

CONNECTICUT HOUSING FINANCE AUTHORITY

**REPORTS IN ACCORDANCE WITH THE
STATE SINGLE AUDIT ACT**

DECEMBER 31, 2024



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

INDEPENDENT AUDITORS' 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

To the Board of Directors of
Connecticut Housing Finance Authority

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 financial statements of the Connecticut Housing Finance Authority, a component unit of the state of Connecticut, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 4, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connecticut Housing Finance Authority'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 financial statements. 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 instance 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 Connecticut Housing Finance Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Connecticut Housing Finance Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
April 4, 2025

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE FOR EACH MAJOR STATE
PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE STATE SINGLE AUDIT ACT

To the Board of Directors of
Connecticut Housing Finance Authority

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Connecticut Housing Finance Authority's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Connecticut Housing Finance Authority's major state programs for the year ended December 31, 2024. Connecticut Housing Finance Authority's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Connecticut Housing Finance Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended December 31, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Connecticut Housing Finance Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Connecticut Housing Finance Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Connecticut Housing Finance Authority's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Connecticut Housing Finance Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Connecticut Housing Finance Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Connecticut Housing Finance Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Connecticut Housing Finance Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Housing Finance Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Connecticut Housing Finance Authority as of and for the year ended December 31, 2024, and have issued our report thereon dated April 4, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Whittlesey PC". The signature is written in a cursive, flowing style.

Hartford, Connecticut
April 4, 2025

CONNECTICUT HOUSING FINANCE AUTHORITY

Schedule of Expenditures of State Financial Assistance

For the year ended December 31, 2024

State Grantor/ Pass-Through Grantor/ Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
Department of Economic and Community Development			
State Portfolio Preservation	12064-HFA19600-40237	\$ -	\$ 455,980
State Portfolio Preservation	12065-HFA19600-40240	-	15,239,304
Subtotal State Portfolio Preservation		-	15,695,284
Pre Development & Critical Needs	12065-HFA19600-40240	-	2,386,131
Housing Trust Fund	12066-HFA19600-40001	-	1,311,242
Total Department of Economic and Community Development		-	19,392,657
Department of Housing			
Emergency Mortgage Assistance Program (EMAP)	12052-HFA19600-43535	-	814,848
Assisted Living Demonstration Project	11000-DOH46920-16029	-	2,585,657
Build for CT	12066-HFA19600-40001	-	64,875,000
Time to Own	12052-HFA19600-43833	-	77,683,638
Total Department of Housing		-	145,959,143
Total State Financial Assistance		\$ -	\$ 165,351,800

See Note to Schedule of Expenditures of State Financial Assistance

CONNECTICUT HOUSING FINANCE AUTHORITY

Note to Schedule of Expenditures of State Financial Assistance

For the year ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the state grant activity of the Connecticut Housing Finance Authority, under programs of the State of Connecticut for the year ended December 31, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Connecticut Housing Finance Authority, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Connecticut Housing Finance Authority.

The accounting policies of the Connecticut Housing Finance Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

Expenditures reported on the Schedule are presented on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

CONNECTICUT HOUSING FINANCE AUTHORITY

Schedule of State Findings and Questioned Costs

For the year ended December 31, 2024

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' opinion issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of auditors' opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

☐ Yes ☒ No

- The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Economic and Community Development		
State Portfolio Preservation	12064-HFA19600-40237	\$ 455,980
State Portfolio Preservation	12065-HFA19600-40240	15,239,304
Department of Housing		
Assisted Living Demonstration	11000-DOH46920-16029	2,585,657
Project Build for CT	12066-HFA19600-40001	64,875,000
• Dollar threshold used to distinguish between type A and type B programs		<u><u>\$ 3,307,036</u></u>

II. FINANCIAL STATEMENT FINDINGS

No matters reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters reported.

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