Board of Directors and Management
Housing Trust Fund Corporation
Albany, New York

In planning and performing 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, 2017, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

1. Collateral

Finding: We noted that as of October 31, 2016, the Corporation lacked required collateral for the deposits held at M&T Bank. Per discussion with management, it was noted that due to internal policies at M&T Bank, only deposits through 12 p.m. on any given day can be guaranteed to be collateralized.

Recommendation: The Corporation should evaluate alternatives to help ensure that all deposits are properly collateralized.

2. Accounting Policies and Procedures

Finding: While there has been significant improvement from the prior years, it was noted that some account reconciliations were not consistently prepared.

Recommendations: The Corporation should continue to perform the review and reconciliation procedures that were established during the fiscal year. Reconciliations should be prepared and reviewed for all balance sheet accounts. The Corporation should also consider reconciling drawdowns to revenue recorded in the general ledger. A brief analytic review of current period values to prior period values may help determine if account balances appear reasonable with historical trends.

This communication 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.

BST & Co. CPAs, LLP

Albany, New York
June 27, 2017

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

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Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Financial Report

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Independent Auditor's Report

Board of Directors
Housing Trust Fund Corporation
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, which comprise the statement of net position as of March 31, 2017, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the entity'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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Corporation as of March 31, 2017, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Compliance with Federal Requirements

The Corporation is the administrator of the New York State Disaster Recovery Program and is subject to regular audits by the U.S. Department of Housing and Urban Development (HUD). As discussed in Note 10d, HUD's Office of Inspector General (HUD IG) has issued four audit reports which identified approximately $4 million in costs that they considered ineligible, and therefore, subject to repayment. The HUD IG has deemed an additional $220 million in expenses as unsupported and subject to future follow-up. HUD also required the Corporation to begin a Recapture Program, in which amounts disbursed to beneficiaries are requested back due to duplication of benefits or ineligible use of benefits. Management of the Corporation believes it is possible that HUD will enforce repayments on disallowed costs; however, that amount is currently not estimable. Our opinion is not modified with respect to this matter.

Accounting Principles

As discussed in Note 1, the Corporation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as of April 1, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7, the schedule of changes in total OPEB liability and related ratios last ten fiscal years on page 27, the schedule of pension contributions on page 28, and the schedule of proportionate share of the net pension liability on page 29 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 who 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 of America, 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.

Prior Year Financial Statements

The financial statements of the Corporation as of and for the year ended March 31, 2016, were audited by other auditors whose report dated June 22, 2016, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the Corporation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
June 27, 2017

The Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, follows professional guidelines for government financial reporting by including in its annual financial report this discussion of management's views on its financial condition. No new guidelines or reporting methods have been adopted this year that resulted in significant changes to the financial statements. Therefore, management is presenting its discussion and analysis of the Corporation's financial activities for the fiscal year ended March 31, 2017, in a manner similar to last year's presentation.

Financial Highlights

- The Corporation's net position increased by approximately $51.45 million, or 19.43% from 2016 as a result of the current year's operations.

- During the year, the Corporation's revenue from State and Federal appropriations and contracts totaled just under $2.86 billion, and it expended just under $2.81 billion to provide decent and affordable housing, improve community infrastructure and facilities, provide economic opportunities, and to aid in the recovery from the impact of Hurricanes Sandy and Irene and Tropical Storm Lee, to the citizens of New York State.

- Federal program appropriations and fees accounted for approximately 91.80% of the Corporation's revenue and approximately 91.53% of its expenses, while New York State appropriations were responsible for approximately 8.14% of revenues and approximately 8.10% of expenses.

- Investment revenue increased by approximately $184,000, or approximately 154% from 2016. This was primarily due to a change in the way funds are invested.

- The Federal Community Development Block Grant Disaster Recovery Program reached its peak during fiscal year 2016. As a result, revenues decreased by $187 million, or 23%, and expenses decreased by $265 million, or 31%.

Using This Annual Report

This annual report consists of three financial statements: statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows. These statements provide information about the activities of the Corporation as a whole. They tell how the Corporation's programs were financed in the short-term as well as what remains for future spending. Immediately following the financial statements are a series of notes to the financial statements that provide additional information about some specific references in the financial statements. The notes also provide other important information about the Corporation.

Reporting on the Corporation

One of the most important questions asked about the Corporation's finances is, "Is the Corporation, as a whole, better off or worse off as a result of the year's activities?" The statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows report information about the Corporation in a way that helps answer this question. These financial statements include all assets, deferred outflows, liabilities, deferred inflows, revenues, and expenses using the accrual basis of accounting, which is similar to the procedures followed by most private sector companies.

Using This Annual Report - Continued

Reporting on the Corporation - Continued

These three statements report the Corporation's net position and changes in it, and the flow of cash into and out of the Corporation from its activities and investments. You can think of the Corporation's net position, the difference between its assets/deferred outflows of resources and liabilities/deferred inflows of resources, as one way to measure its financial health, or financial position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or getting worse. The information in these statements helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Corporation's programs.

All of the Corporation's activities are presented as an enterprise fund, which essentially means that the Corporation reports its activities as most businesses would. While the bottom line is not expressed in terms of profit, but in terms of funds available to provide services to the citizens of New York State, this reporting method presents the Corporation's activities more clearly to its audience. The Corporation's activities consist primarily of providing housing construction and rehabilitation funding, rental and homebuyer subsidies to low income individuals and families and to senior citizens, as well as funding for public facilities improvements and economic development activities from State and Federal appropriations and fees earned from the operation of its Federal Programs.

The Corporation's Overall Financial Condition

The Corporation's combined net position increased from one year ago, increasing overall by approximately $51.45 million this year, or approximately 19.43%. This increase was primarily attributable to the appropriations from New York State. These awards are on a several-year cycle, and the fiscal year ended 2017 was the beginning of the cycle for several New York State programs and as such, the Corporation received a large amount of funding in advance. Although the funds were committed to specific projects, the Corporation had not spent all of the released funds causing a surplus. Our analysis below focuses on the net position (Table 1) and the changes in net position (Table 2) from the Corporation's activities.

