

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 22-1-14DB

January 2022



GOVERNMENT OF THE DISTRICT OF COLUMBIA HOME PURCHASE ASSISTANCE PROGRAM FUND 0602

**Financial Statements (With Independent Auditor's Report)
For Fiscal Years Ended September 30, 2021 and 2020**



Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



January 31, 2022

The Honorable Muriel Bowser
Mayor of the District of Columbia Mayor's
Correspondence Unit
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite
316 Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *Government of the District of Columbia Home Purchase Assistance Program Fund 0602 Financial Statements (With Independent Auditor's Report) for the Fiscal Years Ended September 30, 2021, and 2020* (OIG No. 22-1-14DB). McConnell Jones, LLP (MJ) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2021.

On January 3, 2022, MJ issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. MJ identified no material weaknesses in internal control over financial reporting.

If you have questions about this report, please contact me or Fekede Gindaba, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in blue ink, appearing to read "DW Lucas".

Daniel W. Lucas
Inspector General

DWL/wms

Enclosure

cc: See Distribution List

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
*(With Independent Auditor's Report)***

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of the Government of the District of Columbia Home Purchase Assistance Program Fund 0602 (the Fund), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Fund's 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 audits. We conducted our audits 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 audits 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 Fund as of September 30, 2021 and 2020, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.



McConnell Jones

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the Fund and do not purport to, and do not present fairly the financial position of the Government of the District of Columbia as of September 30, 2021 and 2020, or the changes in its financial position for the year then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to the matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, 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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2022, on our consideration of the Fund'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Fund's internal control over financial reporting and compliance.

Washington, D.C.
January 3, 2022

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

Management's Discussion and Analysis

The following is a discussion and analysis of the Government of the District of Columbia's (District) Home Purchase Assistance Program Fund 0602 (the Fund) financial performance for the fiscal years ended September 30, 2021 and 2020. The financial statements and accompanying notes on pages 6 through 11 should be read in conjunction with this discussion.

Basic Financial Statements

The Fund's basic financial statements are comprised of two components: fund financial statements and notes to the financial statements.

- **Fund financial statements.** The governmental financial statements focus primarily on the sources, uses, and balances of current financial resources. The financial statements consist of the balance sheets and statements of revenues, expenditures, and changes in fund balances.
- **Notes to the financial statements.** The notes provide additional information that is essential to fully understand the data provided in the fund financial statements.

2021 Financial Highlights

- Net loans receivable decreased by \$3,010,165 or 27%.
- 57 new loans were issued in FY 2021 totaling \$1,103,156, along with 7 First Responder and 42 Matching grants totaling \$252,500.
- The Fund's allowance for uncollectible loans receivable as of September 30, 2021 was 56% for amortized loans and 100% for deferred loans without expected repayments. The allowance for amortized and deferred loans with expected repayments was calculated based on the average of 5 years historical collection experience.
- Deferred inflows recorded for the Fund was \$8,036,594, which corresponds to the net loans' receivable.

2020 Financial Highlights

- Net loans receivable decreased by \$425,444 or 4%.
- 23 new loans were issued in FY 2020 totaling \$1,390,549.
- The Fund's allowance for uncollectible loans receivable as of September 30, 2020 was 44% for amortized loans and 100% for deferred loans without expected repayments. The allowance for amortized and deferred loans with expected repayments was calculated based on the average of 5 years historical collection experience.
- Deferred inflows recorded for the Fund was \$11,046,759, which corresponds to the net loans' receivable.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

Condensed Balance Sheets as of September 30, 2021, 2020 and 2019

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>Change</u>			
				<u>2021-2020</u>		<u>2020-2019</u>	
Total Assets	\$ 8,632,639	\$ 11,423,475	\$ 12,115,051	\$ (2,790,835)	-24%	\$ (691,576)	-6%
Total Liabilities	129,228	166,194	264,525	(36,966)	-22%	(98,331)	-37%
Total Deferred Inflows	8,036,594	11,046,759	11,472,203	(3,010,165)	-27%	(425,444)	-4%
Fund Balance	\$ 466,817	\$ 210,521	\$ 378,323	\$ 256,296	122%	\$ (167,802)	-44%

2021

Assets

- Net loans receivable decreased by \$3,010,165, or 27%. The loan allowance increased by \$2,413,448, or 10%. The allowance on amortized and deferred loans with expected repayments is calculated based on the average of 5 years actual historical collection experience, and deferred loans without expected repayments are reserved at 100%. Also, 57 new loans, totaling \$1,103,156, were issued from the Fund during the fiscal year.

