



June 27, 2019

Board of Directors  
Housing Trust Fund Corporation  
Hampton Plaza  
38-40 State Street  
Albany, New York 12207

Dear Members of the Board:

We are pleased to present this report related to our audit of the basic financial statements of the Housing Trust Fund Corporation (Corporation), (a component unit of the State of New York) as of and for the year ended March 31, 2019. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Corporation.

Very truly yours,

BST & Co. CPAs, LLP

Brendan K. Kennedy, Partner

BKK/dmc



## **Housing Trust Fund Corporation**

(a Component Unit of the State of New York)

### **Communication With Those Charged With Governance Year Ended March 31, 2019**

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

#### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America and *Governmental Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated May 13, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

#### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated May 13, 2019 regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

#### **Accounting Policies and Practices**

##### **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

##### **Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. The Corporation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

##### **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

##### **Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

# **Housing Trust Fund Corporation**

(a Component Unit of the State of New York)

## **Communication With Those Charged With Governance Year Ended March 31, 2019**

### **Audit Adjustments**

Audit adjustments proposed by us and recorded by the Corporation are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

### **Uncorrected Misstatements**

Uncorrected misstatements are summarized in the attached Exhibit C, Summary of Uncorrected Misstatements.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Significant Items Discussed with Management**

Following is a description of a significant item arising from the audit that was discussed with management:

- The administration of the Community Development Block Grant Disaster Recovery Program and contingent liabilities related to ineligible and questioned costs.

### **Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

### **Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the Corporation, including the representation letter provided to us by management, are attached as Exhibit D.



## Housing Trust Fund Corporation

(a Component Unit of the State of New York)

### Summary of Significant Accounting Estimates Year Ended March 31, 2019

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Corporation's March 31, 2019 financial statements:

Estimate	Accounting Policy	Estimation Process
<b>Allowance on Mortgages and Interest Receivable</b>	Allowance is based on a review of outstanding amounts on a monthly basis.	Management determines the allowance by identifying the mortgages and related interest that have specific repayment requirements not contingent upon economic and compliance matters, subsequent payments, and a review of prior payment history.
<b>Other Postemployment Benefits (OPEB) Liability</b>	The Corporation recognizes a net OPEB obligation in long-term liabilities.	The estimate is developed by management with the assistance of a third-party specialist using actuarial assumptions applied to participant census and plan information.
<b>Properties Held for Sale</b>	The Corporation recognizes an asset for the value of all properties held for sale.	Properties are valued at the lower of cost or fair value, with an estimate for an allowance to reduce fair value as properties typically sell for amount significantly less than the purchase price. The Corporation estimates the allowance based on historical sales values data.
<b>Net Pension Liability</b>	The Corporation recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension liability.	The Corporation's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Corporation's proportionate percentage of the net pension liability is determined on an annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

**Housing Trust Fund Corporation**  
(a Component Unit of the State of New York)

**Summary of Recorded Audit Adjustments**  
**Year Ended March 31, 2019**

Description	Effect - Increase (Decrease)				
	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Net Position	Revenue	Expense
To record additional amounts due to other governments	\$ -	\$ 676,936	\$ -	\$ -	\$ 676,936
To record deferred outflows and inflows related to other post-employment benefits liability	<u>1,943,873</u>	<u>1,677,697</u>	-	<u>-</u>	<u>(266,176)</u>
Total Statement of Revenues, Expenses, and Changes in Net Position Effect			<u>(410,760)</u>	<u>\$ -</u>	<u>\$ 410,760</u>
Total Statement of Net Position Effect	<u>\$ 1,943,873</u>	<u>\$ 2,354,633</u>	<u>\$ (410,760)</u>		

# Housing Trust Fund Corporation

(a Component Unit of the State of New York)

## Summary of Uncorrected Misstatements

### Year Ended March 31, 2019

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, results of operations, and cash flows and to the related financial statement disclosures. Following is a summary of those differences:

Description	Effect - Increase (Decrease)				
	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Net Position	Revenue	Expense
<u>Cumulative Carryover Impact From Previous Years</u>					
To record accrued vacation liability	\$ -	\$ -	\$ (1,141,220)	\$ -	\$ (1,141,220)
To record contributions made subsequent to measurement date as deferred outflows	-	-	1,596,862	-	1,596,862
<u>Current Year Uncorrected Misstatements</u>					
To record accrued vacation liability	-	985,033	-	-	985,033
To record contributions made subsequent to measurement date as deferred outflows	1,728,067	-	-	-	(1,728,067)
To record property value at net realizable value	(1,392,038)	-	-	-	1,392,038
To record projected error of Disaster Recovery expenses	-	-	(2,874,652)	-	(2,874,652)
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			1,770,006	\$ -	\$ (1,770,006)
Cumulative Statement of Net Position Effect	\$ 336,029	\$ 985,033	\$ (649,004)		

**Housing Trust Fund Corporation**

(a Component Unit of the State of New York)

Significant Written Communications  
Between Management and our Firm  
Year Ended March 31, 2019

Representation Letter





## Homes and Community Renewal

Housing  
Trust Fund  
Corporation

ANDREW M. CUOMO  
Governor

RUTHANNE VISNAUSKAS  
Commissioner/CEO

June 27, 2019

BST & Co. CPAs, LLP  
26 Computer Drive West  
Albany, NY 12205

This representation letter is provided in connection with your audits of the basic financial statements of the Housing Trust Fund Corporation (Corporation) (a component unit of the State of New York), as and for the years ended March 31, 2019 and 2018, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 27, 2019:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 13, 2019 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with New York State, such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete and interfund transactions, including interfund account receivable and payable, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.



7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect. legal or moral, obligation for any debt of any organization, public, or private that is not disclosed in the financial statements.
9. We have complied with all aspects of contractual agreements that would have a material effect on these financial statements in the event of noncompliance.
10. We have informed you of all uncorrected misstatements. As of and for the year ended March 31, 2019, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect - Increase (Decrease)				
	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Net Position	Revenue	Expense
<u>Cumulative Carryover Impact From Previous Years</u>					
To record accrued vacation liability	\$ -	\$ -	\$ (1,141,220)	\$ -	\$ (1,141,220)
To record contributions made subsequent to measurement date as deferred outflows	-	-	1,596,862	-	1,596,862
<u>Current Year Uncorrected Misstatements</u>					
To record accrued vacation liability	-	985,033	-	-	985,033
To record contributions made subsequent to measurement date as deferred outflows	1,728,067	-	-	-	(1,728,067)
To record property value at net realizable value	(1,392,038)	-	-	-	1,392,038
To record projected error of Disaster Recovery expenses	-	-	(2,874,652)	-	(2,874,652)
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			1,770,006	\$ -	\$ (1,770,006)
Cumulative Statement of Net Position Effect	<u>\$ 336,029</u>	<u>\$ 985,033</u>	<u>\$ (649,004)</u>		

11. We agree with the findings of specialists in evaluating the postemployments and retirement benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
12. We believe the actuarial assumptions and methods used to measure the postemployment and pension liabilities and costs for financial accounting are appropriate in the circumstances.
13. Arrangements involving restrictions on cash and investment balances have been properly disclosed.

#### *Information Provided*

14. We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audits;
  - c. Unrestricted access to persons within the Corporation from whom you determined it necessary to obtain audit evidence, and
  - d. Minutes of the meetings of the Board of Directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud affecting the Corporation's financial statements involving:
- a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements received in communications from employees, former employees, analysts, regulators, or others.
19. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the Corporation's related parties and all related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize, and report financial data.
23. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Compliance Considerations*

25. In connection with your audits conducted in accordance with Government Auditing Standards, we confirm that management:
- a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
  - b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Corporation.
  - c. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
  - d. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
  - e. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
  - f. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - g. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
  - h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that you report.
  - i. Has a process to track the status of audit findings and recommendations.
  - j. Has identified for you previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
  - k. Has provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
  - l. Acknowledges its responsibilities as they relate to non-audit services performed by you, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

26. With respect to the Management's Discussion and Analysis and other information presented as required by GASB to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

Very truly yours,

HOUSING TRUST FUND CORPORATION



Diana Nebiolo  
President, Office of Professional Services



Stacey Mickle  
Director of Corporate Finance/Treasurer