Table 1
Net Position (in millions)

	March 31, 2017	March 31, 2016	March 31, 2015
Cash, investments and assets held in escrow	$ 373.50	$ 338.46	$ 273.00
Cash held for beneficiaries	8.76	18.84	63.13
Receivable from U.S. HUD	6.90	6.83	9.41
Accounts receivable	0.05	0.02	0.13
Notes and interest receivable, net	4.46	5.72	6.34
Property held for resale	19.40	14.33	61.47
Security deposits	0.01	0.12	-
Deferred outflows	5.90	0.34	-
Total assets and deferred outflows	418.99	384.66	413.48
Accounts and awards payable	55.30	73.49	74.91
Unearned revenue	22.56	28.28	72.09
Postemployment benefits other than pensions	4.91	3.62	2.64
Net pension liability	6.30	0.86	1.15
Other liabilities	12.86	13.55	15.33
Deferred inflows	0.75	-	-
Total liabilities	102.68	119.80	166.12
Net position			
Restricted	242.23	200.89	192.02
Unrestricted	74.08	63.97	55.34
Total net position	$ 316.31	$ 264.86	$ 247.36

Using This Annual Report - Continued

The Corporation's Overall Financial Condition - Continued

Restricted Net Position - represents program funds from Federal and State programs on hand at the end of the fiscal year. This description reflects a recognition that all funds generated by federal and state appropriations and contracts are considered earmarked for the purposes of that appropriation or contract unless specifically available for discretionary use. Restricted net position this year reflects an increase from 2016 of approximately $36 million, or 210%.

Unrestricted Net Position - represents the portion of net position that can be used to finance day-to-day administrative expenses or additional program awards beyond appropriated levels. Unrestricted net position increased from 2016 by approximately $5.6 million, or 3%.

Table 2
Changes in Net Position (in millions)

	Years Ended March 31,		
	2017	2016	2015
Revenues			
Program revenue			
Federal programs	$ 2,623.54	$ 2,667.49	$ 2,404.56
State programs	232.70	192.31	132.78
Other revenue			
Investments	0.68	0.30	0.12
Other	0.96	0.72	3.02
Total revenues	2,857.88	2,860.83	2,540.48
Expenses			
Federal programs	2,568.68	2,694.61	2,380.11
State programs	227.30	140.27	136.40
Donation program	-	-	3.61
Administrative and other expenses	10.45	7.92	7.76
Total expenses	2,806.43	2,842.80	2,527.88
Increase in net position	$ 51.45	$ 18.03	$ 12.60

The Corporation's total revenues decreased from last year by approximately .10%, or $2.95 million, while the total cost of all programs and administration decreased by approximately 1.28%, or $36.38 million. These figures show that the Corporation received approximately $51.45 million more than it spent this year, or approximately 1.83%.

Revenue from federal programs decreased overall by approximately $43.96 million due primarily to a decrease in funding for the Community Development Block Grant Disaster Recovery Program, which began during the fiscal year ended 2014. The Community Development Block Grant Disaster Recovery Program has reached its maturity and has begun winding down. The decrease in federal revenue was offset by several other federal programs receiving increases in funding. The Corporation received funding from a new program related to Disaster Recovery for approximately $4 million in 2017.

Using This Annual Report - Continued

The Corporation's Overall Financial Condition - Continued

The Corporation experienced an overall decrease in expenses this year by approximately $36.38 million, or approximately 1.83%, due primarily to a decrease in funding for the Community Development Block Grant Disaster Recovery Program, which began during the fiscal year ended 2014. The decrease in expenditures was offset by several other federal programs spending additional amounts. Expenses of the Corporation's federally-funded programs experienced a decrease of approximately $126 million, or 4.67% from the previous year, while expenses of State funded programs increased by approximately over $87 million, or approximately 62% from the previous year. The Corporation's expenses for administration and other expenses were essentially flat year over year.

Economic Factors on Future Operations

The Corporation's ability to accomplish its mission to provide decent and affordable housing to the citizens of New York State, from an economic standpoint, depends almost exclusively on the appropriations and contracts it receives from the Federal and New York State governments. New York State's budget is providing funding to the Corporation for its fiscal year April 1, 2017 through March 31, 2018, at approximately the same level overall as the previous year. Federal appropriation levels are expected to remain at current year levels as the $1.7 billion of federal CDBG Program funds in connection with the disaster recovery efforts related to Hurricanes Sandy and Irene, and Tropical Storm Lee will continue into the fiscal year ending 2018. Expenses are expected to remain roughly consistent with current levels for current programs due to the continued disaster recovery efforts.

Contacting the Corporation's Financial Management

This financial report is designed to provide the citizens of New York State, banks, developers, and contractors with whom we do business, and Federal and New York State legislators, regulators, and other government officials with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about the report or need additional financial information, please contact the Corporation's Treasurer at the Housing Trust Fund Corporation, 38-40 State Street, Albany, New York 12207, by phone at (518) 457-3538, or via e-mail at HTFFinanceUnit@nyshcr.org.

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Statements of Net Position

	March 31, 2017	March 31, 2016 (Restated)
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Cash, unrestricted	$ 12,895,421	$ 16,783,915
Cash, federal restricted	36,673,666	30,018,552
Cash, state restricted	138,520,805	96,362,411
Cash, donor restricted	1,623,368	1,623,368
Total cash	189,713,260	144,788,246
Cash held for beneficiaries	8,763,204	18,843,162
Investments, unrestricted	59,464,467	44,873,614
Investments, federal restricted	52,816,117	47,675,970
Investments, state restricted	49,851,235	82,205,782
Total investments	162,131,819	174,755,366
Assets held in escrow	21,655,133	18,912,143
Due from other governments		
U.S. Department of Housing and Urban Development	6,902,409	6,834,496
Accounts receivable	53,288	18,028
Total current assets	389,219,113	364,151,441
Mortgage notes receivable, net	2,070,810	2,801,237
Accrued interest receivable, net	2,389,476	2,918,255
Properties held for sale	19,399,426	14,325,992
Security deposits	13,667	122,607
Total long-term assets	23,873,379	20,168,091
DEFERRED OUTFLOWS	5,895,468	338,430
Total assets and deferred outflows	**$ 418,987,960**	**$ 384,657,962**
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 27,308,184	$ 68,331,349
Awards payable	27,991,098	5,156,820
Unearned revenue	22,560,985	28,283,185
Due to other governments	12,832,565	12,957,076
Total current liabilities	90,692,832	114,728,430
LONG TERM LIABILITIES		
Due to developers	25,000	592,785
Postemployment benefits other than pensions	4,913,246	3,618,431
Net pension liability	6,299,695	857,901
Total long term liabilities	11,237,941	5,069,117
DEFERRED INFLOWS	746,724	-
Total liabilities and deferred inflows	102,677,497	119,797,547
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Restricted for Federal Programs	52,838,239	17,037,605
Restricted for State Programs	187,767,158	182,143,484
Restricted by donor	1,623,368	1,709,023
Unrestricted	74,081,698	63,970,303
Total net position	316,310,463	264,860,415
Total liabilities, deferred inflows, and net position	**$ 418,987,960**	**$ 384,657,962**

