

OFICINA DEL COMISIONADO DE ASUNTOS MUNICIPALES
AREA DE ASESORAMIENTO, REGLAMENTACION E INTERVENCION FISCAL
AREA DE ARCHIVO DIGITAL

MUNICIPIO DE SAN SEBASTIAN
AUDITORIA 2001-02
30 DE JUNIO DE 2002

OFICINA DEL COMISIONADO
DE ASUNTOS MUNICIPALES

GUAYAMA, P.R. 2: 25

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**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN**

**SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2002**

ORTIZ, RODRIGUEZ, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562

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SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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Services Division

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Municipal Assembly
Municipality of San Sebastián
San Sebastián, Puerto Rico

We have audited the accompanying general purpose financial statements of the Municipality of San Sebastián, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Municipality of San Sebastián's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Villa Soigal, which statements reflect total assets of \$2,821,248 as of June 30, 2002, and total revenues of \$503,867 for the year then ended. Other auditors whose report has been furnished to us audited those statements, and our opinion, insofar as it relates to the amount included in the Special Revenue Fund, General Fixed Assets and General Long-Term Debt Accounts Group for the Municipality, is based solely on the report of the other auditors.

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 general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Municipality of San Sebastián as of June 30, 2002, and the results of its operations for the fiscal 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 November 25, 2002, on our consideration of the Municipality's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As discussed in Note 18 to the general purpose financial statements, the beginning fund balance as of July 1, 2001 of the special revenue fund and the beginning balances of the account groups have been restated to give effect of the inclusion of the Villa Soigal as a component unit. In addition, certain changes were made to the general and capital projects funds effective July 1, 2001. Accordingly, beginning fund balances of such funds have been restated.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

San Juan, Puerto Rico
November 25, 2002

The stamp 1812109 was affixed
to the original of this report.



**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIAN
COMBINED BALANCE SHEET-ALL FUNDS TYPES AND ACCOUNT GROUPS
JUNE 30, 2002**

Assets	Governmental Fund Types				Account Groups		Total
	General	Special Revenue	Debt Service	Capital Projects	General Fixed Asset	General Long Term Debt	Memorandum
Cash in bank (Note 2)	\$ 524,473	\$ 1,199,322	\$ -	\$ 100,000	\$ -	\$ -	\$ 1,823,795
Cash with fiscal agent (Note 2)	116,896	103,502	2,005,820	2,213,526			4,439,744
Accounts receivable:							
Municipal license tax	273,098						273,098
Interest	29,122						29,122
Rent	92,348						92,348
Due from other agencies (Note 7)	1,288,327	2,200,000					3,488,327
Due from other funds (Note 8)	359,051	18,943					377,994
Other assets		7,992					7,992
Restricted deposits		369,615					369,615
Property and equipment (Note 6)					31,746,814		31,746,814
Other assets		17,063					17,063
Amount available in debt service fund (Note 2)						2,005,820	2,005,820
Amount to be provided for retirement of general long-term debt						7,327,581	7,327,581
Amount to be provided for payment of mortgage payable						1,563,226	1,563,226
Amount to be provided through property tax collected for payment of related property tax advances (Note 10)						1,379,730	1,379,730
Amount to be provided for payment of capital lease (Note 11)						395,389	395,389
Amount to be provided for payment to the Puerto Rico Health Insurance Administration						1,104,533	1,104,533
Amount to be provided for payment of accrued vacation and sick leave (Note 1)						1,012,577	1,012,577
Total assets	\$ 2,683,315	\$ 3,916,437	\$ 2,005,820	\$ 2,313,526	\$ 31,746,814	\$ 14,788,856	\$ 57,454,768

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

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIAN
COMBINED BALANCE SHEET-ALL FUNDS TYPES AND ACCOUNT GROUPS (CONTINUED)
JUNE 30, 2002**

<u>Liabilities and Fund Equity</u>	<u>Governmental Fund Types</u>				<u>Account Groups</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>General Fixed Asset</u>	<u>General Long Term Debt</u>	<u>Memorandum</u>
Liabilities							
Cash overdraft	\$ 1,823,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,823,439
Account payable and accrued liabilities	1,054,567	549,234		2,213,814			3,817,615
Due to other funds (Note 8)	18,943	311,059		47,992			377,994
Due to other agencies (Note 9)	1,315,455	34,053					1,349,508
Deferred revenues:							
Municipal license tax (Note 4)	873,883						873,883
Federal government		568,704					568,704
Accrued vacations and sick leave (Note 1)						1,012,577	1,012,577
General long-term debts (Note 10)						10,713,131	10,713,131
Mortgage payable (Note 10)						1,563,226	1,563,226
Due to Puerto Rico Health Insurance Administration (Note 10)						1,104,533	1,104,533
Capital lease (Note 11)						395,389	395,389
Claims and judgements				116,220			116,220
Total liabilities	<u>5,086,287</u>	<u>1,463,050</u>	<u>-</u>	<u>2,378,026</u>	<u>-</u>	<u>14,788,856</u>	<u>23,716,219</u>
Commitments and Contingencies (Notes 13, 14 and 15)							
Fund Equity							
Investment in general fixed assets					31,746,814		31,746,814
Fund balance							
Reserved for encumbrances		47,473		311,432			358,905
Reserved for housing project		376,958					376,958
Designated for capital additions				(375,932)			(375,932)
Undesignated (deficit) equity	(2,402,972)	2,028,956	2,005,820				1,631,804
Total fund equity (deficit)	<u>(2,402,972)</u>	<u>2,453,387</u>	<u>2,005,820</u>	<u>(64,500)</u>	<u>31,746,814</u>	<u>-</u>	<u>33,738,549</u>
Total liabilities and fund equity	<u>\$ 2,683,315</u>	<u>\$ 3,916,437</u>	<u>\$ 2,005,820</u>	<u>\$ 2,313,526</u>	<u>\$ 31,746,814</u>	<u>\$ 14,788,856</u>	<u>\$ 57,454,768</u>

