is based on projections received from the New York State and Local Retirement System (the “System”). In order to reduce pension costs, the Agencies have elected to pay the amount due in full on the “prepay” date, taking advantage of all of the “discounts” offered.

Other Than Personal Service

Audit Fees **FY 2015: \$440,000**
FY 2014: \$446,000

In June 2010, the Audit Committees and Boards approved a contract with Ernst & Young LLP (with Mitchell & Titus LLP) to perform the Agencies annual financial audits through FY 2015 (FY 2016 for AHC). Additionally, the budget request includes funding for the AHC compliance audits, the NYS Department of Financial Services examination of SONYMA, and HUD single audit requirements relating to federally funded programs. The Agencies anticipate a de minimus change in total FY 2015 audit fees.

Consultants **FY 2015: \$850,000**
FY 2014: \$1.007 million

The Agencies are requesting a total of \$850,000 (a decrease of \$157,000 from the 2014 budget amount) for outside consultants to provide technical assistance in the following areas:

- Informational Technology \$400,000
- Servicing and legal support for the Mitchell Lama Portfolio \$250,000
- Communications \$40,000
- Off-site Records Imaging \$31,000
- SONYMA Advisory Council \$24,750
- Contingency and other \$104,250

Information Technology - Maintenance **FY 2015: \$640,000**
FY 2014: \$539,000

General systems maintenance, security software, licensing fees and contingencies are estimated at \$354,000. Additionally, maintenance and hosting fees for SONYMA Express are estimated at \$282,000.

Insurance **FY 2015: \$298,000**
FY 2014: \$284,000

The Facilities and Administration Services Unit has requested \$298,000 for insurance. The largest portion of insurance cost is attributable to Directors and Officer Liability coverage in the amount of \$204,200.

Rent	FY 2015:	\$5.38 million
	FY 2014:	\$5.37 million

The Agencies lease agreement runs through 2018 for their 641 Lexington Avenue location in New York City. The requested budget also includes rent for the Buffalo office and rental storage. The budget request covers escalations in excess of the minimum annual rent.

Travel Expenses	FY 2015:	\$355,000
	FY 2014:	\$300,000

The travel budget increase is necessitated by a new budget unit requiring a modest travel allocation, as well as an increase in the number of professional staff requiring travel to multiple Agency locations. There is also a small increase in planned off-site training, conferences, and seminars.

Capital Expenses

Information Technology - Acquisition	FY 2015:	\$620,000
	FY 2014:	\$461,000

In order to address its aging IT infrastructure, the Agencies are requesting \$550,000 for new PCs, Emphasis system enhancements, a new data storage solution, malware protection software, and other necessary IT upgrades. The Single Family Unit has requested approximately \$65,000 for SONYMA Express enhancements and software upgrades to track escrow payments on rehab loans.

State Assessments and Other

DHCR Mortgage Servicing	FY 2015:	\$3.83 million
	FY 2014:	\$3.70 million

HFA is billed on a quarterly basis for mortgage serving by DHCR. The FY 2015 budget request is based on actual invoices received through June 2014.

HFA, SONYMA, AHC, MBBA and TSFC

REVENUE SOURCES FISCAL 2015 BUDGET

Unrestricted operating revenues from HFA, SONYMA, AHC, MBBA and TSFC support this administrative budget. Most revenues received by the Agencies are restricted by bond resolution or law. Each Agency contributes to the budget at a level which approximates the actual cost of the resources committed to that Agency. To the extent that AHC or MBBA revenues are insufficient to support their allocated administrative expenses, HFA may need to subsidize their operations.

HFA - Revenues available to pay administrative expenses are derived predominantly from ongoing servicing fees (currently approximately \$21 million annually), up-front financing fees and earnings on certain investments. In addition, the Agency may receive program administration fees (Neighborhood Stabilization Program). Most of the monies available to pay operating expenses are deposited in the HFA Operating Fund. As of June 30, 2014, cash and investments total \$146 million.

SONYMA - Funds to pay administrative expenses are available from the “spread” or difference between what SONYMA collects on its mortgage loans and what it pays on its bonds outstanding used to finance those loans. This excess accumulates in the bond resolution accounts and is transferred to pay expenses when needed and only after passing certain resolution funding tests. In addition, the Agency may receive administration fees from certain programs (Student Loan Program) or be reimbursed for expenses relating to certain programs (Neighborworks Programs). The share of costs allocable to the Mortgage Insurance Fund are funded through mortgage surtax receipts.

AHC – AHC currently receives an administration fee of \$275,000 annually from the State. Beginning with fiscal 2015, AHC will request \$750,000 on an annual basis. This amount is appropriated annually and is subject to change. The administrative fee, together with earnings on investments, goes toward paying AHC’s share of administrative expenses. Any shortfall is taken from accumulated earnings or subsidized by HFA.

MBBA – Servicing fees are expected to total approximately \$255,000 in fiscal 2015. The fee is based on the amount of bonds outstanding. Any shortfall is taken from available fund balance which includes funds received in fiscal 2014 relating to the recent TSFC refunding.

TSFC - In accordance with the Master Servicing Agreement with the State, TSFC’s expenses are reimbursed from the Tobacco Settlement Revenues.

Sources of funds to pay the Fiscal 2015 Administrative Budget expenses are expected to be as follows:

<u>Agency</u>	<u>% Share</u>	<u>Allocation</u>
HFA	57.81	\$32,842,000
SONYMA	37.42	21,257,000
AHC	2.13	1,209,000
MBBA	.80	457,000
TSFC	<u>1.84</u>	<u>1,044,000</u>
	100.00%	\$56,809,000

HFA, SONYMA, AHC, MBBA and TSFC

EXPENSE ALLOCATIONS

There are three basic methodologies for allocating expenses:

Staff Allocation Table: Personal services and attendant benefits are allocated based on an annual survey of staff time devoted to each of the Agencies.

As a result of the survey, it was determined that salaries and benefits would be allocated to each Agency as follows:

	<u>Salaries</u>	<u>% Allocation of Benefits Cost</u>
HFA	\$ 9,602,000	51.88%
SONYMA	\$ 6,901,000	37.28%
AHC	\$ 1,470,000	7.94%
MBBA	\$ 230,000	1.24%
TSFC	<u>\$ 307,000</u>	1.66%
	\$ 18,510,000	

Common Cost Allocation: Common costs are shared equally between HFA and SONYMA. Common costs include all expense items except personal services (including fringe benefits), consultant fees, membership fees, printing, audit fees, travel expenditures, marketing and advertising, State Assessments, servicing fees, rating agency fees, trustee and paying agent fees and any other expenses which are directly charged to the appropriate Agency.

