



# CITY OF DOWNEY, CALIFORNIA

JUNE 30, 2022

SINGLE AUDIT REPORT

Focused  
on YOU



CITY OF DOWNEY, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2022

CITY OF DOWNEY, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2022

TABLE OF CONTENTS

|   | <u>Page<br/>Number</u> |
|---|------------------------|
| 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 <i>Government Auditing Standards</i> ..... | 1                      |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....                      | 3                      |
| Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2022.....   | 6                      |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 7                      |
| Schedule of Findings and Questioned Costs for the Fiscal Year Ended June 30, 2022.....  | 8                      |
| Schedule of Prior Year Findings and Questioned Costs for the Fiscal Year Ended June 30, 2021.....   | 11                     |



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 Honorable Mayor and Members of the City Council  
City of Downey, California

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Downey, California (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2022.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 the City'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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*: Finding 2022-001. This matter is described in the accompanying schedule of findings and questioned costs.



To the Honorable Mayor and Members of the City Council  
City of Downey, California

### **City's Response to Findings**

The City's response to the finding identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

*Lance, Soll & Lughard, LLP*

Brea, California  
December 19, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council  
City of Downey, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Downey, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 federal program. Our audit does not provide a legal determination of the City'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 the City's federal programs.



To the Honorable Mayor and Members of the City Council  
City of Downey, California

### ***Auditor's 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 the City'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 Uniform Guidance 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 the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 the City'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 the City'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

### **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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable



To the Honorable Mayor and Members of the City Council  
City of Downey, California

possibility that material noncompliance with a type of compliance requirement of a federal 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all 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 a material weakness, as defined above. However, material weaknesses over compliance may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2022-002, that we consider to be significant deficiencies.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 19, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Lance, Solt &amp; Lughard, LLP".

Brea, California

March 9, 2023 (Except for the Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance, which is dated December 19, 2022)



CITY OF DOWNEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal Assistance Listing Number | Pass-Through Unique Entity Identifier | Expenditures         | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------------------|----------------------|----------------------------------|
| <b><u>CDBG -Entitlement Grants Cluster</u></b>  |                                   |                                       |                      |                                  |
| U.S. Department of Housing and Urban Development  |                                   |                                       |                      |                                  |
| Direct Programs:  |                                   |                                       |                      |                                  |
| Community Development Block Grants/Entitlement Grants *   | 14.218                            | N/A                                   | \$ 1,627,265         | \$ 132,226                       |
| Community Development Block Grants/Entitlement Grants - Loan Programs (Note 2) *                          | 14.218                            | N/A                                   | 451,335              | -                                |
| Subtotal - Assistance listing 14.218  |                                   |                                       | 2,078,600            | 132,226                          |
| Total U.S. Department of Housing and Urban Development  |                                   |                                       | 2,078,600            | 132,226                          |
| <b>Total CDBG -Entitlement Grants Cluster</b>   |                                   |                                       | <b>2,078,600</b>     | <b>132,226</b>                   |
| <b><u>Highway Planning and Construction Cluster</u></b>   |                                   |                                       |                      |                                  |
| U.S. Department of Transportation   |                                   |                                       |                      |                                  |
| Passed Through:   |                                   |                                       |                      |                                  |
| State of California Department of Transportation (Caltrans):<br>Highway Planning and Construction Program | 20.205                            | EHEGWCLJEVJ4                          | 3,587,089            | -                                |
| Total U.S. Department of Transportation   |                                   |                                       | 3,587,089            | -                                |
| <b>Total Highway Planning and Construction Cluster</b>  |                                   |                                       | <b>3,587,089</b>     | <b>-</b>                         |
| <b><u>Highway Safety Cluster</u></b>  |                                   |                                       |                      |                                  |
| U.S. Department of Transportation   |                                   |                                       |                      |                                  |
| Passed Through:   |                                   |                                       |                      |                                  |
| State of California Office of Traffic and Safety:<br>State and Community Highway Safety *                 | 20.600                            | XCA4E3XL2KY7                          | 298,884              | -                                |
| Total U.S. Department of Transportation   |                                   |                                       | 298,884              | -                                |
| <b>Total Highway Safety Cluster</b>   |                                   |                                       | <b>298,884</b>       | <b>-</b>                         |
| <b><u>Other Programs</u></b>  |                                   |                                       |                      |                                  |
| <b><u>U.S. Department of Housing and Urban Development</u></b>  |                                   |                                       |                      |                                  |
| Direct Programs:  |                                   |                                       |                      |                                  |
| Home Investment Partnerships Program *  | 14.239                            | N/A                                   | 100,674              | 4,254                            |
| Home Investment Partnerships Program - Loans program (Note 2)*  | 14.239                            | N/A                                   | 5,115,480            | -                                |
| Subtotal - Assistance listing 14.239  |                                   |                                       | 5,216,154            | 4,254                            |
| Total U.S. Department of Housing and Urban Development  |                                   |                                       | 5,216,154            | 4,254                            |
| <b><u>U.S. Department of Justice</u></b>  |                                   |                                       |                      |                                  |
| Direct Programs:  |                                   |                                       |                      |                                  |
| Edward Byrne Memorial Justice Assistance Grant Program  | 16.738                            | N/A                                   | 77,122               | -                                |
| Equitable Sharing Program   | 16.922                            | N/A                                   | 18,154               | -                                |
| Total U.S. Department of Justice  |                                   |                                       | 95,276               | -                                |
| <b><u>U.S. Department of Treasury</u></b>   |                                   |                                       |                      |                                  |
| Passed through:   |                                   |                                       |                      |                                  |
| State of California Controllers Office:<br>COVID-19 - Coronavirus State and Local Fiscal Recovery Funds * | 21.027                            | N/A                                   | 6,055,736            | -                                |
| State Water Resources Board<br>COVID-19 - ACoronavirus State and Local Fiscal Recovery Funds *            | 21.027                            | TGFTZM2DN5Z2                          | 479,921              | -                                |
| Subtotal - Assistance listing 21.027  |                                   |                                       | 6,535,657            | -                                |
| Total U.S. Department of Treasury   |                                   |                                       | 6,535,657            | -                                |
| <b><u>U.S. Small Business Administration</u></b>  |                                   |                                       |                      |                                  |
| Direct Programs:  |                                   |                                       |                      |                                  |
| COVID-19 - Shuttered Venue Operators Grant Program  | 59.075                            | N/A                                   | 152,659              | -                                |
| Total U.S. Small Business Administration  |                                   |                                       | 152,659              | -                                |
| <b><u>U.S. Department of Homeland Security</u></b>  |                                   |                                       |                      |                                  |
| Passed Through:   |                                   |                                       |                      |                                  |
| County of Los Angeles:<br>Homeland Security Grant Program   | 97.067                            | MKQ9AQH7R2S5                          | 202,424              | -                                |
| Total U.S. Department of Homeland Security  |                                   |                                       | 202,424              | -                                |
| <b>Total Other Programs</b>   |                                   |                                       | <b>12,202,170</b>    | <b>4,254</b>                     |
| <b>Total Federal Expenditures</b>   |                                   |                                       | <b>\$ 18,166,743</b> | <b>\$ 136,480</b>                |

