Financial Statements and Supplementary Information

Connecticut Housing Financing Authority
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP

Building a better
working world

Connecticut Housing Finance Authority

Financial Statements and Supplementary Information

Years Ended December 31, 2013 and 2012

Contents

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Report of Independent Auditors

Management and the Board of Directors
Connecticut Housing Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Connecticut Housing Finance Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority'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 audit 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 Authority as of December 31, 2013 and 2012, and the changes in its financial position and 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 2 to the financial statements, the Authority 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 January 1, 2013. 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 on pages 6 – 11 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The Supplementary Information, as listed on the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated April 24, 2014 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

April 24, 2014

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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 the Board of Directors
Connecticut Housing Finance Authority

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 Connecticut Housing Finance Authority (the "Authority"), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority'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.

As part of obtaining reasonable assurance about whether Authority'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

April 24, 2014

This section of the Connecticut Housing Finance Authority's (the "Authority") financial statements, Management's Discussion and Analysis, presents an overview of the Authority's financial performance for the years ended December 31, 2013 and 2012. It provides an assessment of the Authority's financial position and identifies the factors that in management's view, significantly affected the Authority's overall financial position. It may contain assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described below.

Overview of the Financial Statements

This annual financial report consists of three parts: *Management's Discussion and Analysis*, the *Basic Financial Statements* and *Supplementary Information*. The Authority is a self-supporting quasi-public agency established for the purpose of alleviating the shortage of affordable housing for low and moderate income households in Connecticut and, when appropriate, to promote or maintain the economic development of Connecticut through employer-assisted housing efforts. The financial statements are presented using the accrual basis of accounting. The Authority operates in a manner similar to a private business that includes activities such as the financing of home mortgage loans and multifamily and special needs housing real estate development.

The Statement of Net Position provides information about the nature and amount of investments in resources (assets), deferred outflows of resources and the obligations to Authority creditors (liabilities).

The Statement of Revenues, Expenses and Changes in Net Position, which accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities.

The Notes to Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Other events or developing situations that could materially affect the Authority's financial position.

The Supplementary Information includes individual program schedules that present the Authority's financial statements in more detail.

Financial Highlights – Year Ended December 31, 2013

As in 2012, investment income was low in 2013 primarily because of limited returns available on the Authority's short term investments. The Authority was able to, however, take advantage of this capital market environment by restructuring and refunding over $425 million of its outstanding bonds to reduce interest rates and in some cases replace floating rate bonds with fixed rate long term debt. By combining these issues with new debt, the Authority was able to establish very low interest rates on new mortgages for its borrowers, and strengthen the underlying structure of its cash flows.

As a result of the increase in interest rates from December 31, 2012 to December 31, 2013, the Authority recorded $33.5 million in nonoperating expense as a result of a decrease in the fair value of investments, substantially all of which is attributable to the market decrease in its GNMA and FNMA Program Assets (see Note 3 of the financial statements).

During calendar year 2013, the Authority issued four series of Housing Mortgage Finance Program Bonds totaling $587.6 million and one series of Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds totaling $26.3 million to provide financing for its home mortgage and multifamily mortgage housing programs. Under various programs, the Authority has also made funds available from net position.

Financial Highlights – Year Ended December 31, 2012

The limited returns available on short term investments continued to suppress the Authority's investment income, and the ongoing Federal intervention in conventional markets limited its market advantage for financing its programs with long term bonds, even on a tax exempt basis. The Authority was able to take advantage of this capital market environment, however, by restructuring and refunding over $666 million of its outstanding bonds to reduce interest rates and in some cases replace floating rate bonds with fixed rate long term debt. By combining these issues with new debt, the Authority was able to establish very low interest rates on new mortgages for its borrowers, and strengthen the underlying structure of its cash flows.

As a result of the rise in interest rates from December 31, 2011 to December 31, 2012 the Authority also recorded $17.8 million in nonoperating expense for the decrease in the fair value of investments, substantially all of which is attributable to the market decrease in its GNMA Program Assets (see Note 3 of the financial statements).

Financial Analysis of the Authority

The following table summarizes the changes in Net Position between December 31, 2013, 2012 and 2011:

	(in millions)			% Change	
	2013	**2012***	**2011***	**2013/2012**	**2012/2011**
Assets					
Current assets	$ 700.7	$ 1,263.0	$ 994.8	% (44.5)	% 27.0
Capital assets	3.1	3.3	3.5	(6.1)	(5.7)
Noncurrent assets	3,956.2	4,107.3	4,367.9	(3.7)	(6.0)
Total assets	4,660.0	5,373.6	5,366.2	(13.3)	0.1
Deferred outflows of resources					
Unamortized deferral on bond refundings	66.5	15.4	0.9	331.8	1,611.1
Accumulated decrease in fair value of hedging derivatives	59.2	200.2	232.7	(70.4)	(14.0)
Total deferred outflows of resources	125.7	215.6	233.6	(41.7)	(7.7)
Liabilities					
Long-term debt	3,197.0	3,926.0	3,950.2	(13.3)	(0.6)
Other liabilities	674.4	732.6	717.0	(36.2)	2.2
Total liabilities	3,871.4	4,658.6	4,667.2	(16.9)	(0.2)
Net Position					
Net investment in capital assets	3.1	3.3	3.5	(6.1)	(5.7)
Restricted	942.9	957.4	968.2	(1.5)	(1.1)
Unrestricted deficit	(31.7)	(30.1)	(39.1)	5.3	(23.0)
Total net position	$ 914.3	$ 930.6	$ 932.6	% (1.8)	% (0.2)

** Restated for GASB No 65 implementation (see note 2)*

Change 2013/2012

- Mortgage loans receivable decreased $73.7 million (or 2.1%).
  - During 2013, the Authority's multifamily and construction loan portfolios experienced overall net growth while its home mortgage loan portfolio experienced a net reduction. The Authority also supports its home mortgage program by purchasing GNMA and FNMA securities that are collateralized with Authority eligible home mortgage loans. These mortgage-backed securities ("GNMA and FNMA Program Assets") are categorized as "investments in securities." See Note 3 of the financial statements.

- Cash and investments in securities decreased $649.8 million (or 36.5%) primarily resulting from:
  - A net decrease of $600.6 million attributed to the retirement of bond debt, reductions in bond proceeds and other funds held to be used for the financing of mortgage loans and the payment of administrative costs.
  - A $15.7 million decrease in escrow deposits held by the Authority. In 2013, the Department of Housing and Urban Development began requiring Section 8 projects to withdraw funds from their residual receipts escrow accounts to offset the subsidy provided to them. This accounted for a significant portion of the decrease in escrow deposits this year.
  - A $33.5 million decrease attributable to the decrease of investment values specifically related to GNMA and FNMA Program Assets (see Note 3 of the financial statements).
- Bonds payable decreased by $683.7 million (or 16.3%).
  - During the latter portion of 2012 and early 2013, the Authority experienced a surge in single family loan payoffs. The underlying bonds that originally funded these loans were paid down accordingly. This resulted in total retired bond debt exceeding the issuance of new bonds during 2013.
- Deferred outflows of resources decreased $89.9 million (or 41.7%)
  - This change is comprised of a decrease in accumulated decrease in fair value of hedging derivatives of $141 million offset by an increase in unamortized deferral on bond refundings of $51.1 million. During 2013, the Authority refunded certain outstanding bonds that had interest rate swaps associated with them. These interest rate swaps were reassigned to hedge other bonds. The fair value of the interest rate swaps at the time of the refundings was reclassified from accumulated decrease in fair value of hedging derivatives to unamortized deferral on bond refundings. This was the primary reason for the increase in unamortized deferral on bond refundings of $51.1 million. The decrease in accumulated decrease in fair value of hedging derivatives of $141 million was mainly due to the $51.1 million reclassification, a decrease in the outstanding notional amount of interest rate swaps of approximately $36 million as a result of maturities, and an increase in the fair value of the interest rate swaps due to the rise in interest rates.

Change 2012/2011

- Mortgage loans receivable decreased $114.7 million (or 3.2%).
  - During 2012, the Authority's multifamily and construction loan portfolios experienced overall net growth while its home mortgage loan portfolio experienced a net reduction. The Authority also supports its home mortgage program by purchasing GNMA securities that are collateralized with Authority eligible home mortgage loans. These GNMA mortgage-backed securities ("GNMA Program Assets") are categorized as "investments in securities." See Note 3 of the financial statements.

- Cash and investments in securities increased $126.8 million (or 7.7%) primarily resulting from:
  - A net increase of $164.9 million in bond proceeds and other funds held to be used for the financing of mortgage loans, the retirement of bond debt or the payment of administrative costs.
  - A $20.3 million decrease in escrow deposits held by the Authority. Certain multifamily projects are required to enter into completion assurance escrow agreements which requires them to fund and maintain a certain balance in escrow until evidence that the capital improvements required are completed to the Authority's satisfaction. Several projects completed their improvements during 2012 and their escrow funds were returned to them. This accounted for a significant portion of the decrease in escrow deposits.
  - A $17.8 million decrease which is attributable to the decrease of investment values specifically related to GNMA Program Assets (see Note 3 of the financial statements).

- Bonds payable increased by $31.3 million (or 0.8%).
  As a result of total new bond issuance exceeding total retired bond debt during 2012

The home mortgage, rental housing and special needs housing loan portfolios are the Authority's primary assets.

Payoffs of loans originally financed under the Authority's home mortgage and special needs housing programs (including GNMA and FNMA Program Assets, excluding the acquired portfolio from the State) exceeded new loans financed for the year ended December 31, 2013 and 2012, and new loans financed exceeded payoffs for the years ended December 31, 2011 as follows:

	(in millions)	
	New Loans Financed	Payoffs
2013	$ 311.5	$ 412.0
2012	238.4	436.4
2011	267.7	213.7

The change in the multifamily rental housing and special needs housing portfolios (excluding the acquired portfolio from the State) is summarized as follows:

	(in millions)			% Change	
	2013	2012	2011	2013/2012	2012/2011
Construction loan balances	$ 132.7	$ 262.2	$ 253.5	% (49.4)	% 3.4
Permanent loan balances	954.6	768.8	716.4	24.2	7.3
Special needs housing permanent loan balances	57.5	58.9	60.1	(2.4)	(2.0)
Total multifamily mortgage loans	$ 1,144.8	$ 1,089.9	$ 1,030.0	% 5.0	% 5.8

As a result of legislation that was passed during calendar year 2002, on April 9, 2003 the Authority acquired housing assets from the State's Department of Economic and Community Development from a reallocation of $85 million of its available cash resources. The par value of this acquired portfolio at December 31, 2003 was $213.3 million. After evaluation of the underlying loans by the Authority, the carrying value of this portfolio was written down to $65.0 million.

The status of this portfolio as of December 31, 2013, 2012 and 2011, is summarized as follows (in 000's):

	December 31, 2013		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 18.9	$ (16.9)	$ 2.0
Multifamily mortgage loans	158.9	(123.4)	35.5
Total acquired portfolio	$ 177.8	$ (140.3)	$ 37.5
Allowance for losses % to par value		78.9%	

	December 31, 2012		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 19.7	$ (17.4)	$ 2.3
Multifamily mortgage loans	158.2	(122.6)	35.6
Total acquired portfolio	$ 177.9	$ (140.0)	$ 37.9
Allowance for losses % to par value		78.7%	

	December 31, 2011		
	Par Value	Allowance for Losses	Carrying Amount
Home mortgage loans	$ 20.3	$ (17.4)	$ 2.9
Multifamily mortgage loans	161.1	(125.3)	35.8
Total acquired portfolio	$ 181.4	$ (142.7)	$ 38.7
Allowance for losses % to par value		78.7%	

Mortgage loan earnings, including earnings on GNMA and FNMA Program Assets, which are included in "interest on investments," represent the Authority's major source of operating revenue. The Authority also charges various program fees that may include an application fee, commitment fee, financing fee and sale of servicing fee. The following table summarizes the changes in operating income between December 31, 2013, 2012 and 2011.

	(in millions)			% Change	
	2013	**2012***	**2011***	**2013/2012**	**2012/2011**
Operating Revenues:					
Interest on mortgage loans	$ 173.5	$ 187.0	$ 199.5	% (7.2)	% (6.3)
Interest on investments	25.1	33.5	38.4	(25.1)	(12.8)
Fees and other income	5.6	5.4	11.1	3.7	(51.4)
Total operating revenues	204.2	225.9	249.0	(9.6)	(9.3)
Operating Expenses:					
Interest	140.1	157.4	160.7	(11.0)	(2.1)
Bond Issuance Costs	3.8	9.3	5.3	(59.1)	75.5
Servicer fees	7.3	8.1	8.4	(9.9)	(3.6)
Administrative	33.5	33.9	35.1	(1.2)	(3.4)
Provision for losses	3.9	3.7	14.7	5.4	(74.8)
Total operating expenses	188.6	212.4	224.2	(11.2)	(5.3)
Operating income	15.6	13.5	24.8	15.6	(45.6)
Nonoperating Revenues (Expenses):					
Net increase (decrease) in the fair value of investments	(33.5)	(17.8)	27.2	(88.2)	(165.4)
Other	1.6	2.3	3.2	(30.4)	(28.1)
Total nonoperating income (loss)	(31.9)	(15.5)	30.4	(105.8)	(151.0)
Change in net position	$ (16.3)	$ (2.0)	$ 55.2	% (715.0)	% (103.6)

** Restated for GASB No. 65 implementation (see note 2)*

Change 2013/2012

- Total net position decreased $16.3 million (or 1.8%). Operating income was $15.6 million, an increase of $2.1 million (or 15.6%) from the prior year.
  - The nonoperating loss is attributable to:
    - the $33.5 million decrease in the market value of the Authority's investment portfolio, specifically the Authority's GNMA and FNMA Program Assets discussed in Note 3 of the financial statements.
    - the net $1.6 increase related to state and federal program funding and expense activity more fully described in Note 13 of the financial statements.
- Operating revenues decreased $21.7 million (or 9.6%).
  - This decrease is attributable to the decrease in interest on mortgage loans and fees and other income as a result of the reduction in the mortgage loan portfolio and the decrease in interest on investments as a result of the limited returns available on the Authority's short term investments.
- Operating expenses decreased $23.8 million (or 11.2%).
  - This decrease is substantially attributable to the decrease in bond issuance costs as a result of issuing fewer bonds during 2013 and the decrease in bond interest expense as a result of the reduction of outstanding bonds and the Authority's continued restructuring of its bond debt during 2013.