Expenses allocated to SONYMA are further charged to Single Family (75%) and MIF (25%).

Expenses allocated to HFA are further allocated to MBBA, TSFC and individual programs that maintain available fund balances.

Direct Charges: These are costs that are attributable to a specific Agency.

HFA, SONYMA, AHC, MBBA and TSFC
Report of Actual Administrative Expenses by Agency
Fiscal year ending October 31, 2014 (AHC ending March 31, 2015) as of June 30, 2014
(dollars in thousands)

	FY 2014 APPROVED BUDGET	June 30, 2014 EXPENSE ALLOCATION					COMBINED TOTAL	Percent of Budget Completed*
		HFA	SONYMA	AHC	MBBA	TSFC		
Salaries - Regular	\$ 17,300	4,924	3,515	761	118	158	9,476	55%
Salaries - Overtime	95	17	26	3			46	48%
Temporary / Hourly Employees	237	86	78	3	2	3	172	73%
Subtotal - Salaries	17,632	5,027	3,619	767	120	161	9,694	55%
Dental Insurance Premiums	395	126	92	19	3	4	244	62%
Disability Insurance	75	26	18	4	1	1	50	67%
Transportation Mobility Tax	56	17	11	2		1	31	55%
Education - Contractual	51	12	8	2			22	43%
FICA Taxes	1,267	361	261	56	9	12	699	55%
Health Insurance Premiums	4,700	1,607	1,074	260	38	49	3,028	64%
Miscellaneous	38	13	10	1			24	63%
Optical Plan	92	20	14	4	1	1	40	43%
Pension Fund Payments	3,200	1,308	951	200	33	43	2,535	79%
Unemployment Insurance	20	4	2	1			7	35%
Vacation Exchange	236	132	100	19	3	5	259	110%
Workers Compensation	40	9	9	1			19	48%
Subtotal - Benefits	10,170	3,635	2,550	569	88	116	6,958	68%
TOTAL PERSONAL SERVICE	27,802	8,662	6,169	1,336	208	277	16,652	60%
Audit Fees	446	52	34	13	5	5	109	24%
Automobile Expenses	51	16	16			1	33	65%
Books and Periodicals	37	9	9				18	49%
Cleaning and Minor Repairs	118	39	41		1	1	82	69%
Communication / Telephone	209	62	54		1	2	119	57%
Consultants	1,007	303	171	23	2	4	503	50%
Courier Service	28	5	6				11	39%
IT Disaster Recovery	102	30	32		1	1	64	63%
E - Services	129	28	34	5	1	1	69	53%
Education - Agency Directed	86	9	8				17	20%
Information Technology - Maintenance	539	37	363			1	401	74%
Insurance	284	109	116		2	4	231	81%
Legal Expenses	895	45	53			39	137	15%
Marketing and Advertising	740	8	378				386	52%
Membership Fees	48	22	24			1	47	98%
Misc Other Than Personal Services	3	1					1	33%
Office Equipment - Rental & Maintenance	129	34	35		1	1	71	55%
Office Supplies	130	23	25			1	49	38%
Postage	25	6	5				11	44%
Printing	30	1					1	3%
Rent	5,368	1,664	1,731		26	55	3,476	65%
Travel Expenses	300	61	35	1	4	2	103	34%
Workshops	5	0	1				1	20%
TOTAL OTHER THAN PS	10,709	2,564	3,171	42	44	119	5,940	55%
TOTAL ADMIN EXPENSES	38,511	11,226	9,340	1,378	252	396	22,592	59%
Furniture and Fixtures	67	19	19				38	57%
Information Technology - Acquisition	461	17	18			1	36	8%
Leasehold Improvements	18						0	0%
Purchase of Office Equipment	40	2	3			1	6	15%
TOTAL CAPITAL EXPENSES	586	38	40	0	0	2	80	14%
TOTAL ADMIN & CAPITAL	39,097	11,264	9,380	1,378	252	398	22,672	58%
Cost Recovery	10,961	6,405	4,556				10,961	100%
Department of Civil Service	9	5					5	56%
Department of Health Mortgage Servicing	25	6					6	24%
Department of Taxation and Finance	275	171		35			206	75%
DHCR Mortgage Servicing	3,703	2,749					2,749	74%
State Archives	2	0					0	0%
Funding of Capital Grant Program	250	250					250	100%
TOTAL STATE ASSESSMENTS & OTHER	15,225	9,586	4,556	35	0	0	14,177	93%
BANKING, FINANCING, SERVICING FEES	1,384	528	59		3	84	674	49%
GRAND TOTAL	\$ 55,706	21,378	13,995	1,413	255	482	37,523	67%
Percent of Overall Expenditures		57.0%	37.3%	3.8%	0.7%	1.3%		

*NOTE: As of June 30, 2014 the fiscal 2014 budget year is 67% completed

HFA, SONYMA, AHC, MBBA and TSFC
FISCAL YEAR 2014: ACTUALS (June 30, 2014) & PROJECTED TO YEAR END

(dollars in thousands)

