

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General**

**AUDIT OF
THE HOME PURCHASE ASSISTANCE
PROGRAM
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1997, 1996, AND 1995**



**CHARLES C. MADDOX, ESQ.
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Charles C. Maddox, Esq.
Inspector General



December 20, 1999

Valerie Holt
Chief Financial Officer
Office of the Chief Financial Officer
441 4th Street, N.W., Suite 1060
Washington, D.C. 20001

Othello Mahone
Interim Director
Department of Housing and Community Development
801 North Capitol Street, N.E.
8th Floor
Washington, D.C. 20005

Dear Ms. Holt and Mr. Mahone:

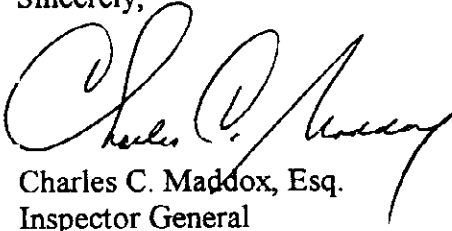
The Office of the Inspector General (OIG) has completed an audit of the Home Purchase Assistance Fund for the fiscal years ended September 30, 1997, 1996, and 1995. (OIG-2-99DB). The Department of Housing and Community Development (DHCD) administers the Program. The OIG also prepared a Management Letter (OIG-2a-99DB) containing comments and recommendations we believe will improve management of both the Home Purchase Assistance Fund and Program. This Management Letter does not modify our opinion as expressed in the auditor's report on such financial statements.

In accordance with generally accepted government auditing standards, we performed a review of existing internal controls for the purpose of providing a basis for the reliance on accounting and administrative records and determining the extent of substantive testing. The review was not intended to be an exhaustive study of the internal controls for making detailed recommendations and would not have necessarily disclosed all weaknesses in the system. Also, we performed some compliance testing to ascertain if home purchase assistant loans were made in compliance with District of Columbia Municipal Regulations relative to the administration of the Home Purchase Assistance Program (HPAP).

Valerie Holt
Chief Financial Officer
Othello Mahone
Interim Director
December 20, 1999
Page 2 of 2

Should you have any questions or need additional information, please contact me at 727-2540 or John N. Balakos, Assistant Inspector for Audits, at 727-8279.

Sincerely,



Charles C. Maddox, Esq.
Inspector General

Enclosure

**AUDIT OF THE
HOME PURCHASE ASSISTANCE PROGRAM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1997, 1996, & 1995**

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**AUDIT OF
THE HOME PURCHASE ASSISTANCE PROGRAM
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 1997, 1996, and 1995**

Introduction and Purpose

Pursuant to D.C. Code, § 45-2205, the Office of the Inspector General has audited the Home Purchase Assistance Fund for the Fiscal Years ended September 30, 1997, 1996, and 1995. The Department of Housing and Community Development administers the Fund.

The District of Columbia Home Purchase Assistance Fund Act of 1978, D.C. Law 2-103, as amended, (D.C. Code 45-2201 et seq., 1990 Repl. Vol.), established the Home Purchase Assistance Fund, to be accounted for in the General Fund as a separate revenue source, allocable to provide financial assistance to the residents of the District of Columbia of lower and moderate incomes and to District of Columbia government employees participating in the District of Columbia Employer-Assisted Housing Program for the purposes of enabling them to purchase decent, safe, and sanitary homes in the District of Columbia.

Section 45-2202 provides that there shall be deposited to the credit of the Fund such amounts as may be appropriated pursuant to this chapter, grants and gifts from public and private sources to the Fund; proceeds realized from the liquidation of any security interest held by the District under the terms of any assistance provided from the Fund; interest earned from deposit or investment of monies of the Fund; and all other revenues, receipts and fees of whatever nature derived from the operation of the Fund.

