NORTH COUNTY LIBRARY AUTHORITY

NCLA

June 23, 2025

Board of Directors Meeting Packet

Includes:

NORTH COUNTY LIBRARY AUTHORITY AGENDA

REGULAR MEETING

5:00 PM - Monday, June 23, 2025

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

PARTICIPATION: Members of the public may participate by being present at the Los Altos Community Center inside the Manzanita Conference Room located at 97 Hillview Ave, Los Altos, CA 94022. Public comment is accepted in person at the physical meeting location, or via email to cmansel@solutions-mrg.com.

REMOTE MEETING OBSERVATION: Members of the public may view the meeting via the link below but will not be permitted to provide public comment via Zoom or telephone. Public comment will be taken in person, and members of the public may provide written public comment by following the instructions below.

Participants who wish to observe remotely from outside the United States should email to arrange for international access prior to the meeting.

Time: June 23, 2025 5:00 PM

Link: https://us06web.zoom.us/j/81968021194?pwd=XUWjQVlQtydIBuoCf6NyfMArX1AW3P.1&from=addon

Meeting ID: 819 6802 1194

Passcode: 183663

For call in connection: Find your local number at https://us06web.zoom.us/u/kbnD13c8mx

TO SUBMIT WRITTEN COMMENTS: Prior to the meeting, comments on matters listed on the agenda may be emailed to cmansel@solutions-mrg.com. Emails sent to this email address are sent to/received immediately by the Authority. Please include a subject line in the following format:

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

Correspondence received prior to the meeting will be included in the public record. Please follow this link for more information on submitting written comments: *https://www.losaltosca.gov/cityclerk/page/public-comments*.

Public testimony will be taken at the direction of the President, and members of the public may only comment during times allotted for public comments.

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

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.

ITEMS FOR CONSIDERATION/ACTION

1. **Approval of Minutes** for Regular Meeting on 2/12/25
2. **Adopt Resolution 2025-01 Annual Levy Resolution**
3. **Adopt Resolution 2025-02 Gann Limit Resolution**
4. **Approval of FY 23-24 Audit Report**
5. **Approval of Current Invoices for Payment**
   a. Chavan & Associates Invoice for FY23-24 Audit
   b. MRG Invoices for February-May 2025
6. **Consideration and Adoption of the NCLA Annual Budget FY 25-26**
   a. County Investment Fund Current Statement
   b. FY24-25 Budget v Actual with Proposed Annual Budget for FY25-26
7. **Approval of Renewal Contracts**
   a. Chavan & Associates Agreement for Fiscal Years ending June 30, 2025, 2026 and 2027
   b. MRG Amendment for FY25-26 and FY26-27

ONGOING BUSINESS UPDATE

1. **Remodel update –** Staff Liaison Anthony Carnesecca

INFORMATIONAL ITEMS

1. Librarian Reports

COMMISSIONERS' REPORTS AND COMMENTS

NEXT MEETING DATE

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*.

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.

NORTH COUNTY LIBRARY AUTHORITY
REGULAR MEETING MINUTES
5:00 PM - Wednesday, February 12, 2025

In person at the Los Altos Community Center; Birch Room with online observation

CALL TO ORDER

Ranking Member Pete Dailey called the meeting to order at 5:01 P.M.

ATTENDANCE

Present (in person): Pierre Bedard, Pete Dailey, Aarti Johri and Larry Lang

Present (remote in accordance with AB2449): Linda Swan

PLEDGE OF ALLEGIANCE

INTRODUCTION OF NEW MEMBERS

REQUIRED ACTIONS

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

   Director Dailey nominated Pierre Bedard to be the NCLA President. Director Johri seconded the nomination. President Bedard was elected in unanimous vote.

   President Bedard called for nominations for Vice President. Director Dailey nominated Larry Lang to be the NCLA Vice President. President Bedard seconded the nomination. Vice President Lang was elected in a unanimous vote.

   President Bedard nominated Aarti Johri to be NCLA Secretary. The nomination was seconded by Director Dailey. Secretary Johri was elected in a unanimous vote.

PUBLIC COMMENTS

There were no public comments.