See accompanying Notes to Financial Statements.

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended March 31, 2017	2016
REVENUES		
Federal Section 8 Project - Based Contract Administration Program	$ 1,427,347,758	$ 1,345,095,530
Federal Community Development Block Grant Disaster Recovery	623,228,141	810,644,542
Federal Section 8 Housing Choice Voucher and related programs	486,974,222	443,949,084
Federal Community Development Block Grant Program	42,462,446	36,453,196
Federal Home Investments Partnerships Program	28,988,880	19,992,935
Federal Social Services Block Grant	10,644,384	11,355,616
Federal National Oceanic and Atmospheric Administration Program	3,898,349	-
State of New York Programs	232,703,526	192,308,510
Investment income	680,407	303,544
Other	956,226	722,237
Total revenues	2,857,884,339	2,860,825,194
EXPENSES		
Federal Section 8 Project - Based Contract Administration Program	1,409,244,340	1,328,882,104
Federal Community Development Block Grant Disaster Recovery	588,491,071	854,454,894
Federal Section 8 Housing Choice Voucher and related programs	480,090,580	441,541,789
Federal Community Development Block Grant Program	42,462,446	36,461,364
Federal Home Investments Partnerships Program	28,988,879	19,992,935
Post T-CAP Funds	4,863,519	1,918,091
Federal Social Services Block Grant	10,644,384	11,355,616
Federal National Oceanic and Atmospheric Administration Program	3,898,349	-
State of New York programs	227,296,786	140,273,441
Change in provision for contingent loans, net	1,259,206	617,195
Administrative	9,194,731	7,301,525
Total expenses	2,806,434,291	2,842,798,954
CHANGE IN NET POSITION	**51,450,048**	**18,026,240**
NET POSITION, *beginning of year*	264,860,415	247,354,991
NET POSITION, *end of year, as originally reported*	316,310,463	265,381,231
Effect of adoption of GASB 75	**-**	**(520,816)**
NET POSITION, *end of year, as restated*	**$ 316,310,463**	**$ 264,860,415**

See accompanying Notes to Financial Statements.

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

Statements of Cash Flows

	Years Ended March 31, 2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from		
Federal programs	$ 2,636,110,246	$ 2,762,565,838
New York State programs	232,703,526	192,308,510
Other programs	920,966	837,568
Total sources of cash	2,869,734,738	2,955,711,916
Payments for		
Federal programs	(2,587,199,408)	(2,740,108,555)
New York State programs	(227,296,786)	(140,273,441)
Other programs	(20,874,494)	(10,175,241)
Total uses of cash	(2,835,370,688)	(2,890,557,237)
	34,364,050	**65,154,679**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Investments, net	13,303,954	39,175,890
Escrow accounts	(2,742,990)	(4,141,003)
	10,560,964	**35,034,887**
Net increase in cash	**44,925,014**	**100,189,566**
CASH, *beginning of year*	144,788,246	44,598,680
CASH, *end of year*	**$ 189,713,260**	**$ 144,788,246**
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net position	$ 51,450,048	$ 18,026,240
Adjustments to reconcile change in net position to net cash provided (used) by operating activities		
Net investment income	(680,407)	(303,544)
Changes in		
Cash held for beneficiaries	10,079,958	44,283,621
Due from other governments	(67,913)	2,575,281
Accounts receivable	(35,260)	115,331
Mortgage notes and accrued interest receivables	1,259,206	615,585
Properties held for sale	(5,073,434)	47,146,615
Security deposits	108,940	(122,607)
Deferred outflows	(5,557,038)	(338,430)
Accounts payable and accrued liabilities	(41,023,165)	1,370,438
Awards payable	22,834,278	(2,796,562)
Unearned revenue	(5,722,200)	(43,803,021)
Due to developers	(567,785)	(532,724)
Due to other governments	(124,511)	(1,245,719)
Postemployment benefits other than pensions	1,294,815	453,833
Net pension liability	5,441,794	(289,658)
Deferred inflows	746,724	-
	$ 34,364,050	**$ 65,154,679**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The Housing Trust Fund Corporation (Corporation) was established on February 13, 1985, by the Legislature of the State of New York. The Corporation is a component unit of the State of New York and is included in the State's financial statements. The Corporation was initially created to administer low income housing programs within New York State. The Corporation's Board of Directors is comprised of the Commissioner of the Division of Housing and Community Renewal (DHCR), the Chairman of the Housing Finance Agency, and one additional person appointed by the Commissioner. The Board is chaired by the Commissioner of DHCR. The Corporation administers the following significant programs:

Federal

- Section 8 Project-based Contract Administration Program - to provide low income housing rental subsidy to qualified landlords (previously identified as the Housing Assistance Payment Program).

- Community Development Block Grant Program Disaster Recovery - in response to Hurricane Sandy, funding was appropriated to rebuild the affected areas and provide crucial seed money to start the recovery process.

- Section 8 Housing Choice Voucher (HCV) and Related Programs - to provide low income housing rental subsidy to qualified individuals. Related programs are the five-year mainstream program and the moderate rehabilitation program.

