

PUTNAM, ALACHUA, LEVY
LIBRARY COOPERATIVE

AUDIT REPORT

SEPTEMBER 30, 2011

**Audit Report
Putnam, Alachua, Levy Library Cooperative
September 30, 2011**

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Independent Auditors' Report

To the Library Board
Putnam, Alachua, Levy Library Cooperative

We have audited the accompanying financial statements of the governmental activities and General Fund of the Putnam, Alachua, Levy Library Cooperative (the "Cooperative") as of and for the fiscal year ended September 30, 2011, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cooperative's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 General Fund of the Cooperative as of September 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2012 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* and should be considered in assessing the results of our audit.

To the Library Board
Putnam, Alachua, Levy Library Cooperative
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Management's discussion and analysis and the budgetary comparison schedule are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Car, Rizzo & Ingram LLC

May 17, 2012
Palatka, Florida

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, 2011. 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 Assets 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.

CONDENSED FINANCIAL INFORMATION

The following tables present condensed, government-wide data about net assets and changes in net assets. Comparative financial information is not available, since the Cooperative was not yet in existence in the prior fiscal year.

Net Assets	
Assets:	
Non-capital Assets	\$ 213,118
Liabilities:	
Current Liabilities	<u>19,020</u>
Net Assets - Restricted	<u>\$ 194,098</u>

Change in Net Assets	
Program Revenues:	
Operating Grants	\$ 350,000
Program Expenses:	
Culture/Recreation	<u>155,902</u>
Change in Net Assets	194,098
Beginning Net Assets	-
Ending Net Assets	<u>\$ 194,098</u>

Management's Discussion and Analysis

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$350,000 in program revenues and incurred \$155,902 of program expenses. This resulted in a \$194,098 increase in net assets.

THE DISTRICT'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance also increased by \$194,098.

BUDGETARY HIGHLIGHTS

There were no significant changes between the original and final budgets. A positive variance primarily occurred because budgeted books and publications were not fully expended.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

There was no capital asset activity during 2011.

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 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 Stephen Crowley, at 601 College Road, Palatka, Florida 32177.

Statement of Net Assets and Governmental Fund Balance Sheet
September 30, 2011
Putnam, Alachua, Levy Library Cooperative

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<u>ASSETS</u>			
Cash	<u>\$ 213,118</u>	\$ -	\$ 213,118
<u>LIABILITIES</u>			
Accounts Payable	19,020	-	19,020
<u>FUND BALANCES</u>			
Restricted - Grant	<u>194,098</u>	<u>(194,098)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 213,118</u>		
<u>NET ASSETS</u>			
Restricted - Grant		<u>\$ 194,098</u>	<u>\$ 194,098</u>

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

**Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended September 30, 2011
Putnam, Alachua, Levy Library Cooperative**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>EXPENDITURES/EXPENSES</u>			
Culture/Recreation:			
Operations	\$ 155,902	\$ -	\$ 155,902
<u>PROGRAM REVENUES</u>			
Intergovernmental/Operating Grants	<u>350,000</u>	<u>-</u>	<u>350,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	194,098	(194,098)	-
CHANGE IN NET ASSETS	-	194,098	194,098
<u>FUND BALANCE/NET ASSETS</u>			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ 194,098</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 194,098</u></u>

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

Notes To Financial Statements
September 30, 2011
Putnam, Alachua, Levy Library Cooperative

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 a Library 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 Library Board. For Alachua County, the Alachua County Library District appoints two members of the Library 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 has implemented 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 Assets 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.

Notes To Financial Statements
September 30, 2011
Putnam, Alachua, Levy Library Cooperative

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and Cash Equivalents

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.

Net Assets/Fund Balance

Net assets represent the difference between assets and liabilities reported for the governmental activities. Net assets are reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net assets are net assets that do not meet the definitions 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.

Notes To Financial Statements
September 30, 2011
Putnam, Alachua, Levy Library Cooperative

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 – 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

**Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended September 30, 2011
Putnam, Alachua, Levy Library Cooperative**

	<u>Budgeted</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental:				
State Aid to Libraries Grant	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
<u>EXPENDITURES</u>				
Culture/Recreation:				
Personal Services	23,684	23,684	23,918	(234)
Operating Expenditures	45,299	45,299	36,908	8,391
Books and Publications	120,000	120,000	95,076	24,924
Reserve for Contingencies	11,017	11,017	-	11,017
TOTAL EXPENDITURES	200,000	200,000	155,902	44,098
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	150,000	150,000	194,098	44,098
FUND BALANCES – October 1, 2010	-	-	-	-
FUND BALANCES – September 30, 2011	\$ 150,000	\$ 150,000	\$ 194,098	\$ 44,098

Notes to Schedule

The annual budget is adopted and amended by the Library Board. The budget is prepared on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The fund is the legal level of control.

SUPPLEMENTARY INFORMATION

**Schedule of Financial Assistance
For the Fiscal Year Ended September 30, 2011
Putnam, Alachua, Levy Library Cooperative**

<u>STATE AWARDS</u>	<u>CSFA NUMBER</u>	<u>ID NUMBER</u>	<u>EXPEND- ITURES</u>
<u>DEPARTMENT OF STATE AND SECRETARY OF STATE</u>			
State Aid to Libraries	45.030	11-ST-54	<u>\$ 155,902</u>

NOTE 1: Basis of Accounting

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

**ADDITIONAL ELEMENTS REQUIRED BY
THE RULES OF THE AUDITOR GENERAL**



Management Letter

To the Library Board
Putnam, Alachua, Levy Library Cooperative

We have audited the financial statements of the Putnam, Alachua, Levy Library Cooperative, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated May 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Cooperative was not active in the prior year.

Financial Condition

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

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

To the Library Board
Putnam, Alachua, Levy Library Cooperative
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Annual Financial Report

As required by the Rules of the Auditor General, we determined that the financial report filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2011.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

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

This management letter is intended solely for the information and use of the Library Board, management, and the Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. We have sincerely enjoyed our association with the Putnam, Alachua, Levy Library Cooperative and look forward to a continuing relationship. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Carri Riggall Ingram LLC

May 17, 2012
Palatka, Florida



To the Library Board
Putnam, Alachua, Levy Library Cooperative

We have audited the financial statements of the governmental activities and General Fund of the Putnam, Alachua, Levy Library Cooperative (the "Cooperative") as of and for the year ended September 30, 2011, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated May 17, 2012. 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.

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

Internal Control Over Financial Reporting

Management of the Cooperative is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Cooperative's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that that we consider to be material weaknesses, as defined above.

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*.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. The Cooperative adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year. The application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates tend to be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures tend to be particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter.

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

Car, Riggs & Ingram LLC

May 17, 2012
Palatka, Florida

**Management's Response to Auditors' Findings
September 30, 2011
Putnam, Alachua, Levy Library Cooperative**

There are no findings that require a written response.