Panhandle Public Library Cooperative System

Financial Statements

September 30, 2016

Panhandle Public Library Cooperative System
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September 30, 2016

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REPORT

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INDEPENDENT AUDITORS' REPORT

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Panhandle Public Library Cooperative System (the "Cooperative") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Cooperative as of September 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 through 3.3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, on our consideration of the Cooperative's internal control over financial reporting and 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 the 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 the Cooperative's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

June 15, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Panhandle Public Library Cooperative System's (the "Cooperative") financial performance provides an overview of the Cooperative's financial activities for the fiscal year ended September 30, 2016. Please read it in conjunction with the Cooperative's financial statements, which follow this section.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Cooperative is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statement of Net Position and Governmental Fund Balance Sheet reports the Cooperative's financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance reports changes in financial position of the General Fund and the governmental activities, and the degree to which the functional expenses are offset by program revenues for the governmental activities.

CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide data about net position and changes in net position.

Net Position

	2016	2015
Assets:		
Cash	$ 537,785	507,969
Due from Other Governments	512	3,847
Liabilities:		
Accounts payable	34,947	18,008
Deferred revenue	338,077	338,077
Net position - restricted	$ 165,273	155,731

Change in Net Position

Program revenues:		
Operating grants	$ 392,990	348,698
General revenues:		
Interest and investment earnings	492	477
Miscellaneous	3,959	5,192
Total revenues	397,441	354,367
Program expenses:		
Culture/recreation	387,899	347,697
Change in net position	9,542	6,670
Beginning net position, as previously stated	155,731	138,641
Prior period adjustment - pension liability	-	10,420
Beginning net position, as restated	-	149,061
Ending net position	$ 165,273	$ 155,731

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated $392,990 in program revenues, $4,451 in general revenues and incurred $387,899 of program expenses. This resulted in a $9,542 increase in net position.

THE COOPERATIVE'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance also increased by $9,542.

BUDGETARY HIGHLIGHTS

There were no significant budget amendments made during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Cooperative has no capital assets.

Debt Administration

The Cooperative has no long-term liabilities.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Cooperative's financial position or results of operations.

CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of PPLCS finances for all of those with an interest in PPLCS finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mary Balint, PPLCS Adminstrator, 2862 Madison Street, Marianna, Florida 32448.

FINANCIAL STATEMENTS

Panhandle Public Library Cooperative System
Statement of Net Position and Governmental Fund Balance Sheet

September 30, 2016

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	$ 537,785	$ -	$ 537,785
Due from the Other Governments	512	-	512
Total assets	$ 538,297	-	$ 538,297
Liabilities			
Accounts payable	$ 34,947	-	$ 34,947
Deferred revenue	338,077	-	338,077
Total liabilities	373,024		373,024
Fund balances			
Unassigned	165,273	(165,273)	-
Total fund balances	165,273	(165,273)	-
Total liabilities and fund balances	$ 538,297		
Net position			
Restricted - grant		$ 165,273	$ 165,273

The accompanying notes are an integral part of these financial statements

Panhandle Public Library Cooperative System
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

For the year ended September 30, 2016

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Culture/recreation	$ 387,899	$ -	$ 387,899
Program revenues			
Intergovernmental/operating grants	392,990	-	392,990
Net program revenues			5,091
General revenues			
Interest and investment earnings	492	-	492
Miscellaneous	3,959	-	3,959
Total general revenues	4,451		4,451
Excess of revenues over expenditures	9,542	(9,542)	
Change in net position		9,542	9,542
Fund balance/net position - beginning, as previously stated			145,978
Prior period adjustment - pension liability, note 3			9,753
Fund balance/net position - beginning, as restated	155,731	-	155,731
Fund balance/net position - ending	$ 165,273	$ -	$ 165,273

The accompanying notes are an integral part of these financial statements

Panhandle Public Library Cooperative System
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund

For the year ended September 30, 2016

	Budgeted		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ 400,000	$ 392,900	$ 392,990	$ 90
Interest	-	-	492	492
Miscellaneous	-	-	3,959	3,959
Total revenues	400,000	392,900	397,441	4,541
Expenditures				
Culture/recreation:				
Operating expenditures	391,393	384,293	387,899	(3,606)
Capital outlay	8,607	8,607	-	8,607
Total expenditures	400,000	392,900	387,899	5,001
Excess of revenues over expenditures	-	-	9,542	9,542
Fund balance - beginning of year	155,731	155,731	155,731	-
Fund balance - end of year	$ 155,731	$ 155,731	$ 165,273	$ 9,542