- Home Investments Partnerships Program (HOME) - to provide funds for the construction and rehabilitation of low income housing.

- Community Development Block Grant Program - to provide various housing and economic development activities to municipalities in New York State.

State

- Low Income Trust Fund Housing Program - to provide funds for the construction and rehabilitation of low income housing.

- Public Housing Modernization and Drug Elimination Programs - to provide funds to rehabilitate state run public housing authorities and reduce drug and crime activities.

- Homes for Working Families Program - to provide funds to finance affordable housing for low income families and senior citizens by accessing tax exempt bond financing and low income housing credits.

- Medicaid Redesign Team Program - to create new supportive housing opportunities through leveraging other public and private investments to maximize potential Medicaid savings.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements.

GASB Statement No. 75, A*ccounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

The Corporation adopted these accounting standards effective April 1, 2016. As a result of adopting GASB 75, which was applied retroactively, the Corporation restated its other postemployment benefit liability and its net position as of March 31, 2016, by $520,816. As a result of adopting GASB 72, the Corporation has added additional disclosures regarding investments measured and reported at fair value.

e. Mortgage Notes and Accrued Interest Receivables

The Corporation considers the collection of the majority of its mortgage notes and accrued interest receivable to be contingent upon certain economic and compliance matters at the mortgagor level, and therefore, collection is not reasonably assured. Accordingly, the Corporation generally reserves all balances, with the exception of certain loans that have specific repayment requirements not contingent upon economic and compliance matters or, balances which based on a review of current and prior payments, indicate that a full allowance is not necessary.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Investments

The investment policy of the Corporation follows the guidance of New York State Law and stipulates that the Corporation may invest in obligations of the State of New York, the United States government, repurchase agreements, or money market deposit accounts. Repurchase agreements must be collateralized by obligations guaranteed by the United States government, which are equal in value to the repurchase agreement. The agreements may not exceed sixty days, and payment may be made only upon delivery of collateral to the Corporation's agent. All investments and related collateral are held by the Corporation's agent in the Corporation's name. All investments have a maturity less than one year from the date of acquisition and are reported at amortized cost.

g. Property Acquisition Programs

During the fiscal years ended March 31, 2017 and 2016, the Corporation acquired various properties under the Disaster Recovery Buyout program totaling approximately $23,867,325 and $214,781,460 respectively. As these properties will not be used for service delivery, the Corporation has valued them at net realizable value, similar to property held for redevelopment. The properties acquired under the Buyout program cannot be redeveloped, and it is anticipated that they will be transferred to the State of New York, or local governments to aid in environmental preservation. Accordingly, the Corporation has not included the value of Buyout properties in the statement of net position.

Properties acquired under the Disaster Recovery Acquisition program may be resold for development purposes. It is the Corporation's intention to dispose of Acquisition properties to qualified bidders under an auction process. The Corporation values these properties at the lower of cost or net realizable value. However, due to the nature of the program, net realizable value is generally lower than cost. The net realizable value of properties held under the Disaster Recovery Acquisition program totaled $19,399,426 and $14,325,992 as of March 31, 2017 and 2016, respectively. The Corporation estimates net realizable value on a non-recurring basis utilizing the most recent property dispositions sold through an auction process.

h. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Housing Trust Fund Corporation Retiree Benefits Plan (Plan) recognizes benefit payments when due and payable in accordance with the benefit terms.

i. Restricted Net Position

Restricted net position of the Corporation at March 31, 2017 and 2016, consists of the following:

(a) Restricted Net Position - Federal

Results from funds that accumulate over time from all of the Corporation's federal programs primarily from sale of properties, mortgage collections, interest on restricted cash accounts, and surplus rental assistance payments accumulated during the current fiscal year. These funds are restricted for allowable program expenses.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Restricted Net Position - Continued

(b) Restricted Net Position - State

Results from funds that accumulate over time from all of the Corporation's state programs primarily from mortgage collections, interest on restricted cash accounts, and as yet unexpended but committed program funds. These funds are restricted for allowable program expenses.

(c) Restricted Net Position - Donors

Results from funds that accumulate over time from various programs requiring escrow reserves. These funds are restricted for allowable program expenses.

j. Revenue Recognition

Federal awards are recognized as revenue at the time the approval of availability of funds is issued by the U.S. Department of Housing and Urban Development (HUD) or other departments and, when applicable, expenses are incurred. The Corporation recognizes appropriations from the State of New York as revenue at the time a certificate of approval of availability of funds is issued by the Division of the Budget of the State of New York and when the applicable expenses are incurred. Appropriations receivable represents the remaining balance of the amount made available by the Division of the Budget of New York State which has not been drawn down by the Corporation. Investment and other income are recognized as revenue when earned.

All revenue earned by the Corporation is considered operating revenue in support of the programs administered by the Corporation.

k. State of New York Programs

State of New York programs consist of awards primarily to fund the construction of new properties, or the rehabilitation of vacant or under-utilized property, technical assistance expenses, and foreclosure prevention education. Disbursements are made upon approval of certified vouchers. Awards which have approved certified vouchers and are not paid as of March 31 are recorded as awards payable. Technical assistance expenses are primarily construction monitoring, planning, designing, and engineering consulting fees associated with the award contracts, as well as consulting fees for training award applicants.

l. Tax Status

The Corporation is exempt from all federal and state income taxes under the provisions of the enabling legislation.

m. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through June 27, 2017, the date the financial statements were available to be issued.

Note 2 - Cash, Restricted and Unrestricted

At March 31, 2017 and 2016, the Corporation's bank balances with M&T Bank, Bank of America, and JPMorgan Chase were fully insured by federal depository insurance or by collateral held by the Corporation's agent in the Corporation's name.

At certain points during the year ended March 31, 2017, there was insufficient collateral to fully insure the Corporation's bank balances.

Certain cash balances are restricted for programmatic purposes.

Note 3 - Investments, Restricted and Unrestricted

The Corporation's investments are comprised of United States Treasury bills, United States Treasury strips, and agency securities. These investments are carried at amortized cost. All investments mature within one year, and related collateral is held by the Corporation's agent for repurchase agreements in the Corporation's name.

Certain investment balances are restricted for programmatic purposes.

