

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Putnam, Alachua, Levy Library Cooperative (the Cooperative), as of and for the year ended September 30, 2021, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam, Alachua, Levy Library Cooperative, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

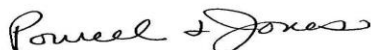
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 April 14, 2022, on our consideration of the Putnam, Alachua, Levy Library Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Putnam, Alachua, Levy Library Cooperative's internal control over financial reporting and compliance.



POWELL & JONES

Certified Public Accountants

April 14, 2022

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

Management's Discussion and Analysis

The management of the Putnam, Alachua, Levy Library Cooperative (the Cooperative) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended September 30, 2021.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Cooperative owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Governmental activities reflect capital assets and long-term liabilities. Also, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Cooperative's programs and the extent to which such programs rely upon operating grants and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus on governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The Cooperative has one major governmental fund which accounts for all of its operations. A budgetary comparison is presented for the governmental fund.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Cooperative's financial condition.

Condensed Financial Information

Condensed financial information from the statement of net position at September 30, 2021, and revenues, expenses and changes in net position for the year then ended, follows:

Net Position	Governmental Activities	
	September 30, 2021	
	2021	2020
Current assets	\$ 437,736	\$ 422,866
Total assets	<u>437,736</u>	<u>422,866</u>
Deferred outflows of resources	<u>29,280</u>	<u>39,061</u>
Current liabilities	1,637	12,022
Long-term liabilities	22,308	67,585
Total liabilities	<u>23,945</u>	<u>79,607</u>
Deferred inflows of resources	<u>32,753</u>	<u>1,337</u>
Net position:		
Restricted for library operations	410,318	380,983
Total net assets	<u>\$ 410,318</u>	<u>\$ 380,983</u>

A condensed version of the Statement of Activities follows:

	Fiscal Year Ended September 30, 2021	
	2021	2020
Change in Net Position		
Operating revenue:		
Program revenues	\$ 444,576	\$ 428,125
Total operating revenues	<u>444,576</u>	<u>428,125</u>
Operating expenses:		
Operating expense	<u>415,241</u>	<u>428,125</u>
Total operating expenses	<u>415,241</u>	<u>428,125</u>
Change in net position	29,335	542
Net position - beginning of year	380,983	380,441
End of year net position	<u>\$ 410,318</u>	<u>\$ 380,983</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Although the Cooperative's main operating grant is reasonably assured, the Cooperative continues to feel the tightening of the state's budget in state funding for special projects. Some of the state's federal grant funds and supplemental state financial assistance have been diverted to the statewide electronic library system now being implemented. The Cooperative continued to explore ways to reduce costs. At this time, no significant changes in operations are expected for the subsequent year.

CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Cooperative's finances to all those with an interest in the Cooperative's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Marlene Glennon, 401 East University Avenue, Gainesville, Florida 32601.

BASIC FINANCIAL STATEMENTS

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

STATEMENT OF NET POSITION

September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 429,028
Grants receivable	8,708
Total assets	<u>437,736</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>29,280</u>
LIABILITIES	
Accrued liabilities	1,637
Accrued compensated absences	9,681
Net pension liability	12,627
Total liabilities	<u>23,945</u>
DEFERRED INFLOWS OF RESOURCES	<u>32,753</u>
NET POSITION	
Restricted for library operations	410,318
Total net position	<u>\$ 410,318</u>

See notes to financial statements.

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2021

	<u>Expenses</u>	<u>Program Revenues Operating Grants</u>	<u>Net Revenue (Expense) Change in Net Position Governmental Activities Total</u>
Governmental activities:			
Culture and recreation			
Personnel services	\$ 67,374	\$ 67,374	\$ -
Operating expenses	<u>347,867</u>	<u>377,202</u>	<u>29,335</u>
Total governmental activities	<u>\$ 415,241</u>	<u>\$ 444,576</u>	<u>\$ 29,335</u>
Change in net position			29,335
Net position - October 1, 2020			<u>380,983</u>
Net position - September 30, 2021			<u>\$ 410,318</u>

See notes to financial statements.

