NORTH COUNTY LIBRARY AUTHORITY

NCLA

January 26, 2026

Board of Directors Meeting Packet

Includes:

NORTH COUNTY LIBRARY AUTHORITY AGENDA
REGULAR MEETING

5:00 PM - Monday, January 26, 2026

via Videoconference and In person at the Los Altos Community Center; Birch Room (sign on details below)

PARTICIPATION: Members of the public may participate by being present at the Los Altos Community Center inside the Birch Meeting Room located at 97 Hillview Ave, Los Altos, CA 94022.

REMOTE MEETING PARTICIPATION: Members of the public may participate in the meeting via the link below. Meeting attendees are requested to sign into the meeting link at least five minutes before the meeting start time. Attendees should provide an identifier by which they can be called on by the Administrative Officer or Board. The identifier will be displayed on the meeting screen, but remote participants will not be on camera.

Join Zoom Meeting
https://us06web.zoom.us/j/89073987743?pwd=V7VYW4x1VowQx8uJIeNqtgPiJkNCTz.1&from=addon

Meeting ID: 890 7398 7743
Passcode: 587435

By phone:
+16699006833,,89073987743#,,,,*587435# US (San Jose)

Public comment is accepted in person at the physical meeting location or via teleconference at designated times during the meeting. Members of the public wishing to submit comments to be read into the record can also email those to cmansel@solutions-mrg.com to be received no later than 3 pm on the meeting date. Please include a subject line in the following format:

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

For more information on submitting written comments, see: losaltosca.gov/296/Public-Comments

Participants who wish to observe remotely from outside the United States should email cmansel@solutions-mrg.com to arrange for international access three days prior to the regular meeting and no later than noon on the meeting date for special meetings.

TECHNICAL SUPPORT: Go to https://support.zoom.com/hc/en/meetings?id=meetings for Zoom support. Clicking on the chat bubble in the lower right corner can get you custom support for your questions.

AGENDA

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

INTRODUCTION OF NEW MEMBERS

REQUIRED ACTIONS

1. **Election of Officers:** President, Vice President, Secretary

PUBLIC COMMENTS

Members of the audience may bring to the Authority's attention any item that is not on the agenda. Speakers are generally given two or three minutes at the discretion of the President. Please be advised that, by law, the Authority is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as “the Brown Act”), items must first be noticed on the agenda before any discussion or action.

CONSENT ITEMS

1. **Approval of Minutes** for Regular Meeting on 6/23/25

2. **Approval of Current Invoices for Payment**
   a. MRG September 2025 – January 2026 Invoices
   b. Redwood Public Law October & November 2025
   c. NBS September 2025

DISCUSSION ITEMS

1. **NCLA Teleconference Policy**

INFORMATION ITEMS

1. **Letter from NCLA Counsel Claire Lai**

2. **Financial Update**
   a. General Ledger YTD2526
   b. County Controller Statement as of 1/8/2026
   c. Budget v Actual FY2526 as of 1/8/2026

3. **Measure L Fiscal Year 25/26 Annual Report**

4. **FY24/25 Annual Audit Report –** informational at this time, approval needed at next meeting

5. **Receive report from the City of Los Altos on the Library Remodel Project**

6. **Receive report from Santa Clara County Library District**

7. **Receive report from Community Librarian**

NEW AGENDA ITEMS

COMMISSIONERS' REPORTS AND COMMENTS

NEXT MEETING DATE

- Required in May, propose Monday, 5/4 to avoid weeks with Council meetings and graduations

ADJOURNMENT

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act and California Law, it is the policy of the City of Los Altos to offer its programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact department staff. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. The City ADA Coordinator can be reached at (650) 947-2607 or by email: *ada@losaltosca.gov*.

Agendas, Staff Reports and some associated documents for the North County Library Authority items may be viewed on the Internet at *https://www.losaltosca.gov/nclibraryauthority*.

NORTH COUNTY LIBRARY AUTHORITY

REGULAR MEETING MINUTES

5:00 PM - Monday, September 15, 2025

President Pierre Bedard called the meeting to order at 5:12 P.M.

ESTABLISH QUORUM

Pierre Bedard, Pete Dailey, Aarti Johri, Larry Lang and Linda Swan were all in attendance.

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS
There were no general public comments.

ITEMS FOR CONSIDERATION/ACTION

1. **Approval of Minutes** for Regular Meeting on 6/23/25

   Vice President Lang made a motion to approve the June 23, 2025, meeting minutes as presented. The motion was seconded by President Bedard. **The motion passed unanimously.**

2. **Approval of Current Invoices for Payment**

   Vice President Lang made a motion to approve the listed MRG invoices for payment. The motion was seconded by Director Swan. **The motion passed unanimously.**

3. **Approval of Fund Disbursement for Phases 2 and 3 of the Library Renovation Project**

   a. **Los Altos City Staff Report**

   Assistant to the Los Altos City Manager Anthony Carnesecca recapped the August 26, 2025, Los Altos City Council presentation and council direction.

   b. **Presentation by Jason Hull of Anderson Brule Architects**

   Jason Hull summarized where the project is in the design process. He reviewed desired improvements and the strengths and weaknesses of the existing structure.

   c. **Board Questions and Discussion**

   Discussion focused on determining if the requested funds included expenses isolated to the sustainability goals of the City of Los Altos and if NCLA monies could be spent on those items. The Board discussed approving the funding request with the caveat that monies not be spent on sustainability items until legal counsel could provide an opinion on the legality of those expenditures. Items in question include electrification of heating systems, as well as solar panel and battery installations related to sustainability. It was also noted that the City of Los Altos is expected to revise its building codes in January 2026, potentially mandating changes affecting the project. The Board directed the President to obtain a legal opinion on these matters. The President also requested that the NCLA be added to the project timeline under “Leadership Approval” in Phase 2 instead of waiting until Phase 3 as currently listed.

d. **Public Comment**
The following members of the public made comments regarding the Library Renovation Project: Duncan MacMillan, Allan Epstein, Suzanne Epstein

e. **Authorize the transfer of $1,254,000 for Phases 2 and 3 of the Project from the NCLA to the City of Los Altos.**

Vice President Lang made a motion to release the funds in the requested amount of $1,254,000 to the City of Los Altos for the Library Renovation Project with the caveat that no design work begin on the solar or battery installations until NCLA receives guidance from its legal counsel. Director Pete Dailey seconded the motion. **The motion passed in a unanimous vote.**

INFORMATIONAL ITEMS

1. **Financial Update**
   a. General Ledger FY2526
   b. County Controller Statement as of 9/8/2025
   c. Budget v Actual FY2526 as of 9/18/2025

   Financial reports showed no abnormal or unexpected issues.

2. **Receive report from Community Librarian**

   Librarian Rose Baiza reported that the Woodland Branch has expanded its open access hours. She also stated that the Children’s Area of the Los Altos Library is closed until approximately November 15, 2025, for feature additions.

DIRECTOR’S REPORTS AND COMMENTS

There were no Directors reports.

NEXT MEETING DATE

The next meeting is expected to be the regular January meeting which needs to take place in late January when appointing bodies have made their assignments. January 26, 2026, was agreed as a tentative date.

ADJOURNMENT

President Bedard adjourned the meeting at 6:29 P.M.

Municipal Resource Group LLC
PO Box 561
Wilton, CA 95693
Tel: 916-687-7601
finance@solutions-mrg.com
https://solutions-mrg.com

North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE

INVOICE DATE: 9/15/2025
INVOICE NO: 250937
BILLING THROUGH: 8/31/2025

NCLA - Library Facilitation Services FY 25-27 25180B-NCL

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
8/7/2025	Review Library Commission meeting notes. Email communications	0.50	$240.00	$120.00
8/14/2025	Meet with President	0.25	$240.00	$60.00
8/27/2025	Send reminders to Board. Respond to Auditor request	0.50	$240.00	$120.00
8/28/2025	Meet with President. Prepare draft agenda. Research	2.00	$240.00	$480.00
	TOTAL SERVICES	**3.25**		**$780.00**

SUBTOTAL	**$780.00**
AMOUNT DUE THIS INVOICE	**$780.00**

This invoice is due on 10/15/2025

Confidential Invoice - Questions on this invoice, call 916-687-7601. MRG accepts ACH payments.