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

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types				Total
	General	Special Revenue	Debt Service	Capital Projects	Memorandum
REVENUES					
Property taxes (Note 3)	\$ 3,531,147	\$ -	\$ 1,277,224	\$ -	\$ 4,808,371
Municipal license taxes (Note 4)	1,563,199				1,563,199
Licenses and permits	492,709				492,709
Charges for service and rents	499,145	491,449			990,594
Inter-governmental revenues (Note 5):					
Federal grants and contributions		6,359,875			6,359,875
State contributions	3,914,083				3,914,083
Interest, fines, and penalties	139,411	7,511	29,318		176,240
Other revenues	267,951	4,907			272,858
Total revenues	<u>10,407,645</u>	<u>6,863,742</u>	<u>1,306,542</u>	<u>-</u>	<u>18,577,929</u>
EXPENDITURES					
Municipal council	101,540				101,540
Offices:					
Administrative Services	720,359				720,359
Mayor	964,657				964,657
Departments:					
Civil Defense	859,577				859,577
Finance	3,525,924				3,525,924
Public Works and Sanitation	2,591,425	1,006,999			3,598,424
Recreation	328,854				328,854
Personnel	701,920				701,920
Capital outlays		7,378		4,374,366	4,381,744
Collection of property taxes applied to advances (Note 16)	2,235,120				2,235,120
Secretary	154,647				154,647
Housing and Welfare		5,377,491			5,377,491

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

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**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (DEFICIT)-ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types			Total	
	General	Special Revenue	Debt Service	Capital Projects	Memorandum
Debt services:					
Principal retirement (Note 10)	\$ -	\$ 44,333	\$ 1,020,231	\$ -	\$ 1,064,564
Interest payments		114,098	489,447		603,545
Total expenditures	<u>12,184,023</u>	<u>6,550,299</u>	<u>1,509,678</u>	<u>4,374,366</u>	<u>24,618,366</u>
Excess of (deficiency) of revenues over expenditures	<u>(1,776,378)</u>	<u>313,443</u>	<u>(203,136)</u>	<u>(4,374,366)</u>	<u>(6,040,437)</u>
OTHER FINANCING SOURCES (USES)					
Advances of property taxes (Note 16)	2,235,120				2,235,120
Proceed for loan				1,500,000	1,500,000
Operating transfer-in	268,871	50,000	407,735	2,598,186	3,324,792
Operating transfer-out	(407,735)	(2,598,186)	(268,871)	(50,000)	(3,324,792)
Total other financing sources (uses)	<u>2,096,256</u>	<u>(2,548,186)</u>	<u>138,864</u>	<u>4,048,186</u>	<u>3,735,120</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	319,878	(2,234,743)	(64,272)	(326,180)	(2,305,317)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR, AS RESTATED (Note 18)	<u>(2,722,850)</u>	<u>4,688,130</u>	<u>2,070,092</u>	<u>261,680</u>	<u>4,297,052</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ (2,402,972)</u>	<u>\$ 2,453,387</u>	<u>\$ 2,005,820</u>	<u>\$ (64,500)</u>	<u>\$ 1,991,735</u>

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

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIAN
COMBINED STATEMENT OF REVENUES AND EXPENDITURES-GENERAL AND DEBT SERVICE FUNDS-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Debt Service Fund		
	Budget Amended	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable Memorandum
REVENUES (Notes 1 and 16)						
Property taxes	\$ 3,055,618	\$ 3,531,147	\$ 475,529	\$ 869,929	\$ 1,277,224	\$ 407,295
Municipal license taxes	1,795,000	1,563,199	(231,801)			
Licenses and permits	480,000	492,709	12,709			
Charges for service and rents	675,000	499,145	(175,855)			
Inter-governmental revenues:						
State contributions	3,911,464	3,914,083	2,619			
Interest, fines, and penalties	140,994	408,282	267,288		29,318	29,318
Other revenues	639,385	158,036	(481,349)			
Total revenues	<u>10,697,461</u>	<u>10,566,601</u>	<u>(130,860)</u>	<u>869,929</u>	<u>1,306,542</u>	<u>436,613</u>
EXPENDITURES (Notes 1 and 16)						
Municipal council	110,316	101,540	8,776			
Offices:						
Administrative Services	722,027	720,359	1,668			
Mayor	970,628	964,657	5,971			
Departments:						
Civil Defense	861,296	859,577	1,719			
Finance	4,244,696	3,525,924	718,772			
Public Works and Sanitation	2,598,016	2,591,425	6,591			
Recreation	330,940	328,854	2,086			
Personnel	704,531	701,920	2,611			
Secretary	155,011	154,647	364			
Debt service; principal and interest payment		-	-	869,929	1,273,362	(403,433)
Total expenditures	<u>10,697,461</u>	<u>9,948,903</u>	<u>748,558</u>	<u>869,929</u>	<u>1,273,362</u>	<u>(403,433)</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ -</u>	<u>\$ 617,698</u>	<u>\$ 617,698</u>	<u>\$ -</u>	<u>\$ 33,180</u>	<u>\$ 33,180</u>

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

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Municipality of San Sebastián, Puerto Rico (Municipality) was founded in 1752. The Municipality is a political legal entity with full legislative and administrative faculties in every affair of the municipal character, with perpetual succession existence and legal personality, separate and independent from the central government of the Commonwealth of Puerto Rico. The Municipality provides a full range of services including health, public works, environmental control, education, public safety, public housing and community development, culture and recreation as well as many other general and administrative services.

The Municipal Government comprises the executive and legislative branches. The executive power is exercised by the Mayor and the legislative by the Municipal Assembly, which has 14 members. The members of these branches are elected every four years in the Puerto Rico general elections.

b. Summary of Significant Accounting Policies

The accounting policies of the Municipality are in accordance with the accounting principles generally accepted in the United States of America applicable to governmental entities. The Governmental Accounting Standards Board (GASB), is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The following is a summary of the most significant policies:

1) Fund Accounting

The accounts of the Municipality are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Municipality has established the following fund types and account groups:

a) **Governmental Fund Types**

i. **General Fund**

The General fund is the operating fund of the Municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

ii. **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

iii. **Debt Service Fund**

Debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

iv. **Capital Project Funds**

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds, Special Assessments Funds and Agency Funds).

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

b) Account Groups

Account groups are used to establish accounting control and accountability for the Municipality's general fixed assets and general long-term debt. The following are the Municipality's account groups:

i. General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the Municipality.

ii. General Long-term Debt Account Group

This group of accounts is established to account for all long-term debts of the Municipality.

c) Budgetary Control:

The Mayor submits and the Municipal Assembly approves, an annual budget for each fiscal year beginning July 1 as well as any amendment thereon. Appropriations in the Municipality budget consist of the following:

i. General Fund appropriations for recurrent and ordinary functions of the Municipality.

ii. Appropriations of Special Funds for specific purposes and for capital improvements are, for the most part, authorized by separate laws and do not require annual legislative budget authorization because they are continuing appropriations.