	FY 2014 Approved Budget	Actuals as of June 30, 2014	Percent of Budget Completed	Projected Expense to Oct. 31, 2014	Percent of Budget
Salaries - Regular	17,300	9,476	55%	17,300	
Salaries - Overtime	95	46	48%	69	
Temporary / Hourly Employees	237	172	73%	258	
Subtotal - Salaries	17,632	9,694	55%	17,627	99.97%
Dental Insurance Premiums	395	244	62%	366	
Disability Insurance	75	50	67%	75	
Transportation Mobility Tax	56	31	55%	46	
Education - Contractual	51	22	43%	33	
FICA Taxes	1,267	699	55%	1,267	
Health Insurance Premiums	4,700	3,028	64%	4,540	
Miscellaneous	38	24	63%	36	
Optical Plan	92	40	43%	60	
Pension Fund Payments	3,200	2,535	79%	2,542	
Unemployment Insurance	20	7	35%	10	
Vacation Exchange	236	259	110%	259	
Workers Compensation	40	19	48%	28	
Subtotal - Benefits	10,170	6,958	68%	9,262	91.07%
TOTAL PERSONAL SERVICE ("PS")	27,802	16,652	60%	26,889	96.72%
Audit Fees	446	109	24%	446	
Automobile Expenses	51	33	65%	49	
Books and Periodicals	37	18	49%	27	
Cleaning and Minor Repairs	118	82	69%	123	
Communication / Telephone	209	119	57%	178	
Consultants	1,007	503	50%	860	
Courier Service	28	11	39%	16	
IT Disaster Recovery	102	64	63%	96	
E - Services	129	69	53%	103	
Education - Agency Directed	86	17	20%	25	
Information Technology - Maintenance	539	401	74%	601	
Insurance	284	231	81%	264	
Legal Expenses	895	137	15%	300	
Marketing and Advertising	740	386	52%	740	
Membership / Sponsorship Fees	48	47	98%	70	
Miscellaneous Other Than Personal Services	3	1	33%	1	
Office Equipment - Rental and Maintenance	129	71	55%	129	
Office Supplies	130	49	38%	100	
Postage	25	11	44%	21	
Printing	30	1	3%	1	
Rent	5,368	3,476	65%	5,214	
Travel Expenses	300	103	34%	154	
Workshops	5	1	20%	1	
TOTAL OTHER THAN PS	10,709	5,940	55%	9,519	88.89%
TOTAL OPERATING EXPENSES	38,511	22,592	59%	36,408	94.54%
Furniture and Fixtures	67	38	57%	67	
Information Technology - Acquisition	461	36	8%	461	
Leasehold Improvements	18	0	0%	18	
Purchase of Office Equipment	40	6	15%	12	
TOTAL CAPITAL EXPENSES	586	80	14%	558	95.22%
TOTAL OPERATING AND CAPITAL	39,097	22,672	58%	36,966	94.55%
Cost Recovery	10,961	10,961	100%	10,961	
Department of Civil Service	9	5	56%	5	
Department of Health Mortgage Servicing	25	6	24%	9	
Department of Taxation and Finance	275	206	75%	275	
DHCR Mortgage Servicing	3,703	2,749	74%	3,833	
State Archives	2	0	0%	2	
Funding of Capital Grant Program	250	250	100%	250	
TOTAL STATE ASSESSMENTS & OTHER	15,225	14,177	93%	15,335	100.72%
BANKING, FINANCING, SERVICING	1,384	674	49%	1,384	100.00%
GRAND TOTAL	55,706	37,523	67%	53,685	96.37%

HFA, SONYMA, AHC, MBBA and TSFC

FISCAL YEAR 2015 ADMINISTRATIVE BUDGET REQUEST and PROJECTION to 2018

(dollars in thousands)

	FY 2014 Approved Budget	FY 2015 Budget Request	Projected 2016	Projected 2017	Projected 2018
Salaries - Regular	17,300	18,190	18,372	18,556	18,741
Salaries - Overtime	95	81	79	78	76
Temporary / Hourly Employees	237	239	239	239	239
Subtotal - Salaries	17,632	18,510	18,690	18,873	19,056
Dental Insurance Premiums	395	440	453	467	481
Disability Insurance	75	83	83	83	83
Transportation Mobility Tax	56	63	64	64	65
Education - Contractual	51	56	57	57	58
FICA Taxes	1,267	1,373	1,387	1,401	1,415
Health Insurance Premiums	4,700	4,990	5,539	6,148	6,824
Miscellaneous	38	33	33	33	33
Optical Plan	92	92	93	94	95
Pension Fund Payments	3,200	2,845	3,016	3,197	3,388
Unemployment Insurance	20	20	20	20	21
Vacation Exchange	236	248	255	263	271
Workers Compensation	40	40	40	40	40
Subtotal - Benefits	10,170	10,283	11,040	11,867	12,774
TOTAL PERSONAL SERVICE	27,802	28,793	29,730	30,740	31,830
Audit Fees	446	440	440	440	440
Automobile Expenses	51	52	53	53	54
Books and Periodicals	37	35	35	35	35
Cleaning and Minor Repairs	118	123	124	125	127
Communication / Telephone	209	212	214	216	218
Consultants	1,007	850	680	687	694
Courier Service	28	25	25	26	26
IT Disaster Recovery	102	105	105	105	105
E - Services	129	149	150	152	154
Education - Agency Directed	86	88	89	90	91
Information Technology - Maintenance	539	640	512	512	512
Insurance	284	298	298	298	298
Legal Expenses	895	905	724	724	724
Marketing and Advertising	740	740	740	740	740
Membership Fees	48	48	48	48	48
Miscellaneous Other Than Personal Services	3	3	3	3	3
Office Equipment - Rental and Maintenance	129	129	129	129	129
Office Supplies	130	110	110	110	110
Postage	25	21	21	21	21
Printing	30	30	30	30	30
Rent	5,368	5,383	5,491	5,600	5,712
Travel Expenses	300	355	355	355	355
Workshops and Counseling Fees	5	6	6	6	6
TOTAL OTHER THAN PERSONAL SERVICE	10,709	10,747	10,382	10,505	10,632
TOTAL ADMINISTRATIVE EXPENSES	38,511	39,540	40,112	41,245	42,462
Furniture and Fixtures	67	68	65	61	58
Information Technology - Acquisition	461	620	620	620	626
Leasehold Improvements	18	18	18	18	18
Purchase of Office Equipment	40	32	30	31	31
TOTAL CAPITAL EXPENSES	586	738	733	730	733
TOTAL ADMINISTRATIVE AND CAPITAL	39,097	40,278	40,845	41,975	43,195
Cost Recovery	10,961	10,961	10,961	10,961	10,961
Department of Civil Service	9	7	7	7	7
Department of Health Mortgage Servicing	25	25	25	25	25
Department of Taxation and Finance	275	279	282	285	287
DHCR Mortgage Servicing	3,703	3,833	3,833	3,833	3,833
State Archives	2	4	4	4	4
Funding of Capital Grant Program	250	275	278	281	283
TOTAL STATE ASSESSMENTS & OTHER	15,225	15,384	15,390	15,396	15,400
BANKING, FINANCING, SERVICING FEES	1,384	1,147	1,170	1,193	1,217
GRAND TOTAL	55,706	56,809	57,405	58,564	59,812
BUDGET PERCENTAGE CHANGE PROJECTED		1.98%	1.05%	2.02%	2.13%