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE
GOVERNMENTAL FUND
BALANCE SHEET
For the Fiscal Year Ended September 30, 2021

	<u>General Fund</u>
Assets	
Cash	\$ 429,028
Grants receivable	8,708
Total assets	<u>\$ 437,736</u>
Liabilities	
Accrued liabilities	\$ 1,637
Total liabilities	<u>1,637</u>
Fund balances	
Restricted- grant	436,099
Total fund balances	<u>436,099</u>
Total liabilities and fund balance	<u>\$ 437,736</u>
 Total fund balances reported above	 \$ 436,099
 Amounts reported for governmental activities in the statement of net assets are difference because:	
Long-term liabilities are not due in the current period and, therefore are not reported in government funds	(22,308)
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the governmental funds.	29,280
Deferred inflows of resources represent an acquisition of fund equity that will be reported as an inflow of resources in a future period and therefore are not reported in the governmental funds.	<u>(32,753)</u>
Net assets of governmental activities	<u>\$ 410,318</u>

See notes to financial statements.

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2021

	<u>General Fund</u>
REVENUES	
Intergovernmental revenue	\$ 444,576
Total revenues	<u>444,576</u>
EXPENDITURES	
Current Expenditures	
Culture/recreation	
Personnel services	71,653
Operating expenses	<u>313,811</u>
Total expenditures	<u>385,464</u>
Excess of revenues over expenditures	59,112
Fund balance at October 1, 2020	376,988
Fund balance at September 30, 2021	<u>\$ 436,099</u>

See notes to financial statements.

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2021

Net change in fund balances - total governmental funds	\$ 59,112
Amounts reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities, do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds	
Net increase in compensated absences	(9,682)
Net decrease in pension liability	55,158
Net decrease in prepaids	<u>(34,056)</u>
	<u>11,420</u>
Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.	
Net change in deferred outflows	(9,781)
Net change in deferred inflows	<u>(31,416)</u>
	<u>(41,197)</u>
Change in net position of governmental activities	<u>\$ 29,335</u>

See notes to financial statements.

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Putnam, Alachua, Levy Library Cooperative (the Cooperative) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with the subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units. The most significant of these accounting policies are described below.

A. Financial Reporting Entity – Putnam, Alachua, Levy Library Cooperative (the Cooperative) meets the criteria of an independent special Cooperative as defined in Section 189.403(3), *Florida Statutes*. The Cooperative was established under an interlocal agreement entered into in September 2010 and currently operates as a single-function government to provide unified library services throughout the local service area. The Cooperative is administered by a governing board of directors, consisting of two members from each county participating in the interlocal agreement. There are no component units of the Cooperative.

1. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on the Cooperative's general fund activities. The Statement of Activities demonstrates the degree to which the direct expenses of the Cooperative's single-function activities are offset by program revenues. Program revenues consist of grants and contributions that are restricted to meeting the operational or capital requirements of the Cooperative. Interest and miscellaneous revenues not properly included among program revenues are reported as general revenues. Separate fund financial statements are also included for the Cooperative's general fund.

2. Measurement focus, basis of accounting and financial statement presentation

Basis of accounting refers to when revenues, expenditures, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental fund 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 collected 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and/or will be paid from expendable available financial resources.

3. Assets, liabilities and Net Position

Cash – Cash deposits consist of interest-bearing demand accounts which are entirely insured by the Federal Deposit Insurance Corporation (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid expenses consist primarily of prepaid insurance and service contracts. These items are considered expenditures/expenses over the term of the contract.

Capital Assets – Capital assets include furniture, fixtures, vehicles, software, and equipment and are reported in the government-wide financial statements. Capital assets are defined by Chapter 274.02, *Florida Statutes* as fixtures and other tangible personal property of a nonconsumable nature. The Cooperative maintains an administrative record of these assets. The Cooperative utilizes a \$1,000 threshold for capitalizing property, plant, and equipment for reporting purposes. Capital assets are recorded at cost, or estimated historical cost. Contributed assets are recorded at estimated acquisition value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets and is recorded in the government-wide financial statements. The Cooperative's estimates of useful lives are five years for vehicles, computer equipment, and software and seven years for furniture, fixtures, and office equipment.

The Cooperative had no capital assets meeting the above criteria at year end.

Capital assets used in governmental activities are not financial resources and are reported as capital outlay expenditures in the governmental fund financial statements.

Compensated Absences Liability – All permanent employees are granted annual leave based on the number of years of employment. Annual leave may be accumulated up to 240 hours. Sick leave is accumulated at the rate of eight hours for each full calendar month of continuous employment. Upon voluntary resignation or retirement, the employee can receive a cash benefit, based on the employee's current wage rate and the unused annual leave with 25% of sick leave, up to the maximum of 60 hours. Upon termination for violation of a policy or procedure or quitting without proper notice, any accumulated annual sick leave is forfeited.