ITEMS FOR CONSIDERATION/ACTION

1. **Approval of Minutes** for Special Meeting of 11/18/24

Director Dailey made a motion to approve the minutes as presented. The motion was seconded by Vice President Lang. The motion passed in a roll call vote as follows:

Bedard: Yes
Dailey: Yes
Johri: Yes
Lang: Yes
Swan: Abstain

2. Approval of Current Invoices for Payment

a. NBS – Dailey moves to approve NBS & MRG, Lang seconds – all approved

b. MRG October – December Invoices

2. Director Dailey made a motion to approve the NBS and MRG invoices for payment as presented. Vice President Lang seconded the motion. The motion passed in a roll call vote as follows:

Bedard: Yes
Dailey: Yes
Johri: Yes
Lang: Yes
Swan: Yes

INFORMATIONAL ITEMS

1. **Staff Liaison report on Main Library Improvement process**

Assistant to the Los Altos City Manager, Anthony Carnesecca reported that the City was now in contract with Anderson Brulee Architects (ABA). He stated that the City had kick-off meeting and building walk with staff & ABA. He reported that next steps will be to have ABA conduct a meeting with Library staff in a few weeks. He estimates a 4 month timeline until the project will be ready to move to Phase 2.

The members of the NCLA Board expressed their commitment to advance communication of any limited use periods and alternative venues for the library during the process.

Mr. Carnesecca also reported that the Library Courtyard project was approved by Historical Commission, and Library Commission.

2. **Financial Update & Audit Report**

The FY2324 Audit report was presented informationally to the Directors. It will be voted on for approval at the next NCLA meeting. Directors will send any questions to the Administrative Officer for referral to the Auditor.

3. **NBS Annual Tax Roll Report with SB 165 Report review**

   There was one comment about the nature of the Senior Exemption verifying that it requires both age and income requirements.

COMMISSIONERS' REPORTS AND COMMENTS

The Board members have proposed May 12, 2025 as the next meeting date.

ADJOURNMENT

President Bedard adjourned the meeting at 5:43

RESOLUTION NO. 2025-01

A RESOLUTION OF THE NORTH COUNTY LIBRARY AUTHORITY SETTING A SPECIAL TAX RATE FOR LIBRARY SERVICES

The Board members of the North County Library Authority hereby ordain as follows:

Section 1: Special Tax Levy

A special tax, of exactly $76 (Seventy Six Dollars) is hereby levied and imposed on each improved parcel situated within the North County Library Authority, for the Fiscal Year 2025/26.

* * * * *

The above and foregoing resolution was duly and regularly introduced and adopted at meeting of the Board of the North County Library Authority held on the 12th day of May 2025, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____

Pierre Bedard, Authority President

RESOLUTION NO. 2025-02

A RESOLUTION OF THE NORTH COUNTY LIBRARY AUTHORITY SETTING THE FY 25/26 APPROPRIATIONS LIMIT

WHEREAS, California Constitutional Article 13B limits the total annual appropriations of cities; and

WHEREAS, it is the desire of the North County Library Authority to establish its appropriations limit pursuant to Article 13B;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Commission of the North County Library Authority that said body hereby determines that said Authority's appropriations limit (as presented in calculation format in Exhibit A) pursuant to Article 13B of the California Constitution using the annual percent change in population for Los Altos and Los Altos Hills and the percent change in California for per capita personal income is as follows:

FY 2025/26 $4,381,130

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of the North County Library Authority at a meeting of said body held on the 6th day of May 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____

Pierre Bedard, Authority President

Exhibit A

Calculation Worksheet (not part of resolution document)

FY 2024-2025 Adopted Appropriations Limit		**$4,205,365**
2024 Per Capita Income Change* (CA Department of Finance) **3.62%**	**x**	**1.0362**
FY 2024 Population Change (Cities of Los Altos Hills & Los Altos)** **0.54%**	**x**	**1.0054**
FY 2025-2026 Proposed Appropriations Limit	**=**	**$4,381,130**

NCLA does not have any "carve outs" or appropriations that are not subject to the Gann Limit

*https://dof.ca.gov/wp-content/uploads/sites/352/2024/04/PriceandPopulation2024.pdf

**https://dof.ca.gov/forecasting/demographics/estimates-e1/ and applying a weighted average based upon population

Chavan and Associates, llp
Certified Public Accountants

To Governing Board of the
North County Library Authority
Los Altos, California

We have audited the basic financial statements of the North County Library Authority as of and for the year ended June 30, 2024, and have issued our report thereon dated December 18, 2024. 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.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated with management.