Section 45-2203 provides that the Fund shall be available without fiscal year limitation for the purpose of providing financial assistance for down payments or interim financing to recipients for the purpose of purchasing, or securing housing, including but not limited to, single family homes, condominium units, or occupancy rights to cooperative housing in the District of Columbia as their principal place of residence and to the District of Columbia Employer-Assisted Housing Program, to purchase a home in the District.

Section 45-2204 authorizes the Mayor to promulgate rules and regulations governing the operation of the Fund. Title 14, Chapter 25, of the D.C. Municipal Regulations (DCMR) provides rules for loans made under the Home Purchase Assistance Program. Title 14, Chapter 27, of the DCMR provides rules for loans made under the First Right Purchase Assistance Program.

Section 45-2205 of the D.C. Code requires that an annual audit of the operations of the Fund be conducted by the Office of the Inspector General of the District of Columbia.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

OIG-2-99DB

Charles C. Maddox, Esq.
Inspector General



December 20, 1999

Auditor's Report on Financial Statements

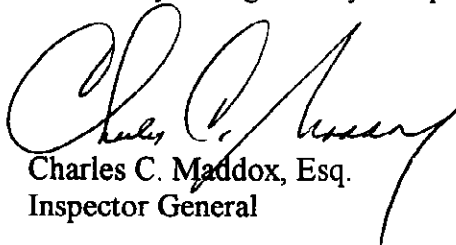
To the Chief Financial Officer of the District of Columbia

Interim Director of the Department of Housing and Community Development

We have audited the accompanying balance sheets of the Home Purchase Assistance Fund as of September 30, 1997, 1996, and 1995 and the related statements of revenues, expenditures, and changes in fund balance for the years then ended. These financial statements are the responsibility of the management of the Department of Housing and Community Development. Our responsibility is to express an opinion on the financial statements based on our audit

We conducted our audit in accordance with the generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Home Purchase Assistance Fund at September 30, 1997, 1996, and 1995, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.



Charles C. Maddox, Esq.
Inspector General

DHCD
HOME PURCHASE ASSISTANCE PROGRAM
Balance Sheet
as of September 30, 1997
with Comparative Totals for 1996

ASSETS	<u>1997</u>	<u>1996</u>
<u>Current Assets</u>		
Cash and Investments	\$ 5,516,588	\$ 3,262,402
Accounts Receivable	\$ 1,101,589	\$ 603,715
Advances (Note 6)	\$ -	\$ 1,310,105
Total Current Assets	<u>\$ 6,618,177</u>	<u>\$ 5,176,222</u>
 LONG-TERM ASSETS		
Mortgages Receivable: (Notes 2 & 5)		
Home Purchase Assistance Program	\$ 43,284,933	\$ 40,511,014
First Rights to Purchase Program	\$ 1,579,322	\$ 1,606,479
Allowance for Uncollectibles	<u>\$ (18,760,638)</u>	<u>\$ (5,071,392)</u>
Total Long-Term Assets	<u>\$ 26,103,617</u>	<u>\$ 37,046,101</u>
Total Assets	<u><u>\$ 32,721,794</u></u>	<u><u>\$ 42,222,323</u></u>
 LIABILITIES AND FUND BALANCE		
<u>Liabilities</u>		
Accounts Payable	\$ 438,651	\$ 32,928
Total Liabilities	<u>\$ 438,651</u>	<u>\$ 32,928</u>
 <u>Fund Balance</u>		
Fund Balance (Note 8)	\$ 32,283,143	\$ 42,189,395
Total Fund Balance	<u>\$ 32,283,143</u>	<u>\$ 42,189,395</u>
Total Liabilities and Fund Balance	<u><u>\$ 32,721,794</u></u>	<u><u>\$ 42,222,323</u></u>

The accompanying notes are an integral part of this statement

DHCD
Home Purchase Assistance
Program
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
for the Year Ended September 30, 1997
with Comparative Totals for 1996