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Panhandle Public Library Cooperative System (the "Cooperative") conform to generally accepted accounting principles as applicable to governments. The Jackson County Board of County Commissioners' Finance Office performs the accounting functions associated with the Panhandle Public Library Cooperative System's Administrative Board. The following is a summary of the more significant policies:

Reporting Entity

The Panhandle Public Library Cooperative System was formed pursuant to Chapter 257.171, F.S. The interlocal agreement was entered into on September 3, 1992, and operations begun in November of 1992. The interlocal agreement is made up of four counties: Calhoun County, Florida; Jackson County, Florida; Holmes County, Florida; and Washington County, Florida; and shall be referred to as "the Counties". The Counties entered into an agreement for the purpose of establishing a multi-county library system to provide unified library services. In particular, it is the express purpose of the Agreement and of the Counties to provide for the coordinator of library service throughout the legal service areas of the Counties; to provide for equal access to free public library service to all residents of the legal service areas of the Counties; and to formulate and implement consistent plans, programs, policies, and procedures in the operation, maintenance and development of library service throughout the legal service areas of the Counties.

The Cooperative receives substantial support from the State of Florida under grants with the Florida Division of Library and Information Services. These grants must be renegotiated at the end of each grant term.

The Cooperative is governed by a Board whose members are appointed by the respective member counties. Each County appoints two members of the Board. In addition, each County Director (or head librarian or administrative head) shall be an ex-officio, voting member of the Board.

The Cooperative uses the criteria established in GASB Statement No. 14 to define the reporting entity and identify component units. Component units are entities for which the Cooperative is considered to be financially accountable. There are no entities included as a component unit within the Cooperative's reporting entity.

Reporting Model

As an independent special district, the Cooperative accounts for its activities using the governmental financial reporting model and follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Cooperative is engaged in a single governmental program and administers only one fund, the General Fund. It has taken the option of presenting combined fund financial statements and government-wide statements using a columnar format that reconciles fund financial data to government-wide data in a separate column.

The Statement of Net Position and Governmental Fund Balance Sheet reports the Cooperative's financial position as of the end of the fiscal year for both the General Fund and the governmental activities.

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance reports changes in financial position of the General Fund and the governmental activities, and the degree to which the functional expenses are offset by program revenues for the governmental activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Intergovernmental and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Cooperative receives cash.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government. Short-term investments consist of amounts placed at the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balance

Net position represents the difference between assets and liabilities reported for the governmental activities. Net position is reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net position is net position that does not meet the definition of the classification previously described.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, and then unrestricted resources as they are needed.

The Cooperative follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Cooperative is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Cooperative's highest level of decision-making authority, which is a resolution of the Board of Directors. Committed amounts cannot be used for any other purpose unless the Cooperative removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Cooperative's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Directors or (b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Cooperative's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

Florida Statutes govern the preparation, adoption, and administration of the budget for the Panhandle Public Library Cooperative System. The annual budgets for the Cooperative Governmental Funds were prepared consistent with generally accepted accounting principles. The budget is controlled according to Chapter 129, Florida Statutes, at the total fund level. Amendments to the budget have been properly approved by the Board.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Cooperative maintains a capitalization threshold of $5,000. The Cooperative does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are deprecated using the straight line method. Estimated useful lives, in year, for depreciable assets for the furniture, machinery and equipment is 3-30 years. The Cooperative did not have any assets that met their capitalization threshold in the current year.

Deferred Revenues

Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management and Insurance

The Cooperative insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Cooperative believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made in the last year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Panhandle Public Library Cooperative System's cash and cash equivalents and investments was $537,785 and the bank balance was $537,685. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Cooperative's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Cooperative is authorized to invest in certificates of deposit, money market certificates, obligations of the U.S. Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund.

The Cooperative's invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2016, the market value and carrying value of these funds was $91,048. The funds are carried as a cash equivalent on the balance sheet at September 30, 2016 (See Note 1, for definition of cash equivalents) and are included in the carrying value and bank balance in the first paragraph of this note.

As a Florida PRIME participant, the Cooperative invests in a pool of investments whereby the Cooperative owns a share of the respective pool, not the underlying securities. The State Board of Administration's interpretation of GASB 31 is that the Florida PRIME is currently considered a Securities and Exchange Commission Rule 2a7-like fund, as of September 30, 2016. These investments are reported at fair value, which is amortized cost.