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. Safeguards have been implemented to reduce threats to our independence to an acceptable level in relation to the preparation of the financial statements and related note disclosures. Those safeguards include the review of the financial statements and notes by a qualified Partner, Manager, Senior or third party, that has not been included in the audit team.

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 were no new accounting standard changes and no changes in significant accounting policies or their application during the year ended June 30, 2024, other then the implementation of GASB 100 as disclosed in Note 1 to the financial statements. 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 and Related Disclosures

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.

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.

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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.

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 whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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.

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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.

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 18, 2024.

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 18, 2024
Morgan Hill, California

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North County Library Authority

Los Altos, California

Annual Financial Report

For the Year Ended June 30, 2024

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, 2024

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 year ended June 30, 2024, 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, 2024, 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.

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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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NCLA's ability to continue as a going concern for a reasonable period of time.

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, 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

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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 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 18, 2024, 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 18, 2024
Morgan Hill, California

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Management's Discussion and Analysis

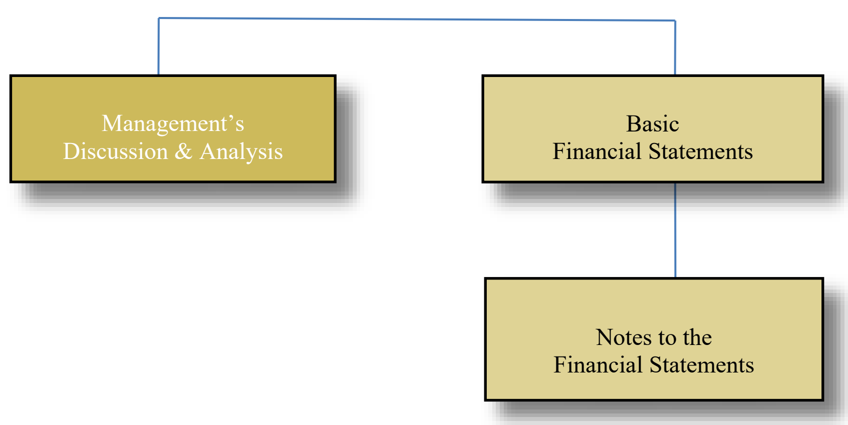
INTRODUCTION

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, 2024. 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 $9,547,306 as of June 30, 2024, an increase of $1,309,468 over the prior fiscal year.
- Net position increased by $1,309,468 during the fiscal year,
- Investment earnings increased by $370,577 as compared to the prior fiscal year.
- Expenses totaled $50,901 for the fiscal year as compared to $50,458 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, 2024	Fiscal Year June 30, 2023	Dollar Change	Percent Change
Assets				
Cash and Investments	$ 9,477,396	$ 8,174,283	$ 1,303,113	16%
Interest Receivable	69,910	63,555	6,355	10%
Total Assets	9,547,306	8,237,838	1,309,468	16%
Net Position				
Restricted	9,547,306	8,237,838	1,309,468	16%
Total Net Position	$ 9,547,306	$ 8,237,838	$ 1,309,468	16%

Net position increased by $1,309,468 to $9,547,306 from fiscal year 2022-23 to fiscal year 2023-24 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.

Table 2 - Change in Net Position

	Fiscal Year June 30, 2024	Fiscal Year June 30, 2023	Dollar Change	Percent Change
Revenues:				
Program Revenues:				
Charges for Services	$ 1,053,059	$ 1,051,404	$ 1,655	0%
General Revenues:				
Investment Earnings (Loss)	307,310	(63,267)	370,577	586%
Total Revenues	**1,360,369**	**988,137**	**372,232**	**38%**
Expenses:				
Administration and Community Services	50,901	50,458	443	1%
Total Expenses	**50,901**	**50,458**	**443**	**1%**
Change in Net Position	1,309,468	937,679	371,789	40%
Net Position - Beginning	8,237,838	7,300,159	937,679	13%
Net Position - Ending	**$ 9,547,306**	**$ 8,237,838**	**$ 1,309,468**	**16%**

Program Revenues reflect the parcel tax base and increased by $1,655 while investment earnings increased by $370,577 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. As NCLA looks to a future beyond its currently funded term, it will depend on receiving a broadened scope of services for which its funds can be utilized.

