

**Financial Statements  
and  
Independent Auditors' Report  
New River Public Library Cooperative  
September 30, 2019**

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and  
Independent Auditors' Report**

**New River Public Library Cooperative**

**September 30, 2019**

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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, 2019, 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, 2019, 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 29, 2020, 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 Group*

June 29, 2020

**New River Public Library Cooperative  
Management's Discussion and Analysis (Unaudited)  
September 30, 2019**

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, 2019 by \$432,501 (net assets). Of this amount \$385,562 (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 \$68,517. The increase was due to carefully monitoring budgeted expenditures and unanticipated revenues.
- The Cooperative received \$345,472 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 increased by \$108 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, 2019  
(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, 2019  
(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.

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Assets</b>		
Current Assets	\$ 369,328	\$ 317,154
Prepaid Expenses	19,004	42,034
Capital Assets, Net	<u>46,939</u>	<u>24,563</u>
<b>Total Assets</b>	<u>435,271</u>	<u>383,751</u>
<b>Liabilities</b>		
Long-Term Liabilities	1,670	1,598
Other Liabilities	<u>1,100</u>	<u>18,169</u>
<b>Total Liabilities</b>	<u>2,770</u>	<u>19,767</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	46,939	24,563
Unrestricted	<u>385,562</u>	<u>339,421</u>
<b>Total Net Assets</b>	<u>\$ 432,501</u>	<u>\$ 363,984</u>

At September 30, 2019, approximately 11 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, 2019 and 2018, 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, 2019  
(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.

<b>Revenues</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Program Revenues:		
Operating Grants and Contributions	\$ 345,472	\$ 341,355
General Revenues		
Investment Revenues	179	138
Other Revenues	<u>60,976</u>	<u>109</u>
<b>Total Revenues</b>	406,627	341,602
<b>Expenses</b>		
Personal Services	105,976	105,425
Operating Expense	221,039	141,198
Depreciation Expense	<u>11,095</u>	<u>11,975</u>
<b>Total Expenses</b>	<u>338,110</u>	<u>258,598</u>
<b>Net Change in Net Assets</b>	68,517	83,004
<b>Net Assets - October 1</b>	363,984	<u>285,783</u>
Prior Period Adjustment	<u>-</u>	<u>(4,803)</u>
<b>Net Assets - September 30</b>	<u>\$ 432,501</u>	<u>\$ 363,984</u>

**Capital Assets**

The Cooperative's investment in capital assets for its governmental activities as of September 30, 2019 amounts to \$46,939 (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 \$2,505, 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, 2019  
(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, 2019, the Cooperative's governmental fund reported ending fund balance of \$369,063, an increase of \$69,279. The increase can be attributed to strict budgetary compliance and revenues received that were unanticipated in the budget. 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, 2019 and 2018 represented 109% and 113% 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, 2019**  
**New River Public Library Cooperative**  
**Lake Butler, Florida**

	<b>General Fund</b>	<b>Adjustment (Note 4)</b>	<b>Statement of Net Assets</b>
<b>Assets</b>			
Cash and Equivalents	\$ 368,378	\$ -	\$ 368,378
Accounts Receivable	950	-	950
Prepaid Expenses	-	19,004	19,004
Capital Assets, Net of Depreciation	-	46,939	46,939
	<u>369,328</u>	<u>65,943</u>	<u>435,271</u>
<b>Total Assets</b>	<b>\$ 369,328</b>	<b>65,943</b>	<b>435,271</b>
<b>Liabilities</b>			
Accounts Payable	\$ 265	-	265
Long-Term Liabilities:			
Due Within One Year	-	835	835
Due After One Year	-	1,670	1,670
	<u>265</u>	<u>2,505</u>	<u>2,770</u>
<b>Total Liabilities</b>	<b>265</b>	<b>2,505</b>	<b>2,770</b>
<b>Fund Balance</b>			
Unassigned	369,063	369,063	-
	<u>369,063</u>	<u>369,063</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 369,328</b>		
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt		46,939	46,939
Unrestricted		385,562	385,562
		<u>432,501</u>	<u>432,501</u>
<b>Total Net Assets</b>		<b>\$ 432,501</b>	<b>\$ 432,501</b>

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, 2019  
New River Public Library Cooperative  
Lake Butler, Florida**

	<u>General Fund</u>	<u>Adjustment (Note 4)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Intergovernmental	\$ 343,472	\$ -	\$ 343,472
Miscellaneous	63,155	-	63,155
<b>Total Revenues</b>	406,627	-	406,627
<b>Expenditures</b>			
Current:			
Culture and Recreation	337,348	762	338,110
<b>Net Change in Fund Balance / Net Assets</b>	69,279	(762)	68,517
<b>Fund Balance / Net Assets - October 1, 2018</b>	299,784	64,200	363,984
<b>Fund Balance / Net Assets - September 30, 2019</b>	\$ 369,063	\$ 63,438	\$ 432,501

The notes to financial statements are integral to this statement.