Change 2012/2011

- Total net position decreased $2 million (or 0.2%). Operating income was $13.5 million, a decrease of $11.3 million (or 45.6%) from the prior year.
  - The nonoperating loss is attributable to
    - the $17.8 million decrease in the market value of the Authority's investment portfolio, specifically the Authority's GNMA Program Assets discussed in Note 3 of the financial statements.

  - the net $2.3 increase related to state and federal program funding and expense activity more fully described in Note 13 of the financial statements.

- Operating revenues decreased $23.1 million (or 9.3%).
  - This decrease is attributable to the decrease in interest on mortgage loans and fees and other income as a result of the reduction in the mortgage loan portfolio and the decrease in interest on investments as a result of the limited returns available on the Authority's short term investments.

- Operating expenses decreased $11.8 million (or 5.3%).
  - This decrease is substantially attributable to the decrease in the provision for losses as a result of the overall reduction in the mortgage loan portfolio and the decrease in bond interest expense as a result of the Authority's continued restructuring of its bond debt during 2012.

Debt Administration

The following table summarizes the changes in bonds payable between December 31, 2013, 2012 and 2011. More detailed information related to the Authority's outstanding bond debt obligations is presented in Note 7 of the financial statements.

	(in millions)			% Change	
	2013	2012	2011	2013/2012	2012/2011
Bonds payable	$ 3,509.2	$ 4,192.8	$ 4,161.6	(16.3%)	0.7%

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. If you have questions about this report or need additional information, contact the Finance Department of the Connecticut Housing Finance Authority at 999 West Street, Rocky Hill, CT 06067.

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(in 000's)

	December 31, 2013	December 31, 2012*
Assets		
Restricted Current Assets		
Cash and cash equivalents	$ 708	$ 521
Mortgage loans receivable	98,455	100,433
Investments in securities	529,776	1,091,484
Real estate owned – multifamily	3,000	2,300
Other real estate owned	11,680	11,958
Accrued interest receivable on:		
Mortgage loans	24,879	26,280
Securities	1,964	2,490
Accounts receivable and other assets	30,198	27,500
Total current assets	700,660	1,262,966
Restricted Noncurrent Assets		
Mortgage loans receivable, net of current portion	3,319,772	3,391,444
Investments in securities, net of current portion	598,382	686,615
Capital assets, net of depreciation	3,074	3,276
Real estate owned – single family	38,085	29,264
Total noncurrent assets	3,959,313	4,110,599
Total assets	4,659,973	5,373,565
Deferred outflows of resources		
Unamortized deferral on bond refundings	66,562	15,439
Accumulated decrease in fair value of hedging derivatives	59,207	200,205
Total deferred outflows of resources	125,769	215,644
Liabilities		
Current Liabilities		
Escrow deposits	48,986	39,540
Accrued interest payable	14,332	18,542
Accounts payable and accrued liabilities	7,215	7,629
Minority interests – other real estate owned	4,476	4,331
Loan payable – other real estate owned	21,868	22,098
Bonds payable	312,168	266,830
Total current liabilities	409,045	358,970
Noncurrent Liabilities		
Escrow deposits, net of current portion	133,203	158,425
Bonds payable, net of current portion	3,196,995	3,926,002
Derivative instruments - interest rate swaps	132,165	215,172
Total noncurrent liabilities	3,462,363	4,299,599
Total liabilities	3,871,408	4,658,569
Net Position		
Net investment in capital assets	3,074	3,276
Restricted by bond indentures and/or enabling legislation	942,986	957,439
Unrestricted deficit	(31,726)	(30,075)
Total net position	$ 914,334	$ 930,640

* Restated for GASB No. 65 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in 000's)

	Year Ended December 31, 2013	Year Ended December 31, 2012*
Operating Revenues		
Interest on mortgage loans	$ 173,538	$ 186,975
Interest on investments	25,116	33,474
Fees and other income	5,618	5,423
Total operating revenues	204,272	225,872
Operating Expenses		
Interest	140,062	157,438
Bond issuance costs	3,849	9,346
Servicer fees	7,331	8,048
Administrative	33,463	33,872
Provision for losses	3,909	3,664
Total operating expenses	188,614	212,368
Operating income	15,658	13,504
Nonoperating Revenues (Expenses)		
Net decrease in the fair value of investments	(33,546)	(17,776)
State and federal program funding	6,244	5,619
State and federal program expenses	(4,662)	(3,373)
Nonoperating loss	(31,964)	(15,530)
Change in net position	(16,306)	(2,026)
Net position, beginning of year	930,640	932,666
Net position, end of year	$ 914,334	$ 930,640

* Restated for GASB No. 65 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

CONNECTICUT HOUSING FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS
(in 000's)

	Year Ended December 31, 2013	2012*
Cash Flows from Operating Activities		
Cash received from interest on mortgage loans	$ 174,938	$ 185,790
Cash received from scheduled mortgage principal payments	106,801	117,372
Cash received from mortgage principal prepayments	275,187	304,471
Cash received from fees and other income	5,261	4,408
Cash payments to purchase mortgage loans	(323,062)	(304,171)
Cash payments to employees	(19,197)	(18,028)
Cash payments to suppliers	(21,564)	(24,506)
Net cash provided by operating activities	198,364	265,336
Cash Flows from Non-Capital Financing Activities		
Repayments of escrow deposits	(15,777)	(20,344)
Retirement of bonds payable	(1,302,856)	(803,510)
Proceeds from sales of bonds	619,638	834,960
Interest paid	(138,630)	(159,359)
Bond issuance costs	(3,691)	(9,346)
Proceeds from state and federal program funding	6,244	5,619
State and federal program costs	(5,125)	(2,968)
Net cash used in non-capital financing activities	(840,197)	(154,948)
Cash Flows from Investing Activities		
Proceeds from sales of and maturities of investment securities	731,330	283,103
Purchase of investment securities	(114,243)	(426,725)
Interest received on investments	24,933	32,985
Net cash (used in) provided by investing activities	642,020	(110,637)
Increase (decrease) in cash and cash equivalents	187	(249)
Cash and cash equivalents, beginning of year	521	770
Cash and cash equivalents, end of year	$ 708	$ 521
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 15,658	$ 13,504
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation	202	202
Provision for losses	3,909	3,664
Bond issuance costs	3,849	9,346
Interest on investments	(25,116)	(33,474)
Interest expense	140,062	157,438
Change in assets and liabilities:		
(Increase) decrease in accrued interest on mortgage loans	1,401	(1,185)
Increase in accounts receivable and other assets	(2,698)	(1,484)
Decrease in accounts payable and other accrued liabilities	(414)	(347)
Decrease in mortgage loan and other receivables, net	61,511	117,672
Net cash provided by operating activities	$ 198,364	$ 265,336
Non-cash investing activities		
Net decrease in the fair value of investments	$ (33,546)	$ (17,776)

* Restated for GASB No. 65 implementation (see Note 2).

The accompanying notes are an integral part of the financial statements

Note 1—Authorizing Legislation

Connecticut Housing Finance Authority (the "Authority") is a public instrumentality and political subdivision of the State of Connecticut. It was created in 1969 for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate-income families and persons throughout Connecticut. The Authority operates pursuant to Chapter 134 of the Connecticut General Statutes, as amended (the "Act"). As required by the Act, the Authority's powers are exercised by a Board of Directors consisting of fifteen members, four of whom are State officials, seven of whom are appointed by the Governor and four of whom are appointed by leaders of the General Assembly.

The Authority is authorized to issue bonds, notes and other obligations to fund loans to qualified borrowers for single family homes and multifamily developments. Funding of loan programs on an on-going basis is derived principally from bond proceeds and interest earned on loans and investments.

The Authority is a component unit of the State of Connecticut, based on the criteria for defining the reporting entity as identified and described in the Government Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

Note 2—Summary of Significant Accounting Policies

Basis of Accounting

The Authority is a self-supported entity and the accompanying financial statements are presented using the economic resources measurement focus and accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred. The financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). While detail sub-fund information is not presented, separate accounts are maintained for each program and include certain funds that are legally designated as to use. The funds of the Authority and similar component units are proprietary fund types.

Reporting Entity

Connecticut Housing Finance Authority Funds

Under the Act and the General Housing Mortgage Finance Program Bond Resolution of September 27, 1972 (the "Bond Resolution"), the Authority is authorized to maintain Housing Mortgage General and Capital Reserve Funds. In addition to the aforementioned funds, the Authority, as permitted by the Act, has established other funds. Included in other funds are the Investment Trust Fund, which may be used to account for assets which are determined to be "surplus funds" under the terms of the Bond Resolution, and the Housing Mortgage Insurance Fund, which provides mortgage insurance.

Also included in other funds are:

(a) the Special Needs Housing Fund, the Special Needs Housing Capital Reserve Fund, the State Assistance Agreement Fund, and, as to the Authority's Emergency Mortgage Assistance Payment (EMAP) Program: the EMAP State Assistance Agreement Fund and the EMAP Revolving Loan Fund (collectively, the "Special Needs Housing Program Funds"), the Group Home Renewal and Replacement Fund, the Assisted Living Facilities Renewal and Replacement Fund and the Supportive Housing Renewal and Replacement Fund (collectively the "Special Needs Housing Renewal and Replacement Funds"). The Authority is authorized to maintain the Special Needs Housing Program Funds and the Special Needs Housing Renewal and Replacement Funds (collectively the "Special Needs Housing Funds") under the Act and the Special Needs Housing Mortgage Finance Program Indenture (formerly known as the Group Home Mortgage Finance Program Indenture of Trust) (the "Special Needs Indenture"),

(b) the Single Family Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Bond Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds (the "SFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Single Family) (the

"Single Family Other Bond Resolution") of November 19, 2009, and

(c) the Multifamily Special Obligation Bond and Other Bond Funds which the Authority is authorized to maintain under the Act, the Multifamily Bond Resolution Providing for the Issuance of Multifamily Mortgage Revenue Bonds (the "MFSOB Resolution") of November 19, 2009, and the Bond Resolution Providing for the Issuance of Other Bonds for the Housing Mortgage Finance Program (Multifamily) (the "Multifamily Other Bond Resolution") of October 27, 2011.

Blended Component Units

The Authority's operations include blended component units which are included in the Authority's basic financial statements in accordance with GASB Statement No. 61. These are legally separate entities for which the Authority is considered financially accountable. The Authority is financially accountable for those units that make up its legal entity, as well as certain legally separate organizations because they have essentially the same board of directors and management personnel. Blended component units are, in substance, part of the Authority's operations; therefore, data from these units are combined with data of the primary Authority. Interfund activity has been eliminated. Additional information relating to these blended component units can be found in the Supplementary Information section of this report.

State Housing Authority

The State Housing Authority (the "Corporation") is a quasi-public agency of the State of Connecticut and a subsidiary of the Authority. It was created as the successor to the Connecticut Housing Authority ("CHA") under Public Act No. 95-250, which transferred $1,282,000 to establish the Corporation. The Corporation operates pursuant to Chapter 129 of the Connecticut General Statutes, as amended (the "CHA Act").

Real Estate Owned - Multifamily

CHFA – Small Properties, Inc. and CPS Properties Inc. were established as tax exempt organizations and subsidiaries of the Authority. These organizations operate pursuant to Section 8-244(c)(1) of the Connecticut General Statutes and were created to provide distinct accountability for real estate awaiting sale. During 2012, the three remaining properties held under CPS Properties Inc. were sold.

Other Real Estate Owned

Trumbull Centre – CHFA, Inc., is also a tax exempt subsidiary of the Authority operating pursuant to Section 8-244(c)(1) of the Connecticut General Statutes. It was created to acquire a ninety percent interest in a Hartford, Connecticut real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in real estate located at 111 Pearl Street, Hartford, Connecticut, an adjacent property to the Trumbull on the Park development. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners. Additionally, in 2010, a minority interest partner failed to make a required capital contribution. Trumbull Centre – CHFA, Inc. currently holds a 95.27% interest in both Trumbull on the Park and 111 Pearl Street.

Information regarding the above component units is available at the following address:

Connecticut Housing Finance Authority
Finance Department
999 West Street
Rocky Hill, CT 06067

Cash and Cash Equivalents

Cash is comprised of accounts on deposit with financial institutions. For purposes of reporting cash flows, highly liquid instruments with an original maturity of less than 90 days are generally considered to be cash equivalents, exclusive of the State of Connecticut Short Term Investment Fund and overnight sweeps which are considered to be investments in securities.

Mortgage Loans Receivable

Mortgage loans are carried at their principal balance net of allowance for losses and are generally secured by first liens on real property. Interest on loans is accrued and credited to operations based on the principal amount outstanding. The accrual of interest income is discontinued when a loan becomes 90 days past due or in management's opinion is deemed uncollectible as to principal or interest. When interest accruals are discontinued, unpaid interest previously credited to income is reversed and subsequently recognized as income only when received.

Allowance for Losses

The allowance for losses on the loan and real estate owned portfolios is provided through charges against current operations based on management's periodic review of the loan and real estate owned portfolios. This review considers such factors as the payment history of the loans, the current and projected cash flows of the borrowers, estimated value of the collateral, subsidies, historical loss experience for each type of insurance or guarantee and economic conditions.

