

PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.

Audited Financial Statements,  
Supplementary Information and Reports

For the Year Ended September 30, 2013

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## **Independent Auditor's Report on Basic Financial Statements and Supplementary Financial Information**

Board of Directors  
Pinellas Public Library Cooperative, Inc.

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

We have audited the accompanying financial statements of Pinellas Public Library Cooperative, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013 and 2012, and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

### **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 Organization'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 Organization'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 Pinellas Public Library Cooperative, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 23, 2014 on our consideration of Pinellas Public Library Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pinellas Public Library Cooperative, Inc.'s internal control over financial reporting and compliance.

Barton, Gonzalez & Myers, P.A.  
Largo, Florida

January 23, 2014

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,035,414	\$ 2,410,479
Investments	192,175	182,507
Accounts Receivable	19,899	100
Other prepaid expenses	14,770	14,142
Total current assets	<u>2,262,258</u>	<u>2,607,228</u>
Property, furniture and equipment, net of accumulated depreciation of \$1,207,181 and \$1,110,810, respectively	<u>1,216,763</u>	<u>1,312,479</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,479,021</u></b>	<b>\$ <u>3,919,707</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 45,571	\$ 98,957
Due to member libraries - other	49,367	48,120
Support due to member libraries (state aid)	45,947	269,697
Total current liabilities	<u>140,885</u>	<u>416,774</u>
<b>TOTAL LIABILITIES</b>	<b>140,885</b>	<b>416,774</b>
Net Assets		
Unrestricted		
Property & Equipment	1,216,763	1,312,479
Undesignated	1,667,913	1,465,293
Total unrestricted net assets	<u>2,884,676</u>	<u>2,777,772</u>
Temporarily restricted		
Board designated reserve funds	407,303	44,522
Undesignated reserve funds	25,291	665,066
Other temporarily restricted funds	20,866	15,573
Total temporarily restricted net assets	<u>453,460</u>	<u>725,161</u>
Permanently restricted	<u>0</u>	<u>0</u>
<b>TOTAL NET ASSETS</b>	<b><u>3,338,136</u></b>	<b><u>3,502,933</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,479,021</u></b>	<b>\$ <u>3,919,707</u></b>

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF ACTIVITY**  
**YEARS ENDED SEPTEMBER 30, 2013 and 2012**

	2013	2012
<b>UNRESTRICTED NET ASSETS</b>		
Support and Revenues		
Grants and agreements	\$ 5,256,905	\$ 5,325,327
Contributions	10,806	19,722
Interest and dividend income	8,805	9,076
Realized/Unrealized (losses) gains on investments	6,416	8,017
Other income	215,417	154,707
Total Unrestricted Support and Revenues	5,498,349	5,516,849
Net Assets Released From Restrictions	538,202	597,630
Total Unrestricted Support, Revenues and Reclassifications	6,036,551	6,114,479
Expenses		
Program services	1,342,050	1,335,954
Management and general	420,574	358,886
Support to local libraries	4,167,023	4,271,549
Total Expenses	5,929,647	5,966,389
Increase in Unrestricted Net Assets	106,904	148,090
Beginning Unrestricted Net Assets	2,777,772	2,629,682
Ending Unrestricted Net Assets	2,884,676	2,777,772
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants and agreements	266,501	237,308
Net Assets Released From Restrictions		
Reclassifications	(373,000)	(408,700)
Satisfaction of usage restrictions	(165,202)	(188,930)
Total Released From Restrictions	(538,202)	(597,630)
Decrease in Temporarily Restricted Net Assets	(271,701)	(360,322)
Beginning Temporarily Restricted Net Assets	725,161	1,085,483
Ending Temporarily Restricted Net Assets	453,460	725,161
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Decrease in Net Assets	0	0
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,502,933</b>	<b>3,715,165</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,338,136</b>	<b>\$ 3,502,933</b>

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2013 and 2012**

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (164,797)	\$ (212,232)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	96,370	100,083
Investment income	(9,668)	(10,761)
(Increase) decrease in operating assets		
Accounts receivable	(19,799)	1,000
Prepaid expenses	(628)	(7,738)
Increase (decrease) in liabilities		
Accounts payable	(53,386)	7,841
Due to member libraries - other	1,247	15,233
Net changes in support due to member libraries	(223,750)	(54,047)
	(374,411)	(160,621)
Net cash used by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(654)	(2,688)
	(654)	(2,688)
Net cash used by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	0	(1,158)
	0	(1,158)
Net cash used by financing activities		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(375,065)	(164,467)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	2,410,479	2,574,946
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ 2,035,414	\$ 2,410,479
<b>SUPPLEMENTAL DATA:</b>		
Interest paid	\$ 0	\$ 0

