

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

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**

Table of Contents

	<u>PAGE</u>
Independent Auditor's Report	1
Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance	4
Notes to the Financial Statements	5
Independent Auditor's 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	8



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

To the City Council  
City of San Jacinto, California

## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

### DIRECTORS

Bradferd A. Welebir, CPA, MBA

### MANAGERS / STAFF

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Nathan Statham, CPA, MBA  
Brigitta Bartha, CPA  
Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Pascoe, CPA  
Daniel Hernandez, CPA, MBA  
Ryan Smith, CPA

### MEMBERS

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

### Report on the Financial Statements

We have audited the accompanying financial statements of the SB 621 Gaming Impact Grants Fund (Fund) of the City of San Jacinto, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the SB 621 Gaming Impact Grants Fund of the City of San Jacinto, California, as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

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, California, as of June 30, 2015, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted Management's Discussion and Analysis and budgetary comparison schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2016, on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rogers Anderson Malooly & Scott, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

San Bernardino, California  
February 2, 2016

*City of San Jacinto, California*  
*SB 621 Gaming Impact Grants Fund*  
**Balance Sheet**  
**June 30, 2015**

---

<b>Assets</b>	
Cash and investments	\$ 20,757
Advances receivable	<u>57,000</u>
Total assets	<u><u>\$ 77,757</u></u>
 <b>Liabilities and fund balance</b>	
Liabilities	
Accounts payable	\$ 12,088
Unearned revenue	<u>79,476</u>
Total liabilities	<u>91,564</u>
Fund balance (deficit)	
Nonspendable	57,000
Unassigned	<u>(70,807)</u>
Total fund balance (deficit)	<u>(13,807)</u>
Total liabilities and fund balance (deficit)	<u><u>\$ 77,757</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 Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

---

<b>Revenues</b>	
Grant program revenue	\$ 429,316
Investment earnings	<u>1,526</u>
Total revenues	<u>430,842</u>
<b>Expenditures</b>	
Current:	
Public safety	<u>33,181</u>
Total expenditures	<u>33,181</u>
Excess of revenues over expenditures	<u>397,661</u>
<b>Other financing uses</b>	
Transfers out	<u>(410,693)</u>
Total other financing uses	<u>(410,693)</u>
Net change in fund balance	(13,032)
Fund balance (deficit), beginning of year	<u>(775)</u>
Fund balance (deficit), end of year	<u><u>\$ (13,807)</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 the Financial Statements**  
**June 30, 2015**

---

***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*

In the current fiscal year, the City of San Jacinto was awarded a grant from the Riverside County 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 the terms of the agreement the City is required to submit an annual financial audit covering the fiscal year in which funds are received.

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 the Financial Statements**  
**June 30, 2015**

---

**Note 2 – Cash and investments**

Cash at June 30, 2015, consisted of the following:

	<u>Amount</u>
Pooled cash and investments	<u>\$ 20,757</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, 2015, please see the City of San Jacinto’s audited financial statements.

**Note 3 – Grant expenditures and transfers out**

Current year balances are composed of grant funds received in advance for the subsequent fiscal year. The amounts received were sponsored by the Soboba Band of Luiseno Indians and are comprised of the following:

Grant balance as of June 30, 2014	\$ 508,791
Amounts received during FY 2014-2015*	<u>-</u>
Total resources available	<u>508,791</u>
Total expenditures and transfers out:	
Public safety	(31,655)
Transfer out to City of San Jacinto's General Fund	(22,500)
Transfer out to City of San Jacinto's City Capital Projects Fund	(388,193)
Expenditures in accounts payable	12,088
Net prior period expenditures	<u>945</u>
Total expenditures and transfers out	<u>(429,315)</u>
Grant balance as of June 30, 2015	<u>\$ 79,476</u>

\*The City did not receive grant funds in fiscal year 2014-15.

*City of San Jacinto, California*  
*SB 621 Gaming Impact Grants Fund*  
**Notes to the Financial Statements**  
**June 30, 2015**

---

**Note 3 – Grant expenditures and transfers out, continued**

Current year expenditures made from investment earnings  
were expended as follows:

Public safety	<u>\$ 1,526</u>
---------------	-----------------

Under the terms of SB 621 and the grant agreements, the awards are to be used to mitigate expenditures for road improvements, public safety equipment and contract services including firefighter-paramedic services, required as a result of the impact on the community from the tribal gaming facilities.



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscpa.net

To the City Council  
City of San Jacinto  
San Jacinto, California

**PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Kirk A. Franks, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Jay H. Zercher, CPA (Partner Emeritus)  
Phillip H. Waller, CPA (Partner Emeritus)

**DIRECTORS**

Bradferd A. Welebir, CPA, MBA

**MANAGERS / STAFF**

Jenny Liu, CPA, MST  
Seong-Hyea Lee, CPA, MBA  
Charles De Simoni, CPA  
Nathan Statham, CPA, MBA  
Brigitta Bartha, CPA  
Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Pascoe, CPA  
Daniel Hernandez, CPA, MBA  
Ryan Smith, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

California Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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**

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 SB 621 Gaming Impact Grants Fund (Fund) of the City of Jacinto, California (City), as of and for the year ended June 30, 2015, and have issued our report thereon dated February 2, 2016. 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, California.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

A handwritten signature in cursive script that reads "Rogers Anderson Malody & Scott, LLP". The signature is written in black ink and is positioned above the typed name of the firm.

San Bernardino, CA  
February 2, 2016