Liabilities

- Liabilities decreased by \$36,966, or 22%, primarily due to decreased Accounts Payable.

Deferred Inflows

- The decrease in deferred inflows corresponds to the decrease in net loans receivable.

2020

Assets

- Net loans receivable decreased by \$425,444, or 4%. The loan allowance decreased by \$2,722,986, or 10%. The allowance on amortized and deferred loans with expected repayments is calculated based on the average of 5 years actual historical collection experience, and deferred loans without expected repayments are reserved at 100%. Also, 23 new loans, totaling \$1,390,549, were issued from the Fund during the fiscal year.

Liabilities

- Liabilities decreased by \$98,331, or 37%, primarily due to decreased accounts payable.

Deferred Inflows

- The decrease in deferred inflows corresponds to the decrease in net loans receivable.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance for the years ended September 30, 2021, 2020, and 2019.

	2021	2020	2019	Change			
				2021-2020		2020-2019	
Revenues							
Principal and Interest Recoveries	\$ 1,853,260	\$ 1,378,347	\$ 1,833,735	\$ 474,913	34%	\$ (455,388)	-25%
Total Revenues	1,853,260	1,378,347	1,833,735	474,913	34%	(455,388)	-25%
Expenditures							
Loans	1,103,156	1,390,549	1,217,080	(287,393)	-21%	173,469	14%
Grants, Administration and Other	390,258	155,600	238,332	234,658	151%	(82,732)	-35%
Total Expenditures	1,493,414	1,546,149	1,455,412	(52,735)	-3%	90,737	6%
Excess of Revenues Over Expenditures	359,846	(167,802)	378,323	527,648	314%	(546,125)	-144%
Fund Balance, Beginning	210,521	378,323	849,195	(167,802)	44%	(470,872)	-55%
Transfer Out	(103,550)	-	(849,195)	(103,550)	-100%	849,195	100%
Net Change in Fund Balance	\$ 256,296	\$ (167,802)	\$ 378,323	\$ 424,098	253%	\$ (546,125)	-144%

2021

Revenues

- Revenues increased by \$474,913, or 34%, primarily due to an increase in loan payoffs. This follows a trend seen in other loan populations, largely attributable to continued low interest rates and a rebounding of real estate transaction volumes, including refinancing.

Expenditures

- Expenditures decreased by \$52,735, or 3%, due to a reduced budget level, based on lower revenue expectations for 2021. The loans variance is due to use of the fund for the Employer-Assisted Home Purchase (EAHP) program in FY 2021, rather than HPAP, as the total number of loans increased from 23 to 59, but with a lower average value of approximately \$20,000 compared to \$59,000 for HPAP. Under Grants, Administration and Other, the FY 2020 amount reflects only administrative costs associated with the program administrator. The equivalent amount in FY 2021 was \$137,758 (an 11% reduction, in line with the change in loan activity). The FY 2021 amount also includes \$252,500 in First Responder and Matching grants to borrowers, which is related to the fund's use for EAHP rather than HPAP in FY 2021, due to demand for that program.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)

2020

Revenues

- Revenues decreased by \$455,388, or 25%, primarily due to a decrease in loan repayments, and specifically in the amount of loan payoffs, which indicate fewer loan refinancings or property sales. While some of the revenue decrease is likely related to the impact of COVID-19 on borrowers' ability to pay, which would be measured in the delinquency rate, the program has worked with only a small number of borrowers to offer a temporary forbearance related to COVID impacts.