Municipal Resource Group LLC

PO Box 561
Wilton, CA 95693
Tel: 866-774-3222
finance@solutions-mrg.com
https://solutions-mrg.com

North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE

INVOICE DATE: 10/17/2025
INVOICE NO: 251068
BILLING THROUGH: 9/30/2025

NCLA - Library Facilitation Services FY 25-27 25180B-NCL

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
9/4/2025	Email communications	0.50	$240.00	$120.00
9/8/2025	Meeting with President including preparation	2.25	$240.00	$540.00
9/9/2025	Prepare budget vs actual	0.75	$240.00	$180.00
9/10/2025	Prepare meeting packet. Email president	2.00	$240.00	$480.00
9/11/2025	Edit meeting packet. Email communications	1.25	$240.00	$300.00
9/15/2025	Prepare payment authorizations. Onsite meeting including preparation, setup, and travel	6.00	$240.00	$1,440.00
9/16/2025	Meeting with President. Payment authorizations. Room request. Review meeting recording. Prepare minutes	2.00	$240.00	$480.00
9/17/2025	Email President. Review legal opinion	0.50	$240.00	$120.00
9/22/2025	Virtual meeting with President and Counsel	0.50	$240.00	$120.00
9/23/2025	Email President and Counsel	0.25	$240.00	$60.00
9/25/2025	Virtual meeting with President and Assistant to CM. Email Board and Counsel. Review and edit minutes	2.00	$240.00	$480.00
9/29/2025	Email communications with Assistant to CM	0.50	$240.00	$120.00
	TOTAL SERVICES	**18.50**		**$4,440.00**

EXPENSES

DESCRIPTION	AMOUNT
Mileage	$162.40
TOTAL EXPENSES	**$162.40**

SUBTOTAL	**$4,602.40**
AMOUNT DUE THIS INVOICE	**$4,602.40**

This invoice is due on 11/16/2025

Questions on this invoice, call 866-774-3222. MRG accepts ACH payments.

Municipal Resource Group LLC
PO Box 561
Wilton, CA 95693
Tel: 866-774-3222
finance@solutions-mrg.com
https://solutions-mrg.com

INVOICE

North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE DATE: 11/17/2025
INVOICE NO: 251129
BILLING THROUGH: 10/31/2025

25180B-NCL - Library Facilitation Services FY 25-27 - NCLA

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
10/2/2025	Teleconference with President	0.75	$240.00	$180.00
10/14/2025	Senior Exemption teleconferences. Legal invoice processing	0.50	$240.00	$120.00
10/16/2025	Meet with President. Edit RPL document	1.25	$240.00	$300.00
10/23/2025	Review draft report	0.50	$240.00	$120.00
10/27/2025	Meet with President. Edit document. Email communications with Counsel	1.00	$240.00	$240.00
10/30/2025	Email communications with Board	0.25	$240.00	$60.00
	TOTAL SERVICES	**4.25**		**$1,020.00**

SUBTOTAL	**$1,020.00**
AMOUNT DUE THIS INVOICE	**$1,020.00**

This invoice is due on 12/17/2025

Questions on this invoice, call 866-774-3222. MRG accepts ACH payments.

Municipal Resource Group LLC

PO Box 561
Wilton, CA 95693
Tel: 866-774-3222
finance@solutions-mrg.com
https://solutions-mrg.com

INVOICE

North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE DATE: 12/11/2025
INVOICE NO: 251197
BILLING THROUGH: 11/30/2025

25180B-NCL - Library Facilitation Services FY 25-27 - NCLA

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
11/10/2025	Review SB707. Email President. Prepare Audit and documents for submission	4.00	$240.00	$960.00
11/18/2025	NCLA tax report	1.00	$240.00	$240.00
11/24/2025	Audit fraud questionnaire	0.50	$240.00	$120.00
	TOTAL SERVICES	**5.50**		**$1,320.00**

SUBTOTAL	**$1,320.00**
AMOUNT DUE THIS INVOICE	**$1,320.00**

This invoice is due on 1/10/2026

Questions on this invoice, call 866-774-3222. MRG accepts ACH payments.

Municipal Resource Group LLC

PO Box 561
Wilton, CA 95693
Tel: 866-774-3222
finance@solutions-mrg.com
https://solutions-mrg.com

INVOICE

North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE DATE: 1/6/2026
INVOICE NO: 260005
BILLING THROUGH: 12/31/2025

25180B-NCL - Library Facilitation Services FY 25-27 - NCLA

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
12/1/2025	Audit request and response	0.50	$240.000	$120.00
12/2/2025	Respond to audit request. Email controller's office	0.50	$240.000	$120.00
12/5/2025	Email communications. Internal controls matrix	1.00	$240.000	$240.00
12/8/2025	Review new law. Email President. Update general ledger and budget vs actual	1.75	$240.000	$420.00
12/11/2025	Review audit documents. Email controller's office	0.50	$240.000	$120.00
12/15/2025	Review SB707 document. Virtual meeting with President including preparation	1.50	$240.000	$360.00
12/16/2025	Audit correspondence	0.25	$240.000	$60.00
12/19/2025	Audit interview and walk through	0.50	$240.000	$120.00
	TOTAL SERVICES	**6.50**		**$1,560.00**

SUBTOTAL	**$1,560.00**
AMOUNT DUE THIS INVOICE	**$1,560.00**

This invoice is due on 2/5/2026

Questions on this invoice, call 866-774-3222. MRG accepts ACH payments.

Redwood Public Law, LLP
409 13th Street
Suite 600
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17190

Date	Sep 30, 2025
Terms	
Service Thru	Sep 30, 2025

In Reference To: General Counsel Services (Labor)

Matter ID: 1579.003

Date	By	Services	Hours	Rates	Amount
09/23/2025	CL	Meeting with NCLA staff and board member regarding use of funds issue for library remodel project.	0.30	$ 369.00/hr	$ 110.70
09/29/2025	CL	Attention to and draft email to NCLA staff/board member regarding Los Altos library renovation project funding issues.	0.40	$ 369.00/hr	$ 147.60

Total Hours	0.70 hrs
Total Labor	$ 258.30
Total Invoice Amount	$ 258.30
Previous Balance	**$ 0.00**
Balance (Amount Due)	**$ 258.30**

Notes:

PLEASE NOTE OUR NEW ACH & WIRE INSTRUCTIONS BELOW

For remittance by ACH or wire, please send payment to:
Redwood Public Law, LLP
Western Alliance Bank
ABA number: 122105980
Account number: 8595354209

For remittance by mail, please send payment to:
Redwood Public Law, LLP
409 13th Street, Suite 600
Oakland, CA 94612

Redwood Public Law, LLP
409 13th Street
Suite 600
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17190

Date	Sep 30, 2025
Terms	
Service Thru	Sep 30, 2025

Please include invoice number with all payments.

Please email accounting@redwoodpubliclaw.com for billing inquiries.

Redwood Public Law, LLP
409 13th Street
Suite 600
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17190

Date	Sep 30, 2025
Terms	
Service Thru	Sep 30, 2025

User Hours Summary

Billing Period: 09/23/2025 - 09/30/2025

User Hour Totals

User	Hours Billed	Rate/Hour	Amount Billed
Claire Lai	0.70	$ 369.00	$ 258.30

Redwood Public Law, LLP
300 Frank H. Ogawa Plaza
Suite 430
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17614

Date	Oct 31, 2025
Terms	
Service Thru	Oct 31, 2025

In Reference To: General Counsel Services (Labor)

Matter ID: 1579.003

Date	By	Services	Hours	Rates	Amount
10/02/2025	CL	Conference with I. Thevessen regarding Los Altos library remodel project funding issues.	0.30	$ 369.00/hr	$ 110.70
10/02/2025	CL	Attend meeting with NCLA and Los Altos staff regarding library remodel project issues.	0.40	$ 369.00/hr	$ 147.60
10/02/2025	IT	Conference with C. Lai on solar panel question related to Los Altos library renovation project.	0.30	$ 317.00/hr	$ 95.10
10/06/2025	IT	Review and analyze correspondence, measure L statement of purposes and Los Altos staff report for the library renovation project; draft staff report on expenditure of funds for solar panels and batteries.	0.90	$ 317.00/hr	$ 285.30
10/07/2025	IT	Continue drafting staff report on expenditure of funds for solar panels and batteries; review and analyze applicable state regulations; review and analyze Los Altos Climate Action Plan.	2.30	$ 317.00/hr	$ 729.10
10/07/2025	CL	Attention to draft response memo regarding use of NCLA funds for library remodel project.	0.40	$ 369.00/hr	$ 147.60
10/09/2025	IT	Conference with C. Lai on staff report on expenditure of funds for solar panels and batteries.	0.10	$ 317.00/hr	$ 31.70
10/09/2025	IT	Revise staff report on expenditure of funds for solar panels and batteries; continue review of CARB and BAAQMD regulations.	2.50	$ 317.00/hr	$ 792.50
10/15/2025	CL	Finalize memo regarding use of Measure L funds for solar panel/battery systems and draft email regarding same.	0.60	$ 369.00/hr	$ 221.40

Redwood Public Law, LLP
300 Frank H. Ogawa Plaza
Suite 430
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17614

Date	Oct 31, 2025
Terms	
Service Thru	Oct 31, 2025

10/15/2025	IT	Conference with C. Lai on staff report on expenditure of funds for solar panels and batteries; correspondence regarding same.	0.10	$ 317.00/hr	$ 31.70
10/23/2025	CL	Revise draft report regarding Los Altos Library improvement project for use of funds.	0.40	$ 369.00/hr	$ 147.60
10/30/2025	CL	Finalize and draft email to NCLA staff regarding library improvements project use of funds memo.	0.40	$ 369.00/hr	$ 147.60

Total Hours	8.70 hrs
Total Labor	$ 2,887.90
Total Invoice Amount	$ 2,887.90
Previous Balance	**$ 258.30**
Balance (Amount Due)	**$ 3,146.20**

Notes:
PLEASE NOTE OUR NEW ACH & WIRE INSTRUCTIONS BELOW

For remittance by ACH or wire, please send payment to:
Redwood Public Law, LLP
Western Alliance Bank
ABA number: 122105980
Account number: 8595354209

For remittance by mail, please send payment to:
Redwood Public Law, LLP
300 Frank H. Ogawa Plaza
Suite 430
Oakland, CA 94612

Please include invoice number with all payments.