HFA, SONYMA, AHC, MBBA and TSFC
BUDGET PROJECTION ASSUMPTIONS
for Fiscal Years 2016, 2017 and 2018

The following represents the Agencies' assumptions, based on recent trends and our best estimates, for the projected budgets:

	Annual Percentage Change	Notes
Salaries - Regular	+ 1%	A 1% increase at the current staffing authorization level, for each of the next 3 years.
Salaries - Overtime	- 2%	each year for the next 3 years
Temporary / Hourly Employees		no change
Dental Insurance Premiums	+ 3%	each year for the next 3 years
Disability Insurance		no change
Transportation Mobility Tax	+ 1%	each year for the next 3 years
Education - Contractual	+ 1%	each year for the next 3 years
FICA Taxes	+ 1%	each year for the next 3 years
Health Insurance Premiums	+ 11%	each year for the next 3 years
Miscellaneous		no change
Optical Plan	+ 1%	each year for the next 3 years
Pension Fund Payments	+ 6%	each year for the next 3 years
Unemployment Insurance	+ 1%	each year for the next 3 years
Vacation Exchange	+ 3%	each year for the next 3 years
Workers Compensation		no change
Audit Fees		no change
Automobile Expenses	+ 1%	each year for the next 3 years
Books and Periodicals		no change
Cleaning and Minor Repairs	+ 1%	each year for the next 3 years
Communication / Telephone	+ 1%	each year for the next 3 years
Consultants		A 20% decrease for FY 2016, and increase of 1% from the prior year's levels for both FYs 2017 and 2018.
Courier Service	+ 1%	each year for the next 3 years
Disaster Recovery		no change
E - Services	+ 1%	each year for the next 3 years
Education - Agency Directed	+ 1%	each year for the next 3 years
Information Technology - Maintenance		A 20% decrease for FY 2016 which will be held flat for FYs 2017 and 2018.
Insurance		no change
Legal Expenses		A 20% decrease for FY 2016 which will be held flat for FYs 2017 and 2018.
Marketing and Advertising		no change
Membership / Sponsorship Fees		no change
Miscellaneous Other Than Personal Services		no change
Office Equipment - Rental and Maintenance		no change
Office Supplies		no change
Postage		no change
Printing		no change
Rent	+ 2%	2% is factored in for rent escalators for each of the years projected.
Travel Expenses		no change
Workshops		no change
Furniture and Fixtures	- 5%	each year for the next 3 years
Information Technology - Acquisition		No change is projected for FY 2016 and 2017, and a 1% increase to the new base in 2018.
Leasehold Improvements		no change
Purchase of Office Equipment		A 5% decrease is projected for FY 2016, and spending anticipated to remain at that level for FYs 2017 and 2018.
Cost Recovery		no change
Department of Civil Service		no change
Department of Health Mortgage Servicing		no change
Department of Taxation and Finance	+ 1%	each year for the next 3 years
DHCR Mortgage Servicing		no change
State Archives		no change
Funding of Capital Grant Program	+ 1%	each year for the next 3 years
Banking, Financing and Servicing Fees	+ 2%	each year for the next 3 years

HFA, SONYMA, AHC, MBBA and TSFC
Detail Report of FY 2012 Administrative Expenses by Agency
November 1, 2012 to October 31, 2013
(dollars in thousands)

	HFA	AHC	MBBA	TSFC	SONYMA	COMBINED TOTAL
Salaries - Regular	7,276	1,179	170	201	5,601	14,427
Salaries - Overtime	18	3		1	40	62
Temporary / Hourly Employees	136	1	2	2	98	239
Subtotal - Salaries	7,430	1,183	172	204	5,739	14,728
Dental Insurance Premiums	158	25	4	4	129	320
Disability Insurance	32	5	1	1	25	64
Transportation Mobility Tax	24	4		1	18	47
Education - Contractual	17	5			11	33
FICA Taxes	533	87	12	15	412	1,059
Health Insurance Premiums	1,901	310	44	52	1,456	3,763
Miscellaneous	16	1	1		15	33
Optical Plan	37	6	1	1	30	75
Pension Fund Payments	1,292	213	27	37	977	2,546
Unemployment Insurance	3				4	7
Vacation Exchange	117	19	3	3	93	235
Workers Compensation	16	3			13	32
Subtotal - Benefits	4,146	678	93	114	3,183	8,214
TOTAL PERSONAL SERVICE	11,576	1,861	265	318	8,922	22,942
Audit Fees (Independent/Compliance Audits)	255	27	23	24	195	524
Automobile Expenses	24			1	25	50
Books and Periodicals	11				11	22
Cleaning and Minor Repairs	56		1	2	59	118
Communication / Telephone	191		3	6	186	386
Consultants	372		6	14	433	825
Courier Service	13			1	14	28
Disaster Recovery	43		1	2	46	92
E - Services	49	9	1	2	57	118
Education - Agency Directed	18			1	19	38
Information Technology - Maintenance	70		1	2	503	576
Insurance	119		2	5	126	252
Legal Expenses	369			277	126	772
Marketing and Advertising	13			1	797	811
Membership / Sponsorship Fees	15				15	30
Misc Other Than Personal Services	1					1
Office Equipment - Rental & Maintenance	70		2	2	70	144
Office Supplies	63		1	2	67	133
Postage	6				6	12
Printing	2		1	1		4
Rent	2,467		44	95	2,585	5,191
Travel Expenses	74	3	2	1	50	130
Workshops	0				3	3
TOTAL OTHER THAN PS	4,301	39	88	439	5,393	10,260
TOTAL OPERATING EXP	15,877	1,900	353	757	14,315	33,202
Furniture and Fixtures	25			1	26	52
Information Technology - Acquisition	184		3	7	193	387
Leasehold Improvements	0					
Purchase of Office Equipment	1				2	3
TOTAL CAPITAL EXPENSES	210	0	3	8	221	442
TOTAL OPERAT & CAPITAL	16,087	1,900	356	765	14,536	33,644
Cost Recovery	6,405				4,556	10,961
Department of Civil Service	6					6
Department of Health Mortgage Servicing	50					50
Department of Taxation and Finance	228	50				278
DHCR Mortgage Servicing	3,524					3,524
State Archives	4		4		4	12
Funding of Capital Grant Program	275					275
TOTAL STATE ASSESSMTS	10,492	50	4		4,560	15,106
BANKING, FINANCING, SERVICING FEES	661		22	18	644	1,345
GRAND TOTAL	27,240	1,950	382	783	19,740	50,095
Percent of Overall Expenditures	54.4%	3.9%	0.8%	1.5%	39.4%	100.0%

