

**Financial Statements
and
Independent Auditors' Report
New River Public Library Cooperative
September 30, 2018**

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Independent Auditors' Report

Honorable Board of Directors
New River Public Library Cooperative
Lake Butler, Florida

We have audited the accompanying financial statements of New River Public Library Cooperative (the Cooperative) as of and for the year ended September 30, 2018, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 entity'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.

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

Basis for Qualified Opinion

Management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America. Additionally, management has elected to omit its proportionate share of the net pension obligation of the Florida Retirement System in its government-wide financial statements. The impact of such departures from generally accepted accounting principles to the liabilities, net assets and expenditures of the government-wide financial statements of New River Public Library Cooperative is unknown. Such departure has no impact on the Cooperative's fund financial statements.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the New River Public Library Cooperative, as of September 30, 2017, and the changes in financial position 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 and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 issued our report dated June 26, 2018, on our consideration of the Cooperative'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 with 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 New River Public Library Cooperative's internal control over financial reporting and compliance.

DDF CPA Stamp

June 25, 2019

**New River Public Library Cooperative
Management's Discussion and Analysis (Unaudited)
September 30, 2018**

The New River Public Library Cooperative's (the "Cooperative") management discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Cooperative's financial activity, (c) identify changes in the Cooperative's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Cooperative's financial statements which follows this discussion.

Financial Highlights

- The assets of the Cooperative exceeded its liabilities at September 30, 2018 by \$363,984 (net assets). Of this amount \$339,421 (unrestricted net assets) may be used to meet the Cooperative's ongoing obligations to citizens and creditors.
- The Cooperative's total net assets increased by \$78,201. The increase was due to carefully monitoring budgeted expenditures.
- The Cooperative received \$341,355 in grant funds during the fiscal year. These monies were expended on programs to carry out to Cooperative's mission.
- The Cooperative's total long-term debt decreased by \$447 during the current fiscal year.

USING THIS ANNUAL REPORT

The financial statement's focus is on both the Cooperative as a whole (government-wide) and on the one major individual fund (general fund). Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the Cooperative's accountability.

This discussion and analysis is intended to serve as an introduction to the New River Public Library Cooperative's basic financial statements, which are comprised of two components: 1) government-wide and fund financial statements and 2) notes to the financial statements. The Cooperative has elected to combine the government-wide and fund financial statements for easier analysis.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Cooperative's finances, in a manner similar to a private-sector business. The focus is on "activities", rather than (the previous model's) "fund types".

The statement of net assets presents information on all of the Cooperative's assets and liabilities, with the difference between the two reported as net assets. The focus of the statement of net assets (the "unrestricted net assets") is designed to be similar to bottom line results for the Cooperative and its governmental activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

**New River Public Library Cooperative
Management's Discussion and Analysis (Unaudited)
September 30, 2018
(Continued)**

Government-Wide Financial Statements (concluded)

The statement of activities presents information showing how the Cooperative's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the government's revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

The government-wide financial statements distinguish functions of the Cooperative that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Cooperative provides financial support for the three county districts (Baker, Bradford and Union), in accordance with its long-range operating plan.

The government-wide financial statements include only the New River Public Library Cooperative, which is known as the primary government. The Cooperative does not have any component units.

The government-wide financial statements can be found following this discussion.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Cooperative, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Cooperative can be divided into one category, which is its general fund. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spending resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Cooperative's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Cooperative's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide an adjustment column to facilitate this comparison between governmental funds and governmental activities.

The Cooperative adopts an annual appropriated budget for its governmental fund, the general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget. The general fund is the Cooperative's only major fund.

**New River Public Library Cooperative
Management's Discussion and Analysis (Unaudited)
September 30, 2018
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed statement of net assets for the current year as compared to the prior year. For more detailed information see the statement of net assets.

