NORTH COUNTY
LIBRARY AUTHORITY

NCLA

May 4, 2026

Board of Directors Meeting Packet

Includes:

NORTH COUNTY LIBRARY AUTHORITY AGENDA

REGULAR MEETING

5:00 PM - Monday, May 4, 2026

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 Meeting Room located at 97 Hillview Ave, Los Altos, CA 94022.

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

Time: May 4, 2026 5:00 PM

Link:
https://us06web.zoom.us/j/85397193733?pwd=SaX2CUcaxmBheNkrtXiecHsTHqkAlp.1&from=addon

Meeting ID: 853 9719 3733
Passcode: 197763

Mobile: +16699006833,,81811448026#,,,,*94022# US (San Jose)

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

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

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

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

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

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.

INFORMATIONAL ITEM

1. **Library Remodel Project update – Anthony Carnesecca, City of Los Altos and Contracted Staff from ABA Studios**

CONSENT ITEMS

1. **Approval of Minutes** for Regular Meeting on 1/26/26
2. **Approval of FY 24-25 Audit Report**
3. **Approval of Current Invoices for Payment**
   a. Chavan & Associates Invoice for FY24-25 Audit
   b. MRG Invoices for January-April 2026
4. **Adopt Resolution 2026-01 Annual Levy Resolution**
5. **Adopt Resolution 2026-02 Annual Gann Limit Resolution**

ITEMS FOR CONSIDERATION/ACTION

6. **Consideration and Adoption of the NCLA Annual Budget FY 26-27**
   a. General Ledger YTD25-26
   b. County Controller Account Statement as of 4/8/2026
   c. Budget v Actual FY25-26 with Proposed Annual Budget for FY26-27

INFORMATIONAL ITEMS

1. County Library System report
2. 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.

Project Update - NCLA

May 4, 2026

CITY OF LOS ALTOS

Main Library Improvements

Introduction / Agenda

Project Context

The design team has finalized Schematic Design (30% Design) and corresponding cost estimate based on the work done in the feasibility study and further discussions with the Technical Advisory Committee and key stakeholders.

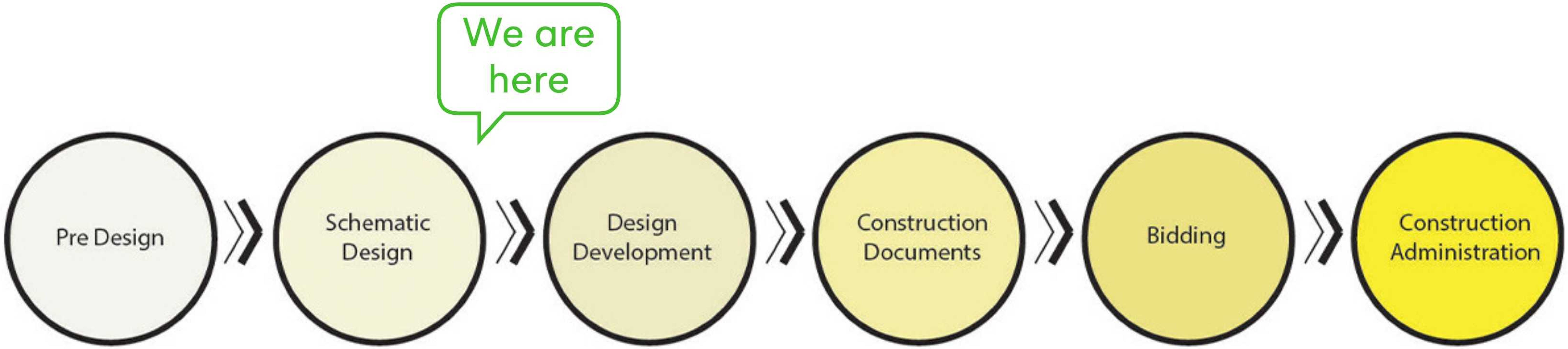
Purpose & Intended Results

- Review the schematic design costs
- Obtain feedback and direction

01 Project Status Update

02 Project Cost Update

03 Conclusion & Next Steps



Pre Design	Schematic Design	Design Development	Construction Documents	Bidding	Construction Administration
	30% DESIGN	60% DESIGN	75% to 95% DESIGN	100% DESIGN	
Fact gathering stage. Establish program and concept design including project budget.	Design Concept Finalized and layout complete. All primary components of the design identified and located.	Design is furthered for building systems, finishes and important details to be developed	Technical drawings and specifications are developed in preparation for City review/approval and bidding by contractors	Project is assembled, including final permitted drawings, specifications, bid requirements for public bid by general contractors	Project is constructed by the General Contractor. Design team involved to oversee construction progress and help review for conformance to the design contract documents

