

**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
FINANCIAL STATEMENTS**

**June 30, 2000**

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FINANCIAL STATEMENTS**

**June 30, 2000**

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Larry D. Johnson

Certified Public Accountant

Board Members  
Northbay Cooperative Library System  
Santa Rosa, CA

I have audited the accompanying general purpose financial statements of the Northbay Cooperative Library System as of and for the year then ended June 30, 2000, listed in the financial section of the foregoing table of contents. These financial statements and the supplemental information discussed below are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the combined general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Northbay Cooperative Library System at June 30, 2000, and the results of its operation of the Library for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the combined general purpose financial statements taken as a whole. The combining, individual fund, and the supplemental schedule listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Northbay Cooperative Library System. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report on compliance with laws and regulations and internal controls, as well as a report on State Compliance, both of which are dated September 22, 2000.



Larry D. Johnson  
Certified Public Accountant

September 22, 2000  
Santa Rosa, CA

**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Combined Balance Sheet - All Fund Types & Account Groups**  
**June 30, 2000**

	Governmental Fund Type	Fiduciary Fund Types Expendable Trusts	Account Groups		Total Memorandum Only	
			General Fixed Assets	General Long Term Debt	6/30/00	6/30/99
	General Fund					
<b>ASSETS:</b>						
Cash in County Treasury	\$ 407,364	\$ 208,204	\$ -	\$ -	\$ 615,568	\$ 733,479
Cash - Other	50	-	-	-	50	50
Receivable-Grants	-	78,057	-	-	78,057	73,159
Receivable-Other	20,679	-	-	-	20,679	39,737
Equipment	-	-	138,502	-	138,502	88,007
Amount to be Provided for the Payment of General Long Term Debt	-	-	-	20,896	20,896	19,678
<b>TOTAL ASSETS</b>	<b>\$ 428,093</b>	<b>\$ 286,261</b>	<b>\$ 138,502</b>	<b>\$ 20,896</b>	<b>\$ 873,752</b>	<b>\$ 954,110</b>
<b>LIABILITIES &amp; FUND BALANCES</b>						
<b>Liabilities:</b>						
Deferred Revenue	\$ -	\$ 192,811	\$ -	\$ -	\$ 192,811	\$ 167,334
Accounts Payable	13,491	-	-	-	13,491	25,692
Compensated Absences	-	-	-	20,896	20,896	19,678
<b>TOTAL LIABILITIES</b>	<b>13,491</b>	<b>192,811</b>	<b>-</b>	<b>20,896</b>	<b>227,198</b>	<b>212,704</b>
<b>Fund Equity:</b>						
Investment in General Fixed Assets	-	-	138,502	-	138,502	88,007
<b>Fund Balances:</b>						
Reserve for Future Claims	-	68,586	-	-	68,586	71,435
Reserve for Equipment Replacement	-	24,864	-	-	24,864	23,526
Reserve for Encumbrances	731	-	-	-	731	1,086
Reserve for Future Commitments	377,838	-	-	-	377,838	527,838
Reserve for Future Retiree Benefits	150,000	-	-	-	150,000	-
Unreserved: Undesignated (Deficit)	(113,967)	-	-	-	(113,967)	29,514
Total Fund Balances	414,602	93,450	138,502	-	646,554	741,406
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 428,093</b>	<b>\$ 286,261</b>	<b>\$ 138,502</b>	<b>\$ 20,896</b>	<b>\$ 873,752</b>	<b>\$ 954,110</b>

The accompanying notes are an integral part of the financial statements

**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Unreserved Fund Balances - Governmental Fund Types and Expendable Trusts**  
**For The Years Ended June 30, 2000 and June 30, 1999**