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets	\$ 317,154	\$ 236,456
Prepaid Expenses	42,034	36,637
Capital Assets, Net	<u>24,563</u>	<u>22,648</u>
Total Assets	<u>383,751</u>	<u>295,741</u>
Liabilities		
Long-Term Liabilities	1,598	2,844
Other Liabilities	<u>18,169</u>	<u>7,114</u>
Total Liabilities	<u>19,767</u>	<u>9,958</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	24,563	22,648
Unrestricted	<u>339,421</u>	<u>263,135</u>
Total Net Assets	<u>\$ 363,984</u>	<u>\$ 285,783</u>

At September 30, 2018, approximately 7 percent of the Cooperative's net assets reflect its investment in capital assets (e.g. computer software, library collections, machinery, furniture, vehicles and equipment). The Cooperative uses these assets to provide services to its citizens; consequently, these assets are not available for future spending.

At September 30, 2018 and 2017, the Cooperative is able to report positive balances in both categories of net assets.

**New River Public Library Cooperative
Management's Discussion and Analysis (Unaudited)
September 30, 2018
(Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statements of Activities

The following table reflects the condensed statement of activities for the current year as compared to the prior year. For more detailed information see the statement of activities.

Revenues	<u>2018</u>	<u>2017</u>
Program Revenues:		
Operating Grants and Contributions	\$ 341,355	\$ 329,952
General Revenues		
Investment Revenues	138	74
Other Revenues	<u>109</u>	<u>25,933</u>
Total Revenues	341,602	355,959
Expenses		
Personal Services	105,425	114,351
Operating Expense	141,198	180,668
Depreciation Expense	<u>11,975</u>	<u>14,518</u>
Total Expenses	<u>258,598</u>	<u>309,537</u>
Net Change in Net Assets	83,004	46,422
Net Assets - October 1	285,783	<u>239,361</u>
Prior Period Adjustment	<u>(4,803)</u>	
Net Assets - September 30	<u>\$ 363,984</u>	<u>\$ 285,783</u>

Capital Assets

The Cooperative's investment in capital assets for its governmental activities as of September 30, 2018 amounts to \$24,563 (net of accumulated depreciation). This investment in capital assets includes vehicles, machinery, library collections, furniture and equipment.

Long-Term Debt

At the end of the current fiscal year, the Cooperative had total debt outstanding of \$2,397, which consisted of accrued compensated absences for employees.

Additional information on the Cooperative's capital assets and long-term debt can be found in the Notes to the Financial Statements following this discussion.

**New River Public Library Cooperative
Management's Discussion and Analysis (Unaudited)
September 30, 2018
(Concluded)**

FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS

As noted earlier, the Cooperative uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Fund

The focus of the Cooperative's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Cooperative's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2018, the Cooperative's governmental fund reported ending fund balance of \$299,784, an increase of \$70,442. The increase can be attributed to strict budgetary compliance. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance as of September 30, 2018 and 2017 represented 113% and 75% of total general fund expenditures for each year, respectively.

Requests for Information

This financial report is designed to provide a general overview of the New River Public Library Cooperative's finances for all those with an interest in the Cooperative's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Cooperative's Director at: 110 N. Lake Ave, Lake Butler, FL 32054.

Governmental Fund Balance Sheet and Statement of Net Assets
September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida

	General Fund	Adjustment (Note 4)	Statement of Net Assets
Assets			
Cash and Equivalents	\$ 317,154	\$ -	\$ 317,154
Prepaid Expenses	-	42,034	42,034
Capital Assets, Net of Depreciation	-	24,563	24,563
Total Assets	\$ 317,154	66,597	383,751
Liabilities			
Accounts Payable	\$ 17,370	-	17,370
Long-Term Liabilities:			
Due Within One Year	-	799	799
Due After One Year	-	1,598	1,598
Total Liabilities	17,370	2,397	19,767
Fund Balance			
Unassigned	299,784	299,784	-
Total Liabilities and Fund Balance	\$ 317,154		
Net Assets			
Invested in Capital Assets, Net of Related Debt		24,563	24,563
Unrestricted		339,421	339,421
Total Net Assets		\$ 363,984	\$ 363,984

The notes to financial statements are integral to this statement.

**Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance and Statement of Activities
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida**

	<u>General Fund</u>	<u>Adjustment (Note 4)</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental	\$ 341,355	\$ -	\$ 341,355
Miscellaneous	247	-	247
Total Revenues	341,602	-	341,602
Expenditures			
Current:			
Culture and Recreation	266,357	(7,759)	258,598
Net Change in Fund Balance / Net Assets	75,245	7,759	83,004
Fund Balance / Net Assets - October 1, 2017	229,342	56,441	285,783
Prior Period Adjustment	(4,803)		(4,803)
Fund Balance / Net Assets - September 30, 2018	\$ 299,784	\$ 64,200	\$ 363,984

The notes to financial statements are integral to this statement.

**Notes to Financial Statements
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the New River Public Library Cooperative (the Cooperative) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The New River Public Library Cooperative is a multi-county library cooperative whose purpose is to provide unified library services to the residents of Baker, Bradford and Union counties. The Cooperative is an independent special district that was created by an Interlocal Agreement between the counties, in June 1996. The authority under which to establish a library cooperative is described in Section 257.41, Florida Statutes.

Generally accepted accounting principles require that these financial statements present the Cooperative (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

There were no entities that would be considered component units.

Government-Wide and Fund Financial Statements

The financial statements (i.e., the Governmental Fund Balance Sheet and the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance, the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Cooperative.

The statement of activities demonstrates the degree to which direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (intergovernmental) that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as miscellaneous.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of net assets and the statement of activities 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Notes to Financial Statements
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (concluded)

Governmental fund financial statements (Balance Sheet and Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balance) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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. The Cooperative reports the following major governmental fund:

General Fund - The general fund is the general operating fund. It is used to account for all financial resources.

Amounts reported as program revenues include 1) charges to customers for goods, services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions.

Assets, Liabilities and Fund Equity

Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

Investments

Investments, when made by the Cooperative, are governed by Florida Statute, 218.415. Presently, the Cooperative governing board has not adopted an investment policy. Therefore, the Cooperative is only allowed to invest funds in the following:

1. The Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act.
2. Money market funds registered by the Securities and Exchange Commission, with the highest credit quality rating from a nationally recognized rating agency.
3. Interest bearing time deposits or savings accounts in qualified public depositories.
4. Direct obligations of the U.S. Treasury.

Currently, the Cooperative invests excess cash in a money market account with a qualified public depository.

Interest Rate Risk The Cooperative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk The Cooperative places no limit on the amount they may invest in any one issuer.

**Notes to Financial Statements
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida
(Continued)**

Note 1 - Summary of Significant Accounting Policies (concluded)

Assets, Liabilities and Fund Equity (concluded)

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the statement of net assets. Capital assets, as defined by the Cooperative, are items with an individual cost of \$1,000 or more and an estimated useful life of one year or more. Though modest in value, library books are considered to have a useful life of greater than one year and are, therefore, considered capital assets. Such assets are recorded at historical cost if purchased or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Machinery, furniture and equipment	3-7
Vehicles	7-10
Library collections	10

Compensated Absences

Generally, the Cooperative's policies allow limited vesting of unused employee leave time. Employees may accumulate a maximum of 360 hours of annual leave. Employees will only be paid for one-half of the balance of accumulated sick leave up to a maximum of 960 hours for individuals who have at least ten years of creditable service upon termination.

The Cooperative follows generally accepted accounting principles in accounting for accrued compensated absences. The general fund reports 100% of the amount due in the statement of net assets because it is accrued when incurred, but no liability is reported on the Balance Sheet because the Cooperative does not designate any amount to be due and payable within 60 days.

In as much as records kept for compensated absences relate only to hours earned, used and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported value of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

Fund Balance – Governmental Fund

Fund Balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. On the Balance Sheet, the Cooperative's general fund reported the following classification of fund balance:

Unassigned – includes amounts that have not been restricted, committed or assigned to a specific purpose within the general fund. The Cooperative has no restricted fund balance; therefore, expenditures incurred are paid with unrestricted fund balance.