Expenditures

- Expenditures increased by \$90,737, or 6%, due to an increase in loan disbursements resulting from a larger average loan amount, offset by a decrease in administrative fees charged by the underwriter.

This report is designed to provide a general financial overview of the District of Columbia Government's Home Purchase Assistance Program Fund 0602. If you have any questions regarding this report, please contact Beth Spooner, Agency Fiscal Officer of the Department of Housing and Community Development at (202) 442-7173.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
BALANCE SHEETS AS OF
SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Pooled Cash	\$ 596,045	\$ 376,715
Loans Receivable, Net	<u>8,036,594</u>	<u>11,046,759</u>
Total Assets	<u><u>\$ 8,632,639</u></u>	<u><u>\$ 11,423,475</u></u>
LIABILITIES		
Accounts Payable	\$ 129,228	\$ 166,194
DEFERRED INFLOWS - Unavailable Revenues	8,036,594	11,046,759
FUND BALANCE - COMMITTED	<u>466,817</u>	<u>210,521</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u><u>\$ 8,632,639</u></u>	<u><u>\$ 11,423,475</u></u>

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES		
Principal and Interest Recoveries	\$1,853,260	\$ 1,378,347
Total Revenues	<u>1,853,260</u>	<u>1,378,347</u>
EXPENDITURES		
Loans	1,103,156	1,390,549
Grants	252,500	50,000
Administration and Other	137,758	105,600
Total Expenditures	<u>1,493,414</u>	<u>1,546,149</u>
Excess (Deficit) of Revenues Over Expenditures	359,846	(167,802)
Other Financing Sources (Uses):		
Transfer Out	<u>(103,550)</u>	<u>-</u>
Net Change in Fund Balance	256,296	(167,802)
Fund Balance, Beginning	<u>210,521</u>	<u>378,323</u>
Fund Balance, Ending	<u><u>\$ 466,817</u></u>	<u><u>\$ 210,521</u></u>

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ***Organization***

The Home Purchase Assistance Program Fund 0602 was established under the District of Columbia Home Purchase Assistance Fund Act of 1978, which was amended by D.C. Law 21-139, Home Purchase Assistance Program Amendment Act of 2016. D.C. Law 3-70, incorporated The Home Purchase Assistance Program Fund 0602 into the General Fund, where it is accounted for as a separate activity while retaining its original name. It provides financial assistance to low and moderate income persons and District of Columbia Government employees participating in the District of Columbia Employer-Assisted Housing Program. Any unexpended balance at the end of the year shall be reserved as committed fund balance and used to provide authorization to expend for subsequent years subject to the direction of the Mayor. Title 14 Chapter 25 of the D.C. Municipal Regulations (DCMR) provides rules for loans made under the Home Purchase Assistance Program Fund 0602. The Department of Housing and Community Development (DHCD) is responsible for the administration of the program.

The purpose of the District of Columbia Home Purchase Assistance Program Fund 0602 is to:

- Provide financial assistance to lower and moderate-income residents of the District;
- Enable lower and moderate-income residents to purchase decent, safe, and sanitary homes within the District;
- Enable lower and moderate-income residents to make payments toward the purchase of a home within the District; and
- Enable lower and moderate-income residents to make a shared payment or other payment to a housing cooperative to secure occupancy rights to a home within the District as his or her principal place of residence.

The maximum amount of down payment and closing costs assistance that an eligible participant can receive under the program is \$80,000 and \$4,000, respectively.

The Employer-Assisted Housing Program loan maximum is \$20,000, with another \$5,000 available in matching grants. First responders are eligible for an additional \$10,000 in down payment assistance grants, with a maximum matching grant of \$15,000.

- ***Reporting Entity***

The financial statements present only the District's Home Purchase Assistance Program Fund 0602 and do not purport to, and do not present the financial position or changes in financial position of the District's other funds of the Home Purchase Assistance Program.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

- ***Basis of Accounting and Measurement Focus***

The Fund's activities are accounted for in the District's general fund, a governmental fund type, which is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (that is when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period, which is considered by the District to be 60 days per District's policy. The Fund's loans receivable are not available under this policy and, therefore, are offset by an equal Deferred Inflows amount. Expenditures are recorded when the related liabilities are incurred.