2) Basis of Accounting

Governmental revenues and expenditures are recognized using the modified accrual basis. Revenues are recognized in the accounting period in which they become both measurable and available to be used to pay recorded liabilities. Expenditures are recognized in the accounting period in which the final liability is incurred, measurable, except for unmatured interest on

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

general long-term debt, which is recognized when due. Agency fund assets and liabilities are accounted for on modified accrual basis.

To accrue the intergovernmental revenues, the legal and contractual requirements of individual programs are used as a guide. Essentially, there are two types of revenues. In one, the resources must be used in the specific projects and purposes before the revenues are recognized by the Municipality. Therefore, revenues are recognized based on recorded expenditures and submitted to the granting agencies for reimbursements. In the other revenues, resources are unrestricted as to purpose of expenditures and are usually revocable only for failure to comply with prescribed compliance requirements.

Licenses, fees, permits, fines and other revenues are recognized when received.

Interest income is recognized and accrued in the accounting period in which they are earned.

3) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

4) Total Column (Memorandum Only)

The amounts presented under this column represent the aggregate amount of the different types of funds and account groups. The totals under this column were not obtained from eliminations or consolidations, accordingly, they do not present consolidated information.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

5) Insurance

The Municipality has insurance coverage for their public facilities and certain officials are covered by a fidelity bond. The Secretary of Treasury is the person authorized to negotiate the insurance coverage of the Municipality.

6) Inventories

The General and Special Revenue Fund purchase office and printing supplies, gasoline, oil and other items. The cost of current purchases is recorded as expenditures.

7) Interfund Transactions

Interfund transactions represent operating transfers from a fund receiving revenues to a fund through which the resources are to be disbursed.

8) Vacation and Sick Leave

Employees are entitled to 30 days vacations leave and 18 days sick leave per year. Sick leave is recorded as an expenditure in the year paid. Employees are entitled to payment of unused sick leave upon retirement if have been employed for at least 10 years in the municipal government. On July 1997, state Law 152 supra amended the Article 12.016, Section b (2) of the Municipal Law, authorizing the Municipality to pay any excess of vacations and sick leave accumulated over the maximum previously permitted by law. Calculations must be made until December 31 of every year. Excess of sick leave must be paid until March 31 next every natural year. Excess of vacations can be paid after July 1 of every fiscal year.

9) Component Units

In evaluating how to define the Municipality for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the provisions of Statement No. 14, "The Financial Reporting Entity", of the GASB. The basic, but not the only criterion for including a potential component unit within the reporting entity is if elected officials of a

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

primary government are financially accountable for the entity. Financial accountability exists if the primary government appoints a voting majority of the entity's governing body, and if either entity or the potential exists for the other entity to (1) provide specific financial benefits to or (2) impose specific financial burdens on the primary government. A second criterion used in evaluating potential component units is if the nature and significance of the relationship between the entity and a primary government are such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete. GAAP details two methods of presentation: blending the financial data of the component units' balances and transactions in a manner similar to the presentation of the Municipality's balances and transactions or discrete presentation of the component units' financial data in columns separate from the Municipality's balances and transactions.

The Villa Soigal Project is included in the general purpose financial statements as a blended component unit because of the nature of the services they provide and the Municipality's ability to impose its will

Villa Soigal Project is a 120-unit multi-family housing project owned by the Municipality as authorized transfer from the Special Trustee for the Liquidation of the Accounts of the Puerto Rico Urban Renewal and Housing Corporation. The Project is operated under Section 515 of USDA, Rural Development (USDA-RD) and regulated by the U. S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The project is also subject to Section 8 Housing Assistance Payments agreements with HUD, and a significant portion of the Project's rental income is received from HUD. Also, the Project is financed by a Mortgage of Section 515 Direct Loan (see Note 10).

10) Claims and Judgments

The estimated amount of the liability for claims and judgments, which is due on demand such as from adjudicated or settled claims, is recorded in the general fund. The general long-term debt account group includes an amount estimated as a contingent liability or liabilities with a fixed or expected due date, which will require future available financial resources for its payment.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

11) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimate consists of the contribution received from the Electric Power Authority of Puerto Rico caused by the delay of the notification of the real revenues and expenditures to be presented in the financial statements of the agency mentioned above. Actual results could differ from those estimates.

12) Future Adoption of Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements that the Municipality has not yet adopted:

<u>Statement Number</u>	<u>Statement Name</u>	<u>Adoption Required in Fiscal Year</u>
34	Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments	2002-03
37	Reporting Model Omnibus	2002-03
38	Note Disclosures	2002-03
39	Determining Whether Certain Organizations are Components Units	2002-03

The impact of these statements on the Municipality's financial statements has not yet been determined.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

2. CASH AND CASH WITH FISCAL AGENT

a. Cash in Bank and Concentration Risk

The amounts reflected as cash in the balance sheet represents the individual funds' equity in pooled cash balance.

The Municipality maintains its cash accounts in two banks located in Puerto Rico. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The following is a summary of the total insured by collateral provided by bank and held by the Treasury Department of the Commonwealth of Puerto Rico pursuant to applicable laws and regulations.

	<u>Total</u>	<u>Insured by FDIC</u>	<u>Insured by Collateral in Treasury Department</u>
Western Bank	<u>\$1,284,142</u>	<u>\$100,000</u>	<u>\$1,184,142</u>

b. Cash with Fiscal Agent

An additional special tax of 1.25% of the assessed value of all real and personal properties are levied by the Municipality. The proceeds of said tax are required to be credited to the Debt Service Fund for payment of General Obligation Bonds and Notes of the Municipality. The property taxes are collected by the Municipal Revenues Collection Center as agent for the Municipality and are retained by the Government Development Bank for debt service purposes. At June 30, 2002, the balance of cash retained by the Government Development Bank amounted to \$2,005,820.

