



**Putnam, Alachua, Levy
Library Cooperative**

Audit Report

September 30, 2020





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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, 2020, 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, 2020, 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.

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, 2021, 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.

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

Gainesville, Florida
May 17, 2021

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, 2020. 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

	2020	2019
Assets:		
Cash	\$ 388,783	\$ 363,105
Due from administrator	27	-
Prepays	34,056	36,387
Total assets	422,866	399,492
Deferred outflows:		
Related to pensions	39,061	42,434
Liabilities:		
Current liabilities	11,822	1,327
Long term liabilities	67,785	56,515
Total liabilities	79,607	57,842
Deferred inflows:		
Related to pensions	1,337	3,643
Net position - restricted	\$ 380,983	\$ 380,441

Change in Net Position

Program revenues:		
Operating grants	\$ 428,667	\$ 438,735
Program expenses:		
Culture/recreation	428,125	421,509
Change in net position	542	17,226
Beginning net position	380,441	363,215
Ending net position	\$ 380,983	\$ 380,441

Putnam, Alachua, Levy Library Cooperative Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$428,667 in program revenues and incurred \$428,125 of program expenses. This resulted in a \$542 increase in net position.

Revenues were from the Division of Library and Information services received from the State of Florida and federal awards.

THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$15,210 during 2020. Grant revenues of \$428,667 exceeded expenditures by \$15,210. The revenues decreased by \$10,068 from the previous year. Expenditures decreased by \$17,349 from the previous year due to decreases in grant expenditures.

BUDGETARY HIGHLIGHTS

There were no budget amendments during the year. Actual expenditures were approximately \$15,000 less than the final budget.

Actual revenues of \$428,667 was the same as the budgeted revenues of \$428,667

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Cooperative has no capital assets.

Debt Administration

The Cooperative has one employee in the Florida Retirement System, which resulted in long-term liabilities of \$67,785 and current liabilities of \$200. 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, 2020	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 388,783	\$ -	\$ 388,783
Due from administrator	27	-	27
Prepays	-	34,056	34,056
Total assets	\$ 388,810	\$ 34,056	422,866
Deferred outflows			
Related to pensions	\$ -	39,061	39,061
Liabilities			
Accounts payable	11,822	-	11,822
Noncurrent liabilities:			
Net pension liability due within one year	-	200	200
Net pension liability due in more than one year	-	67,585	67,585
Total liabilities	11,822	67,785	79,607
Deferred inflows			
Related to pensions	-	1,337	1,337
Fund balances			
Restricted - grant	376,988	(376,988)	-
Total liabilities and fund balances	\$ 388,810		
Net position			
Restricted - grant		<u>\$ 3,995</u>	<u>\$ 380,983</u>

*The accompanying "Notes to Financial Statements"
form an integral part of this statement.*

Putnam, Alachua, Levy Library Cooperative
Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance

<i>For the year ended September 30, 2020</i>	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Culture/recreation	\$ 413,457	\$ 14,668	\$ 428,125
Program revenues			
Intergovernmental/operating grants	428,667	-	428,667
Net program revenues			542
Excess (deficiency) of revenues over (under) expenditures	15,210	(15,210)	-
Change in net position	-	542	542
Fund balance/net position - beginning of year	361,778	18,663	380,441
Fund balance/net position - end of year	\$ 376,988	\$ 3,995	\$ 380,983

*The accompanying "Notes to Financial Statements"
form an integral part of this statement.*

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 the government-wide statements, while the modified accrual fund statements use the purchases method to expense prepaids up front when paid.

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	\$	376,988
Unamortized portions of prepaid items		34,056
Pension-related balances are not reported in governmental funds:		
Net pension liability		(67,785)
Deferred outflows		(1,337)
Deferred inflows		39,061
Net position of governmental activities	\$	380,983
Excess of revenues over expenditures - General Fund	\$	15,210
The net changes reported in governmental activities but not in the General Fund:		
Pension expense		(12,337)
Amortization of prepaids in the governmental activities		34,056
Subscription expense consumption method		(36,387)
Change in net position of governmental activities	\$	542

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, 2019	Additions	Deductions	Balance September 30, 2020	Due Within One Year
Net pension liability	\$ 56,515	\$ 11,270	\$ -	\$ 67,785	\$ 200

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 and surviving beneficiaries 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, 2020, were as follows:

	FRS	HIS
Regular class	8.34%	1.66%
Special risk class	22.79%	1.66%
Senior management service class	25.63%	1.66%
City, county, special district elected officers	47.52%	1.66%
DROP	15.32%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$3,696 to the FRS Pension Plan and \$913 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, 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, 2020. 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	\$ 48,436	\$ 19,348
Proportion at:		
Current measurement date	0.0001%	0.0002%
Prior measurement date	0.0001%	0.0002%
Pension expense (benefit)	\$ 13,342	\$ 3,831

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, 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	\$ 1,854	\$ -	\$ 791	\$ (15)
Changes of assumptions	8,768	-	2,080	(1,125)
Net difference between projected and actual earnings on pension plan investments	2,884	-	15	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,471	(142)	9,831	(55)
Employer contributions subsequent to the measurement date	1,139	-	228	-
Total	\$ 26,116	\$ (142)	\$ 12,945	\$ (1,195)

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, 2020. 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
2021	\$ 6,007	\$ 2,727
2022	7,493	2,605
2023	6,818	2,343
2024	3,766	2,465
2025	750	1,069
Thereafter	-	312
Total	\$ 24,834	\$ 11,521

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, 2020. The total pension liability for both the FRS Pension Plan and for the HIS Program were determined by actuarial valuations dated July 1, 2020. The individual entry age actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increase	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for the FRS Pension Plan were based on PUB-2010 base tables projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2020:

FRS:

- The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.
- The assumed rate of inflation was decreased from 2.60% to 2.40%.