**NEW YORK STATE
HOUSING FINANCE AGENCY**

Financial Plan

**Fiscal Year Ending October 31, 2015
with projections for
FY 2016, 2017 and 2018**

New York State Housing Finance Agency
BUDGET AND FINANCIAL PLAN - (EXCLUSIVE OF CONDUIT DEBT)
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
In Thousands (000's)

	Last Year (Actual) 2013	Current Year (Estimated) 2014	Next Year (Adopted) 2015	Proposed 2016	Proposed 2017	Proposed 2018
<u>REVENUE & FINANCING SOURCES</u>						
Operating Revenues						
Charges for services	38,360	36,421	40,862	44,417	48,141	48,727
Rental & financing income						
Other operating revenues						
Nonoperating Revenues						
Investment earnings	907	359	403	762	1,952	1,952
State subsidies/grants						
Federal subsidies/grants	15,491	11,241	9,329	6,241	6,241	6,241
Municipal subsidies/grants						
Public authority subsidies						
Other nonoperating revenues	10,339	18,349	15,319	11,796	7,498	7,573
Proceeds from the issuance of debt						
Total Revenues & Financing Sources	65,097	66,370	65,913	63,216	63,832	64,493
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	7,430	9,144	9,602	9,696	9,792	9,887
Other employee benefits	4,146	4,845	5,382	5,777	6,216	6,697
Professional services contracts	996	832	1,020	859	863	866
Supplies and materials	63	47	52	52	52	52
Other operating expenditures	14,605	15,261	15,528	15,591	15,668	15,750
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements						
Subsidy Loans	22,366	25,000	25,000	25,000	25,000	25,000
Interest and other financing charges						
Subsidies to other public authorities						
Capital asset outlay						
Grants and donations	15,491	11,241	9,329	6,241	6,241	6,241
Other nonoperating expenditures						
Total Expenditures	65,097	66,370	65,913	63,216	63,832	64,493
<u>CAPITAL CONTRIBUTIONS</u>						
Excess (deficiency) of revenues and capital contributions over expenditures	-	-	-	-	-	-

NEW YORK STATE HOUSING FINANCE AGENCY

Budget and Financial Plan Line Explanation

2014 – 2018

HFA is presented as a conduit debt issuer. Therefore, bond issuances and related items are excluded from the Budget and Financial Plan.

Charges for services – Includes monthly servicing fees due from borrowers and anticipated fees projected to be received in connection with mortgage closings over the budgetary period.

Investment earnings – Includes projected earnings only on accounts considered unrestricted. In this case, it reflects projected earnings in the Agency's Operating Fund. The investments are assumed to earn approximately .11% in 2014, and increase over the period to approximately 1.0% in 2018.

Federal subsidies/grants and Grants and donations – Represents Federal Funds estimated to be received and disbursed under the NSP and Section 8 Programs.

Other nonoperating revenues – Represents Agency reserves used to fund current operations.

Operating Expenditures – Represents direct costs of the Agency as well as allocated expenses from the overall budget. Such amounts may include fees paid to trustees.

Subsidy Loans – Represents the disbursement of Subsidy loans which is estimated to be \$25 million annually throughout the budget period.

NEW YORK STATE HOUSING FINANCE AGENCY

Financial Plan Projection

2014 - 2018

For purposes of the Budget and Financial Plan, conduit debt activities are excluded. The Office of the State Comptroller has allowed for the exclusion of conduit debt because conduit debt is not required to be reported by Generally Accepted Accounting Principles (GAAP). This exclusion is in an attempt to provide more useful information about HFA's available operating funds.

Budgetary Assumptions:

- Projections of future loans in the Agency's pipeline are used in the calculation of "Charges for services". Charges for service include certain one-time closing fees and monthly servicing fees to be collected after closing.
- This forecast assumes no delays or changes in the Agency's financing plans.
- This forecast assumes no changes to the Agency's overall mission.
- This forecast assumes markets will be stable and interest rates will rise slightly over the next five years.
- Subsidy loans are included in the forecast as an estimation based on the current pipeline and on historical performance. Any significant repayments on subsidy loans are not expected to begin until fiscal year 2021.
- Economic conditions could impact the Agency's financial assumptions.
- Forecast assumes that expenses will remain relatively stable during the period.

Budgetary Risks:

- The Agency will not issue bonds as forecasted. This will result in the Agency not earning the amount of fee income that is projected.
- A large number of mortgagors pay their loans in full which will result in a reduction in fee income.
- Increase in operating costs outpaces increase in operating income.

STATE OF NEW YORK MORTGAGE AGENCY

Financial Plan

**Fiscal Year Ending October 31, 2015
with projections for
FY 2016, 2017 and 2018**

State of New York Mortgage Agency
BUDGET AND FINANCIAL PLAN
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
In Thousands (000's)

