



July 29, 2008

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

Dear Ms. Hildreth:

Final Audit—Final Report on the City of Monterey Park, Library Construction Grant Agreement 1042

Enclosed is the final report on our audit of the City of Monterey Park's (City) Library Construction grant agreement 1042. 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 receipts, expenditures, internal control, and compliance with certain agreement provisions.

The City complied with the fiscal requirements of its 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 City's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Kim Tarvin, Manager, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, Chief
Office of State Audits and Evaluations

Enclosure

cc: Mr. Curtis Purnell, Bond Act Fiscal Officer, Office of Library Construction, California State Library
Mr. David Dong, Director of Management Services, City of Monterey Park

A FINAL GRANT AUDIT

City of Monterey Park
Monterey Park Bruggemeyer Library
Proposition 14 Bond Program
Grant Agreement 1042
For the Period April 7, 2003
To January 12, 2007



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

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June 2008

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PREFACE

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 (BAO).

We audited grant agreement 1042 awarded to the City of Monterey Park (City) for construction of the Monterey Park Bruggemeyer Library. The grant was funded from Proposition 14 and covered the period April 7, 2003 to November 30, 2007. We previously issued an interim report for the period April 7, 2003 to May 5, 2005. The final report consolidates the results from the interim audit and includes subsequent transactions through January 12, 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 completed projects. The responsibility for financial reporting and compliance rests with the City.

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

STAFF:

Kimberly A. Tarvin, CPA
Manager

Patty Roth



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying City of Monterey Park's (City) *Statement of Revenue and Expenditures* (Statement) for grant agreement 1042 for the period April 7, 2003 to January 12, 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 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 City'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 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 financial statements, 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 City's financial statements 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 financial statements 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 material weaknesses, as defined above.

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

June 13, 2008

STATEMENT OF REVENUE AND EXPENDITURES

**City of Monterey Park
Monterey Park Bruggemeyer Library
Grant Agreement 1042
For the Period April 7, 2003 to January 12, 2007**

	(State Share)		
	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
Proposition 14 Funds ⁽¹⁾	<u>\$ 8,845,850</u>	<u>\$ 8,845,850</u>	<u>\$ 0</u>
Expenditures:			
New Construction	5,057,440	5,057,440	0
Remodeling Construction	1,331,101	1,331,101	0
Appraised Value of Land	591,077	591,077	0
Site Development	365,041	365,041	0
Site Demolition	118,105	118,105	0
Site Option to Purchase Agreement	9,750	9,750	0
Furnishings and Equipment Costs	417,722	417,722	0
Architectural and Engineering Fees	614,249	614,249	0
Construction Cost Estimator Fees	19,500	19,500	0
Interior Designer Fees	48,750	48,750	0
Geotechnical/Geohazard Reports	3,900	3,900	0
Hazardous Materials Consultant Fees	809	809	0
Energy Audit, Structural Engineering, Feasibility and ADA Studies	29,900	29,900	0
Library Consultant Fee	16,250	16,250	0
Construction Project Management Fee	195,001	195,001	0
Other Professional Fees	<u>27,255</u>	<u>27,255</u>	<u>0</u>
Total Expenditures	8,845,850	8,845,850	0
Excess of Revenue over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

⁽¹⁾ Amount includes final payment of \$884,585 due from the California State Library.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

**City of Monterey Park
Monterey Park Bruggemeyer Library
Grant Agreement 1042
For the Period April 7, 2003 to January 12, 2007**

NOTE 1 Description of the Reporting Entity

The City of Monterey Park, California, (City) is located six miles east of downtown Los Angeles at the western gateway to the San Gabriel Valley. The City is primarily residential with 78 percent of its land zoned for single and multiple family housing uses. The City was incorporated in 1916 and has been operating as a general law city under the council/manager form of government. The City Council, which consists of five members, the City Clerk and the City Treasurer are elected at large. The City Council appoints the City Manager who has the responsibilities of overseeing all City services and operations. The City's Director of Management Services is the coordinator for this library remodeling and expansion 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 Award 1042

The OLC awarded the City a Proposition 14 grant in the amount of \$8,845,850. The amount was 65 percent of the budgeted \$13,609,000 to fund the expansion and renovation of the Bruggemeyer Memorial Library. The project provided that the existing library, originally built in 1959 and expanded in 1979, be renovated and expanded from 26,354 square feet to 53,237 square feet. The grant period was specified as April 7, 2003 to September 30, 2006; however, subsequent amendments revised the expiration date to November 30, 2007.

The Library was renamed the Monterey Park Bruggemeyer Library and 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 City's accounts and financial transactions. The Statement summarizes the state-funded portion of the City's recorded project revenue and expenditures for the audit period April 7, 2003 to January 12, 2007. The Statement summarizes the City's transactions pertaining to grant agreement 1042 only, and is not intended to represent all of its financial activities.

B. Basis of Accounting

The City'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 1042 requires the City to provide matching funds equal to 35 percent of eligible project expenditures. The City met the required match of approximately \$4.8 million.