

# Panhandle Public Library Cooperative System

Financial Statements

September 30, 2020



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**Panhandle Public Library Cooperative System**  
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**September 30, 2020**

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# REPORT





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## INDEPENDENT AUDITORS' REPORT

Administrative Board  
Panhandle Public Library Cooperative System  
Marianna, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Panhandle Public Library Cooperative System (the "Cooperative") as of and for the year ended September 30, 2020 and the related notes to 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Cooperative as of September 30, 2020, and the respective 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 on pages 3 through 5 and page 8, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021 on our consideration of the Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

*Car, Riggs & Ingram, L.L.C.*

Certified Public Accountants  
Marianna, Florida

February 4, 2021



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

## **Panhandle Public Library Cooperative System Management's Discussion and Analysis**

This discussion and analysis of the Panhandle Public Library Cooperative System's (the "Cooperative") financial performance provides an overview of the Cooperative's financial activities for the fiscal year ended September 30, 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 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.

**Panhandle Public Library Cooperative System  
Management's Discussion and Analysis**

**CONDENSED FINANCIAL INFORMATION**

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

<i>For the years ended September 30, 2020</i>	<b>Net Position</b>	
	<b>2020</b>	2019
Assets:		
Cash and cash equivalents	\$ <b>322,493</b>	\$ 318,572
Equity in pooled investments	<b>97,337</b>	96,196
Liabilities:		
Accounts payable	<b>22,370</b>	35,176
Due to other governments	-	16
Unearned revenue	<b>226,267</b>	208,383
Net position - restricted	<b>\$ 171,193</b>	\$ 171,193

<i>For the years ended September 30,</i>	<b>Change in Net Position</b>	
	<b>2020</b>	2019
Program revenues:		
Operating grants	\$ <b>323,380</b>	\$ 397,250
General revenues:		
Interest and investment earnings	<b>1,678</b>	2,394
Miscellaneous	<b>30,868</b>	9,738
Total revenues	<b>355,926</b>	409,382
Program expenses:		
Culture/recreation	<b>355,926</b>	409,382
<b>Change in net position</b>	<b>-</b>	-
<b>Beginning net position</b>	<b>171,193</b>	171,193
<b>Ending net position</b>	<b>\$ 171,193</b>	\$ 171,193



# Panhandle Public Library Cooperative System Management's Discussion and Analysis

## **OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

### **Governmental Activities**

The governmental activities generated \$323,380 in program revenues, \$32,546 in general revenues and incurred \$355,928 of program expenses. This resulted in no change in net position.

Grant revenue and related expenditures decreased in 2020 due to a decrease in reimbursements to the libraries that are members of the Cooperative.

## **THE COOPERATIVE'S INDIVIDUAL FUNDS**

### **General Fund**

The General Fund's fund balance was unchanged.

## **BUDGETARY HIGHLIGHTS**

There were no significant budget amendments made during the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The Cooperative has no capital assets.

### **Debt Administration**

The Cooperative has no long-term liabilities.

## **ECONOMIC FACTORS**

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

## **CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT**

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



# **BASIC FINANCIAL STATEMENTS**

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

<i>For the year ended September 30, 2020</i>	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 322,493	\$ -	\$ 322,493
Equity in pooled investments	97,337	-	97,337
<b>Total assets</b>	<b>\$ 419,830</b>	<b>\$ -</b>	<b>\$ 419,830</b>
<b>Liabilities</b>			
Accounts payable	22,370	\$ -	\$ 22,370
Due to other governments	-	-	-
Unearned revenue	226,267	-	226,267
<b>Total liabilities</b>	<b>248,637</b>	<b>-</b>	<b>248,637</b>
<b>Fund balance</b>			
Restricted - grant	171,193	(171,193)	-
<b>Total fund balance</b>	<b>171,193</b>	<b>(171,193)</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 419,830</b>		
<b>Net position</b>			
Restricted - grant		<u>\$ 171,193</u>	<u>\$ 171,193</u>