FEASIBILITY

DESIGN & PERMITTING

December 2025 - April 2027

BIDDING & CONSTRUCTION

May 2027 - October 2028

PHASE 1

PHASES 2-3

1.1 Schematic Design Phase (30% Design)

02 Project Cost Update

FACTOR OF TIME (ESCALATION)

Hard Costs ~70% + Soft Costs ~30% = Total Project Costs 100%

Bid Award Costs

Costs Required to Deliver Project

Bid Award Costs
-Brick & Mortar Construction Costs
-General Conditions
-Contractor's Costs
-Contingencies for Variables (i.e. design, construction, unforseens)

Costs Required to Deliver Project
-Design & Engineering Costs
-Permitting Fees
-Owner's Consultants
-Testing & Inspections
-Furniture, Fixtures & Equipment
-Financing Costs
-Moving & Relocation Costs
-Construction (CO) Contingency

Key Assumptions
- Assumes a hard bid (Design bid build)
- Construction start in August 2027
- Construction finish in October 2028
- Selective Building Demolition (interior only)
- Single phase construction

Exclusions
- Hazardous Materials Abatement
- Seismic Upgrades
- Relocation and temporary facilities
- Project labor agreement requirements
- Exterior Cladding and Roofing

2.1 Schematic Design Cost Estimating

FACTOR OF TIME (ESCALATION)

	Hard Costs ~70%	+ Soft Costs ~30%	= Total Project Costs 100%
	Bid Award Costs	Costs Required to Deliver Project	
Phase 2 - 30% Design	**$10.195 M***	**$3.271 M**	**$13.466 M**
Phase 1 - Concept Final	*$8.314 M*	*$3.900 M*	*$12.214 M*
Phase 1 - Concept Draft	*$9.100 M*	*$3.900 M*	*$13.000 M*

** Of the $10.195M in construction costs, approximately $1.3M is related to electrification*

2.2 Schematic Design Cost Summary

HARD COSTS

- $7,003,250 - Direct Costs of Construction
- $210,997 - General Requirements
- $724,425 - General Conditions
- $215,154 - Bonds & Insurance
- $245,515 - Contractor's Fee
- $842,934 - Design Contingency
- $922,736 - Escalation

$10,195,011 TOTAL HARD COSTS

SOFT COSTS*

- $1,140,000 - Design & Engineering Fees
- $160,725 - City Plan Review & Permitting Fees
- $113,080 - Owners Consultants
- $6,920 - Haz Mat Testing Fees
- $100,000 - Testing & Inspections
- $400,000 - Construction Contingency
- $400,000 - Owner Contingency
- $200,000 - Audio Visual Equipment
- $750,000 - Furniture Fixtures & Equipment

$3,270,725 TOTAL SOFT COSTS

** Draft anticipated soft costs based on information available to date. Subject to change through coordination with the City.*

2.3 Schematic Design Cost Summary

aba STUDIOS sccld

VARIANCE MATRIX

		Conceptual (21,250 sf) 7/11/2025	Schematic Design (23,613 sf) 4/8/2026	Variance	Notes
Element		Total	Total		
02 Existing Conditions		$204,800	$200,089	($4,711)	
03 Concrete		$39,728	$72,627	$32,898	
05 Metals		$58,438	$76,337	$17,899	
06 Wood, Plastics, And Composites		$83,475	$158,931	$75,456	
07 Thermal And Moisture Protection		$10,775	$24,226	$13,451	Variance driven by addition of PV panel scope,resulting in roof patching and repairs
08 Openings		$611,133	$436,370	($174,763)	
09 Finishes		$982,261	$931,997	($50,264)	
10 Specialties		$166,588	$140,300	($26,287)	
12 Furnishings			$36,980	$36,980	Mechoshades Sope added
21 Fire Suppression		$106,250	$94,452	($11,798)	
22 Plumbing		$372,088	$317,328	($54,759)	
23 HVAC		$648,125	$1,012,430	$364,305	Scope Addedd - Heat Pump
25 Integrated Automation		$53,125	$99,555	$46,430	Variance driven by increase in area from 21,250 SF (Conceptual) to 23,613 SF (SD)
26 Electrical		$1,326,000	$2,652,949	$1,326,949	Variance driven by increase in project area Variance driven by addition of PV panels and BESS, including new switchboard/panel and PG&E upgrade scope
27 Communications		$205,063	$271,550	$66,487	Variance driven by increase in project area
28 Electrical Safety And Security		$384,625	$489,970	$105,345	Variance driven by increase in project area
Subtotal Cost		$5,252,472	$7,033,250	$1,780,778	
General Requirements	3.0%	$262,624	$210,997	($51,626)	
General Conditions	10.0%	$551,510	$724,425	$172,915	
Bonds & Insurance	2.7%	$163,798	$215,154	$51,356	
Contractor's Fee	3.00%	$311,520	$245,515	($66,005)	
Design Contingency	10.0%	$1,177,546	$842,934	($334,612)	
Escalation to MOC, 03/16/28	Varies	$594,543	$922,736	$328,193	MOC Conceptual 01/15/2027 vs SD 03/16/2028
Total Estimated Construction Cost		**$8,314,013**	**$10,195,011**	**$1,880,998**	

