

# Putnam, Alachua, Levy Library Cooperative

Audit Report

September 30, 2019



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## Putnam, Alachua, Levy Library Cooperative

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Putnam, Alachua, Levy Library Cooperative (the "Cooperative") as of and for the fiscal year ended September 30, 2019, 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, 2019, 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.

***Change in Accounting Principle***

As discussed in Note 6 to the financial statements, the Cooperative implemented a change in accounting principle for the General Fund during the fiscal year 2018-19. As a result the Cooperative restated its opening fund balance of the General Fund. Our opinions are not modified with respect to that matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, the budgetary comparison information and the pension trend information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020, on our consideration of the Cooperative’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative’s internal control over financial reporting and compliance.

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

Gainesville, Florida  
May 13, 2020



## 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, 2019. 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

	<b>2019</b>	<b>2018</b>
Assets:		
Cash	\$ 363,105	\$ 359,821
Prepays	36,387	15,139
<b>Total assets</b>	<b>399,492</b>	<b>374,960</b>
Deferred outflows:		
Related to pensions	42,434	40,157
Liabilities:		
Current liabilities	1,327	6,272
Long term liabilities	56,515	41,864
<b>Total liabilities</b>	<b>57,842</b>	<b>48,136</b>
Deferred inflows:		
Related to pensions	3,643	3,766
<b>Net position - restricted</b>	<b>\$ 380,441</b>	<b>\$ 363,215</b>

#### Change in Net Position

Program revenues:		
Operating grants	\$ 438,735	\$ 350,000
Program expenses:		
Culture/recreation	421,509	345,555
<b>Change in net position</b>	<b>17,226</b>	<b>4,445</b>
<b>Beginning net position</b>	<b>363,215</b>	<b>358,770</b>
<b>Ending net position</b>	<b>\$ 380,441</b>	<b>\$ 363,215</b>



## Putnam, Alachua, Levy Library Cooperative

### Management's Discussion and Analysis

#### OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

##### Governmental Activities

The governmental activities generated \$438,735 in program revenues and incurred \$421,509 of program expenses. This resulted in a \$17,226 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 \$7,929 during 2019. Grant revenues of \$438,735 exceeded expenditures by \$7,929. The revenues increased by \$88,735 from the previous year. Expenditures increased by \$91,024 from the previous year due to increased grant expenditures.

#### BUDGETARY HIGHLIGHTS

There were four budget amendments during the year that affected the total expenditures. Actual expenditures were approximately \$5,000 less than the final budget.

Actual revenues of \$438,735 exceeded the budgeted revenues of \$435,860 by approximately \$3,000.

#### 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 \$55,915 and current liabilities of \$600. 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, 2019

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 363,105	\$ -	\$ 363,105
Prepays	-	36,387	36,387
<b>Total assets</b>	<b>\$ 363,105</b>	<b>\$ 36,387</b>	<b>399,492</b>
<b>Deferred outflows</b>			
Related to pensions	\$ -	42,434	42,434
<b>Liabilities</b>			
Accounts payable	1,327	-	1,327
Noncurrent liabilities:			
Net pension liability due within one year	-	600	600
Net pension liability due in more than one year	-	55,915	55,915
<b>Total liabilities</b>	<b>1,327</b>	<b>56,515</b>	<b>57,842</b>
<b>Deferred inflows</b>			
Related to pensions	-	3,643	3,643
<b>Fund balances</b>			
Restricted - grant	361,778	(361,778)	-
<b>Total liabilities and fund balances</b>	<b>\$ 363,105</b>		
<b>Net position</b>			
Restricted - grant		<u>\$ 18,663</u>	<u>\$ 380,441</u>

See accompanying notes to financial statements.



Putnam, Alachua, Levy Library Cooperative

Statement of Activities and Governmental Fund Revenues, Expenditures  
and Changes in Fund Balance  
Year ended September 30, 2019

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/expenses</b>			
Culture/recreation	\$ 430,806	(9,297)	\$ 421,509
<b>Program revenues</b>			
Intergovernmental/operating grants	438,735	-	438,735
Interest	-	-	-
<b>Net program revenues</b>			17,226
<b>Excess (deficiency) of revenues over (under) expenditures</b>	7,929	(7,929)	-
<b>Change in net position</b>	-	17,226	17,226
<b>Fund balance/net position - beginning of year (as restated)</b>	353,849	9,366	363,215
<b>Fund balance/net position - end of year</b>	\$ 361,778	\$ 18,663	\$ 380,441

See accompanying notes to financial statements.



## Putnam, Alachua, Levy Library Cooperative

### Notes To Financial Statements

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Putnam, Alachua, Levy Library Cooperative (the “Cooperative”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

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

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

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

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

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

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

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

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

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



## Putnam, Alachua, Levy Library Cooperative

### Notes To Financial Statements

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### ***Measurement Focus and Basis of Accounting***

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

The General Fund's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred.

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

##### ***Cash***

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

##### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in 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	\$	361,778
Unamortized portions of prepaid items		36,387
Pension-related balances are not reported in governmental funds:		
Net pension liability		(56,515)
Deferred outflows		(3,643)
Deferred inflows		42,434
Net position of governmental activities	\$	<u>380,441</u>
Excess of revenues over expenditures - General Fund	\$	7,929
The net changes reported in governmental activities but not in the General Fund:		
Pension expense		(11,951)
Amortization of prepaids in the governmental activities		36,387
Subscription expense consumption method		(15,139)
Change in net position of governmental activities	\$	<u>17,226</u>

## Putnam, Alachua, Levy Library Cooperative

### Notes To Financial Statements

#### NOTE 3 – CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities follows:

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019	Due Within One Year
Net pension liability	\$ 42,164	\$ 14,351	\$ -	\$ 56,515	\$ 600

#### 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](http://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, 2019, were as follows:

	FRS	HIS
Regular class	6.81%	1.66%
Special risk class	23.82%	1.66%
Senior management service class	23.75%	1.66%
City, county, special district elected officers	47.16%	1.66%
DROP	12.94%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$3,469 to the FRS Pension Plan and \$871 to the HIS Program.

##### ***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2019, 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, 2019. 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	\$ 38,717	\$ 17,798
Proportion at:		
Current measurement date	0.0001%	0.0002%
Prior measurement date	0.0001%	0.0001%
Pension expense (benefit)	\$ 12,679	\$ 3,612

#### *Deferred Outflows/Inflows of Resources Related to Pensions*

At September 30, 2019, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,296	\$ (24)	\$ 216	\$ (22)
Changes of assumptions	9,944	-	2,061	(1,455)
Net difference between projected and actual earnings on pension plan investments	-	(2,142)	11	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,671	-	12,079	-
Employer contributions subsequent to the measurement date	928	-	228	-
Total	\$ 27,839	\$ (2,166)	\$ 14,595	\$ (1,477)

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

Year ending September 30,	FRS	HIS
2020	\$ 6,827	\$ 2,596
2021	4,308	2,523
2022	5,819	2,401
2023	5,215	2,133
2024	2,138	2,263
Thereafter	438	974
Total	\$ 24,745	\$ 12,890



## 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, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018 and using standard actuarial roll forward procedures to develop the liability at June 30, 2019. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increase	3.25%	3.25%
Investment rate of return	6.90%	N/A
Discount rate	6.90%	3.50%

Mortality assumptions for the FRS Pension Plan were based on PUB2010 base tables projected generationally with Scale MP-2018. Mortality assumptions for the HIS Program were based on the Generational RP-2000 with Projection Scale BB.

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

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

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

## Putnam, Alachua, Levy Library Cooperative

### Notes To Financial Statements

#### NOTE 4 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	10%	6.7%	6.1%
Private equity	11%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
	<u>100%</u>		

#### *Discount Rate*

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

#### *Sensitivity Analysis*

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

	FRS			HIS		
	Current Discount			Current Discount		
	1% Decrease (5.90%)	Rate (6.90%)	1% Increase (7.90%)	1% Decrease (2.50%)	Rate (3.50%)	1% Increase (4.50%)
Employer's proportionate share of the net pension liability	\$ 66,929	\$ 38,717	\$ 15,155	\$ 20,317	\$ 17,798	\$ 15,700

# 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, 2019.

### NOTE 5 – RISK MANAGEMENT

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

### NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

In the fiscal year 2018-19, the Cooperative implemented a change in accounting principle in the General Fund from the consumption method to the purchase method of recording for all pre-paid expenses. The Cooperative considers the purchase method to be preferable to the consumption method as it more closely mirrors the Cooperative's current budgetary practices. As a result of the change in accounting principle, the opening fund balance was restated as follows. This did not affect the Government-wide financial statements.

Fund balance, September 30, 2018 as previously reported	\$ 368,988
Restatement	(15,139)
<u>Fund balance, October 1, 2018 as restated</u>	<u>\$ 353,849</u>

## **Required Supplementary Information**

Putnam, Alachua, Levy Library Cooperative

Budgetary Comparison Schedule – General Fund  
Year ended September 30, 2019

	Budgeted		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 435,860	\$ 435,860	\$ 438,735	\$ 2,875
<b>Expenditures</b>				
Culture/recreation:				
Operating expenditures	310,220	310,716	305,888	4,828
Books and publications	125,640	125,144	124,918	226
Total expenditures	435,860	435,860	430,806	5,054
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	-	7,929	7,929
<b>Fund balance - beginning of year (as restated)</b>	368,988	353,849	353,849	-
<b>Fund balance - end of year</b>	\$ 368,988	\$ 353,849	\$ 361,778	\$ 7,929

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

<b>Florida Retirement System</b>	2019	2018
Employer's proportion of the net pension liability (asset)	0.0001%	0.0001%
Employer's proportionate share of the net pension liability (asset)	\$ 38,717	\$ 28,214
Employer's covered payroll (2)	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.67%	53.75%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%
<b>Health Insurance Subsidy Program</b>	2019	2018
Employer's proportion of the net pension liability (asset)	0.0002%	0.0001%
Employer's proportionate share of the net pension liability (asset)	\$ 17,798	\$ 13,950
Employer's covered payroll (2)	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.57%	26.57%
Plan fiduciary net position as a percentage of the total pension liability	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.

**Schedules of Employer Contributions  
Last 10 Fiscal Years (1)**

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

## **Supplementary Information**



Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year ended September 30, 2019

State Financial Assistance

	CSFA Number	ID Number	Expenditures
<b>Department of State and Secretary of State, Division of Library &amp; Information Services</b>			
State Aid to Libraries	45.030	18-ST-50	\$ 339,792
State Aid to Libraries	45.030	19-ST-51	2,277
Total expenditures of state financial assistance			\$ 342,069

Federal Awards

	CFDA Number	ID Number	Expenditures
<b>Institute of Museum and Library Services through Florida Department of State, Division of Library &amp; Information Services</b>			
Library Services and Technology Act Grant	45.310	18-LSTA-D-28	\$ 2,879
Library Services and Technology Act Grant	45.310	18-LSTA-B-08	85,858
Total expenditures of federal awards			\$ 88,737

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



## MANAGEMENT LETTER

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

We have audited the financial statements of the Putnam, Alachua, Levy Library Cooperative, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 13, 2020.

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

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter. Prior audit finding 2018-001 has been resolved.

### Financial Condition

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

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

**Other Matters**

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

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

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

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

Gainesville, Florida

May 13, 2020

**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, 2019, 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 13, 2020.

**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.

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

Gainesville, Florida  
May 13, 2020



**Carr, Riggs & Ingram, LLC**  
4010 NW 25th Place  
Gainesville, FL 32606  
  
352.372.6300  
352.375.1583 (fax)  
CRIcpa.com

## **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, 2019. 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, 2019.

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 13, 2020



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 13, 2020

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 2019

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, 2019. We are happy to report that for the 2019 fiscal year, the Auditors found no reportable conditions.

Thank you for your attention.

Sincerely,

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

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