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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, 2019 and 2018, 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, 2019 and 2018, 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 April 3, 2020 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

April 3, 2020

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2019 and 2018**

|   | <u>2019</u>                | <u>2018</u>                |
|---|----------------------------|----------------------------|
| <b><u>ASSETS</u></b>  |                            |                            |
| Current Assets:   |                            |                            |
| Unrestricted cash and cash equivalents  | \$ 2,157,401               | \$ 2,145,735               |
| Board designated funds  | 131,094                    | 131,094                    |
| Total unrestricted cash   | <u>2,288,495</u>           | <u>2,276,829</u>           |
| Restricted cash and cash equivalents  |                            |                            |
| Talking Book Library  | 197,750                    | 44,562                     |
| Deaf Literacy Center  | 30,358                     | 19,272                     |
| Member Library Service  | 17,414                     | 25,000                     |
| Total restricted cash   | <u>\$ 245,522</u>          | <u>\$ 88,834</u>           |
| Investments   | 231,123                    | 229,844                    |
| Accounts receivable   | 71,874                     | 19,899                     |
| Other prepaid expenses  | 104,922                    | 95,085                     |
| Total current assets  | <u>2,941,936</u>           | <u>2,710,491</u>           |
| Property, furniture and equipment, net of accumulated depreciation of \$1,506,210 and \$1,444,418, respectively | <u>1,042,665</u>           | <u>1,060,628</u>           |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 3,984,601</u></b> | <b><u>\$ 3,771,119</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>  |                            |                            |
| Current Liabilities:  |                            |                            |
| Accounts payable and accrued liabilities  | \$ 116,981                 | \$ 133,959                 |
| Due to member libraries - other   | 35,123                     | 7,497                      |
| Total current liabilities   | <u>152,104</u>             | <u>141,456</u>             |
| <b>TOTAL LIABILITIES</b>  | <b>152,104</b>             | <b>141,456</b>             |
| Net Assets  |                            |                            |
| Net assets without donor restrictions   | 3,586,975                  | 3,540,829                  |
| Net assets with donor restrictions  | <u>245,522</u>             | <u>88,834</u>              |
| <b>TOTAL NET ASSETS</b>   | <b><u>3,832,497</u></b>    | <b><u>3,629,663</u></b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b><u>\$ 3,984,601</u></b> | <b><u>\$ 3,771,119</u></b> |

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF ACTIVITY**  
**YEARS ENDED SEPTEMBER 30, 2019 and 2018**

|  | <u>2019</u>                    | <u>2018</u>                    |
|--|--------------------------------|--------------------------------|
| <b>CHANGES IN NET ASSETS WITHOUT DONOR UNRESTRICTIONS</b>      |                                |                                |
| Support and Revenues   |                                |                                |
| Grants and agreements  | \$ 6,231,163                   | \$ 6,011,293                   |
| Contributions  | 21,453                         | 24,430                         |
| Interest and dividend income                                   | 12,269                         | 9,318                          |
| Realized/unrealized (losses) gains on investments              | (5,028)                        | 7,644                          |
| Fees from member libraries                                     | 468,285                        | 504,163                        |
| Other income   | 7,290                          | 4,720                          |
|  | <u>6,735,432</u>               | <u>6,561,568</u>               |
| <br>Total Support and Revenues Without Donor Restrictions      | <br>6,735,432                  | <br>6,561,568                  |
| <br>Net Assets Released From Restrictions                      | <br><u>18,081</u>              | <br><u>11,795</u>              |
| <br>Total Unrestricted Support, Revenues and Reclassifications | <br>6,753,513                  | <br>6,573,363                  |
| <br>Expenses   |                                |                                |
| Program services   | 1,350,946                      | 1,297,919                      |
| Management and general   | 431,965                        | 448,803                        |
| Support to local libraries                                     | 4,924,456                      | 4,651,814                      |
|  | <u>6,707,367</u>               | <u>6,398,536</u>               |
| <br>Total Expenses   | <br>6,707,367                  | <br>6,398,536                  |
| <br>Increase in Net Assets Without Donor Restrictions          | <br>46,146                     | <br>174,827                    |
| <br>Beginning Net Assets Without Donor Restrictions, Restated  | <br><u>3,540,829</u>           | <br><u>3,366,002</u>           |
| <br>Ending Net Assets Without Donor Restrictions               | <br><u><u>3,586,975</u></u>    | <br><u><u>3,540,829</u></u>    |
| <br><b>Changes In Net Assets with Donor Restrictions</b>       |                                |                                |
| Contributions  | 174,769                        | 42,910                         |
| Net Assets Released From Restrictions                          |                                |                                |
| Satisfaction of usage restrictions                             | <u>(18,081)</u>                | <u>(11,795)</u>                |
| Total Released From Restrictions                               | <u>(18,081)</u>                | <u>(11,795)</u>                |
| <br>Increase in Net Assets With Donor Restrictions             | <br>156,688                    | <br>31,115                     |
| <br>Beginning Net Assets With Donor Restrictions, Restated     | <br><u>88,834</u>              | <br><u>57,719</u>              |
| <br>Ending Net Assets With Donor Restrictions                  | <br><u><u>245,522</u></u>      | <br><u><u>88,834</u></u>       |
| <br><b>NET ASSETS, BEGINNING OF YEAR, RESTATED</b>             | <br>3,629,663                  | <br>3,423,721                  |
| <br>Increase (Decrease) in Net Assets                          | <br><u>202,834</u>             | <br><u>205,942</u>             |
| <br><b>NET ASSETS, END OF YEAR</b>                             | <br><u><u>\$ 3,832,497</u></u> | <br><u><u>\$ 3,629,663</u></u> |