Note 4 - Cash Held for Beneficiaries

Under the Federal Community Development Block Grant Disaster Recovery Program, the Corporation held federally funded cash intended for potential beneficiaries. As of March 31, 2017 and 2016, the Corporation held $8,763,204 and $18,843,162, respectively, of cash intended for beneficiaries that had not yet been expended for the program.

Note 5 - Assets Held in Escrow

Assets held in escrow were held for the following purposes and programs:

	March 31, 2017	March 31, 2016
Future Post TCap Programs	$ 1,709,724	$ 2,384,975
NYS Divison of Housing and Community Renewal Administration	11,074,615	10,422,359
Family Self Sufficieny Program Payments	3,864,705	4,232,714
Ppostemployment benefits other than pensions	3,118,841	2,647,652
Disaster Recovery owner escrow payments	1,814,813	-
Other assets held in escrow	360,564	791,943
	$ 21,943,262	$ 20,479,643

Note 6 - Mortgage Notes and Accrued Interest Receivable

The Corporation administers numerous loan programs as described below. The collections of these mortgages are based upon payment terms contingent with the related underlying debt and regulatory agreements with the Corporation's mortgagors. These agreements call for repayments based upon available cash flows, noncompliance with the regulatory agreement with the Corporation, and other contingent events, such as upon the sale of the underlying real property. The underlying agreements generally require that each mortgagor have an annual audit of its financial statements, including a review of compliance with the regulatory agreement. The Corporation's loans and related allowances for contingent collections are as follows:

	March 31, 2017					
Program	Mortgage Notes Receivable	Allowance for Contingent Loans	Net Mortgage Notes Receivable	Accrued Interest Receivable	Allowance for Contingent Loans	Net Accrued Interest Receivable
HOME	$ 217,335,742	$ (217,335,742)	$ -	$ 6,472,905	$ (5,952,117)	$ 520,788
Housing Assistance Fund	2,000,000	(2,000,000)	-	35,856	(35,856)	-
Housing Trust Fund	748,541,832	(746,522,936)	2,018,896	32,600,718	(31,199,285)	1,401,433
Homes for Working Families	171,004,321	(170,952,407)	51,914	6,970,347	(6,619,073)	351,274
Medicaid Redesign Team Program	72,871,274	(72,871,274)	-	3,220,672	(3,215,997)	4,675
Subsidy	24,369,472	(24,369,472)	-	2,592,651	(2,553,651)	39,000
Tax Credit Assistance	89,138,331	(89,138,331)	-	1,308,824	(1,236,518)	72,306
Turnkey	94,542,785	(94,542,785)	-	477,118	(477,118)	-
Community Development Block Grant						
Disaster Recovery	41,412,272	(41,412,272)	-	1,212,574	(1,212,574)	-
PIP	5,970,734	(5,970,734)	-	-	-	-
Rural Community Investment Fund	10,064,949	(10,064,949)	-	199	(199)	-
Urban Community Investment Fund	5,232,901	(5,232,901)	-	1,389	(1,389)	-
New York State Tech and Development	3,000,000	(3,000,000)	-	82,475	(82,475)	-
Office of Persons with Development Disability	2,135,400	(2,135,400)	-	-	-	-
Middle Income Housing	664,500	(664,500)	-	-	-	-
New York Housing Plan Funds	18,888,076	(18,888,076)	-	106,979	(106,979)	-
	$ 1,507,172,589	$ (1,505,101,779)	$ 2,070,810	$ 55,082,707	$ (52,693,231)	$ 2,389,476

	March 31, 2016					
Program	Mortgage Notes Receivable	Allowance for Contingent Loans	Net Mortgage Notes Receivable	Accrued Interest Receivable	Allowance for Contingent Loans	Net Accrued Interest Receivable
HOME	$ 194,865,767	$ (194,226,707)	$ 639,060	$ 5,776,859	$ (5,166,705)	$ 610,154
Housing Assistance Fund	2,000,000	(2,000,000)	-	20,856	(20,856)	-
Housing Trust Fund	656,003,510	(653,887,248)	2,116,262	31,465,222	(29,668,203)	1,797,019
Homes for Working Families	142,937,899	(142,891,984)	45,915	5,016,201	(4,753,698)	262,503
Medicaid Redesign Team Program	57,335,822	(57,335,822)	-	4,563	-	4,563
Subsidy	25,469,472	(25,469,472)	-	2,356,992	(2,334,992)	22,000
Tax Credit Assistance	88,995,135	(88,995,135)	-	1,275,167	(1,110,124)	165,043
Turnkey	97,277,458	(97,277,458)	-	1,192,696	(1,135,723)	56,973
Community Development Block Grant						
Disaster Recovery	18,224,546	(18,224,546)	-	-	-	-
PIP	4,899,626	(4,899,626)	-	-	-	-
Rural Community Investment Fund	4,710,000	(4,710,000)	-	-	-	-
Urban Community Investment Fund	2,425,936	(2,425,936)	-	-	-	-
Homes for Working Families; Post TCAP	10,595,643	(10,595,643)	-	-	-	-
	$ 1,305,740,814	$ (1,302,939,577)	$ 2,801,237	$ 47,108,556	$ (44,190,301)	$ 2,918,255

Note 7 - Unearned Revenue

The Corporation's unearned revenue is as follows:

	March 31, 2017	March 31, 2016
Housing Choice Voucher	$ 3,879,358	$ 4,235,609
Community Block Grant Disaster Recovery	10,424,135	18,843,162
Program Income	8,219,699	5,127,000
Unearned federal appropriations	37,793	77,414
	$ 22,560,985	$ 28,283,185

The Corporation administers Federal Section 8 Housing Choice Voucher and Related Programs. The Corporation holds Family Self-Sufficiency (FSS) funds on behalf of Section 8 participants. The Corporation is required to disburse the funds to the participants upon completion of certain goals approved by the Corporation, or if the participant fails to complete the program, funds are recognized as additional revenue subject to the restrictions of these programs. The amount of funds held by the Corporation for the Federal Section 8 Housing Choice Voucher and FSS programs is included in restricted cash and restricted investments.