Investments in Securities

The Authority is limited under the Act to (i) investment obligations issued or guaranteed by the United States Government or the State of Connecticut, (ii) participation certificates for the State of Connecticut Short Term Investment Fund ("STIF") which is an investment pool administered by the State Treasurer, and (iii) other obligations which are legal investments for savings banks in Connecticut and to time deposits or certificates of deposit or other similar arrangements secured in such a manner as the Authority determines.

Investments are carried at fair value with the exception of those investments maturing within one year, which are carried at amortized cost, excluding accrued interest.

Capital Assets

Land and building acquisitions and subsequent improvements exceeding $1,000 are capitalized at cost. Maintenance and repair expenses are charged to operations when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the building of 32 years.

Compensated Absences

Full-time employees accrue vacation or annual leave at the rate of fifteen to twenty-five days per year, depending on length of service. Employees may accumulate leave time, subject to certain limitations, and upon retirement, termination or death may be compensated for certain accumulated amounts at their then current rates of pay. The Authority records an expense for all accumulated leave that the Authority would be required to pay if all employees terminated their employment.

Bond Issuance Costs

Prior to 2013, bond issuance costs were classified as an asset. These costs were deferred and amortized over the term of the related bond issue. With the Authority's adoption of GASB 65, *Items Previously Reported as Assets and Liabilities* (more fully described in the Recent Accounting Standards section of Note 2 of the financial statements), these costs are now expensed when incurred and are classified as an operating expense in the Statements of Revenues, Expenses and Changes in Net Position.

Bond Premiums and Discounts

Discount and premium on bonds are deferred and amortized as a component of interest expense using a method approximating the effective interest method.

Refundings of Debt

Gains and losses in connection with advanced refundings of debt are recorded as either a deferred outflow (loss) or deferred inflow (gain) of resources and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt.

Real Estate Owned

Real estate acquired in satisfaction of a loan and in-substance foreclosures are reported separately in real estate owned. In-substance foreclosures are properties in which the borrower has little or no equity in the collateral, where repayment of the loan is expected only from the operation or sale of the collateral, and the borrower either effectively abandons control of the property or the borrower has retained control of the property, but his ability to rebuild equity based on current financial conditions is considered doubtful. Properties acquired by foreclosure or deed in lieu of foreclosure and properties classified as in-substance foreclosures are transferred to real estate owned and recorded at the lower of cost or fair value less estimated selling costs at the date of foreclosure and are adjusted, if necessary, at year end. An allowance for losses on real estate owned is maintained for subsequent valuation adjustments on a specific property basis.

Derivative Financial Instruments

The Authority's derivative financial instruments consist of interest rate swaps, all of which have been determined by the Authority to represent effective cash flow hedges. Accordingly, changes in the fair value of the swaps are reported as either deferred outflows or inflows of resources on the statement of net position.

The interest differentials to be paid or received under interest rate swaps are recognized as increases or decreases in interest expense of the related bond liability. The fair value of the Authority's position at year end in swap agreements is disclosed in Note 7. No gains or losses will result under the agreements unless an agreement is terminated prior to maturity or the counterparty defaults.

Net Position

Net position is classified in the following three categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation. There is no outstanding debt related to the Authority's capital assets.

Restricted by bond indentures and/or enabling legislation – All funds and component units of the Authority that are not related to capital assets are restricted by the Bond Resolution, Special Needs Indenture, SFSOB Resolution, Single Family Other Bond Resolution, MFSOB Resolution, Multifamily Other Bond Resolution and/or the Act.

Unrestricted deficit – This relates to net position that does not meet the definition of "net investment in capital assets" or "restricted" as discussed above.

Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues consist primarily of interest income on mortgage loans, fees and other charges related to mortgage loans and interest on investments, including fees and interest on GNMA and FNMA Program Asset investments more fully described in Note 3. The Authority also recognizes revenues from rental operations and other administrative fees as operating revenues. Operating expenses include general and administrative expenses, costs and expenses incurred in connection with the amortization, issuance and sale of bonds; and other costs related to various loan programs. Revenues or expenses not meeting this definition are generally reported as nonoperating revenues and expenses.

Grants

Grants received from federal and state governments are recognized as nonoperating revenue as the related expenditures are incurred in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Recent Accounting Standards(in 000's)

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB 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 Authority 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 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 Authority does not anticipate that the implementation of this standard will have an impact on its financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68*, ("GASB 71"). The objective of this Statement is to address an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 71 on its financial statements.

Impact of the Adoption of GASB No. 65

As previously noted, the Authority adopted GASB Statement No. 65 during the current year. The implementation of this standard resulted in the modification of the method previously used to account for the cost of issuance associated with the Authority's bond issuances and the reclassification of the loss deferred on refundings to a deferred outflow of resources. In accordance with the requirements of this new standard, the Authority's Net Position as of December 31, 2011 and the Authority's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2012 were restated to retroactively adjust the Authority's financial statements. As a result, the following adjustments have been made to restate the Authority's financial statements.

	As Previously Reported	Adjustment	As Restated
As of December 31, 2011			
Net Position	$ 957,721	$ (25,055)	$ 932,666
As of December 31, 2012			
Deferred financing costs	$ 27,711	$ (27,711)	$ –
Bonds payable	3,910,563	15,439	3,926,002
Deferred outflows of resources:			
Unamortized deferred of bond refundings	–	15,439	15,439
Net Position	958,351	(27,711)	930,640
For the year ended December 31, 2012			
Amortization of deferred financing costs	$ 6,690	$ (6,690)	$ –
Bond issuance costs	–	9,346	9,346
Operating income	16,160	(2,656)	13,504
Change in net position	630	(2,656)	(2,026)

Note 3—Cash and Cash Equivalents and Investments in Securities

(a) Deposits (in 000's)

At December 31, 2013 and 2012, the carrying amount reported as cash and cash equivalents on the statements of net position of the Authority represents deposits (including checking accounts and escrow accounts) of $708 (including $54 held under the Special Needs Housing Renewal and Replacement Funds) and $521 (including $20 held under the Special Needs Housing Renewal and Replacement Funds), respectively. This entire amount is on deposit in independent financial institutions with a balance of $1,628 and $1,322 at December 31, 2013 and 2012, respectively. Included in the carrying amount reported as cash and cash equivalents, $202 and $194, respectively, are deposits held in escrow by the Authority at December 31, 2013 and 2012.

Custodial Credit Risk – Of the $1,628 and $1,322 financial institution balance at December 31, 2013 and 2012, $95 and $329 respectively were held in the Authority's name in the corporate trust division of one financial institution. These amounts were collateralized with a market value of underlying collateral equal to at least 100% of the amount on deposit with acceptable collateral compliant with 12 CFR § 9.10(b). In addition, in compliance with 12 CFR § 9.13 these amounts were protected from any potential creditors of the financial institution. The balances of $1,533 and $993 respectively were held in demand deposit accounts at FDIC-insured institutions. As of December 31, 2013, $1,283 was uninsured, $153 of which was collateralized with securities by the financial institution, but not in the Authority's name. As of December 31, 2012, $993 was fully insured pursuant to section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(b) Investments in Securities (in 000's)

At December 31, 2013, the Authority held the following investments with the listed maturities bearing interest at annual rates ranging from 0.01% to 7.65%. For investments other than Municipal Bonds, where no rating is indicated, the investments are direct obligations issued by the United States Government or its agencies or fully collateralized by such obligations. Municipal Bonds represent the Authority's Other Bonds which are more fully described in Note 7. They are secured by the Bond Resolution Capital Reserve Fund and as such, are a contingent liability of the State of Connecticut. Ratings are displayed with the Standard & Poor's rating listed first (if available), the Moody's Investors Service second (if available) and the Fitch Rating last (if available).

		Investment Maturities (in Years)			
	Fair Value	**Less Than 1**	**1 – 5**	**6 – 10**	**More Than 10**
CMO-rated CCC	$ 1,014	$ –	$ –	$ –	$ 1,014
Fidelity Funds	6,623	6,623	–	–	–
Fidelity Tax Exempt Fund-not rated	4,599	4,599	–	–	–
GNMA & FNMA Program Assets	553,480	–	–	–	553,480
MBS's	1,026	1		132	893
Municipal Bonds	41,603	191	1,127	1,483	38,802
STIF-rated AAAm	518,362	518,362	–	–	–
Structured Securities-rated D/C/D	626	–	–	–	626
U.S. Government Agency Securities	825	–	–	–	825
Total investments held by all funds and component units	$ 1,128,158	$ 529,776	$ 1,127	$ 1,615	$ 595,640

Restricted Current Assets	
Capital Reserve Funds	$ 26,596
Renewal and Replacement Fund	6,625
All other funds and component units	496,555
Total Restricted Current Assets	529,776
Restricted Noncurrent Assets	
Capital Reserve Funds	520,325
All other funds and component units	78,057
Total Restricted Noncurrent Assets	598,382
Total investments held by all funds and component units	$ 1,128,158

Interest Rate Risk – Exposure to declines in fair value is substantially limited to the Authority's investment in the GNMA and FNMA Program Assets, discussed above. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity. This policy also requires the Authority to attempt to match its investments with anticipated cash flow requirements and to seek diversification by staggering maturities in such a way that avoids undue concentration of assets in a specific maturity sector.

Credit Risk – The Authority's investments are limited under the Act to (i) United States Government obligations, including its agencies or instrumentalities, (ii) investments guaranteed by the State of Connecticut, (iii) participation certificates for the investment pool administered by the State Treasurer or (iv) other obligations which are legal investments for savings banks in the State of Connecticut. The Fidelity Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities ("MBSs") are fully collateralized by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Government National Mortgage Association ("GNMA"), and Collateralized Mortgage Obligations ("CMOs") are fully collateralized by the United States Department of Housing and Urban Development ("HUD") mortgage pools. Structured Securities are fully collateralized by Manufactured Housing Sales Contracts and Installment Loan Agreements. At December 31, 2013, one CMO (fair value $1,014) and one Structured Security (fair value $626) were below Investment Grade rating standards. At December 31, 2012, one CMO (fair value $1,011) and one Structured Security (fair value $566) were below Investment Grade rating standards. The Fidelity Tax Exempt Fund is subject to Rule 2a-7 of the Investment Company Act of 1940.

Concentration of Credit Risk – The Authority's investment policy requires diversification of its investment portfolio to reduce the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2013 and 2012, the Authority had no investments in any one issuer that represents 5% or more of total investments, other than investments guaranteed by the U.S. Government (GNMA and FNMA Program Assets – fair value - $553,480 or 49% in 2013 and $668,013 or 38% in 2012), and other pooled investments (STIF – fair value - $518,362 or 46% in 2013 and $1,078,397 or 61% in 2012).

Custodial Credit Risk – All investments exist in book entry form and are held by the Trustee or other financial institution in the Authority's name or insured (fair value – $609,796 in 2013 and $699,702 in 2012) with the exception of the STIF (fair value – $518,362 in 2013 and $1,078,397 in 2012-rated AAAm in 2013 and 2012). The underlying value of the investment in the STIF's pool is the same as the value of the pool's shares. Regulatory oversight for the STIF is provided by an investment advisory council and the Treasurer's Cash Management Board.

GNMA and FNMA Program Assets - Since 1999, the Authority directed certain of its participating lenders to assign government insured Authority qualified home mortgage loans and sold a portion of its existing home mortgage loan portfolio for assembly into pools guaranteed by the Government National Mortgage Association ("GNMA"). GNMA securities were issued backed by these home mortgage loans, and the Authority purchased the securities ("GNMA Program Assets") with funds held in the Housing Mortgage Capital Reserve Fund. In 2000, the Authority expanded this program to allow the purchase of GNMA Program Assets with funds held in the Housing Mortgage General Fund. As a result of this program expansion and in order to assure compliance with Bond Resolution requirements, the Authority transferred the $331,081 net position held in the Investment Trust Fund to the Housing Mortgage General Fund in 2001. Since 2001, GNMA Program Assets have also been purchased with funds held in the Special Needs Housing Fund and the Special Needs Housing Capital Reserve Fund. In 2013, the Authority directed certain of its participating lenders to assign privately insured Authority qualified conventional home mortgage loans for assembly into pools guaranteed by the Federal National Mortgage Association ("FNMA"). FNMA securities were issued backed by these home mortgage loans, and the Authority purchased the securities ("FNMA Program Assets") with funds held in the Housing Mortgage Capital Reserve Fund. GNMA and FNMA Program Assets are carried at fair value. As of December 31, 2013 and 2012, the fair value of GNMA and FNMA Program Asset investments was $553,480 and $668,013, respectively.

Bond Resolution Capital Reserve Fund (in 000's)

The Bond Resolution Capital Reserve Fund is established pursuant to the Act and the Bond Resolution and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year ($214,017 at December 31, 2013 and $282,012 at December 31, 2012) on all bonds of the Authority then outstanding under the Bond Resolution. Further, the Authority may not issue additional bonds under the Bond Resolution unless the amount in the Bond Resolution Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year ($231,214 at December 31, 2013 and $282,012 at December 31, 2012) on all bonds of the Authority then outstanding under the Bond Resolution. For purposes of satisfying these requirements, the Act and the Bond Resolution require that investments of the Bond Resolution Capital Reserve Fund be valued at the lowest of par, actual cost or market value. To satisfy this calculation, all variable rate interest payments and receipts are assumed to be based on the average interest rates for the prior twelve months plus 200 basis points, interest payments on swapped bonds are included at the fixed rate on the swaps, and retirement of principal on bonds with mandatory tender dates are assumed in accordance with the sinking fund schedule of each respective bond series resolution.