Please email accounting@redwoodpubliclaw.com for billing inquiries.

Redwood Public Law, LLP
300 Frank H. Ogawa Plaza
Suite 430
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17614

Date	Oct 31, 2025
Terms	
Service Thru	Oct 31, 2025

Redwood Public Law, LLP
300 Frank H. Ogawa Plaza
Suite 430
Oakland, CA 94612

North County Library Authority
Christi Mansel

Invoice 17614

Date	Oct 31, 2025
Terms	
Service Thru	Oct 31, 2025

User Hours Summary

Billing Period: 10/02/2025 - 10/31/2025

User Hour Totals

User	Hours Billed	Rate/Hour	Amount Billed
Claire Lai	2.50	$ 369.00	$ 922.50
Isabell Thevessen	6.20	$ 317.00	$ 1,965.40

NBS
32605 Temecula Pkwy
Suite 316
Temecula CA 92592

INVOICE

NOTE: Our suite number has changed to #316 effective May 20, 2025

Bill To:

North County Library Authority/NCLA
cmansel@solutions-mrg.com

Invoice #	**202509-3020**
Invoice Date	9/1/2025
Due Date	10/1/2025
Terms	Net 30
Project #	NORTHCOUNTYLIBR.PTAX
PO #	
Amount Due:	**$2,628.74**

Annual Invoice
District Administration Services
Annual Fee of $2,628.74 (includes 1.3% inflator)

Fees

Item	Description	Amount
Exemption and/or Appeals Processing	Senior Exemptions Processing	$2,628.74
Fees Subtotal:		*$2,628.74*

Amount Due:	**$2,628.74**

ACH INSTRUCTIONS:
Pacific Premier Bank
40723 Murrieta Hot Springs Road
Murrieta, CA 92562
(951) 387-3360

NBS Government Finance Group
Routing # 322285781
Account # 8000052826

The NBS employee-owners appreciate your prompt payment of this invoice.

NBS
32605 Temecula Pkwy
Suite 316
Temecula CA 92592

INVOICE

NOTE: Our suite number has changed to #316 effective May 20, 2025

Bill To:

North County Library Authority/NCLA
cmansel@solutions-mrg.com

Invoice #	**202509-3021**
Invoice Date	9/1/2025
Due Date	10/1/2025
Terms	Net 30
Project #	NORTHCOUNTYLIBR.PTAX
PO #	
Amount Due:	**$8,622.04**

Annual Invoice
District Administration Services
Annual Fee of $7,814.04 (includes 1.3% inflator)

Fees

Item	Description	Amount
District Administration - CFD/Special Tax	Library Tax	$7,814.04
Fees Subtotal:		*$7,814.04*

Expenses

Item	Amount
Library Tax property data	$680.00
Library Tax phone expense	$128.00
Expenses Subtotal:	*$808.00*

Amount Due:	**$8,622.04**

ACH INSTRUCTIONS:
Pacific Premier Bank
40723 Murrieta Hot Springs Road
Murrieta, CA 92562
(951) 387-3360

NBS Government Finance Group
Routing # 322285781
Account # 8000052826

The NBS employee-owners appreciate your prompt payment of this invoice.

NORTH COUNTY LIBRARY AUTHORITY
TELECONFERENCE MEETING POLICY
Adopted: Date

Purpose: The North County Library Authority (NCLA) sets the policies below to address how both the public and board members can participate in meetings via teleconference. While the NCLA is not an "eligible legislative body" as defined in SB707, the authority still endeavors to promote transparency and access, which is at the core of this law.

Scope: This policy applies to all open meetings of the NCLA.

Public Meeting Participation Procedures:

1. In accordance with the Brown Act, the NCLA Board will publish and post its meeting agenda no later than 72 hours in advance for Regular Meetings and 24 hours in advance for Special Meetings. Agendas will be posted at the physical meeting location and on the NCLA website currently found at https://www.losaltosca.gov/528/North-County-Library-Authority. Agenda postings will include instructions for public remote participation and a technical support contact.

2. While remote participants will be able to view and hear the meeting, they may comment by voice only during public comment periods,

3. Remote public participants will need to log into the meeting platform five minutes before the meeting start time. They will be granted entry just prior to the meeting start. Late arrivals will be let into the meeting by the meeting clerk as soon as practical.

4. Remote public participants are asked to provide a first name identifier for participation. This identifier will not be verified and is simply a means of allowing the clerk to call on members during the meeting. Participants with non-name identifiers may not be admitted if deemed disruptive.

5. Remote public participants will still have the option of submitting public comment by email to cmansel@solutions-mrg.com. All emailed comments must be received by 3 pm on the meeting date in order to be read as a part of the public comment record. Please include a subject line in the following format:

   PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

   For more information on submitting written comments, see: losaltosca.gov/296/Public-Comments

6. Remote public participants who wish to observe remotely from outside the United States should email cmansel@solutions-mrg.com at least three business days prior to the meeting to arrange for international access.

7. Remote public participants are welcome to contact the Administrative Officer at cmansel@solutions-mrg.com prior to the meeting date for instructions on how to use the teleconference or telephonic platforms. However, for assistance on the meeting date, inquiries should be made to the support department of the platform (Zoom) as provided.

Board Member Remote Meeting Participation Procedures:

1. If an NCLA Board Member needs to participate in a regular or special meeting remotely, they should notify the Administrative Officer as soon as possible. Board members will inform the Administrative Officer if their remote participation is necessary due to:
    a. Just Cause/Emergency (Gov Code 54953.8.3)
        i. Definitions of Just Cause/Emergency circumstances
            · Childcare or caregiving need for child, parent, grandparent, grandchild, sibling, spouse, or domestic partner.
            · Contagious illness prevents in-person attendance.
            · Physical or mental condition not covered by the ADA
            · Travel of over 50 miles outside the agency's boundaries while on official business of the Authority or appointing agency
            · Immunocompromised family members (child, parent, grandparent, grandchild, sibling, spouse, or domestic partner)
            · Physical or family medical emergency preventing in-person attendance
            · Military service obligations (California National Guard or U.S. Military Reserve)
    b. Qualified ADA (Gov Code 54953.8.2)
    c. or initiate a State of Emergency protocol (Gov Code 54953.8.2)

2. The quorum requirements for the meeting must be met with Board members present physically unless Emergency protocols are enacted.

3. Remote Board members are required to participate with both video and audio connections that are available to the public. If at any time the remote Board member experiences technical failures that impact the meeting, they must notify the Board or the Administrative Officer as soon as possible.

4. Remote Board members must be identified as such during roll call and provide the nature of the Just Cause or Emergency necessitating their remote participation.

5. All votes must be taken via roll call if a Board member is participating remotely.

6. A Board member is limited to two meetings per calendar year of remote participation under Just Cause or Emergency circumstances. There is no requirement to disclose medical diagnosis, disability or other protected information.

Teleconference Meeting Disruption Procedures:

1. If a disruption occurs that prevents public remote attendance or comment, the presiding officer will announce the disruption to the assembly and the remote public.
    a. The Board members will engage in good-faith efforts to restore service; and will determine if the public interest in continuing the meeting outweighs the public interest in remote public access or the public interest is best served by adjourning the meeting and rescheduling.

   b. Some agenda items may be acted upon while others may be rescheduled for a future or rescheduled meeting based upon the Board members' input.
   c. The disruption will be documented in the meeting minutes (start time of disruption, duration, resolution steps taken).

2. Before each meeting, staff should check and verify remote/telephonic connection lines and internet connectivity.

3. In accordance with SB707, NCLA may immediately remove any remote public participants who exhibit disruptive behavior.

SPECIAL NOTICES TO THE PUBLIC

In compliance with the Americans with Disabilities Act and California Law, it is the policy of the City of Los Altos to offer its programs, services and meetings in a manner that is readily accessible to everyone, including individuals with disabilities. If you are a person with a disability and require information or materials in an appropriate alternative format; or if you require any other accommodation, please contact department staff. Advance notification within this guideline will enable the City to make reasonable arrangements to ensure accessibility. The City ADA Coordinator can be reached at (650) 947-2607 or by email: *ada@losaltosca.gov*.