Under the Federal Community Development Block Grant Disaster Recovery Program, the Corporation held federally funded cash intended for potential beneficiaries (see Note 4).

The Corporation receives program income under various programs, which is required to be used for that program. Unearned revenue from program income represents amounts collected and not yet disbursed.

Note 8 - Retirement Plans

Plan Description and Benefits Provided

The Corporation participates in the New York State and Local Employees' Retirement System (ERS), which is administered by the Office of the New York State Comptroller. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of ERS. ERS is a cost-sharing, multiple-employer, defined benefit pension plan. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance.

ERS issues a publicly available financial report that includes financial statements, expanded disclosures, and required supplementary information for ERS. The report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York, 12244-0001 or at www.osc.state.ny.us/pension/cafr.htm.

Note 8 - Retirement Plans - Continued

Plan Benefits

ERS provides retirement benefits, as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined ERS. The RSSL has established distinct classes of membership. ERS uses a tier concept as follows:

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined ERS prior to January 1, 2010, generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 need 10 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers within ERS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Note 8 - Retirement Plans - Continued

Plan Benefits - Continued

An automatic post-employment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; to ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost- of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or greater than 3 percent.

Contributions

Employee contribution requirements depend upon the point in time at which an employee last joined ERS. Most Tier 1 and Tier 2 members of are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within ERS are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the RSSL to contribute to ERS at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2016, was approximately 18.2 percent of payroll.

The required contributions for the current year and two preceding years were:

2017	$ 1,645,019
2016	1,740,780
2015	1,444,987

The Corporation's contributions made to ERS were equal to 100% of the contributions required for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At March 31, 2017 and 2016, the Corporation reported liabilities of $6,299,695 and $857,901 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of March 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Corporation's proportion of the net pension liability was based on a projection of the Corporation's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Note 8 - Retirement Plans - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

At March 31, 2017 and 2016, the Corporation's proportion was .0392498% and 0.0253949%, respectively.

For the years ended March 31, 2017 and 2016, the Corporation recognized pension expense of $631,480 and $816,899, respectively.

At March 31, 2017 and 2016, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	March 31, 2017		March 31, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,834	$ 746,724	$ 27,462	$ -
Change of assumptions	1,679,939	-	-	-
Net difference between projected and actual investment earnings on pension plan investments	3,737,325	-	149,007	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	446,370	-	161,961	-
Total	$ 5,895,468	$ 746,724	$ 338,430	$ -

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending December 31,	
2018	$ 1,314,355
2019	1,314,355
2020	1,314,355
2021	1,205,679
	$ 5,148,744

Actuarial Assumptions

The total pension liability at March 31, 2016 and 2015 was determined by using an actuarial valuation as of April 1, 2015 and 2014, with update procedures used to roll forward the total pension liability to March 31, 2016 and 2015.

Note 8 - Retirement Plans - Continued

Actuarial Assumptions - Continued

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

	April 1, 2015	April 1, 2014
Inflation Rate	2.5 percent	2.7 percent
Salary Scale	3.8 percent, index by service	4.9 percent, index by service
Investment rate of return, including inflation	7.00 percent compounded annually, net of expenses	7.50 percent compounded annually, net of expenses
Decrement	Developed from the Plan's 2010 experience study of the period April 1, 2010 to March 31, 2015	Developed from the Plan's 2010 experience study of the period April 1, 2005 to March 31, 2010.
Actuarial Cost Method	Entry age normal	Entry age normal
Mortality improvement	Society of Actuaries Scale MP 2014	Society of Actuaries Scale MP 2014

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

Note 8 - Retirement Plans - Continued

Discount Rate

The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Corporation's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Corporation's proportionate share of the net pension liability (asset)	$ 14,205,355	$ 6,299,695	$ (380,250)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the Employees' Retirement System as of March 31, 2016 were as follows (dollars in thousands):

	March 31, 2017	March 31, 2016
Employers' total pension liability	$ 172,303,544	$ 164,591,504
Plan net position	(156,253,265)	(161,213,259)
Employers' net pension liability	$ 16,050,279	3,378,245
Ratio of plan net position to the employers' total pension liability	90.7%	97.9%

Note 9 - Postemployment Benefits Other Than Pensions

Plan Description and Benefits Provided

Plan Description: The Corporation administers a single-employer defined-benefit postemployment healthcare plan. Spouses are eligible for coverage under the plan and benefits may continue to the surviving spouses.

Benefits Provided: Retirees eligible for a retirement benefit under New York State Health Insurance Plan (NYSHIP) may elect to continue participating in Corporation health plans. The Corporation pays 90% of member premiums and 75% of dependent premiums.

Note 9 - Postemployment Benefits Other Than Pensions - Continued

Plan Description and Benefits Provided - Continued

Employees covered by benefits terms: At March 31, 2017 (the census date), the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled but not yet receiving benefits	-
Active employees	180
Total	184

Assets: The Corporation has not accumulated plan assets in an irrevocable trust designated for plan participants.

Net OPEB Liability

The Corporation's net OPEB liability was measured as of March 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the March 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Aggregate salary increases	3 percent
Discount rate, based on 20 year, tax exempt, high quality municipal bond rate	4.75 percent
Individual salary increases based on NYERS assumptions	3.80 percent
Mortality rates	RPH- 2014 with the MP 2016 projection scale
Healthcare cost trend rates	Aon's GASB 45 report, as of September 2016, for participating agencies

Changes in the Net OPEB Liability

Balance as of March 31, 2016	$ 3,618,431
Changes for the year	
Service cost	1,161,311
Interest	170,985
Benefit payments	(37,481)
Net changes	1,294,815
Balance as of March 31, 2017	$ 4,913,246

Note 9 - Postemployment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Liability - Continued

Sensitivity of the OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Corporation, as well as what the Corporation's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.75%) or one percentage point higher (5.75%) than the current discount rate:

	1% Decrease 3.75%	Current Discount 4.75%	1% Increase 5.75%
Total OPEB liability	$ 5,967,801	$ 4,913,246	$ 4,089,048

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Corporation, as well as what the Corporation's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	$ 3,878,492	$ 4,913,246	$ 6,333,526

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2017, the Corporation recognized an OPEB expense of $1,276,526. As of March 31, 2017, the Corporation did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

Note 10 - Commitments and Contingencies

a. Remaining Unexpended Commitments

Since its inception in 1985, the Corporation has provided funding under various Federal and State programs.