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2019 and 2018**

|  | <u>2019</u>         | <u>2018</u>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Increase (decrease) in net assets  | \$ 202,834          | \$ 205,942          |
| Adjustments to reconcile increase (decrease) in net assets<br>to net cash provided (used) by operating activities: |                     |                     |
| Depreciation   | 61,792              | 55,437              |
| Change in investment income  | (1,279)             | (11,394)            |
| (Increase) decrease in operating assets  |                     |                     |
| Accounts receivable  | (51,975)            | 42,431              |
| Prepaid expenses   | (9,837)             | (89,715)            |
| Increase (decrease) in liabilities   |                     |                     |
| Accounts payable   | (16,978)            | 4,507               |
| Due to member libraries - other  | <u>27,626</u>       | <u>(75,169)</u>     |
| Net cash provided by operating activities  | 212,183             | 132,039             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Purchase of fixed assets   | <u>(43,829)</u>     | <u>(38,993)</u>     |
| Net cash used by investing activities  | (43,829)            | (38,993)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  | <u>0</u>            | <u>0</u>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | 168,354             | 93,046              |
| <b>BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, RESTATED</b>   | <u>2,365,663</u>    | <u>2,272,617</u>    |
| <b>ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>  | <u>\$ 2,534,017</u> | <u>\$ 2,365,663</u> |

See accompanying notes to financial statements.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**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.

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 restricted by the donor for specific purposes are reported as net assets with donor restrictions.

INCOME TAXES: The Cooperative 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 Cooperative 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 Cooperative determined that during the years ended September 30, 2019 and 2018, ASC 740 did not have a material impact on its financial position, activities or cash flows. The Cooperative'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.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

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

PRIOR YEAR RECLASSIFICATION: Certain prior year financial statement amounts have been reclassified to conform to the current year presentation.

ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations which follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Cooperative, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Cooperative's year ending September 30, 2019 and thereafter and must be applied on a retrospective basis. The Cooperative adopted the ASU effective October 1, 2018.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents are now included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts as shown on the statement of cash flows. The standard does not change the definitions of restricted cash or restricted cash equivalents. Previous U.S. GAAP allowed changes in restricted cash to be shown as investing activities. The new standard is effective for the Cooperative's year ending September 30, 2019 and thereafter and must be applied on a retrospective basis. The Cooperative adopted the ASU effective October 1, 2018 and applied it retroactively.