	Last Year (Actual) 2013	Current Year (Estimated) 2014	Next Year (Adopted) 2015	Proposed 2016	Proposed 2017	Proposed 2018
<u>REVENUE & FINANCING SOURCES</u>						
Operating Revenues						
Charges for services	835	1,000	1,000	1,000	1,000	1,000
Rental & financing income	147,891	142,451	135,152	134,075	133,436	132,963
Other operating revenues	14,306	13,000	13,000	13,000	13,000	13,000
Nonoperating Revenues						
Investment earnings	21,813	24,818	28,201	34,500	40,250	46,000
State subsidies/grants	-	-	-	-	-	-
Federal subsidies/grants	-	-	-	-	-	-
Municipal subsidies/grants	-	-	-	-	-	-
Public authority subsidies	-	-	-	-	-	-
Other nonoperating revenues	520,143	727,933	385,372	369,064	368,658	373,448
Proceeds from the issuance of debt	424,725	302,920	250,000	250,000	250,000	250,000
Total Revenues & Financing Sources	1,129,713	1,212,122	812,725	801,639	806,344	816,411
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	5,739	6,573	6,901	6,968	7,035	7,103
Other employee benefits	3,183	3,382	3,755	4,029	4,327	4,651
Professional services contracts	754	547	776	648	651	653
Supplies and materials	221	51	56	56	56	56
Other operating expenditures	9,843	9,420	9,769	9,710	9,769	9,832
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	633,885	639,680	285,440	263,005	262,905	264,000
Interest and other financing charges	107,471	102,160	91,264	92,509	90,993	87,967
Subsidies to other public authorities	-	-	-	-	-	-
Capital asset outlay-COI	-	-	-	-	-	-
Grants and donations	-	-	-	-	-	-
Other nonoperating expenditures	371,556	440,900	405,500	406,200	406,800	407,400
Total Expenditures	1,132,652	1,202,713	803,461	783,125	782,536	781,662
<u>CAPITAL CONTRIBUTIONS</u>						
Excess (deficiency) of revenues and capital contributions over expenditures	(2,939)	9,409	9,264	18,514	23,808	34,749

STATE OF NEW YORK MORTGAGE AGENCY

Budget and Financial Plan Line Explanation

2014 - 2018

Charges for services – Includes servicing fees for single family mortgages, single family mortgage commitment fees and fees for administering the Student Loan Program.

Rental & financing income – Represents interest due on the Agency’s single family mortgage loans.

Other operating revenues – Includes mortgage insurance premium and application fees received by the Mortgage Insurance Fund (“MIF”).

Investment earnings – The Agency’s investment portfolio is assumed to earn approximately 1% in 2014 and to increase over the period to approximately 2% by 2018

Other nonoperating revenues – Includes principal payment collections (including estimated prepayments) on mortgage loans relating to the Single Family Program and mortgage recording tax receipts relating to the MIF. In 2014 it also includes Agency reserves used in order to call bonds and to fund MIF transfers as directed by the State.

Proceeds from the issuance of debt – Includes bonds anticipated to be issued for the Single Family Program.

Operating Expenditures – Represents direct costs of the Agency as well as allocated expenses from the overall budget. Such amounts may include fees paid to trustees.

Payments of principal on bonds – This amount includes estimated bonds to be called or redeemed for the Single Family Program along with scheduled maturities.

Interest and other financing charges – This amount includes interest expense for the Single Family Program. Bond issuance expenses are also included on this line.

Other nonoperating expenses – Includes insurance reserves retained, payments made by the MIF to State and its Agencies and single family mortgage purchases.

STATE OF NEW YORK MORTGAGE AGENCY

Financial Plan Projection

2014 - 2018

Budgetary Assumptions:

Single Family Program Operations

- The Budget and Financial Plan is based on the assumption that on an annual basis, the Agency will issue approximately \$250 million of single family housing bonds. Cost of issuance expenses are estimated to be 1.1% of the total bonds issued. The Agency plans to use approximately 97% of such bond funds to purchase mortgage loans each year. The Agency's Down Payment Assistance Program is projected to account for approximately 2.89% of the total mortgages purchased.
- This forecast assumes no delays or changes in the Agency's financing plans.
- Due to the inherent unpredictability of the market it is assumed that interest rates will not change dramatically for the reporting period.
- Economic conditions could impact the Agency's financial assumptions. Forecast assumes that expenses will remain relatively stable during the period.

Projected Bonds Outstanding

	<i>(in millions)</i>
Projected bonds outstanding fiscal year ending October 31, 2014	\$ 2.491
Projected bonds outstanding fiscal year ending October 31, 2015	\$ 2.456
Projected bonds outstanding fiscal year ending October 31, 2016	\$ 2.443
Projected bonds outstanding fiscal year ending October 31, 2017	\$ 2.430
Projected bonds outstanding fiscal year ending October 31, 2018	\$ 2.415

MIF Operations

- Mortgage recording tax receipts ("MRT") were \$134.1 million for Fiscal 2013 and are projected to increase to approximately \$140 million for Fiscal 2014 based on actual collections through June, 2014. Over the next three years, MRT receipts are projected to remain constant at \$140 million through fiscal 2018. Excess balance, if any, over this four year period will be a function of the volume of new commitments issued and new claims received from insured lenders. The MIF made payments to New York State and State Agencies of \$60.5 million during fiscal year 2013 and \$163.9 million in payments to date during fiscal 2014.

**STATE OF NEW YORK
MUNICIPAL BOND BANK AGENCY**

Financial Plan

**Fiscal Year Ending October 31, 2015
with projections for
FY 2016, 2017 and 2018**

State of New York Municipal Bond Bank Agency
BUDGET AND FINANCIAL PLAN - (EXCLUSIVE OF CONDUIT DEBT)
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
In Thousands (000's)

	Last Year (Actual) 2013	Current Year (Estimated) 2014	Next Year (Adopted) 2015	Proposed 2016	Proposed 2017	Proposed 2018
<u>REVENUE & FINANCING SOURCES</u>						
Operating Revenues						
Charges for services	343	299	255	243	218	195
Rental & financing income						
Other operating revenues						
Nonoperating Revenues						
Investment earnings	-	2	2	2	2	2
State subsidies/grants	-	34,000	-	-	-	-
Federal subsidies/grants						
Municipal subsidies/grants						
Public authority subsidies						
Other nonoperating revenues	39	121	200	225	263	300
Proceeds from the issuance of debt						
Total Revenues & Financing Sources	382	34,422	457	470	483	497
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	172	218	230	232	234	236
Other employee benefits	93	118	130	140	150	161
Professional services contracts	29	23	23	23	23	23
Supplies and materials	-	-	-	-	-	-
Other operating expenditures	88	63	74	75	76	77
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements						
Interest and other financing charges						
Subsidies to other public authorities						
Capital asset outlay						
State grants and donations	-	34,000	-	-	-	-
Other nonoperating expenditures						
Total Expenditures	382	34,422	457	470	483	497
<u>CAPITAL CONTRIBUTIONS</u>						
Excess (deficiency) of revenues and capital contributions over expenditures	-	-	-	-	-	-

STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY

Budget and Financial Plan Line Explanation

2014 – 2018

MBBA is presented as a conduit debt issuer. Therefore, bond issuances and related items are excluded from the Budget and Financial Plan.