Special Needs Indenture Capital Reserve Fund (in 000's)

The Special Needs Indenture Capital Reserve Fund is established pursuant to the Act and the Special Needs Indenture and is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments and interest maturing and becoming due in the next succeeding calendar year ($4,591 at December 31, 2013 and $4,582 at December 31, 2012) on all bonds of the Authority then outstanding under the Special Needs Indenture. Further, the Authority may not issue additional bonds under the Special Needs Indenture unless the amount in the Special Needs Indenture Capital Reserve Fund is at least equal to the maximum amount of principal, sinking fund installments and interest maturing and becoming due in any succeeding calendar year ($4,591 at December 31, 2013 and $4,591 at December 31, 2012) on all bonds of the Authority then outstanding under the Special Needs Indenture. For purposes of satisfying these requirements, the Act and the Special Needs Indenture require that investments of the Special Needs Indenture Capital Reserve Fund be valued at amortized cost or such other method as determined by the Authority to be reasonable and in the best interest of the bondholders, provided such other method is approved by the trustee and any applicable bond insurer.

Restricted funds of the Bond Resolution and Special Needs Indenture Capital Reserve Funds consisted of the following:

	December 31,					
	2013			2012		
	Bond Resolution	Special Needs Indenture	Total	Bond Resolution	Special Needs Indenture	Total
Investments in securities	$ 541,377	$ 5,544	$ 546,921	$ 683,423	$ 5,689	$ 689,112
Accrued interest receivable	1,641	8	1,649	2,015	8	2,023
Total Capital Reserve Funds	$ 543,018	$ 5,552	$ 548,570	$ 685,438	$ 5,697	$ 691,135
Restricted Current Assets						
Investments in securities	$ 22,477	$ 4,119	$ 26,596	$ 90,884	$ 4,101	$ 94,985
Accrued interest receivable	1,641	8	1,649	2,015	8	2,023
Total Restricted Current Assets	24,118	4,127	28,245	92,899	4,109	97,008
Restricted Noncurrent Assets						
Investments in securities	518,900	1,425	520,325	592,539	1,588	594,127
Total Restricted Noncurrent Assets	518,900	1,425	520,325	592,539	1,588	594,127
Total Capital Reserve Funds	$ 543,018	$ 5,552	$ 548,570	$ 685,438	$ 5,697	$ 691,135

Special Needs Housing Renewal and Replacement Funds

The Special Needs Housing Renewal and Replacement Funds are established pursuant to the Act and the Special Needs Indenture to provide funding for capital repairs and replacements exceeding $2,500 for group homes, assisted living facilities and supportive housing facilities financed with the proceeds of bonds issued under the Special Needs Indenture. At December 31, 2013 and 2012, the carrying amount of restricted funds of the Special Needs Housing Renewal and Replacement Funds consisted of the following (in 000's):

	December 31,	
	2013	2012
Cash and cash equivalents	$ 54	$ 20
Investments in securities	6,625	6,085
Accrued interest receivable	1	1
Total Special Needs Housing Renewal and Replacement Funds	$ 6,680	$ 6,106

Note 4—Mortgage Loans Receivable

The Authority grants single family and multifamily loans to borrowers located in Connecticut. All such loans are collateralized by real estate located in Connecticut. The majority of the Authority's loan portfolio is comprised of residential mortgages.

The Authority has entered into agreements with various banks and other financial institutions for the servicing of the majority of its home mortgage loan portfolio. As of December 31, 2013 and 2012, 47% and 51% respectively, of this portfolio was serviced by one financial institution.

Mortgage loans consisted of the following (in 000's):

	December 31, 2013	December 31, 2012
Home mortgage loans		
Insured by the Federal Housing Administration or guaranteed by the Veterans Administration	$ 1,732,911	$ 1,858,492
Insured by private mortgage insurance companies	196,396	223,260
Uninsured reverse annuity mortgage loans	4,562	5,648
Uninsured, State of Connecticut supported EMAP loans	42,626	24,335
Uninsured, not guaranteed	495,667	478,451
Total home mortgage loans	2,472,162	2,590,186
Multifamily mortgage loans		
Completed developments:		
Insured by the Federal Housing Administration or guaranteed by private insurer	19,285	19,910
Partially insured by the Federal Housing Administration	42,386	43,087
Uninsured, federally subsidized	99,055	72,599
Uninsured, State of Connecticut subsidized special needs housing mortgage loans	57,585	58,854
Uninsured, unsubsidized, not guaranteed	952,694	791,414
Total completed developments	1,171,005	985,864
Construction mortgage loans:		
Uninsured, unsubsidized	132,678	262,215
Total construction mortgage loans	132,678	262,215
Total multifamily mortgage loans	1,303,683	1,248,079
Less allowance for losses	(357,618)	(346,388)
Total investments in mortgage loans	$ 3,418,227	$ 3,491,877
Restricted current assets	$ 98,455	$ 100,433
Restricted noncurrent assets	3,319,772	3,391,444
Total mortgage loans receivable	$ 3,418,227	$ 3,491,877

The Federal Housing Administration ("FHA") home mortgage program insures the repayment of the unpaid principal amount of the mortgages. The insurance proceeds are usually paid in cash, but, under certain programs, payments may be in the form of twenty-year debentures which may have an interest rate less than that of the insured mortgage. The Veterans Administration ("VA") mortgage program guarantees from 25% to 50% of the original principal amount of the mortgage up to a maximum guaranty amount of $36,000 for loans up to $144,000. For certain loans in excess of $144,000, the maximum is equal to 25% of the Freddie Mac conforming loan limit determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a single family residence, as adjusted for the year involved. For guarantees issued prior to February 1, 1988, the VA guarantees the lesser of up to 60% of the original principal amount of the mortgage or $27,500 ($25,000 in the case of guarantees issued prior to October 1, 1980, $17,500 prior to October 1, 1978 and $12,500 prior to December 31, 1974).

The Authority has entered into a risk-sharing agreement with the U.S. Department of Housing and Urban Development ("HUD") whereby HUD will provide partial mortgage insurance on affordable multifamily housing projects processed by the Authority. The risk of loss to the Authority varies from 10% to 50% or more depending on the level of participation by HUD.

Through the issuance of bonds under the Special Needs Indenture and/or amounts received from the State of Connecticut, the Authority has made special needs housing mortgage loans to (i) finance community based residential facilities for persons with intellectual disabilities ("Group Home"), (ii) finance projects for assisted living communities for residents who need help with one or more activities of daily living ("Assisted Living Facility"), (iii) finance residential facility housing for up to one or more persons or families that are homeless or at risk of homelessness ("Supportive Housing Facility") and (iv) provide financial assistance to homeowners at risk of foreclosure ("EMAP Loan"). Mortgage loan repayments for the Group Home, Assisted Living Facility and Supportive Housing Facility (collectively the "Special Needs Housing Loans") which require regularly scheduled payments are made through subsidies received from the State of Connecticut. For Special Needs Housing Loans that do not require regularly scheduled payments, the debt service on the bonds is paid by the State of Connecticut. EMAP Loan repayments are made by the homeowner in accordance with the provisions of Connecticut General Statutes § 8-265bb through 8-265kk. These repayments are to be used solely for the benefit of the EMAP program. Debt service on bonds issued under the Special Needs Indenture for the purpose of financing EMAP Loans is paid by the State of Connecticut.

Permanent loans earn interest at rates ranging from 0% to 13.125% and have initial terms of 2 to 50 years at December 31, 2013 and 2012.

Construction loans earn interest at rates ranging from 0% to 9.00% at December 31, 2013 and 2012. Upon completion of each development, the related permanent mortgage loan will typically be provided by the Authority and will generally be payable over 30 to 50 years with interest rates ranging from 0% to 6.25% at December 31, 2013 and 2012.

Note 5—Real Estate Owned and Other Real Estate Owned

Real Estate Owned (in 000's)

	December 31,					
	2013			2012		
	Single Family	Multifamily	Total	Single Family	Multifamily	Total
Real estate owned	$ 41,220	$ 3,000	$ 44,220	$ 31,388	$ 2,300	$ 33,688
Allowance for losses	(3,135)	–	(3,135)	(2,124)	–	(2,124)
Real estate owned - carrying amount	$ 38,085	$ 3,000	$ 41,085	$ 29,264	$ 2,300	$ 31,564

With respect to real estate owned – single family, since such assets are at least partially insured or guaranteed by outside parties, it is anticipated that the Authority will recover substantially all of the balance of these assets through such insurance and from proceeds from the sale of the underlying properties.

With respect to real estate owned – multifamily, the Authority is holding such assets for subsequent sale in a manner that will allow the maximization of value. As of December 31, 2013, three properties were classified as real estate owned-multifamily. As of December 31, 2012, one property was classified as real estate owned – multifamily. The only real estate owned – multifamily property at December 31, 2012 was marketed and a purchaser has been identified. Completion of the sale is pending resolution of title matters. The two additional real estate owned-multifamily properties that were acquired in 2013 are currently being marketed.

Other Real Estate Owned

During 2003, the Authority's component unit, Trumbull Centre – CHFA, Inc., acquired a ninety percent interest in a Hartford, Connecticut, real estate development project known as Trumbull on the Park. Trumbull Centre – CHFA, Inc., also acquired a ninety percent interest in property adjacent to the Trumbull project, known as 111 Pearl Street. On January 30, 2008, one of the limited partners withdrew and its interest was proportionately reallocated between the remaining limited partners resulting in Trumbull Centre – CHFA, Inc. holding a 94.74% interest in both Trumbull on the Park and 111 Pearl Street. In 2010, a minority interest owner failed to make a required capital contribution. This resulted in an increase in Trumbull Centre – CHFA, Inc's interest holding to 95.27%. As of December 31, 2013 and 2012, assets were $11,248,000 and $11,539,000, respectively, on the Trumbull project and $900,000 and $891,000, respectively, on the Pearl Street property. Minority interests in Trumbull on the Park and 111 Pearl Street were $4,554,000 and ($78,000), respectively, at December 31, 2013 and $4,409,000 and ($78,000), respectively, at December 31, 2012. The Trumbull project is financed by a $23,204,000 HUD-insured mortgage and capital contributions. This mortgage has an interest rate of 6.50%, a 40-year repayment term and an outstanding balance at December 31, 2013 and 2012 of $22,086,000 and $22,098,000, respectively. The Authority, through Trumbull Centre – CHFA, Inc., also provided financing to the Trumbull project with loans in the aggregate amount of $10,176,000 at December 31, 2013 and $9,644,000 at 2012, and approved additional financing of $584,000 in January 2014. Interest accrues on these aggregate loans at 6.50% with payment of principal and interest deferred until maturity which originally was December 31, 2008. The most recent modification to the loan agreement was executed in January 2014 and resulted in the extension of the maturity date to December 31, 2014. The aggregate outstanding balance at December 31, 2013 and 2012 was $10,176,000 and $9,644,000, respectively. Financing was provided by the Authority to the Pearl Street property in the aggregate original amount of $1,320,000 as of December 31, 2008, and by capital contributions. Interest accrues on the Authority's financing at 5.50%, with payment of principal and interest deferred until sale, assignment, transfer, refinancing or maturity which was originally January 31, 2008. Several subsequent modifications, the most recent one being executed in January 2014, extended the maturity date to December 31, 2014. In January 2014, January 2013, December 2011, October 2011, December 2010 and February 2009 the Authority approved additional financing of $68,000, $80,000, $136,000, $40,000, $119,000 and $150,000 respectively. The aggregate outstanding balance at December 31, 2013 and 2012, was $1,845,000 and $1,765,000, respectively. The Trumbull project is fully operational. Final closing of the HUD-insured construction loan to a permanent loan took place on January 30, 2008. As discussed in Note 15 – Subsequent Events, Trumbull Centre, CHFA, Inc. sold its membership interest in Trumbull on the Pack, LLC on March 28, 2014.

Note 6—Capital Assets

Capital asset activity for the years ended December 31, 2013 and 2012, is as follows (in 000's):

	Balance, January 1, 2013	Additions/ (Deletions)	Balance, December 31, 2013
Capital Assets:			
Land	$ 851	$ –	$ 851
Building	2,851	–	2,851
Improvements	2,038	–	2,038
	5,740	–	5,740
Less accumulated depreciation	(2,464)	(202)	(2,666)
Capital Assets, net	$ 3,276	$ (202)	$ 3,074

	Balance, January 1, 2012	Additions/ (Deletions)	Balance, December 31, 2012
Capital Assets:			
Land	$ 851	$ –	$ 851
Building	2,851	–	2,851
Improvements	2,038	–	2,038
	5,740	–	5,740
Less accumulated depreciation	(2,262)	(202)	(2,464)
Capital Assets, net	$ 3,478	$ (202)	$ 3,276

Note 7—Bonds Payable

The Act authorizes the Authority to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Authority will be necessary to provide sufficient funds for carrying out its purposes. The State legislature enacted legislation that provides the authority to enter into agreements to reduce the rate of borrowing and moderate the effect of bond interest rate fluctuations through the use of contracts commonly known as interest rate swap agreements and similar type contracts. The Authority's obligations are not debt of the State of Connecticut, and the State is not liable thereon.

The Authority has entered into liquidity agreements with various providers for all variable rate demand bonds, which assure that any bonds purchased by the liquidity provider can be refinanced on a long-term basis.

Bond Resolution

Housing Mortgage Finance Program Bonds issued under the Bond Resolution bear interest at rates ranging from 0.17% to 9.36% at December 31, 2013 and 0.10% to 9.36% at December 31, 2012, are subject to certain redemption provisions and mature in years through 2055 at December 31, 2013 and 2012.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Bond Resolution: (1) the proceeds derived from the sale of bonds issued under the Bond Resolution, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed, or deemed to have been financed from the Housing Mortgage General Fund, and (3) all monies and securities of the Housing Mortgage General Fund and the Bond Resolution Capital Reserve Fund.

Special Needs Indenture

Special Needs Housing Mortgage Finance Program Bonds issued under the Special Needs Indenture bear interest at rates ranging from 1.00% to 5.25% at December 31, 2013 and 2012, are subject to certain redemption provisions and mature in years through 2045 at December 31, 2013 and 2012.

