

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

**INDEPENDENT AUDITORS REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2009

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

FINANCIAL STATEMENTS

JUNE 30, 2009

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| INDEPENDENT AUDITORS' REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 3 |
| Statement of Revenues, Expenditures, and Change in Fund Balance | 4 |
| Notes to Financial Statements | 5-7 |
| 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> | 8-9 |



INDEPENDENT AUDITORS' REPORT

The Honorable City Council of
The City of San Jacinto

We have audited the accompanying financial statements of the SB 621 Gaming Impact Grants Fund of the City of San Jacinto as of and for the year ended June 30, 2009, as listed in the table of contents. These statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the SB 621 Gaming Grants Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, 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.

As discussed in Note 1, the financial statements present only the SB 621 Gaming Impact Grants Fund and do not purport to, and do not, present fairly the financial position of the City of San Jacinto, as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material aspects, the financial position of the SB 621 Gaming Impact Fund of the City of San Jacinto as of June 30, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2010 on our consideration of the SB 621 Gaming Impact Grants Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the City Council, management, and the Riverside County Indian Gaming Local Community Benefit Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Vawmeh, Tuni, Day, Co., LLP

Rancho Cucamonga, California
February 22, 2010

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

**BALANCE SHEET
JUNE 30, 2009**

ASSETS:

| | |
|---|--------------------------|
| Cash | \$ 109,574 |
| Due from the City of San Jacinto CIP fund | <u>413,344</u> |
| Total Assets | <u><u>\$ 522,918</u></u> |

LIABILITIES AND FUND BALANCES:

Liabilities

| | |
|------------------------------------|--------------------------|
| Deferred revenue | <u>\$ 444,682</u> |
| Total Liabilities | <u>444,682</u> |
| Fund Balance | |
| Reserved | <u>78,236</u> |
| Total Fund Balance | <u>78,236</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 522,918</u></u> |

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

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009**

| | |
|--|-------------------------|
| REVENUES | |
| Grant program revenue | \$ 129,723 |
| Use of money and property | <u>10,531</u> |
| Total Revenues | <u>140,254</u> |
| EXPENDITURES | |
| Current: | |
| Public safety | <u>2,794</u> |
| Total Expenditures | <u>2,794</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 137,460 |
| OTHER FINANCING SOURCES (USES) | |
| Transfer to the City of San Jacinto Capital Projects Fund | <u>(129,723)</u> |
| Net Change in Fund Balance | 7,737 |
| Fund Balance, Beginning of Year | <u>70,499</u> |
| Fund Balance, End of Year | <u><u>\$ 78,236</u></u> |

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

CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of San Jacinto was incorporated on April 20, 1888, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member City Council.

The following is a summary of the significant accounting policies of the City of San Jacinto as they pertain to the SB 621 Gaming Impact Grants Fund. Only the SB 621 Gaming Impact Grants Fund information is included herein and these financial statements, therefore, do not purport to represent the financial position or results of operations of the City of San Jacinto, California.

SB 621 Gaming Impact Grants Fund

The City of San Jacinto was awarded three grants during 2006-2007, one grant during 2007-2008, and one grant during 2008-2009 from the Riverside County Indian Gaming Local Community Benefit Committee (the Committee), in accordance with the provisions of Senate Bill 621 (SB 621) for the purpose of supporting local government agencies impacted by tribal government gaming.

Under SB 621, the Committee is comprised of two representatives of the county selected by the county Board of Supervisors, three elected representatives from cities located within four miles of a tribal casino in the county, and two representatives selected upon the recommendations of a majority of tribes paying into the Indian Gaming Special Distribution Fund. The Committee is responsible for the selection of grant projects and submission of a list of approved projects to the State Controller in accordance with the provisions of SB 621. In addition, SB 621 requires the grant program be administered through the County of Riverside, which is entitled to an administrative fee up to a maximum of two percent (2%) of the awarded funds.

Basis of Accounting

These fund financial statements are reported using the modified-accrual basis of accounting. Under the modified-accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized in the accounting period in which the liability is incurred, if measurable.

Use of Estimates in the Preparation of Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Deferred Revenue

Unspent grant monies received by the SB 621 Gaming Impact Fund are considered unearned and are reported as deferred revenue in the fund financial statements.

Receivable From the City of San Jacinto

The SB 621 Gaming Impact Fund utilizes the City of San Jacinto’s Capital Projects Fund to account for all capital projects. The amount due from the City of San Jacinto’s Capital Projects Fund represents funds moved for budgeted projects and considered a receivable until the funds are expended at which point a transfer would occur to reimburse the CIP fund.

NOTE 2 – CASH AND INVESTMENTS

Cash at June 30, 2009, consisted of the following:

| | |
|-----------------------------|-------------------|
| Pooled cash and investments | <u>\$ 109,574</u> |
|-----------------------------|-------------------|

The City follows the practice of pooling cash and investments for all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

For more information on the City’s cash and investments as of June 30, 2009, please see the City of San Jacinto’s audited financial statements.

**CITY OF SAN JACINTO, CALIFORNIA
SB 621 GAMING IMPACT GRANTS FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 3 – GRANT REVENUES AND DEFERRED REVENUE

The award of grant funds for the period of July 1, 2006, through June 30, 2009, and amounts received in advance for the these fiscal years, was sponsored by the Soboba Band of Luiseno Indians and was comprised of the following:

| | 2006-2007 Grants | 2008-2009 Grants | Totals |
|---|---------------------|---------------------|-------------------|
| Deferred revenue - beginning balance as of July 1, 2008 | \$ 335,734 | | \$ 335,734 |
| Amounts received during 2008-2009 | | \$ 238,671 | 238,671 |
| Total Resources Available | 335,734 | 238,671 | 574,405 |
| Current year expenditures: | | | |
| <u>Capital Outlay</u> | | | |
| Police Station Expansion | (52,466) | | (52,466) |
| Roadway project-Ramona Pavement Rehabilitation | | | |
| Pavement Rehabilitation | | (77,257) | (77,257) |
| Total Amounts Expended and Recognized as Revenue During 2008-2009* | (52,466) | (77,257) | (129,723) |
| Unearned/Deferred Revenue as June 30, 2009 | <u>\$ 283,268</u> | <u>\$ 161,414</u> | <u>\$ 444,682</u> |

*During 2008-2009 transfers were made to the Capital Projects Fund for Gaming Grant projects managed through the City's Capital Projects Fund.

| | <u>2008/2009</u> |
|---|------------------|
| Expenditures made from accumulated interest were expended as follows: | |
| Administration | <u>\$ 2,794</u> |

Under the terms of SB 621 and the grant agreements, the awards were used to mitigate expenditures for road improvements, fire station construction, police station construction improvements, and contract services required as a result of the impact on the community from the tribal gaming facilities. The City of San Jacinto, California, used the awarded funds to mitigate actual expenditures for road improvements, fire station construction, and police station improvements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLAINE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable City Council of
The City of San Jacinto

We have audited the financial statements of the SB 621 Gaming Impact Grants Fund of the City of San Jacinto, California, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 22, 2010. 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 SB 621 Gaming Impact Grants Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SB 621 Gaming Impact Grants Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the SB 621 Gaming Impact Grants Fund's internal control over financial reporting.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements of the SB 621 Gaming Impact Fund 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*.

This report is intended solely for the information and use of the City Council, management, and the Riverside County Indian Gaming Local Community Benefit Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Vawter, Tami, Day, Co., LLP

Rancho Cucamonga, California
February 22, 2010