Charges for services – Includes the semi-annual servicing fees collected from municipalities over the budgetary period.

Investment earnings – Earnings on investments held in the MBBA operating funds.

State subsidy/grants – Represents funds received from the MIF which have been designated by the State for assistance to municipalities.

Other nonoperating revenues – Each year includes a portion of the fee received relating to the December 2013 TSFC refinancing in the amount of \$375,000 and other Agency reserves used to fund current operations.

Operating Expenditures – Represents direct costs of the Agency as well as allocated expenses from the overall budget. Such amounts may include fees paid to trustees.

Grants and donations – Represents the disbursement of funds designated by the State for assistance to municipalities.

STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY

Financial Plan Projection

2014 – 2018

The Agency was created to provide municipalities with an alternative mechanism for selling general obligation bonds.

Administrative costs (including personnel) of TSFC are paid by MBBA. TSFC reimburses MBBA when funds are available.

No bonds have been issued since fiscal 2011 when the Agency issued one series of bonds to purchase local bonds issued by five municipalities in the State to finance or refinance purposes eligible in whole or in part for subsidies under the American Recovery and Reinvestment Act of 2009 (“ARRA”).

Budgetary Assumptions:

- For purposes of the Budget and Financial Plan, conduit debt activities are excluded. The Office of the State Comptroller has allowed for the exclusion of conduit debt because conduit debt is not required to be reported by Generally Accepted Accounting Principles (GAAP). This exclusion is an attempt to provide more useful information about MBBA's available operating funds.
- Fees will decrease each year due to the declining principal balance of the outstanding bonds.
- Economic conditions could impact the Agency's financial assumptions. Forecast assumes that revenues and expenses will remain relatively stable during the period.
- Sufficient funds are on deposit in the MBBA operating fund to cover the projected deficiencies.

**TOBACCO SETTLEMENT FINANCING
CORPORATION**

Financial Plan

**Fiscal Year Ending October 31, 2015
with projections for
FY 2016, 2017 and 2018**

Tobacco Settlement Financing Corporation (State of New York)
BUDGET AND FINANCIAL PLAN
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
In Thousands (000's)

	Last Year (Actual) 2013	Current Year (Estimated) 2014	Next Year (Adopted) 2015	Proposed 2016	Proposed 2017	Proposed 2018
<u>REVENUE & FINANCING SOURCES</u>						
Operating Revenues						
Charges for services						
Rental & financing income	394,908	391,425	402,802	401,182	399,456	399,018
Other operating revenues						
Nonoperating Revenues						
Investment earnings	2,896	2,747	2,682	4,399	7,017	6,903
State subsidies/grants						
Federal subsidies/grants						
Municipal subsidies/grants						
Public authority subsidies						
Other nonoperating revenues	6,923	19,289	50,133	20,580	7,428	-
Proceeds from the issuance of debt						
Total Revenues & Financing Sources	404,727	413,461	455,617	426,161	413,901	405,921
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	204	293	307	310	313	316
Other employee benefits	114	154	171	183	196	210
Professional services contracts	457	112	285	231	231	231
Supplies and materials	2	2	2	2	2	2
Other operating expenditures	806	291	279	283	288	292
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	280,120	308,450	367,715	356,730	361,895	371,980
Interest and other financing charges	123,024	103,729	86,408	68,322	50,876	32,840
Subsidies to other public authorities						
Capital asset outlay-COI						
Grants and donations						
Other nonoperating expenditures	-	430	450	100	100	50
Total Expenditures	404,727	413,461	455,617	426,161	413,901	405,921
<u>CAPITAL CONTRIBUTIONS</u>						
Excess (deficiency) of revenues and capital contributions over expenditures	-	-	-	-	-	-

TOBACCO SETTLEMENT FINANCING CORPORATION

Budget and Financial Plan Line Explanation

2014 – 2018

Rental and financing income – Represents pledged revenues expected to be received by the Corporation from the State to be used to pay principal and interest to the bondholders in June and December of the current calendar year and the Corporation's administrative expenses. Such amounts vary from year to year and are primarily based on tobacco sales. The pledged revenues budgeted for 2014 – 2018 are the amounts presented in the 2013 official statement, except for 2014 where it is the actual amount received in April. When pledged revenues exceed the amount necessary for scheduled principal and interest, the excess is used for the early extinguishment of debt. These bond calls affect the average life of the outstanding bonds.

Investment earnings – Earnings on U.S. Treasuries are assumed to earn approximately 0.11% in 2014, and increase over the period to approximately 1.00% by 2018.

Other nonoperating revenues – To the extent such funds were eligible to call bonds in June 2014, this represents the receipt of disputed claims and a litigation settlement payment received in fiscal 2014. Non-operating revenues also represent remaining pledged revenue funds on deposit at year end to pay interest in December of the following fiscal year.

Operating Expenditures – Represents direct costs of the Corporation as well as allocated expenses from the overall budget. Such amounts may include fees paid to trustees.

Nonoperating Expenditures – Include principal and interest paid to bondholders. When excess pledged revenues are received and utilized for the early extinguishment of debt, future interest expense of the Corporation declines.

Other nonoperating expenses – Include expenses of the Attorney General's Office for litigation.

TOBACCO SETTLEMENT FINANCING CORPORATION

Financial Plan Projection

2014 – 2018

Background Information

Pursuant to the Act and the Purchase and Sale Agreement, the State has sold to the Tobacco Settlement Financing Corporation (“TSFC” or “Corporation”) 100% of the annual payments, strategic contribution payments and lump sum payments payable to the State, pursuant to the Master Settlement Agreement, less certain unsold payments which remain the property of the State.

Administrative costs (including personnel) of TSFC are paid by MBBA. TSFC reimburses MBBA when pledged revenues are received. The Corporation does not have any employees.

The Corporation receives Settlement Revenues in April of each fiscal year. The amount received along with investment earnings is used to cover scheduled principal payments due bondholders on June 1st, interest due to bondholders on June 1st and December 1st and administrative expenses. Excess funds received over this amount can be used to retire bonds prior to their stated maturities.

On December 05, 2013, the Corporation issued Series 2013 Bonds in the amount of \$1.225 Billion. The proceeds of the Series 2013 bonds were used to refund certain TSFC bonds and to pay for the costs of issuance expenses. Refunding bonds are not included in the Budget and Financial Plan.