2.4 Cost Summary & Comparison

MECHANICAL / HVAC		
HVAC Demolition		$12,397
Existing boilers, water piping, gas piping		
Air Source Heat Pump Equipment		$116,000
Piping, Pump, Storage Tank		
Mechanical Yard Improvements & Expansion		$35,000
ELECTRICAL		
Service and Distribution		$247,937
Main Switchboard, Distribution & Panel Boards, Transformer, Conduit & Wire		
PV Roof Mount System, 20kW		$79,250
PV Panels, Mounting/Racking, Hardware		
Battery Energy Storage System (BESS)		$68,000
Battery, enclosure, pad		
Main Switchboard		$158,460
2000 am, 480/277v, 3ph, 4w N3R		
HVAC Equipment Connections		$90,320
Conduit, wire, and connections individual equipment		
Electrical Requirements		$36,102
Startup, Commissioning, 3rd party testing, supports and penetrations, labeling, firestopping		
Electrical General Conditions		$122,228
Tools, Office/Staffing, Indirect Labor, Equipment Rentals		
Subtotal:		**$965,693**
Project General Requirements	3.00%	$28,971
Project General Conditions	10.00%	$99,466
Bonds & Insurance	2.70%	$29,542
Contractor's Fee	3.00%	$33,710
Design Contingency	10.00%	$115,738
Escalation	9.95%	$126,675
TOTAL:		**$1,399,796**

2.5 Cost for Electrification and Photovoltaics

aba STUDIOS sccld

03 Conclusion & Next Steps

Stage	Design level	Description
Pre Design		Fact gathering stage. Establish program and concept design including project budget.
Schematic Design	30% DESIGN	Design Concept Finalized and layout complete. All primary components of the design identified and located.
Design Development	60% DESIGN	Design is furthered for building systems, finishes and important details to be developed
Construction Documents (Future NCLA Check In)	75% to 95% DESIGN	Technical drawings and specifications are developed in preparation for City review/approval and bidding by contractors
Bidding (Future NCLA Check In)	100% DESIGN	Project is assembled, including final permitted drawings, specifications, bid requirements for public bid by general contractors
Construction Administration		Project is constructed by the General Contractor. Design team involved to oversee construction progress and help review for conformance to the design contract documents

FEASIBILITY

DESIGN & PERMITTING

December 2025 - April 2027

BIDDING & CONSTRUCTION

May 2027 - October 2028

PHASE 1

PHASES 2-3

3.1 Next Steps

NORTH COUNTY LIBRARY AUTHORITY
REGULAR MEETING MINUTES
5:00 PM - Monday, January 26, 2026

via Videoconference and In person at the Los Altos Community Center; Birch Room

President Bedard called the meeting to order at 5:04 P.M.

ESTABLISH QUORUM

Present: President Pierre Bedard, Vice President Larry Lang, Secretary Aarti Johri, Pete Dailey

Absent: Linda Swan

PLEDGE OF ALLEGIANCE

INTRODUCTION OF NEW MEMBERS
There are no new members.

REQUIRED ACTIONS

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

   Pete Dailey nominated Larry Lang for the office of President. Pierre Bedard seconded the motion.

   The motion passed in a roll call vote as follows:

   Pierre Bedard - yes

   Pete Dailey - yes

   Aarti Johri – yes

   Larry Lang – yes

   Pete Dailey nominated Linda Swan for the office of Vice President. Larry Lang seconded the motion.

   The motion passed in a roll call vote as follows:

   Pierre Bedard - yes

   Pete Dailey - yes

   Aarti Johri – yes

   Larry Lang – yes

Pierre Bedard nominated Aarti Johri for the office of Secretary. Pete Dailey seconded the motion.

The motion passed in a roll call vote as follows:

Pierre Bedard - yes

Pete Dailey - yes

Aarti Johri - yes

Larry Lang - yes

PUBLIC COMMENTS

There were no public comments.

CONSENT ITEMS

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

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

Aarti Johri made a motion to approve the consent items as presented. Pierre Bedard seconded the motion.