Exhibit IA

REVENUES	<u>1997</u>	<u>1996</u>
Interest Income	\$ 395,260	\$ 384,647
Total Revenues	<u>\$ 395,260</u>	<u>\$ 384,647</u>
 EXPENSES		
Administrative Expenses	\$ 451,478	\$ 466,088
Bad Debt Expense (Note 7)	\$ 13,689,246	\$ 797,430
Miscellaneous	\$ 48,682	\$ 35,726
Total Expenses	<u>\$ 14,189,406</u>	<u>\$ 1,299,244</u>
 Excess (Deficit) of Revenues over Expenses	 <u>\$ (13,794,146)</u>	 <u>\$ (914,597)</u>
 OTHER FUNDING SOURCES		
District Appropriations	\$ 3,887,894	\$ 1,433,995
Total Other Funding Sources	<u>\$ 3,887,894</u>	<u>\$ 1,433,995</u>
 Excess (Deficit) of Revenues and Other Sources Over Expenses	 <u>\$ (9,906,252)</u>	 <u>\$ 519,398</u>
 Fund Balance as of October 1	 \$ 42,189,395	 \$ 41,669,997
Fund Balance as of September 30	<u>\$ 32,283,143</u>	<u>\$ 42,189,395</u>

The accompanying notes are an integral part of this statement

DHCD
HOME PURCHASE ASSISTANCE FUND
as of September 30, 1996
with Comparative Totals for 1995

ASSETS	<u>1996</u>	<u>1995</u>
<u>Current Assets</u>		
Cash and Investments	\$ 3,262,402	\$ 2,700,704
Accounts Receivable	\$ 603,715	\$ 395,978
Advances (Note 6)	\$ 1,310,105	\$ 1,022,040
Total Current Assets	<u>\$ 5,176,222</u>	<u>\$ 4,118,722</u>
 LONG-TERM ASSETS		
Mortgages Receivable: (Notes 2 & 4)		
Home Purchase Assistance Program	\$ 40,511,014	\$ 40,225,209
First Rights to Purchase Program	\$ 1,606,479	\$ 1,623,175
Allowance for Uncollectibles	<u>\$ (5,071,392)</u>	<u>\$ (4,273,962)</u>
Total Long-Term Assets	<u>\$ 37,046,101</u>	<u>\$ 37,574,422</u>
Total Assets	<u><u>\$ 42,222,323</u></u>	<u><u>\$ 41,693,144</u></u>
 LIABILITIES AND FUND BALANCE		
<u>Liabilities</u>		
Accounts Payable	<u>\$ 32,928</u>	<u>\$ 23,147</u>
Total Liabilities	<u>\$ 32,928</u>	<u>\$ 23,147</u>
 <u>Fund Balance</u>		
Fund Balance	<u>\$ 42,189,395</u>	<u>\$ 41,669,997</u>
Total Fund Balance	<u>\$ 42,189,395</u>	<u>\$ 41,669,997</u>
Total Liabilities and Fund Balance	<u><u>\$ 42,222,323</u></u>	<u><u>\$ 41,693,144</u></u>

The accompanying notes are an integral part of this statement

DHCD
HOME PURCHASE ASSISTANCE PROGRAM
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
for the Year Ended September 30, 1996
with Comparative Totals for 1995

REVENUES	<u>1996</u>	<u>1995</u>
Interest Income	\$ 384,647	\$ 287,475
Miscellaneous	\$ -	\$ 6,791
Total Revenues	<u>\$ 384,647</u>	<u>\$ 294,266</u>
EXPENSES		
Administrative Expenses	\$ 466,088	\$ 423,159
Bad Debt Expense	\$ 797,430	\$ 2,890,382
Miscellaneous	\$ 35,726	\$ -
Total Expenses	<u>\$ 1,299,244</u>	<u>\$ 3,313,541</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ (914,597)</u>	<u>\$ (3,019,275)</u>
OTHER FUNDING SOURCES		
District Appropriations	\$ 1,433,995	\$ 1,843,161
Total Other Funding Sources	<u>\$ 1,433,995</u>	<u>\$ 1,843,161</u>
Excess (Deficit) of Revenues and Other Sources Over Expenses	\$ 519,398	\$ (1,176,114)
Fund Balance as of October 1	\$ 41,669,997	\$ 42,846,111
Fund Balance as of September 30	<u>\$ 42,189,395</u>	<u>\$ 41,669,997</u>