**Notes to Financial Statements
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida
(Continued)**

Note 2 - Detailed Notes on Governmental Activities

Capital Assets

Capital assets activity for the year ended September 30, 2018 was as follows:

	<u>Beginning 10/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending 9/30/2018</u>
Capital Assets Being Depreciated				
Library Collections	\$ 597,580	\$ -	\$ -	\$ 597,580
Machinery, Equipment and Furniture	55,649	13,890	-	69,539
Vehicles	102,431	-	-	102,431
Total Capital Assets Being Depreciated	755,660	13,890	-	769,550
Less Accumulated Depreciation for:				
Library Collections	577,337	9,608	-	586,945
Machinery, Equipment and Furniture	53,244	2,367	-	55,611
Vehicles	102,431	-	-	102,431
Total Accumulated Depreciation	733,012	11,975	-	744,987
Capital Assets, Net	\$ 22,648	\$ 1,915	\$ -	\$ 24,563

Long-Term Debt Obligations

A summary of changes in governmental long-term debt activities follows:

	<u>Beginning 10/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending 9/30/2018</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 2,844	\$ -	\$ 447	\$ 2,397	\$ 799

Note 3 - Pension Plan

Plan Description - The Cooperative contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

**Notes to Financial Statements
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida
(Concluded)**

Note 3 - Pension Plan (concluded)

Funding Policy - The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office applicable to wages earned from October 2017 to June 2018 were as follows: Regular Employees 7.92%, Senior Management 22.71%. Beginning July 2018 the rates changed to the following: Regular Employees 8.26%, Senior Management 24.06%. The contributions rates applicable to plan members were 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2018, 2017, and 2016 were \$13,060, \$12,954 and \$16,504, respectively, and are equal to the required contributions for each year.

Note 4 - Adjustments from Modified Accrual to Accrual Basis of Accounting

The Cooperative is required each year to present financial statements on both the modified accrual and the accrual basis of accounting. For the year ended September 30, 2018, the adjustments necessary to convert the modified accrual statements to the accrual basis are as follows:

Net Decrease in Accrued Compensated Absences	\$ 447
Net Increase in Prepaid Expenses	5,397
Capitalized Machinery, Equipment and Furniture Additions	13,890
Depreciation Expense	<u>(11,975)</u>
Total Net Adjustments	<u>\$ 7,759</u>

Note 5 - Other Information

Risk Management - The Cooperative purchased insurance to limit the exposure of the following risks of loss: theft of, damage to and destruction of assets; natural disasters and injuries to employees. Commercial insurance has also been purchased by the Cooperative to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Contingencies - There are no pending lawsuits in which the Cooperative is involved.

Note 6 - Related Party Transactions

The Cooperative pays rent for office space to the Union County Board of County Commissioners; rent expense for the period ended September 30, 2018 was \$12,000. At September 20, 2018, the Cooperative prepaid \$3,000 for the October – December 2018 rent.

Note 7 – Prior Period Adjustment

A portion (\$4,803) of the 2017-18 LSTA Grant was received in the prior fiscal year and was reported as revenue. It should have been reported as deferred revenue.

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida**

	General Fund		
	Budget		Actual
	Original	Final	
Revenues			
Intergovernmental	\$ 344,359	\$ 344,359	\$ 341,355
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>247</u>
Total Revenues	345,359	345,359	341,602
Expenditures			
Current:			
Culture and Recreation	<u>384,266</u>	<u>384,266</u>	<u>266,357</u>
Net Change in Fund Balances	(38,907)	(38,907)	75,245
Fund Balance - October 1, 2017	<u>183,000</u>	<u>183,000</u>	229,342
Prior Period Adjustment			<u>(4,803)</u>
Fund Balance - September 30, 2018	<u>\$ 144,093</u>	<u>\$ 144,093</u>	<u>\$ 299,784</u>

Note to Budgetary Comparison Schedule:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end. Budgeted excess expenditures over revenues are funded through the use of fund balance reserves.