The bond issued by the Municipality is administrated by the Government Development Bank with a method of escrow system. At June 30, 2002, the balance of cash retained by the Government Bank available for the acquisition of real property and federal program amounted to \$2,317,028.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

3. PROPERTY TAXES

The Municipal Revenues Collection Center of the Commonwealth of Puerto Rico (CRIM) is responsible by law for the assessment, levy and collection of all real and personal property taxes. The tax on personal property is self assessed by the taxpayer. The assessment is made in a return which must be filed with the Municipal Revenues Collection Center by May 15 of each year. The tax on real property is assessed by the Municipal Revenues Collection Center. The assessment is made as of January 1 of each year and is based on estimated current values of the property as of the year 1957. The tax on personal property must be paid in full together with the return on or before May 15. The tax on real property is due in two equal installments in July 1 and January 1, following the assessment date.

The rates are 8.08% for real property and 5.08% for personal property. The composition is as follows:

	<u>Real</u>	<u>Personal</u>
Basic property	6.00%	3.00%
Additional special property - state	1.03%	1.03%
Additional special property - municipal	1.25%	1.25%
Discount made by state to taxpayer	< .20% >	< .20% >
Total	<u>8.08%</u>	<u>5.08%</u>

The "Additional special property tax - municipal" is restricted for debt service and retained by the Government Development Bank for such purposes and it is recorded as revenue in the Debt Service Fund when collected by the Municipal Revenues Collection Center and reported to the Municipality.

The "Additional special property tax - state" is collected by the Municipal Revenue Collection Center for the payment of principal and interest of general obligation bonds and certain other obligations issued by the state government.

Residential real property occupied by its owner is exempt by law from the payment of property taxes on the first \$15,000 of the assessed value. For such exempted amounts, the Department of the Treasury assumes payment of the basic tax to the Municipality, except for property assessed of less than \$3,500, for which no payment

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

is made. Revenue related to the basic tax on exempt property is recorded in the General Fund when payments are received from the Municipal Revenues Collection Center.

Complete exemption from personal property taxes up to an assessment of \$50,000 is granted to merchants with an annual volume of net sales less than \$150,000.

The Municipal Revenues Collection Center advances to the Municipality an estimated amount of the basic property tax levied on nonexempt property for each fiscal year. Advances are repaid through actual collections from the taxpayers. The Municipal Revenues Collection Center periodically informs the Municipality of the amounts collected and applied to outstanding advances. The basic property tax advanced by the Municipal Revenues Collection Center (nonexempt) is recorded as other financing sources in the Municipality's General Fund and as an obligation in the General Fund. To the extent that such taxes are collected and informed by the Municipal Revenues Collection Center, they are recorded in the General Fund as revenue and as due to the Municipal Revenues Collection Center.

4. MUNICIPAL LICENSE TAX

Municipal License Tax receivables are recorded in the fiscal year in which payment is due and, accordingly, represent taxes which are due and uncollected at June 30, 2002. The annual Municipal License Tax is determined based on the gross income of all commerce and industrial organizations who have operations in the Municipality of San Sebastián, and are not totally or partially exempt under the Industrial Incentive Law of Puerto Rico.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

An annual return of business volume should be filed on or before April 15 of each year and payable in two equal installments due on July 1 and January 1. The rates of municipal license in the Municipality of San Sebastián are as follows:

Savings and loans associations	=	1.00%
Financing institution	=	1.50%
Other organizations:		
Up to \$500,000	=	.40%
Over \$500,000	=	.50%

The amounts collected in advance are recorded as deferred revenues in the General Fund. The Municipality invoiced and collected in advance during the current year \$873,883, corresponding to the next fiscal year municipal license.

5. INTERGOVERNMENTAL REVENUES

Intergovernmental revenue sources consist of contributions received from certain quasi-public corporations of the Government of Puerto Rico, such as the Water and Sewer Authority, the Electric Power Authority and from certain federal agencies, such as U.S. Department of H.U.D., U.S. Department of Health and Human Services and U.S. Department of Labor.

6. GENERAL FIXED ASSETS

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures of the various governmental funds and capitalized at cost, or, if donated, at their estimated fair market value at time of contribution in general fixed assets accounts group. Maintenance, repairs and minor renewals are expended as incurred. Asset dispositions and retirements are informed monthly to the Department of Treasury and written-off after authorization of that department. Depreciation is not provided on general fixed assets. Public domain or infrastructure, such as roads, streets, gutter, curbs, sidewalks, and drainage, is not recorded in this group of accounts.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

The Municipality's management has estimated its real property and other fixed assets as follows:

	<u>Equipment</u>	<u>Real Estate</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at June 30, 2002	<u>\$6,393,092</u>	<u>\$20,310,174</u>	<u>\$5,043,548</u>	<u>\$31,746,814</u>

7. DUE FROM OTHER AGENCIES

Represents grants and contributions due from local and federal agencies:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
CRIM	\$ 17,357	\$ -	\$ 3,389
Puerto Rico Electric Power Authority	1,270,970	-	1,270,970
OCAM	<u>-</u>	<u>2,200,000</u>	<u>2,200,000</u>
Total	<u>\$1,288,327</u>	<u>\$2,200,000</u>	<u>\$3,474,359</u>

8. DUE FROM (TO) OTHER FUNDS

Represents the amount due between funds. At the end of the fiscal period, the unpaid or unsettled amounts of these types of inter-fund transactions are reported as inter-fund receivables (due-from) and inter-fund payable (due-to) balances.

The due from and due to other fund balances as of June 30, 2002, are as follows:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$359,051	\$ 18,943
Special Revenue Fund	18,943	311,059
Capital Project	<u>-</u>	<u>47,992</u>
	<u>\$377,994</u>	<u>\$377,994</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

9. DUE TO OTHER AGENCIES

The composition of this account is as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total</u>
Water and Sewer Authority	\$ 107,083	\$ -	\$ 107,083
Puerto Rico Electric Power Authority	1,008,181		1,008,181
General Service Administration	16,495		16,495
Retirement System	25,455		25,455
Puerto Rico Telephone Company	158,241		158,241
HUD	<u>-</u>	<u>34,053</u>	<u>34,053</u>
	<u>\$1,315,455</u>	<u>\$34,053</u>	<u>\$1,349,508</u>

10. GENERAL LONG-TERM DEBTS

The general long-term debts' transactions as of June 30, 2002 are as follows:

Balance July 1, 2001	\$10,049,260
Additions for the year	1,500,000
Payments	(1,020,231)
Adjustments	<u>184,102</u>
Balance June 30, 2002	<u>\$10,713,131</u>

