



Transmitted via e-mail

May 21, 2012

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

Dear Ms. Aldrich:

**Final Report—City of Lincoln Twelve Bridges Library Audit**

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the City of Lincoln's (City) grant 2065 for the period December 8, 2003 through September 30, 2011.

The enclosed report is for your information and use. Because there were no audit observations or issues requiring a response, we are issuing the report as final. This report will be placed on our website.

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. Deborah A. Newton, Bureau Chief, California State Library  
Ms. Tona Paz, Bond Administration Officer, California State Library  
Ms. Anna Jatczak, Assistant City Manager, Chief Financial Officer, City of Lincoln  
Ms. Emily A. Boyd, Principal Accountant, City of Lincoln

AUDIT REPORT

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City of Lincoln  
Twelve Bridges Library  
Proposition 14 Bond Program  
Grant Agreement 2065



City of Lincoln Twelve Bridges Library  
Source: City of Lincoln ([libraryatlincoln.org](http://libraryatlincoln.org))

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  
Sacramento, CA 95814  
(916) 322-2985

# BACKGROUND, SCOPE, METHODOLOGY AND RESULTS

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## **BACKGROUND**

In March 2000, California voters approved Proposition 14, the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act, 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.

In 2003, OLC awarded the City of Lincoln (City) a \$10.4 million Proposition 14 grant which represents up to 65 percent of the budgeted amount to fund the City's Twelve Bridges Public Library. The City is required to provide a match of 35 percent, or \$5.6 million, of the total project costs.

Opened in October 2007, the new Twelve Bridges Library is approximately 40,000 square feet and offers community and group meeting spaces equipped with computer labs, video-conferencing capabilities, tutoring areas, curriculum development labs, and a section devoted to children's reading.<sup>1</sup>

## **SCOPE**

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted an audit of grant agreement 2065 for the period December 8, 2003 through September 30, 2011.

The audit objectives were to determine whether the City's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and to determine whether the grant deliverables were completed as required. In order to design adequate procedures to conduct our audit, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations. Further, no assessment was performed on the completed project.

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<sup>1</sup> Background information obtained from the grant application and City website.

The City's management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The California State Library is responsible for the state-level administration of the grant program.

## **METHODOLOGY**

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and if the grant deliverables were completed as required, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant files, grant agreement, and applicable policies and procedures.
- Reviewed the City's accounting records and vendor invoices.
- Examined expenditures to determine if costs were allowable, grant-related, incurred within the grant period, 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 existence of the new library, including furnishings and equipment.

The results of the audit are based on our review of documentation, other information made available to us, and interviews with staff directly responsible for administering grant funds.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## RESULTS

Based on the audit procedures performed, the City was in compliance with the requirements of the grant agreement. No observations or questioned costs were identified. Additionally, the grantee met the match requirements by providing matching funds equal to 35 percent of eligible expenditures. The Schedule of Claimed Amounts is presented in Table 1.

**Table 1: Schedule of Claimed Amounts**

<b>Grant Agreement 2065 For the Period December 8, 2003 through September 30, 2011</b>	
<b>Category</b>	<b>Claimed</b>
New Construction	\$ 11,113,381
Appraised Value of Land	1,350,000
Site Development	6,151
Site Permits and Fees	699,602
Furnishings and Equipment Costs	1,036,674
Signage	5,448
Architectural and Engineering Fees	862,487
Interior Design Fees	3,943
Geotechnical/Geohazard Reports	5,415
Library Consultant Fees	71,725
Construction Management Fees	667,200
Other Professional Fees	212,344
<b>Total Expenditures</b>	<b>\$ 16,034,370<sup>2</sup></b>

<sup>2</sup> Amount includes \$1,042,234 representing the 10 percent withhold due from the California State Library and \$5,612,032 in matching funds.