The accompanying notes are an integral part of this statement

DHCD
HOME PURCHASE ASSISTANCE program
Balance Sheet
as of September 30, 1995
with Comparative Totals for 1994

ASSETS	<u>1995</u>	<u>1994</u>
<u>Current Assets</u>		
Cash and Investments	\$ 2,700,704	\$ 1,122,476
Accounts Receivable	\$ 395,978	\$ 381,731
Loan Receivable	\$ -	\$ 203,000
Advances (Note 6)	\$ 1,022,040	\$ 639,057
Total Current Assets	<u>\$ 4,118,722</u>	<u>\$ 2,346,264</u>
 LONG-TERM ASSETS		
Mortgages Receivable: (Notes 2 & 3)		
Home Purchase Assistance Program	\$ 40,225,209	\$ 40,287,297
First Rights to Purchase Program	\$ 1,623,175	\$ 1,639,378
Allowance for Uncollectibles	<u>\$ (4,273,962)</u>	<u>\$ (1,383,580)</u>
Total Long-Term Assets	<u>\$ 37,574,422</u>	<u>\$ 40,543,095</u>
Total Assets	<u><u>\$ 41,693,144</u></u>	<u><u>\$ 42,889,359</u></u>
 LIABILITIES AND FUND BALANCE		
<u>Liabilities</u>		
Accounts Payable	<u>\$ 23,147</u>	<u>\$ 43,248</u>
Total Liabilities	<u>\$ 23,147</u>	<u>\$ 43,248</u>
 <u>Fund Balance</u>		
Fund Balance	<u>\$ 41,669,997</u>	<u>\$ 42,846,111</u>
Total Fund Balance	<u>\$ 41,669,997</u>	<u>\$ 42,846,111</u>
Total Liabilities and Fund Balance	<u><u>\$ 41,693,144</u></u>	<u><u>\$ 42,889,359</u></u>

The accompanying notes are an integral part of this statement

DHCD
HOME PURCHASE ASSISTANCE PROGRAM
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
for the Year Ended September 30, 1995
with Comparative Totals for 1994

REVENUES	<u>1995</u>	<u>1994</u>
Interest Income	\$ 287,475	\$ 310,337
Miscellaneous	\$ 6,791	\$ -
Total Revenues	<u>\$ 294,266</u>	<u>\$ 310,337</u>
EXPENSES		
Administrative Expenses	\$ 423,159	\$ 572,297
Bad Debt Expense	\$ 2,890,382	\$ 129,150
Total Expenses	<u>\$ 3,313,541</u>	<u>\$ 701,447</u>
Excess (Deficit) of Revenues over Expenses	<u>\$ (3,019,275)</u>	<u>\$ (391,110)</u>
OTHER FUNDING SOURCES		
District Appropriations	\$ 1,843,161	\$ 1,513,814
Total Other Funding Sources	<u>\$ 1,843,161</u>	<u>\$ 1,513,814</u>
Excess (Deficit) of Revenues and Other Sources Over Expenses	<u>\$ (1,176,114)</u>	<u>\$ 1,122,704</u>
Fund Balance as of October 1	\$ 42,846,111	\$ 42,080,494
Prior Period Adjustment	\$ -	\$ (357,087)
Fund Balance as of September 30	<u><u>\$ 41,669,997</u></u>	<u><u>\$ 42,846,111</u></u>

The accompanying notes are an integral part of this statement

**District of Columbia
Department of Housing and Community Development
Home Purchase Assistance Program**

**NOTES TO THE FINANCIAL STATEMENTS
For the Period October 1, 1994 to September 30, 1997**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Under this accounting method, revenues are recognized when earned and measurable and expenses are recognized when assets are consumed.