*The accompanying notes are an integral part of this financial statement.*

**Panhandle Public Library Cooperative System  
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
<b>Expenditures/expenses</b>			
Culture/recreation	\$ 355,926	\$ -	\$ 355,926
<b>Program revenues</b>			
Intergovernmental/operating grants	323,380	-	323,380
<b>Net program revenues</b>	(32,546)	-	(32,546)
<b>General revenues</b>			
Interest and investment earnings	1,678	-	1,678
Miscellaneous	30,868	-	30,868
<b>Total general revenues</b>	<b>32,546</b>	<b>-</b>	<b>32,546</b>
<b>Excess of revenues over     expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance/net position - beginning</b>	<b>171,193</b>	<b>-</b>	<b>171,193</b>
<b>Fund balance/net position - ending</b>	<b>\$ 171,193</b>	<b>\$ -</b>	<b>\$ 171,193</b>

*The accompanying notes are an integral part of this financial statement.*

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

<i>For the year ended September 30, 2020</i>	Budgeted		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues</b>				
Grant	\$ 434,458	\$ 434,458	\$ 323,380	\$ (111,078)
Interest	-	-	1,678	1,678
Miscellaneous	-	-	30,868	30,868
<b>Total revenues</b>	<b>434,458</b>	<b>434,458</b>	<b>355,926</b>	<b>(78,532)</b>
<b>Expenditures</b>				
Culture/recreation:				
Operating expenditures	418,958	418,958	355,926	63,032
Capital outlay	15,500	15,500	-	15,500
<b>Total expenditures</b>	<b>434,458</b>	<b>434,458</b>	<b>355,926</b>	<b>78,532</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance, beginning of year</b>	<b>67,163</b>	<b>67,163</b>	<b>171,193</b>	<b>104,030</b>
<b>Fund balance, end of year</b>	<b>\$ 67,163</b>	<b>\$ 67,163</b>	<b>\$ 171,193</b>	<b>\$ 104,030</b>

*The accompanying notes are an integral part of this financial statement.*

## Panhandle Public Library Cooperative System Notes to Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***Reporting Entity***

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

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

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

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

#### ***Reporting Model***

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

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Reporting Model (Continued)***

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

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

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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

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

#### ***Cash and Cash Equivalents***

Cash includes amounts in demand deposits as well as short term investments with an original maturity date within three months of the date acquired by the government.

#### ***Equity in Pooled Investments***

Equity in pooled investments include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Net Position/Fund Balance***

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

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

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

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

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

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

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

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

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

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



## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Budgets and Budgetary Accounting***

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

#### ***Capital Assets***

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

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

#### ***Unearned Revenues***

Unearned revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned revenues. These amounts represent unearned library grant revenues for the Cooperative.

#### ***Use of Estimates***

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

#### ***Risk Management and Insurance***

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

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 4, 2021, and determined there were no events that occurred that required disclosure.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Impact of Recently Issued Accounting Pronouncements***

In November 2016, the GASB issued Statement No. 83 (GASB 83), *Certain Asset Retirement Obligations*. GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2019. GASB 83 had no impact on the Cooperative's financial statements.

In March 2018, the GASB issued Statement No. 88 (GASB 88), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB 88 requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt. See Note 6 for additional disclosures related to the implementation of GASB 88.

In May 2020, the GASB issued Statement No. 95 (GASB 95), *Postponement of the Effective Date of Certain Authoritative Guidance*. GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. GASB 95 had no impact on the Cooperative's financial statements.

