

PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.

Audited Financial Statements,  
Supplementary Information and Reports

For the Year Ended September 30, 2016

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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, 2016 and 2015, 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, 2016 and 2015, 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 May 22, 2017 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

May 22, 2017

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2016 and 2015**

	2016	2015
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,125,378	\$ 2,319,376
Investments	199,519	189,578
Accounts receivable	67,993	22,707
Other prepaid expenses	14,679	26,812
Total current assets	2,407,569	2,558,473
Property, furniture and equipment, net of accumulated depreciation of 1,358,637 and \$1,304,565, respectively	1,116,741	1,150,604
<b>TOTAL ASSETS</b>	<b>\$ 3,524,310</b>	<b>\$ 3,709,077</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 88,702	\$ 64,886
Due to member libraries - other	64,239	5,997
Support due to member libraries (state aid)	0	27,963
Total current liabilities	152,941	98,846
<b>TOTAL LIABILITIES</b>	152,941	98,846
Net Assets		
Unrestricted		
Property & Equipment	1,116,741	1,150,604
Undesignated	2,087,158	2,245,023
Total unrestricted net assets	3,203,899	3,395,627
Temporarily restricted		
Board designated reserve funds	152,866	200,000
Undesignated reserve funds	14,604	14,604
Total temporarily restricted net assets	167,470	214,604
Permanently restricted	0	0
<b>TOTAL NET ASSETS</b>	<b>3,371,369</b>	<b>3,610,231</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,524,310</b>	<b>\$ 3,709,077</b>

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF ACTIVITY**  
**YEARS ENDED SEPTEMBER 30, 2016 and 2015**

	2016	2015
<b>UNRESTRICTED NET ASSETS</b>		
Support and Revenues		
Grants and agreements	\$ 5,437,907	\$ 5,466,057
Contributions	45,269	34,114
Interest and dividend income	8,979	10,382
Realized/unrealized (losses) gains on investments	5,680	(14,028)
Fees from member libraries	288,244	398,555
Other income	7,466	7,293
Total Unrestricted Support and Revenues	5,793,545	5,902,373
Net Assets Released From Restrictions	47,134	151,926
Total Unrestricted Support, Revenues and Reclassifications	5,840,679	6,054,299
Expenses		
Program services	1,394,550	1,329,097
Management and general	387,354	374,884
Support to local libraries	4,250,503	3,922,629
Total Expenses	6,032,407	5,626,610
Increase (Decrease) in Unrestricted Net Assets	(191,728)	427,689
Beginning Unrestricted Net Assets	3,395,627	2,967,938
Ending Unrestricted Net Assets	3,203,899	3,395,627
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Net Assets Released From Restrictions		
Satisfaction of usage restrictions	(47,134)	(151,926)
Total Released From Restrictions	(47,134)	(151,926)
Decrease in Temporarily Restricted Net Assets	(47,134)	(151,926)
Beginning Temporarily Restricted Net Assets	214,604	366,530
Ending Temporarily Restricted Net Assets	167,470	214,604
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Increase (Decrease) in Net Assets	0	0
Increase (Decrease) in Net Assets	(238,862)	275,763
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,610,231</b>	<b>3,334,468</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,371,369</b>	<b>\$ 3,610,231</b>

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (238,862)	\$ 275,763
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	54,073	56,347
Change in investment income	(9,941)	11,675
(Increase) decrease in operating assets		
Accounts receivable	(45,286)	32,294
Prepaid expenses	12,133	43,775
Increase (decrease) in liabilities		
Accounts payable	23,816	19,871
Due to member libraries - other	58,242	(57,550)
Net changes in support due to member libraries	(27,963)	0
Net cash provided (used) by operating activities	(173,788)	382,175
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(20,210)	(22,681)
Net cash used by investing activities	(20,210)	(22,681)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	0	0
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(193,998)	359,494
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	2,319,376	1,959,882
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ 2,125,378	\$ 2,319,376

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**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, 2016 and 2015**

**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, 2016 and 2015, 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, 2016 and 2015**

**NOTE 3 - INVESTMENTS**

Investments at September 30, 2016 and 2015 are summarized as follows:

	2016		2015	
	Cost	Market	Cost	Market
Money market funds	\$ 45,101	\$ 45,101	\$ 20,893	\$ 20,893
Bonds	14,345	14,049	14,345	13,765
Equities	88,436	87,724	103,480	94,971
Other investments	51,162	52,645	65,058	59,949
	<u>\$ 199,044</u>	<u>\$ 199,519</u>	<u>\$ 203,776</u>	<u>\$ 189,578</u>

The investment return for the years ended September 30, 2016 and 2015 consists of the following:

	2016	2015
Dividends and interest on investments	\$ 6,188	\$ 6,724
Realized and unrealized gains (losses)	5,679	(16,378)
Fees	(1,927)	(2,021)
	<u>\$ 9,940</u>	<u>\$ (11,675)</u>