All vested leave is accrued when incurred in the government-wide financial statements. The current portion is the amount estimated to be used in the following year. A liability for these amounts is reported in the governmental fund statements only if they have matured, for example, as a result of employee resignations and retirements, therefore, these amounts represent a reconciling item between the fund and the government-wide presentations.

Net Position – Net Position not invested in capital assets are classified as restricted Net Position because their use is restricted by the grant provider. It is the practice of the Cooperative to utilize Unrestricted Net Position (interest earnings on non-grant funds) before restricted Net Position.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

“Total fund balances” of the Cooperative’s governmental funds \$436,099 differs from “Net Position” of governmental activities \$410,318 reported in the statement of Net Position. This difference primarily results from the long-term economic focus of the statement of Net Position versus the current financial resources focus of the governmental funds balance sheet.

Long-term Liabilities

Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities are reported in the statement of Net Position. Balances at September 30, 2021 were:

Accrued compensated absences	\$	(9,681)
Net pension liability		(12,627)
	\$	<u>(22,308)</u>

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position in a future period while deferred inflows of resources represent an acquisition of net position in a future period and accordingly, are not reported in the governmental fund statements. However, the statement of net position included those deferred outflows/inflows of resources.

Deferred outflows	\$	29,280
Deferred inflows		(32,753)
	\$	<u>(3,473)</u>

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Difference Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

	Total Governmental Funds	Capital Related Items	Deferred Inflows/Outflows	Long - Term Debt Transactions	Statement of Net Position
ASSETS					
Cash and cash equivalents	\$ 429,028	\$ -	\$ -	\$ -	\$ 429,028
Grants receivable	8,708	-	-	-	8,708
Total assets	\$ 437,736	\$ -	\$ -	\$ -	\$ 437,736
DEFERRED OUTFLOWS OF RESOURCES	-	-	29,280	-	29,280
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accrued liabilities	\$ 1,637	\$ -	\$ -	\$ -	\$ 1,637
Accrued compensated absences	-	-	-	9,681	9,681
Net pension Liability	-	-	-	12,627	12,627
Total liabilities	1,637	-	-	22,308	23,945
DEFERRED INFLOWS OF RESOURCES	-	-	32,753	-	32,753
Fund equity/net position	436,099	-	(3,473)	(22,308)	410,318
Total liabilities and fund equity/net position	\$ 437,736	\$ -	\$ 29,280	-	\$ 467,015

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds \$59,112 differs from the “change in Net Position” for governmental activities \$29,335 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Net increase in compensated absences	\$	(9,682)
Net decrease in net pension liability		55,158
	\$	<u>45,476</u>

Deferred outflows/inflows of resources

Recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds.

Net decrease in deferred outflows	\$	(9,781)
Net increase in deferred inflows		(31,416)
Net decrease in prepaids		(34,056)
	\$	<u>(75,253)</u>

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Difference Between the Governmental Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Prepays	Deferred Inflows/Outflows	Long - Term Debt Transactions	Statement of Activities
REVENUES					
Intergovernmental	\$ 444,576	\$ -	\$ -	\$ -	\$ 444,576
Total revenues	<u>\$ 444,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 444,576</u>
EXPENDITURES					
Current expenditures:					
Culture/recreation					
Personnel services	\$ 71,653	\$ -	\$ 41,197	\$ (45,476)	\$ 67,374
Operating expenses	313,811	34,056	-	-	347,867
Total expenditures	<u>385,464</u>	<u>34,056</u>	<u>41,197</u>	<u>(45,476)</u>	<u>415,241</u>
Net change in fund balance	59,112	(34,056)	(41,197)	45,476	29,335
Fund balance at October 1, 2020	376,988	-	-	3,995	380,983
Fund balance at October 1, 2021	<u>\$ 436,100</u>	<u>\$ (34,056)</u>	<u>\$ (41,197)</u>	<u>\$ 49,471</u>	<u>\$ 410,318</u>

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – An annual appropriated budget is adopted for the general fund on a basis consistent with GAAP. All annual appropriations lapse at the fiscal year end. Line-item expenditures in excess of budget are authorized to the extent that the total budgetary category does not exceed total amounts budgeted for the category of the fund. Amendments to the budget must be approved by the Governing Board.

NOTE 4. CASH

Cash deposits at September 30, 2021 consist of an interest-bearing demand account with a bank designated by the Florida Division of Treasury as a qualified public depository. At September 30, 2021, the bank balance was \$429,028.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure to government’s deposits may not be returned to it.