**Additional Elements Required by the
Rules of the Auditor General and
Government Auditing Standards**



Management Letter

The Honorable Board of Directors
New River Public Library Cooperative
Lake Butler, Florida

We have audited the financial statements of New River Public Library Cooperative (the Cooperative) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 25, 2019. Our report on the financial statements was qualified because the Cooperative did not record a liability for its other postemployment benefit plan or its proportionate share of the net pension obligation of the Florida Retirement System in the government-wide financial statements.

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 *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

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*; Schedule of Findings; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 25, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding audit. With regard to prior audit findings, there were none.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not New River Public Library Cooperative has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the New River Public Library 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 New River Public Library 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.

Other Matters

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 statement 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.

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 and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 25, 2019



**Independent Auditors' Report on Compliance with
Section 218.415, Florida Statutes**

The Honorable Board of Directors
New River Public Library Cooperative
Raiford, Florida

We have examined New River Public Library Cooperative's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Management is responsible for Cooperative's compliance with those requirements. Our responsibility is to express an opinion on New River Public Library 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 New River Public Library 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 New River Public Library Cooperative's compliance with specified requirements.

In our opinion, New River Public Library Cooperative complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

DDF CPA Group

June 25, 2019



Report on Internal Control over Financial Reporting and on Compliance and Other Matters

The Honorable Board of Directors
New River Public Library Cooperative
Lake Butler, 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 major fund of New River Public Library Cooperative (the Cooperative), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the New River Public Library Cooperative's basic financial statements and have issued our report dated June 25, 2019. Our report on the financial statements was qualified because the Cooperative did not record a liability for its other postemployment benefit plan and did not record its proportionate share of the net pension obligation of the Florida Retirement System in the government-wide financial statements.

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 opinion 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 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. However, we did note one immaterial instance of noncompliance in that the New River Public Library Cooperative failed to publish its 2017-18 budget on its website.

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.

Communication with Those Charged with Governance

Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by New River Public Library Cooperative are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no significant misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 25, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report 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, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 25, 2019

**Schedule of Findings
For the Year Ended September 30, 2018
New River Public Library Cooperative
Lake Butler, Florida**

PART I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed a qualified opinion for failure to acquire an actuarial valuation in order to determine the Cooperative's net OPEB obligation and for failure to record its proportionate share of the net pension obligation of the Florida Retirement System in the government-wide financial statements.
2. The audit did not disclose any significant deficiencies or material weaknesses in internal controls over financial reporting.
3. The audit did not disclose any noncompliance considered material to the financial statements; however, our audit did disclose one immaterial instance of noncompliance described on page 20.
4. The New River Public Library Cooperative did not meet the requirements for a single audit; however, \$246,907 was expended from the Florida Department of State, Division of Library and Information Services, State Aid to Libraries (Project #18-ST-37) under CSFA number 45.030 and \$19,203 was expended from the Library Services and Technology Act (LSTA) Grant (Project #17-LSTA-B-06) under CFDA #45.310.

PART II – FINDINGS-FINANCIAL STATEMENT

There were no financial statement findings.

PART III-FINDINGS-STATE FINANCIAL ASSISTANCE

There were no findings relative to state financial assistance.

PART IV – CORRECTIVE ACTION PLAN

A corrective action plan is presented on the following page.

PART V – PRIOR YEAR FINDINGS

There were no prior year findings; therefore, a report on prior year findings is not presented.



New River Public Library Cooperative

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June 24, 2019

CORRECTIVE ACTION PLAN

The New River Public Library Cooperative published the incorrect FY 2017-18 budget on the website. The oversight occurred due to a change in directors between August 1, 2017 and October 17, 2017. The correct FY 2017-18 budget has since been published on the New River Public Library Cooperative website, and the issue has been corrected.

A handwritten signature in blue ink that reads "Tricia Wylie". The signature is written in a cursive style and is positioned above a horizontal line.

Tricia Wylie

Director

New River Public Library Cooperative