Agendas, Staff Reports and some associated documents for the North County Library Authority items may be viewed on the Internet at *losaltosca.gov/528/North-County-Library-Authority*

If you wish to provide written materials, please provide the Staff Liaison with **10 copies** of any document that you would like to submit to the Authority in order for it to become part of the public record. For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.

TO: North County Library Authority (NCLA)

FROM: Claire Lai, NCLA Legal Counsel

DATE: October 30, 2025

SUBJECT: Requested Opinion Regarding Expenditures of Measure L Funds for Photovoltaic and Battery Energy Storage Systems

Summary

On September 15, 2025, the NCLA approved funding in the amount of $1,254,000 to the City of Los Altos for Phases 2 and 3 of the Los Altos Main Library Design Improvements Project ("Project"). As part of this project, part of the dedicated funds is to be used for a photovoltaic system and a battery energy storage system. The Authority, through President Bedard as its designated representative, expressed a desire for legal counsel to respond to the question of whether this proposed use of funds is permitted. This report provides an overview of the issue and responds to specific questions. In summary, we are of the opinion that Measure L funds may contribute towards photovoltaic system and battery energy storage system purposes as the facts presented to us support the conclusion that those purposes are necessary to uphold the level of service for the library.

Background

In 2010, voters in the City of Los Altos and the Town of Los Altos Hills approved Measure L to levy a $76 special parcel tax for 20 consecutive fiscal years. NCLA was formed through a joint powers agreement between the City of Los Altos and the Town of Los Altos Hills. As described in the joint powers agreement, the purpose of the NCLA is to create an agency which will plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the City of Los Altos and Town of Los Altos Hills.

Under California law, the revenue collected from Measure L parcel tax is a "special tax" and thus may only be spent for specific purposes. Thus, NCLA's expenditure of Measure L funds is subject to the parameters set forth by the ballot measure. The Statement of Purposes under Measure L (included as Attachment 1) summarizes the services provided by the Los Altos and Woodland library branches (collectively referred to hereinafter as “library” for ease of reference). In addition, the document also outlines the specific purposes for which tax proceeds may be used, as follows:

(1) **Maintain library hours.** Funds may be spent on maintaining specified number of hours at Los Altos and Woodland library locations.
(2) **Purchase books and materials.** Funds may be used to supplement the Santa Clara County Library system to purchase books and materials tailored to specific community needs and interests.
(3) **Support library programs.** Funds may also be used to support and maintain the level of programs that is currently provided for all age groups.
(4) **General purposes.** Funds may be used for any other expenditure necessary to uphold the level of service, including expenses related to a future election when the parcel tax expires.

Generally, it appears that the intent of the language “uphold the level of service” is to maintain the current level of service or status quo, rather than supporting new infrastructure or facilities that are intended to expand the level of service. Based on the description outlined in Measure L’s Statement of Purpose, it is reasonable to conclude that service items to be maintained would include operating hours, books and materials for circulation, library programs, and associated operational needs to maintain these library functions for the general public.

Based on the staff report and presentation dated September 15, 2025 prepared by the City of Los Altos in support of the Project and funding request to NCLA, the Project’s goal is to maintain and improve library services, which includes but not limited to making necessary updates to the library’s HVAC, plumbing and electrical systems. The objectives to be met include improving the infrastructure of the Library as it stands today and increase its ability to provide programs and services to the community, while incorporating community feedback. The Project will also ensure that the library complies with all relevant and applicable code standards and local regulations. Part of the funds would be used for the design of a photovoltaic system and a battery energy storage system. At its September 15, 2025 Authority meeting, NCLA approved funding in the amount of $1,254,000 to the City of Los Altos for Phases 2 and 3 of the Project which involves design services and the production of bid-ready construction documents. During the September 15, 2025 meeting, questions were raised about whether the use of funds for a photovoltaic system and a battery energy storage system is a permitted use under the Measure L Statement of Purposes. Subsequent to this question being raised to our office, we also met with President Bedard, NCLA staff, and City of Los Altos staff to better understand the Project components.

Responses to Specific Questions Relating to "General Purposes" Expenditures

Per the Authority's request, our review and responses to the questions related to the use of funds for a photovoltaic system and a battery energy storage system are explained below. Please note that these answers relate only to the specific project at issue, the Los Altos Main Library Design Improvements Project, and are based on the facts presented as we understand them.

May the NCLA Measure L funds be used to fund the portion of the Project's proposal to install solar panels and battery systems?

Probably yes. Measure L allows NCLA to spend tax revenue funds to maintain services that were in place in 2010. In our June 20, 2023 staff report (included as Attachment 2), we concluded that "upholding level of services" reasonably includes that the library and NCLA will have to respond to certain changes in circumstances so that the level of service provided to the general public does not decline or disappear. Upholding the level of services includes ensuring that the library is operational during normal operating hours. In the event of a power outage, the library closes.

In our discussion with City of Los Altos staff, the ability to maintain power supply is essential for the Library to uphold its ability to provide services. One particular aspect that we learned from Los Altos staff is that consistent with its current mandates prohibiting gas-powered water heaters starting in 2027 and gas-powered furnaces starting in 2029, the Bay Area Air District (formerly known as the Bay Area Air Quality Management District (BAAQMD)) will move towards prohibiting gas-powered generators, as we understand, in the near future. Another aspect is that the new California Building Standards Code going into effect in 2026 will require certain electrification of buildings generally. In addition, Los Altos' Climate Action and Adaptation Plan sets forth goals to achieve carbon neutrality. Goal 4.2 B requires installation of solar panels at select city buildings. The City of Los Altos considers compliance with its Climate Action and Adaptation Plan a local requirement. Under these rules, the library would likely be prohibited from installing a new power generator during the remodel project and as a result could no longer maintain a reliable back up power supply and guarantee service during power outages. To prevent a reduction in operating hours and to maintain the current level of service, the City holds the position that it is necessary to install a photovoltaic system and a battery energy storage system.

Based on the foregoing information, it appears to us that the photovoltaic system and a battery energy storage system would serve to allow the library to maintain its current level of service by ensuring consistent power supply and compliance with, or responding to, state and local code requirements. A backup power generating system is a key component to improving the library's ability to continuously provide services. Given potential changes in state regulations and the loss of ability to rely on gas-power energy sources, the library will need to respond to these changes in order to maintain the level of services. Additionally, meeting building code standards and local regulations is most likely considered as meeting operational needs to continue library services at existing levels and would thus be appropriate.

While some may argue that the ability to provide service during power supply interruptions could be taken as a step further to transform the library into additional expanded facilities, we don't observe factual support to show that is the primary purpose of the Project. Instead, the Project appears to be focused on keeping the library "up to date" with code compliance and regulatory changes while responding to potential power supply sustenance issues. If the library in the future is being considered for an expansion or transformation to a different facility, then NCLA still has the ability to refrain from funding those changes with Measure L funds. As such, based on the facts presented and as we understand them, we are of the opinion that Measure L funds may contribute towards the Project's proposal to include a photovoltaic system and a battery energy storage system in this case. The limitation that these systems may only be funded with Measure L funds to uphold the level of service should be clearly described in the Project's scope of work and funding source descriptions.

Recommendation

It is recommended the Authority review the information presented in this report and provide appropriate direction to staff regarding next steps as needed.

Attachments:

1 - Parcel Tax Measure Language

2 - June 20, 2023 Staff Report

EXHIBIT A

BALLOT MEASURE
FULL TEXT OF MEASURE

To maintain Los Altos and Woodland library hours, purchase books and materials, support library programs, and for general purposes, shall the North County Library Authority, a joint powers authority between Los Altos and Los Altos Hills, continue a tax for 20 years, with annual oversight, at the fixed rate of $76 per year on each developed parcel of land within Los Altos and Los Altos Hills and allowing an exemption for low-income senior households, and establish an appropriations limit?

PARCEL TAX AUTHORIZATION

By approval of this proposition by at least two-thirds of the registered voters voting on the proposition, the Authority will be authorized to levy a qualified special tax of $76 per parcel per year, subject to all the accountability requirements specified below. If approved, the special tax will be levied for 20 consecutive fiscal years, starting in the fiscal year that begins on July 1, 2010, and ending in the fiscal year that begins on July 1, 2029.

EXEMPTIONS FROM PARCEL TAX

The Authority has provided an exemption from the special tax will be available to households made up of low-income persons who are 65 years or older and own and occupy a parcel as their principal residence, and who apply to the Authority for such exemption pursuant to guidelines established by the Authority.