	Governmental Fund Types General Fund	Expendable Trusts	Totals (Memorandum Only)	
			6/30/00	6/30/99
<b>REVENUES</b>				
Revenue form Federal Sources	\$ 58,434	\$ -	\$ 58,434	\$ 64,764
Revenue form State Sources	275,215	202,326	477,541	454,065
<b>Local Revenue:</b>				
User Charges	76,648	-	76,648	42,402
Membership Fees	57,125	-	57,125	60,599
Reimbursement/Donations	122,441	-	122,441	40,156
Other Local Sources	2,389	2,541	4,930	2,949
Interest	30,896	10,328	41,224	42,173
<b>Total Revenues</b>	<u>623,148</u>	<u>215,195</u>	<u>838,343</u>	<u>707,108</u>
<b>EXPENDITURES</b>				
Salaries & Benefits	326,268	-	326,268	321,018
Operating Expenses	399,919	217,501	617,420	480,757
Equipment Purchases	40,797	9,699	50,496	5,000
<b>Total Expenditures</b>	<u>766,984</u>	<u>227,200</u>	<u>994,184</u>	<u>806,775</u>
Excess of Revenues Over Expenditures (Deficit)	(143,836)	(12,005)	(155,841)	(99,667)
Other Financing Sources (Uses):				
Transfers In (Out)	-	-	-	-
<b>Total Other Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures & Other Financing Sources	(143,836)	(12,005)	(155,841)	(99,667)
<b>Unreserved Fund Balance, Beginning of Year</b>	29,514	-	29,514	127,256
Changes in Reserves	355	12,005	12,360	1,925
<b>Unreserved Fund Balance, End of Year (Deficit)</b>	<u>\$ (113,967)</u>	<u>\$ -</u>	<u>\$ (113,967)</u>	<u>\$ 29,514</u>

The accompanying notes are an integral part of the financial statements.



**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Combined Statement of Revenues, Expenditures & Encumbrances and**  
**Changes in Unreserved Fund Balances**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2000**

	Budget	Actual	Favorable ( Unfavorable)
<b>REVENUES</b>			
<b>Revenue form Federal Sources:</b>			
LSTA (Supersearch)	\$ 46,860	\$ 46,860	\$ -
LSTA (other)	11,574	11,574	-
<b>Revenue form State Sources:</b>			
CLSA - (Ref)	132,788	132,788	-
CLSA - (Sab)	1,213	1,213	-
CLSA - (Reimb)	5,600	6,739	1,139
CLSA - (Data Base)	5,000	5,000	-
CLSA - (Comm)	89,046	89,046	-
CLSA - (Other)	40,429	40,429	-
<b>Revenue From Local Sources</b>			
User Charges	80,806	76,648	(4,158)
Membership Fees	63,954	57,125	(6,829)
Reimbursement/Donations	107,714	122,441	14,727
Other Local Sources	3,321	2,389	(932)
Interest	42,814	30,896	(11,918)
<b>Total Revenues</b>	<u>631,119</u>	<u>623,148</u>	<u>(7,971)</u>
<b>EXPENDITURES &amp; ENCUMBRANCES</b>			
Salaries & Benefits	334,403	326,268	(8,135)
Operating Expenses	428,733	399,564	(29,169)
Equipment Purchases	39,315	40,797	1,482
<b>Total Expenditures</b>	<u>802,451</u>	<u>766,629</u>	<u>35,822</u>
Excess of Revenues Over (Under) Expenditures & Encumbrances	(171,332)	(143,481)	27,851
Other Financing Sources (Uses):			
Transfers In (Out)	-	-	-
<b>Total Other Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over ( Under) Expenditures, Encumbrances and Other Financing Uses	<u>\$ (171,332)</u>	(143,481)	<u>\$ 27,851</u>
<b>Unreserved Fund Balance, Beginning of Year</b>		<u>29,514</u>	
<b>Unreserved Fund Balance, End of Year (Deficit)</b>		<u>\$ (113,967)</u>	

The accompanying notes are an integral part of the financial statements

**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2000**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**—The Cooperative was formed under the Joint Powers section of the California Governmental Code and is, therefore, considered a political subdivision that is exempt from income taxes.

**The Accounting Policies**—The Cooperative's accounting policies conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. FUND ACCOUNTING**

The accounts of the J.P.A. are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. J.P.A. resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The J.P.A. accounts are organized into four broad categories that, in aggregate, include three funds types and one account group, as follows:

**Governmental Funds:**

**General Fund**—The General Fund is the general operating fund of the system. It is used to account for all financial resources except those required to be accounted for in another fund.

**Fiduciary Funds:**

**Trust and Agency Funds**—Trust and Agency Funds are used to account for assets held by the Northbay Cooperative Library System in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds.