	March 31, 2017	March 31, 2016
Obligated agreements	$ 24,638,619,776	$ 21,846,165,878
Expended	24,151,066,457	21,322,403,621
Remaining unexpended commitments	$ 487,553,319	$ 523,762,257

Note 10 - Commitments and Contingencies - Continued

b. Disaster Recovery Buyout and Acquisition Program

The Corporation's administration of Buyout and Acquisition properties will require additional costs, including demolition and removal of existing structures, site remediation, infrastructure improvements, general property maintenance, and costs associated with disposition. The Corporation has not estimated the future costs that will be incurred associated with Buyout and Acquisition properties; however, the Corporation believes these costs will be reimbursed by the Federal government under the Disaster Recovery program.

c. Litigation

Like most large organizations, the Corporation is periodically involved in litigation as part of the normal course of operations. Provision in the financial statements is made when litigation and claims are determined to be probable and estimable. No provision is made for early stage litigation, for which counsel and management cannot express opinions on the probable outcome.

d. Federal and State Grants

In the normal course of operations, the Corporation receives significant grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting Corporation or the Office of the New York State Comptroller, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Substantially all Federal grants are subject to either the Federal Single Audit Act or to financial and compliance audits by the grantor agencies of the Federal government, or their designee.

During the years ended March 31, 2016 and 2017, the U.S. Department of Housing and Urban Development's Office of Inspector General (HUD IG) issued four audit reports which identified approximately $4 million in costs that they considered ineligible, and therefore, subject to repayment. The HUD IG deemed an additional $220 million in expenses as unsupported and subject to future follow-up. Management of the Corporation has responded to these audit reports and in many cases disagreed with the findings.

HUD also required the Corporation to begin a Recapture Program, in which amounts disbursed to beneficiaries are requested back due to duplication of benefits or ineligible use of benefits. The Corporation has requested approximately $19 million in costs due back from beneficiaries.

Management of the Corporation believes it is possible that HUD will enforce repayments on disallowed costs; however, that amount is currently not estimable.

Note 11 - Transactions with DHCR

The Corporation generally reimburses the New York State Division of Housing and Community Renewal (DHCR) for administrative expenses (principally payroll) incurred in the various Federal and State programs to the extent permitted by the Division of the Budget of New York State. The Corporation's total liability to DHCR for administrative expenses at March 31, 2017 and 2016, was $12,832,565 and $12,946,058, respectively, and is included within Due to Other Governments on the accompanying statements of net position.

Note 12 - Project Based Contract Administration Program

The current Project Based Contract Administration Program contract with HUD expires in December 2017, which is the primary source of revenue for the Corporation.

Note 13 - Accounting Pronouncement Issued Not Yet Implemented

GASB Statement No 82, *Pension Issues* (GASB 82). GASB 82 addresses practice issues raised during implementation of the GASB's pension accounting and financial reporting standards for state and local governments. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2016.

Management has not estimated the extent of the potential impact, if any, of this statement on the Corporation's financial statements.

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

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related
Ratios Last Ten Fiscal Years

	2017
Total OPEB Liability	
Service cost	$ 1,161,311
Interest	170,985
Changes in benefits terms	-
Difference between expected and actual experiences	-
Changes in assumptions or other inputs	-
Benefit payments	(37,481)
Net change in total OPEB liability	1,294,815
Total OPEB liability, beginning	3,618,431
Total OPEB liability, ending	$ 4,913,246
Covered, employee payroll	15,457,463
Total OPEB liability as a percentage of covered employee payroll	31.79%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

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

Required Supplementary Information -
Schedule of Pension Contributions

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	$ 1,645,019.00	$ 1,740,780	$ 1,444,987	$ 677,026	$ 683,989	$ 449,129	$ 179,212	$ 117,466	$ 85,781	$ 68,849
Contributions in relation to the contractually required contribution	1,645,019	1,740,780	1,444,987	677,026	683,989	449,129	179,212	117,466	85,781	68,849
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Corporation's covered-employee payroll	15,457,463	8,946,583	6,395,198	3,444,888	3,626,507	2,193,703	1,501,469	1,374,342	1,100,496	1,063,390
Contribution as a percentage of covered - employee payroll	10.64%	19.46%	22.59%	19.65%	18.86%	20.47%	11.94%	8.55%	7.79%	6.47%

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

Required Supplementary Information -
Schedule of Proportionate Share of the Net Pension Liability

	2017	2016
Corporation's proportion of the net pension liability	0.0392498%	0.0253949%
Corporation's proportionate share of the net pension liability	$ 6,299,695	$ 857,901
Corporation's covered-employee payroll	$ 15,457,463	$ 8,946,583
Corporation's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.76%	9.59%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Housing Trust Fund Corporation
Albany, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of the Housing Trust Fund Corporation (Corporation), a component unit of the State of New York, as of March 31, 2017, the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of 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.

BST & Co. CPAs, LLP

Albany, New York
June 27, 2017

June 27, 2017

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, 2017. 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 be of service to the Corporation.

Very truly yours,

BST & Co. CPAs, LLP

Brendan K. Kennedy

Brendan K. Kennedy, Partner

BKK/dmc

26 Computer Drive West, Albany, NY 12205 / T 518.459.6700 / F 518.459.8492 / www.bstco.com

Albany, NY / Mineola, NY / New York, NY

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Communication With Those Charged With Governance
Year Ended March 31, 2017

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 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 June 3, 2016. 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 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. Following is a description of accounting standards the Corporation adopted during the year to comply with accounting principles generally accepted in the United States of America (GAAP):

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended.* The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

Accounting Policies and Practices - Continued

Adoption of, or Change in, Accounting Policies - Continued

To comply with the requirements of GASB 75, the Corporation has restated its net position for the period ended March 31, 2016, modified footnote disclosures, and included revised required supplementary information.

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.

