



November 21, 2007

Ms. Linda Mielke, Interim Director  
Redding Library  
1100 Parkview Avenue  
Redding, CA 96001

Dear Ms. Mielke:

**Final Audit Report—County of Shasta, Library Construction Grant Agreement Number 2005**

Enclosed is the final report on our audit of the County of Shasta's (County) Library Construction grant agreement number 2005. 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 revenue, expenditures, internal control, and compliance with certain grant 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. In accordance with Finance's policy of increased transparency, this report will be placed on our website.

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:*

Janet I. Rosman, Assistant 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. Mark Cibula, Chairperson of Board of Supervisors, Shasta County  
Ms. Julie Hope, Sr. Administrative Analyst, Shasta County  
Ms. Barbara Young, Chief Financial Officer, Shasta County  
Ms. Connie Regnell, Auditor-Controller, Shasta County

# A FINAL GRANT AUDIT

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County of Shasta  
Redding Library  
Proposition 14 Bond Program  
Grant Agreement Number 2005  
For the Period December 15, 2003  
through August 13, 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, 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 number 2005 awarded to the County of Shasta (County) for construction of the Redding Library. The grant was funded from Proposition 14 and covered the period December 15, 2003 to December 31, 2007.

The objective of this audit was to determine the County'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 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



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## INDEPENDENT AUDITOR'S REPORT

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Ms. Linda Mielke, Interim Director  
Redding Library  
1100 Parkview Avenue  
Redding, CA 96001

We have audited the accompanying County of Shasta's (County) *Statement of Revenue and Expenditures* (Statement) for grant agreement number 2005 for the period December 15, 2003 through August 13, 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 or other matters that are required to be reported under *Generally Accepted Government Auditing Standards*.

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## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 a combination of control deficiencies, that adversely affects the County'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 County'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 County'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 material weaknesses, as defined above.

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

October 12, 2007

# STATEMENT OF REVENUE AND EXPENDITURES

**County of Shasta  
Redding Library  
Grant Agreement Number 2005  
For the Period December 15, 2003 through August 13, 2007**

	(State Share) <u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Revenue:</b>			
Proposition 14 Funds <sup>1</sup>	\$11,986,937	\$11,986,937	\$ 0
<b>Expenditures:</b>			
Appraised Value of Land	622,700	622,700	0
New Construction	7,126,106	7,126,106	0
Site Development	949,057	949,057	0
Site Demolition	112,466	112,466	0
Site Permits and Fees	124,539	124,539	0
Furnishings and Equipment Costs	1,301,135	1,301,135	0
Signage	33,746	33,746	0
Architectural and Engineering Fees	1,047,021	1,047,021	0
Hazardous Materials Consultant Fees	7,335	7,335	0
Library Consultant Fees	32,500	32,500	0
Construction / Project Management	604,988	604,988	0
Other Professional Fees	<u>25,344</u>	<u>25,344</u>	<u>0</u>
Total Expenditures	<u>11,986,937</u>	<u>11,986,937</u>	<u>0</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

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<sup>1</sup> Amount includes final payment of \$1,198,694 due from the California State Library.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

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**County of Shasta  
Redding Library  
Grant Agreement Number 2005  
For the Period December 15, 2003 through August 13, 2007**

**NOTE 1 Description of the Reporting Entity**

The County of Shasta (County) is a legal subdivision of the State of California and was established as a general law county in 1850. The County's powers are exercised through a five member Board of Supervisors that, as the governing body of the County, is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including public protection, public assistance, health and sanitation, recreation, and general government services. The Library Director 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 \$12,177,532 Proposition 14 grant for the period December 15, 2003 to December 31, 2007. This grant provided funding for the County's new Redding Library. The 55,000 square foot library is a joint venture facility, serving both county residents and Shasta Union High School District students. The approved project budget was \$18.7 million, of which 65 percent, or approximately \$12.1 million, was eligible for reimbursement under the program.

The project has been completed and the Library was opened to the public in August 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 December 15, 2003 through August 13, 2007. The Statement summarizes the City's transactions pertaining to grant agreement number 2005 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, 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 number 2005 required the County to provide matching funds equal to 35 percent of eligible project expenditures, or approximately \$6.6 million. The County met the required match.