



Transmitted via e-mail

February 17, 2011

Ms. Stacey Aldrich, State Librarian  
California State Library  
P.O. Box 942837  
Sacramento, CA 94237-0001

Dear Ms. Aldrich:

**Final Report—City of Lafayette, California State Library Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Lafayette's (City) grant agreement 3051 for the period March 8, 2005 through December 31, 2009. This grant was awarded by the California State Library under the Proposition 14 Bond Program.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final.

This report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov>, within five working days of this transmittal.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Jennifer Whitaker, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Ann Merideth, Community Development Director, City of Lafayette  
Mr. Gonzalo Silva, Finance Services Manager, City of Lafayette  
Ms. Deborah A. Newton, Bureau Chief, California State Library

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A GRANT AUDIT  
City of Lafayette  
Lafayette Library and Learning Center  
Grant Agreement 3051



Source: City of Lafayette

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

**MEMBERS OF THE TEAM**

Jennifer Whitaker  
Manager

Rich Hebert  
Supervisor

Staff  
Michael Bratman

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
300 Capitol Mall, Suite 801  
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## **BACKGROUND**

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14), which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered this program during the application review and approval phases, and awarded 45 projects totaling \$334 million.

In 2006, OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. BAO authorizes the disbursement of bond proceeds to local agencies via grants, and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

OLC awarded the City of Lafayette (City) a \$11.88 million Proposition 14 grant, which represents 65 percent of the budgeted amount to fund construction of the Lafayette Library and Learning Center. The project was completed in June 2010 and has provided the City a new 26,721 square foot library.

## **SCOPE**

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of grant agreement 3051 for the period March 8, 2005 through December 31, 2009.

The audit objective was to determine whether the City's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The City is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The California State Library is responsible for evaluating the efficiency and effectiveness of program operations.

## **METHODOLOGY**

To determine whether grant expenditures were in compliance with applicable laws, regulations, and grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined applicable laws, policies, procedures, and grant files maintained by BAO.

- Reviewed the City's accounting records, vendor invoices, pay warrants, and bank statements.
- Selected a sample of expenditures to determine if claimed costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify project existence.

The results of our audit are based on our review of documentation, other information made available to us, and interviews with City staff directly responsible for administering the bond funds. The audit was conducted from November 2010 through December 2010.

This audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

## RESULTS

Based on the audit procedures performed, the City met the fiscal requirements for the grant agreement. No observations or questioned costs were identified. In addition, the City, which was required to provide matching funds equal to 35 percent of eligible expenditures, met the \$6.4 million matching fund requirement. The Schedule of Claimed, Audited, and Questioned Amounts is presented in Table 1.

**Table 1: Schedule of Claimed, Audited and Questioned Amounts**

<b>Grant Agreement 3051</b>			
<b>For the Period March 8, 2005 through December 31, 2009</b>			
<b>Expenditures</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
New Construction	\$ 14,470,292	\$14,470,292	\$ 0
Appraised Value of Land	1,300,000	1,300,000	0
Site Development	722,257	722,257	0
Site Demolition	105,341	105,341	0
Architectural and Engineering Fees	1,679,850	1,679,850	0
<b>Total</b>	<b>\$18,277,740<sup>1</sup></b>	<b>\$18,277,740</b>	<b>\$ 0</b>

<sup>1</sup> Amount includes \$1,188,053 totaling the 10 percent withhold due from the California State Library and \$6,397,209 in matching funds.