The motion passed in a roll call vote as follows:

President Bedard - yes

Boardmember Dailey - yes

Secretary Johri – yes

Vice President Lang – yes

DISCUSSION ITEMS

1. **NCLA Teleconference Policy**
   This item is being brought to the Board as a result of the State passing SB707 in October 2025 to clarify and refine some of the teleconference policies that began under COVID limitations. While NCLA is not a mandated entity under this law, it wishes to clarify its policies in the interest of transparency.

   In discussion, it was decided to table this policy until the City policy is released and NCLA counsel has reviewed and commented.

INFORMATION ITEMS

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

   Public comments were received.

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

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

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

5. **Receive report from the City of Los Altos on the Library Remodel Project**
   Los Altos City Liaison Anthony Carnesecca reported that Phase II has begun. The Technical Advisory Committee has met twice and is progressing through the items. The next milestone requiring NCLA action is not expected until Summer 2026 at the earliest.

6. **Receive report from Santa Clara County Library District**
   County Librarian Jennifer Weeks reported on library system activities.

7. **Receive report from Community Librarian**
   Librarian Rose Baiza reported on Los Altos Library activities.

NEW AGENDA ITEMS
There were no new agenda items.

COMMISSIONERS' REPORTS AND COMMENTS

NEXT MEETING DATE
A meeting is required in May to act on mandatory annual resolutions. It is tentatively set for Monday, May 4, 2026.

ADJOURNMENT

President Lang adjourned the meeting at 5:41 P.M.

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

BILL TO
Ms. Christi Mansel
North County Library Authority
8890 Mooney Road, Elk Grove, CA
95624

INVOICE C&A-19060

DATE 02/17/2026

DUE DATE 02/27/2026

ACTIVITY	AMOUNT
Nonprofit Audit Services - SDC This bill is for professional services rendered during the Authority's June 30, 2025 financial statement audit.	8,925.00

TOTAL DUE **$8,925.00**

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

Please note: There is a 3% processing fee for credit card payments as well as any other third-party payment service providers and a 1% processing fee for Bill.com payments.

Pay invoice

Municipal Resource Group LLC

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

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

INVOICE

TAX ID: 26-4149793
INVOICE DATE: 2/11/2026
INVOICE NO: 260132
BILLING THROUGH: 1/31/2026

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

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
1/5/2026	Meet with President	0.50	$240.000	$120.00
1/8/2026	Review SB707 and Teleconference Policy. Email communications	2.00	$240.000	$480.00
1/9/2026	Teleconference with President	0.25	$240.000	$60.00
1/12/2026	Meet with President. Edit Teleconference Policy draft. Email communications	0.75	$240.000	$180.00
1/13/2026	Review legal opinion. Email communications	0.25	$240.000	$60.00
1/15/2026	Prepare meeting packet, agenda, and financial reports	3.00	$240.000	$720.00
1/16/2026	Edit meeting packet	1.00	$240.000	$240.00
1/17/2026	Review meeting video for minutes	0.50	$240.000	$120.00
1/19/2026	Prepare meeting packet and documents	0.75	$240.000	$180.00
1/20/2026	Review audit reports. Update meeting packet. Email communications. Teleconference with President	2.25	$240.000	$540.00
1/21/2026	Review Board responses and verify posting	0.25	$240.000	$60.00
1/22/2026	Review Board responses and verify posting	0.25	$240.000	$60.00
1/26/2026	Onsite meeting including travel. Prepare documents for signature	7.50	$240.000	$1,800.00
1/28/2026	Review meeting video and payment authorization. Request room for May meeting. Email Board member	1.25	$240.000	$300.00
1/29/2026	Prepare state required FTR. Email communications	1.00	$240.000	$240.00
	TOTAL SERVICES	**21.50**		**$5,160.00**

EXPENSES

DESCRIPTION	AMOUNT
Mileage	$168.20
TOTAL EXPENSES	**$168.20**

SUBTOTAL	**$5,328.20**
AMOUNT DUE THIS INVOICE	**$5,328.20**

This invoice is due on 3/13/2026

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

Municipal Resource Group LLC

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

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

INVOICE

TAX ID: 26-4149793
INVOICE DATE: 4/13/2026
INVOICE NO: 260368
BILLING THROUGH: 3/31/2026

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

PROFESSIONAL SERVICES

DATE	DESCRIPTION	HOURS	RATE	AMOUNT
2/2/2026	FTR and submit	0.50	$240.000	$120.00
2/17/2026	Email communication. Prepare government compensation report, send to state	0.50	$240.000	$120.00
3/2/2026	Email communications. Research	0.75	$240.000	$180.00
3/11/2026	Send meeting notices. Email President and NBS	0.25	$240.000	$60.00
3/17/2026	Update Sr. Exemption form. Emails to NBS and City liaison	0.75	$240.000	$180.00
	TOTAL SERVICES	**2.75**		**$660.00**