The fair value of investments measured on a recurring basis at September 30, 2016 and 2015 is as follows:

	2016		2015	
	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>\$ 199,519</u>	<u>\$ 199,519</u>	<u>\$ 189,578</u>	<u>\$ 189,578</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:

	2016	2015	Useful Lives
Land	\$ 106,250	\$ 106,250	
Building and Improvements	1,643,499	1,641,995	10 - 39 years
Furniture	106,932	106,932	7 - 10 years
Equipment	233,344	214,639	3 - 10 years
Software database	359,750	359,750	10 years
Vehicles	24,525	24,525	5 years
Signs	1,078	1,078	10 years
	<u>2,475,378</u>	<u>2,455,169</u>	
Less Accumulated Depreciation	<u>(1,358,637)</u>	<u>(1,304,565)</u>	
	<u>\$1,116,741</u>	<u>\$1,150,604</u>	

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

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

Depreciation expense was \$54,073 for the year ending September 30, 2016 and \$56,347 for the year ended September 30, 2015.

**NOTE 5 - COMPENSATED ABSENCES**

It is the policy of the Cooperative to accrue and compensate employees for unused vacation (up to a maximum of 320 hours) and sick time (after 5 years of service and up to a maximum of 320 hours) upon termination. Accounts payable and accrued liabilities include \$61,887 and \$53,678 for compensated absences at September 30, 2016 and 2015, respectively.

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

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

	2016	2015
Clearwater	\$ 0	\$ 27,963

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

The organization receives substantial funds from Pinellas County. Under the previous interlocal agreement (see Note 2) that expired September 30, 2013, five percent of annual funds received from Pinellas County 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, 2016 and 2015, \$14,604 and \$14,604, 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:

	2016	2015
St. Pete Beach Library Construction	\$ 152,866	\$ 200,000
Total Board Designated Reserve Funds	\$ 152,866	\$ 200,000

Under the new interlocal agreement effective October 1, 2013 (see Note 2) there is no requirement to set aside reserves for member library capital improvements, etc.

Net assets of \$47,134 and \$151,926 were released from donor restrictions (including reserve funds) during the year ended September 30, 2016 and 2015, respectively, by incurring expenses satisfying the restrictions for use in capital improvements or the intent of the donor.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**NOTE 8 - STATE AID AGREEMENT**

The Cooperative entered into an agreement with the state of Florida to receive state aid in the amount of \$834,455 (included as unrestricted revenue).

**NOTE 9 - GRANTS AND AGREEMENTS REVENUE**

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

	<u>Year Ended September 30</u>	
	<u>2016</u>	<u>2015</u>
State Aid – State of Florida	\$ 834,455	\$ 1,032,891
County Funding – Pinellas County	4,556,160	4,375,090
TBL Funding – Sarasota	45,292	43,576
Other Grants and Agreements Revenue	<u>2,000</u>	<u>14,500</u>
Subtotal	5,437,907	5,466,057
Less Temporarily Restricted		
Grants and Agreements	<u>( 0 )</u>	<u>( 0 )</u>
Total Grants and Agreements Revenue	\$ <u>5,437,907</u>	\$ <u>5,466,057</u>

**NOTE 10 - FEES FROM MEMBER LIBRARIES**

The Cooperative provides subscription service databases as well as downloadable audio books, eBooks, music and movies for use by the member libraries and their patrons. These databases include Freegal (downloadable songs), 3M Cloud Library (fiction and non-fiction ebooks), Axis 360 (digital media library), AtoZ Databases (reference and marketing database), amongst other databases. Other fees to libraries include fees for the Polaris Integrated Library System.

Fees received from the member libraries for the years ended September 30, 2016 and September 30, 2015 were \$288,244 and \$398,555, respectively.

**NOTE 11 - 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, 2016 is based on the proportion of each individual participating library expense to total library expenses for the fiscal year ended September 30, 2014.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**NOTE 11 - SUPPORT TO LOCAL LIBRARIES (Continued)**

The support to and on behalf of participating libraries is as follows:

	<u>Year Ended September 30</u>	
	<u>2016</u>	<u>2015</u>
Clearwater Public Library	\$ 701,249	\$ 639,209
Dunedin Public Library	349,659	344,490
East Lake Library	166,851	151,240
Gulf Beaches Public Library	163,962	150,853
Gulfport Public Library	160,118	147,418
Largo Public Library	579,464	554,323
Oldsmar Public Library	161,913	151,365
Palm Harbor Public Library	204,291	177,575
Pinellas Park Public Library	364,368	322,980
Safety Harbor Public Library	191,331	186,156
Seminole Public Library	199,832	173,584
St. Pete Beach Public Library	170,028	154,130
St. Petersburg Public Library	641,227	598,833
Tarpon Springs Public Library	<u>196,210</u>	<u>170,473</u>
	<b>\$ 4,250,503</b>	<b>\$ 3,922,629</b>

**NOTE 12 - 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, 2016 and 2015 were \$32,308 and \$20,842, respectively.