B. Fund Accounting

The accounting policies of the District of Columbia conform to generally accepted accounting principles. The accounts are organized in fund and account groups. Each fund and each account group are considered to be separate accounting entities.

NOTE 2. MORTGAGES RECEIVABLE

Mortgage receivables are presented at face value of promissory notes. Home Purchase Assistance loans consist of four types: principal-only, unsecured, deferred payments, and amortized.

A principal-only mortgage is a loan repaid in regular monthly installments of principal only, without interest for a period of 30 years. These mortgages are usually secured by a lien or subordinated trust on the property purchased.

Unsecured mortgages require repayments subject to the conditions of the loan agreement for which the recipient has signed a promissory note. The note is not secured by a lien on the purchased property.

A deferred mortgage allows the borrower to defer payment of the principal until the property purchased ceases to be the principal residence of the borrower.

Amortized mortgages are required to be completely paid-off over a specific period of time at a predetermined interest rate.

Home Purchase Assistance mortgages are generally limited up to \$25,000 per household. However, the Director of the Department of Housing and Community Development has the authority to increase a mortgage up to \$30,000 under special circumstances delineated in the DCMR, Title 14, Section 2503.

Employer-Assisted Housing mortgages are deferred loans on amounts up to \$10,000.

We adjusted the Loan Receivable in the amount of \$2,661,223 as a prior period adjustment. It was determined by DHCD that these loans were Housing Purchase Assistance Program loans.

**HOME PURCHASE ASSISTANCE PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED OCTOBER 1, 1994 TO SEPTEMBER 30, 1997**

NOTE 3. CHANGES IN MORTGAGES RECEIVABLE

<u>1997</u>	<u>Home Purchase Assistance Mortgages</u>	<u>First Right Purchase Assistance Mortgages</u>
Loans Receivable October 1, 1996 (Before Allowance)	\$40,511,014.00	\$1,606,479.00
First Rights to Purchase Program	1,589,275.00	
Add:		
New Mortgages		
Prior Mortgages	1,792,427.00	0.00
Other Mortgages	2,671,176.00	0.00
Less:		
Repayments	(1,689,684.00)	(27,157.00)
 Mortgages Receivable September 30, 1997 (Before Allowance)	 43,284,933.00	 1,579,322.00
Less:		
Allowance for Un- Collectibles	(18,255,137.00)	(505,501.00)
 Mortgages Receivable (Net) September 30, 1997	 <u>\$25,029,796.00</u>	 <u>\$1,073,821.00</u>

**HOME PURCHASE ASSISTANCE PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED OCTOBER 1, 1994 TO SEPTEMBER 30, 1997**

NOTE 4. CHANGES IN MORTGAGES RECEIVABLE

<u>1996</u>	<u>Home Purchase Assistance Mortgages</u>	<u>First Right Purchase Assistance Mortgages</u>
Loans Receivable October 1, 1995 (Before Allowance)	\$40,225,209.00	\$1,623,175.00
Add: New Mortgages	1,938,126.00	0.00
Less: Repayments	(1,652,321.00)	(16,696.00)
Mortgages Receivable September 30, 1996 (Before Allowance)	40,511,014.00	1,606,479.00
Less: Allowance for Un- Collectibles	(3,922,941.00)	(1,148,451.00)
Mortgages Receivable (Net) September 30, 1996	<u>\$36,588,073.00</u>	<u>\$458,028.00</u>

DHCD
HOME PURCHASE ASSISTANCE PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED OCTOBER 1, 1994 TO SEPTEMBER 30, 1997