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, 2024

		Governmental Activities
Assets		
Current Assets:		
Cash and Investments	$	9,477,396
Interest Receivable		69,910
Total Assets	$	9,547,306
Net Position		
Restricted	$	9,547,306
Total Net Position	$	9,547,306

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, 2024

Function/Program	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:			
Administration and Community Services	$ 50,901	$ 1,053,059	$ 1,002,158
Total Governmental Activities	$ 50,901	$ 1,053,059	1,002,158
General Revenues:			
Investment Earnings (Loss)			307,310
Change in Net Position			1,309,468
Beginning Net Position			8,237,838
Ending Net Position			$ 9,547,306

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

North County Library Authority

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund
ASSETS	
Cash and Investments	$ 9,477,396
Interest Receivable	69,910
Total Assets	$ 9,547,306
FUND BALANCE	
Restricted	$ 9,547,306
Total Fund Balance	$ 9,547,306

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, 2024

	General Fund
Revenues:	
Taxes and Special Assessments	$ 1,053,059
Investment Earnings (Loss)	307,310
Total Revenues	1,360,369
Expenditures:	
Contractual Services	50,901
Total Expenditures	50,901
Net Change in Fund Balance	1,309,468
Beginning Fund Balance	8,237,838
Ending Fund Balance	$ 9,547,306

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 year ended June 30, 2024, 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. Upcoming Accounting and Reporting Changes

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

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.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

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.

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

NCLA maintained cash with the Santa Clara County Treasurer's commingled pool totaling $9,477,396 as of June 30, 2024.

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 548 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 $6.8 billion as of June 30, 2024.

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, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
Taxes and Special Assessments	$ 1,051,554	$ 1,051,554	$ 1,053,059	$ 1,505
Investment Earnings (Loss)	-	-	307,310	307,310
Interest Income	68,263	68,263	-	(68,263)
Total Revenues	1,119,817	1,119,817	1,360,369	240,552
Expenditures:				
Contractual Services	97,750	97,750	50,901	46,849
Total Expenditures	97,750	97,750	50,901	46,849
Net change in fund balance	1,022,067	1,022,067	1,309,468	287,401
Fund balance beginning	8,237,838	8,237,838	8,237,838	-
Fund Balance Ending	$ 9,259,905	$ 9,259,905	$ 9,547,306	$ 287,401

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

Chavan and Associates, llp
Certified Public Accountants

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 year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise NCLA's basic financial statements, and have issued our report thereon dated December 18, 2024.

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

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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 18, 2024
Morgan Hill, California

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June 23, 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, 2024 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 18, 2024:

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 ____

Pierre Bedard, NCLA Board President

Chavan & Associates, LLP
CPAs
16450 Monterey Rd Ste 5
CA 95037
+14082178749
sheldon@cnallp.com
www.cnallp.com

BILL TO
Ms. Christi Mansel
North County Library Authority
1 North San Antonio Road
Los Altos, CA 94022

INVOICE C&A-18570

DATE 02/23/2025

DUE DATE 03/05/2025

ACTIVITY	AMOUNT
Nonprofit Audit Services - SDC This bill is for professional services rendered during the Authority's June 30, 2024 financial statement audit.	8,500.00

Please make checks payable to:
Chavan & Associates, LLP
16450 Monterey Road, Ste #5
Morgan Hill, CA 95037

TOTAL DUE **$8,500.00**

Please note that there is a 3% processing fee for credit card payments.

Pay invoice

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

TAX ID: 26-4149793
INVOICE DATE: 4/16/2025
INVOICE NO: 250392
BILLING THROUGH: 3/8/2025

NCLA - Library Consulting Services 23108-NCL

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
2/5/2025	Meeting preparations. Review payment authorizations	2.00	$225.00	$450.00
2/7/2025	Meeting preparations. Review financial reports. Email communications	2.25	$225.00	$506.25
2/10/2025	Review AB2449. Email communications. Review general ledger with new statement info. Add audit report to FTR	1.25	$225.00	$281.25
2/12/2025	Review audit report. Onsite meeting including preparation, set-up, and travel	7.50	$225.00	$1,687.50
2/13/2025	Review minutes. Email communications. Room requests	2.25	$225.00	$506.25
2/18/2025	Email communications. Review website updates	0.75	$225.00	$168.75
2/19/2025	Review foundation document and file link for President	0.50	$225.00	$112.50
2/20/2025	Meeting with President including follow up emails	1.25	$225.00	$281.25
2/24/2025	GCC online report	0.25	$225.00	$56.25
3/4/2025	FTR report update. Email communications	1.25	$225.00	$281.25
	TOTAL SERVICES	**19.25**		**$4,331.25**