The following assets of the Authority are pledged for the payment of bond principal and interest under the Special Needs Indenture: (1) the proceeds derived from the sale of bonds issued under the Special Needs Indenture, (2) all mortgage repayments with respect to Special Needs Housing mortgages financed from the Special Needs Housing Fund, and (3) all monies and securities of the Special Needs Housing Fund, the State Assistance Agreement Fund, the EMAP State Assistance Agreement Fund and the Special Needs Housing Capital Reserve Fund.

SFSOB Resolution, MFSOB Resolution, Single Family Other Bond Resolution and Multifamily Other Bond Resolution

In October 2009, the U.S. Department of Treasury (the "Treasury"), the Federal Housing Finance Agency and Fannie Mae and Freddie Mac (the "GSEs") announced the Federal New Issue Bond Program (the "Federal NIBP") authorized by the Housing Economic Recovery Act of 2008. The Federal NIBP allowed the GSEs to purchase bonds from housing finance agencies (the "HFAs") and package them into GSE-guaranteed securities for delivery to and purchase by the Treasury. These HFA bonds were to be issued to finance single family or multifamily mortgage loans. If issued to finance single family loans, the HFA bonds were not to exceed 60% of the bond issue. The HFA bonds were required to be issued at fixed rates to maturity or monthly rate reset bonds that were to convert to rates fixed to maturity in calendar year 2010. In September 2010, the Treasury announced an extension to the end of this conversion period to December 31, 2011. The fixed interest rates were expected to be lower than prevailing interest rates available through a public bond offering. Pursuant to this program and based on an allocation for GSE purchase received from the Treasury, the Authority issued $191,720,000 in Single Family Special Obligation Bonds under the SFSOB Resolution and $27,610,000 in Multifamily Special Obligation Bonds under the MFSOB Resolution (collectively, the "NIBP Escrow Bonds") on December 30, 2009 that settled on January 12, 2010. The proceeds of the NIBP Escrow Bonds were held in escrow pending the issuance by the Authority of additional taxable or tax-exempt bonds (the "NIBP Market Bonds"). As of December 31, 2011, all NIBP Escrow Bonds had been converted to long-term fixed rates of interest.

Bonds issued under the SFSOB Resolution and the MFSOB Resolution are special obligations of the Authority payable solely from and secured by assets pledged under the (i) SFSOB Resolution for Single Family Special Obligation Bonds, and (ii) MFSOB Resolution for Multifamily Special Obligation Bonds.

In connection with the Federal NIBP, the Authority has also authorized the Single Family Other Bond Resolution and the Multifamily Other Bond Resolution ("Other Bond Resolutions") to issue bonds ("Other Bonds") secured by the Bond Resolution Capital Reserve Fund under the Bond Resolution. Proceeds of the Other Bonds, the NIBP Escrow Bonds and the NIBP Market Bonds are intended to be used to (i) participate in the purchase or making of single-family or multifamily mortgage loans under the Authority's Housing Mortgage Finance Program, (ii) fund reserves and (iii) pay related bond costs. Bonds issued under the Other Bond Resolutions are general obligations of the Authority.

Bonds payable as of December 31, 2013 and 2012 were as follows (in 000's):

Housing Mortgage Finance Program Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
1989 Series D	1993-2024	Variable	$ 23,035	$ 24,340	$ 1,410
1993 Series D	2006-2027	5.50 - 9.358	8,420	8,700	307
1998 Series D (4)	2020-2025	Variable	25,000	25,000	–
1999 Series A (3)	2014-2018	Variable	40,000	40,000	10,600
2001 Series D (5)	2012-2027	Variable	23,010	24,035	1,085
2002 Series E (1,2)	2005-2045	2.10 - 5.85	–	8,345	–
2003 Series E (4)	2019-2033	Variable	4,370	13,375	–
2003 Series G (1,2,4)	2013-2034	1.55 - 4.95/Variable	17,420	79,420	–
2004 Series A (3,4)	2017-2035	Variable	24,550	52,675	–
2004 Series B (3,5)	2005-2034	2.43 - 4.98/Variable	4,870	60,920	595
2004 Series C	2005-2021	1.75 - 4.75	–	880	–
2004 Series D (2,3,5)	2005-2027	1.8 - 4.53/Variable	620	97,630	620
2005 Series A (1,2,3)	2005-2034	2.10 - 4.75	29,645	70,010	565
2005 Series B (1,3)	2007-2035	2.90 - 4.76	30,235	72,750	–
2005 Series C (1,2)	2006-2035	2.16 - 5.29	20,580	20,770	215
2005 Series D (2,4)	2016-2036	4.65 - 5.00/Variable	53,045	105,215	13,915
2005 Series E (3,4)	2007-2034	4.63 - 5.07/Variable	5,140	26,975	5,140
2005 Series F	2029-2035	4.90	18,590	34,730	–
2006 Series A (1)	2007-2036	3.30 - 4.875	12,455	35,925	–
2006 Series B (1,2)	2008-2034	Variable	44,830	135,160	21,360
2006 Series C	2016-2035	5.38%	3,800	3,800	–
2006 Series D	2007-2035	3.40 - 4.70	32,170	33,285	1,185
2006 Series E	2007-2029	3.80 - 4.95	17,105	18,165	650
2006 Series F (1,3)	2007-2016	3.80 - 5.83	5,070	39,140	2,770
2006 Series G (1,2,3,4)	2007-2037	3.55 - 5.31	35,985	69,870	–
2007 Series A (1,5)	2013-2038	4.00 - 4.95	25,855	31,995	–
2007 Series B (1,4)	2021-2034	3.55 - 4.65	10,560	33,745	–
2007 Series C	2010-2049	5.15	875	880	5
2008 Series A (1)	2009-2015	2.00 - 4.00	4,475	136,225	–
2008 Series B (1,2,3)	2009-2034	2.00 - 5.41	104,965	219,925	3,915
2008 Series C (3)	2009-2018	3.86 - 6.16	2,275	4,755	520
2008 Series D	2009-2038	2.875 - 6.625	7,480	7,585	115
2008 Series E	2021-2039	Variable	140,045	140,045	–
2008 Series F(2,3)	2009-2018	2.10 - 6.02	3,825	19,135	1,710
2008 Series G	2011-2038	3.40 - 6.00	7,940	12,235	60
2009 Series A (1,2)	2020-2039	Variable	180,000	180,000	80,000
2009 Series B (1,2)	2010-2029	0.70 - 4.875	41,085	72,115	2,620
2009 Series C (1,2)	2010-2039	0.30 - 4.95/Variable	51,015	75,355	16,345
2009 Series D	2010-2039	5.071 - 6.274	59,355	59,735	405
2009 Series F	2011-2039	0.40 - 4.65	3,890	3,940	45
2010 Series A (1,2,3,5)	2010-2039	0.25 - 4.80/Variable	133,215	158,215	835
2010 Series B	2010-2017	0.25 - 2.95	850	1,025	190
2010 Series C	2025-2030	Index	35,000	35,000	–

Housing Mortgage Finance Program Bonds (continued)

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
2010 Series D (1,2,3)	2011-2031	0.673 - 5.00	$ 21,200	$ 76,895	$ 1,025
2010 Series E (1,2)	2011-2052	0.70 - 5.25	42,375	43,450	1,130
2010 Series F	2016-2035	Variable	–	15,945	–
2010 Series G	2013-2031	0.20 – 3.05	21,330	22,045	750
2011 Series A	2012-2041	Variable	–	40,080	-
2011 Series B (1,2)	2011-2041	0.30 - 5.00	41,520	57,155	3,790
2011 Series C (1,2)	2018-2035	Variable	100,000	100,000	–
2011 Series D	2012-2033	Variable	–	73,385	–
2011 Series E (1,2,3,4)	2012-2041	0.30 - 4.625/Variable	105,915	111,720	76,390
2011 Series F (1,2,3)	2012-2053	0.25 - 5.00	50,145	66,805	390
2012 Series A	2012-2032	0.17 - 3.55	152,610	163,220	11,035
2012 Series B (1,2,3)	2013-2043	0.60 - 4.40	48,605	52,375	2,095
2012 Series C (1,2)	2017-2038	2.00 - 3.875	176,990	176,990	–
2012 Series D (1,2,3)	2013-2042	0.22 - 4.15/Variable	166,965	199,930	23,720
2012 Series E	2022-2035	3.70 - 4.30	11,070	11,070	–
2012 Series F (1,2)	2013-2042	0.25 - 3.40	141,940	145,270	3,365
2012 Series G	2013-2055	0.25 - 4.00	79,484	79,854	570
2013 Series A	2013-2041	Index	305,490	–	5,285
2013 Series B (1,2,3,4)	2014-2033	0.45 - 4.00	175,385	–	4,650
2013 Series B (5,6)	2021-2034	Variable	56,100	–	-
2013 Series C (1,2,3,4)	2014-2046	Index	40,000	–	205
2013 Series D (1,2)	2015-2053	0.65	5,300	–	-
			3,035,074	3,729,214	301,582
Plus unamortized bond premium			7,233	1,935	
Total Housing Mortgage Finance Bonds			**3,042,307**	**3,731,149**	

Special Needs Housing Mortgage Finance Program Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
Series SNH-1	2013-2032	5.00	7,260	7,485	240
Series SNH-2	2013-2042	5.10 - 5.25	12,055	12,235	190
Series SNH-4	2006-2035	3.00 - 4.70	3,950	4,055	110
Series SNH-5	2006-2045	3.00 - 4.80	3,985	4,040	60
Series SNH-6	2006-2045	3.00 - 4.90	1,625	1,645	25
Series SNH-8	2008-2037	4.00 - 4.875	7,255	7,425	175
Series 13	2012-2040	2.00 - 5.00	12,140	12,400	330
Series 16	2011-2030	1.00 - 5.00	13,550	14,295	710
			61,820	63,580	1,840
Plus unamortized bond premium			626	701	
Total Special Needs Housing Mortgage Finance Program Special Obligation Bonds			**62,446**	**64,281**	

Single Family Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
Series 2009-1	2019-2035	3.01	$ 46,770	$ 47,180	$ -
Series 2009-2	2035-2041	3.01	52,130	52,590	-
Series 2009-3	2019-2038	2.32	72,850	75,870	-
Series 2009-4	2038-2041	2.32	14,470	15,070	-
Series 2010-1	2011-2030	0.40 - 4.25	59,400	62,190	2,930
Series 2011-1	2012-2017	0.25 - 2.375	12,275	15,755	3,630
Series 2011-2	2017-2026	2.375 - 4.50	39,410	41,585	–
Series 2011-3	2012-2031	4.50	35,820	41,680	1,585
			333,125	351,920	8,145
Plus unamortized bond premium			2,952	3,594	
Total Single Family Special Obligation Bonds			**336,077**	**355,514**	

Multifamily Special Obligation Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
Series 2009-1	2012-2051	2.32	26,730	27,150	410
Total Multifamily Special Obligation Bonds			**26,730**	**27,150**	**410**

Housing Mortgage Finance Program Bonds (Single Family) Other Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
2010 Series A	2042-2045	5.00	6,990	6,653	–
2011 Series A	2042-2046	4.625	7,697	7,353	–
Total Housing Mortgage Finance Program Bonds (Single Family) Other Bonds			**14,687**	**14,006**	–

Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds

	Maturity Dates	Interest Rate Range %	Outstanding Amount December 31 2013	Outstanding Amount December 31 2012	Amount Due Within 1 Year
2011 Series A	2052-2055	4.75	767	732	-
2013 Series A	2013-2053	5.50/Variable	26,149	–	191
Total Housing Mortgage Finance Program Bonds (Multifamily) Other Bonds			**26,916**	**732**	**191**
Total Bonds Payable, net			**$ 3,509,163**	**$ 4,192,832**	**$ 312,168**

The amounts due within one year in the above table include the total outstanding balance of variable rate demand bond obligations where the standby bond purchase agreements expire within 1 year of the balance sheet date, although the actual maturities extend well beyond. The value of these obligations as of December 31, 2013 is $206,850,000. It is the intention of the Authority to renew these agreements prior to expiration.

The Authority has also issued conduit debt obligations. As of December 31, 2013, one series totaling $11,823,000 of Multifamily Housing Revenue Bonds, one series totaling $21,165,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $26,500,000 of Variable Rate Demand Housing Revenue Bonds and five series totaling $95,430,000 of State-Supported Special Obligation Bonds were outstanding. As of December 31, 2012, one series totaling $12,121,000 of Multifamily Housing Revenue Bonds, one series totaling $22,200,000 of Special Needs Housing Mortgage Finance Program Special Obligation Bonds, two series totaling $27,180,000 of Variable Rate Demand Housing Revenue Bonds and five series totaling $99,485,000 of State-Supported Special Obligation Bonds were outstanding. The issuance of these obligations does not create or imply any indebtedness on the part of the Authority. Each issue requires that the funds related to such issue be held by a trustee for the bondholders; therefore, such funds are not under the control of the Authority, and, accordingly, the Authority's financial statements do not reflect the balances or operating results of the various trust accounts.

The following tables provide a summary of debt service requirements and net swap payments for the next five years and in five-year increments thereafter (in 000's). The interest calculations are based on the variable rates in effect on December 31, 2013 and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments will vary.