ACCOUNTABILITY REQUIREMENTS

The provisions in this section are specifically included in this proposition in order that the voters and taxpayers in the Authority may be assured that their money will be spent wisely. As required by the laws of the State of California, the proceeds of the qualified special tax will be deposited into a special account established by the Authority and will be applied only to the specific purposes identified below. The Authority has covenanted to have on file with its governing board no later than January 1 of each year a report stating the amount of the funds collected and expended and the status of any project authorized to be funded.

APPROPRIATIONS LIMIT

The California Constitution restricts governmental spending by setting an annual appropriations limit, which is the maximum amount a public entity may spend in a given fiscal year. The Constitution authorizes a public entity to establish or change its appropriations limit upon approval of a majority of voters voting on the measure. This ballot measure establishes the appropriations limit for the Authority at $2 million for the fiscal year that begins on July 1, 2010, as it may be adjusted annually thereafter in accordance with California law.

STATEMENT OF PURPOSES

The statement shown below is a part of the ballot proposition and must be reproduced in any official document required to contain the full statement of the proposition.

The current parcel tax of $52 was established in 1990 to finance an expansion of the library and supplement the operating hours and book budget. In time, and with inflation taking its toll, the parcel tax has come to pay for a significant portion of the operating hours. Since the current parcel tax is scheduled to expire in tax year 2011-2012, a new parcel tax is necessary if the Los Altos Library is to continue the current level of service. Successful passage of the new parcel tax will require the Authority to terminate the current existing tax.

Maintain Library hours. The Main Library in Los Altos is currently open **7 days a week** for a total of 66 hours. Funding from the Santa Clara County Library system pays for 53 hours. The NCLA parcel tax pays for the additional 13 hours which currently cover all day Monday and Tuesday morning.

The Woodland Branch is currently open 6 days a week. Funding from the Santa Clara Library system pays for 20 hours of the 39 hours that the Branch is open. Absent the renewal of this parcel tax, Woodland Branch hours will be reduced by approximately 49%.

Purchase Books and Materials. The proceeds of the parcel tax will also be used to supplement the ability of the Santa Clara County Library system to purchase books and materials tailored to our Community's specific interests, such as its Science and Technology Collection.

Support Library Programs. Last fiscal year, our Library presented a total of 501 programs for all age groups: Toddler and Pre-School, Elementary and Middle School, Teens, Adults and Family. Programs were well attended and the number of participants increased by 9% over the prior fiscal year. While NCLA does not currently pay for programs directly, a reduction of service hours would negatively impact the Library's capability to deliver the current level of programs.

General Purposes. Any other expenditure necessary to uphold the level of service, including expenses related to a future election when the new parcel tax expires.

TO: North County Library Authority (NCLA) Commission

FROM: Claire Lai, Commission Attorney

DATE: June 20, 2023

SUBJECT: Discussions regarding expenditures for general and specific purposes under Measure L

Summary

The Futures Library Commission Subcommittee has submitted a correspondence to NCLA requesting clarification on certain questions relating to use of Measure L tax revenue towards "general purpose" items. This correspondence, included with this report as Attachment 1, asks several questions regarding whether the tax revenues collected may be used towards maintaining services, renovations, structural expansions, or new building construction. The Commission expressed desire for legal counsel to respond to these inquiries. This report provides an overview of the issue and responds to specific questions.

Background

In 2010, voters in the City of Los Altos and the Town of Los Altos Hills approved Measure L to levy a $76 special parcel tax for 20 consecutive fiscal years. NCLA was formed through a joint powers agreement between the City of Los Altos and the Town of Los Altos Hills. As described in the joint power agreement, the purpose of the NCLA is to create an agency which will plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the City of Los Altos and Town of Los Altos Hills.

Under California law, the revenue collected from Measure L parcel tax is a "special tax" and thus may only be spent for specific purposes. Thus, NCLA's expenditure of Measure L funds is subject to the parameters set forth by the ballot measure. The Statement of Purposes under Measure L (included as Attachment 2) summarizes the services provided by the Los Altos and Woodland library branches (collectively referred to hereinafter as "library" for ease of reference). In addition, the document also outlines the specific purposes for which tax proceeds may be used, as follows:

(1) **Maintain library hours.** Funds may be spent on maintaining specified number of hours at Los Altos and Woodland library locations.

(2) **Purchase books and materials.** Funds may be used to supplement the Santa County Library system to purchase books and materials tailored to specific community needs and interests.

(3) **Support library programs.** Funds may also be used to support and maintain the level of programs that is currently provided for all age groups.

(4) **General purposes.** Funds may be used for any other expenditure necessary to uphold the level of service, including expenses related to a future election when the parcel tax expires.

Responses to Specific Questions Relating to "General Purposes" Expenditures

The Futures Library Commission Subcommittee requested NCLA to clarify the following questions. The questions are provided in summary here with further details shown in Attachment 1. Per the Commission's request, our review and responses are shown below.

1. ***Does the term "uphold the level of service" enable NCLA to spend funds to maintain or enhance services in 2023 to maintain services in place at the time the measure was passed?*** *This question also asks how "level of service" is defined and whether that term includes meeting new governmental requirements that are mandatory to continue operations.*

   Measure L allows NCLA to spend tax revenue funds to maintain services that were in place in 2010. In reviewing the purposes of the measure, we think this expenditure does include responding to changes in 2023 and subsequent years in order to maintain service levels. Although the term "level of service" is not defined under the ballot measure, it is reasonable to interpret this term to encompass the types of services that were in place in 2010 which the tax measure sought to fund. To illustrate on the contrary, if funds were to be spent to expand the scope of activities and programs significantly, or beyond the library's existing purposes and functions, then such expenditure likely would not be "upholding level of services" and would not serve the general and specific purposes under Measure L.

   Based on the description outlined in Measure L's Statement of Purpose, it is reasonable to conclude that service items to be maintained would include: operating hours, books and materials for circulation, library programs, and associated operational needs to maintain these library functions for the general public. In order to continue providing these services, therefore, it also reasonably follows that the library and NCLA will have to respond to certain changes in circumstances so that the level of service provided to the general public does not decline or disappear. This interpretation is further supported by the fact that the ballot measure contemplates the need to hold a future election when this parcel tax expires as the need for funding will likely increase or change. It is worth noting that, although not required by the ballot measure, as mentioned in a part of this question NCLA may consider evaluating service levels based on "per capita" assessment as one method to calculate the efforts needed to maintain service to the community.

   In response to the specific questions raised here, we think that compliance with mandatory governmental regulations is an appropriate use of funds because it is responding to changes in circumstances that are necessary to operate the library and maintain services. Similarly, the change in population would also result in increased service needs, to which the NCLA may spend funds to meet in order to keep the same level of service it has been providing. Finally, another example where NCLA may spend funds to maintain services is to respond to changes in technology and accessibility. In our view, these examples are appropriate responses to changes in circumstances and operational needs for the purposes of continuing to provide the level of services that the public has received.

2. ***May the NCLA spend funds on interior renovation aligned with the County's Strategic Initiatives?*** *The question also specifically asks about Open+ Access, a comprehensive system designed to improve library services and efficiency, as well as alterations to the library building to provide visibility and access.*

   Probably yes. Based on the foregoing analysis, we think NCLA may also spend funds towards aligning with the County's strategic plan as long as the action being taken under the plan is consistent with preventing services from being reduced or eliminated, or responding to a change in circumstances and/or operational need that is necessary to continue the same level of services.

   For instance, improving the library building in order to ensure ADA compliance is necessary to continue library operations. Implementing accessibility/technology systems to streamline library services also appears to be within the scope of maintaining the public's ability to receive the same level of services. As another example, providing additional space for library patrons based on the increase in service population likewise would make library services adequate and consistent for the public, and thus also appear to meet the purposes of the tax measure. On the other hand, if the proposed action under the strategic plan is to fundamentally alter or expand the types of services provided by the library system, then it is less likely that such action can be supported by spending Measure L funds.

3. ***May the NCLA spend funds on an expansion of the building to address additional space and service needs?***

   Likely yes but consistent with above, any proposed expansion must be for the purpose of restoring the reduction in space and services that were previously available to library patrons and staff. Otherwise, constructing new spaces unrelated to such purposes would probably be difficult to justify as "upholding" the level of services as their purpose is not to maintain the status quo as intended by the measure based on our reading of that language. If NCLA desires to proceed with the project through utilization of Measure L funds, such limitations should be clearly described in the project's scope of work.

4. ***May the NCLA spend funds to replace the current structure and build a new library?***

   Probably not, unless the current library building is determined to be non-compliant with state building code requirements as described in the question. As discussed above, expanding library infrastructure, facilities and services likely would not be considered consistent with the stated purposes under Measure L as they do not “uphold services” and do not meet any of the specified purposes. However, meeting building code standards is most likely considered as meeting operational needs to continue library services at existing levels and would thus be appropriate. As noted above, such limitations should also be clearly described in the project’s scope of work if NCLA desires to proceed with such construction through utilization of Measure L funds.