EXPENSES

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

SUBTOTAL	**$4,493.65**
AMOUNT DUE THIS INVOICE	**$4,493.65**

This invoice is due on 5/16/2025

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: 916-687-7601
finance@solutions-mrg.com
https://solutions-mrg.com

INVOICE

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

INVOICE DATE: 5/15/2025
INVOICE NO: 250520
BILLING THROUGH: 4/30/2025

NCLA - Library Consulting Services 23108-NCL

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
4/22/2025	Telecommunications	0.25	$225.00	$56.25
4/29/2025	Meet with President. Draft agenda. Research. Email communications	1.75	$225.00	$393.75
	TOTAL SERVICES	**2.00**		**$450.00**

SUBTOTAL	**$450.00**
AMOUNT DUE THIS INVOICE	**$450.00**

This invoice is due on 6/14/2025

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

NCLA General Ledger FY 24-25

ACCOUNT NAME	North County Library Authority (NCLA)
ACCT NO.	Fund 8210
MONTH ENDING	current through 5/8/2025

STARTING BALANCE	
$	9,733,794.44
TOTAL ADJUSTED BALANCE	
$	10,431,473.16

			TRANSACTIONS		
DATE	DESCRIPTION	POST REFERENCE	DEBIT	CREDIT	BALANCE
08/01/2024	Interest	Int Alloc- FY24 Qtr 4 Advance		$ 44,638.13	$ 9,778,432.57
09/10/2024	Interest	Int Alloc-FY24 Qtr 4 Final		$ 45,442.69	$ 9,823,875.26
11/01/2024	Interest	Int Alloc-FY25 Qtr 1 Advance		$ 44,731.49	$ 9,868,606.75
12/09/2024	Interest	Int Alloc - FY25 Qtr 1 Final		$ 40,570.00	$ 9,909,176.75
01/21/2025	Tax Revenue	12/10/24 SEC Fin		$ 617,222.12	$ 10,526,398.87
02/01/2025	Interest	Int Alloc - FY25 Qtr 2 Adv		$ 59,823.93	$ 10,586,222.80
02/14/2025	Interest	Int Alloc - FY25 Qtr 2 Final		$ 15,047.40	$ 10,601,270.20
02/19/2025	Payment to City of Los Altos for RFP		$ 145,891.00		$ 10,455,379.20
02/19/2025	Payment to NBS	Inv 202409-3066 & 3347	$ 11,201.40		$ 10,444,177.80
02/19/2025	Payment to MRG	Inv 241228-418, -494 & 241608	$ 12,704.64		$ 10,431,473.16

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	10,431,473.16	
									Total Period Activity	0.00	0.00
1100000	Cash-Clearing								Ending Balance	10,431,473.16	
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		9,803,704.78-
									Total Period Activity	0.00	0.00
3400000	Fund Balance / Retained Earnings								Ending Balance		9,803,704.78-
R E V E N U E S											
4301100	Interest - Deposits and Investments								Beginning Balance		160,172.82-
									Total Period Activity	0.00	0.00
4301100	Interest - Deposits and Investments								Ending Balance		160,172.82-
4980350	Trust Funds-DIrect Assessments								Beginning Balance		617,222.12-
									Total Period Activity	0.00	0.00
4980350	Trust Funds-DIrect Assessments								Ending Balance		617,222.12-
E X P E N D I T U R E S											
5800010	Trust Funds-Disbursements								Beginning Balance	169,797.04	
									Total Period Activity	0.00	0.00
5800010	Trust Funds-Disbursements								Ending Balance	169,797.04	
*TOTAL FUND	N County Library Authority Pool Deposit								Ending Balance	0.00	0.00