Additional information and investment policies regarding the Local Government Surplus Fund Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

CREDIT RISK

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the Cooperative's investments are not evidenced by specific, identifiable investment securities.

As of September 30, 2016, the Cooperative's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm.

INTEREST RATE RISK

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2016, is 50 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida Prime at September 30, 2016 is 70 days.

CUSTODIAL CREDIT RISK

At September 30, 2016, the Cooperative did not hold any deposits or investments that were considered to have custodial risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2016, the Cooperative did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - PRIOR PERIOD ADJUSTMENT

Beginning net position was restated by $9,753 as of and for the year ended September 30, 2015 to correct balances related to the pension liability. It was determined that the Cooperative's staff is employed by Jackson County, Florida. Therefore, Jackson County is ultimately responsible for any pension or other post-employment liabilities. The effect on the Statement of Activities for the year ending September 30, 2015 is an increase to expense in the amount of $667.

SUPPLEMENTARY INFORMATION

Panhandle Public Library Cooperative System
Schedule of Expenditures of State Financial Assistance

For the year ended September 30, 2016

	CSFA Number	ID Number	Expend–itures
Department of State and Secretary of State			
State Aid to Libraries	45.030	15-ST-66	$ 338,076
State Aid to Libraries	45.030	16-ST-65	49,823
Total expenditures of state financial assistance			$ 387,899

NOTE 1 – BASIS OF ACCOUNTING

This schedule was prepared using the modified accrual basis of accounting.

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INDEPENDENT AUDITORS' 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*

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

We have audited, in accordance with the 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 governmental activities and General Fund of the Panhandle Public Library Cooperative System (the "Cooperative") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Cooperative's basis financial statements and have issued our report thereon dated June 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) to determine 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 the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, 07-01, that we consider to be a material weakness.

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

PREPARATION OF GAAP BASED FINANCIAL STATEMENTS, FINDING 07-01 – NOT RESOLVED

COMMENT: The Cooperative has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

RECOMMENDATION: The Cooperative System should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

STATUS: This condition continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free of 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cooperative's Response to Findings

The Cooperative's response to the findings identified in our audit is described in the accompanying Management's Response. The Cooperative's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

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 Cooperative'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.

Carr, Riggs & Ingram, L.L.C.

June 15, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES*

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

We have examined Panhandle Public Library Cooperative System's (the "Cooperative") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the Cooperative's compliance with those requirements. Our responsibility is to express an opinion on the Cooperative's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Cooperative's compliance with specified requirements.

In our opinion, the Cooperative, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

June 15, 2017

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

Report on the Financial Statements

We have audited the financial statements of the Panhandle Public Library Cooperative System (the "Cooperative"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 15, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated June 15, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report.

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the Cooperative has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Cooperative did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Cooperative's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Cooperative for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Administrative Board
Panhandle Public Library Cooperative System
Marianna, Florida

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the, Administrative Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

June 15, 2017

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Marianna, FL 32448
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Mary Balint, Administrator

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Re: Panhandle Public Library Cooperative System Audit

Finding 07-01, Preparation of GAAP based financial statements
Criteria – An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

Condition – The Panhandle Public Library Cooperative's system relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

Effect – Since the auditor cannot be a part of an entity's system of internal accounting control, the Cooperative's system of internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statements.

Comment – The Cooperative has a small accounting staff necessitated by the overall small size of the entity. They do not consider it cost effective to develop and maintain a system of internal accounting control sufficient to prepare financial statements in accordance with generally accepted accounting principles, nor to maintain internal staff with sufficient knowledge to develop and maintain controls to prevent, detect or correct misstatements in audited financial statements.

Recommendation – The Cooperative System should continue to consider the effects of the cost of developing and benefits of implementing such a system as compared with understanding that due to the size of their accounting department, they will continue to need external assistance with the preparation and understanding of financial statements in accordance with generally accepted accounting principles.

Response – The Panhandle Public Library Cooperative System Board relies on the Jackson County Finance Department because of the Inter-local Agreement, including compensation to the County, to have the host county (Jackson County Board of County Commissioners) be the Fiscal Agent for PPLCS. PPLCS maintains records of everything submitted to the Finance Department for payment. The staff of

two (2) does not have professional accounting training or experience. This is why the Jackson County Finance Department was contracted to oversee financial activities. The PPLCS staff will continue to improve our record keeping, but will still rely on the Jackson County Finance Department.

Mary Balint

Mary Balint, Administrator

David E. Corbin, Board Chair