Recommendation
It is recommended the Commission review the information presented in this report and provide direction to staff regarding next steps.

Attachments:
1- Use of Funds Correspondence
2- Parcel Tax Measure Language

5391063.1

NORTH COUNTY
LIBRARY AUTHORITY

NCLA

NCLA General Ledger FY 25-26

ACCOUNT NAME	North County Library Authority (NCLA)
ACCT NO.	Fund 8210
MONTH ENDING	current through 1/8/2026

STARTING BALANCE	
$	**10,959,031.33**
TOTAL ADJUSTED BALANCE	
$	**9,914,529.23**

			TRANSACTIONS		
DATE	DESCRIPTION	POST REFERENCE	DEBIT	CREDIT	BALANCE
08/01/2025	Interest	Int Alloc FY25 Qtr 4 Advance		$ 71,734.47	$ 11,030,765.80
08/22/2025	Interest	Int Alloc FY25 Qtr 4 Final		$ 22,778.75	$ 11,053,544.55
09/22/2025	MRG Invoices Feb, May - Aug	MRG Inv#250-179-520-629-698-835	$ 8,317.50		$ 11,045,227.05
09/22/2025	City of Los Altos	Lib Improv Proj	$ 1,254,000.00		$ 9,791,227.05
10/01/2025	Interest	FY25-Q2 Int App		$ 17,403.86	$ 9,808,630.91
11/01/2025	Interest	Int Alloc-FY26 Qtr 1 Advance		$ 70,720.04	$ 9,879,350.95
12/02/2025	Interest	Int Alloc-FY26 Qtr 1 Final		$ 35,178.28	$ 9,914,529.23

FUND 8210 N County Library Authority Pool Deposit F U L L A C C R U A L

GL Acct	Document No.	DT	Post Date	Cost Cntr	Internal Order	WBS Element	Doc Header Text	Reference	Line Text	Debit Amount	Credit Amount
A S S E T S											
1100000 Cash-Clearing									Beginning Balance	9,879,350.95	
	106539430	SA	12/02/25				Int Alloc-FY26 Qtr 1 Fina			35,178.28	
									Doc Type Subtotal	35,178.28	0.00
									Total Period Activity	35,178.28	0.00
1100000 Cash-Clearing									Ending Balance	9,914,529.23	
1121500 Interest Receivable-Accrual									Beginning Balance		20,170.48-
									Total Period Activity	0.00	0.00
1121500 Interest Receivable-Accrual									Ending Balance		20,170.48-
E Q U I T Y											
3400000 Fund Balance / Retained Earnings									Beginning Balance		11,033,374.07-
									Total Period Activity	0.00	0.00
3400000 Fund Balance / Retained Earnings									Ending Balance		11,033,374.07-
R E V E N U E S											
4301100 Interest - Deposits and Investments									Beginning Balance		88,123.90-
	106539430	SA	12/02/25	T8210			Int Alloc-FY26 Qtr 1 Fina		8210 Int Alloc - FY 2026 QTR 1 Final		35,178.28-
									Doc Type Subtotal	0.00	35,178.28-
									Total Period Activity	0.00	35,178.28-
4301100 Interest - Deposits and Investments									Ending Balance		123,302.18-
E X P E N D I T U R E S											
5800010 Trust Funds-Disbursements									Beginning Balance	1,262,317.50	
									Total Period Activity	0.00	0.00
5800010 Trust Funds-Disbursements									Ending Balance	1,262,317.50	
*TOTAL FUND N County Library Authority Pool Deposit									Ending Balance	0.00	0.00

NORTH COUNTY
LIBRARY AUTHORITY

NCLA

NCLA FY 25-26 Budget v Actual

	2023/24 Actual Year End	2024/2025 Actual	2025/2026 Budget	2025/2026 Actual	% of Budget
Rate per Parcel	$76	$76	$76	$76	
FUND BALANCE as of 7/1	**$8,430,682**	**$9,733,794**	**$10,959,031**	**$10,959,031**	
OPERATING EXPENDITURES					**% of Budget**
County Staffing	$ -	$ -	$ -	$ -	
Other Library Costs (RFP & Renovations)		$ 145,891	$ 4,381,130	$ 1,254,000	29%
Administrative Costs	$ 50,902	$ 36,902	$ 62,318	$ 23,375	38%
Tax (NBS)	$ 10,691	11,201	$ 12,500	$ 2,629	21%
Legal	$ 7,663		$ 10,000	$ 3,146	31%
Election					
Audit	$ 8,500	$ 8,500	$ 9,818		
Admin	$ 24,048	$ 17,201	$ 30,000	$ 17,600	59%
Total Operating Expenditures	**$ 50,902**	**$ 182,793**	**$ 4,443,448**	**$ 1,277,375**	28.75%
REVENUES					
Tax Revenue*	$ 1,053,059	$ 1,055,617	$ 1,055,617		
Interest Income**	$ 280,784	$ 352,410	$ 216,700	$ 217,815	101%
Other Revenues***	$ 20,170				
Total Revenues	**$ 1,354,013**	**$ 1,408,028**	$ 1,272,317	$ 217,815	17%
OPERATING SURPLUS/(DEFICIT)	**$ 1,303,111**	**$ 1,225,234**	**$ (3,171,130)**	**$ (1,059,560)**	
FUND BALANCE as of 6/30	**$9,733,793**	**$10,959,028**	**$7,787,901**		

*Tax Revenue posts in late January and late June

**FY 2526 Interest is forecast using same rate of return as 24/25 but assuming only 60% of principle due to anticipated payouts for remodeling project.

***Los Altos share payment from 22/23 received in 23/24

Updated as of 1/8/26

NORTH COUNTY LIBRARY AUTHORITY

Fiscal Year 2025/26 Annual Report for:

Measure L (Library Parcel Tax)

October 2025

helping communities fund tomorrow

nbsgov.com

FISCAL YEAR 2025/26 LEVY SUMMARY

Voters within the City of Los Altos and the Town of Los Altos Hills approved Measure L by 78% in June of 2010. Measure L authorizes the North County Library Authority ("NCLA") to levy a $76 special parcel tax upon parcels within the NCLA district boundary. The special parcel tax may be levied for 20 years beginning with Fiscal Year 2010/11 and ending after Fiscal Year 2029/30.

The purpose of the NCLA is to create an agency which will plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the City of Los Altos and Town of Los Altos Hills.

The following table provides a summary of the Fiscal Year 2025/26 final levy amount.

Parcel Type	Parcel Count	FY 2025/26 Levy
Developed	14,068	$1,069,168.00
Exempt- Undeveloped	248	0.00
Exempt- Public Property (1)	259	0.00
Exempt – Senior	9	0.00
Totals	**14,584**	**$1,069,168.00**

(1) Includes 20 properties listed as parking lots.

The following table provides a historical summary of levied parcels.

Fiscal Year	Total Levied Parcels	Net Change in Parcels Levied	Total Levy Amount
2011/12	13,688	62	$1,040,288.00
2012/13	13,694	6	1,040,744.00
2013/14	13,815	121	1,049,940.00
2014/15	13,854	39	1,052,904.00
2015/16	13,907	53	1,056,932.00
2016/17	13,938	31	1,059,288.00
2017/18	13,948	10	1,060,048.00
2018/19	13,938	(10)	1,059,288.00
2019/20	13,974	36	1,062,024.00
2020/21	13,976	2	1,062,176.00
2021/22	13,976	0	1,062,176.00
2022/23	13,974	(2)	1,062,024.00
2023/24	13,996	22	1,063,696.00
2024/25	14,030	34	1,066,280.00
2025/26	14,068	38	1,069,168.00

The following table provides a difference in number of parcels between Fiscal Year 2024/25 and Fiscal Year 2025/26:

Parcel Type	FY24/25 Parcel Count	FY25/26 Parcel Count	Difference
All Parcels	**14,548**	**14,584**	**36**
Developed (Levied)	14,030	14,068	38
Subtotal Levied	**14,030**	**14,068**	**38**
Exempt- Undeveloped	257	248	(9)
Exempt- Public Property	257	259	2
Exempt – Senior	4	9	5
Subtotal Exempt	**518**	**516**	**(2)**

NBS
Yajaira Gonzalez, Administrator
Corina Chavez, Project Manager
Tim Seufert, Client Success Ambassador

SB 165: LOCAL AGENCY SPECIAL TAX AND BOND ACCOUNTABILITY ACT

Senate Bill 165, filed with the Secretary of State on September 19, 2000, enacted the Local Agency Special Tax and Bond Accountability Act (the "Act"). This Act requires that any local special tax or local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to any local special tax measure or local bond measure adopted on or after January 1, 2001 in accordance with Section 50075.1 or Section 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation of the Special Tax District and others are handled through annual reports. This Section of this report intends to comply with Section 50075.3 of the California Government Code that states:

"The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

1. The amount of funds collected and expended.
2. The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1."

The requirements of the Act apply to the Funds for the following:

North County Library Authority
Measure L Library Parcel Tax
June 8, 2010

Purpose of Special Tax

The purpose of Measure L special parcel tax is to maintain Los Altos and Woodland library hours, purchase books and materials, support library programs, and for general purposes of the NCLA.