**Account Groups:**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the fixed assets and long-term liabilities associated with Governmental Funds are accounted for in the Account Groups of the District.

**General Long-term Debt Account Group**—Accounts for long-term liabilities expected to be financed from Governmental Funds. The Cooperative's only long-term debt is compensated absences.

**General Fixed Assets Account Group**—The acquisition of fixed assets is recorded as an expenditure when payment is made. Such assets are capitalized in a separate fund or separate account. Assets are recorded at cost or, for donated assets, at fair market value at the time of receipt.

**B. BASIS OF ACCOUNTING**

Basis of accounting refers to revenues and expenditures or expenses being recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2000**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. BASIS OF ACCOUNTING (continued)**

Government Funds are generally accounted for using the modified accrual basis of accounting. The revenues are recognized in the accounting period in which they become both measurable and available finance expenditures for the current fiscal period. Expenditures are recognized in the accounting period which the liability is incurred (when goods are received or services rendered).

Trust assets and liabilities also are accounted for on the modified accrual basis.

**C. BUDGETARY PRINCIPLES**

The Board of Directors adopts the budget by passage of a resolution prior to July 1. The Director authorized to transfer budgeted amounts within any fund; however, any revisions that alter the to appropriations of any fund must be approved by the Board of Directors.

**D. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, employed as an extension of formal budgetary integration in all funds.

The financial statements, in which comparisons between budget and actual are made, present encumbrances as expenditures. In all other statements, encumbrances are presented in accordance with generally accepted accounting principles.

**E. FUND BALANCE RESERVES**

Reservations of the ending fund balance indicate the portions of fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

**F. MEMORANDUM TOTALS**

In the Combined Statements, the column captioned "Total—Memorandum Only" represents the aggregate of the columnar statements by fund type and account groups. The column does not present consolidated financial information.

**NOTE 2—FIXED ASSETS**

Changes in the Fixed Asset Account Group are set forth below:

Balance at July 1, 1999	\$ 80,007
Additions for the Year Ended June 30, 2000	58,495
Retirements at Cost	-0-
Balance at June 30, 2000	<u>\$ 138,502</u>

Detail of Fixed Assets is as follows:

Vehicles	\$ -0-
Furnishings and Equipment	138,502
	<u>\$ 138,502</u>

Assets are recorded at cost or, for donated assets, at fair market value at the time of receipt.



**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2000

**NOTE 3—ACCUMULATED VACATION AND SICK LEAVE**

Accumulated sick leave benefits may convert to cash or compensatory time to a maximum of three days. Terminated employees may receive payment of the monetary equivalent of 25% of unused sick leave. For the fiscal year ended June 30, 2000, 25% of the total amount of sick leave is \$4,706.

Accumulated vacation benefits can be accrued by no more than 240 hours per employee. Terminated employees are entitled to full payment of unused vacation. A vacation buy-back may be requested in some cases to reimburse current employees for unused time. The total liability of unused vacation pay for the fiscal year ended June 30, 2000, is \$16,190.

Both liabilities are recorded as compensated absences in the general long-term debt account group.

**NOTE 4—CASH IN COUNTY TREASURY**

The County's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of this policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms of maturity.

A detailed breakdown of cash and investments, along with a categorization of risk factors involved, can be reviewed in the County of Sonoma Independent Audit Report.

**NOTE 5—BUDGETARY DATA**

A reconciliation of results of "actual" operations on a Budget basis is reconciled to the results of operations on a GAAP basis as follows:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures, encumbrances, and other uses—Budget basis	\$ (143,481)
Increase (decrease) in current year's encumbrances	<u>(355)</u>
Excess (deficiency) of revenues and other resources over (under) expenditures and other uses—GAAP basis	<u>\$ (143,836)</u>

**NOTE 6—OPERATING LEASES**

The Library is leasing a Minolta copier with a minimum lease payment based upon 10,000 copies at 4.20 cents per copy. Additional copies cost 3.40 cents.

The Library has also entered into a building lease agreement beginning in July of 1999 and ending in August of 2002, for a period of 36 months.