General long-term debt obligations at June 30, 2002 are as follows:

Bonds

\$170,000 series of 1988, payable in annual installments of \$5,000 to \$20,000 until July 1, 2002, interest ranging from 8.20% to 9.5%.	\$ 20,000
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**COMMONWEALTH OF PUERTO RICO
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

\$1,115,000 series of 1993, payable in annual installments of \$75,000 to \$160,000 until July 1, 2002, interest ranging from 5% to 8%.	\$ 160,000
\$3,420,000 series of 1996, payable in annual installments of \$70,000 to \$315,000 until July 1, 2016, interest ranging from 4.7% to 6.875%.	2,920,000
\$1,010,000 series of 1996, payable in annual installments of \$20,000 to \$95,000 until July 1, 2015, interest ranging from 4.7% to 6.58%.	850,000
\$1,800,000 series of 1997, payable in annual installments of \$20,000 to \$165,000 until July 1, 2021, interest ranging from 6.69% to 8.00%.	1,695,000
\$2,270,000 series of 1999, payable in annual installments of \$150,000 to \$315,000 until July 1, 2007, interest ranging from 6% to 8%.	<u>1,550,000</u> <u>7,195,000</u>

Notes Payable

\$655,000 series of 2000, payable in annual installments of \$115,000 to \$150,000, until July 1, 2004; interest ranging from 7.08% to 7.50%.	420,000
\$1,510,000 series of 2001, payable in annual installments of \$20,000 to \$135,000, until July 1, 2026; interest ranging from 5% to 8%.	<u>1,510,000</u> <u>1,930,000</u>

Other Payable

Due to CRIM - Property tax advance - 1998 (Refer to Note 19)	\$ 184,778
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**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Treasury Department, payable in monthly installments of \$2,800 and final payment of \$974 until June 30, 2004.	\$ 65,374
Labor Department, payable in monthly installments of \$4,043 until June 30, 2004.	97,037
Due to CRIM - property tax advance - 1999 (Refer to Note 19)	941,774
Due to CRIM - property tax advance - 2000 (Refer to Note 19)	253,178
Due to the Treasury Department	<u>45,990</u> <u>1,588,131</u>
	<u>\$10,713,131</u>

The annual requirements for the amortization of general long-terms debt at June 30, 2002, are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2003	\$ 1,198,685
2004	1,009,989
2005	902,747
2006	713,355
2007	753,355
2008-2012	2,035,000
2013-2017	2,440,000
2018-2022	1,095,000
2023-2027	<u>565,000</u>
	<u>\$10,713,131</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Mortgage Payable

Consists of a 8% mortgage note, payable in monthly installments of \$13,302, including interest, until 2018, collateralized with land and building.

The principal maturities of the mortgage in each of the next five years are:

<u>Year Ended June 30,</u>	<u>Amount</u>
2003	\$ 48,012
2004	51,997
2005	56,313
2006	60,987
2007	66,049
Thereafter	<u>1,279,868</u>
	<u>\$1,563,226</u>

Due to Puerto Rico Health Insurance Administration

Due to the Puerto Rico Health Insurance Administration represents the municipal contribution related to the Health Care Reform corresponding to the period from December 1, 1995 through June 30, 1997. This balance will be paid through amounts retained by the CRIM from the participation in the Municipal Equalization Fund of the Additional Lottery System.

As described in Note 3, the Municipality levies an annual special tax of 1.25% of the assessed value of real property. The proceeds of this tax are required to be credited to the Debt Service Fund for payment of general obligation bonds and notes of the Municipality. The property taxes are collected and retained by the Municipal Revenues Collection Center as agent for the Municipality.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

11. CAPITAL LEASES

The Municipality of San Sebastián is obligated under capital leases for various equipments. The present value of the leases are as follows:

- a. Lease payable to AA Public Finance Co., Inc., payable in semiannual installments of \$17,141 (including interest at 6.46%) collateralized by computer system.

The minimum future lease payment under capital leases is as follows:

<u>Period Ending June 30,</u>	<u>Computer System</u>
2003	\$17,141
Less amount representing interest	(<u>2,980</u>)
	<u>\$14,161</u>

- b. Lease payable to AA Public Finance Co., Inc., payable in semiannual installments of \$64,551 (including interest at 7.5%) collateralized by a garage.

The minimum future lease payments under capital leases are as follows:

<u>Period Ending June 30,</u>	<u>Garage</u>
2003	\$129,102
2004	129,102
2005	129,102
2006	<u>64,550</u>
	451,856
Less amount representing interest	(<u>70,628</u>)
	<u>\$381,228</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

12. RETIREMENT PLAN

a. Plan Description

The Employee's Retirement System of the General Government of Puerto Rico and its Instrumentalities (ERS) is the administrator of a cost-sharing multiple-employer retirement system established by the Commonwealth of Puerto Rico. The ERS was created under the ACT 447, approved on May 15, 1951, as amended, and became effective on January 1, 1952. ERS covers all regular employees of the Commonwealth of Puerto Rico and its instrumentalities and of certain municipalities and components units not covered by their own retirements systems.

Participation is mandatory except for members of the Legislature, Government Secretaries, Heads for Agencies and Public Instrumentalities, Assistants to the Governor, the Comptroller of Puerto Rico, Gubernatorial Board and Committee appointees and Experimental Service Station employees.

The ERS provides retirement, death and disability benefits. Disability retirement benefits are available to members for occupational and non-occupational disabilities. Retirement benefits depend upon age at retirement and number of years of credited service. Benefits vest after ten years of plan participation.

Members who have attained an age of at least fifty-five (55) years and have completed at least twenty-five (25) years of creditable service or members who have attained an age of at least fifty-eight (58) years and have completed at least ten (10) years of creditable service, are entitled to an annual benefit, payable monthly for life.

The amounts of the annuity will be one and one-half percent of the average compensation multiplied by the number of years of creditable service up to twenty years, and 2 percent of the average compensation multiplied by the number of years of creditable service in excess of twenty years. In no case the annuity will be less than \$200 per month.

Participants who have completed at least thirty (30) years of creditable service are entitled to receive the Merit Annuity. Participants who have not attained fifty-five (55) years of age will receive 65% of the average compensation or if they have

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

attained fifty-five (55) years of age will receive 75% of the average compensation. Disability retirement benefits are available to members for occupational and non-occupational disability. However, for non-occupational disability a member must have at least ten (10) years of service.

