

**Putnam, Alachua, Levy
Library Cooperative**

Audit Report

September 30, 2018



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Putnam, Alachua, Levy Library Cooperative

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INDEPENDENT AUDITORS' REPORT

To the Putnam, Alachua, Levy Library Governing Board
Putnam, Alachua, Levy Library Cooperative

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Putnam, Alachua, Levy 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 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.

Auditors' 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 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.

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 the major fund of the Cooperative as of September 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 6 to the financial statements, the Cooperative restated its net position of the governmental activities and fund balance of the general fund to correct an error in previously-issued financial statements as of and for the year ended September 30, 2017. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison information and the pension trend information 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019, 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 solely 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 effectiveness of the Cooperative's 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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
May 17, 2019



Putnam, Alachua, Levy Library Cooperative

Management's Discussion and Analysis

This discussion and analysis of the Putnam, Alachua, Levy Library Cooperative's financial performance provides an overview of the Cooperative's financial activities for the fiscal year ended September 30, 2018. 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 fund financial statements are on a modified accrual basis, while the government-wide financial statements are on a full accrual basis.

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.

Putnam, Alachua, Levy Library Cooperative

Management's Discussion and Analysis

CONDENSED FINANCIAL INFORMATION

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

Net Position

	2018	2017 (Restated)
Assets:		
Cash	\$ 359,821	\$ 392,127
Prepays	15,139	9,115
Due from other governments	-	275
Total assets	374,960	401,517
Deferred outflows:		
Related to pensions	40,157	-
Liabilities:		
Current liabilities	6,272	42,747
Long term liabilities	41,864	-
Total liabilities	48,136	42,747
Deferred inflows:		
Related to pensions	3,766	-
Net position - restricted	\$ 363,215	\$ 358,770

Change in Net Position

Program revenues:		
Operating grants	\$ 350,000	\$ 350,000
Program expenses:		
Culture/recreation	345,555	354,900
Change in net position	4,445	(4,900)
Beginning net position (as restated)	358,770	363,670
Ending net position	\$ 363,215	\$ 358,770



Putnam, Alachua, Levy Library Cooperative

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$350,000 in program revenues and incurred \$345,555 of program expenses. This resulted in a \$4,445 increase in net position.

Revenues were solely from the State Aid to Libraries grant received from the State of Florida.

THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$10,218 during 2018. Grant revenues of \$350,000 exceeded expenditures by \$ 10,218. The revenues did not change from the previous year. Expenditures decreased by approximately \$24,000 from the previous year due to reductions in operational expenditures.

BUDGETARY HIGHLIGHTS

There were no budget amendments during the year that affected the total expenditures. Actual expenditures were approximately \$ 10,000 less than the final budget.

Budgeted revenues of \$350,000 were equal to the actual grant revenues recognized during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Cooperative has no capital assets.

Debt Administration

In 2018, the Cooperative enrolled an employee in the Florida Retirement System which resulted in a long-term liabilities of \$41,864 and current liabilities of \$300. Please refer to Notes 3 and 4 for more information about the Cooperative's net pension liability.

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 our citizens, taxpayers, customers, and creditors with a general overview of the Cooperative's finances and to show the Cooperative's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Marlene Glennon, 401 East University Avenue, Gainesville, Florida 32601.

Putnam, Alachua, Levy Library Cooperative

Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2018

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 359,821	\$ -	\$ 359,821
Prepays	15,139	-	15,139
Total assets	\$ 374,960	-	374,960
Deferred outflows			
Related to pensions	\$ -	40,157	40,157
Liabilities			
Accounts payable	5,972	-	5,972
Noncurrent liabilities:			
Net pension liability due within one year	-	300	300
Net pension liability due in more than one year	-	41,864	41,864
Total liabilities	5,972	42,164	48,136
Deferred inflows			
Related to pensions	-	3,766	3,766
Fund balances			
Nonspendable - prepaids	15,139	(15,139)	-
Restricted - grant	353,849	(353,849)	-
Total fund balances	368,988	(368,988)	-
Total liabilities and fund balances	\$ 374,960		
Net position			
Restricted - grant		\$ 363,215	\$ 363,215

See accompanying notes to financial statements.

Putnam, Alachua, Levy Library Cooperative

Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Year ended September 30, 2018

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Culture/recreation	\$ 339,782	\$ 5,773	\$ 345,555
Program revenues			
Intergovernmental/operating grants	350,000	-	350,000
Net program revenues			4,445
Excess (deficiency) of revenues over (under) expenditures	10,218	(10,218)	-
Change in net position	-	4,445	4,445
Fund balance/net position - beginning of year (as restated)	358,770	-	358,770
Fund balance/net position - end of year	\$ 368,988	\$ (5,773)	\$ 363,215

See accompanying notes to financial statements.



Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Putnam, Alachua, Levy 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 Cooperative is a cooperative library system serving the public libraries of Putnam, Alachua, and Levy Counties. The Cooperative was created, in September 2010, through an interlocal agreement, pursuant to the authority provided in Section 163.01, Florida Statutes, and began serving the citizens of the three-county region on October 1, 2010. The Cooperative’s purpose is to provide for the coordination of library service throughout the region; to provide for equal access to free public library service to all residents of the region; and to formulate and implement consistent plans, programs, policies, and procedures in the operation, maintenance and development of library services throughout the region.

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 the Putnam, Alachua, Levy Library Governing Board whose members are appointed by the respective member counties. For Putnam and Levy Counties, each county’s Board of County Commissioners appoints two members of the Putnam, Alachua, Levy Library Governing Board. For Alachua County, the Alachua County Board of Trustees appoints two members of the Library Board.

The Cooperative uses the criteria established in GASB Statement No. 14, as amended, to define the reporting entity and identify component units. Component units are entities for which the Cooperative is considered to be financially accountable or entities that would be misleading to exclude. 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.

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.



Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The General Fund's financial statements 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 the related fund liability is incurred.

Intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Certain other revenue items may be considered to be measurable and available only when cash is received.

Cash

All deposits are placed in a bank that qualifies as a public depository, as required by law (Florida Security For Public Deposits Act). Accordingly, all deposits are insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Net Position/Fund Balance

Net position represents the difference between assets, liabilities and deferred outflows/inflows 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.



Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net position that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net position that is applicable to a future reporting period.

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates and assumptions. Actual results could vary from the estimates that were used.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Fund balance - General Fund	\$	368,988
Pension-related balances are not reported in governmental funds:		
Net pension liability		(42,164)
Deferred outflows		40,157
Deferred inflows		(3,766)
Net position of governmental activities	\$	<u>363,215</u>
Excess of revenues over expenditures - General Fund	\$	10,218
The net changes in pension-related accounts are reported in governmental activities but not in the General Fund:		
Net pension liability		(42,164)
Deferred outflows		40,157
Deferred inflows		(3,766)
Change in net position of governmental activities	\$	<u>4,445</u>

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 3 – CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities follows:

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018	Due Within One Year
Net pension liability	\$ -	\$ 42,164	\$ -	\$ 42,164	\$ 300

NOTE 4 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Cooperative participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide 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 State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Regular class	6.60%	1.66%
Special risk class	22.84%	1.66%
Senior management service class	22.40%	1.66%
City, county, special district elected officers	47.04%	1.66%
DROP	12.37%	1.66%

The employer's contributions for the year ended September 30, 2018, were \$3,614 to the FRS Pension Plan and \$955 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the Cooperative reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2018. The Cooperative's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	\$ 28,214	\$ 13,950
Proportion at:		
Current measurement date	0.0001%	0.0001%
Prior measurement date	0.0000%	0.0000%
Pension expense (benefit)	\$ 7,448	\$ 2,893

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2018, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,390	\$ 87	\$ 214	\$ 24
Changes of assumptions	9,219	-	1,551	1,475
Net difference between projected and actual earnings on pension plan investments	-	2,180	8	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,092	-	11,498	-
Employer contributions subsequent to the measurement date	945	-	240	-
Total	\$ 26,646	\$ 2,267	\$ 13,511	\$ 1,499

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2019	\$ 6,253	\$ 2,047
2020	5,039	2,047
2021	2,984	1,989
2022	4,292	1,885
2023	3,731	1,669
Thereafter	1,135	2,135
Total	\$ 23,434	\$ 11,772

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease (6.00%)	Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Rate (3.87%)	1% Increase (4.87%)
Employer's proportionate share of the net pension liability	\$ 51,492	\$ 28,214	\$ 8,880	\$ 15,888	\$ 13,950	\$ 12,334

Putnam, Alachua, Levy Library Cooperative

Notes To Financial Statements

NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. The Cooperative had no employees participating in the plan during the year ended September 30, 2018.

NOTE 5 – RISK MANAGEMENT

The Cooperative participates in the Florida Municipal Insurance Trust, a public entity risk pool through the Florida League of Cities, for risk related to workers' compensation and professional liability.

NOTE 6 – PRIOR PERIOD ADJUSTMENT

As of September 30, 2017, the Cooperative had \$9,115 in prepaid expenses that were not recorded in the fund and government-wide financial statements. As a result, a prior period adjustment was recorded to correct the previously issued 2017 financial statements.