**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2000**

**NOTE 6—OPERATING LEASES (continued)**

Future minimum lease payments are as follows:

	<u>Copier</u>	<u>Building Rental</u>	<u>Total</u>
7/1/00–6/30/01	\$ 5,042	\$ 18,940	\$ 23,982
7/1/01–6/30/02	5,042	19,512	24,554
7/1/02–6/30/03	5,042	3,268	8,310
7/1/03–6/30/04	5,042	-0-	5,042
7/1/04–6/30/05	420	-0-	420
	<u>\$ 20,588</u>	<u>\$ 41,720</u>	<u>\$ 62,308</u>

**NOTE 7—EMPLOYEES' RETIREMENT PLAN**

**Plan Description**—The Library contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participation public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from its Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**—Participants are required to contribute 7.0% of their annual covered salary. The Library makes the contributions required of Library employees on their behalf and for their account. The Library is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll. The contributions requirements of the plan members and the Library are established and may be amended by PERS.

**Annual Pension Cost**—For 2000, the Library's annual pension cost of \$-0- for PERS was equal to the Library's required and actual contributions. The required contribution was determined as part of the June 30, 1997, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

**THREE YEAR TREND INFORMATION FOR PERS**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/98	\$ 14,945	100	\$ -0-
6/30/99	9,686	100	-0-
6/30/00	-0-	100	-0-

The Library is "superfunded" as determined by PERS; therefore, no employer contributions were necessary for the year ended June 30, 2000.

**NORTHBAY COOPERATIVE LIBRARY SYSTEM  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2000

**NOTE 7—EMPLOYEES' RETIREMENT PLAN (continued)**

**Funded Status of the Plan**

The table below displays a short history of the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Liability or (Excess Assets), Funded Status (i.e., the ratio of the Actuarial Value of Assets to Entry Age Normal Accrued Liability), the estimated Annual Covered Payroll, and the Unfunded Actuarial Accrued Liability (UAAL) as a percentage of that covered payroll. For those plans that include first or second level 1959 survivor benefit, the liabilities and assets below include the assets and liabilities for current beneficiaries of the 1959 survivor benefit program. For all other plans, the assets and liabilities below are without regard to the 1959 Survivor Benefit program.

**Funded Status of the Plan**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability Excess Assets	Funded Status	Annual Covered Payroll	UAAL as a % of Payroll
6/30/96	\$ 883,138	\$ 970,695	\$ (87,557)	109.9%	\$ 179,203	(48.859%)
6/30/97	923,024	1,103,378	(180,354)	119.5%	230,610	(78.207%)
6/30/98	991,237	1,303,553	(312,316)	131.5%	249,929	(124.962%)

Information for the years ended June 30, 1999, and June 30, 2000, has not yet been provided.

## Supplemental Information



**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Combining Balance Sheet - Expendable Trust Funds**  
**June 30, 2000**

	<u>Employee Benefit Fund</u>	<u>Equipment Replacement Fund</u>	<u>TBR Trust Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash in County Treasury	\$ 68,586	\$ 24,864	\$ 114,754	\$ 208,204
Receivable-Grants	-	-	78,057	78,057
<b>TOTAL ASSETS</b>	<u>\$ 68,586</u>	<u>\$ 24,864</u>	<u>\$ 192,811</u>	<u>\$ 286,261</u>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>Liabilities:</b>				
Deferred Revenue	\$ -	\$ -	\$ 192,811	\$ 192,811
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>192,811</u>	<u>192,811</u>
<b>Fund Balances:</b>				
Reserve for Future Claims	68,586	-	-	68,586
Reserve for Equipment Replacement	-	24,864	-	24,864
Total Fund Balances	<u>68,586</u>	<u>24,864</u>	<u>-</u>	<u>93,450</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 68,586</u>	<u>\$ 24,864</u>	<u>\$ 192,811</u>	<u>\$ 286,261</u>

**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Unreserved Fund Balances - and Expendable Trust Funds**  
**For The Year Ended June 30, 2000**