Budgetary Assumptions

- No new bonds will be issued, however, refunding bonds may be issued.
- Receipt of additional pledged revenues or other funds received will enable TSFC to call or retire bonds prior to their stated maturity dates.
- Settlement Revenues are budgeted at the levels presented in the 2013 official statement.

Budgetary Risks

- Receipt of sufficient pledged revenues to meet TSFC’s commitment to bondholders.

Projected Bonds Outstanding (without early bond calls)

	<i>(In millions)</i>
Projected bonds outstanding fiscal year ending 10/31/14	\$ 1.745
Projected bonds outstanding fiscal year ending 10/31/15	\$ 1.377
Projected bonds outstanding fiscal year ending 10/31/16	\$ 1.020
Projected bonds outstanding fiscal year ending 10/31/17	\$.659
Projected bonds outstanding fiscal year ending 10/31/18	\$.287

**NEW YORK STATE
AFFORDABLE HOUSING CORPORATION**

Financial Plan

**Fiscal Year Ending March 31, 2016
with projections for
FY 2017, 2018 and 2019**

New York State Affordable Housing Corporation
BUDGET AND FINANCIAL PLAN
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
 In Thousands (000's)

	Last Year (Actual) 2014	Current Year (Estimated) 2015	Next Year (Adopted) 2016	Proposed 2017	Proposed 2018	Proposed 2019
REVENUE & FINANCING SOURCES						
Operating Revenues						
Charges for services	275	750	750	750	750	750
Rental & financing income						
Other operating revenues						
Nonoperating Revenues						
Investment earnings	417	417	459	505	555	611
State subsidies/grants	24,725	24,250	24,250	24,250	24,250	24,250
Federal subsidies/grants						
Municipal subsidies/grants						
Public authority subsidies						
Other nonoperating revenues	1,984	1,924	1,867	1,811	1,756	1,704
Proceeds from the issuance of debt						
Total Revenues & Financing Sources	27,401	27,341	27,326	27,316	27,311	27,315
EXPENDITURES						
Operating Expenditures						
Salaries and wages	1,393	1,399	1,470	1,484	1,499	1,514
Other employee benefits	500	763	845	911	978	1,055
Professional services contracts	20	92	91	83	83	84
Supplies and materials						
Other operating expenditures	58	55	61	62	62	63
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements						
Interest and other financing charges						
Subsidies to other public authorities						
Capital asset outlay						
State grants and donations	24,146	24,250	24,250	24,250	24,250	24,250
Other nonoperating expenditures	1,776	1,900	1,805	1,805	1,715	1,715
Total Expenditures	27,893	28,459	28,522	28,595	28,587	28,681
CAPITAL CONTRIBUTIONS						
Excess (deficiency) of revenues and capital contributions over expenditures	(492)	(1,118)	(1,196)	(1,279)	(1,276)	(1,366)

NEW YORK STATE AFFORDABLE HOUSING CORPORATION

Budget and Financial Plan Line Explanation

2015 - 2019

Charges for services - Represents the portion of the Corporation's annual appropriation projected to be allocated to cover its' administrative expenses.

Investment earnings - The Corporation invests primarily in municipal securities. The total earnings on investments are projected to remain flat in the current year and rise 10% annually from 2016 to 2019.

State subsidies/grants - New York State funds grant disbursements annually, subject to annual State appropriation. The amount approved by the State for fiscal 2015 is set at the historic amount of \$25 million. It is anticipated that this will continue to be the approved amount throughout the period of the Budget and Financial Plan.

Other nonoperating revenues - Repayment funds received, and available for funding "Special Programs" of the Corporation (i.e. Flood, NSP etc.).

Operating Expenditures - Represent administrative expenses of the Corporation.

State grants and donations - Disbursement of New York State funds to grantees.

Other nonoperating expenditures - Disbursement of accumulated repayment funds for use in funding "Special Programs" of the Corporation (i.e. Flood, NSP etc.).

NEW YORK STATE AFFORDABLE HOUSING CORPORATION

Financial Plan Projection 2015 - 2019

The New York State Affordable Housing Corporation (the “Corporation”) was created under the provisions of the New York State Private Housing Financing Law. The Corporation was established as a public benefit corporation and is a subsidiary of the New York State Housing Finance Agency (“the Agency”). The Corporation does not have financial accountability to the Agency; accordingly, it is not a component unit of the Agency in accordance with the requirements of Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Therefore, the financial activities of the Corporation are not included in the Agency’s financial statements. The Corporation is a component unit of the State of New York and accordingly is included in the State’s financial statements. The Corporation’s fiscal year end date is March 31st.

In order to fund its programs, upon approval by the New York State Division of the Budget and the Office of the State Comptroller, the Corporation receives an annual appropriation directly from the State of New York (the “State”). The amount of annual appropriation, recorded as Grant Revenue, has historically been \$25 million per year.

Budgetary Assumptions

- Appropriations from the State have historically been \$25 million per year and are assumed to continue to be funded at that level throughout the budget period.
- The Corporation’s enabling statute includes a provision allowing for administrative expenses to be covered by a portion of its annual appropriation. Currently, the enacted budget provides for up to 5% of the annual \$25 million appropriation to be used for administrative expenses. For fiscal year 2015, the Corporation intends to request \$750 thousand from the annual appropriation to cover administrative expenses. The remaining administrative costs will be covered by available investment earnings and administrative funds transferred from HFA.
- Economic conditions could impact the Agency’s financial assumptions. The forecast assumes that expenses will remain relatively stable during the period.

Budgetary Risks

- The Corporation may receive an amount less than \$25 million per year in appropriated funds from the State.
- The Division of Budget may not allow the Corporation to fund administrative expenses at a sufficient level to cover its administrative expenses.
- The Corporation may not receive appropriated funds on a timely basis which may result in an inability to meet its commitments.

**NEW YORK STATE
HOUSING FINANCE AGENCY
AND
STATE OF NEW YORK MUNICIPAL BOND BANK
AGENCY**

Preliminary Cash Budgets

Fiscal Year Ending October 31, 2015

These documents can be found at:
<http://www.nyshcr.org/AboutUs/Investor/InvestorRelations.aspx>