SUBTOTAL	**$660.00**
AMOUNT DUE THIS INVOICE	**$660.00**

This invoice is due on 5/13/2026

ACCOUNT SUMMARY

SERVICES BTD	EXPENSES BTD	LAST INV NO	LAST INV DATE	LAST INV AMT	LAST PAY AMT	PREV UNPAID AMT
$15,720.00	$330.60	260132	2/11/2026	$5,328.20	$9,282.40	$5,328.20

TOTAL AMOUNT DUE INCLUDING THIS INVOICE	**$5,988.20**

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

RESOLUTION NO. 2026-01

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 2026/27.

* * * * *

The above and foregoing resolution was duly and regularly introduced and adopted at a meeting of the Board of the North County Library Authority held on the 4th day of May 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____

Larry Lang, Authority President

RESOLUTION NO. 2026-02

A RESOLUTION OF THE NORTH COUNTY LIBRARY AUTHORITY SETTING THE FY 26/27 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 2026/27 $4,689,389

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 4th day of May 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____

Larry Lang, Authority President

Exhibit A

Calculation Worksheet (not part of resolution document)

FY 2025-2026 Adopted Appropriations Limit		**$4,381,130**
2025 Per Capita Income Change* (CA Department of Finance) **6.44%**	**x**	**1.0644**
FY 2025 Population Change (Cities of Los Altos Hills & Los Altos)** **0.56%**	**x**	**1.0056**
FY 2026-2026 Proposed Appropriations Limit	**=**	**$4,689,389**

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

*https://dof.ca.gov/media/docs/forecasting/Demographics/price-and-population-factors/PricePop25CoverLetter.pdf

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

NORTH COUNTY LIBRARY AUTHORITY

NCLA

NCLA General Ledger FY 25-26

ACCOUNT NAME	North County Library Authority (NCLA)
ACCT NO.	Fund 8210
MONTH ENDING	current through 4/8/2026

STARTING BALANCE	
$	**10,959,031.33**
TOTAL ADJUSTED BALANCE	
$	**10,604,855.10**

			TRANSACTIONS		
DATE	**DESCRIPTION**	**POST REFERENCE**	**DEBIT**	**CREDIT**	**BALANCE**
08/01/2025	Interest	Int Alloc FY25 Qtr 4 Advance		$ 71,734.47	$ 11,030,765.80
08/22/2025	Interest	Int Alloc FY25 Qtr 4 Final		$ 22,778.75	$ 11,053,544.55
09/22/2025	MRG Invoices Feb, May - Aug	MRG Inv#250-179-520-629-698-835	$ (8,317.50)		$ 11,045,227.05
09/22/2025	City of Los Altos	Lib Improv Proj	$ (1,254,000.00)		$ 9,791,227.05
10/01/2025	Interest	FY25-Q2 Int App		$ 17,403.86	$ 9,808,630.91
11/01/2025	Interest	Int Alloc-FY26 Qtr 1 Advance		$ 70,720.04	$ 9,879,350.95
12/02/2025	Interest	Int Alloc-FY26 Qtr 1 Final		$ 35,178.28	$ 9,914,529.23
01/21/2026	Tax Revenue	12/10/25 SEC FIN		$ 617,600.32	$ 10,532,129.55
02/01/2026	Interest	Int Alloc-FY26 Qtr 2 Advance		$ 63,968.92	$ 10,596,098.47
02/03/2026	MRG Invoices	MRG Inv#250937, 1068, 1129, 1197, 0005	$ (9,282.40)		$ 10,586,816.07
02/03/2026	NBS Invoice	NBS Govt Fin Group 202509-302	$ (2,628.74)		$ 10,584,187.33
02/27/2026	Interest	Int Alloc-FY26 Qtr 2 Final		$ 29,386.26	$ 10,613,573.59
03/01/2026	Adjusting Entry	Int Alloc-FY26 Qtr 1 Advance	$ (70,720.04)		$ 10,542,853.55
03/01/2026	Adusting Entry	Int Alloc-FY26 Qtr 1 Final	$ (35,178.28)		$ 10,507,675.27
03/01/2026	Adjusting Entry	Int Alloc-FY26 Qtr 2 Advance	$ (63,968.92)		$ 10,443,706.35
03/01/2026	Adjusting Entry	Int Alloc-FY26 Qtr 2 Final	$ (29,386.26)		$ 10,414,320.09
03/01/2026	Interest	Int Alloc-FY26 Qtr1 Final		$ 105,896.81	$ 10,520,216.90
03/01/2026	Interest	Int Alloc-FY26 Qtr 2 Final		$ 93,260.24	$ 10,613,477.14
03/06/2026	NBS Invoice	NBS Govt Fin Group 202509-302	$ (8,622.04)		$ 10,604,855.10