	Employee Benefit Fund	Equipment Replacement Fund	TBR Trust Fund	Total
<b>REVENUES</b>				
Interest Income	\$ 4,053	\$ 1,338	\$ 4,937	\$ 10,328
Revenue form State Sources	-	-	202,326	202,326
Other Revenues	2,541		-	2,541
<b>Total Revenues</b>	<u>6,594</u>	<u>1,338</u>	<u>207,263</u>	<u>215,195</u>
<b>EXPENDITURES</b>				
Equipment Purchases	-	9,699	-	9,699
Operating Expenses	9,443	795	207,263	217,501
<b>Total Expenditures</b>	<u>9,443</u>	<u>10,494</u>	<u>207,263</u>	<u>227,200</u>
Excess of Revenues Over Expenditures	(2,849)	(9,156)	-	(12,005)
Other Financing Sources (Uses):				
Transfers In (Out)	-	-	-	-
<b>Total Other Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures & Other Financing Sources	(2,849)	(9,156)	-	(12,005)
<b>Unreserved Fund Balance, Beginning of Year</b>	-	-	-	-
Changes in Reserves	2,849	9,156	-	12,005
<b>Unreserved Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NORTHBAY COOPERATIVE LIBRARY SYSTEM**  
**Detailed Statement of Expenditures & Encumbrances - General Fund**  
**For The Year Ended June 30, 2000**

	Budget	Expenditures and Encumbrances	Favorable (Unfavorable)
Salaries	\$ 286,364	\$ 283,858	\$ 2,506
Employee Benefits	48,039	42,410	5,629
	<u>334,403</u>	<u>326,268</u>	<u>8,135</u>
Communications	948	1,137	(189)
Datalines	400	136	264
Telephone Service Charges	20,710	18,772	1,938
Janitorial Services	2,400	3,158	(758)
Insurance	3,184	3,046	138
Maintenance - Equipment	926	123	803
Memberships	260	260	-
Office Expense	16,931	12,970	3,961
Postage	4,854	4,775	79
Books/Periodicals	3,929	3,806	123
Professional/Special	305,212	266,132	39,080
Data Processing Services	2,200	2,275	(75)
Data Processing Assessment Program	575	369	206
County Services	3,568	3,568	-
Public / Legal Notices	13,708	13,204	504
Rents / Leases - Bldgs / Improvements	18,480	18,390	90
Special Department Expenses	2,000	20,143	(18,143)
Training-in-Service	250	139	111
Professional Development	2,550	2,347	203
Travel Expenses	14,775	14,338	437
Private Car Expense	6,888	6,778	110
Utilities	3,935	3,698	237
Dept Revolving	50	-	50
	<u>428,733</u>	<u>399,564</u>	<u>29,169</u>
Equipment Purchases	39,315	40,797	(1,482)
	<u>802,451</u>	<u>766,629</u>	<u>35,822</u>
<b>SubTotal</b>	<u>802,451</u>	<u>766,629</u>	<u>35,822</u>
Transfers	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Grand Total</b>	<u>\$ 802,451</u>	<u>\$ 766,629</u>	<u>\$ 35,822</u>

**Larry D. Johnson**

Certified Public Accountant

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

Board Members  
Northbay Cooperative Library System  
Santa Rosa, CA

I have audited the financial statements of the Northbay Cooperative Library System as of and for the fiscal year ended June 30, 2000, and have issued my report thereon, dated September 22, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Northbay Cooperative Library System financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing my audits, I considered the internal control over the Northbay Cooperative Library System financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited might occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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



Larry D. Johnson  
Certified Public Accountant

September 22, 2000  
Santa Rosa, CA



Larry D. Johnson

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board Members  
Northbay Cooperative Library System  
Santa Rosa, CA

I have audited the financial statements of the Northbay Cooperative Library System as of June 30, 2000, and have issued my report thereon dated September 22, 2000. My audit was made in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The Northbay Cooperative Library System's management is responsible for compliance with laws and regulations. In connection with the audit referred to above, I selected and tested transactions and records to determine the Library's compliance with the laws and regulations of the following state program:

California State Library

Based on my audit, I found that, for the items tested, the Northbay Cooperative Library System complied with the laws and regulations of the state program referred to above. Further, based on my audit, for items not tested, nothing came to my attention to indicate that the Northbay Cooperative Library System had not complied with the laws and regulations of the state program and its requirements.

  
Larry D. Johnson  
Certified Public Accountant

September 22, 2000  
Santa Rosa, CA