Collections and Expenditures

Fund Name	Initial Deposit	Total Amount Collected (1)	6/30/2025 Balance	Amount Expended (2)
Operating Fund	$0.00	$1,069,168.00	$0.00	$1,069,168.00

(1) Amount levied during Fiscal Year 2025/26, excluding delinquencies, if any.
(2) Amount Expended is difference between Total Amount Collected and 6/30/2025 Balance.

North County Library Authority

Los Altos, California

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

Chavan & Associates, LLP
Certified Public Accountants
16450 Monterey Rd, Suite 5
Morgan Hill, CA 95037

North County Library Authority
Annual Financial Report
For the Fiscal Year Ended June 30, 2025

Table of Contents

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
of the North County Library Authority
Los Altos, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the North County Library Authority (NCLA), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NCLA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental-type activities and the General Fund of the North County Library Authority, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NCLA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCLA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of NCLA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCLA's internal control over financial reporting and compliance.

C & A LLP

December 22, 2025
Morgan Hill, California

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Management's Discussion and Analysis

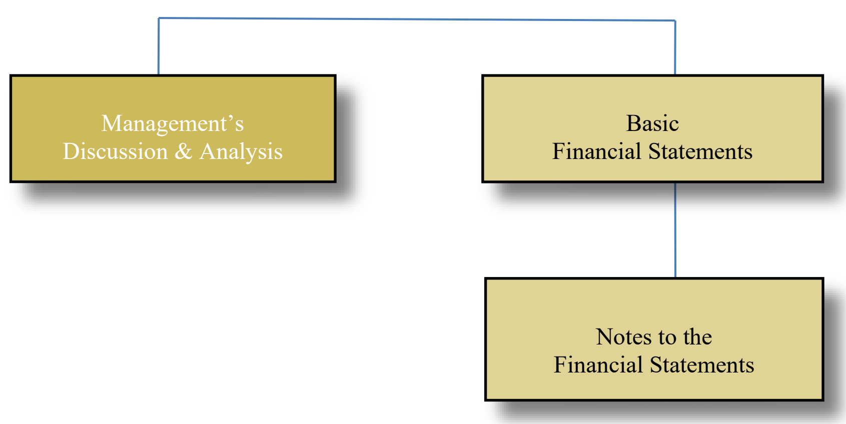
INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the Authority's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2025. This report will (1) focus on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the Authority's operations and financial standing. The annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the Authority as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority, presenting both an aggregate view of the Authority's finances and a longer-term view of those finances. The basic financial statements also include notes explaining pertinent information in the financial statements and provide more detailed data.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year were as follows:

- Total assets were $11,033,374 as of June 30, 2025, an increase of $1,486,068 over the prior fiscal year.
- Net position increased by $1,486,068 during the fiscal year,
- Investment earnings increased by $305,932 as compared to the prior fiscal year.
- Expenses totaled $182,791 for the fiscal year as compared to $50,901 in the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report includes the Management's Discussion and Analysis report, the Independent Auditor's report and the Basic Financial Statements of the Authority. The financial statements also include notes that explain the information in the financial statements in more detail.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the Authority report information about the Authority's accounting methods similar to those used by private sector companies. These statements have been prepared and audited using generally acceptable accounting standards. These required statements offer short-term and long-term financial information about the Authority's activities and are often used to assess the financial position and health of the Authority.

Statement of Net Position

This statement includes all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and provides information about the nature and amounts of investments in resources and obligations to creditors. It also provides the basis for evaluating the capital structure of the Authority.

Statement of Activities

This statement accounts for all revenues and expenses during the reporting period. This statement reflects the result of Authority operations over the past year as well as non-operating revenues, expenses, and contributed capital.

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is whether or not the Authority's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Activities report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority as well as related changes. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position is one of many indicators to ascertain if its financial health is improving or deteriorating.

Table 1 - Summary of Net Position

	Fiscal Year June 30, 2025	Fiscal Year June 30, 2024	Dollar Change	Percent Change
Assets				
Cash and Investments	$ 10,959,031	$ 9,477,396	$ 1,481,635	16%
Interest Receivable	74,343	69,910	4,433	6%
Total Assets	11,033,374	9,547,306	1,486,068	16%
Net Position				
Restricted	11,033,374	9,547,306	1,486,068	16%
Total Net Position	$ 11,033,374	$ 9,547,306	$ 1,486,068	16%

Net position increased by $1,486,068 to $11,033,374 from fiscal year 2023-24 to fiscal year 2024-25 as special assessments reported as charges for services and investment earnings exceeded expenses by this amount. NCLA has the authority to continue to levy the special parcel tax annually in accordance with its mission to support library services in Los Altos and Los Altos Hills.

	Fiscal Year June 30, 2025	Fiscal Year June 30, 2024	Dollar Change	Percent Change
Revenues:				
Program Revenues:				
Charges for Services	$ 1,055,617	$ 1,053,059	$ 2,558	0%
General Revenues:				
Investment Earnings (Loss)	613,242	307,310	305,932	100%
Total Revenues	**1,668,859**	**1,360,369**	**308,490**	**23%**
Expenses:				
Administration and Community Services	182,791	50,901	131,890	259%
Total Expenses	**182,791**	**50,901**	**131,890**	**259%**
Change in Net Position	1,486,068	1,309,468	176,600	13%
Net Position - Beginning	9,547,306	8,237,838	1,309,468	16%
Net Position - Ending	**$ 11,033,374**	**$ 9,547,306**	**$ 1,486,068**	**16%**

Program Revenues reflect the parcel tax base and increased by $2,558 while investment earnings increased by $305,932 due to fair value adjustments in the County pool.

FACTORS BEARING ON THE AUTHORITY'S FUTURE

NCLA proactively creates reserves to be prepared for any budget changes. Its only limitations in providing the best services possible are those embedded within the Measure L language which specifies that NCLA funds can only be used to sustain the existing level of service. However, as new technologies and lifestyle habits in response to those technologies develop, merely maintaining services will not be enough for the citizens of Los Altos and Los Altos Hills.

NCLA will continue to allocate funding as needed to provide an additional 17 operational hours per week at the Los Altos Library and an additional 25 hours per week at the Woodland Branch Library.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, taxpayers, investors and creditors with a general overview of NCLA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North County Library Authority, One North San Antonio Road, Los Altos, CA 94022.

Basic Financial Statements

North County Library Authority
Statement of Net Position
June 30, 2025

Assets	Governmental Activities
Current Assets:	
Cash and Investments	$ 10,959,031
Interest Receivable	74,343
Total Assets	$ 11,033,374
Net Position	
Restricted	$ 11,033,374
Total Net Position	$ 11,033,374

The notes to basic financial statements are an integral part of this statement

North County Library Authority
Statement of Activities
For the Fiscal Year Ended June 30, 2025

Function/Program	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:			
Administration and Community Services	$ 182,791	$ 1,055,617	$ 872,826
Total Governmental Activities	$ 182,791	$ 1,055,617	872,826
General Revenues:			
Investment Earnings (Loss)			613,242
Change in Net Position			1,486,068
Beginning Net Position			9,547,306
Ending Net Position			$ 11,033,374

The notes to basic financial statements are an integral part of this statement

North County Library Authority
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund
ASSETS	
Cash and Investments	$ 10,959,031
Interest Receivable	74,343
Total Assets	$ 11,033,374
FUND BALANCE	
Restricted	$ 11,033,374
Total Fund Balance	$ 11,033,374

The notes to basic financial statements are an integral part of this statement

North County Library Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund
Revenues:	
Taxes and Special Assessments	$ 1,055,617
Investment Earnings (Loss)	613,242
Total Revenues	1,668,859
Expenditures:	
Contractual Services	182,791
Total Expenditures	182,791
Net Change in Fund Balance	1,486,068
Beginning Fund Balance	9,547,306
Ending Fund Balance	$ 11,033,374

The notes to basic financial statements are an integral part of this statement

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. General

The North County Library Authority of Santa Clara County (the Authority or NCLA), formed in 1985 by a joint exercise of powers agreement between the City of Los Altos (City) and the Town of Los Altos Hills, provides library services for member residents. The Authority was created as a means to provide financing for capital improvements and additional services by the public libraries serving the area. Although the City owns the libraries and their sites, the County of Santa Clara (County) is responsible for all library operations. However, since 1985, the Authority has levied a voter approved special parcel tax to compensate for service reductions due to cutbacks by the County. The special tax has been collected by the County on behalf of the Authority. The Authority provides funding to the County for additional County staff hours at the two libraries in Los Altos, based on county costing of labor costs. The County and the City of Los Altos perform administrative and accounting services for the Authority. The Authority has no employees.