	Bond Resolution							
	Fixed		Variable Including Swapped			Total Bond Resolution		
Year Ending December 31,	Principal	Interest	Principal	Interest	Interest Rate Swaps, Net	Principal	Interest	Total
2014	$ 75,857	$ 66,839	$ 18,875	$ 3,247	$ 35,534	$ 94,732	$ 105,620	$ 200,352
2015	90,352	65,234	10,340	3,361	33,195	100,692	101,790	202,482
2016	76,800	63,636	14,695	3,322	31,145	91,495	98.103	189,598
2017	75,901	62,089	18,120	3,255	28,393	94,021	93,737	187,758
2018	70,811	60,499	24,655	3,210	25,145	95,466	88,854	184,320
2019-2023	383,201	269,368	142,125	15,283	105,946	525,326	390,597	915,923
2024-2028	347,682	208,110	235,795	11,995	69,713	583,477	289,818	873,295
2029-2033	424,010	140,460	269,640	6,801	29,558	693,650	176,819	870,469
2034-2038	259,410	52,625	242,950	3,090	3,957	502,360	59,672	562,032
2039-2043	87,430	15,252	111,480	502	–	198,910	15,754	214,664
2044-2048	36,340	6,448	–	–	–	36,340	6,448	42,788
2049-2053	16,935	2,132	–	–	–	16,935	2,132	19,067
2054-2055	1,670	62	–	–	–	1,670	62	1,732
Total	$ 1,946,399	$ 1,012,754	$ 1,088,675	$ 54,066	$ 362,586	$ 3,035,074	$ 1,429,406	$ 4,464,480

	Special Needs Indenture		SFSOB Resolution	
	Fixed Unswapped		Fixed Unswapped	
Year Ending December 31,	Principal	Interest	Principal	Interest
2014	$ 1,840	$ 2,753	$ 8,145	$ 10,184
2015	1,900	2,688	8,460	10,020
2016	1,955	2,619	8,800	9,822
2017	2,040	2,544	9,160	9,590
2018	2,120	2,469	9,560	9,325
2019-2023	11,885	10,994	53,765	41,493
2024-2028	13,730	8,033	63,495	30,651
2029-2033	11,475	4,979	71,690	19,259
2034-2038	8,805	2,586	63,460	10,002
2039-2043	5,420	701	36,590	1,523
2044-2046	650	32	–	–
Total	$ 61,820	$ 40,398	$ 333,125	$ 151,869

	MFSOB Resolution		Other Bond Resolutions		
	Fixed Unswapped		Fixed Unswapped		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2014	$ 410	$ 618	$ 191	$ 1,423	$ 225,916
2015	410	609	201	1,414	228,184
2016	430	599	213	1,402	215,438
2017	450	589	225	1,390	213,746
2018	460	578	237	1,378	210,447
2019-2023	2,540	2,724	1,404	6,671	1,047,399
2024-2028	3,000	2,405	1,847	6,228	1,002,684
2029-2033	3,550	2,029	2,430	5,645	991,526
2034-2038	4,230	1,583	3,197	4,878	660,773
2039-2043	5,010	1,053	12,029	24,095	301,085
2044-2048	5,970	422	12,400	30,054	92,316
2049-2053	270	10	6,859	2,699	28,905
2054-2055	–	–	370	2,446	4,548
Total	$ 26,730	$ 13,219	$ 41,603	$ 89,723	$ 5,222,967

Objective of the Interest Rate Swaps

The Authority employs swaps to establish synthetic fixed rates for a portion of its variable rate bond obligations. The Authority's interest rate swap transactions are structured for the Authority to pay a fixed interest rate while receiving variable interest rates from the counterparties which are comparable to the rates required by the variable rate bonds. These synthetic fixed rates were lower than those available to the Authority from fixed rate obligations of comparable maturity. The proceeds of these transactions are generally used to make fixed rate mortgage loans. As the objective of the derivative instruments entered into was to hedge changes in cash flows for each bond series, they are classified as cash flow hedges.

Terms

The Authority has entered into fully amortizing interest rate swap agreements under the Bond Resolution in which the Authority owes a fixed payment to the counterparties of the swaps. In return, the counterparties owe the Authority a payment based on common indices such as The Securities Industry and Financial Markets Association Municipal Swap Index ("SIFMA"), formerly known as The Bond Market Association/PSA Municipal Swap Index ("BMA") or the London Interbank Offered Rate ("LIBOR") that is comparable to the rates required by the Authority's bonds. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in bonds payable. Only the net difference in interest payments is actually exchanged between parties. The Authority did not pay or receive any cash when the swap transactions were initiated.

The terms, fair values and credit ratings of outstanding swaps as of December 31, 2013 were as follows (in 000's):

Bond Issue	Original Notional Amount	Outstanding Notional Amount	Original Effective Date	Current Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating	Counterparty % of Total Outstanding
2013 Series A	$ 115,900	$ 51,400	09/09/98	6.0525%	100% of LIBOR	$ (5,623)	11/15/16	AAA/Aaa	
2009 Series A 2013 Series A	25,000	25,000	08/08/06	3.7770	67% of LIBOR	(2,637)	05/15/17	A/A2	
Total Counterparty 1	140,900	76,400				(8,260)			9.52%
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	20,000	20,000	06/05/02	4.3520	67% of LIBOR	(4,490)	05/15/33		
2013 Series A	25,000	25,000	06/05/02	5.7400	167% of LIBOR minus SIFMA	(8,808)	05/15/33		
Total Counterparty 2	45,000	45,000				(13,298)		A/A3	5.61%
1999 Series A Subseries A-3	40,000	40,000	04/07/98	6.2460	LIBOR minus 5 basis points	(6,064)	11/15/18		
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	20,000	19,370	03/07/01	4.1200	67% of LIBOR	(3,353)	05/15/32		
2013 Series A	25,000	25,000	03/07/01	5.4750	167% of LIBOR minus SIFMA	(7,252)	05/15/32		
2011 Series C Subseries C-2 /2011 Series E Subseries E-3	45,000	45,000	08/01/02	3.9810	67% of LIBOR	(8,350)	05/15/33		
2013 Series A	174,305	39,200	11/15/02	4.2300	67% of LIBOR	(4,023)	11/15/17		
2013 Series A	8,380	8,380	09/13/05	3.6130	67% of LIBOR	(491)	05/15/28		
2005 Series E Subseries E-4	4,180	4,180	12/07/05	3.8990	67% of LIBOR	(260)	11/15/34		
Total Counterparty 3	316,865	181,130				(29,793)		AAA/Aa2	22.58%
2013 Series A	48,565	21,065	11/15/95	6.0900	67% of LIBOR	(2,930)	05/15/18		
2008 Series E/ 2009 Series A	40,000	40,000	06/15/05	3.5380	67% of LIBOR	(1,733)	11/15/35		
Total Counterparty 4	88,565	61,065				(4,663)		A/A2	7.61%
2010 Series A Subseries A-5	20,000	15,000	07/01/98	4.8700	SIFMA	(2,401)	11/15/28	AAA/Aaa	
1998 Series D Subseries D-4	25,000	25,000	07/01/98	6.3200	100% of LIBOR	(7,223)	11/15/25	A-/Baa	
2011 Series C Subseries C-1 /2011 Series C Subseries C-2	17,000	17,000	07/11/01	4.3100	67% of LIBOR	(3,894)	05/15/32	AAA/Aaa	
2013 Series A	25,000	23,010	07/11/01	5.8200	167% of LIBOR minus SIFMA	(5,739)	11/15/27	A-/Baa	
Total Counterparty 5	87,000	80,010				(19,257)			9.97%

Outstanding Swaps at December 31, 2013 (continued)

Bond Issue	Original Notional Amount	Outstanding Notional Amount	Original Effective Date	Current Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Termination Date	Counterparty Credit Rating	Counterparty % of Total Outstanding
2012 Series D Subseries D-3	$ 40,000	$ 40,000	12/20/01	4.0900	67% of LIBOR	$ (8,232)	05/15/33		
2001Series D Subseries D-5	25,000	23,010	12/20/01	5.3600	167% of LIBOR minus SIFMA	(4,822)	11/15/27		
2005 Series D Subseries D-4	13,915	13,915	09/13/05	3.5460	67% of LIBOR	(1,252)	11/15/34		
Total Counterparty 6	78,915	76,925				(14,306)		A/A2	9.59%
2009 Series A	11,750	11,750	12/07/05	3.8700	67% of LIBOR	(728)	11/15/35		
Total Counterparty 7	11,750	11,750				(728)		A/A3	1.46%
2006 Series B Subseries B-1 2013 Series A	21,935	21,935	02/18/09	3.4330	67% of LIBOR	(2,861)	11/15/34		
2008 Series E/ 2009 Series A	78,065	78,065	02/18/09	3.4300	67% of LIBOR	(10,057)	11/15/38		
2008 Series E	27,550	27,550	08/15/08	3.8450	67% of LIBOR	(5,203)	11/15/33		
2009 Series A	8,925	8,925	08/15/08	3.8550	67% of LIBOR	(1,698)	11/15/33		
2009 Series A	25,000	25,000	08/15/08	3.8520	67% of LIBOR	(3,964)	11/15/28		
2009 Series A	9,855	9,855	08/15/08	3.8490	67% of LIBOR	(2,012)	11/15/38		
Total Counterparty 8	171,330	171,330				(25,795)		AAA/Aaa	21.36%
2013 Series A 2008 Series E	45,000	45,000	03/02/06	3.4175	67% of LIBOR	(5,643)	05/15/36		
2009 Series A	18,170	18,170	08/15/08	4.0370	67% of LIBOR	(2,345)	11/15/28		
2011 Series E Subseries E-3/ 2011 Series E Subseries E-4	25,000	25,000	10/04/00	5.397	SIFMA	(6,716)	11/15/31		
2009 Series A	10,500	10,500	08/15/08	4.0470	67% of LIBOR	(1,361)	11/15/28		
Total Counterparty 9	98,670	98,670				(16,065)		AA-/Aa3	12.30%
Total	$ 1,038,995	$ 802,280				$ (132,165)			100.00%

Swap Counterparties are as follows:
Counterparty 1 – Natixis Financial Products, Inc.
Counterparty 2 – Citibank, N.A.
Counterparty 3 – Goldman Sachs Mitsui Marine Derivative Products, LP
Counterparty 4 – J.P. Morgan Chase Bank, N.A.
Counterparty 5 – Merrill Lynch Capital Services, Inc.
Counterparty 6 – UBS Investment Bank
Counterparty 7 – Bank of America, N.A.
Counterparty 8 – DEPFA Bank PLC
Counterparty 9 – Wells Fargo Bank, N.A.

Fair Value

The Authority’s swap portfolio had an aggregate negative fair value as of December 31, 2013. The fair value was 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 yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risk

At December 31, 2013, the Authority was not exposed to any counterparties’ credit risk because the fair value of all swaps was negative. Credit exposure arises when the fair value of a swap is positive due to the obligation of the counterparty to make payment to the Authority in the event of termination.

Basis Risk

Basis risk is the risk that there may be a difference between the floating rate component of the swap, which is based on indices that consist of taxable or tax-exempt market-wide averages, and the rate on the Authority's variable rate bonds, which is based on that specific bond issue.

Termination Risk

Counterparties to the Authority's interest rate swap agreements have default termination rights that may require settlement payments by the Authority or by the counterparty based on the fair value of the swap at the date of termination. As of December 31, 2013, no termination events requiring settlement payments have occurred.

Rollover Risk

The Authority's interest rate swap agreements have limited rollover risk because the swap agreements contain scheduled reductions to outstanding notional amounts which are expected to follow scheduled and anticipated reductions in the associated bonds payable. As of January 1, 2013, eight of the Authority's outstanding interest rate swap agreements provided the Authority with full or partial termination rights requiring no settlement payments to accommodate unexpected faster paydowns of the associated bonds as a result of higher repayment of home mortgage loans. The Authority exercised this option on $10,000,000 notional amount of swaps during 2013. Seven interest rate swap agreements with these par termination rights remain in the Authority's interest rate swap portfolio as of December 31, 2013.

Contingencies

Fourteen of the Authority's thirty-one interest rate swap agreements (Outstanding Notional Amount $375,555,000, Fair Value ($51,480,000)) at December 31, 2013, require the Authority to post collateral in the event that the fair value of the interest rate swap falls below specific declining thresholds based on declines in the Authority's credit rating. As of December 31, 2013, the Authority was not required to post collateral for any of its outstanding swaps.