HIS:

- The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.
- The assumed rate of inflation was decreased from 2.60% to 2.40%.
- Mortality assumptions for the HIS Program were changed from the Generational RP-2000 with Projection Scale BB to the PUB2010 base tables projected generationally with Scale MP-2018.

The long-term expected investment rate of return for the FRS Pension Plan was not based on historical returns, but instead was based on a forward-looking capital market economic model developed during 2020 by an outside investment consultant to the Florida State Board of Administration. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption of 2.40%.

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	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. The 6.80% reported investment return assumption differs from the 7.00% investment return assumption chosen by the 2020 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards. 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 and the depletion date is considered to be immediate, a municipal bond rate of 2.21% 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		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	(5.80%)	(6.80%)	(7.80%)	(1.21%)	(2.21%)	(3.21%)
	\$ 77,344	\$ 48,436	\$ 24,292	\$ 22,365	\$ 19,348	\$ 16,878

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, 2020.

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.

Required Supplementary Information

**Putnam, Alachua, Levy Library Cooperative
Budgetary Comparison Schedule – General Fund**

<i>For the year ended September 30, 2020</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 428,667	\$ 428,667	\$ 428,667	\$ -
Expenditures				
Culture/recreation:				
Operating expenditures	323,923	323,923	310,271	13,652
Books and publications	104,744	104,744	103,186	1,558
Total expenditures	428,667	428,667	413,457	15,210
Excess (deficiency) of revenues over (under) expenditures	-	-	15,210	15,210
Fund balance - beginning of year	361,778	361,778	361,778	-
Fund balance - end of year	\$ 361,778	\$ 361,778	\$ 376,988	\$ 15,210

Putnam, Alachua, Levy Library Cooperative Schedules of Net Proportionate Share of Net Pension Liability

Florida Retirement System	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0001%	0.0001%	0.0001%
Employer's proportionate share of the net pension liability (asset)	\$ 48,436	\$ 38,717	\$ 28,214
Employer's covered payroll (2)	\$ 55,000	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	88.07%	68.67%	53.75%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%
Health Insurance Subsidy Program	2020	2019	2018
Employer's proportion of the net pension liability (asset)	0.0001%	0.0002%	0.0001%
Employer's proportionate share of the net pension liability (asset)	\$ 19,348	\$ 17,798	\$ 13,950
Employer's covered payroll (2)	\$ 55,000	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.18%	31.57%	26.57%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	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.

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.

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

Putnam, Alachua, Levy Library Cooperative
Schedule of Employer Contributions
Last 10 Fiscal Years (1)

Florida Retirement System	2020	2019	2018
Contractually required contribution	\$ 3,713	\$ 3,469	\$ 3,614
Contributions in relation to the contractually required contribution	3,713	3,469	3,614
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll (1)	\$ 55,000	\$ 55,689	\$ 57,489
Contributions as a percentage of covered payroll	6.75%	6.23%	6.29%
Health Insurance Subsidy Program	2020	2019	2018
Contractually required contribution	\$ 913	\$ 871	\$ 955
Contributions in relation to the contractually required contribution	913	871	955
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered payroll (2)	\$ 55,000	\$ 55,689	\$ 57,489
Contributions as a percentage of covered payroll	1.66%	1.56%	1.66%

Notes to schedules:

(1) 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.

(2) Covered payroll includes defined benefit plan activities, investment plan members, and members in DROP for the fiscal year ended September 30, 2020.

Supplementary Information

**Putnam, Alachua, Levy Library Cooperative
Schedule of Expenditures of Federal Awards and State Financial Assistance**

State Financial Assistance

	CSFA Number	ID Number	Expenditures
Department of State and Secretary of State, Division of Library & Information Services			
State Aid to Libraries	45.030	19-ST-51	\$ 334,790
State Aid to Libraries	45.030	20-ST-50	-
Total expenditures of state financial assistance			\$ 334,790

Federal Awards

	CFDA Number	ID Number	Expenditures
Institute of Museum and Library Services through Florida Department of State, Division of Library & Information Services			
Library Services and Technology Act Grant	45.310	19-LSTA-B-07	78,667
Total expenditures of federal awards			\$ 78,667

**Additional Elements Required by
the Rules of the Auditor General**

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

(352) 372-6300
(352) 375-1583 (fax)
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Report on the Financial Statements

We have audited the financial statements of the Putnam, Alachua, Levy Library Cooperative (the "Cooperative"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 17, 2021.

Auditors' Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

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 and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 17, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit report. The Cooperative had no such audit findings reported in the preceding audit report.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Putnam, Alachua, Levy (PAL) Library Cooperative met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition met. In connection with our audit, we determined that Putnam, Alachua, Levy (PAL) 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Putnam, Alachua, Levy (PAL) Library Cooperative. It is management's responsibility to monitor Putnam, Alachua, Levy (PAL) Library Cooperative's financial condition, and our financial condition assessment was based in part on representations made by management and 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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, the Putnam, Alachua, Levy Library Cooperative Governing Board, 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. 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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
May 17, 2021

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, 2020, 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, 2021.

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. 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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, 2021



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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, 2020. 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, 2020.

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, 2021



PUTNAM • ALACHUA • LEVY
PUBLIC LIBRARY COOPERATIVE

From the Gulf to the St. John's River

401 East University Ave. • Gainesville, FL 32601 • Tel. 330-328-7157

May 17, 2021

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 2020

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, 2020. We are happy to report that for the 2020 fiscal year, the Auditors found no reportable conditions.

Thank you for your attention.

Sincerely,

A handwritten signature in black ink that reads "Marlene R. Glennon". The signature is written in a cursive, flowing style.

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