Fund balance/net position, 9-30-2017 as previously reported	\$ 349,655
Prior period adjustment	9,115
<u>Fund balance/net position, 10-1-2017 as restated</u>	<u>\$ 358,770</u>

Required Supplementary Information

Putnam, Alachua, Levy Library Cooperative

Budgetary Comparison Schedule – General Fund
Year ended September 30, 2018

	Budgeted		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Expenditures				
Culture/recreation:				
Operating expenditures	260,000	219,489	205,128	14,361
Books and publications	90,000	130,510	134,654	(4,143)
Total expenditures	350,000	350,000	339,782	10,218
Excess (deficiency) of revenues over (under) expenditures	-	-	10,218	10,218
Fund balance - beginning of year (as restated)	22,419	22,419	358,770	336,351
Fund balance - end of year	\$ 22,419	\$ 22,419	\$ 368,988	\$ 346,569

Putnam, Alachua, Levy Library Cooperative
Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

	Florida Retirement System	2018
Employer's proportion of the net pension liability (asset)		0.0001%
Employer's proportionate share of the net pension liability (asset)		\$ 28,214
Employer's covered payroll (2)		\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		53.75%
Plan fiduciary net position as a percentage of the total pension liability		84.26%
	Health Insurance Subsidy Program	2017
Employer's proportion of the net pension liability (asset)		0.0001%
Employer's proportionate share of the net pension liability (asset)		\$ 13,950
Employer's covered payroll (2)		\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		26.57%
Plan fiduciary net position as a percentage of the total pension liability		2.15%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year

(2) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2018. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Putnam, Alachua, Levy Library Cooperative
Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2018
Contractually required contribution	\$ 3,614
Contributions in relation to the contractually required contribution	3,614
Contribution deficiency (excess)	\$ -
Employer's covered payroll (1)	\$ 57,489
Contributions as a percentage of covered payroll	6.29%

Health Insurance Subsidy Program	2018
Contractually required contribution	\$ 955
Contributions in relation to the contractually required contribution	955
Contribution deficiency (excess)	\$ -
Employer's covered payroll (1)	\$ 57,489
Contributions as a percentage of covered payroll	1.66%

Notes to schedules:

(1) Covered payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2018. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Putnam, Alachua, Levy Library Cooperative

Schedule of Expenditures of State Financial Assistance
Year ended September 30, 2018

	CSFA Number	ID Number	Expenditures
Department of State and Secretary of State			
State Aid to Libraries	45.030	17-ST-50	339,782
Total expenditures of state financial assistance			\$ 339,782

NOTE 1 – BASIS OF ACCOUNTING

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

Additional Elements Required by the Rules of the Auditor General



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MANAGEMENT LETTER

To the Putnam, Alachua, Levy Library Governing Board
Putnam, Alachua, Levy Library Cooperative

We have audited the financial statements of the Putnam, Alachua, Levy Library Cooperative, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 17, 2019.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this 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 findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter. Prior audit findings 2017-001 and 2017-002 have been resolved.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Cooperative has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, which are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Putnam, Alachua, Levy Library Governing Board, management, and the Office of the Auditor General, 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. We have sincerely enjoyed our association with the Putnam, Alachua, Levy Library Cooperative and look forward to a continuing relationship. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida

May 17, 2019

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*

To the Putnam, Alachua, Levy Library Governing Board
Putnam, Alachua, Levy Library Cooperative

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Putnam, Alachua, Levy Library Cooperative (the "Cooperative") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated May 17, 2019.

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 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 first paragraph of this section, 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 deficiency in internal control, described in the accompanying schedule of findings as item 2018-001, that we consider to be a material weakness.

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 Finding

The Cooperative's response to the finding identified in our audit is described in its accompanying letter of 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.

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.

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

Gainesville, Florida

May 17, 2019

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Putnam, Alachua, Levy Library Governing Board
Putnam, Alachua, Levy Library Cooperative

We have examined Putnam, Alachua, Levy Library Cooperative's (the "Cooperative") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management is responsible for the Cooperative's compliance with the specified requirements. Our responsibility is to express an opinion on the Cooperative's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Cooperative complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Cooperative complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018.

This report is intended solely for the information and use of the governing board, 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.

Gainesville, Florida
May 17, 2019

Schedule of Findings

2018-001 **Criteria:** Expenditures should be posted in the proper period.

Condition: Some expenditures were not posted to the correct fiscal year. Some expenditures of the current year were instead recorded as expenditures of a future period.

Cause: Insufficient attention to the cut-off for the year-end date to post expenditures to the proper period.

Effect: Potential misstatement of expenditures, accounts payable or prepaid asset; corrected during the audit.

Recommendation: Considering the size of PAL, a separate review process may not be possible, however particular review of the invoices toward the end of the year will help identify expenditures that should be recorded in the current period.



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May 17, 2019

Honorable Sherrill F. Norman, CPA
Auditor General, State of Florida
Local Government Section/342
Room 410, Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: Carr, Riggs, & Ingram Audit, FY 2018

Dear Ms. Norman:

This is in response to the Independent Auditors' Management Letter for PAL Public Library Cooperative, for the fiscal year ended September 30, 2018.

Finding 2018-001: Expenditures should be posted in the proper period.

There was an error with posting pre-paid invoices in this fiscal year for products/services to be received in the next fiscal year. Despite the due date on the invoice, these still need to be posted in the next fiscal year. The PAL administrator/bookkeeper has discussed this with the board treasurer and has noted this for future applications.

Thank you for your attention.

Sincerely,

A handwritten signature in cursive script that reads "Marlene R. Glennon".

Marlene R. Glennon, Administrator and Bookkeeper
PAL Public Library Cooperative