

**CITY OF SAN JACINTO,  
CALIFORNIA**

**SINGLE AUDIT REPORT  
(OMB CIRCULAR A-133)  
FOR THE YEAR ENDED JUNE 30, 2009**

**CITY OF SAN JACINTO, CALIFORNIA**

**SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

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**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 City Council  
City of San Jacinto, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of San Jacinto, California (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 22, 2010. Our report included an emphasis of matter paragraph noting that four City Council Members have been suspended from participating in federal funded programs and that the City's ability to receive federal funds in the future may be at risk. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as findings 2009-1 and 2009-2, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider finding 2009-2 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

We noted certain matters that we reported to management of the City in a separate letter dated February 22, 2010.

This report is intended solely for the information and use of the City's management, City Council, Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Vermorel, Trine, Day, Co., LLP*

Rancho Cucamonga, California  
February 22, 2010



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the City Council  
City of San Jacinto, California

**Compliance**

We have audited the compliance of the City of San Jacinto, California (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-3 and 2009-5 through 2009-7.

**Internal Control Over Compliance**

The management of the City of San Jacinto is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-3 through 2009-7 to be significant deficiencies.

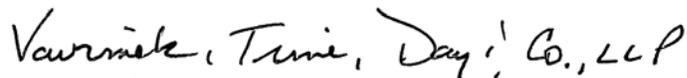
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2009, and have issued our report thereon, dated February 22, 2010. Our report included an emphasis of matter paragraph noting that four City Council Members have been suspended from participating in federal funded programs and that the City's ability to receive federal funds in the future may be at risk. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, City Council, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Rancho Cucamonga, California  
March 26, 2010, except for the Schedule of Expenditures  
of Federal Awards as to which the date is February 22, 2010

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Name of Agency, Grant or Program</u>	<u>Federal Catalog Number</u>	<u>Program Expenditures</u>
<u>U.S. Dept. of Housing and Urban Development</u> <u>Office of Community Planning and Development</u> Brownfields Economic Development Initiative	14.246	\$ 48,417
<u>Passed Through the County of Riverside</u> <u>Economic Development Agency</u> Community Development Block Grants (1) Downtown Street Improvement Project	14.218	199,035
<u>U.S. Department of the Interior</u> <u>National Park Service</u> Save America's Treasure Grant Program (1)	15.929	202,927
<u>U.S. Department of Justice</u> <u>Bureau of Justice Assistance</u> Gang Resistance Education and Training Grant Program	16.737	<u>97,507</u>
Total Federal Awards		<u>\$ 547,886</u>

(1) Indicates major program.

See accompanying note to the Schedule of Expenditures of Federal Awards.

**CITY OF SAN JACINTO, CALIFORNIA**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of San Jacinto that are reimbursable under programs of federal agencies providing financial assistance. For the purpose of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency as well as federal funds received from pass-through entities by the City of San Jacinto. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the Federal program as well as loans made to eligible program participants.

C. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of San Jacinto, California (the City). The City's reporting entity is defined in Note #1 of the City's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the City are included in the accompanying schedule.

D. Relationship to Basic Financial Statements

Federal award revenues are generally reported within the City's financial statements under the financial statement caption "Intergovernmental" for the General and Special Revenue Funds.

E. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports. However, certain federal financial reports are filed based on cash expenditures. As such, certain timing differences may exist in the recognition of revenues and expenditures between the Schedule of Expenditures of Federal Awards and the federal financial reports.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**I. SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>

Any audit findings disclosed that are required to be reported in accordance with 510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block Grant</u>
<u>15.929</u>	<u>Save America's Treasures</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000  
 Auditee qualified as low-risk auditee? No

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS**

**FINDING 2009-1**

**YEAR-END CLOSING**

Criteria or Specific Requirement

The City should maintain procedures to ensure that the accounting records are properly closed at the end of each fiscal year.

Condition Found

We noted several accounts which required audit adjustments to accurately state the year-end balances as noted below:

- Audit adjustments were necessary within the following areas:
  - Due To and From Balances:
    - An adjustment was necessary to appropriately reflect ending balances and the current year loan activity for loans between Redevelopment Agency Funds, and between City and Redevelopment Agency Funds.
  - Land Held for Resale:
    - Adjustments were necessary to appropriately reflect the carrying value of land transferred from the City to the Agency.
    - An adjustment was necessary to reflect the purchase of land as held for resale instead of as a program expenditure during 2008-2009.

Cause

The City's year-end procedures did not adequately address the noted accounts.

Effect

As a result of the above, the internal control environment over the year-end closing process is weakened and adjustments were proposed and posted to the City's general ledger.

Recommendation

The City should update the current year-end closing process to ensure that all accounts are adequately reviewed.