Qualified public depositories of public funds are required to provide collateral cash each month pursuant to Chapter 280.04, *Florida Statutes*. The collateral is held by the Florida Division of Treasury or other custodian with full legal rights maintained by the Florida Division of Treasury to transfer ownership. Any loss not covered by the pledged securities and deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. The Cooperative’s deposits are in a qualified depository and are considered fully insured or collateralized

NOTE 7. LONG-TERM OBLIGATIONS

The following is a summary of changes in general long-term obligations during the fiscal year ended September 30, 2021:

	October 1, 2020	Increases	Decreases	September 30, 2021
Compensated absences	\$ 6,824	\$ 2,857	\$ -	\$ 9,681
Net pension liability	67,785	-	(55,158)	12,627
	<u>\$ 74,609</u>	<u>\$ 2,857</u>	<u>\$ (55,158)</u>	<u>\$ 22,308</u>

Management estimates that all of the above liability for compensated absences will be used within one year. The liability for compensated absences is not reported on the fund balance sheet since it is not payable from available resources at September 30, 2021. Therefore, this amount represents a reconciling item between the fund and the government-wide presentations.

NOTE 8. COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS FLORIDA RETIREMENT SYSTEM PENSION PLAN AND THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM

Florida Retirement System

General Information - All of the Cooperative’s employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of

Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, Cooperative school board, state university, community college, or a participating city or special Cooperative within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special

Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2020 through June 30, 2021 and from July 1, through September 30, 2021, respectively, were as follows: Regular—10.00% and 10.82%; Special Risk Administrative Support—35.84% and 37.76%; Special Risk—24.45% and 25.89%; Senior Management Service — 27.29% and 29.01%; Elected Officers—39.73% and 40.91%; and DROP participants—16.98% and 18.34%. These employer contribution rates include a 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

The Cooperative's contributions, including employee contributions, to the Pension Plan totaled \$4,555 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the Cooperative reported a liability of \$9,031 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Cooperative's proportionate share of the net pension liability was based on the Cooperative's 2019-20 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2021, the Cooperative's proportionate share was 0.000119561% percent, which was an increase of 6.9% percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the Cooperative recognized a negative pension expense. In addition, the Cooperative reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,598	\$ -
Changes in assumptions	6,180	-
Net difference between projected and actual earnings on Pension Plan investments	-	31,509
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	10,283	113
District Pension Plan contributions subsequent to the measurement date	1,252	-
Total	\$ 19,313	\$ 31,622

The deferred outflows of resources related to the Pension Plan, totaling \$1,252 resulting from Cooperative contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2022	\$ (2,387)
2023	(2,785)
2024	(3,688)
2025	(4,728)
2026	27
	\$ (13,561)

Actuarial Assumptions – The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.0%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.8%, net of pension plan investment expense, including inflation
Discount rate	6.80%

Mortality rates were based on the generational RP-200 with Projection scale BB tables.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates

of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.0%	6.7%	17.8%
Real estate	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.6%	1.7%

(1) As outlined in the Pension Plan's investment policy.

Discount Rate - The discount rate used to measure the total pension liability was 6.8%. The Pension Plan's 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 calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Cooperative's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Cooperative's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Cooperative's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Board's proportionate share of the net pension liability	<u>\$ 40,387</u>	<u>\$ 9,031</u>	<u>\$ (17,179)</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the Cooperative had no payables for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2021.

HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the HIS contribution for the period October 1, 2019 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 1.66% and 1.66%, respectively. The Cooperative contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the Cooperative reported a liability of \$3,596 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Cooperative's proportionate share of the net pension liability was based on the Cooperative's 2019-20 fiscal year contributions relative to the 2019-20 fiscal year contributions of all participating members. At June 30, 2021, the Cooperative's proportionate share was .000155351 percent which was an decrease of 1.96% percent from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the Cooperative recognized a negative pension expense. In addition, the Cooperative reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 638	\$ 8
Changes in assumptions	1,497	785
Net difference between projected and actual earnings on HIS Plan investments	20	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	7,584	338
Town HIS Plan contributions subsequent to the measurement date	228	-
Total	<u><u>\$ 9,967</u></u>	<u><u>\$ 1,131</u></u>

The deferred outflows of resources related to the HIS Plan, totaling \$228 resulting from Cooperative contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2022	\$ 2,371
2023	755
2024	1,558
2025	2,069
2026	1,547
Thereafter	308
	<u><u>\$ 8,608</u></u>

Actuarial Assumptions – The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.16%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Cooperative's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Cooperative's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the Cooperative's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Board's proportionate share of the net pension liability	<u>\$ 4,157</u>	<u>\$ 3,596</u>	<u>\$ 3,136</u>

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2021, the Cooperative had no payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2021.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Cooperative employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Cooperative Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS

Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Cooperative.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Cooperative did not have any participants in the Investment Plan for the fiscal year ended September 30, 2021.