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

ORGANIZATION: The Pinellas Public Library Cooperative, Inc. (Cooperative) is a Florida nonprofit corporation chartered December 15, 1989. The Cooperative was established to extend library services to the unincorporated areas of Pinellas County and the municipalities that do not have such services, to improve library services to residents of municipalities and library tax districts, and to provide for the establishment of and participation in a cooperative public library service for participating units in and for Pinellas County, Florida.

The financial statements of Pinellas Public Library Cooperative, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH EQUIVALENTS: For purposes of the statement of cash flows, the Cooperative considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

INVESTMENTS: Investments are carried at market value. Donated investments are recorded at the fair market value at the time of receipt. The cost basis of investments acquired by purchase is the price paid for the investment.

PLANT ASSETS AND DEPRECIATION: Plant assets are recorded at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

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

ALLOCATION OF SUPPORTING SERVICE EXPENSES: The Cooperative's policy is to allocate the indirect expenses of administrative overhead (supporting services) to certain programs based on estimated costs related to each program. Certain other programs do not receive an allocation of supporting service expenses because administrative employees of the Cooperative are infrequently associated with these programs.

PROMISES TO GIVE: Unconditional promises to give support to local member libraries that are expected to be paid in future periods are recorded as an expense and a liability at the time the promises to give are made.

REVENUE RECOGNITION: All contributions and support are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

INCOME TAXES: The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and has been determined not to be a private foundation.

The Organization adopted the provisions of the FASB ASC 740, Income Taxes (formerly Interpretation 48 [FIN 48], "Accounting for Uncertain Tax Positions"). ASC 740 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Organization determined that during the years ended September 30, 2013 and 2012, ASC 740 did not have a material impact on its financial position, activities or cash flows.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 2 - LIBRARY INTERLOCAL AGREEMENT**

On January 10, 1989, Pinellas County ("County") through its Board of County Commissioners, as amended on September 10, 2001, entered into an agreement with municipalities with libraries, library tax districts with libraries, municipalities without public libraries, and the county representing the unincorporated area without public libraries for the establishment of and participation in a cooperative library service for Pinellas County.

The purpose and intent of this agreement is to establish and operate the Cooperative to extend library services to the unincorporated areas of the County and to municipalities that do not have such services, and to improve library services to residents of municipalities that have libraries. The Cooperative receives and disburses funds from county and local sources and from governmental units without libraries participating in the Cooperative. These amounts are included as part of the grants and agreements as revenues.

The interlocal agreement dated January 10, 1989 (as amended on September 10, 2001) expired on September 30, 2013.

During the fiscal year ended September 30, 2013, a new interlocal agreement ("Agreement") was entered into by the parties noted above and became effective October 1, 2013. The Agreement will be in force for a period of five (5) years, ending September 30, 2018. Should the County not request review and amendment of the terms of this Agreement by March 31, 2018, the Agreement may be renewed for an additional five (5) years to September 30, 2023 with the mutual consent of the parties.



**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 3 - INVESTMENTS**

Investments at September 30, 2013 and 2012 are summarized as follows:

	2013		2012	
	Cost	Market	Cost	Market
Money market funds	\$ 6,912	\$ 6,912	\$ 10,576	\$ 10,576
Bonds	28,263	29,237	31,098	36,054
Equities	132,134	145,303	112,309	121,337
Other investments	8,086	10,723	12,537	14,540
	<u>\$ 175,395</u>	<u>\$ 192,175</u>	<u>\$ 166,520</u>	<u>\$ 182,507</u>

The investment return for the years ended September 30, 2013 and 2012 consists of the following:

	2013	2012
Dividends and interest on investments	\$ 5,105	\$ 4,492
Realized and unrealized gains (losses)	6,416	8,017
Fees	(1,852)	(1,748)
	<u>\$ 9,669</u>	<u>\$ 10,761</u>

The fair value of investments measured on a recurring basis at September 30, 2013 and 2012 is as follows:

	2013		2012	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments	<u>\$ 192,175</u>	<u>\$ 192,175</u>	<u>\$ 182,507</u>	<u>\$ 182,507</u>

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. All assets have been valued using a market approach.