**NOTE 13 - SPLIT INTEREST AGREEMENT**

The Cooperative has been named a remainder beneficiary in a trust, which was created upon the death of the trust settlor. The total current value of the trust as of September 30, 2016 is approximately \$581,000. One income beneficiary is to receive quarterly net income distributions for the income beneficiary's life as well as any payments (from principal) necessary for medical expenses and any expenses associated with move to and residency in retirement community. Upon the death of the income beneficiary, the trust will distribute \$350,000 to other named beneficiaries. After this distribution, the Cooperative is to receive an amount equal to one-ninth (1/9) of any remaining amounts. As the amount remaining upon the income beneficiary's death is indeterminable (due to unknown future expenses incurred by the income beneficiary), no amounts have been recorded in the financial statements.

**NOTE 14 - 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, 2016 the Cooperative's total bank cash balances totaled \$2,167,760.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2016 and 2015**

**NOTE 15 - 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.

**NOTE 16 - FUNCTIONAL EXPENSES**

Expenses categorized by functional classification for the year ended September 30, 2016 are summarized below:

	Program Services	Mgmt & General	Support to Local Libr.
Books & publications	\$ 334	\$ 0	\$ 0
Communications	7,624	3,339	0
Courier service	142,260	0	0
Depreciation	40,555	13,518	0
Dues & subscriptions	25,832	1,435	0
Reserve grant expenditures (temp. restricted)	47,134	0	0
Other grant expenditures	2,255	0	0
Insurance	110,800	53,133	0
Professional fees	27,877	27,524	0
Office expense	2,129	18,744	0
Payroll Taxes & W/C	25,269	12,914	0
Pension contribution	15,203	17,105	0
Postage/shipping	5,236	147	0
Printing/binding	40,400	290	0
Promotional	17,867	2,607	0
Repairs and maintenance	36,514	44,521	0
Polaris & Database fees	547,798	0	0
Salaries	283,887	170,203	0
Supplies	726	0	0
Support to libraries	0	0	4,250,503
Travel/conferences	3,776	8,843	0
Utilities	11,074	13,031	0
Total	<u>\$ 1,394,550</u>	<u>387,354</u>	<u>\$ 4,250,503</u>

**NOTE 17 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the audit report (May 22, 2017), 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, 2016**

	<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, 2016	45.030	16-ST-72	\$ 834,455	<u>834,455</u>
Total State Aid to Libraries Grant					\$ <u>834,455</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>834,455</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, 2016**

**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 \$250,337 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.



**Barton,  
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& Myers, P.A.**  
Certified Public Accountants

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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, 2016, 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 May 22, 2017.

**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*.



We noted certain other matters that we reported to management of the Organization in a separate letter dated May 22, 2017.

**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.

A handwritten signature in black ink that reads "Barton, Gonzalez & Myers, P.A." in a cursive script.

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

May 22, 2017



**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 OF THE STATE OF FLORIDA**

To the Board of Directors  
**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, 2016. 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, 2016.

### 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

May 22, 2017



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## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of Pinellas Public Library Cooperative, Inc., as of and for the fiscal year ended September 30, 2016 and have issued our report thereon dated May 22, 2017.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.650, Rules of the Florida Auditor General.

### Other Reports and Schedule

We have issued our 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 May 22, 2017, should be considered in conjunction with this management letter.

### Other Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.


However, we did note the following management comment:

1. County Allocation Formula: It appears the Cooperative calculated county funding for member libraries incorrectly for the fiscal year ended September 30, 2015. In determining the funding allocation between member libraries, it appears the Cooperative used incorrect "local support" numbers resulting in an incorrect funding allocation to the member libraries. For the year ended September 30, 2016, the Cooperative indicated that the allocations may also have been incorrect and needed to be adjusted.

The total amount disbursed for each of the years to the member libraries was correct but some libraries may have received too much and some too little. The net effect of all the differences are immaterial (\$0) for adjustment in the financial statements. However, the Cooperative should inform the member libraries of these differences and adjust future funding for the differences noted. This has not been corrected as of September 30, 2016 but the Authority is correcting in fiscal year September 30, 2017.

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the board of directors, 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

May 22, 2017



Cheryl Morales  
Executive Director  
1330 Cleveland Street  
Clearwater, FL 33755  
(727) 441-8408

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May 31, 2017

Barton, Gonzales & Myers, P.A.  
13137 66<sup>th</sup> Street  
Largo FL 33773

We are providing this letter regarding your audit of the financial statements of the Pinellas Public Library Cooperative, Inc. (PPLC), which comprise the statement of financial positions as of September 30, 2016. This letter specifically addresses our response to the Management Letter, pg. 18.

1. **Comment on County Fund Allocation:** we have informed member libraries of the errors and adjustments needed in FY'17, prior to the start of FY'17. PPLC has implemented a system for correction to the FY' 15 and FY'16 dispersals which is being carried out during FY'17.

Sincerely,

Cheryl Morales  
Executive Director