Refunding Bonds

The Authority has issued the following refunding bonds under the Bond Resolution or the Special Needs Indenture:

Refunded Issue(s)	Refunding Issue	Cashflow Savings (Loss) Over Life of Refunding Issue	Economic Gain (Loss) Over Life of Refunding Issue
Bond Resolution:			
1985 Series E	1995 Series G	$ 18,947,000	$ 7,782,000
1984 Series C, 1985 Series A	1996 Series C Subseries C-1	8,052,000	4,411,000
1985 Series C, 1985 Series F	1996 Series C Subseries C-2	6,028,000	3,389,000
1972 Series A, 1977 Series B, 1974 Series A, 1978 Series A, 1977 Series A, 1979 Series B, 1990 Series B Subseries B-4	1998 Series E	(55,904,000)	2,399,000
1986 Series A, 1987 Series B, 1986 Series B, 1988 Series A, 1986 Series C, 1988 Series B, 1987 Series A	1998 Series F	(82,783,000)	1,987,000
1985 Series A	1999 Series D Subseries D-1	574,000	410,000
1989 Series B	2001 Series B Subseries B-2	(2,131,000)	1,077,000
1991 Series B	2002 Series E Subseries E-2	1,450,438	898,253
1991 Series C	2002 Series C Subseries C-3	(1,148,371)	5,018,012
1992 Series B	2002 Series D Subseries D-1 and D-2	24,828,953	18,666,805
1995 Series G	2002 Series D Subseries D-3	–	–
1992 Series A	2003 Series B	7,652,169	7,923,122
1993 Series A, 1993 Series G Subseries G-1	2003 Series C Subseries C-5	8,929,212	6,852,373

Issuance of Refunding Bonds at December 31, 2013 (continued)

Refunded Issue(s)	Refunding Issue	Cashflow Savings (Loss) Over Life of Refunding Issue	Economic Gain (Loss) Over Life of Refunding Issue
Bond Resolution (continued):			
1993 Series B	2003 Series C Subseries C-1	$ (14,310,005)	$ 10,733,348
1993 Series F	2003 Series D	(21,039,361)	3,553,728
1994 Series F, 1995 Series C, 1995 Series H	2006 Series C-1	2,719,283	1,916,208
1996 Series C	2006 Series D	(9,562,182)	4,025,871
1996 Series G	2006 Series E	1,515,451	2,361,875
2002 Series D	2008 Series B	(9,868,961)	(8,581,497)
1999 Series A Subseries A-1, 2001 Series B Subseries B-1	2010 Series A Subseries A-1	1,846,062	1,768,950
1998 Series E	2010 Series A Subseries A-3	10,817,612	8,296,714
1997 Series D Subseries D-3	2010 Series A Subseries A-4	268,138	264,760
1999 Series D Subseries D-1	2010 Series B	236,665	222,806
1998 Series B Subseries B-2, 1998 Series D Subseries D-2, 1998 Series G Subseries G-2, 1998 Series H Subseries H-2, 1999 Series A Subseries A-2	2010 Series D Subseries D-2	4,052,017	3,402,817
1998 Series G Subseries G-3, 1998 Series H Subseries H-3	2010 Series D Subseries D-3	1,347,715	1,213,399
1998 Series A, 1998 Series C, 1999 Series B, 1999 Series D Subseries D-2	2010 Series E Subseries E-2	5,113,646	3,344,264
2003 Series C Subseries C-1, 2003 Series D	2012 Series A	24,075,448	22,313,432
2003 Series E Subseries E-5	2012 Series B Subseries B-1	2,291,668	1,889,016
1998 Series I, 2001 Series C	2012 Series B Subseries B-2	3,362,307	2,063,509
1998 Series I, 2001 Series C, 2003 Series C Subseries C-5	2012 Series B Subseries B-3	1,403,412	1,371,277
2001 Series D Subseries D-2, 2002 Series B Subseries B-2, 2003 Series C Subseries C-4, 2003 Series E Subseries E-2	2012 Series C Subseries C-2	4,052,017	3,402,817
2001 Series D Subseries D-1, 2002 Series B Subseries B-1, 2003 Series C Subseries C-3, 2003 Series E Subseries E-1	2012 Series D Subseries D-1	4,955,715	3,505,401
1998 Series C	2012 Series E	2,560,061	1,816,714
2003 Series G Subseries G-2	2012 Series F Subseries F-2	5,325,771	8,692,238
2002 Series E Subseries E-1	2012 Series G Subseries G-2	1,993,418	1,284,012
2002 Series E Subseries E-2	2012 Series G Subseries G-3	588,295	544,017
2004 Series B Subseries B-1 2004 Series D Subseries D-1	2013 Series B Subseries B-1	111,875	80,607
2004 Series B Subseries B-2 2004 Series D Subseries D-2	2013 Series B Subseries B-3	7,754,713	5,117,990

Issuance of Refunding Bonds at December 31, 2013 (continued)

Refunded Issue(s)	Refunding Issue	Cashflow Savings (Loss) Over Life of Refunding Issue	Economic Gain (Loss) Over Life of Refunding Issue
Bond Resolution (continued):			
2004 Series C	2013 Series B Subseries B-4	$ 95,656	$ 73,784
Special Needs Indenture:			
Series GH-1, Series GH-3 Series GH-5	Series 16	3,791,962	2,820,140

In accordance with Federal law, as a result of the economic refunding of the 2002 Series D tax-exempt bonds by the 2008 Series B taxable bonds under the Bond Resolution, the Authority was entitled to issue additional tax-exempt bonds for the purpose of financing its programs (the "Additional Tax-Exempt Program Bonds"). The positive cash flow savings and economic gain on the Additional Tax-Exempt Program Bonds (determined by comparing the expected debt service on these bonds to the expected debt service on the taxable bonds that would otherwise have been issued) exceeds the negative cash flow savings and economic loss reported with respect to the refunding of the 2002 Series D bonds.

Note 8—Changes in Long-Term Liabilities

The changes in long-term liabilities for the years ended December 31, 2013 and 2012 were as follows (in 000's):

	Balance, January 1, 2013	Increases	Decreases	Balance, December 31, 2013
Bonds payable, net	$ 3,926,002	$ 610,024	$ (1,339,031)	$ 3,196,995
Derivative instruments - interest rate swaps	215,172	–	(83,007)	132,165
Long-term escrow deposits	158,425	31,095	(56,317)	133,203
	$ 4,299,599	$ 641,119	$ (1,478,355)	$ 3,462,363

	Balance, January 1, 2012	Increases	Decreases	Balance, December 31, 2012
Bonds payable, net	$ 3,950,184	$ 794,357	$ (818,539)	$ 3,926,002
Derivative instruments - interest rate swaps	232,719		(17,547)	215,172
Long-term escrow deposits	157,909	43,596	(43,080)	158,425
	$ 4,340,812	$ 837,953	$ (879,166)	$ 4,299,599

Note 9—Arbitrage Rebates

In accordance with Federal law, the Authority is required, on certain of its bond issues, to rebate to the Internal Revenue Service ("IRS") the excess of the amount actually earned on all non-mortgage investments (derived from investing the bond proceeds) over the amount that would have been earned had those investments borne a rate equal to the yield on the bond issue, plus any income attributable to such excess. As of December 31, 2013 and 2012 the Authority had no liability to the IRS. Liabilities when recognized are reported in the statements of net position as a component of "escrow deposits" and the net effect of any changes in the liability are recorded as increases or reductions of "interest on investments" in the statements of revenues, expenses and changes in net position.

Note 10—Net Position

Net position consisted of the following (in 000's):

	December 31, 2013	December 31, 2012
General and Capital Reserve Funds:		
Net investment in capital assets	$ 3,074	$ 3,276
General and Capital Reserve Funds	926,680	944,943
Other Funds:		
Housing Mortgage Insurance Fund	4,342	4,198
Single Family Special Obligation Bond and Other Bond Funds	328	(1,462)
Multifamily Special Obligation Bond and Other Bond Funds	613	171
Special Needs Housing Funds	10,725	9,466
Component Units:		
CHFA – Small Properties, Inc.	298	123
Trumbull Centre – CHFA, Inc.	(31,726)	(30,075)
	$ 914,334	$ 930,640

Note 11—Pension Plan

Eligible employees of the Authority participate in the Connecticut State Employees' Retirement System ("SERS") which is administered by the State Employees' Retirement Commission. The Authority has no liability for pension costs other than the annual contribution as determined by SERS. An actuarial study was performed on the Plan as a whole. Information about the total Plan funding status and progress, contributions required and trend information can be found in the State of Connecticut's Comprehensive Annual Financial Report.

Plan Description

SERS is a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS") established in 1939 and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes. Employees are covered under one of four tiers. Tier I requires an employee contribution of either 2% or 5% of salary, depending on the plan. Tier II is a noncontributory plan. Tier IIA requires an employee contribution of 2% of salary. The Authority's contribution is determined by applying a state mandated percentage to eligible salaries and wages. Members who joined the retirement system prior to July 1, 1984 are generally enrolled in Tier I. Members who joined the retirement system after July 1, 1984 are enrolled in Tier II. Employees first hired on or after July 1, 1997 are members of Tier IIA. Employees rehired on or after July 1, 1997 are also members of Tier IIA unless the application of SERS Service bridging provisions mandates their placement in either Tier I or Tier II. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in an amount of 2% of the annual average earnings (which are based on the three highest years of service). In most cases this is reduced to 1% for the first $4,800 of salary upon receipt of social security benefits. Employees at age 55 with 10 years but less than 25 years of service, or at age 70 with 5 years of service, are entitled to a reduced benefit. Tier II and Tier IIA employees who retire at or after age 63 with 25 years of service, or at age 65 with 10 years of service, or at age 70 with 5 years of service or at age 55 with 10 years of service with reduced benefits are entitled an annual retirement benefit payable monthly for life, in an amount of one and one third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eighths percent. The 2011 State Employees Bargaining Agent Coalition Agreement (Agreement) provides current Tier II and Tier IIA members who remain employed after July 1, 2022, the opportunity for a one-time irrevocable election to retain the normal retirement eligibility in place prior to the Agreement. The election would require an additional employee contribution based on their original eligible retirement date. Under the prior agreement, normal retirement eligibility was age 60 and 25 years of service or age 62 and 10 years of service. All Tier I members are vested after 10 years of service. Effective July 1, 1997, all Tier II and Tier IIA members are vested after 5 years of service. Effective July 1, 2011, a new Tier III plan was established for employees hired on or after July 1, 2011. The Tier III plan has a 10-year vesting provision and employees contribute 2% of salary. Full retirement benefits are attained at age 63 with 25 years of service, or at age 65 with 10 years of service and are payable monthly for life in an amount equal to one and one third percent of the average annual earnings plus one-half of one percent of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at one and five-eights percent. The minimum retirement age is 58 with a discounted benefit. All plans provide for death and disability benefits. The Authority's total payroll for the years ended December 31, 2013, 2012 and 2011, was $11,319,000, $10,992,000 and $10,842,000, respectively, and the payroll for employees of the Authority covered by SERS for the years ended December 31, 2013, 2012 and 2011, was $11,286,000, $10,986,000 and $10,842,000, respectively.

Contributions Made (in 000's)

Contributions Made:

	2013	2012	2011
By employees	$ 188	$ 165	$ 162
% of current year covered payroll	1.67%	1.50%	1.49%
By the Authority	$ 5,744	$ 4,697	$ 4,305
% of current year covered payroll	50.89%	42.75%	39.71%
Actual contributions as a percentage of required contributions	100%	100%	100%

Note 12—Commitments and Contingencies

The Authority is a party to financial instruments with risk in connection with its commitments to provide financing that are not included on the statement of net position. These expose the Authority to credit risk in excess of the amount recognized on the statement of net position. The Authority's exposure to credit loss in the event of nonperformance by the borrowers is represented by the contractual amount of those instruments. The Authority uses the same credit policies in making commitments and conditional obligations as it does for instruments that are included on the statement of net position. Total credit exposure is summarized below (in 000's):

	December 31,	
Mortgage Loan Commitments:	**2013**	**2012**
Home Mortgage Purchases	$ 10,991	$ 9,289
Multifamily Developments	167,277	142,424
Reverse Annuity Mortgages	522	355
	$ 178,790	$ 152,068

Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Authority evaluates each borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Authority upon extension of credit is based on management's credit evaluation of the counterparty. Collateral held is primarily residential property. Interest rates on approved mortgage loan commitments are a combination of fixed and variable. Interest rates on unadvanced portions of construction loans are a combination of fixed and variable; such loans generally mature within eighteen months.

The Authority sold its in-house serviced portfolio to Webster Bank in November 1996. A portion of that portfolio consisted of loans the Authority serviced for FNMA. Pursuant to FNMA rules, the Authority remains liable to FNMA with respect to the mortgage servicing.

Note 13—State and Federal Programs

Pursuant to Public Act No. 05-228, the Authority receives a 25% distribution of funds held in the State of Connecticut's land protection, affordable housing and historic preservation account for the purpose of supplementing new or existing affordable housing programs.

The rights of certain property owners are protected in Connecticut foreclosure actions by § 8-265cc through 8-265kk of the Connecticut General Statutes known as the Emergency Mortgage Assistance Payment ("EMAP") Program. These provisions allow homeowners the opportunity to avoid foreclosure by enabling them to obtain financial assistance from the State, acting through the Authority. A qualified homeowner may obtain funds under this program to bring a delinquent mortgage current, and may also obtain assistance with subsequent mortgage payments to a maximum period of 60 months. During 2013 and 2012, the Authority received $15,000,000 and $13,941,000, respectively, from the State of Connecticut to be used in support of the EMAP program pursuant to a memorandum of understanding between the Authority and the State of Connecticut, Office of Policy and Management. Unspent funds are held by the Authority in escrow until expended on the program. During 2011, the Authority issued $20,000,000 in conduit debt under its Special Needs Indenture in support of the EMAP Program. Debt service on these bonds is paid by the State of Connecticut.

In 2013 and 2012, the Authority received $164,000 and $181,000 respectively, in grant funds from the Neighborhood Reinvestment Corporation (dba Neighborworks America), a non-profit, public corporation chartered by the Congress of the United States for the National Foreclosure Mitigation Counseling ("NFMC") Program. These funds were made available through the 2008 Consolidated Appropriations Act and the 2008 Housing and Economic Recovery Act. In 2013, the Authority received an additional $9,000 from Neighborworks America for the Making Home Affordable Outreach and Intake ("MHA") Program. These funds were made available through the 2008 Emergency Economic Stabilization Act. Funds received from both programs are subject to the terms and conditions of the grant agreements entered into between Neighborworks America and the Authority.

In 2013 and 2012, the Authority received $0 and $405,000, respectively, in grant funds from the Department of the Treasury pursuant to § 1602 or from the Department of Housing and Urban Development pursuant to Title XII of the American Recovery and Reinvestment Act (the "ARRA") of 2009. Section 1602 of the ARRA appropriates funds for grants to States to finance construction or acquisition and rehabilitation of qualified low-income building for low-income housing in lieu of low-income housing tax credits. Title XII of the ARRA appropriates funds for grants to States to provide funds for capital investments in low-income housing tax credit projects. These grant funds were distributed by the Authority to qualified developments in the form of loans that are either forgivable over 15 years at 6.67% per year or with no interest and principal only payable at maturity.