**NOTE 4 - PLANT ASSETS AND DEPRECIATION**

Plant assets are stated at cost. A summary follows:

	2013	2012
Land	\$ 106,250	\$ 106,250
Building and Improvements	1,579,952	1,579,952
Furniture	116,668	116,668
Equipment	212,387	211,732
Software database	359,750	359,750
Vehicles	47,859	47,859
Signs	1,078	1,078
	<u>2,423,944</u>	<u>2,423,289</u>
Less Accumulated Depreciation	<u>( 1,207,181)</u>	<u>( 1,110,810)</u>
	<u>\$ 1,216,763</u>	<u>\$ 1,312,479</u>

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 4 - PLANT ASSETS AND DEPRECIATION (Continued)**

Depreciation expense was \$96,370 for the year ending September 30, 2013 and \$100,083 for the year ended September 30, 2012. Equipment at September 30, 2013 includes \$31,181 of fully depreciated computers recorded under capital leases.

**NOTE 5 - COMPENSATED ABSENCES**

It is the policy of the Cooperative to accrue and compensate employees for unused vacation and sick time upon termination. Accounts payable and accrued liabilities include \$28,349 and \$77,738 for compensated absences at September 30, 2013 and 2012, respectively.

**NOTE 6 - SUPPORT DUE TO MEMBER LIBRARIES**

A summary of due to member libraries at September 30 is as follows:

	<u>2013</u>	<u>2012</u>
Clearwater	\$ 44,070	\$ 148,851
Dunedin	1,992	57,861
Oldsmar	0	24,571
Palm Harbor	0	1,579
Pinellas Park	0	9,031
Seminole	(115)	(115)
Tarpon Springs	0	27,919
	<u>\$ 45,947</u>	<u>\$ 269,697</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

The organization receives substantial funds from Pinellas County. Five percent of annual funds received from Pinellas County (as per the interlocal agreement) are required to be set aside in reserves and are available for capital improvements for additions to existing libraries, for building new libraries, or for purchases of special improvements. These reserve funds are categorized as temporarily restricted net assets. As of September 30, 2013 and 2012, \$25,291 and \$665,066, respectively, of reserve funds accumulated had not been designated for particular use. Also, included in temporarily restricted net assets are the following unused reserve fund amounts designated by the board for member library improvement projects:

	<u>2013</u>	<u>2012</u>
Gulfport Library Expansion	\$ 180,000	\$ 0
Largo Boopsie Mobile App	38,000	0
Seminole Library Expansion	0	21,573
PPLC TBL Irene Murphy Low Vision Ctr	0	849
St. Pete Beach Library Construction	200,000	0
Seminole Library Modification (overpaid)	(12,302)	0
Largo Genealogy and Family History	505	21,000
Largo Genealogy How to Materials	1,100	1,100
Total Board Designated Reserve Funds	\$ <u>407,303</u>	\$ <u>44,522</u>

Other temporarily restricted funds, \$20,866 and \$15,573 at September 30, 2013 and 2012, respectively, include contributions and grants where the contribution/grant has been restricted by the donor/grantor.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets of \$538,202 and \$597,630 were released from donor restrictions (including reserve funds) during the year ended September 30, 2013 and 2012, respectively, by incurring expenses satisfying the restrictions for use in capital improvements or the intent of the donor.

PPLC's board of directors and its member libraries, as well as the Pinellas County Board of County Commissioners approved a one-time modification of the inter-local agreement allowing \$420,000 (of which \$408,700 was actually transferred) of temporarily restricted undesignated reserve funds to be used for operating purposes effective for the 2011/2012 budget year. In addition, PPLC's board of directors and its member libraries, as well as the Pinellas County Board of County Commissioners approved an additional modification of the inter-local agreement allowing \$373,000 of temporarily restricted undesignated reserve funds to be used for operating purposes effective for the 2012/2013 budget year beginning October 1, 2013. These are shown as reclassifications on the Statement of Activity.

In addition, net assets of \$165,202 and \$188,930 were released from donor restrictions (including reserve funds) during the year ended September 30, 2013 and 2012, respectively, by incurring expenses satisfying the restrictions for use in capital improvements or the intent of the donor.

**NOTE 8 - STATE AID AGREEMENT**

The Cooperative entered into an agreement with the state of Florida to receive state aid in the amount of \$746,611 to be received in two payments (included as unrestricted revenue).