- ***Estimates***

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

- ***Fund Balance***

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fund's fund balance is classified as committed, as such funds can only be used to provide financial assistance to low and moderate income persons and District of Columbia Government employees participating in the District of Columbia Employer-Assisted Housing Program in accordance with the District of Columbia Home Purchase Assistance Fund Act of 1978, which was amended by D.C. Law 21-139, Home Purchase Assistance Program Amendment Act of 2016. As of September 30, 2021, the cumulative revenue exceeded the cumulative expenditures, resulting in positive net revenue. As of September 30, 2020, the cumulative expenditures exceeded the cumulative revenue, resulting in negative net revenue, which was absorbed in fund balance.

NOTE 2 **POOLED CASH**

The Fund's cash is deposited into an invested pooled account with the District. In accordance with District policies, substantially all its deposits were insured or collateralized with securities held by the District or by its agent in the name of the District.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 3 LOANS RECEIVABLE

The Fund's loans consist of two types: deferred and amortized.

- Deferred loans allow the borrower to defer payment of the principal until the property purchased ceases to be their principal residence. Except for employee deferred loans, deferred loans with a closing date subsequent to March 14, 1997, require repayment to begin after five years. Employee loans are provided under the Employer Assisted Housing Program (EAHP) to employees of the District of Columbia who are first time homebuyers purchasing in the District. Repayments on employee loans are deferred until the housing unit is sold, transferred, or ceases to be the borrower's principal residence. In fiscal year 2021 and 2020, the Fund's total principal amounts of employee deferred loans were \$2,412,617 and \$1,958,357, respectively.
- Amortized loans are required to be paid-off over a specific period at a predetermined interest rate.

As of September 30, 2021, and 2020, loans receivable consisted of the following:

2021				
	Loan Amount	Allowance	Net Loan Receivable	Allowance %
Amortized Loans	\$ 18,471,168	\$ (10,434,574)	\$ 8,036,594	-56%
Deferred Loans, with expected payments	-	-	-	0%
Deferred Loans, with no expected payments	15,706,851	(15,706,851)	0	100%
Total	\$ 34,178,019	\$ (26,141,425)	\$ 8,036,594	-76%

2020				
	Loan Amount	Allowance	Net Loan Receivable	Allowance %
Amortized Loans	\$ 19,803,598	\$ (8,772,546)	\$ 11,031,052	-44%
Deferred Loans, with expected payments	15,707	0	15,707	0%
Deferred Loans, with no expected payments	14,955,431	(14,955,431)	0	100%
Total	\$ 34,774,736	\$ (23,727,977)	\$ 11,046,759	-68%

In FY 2021, allowance for amortized and deferred loans with expected payment was assessed at 56% and 0%, respectively, based on the average of 5 years actual collections experience, and deferred loans with no expected payment were assessed at 100% of the total outstanding loans balance. In FY 2020, allowance for amortized and deferred loans with expected payment was assessed at 44% and 0%, respectively, based on the average of 5 years actual collections experience, and deferred loans with no expected payment were assessed at 100% of the total outstanding loans balance.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
HOME PURCHASE ASSISTANCE PROGRAM FUND 0602
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 SUBSEQUENT EVENTS

The Fund's management has evaluated subsequent events through the date this report was available for issuance, which was January 3, 2022. There are no material events that would have an effect on the financial statements.



McConnell Jones

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*

INDEPENDENT AUDITOR'S REPORT

To the Mayor, Members of the Council of the Government of the District of Columbia and
Inspector General of the Government of the District of Columbia
Washington, D.C.

We have audited, 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, the financial statements of the Government of the District of Columbia Home Purchase Assistance Program Fund 0602 (the Fund), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated January 3, 2022.

Internal Control over Financial Reporting

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

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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 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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Washington, D.C.
January 3, 2022



To report fraud, waste, abuse, or mismanagement:

(202) 724-TIPS (8477) and (800) 521-1639



<http://oig.dc.gov>



oig@dc.gov