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO STATEMENT OF CASH FLOWS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

|   | 2019                | 2018                |
|---|---------------------|---------------------|
| Unrestricted cash and cash equivalents            | \$ 2,157,401        | \$ 2,145,735        |
| Board designated funds                            | 131,094             | 131,094             |
| Total unrestricted cash                           | <u>2,288,495</u>    | <u>2,276,829</u>    |
| Restricted cash and cash equivalents              |                     |                     |
| Talking Book Library                              | 197,750             | 44,562              |
| Deaf Literacy Center                              | 30,358              | 19,272              |
| Member Library Service                            | 17,414              | 25,000              |
| Total restricted cash                             | <u>245,522</u>      | <u>88,834</u>       |
| Total cash, cash equivalents, and restricted cash | <u>\$ 2,534,017</u> | <u>\$ 2,365,663</u> |



**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 2 - RESTRICTED CASH AND NET ASSETS WITH RESTRICTIONS**

Restricted cash includes net assets with donor restrictions as follows:

|                         | 2019       | 2018      |
|-------------------------|------------|-----------|
| Talking Book Library    | \$ 197,750 | \$ 44,562 |
| Deaf Literacy Center    | 30,358     | 19,272    |
| Member Library Services | 17,414     | 25,000    |
|                         | \$ 245,522 | \$ 88,834 |

Talking Book Library

The Cooperative's Talking Book Library's mission is to encourage and support reading by providing free library services to residents of Pinellas and Sarasota counties for whom conventional print is a barrier. A free service to residents of all ages who are unable to read standard print material due to visual, physical or learning disabilities whether permanent or temporary. The Talking Book Library staff provides recorded, Braille and large-print books and magazines as well as a collection of descriptive videos. The Talking Book Library is part of a nationwide network of cooperating libraries serving people who have difficulty using or reading regular print. Books and magazines in audio formats and Braille, plus compatible playback equipment from the National Library Service for the Blind and Physically Handicapped (NLS), Library of Congress, are loaned free of charge. All materials are sent to clients and returned to the library via the United States Postal Service with postage-free mail. The library collection has thousands of recreational reading titles to choose from in fiction and non-fiction, pre-school to adult.

From time to time, the Organization receives donations (including donations from trusts where the Organization is designated as a beneficiary) that are restricted for use by the Talking Book Library. Below is a summary of this activity:

|   | 2019       | 2018      |
|---|------------|-----------|
| Balance at beginning of the year        | \$ 44,562  | \$ 42,313 |
| Plus donations received                 |            |           |
| Trust donations for PPLC as beneficiary | 157,568    | -         |
| Other donations                         | 6,115      | 2,249     |
| Less uses of restricted funds           | (10,495)   | -         |
| Balance at end of the year              | \$ 197,750 | \$ 44,562 |



**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 2 -**  
(Continued)

**RESTRICTED CASH AND NET ASSETS WITH RESTRICTIONS**

Deaf Literacy Center (Continued)

The Cooperative's Deaf Literacy Center began as an effort to provide quality library services to a growing Deaf community in the City of Safety Harbor. The Deaf Literacy Center is a library-based literacy program for Deaf individuals and their families. The Deaf Literacy Center offers small group and individualized basic literacy instruction and support services in addition to traditional library and information services to the Deaf community. The program became a countywide effort in 2000 when the Pinellas Public Library Cooperative began administering the program to residents.

From time to time, the Organization receives donations that are restricted for use by the Deaf Literacy Center. Below is a summary of this activity:

|                                  | 2019      | 2018      |
|----------------------------------|-----------|-----------|
| Balance at beginning of the year | \$ 19,272 | \$ 3,611  |
| Plus donations received          | 11,086    | 15,661    |
| Balance at end of the year       | \$ 30,358 | \$ 19,272 |

Member Library Reserves

From time to time, the Organization receives grants that are restricted to a particular use. The Cooperative spends the monies received according to the donor's grant stipulations. Below is a summary of this activity:

|                                      | 2019      | 2018      |
|--------------------------------------|-----------|-----------|
| Balance at beginning of the year     | \$ 25,000 | \$ 11,795 |
| Plus grant received                  |           |           |
| Lightning grant for St. Pete Library | -         | 25,000    |
| Less uses of restricted funds        | (7,586)   | (11,795)  |
| Balance at end of the year           | \$ 17,414 | \$ 25,000 |