\* Major Program

<sup>1</sup> There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

---

**Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards**

**a. Scope of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Downey, California (the "City") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**b. Basis of Accounting**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, under the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 2: Loan Programs with Continuing Compliance Requirements**

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs required servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. Current year transactions relating to these programs are included in the Schedule of Expenditures of Federal Awards. In accordance with 2 CFR section 200.502(b), the balance of loan program outstanding June 30, 2022, are as follows:

| <b>Assistance Listing<br/>Number</b> | <b>Program Name</b>     | <b>Outstanding<br/>Balance at<br/>June 30, 2022</b> |
|--------------------------------------|-------------------------|---|
| 14.218                               | CDBG Loans              | \$ 416,925  |
| 14.239                               | HOME Loans              | 4,899,577   |
|                                      | Total Loans Outstanding | <u>\$ 5,316,502</u>                                 |

CITY OF DOWNEY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

---

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?  yes  no

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u>                           |
|-------------------------------------|---|
| 14.218                              | Community Development Block Grant / Entitlement Grant Grant Cluster |
| 14.239                              | HOME Investment Partnership Program                                 |
| 20.600                              | State and Community Highway Safety                                  |
| 21.027                              | American Rescue Plan  |

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee?  yes  no

**CITY OF DOWNEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding: 2022-001; Housing and Community Development (HCD) Annual Report Filing**  
Noncompliance/Significant Deficiency

Condition:

Housing and Community Development (HCD) Annual Report was not filed by the April 1st deadline.

Criteria:

Section 65400 of the Government Code states if the Housing Successor is a City of County, it will provide by April 1 of each year an Annual Progress Report to the legislative body, the Office of Planning and Research, and the Department of Housing and Community Development (HCD).

Cause of Condition:

The City of Downey did not submit the HCD report electronically by April 1, 2022, and therefore, the report was not filed as of April 1, 2022.

Effect or Potential Effect of Condition:

The City is out of compliance.

Recommendation:

We recommend that the City implement a process to ensure that the report is submitted timely each year.