**NOTE 9 - GRANTS AND AGREEMENTS REVENUE**

The components of "grants and agreements" revenue are as follows:

	Year Ended September 30	
	2013	2012
State Aid – State of Florida	\$ 746,611	\$ 703,683
County Funding – Pinellas County	4,626,580	4,742,770
TBL Funding – Sarasota	45,188	47,580
Other Grants and Agreements Revenue	105,027	68,602
Subtotal	5,523,406	5,562,635
Less Temporarily Restricted		
Grants and Agreements	( 266,501)	( 237,308)
Total Grants and Agreements Revenue	\$ <u>5,256,905</u>	\$ <u>5,325,327</u>

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 10 - SUPPORT TO LOCAL LIBRARIES**

Support to the participating libraries is made in proportion to each library's operating costs. Support for fiscal year ended September 30, 2013 is based on the proportion of each individual participating library expense to total library expenses for the fiscal year ended September 30, 2011. The support to and on behalf of participating libraries is as follows:

	<u>Year Ended September 30</u>	
	<u>2013</u>	<u>2012</u>
Clearwater Public Library	\$ 664,962	\$ 705,622
Dunedin Public Library	339,961	286,391
East Lake Library	158,990	165,530
Gulf Beaches Public Library	160,343	163,501
Gulfport Public Library	156,174	161,952
Largo Public Library	575,474	649,739
Oldsmar Public Library	164,523	165,688
Palm Harbor Public Library	250,033	252,240
Pinellas Park Public Library	310,747	358,931
Safety Harbor Public Library	222,441	183,098
Seminole Public Library	191,628	180,301
St. Pete Beach Public Library	162,088	168,334
St. Petersburg Public Library	631,085	637,349
Tarpon Springs Public Library	<u>178,574</u>	<u>192,873</u>
	<b>\$ 4,167,023</b>	<b>\$ 4,271,549</b>

**NOTE 11 - PENSION PLAN**

The Cooperative established a noncontributory, trustee, defined contribution money purchase pension plan in 1994. The plan calls for a contribution of 12% of compensation for each eligible employee. Employees become eligible at the end of one year of employment. This plan provides for full and immediate vesting of retirement and survivor benefits. Total pension costs under this plan for the year ending September 30, 2013 and 2012 were \$40,744 and \$42,091, respectively.

**NOTE 12 - CONCENTRATION OF CREDIT RISK**

During the fiscal year, the Cooperative's cash in bank balances exceeded the Federal insured limits (\$250,000). However, the bank is a Qualified Public Depository in the State of Florida, and as such, public funds on deposit are collateralized per the requirements of Florida Statute 280. At September 30, 2013 the Cooperative's total bank cash balances totaled \$2,048,537.

**NOTE 13 - CONTINGENCIES**

The Cooperative receives a substantial amount of support from the State of Florida in the form of state aid and from Pinellas County. A significant reduction in the level of this support, if this were to occur, may have an effect on the Cooperative's activities.

The Cooperative elected to exclude flood insurance from its general property liability insurance policy. The exclusion potentially exposes the Cooperative to significant building replacement cost in the event of a natural disaster not covered by the policy.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2013 and 2012**

**NOTE 14 - FUNCTIONAL EXPENSES**

Expenses categorized by functional classification for the year ended September 30, 2013 are summarized below:

	Program Services	Mgmt & General	Support to Local Libr.
Books & publications	\$ 47,130	\$ 111	\$ 0
Communications	2,713	3,435	0
Courier service	140,244	0	0
Depreciation	72,278	24,092	0
Dues & subscriptions	165,824	3,760	0
Reserve grant expenditures (temp. restricted)	135,495	0	0
Other expenditures on temp. restricted assets	8,633	0	0
Other grant expenditures	97,566	0	0
Insurance	59,038	23,819	0
Professional fees	49,989	16,734	0
Office expense	10,420	7,943	0
Payroll Taxes & W/C	22,731	18,895	0
Pension contribution	17,955	22,789	0
Postage/shipping	0	1,052	0
Printing/binding	17,597	1,332	0
Promotional	5,238	1,141	0
Repairs and maintenance	242,813	14,409	0
Salaries	226,009	259,601	0
Supplies	1,232	3,522	0
Support to libraries	0	0	4,167,023
Travel/conferences	5,146	6,321	0
Utilities	13,999	11,618	0
Total	<u>\$ 1,342,050</u>	<u>420,574</u>	<u>\$ 4,167,023</u>

