



August 1, 2008

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

Dear Ms. Hildreth:

**Final Audit Report—City of Fairfield, Cordelia Library Grant Agreement 2064**

Enclosed is the final report on our audit of the City of Fairfield (City), Cordelia Library Construction grant agreement 2064. The Department of Finance, Office of State Audits and Evaluations (Finance), performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive. The audit included a review of receipts, expenditures, internal control, and compliance with certain agreement provisions.

The City complied with the fiscal requirements of the agreement, and its revenues and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, the final report will be placed on the Finance website.

We appreciate the City's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Kimberly A. Tarvin, Manager, or Beliz Chappuie, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

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

Enclosure

cc: Mr. Curtis Purnell, Bond Act Fiscal Officer, Bond Administration Office, California State Library  
Ms. Nancy Houston, Assistant City Manager, City of Fairfield  
Mr. Norman Veloso, Senior Accountant, City of Fairfield

# A GRANT AUDIT

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City of Fairfield  
Cordelia Library  
Proposition 14 Bond Program  
Grant Agreement 2064  
For the Period April 14, 2004  
through August 31, 2007



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

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The Department of Finance, Office of State Audits and Evaluations (Finance), performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive, and under an interagency agreement with the California State Library, Bond Administration Office.

We audited grant agreement 2064 awarded to the City of Fairfield (City) for construction of the Cordelia Library. The \$4,100,385 Proposition 14 grant was expended during the period April 14, 2004 to August 31, 2007.

The objective of this audit was to determine the City's fiscal compliance with the aforementioned grant. We did not assess the efficiency or effectiveness of program operations, or the quality of the completed project. The responsibility for financial reporting and compliance rests with the City.

This report is intended for the information and use of state and City management. However, this report is a matter of public record and its distribution is not limited.

**STAFF:**

Kimberly A. Tarvin, CPA  
Manager

Beliz Chappuie, CPA  
Supervisor

Charles White  
Andrea Corona



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying City of Fairfield (City) *Statement of Revenues and Expenditures* (Statement) for grant agreement 2064 for the period April 14, 2004 to August 31, 2007, as executed between the City and the California State Library. This Statement was prepared from the City's records and is the responsibility of its management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 4, for the purpose of determining the City's fiscal compliance with the aforementioned agreement. The Statement is not intended to be a presentation of the City's total revenues and expenditures.

In our opinion, the *Statement of Revenues and Expenditures* presents fairly, in all material respects, the claimed and audited revenues and expenditures for the agreement number and period specified in paragraph one, in conformity with accounting principles generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Generally Accepted Government Auditing Standards*.

## **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Statement that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness as defined above.

This report is intended solely for the information and use of California State Library, Bond Administration Office, and City management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

July 3, 2008

# STATEMENT OF REVENUES AND EXPENDITURES

**City of Fairfield  
Cordelia Library  
Grant Agreement 2064  
For the Period April 14, 2004 to August 31, 2007**

	<b>(State Share) <u>Claimed</u></b>	<b><u>Audited</u></b>	<b><u>Questioned</u></b>
<b>Revenues:</b>			
Proposition 14 Funds*	\$4,100,385	\$4,100,385	\$ 0
<b>Expenditures:</b>			
Appraised Value of Land	149,756	149,756	0
New Construction	2,587,663	2,587,663	0
Site Development	202,296	202,296	0
Site Permits and Fees	50,224	50,224	0
Furnishings and Equipment	493,415	493,415	0
Signage	49,505	49,505	0
Architectural and Engineering Fees	444,654	444,654	0
Library Consultant Fee	2,911	2,911	0
Construction Project Management	103,339	103,339	0
Other Professional Fees	<u>16,622</u>	<u>16,622</u>	<u>0</u>
Total Expenditures	4,100,385	4,100,385	0
 <b>Excess of Revenues over Expenditures</b>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

\*Amount includes final payment of \$410,038 due from the California State Library.

The accompanying notes are an integral part of this statement.

# NOTES TO THE STATEMENT OF REVENUES AND EXPENDITURES

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**City of Fairfield  
Cordelia Library  
Grant Agreement 2064  
For the Period April 14, 2004 to August 31, 2007**

**NOTE 1 Description of the Reporting Entity**

The City of Fairfield (City) was incorporated as a general law city on December 12, 1903, and operates under the council/manager form of government. The City has five elected city council members, including an elected Mayor. The council makes all policy decisions and adopts laws for the City. The city council appoints the City Manager who directs City departments in the implementation of policies adopted by the city council. The City Manager's office staff is responsible for organizational development and implementing City wide policies and procedures. The Assistant City Manager is the coordinator for this library construction project.

**NOTE 2 Program Information**

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, by awarding grants to local government entities.

In 2006, the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The 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.

**NOTE 3 Description of Grant Agreement**

The OLC awarded the City a \$4,100,385 Proposition 14 grant for the period April 14, 2004 to January 1, 2008. This grant provided funding for the construction of the Fairfield-Cordelia Library. The 15,724 square foot library is a joint venture facility, serving City residents, Solano County residents, and the Fairfield Suisun Unified School District students. The BAO approved project costs for \$6,308,285, of which 65 percent, or \$4,100,385, was eligible for reimbursement under the program. The funds were expended between April 14, 2004 and August 31, 2007. The project was completed and the library opened to the public on December 14, 2006.

#### **NOTE 4 Summary of Significant Accounting Policies**

##### **A. Basis of Presentation**

The Statement was prepared from the City's accounts and related financial transactions. The Statement summarizes the state-funded portion of the City's recorded project revenues and expenditures for the audit period April 14, 2004 to August 31, 2007. Although the grant term is through January 1, 2008, the last payment request included expenditures through August 31, 2007. The Statement summarizes the City's transactions pertaining to grant agreement 2064 only, and is not intended to represent all of its financial activities.

##### **B. Basis of Accounting**

The City's accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

#### **NOTE 5 Matching Fund Requirements**

Grant Agreement 2064 required the City to provide matching funds equal to 35 percent of eligible project expenditures. The City met the required match of approximately \$2,207,900.