**NOTE 3 - BOARD DESIGNATED FUNDS**

The Cooperative receives substantial funds from Pinellas County. Under a previous interlocal agreement (see Note 5) that expired September 30, 2013, five percent of annual funds received from Pinellas County were required to be set aside in reserves and were available for capital improvements for additions to existing libraries, for building new libraries, or for purchases of special improvements. As of September 30, 2019 and 2018, the board of directors has designated prior year unused reserve funds of \$131,094 for library improvements (construction) to the St. Pete Beach Library. Under the interlocal agreement effective October 1, 2018 (see Note 5) there is no requirement to set aside reserves for member library capital improvements, etc. As such, after payment of these unused reserve funds, there are no remaining reserve funds available for use.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 4 - LIQUIDITY**

At September 30, 2019 and September 30, 2018, the Cooperative has \$2,460,398 and \$2,395,478 respectively in cash and cash equivalents, investments, and receivables available to meet the needs for general expenditures consisting of cash of \$2,157,401 and \$2,145,735 respectively, investments of \$231,123 and \$229,844 respectively, and accounts receivable of \$71,874 and \$19,899 respectively. The financial assets that are subject to donor or other contractual restrictions as of September 30, 2019 and September 30, 2018 was \$245,522 and \$88,834 respectively. Accordingly, all such funds that are not restricted are available to meet the cash needs of the project in the next 12 months.

The Cooperative manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Cooperative are expected to be met on a monthly basis. In general, the Cooperative maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

**NOTE 5 - 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 and has been periodically renewed every five (5) years. The current interlocal agreement became effective October 1, 2018 and will end on September 30, 2023. The agreement may be renewed for an additional period of five (5) years to September 30, 2028 with the mutual consent of the parties.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 6 - INVESTMENTS**

Investments at September 30, 2019 and 2018 are summarized as follows:

|                    | 2019              |                   | 2018              |                   |
|--------------------|-------------------|-------------------|-------------------|-------------------|
|                    | Cost              | Market            | Cost              | Market            |
| Money market funds | \$ 64,374         | \$ 64,374         | \$ 30,715         | \$ 30,715         |
| Bonds              | 14,239            | 14,649            | 14,239            | 15,383            |
| Equities           | 104,751           | 110,108           | 99,633            | 105,131           |
| Other investments  | 31,766            | 41,992            | 67,929            | 78,615            |
|                    | <u>\$ 215,130</u> | <u>\$ 231,123</u> | <u>\$ 212,516</u> | <u>\$ 229,844</u> |

The investment return for the years ended September 30, 2019 and 2018 consists of the following:

|                                    | 2019            | 2018             |
|------------------------------------|-----------------|------------------|
| Dividends and interest             | \$ 8,553        | \$ 5,994         |
| Realized/unrealized gains (losses) | (5,028)         | 7,644            |
| Fees                               | (2,246)         | (2,242)          |
|                                    | <u>\$ 1,279</u> | <u>\$ 11,396</u> |

The fair value of investments measured on a recurring basis at September 30, 2019 and 2018 is as follows:

|             | 2019              |  | 2018              |  |
|-------------|-------------------|--|-------------------|--|
|             | 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>\$ 231,123</u> | <u>\$ 231,123</u>  | <u>\$ 229,844</u> | <u>\$ 229,844</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 7 - PLANT ASSETS AND DEPRECIATION**

Plant assets are stated at cost. A summary follows:

|                               | 2019               | 2018               | Useful Lives  |
|-------------------------------|--------------------|--------------------|---------------|
| Land                          | \$ 106,250         | \$ 106,250         |               |
| Building and Improvements     | 1,698,700          | 1,659,149          | 10 - 39 years |
| Furniture                     | 113,852            | 109,574            | 7 - 10 years  |
| Equipment                     | 248,543            | 248,543            | 3 - 10 years  |
| Software database             | 359,750            | 359,750            | 10 years      |
| Vehicles                      | 20,702             | 20,702             | 5 years       |
| Signs                         | 1,078              | 1,078              | 10 years      |
|                               | <u>2,548,875</u>   | <u>2,505,046</u>   |               |
| Less Accumulated Depreciation | <u>(1,506,210)</u> | <u>(1,444,418)</u> |               |
|                               | <u>\$1,042,665</u> | <u>\$1,060,628</u> |               |

Depreciation expense was \$61,792 for the year ending September 30, 2019 and \$55,437 for the year ended September 30, 2018.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 8 - 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 \$77,619 for compensated absences at September 30, 2019 and 2018.

