

CITY OF CATHEDRAL CITY
SENATE BILL 621
PROGRAM FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

CITY OF CATHEDRAL CITY
SENATE BILL 621
PROGRAM FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

CITY OF CATHEDRAL CITY
SENATE BILL 621
PROGRAM FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Program Financial Statements	
Statement of Status of Funds	3
Notes to Program Financial Statements.....	4
Independent Auditors' Report on Compliance with Applicable Requirements and on Internal Control over Compliance	5
Schedule of Findings.....	7

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying Status of Funds of California 2003 Senate Bill 621 (passed through the County of Riverside) (the Program) of the City of Cathedral City, California which comprise revenues and expenses of the Program as of and for the year ended June 30, 2014, and the related notes to the statement.

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 opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of Program Funds of the City of Cathedral City, California, for the year ended June 30, 2014, in conformity with accounting principles generally accepted in the United States of America.



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

Emphasis of Matter

As described in Note 2 to the financial statement, the financial statement is prepared in accordance with California 2003 Senate Bill 621 which requires a financial statement that presents only the Program and does not purport to, and does not, present fairly the financial position of the City of Cathedral City as of June 30, 2014, 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.

Restriction of Use

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 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.

Lance, Soll & Lughard, LLP

Brea, California
November 24, 2014

CITY OF CATHEDRAL CITY

SENATE BILL 621
STATEMENT OF STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Revenues:

Grant maximum amount (AG01-10)	\$	-
Grant maximum amount (AG02-10)		-
Grant maximum amount (AG03-10)		-
		<hr/>

Total Revenues

-

Amount received

-

Expenses:

Fire Department salaries		2,436
Purchase of portable generator and parts		1,407
Purchase of vinyl salvage cover		173
		<hr/>

Total Expenses

4,016

Amount received in excess/(deficit) of expenses, beginning of year

4,016

Amount received in excess/(deficit) of expenses, end of year

\$ -

CITY OF CATHEDRAL CITY

**SENATE BILL 621
NOTES TO PROGRAM FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

It is the policy of the City of Cathedral City, to prepare its program financial statement on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the related liability is incurred.

Note 2: Basis of Presentation

California Senate Bill 621 authorizes the use of moneys received by the state from Indian tribes for certain purposes. The projects are approved by Indian Gaming Local Community Benefit Committee and are submitted to the County of Riverside to release funds directly to the chosen local government entities impacted by tribal gaming. The amounts distributed to the City of Cathedral City are maintained in the City's Fire Donation and Police Grant Special Revenue Funds. The expenses and revenues of other activities of the City of Cathedral City have not been included in this report.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE
REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance

We have audited the compliance of the Indian Gaming Grant Award funds of the City of Cathedral City, California (the "City") with the types of compliance requirements described in California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside for the year ended June 30, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for compliance with the requirements of California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside.

Auditor's Responsibility

Our responsibility is to express opinions on compliance with the requirements of California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside 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 the Government Auditing Standards, issued by the Comptroller General of the United States, and California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside. Those standards and California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside 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 material effect on the Indian Gaming Grant Award funds 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 on compliance. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the Indian Gaming Grant Award funds for the year ended June 30, 2014.



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

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Indian Gaming Grant Award funds to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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.

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 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 possibility that a material noncompliance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 California 2003 Senate Bill 621 and the provisions of the grant agreement of the Indian Gaming Local Community Benefit Committee passed through the County of Riverside. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Brea, California
November 24, 2014

CITY OF CATHEDRAL CITY

**SENATE BILL 621
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

Criteria: In accordance with the California 2003 Senate Bill 621 and the Indian Gaming Local Community Benefit Committee (the Committee) grant agreement, the recipient shall provide the Committee with a quarterly financial report on the following dates: 9/29/11, 1/15/12, 4/15/12 and 7/15/12. The City received no revised grant agreement for the 2013/14 fiscal year and therefore it was presumed that the due dates for the quarterly reports during the 2013/14 fiscal year were as follows: 9/29/13, 1/15/14, 4/15/14, and 7/15/14.

Condition: The Fire 1st quarter report for Grant AG01-10 was submitted, but the City was unable to provide the date it was submitted. The Fire quarterly reports for Grant AG02-10 were all submitted electronically on June 25, 2014, which is after the presumed due dates for quarters 1, 2, and 3. Additionally, the City received a 12-month extension on the term of the program in order to spend the remaining funds and interest earned.

Effect: The Committee granted an extension until 6/30/14 and made no determination that the City was out of compliance.