**Notes to Financial Statements  
For the Year Ended September 30, 2019  
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, 2019  
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, 2019  
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, 2019  
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, 2019 was as follows:

	<u>Beginning 10/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending 9/30/2019</u>
Capital Assets Being Depreciated				
Library Collections	\$ 597,580	\$ -	\$ 98,276	\$ 499,304
Machinery, Equipment and Furniture	69,539	9,606	-	79,145
Vehicles	102,431	23,865	102,431	23,865
Total Capital Assets Being Depreciated	769,550	33,471	200,707	602,314
Less Accumulated Depreciation for:				
Library Collections	586,945	6,976	98,276	495,645
Machinery, Equipment and Furniture	55,611	4,119	102,431	(42,701)
Vehicles	102,431	-	-	102,431
Total Accumulated Depreciation	744,987	11,095	200,707	555,375
<b>Capital Assets, Net</b>	<b>\$ 24,563</b>	<b>\$ 22,376</b>	<b>\$ -</b>	<b>\$ 46,939</b>

*Long-Term Debt Obligations*

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

	<u>Beginning 10/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending 9/30/2019</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 2,397	\$ 108	\$ -	\$ 2,505	\$ 835

**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, 2019  
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 2018 to June 2019 were as follows: Regular Employees 8.26%, Senior Management 24.06%. Beginning July 2019 the rates changed to the following: Regular Employees 8.47%, Senior Management 25.41%. 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, 2019, 2018, and 2017 were \$13,410, \$13,060 and \$12,954, 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, 2019, the adjustments necessary to convert the modified accrual statements to the accrual basis are as follows:

Net Increase in Accrued Compensated Absences	\$	(108)
Net Decrease in Prepaid Expenses		(23,030)
Capitalized Machinery, Equipment and Furniture Additions		33,471
Depreciation Expense		<u>(11,095)</u>
Total Net Adjustments	\$	<u><u>(762)</u></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 at a rate of \$12,000 per year; rent expense for the period ended September 30, 2019 was \$9,000. At September 30, 2018, the Cooperative prepaid \$3,000 for the October – December 2018 rent, therefore, the rent expense for the year ended September 30, 2018 was \$15,000.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended September 30, 2019  
New River Public Library Cooperative  
Lake Butler, Florida**

	<b>General Fund</b>		
	<b>Budget</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Intergovernmental	\$ 331,918	\$ 334,793	\$ 343,472
Miscellaneous	400	7,900	63,155
<b>Total Revenues</b>	332,318	342,693	406,627
<b>Expenditures</b>			
Current:			
Culture and Recreation	361,966	362,966	337,348
<b>Net Change in Fund Balances</b>	(29,648)	(20,273)	69,279
<b>Fund Balance - October 1, 2018</b>	300,000	300,000	299,784
<b>Fund Balance - September 30, 2019</b>	\$ <u>270,352</u>	\$ <u>279,727</u>	\$ <u>369,063</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, 2019, and have issued our report thereon dated June 29, 2020. 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, they were corrected.

### 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.

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

### **Additional 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 29, 2020



**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, 2019.

*DDF CPA Group*

June 29, 2020



## 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, 2019, 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 29, 2020. 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.

## **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 29, 2020.

### *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 29, 2020

**Schedule of Findings  
For the Year Ended September 30, 2019  
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.
4. The New River Public Library Cooperative did not meet the requirements for a single audit; however, \$324,707 was expended from the Florida Department of State, Division of Library and Information Services, State Aid to Libraries (Projects #18-ST-37 and #19-ST-37) under CSFA number 45.030, \$9,766 was expended from the Library Services and Technology Act (LSTA) Grant (Project #18-LSTA-B-06) under CFDA #45.310 and \$2,875 was expended from the Library Services and Technology Act (LSTA) Innovation Grant (Project #18-LSTA-D-21) 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 not considered necessary.

**PART V – PRIOR YEAR FINDINGS**

The prior year audit finding relating to failure to publish the 2017-18 budget on the Cooperative's website was corrected.