#### ***Pronouncements Issued But Not Yet Effective***

In January 2017, the GASB issued Statement No. 84 (GASB 84), *Fiduciary Activities*. GASB 84 establishes specific criteria for identifying fiduciary activities and the requirements for financial statement reporting. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. In addition, recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred which compels the government to disburse fiduciary resources should also be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Pronouncements Issued But Not Yet Effective (Continued)*

In June 2017, the GASB issued Statement No. 87 (GASB 87), *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89 (GASB 89), *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of GASB 89 are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90 (GASB 90), *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of GASB 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of GASB 90 are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Pronouncements Issued But Not Yet Effective (Continued)*

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB 91). The primary objectives of GASB 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of GASB 91 are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92 (GASB 92), *Omnibus 2020*. The objectives of GASB 92 are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 92 are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates*. The purpose of GASB 93 is to address accounting and financial reporting implications that result from the replacement of interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). GASB 93 achieves this objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of the interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Pronouncements Issued But Not Yet Effective (Continued)*

In March 2020, the GASB issued Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of GASB 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in GASB 94, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in GASB 94 as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in GASB 94, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB 94 is effective for fiscal years beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB 96 is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued statement No. 97 (GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements for GASB 97 are effective for reporting periods beginning after June 15, 2021.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### Note 2: CASH AND INVESTMENTS

At September 30, 2020, the carrying amount of the Panhandle Public Library Cooperative System's cash and cash equivalents was \$322,493 and the bank balance was \$322,393. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The Cooperative invested funds in the Florida State Board of Administration's Florida PRIME. At September 30, 2020, the market value and carrying value of these funds was \$97,337. Additional information and investment policies regarding Florida PRIME may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime).

Florida PRIME is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for Florida PRIME. As a pool participant, the Cooperative owns a share of the respective pool, not the underlying securities.

Florida PRIME is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the Cooperative's investment in Florida PRIME is recorded at amortized cost.

#### CREDIT RISK

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

As of September 30, 2020, the Cooperative's investment in Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

## Panhandle Public Library Cooperative System Notes to Financial Statements

### **Note 2: CASH AND INVESTMENTS (Continued)**

#### INTEREST RATE RISK

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2020, is 48 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2020 is 63 days.

#### CUSTODIAL CREDIT RISK

At September 30, 2020, the Cooperative did not hold any deposits or investments that were considered to have custodial risk.

#### CONCENTRATION OF CREDIT RISK

At September 30, 2020, the Cooperative did not hold any investments that were considered to have concentration of credit risk.

#### FOREIGN CURRENCY RISK

At September 30, 2020, the Cooperative did not hold any investments that were considered to have a foreign currency risk.

### **Note 3: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**COMPLIANCE SECTION**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Administrative Board  
Panhandle Public Library Cooperative System  
Marianna, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Panhandle Public Library Cooperative System (the "Cooperative") as of and for the year ended September 30, 2020, and the related notes to basic financial statements, which collectively comprise the Cooperative's basic financial statements and have issued our report thereon dated February 4, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 from 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 Standard*.

***Purpose of This report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and specified parties.

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

Certified Public Accountants  
Marianna, Florida

February 4, 2021



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

Administrative Board  
Panhandle Public Library Cooperative System  
Marianna, Florida

We have examined Panhandle Public Library Cooperative System's (the "Cooperative") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2020. Management is responsible for the Cooperative's compliance with those requirements. Our responsibility is to express an opinion on the Cooperative's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Cooperative's compliance with specified requirements.

In our opinion, the Cooperative, complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

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

Certified Public Accountants  
Marianna, Florida

February 4, 2021

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Administrative Board  
Panhandle Public Library Cooperative System  
Marianna, Florida

### Report on the Financial Statements

We have audited the financial statements of the Panhandle Public Library Cooperative System (the "Cooperative"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated February 4, 2021.

### Auditor's Responsibility

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

### Other 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, which are dated February 4, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations in the preceding annual financial audit report.

### Official Title and Legal Authority

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

## **Financial Condition and Management**

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

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

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.

## **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Cooperative for the fiscal year ended September 30, 2020, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2020. In connection with our audit, we determined that these two reports were in agreement.

## **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 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, Federal and other granting agencies, the Administrative Board, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

Certified Public Accountants  
Marianna, Florida

February 4, 2021