View of Responsible Officials and Planned Corrective Action

The adjustments mentioned first and third reflect the same transaction. In the future, more prudence will be taken regarding the performance of year-end procedures.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**FINDING 2009-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Criteria or Specific Requirement

OMB Circular A-133 in Subpart C – states that the City shall:

- a. Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- b. Maintain internal control over Federal programs that provides reasonable assurance that the County is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- c. Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- d. Prepare appropriate financial statements, including the Schedule of Expenditures of Federal awards.

Condition Found

The City did not have procedures to identify all federal funds received, to capture all federal expenditures and to prepare the Schedule of Expenditures of Federal Awards (SEFA) accurately and timely. Additionally, we noted amounts that should have been reported in the prior year SEFA. However, these amounts would not have affected the prior year major program determination.

We also noted that the City does not have policies and procedures in place relating for the tracking of compliance requirements for each of the grants.

Context

The City is required to prepare a Schedule of Expenditures of Federal Awards.

Effect

The City's internal controls with respect to the preparation and presentation of the Schedule of Expenditures of Federal Awards are weakened.

Cause

The City's procedures for monitoring and tracking grants, and grant compliance is decentralized not allowing the finance department access to all information with respect to federal grant programs. Additionally, the finance department is not informed by other City departments with respect to grant requirements and the related financial aspects of the grant.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

Recommendation

The City should establish policies and procedures covering grant applications, approval, and the subsequent tracking of federal expenditures for all departments.

Views of Responsible Officials and Planned Corrective Action

We concur and are in process of developing policies and procedures to be followed by every City department regarding the application for and monitoring/tracking of grants, with Finance as the primary source for records.

**FINDING 2009-3**

**Program:** Save America's Treasures

**CFDA No.:** 15.929

**Federal Agency:** U.S. Department of the Interior, National Park Service

**Passed-through:** N/A

**Award No.:** 06-04-ML-0009

**Award Year:** Fiscal Year 2008-2009

**Compliance Requirement:** Reporting

Criteria

In accordance with the grant agreement, Interim Progress Reports must be submitted to the National Park Service every six months.

Condition

During our testing of reporting requirements, we noted that the Progress Reports covering the 2008/2009 program year and due on April 30, 2009 and September 30, 2009, were not prepared or submitted as required.

Questioned Costs

None

Context

We noted the above during our testing of reporting requirements.

Effect

The City increases its risk of non-compliance with reporting requirements.

Cause

The City did not have policies and procedures in place to ensure that reports were prepared in accordance with the grant agreement and submitted in a timely manner.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

Recommendation

We recommend that the City implement procedures to ensure that required reports are prepared in accordance with the grant agreement and submitted in a timely manner.

Views of Responsible Officials and Planned Corrective Actions

We concur and are in process of developing policies and procedures to be followed by every City department regarding the compliance and reporting requirements of grants, with Finance approval required.

**FINDING 2009-4**

**Program:** Save America's Treasures

**CFDA No.:** 15.929

**Federal Agency:** U.S. Department of the Interior, National Park Service

**Passed-through:** N/A

**Award No.:** 06-04-ML-0009

**Award Year:** Fiscal Year 2008-2009

**Compliance Requirement:** Reporting

Criteria

In accordance with requirements within the agreement between the City and the National Park Service, there are two required reports (SF-269a and SF-270) that are required to be prepared and submitted to the National Park Service as request for reimbursement.

Condition

We noted that the required reports as noted above, for the fiscal year 2007-2008 claims, were submitted during fiscal year 2008-2009 as SF-269a and SF-270. These reports were not supported by a reconciliation of amounts per the general ledger to the information in the reports. We noted that the expenditures per their general ledger exceeded the amounts reported on the above noted reports.

Questioned Costs

None

Context

We noted the above during our testing of reporting requirements.

Effect

The City increases its risk of non-compliance with reporting requirements.

Cause

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

The City did not have policies and procedures in place to ensure that reports were prepared in accordance with the grant agreement and submitted in a timely manner.

Recommendation

We recommend that the City implement procedures to ensure that required reports are prepared in accordance with the grant agreement and are supported by a reconciliation.

Views of Responsible Officials and Planned Corrective Actions

We concur and are in process of developing policies and procedures to be followed by every City department regarding the financial reporting requirements of grants, with Finance assistance, verification and approval required.

**FINDING 2009-5**

**Program:** Save America's Treasures

**CFDA No.:** 15.929

**Federal Agency:** U.S. Department of the Interior, National Park Service

**Passed-through:** N/A

**Award No.:** 06-04-ML-0009

**Award Year:** Fiscal Year 2008-2009

**Compliance Requirement:** Procurement and Suspension and Debarment

Criteria

The *June 2009 OMB Circular A-110 2 CFR section 215.46* states that Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum: (a) Basis for contractor selection;(b) Justification for lack of competition when competitive bids or offers are not obtained; and (c) Basis for award cost or price.