NOTE 9. RISK MANAGEMENT

General Liability – The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance.

Unemployment Compensation – The Cooperative is a self-insured employer with the State of Florida, Agency for Workforce Innovation, Division of Unemployment Compensation. As such, the Division of Unemployment Compensation process unemployment claims, pays the unemployment benefits to eligible claimants, and invoices the Cooperative for the benefits paid from the Florida Unemployment Compensation Fund.

NOTE 10. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Cooperative expects such amounts, if any, to be immaterial.

The Cooperative receives a substantial amount of its funding from the State of Florida Department of State. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Cooperative's programs and activities.

NOTE 11. FUND BALANCE CLASSIFICATION

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Cooperative classifies governmental fund balances as follows:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under current practices, the assignment of amounts for specific purposes is approved by the Governing Board.

Unassigned – All other spendable amounts.

At September 30, 2021, fund balances are composed of the following:

Restricted - library grants	436,099
	<u>\$ 436,099</u>

Required Supplementary Information

PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

For the Fiscal Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 384,838	\$ 384,838	\$ 444,576	\$ 59,738
Total revenues	<u>384,838</u>	<u>384,838</u>	<u>444,576</u>	<u>59,738</u>
Expenditures				
Culture and recreation				
Personnel services	72,201	72,201	71,653	548
Operating expenses	277,799	277,799	313,811	(36,012)
Capital outlay	-	-	-	-
Total expenditures	<u>350,000</u>	<u>350,000</u>	<u>385,464</u>	<u>(35,464)</u>
Change in fund balance	34,838	34,838	59,112	24,274
Fund balance - October 1, 2020	<u>376,988</u>	<u>376,988</u>	<u>376,988</u>	<u>-</u>
Fund balance - September 30, 2021	<u>\$ 411,826</u>	<u>\$ 411,826</u>	<u>\$ 436,100</u>	<u>\$ 24,274</u>

Notes:

Budgetary Information - An annual appropriated budget is adopted for the general fund on a basis consistent with GAAP. All annual appropriations lapse at the fiscal year end. Line item expenditures in excess of budget are authorized to the extent that the total budgetary category does not exceed total amounts budgeted for the category of the fund. Amendments to the budget must be approved by the Governing Board.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PUTNAM, ALACHUA LEVY LIBRARY COOPERATIVE'S PROPORTIONATE SHARE
OF
NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

Florida Retirement System	2021	2020	2019	2018
Employer's proportionate of the net pension liability (asset)	0.0001%	0.0001%	0.0001%	0.0001%
Employer's proportion of the net pension liability (asset)	\$ 6,320	\$ 48,436	\$ 38,717	\$ 28,214
Employer's covered payroll (2)	\$ 55,000	\$ 55,000	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentag of its covered payroll	11.49%	88.07%	68.67%	53.75%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%
Health Insurance Subsidy Program	2021	2020	2019	2018
Employer's proportionate of the net pension liability (asset)	0.0001%	0.0001%	0.0002%	0.0001%
Employer's proportion of the net pension liability (asset)	\$ 6,307	\$ 19,348	\$ 17,798	\$ 13,950
Employer's covered payroll (2)	\$ 55,000	\$ 55,000	\$ 56,379	\$ 52,496
Employer's proportionate share of the net pension liability (asset) as a percentag of its covered payroll	11.47%	35.18%	31.57%	26.57%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date which was June 30th of the current fiscal year.

