



August 20, 2007

Mr. Dave Potter, Chair of Monterey County Board of Supervisors  
Monterey County  
168 West Alisal Street  
Salinas, CA 93901

Dear Mr. Potter:

**Final Audit Report—County of Monterey, Library Construction Grant Agreement 2008**

Enclosed is the final report on our audit of the County of Monterey's (County) Library Construction grant agreement 2008. The Department of Finance, Office of State Audits and Evaluations, 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 revenue, expenditures, internal control, and compliance with certain agreement provisions.

The County complied with the fiscal requirements of the agreement, and its revenue and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, we are issuing the report as final.

We appreciate the County's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Kim Tarvin, Manager, or John Rogers, Supervisor, at (916) 322-2985.

Sincerely,

*Original signed by:*

Diana L. Ducay, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Ms. Susan Hildreth, State Librarian, California State Library  
Mr. Curtis Purnell, Bond Act Fiscal Officer, California State Library, Bond Administration Office  
Mr. Nick Nichols, Program Manager, Monterey County  
Mr. Nick Baldo, Finance Manager, Monterey County

# A FINAL GRANT AUDIT

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County of Monterey  
Castroville Library  
Proposition 14 Bond Program  
Grant Agreement 2008  
For the Period February 4, 2004  
to February 28, 2007



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

# TABLE OF CONTENTS

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Preface ..... iii

Independent Auditor's Report ..... 1

Statement of Revenue and Expenditures..... 3

Notes to the Statement of Revenue and Expenditures ..... 4

The Department of Finance, Office of State Audits and Evaluations, 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.

Grant agreement 2008 was awarded to the County of Monterey (County) for construction of the Castroville Library. The grant was funded from Proposition 14 for the period February 4, 2004 to July 18, 2007.

The objective of this audit was to determine the County's fiscal compliance with the aforementioned grant. The efficiency or effectiveness of program operations or the quality of the completed project was not assessed as part of this audit. The responsibility for financial reporting and compliance rests with the County.

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

**STAFF:**

Kim Tarvin, CPA  
Manager

John Rogers, CPA  
Supervisor

Veronica Green



## INDEPENDENT AUDITOR'S REPORT

Mr. Dave Potter, Chair  
Monterey County Board of Supervisors  
Monterey County  
168 West Alisal Street  
Salinas, CA 93901

We have audited the County of Monterey's (County) *Statement of Revenue and Expenditures* (Statement) for grant agreement 2008 for the period February 4, 2004 to February 28, 2007, as executed between the County and the California State Library. This Statement was prepared from the County'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 County's fiscal compliance with the aforementioned agreement. The Statement is not intended to be a presentation of the County's total revenue and expenditures.

In our opinion, the *Statement of Revenue and Expenditures* presents fairly, in all material respects, the claimed and audited revenue 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 County's compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Generally Accepted Government Auditing Standard*

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement 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 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 Statement 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.

This report is intended solely for the information and use of state and County 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.

*Original signed by:*

Janet I. Rosman, CPA  
Assistant Chief, Office of State Audits and Evaluations  
(916) 322-2985

August 9, 2007

# STATEMENT OF REVENUE AND EXPENDITURES

**County of Monterey  
Castroville Library  
Grant Agreement 2008  
For the Period February 4, 2004 to February 28, 2007**

	(State Share) <u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Revenue:</b>			
Proposition 14 Funds <sup>(1)</sup>	\$3,158,614	\$3,158,614	\$ 0
<b>Expenditures:</b>			
Appraised Value of Land	330,525	330,525	0
New Construction	1,704,728	1,704,728	0
Site Development	346,062	346,062	0
Site Demolition	43,310	43,310	0
Site Permits & Fees	20,738	20,738	0
Furnishings and Equipment Costs	68,411	68,411	0
Architectural and Engineering Fees	308,197	308,197	0
Geotechnical / Geohazard Reports	2,444	2,444	0
Hazardous Materials Consultant Fees	2,046	2,046	0
Library Consultant Fees	16,240	16,240	0
Construction / Project Management	272,470	272,470	0
Other Professional Fees	<u>43,443</u>	<u>43,443</u>	<u>0</u>
Total Expenditures	<u>3,158,614</u>	<u>3,158,614</u>	<u>0</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<sup>(1)</sup> Amount includes final payment of \$315,861 due from the California State Library

The accompanying notes are an integral part of this statement.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

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**County of Monterey  
Castroville Library  
Grant Agreement 2008  
For the Period February 4, 2004 to February 28, 2007**

**NOTE 1 Description of the Reporting Entity**

The County of Monterey (County) was created pursuant to general law as a subdivision of the State of California. It is governed by a five-member elected Board of Supervisors. The County government provides a full range of public services including public safety, roads and facilities, social services, administrative services, health services, sanitation services, and leisure services. The Program 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 during the application review and approval phases, and awarded 45 projects totaling \$334 million.

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 County a \$3.2 million Proposition 14 grant for the period February 4, 2004 to July 18, 2007. This grant provides funding for the County's new Castroville Library. The 9,921 square foot library is a joint venture facility, serving both County residents and North Monterey County Unified School District students. The approved project budget was \$4.9 million, of which 65 percent, or approximately \$3.2 million, was eligible for reimbursement under the program.

The project has been completed and the Library was opened to the public in September 2006.

**NOTE 4 Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Statement was prepared from the County's accounts and financial transactions. The Statement summarizes the state-funded portion of the County's recorded project revenue and expenditures for the final audit period February 4, 2004 through February 28, 2007. The Statement summarizes the County's transactions pertaining to grant agreement 2008 only, and is not intended to represent all of its financial activities.

**B. Basis of Accounting**

The County's governmental funds and accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenue 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 2008 required the County to provide matching funds equal to 35 percent of eligible project expenditures, or approximately \$1.7 million. The County met the required match.