North County Library Authority
Budget Projection and Year-To-Date Totals

NCLA FY 24-25 Budget v Actual

	2023/24 Actual Year End	2024/2025 Budget	2024/2025 Actual		2025/2026 Proposed
Rate per Parcel	$76	$76	$76		$76
FUND BALANCE as of 7/1	**$8,430,682**	**$9,733,794**	**$9,733,794**		**$10,808,935**
OPERATING EXPENDITURES				**% of Budget**	
County Staffing	$ -	$ -	$ -		-
Other Library Costs (RFP & Renovations)		$ 145,891	$ 145,891	100%	$ 4,381,130
Administrative Costs	$ 50,902	$ 58,882	$ 37,352	63%	$ 62,318
Tax (NBS)	$ 10,691	$ 11,550	11,201	97%	$ 12,500
Legal	$ 7,663	$ 10,000	0	0%	$ 10,000
Election			0		
Audit	$ 8,500	$ 9,180	$ 8,500	93%	$ 9,818
Admin	$ 24,048	$ 28,152	$ 17,651	63%	$ 30,000
Total Operating Expenditures	**$ 50,902**	**$ 204,773**	**$ 183,243**	89%	**$ 4,443,448**
REVENUES					
Tax Revenue	$ 1,053,059	$ 1,055,617	$ 617,222	58%	$ 1,055,617
Interest Income*	$ 280,784	$ 224,297	$ 250,254	112%	$ 216,700
Other Revenues**	$ 20,170				
Total Revenues	**$ 1,354,013**	**$ 1,279,914**	**$ 867,476**	68%	$ 1,272,317
OPERATING SURPLUS/(DEFICIT)	**$ 1,303,111**	**$ 1,075,141**	**$ 684,232**	64%	**$ (3,171,130)**
FUND BALANCE as of 6/30	**$9,733,793**	**$10,808,935**	**$10,418,026**	96%	**$7,637,805**

*Interest is forecast using same rate of return as 24/25 but assuming only 60% of principal due to anticipated payouts for remodeling project.
**Los Altos share payment from 22/23 received in 23/24

5/8/2025

Administrative Cost Projections
North County Library Authority
FY 2023-2024

	Date	Actual Invoice	Contracted Amount	Add'l Services	Budgeted	Actual Total YTD
NBS	9/1/2023	$ 11,201.40	$ 7,500.00	$ 2,500.00	$ 11,550	$ 11,201.40
MRG	7/11/2023	$ 3,704.88	$ 62,500.00		$ 48,000	$ 24,048.21
	8/16/2023	$ 956.25				
	9/7/2023	$ 3,929.88				
	10/10/2023	$ 2,925.00				
	11/21/2023	$ 3,873.63				
	12/8/2023	$ 3,206.25				
	1/9/2024	$ 675.00				
	2/7/2024	$ 3,483.57				
	3/8/2024	$ 1,068.75				
	4/16/2024	$ 225.00				
Meyers Nave	7/13/2023	$ 3,895.50	not set		$ 18,000	$ 7,662.38
	9/18/2023	$ 3,418.17				
	10/10/2023	$ 348.71				
Chavan	4/17/2024	$ 8,500.00	$ 8,500.00		$ 8,500	$ 8,500.00
				Total	**$ 86,050**	**$ 51,412**

Administrative Cost Projections
North County Library Authority
FY 2023-2024

	Date	Actual Invoice	Contracted Amount	Add'l Services	Budgeted	Actual Total YTD
NBS	2/19/2025	$ 11,201.40	$ 7,500.00	$ 2,500.00	$ 10,000	$ 11,201.40
	9/21/2023	$ 2,500.00				
MRG	10/14/2024	$ 5,902.32	$ 31,250.00		$ 28,152	$ 17,651.29
	11/20/2024	$ 1,462.50				
	12/12/2024	$ 4,949.07				
	1/14/2025	$ 393.75				
	4/16/2025	$ 4,493.65				
	5/9/2025	$ 450.00				
Meyers Nave			not set		$ 18,000	$ -
Chavan	2/23/2025	$ 8,500.00	$ 8,500.00		$ 8,500	$ 8,500.00
				Total	**$ 64,652**	**$ 37,353**

May 5, 2025

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

We are pleased to confirm our understanding of the services we are to provide for the North County Library Authority (the "Authority") for the fiscal years ending June 30, 2025, 2026 and 2027. We will audit the financial statements of each major enterprise fund, the aggregate remaining fund information of the Authority, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We will perform the services as noted in **Exhibit A,** as applicable each fiscal year. We are pleased to confirm our acceptance of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit.