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	10,613,573.59	
	106800390	SA	03/01/26				Int Alloc-FY26 Qtr 1 Adva				70,720.04-
	106800392	SA	03/01/26				Int Alloc-FY26 Qtr 1 Fina				35,178.28-
	106800418	SA	03/01/26				Int Alloc-FY26 Qtr 2 Adva				63,968.92-
	106800421	SA	03/01/26				Int Alloc-FY26 Qtr 2 Fina				29,386.26-
	106800430	SA	03/01/26				Int Alloc-FY26 Qtr 1 Fina			105,896.81	
	106800489	SA	03/01/26				Int Alloc-FY26 Qtr 2 Fina			93,260.24	
									Doc Type Subtotal	199,157.05	199,253.50-
	2004927109	ZQ	03/06/26				20260305-BTA01				8,622.04-
									Doc Type Subtotal	0.00	8,622.04-
									Total Period Activity	199,157.05	207,875.54-
1100000 Cash-Clearing									Ending Balance	10,604,855.10	
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-
L I A B I L I T I E S											
2100000 AP Vendor Reconciliation Account									Beginning Balance	0.00	
	1908094833	KR	03/06/26					202509-3020	*NCLA-NBS Government Fin Group,202509-302		8,622.04-
									Doc Type Subtotal	0.00	8,622.04-
	2004927109	ZQ	03/06/26				20260305-BTA01			8,622.04	
									Doc Type Subtotal	8,622.04	0.00
									Total Period Activity	8,622.04	8,622.04-
2100000 AP Vendor Reconciliation Account									Ending Balance	0.00	
E Q U I T Y											
3400000 Fund Balance / Retained Earnings									Beginning Balance		11,033,374.07-
									Total Period Activity	0.00	0.00
3400000 Fund Balance / Retained Earnings									Ending Balance		11,033,374.07-

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
R E V E N U E S											
4301100	Interest - Deposits and Investments								Beginning Balance		216,657.36-
	106800390	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 1 Adva		8210 Int Alloc - FY 2026 QTR 1 Advance	70,720.04	
	106800392	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 1 Fina		8210 Int Alloc - FY 2026 QTR 1 Final	35,178.28	
	106800418	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 2 Adva		8210 Int Alloc - FY 2026 QTR 2 Advance	63,968.92	
	106800421	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 2 Fina		8210 Int Alloc - FY 2026 QTR 2 Final	29,386.26	
	106800430	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 1 Fina		8210 Int Alloc - FY 2026 QTR 1 Final		105,896.81-
	106800489	SA	03/01/26	T8210			Int Alloc-FY26 Qtr 2 Fina		8210 Int Alloc - FY 2026 QTR 2 Final		93,260.24-
									Doc Type Subtotal	199,253.50	199,157.05-
									Total Period Activity	199,253.50	199,157.05-
4301100	Interest - Deposits and Investments								Ending Balance		216,560.91-
4980350	Trust Funds-DIrect Assessments								Beginning Balance		617,600.32-
									Total Period Activity	0.00	0.00
4980350	Trust Funds-DIrect Assessments								Ending Balance		617,600.32-
E X P E N D I T U R E S											
5800010	Trust Funds-Disbursements								Beginning Balance	1,274,228.64	
	1908094833	KR	03/06/26	T8210	00999999			202509-3020	NCLA-NBS Government Fin Group,202509-3020	8,622.04	
									Doc Type Subtotal	8,622.04	0.00
									Total Period Activity	8,622.04	0.00
5800010	Trust Funds-Disbursements								Ending Balance	1,282,850.68	
*TOTAL FUND	N County Library Authority Pool Deposit								Ending Balance	0.00	0.00

Outlook

RE: Question about statement

From Mutuc, Marilou <marilou.mutuc@FIN.SCCGOV.ORG>
Date Wed 4/22/2026 12:47 PM
To Tang, Brendan <Brendan.Tang@fin.sccgov.org>; Christi Mansel <cmansel@solutions-mrg.com>

Thanks for the forward, Brendan.

Hi @Christi Mansel,

The reason for the adjustment is about an incorrect currency code posted in Sept. which resulted in a wrong Average Daily Cash Balance (ADCB) in the interest table. The trial balance report is good though. The correct ADCB resulted in a decrease in interest rates as follows:

	A) Prior Run	B) Revised Run	Diff (B-A)
Q1	3.85697%	3.85691%	-0.00005%
Q2	3.75369%	3.74987%	-0.00382%

As with any errors, we are working with our technical team and also adding additional step in our review to avoid reoccurrence. We appreciate your understanding.