OIG-2-99DB

NOTE 5. CHANGES IN MORTGAGES RECEIVABLE

<u>1995</u>	<u>Home Purchase Assistance Mortgages</u>	<u>First Right Purchase Assistance Mortgages</u>
Loans Receivable October 1, 1994 (Before Allowance)	\$40,287,297.00	\$1,639,378.00
Add: New Mortgages	1,483,437.00	0.00
Less: Repayments	(1,545,525.00)	(16,203.00)
Mortgages Receivable September 30, 1995 (Before Allowance)	40,225,209.00	1,623,175.00
Less: Allowance for Un- Collectibles	(4,108,250.00)	(165,712.00)
Mortgages Receivable (Net) September 30, 1995	<u>\$36,116,959.00</u>	<u>\$1,457,463.00</u>

NOTE 6. ADVANCES

DHCD advanced funds to the contractor who processed loan applications and completed loans at settlement. The advances were used to pay for mortgage loans and administrative expenses. Advances outstanding represent unused funds due to the District.

NOTE 7. BAD DEBT EXPENSE

The independent auditors questioned the carrying value of the loan portfolio in both FY 1997 and 1998. The portfolio was consequently reduced in FY 97 in order to meet the objective of the auditors, since it appeared the District was moving closer to the net realizable value of the portfolio.

The bad debt expense was written-off by the District's Comprehensive Annual Financial Report (CAFR) independent auditor.

It was determined that a prior period adjustment should be made to the Bad Debt Expense in the amount of \$1,777,235. This was based on DHCD's loan analysis.

NOTE 8. Fund Balance

The fund balance was reduced to \$32,283,143 due to prior period adjustments for Mortgage Receivable, Allowance for Bad Debt, additional expense for the Bad Debt Expense determined by DHCD.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

OIG-2-99DB

Charles C. Maddox, Esq.
Inspector General



December 20, 1999

Auditor's Report on Internal Accounting and Administrative Controls

To the Chief Financial Officer of the District of Columbia

Interim Director of the Department of Housing and Community Development

We have audited the balance sheet of the Home Purchase Assistance Fund as of September 30, 1997, 1996, and 1995 and the related Statement of Revenues, Expenditures, and Changes in Fund Balance for the year then ended. A report thereon is presented elsewhere herein.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Home Purchase Assistance Fund for the years ended September 30, 1997, 1996, and 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the Department of Housing and Community Development is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

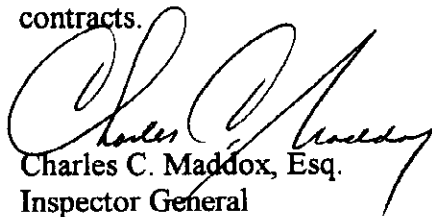
Because of the inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projections, of any evaluation of the structure to future periods is subject to the risk that procedures may

become inadequate because of the changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash receipts, notes receivable, and system of accounts.

For the internal control structure listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above. However, a management letter will be prepared regarding making improvements related to the preparation of the financial statements, maintenance of mortgages receivable balances, and close-out of HPAP contracts.



Charles C. Maddox, Esq.
Inspector General

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

OIG-2-99DB

Charles C. Maddox, Esq.
Inspector General



December 20, 1999

Auditor's Report on Compliance with Laws and Regulations

To the Chief Financial Officer of the District of Columbia

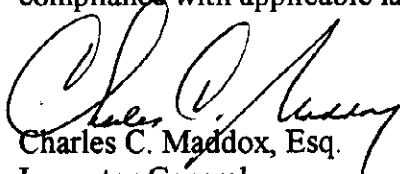
Interim Director of the Department of Housing and Community Development

We have audited the Balance Sheet of the Home Purchase Assistance Fund as of September 30, 1997, 1996, and 1995 and the related Statement of Revenues, Expenditures, and Changes in Fund Balance for the year then ended

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Home Purchase Assistance Fund is the responsibility of the management of the Department of Housing and Community Development (DHCD). As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, for the items tested, DHCD was substantially in compliance with applicable laws and regulations.


Charles C. Maddox, Esq.
Inspector General