Activity under these programs for the years ended December 31, 2013 and 2012 is summarized below (in 000's):

	December 31, 2013				
		Expenses			
	Program Funding	Administrative	Provision for losses	Total	Net
PA 05-228	$ 4,179	$ 2,571	$ –	$ 2,571	$ 1,608
EMAP	1,892	1,892	–	1,892	–
NFMC	164	191	–	191	(27)
MHA	9	8	–	8	1
ARRA	0	–	–	–	–
	$ 6,244	$ 4,662	$ –	$ 4,662	$ 1,582

	December 31, 2012				
		Expenses			
	Program Funding	Administrative	Provision for losses	Total	Net
PA 05-228	$ 3,937	$ 1,683	$ –	$ 1,683	$ 2,254
EMAP	1,096	1,096	–	1,096	–
NFMC	181	189	–	189	(8)
ARRA	405	–	405	405	–
	$ 5,619	$ 2,968	$ 405	$ 3,373	$ 2,246

Note 14—Risk Management

The Authority is subject to normal risks associated with its operations including property damage, personal injury and employee dishonesty. All risks are managed through the purchase of commercial insurance. There have been no losses and no decreases in insurance coverage over the last three years.

Note 15—Subsequent Events

On January 9, 2014 and April 17, 2014, the Authority redeemed $6,090,000 and $78,580,000 respectively, of various Series of outstanding bonds held under the Bond Resolution.

On February 26, 2014, the Authority entered into an amortizing swap for Series 2013C Bonds in the amount of $40,000,000 under the Bond Resolution.

On March 28, 2014, Trumbull Center, CHFA, Inc, a component unit of the Authority, sold its membership interest in Trumbull on the Park, LLC to an unrelated third party for the sales price of $1. The sale terms required the purchaser to assume the $22 million HUD-insured mortgage encumbering the entity at the time of sale.

On April 23, 2014, the Authority anticipates issuing Series 2014A Bonds in the amount of $100,000,000 under the Bond Resolution.

Supplementary Information

EXHIBIT I

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2013
(in 000's)

		Other Funds				Component Units			
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	Eliminations	Combined Total
Assets									
Restricted Current Assets									
Cash and cash equivalents	$ 639	$ 2	$ -	$ -	$ 67	$ -	$ -	$ -	$ 708
Mortgage loans receivable	86,022	-	10,591	490	1,352	-	-	-	98,455
Investments in securities	423,394	4,339	27,568	5,890	67,897	302	386	-	529,776
Real estate owned – multifamily	-	-	-	-	-	3,000	-	-	3,000
Other real estate owned	-	-	-	-	-	-	11,680	-	11,680
Accrued interest receivable on:									
Mortgage loans	22,626	-	1,705	209	339	-	-	-	24,879
Securities	1,941	1	3	1	18	-	-	-	1,964
Due from other funds/component units	20,862	-	-	-	-	-	-	(20,862)	-
Accounts receivable and other assets	28,569	-	129	-	692	727	81	-	30,198
Total current assets	584,053	4,342	39,996	6,590	70,365	4,029	12,147	(20,862)	700,660
Restricted Noncurrent Assets									
Mortgage loans receivable, net	2,901,097	-	310,280	52,162	56,233	-	-	-	3,319,772
Investments in securities, net	595,794	-	-	-	2,588	-	-	-	598,382
Capital assets, net	3,074	-	-	-	-	-	-	-	3,074
Real estate owned – single family	36,206	-	1,879	-	-	-	-	-	38,085
Total noncurrent assets	3,536,171	-	312,159	52,162	58,821	-	-	-	3,959,313
Total assets	4,120,224	4,342	352,155	58,752	129,186	4,029	12,147	(20,862)	4,659,973
Deferred outflows of resources									
Unamortized deferral on bond refundings	66,481	-	-	-	81	-	-	-	66,562
Accumulated decrease in fair value of hedging derivatives	59,207	-	-	-	-	-	-	-	59,207
Total deferred outflows of resources	125,688	-	-	-	81	-	-	-	125,769
Liabilities									
Current Liabilities									
Escrow deposits	21,280	-	-	757	26,922	25	2	-	48,986
Due to other funds/component units	-	-	59	408	-	3,553	16,842	(20,862)	-
Accrued interest payable	13,304	-	852	52	124	-	-	-	14,332
Accounts payable and accrued liabilities	5,529	-	152	1	695	153	685	-	7,215
Minority interests – other real estate owned	-	-	-	-	-	-	4,476	-	4,476
Loan payable – other real estate owned	-	-	-	-	-	-	21,868	-	21,868
Bonds payable	301,582	-	8,145	601	1,840	-	-	-	312,168
Total current liabilities	341,695	-	9,208	1,819	29,581	3,731	43,873	(20,862)	409,045
Noncurrent Liabilities									
Escrow deposits, net	101,573	-	-	3,275	28,355	-	-	-	133,203
Bonds payable, net	2,740,725	-	342,619	53,045	60,606	-	-	-	3,196,995
Derivative instruments - interest rate swaps	132,165	-	-	-	-	-	-	-	132,165
Total noncurrent liabilities	2,974,463	-	342,619	56,320	88,961	-	-	-	3,462,363
Total liabilities	3,316,158	-	351,827	58,139	118,542	3,731	43,873	(20,862)	3,871,408
Net Position									
Net investment in capital assets	3,074	-	-	-	-	-	-	-	3,074
Restricted by bond indentures and/or enabling legislation	926,680	4,342	328	613	10,725	298	-	-	942,986
Unrestricted deficit	-	-	-	-	-	-	(31,726)	-	(31,726)
Total net position	$ 929,754	$ 4,342	$ 328	$ 613	$ 10,725	$ 298	$ (31,726)	$ -	$ 914,334

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2012
(in 000's)

		Other Funds				Component Units				
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority	Eliminations	Combined Total *
Assets										
Restricted Current Assets										
Cash and cash equivalents	$ 492	$ -	$ -	$ -	$ 29	$ -	$ -	$ -	$ -	$ 521
Mortgage loans receivable	88,134	-	10,811	218	1,270	-	-	-	-	100,433
Investments in securities	982,941	4,197	26,160	3,970	73,608	208	400	-	-	1,091,484
Real estate owned – multifamily	-	-	-	-	-	2,300	-	-	-	2,300
Other real estate owned	-	-	-	-	-	-	11,958	-	-	11,958
Accrued interest receivable on:										
Mortgage loans	24,365	-	1,529	94	292	-	-	-	-	26,280
Securities	2,461	1	4	1	23	-	-	-	-	2,490
Due from other funds/component units	18,187	-	105	-	-	-	-	-	(18,292)	-
Accounts receivable and other assets	26,376	-	17	-	686	349	72	-	-	27,500
Total current assets	1,142,956	4,198	38,626	4,283	75,908	2,857	12,430	-	(18,292)	1,262,966
Restricted Noncurrent Assets										
Mortgage loans receivable, net	2,977,223	-	329,796	26,841	57,584	-	-	-	-	3,391,444
Investments in securities, net	683,495	-	-	-	3,120	-	-	-	-	686,615
Capital assets, net	3,276	-	-	-	-	-	-	-	-	3,276
Real estate owned – single family	28,532	-	732	-	-	-	-	-	-	29,264
Total noncurrent assets	3,692,526	-	330,528	26,841	60,704	-	-	-	-	4,110,599
Total assets	4,835,482	4,198	369,154	31,124	136,612	2,857	12,430	-	(18,292)	5,373,565
Deferred outflows of resources										
Unamortized deferral on bond refundings	15,346				93					15,439
Accumulated decrease in fair value of hedging derivatives	200,205	-	-	-	-	-	-	-	-	200,205
Total deferred outflows of resources	215,551	-	-	-	93	-	-	-	-	215,644
Liabilities										
Current Liabilities										
Escrow deposits	22,260	-	-	1,094	16,159	25	2	-	-	39,540
Due to other funds/component units	105	-	56	3	-	2,634	15,494	-	(18,292)	-
Accrued interest payable	17,468	-	895	52	127	-	-	-	-	18,542
Accounts payable and accrued liabilities	6,128	-	145	2	699	75	580	-	-	7,629
Minority interests – other real estate owned	-	-	-	-	-	-	4,331	-	-	4,331
Loan payable – other real estate owned	-	-	-	-	-	-	22,098	-	-	22,098
Bonds payable	256,615	-	8,035	420	1,760	-	-	-	-	266,830
Total current liabilities	302,576	-	9,131	1,571	18,745	2,734	42,505	-	(18,292)	358,970
Noncurrent Liabilities										
Escrow deposits, net	110,532	-	-	1,920	45,973	-	-	-	-	158,425
Bonds payable, net	3,474,534	-	361,485	27,462	62,521	-	-	-	-	3,926,002
Derivative instruments - interest rate swaps	215,172	-	-	-	-	-	-	-	-	215,172
Total noncurrent liabilities	3,800,238	-	361,485	29,382	108,494	-	-	-	-	4,299,599
Total liabilities	4,102,814	-	370,616	30,953	127,239	2,734	42,505	-	(18,292)	4,658,569
Net Position										
Net investment in capital assets	3,276	-	-	-	-	-	-	-	-	3,276
Restricted by bond indentures and/or enabling legislation	944,943	4,198	(1,462)	171	9,466	123	-	-	-	957,439
Unrestricted deficit	-	-	-	-	-	-	(30,075)	-	-	(30,075)
Total net position	$ 948,219	$ 4,198	$ (1,462)	$ 171	$ 9,466	$ 123	$ (30,075)	$ -	$ -	$ 930,640

* Restated for GASB No. 65 implementation (see Note 2).

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013
(in 000's)

		Other Funds				Component Units			
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	Eliminations	Combined Total
Operating Revenues									
Interest on mortgage loans	$ 155,433	$ -	$ 13,434	$ 1,715	$ 3,712	$ -	$ -	$ (756)	$ 173,538
Interest on investments	26,236	5	35	2	171	-	-	(1,333)	25,116
Fees and other income	5,140	139	-	-	-	339	-	-	5,618
Total operating revenues	186,809	144	13,469	1,717	3,883	339	-	(2,089)	204,272
Operating Expenses									
Interest	126,734	-	10,627	1,275	2,759	19	737	(2,089)	140,062
Bond issuance costs	3,748	-	-	-	101	-	-	-	3,849
Servicer fees	6,446	-	885	-	-	-	-	-	7,331
Administrative	32,364	-	40	-	-	145	914	-	33,463
Provision for losses	3,782	-	127	-	-	-	-	-	3,909
Total operating expenses	173,074	-	11,679	1,275	2,860	164	1,651	(2,089)	188,614
Operating income (loss)	13,735	144	1,790	442	1,023	175	(1,651)	-	15,658
Nonoperating Revenues (Expenses)									
Net decrease in the fair value of investments	(33,350)	-	-	-	(196)	-	-	-	(33,546)
State and federal program funding	6,244	-	-	-	-	-	-	-	6,244
State and federal program expenses	(4,662)	-	-	-	-	-	-	-	(4,662)
Nonoperating income (loss)	(31,768)	-	-	-	(196)	-	-	-	(31,964)
Income (loss) before transfers	(18,033)	144	1,790	442	827	175	(1,651)	-	(16,306)
Operating transfers in (out)	(432)	-	-	-	432	-	-	-	-
Change in net position	(18,465)	144	1,790	442	1,259	175	(1,651)	-	(16,306)
Net position, beginning of year	948,219	4,198	(1,462)	171	9,466	123	(30,075)	-	930,640
Net position, end of year	$ 929,754	$ 4,342	$ 328	$ 613	$ 10,725	$ 298	$ (31,726)	$ -	$ 914,334

EXHIBIT II

CONNECTICUT HOUSING FINANCE AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012
(in 000's)

		Other Funds				Component Units				
	General & Capital Reserve Funds	Housing Mortgage Insurance Fund	Single Family Special Obligation Bond and Other Bond Funds	Multifamily Special Obligation Bond and Other Bond Funds	Special Needs Housing Funds	Multifamily Real Estate Owned	Other Real Estate Owned	State Housing Authority	Eliminations	Combined Total *
Operating Revenues										
Interest on mortgage loans	$ 169,690	$ -	$ 13,551	$ 1,106	$ 3,559	$ -	$ -	$ -	$ (931)	$ 186,975
Interest on investments	33,205	6	101	3	218	-	-	-	(59)	33,474
Fees and other income	4,868	123	5	-	27	390	10	-	-	5,423
Total operating revenues	207,763	129	13,657	1,109	3,804	390	10	-	(990)	225,872
Operating Expenses										
Interest	143,135	-	10,963	585	2,814	225	706	-	(990)	157,438
Bond Issuance Costs	8,215	-	990	141	-	-	-	-	-	9,346
Servicer fees	7,186	-	862	-	-	-	-	-	-	8,048
Administrative	32,930	-	-	-	-	491	451	-	-	33,872
Provision for losses	3,583	-	81	-	-	-	-	-	-	3,664
Total operating expenses	195,049	-	12,896	726	2,814	716	1,157	-	(990)	212,368
Operating income (loss)	12,714	129	761	383	990	(326)	(1,147)	-	-	13,504
Nonoperating Revenues (Expenses)										
Net increase (decrease) in the fair value of investments	(17,782)	-	-	-	6	-	-	-	-	(17,776)
State and federal program funding	5,619	-	-	-	-	-	-	-	-	5,619
State and federal program expenses	(3,373)	-	-	-	-	-	-	-	-	(3,373)
Nonoperating income (loss)	(15,536)	-	-	-	6	-	-	-	-	(15,530)
Income (loss) before transfers	(2,822)	129	761	383	996	(326)	(1,147)	-	-	(2,026)
Operating transfers in (out)	(10,508)	-	-	-	187	10,514	-	(193)	-	-
Change in net position	(13,330)	129	761	383	1,183	10,188	(1,147)	(193)	-	(2,026)
Net position, beginning of year	961,549	4,069	(2,223)	(212)	8,283	(10,065)	(28,928)	193	-	932,666
Net position, end of year	$ 948,219	$ 4,198	$ (1,462)	$ 171	$ 9,466	$ 123	$ (30,075)	$ -	$ -	$ 930,640

* Restated for GASB No. 65 implementation (see Note 2).

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