The objectives of our audit of the financial statements 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards*, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the Authority complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), require that the items noted below be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of

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assurance on the RSI. The following RSI is required by U.S. GAAP and will be subjected to certain limited procedures but will not be audited:

1. Management's discussion and analysis.
2. General Fund budget to actual schedule.

Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America (GAGAS)).

As part of an audit of financial statements in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the

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determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Authority's basic financial statements. Our report will be addressed to the governing body of the Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Management's Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. 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 error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
4. For taking prompt action when instances of noncompliance are identified;
5. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
6. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;

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7. For making the auditor aware of any significant vendor / contractor relationships where the vendor / contractor is responsible for program compliance;
8. To provide us with:
   a. Access to all information of which management is aware of that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
   b. Additional information that we may request from management for the purpose of the audit; and
   c. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.
   d. A written acknowledgement of all the documents that [management] expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
   e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
9. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
10. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
11. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
12. For informing us of any known or suspected fraud affecting the Authority involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
13. For the accuracy and completeness of all information provided;
14. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
15. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit. We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

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Audit Administration and Fees

Our all-inclusive maximum fee for these services will be as follows **(see Exhibit A)**:

Fiscal year ending June 30, 2025	$8,925
Fiscal year ending June 30, 2026	$9,350
Fiscal year ending June 30, 2027	$9,800

Our fees include out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.).

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit as follows:

Engagement Partner	$400 per hour
Associate Partner	$300 per hour
Audit Manager	$200 per hour
Supervisor	$150 per hour
Senior Auditor	$125 per hour
Staff Auditor	$100 per hour
Administrative	$100 per hour

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report.

You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If cooperation is not provided as anticipated and at a level that hinders the progress of the services to be provided, we retain the right to terminate the contract for cause with thirty (30) days' notice. During that time, the Authority will have the opportunity to provide the cooperation required to complete the audit and C&A may rescind the cancellation.

If the services to be performed by C&A are not performed in an acceptable manner to the Authority, the Authority may cancel this contract for cause by providing notice to C&A, giving at least thirty (30) days' notice of the proposed cancellation and the reasons for same. During that time period, C&A may seek to bring the performance of services to a level that is acceptable to the Authority, and the Authority may rescind the cancellation if such action is in Authority's best interest. Notwithstanding the above provisions, the Authority may, upon the expiration of thirty (30) days written notice to C&A, terminate the agreement at will. Payment for services or goods received prior to termination shall be made by the Authority provided those goods or services

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were provided in a manner acceptable to the Authority. Payment for those goods and services shall not be unreasonably withheld.

Sheldon Chavan, CPA, is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Chavan & Associates LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Nonattest Services

With respect to any nonattest services we perform, the Authority's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Nonattest services include the preparation of the audited financial statements, note disclosures, and required supplementary information that are derived from the audited financial statements. These items will be prepared from information prepared and provided by the Authority during our audit, such as the Authority's trial balance.

We will not assume management responsibilities on behalf of the Authority. However, we will provide advice and recommendations to assist management in performing its responsibilities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards, including GAAS and GAGAS, as previously noted.
- This engagement is limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries. Our firm will advise the Authority with regard to the nonattest services provided, but the Authority must make all decisions with regard to those matters.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

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Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

The audit documentation for this engagement is the property of Chavan & Associates LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to state and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. In accordance with the requirements of *Government Auditing Standards*, a copy of our latest external peer review report of our firm was provided with our previously submitted proposal. If requested, access to audit documentation will be provided under the supervision of Chavan & Associates LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

We will be available during the year to consult with you on financial management and accounting matters of a routine nature. You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to management and the Council the following significant items from the audit:

- Our view about the qualitative aspects of the Authority's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and

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- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

If the foregoing is in accordance with your understanding, please indicate your agreement by signing this letter via the DocuSign link or returning a signed copy via email. If you have any questions, please let us know.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Very truly yours,

C & A LLP

Sheldon Chavan, CPA, Managing Partner
Chavan & Associates, LLP

RESPONSE:

This letter correctly sets forth the understanding of the North County Library Authority.