**NOTE 9 - STATE AID AGREEMENT**

The Cooperative entered into an agreement with the state of Florida to receive state aid in the amount of \$709,858 (included as unrestricted revenue).

**NOTE 10 - GRANTS AND AGREEMENTS REVENUE**

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

|                                     | <u>Year Ended September 30</u> |              |
|-------------------------------------|--------------------------------|--------------|
|                                     | <u>2019</u>                    | <u>2018</u>  |
| State Operational Grant Income      | \$ 709,858                     | \$ 894,429   |
| County Funding – Pinellas County    | 5,411,490                      | 5,083,950    |
| TBL Funding - Sarasota              | 44,148                         | 42,744       |
| Other Grants and Agreements Revenue | 65,667                         | 33,080       |
| Subtotal                            | 6,231,163                      | 6,054,203    |
| Less Donor Restricted Grants        | 0                              | (42,910)     |
| Total Grants and Agreements Revenue | \$ 6,231,163                   | \$ 6,011,293 |

**NOTE 11 - 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 downloadable songs, fiction and non-fiction e-books, digital media libraries, reference and marketing databases, and other databases. Other fees to libraries include fees for the Integrated Library System (ILS).

Fees received from the member libraries for the years ended September 30, 2019 and September 30, 2018 were \$468,285 and \$504,163, respectively.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**NOTE 12 - 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, 2019 is based on the proportion of each individual participating library expense to total library expenses for the fiscal year ended September 30, 2017.

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

|                               | <u>Year Ended September 30</u> |                     |
|-------------------------------|--------------------------------|---------------------|
|                               | <u>2019</u>                    | <u>2018</u>         |
| Clearwater Public Library     | \$ 786,139                     | \$ 743,486          |
| Dunedin Public Library        | 454,734                        | 445,027             |
| East Lake Library             | 194,783                        | 183,952             |
| Gulf Beaches Public Library   | 188,505                        | 178,344             |
| Gulfport Public Library       | 187,869                        | 176,423             |
| Largo Public Library          | 633,072                        | 625,958             |
| Oldsmar Public Library        | 190,149                        | 179,614             |
| Palm Harbor Public Library    | 258,857                        | 221,884             |
| Pinellas Park Public Library  | 356,553                        | 371,796             |
| Safety Harbor Public Library  | 256,959                        | 193,368             |
| Seminole Public Library       | 225,170                        | 213,592             |
| St. Pete Beach Public Library | 195,152                        | 184,272             |
| St. Petersburg Public Library | 744,241                        | 703,695             |
| Tarpon Springs Public Library | <u>252,273</u>                 | <u>230,403</u>      |
|                               | <b>\$ 4,924,456</b>            | <b>\$ 4,651,814</b> |

**NOTE 13 - 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, 2019 and 2018 were \$35,102 and \$37,837, respectively.

**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, 2019 the Cooperative's total bank cash balances totaled \$2,541,048.

**PINELLAS PUBLIC LIBRARY COOPERATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2019 and 2018**

**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, 2019 are summarized below. 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.