B. Reporting Entity

NCLA's combined financial statements include the accounts of all its operations. NCLA evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the fiscal year ended June 30, 2025, NCLA does not have any component units.

C. Accounting Principles

The accounting policies of NCLA conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of NCLA. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of NCLA's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. NCLA does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of NCLA, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of NCLA.

Fund Financial Statements:

Fund financial statements report detailed information about NCLA. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

E. Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments and service charges are recognized as revenues in the year for which they are levied. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements:

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the NCLA, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the NCLA receives value without directly giving equal value in return, include assessments and interest income. Under the accrual basis, revenue from assessments is recognized in the fiscal year for which the assessments are levied. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

F. Fund Accounting

The accounts of NCLA are organized into one governmental fund, the General Fund, which has a separate set of self-balancing accounts. The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund. The general fund is required to be presented as a major fund.

G. Budgets and Budgetary Accounting

The Authority annually adopts a budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the “annual appropriated budget”. Appropriations lapse at the end of the fiscal year. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. Budget information is presented for government fund types on a consistent basis with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget modified for adjustments during the year.

H. Cash and Investments

As described in Note 2, NCLA’s cash and investments are held with the Santa Clara County Treasury, as part of the cash and investment pool with other County Funds. In accordance with GASB Statement No. 31, investments are stated at fair value. However, the value of the pool shares in the County Treasurer's investment pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of NCLA’s position in the pool. The County Treasurer's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by Section 27134 of the California Government Code. Statutes authorize the County to invest in the following:

1. Obligations of the County or any local agency and instrumentality in or of the State of California.
2. Obligations of the U.S. Treasury, agencies and instrumentalities

3. Bankers' acceptances eligible for purchase by Federal Reserve System.
4. Commercial paper.
5. Repurchase agreements or reverse repurchase agreement.
6. Medium-term notes with a five-year maximum maturity of corporations operating within the United States and rated in the top three rating categories.
7. Guaranteed investment contracts.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

I. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by NCLA or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. NCLA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted contributions whose donor-imposed restrictions were met during the fiscal year.

K. Fund Balance

As applicable, the Authority classifies fund balances into the following five categories to comply with the GASB No. 54, Fund Balance and Governmental Fund Types.

Nonspendable fund balances include amounts that cannot be spent because these are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

Restricted fund balances exist when constraints are placed on the use of those resources that are either externally imposed or imposed by law. In general, most reserve funds will fall into this category. The Authorities special assessments are restricted to specific uses as listed in the voter approved parcel tax.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Governing Board).

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted, nor committed. The intent can be made by either the governing body itself or a body or official to which the governing body has delegated the authority to (purchasing agent and business official). Appropriated fund balance and the majority of encumbrances will be reclassified into the assigned category. The Authority reported no fund balances as assigned on the balance sheet of the governmental funds.

Unassigned fund balances will represent those funds that have not been assigned, committed, restricted or considered nonspendable. The general fund is the only fund that will report an unassigned fund balance, unless a deficit fund balance resulting from overspending in other funds exists. Fund balance in other funds will either be assigned, committed, restricted or nonspendable unless the fund reports a deficit.

L. Implementation of New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This statement did not have a material impact on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

This statement did not have a material impact on the financial statements.

M. Upcoming Accounting and Reporting Changes

The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

NCLA maintained cash with the Santa Clara County Treasurer's commingled pool totaling $10,959,031 as of June 30, 2025.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

Investments in the County Treasury Investment Pool are not measured using the input levels above because NCLA's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

Cash in Santa Clara County Treasury

The fair value of NCLA's investment in the county pool is reported at amounts based on NCLA's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Santa Clara County investment pool funds were available for withdrawal on demand and had an average weighted maturity of 415 days. All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. NCLA manages its exposure to interest rate risk by investing in the Santa Clara County investment pool, which had a fair value of approximately $11.4 billion as of June 30, 2025.

b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County’s investment pool is governed by the County’s general investment policy. The County’s investments included U.S. government securities, medium-term corporate notes, commercial paper, certificates of deposit or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. The County’s two other investment types, LAIF and money market mutual funds, are not rated. The money pooled with the County of Santa Clara Investment Pool is not subject to a credit rating.

c) Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, NCLA’s deposits may not be returned to it. NCLA does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the money invested by NCLA in the County of Santa Clara Investment Pool).

d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. NCLA's investment in the County's commingled pool is diversified by the County Treasurer by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation. More than 5% of the County's commingled pooled investments are invested with the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank.

REQUIRED SUPPLEMENTARY INFORMATION

North County Library Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
Taxes and Special Assessments	$ 1,055,617	$ 1,055,617	$ 1,055,617	$ -
Investment Earnings (Loss)	-	-	613,242	613,242
Interest Income	224,297	224,297	-	(224,297)
Total Revenues	1,279,914	1,279,914	1,668,859	388,945
Expenditures:				
Contractual Services	204,773	204,773	182,791	21,982
Total Expenditures	204,773	204,773	182,791	21,982
Net Change in Fund Balance	1,075,141	1,075,141	1,486,068	410,927
Fund Balance Beginning	9,547,306	9,547,306	9,547,306	-
Fund Balance Ending	$ 10,622,447	$ 10,622,447	$ 11,033,374	$ 410,927

The Authority annually adopts a budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the “annual appropriated budget". Appropriations lapse at the end of the fiscal year. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. Budget information is presented for government fund types on a consistent basis with accounting principles generally accepted in the United States of America. Budgeted revenue and expenditure amounts represent the original budget modified for adjustments during the year.

OTHER INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
of the North County Library Authority
Los Altos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the North County Library Authority (NCLA) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NCLA's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCLA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCLA's internal control. Accordingly, we do not express an opinion on the effectiveness of NCLA's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCLA's financial statements are free from material misstatement, we performed tests of its 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 financial statements. 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 Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

December 22, 2025
Morgan Hill, California

Chavan and Associates, llp
Certified Public Accountants

North County Library Authority
13 S. San Antonio Road
Los Altos, California 94022

Introduction and Internal Controls

In planning and performing our audit of the basic financial statements of the North County Library Authority, as of and for the fiscal year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered North County Library Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of North County Library Authority's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the NCLA's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Purpose of Communication

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing, and communicate additional information that may be relevant to future Organization decision making. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C & A LLP

December 22, 2025
Morgan Hill, California

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

To the Board of Directors of the
North County Library Authority

We have audited the basic financial statements of the North County Library Authority as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated December 22, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the North County Library Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing North County Library Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated with management except that the report was issued by us later than expected. The delay in the report issuance was due to turnover in the audit team assigned to the engagement.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We did not identify any significant risks that required special audit consideration.

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the North County Library Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include market value adjustments related to the county investment pool.

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting North County Library Authority's financial statements relate to cash and investments which consists of cash held with the county.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that required the attention of management.

Identified or Suspected Fraud

We did not identify nor obtain information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected financial statement misstatements identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management are attached in the Adjusting Journal Entries Report.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the North County Library Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 22, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the North County Library Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the North County Library Authority's auditors.

This report is intended solely for the information and use of the Board and management of the North County Library Authority and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

December 22, 2025
Morgan Hill, California

16450 Monterey Rd, Suite 5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

NORTH COUNTY
LIBRARY AUTHORITY

NCLA

December 22, 2025

Chavan & Associates, LLP
16450 Monterey Rd, Suite 5
Morgan Hill, CA 95037

This representation letter is provided in connection with your audit of the basic financial statements including government-wide financial statements and fund financials statements of the North County Library Authority (NCLA) as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations, where applicable, of the various opinion units of the NCLA in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 22, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations, as applicable.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP, as applicable.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- The effects of uncorrected misstatements summarized and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
  - There were no uncorrected misstatements to be evaluated.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP, if applicable.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed, if applicable.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported, if applicable.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.

- With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- With respect to the nonattest service(s), we have performed the following:
    - Made all management decisions and performed all management functions;
    - Assigned a competent individual to oversee the services;
    - Evaluate the adequacy of the services performed;
    - Evaluated and accepted responsibility for the result of the service performed; and
    - Established and maintained internal controls, including monitoring ongoing activities.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Information Provided

- We have provided you with:
    - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    - Additional information that you have requested from us for the purpose of the audit; and
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, as applicable.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The North County Library Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
    - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
    - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
    - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The North County Library Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Signature ____

Name ____

Title ____