Management's Response and Corrective Action:

We are in agreement with the Auditor's recommendation and have incorporated a process to ensure timely submittal of the HCD Annual Report next year and in the future years.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2022-002: Loan Continuing Compliance Requirements**  
Noncompliance/Significant Deficiency

Federal Award Information

Assistance Listing Number: 14.218

Program Title: Community Development Block Grant

Federal Award Number: B-18-MC-06-0516; B-19-MC-06-0516; B-20-MW-06-0516; B-20-MC-06-0516;  
B21MC060516; B22MC060516

Federal Award Year: 2018; 2019; 2020; 2021; 2022

Name of Federal Agency: U.S. Department Housing and Urban Development

Assistance Listing Number: 14.239

Program Title: Home Investment Partnerships

Federal Award Number: M-15-MC-06-0541; M-16-MC-06-0541; M-17-MC-06-0541; M-18-MC-06-0541;  
M-20-MC-060541

Federal Award Year: 2015; 2016; 2017; 2018; 2020

Name of Federal Agency: U.S. Department Housing and Urban Development

Criteria or Specific Requirement

Per the loan agreements between the residents and the City, the homeowners are required to maintain the property as their primary residence or repayment is due on the loan. The City is required to review the outstanding loans and ensure residents are in compliance with the loan agreement. The City will need to verify through support, such as utility or insurance payment, that the residence is the primary address under the loan holder.

**CITY OF DOWNEY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

---

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Condition

While the City did not have any new loans within the fiscal year, the City has not performed continuing compliance checks on the loans reported on the SEFA.

Cause of the Condition

The Housing Department at the City has not documented the insurance documents it received for the loan continuing compliance requirements or perform follow up checks to ensure principal residence.

Effect or Possible Effect

Failure to timely document continuing loan compliance checks has resulted in noncompliance.

Questioned Costs

No questioned costs were identified (\$0).

Context

The City of Downey does receive insurance notification of expiring insurance then the Housing Department would check for loan compliance.

Repeat Finding

This is a repeat finding. Refer to Finding 2021-002 in the Schedule of Findings and Questioned Costs for fiscal year ended June 30, 2021.

Recommendation

We recommend that the City implement controls to document the insurance that is received by the City and the name listed is the homeowner of the loan.

Management Response and Corrective Action

The City implemented a monitoring process for existing first-time homebuyer assistance program (HAP) outstanding loans, and continues working on a process to review all loans. The City will complete implementation of a monitoring process in the following fiscal year which includes sending out notices to existing loan recipients.



## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

---

### SECTION II - FINANCIAL STATEMENT FINDING

**Finding: 2021-001; Housing and Community Development (HCD) Annual Report Filing**  
Noncompliance/Significant Deficiency

Reason for Recurrence:  
Turnover in staffing and miscommunication on deadline.

Planned Corrective Action:  
City has hired a consultant to assist with the report submission.

Current Year Reference Number:  
2022-001

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**Finding 2021-002: Loan Continuing Compliance Requirements**  
Noncompliance/Significant Deficiency

Reason for Recurrence:  
Turnover in staffing and miscommunication on deadline.

Planned Corrective Action:  
The City implemented a monitoring process for existing first-time homebuyer assistance program (HAP) outstanding loans and continues working on a process to review all loans. The City will complete implementation of a monitoring process in the following fiscal year which includes sending out notices to existing loan recipients.

Current Year Reference Number:  
2022-002

**Finding 2021-003: Subrecipient Monitoring**  
Noncompliance/Significant Deficiency

Appropriate corrective actions were taken; this finding is considered resolved and is not repeated in the fiscal year ended June 30, 2022.

**Finding 2021-004: FFATA Reporting**  
Noncompliance/Significant Deficiency

Appropriate corrective actions were taken; this finding is considered resolved and is not repeated in the fiscal year ended June 30, 2022.

---

## Future Unlimited

---



## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

---

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**Finding 2021-005: Reporting Requirements**  
Noncompliance/Significant Deficiency

Appropriate corrective actions were taken; this finding is considered resolved and is not repeated in the fiscal year ended June 30, 2022.

---

### *Future Unlimited*

---

**CIVIC CENTER**  
11111 BROOKSHIRE AVE.  
PO BOX 7016  
DOWNEY, CALIFORNIA  
90241-7016  
562-869-7331  
[www.downeyca.org](http://www.downeyca.org)

**LIBRARY**  
11121 BROOKSHIRE AVE.  
DOWNEY, CALIFORNIA  
90241-7016  
562-904-7360  
[www.downeylibrary.org](http://www.downeylibrary.org)

**POLICE DEPARTMENT**  
10911 BROOKSHIRE AVE.  
PO BOX 7016  
DOWNEY, CALIFORNIA  
90241-7016  
562-861-0771

**PARKS & RECREATION**  
7850 QUILL DR.  
DOWNEY, CALIFORNIA  
90242  
562-904-7238

**UTILITIES DIVISION**  
9252 STEWART & GRAY RD.  
DOWNEY, CALIFORNIA  
90241-7016  
562-904-7202

**MAINTENANCE SERVICES**  
12324 BELLFLOWER BLVD.  
DOWNEY, CALIFORNIA  
90242  
562-904-7194