No benefit is payable if the participant receives a refund of his accumulated contributions.

b. Contribution Requirements

Commonwealth legislation requires employees to contribute 5.775% of gross salary up to \$6,600 plus 8.275% of gross salary in excess of \$6,600. The Municipality contributions are 9.275% of gross salary. Contributions' requirements are established by law. The required contribution requirement and contribution made for the year ended June 30, 2002 were \$327,743. The Municipality's payroll for employees covered by ERS was \$3,370,108. The Municipality total payroll for all employees was \$6,598,618.

Additional information of ERS is presented in its financial statements for the year ended June 30, 2002, a copy of which can be obtain from ERS, Minillas Station, PO Box 42003, San Juan, PR 00940.

13. CONTINGENCIES

- a. The Municipality receives Federal Grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believed that any required reimbursements would not be material.
- b. The Municipality is a defendant and/or co-defendant in various lawsuits which claims for actual damages. Some of these lawsuits are covered by insurance. The Municipality's management and counsels believe that any potential liability that might exist, if any, in excess of the insurance, will not affect significantly the financial position of the Municipality.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

14. COMMITMENTS

The Municipality of San Sebastián had several outstanding or planned construction projects as of June 30, 2002. These projects are evidenced by contractual commitments with contractors. The construction projects of the Municipality are commitments of the Special Revenue fund and Capital Projects' funds that amounted to \$402,423.

15. LEASES

Leasing arrangements with the Municipality as lessor are as follows:

- a. The Municipality leases spaces in its Market Place and other facilities under operating lease agreements with terms ranging from one to five years.
- b. Total income from leases during the year ended June 30, 2002 was approximately \$55,297.
- c. The Municipality retains title to its leased property. The lessee pays taxes, municipal license taxes, insurance, and maintenance costs of the leased assets.

Leasing arrangement with the Municipality as lessee:

The Municipality is obligated under noncancellable operational leases, with periods not longer than one year.

16. BUDGETARY COMPARISONS

As described in Note 1, the statement of revenues and expenditures-budget and actual was prepared in accordance with the budgetary basis. This method is not in accordance in some aspects with generally accepted accounting principles generally accepted in the United States of America (GAAP).

The principal differences between budgetary basis and GAAP, are as follows:

- a. The encumbrances are recorded as expenditures in the budgetary basis instead of as a reserve of the fund balance.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

- b. The advances of property taxes are recorded as revenues in the budgetary basis instead as other financing sources, as required by GAAP.
- c. Under GAAP, the collection of property taxes through Municipal Revenue Collection Center is recorded as revenue and at the same time, such amount is recorded as expenditure and applied to previously advanced taxes when they are notified to the Municipality. In the budgetary basis, said revenues are recorded as revenues when the advances are received.

The necessary adjustments to reconcile the revenues and expenditures at the end of the year from the GAP to budgetary basis, are as follows:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$10,407,645	\$12,184,023
Plus advances of property taxes recorded as revenues on the budgetary basis	2,235,120	-
Less collection of property taxes applied to advances	(2,235,120)	(2,235,120)
Plus transfer in/out	268,871	-
Less non budgeted funds	(<u>109,915</u>)	<u>-</u>
Budgetary basis	<u>\$10,566,601</u>	<u>\$ 9,948,903</u>

The budget prepared for each of the special revenue funds is based on a program period which is not necessarily the same fiscal year of the Municipality. Accordingly, it is not practical to present an annual comparison of budget and actual for the Special Revenue Fund.

The Municipality budget is amended by the majority vote of the Municipal Assembly. Said amendments are included in the budgetary basis.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

17. MUNICIPAL SOLID WASTE LANDFILL CLOSURE

The Municipality discontinued its landfill operations and ceased to accept solid waste in January 1993. State and Federal laws and regulations require the Municipality to perform certain closure procedures on its solid waste landfill after discontinuing of operations and perform certain maintenance and monitoring functions at the landfill site for thirty years. The closure and post closure care procedures were assumed by Municipality and directed by an external consultant. The closure process was completed in January 17, 1997. The total estimated liability for post closure care costs has been determined in \$480,240.

18. RESTATEMENTS

The Municipality has restated the beginning fund balances to reflect the effect of the inclusion of the financial statements of Villa Soigal as a component unit and for the effect of errors on accounting records.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>
Fund balances at beginning of year as previously reported	(\$2,790,809)	\$5,714,774	\$237,834
Effect of the inclusion of Villa Soigal		361,039	
Effect of errors on accounting records	<u>67,959</u>	(<u>1,387,683</u>)	<u>23,846</u>
Fund balance at beginning of year, as restated	(<u>\$2,722,850</u>)	<u>\$4,688,130</u>	<u>\$261,680</u>

19. SUBSEQUENT EVENT

On July 1, 2002, the Municipality entered into a loan agreement of approximately \$1.1 million with GDB. The proceeds of the loan were used to cancel the outstanding balance of advances from CRIM as enacted by Public Law 42 (refer to Note 3). The loan has a fixed interest rate of 6.1875% payable annually. The loan matures on July 1, 2031.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Federal Grantor/program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Housing and Urban Development (HUD)		
Section 8 - Rental Voucher Program	14.855	\$ 497,302
Community Development Block Grants/ States Program	14.228	<u>832,099</u>
Subtotal U.S. Department of HUD		<u>1,329,401</u>
U.S. Department of Health and Human Services (HHS)		
Pass through Governor's Office of Child Services & Community Development: Head Start	93.600	2,383,321
Pass through Administration of Families and Children: Child Care and Development Block Grant	93.575	342,304
Pass through Regional Elderly Office: Special Program for the Aging - Title III, Part C Nutrition Services	93.045	<u>24,649</u>
Subtotal U.S. Department of HHS		<u>2,750,274</u>
U.S. Department of Agriculture		
Pass-through Education Department: Child and Adult Care Food Programs	10.558	<u>186,006</u>
Subtotal U.S. Department of Agriculture		<u>186,006</u>
U.S. Federal Emergency Management Agency (FEMA)		
Public Assistance Grant	83.544	<u>14,556</u>
Subtotal U.S. FEMA		<u>14,556</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN (CONTINUED)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/program Title	Federal CFDA Number	Federal Disbursements/ Expenditures
U.S. Department of Justice		
Public Safety Partnership and Community Policing Grants	16.710	\$ <u>29,807</u>
Subtotal U.S. Department of Justice		<u>29,807</u>
 TOTAL		 <u>\$4,310,044</u>

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Municipality of San Sebastián and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. BASIS OF PRESENTATION

The expenditures of the schedule are included in the Municipality's general purpose financial statements within the Special Revenue Fund. The reconciliation of expenditures in the general purpose financial statements to the Schedule of Expenditures of Federal Awards.