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 Issues Discussed with Management

Following is a description of significant issues arising from the audit that were discussed with management.

- The administration of the Community Development Block Grant Disaster Recovery Program and contingent liabilities related to ineligible and questions costs.
- The sale and valuation of properties acquired under the Acquisition Program below the cost of acquisition.

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, 2017

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, 2017 financial statements:

Estimate	Accounting Policy	Estimation Process
Allowance on Mortgages and Interest Receivable	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.
Other Postemployment Benefits (OPEB) Liability	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.
Properties Held for Sale	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.
Net Pension Liability	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.

BST ACCOUNTING / TAX / ADVISORY

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Summary of Recorded Audit Adjustments
Year Ended March 31, 2017

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
To adjust value of property	$ (8,393,435)	$ -	$ -	$ -	$ 8,393,435
To record additional payable	-	1,341,936	-	-	1,341,936
To record net pension liability	5,557,038	6,188,518	-	-	631,480
To increase OPEB liability	-	1,797,342	(520,816)	-	1,276,526
Total Statement of Revenues, Expenses, and Changes in Net Position Effect			(11,643,377)	$ -	$ 11,643,377
Total Statement of Net Position Effect	$ (2,836,397)	$ 9,327,796	$ (12,164,193)		

Housing Trust Fund Corporation

(a Component Unit of the State of New York)

Summary of Uncorrected Misstatements
Year Ended March 31, 2017

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:

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
Cumulative Carryover Impact From Previous Years					
Vacation time	$ -	$ -	$ (1,011,235)	$ -	$ (1,011,235)
Current Year Uncorrected Misstatements					
To correct property value as of prior year	-	-	10,311,579	-	10,311,579
To correct accounts payable as of prior year			3,948,543		3,948,543
To record accrued vacation liability	-	1,061,930	-	-	1,061,930
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			(14,310,817)	$ -	$ 14,310,817
Cumulative Statement of Net Position Effect	$ -	$ 1,061,930	$ (1,061,930)		

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, 2017

Representation Letter

June 27, 2017

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

This representation letter is provided in connection with your audit of the basic financial statements of the Housing Trust Fund Corporation (Corporation) (a component unit of the State of New York), which comprise the statement of net position as of March 31, 2017, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, 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, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 3, 2016, 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, are 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. As of and for the year ended March 31, 2017, 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.

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
Cumulative Carryover Impact From Previous Years					
Vacation time	$ -	$ -	$ (1,011,235)	$ -	$ (1,011,235)
Current Year Uncorrected Misstatements					
To correct property value as of prior year	-	-	10,311,579	-	10,311,579
To correct accounts payable as of prior year			3,948,543		3,948,543
To record accrued vacation liability	-	1,061,930	-	-	1,061,930
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			(14,310,817)	$ -	$ 14,310,817
Cumulative Statement of Net Position Effect	$ -	$ 1,061,930	$ (1,061,930)		

11. We agree with the findings of specialists in evaluating the postemployments 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. We have not completed the process of evaluating the effect that will result from adopting the guidance in Government Accounting Standards Board (GASB) Statement No 82 (GASB 82) as discussed in Note 13. The Corporation is, therefore, unable to disclose the effect that adopting the guidance in GASB 82 will have on its financial position and the results of operations when such guidance is adopted.

14. Arrangements involving restrictions on cash and investment balances have been properly disclosed.

Information Provided

15. 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 audit;
    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.

16. All transactions have been recorded in the accounting records and are reflected in the financial statements.

17. 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.

18. 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.

19. 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.

20. 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.

21. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

22. 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.

23. 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.

24. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Compliance Considerations

25. In connection with your audit 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 the 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. Excluding supplementary information added due to the adoption of GASB 75, the methods of measurement have not changed from those used in the prior period.

27. During the course of your audit, 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.

Very truly yours,

HOUSING TRUST FUND CORPORATION

Betsy Mallow
Executive Deputy Commissioner

Stacey C Mickle

Stacey Mickle
Director of Corporate Finance/Treasurer

ANDREW M. CUOMO
Governor

RUTHANNE VISNAUSKAS
Commissioner/CEO

June 27, 2017

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

This representation letter is provided in connection with your audit of the basic financial statements of the Housing Trust Fund Corporation (Corporation) (a component unit of the State of New York), which comprise the statement of net position as of March 31, 2017, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, 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, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 3, 2016, 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, are 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. As of and for the year ended March 31, 2017, 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.

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Position	Revenue	Expense
Cumulative Carryover Impact From Previous Years					
Vacation time	$ -	$ -	$ (1,011,235)	$ -	$ (1,011,235)
Current Year Uncorrected Misstatements					
To correct property value as of prior year	-	-	10,311,579	-	10,311,579
To correct accounts payable as of prior year			3,948,543		3,948,543
To record accrued vacation liability	-	1,061,930	-	-	1,061,930
Cumulative Statement of Revenues, Expenses, and Changes in Net Position Effect			(14,310,817)	$ -	$ 14,310,817
Cumulative Statement of Net Position Effect	$ -	$ 1,061,930	$ (1,061,930)		

11. We agree with the findings of specialists in evaluating the postemployments 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. We have not completed the process of evaluating the effect that will result from adopting the guidance in Government Accounting Standards Board (GASB) Statement No 82 (GASB 82) as discussed in Note 13. The Corporation is, therefore, unable to disclose the effect that adopting the guidance in GASB 82 will have on its financial position and the results of operations when such guidance is adopted.

14. Arrangements involving restrictions on cash and investment balances have been properly disclosed.

Information Provided

15. 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 audit;
    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.

16. All transactions have been recorded in the accounting records and are reflected in the financial statements.

17. 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.

18. 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.

19. 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.

20. 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.

21. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

22. 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.

23. 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.

24. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Compliance Considerations

25. In connection with your audit 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 the 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. Excluding supplementary information added due to the adoption of GASB 75, the methods of measurement have not changed from those used in the prior period.

27. During the course of your audit, 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.

Very truly yours,

HOUSING TRUST FUND CORPORATION

Betsy Mallow
Executive Deputy Commissioner

Stacey C Mickle

Stacey Mickle
Director of Corporate Finance/Treasurer