Regards,

Marilou Mutuc
Accountant | Controller-Treasurer Dept
70 W. Hedding St | 2 Flr East Wing | San Jose, CA 95110
Phone: (408) 299-5249
COUNTY OF SANTA CLARA 175 Years of service to the community

From: Tang, Brendan <Brendan.Tang@fin.sccgov.org>
Sent: Wednesday, April 22, 2026 11:42 AM
To: Mutuc, Marilou <marilou.mutuc@FIN.SCCGOV.ORG>
Cc: Christi Mansel <cmansel@solutions-mrg.com>
Subject: FW: Question about statement

Hi Marilou,

Please see below from Christi regarding interest apportionment for Fund 8210.

Regards,

NORTH COUNTY
LIBRARY AUTHORITY

NCLA

NCLA FY 25-26 Budget v Actual

	2023/24 Actual Year End	2024/2025 Actual	2025/2026 Budget	2025/2026 Actual	% of Budget
Rate per Parcel	$76	$76	$76	$76	
FUND BALANCE as of 7/1	**$8,430,682**	**$9,733,794**	**$10,959,031**	**$10,959,031**	
OPERATING EXPENDITURES					
County Staffing	$ -	$ -	$ -	$ -	
Other Library Costs (RFP & Renovations)		$ 145,891	$ 4,381,130	$ 1,254,000	29%
Administrative Costs	$ 50,902	$ 36,902	$ 62,318	$ 46,910	75%
Tax (NBS)	$ 10,691	11,201	$ 12,500	$ 11,251	90%
Legal	$ 7,663		$ 10,000	$ 3,146	31%
Election					
Audit	$ 8,500	$ 8,500	$ 9,818	*$ 8,925*	91%
Admin	$ 24,048	$ 17,201	$ 30,000	*$ 23,588*	79%
Total Operating Expenditures	**$ 50,902**	**$ 182,793**	**$ 4,443,448**	**$ 1,300,910**	29%
REVENUES					
Tax Revenue*	$ 1,053,059	$ 1,055,617	$ 1,055,617	$ 617,600	59%
Interest Income**	$ 280,784	$ 352,410	$ 216,700	$ 311,074	144%
Other Revenues***	$ 20,170				
Total Revenues	**$ 1,354,013**	**$ 1,408,028**	$ 1,272,317	$ 928,674	73%
OPERATING SURPLUS/(DEFICIT)	**$ 1,303,111**	**$ 1,225,234**	**$ (3,171,130)**	**$ (372,236)**	12%
FUND BALANCE as of 6/30	**$9,733,793**	**$10,959,028**	**$7,787,901**	**$10,586,795**	136%

*Tax Revenue posts in late January and late June

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

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

Updated as of 4/23/26

Administrative Cost Projections
North County Library Authority
FY 2025-2026

	Date	Actual Invoice	Contracted Amount	Add'l Services	Budgeted	Actual Total YTD
NBS	2/3/2026	$ 2,629	set price + ann		$ 12,500	$ 11,251
	3/6/2026	$ 8,622	fed COLA			
MRG	9/22/2025	$ 8,318	$ 30,000		$ 30,000	$ 23,588
	2/3/2026	$ 9,282				
	5/10/2026	*$ 5,988*				
Redwood Public Law*	2/3/2026	*$ 3,146*	set rates		$ 10,000	$ 3,146
Chavan	5/10/2026	*$ 8,925*	$ 8,925		$ 9,818	$ 8,925
				Total	**$ 62,318**	**$ 46,910**

*Redwood Public Law's payment does not appear on General Ledger due to their delay in providing payment information to the County Controller's Office.

NORTH COUNTY
LIBRARY AUTHORITY

NCLA

NCLA FY 26-27 Proposed Budget

	2024/2025 Actual	2025/2026 Actual	2026/2027 Proposed
Rate per Parcel	$76	$76	$76
FUND BALANCE as of 7/1	**$9,733,794**	**$10,959,031**	**$11,027,672**

OPERATING EXPENDITURES

	2024/2025	2025/2026	2026/2027
County Staffing	$ -	$ -	$ -
Other Library Costs (RFP & Renovations)	$ 145,891	$ 1,254,000	$ -
Administrative Costs	$ 36,902	$ 46,910	$ 61,500
Tax (NBS)	11,201	$ 11,251	$ 12,000
Legal		$ 3,146	$ 10,000
Election			
Audit	$ 8,500	*$ 8,925*	*$ 9,500*
Admin	$ 17,201	*$ 23,588*	*$ 30,000*
Total Operating Expenditures	**$ 182,793**	**$ 1,300,910**	**$ 61,500**

REVENUES

	2024/2025	2025/2026	2026/2027
Tax Revenue	$ 1,055,617	*$ 1,058,476*	$ 1,058,476
Interest Income	$ 352,410	$ 311,074	$ 350,000
Other Revenues			
Total Revenues	**$ 1,408,028**	$ 1,369,550	$ 1,408,476

	2024/2025	2025/2026	2026/2027
OPERATING SURPLUS/(DEFICIT)	**$ 1,225,234**	**$ 68,640**	**$ 1,346,976**

	2024/2025	2025/2026	2026/2027
FUND BALANCE as of 6/30	**$10,959,028**	**$11,027,671**	**$12,374,648**

To the Board of Directors of the
North County Library Authority

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

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

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

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

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

Other Information in Documents Containing Audited Financial Statements

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

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

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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 except that the report was issued by us later than expected. The delay in the report issuance was due to turnover in the audit team assigned to the engagement.

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

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

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates

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

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

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

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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 which consists of cash held with the county.

Significant Unusual Transactions

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

Identified or Suspected Fraud

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

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

Disagreements with Management

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

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

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

C & A LLP

December 22, 2025
Morgan Hill, California

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North County Library Authority

Los Altos, California

Annual Financial Report

For the Fiscal Year Ended June 30, 2025

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

North County Library Authority

Annual Financial Report
For the Fiscal Year Ended June 30, 2025

Table of Contents

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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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.

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

C & A LLP

December 22, 2025
Morgan Hill, California

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Management's Discussion and Analysis

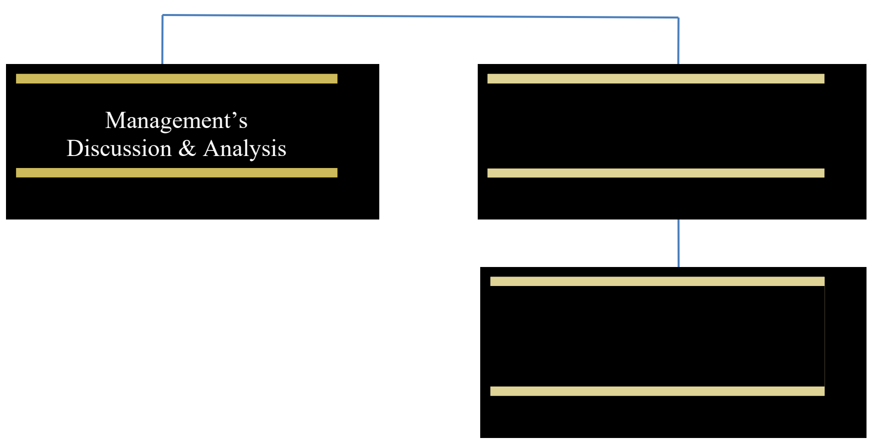
INTRODUCTION

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, 2025. This report will (1) focus on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

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

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

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year were as follows:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

Statement of Net Position

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

Statement of Activities

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

FINANCIAL ANALYSIS OF THE AUTHORITY

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

Table 1 - Summary of Net Position

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

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

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

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

FACTORS BEARING ON THE AUTHORITY'S FUTURE

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

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. General

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

B. Reporting Entity

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

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

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

C. Accounting Principles

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

D. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

E. Basis of Accounting

Government-Wide Financial Statements:

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

Governmental Fund Financial Statements:

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

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

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

Expenses/Expenditures:

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

F. Fund Accounting

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

G. Budgets and Budgetary Accounting

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

H. Cash and Investments

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

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

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

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

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

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

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

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

I. Accounting Estimates

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

J. Net Position

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

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

K. Fund Balance

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

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

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

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

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

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

L. Implementation of New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*

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

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

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

GASB Statement No. 102, *Certain Risk Disclosures*

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

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

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

M. Upcoming Accounting and Reporting Changes

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

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

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

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

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

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

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

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

NOTE 2 - CASH AND INVESTMENTS

Summary of Cash and Investments

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

Fair Value Measurements

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

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

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

Cash in Santa Clara County Treasury

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

Risk Disclosures

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

a) Interest Rate Risk

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

b) Credit Risk

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

c) Custodial Credit Risk

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

d) Concentration of Credit Risk

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

OTHER INDEPENDENT AUDITOR'S REPORTS

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 fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NCLA's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

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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 22, 2025
Morgan Hill, California

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NORTH COUNTY
LIBRARY AUTHORITY

NCLA

December 22, 2025

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

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

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

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

Financial Statements

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

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

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

Information Provided

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

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

Signature ______________________________

Name ______________________________

Title ______________________________