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the audit report (January 23, 2014), which is also the date the financial statements were available to be issued.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE PROJECTS  
For the Fiscal Year Ended September 30, 2013**

	<u>Grant Period Ending</u>	<u>CFDA/ CFSA Number</u>	<u>Contract/ Grant Number</u>	<u>Program or Award Amount</u>	<u>Program Expenditures</u>
<b>STATE PROJECTS</b>					
<b><u>State Aid to Libraries Grant</u></b>					
State Aid to Libraries Grant	September 30, 2013	45.030	13-ST-71	\$ 746,611	<u>746,611</u>
Total State Aid to Libraries Grant					<u>\$ 746,611</u>
<b>FEDERAL AWARDS PASSED THROUGH THE STATE OF FLORIDA</b>					
None in the current year					\$ <u>0</u>
Total Federal Awards Passed Through the State of Florida					<u>\$ 0</u>
<b>Total State Awards</b>					<u>746,611</u>
<b>FEDERAL AWARDS - DIRECT</b>					
None in the current year					\$ <u>0</u>
<b>Total Federal Awards</b>					<u>\$ 0</u>

Note: The above schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting. All of the above grants provided by the State of Florida, Department of State, Division of Library and Information Services.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
 STATE PROJECTS  
 For the year ended September 30, 2013**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Pinellas Public Library Cooperative, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements of Pinellas Public Library Cooperative, Inc.
3. No instances of noncompliance material to the financial statements of Pinellas Public Library Cooperative, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses were disclosed during the audit of the major state project.
5. The auditor's report on compliance with requirements that could have a direct and material effect on each major state project for Pinellas Public Library Cooperative, Inc., expresses an unmodified opinion.
6. There were no audit findings required to be reported related to the major state project under Chapter 10.650 for Pinellas Public Library Cooperative, Inc. as reported in Part C and D of this schedule.
7. The projects tested as major projects included the following:

<u>State Project</u>	<u>State CFSA No.</u>
State of Florida Department of State State Aid to Libraries Grant	45.030

8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major state projects.
9. Pinellas Public Library Cooperative, Inc. was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENTS**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECT**

None

**D. OTHER ISSUES**

1. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State financial assistance projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.



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**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 Board of Directors  
**Pinellas Public Library Cooperative, Inc.**

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 Pinellas Public Library Cooperative, Inc., which comprise the statement of financial position as of September 30, 2013, and the related statements of activity and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 23, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pinellas Public Library Cooperative, Inc.'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 Pinellas Public Library Cooperative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Pinellas Public Library Cooperative, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Pinellas Public Library Cooperative, Inc.'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 Pinellas Public Library Cooperative, Inc.'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*.




**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pinellas Public Library Cooperative, Inc.'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 Pinellas Public Library Cooperative, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pinellas Public Library Cooperative, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BARTON, GONZALEZ & MYERS, P.A.  
Largo, Florida

January 23, 2014



**Barton,  
Gonzalez  
& Myers, P.A.**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors of  
**Pinellas Public Library Cooperative, Inc.**

**Report on Compliance for Each Major State Project**

We have audited Pinellas Public Library Cooperative, Inc.'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Pinellas Public Library Cooperative, Inc.'s major State projects for the year ended September 30, 2013. Pinellas Public Library Cooperative, Inc.'s major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Pinellas Public Library Cooperative, Inc.'s major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about Pinellas Public Library Cooperative, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of Pinellas Public Library Cooperative, Inc.'s compliance.

**Opinion on Each Major State Project**

In our opinion, Pinellas Public Library Cooperative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2013.

### Report on Internal Control over Compliance

Management of Pinellas Public Library Cooperative, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pinellas Public Library Cooperative, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State project and to test and report on internal control over compliance in accordance with the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pinellas Public Library Cooperative, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

  
Barton, Gonzalez & Myers, P.A.  
Largo, Florida

January 23, 2014



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## MANAGEMENT LETTER

Board of Directors of  
**Pinellas Public Library Cooperative, Inc.**

We have audited the financial statements of Pinellas Public Library Cooperative, Inc., as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated January 23, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, 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*, Independent Auditor's Report on Compliance for each Major State Project and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 23, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter noncompliance with provisions of contracts and grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance.

We are pleased to say that our audit disclosed no matters required to be disclosed.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

**Barton, Gonzalez & Myers, P.A.**  
Largo, Florida

January 23, 2014