Signature:

Title:

Date:

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Exhibit A

Services	2025	2026	2027
NCLA Audit, Reports and Letters	$ 8,925	$ 9,350	$ 9,800
Printing and binding reports	Included	Included	Included
GASB implementation and guidance	Included	Included	Included
Present Reports to Board and Committees	Included	Included	Included
Meals, Lodging and Transportation	Included	Included	Included
Total All-Inclusive Maximum Price	**$ 8,925**	**$ 9,350**	**$ 9,800**

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April 30, 2025

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

Dear Mr. Bedard:

Municipal Resource Group LLC (MRG) has provided liaison services between the City of Los Altos and the North County Library Authority JPA (NCLA). MRG has provided support to the JPA and the City with facilitation services including coordinating materials for meetings, facilitating meetings, budget development and recordkeeping. As requested, we are submitting an amendment to extend the contract and add additional hours. MRG suggests an amendment to add 200 hours which will cover FY2526 and FY2627.

Please review the proposed scope of services. MRG consultant Christi Mansel is pleased to provide services as attached. Let us know if you need anything further.

Sincerely,

Mary Egan

Mary Egan, CEO
MRG LLC
916-261-7547
egan@solutions-mrg.com

Scope of Work
The North County Library Authority, a Joint Powers Authority between the City of Los Altos and Town of Los Altos Hills, has requested assistance with meeting facilitation, accounting and management and tracking of fiscal issues.

- Prepare and maintain records of all NCLA meetings, including financial spreadsheet(s). Consultant will prepare the meeting agendas, capture input and summarize into minutes, create and update financial spreadsheet(s), interpret investment account statements into lay language, send out communications to meeting participants, and coordinate with the City of Los Altos, Town of Los Altos Hills, NCLA, Santa Clara County Treasurer's Office and Santa Clara County Library District (SCCLD), as needed. The preparation of financial spreadsheets include preparing and updating the Operating Budget, providing at each meeting the Disbursements Report (Summary of Revenues and Expenditures), annually updating the Fund Balance Projection and preparing the quarterly Financial Statements. Preparation of the meeting agendas includes preparation of the agenda packet including staff reports for each agenda item.

- Facilitate regularly scheduled meetings, Special Meetings and follow-up: Consultant will assist the NCLA in compliance with the newly updated Brown Act, meeting protocol, and follow-up on meeting items as needed. Issue meeting links, record and publish meeting video in coordination with Los Altos IT.

- Track Financial Information: Consultant will prepare and maintain spreadsheet(s) to inform the Authority and City Staff from Los Altos Hills and Los Altos of financial status and information. Provide accounting assistance for vendor payments, including communications to approve and confirm payments and follow up.

    - Coordinate with City Staff or other contact to pick up and share NCLA mail on a timely basis. Need to establish pick-up schedule. Consultant is not local to Los Altos vicinity.

- The annual Parcel Tax Resolution and the computation of the annual Gann Limit is prepared by the MRG consultant. The MRG consultant has the responsibility to deliver these two approved, and signed, Resolutions to the appropriate County and State entities prior to the posted deadline. The MRG consultant works with the audit firm (Chavan and Associates) to provide to the audit firm all requested items, reports and materials as needed for Chavan to complete the audit. The only item the audit firm provides to the MRG consultant is the Annual Audit Report for initial review, and then for presentation to the Board for final acceptance. Coordinate information with attorneys Meyers Nave, as needed and approved by the Board. Coordinate other reports as needed for NCLA.

Project Fees
MRG will invoice NCLA for actual hours worked at $240 per hour, estimated at 15-20 hours per month. Expenses will be invoiced at cost, including mileage, printing and miscellaneous expenses up to $350 per meeting.
Additional work not contemplated in this proposal will be billed at the hourly rate and will be undertaken only after agreed upon in writing between the JPA and MRG. This estimate is valid for 60

days from the date of the proposal. Thank you for your continued trust in MRG and we look forward to working with you!

At all times during this project engagement, MRG will be an independent contractor. Both agencies confirm the specialized services are distinct from tasks customarily performed by the Agency. The services of Consultant specifically do not include hiring, firing, or supervising of any Agency personnel. Also, Consultant shall not have contracting or signing authority or act in the position of a Director or represent a management position at commission, Board or Council meetings.