|                          | Program<br>Services | Mgmt &<br>General | Support to<br>Local Libr. |
|--------------------------|---------------------|-------------------|---------------------------|
| Books and Publications   | \$ 443              | \$ 0              | \$ 0                      |
| Communications           | 4,043               | 6,175             | 0                         |
| Courier service          | 149,861             | 0                 | 0                         |
| Depreciation             | 46,344              | 15,448            | 0                         |
| Dues & subscriptions     | 96,335              | 2,038             | 0                         |
| Other grant expenditures | 57,238              | 0                 | 0                         |
| Insurance                | 40,511              | 70,436            | 0                         |
| Professional fees        | 18,909              | 27,171            | 0                         |
| Office expense           | 0                   | 25,576            | 0                         |
| Payroll Taxes & W/C      | 24,732              | 15,657            | 0                         |
| Pension contribution     | 20,225              | 14,877            | 0                         |
| Postage/shipping         | 393                 | 511               | 0                         |
| Printing/binding         | 44,283              | 727               | 0                         |
| Promotional              | 29,082              | 0                 | 0                         |
| Repairs and maintenance  | 10,025              | 35,948            | 0                         |
| eBooks and Databases     | 499,922             | 0                 | 0                         |
| Salaries                 | 296,512             | 189,804           | 0                         |
| Supplies                 | 9,864               | 0                 | 0                         |
| Support to libraries     | 0                   | 0                 | 4,924,456                 |
| Travel/conferences       | 2,224               | 3,122             | 0                         |
| Utilities                | 0                   | 24,475            | 0                         |
| Total                    | <u>\$ 1,350,946</u> | <u>\$ 431,965</u> | <u>\$ 4,924,456</u>       |

**NOTE 17 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the audit report (April 3, 2020), 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, 2019**

|   | <u>Grant Period Ending</u> | <u>CFDA/<br/>CFSA<br/>Number</u> | <u>Contract/<br/>Grant<br/>Number</u> | <u>Program or<br/>Award<br/>Amount</u> | <u>Program<br/>Expenditures</u> |
|---|----------------------------|----------------------------------|---------------------------------------|--|---------------------------------|
| <b>STATE PROJECTS</b>                                     |                            |                                  |                                       |  |                                 |
| <b><u>State Aid to Libraries Grant</u></b>                |                            |                                  |                                       |  |                                 |
| State Aid to Libraries Grant                              | September 30, 2019         | 45.030                           | 19-ST-70                              | \$ 709,858                             | 709,858                         |
| Lending Library Machine Grant                             | September 30, 2019         | 45.310                           | 18-LSTA-B-10                          | \$ 32,900                              | 32,900                          |
| Integrated Ukulele Learning Program Grant                 | September 30, 2019         | 45.310                           | 18-LSTA-B-09                          | \$ 9,999                               | 9,999                           |
| Total State Aid to Libraries Grant                        |                            |                                  |                                       |  | <u>\$ 752,757</u>               |
| <b>FEDERAL AWARDS PASSED THROUGH THE STATE OF FLORIDA</b> |                            |                                  |                                       |  |                                 |
| None in the current year                                  |                            |                                  |                                       |  | \$ 0                            |
| Total Federal Awards Passed Through the State of Florida  |                            |                                  |                                       |  | <u>\$ 0</u>                     |
| Total State Awards  |                            |                                  |                                       |  | <u>\$ 752,757</u>               |
| <b>FEDERAL AWARDS - DIRECT</b>                            |                            |                                  |                                       |  |                                 |
| None in the current year                                  |                            |                                  |                                       |  | \$ 0                            |
| Total Federal Awards                                      |                            |                                  |                                       |  | <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, 2019**

**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:

**State Project**

**State CFSA No.**

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 \$225,827 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, 2019, 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 April 3, 2020.

**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.

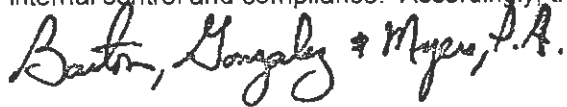
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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*.

**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

April 3, 2020



**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, 2019. 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, 2019.

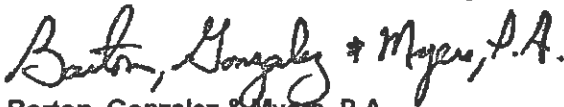
### **Report on Internal Control over Compliance**

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

April 3, 2020



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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, 2019 and have issued our report thereon dated April 3, 2020.

**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 Reporting Requirements**

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 April 3, 2020, should be considered in conjunction with this management letter.

**Additional 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 note any such findings.

**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.*

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

April 3, 2020