	<u>Expenditures</u>
Expenditures as per general purpose financial statements:	
Special Revenue Fund	\$6,550,299
Less: Non federal expenditure	(<u>2,240,255</u>)
 Total expenditures per schedule of expenditures of federal awards	 <u>\$4,310,044</u>



ORTIZ, RODRIGUEZ, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

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American Institute of Certified
Public Accountants (AICPA)
Puerto Rico Board of Certified
Public Accountants
Management Consulting
Services Division

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor
and Municipal Assembly
Municipality of San Sebastián
San Sebastián, Puerto Rico

We have audited the financial statements of the Municipality of San Sebastián as of and for the year ended June 30, 2002, and have issued our report thereon dated November 25, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the Municipality of San Sebastián's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect of 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

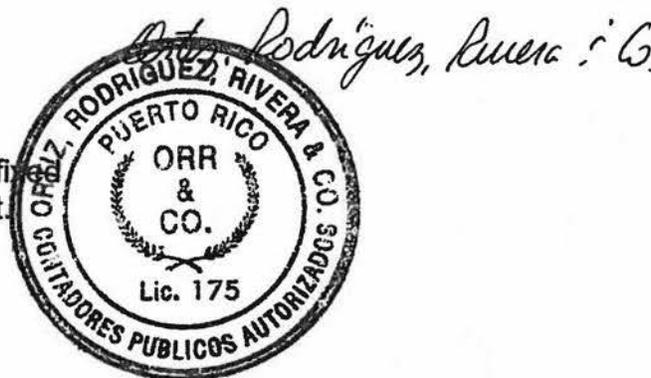
In planning and performing our audit, we considered the Municipality of San Sebastián's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Municipality of San Sebastián, in a separate letter dated November 25, 2002.

This report is intended solely for the information and use of the audit committee, management, Commissioner Office of Municipal Affairs, and the 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.

San Juan, Puerto Rico
November 25, 2002

The stamp 1847803 was affixed
to the original of this report.





ORTIZ, RODRIGUEZ, RIVERA & CO.
CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

CPA Orlando Luis Ortiz Cabrera
CPA Marco Antonio Rivera Zúñiga
CPA Luis O. Rivera Zúñiga

Members:
American Institute of Certified
Public Accountants (AICPA)
Puerto Rico Board of Certified
Public Accountants
Management Consulting
Services Division

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor
and Municipal Assembly
Municipality of San Sebastián
San Sebastián, Puerto Rico

Compliance

We have audited the compliance of Municipality of San Sebastián 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, 2002. Municipality of San Sebastián's major federal programs are identified in the summary of auditors' 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 Municipality of San Sebastián's management. Our responsibility is to express and opinion on Municipality of San Sebastián's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Municipality of San Sebastián'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 Municipality of San Sebastián' compliance with those requirements.

In our opinion, Municipality of San Sebastián 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, 2002.

Internal Control over Compliance

The management of Municipality of San Sebastián 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 Municipality of San Sebastián'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Commissioner Office of Municipal Affairs, and the 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.

San Juan, Puerto Rico
November 25, 2002

The stamp 1847804 was affixed
to the original of this report.



**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

1. SUMMARY OF AUDIT RESULTS

- a. The auditors' report expresses a qualified opinion on the financial statements of the Municipality of San Sebastián.
- b. There were no reportable conditions on internal controls.
- c. No instances of noncompliance material to the financial statements of Municipality of San Sebastián were disclosed during the audit.
- d. There were no reportable conditions on internal controls over major programs.
- e. The auditor's report on compliance for the major federal award programs for Municipality of San Sebastián express an unqualified opinion.
- f. There were no audit findings relative to the major federal award programs for Municipality of San Sebastián.
- g. The programs tested as major programs included:
 - Child Care - CFDA No. 93.575
 - Section 8 - CFDA No. 14.855
 - SBGP - CFDA No. 14.228
- h. The threshold for distinguishing types A and B programs was \$300,000.
- i. Municipality of San Sebastián was determined to be a high-risk auditee.

2. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

**COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF SAN SEBASTIÁN
SCHEDULE OF STATUS OF PRIOR YEAR
AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

The Municipality has not prior year findings.

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ORTIZ, RODRIGUEZ, RIVERA & CO.

CERTIFIED PUBLIC ACCOUNTANTS • VALUE ADDED SERVICES

Suite 152, PO Box 70250, San Juan, P.R. 00936-7250 • Phone (787) 756-8524, Fax (787) 274-0562

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates On or After January 1, 2001**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal period ending date for this submission Month Day Year Fiscal Period End Dates Must Be On or After January 1, 2001 06 / 30 / 2001		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit										
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other — Months 2 <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse									
5. Employer Identification Number (EIN) a. Auditee EIN <table border="1"><tr><td>6</td><td>6</td><td>0</td><td>4</td><td>3</td><td>3</td><td>5</td><td>3</td><td>3</td></tr></table>			6	6	0	4	3	3	5	3	3	b. Are multiple EINs covered in this report? 1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No If Part I, Item 5b = "Yes," complete Part I, Item 5c (Complete the continuation sheet on Page 4)
6	6	0	4	3	3	5	3	3				

6. AUDITEE INFORMATION

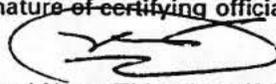
a. Auditee name Municipality Of San Sebastian	
b. Auditee address (Number and street) P.O. Box 1603 City San Sebastian State ZIP + 4 Code Puerto Rico 00685-1603	
c. Auditee contact Name Armando Nieves Title Finance Director	
d. Auditee contact telephone (787) 896 - 2300	
e. Auditee contact FAX (Optional) (787) 896 - 8363	
f. Auditee contact E-mail (Optional)	