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE' CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
LAST 10 FISCAL YEARS*

Florida Retirement System	2021	2020	2019	2018
Contractually required contribution	\$ 4,705	\$ 3,713	\$ 3,469	\$ 3,614
Contributions in relation to the contractually required contribution	4,270	3,713	3,469	3,614
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll (1)	\$ 55,000	\$ 55,000	\$ 55,689	\$ 57,489
Contributions as a percentag of covered payroll	8.55%	6.75%	6.23%	6.29%
Health Insurance Subsidy Program	2021	2020	2019	2018
Contractually required contribution	\$ 913	\$ 913	\$ 871	\$ 955
Contributions in relation to the contractually required contribution	913	913	871	955
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll (2)	\$ 55,000	\$ 55,000	\$ 55,689	\$ 57,489
Contributions as a percentag of covered payroll	1.66%	1.66%	1.56%	1.66%

Notes to schedules:

(1) GASB Statement No. 68 was implemented in 018. Until a full 10-year trend is compiled, informatio for those years for which it is available will be presented.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE' PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY AND REQUIRED CONTRIBUTIONS
 FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
 For the Fiscal Year End September 30, 2021**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2021 are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 209,636,046	\$ 12,719,121
Plan fiduciary net position	(202,082,183)	(452,618)
	\$ 7,553,863	\$ 12,266,503
Plan fiduciary net position as a percentage of the total pension liability	96.40%	3.56%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' GASB 67 valuation dated June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plans actuary and reported in the plans GASB 67 as of June 30, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2013 through June 30, 2021, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015 through June 30, 2021, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts

applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

Actuarial Methods and Assumptions

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit plan pursuant to section 216.136.(10), Florida Statutes. The division determines the assumptions in the valuations of GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.40%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The Plan's 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 uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the PUB-2010 base table (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2021:

- **FRS:** Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- **HIS:** The municipal bonds rate used to determine total pension liability was decreased from 3.50% to 2.21%

INDEPENDENT AUDITOR'S 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 Governing Board
Putnam, Alachua, Levy Library Cooperative
Gainesville, 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 business-type activities and each major fund of the Putnam, Alachua, Levy Library Cooperative, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Putnam, Alachua, Levy Library Cooperative's basic financial statements, and have issued our report thereon dated April 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Putnam, Alachua, Levy Library Cooperative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Putnam, Alachua, Levy Library Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of Putnam, Alachua, Levy Library 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.

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the Putnam, Alachua, Levy Library Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

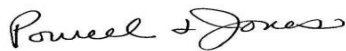
This report is intended solely for the information and use of management and the Governing Board, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Putnam, Alachua, Levy Library 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 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.



POWELL & JONES
Certified Public Accountants
April 14, 2022

**MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

We have audited the basic financial statements of the Putnam, Alachua, Levy Library Cooperative (the Cooperative) as of and for the year ended September 30, 2021 and have issued our report thereon dated April 14, 2022 have issued our Report on Compliance and on Internal Control Over Financial Reporting. That report, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *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 the following be addressed in this letter:

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status – We determined that the Cooperative had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

Financial Condition Assessment – As required by the *Rules of the Auditor General* [Sections 10.554(1)(i)5a and 10.556(7)], we applied financial condition assessment procedures. It is management’s responsibility to monitor the entity’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

We noted no deteriorating financial conditions as defined by Rule 10.557(4)(b).

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

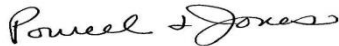
Specific Information – As required by Section 218.39(3)(c), *Florida Statutes* and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Putnam, Alachua Levy Library Cooperative

reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as '1'.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as '0'.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$55,000.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to being on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes is shown on page 33.

CONCLUSION

We very much enjoyed the challenge and experiences with this audit of the Putnam, Alachua, Levy Library Cooperative. We appreciate the helpful assistance of Libraries' staff in completing our audit and also the generally high quality of the Putnam, Alachua, Levy Library Cooperative's financial records and internal controls.



POWELL & JONES
Certified Public Accountants
April 14, 2022

INDEPENDENT ACCOUNTANT'S REPORT

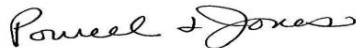
To the Governing Board
PUTNAM, ALACHUA, LEVY LIBRARY COOPERATIVE

We have examined Putnam, Alachua, Levy Library Cooperative's (the Cooperative) compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2021. 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 and, accordingly, included examining, on a test basis, evidence about the Cooperative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on 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, 2021.

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



POWELL & JONES
Certified Public Accountants
April 14, 2022

Communication with Those Charged with Governance

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

We have audited the financial statements of Putnam, Alachua, Levy Library Cooperative for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government *Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Putnam, Alachua, Levy Library Cooperative are described Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures 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 such misstatements identified during our audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 14, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

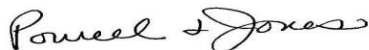
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
April 14, 2022