Condition

While testing the contracts pertaining to the grant, we noted that the procurement records for one contract did not contain the required documentation, specifically, the justification for lack of competition.

Questioned Costs

None

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

Context

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

Effect

The City could not locate documentation to support their justification for lack of competition for one contract.

Cause

The City did not have procedures in place to ensure supporting documentation was maintained in their files as evidence that they have complied with specific requirements relating to selection of a vendor.

Recommendation

We recommend the City implement procedures to ensure that procurements involving federally funded projects follow federal guidelines for documentation of vendor selection.

View of Responsible Official and Planned Corrective Actions

We concur and are in process of developing policies and procedures to be followed by every City department regarding the procurement requirements and vendor selection documentation as required by federal grants.

**FINDING 2009-6**

**Program:** Save America's Treasures

**CFDA No.:** 15.929

**Federal Agency:** U.S. Department of Interior

**Passed-through:** N/A

**Award No.:** 06-04-ML-0009

**Award Year:** Fiscal Year 2008-2009

**Compliance Requirement:** Procurement and Suspension and Debarment

Criteria

The *June 2009 OMB Circular A-133 Compliance Supplement* states that when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)*, collecting a certification from the entity or adding a clause or condition to the covered transaction with that entity.

Condition

During our testing of contracts specific to this grant, we noted that the City did not maintain the documentation of what was reviewed to support whether or not the contractors had been suspended or debarred. Additionally, we noted that the specific clause relating suspension and debarment was not included in these contracts.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

Questioned Costs

None

Context

The condition noted above was identified during our testing of the procurement and suspension and debarment requirements of the program.

Effect

The City increases its risk of contracting with a suspended and debarred vendor.

Cause

The City did not maintain procedures requiring evidence of verification of the suspended and debarred status of contracted engineers and contractors.

Recommendation

We recommend that the City implement procedures to ensure that procurements and subawards of federally funded projects are verified against the EPLS for suspension or debarment.

View of Responsible Official and Planned Corrective Actions

We concur and are in process of developing policies and procedures to be followed by every City department regarding the verification of contractors and vendors and their suspended/debarred status as required by federal grants.

**FINDING 2009-7**

**Program:** Save America's Treasures

**CFDA No.:** 15.929

**Federal Agency:** U.S. Department of Interior, National Park Service

**Passed-through:** N/A

**Award No.:** 06-04-ML-0009

**Award Year:** Fiscal Year 2008-2009

**Compliance Requirement:** Special Tests & Provisions

Criteria

Per *United States Department of the Interior Grant Agreement No. 06-04-ML-0009*, Pursuant to Section 106 of the Act, the grantee must complete the consultation process stipulated in the regulations issued by the Advisory Council for Historic Preservation in 36 CFR 800 prior to the commencement of construction work on the property. The grantee must submit to the NPS' Grant Awarding Official copies of the following: 1) the letter by

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

which the grantee initiates the consultation process with the State Historic Preservation Officer, 2) any written comments received from the SHPO in response to that request, including any suggestions for modifying the project, and 3) the SHPO's written concurrence with the project as proposed or as modified. In the event that the grantee and the SHPO cannot reach agreement, the grantee must notify NPS in writing so that NPS may participate in the conclusion of the consultation process, including consulting with the Advisory Council as necessary.

Condition

While testing the special tests and provisions of the grant agreement, we noted that a copy of the SHPO's written concurrence with the project, as required, had not been submitted to the NPS Grant Awarding Official.

Questioned Costs

None

Context

The condition noted above was identified during our testing of the special tests and provisions requirements of the program.

Effect

As a result of the above condition, the City is at risk of non-compliance with the terms of agreement which may result in delays for reimbursement by the granting agency.

Cause

The City did not have procedures in place to ensure compliance with the submittal of required documentation to the NPS grant awarding official.

Recommendation

We recommend the City implement procedures to ensure their compliance with all special provisions identified in the grant agreement.

View of Responsible Official and Planned Corrective Actions

A conditional Section 106 compliance letter from the SHPO was sent to NPS, however a final Section 106 compliance letter was not received by NPS. We concur and are in process of developing policies and procedures to be followed by every City department regarding the recognition and completion of special grant conditions.

**CITY OF SAN JACINTO, CALIFORNIA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

Summarized below is the current status of all findings reported in the prior year's schedule of audit findings and questioned costs.

<b>Prior Year Findings</b>	<b>Status</b>
2008-1 Stale Dated Deposits	Implemented
2008-2 Cash Management	Implemented
2008-3 Cash Management	Implemented