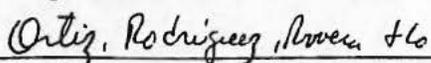
7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name Ortiz, Rodriguez, Rivera & Co	
b. Auditor address (Number and street) Suite 152 P.O. Box 70250 City San Juan State ZIP + 4 Code Puerto Rico 00936-7250	
c. Auditor contact Name CPA Agustin Rodriguez Title Partner	
d. Auditor contact telephone (787) 756 - 8524	
e. Auditor contact FAX (Optional) (787) 274 - 0562	
f. Auditor contact E-mail (Optional)	

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 8, 9, and 10, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of certifying official  Date Month Day Year
01 / 28 / 02
Printed Name/Title of certifying official
Armando Nieves, Finance Director

Signature of auditor  Date Month Day Year
1 / 16 / 02

PART I GENERAL INFORMATION - Continued

8. Did the auditee expend more than \$25,000,000 in Federal awards during the fiscal year? (Mark (X) one box)
 1 Yes - Identify Cognizant Agency in Part I, Item 9 2 No - SKIP to Part II, Item 1
9. Indicate which Federal awarding agency provided the predominant amount of direct funding in fiscal year 2000. (Mark (X) one box) However, if cognizance has been reassigned, see instructions.
- | | | | |
|--|---|---|---|
| 02 <input type="checkbox"/> Agency for International Development | 81 <input type="checkbox"/> Energy | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation |
| 10 <input type="checkbox"/> Agriculture | 66 <input type="checkbox"/> Environmental Protection Agency | 15 <input type="checkbox"/> Interior | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | <input type="checkbox"/> Other - Specify: |
| 12 <input type="checkbox"/> Defense | 93 <input type="checkbox"/> Health and Human Services | 17 <input type="checkbox"/> Labor | |
| 84 <input type="checkbox"/> Education | | | |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion
2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No
3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5
4. Is any reportable condition reported as a material weakness? 1 Yes 2 No
5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance
 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion
2. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending greater than \$300,000 in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA SOP 98-3 chapter 10) 1 Yes 2 No
3. What is the dollar threshold to distinguish Type A and Type B programs? (§ __ .520(b)) \$ 300,000
4. Did the auditee qualify as a low-risk auditee? (§ __ .530) 1 Yes 2 No
5. Is a reportable condition disclosed for any major program? (§ __ .510(a)(1)) 1 Yes 2 No - SKIP to Item 7
6. Is any reportable condition reported as a material weakness? (§ __ .510(a)(1)) 1 Yes 2 No
7. Are any known questioned costs reported? (§ __ .510(a)(3) or (4)) 1 Yes 2 No
8. Was a Summary Schedule of Prior Audit Findings prepared? (§ __ .315(b)) 1 Yes 2 No

9. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)
- | | | | |
|--|---|---|--|
| 02 <input type="checkbox"/> Agency for International Development | 83 <input type="checkbox"/> Federal Emergency Management Agency | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 23 <input type="checkbox"/> Appalachian Regional Commission | 93 <input type="checkbox"/> Health and Human Services | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 11 <input type="checkbox"/> Commerce | 14 <input type="checkbox"/> Housing and Urban Development | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute for Museum Services | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 12 <input type="checkbox"/> Defense | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 84 <input type="checkbox"/> Education | 16 <input type="checkbox"/> Justice | 59 <input type="checkbox"/> Small Business Administration | 00 <input checked="" type="checkbox"/> None |
| 81 <input type="checkbox"/> Energy | 17 <input type="checkbox"/> Labor | | <input type="checkbox"/> Other - Specify: |
| 66 <input type="checkbox"/> Environmental Protection Agency | 09 <input type="checkbox"/> Legal Services Corp | | |

Each agency identified is required to receive a copy of the reporting package.

In addition, one copy each of the reporting package is required for:

- the Federal Audit Clearinghouse archives
- and, if not marked above, the cognizant agency (if identified in Part I, Item 9)

Count total number of boxes marked above and submit this number of reporting packages

FORM SF-SAC (3-20-2001)

PART III FEDERAL PROGRAMS - Continued

10. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR							11. AUDIT FINDINGS		
CFDA Number (a)		Research and development (b)	Name of Federal program (c)	Amount expended (d)	Direct award (e)	Major program (f)	Type(s) of compliance requirement(s) ³ (a)	Audit finding reference number(s) ⁴ (b)	
Federal Agency Prefix ¹	Extension ²								
1	4	855	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Section 8 Rental Voucher Program	\$ 431,228 .00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
1	4	228	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Community Development Block Grant State-Program	\$ 2,042,371 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	0	N/A
9	3	600	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Head Start	\$ 2,128,840 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
9	3	575	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Child Care	\$ 343,296 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
9	3	045	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Title III Part C Nutrition Service	\$ 30,361 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
1	0	558	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Child and Adult Care Food Program	\$ 218,960 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
8	3	544	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Assistance Grant	\$ 285,387 .00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
8	3	523	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Emergency Food and Shelter National Board Program	\$ 3,700 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
1	6	710	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Safety Partnership and Community Policing Grant	\$ 88,305 .00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	N/A
			<input type="checkbox"/> Yes <input type="checkbox"/> No		\$.00	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No		
TOTAL FEDERAL AWARDS EXPENDED					\$ 5,572,448 .00	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS			

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

³ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, reportable conditions (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- | | | | |
|------------------------------------|---|--|----------|
| A. Activities allowed or unallowed | F. Equipment and real property management | K. Real property acquisition and relocation assistance | O. None |
| B. Allowable costs/cost principles | G. Matching, level of effort, earmarking | L. Reporting | P. Other |
| C. Cash management | H. Period of availability of Federal funds | M. Subrecipient monitoring | |
| D. Davis - Bacon Act | I. Procurement and suspension and debarment | N. Special tests and provisions | |
| E. Eligibility | J. Program income | | |

⁴ N/A for NONE

PART I Item 5 Continuation Sheet

c. List the multiple Employer Identification Numbers (EINs) covered in this report.

1		16		31		46		61
2		17		32		47		62
3		18		33		48		63
4		19		34		49		64
5		20		35		50		65
6		21		36		51		66
7		22		37		52		67
8		23		38		53		68
9		24		39		54		69
10		25		40		55		70
11		26		41		56		71
12		27		42		57		72
13		28		43		58		73
14		29		44		59		74
15		30		45		60		75

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE, ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS.